
Financial Results for FY2007, Projections for FY2008 and 10th Medium-term Business Plan (Summary)

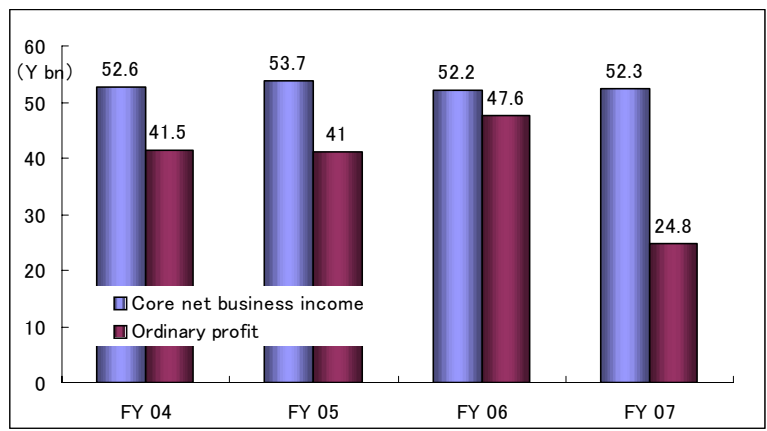
For the 'Best Partner' Bank in a new financial era



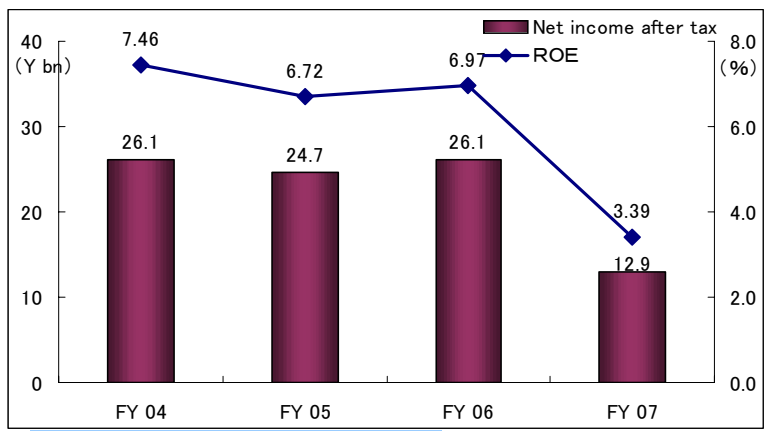
Performance Highlights

Core net business income increased, thanks to an increase in loan interest income. However, due to write down of securities and increase in credit cost, ordinary profit and net income decreased compared to last year. Capital ratio for FY2007 reached 13% through FIRB methodology.

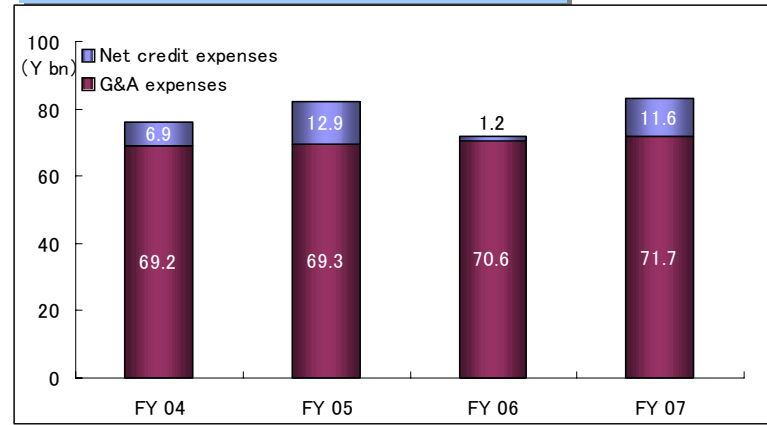
Core net business income and Ordinary profit



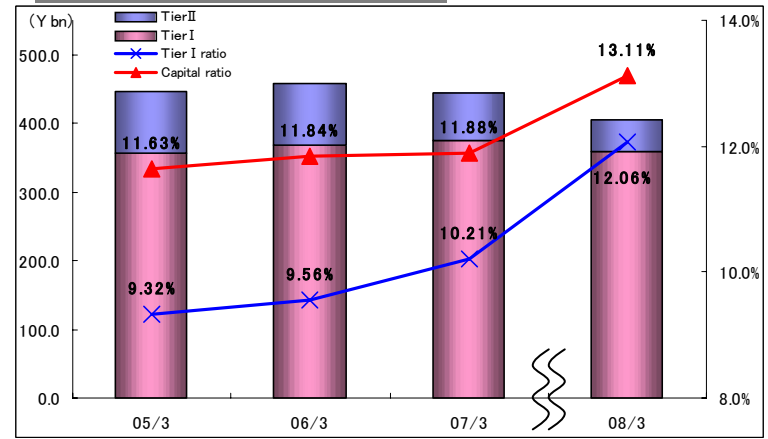
Net income and ROE



Net credit expenses and G&A expenses



Capital ratio and Tier I ratio



※Used FIRB from March 2008.

Summary Financial Results of FY2007

Net business income decreased due to write down of securities despite an increase in loan interest income. Ordinary profit and net income decreased compared to last fiscal year due to the increase in credit cost.

(Y bn)	FY2007	FY2006	change	change from forecast at the original target
Net business income	28.4	52.9	▲ 24.4	▲ 4.5
Core net business income	52.3	52.2	0.1	
Gross business profit	98.6	123.5	▲ 24.9	
Net interest income	107.6	105.6	1.9	
Fees and commissions	14.6	16.0	▲ 1.3	
Net other operating profit	▲ 24.1	1.4	▲ 25.5	
G&A expenses	71.7	70.6	1.1	
Net transfer to general reserve for possible loan losses (A)	▲ 1.6	—	▲ 1.6	
Net non-recurring gains(losses)	▲ 3.6	▲ 5.2	1.6	
Disposals of non-performing loans (B)	15.2	6.8	8.3	
Net gains(losses) on equity securities	9.6	0.6	9.0	
Ordinary profit	24.8	47.6	▲ 22.8	▲ 8.1
Net special gains(losses)	▲ 0.2	5.3	▲ 5.6	
Gains on loan charged-offs (C)	1.9	3.1	▲ 1.1	
Reversal of allowance for loan losses (D)	—	2.3	▲ 2.3	
Other special losses	1.7	—	1.7	
Net income before income taxes and others	24.4	※ 25.1	▲ 0.6	
Net income after tax	12.9	26.1	▲ 13.2	▲ 2.0
Net credit expenses (A)+(B)-(C)-(D)	11.6	1.2	10.3	1.6

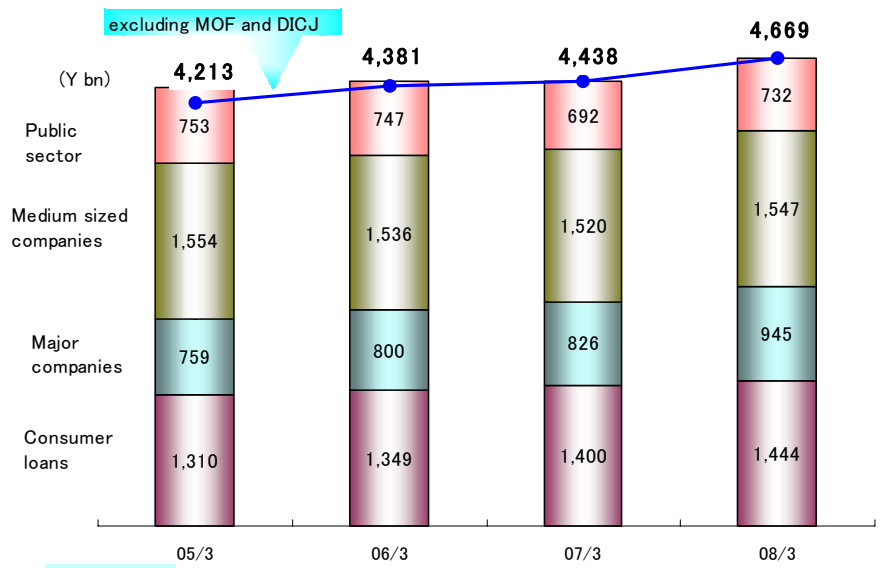
Breakdown of 'Top line⁽¹⁾'

(Ybn)	FY07	change from FY06
Net interest income	107.6	1.9
Interest income of domestic loans	95.3	10.7
(Personal loans)	38.1	3.9
(Corporate loans)	46.7	6.8
Interest income of securities	46.5	▲ 0.7
(Domestic)	22.7	1.0
(Foreign)	23.8	▲ 1.7
Interest expenses on deposits	14.0	8.9
Fees and commissions	14.6	▲ 1.3
Investment trusts and personal annuities	6.2	▲ 0.9
Net other operating profit	▲ 24.1	▲ 25.5
Gains/losses on bonds	▲ 25.4	▲ 26.2
Gains	21.7	13.5
Losses	30.6	23.1
Devaluation losses	16.5	16.5

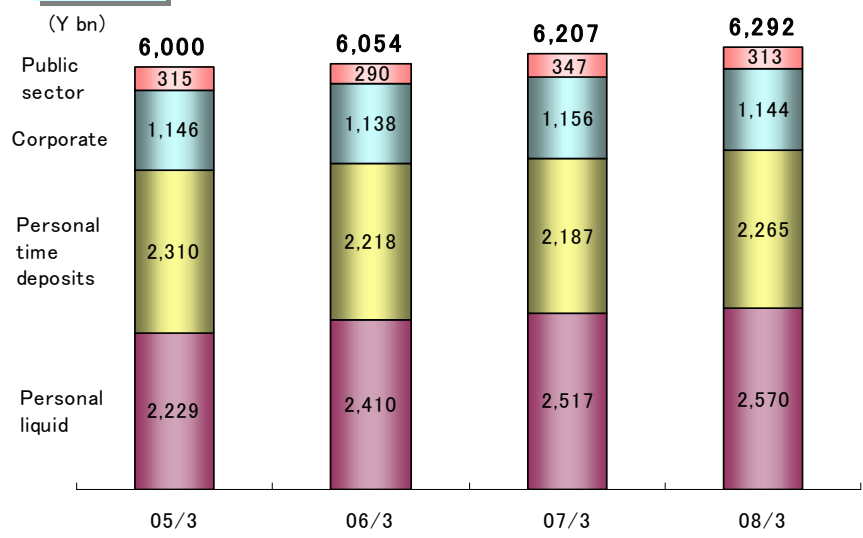
Note: (1) Top line=gross business profit
 (2) 1H2007 reflects changes in accounting principals; reserves for retirement benefits and repayment of dormant deposits have been incorporated into other special losses

Loans and Deposits

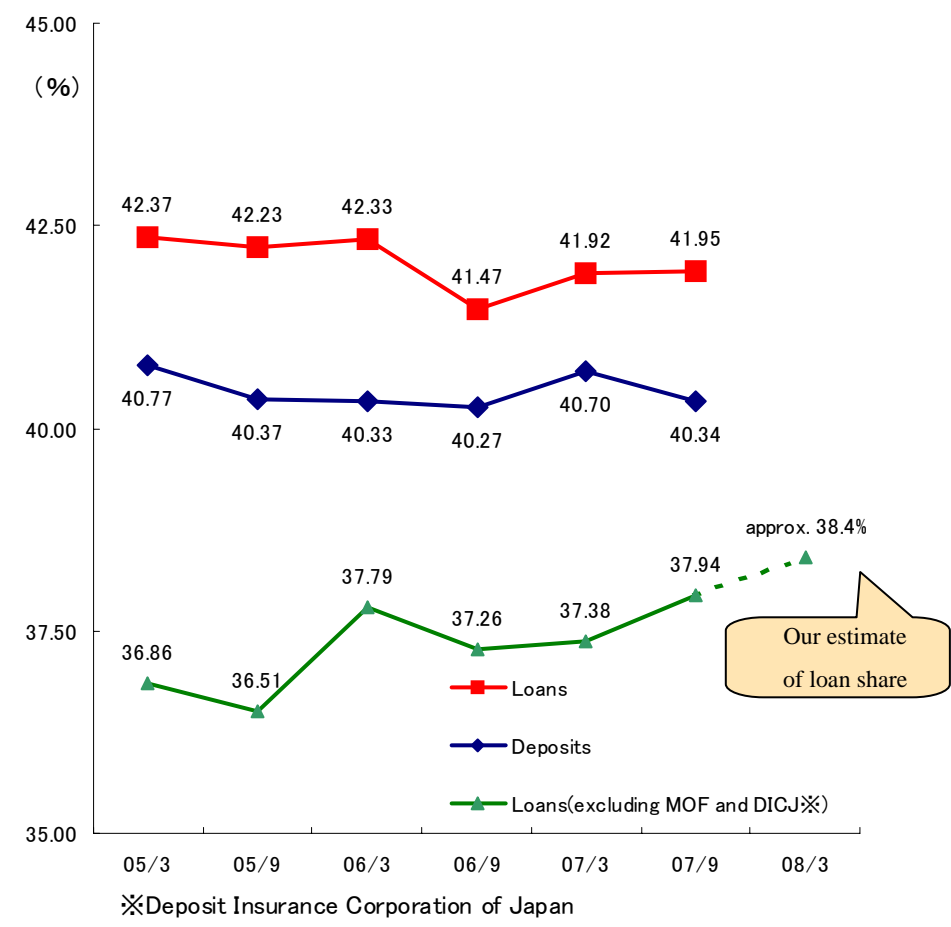
Loans



Deposits



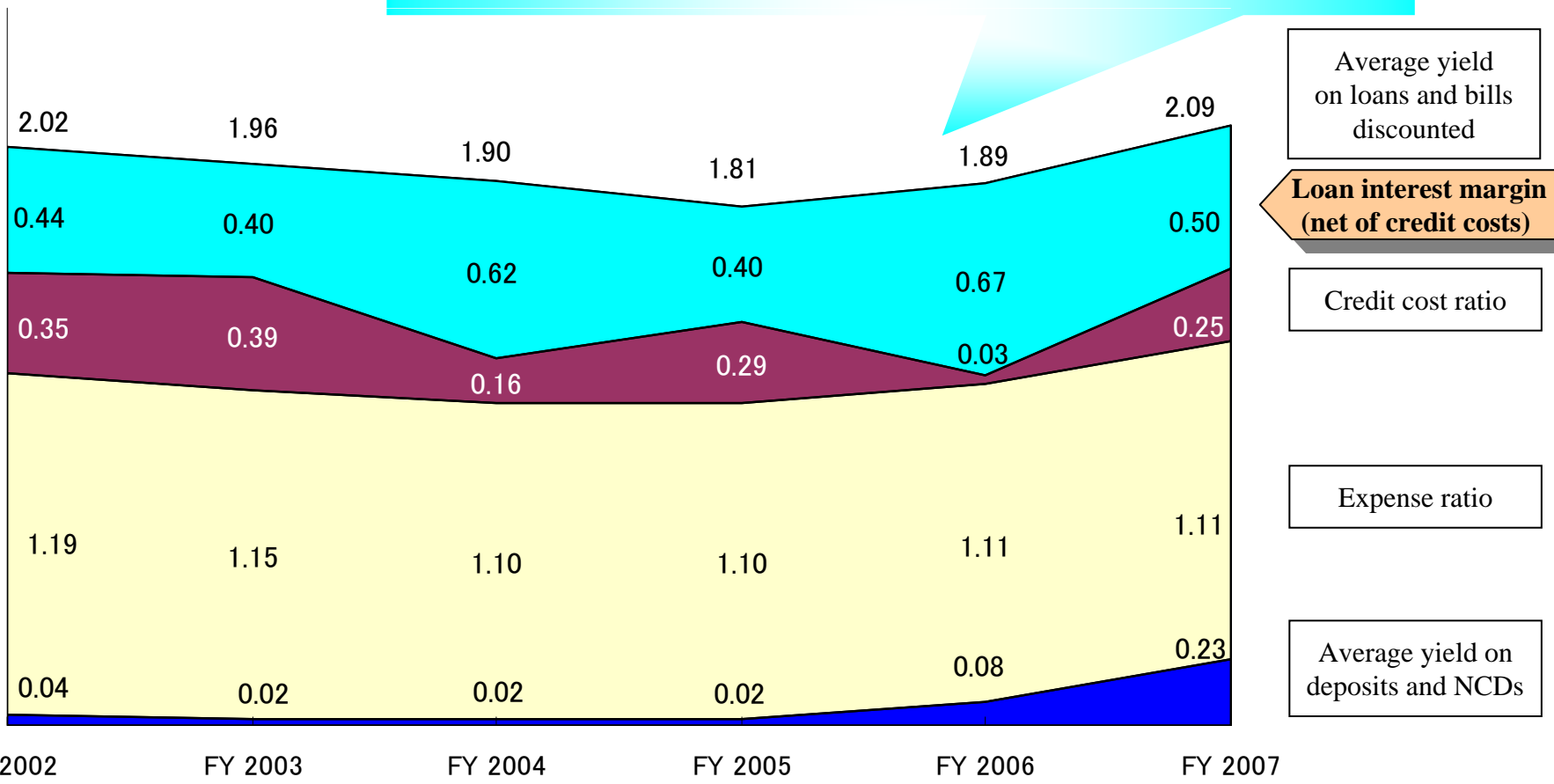
Market shares in Ibaraki



Loan Interest Margin

**Loan yields turned around due to BOJ rate hikes in FY2006.
 Loan interest margins after credit cost lowered mainly due to higher credit cost.**

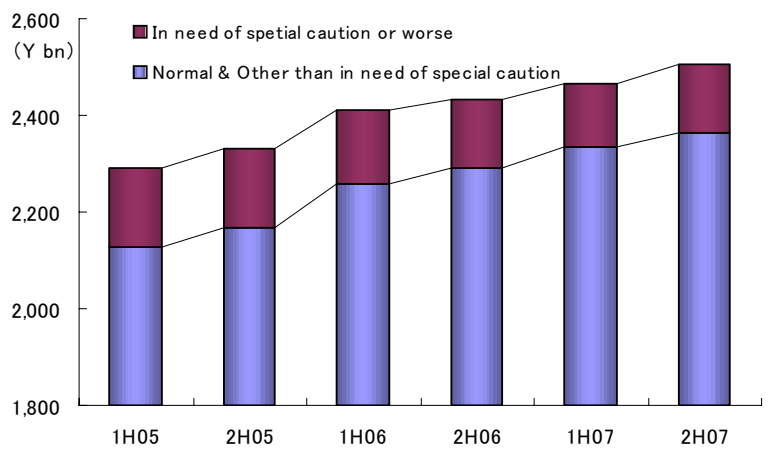
Raised Prime rate by 25bps (1.875% → 2.125%) on August 25, 2006.
 Raised Prime rate by 25bps (2.125% → 2.375%) on March 26, 2007.



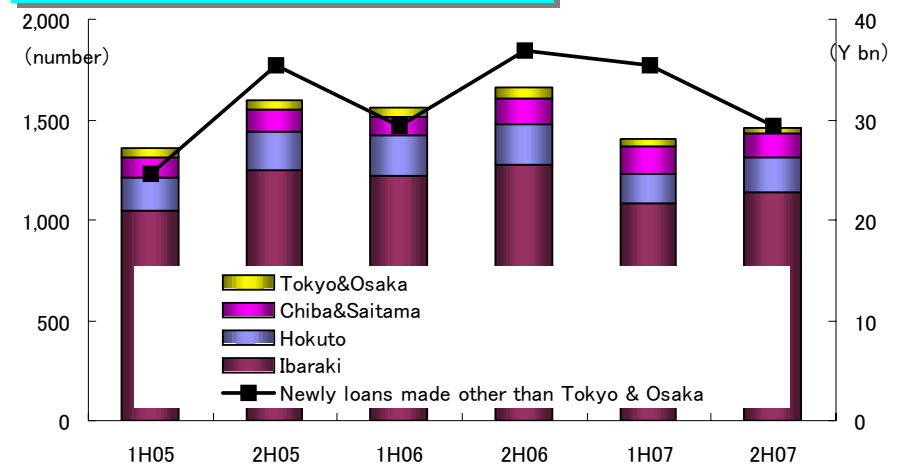
Corporate Loans

Increased outstanding balance of normal and substandard loans, as well as the number of SME customers. Maintained rising trend of growth in yield.

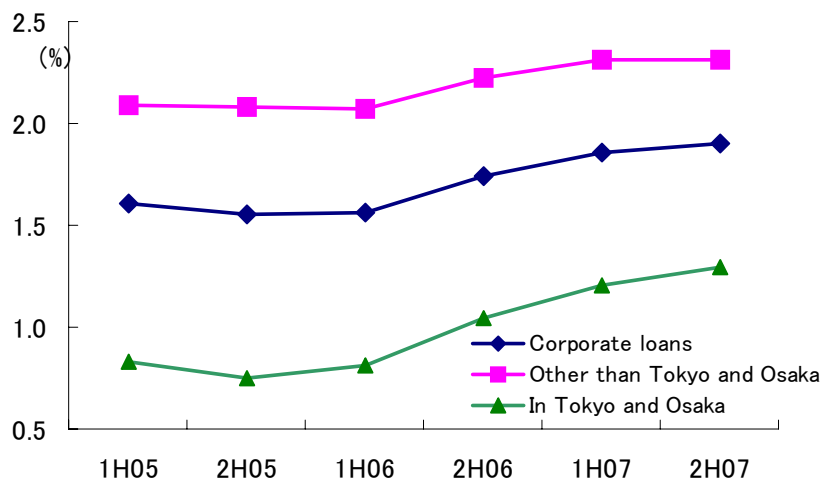
Corporate Loans (average balance)



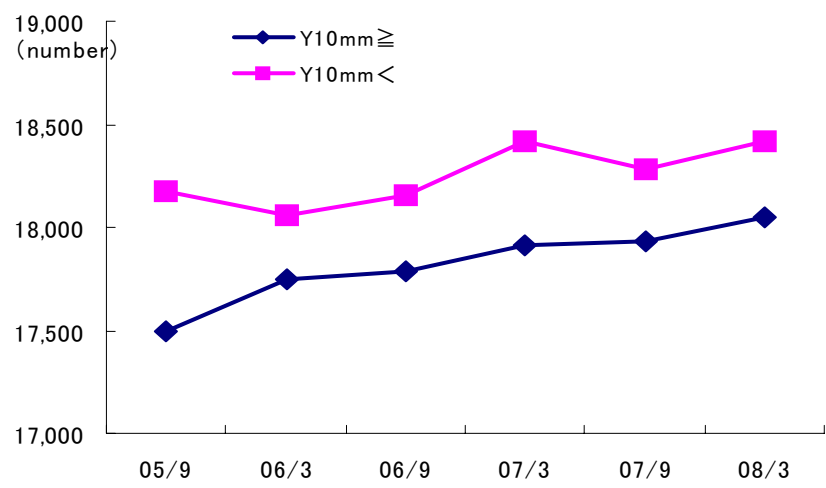
Newly loans made (break down by regions)



Yield on Corporate Loans



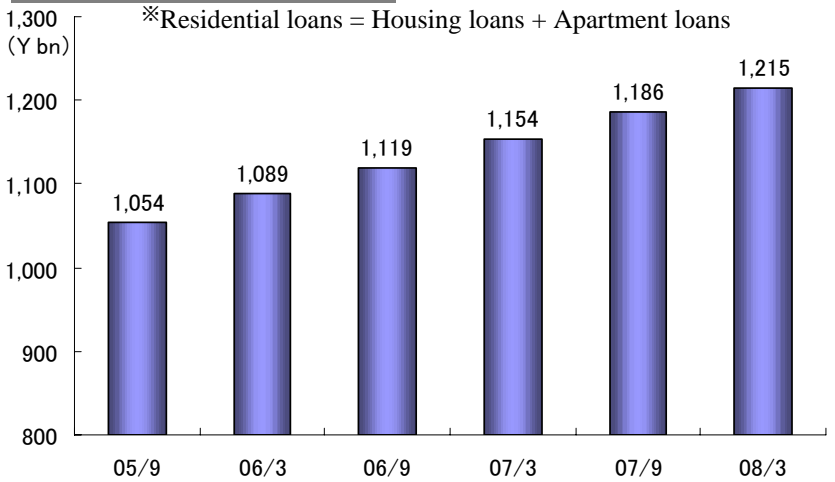
Numbers of SMEs based on size of loans



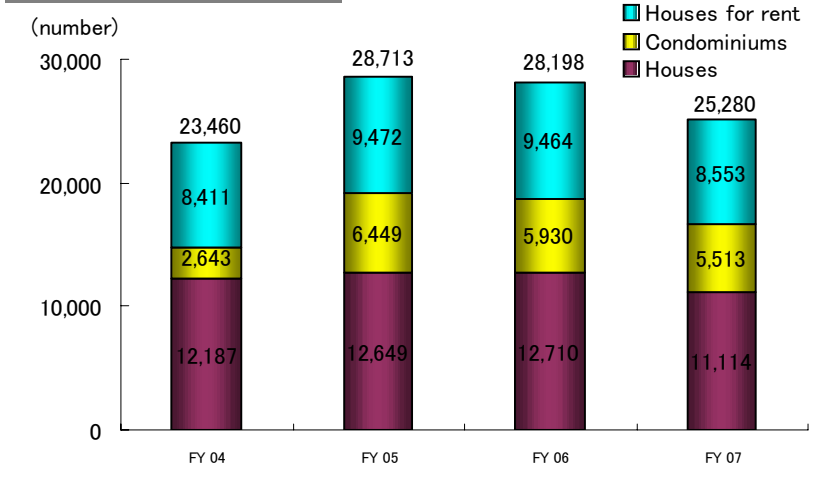
Residential Loans

The number of housing starts decreased mainly due to weak market sentiment. We continue to focus on building residential loan balances mainly along the Tsukuba Express line and commuting areas to Tokyo.

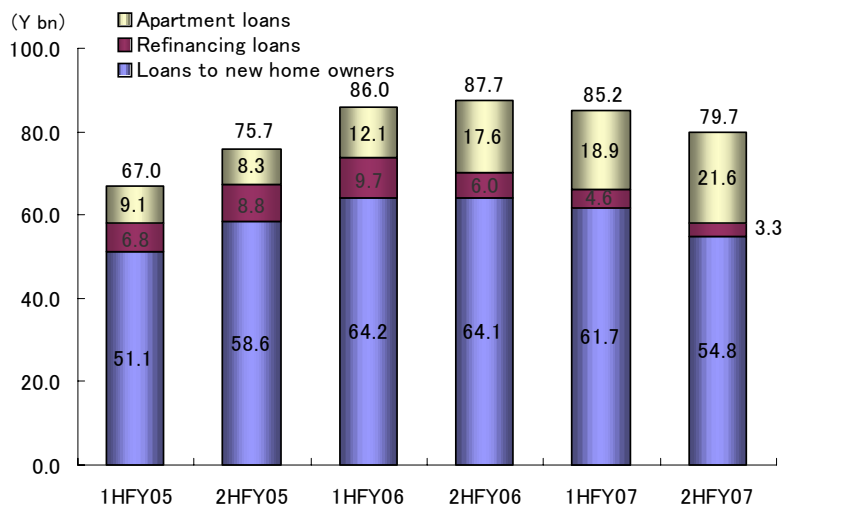
Residential loan balance*



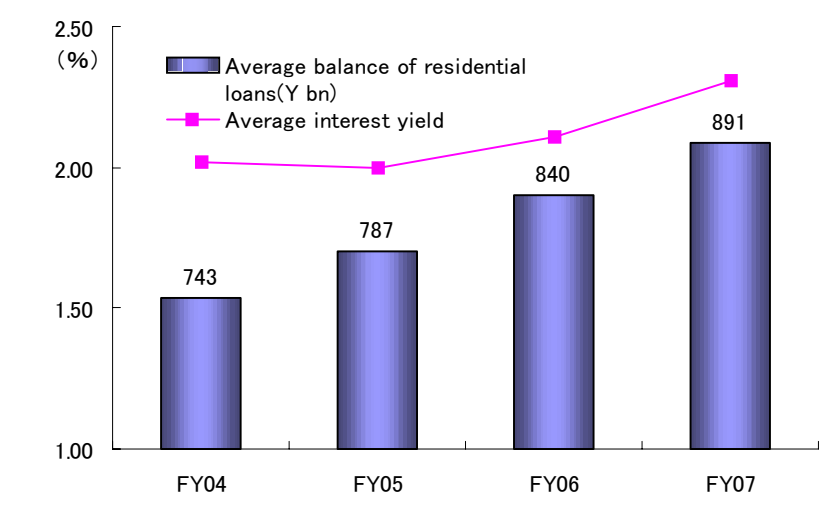
Housing starts in Ibaraki



New residential loan origination



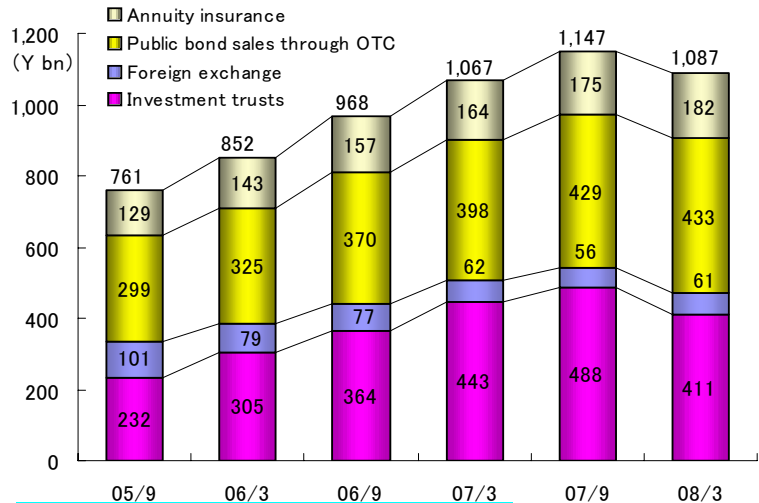
Average balance and yield of mortgages



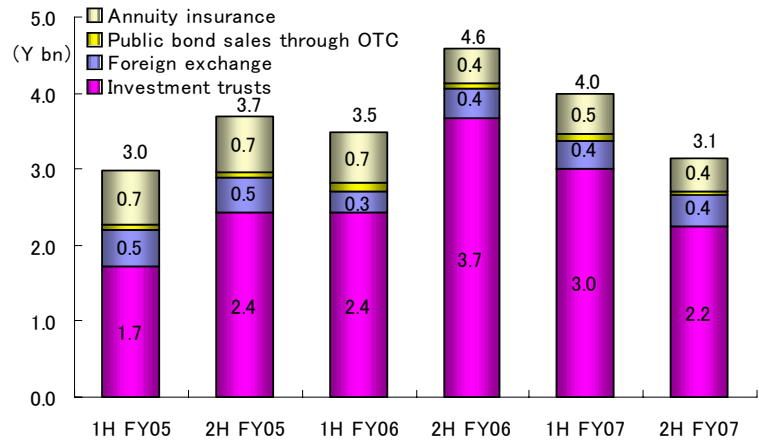
Asset Management Business

A total sales volume for FY2007 slightly decreased due to dull market conditions in the 2nd half despite stable sales in the 1st half of FY2007. However, through strengthening RM and offering various products, a total volume of asset under custody increased.

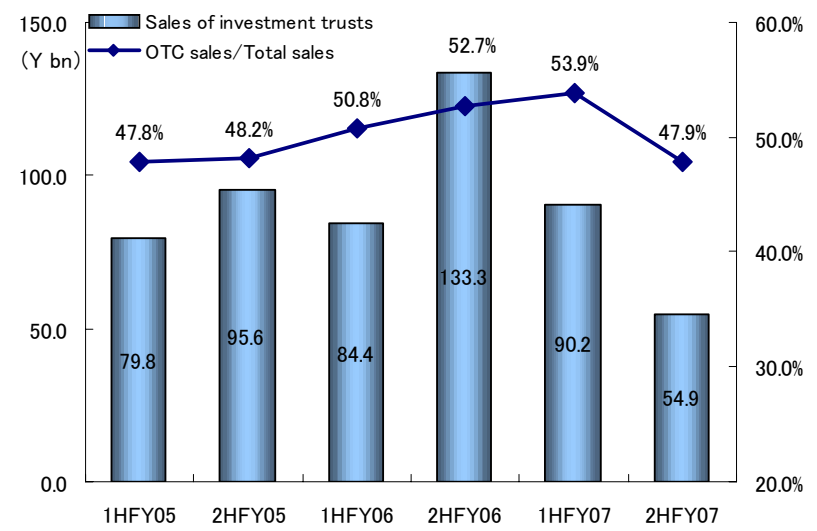
Balance of investment trusts & annuity insurance under management



Fees from investment product sales



Sales of investment trusts



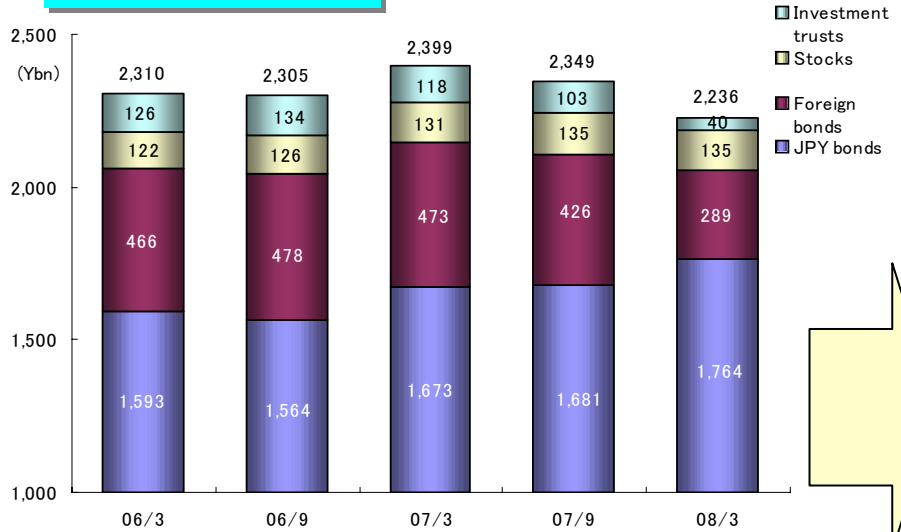
<Key action items>

- Allocate specialized staffs to cover Ibaraki.
- Increase assets under custody by efficiently acquiring baby-boomers' deposits through special campaigns.
- Preparing a online distribution network of investment trust.
- Fully compliant with 'Financial instruments and exchange law'
- Establishing 'Insurance sales office' to motivate sales.

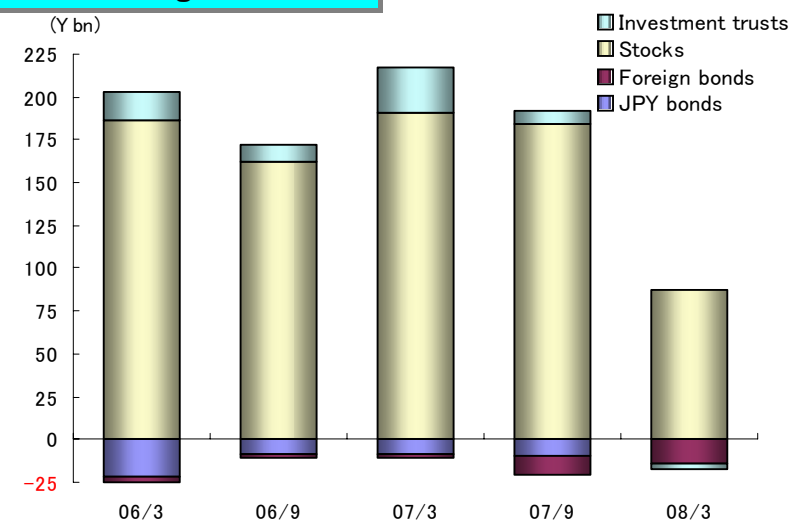
Investment Portfolio

In response to a liquidity pressure of securitization products, asset allocation was undertaken in a more defensive way through the year.

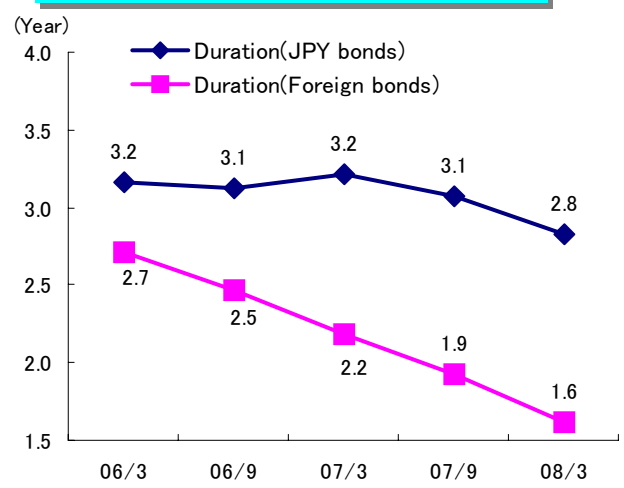
Asset allocation



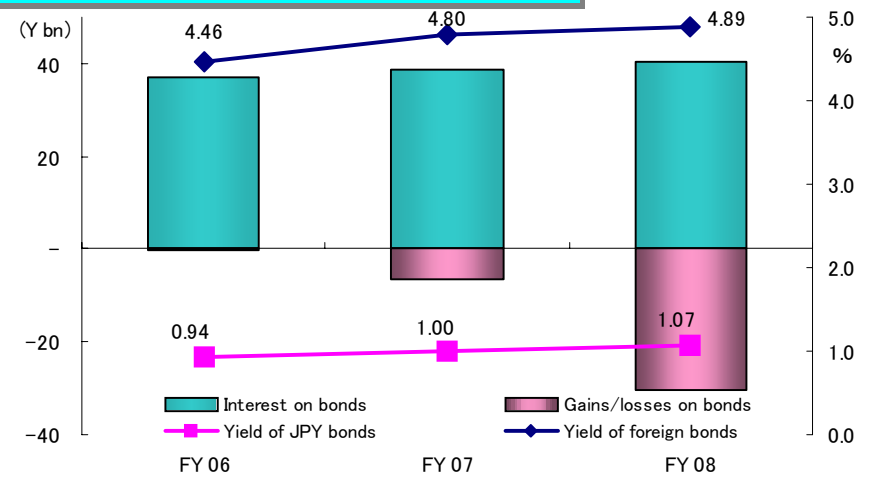
Unrealized gains/losses



Duration of bond portfolios



Profit on bonds and yield of bonds



Securitization Products (1)

Investment securities portfolio is comprised of highly rated products as a result of the disposal of securitization products in bad shape.

Investment securities portfolio

	08/03		Change from 07/03	
	Balance	Potential gains/losses	Balance	Potential gains/losses
Securities portfolio	2,236	71	△163	△138
Yen denominated bonds	1,646	1	155	10
JGB	882	△5	114	3
Local government bonds	371	5	51	5
SB and others	392	2	△10	2
RMBS	49	0	13	0
RMBS	12	0	△1	0
CMBS	5	0	△2	0
Foreign denominated bonds	407	△15	△248	△13
SB	211	△2	△169	△0
CMO	84	△1	△28	△1
ABS ①	28	0	△22	0
RMBS	23	0	△16	0
CMBS	4	0	1	0
CLO ②	47	△9	5	△9
CDO ③	29	△3	△5	△3
CDSCDO ④	7	0	△11	0
ABSCDO ⑤	1	0	△19	0
Investment trusts	48	△2	△74	△30
Stocks	135	87	4	△104
Trust beneficially rights	48	△0	△21	0
RMBS	38	△0	△6	0
CMBS	7	0	△5	0
CLO	3	0	△10	0
TOTAL	2,284	71	△184	△138
Securitized products ①~⑤	112	△12	△52	△12

Securitized products and operation in FY2007

	Ratings	08/03			Operation in FY 2007		
		# of bonds	Balance	Potential gains/losses	Valuation methods	Gains/losses by sales	Mark downs
ABS		17	28	0	Fair value from securities companies	0	0
	AAA	14	27	0		0	0
	AA	3	1	0		0	0
CLO		46	47	△9	Fair value from securities companies	△0	0
	AAA	13	20	△2		0	0
	AA	16	13	△3		△0	0
CDO		19	29	△3	Fair value from securities companies	△0	△0
	AAA	8	10	△1		△0	△0
	AA	11	19	△2		0	0
CDS・CDO		8	7	0	Fair value from securities companies	△4	△8
	AAA	4	4	0		△1	△4
	AA	3	3	0		△1	△3
ABS・CDO		2	1	0	Internal calculation through DCF basis	△8	△8
	AAA	2	1	0		△6	△8
	AA	0	0	0		△3	0
(Sub prime related)	AAA	2	1	0	△2	△8	
	AA	0	0	0	△2	0	
合計		92	112	△12	—	△13	△17

※No security below A rating.

<For Reference>

- We have no SPEs, no exposure in sub-prime loan and Alt-a.
- We have 4.9 billion CDOs guaranteed by two monoline companies rated AAA.

Securitization Products (2)

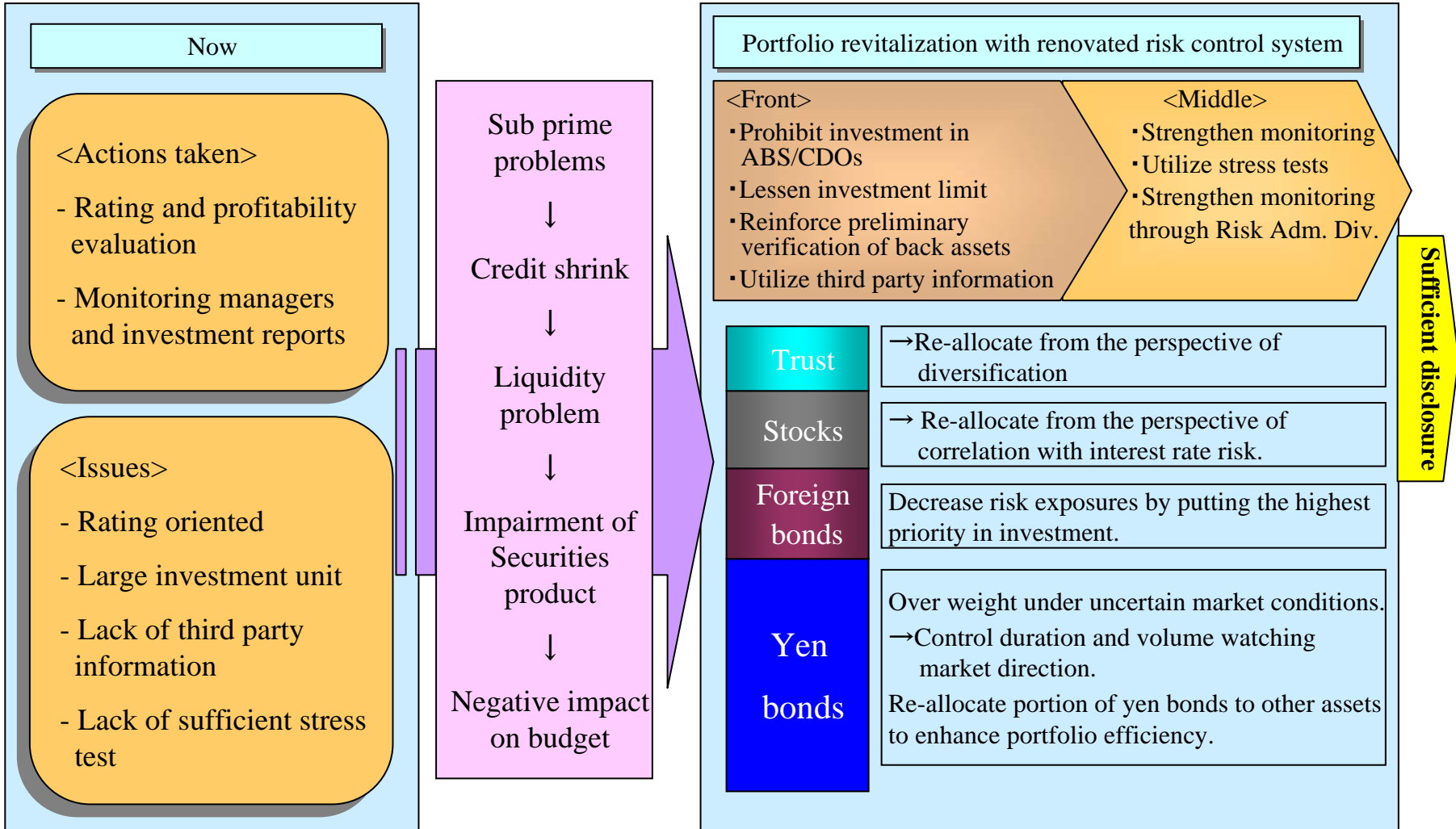
Portfolio mostly comprised of highly rated CLO and CDOs backed mainly by corporate loans.

Types of CLO and CDOs

	Backed assets	Ratings	(Y bn) Balance	(Y bn) Potentian gain/losses	Appraisal gain/loss ratio
CLO	Leveraged loans	AAA	15	△1	△9.2%
		AA	13	△3	△20.5%
		A	14	△4	△32.1%
	Distresses assets (with monoline guarantees)	AAA	5	△0	△2.1%
Sub total			47	△9	△18.6%
CDO	CDS referring bank's loan portfolio	AAA	7	△0	△4.2%
		AA	13	△1	△7.9%
	Hybrid securities	AAA	2	△0	△13.0%
	Loans to middle market	AA	3	△1	△36.0%
	Bottomry	AA	2	△0	△9.5%
	Private equity	AAA	1	0	0.0%
		AA	1	0	0.0%
	Leveraged loans, loan CDS	AA	1	△0	△16.7%
REIT hybrid securities, etc.	AAA	0	0	0.0%	
Sub total			29	△3	△10.7%
CDS CDO	Credit default swaps	AAA	4	0	0.0%
		AA	3	0	0.0%
		A	1	0	0.0%
Sub total			7	0	0.0%
ABS CDO	Asset backed securities	AAA	1	0	0.0%
		Sub total			1
Total			84	△12	△14.1%

Investment Policy and Revitalization of Securities Portfolio 11

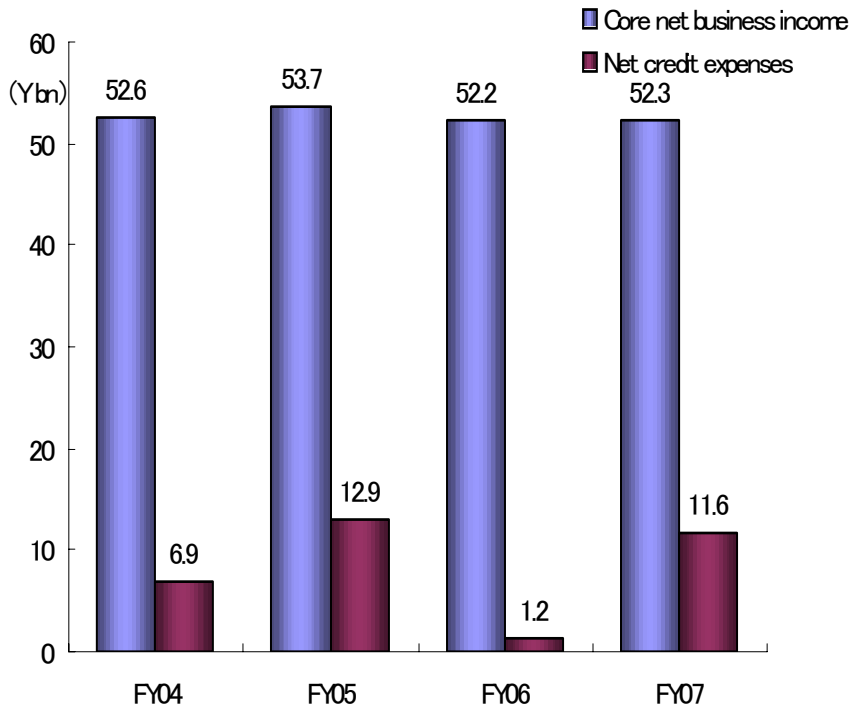
Reorganizing risk control system, seek for portfolio revitalization expeditiously.



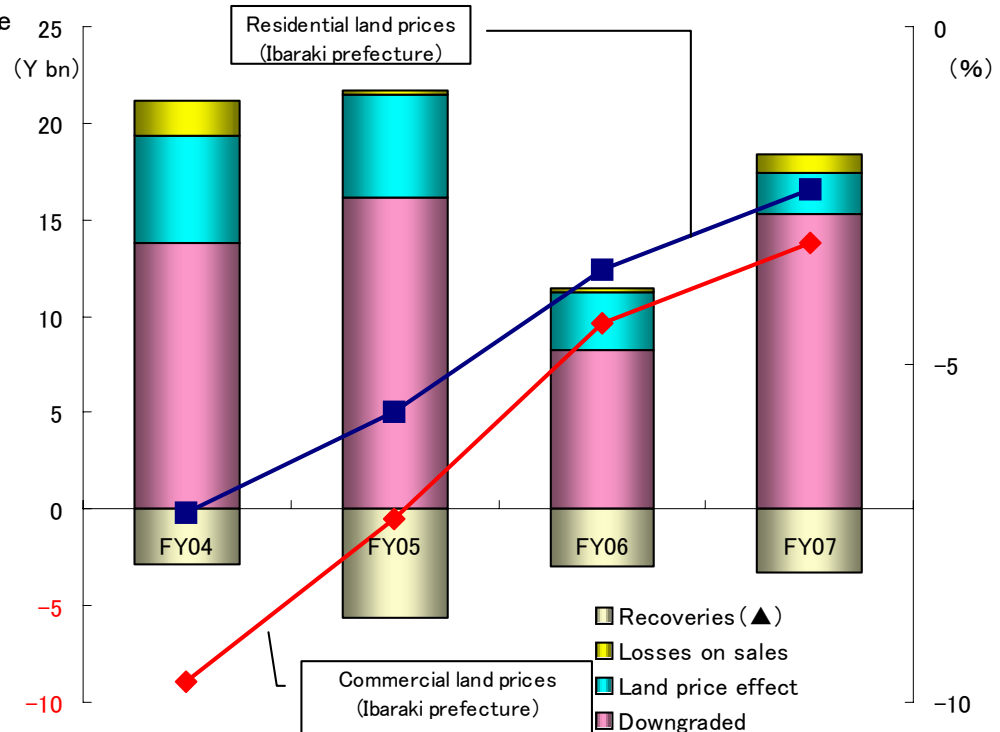
Credit Costs

Credit costs increased by Y10.3 billion mainly by increasing reserves for possible loan losses with more strict standard. (Credit cost ratio of 25 bps)
In FY2008, credit cost expected to decrease due to lower loss ratio and preferable land prices.

Core net business income and net credit expenses ※1



Disposal of non-performing loans

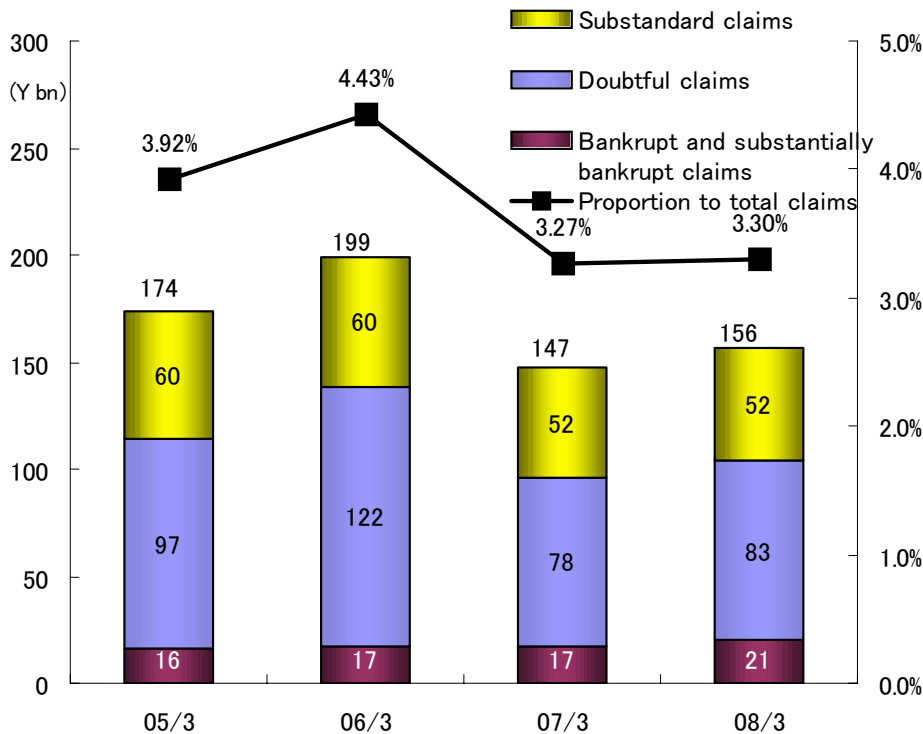


※1: Net credit expenses = General provisions for possible loan losses + Gains/Losses of disposal of loans - gains on loans previously charged-off - reversal of allowance for credit losses

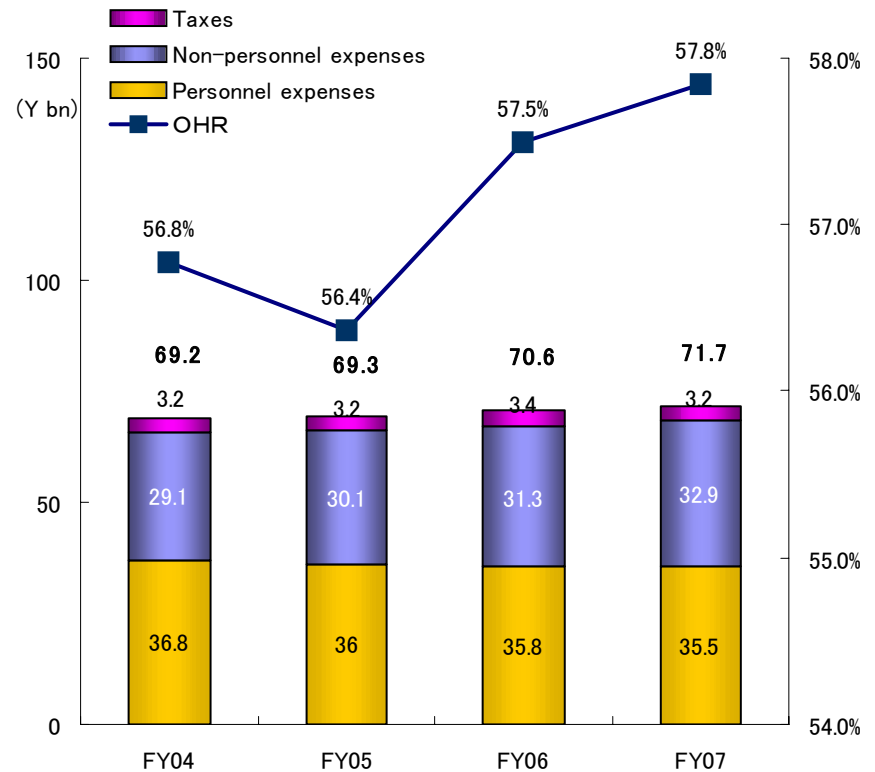
Non Performing Loans & G&A Expenses

Non performing loans increased by 9 billion due to more conservative self assessment. Total operating expenses increased in FY2007 mainly due to IT infrastructure and branch renovation to intensify sales promotion and efficient operation.

Non-performing loans under Financial Revitalization Law



G&A Expenses & OHR*

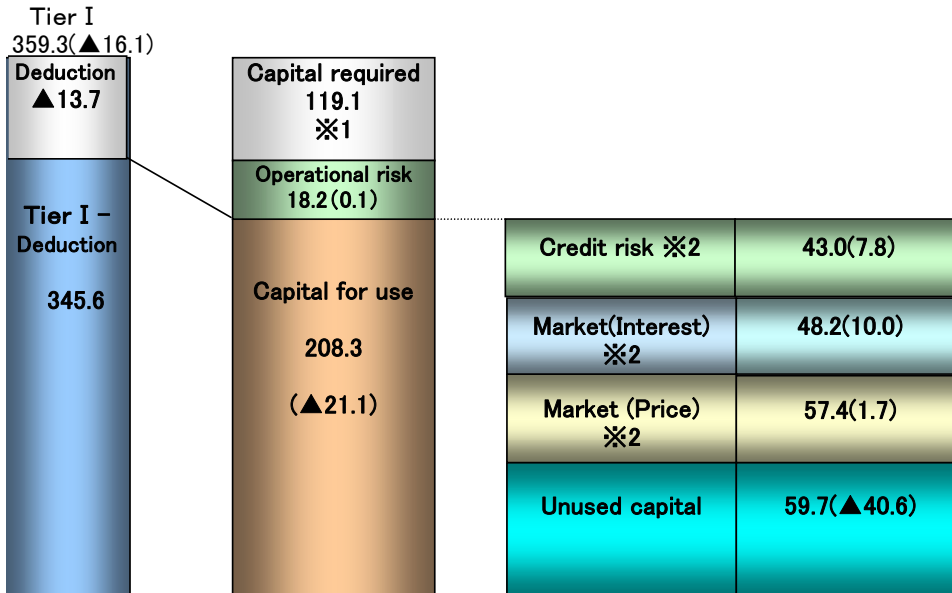


*OHR: Core net business income basis

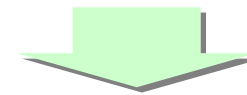
Effective Utilization of Capital

Risk capital as of March 2008

Y bn, figures in () represent changes from 07/3



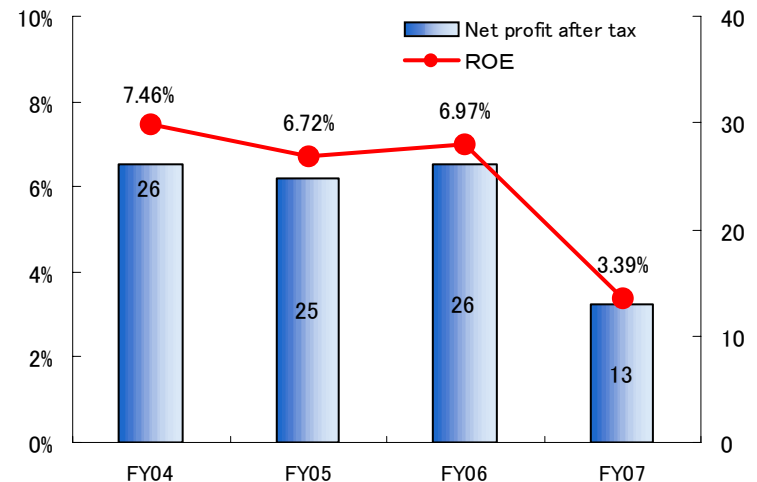
- Maximize shareholders' value through effective capital utilization and higher shareholder return.
- Aim to increase capital efficiency by:
 - ◆ Expanding business areas
 - Broadening business areas and product lines
 - Expanding spectra of investment opportunities
 - ◆ Optimizing capital allocation in each risk category
 - ◆ Policy of shareholder return



(※1) Represents approximately 4% of risk-weighted assets. We changed usable capital from capital to Tier I capital at the beginning of FY 2007.

(※2) Calculation condition changes;

- Credit risk: Confidence interval 99.0% → 99.9%
- Interest rate risk: Tenure 3 months → 6 months
- Price risk: Tenure 3 months → 6 months
- Methodology Variance-covariance → Historical method



Returns to Shareholders in FY2007

‘Shareholders Return Policy’

● Shareholder Return Ratio*

Targeting ratio equal to or greater than 40%.

* Shareholder Return Ratio = (Dividends paid + Stock repurchased) / Net income after tax

● Dividend Pay-out Ratio

Targeting ratio equal to or greater than 20% while maintaining stable dividend payment policy.

⇒ Dividend in FY 2007

Increase dividends by 1 yen to 8 yen per share.

	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007
Number of stocks repurchased (thousands)	6,508	24,401	4,122	9,955	20,815	15,335
Total amount of stock repurchased (Y bn)	2.1	8.1	1.8	7.2	14.5	9.4
Number of stocks retired (thousands)	—	—	—	13,000	15,000	15,000
Number of treasury stocks (thousands)	5,933	30,154	33,845	30,466	35,931	35,943
Total dividends (Y bn)	4.3	4.1	4.9	4.9	5.6	6.3
Dividend per stock (Y)	5.0	5.0	6.0	6.0	7.0	8.0

Net income after tax (non-consolidated) (Y bn)	8.3	22.8	26.1	24.7	26.1	12.9
Shareholder return ratio (%)	77.1	54.2	26.2	49.2	77.0	121.5
Dividend pay-out ratio (%)	51.3	18.4	19.1	20.0	21.6	48.8



Projections for FY2008

Summary of Projections for FY2008

Through deepening and widening our relationship with customers, gross business profit grows as well as reduction of securitization products related losses.

	1H FY2008 Forecast	Change from 1H FY 2007	(Y bn)		
	FY 2008 Forecast	FY 2007	Change		
Net business income	25.0	▲ 3.3	53.0	28.4	24.6
Core net business income	25.0	▲ 1.5	53.0	52.3	0.7
Gross business profit	62.6	▲ 0.8	126.4	98.6	27.8
Net interest income	54.4	0.2	109.7	107.6	2.1
Fees and commissions	8.1	0.3	16.4	14.6	1.8
Net oter operating profit	▲ 0.1	▲ 1.2	▲ 0.2	▲ 24.1	23.9
G&A expenses	37.2	0.7	73.1	71.7	1.4
Net transfer to general reserve for possible loan losses (A)	0.0	1.4	0.0	▲ 1.6	1.6
Net non-recurring gains(losses)	▲ 4.5	▲ 1.5	▲ 9.9	▲ 3.6	▲ 6.3
Disposals of non-performing loans (B)	4.5	▲ 1.0	9.0	15.2	▲ 6.2
Ordinary profit	21.0	▲ 4.2	43.0	24.8	18.2
Net special gains(losses)	0.2	0.9	0.5	▲ 0.2	0.7
Gains on loan charged-offs (C)	0.5	▲ 0.7	1.0	1.9	▲ 0.9
Reversal of allowance for loan losses (D)	0.0	0.0	0.0	0.0	0.0
Net income after tax	12.0	▲ 2.5	25.0	12.9	12.1
Net credit expenses (A)+(B)-(C)-(D)	4.0	1.2	8.0	11.6	▲ 3.6

【Increase gross business profit 'Top line'】
 Through deepening and widening our relationship with customers, improve total profitability of each customer.
 Expect lower cost of securities.

【Increase in expenses】
 Mainly from enhancing sales channels and efficient operations.

【Decrease in credit costs】
 Expect to decrease due to lower loss ratio.
 Credit cost ratio estimated to be 15~20bps.

Key Actions to Increase Loans

Clarify our targets in Ibaraki and strengthen sales channels and information network throughout our group in neighborhood prefectures.

FY2007 results and direction

<Results>

Loan market share in Ibaraki (excluding public sector) 38.4%

Loans to SMEs ratio 60.7%

Loan interest income +10.8 bn

Average loan interest rate +0.2%

<Targets>

Loan market share in Ibaraki (excluding public sector) 40%

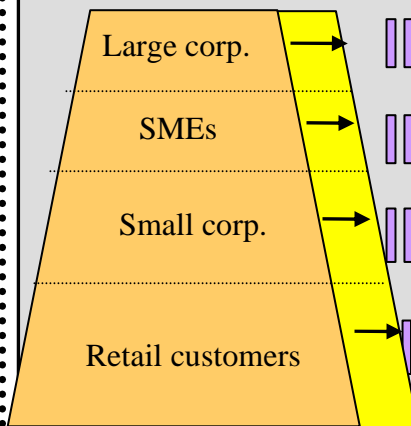
New outlets in strategic areas

Attract more business opportunities with enterprises in Tokyo

Increase # of main accounts

Key actions in FY2008

Ibaraki +Y100 billion



Targets

- Focused candidates 3,000
- Increase share in current 14,000 customers
- Increase share in current 12,000 customers
- Housing loans
Consumer loans

Joyo bank

Who
Branch manager HQ specialists
Branch staffs
HQ specialists Branch staffs
Branch staffs Loan centers

Theme

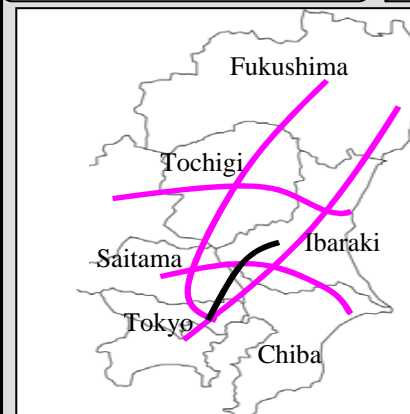
Increase main a/c	Production "Mono-tukuri"
	Medical Agriculture related
Increase new customers	CRM
Increase shares	

Group

Add value

- Take over M&A
- Treasury stock
- Consulting
- Leasing
- Credit cards
- IT
- Temporary staffing

Others +Y200 billion



Loan market : our branch/share (March)

(Fukushima) 4trillion	10 / 5%
(Tochigi) 4.9trillion	6 / 3%
(Saitama) 17.9trillion	2 / 0.2%
(Chiba) 13.9trillion	5 / 0.7%
(Ibaraki) 7trillion	141 / 38.4%
(Tokyo) Y170 trillion	4 / 0.5%

- Expand business areas through new outlets following traffic infrastructures developments.
- Strengthen approaches to enterprises in industrial areas in Ibaraki.

Attract more Tokyo-based companies to Ibaraki by providing sufficient information

**Summary of Joyo Bank Group
10th Medium-term Business Plan
(FY2008 - FY2010)**



Basic Targets

Responding quickly and flexibly to facing changes, set three basic targets for our sustainable growth.

'Best Partner' Bank in a new financial era

Improve performance

1. Strengthen consolidated basis profitability
(Utilize subsidiaries)

- ◆ Maximize cross-selling opportunities through all of the Joyo group companies with efficient information system.
- ◆ Expand business areas to 'greater Ibaraki' following traffic infrastructure development.
- ◆ Alliance with external specialties.

Utilize company resource

2. Strengthen risk control systems
(Risk control · BPR)

- ◆ Strengthen risk control system.
- ◆ Improve profit/cost analysis.
- ◆ BPR through information technology.

Full-fledge resource management

3. Improve resource management
(Human resource · Compliance)

- ◆ Invest in personnel development, strategic personnel allocation.
- ◆ Strengthen compliance, customer support system.
- ◆ Strengthen ecology related activities.

Basic Business Targets

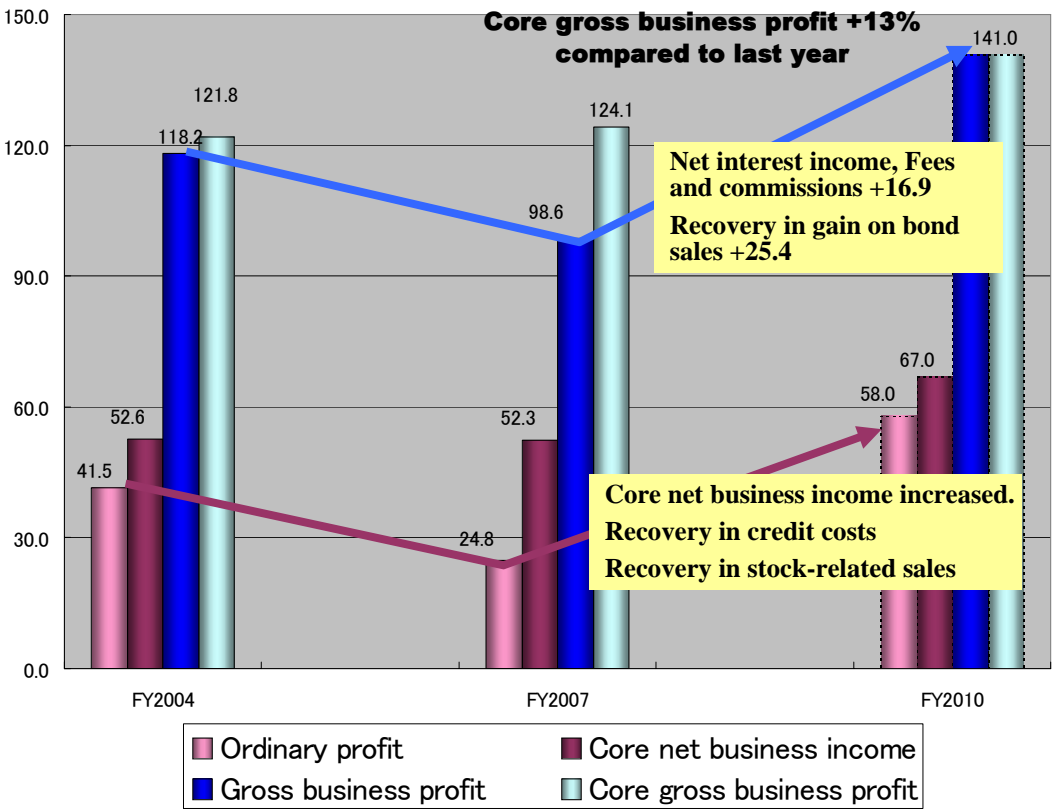
Profitability turned around from declining in FY2007. Pursuit sustainable growth in the hereafter .

FY2010 targets (change from FY2007)

Gross business profit	141.0(+4.2)
Core net business income	67.0(+14.7)
Ordinary profit	58.0(+33.2)
Net income after tax	35.0(+22.1)
Net income after tax (consolidated)	37.0(+21.0)
ROE	Approximately 9%
OHR	<53%
EPS	Approximately 50
Tier 1 ratio	Approximately 10%
Joyo RM index※1	Corporate: Higher rank +9,000 Consumers: Main accounts +60,000
Loan share in Ibaraki (excluding local government)	≥40%

Earnings plan

(Y bn)



※Joyo RM index: Criteria to measure progress of “Main Accounts Strategy” of 10th Mid-term Business Plan

Condition: Rate hikes are expected after the 1st half of FY2009 (Total +0.75%)



Action Plans to Achieve Targets

3 key strategies for growth in consolidated profitability;
Increase main accounts, expand business areas, strengthen subsidiaries/alliance

Strengthen consolidated profitability

Pursuit Depth and width of RM

Main accounts strategy

- ◆ **Proper advice**
 - RM index, whole network CRM
 - Strengthen cross selling through all of the Joyo group companies
- ◆ **Sophisticated financial services**
 - Increase insurance sales through OTC
 - Increase branches with securities agency
- ◆ **Utilize information**
 - Utilize strong relationship with blue chips in Tokyo
- ◆ **Strengthen direct channels**
 - Online investment trust sales
 - Settlement service

Operating area strategy

- ◆ **Focus on attaining 40% market share in Ibaraki.**
- ◆ **Expand business areas**
 - New outlets in growth areas
 - More loan specialized centers
- ◆ **Clarify roles of branch and HQ**
 - Strategic change of channel management
 - Strengthen channels in the southern area
- ◆ **Proper channel to proper segment**
 - Empowerment of sales district system
 - Efficient approaches to SMEs

Subsidiaries/alliance

- ◆ **Clarify roles of group companies**
 - Financial targets and evaluation system
- ◆ **Reallocation of resources**
 - Reallocate staffs to more profitable companies/business areas
- ◆ **Utilize information for group company synergies**
- ◆ **Alliance with third party specialties**



Expanding Business Areas

Shift resources to key strategic areas following development of traffic infrastructures. Expand our business areas to beneficial areas from a perspective of distribution / logistics.

(Ibaraki)

⇒ Allocate resources mainly in the southern and western areas with high growth potential.

- ◆ Southern area: Second HQ in Tsukuba (from 2008 Autumn)
- ◆ Strengthen existing loan centers
- ◆ Deployment of Joyo Securities distribution network

(Tochigi, Chiba, Saitama: Allocate approx. 50 sales forces)

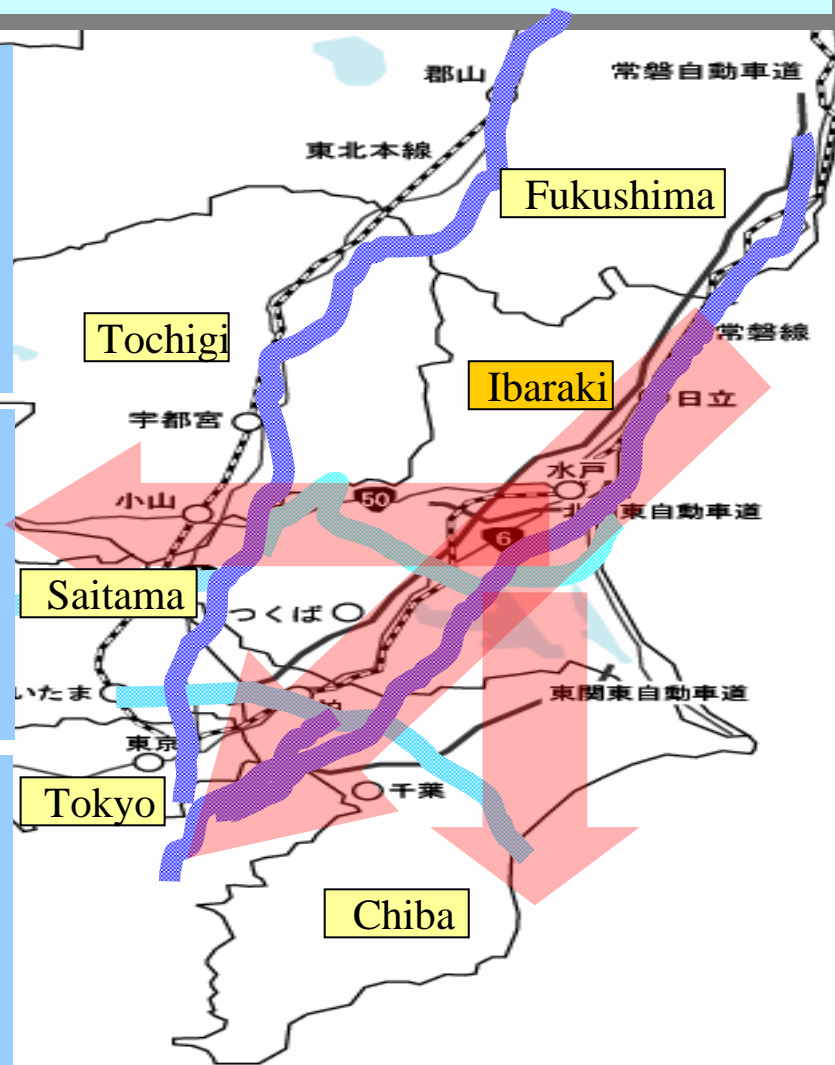
⇒ Expand business areas following development of traffic infrastructure.

- ◆ New wholesale outlets
- ◆ New loan centers (Deploy mostly small centers with speed)
- ◆ Reclassify Tochigi's Utsunomiya and Oyama regions into our strategic area

(Tokyo)

⇒ Attract blue chips in Tokyo to potential Ibaraki districts.

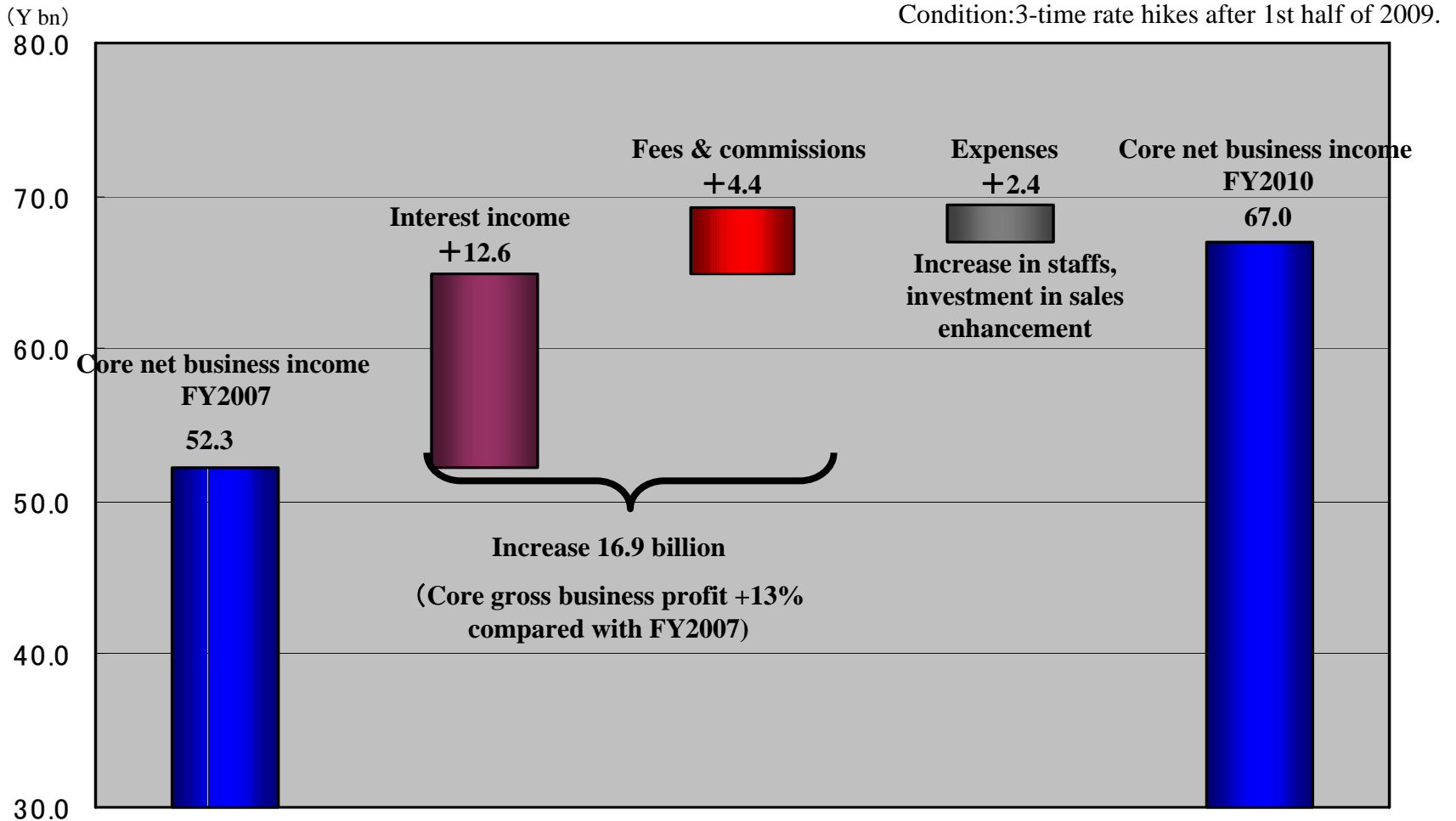
- ◆ Established specialized team to increase new customers.
- ◆ Established cross-functional information network system
- ◆ Strengthen enterprise support system



Financial Figures · Others

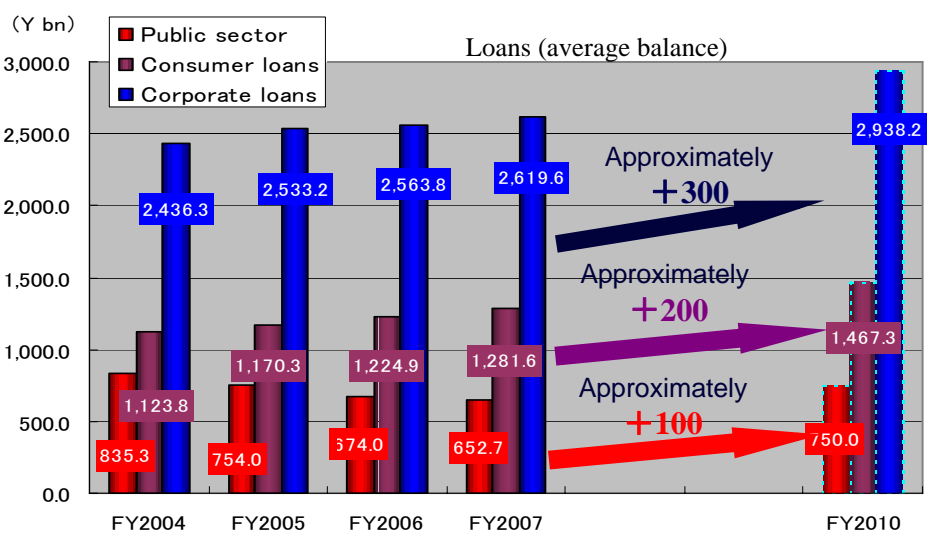
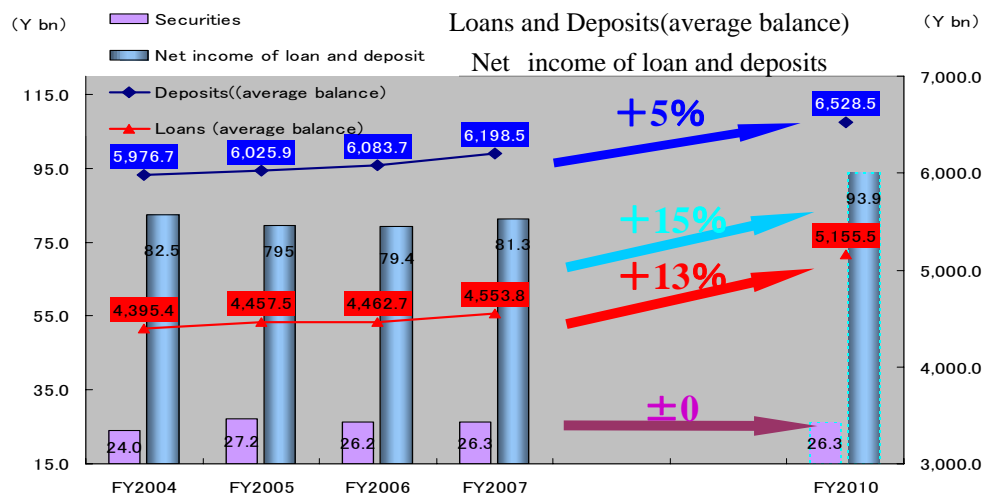
Profitability

Increasing loans and deepening relationships with customers through offering wide range of products by all of Joyo group companies lead to top line growth. Expenses increase mainly due to sales force related investments.



Interest Income

Profit increase led from steady increase in loan and deposit volume by means of deepening RM and expanding business areas.



<Increase loan volume>

Increase loan volume through deepening RM and expanding current business areas.

- ◆ Retail
 - Sustain high market share in housing loans in Ibaraki
 - Strengthen sales in key neighboring markets.
- ◆ Wholesale
 - Clarify and strengthen role of each branch and headquarters to avoid Texas hits.
 - Increase share by taking in competitors' loans.
 - Expand business area.
- ◆ Public sector
 - Increase loans with proper interest rate spreads.
 - Play key role to increase PFI businesses.

<Increase deposit volume>

Increase main account with key transactions.

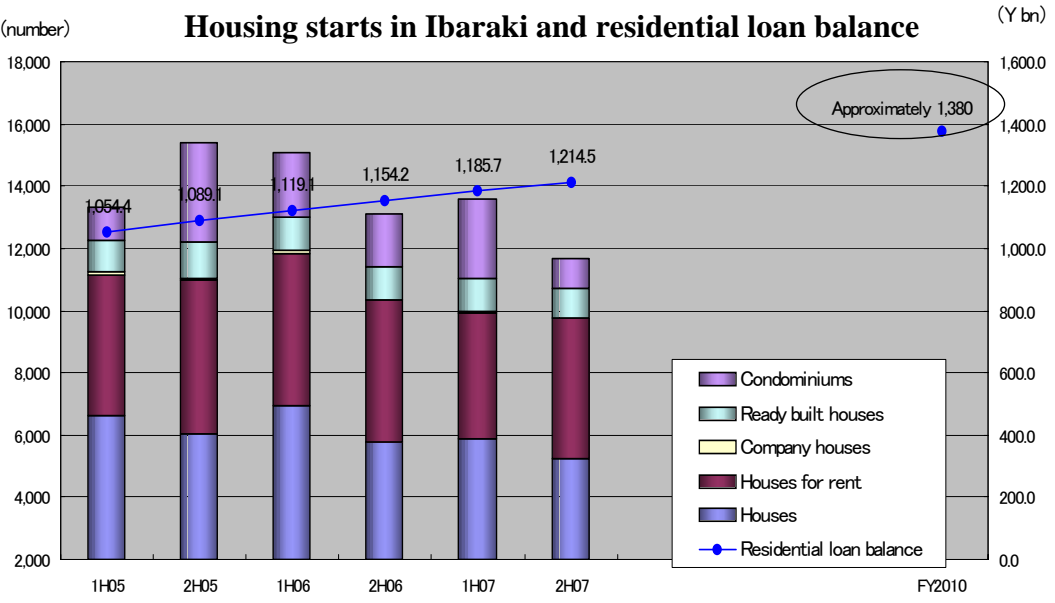
- ◆ Retail
 - Appropriate action to motivate key life events of customers.
- ◆ Wholesale
 - Increase deposits to maximize sales opportunities.

Note: Sole proprietors are classified into wholesale in the graphs

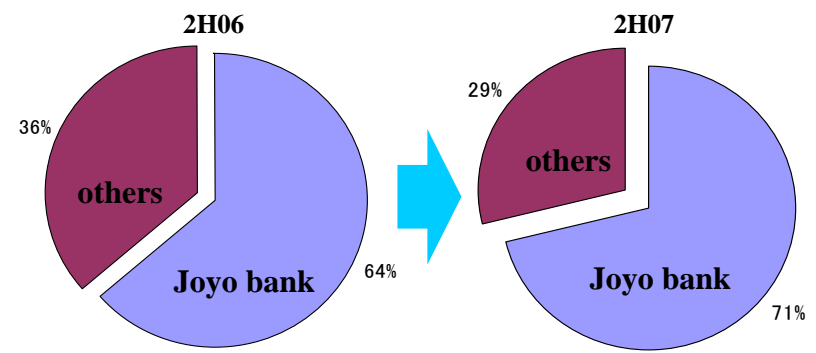
Residential Loans

Expand business areas by establishing new channels, and also focus on Ibaraki prefecture to seek for stable growth.

Housing starts in Ibaraki and residential loan balance

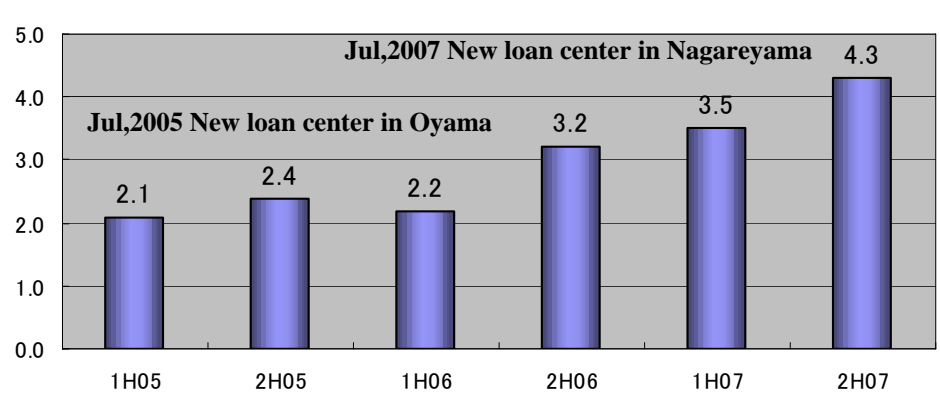


Market share in new housing loans in Ibaraki



Others do not include local banks headquartered in other prefectures, city banks, and labor union banks.

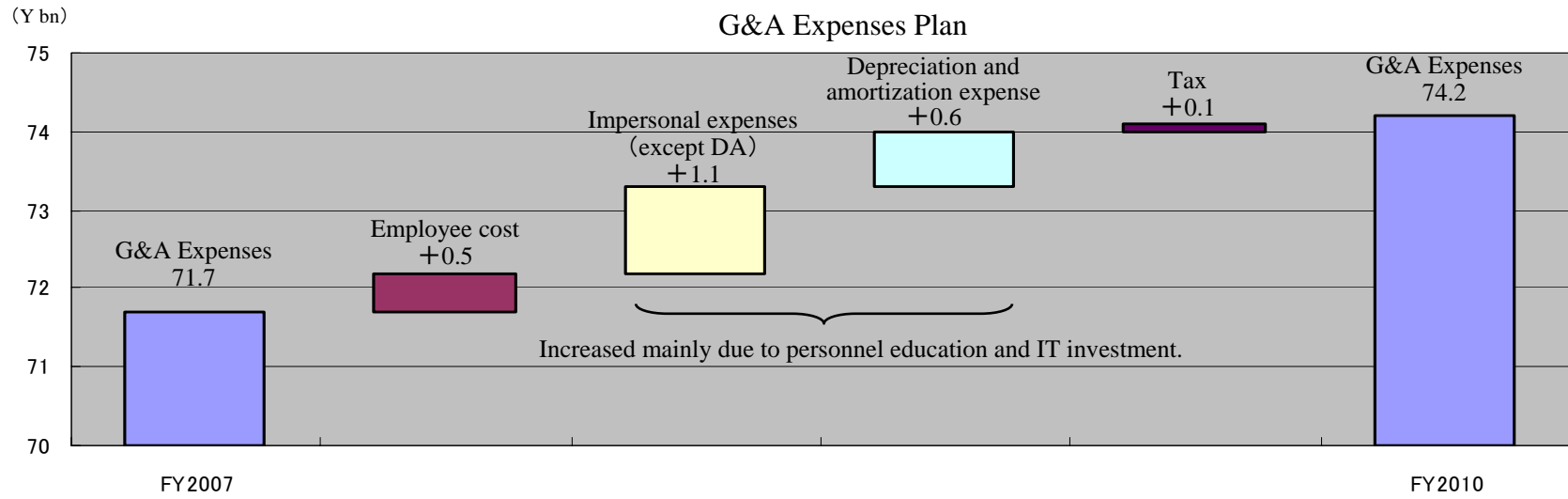
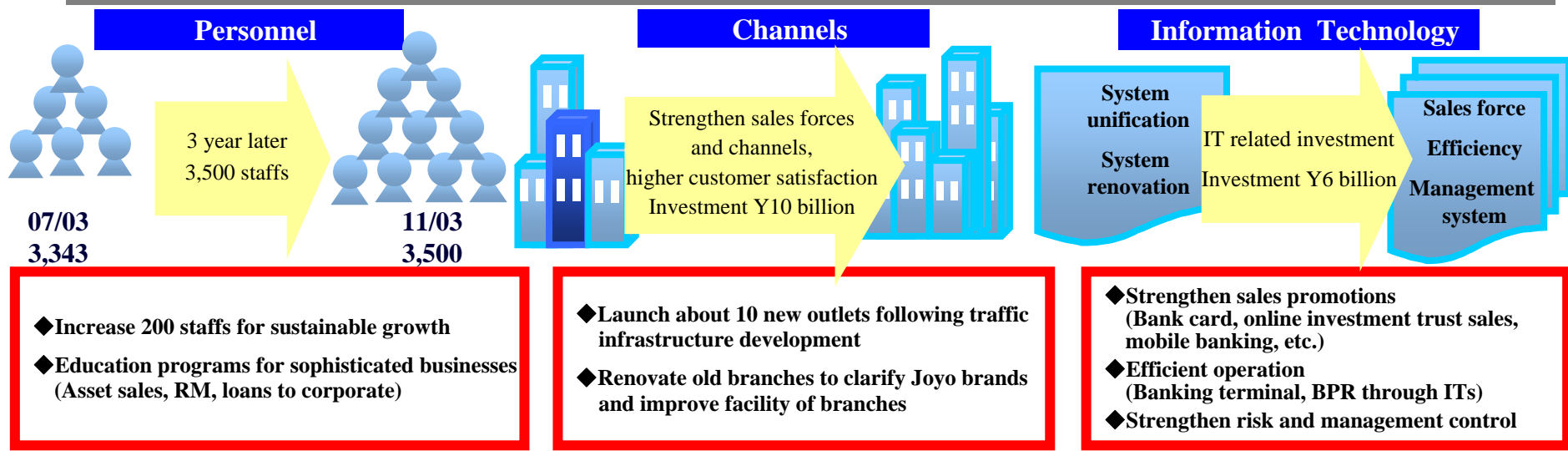
New housing loans in Tochigi, Chiba, Saitama



- ◆ Increase total loan volume both in Ibaraki and neighboring prefectures.
- ◆ Over 70% market share in new housing loans in Ibaraki by actively approaching the 30s and 40s.
- ◆ Establish consumer financial center in Tsukuba where high needs for houses are estimated.
- ◆ Strengthen sales in Tochigi, Chiba and Saitama through small efficient centers.
- ◆ Introduce new renovation loan.

Investment and Expenses

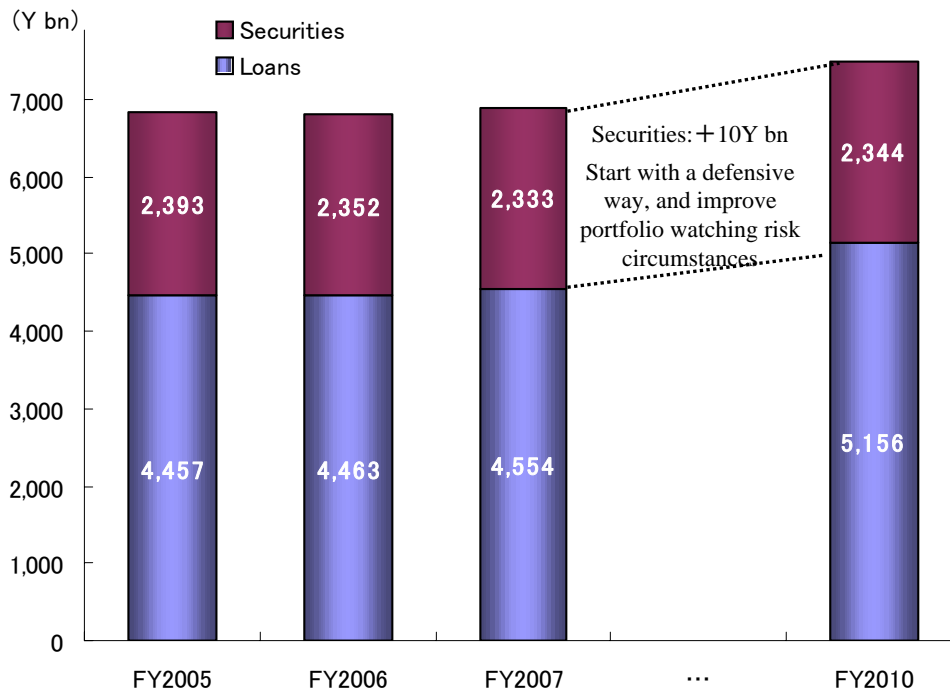
Adopt necessary investment for sustainable growth. Expenses mainly for strengthening sales channels.



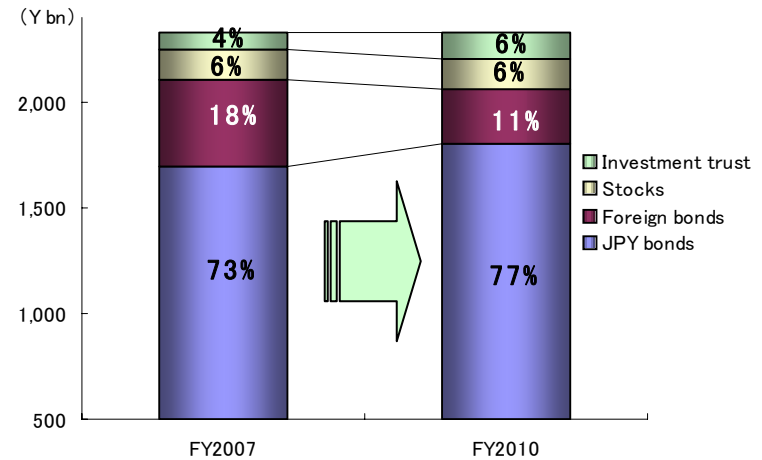
Securities Portfolio

Improve asset quality and portfolio stability to sustain as a pillar next to loans and deposits.

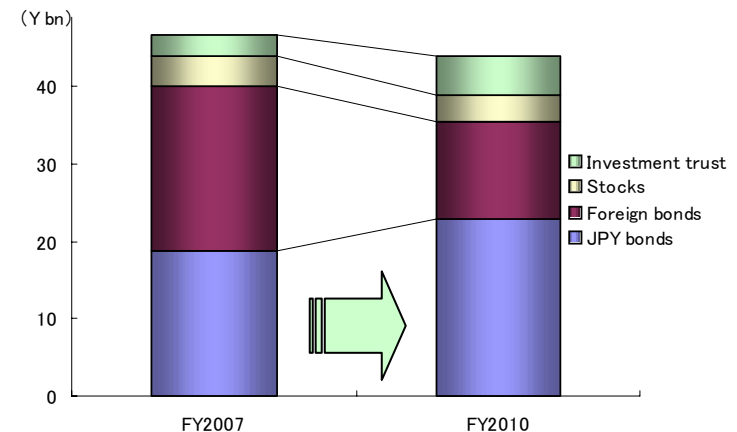
Balance



Portfolio



Profitability



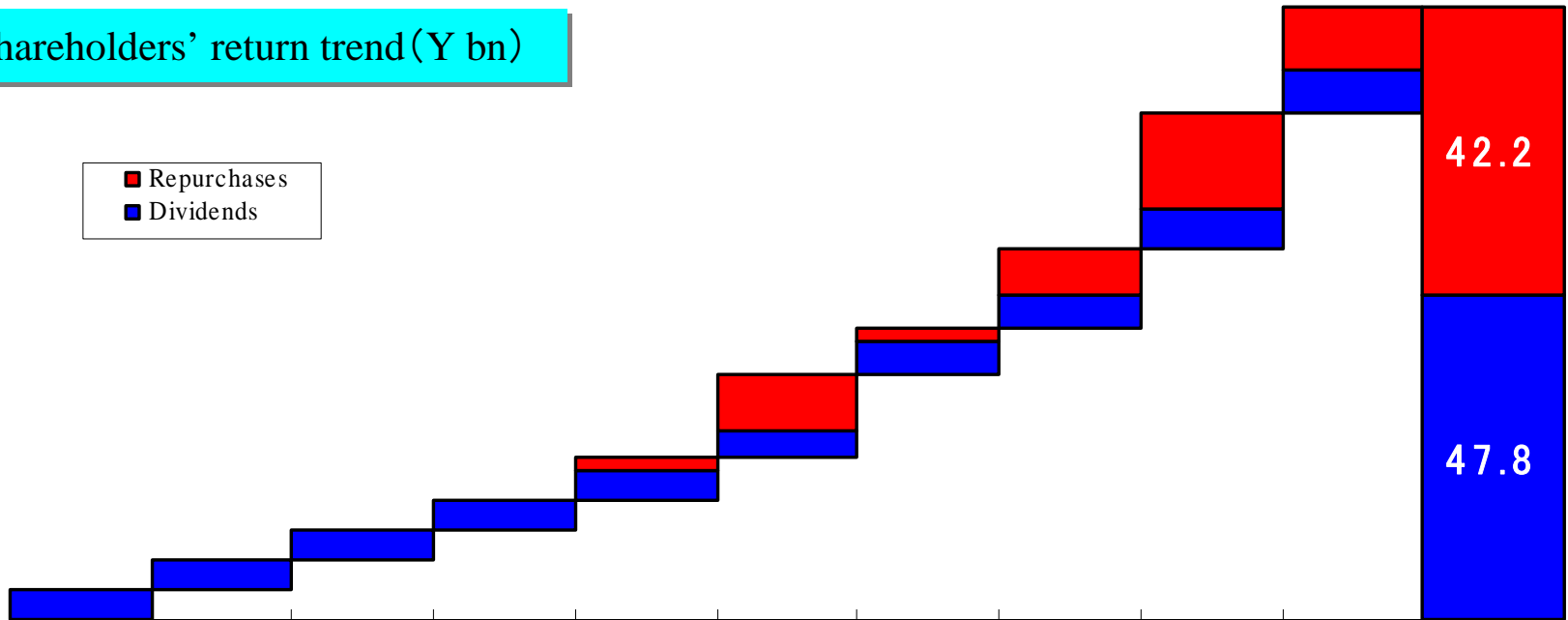
Shareholders' Return Policy and Trend

Accumulated shareholders' return of 79% for last 10 years.

Sustain current shareholder return policy.

- Shareholder Return Ratio*: Targeting ratio equal to or greater than 40%.
 * Shareholder Return Ratio = (Dividends paid + Stock repurchased) / Net income after tax
- Dividend Pay-out Ratio: Targeting ratio equal to or greater than 20% while maintaining stable dividend payment policy

Shareholders' return trend (Y bn)



FY1998 FY1999 FY2000 FY2001 FY2002 FY2003 FY2004 FY2005 FY2006 FY2007 Total

Shareholders' return ratio	82%	39%	51%	—	74%	54%	25%	48%	76%	120%	79%
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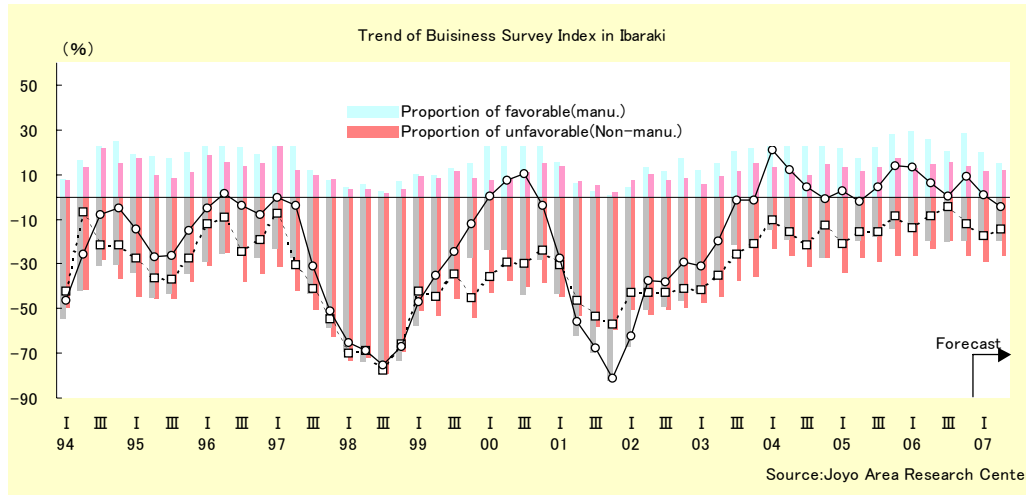
Appendix

Economic Indicators for Ibaraki Prefecture (1)

	Contents	Units	Ibaraki	Japan	Rank	Date
Land area	Total land area	km ²	6,096	372,887	24	Oct 1, 2006
	Liveable land area	km ²	3,976	121,393	4	Oct 1, 2006
Population	Population	thousands	2,970	127,770	11	Oct 1, 2006
	Proportion of senior	%	20.0	20.8	38	Oct 1, 2006
Economy	Prefectural GDP	Y Bn	10,956	503,367	12	2005
	Average prefectural income	Y MM	2.84	2.88	18	2005
Industry	Farm output	Y Bn	399	8,632	4	2006
	Value of manufactured goods shipment	Y Bn	11,492	314,835	8	2006
	Annual sales of merchandizing goods (wholesale)	Y Bn	3,788	410,679	16	2007
	Annual sales of merchandizing goods (retail)	Y Bn	2,892	134,572	13	2007
	Number of establishments	-	126,506	5,911,038	14	2006
	Number of factories newly located	number/km ²	92/1.65	1,791/27.10	5/3	2007

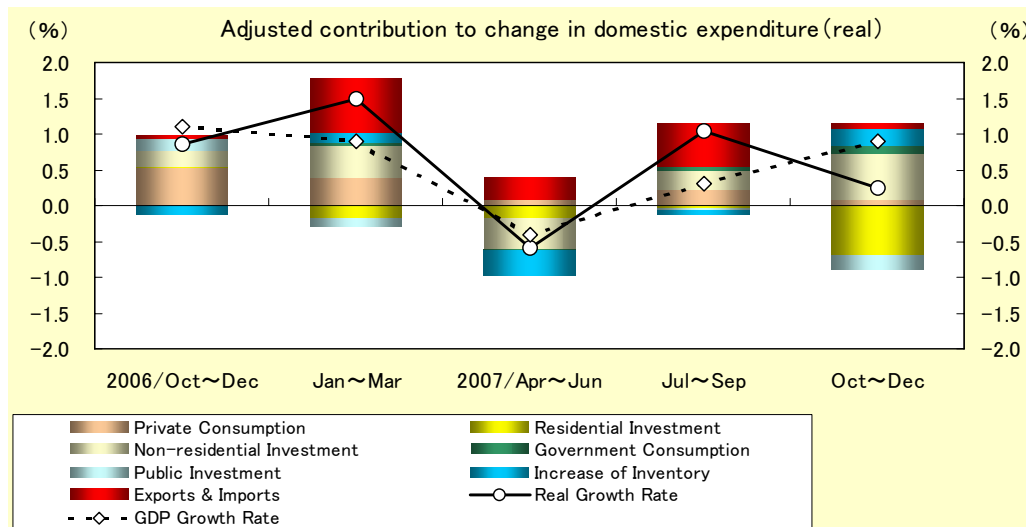
Source: Statistics Div of Ibaraki Pref, Kanto Bureau of Economy, Trade and Industry

Economic Indicators for Ibaraki Prefecture (2)



Spreading weak Corporate sentiment

- Both manufacturing and non manufacturing show unfavorable trends in past three consecutive quarters.
- Expecting unfavorable trends.



Real economic growth of 0.2%

- Ibaraki posted real economic growth of 0.2% between October and December 2007, two consecutive positive quarter.

Average Balance

(balance:Y bn, income/expense:Y mm, %)

	FY2007			Change from 2006		
	Average balance	Yield	Interest income	Average balance	Yield	Interest income
Loans and bills	4,558.6	2.09	95,497	93.8	0.20	10,819
JPY	4,553.7	2.09	95,389	91.0	0.20	10,789
Foreign	4.8	2.23	107	2.7	▲1.51	29
Securities	2,332.6	2.00	46,589	▲19.7	▲0.02	▲751
Bonds	1,524.8	1.09	16,626	88.9	▲0.01	812
Stocks	136.1	2.84	3,869	9.8	0.10	410
Foreign bonds	596.6	4.00	23,870	▲103.9	0.34	▲1,795
Others	74.9	2.96	2,221	▲14.6	0.28	▲181
Call loans	25.2	2.45	620	9.4	▲2.14	▲110
JPY	14.1	0.73	104	11.5	0.58	100
Foreign	11.0	4.65	515	▲2.1	▲0.84	▲210
Bills bought	—	—	—	—	—	—
Other debt purchased	74.5	0.97	724	▲4.2	0.37	246
Due from banks	67.3	2.52	1,697	34.9	▲0.38	754
NCD	—	—	—	—	—	—
Foreign exchange assets	1.0	3.68	37	0.0	0.06	▲2
Others	—	—	109	—	—	▲1
Interest rate swaps						—
Interest earning assets	7,059.4	2.06	145,309	114.0	0.12	10,994

	FY2007			Change from 2006		
	Average balance	Yield	Interest expense	Average balance	Yield	Interest expense
Deposits	6,276.6	0.27	16,813	107.2	0.15	8,986
JPY	6,198.3	0.23	14,080	114.7	0.15	8,948
Foreign	78.2	3.49	2,732	▲7.5	0.35	36
NCD	83.6	0.50	419	8.5	0.31	271
Call money	238.9	2.55	6,096	36.0	0.25	1,412
JPY	137.5	0.49	675	18.5	0.29	435
Foreign	101.4	5.34	5,421	17.5	0.05	978
Payable under securities lending transactions	162.2	0.98	1,597	▲43.9	▲0.17	▲794
Bills sold	0.0	0.00	0	0.0	0.00	0
Borrowed money	66.7	1.44	964	▲6.7	▲0.11	▲178
Foreign exchange liabilities	0.2	0.00	0	0.0	0.00	0
Bonds	15.0	2.23	334	0.0	0.01	0
Others	1.5	—	11,445	0.0	—	▲691
Interest rate swaps	0.0		11,433	0.0		▲690
Interest bearing liabilities	6,845.0	0.55	37,671	99.9	0.13	9,011
Other expenses	3.8	0.26	10	1.2	0.13	7
Interest bearing liabilities	6,841.1	0.55	37,661	98.6	0.13	9,004

Interest Yields

Total account

	FY 2005	1H 2006	FY 2006	1H 2007	FY 2007	Change from 2006
Average yield on interest earning assets (A)	1.80	1.84	1.93	2.08	2.05	0.12
Average yield on loans and bills discounted (B)	1.81	1.81	1.89	2.06	2.09	0.20
Average yield on securities	1.82	1.92	2.01	2.14	1.99	△0.02
Average yield on interest bearing liabilities	0.28	0.36	0.42	0.57	0.55	0.13
Average yield on deposits and NCDs (C)	0.05	0.08	0.12	0.26	0.27	0.15
Expense ratio	1.10	1.11	1.12	1.13	1.12	0.00
Funding cost (D)	1.29	1.40	1.46	1.63	1.59	0.13
Difference between average yield on loans and deposits (B)-(C)	1.76	1.73	1.77	1.80	1.82	0.05
Difference between average yield on interest earning assets and funding cost (A)-(D)	0.51	0.44	0.47	0.45	0.46	▲0.01

Domestic account

	FY 2005	1H 2006	FY 2006	1H 2007	FY 2007	Change from 2006	%
	1.51	1.53	1.60	1.76	1.76	0.16	
	1.81	1.81	1.89	2.06	2.09	0.20	
	1.21	1.27	1.31	1.40	1.30	△0.01	
	0.06	0.09	0.13	0.26	0.27	0.14	
	0.02	0.04	0.08	0.21	0.23	0.15	
	1.10	1.11	1.11	1.12	1.11	0.00	
	1.10	1.15	1.19	1.34	1.33	0.14	
	1.79	1.77	1.81	1.85	1.86	0.05	
	0.41	0.38	0.41	0.42	0.43	0.02	

Average yield on loans and bills discounted (excluding loans to MOF) (E)	1.88	1.83	1.90	2.06	2.09	0.19
Difference between average yield on loans and deposits (excluding loans to MOF) (E)-(C)	1.86	1.79	1.82	1.85	1.86	0.04

Yen Denominated Loans (1)

◎Self-assessed breakdown by regions

(Y bn)

	06/3		06/9		07/3		07/9		08/3		Change from 07/3		Change from 07/9	
	Term-end balance	Proportion	Term-end balance	Proportion	Term-end balance	Proportion	Term-end balance	Proportion	Term-end balance	Proportion	Term-end balance	Change in %	Term-end balance	Change in %
Yen denominated loans	4,432.8	100.0%	4,369.9	100.0%	4,437.8	100.0%	4,487.6	100.0%	4,668.6	104.0%	230.8	5.2%	181	4.0%
Normal	3,713.4	83.8%	3,828.9	87.6%	3,836.6	86.5%	3,844.5	85.7%	4,052.7	90.3%	208.2	5.4%	112.7	2.9%
Regional (excl. Tokyo & Osaka)	2,924.5	66.0%	2,979.9	68.2%	2,957.2	66.6%	2,981.2	66.4%	3,087.7	68.8%	106.5	3.6%	26.6	0.9%
(Loans excluding loans to MOF and DICJ※)	2,790.4	62.9%	2,979.9	68.2%	2,957.2	66.6%	2,981.2	66.4%	3,087.7	68.8%	106.5	3.6%	26.6	0.9%
In Ibaraki	2,461.4	55.5%	2,496.8	57.1%	2,462.6	55.5%	2,485.4	55.4%	2,703.4	60.2%	218.0	8.8%	162.5	6.4%
(Loans excluding loans to MOF and DICJ※)	2,409.4	54.4%	2,496.8	57.1%	2,462.6	55.5%	2,485.4	55.4%	2,703.4	60.2%	218	8.8%	162.5	6.4%
In Miyagi , Fukushima and Tochigi	361.3	8.2%	376.6	8.6%	384.1	8.7%	384.8	8.6%	293.3	6.5%	▲ 91.5	▲23.8%	▲ 107.9	▲26.9%
In Chiba and Saitama	101.7	2.3%	106.4	2.4%	110.4	2.5%	110.9	2.5%	90.8	2.0%	▲ 20.1	▲18.1%	▲ 28.1	▲23.6%
In Tokyo and Osaka	788.9	17.8%	848.9	19.4%	879.4	19.8%	863.2	19.2%	964.9	21.5%	101.7	11.8%	86.0	9.8%
Other than in need of special caution	417.7	9.4%	383.0	8.8%	349.8	7.9%	429.1	9.6%	437.8	9.8%	8.7	2.0%	50.5	13.0%
In need of special caution	93.3	2.1%	82.3	1.9%	82.4	1.9%	69.2	1.5%	74.9	1.7%	5.7	8.2%	11.7	18.5%
Potentially bankrupt or worse	147.6	3.3%	138.3	3.2%	101.1	2.3%	41.5	0.9%	103.2	2.3%	8.2	8.6%	6.3	6.5%
Normal (loans excluding loans to MOF and DICJ)	3,579.3	81.7%	3,828.9	87.6%	3,836.6	86.5%	3,844.5	85.7%	4,052.7	86.8%	103.4	2.7%	95.5	2.5%

◎Breakdown by regions

(Y bn)

	06/3		06/9		07/3		07/9		08/3		Change from 07/3		Change from 07/9	
	Term-end balance	Proportion	Term-end balance	Proportion	Term-end balance	Proportion	Term-end balance	Proportion	Term-end balance	Proportion	Term-end balance	Change in %	Term-end balance	Change in %
Yen denominated loans	4,432.8	100.0%	4,369.9	100.0%	4,437.8	100.0%	4,487.6	100.0%	4,668.6	100.0%	230.8	5.2%	181.0	4.0%
Regional (excl. Tokyo & Osaka)	3,515.2	79.3%	3,454.8	79.1%	3,522.6	79.4%	3,540.3	78.9%	3,643.1	78.0%	120.5	3.4%	102.8	2.9%
In Ibaraki	2,938.4	66.3%	2,874.5	65.8%	2,942.8	66.3%	2,942.2	65.6%	3,046.5	65.3%	103.7	3.5%	104.3	3.5%
In Miyagi and Fukushima and Tochigi	448.5	10.1%	453.8	10.4%	450.0	10.1%	461.9	10.3%	460.1	9.9%	10.1	2.2%	▲ 1.8	▲0.4%
In Chiba and Saitama	128.3	2.9%	126.4	2.9%	129.7	2.9%	136.1	3.0%	136.5	2.9%	6.8	5.2%	0.4	0.3%
In Tokyo and Osaka	917.4	20.7%	915.0	20.9%	915.2	20.6%	947.2	21.1%	1,025.4	22.0%	110.2	12.0%	78.2	8.3%
Yen Loans excluding loans to MOF and DICJ※	4,380.8		4,369.9		4,437.8		4,487.6		4,668.6		230.8	5.2%	181.0	4.0%
Other than Tokyo and Osaka	3,463.2		3,454.8		3,522.6		3,540.3		3,643.1		120.5	3.4%	102.8	2.9%
In Ibaraki	2,886.4		2,874.5		2,942.8		2,942.2		3,046.5		103.7	3.5%	104.3	3.5%

※Deposit Insurance Corporation of Japan

Yen Denominated Loans (2)

37

◎Breakdown by type

(Y bn)

	06/3		06/9		07/3		07/9		08/3		Change from 07/3		Change from 07/9	
	Term-end balance	Proportion	Term-end balance	Proportion	Term-end balance	Proportion	Term-end balance	Proportion	Term-end balance	Proportion	Term-end balance	Change in %	Term-end balance	Change in %
Yen denominated loans	4,432.8	100.0%	4,369.9	100.0%	4,437.8	100.0%	4,487.6	100.0%	4,668.6	104.0%	230.8	5.2%	181	4.0%
Personal loans	1,349.4	30.4%	1,372.9	31.4%	1,400.2	31.6%	1,423.0	31.7%	1,444.2	32.2%	44	3.1%	21.2	1.5%
Corporate loans	2,336.2	52.7%	2,323.5	53.2%	2,345.9	52.9%	2,419.6	53.9%	2,492.3	55.5%	146.4	6.2%	72.7	3.0%
Major companies	799.8	18.0%	785.6	18.0%	826.2	18.6%	864.1	19.3%	945.1	21.1%	118.9	14.4%	81	9.4%
Medium sized companies	169.5	3.8%	164.3	3.8%	162.3	3.7%	163.1	3.6%	152.8	3.4%	▲ 9.5	▲ 5.9%	▲ 10.3	▲ 6.3%
Small and medium sized companies	1,366.7	30.8%	1,373.5	31.4%	1,357.3	30.6%	1,392.3	31.0%	1,394.3	31.1%	37.0	2.7%	2.0	0.1%
Public sector	747.1	16.9%	673.3	15.4%	691.6	15.6%	644.9	14.4%	732.0	16.3%	40.4	5.8%	87.1	13.5%
Loans to MOF	52.0	1.2%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0	0.0%

◎Personal loans

(Y bn)

	06/3		06/9		07/3		07/9		08/3		Change from 07/3		Change from 07/9	
	Term-end balance	Proportion	Term-end balance	Proportion	Term-end balance	Proportion	Term-end balance	Proportion	Term-end balance	Proportion	Term-end balance	Change in %	Term-end balance	Change in %
Personal loans	1,349.4	100.0%	1,372.9	100.0%	1,400.2	100.0%	1,423.0	100.0%	1,444.2	101.5%	44	3.1%	21.2	1.5%
Residential loans	1,089.1	80.7%	1,119.1	81.5%	1,154.2	82.4%	1,185.7	83.3%	1,214.5	85.3%	60.3	5.2%	28.8	2.4%
Consumer loans	87.5	6.5%	86.2	6.3%	82.4	5.9%	81.3	5.7%	80.3	5.6%	▲ 2.1	▲ 2.5%	▲ 1.0	▲ 1.2%
Loans to small businesses	172.8	12.8%	167.6	12.2%	163.6	11.7%	156.0	11.0%	149.4	10.5%	▲ 14.2	▲ 8.7%	▲ 6.6	▲ 4.2%

◎Corporate loans

(Y bn)

	06/3		06/9		07/3		07/9		08/3		Change from 07/3		Change from 07/9	
	Term-end balance	Proportion	Term-end balance	Proportion	Term-end balance	Proportion	Term-end balance	Proportion	Term-end balance	Proportion	Term-end balance	Change in %	Term-end balance	Change in %
Yen denominated loans	2,336.2	100.0%	2,323.5	100.0%	2,345.9	100.0%	2,419.6	100.0%	2,492.3	103.0%	146.4	6.2%	72.7	3.0%
Regional (excl. Tokyo & Osaka)	1,451.6	62.1%	1,439.0	61.9%	1,435.3	61.2%	1,476.6	61.0%	1,471.0	60.8%	35.7	2.5%	▲ 5.6	▲ 0.4%
In Ibaraki	1,035.1	44.3%	1,020.3	43.9%	1,019.2	43.4%	1,046.0	43.2%	1,044.5	43.2%	25.3	2.5%	▲ 1.5	▲ 0.1%
In Miyagi , Fukushima and Tochigi	329.8	14.1%	333.1	14.3%	326.9	13.9%	336.9	13.9%	333.6	13.8%	6.7	2.0%	▲ 3.3	▲ 1.0%
In Chiba and Saitama	86.8	3.7%	85.6	3.7%	89.2	3.8%	93.6	3.9%	92.9	3.8%	3.7	4.2%	▲ 0.7	▲ 0.7%
In Tokyo and Osaka	884.5	37.9%	884.6	38.1%	910.7	38.8%	942.9	39.0%	1,021.3	42.2%	110.6	12.1%	78.4	8.3%

Deposits and Assets Under Custody

38

◎Deposits (Y bn)

	06/3		06/9		07/3		07/9		08/3		Change from 07/3		Change from 07/9	
	Term-end balance	Proportion	Term-end balance	Proportion	Term-end balance	Proportion	Term-end balance	Proportion	Term-end balance	Proportion	Term-end balance	Change in %	Term-end balance	Change in %
Deposits	6,146.4	100.0%	6,148.9	100.0%	6,285.2	100.0%	6,258.9	100.0%	6,355.8	100.0%	70.6	0.0%	96.9	0.0%
Yen deposits	6,054.3	98.5%	6,061.5	98.6%	6,206.6	98.7%	6,184.1	98.8%	6,292.0	99.0%	85.4	0.2%	107.9	0.2%
Foreign deposits	79.3	1.3%	77.4	1.3%	62.0	1.0%	55.7	0.9%	61.3	1.0%	▲ 0.7	▲0.0%	5.6	0.1%
JOM deposits	12.8	0.2%	10.0	0.2%	16.5	0.3%	19.0	0.3%	2.5	0.0%	-14	△0.2%	-16.5	△0.3%
Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-
NCDs	34.5		49.6		41.0		44.4		50.0	0.0%	9.0	0.0%	5.6	0.0%

◎Yen deposits (Y bn)

	06/3		06/9		07/3		07/9		08/3		Change from 07/3		Change from 07/9	
	Term-end balance	Proportion	Term-end balance	Proportion	Term-end balance	Proportion	Term-end balance	Proportion	Term-end balance	Proportion	Term-end balance	Change in %	Term-end balance	Change in %
Yen deposits	6,054.3	100.0%	6,061.5	100.0%	6,206.6	100.0%	6,184.1	100.0%	6,292.0	100.0%	85.4	0.0%	107.9	0.0%
Personal	4,627.1	76.4%	4,635.2	76.5%	4,703.8	75.8%	4,758.7	77.0%	4,835.4	76.8%	131.6	1.1%	76.7	▲0.1%
Corporate	1,137.7	18.8%	1,099.0	18.1%	1,156.1	18.6%	1,131.4	18.3%	1,143.6	18.2%	-12.5	△0.5%	12.2	▲0.1%
Public sector	289.5	4.8%	327.3	5.4%	346.7	5.6%	294.0	4.8%	312.8	5.0%	▲ 33.9	▲0.6%	18.8	0.2%

◎Personal assets (Y bn)

	06/3		06/9		07/3		07/9		08/3		Change from 07/3		Change from 07/9	
	Term-end balance	Proportion	Term-end balance	Proportion	Term-end balance	Proportion	Term-end balance	Proportion	Term-end balance	Proportion	Term-end balance	Change in %	Term-end balance	Change in %
Personal	5,479.0	100.0%	5,603.1	100.0%	5,771.2	100.0%	5,905.9	100.0%	5,922.0	100.0%	150.8	0.0%	16.1	0.0%
Liquid	2,409.6	44.0%	2,438.2	43.5%	2,517.3	43.6%	2,528.4	42.8%	2,570.2	43.4%	52.9	△0.2%	41.8	0.6%
Time deposits	2,217.5	40.5%	2,197.0	39.2%	2,186.5	37.9%	2,230.3	37.8%	2,265.2	38.3%	78.7	0.4%	34.9	0.5%
(Sub total)	4,627.1	84.5%	4,635.2	82.7%	4,703.8	81.5%	4,758.7	80.6%	4,835.4	81.7%	131.6	0.1%	76.7	1.1%
Financial products	851.9	15.5%	967.9	17.3%	1,067.4	18.5%	1,147.2	19.4%	1,086.6	18.3%	19.2	△0.1%	-60.6	△1.1%

Securities Portfolio

39

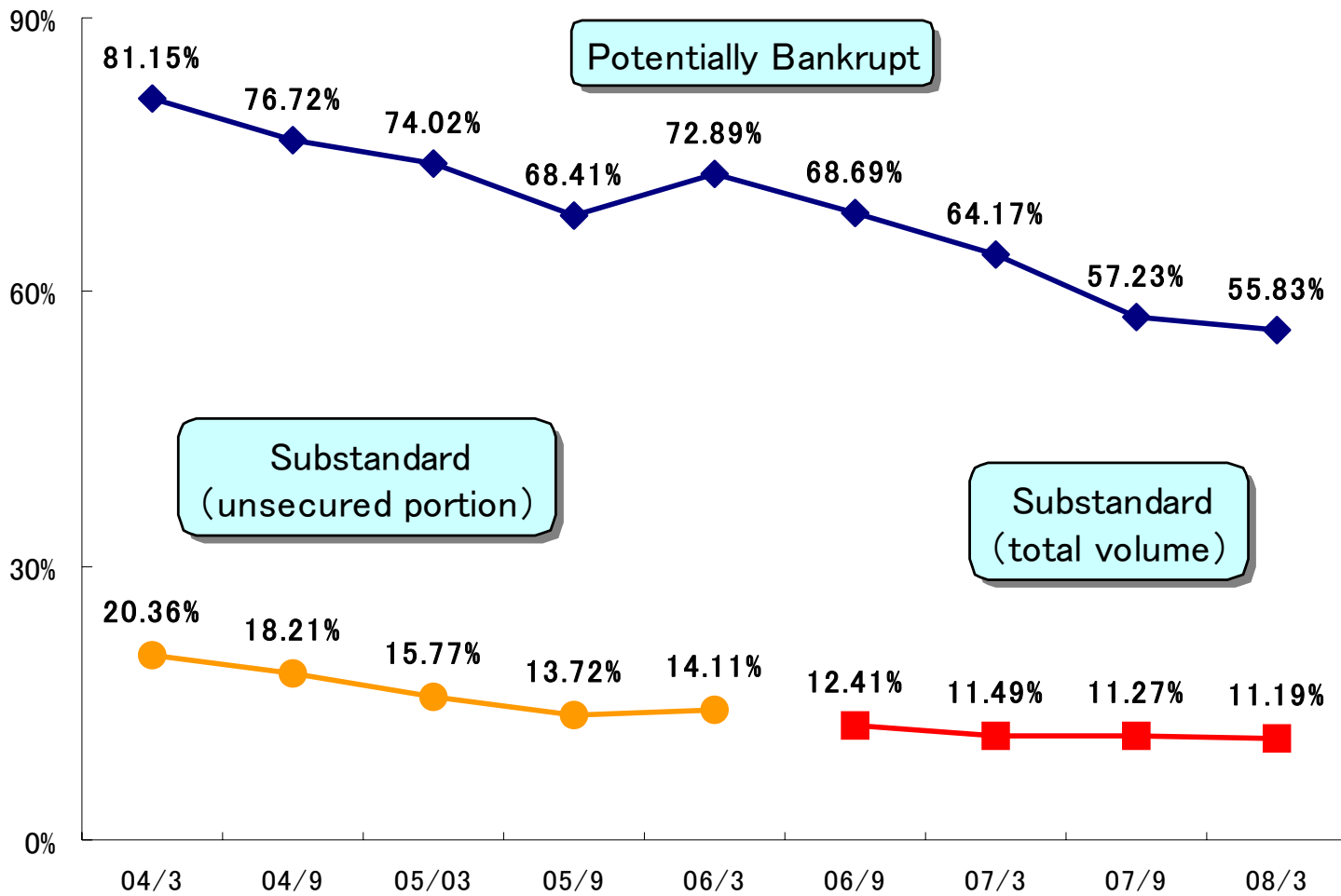
Balance of securities

(Y bn)

	06/3		07/3		08/3		Change from 07/3	
	Balance	Proportion	Balance	Proportion	Balance	Proportion	Balance	Proportion
Yen denominated bonds	1,593.1	68.9%	1,673.0	69.7%	1,764.2	78.9%	91.2	9.2%
Duration (years)	3.16	—	3.21	—	2.82	—	▲ 0.4	—
Fixed rate notes	1,201.3	52.0%	1,339.9	55.9%	1,488.3	66.6%	148.4	10.7%
(Average yield: %)	(1.19)	—	(1.17)	—	(1.12)	—	(▲0.05)	—
Floating rate notes	391.8	17.0%	333.0	13.9%	275.9	12.3%	▲ 57.1	▲1.5%
(Average yield: %)	(0.48)	—	(0.75)	—	(0.79)	—	(0.04)	—
Foreign denominated bonds	466.5	20.2%	473.3	19.7%	288.6	12.9%	▲ 184.7	▲6.8%
Duration (years)	2.7	—	2.2	—	1.6	—	▲ 0.6	—
(Average yield: %)	(0.92)	—	(0.35)	—	(0.28)	—	(▲0.07)	—
Fixed rate notes	295.4	12.8%	268.4	11.2%	129.4	5.8%	▲ 139.0	▲5.4%
(Average yield: %)	(4.36)	—	(4.17)	—	(4.74)	—	(0.57)	—
(Average yield spread: %)	(1.34)	—	(0.31)	—	(0.14)	—	(▲0.17)	—
Floating rate notes	171.1	7.4%	204.8	8.5%	159.1	7.1%	△ 45.7	▲1.4%
(Average yield: %)	(4.24)	—	(4.35)	—	(5.49)	—	(1.15)	—
(Average yield spread: %)	(0.42)	—	(0.40)	—	(0.42)	—	(0.03)	—
Stock	122.0	5.3%	130.5	5.4%	134.9	6.0%	4.4	0.6%
Tier 1 ratio	—	32.9%	—	34.8%	—	1.7%	—	▲33.0%
Investment trusts	125.6	5.4%	121.7	5.1%	44.1	2.0%	▲ 77.6	▲3.1%
Total	2,310.8	100.0%	2,398.7	100.0%	2,236.1	100.0%	▲ 162.6	0.0%
(Average yield: %)	(1.73)	—	(1.98)	—	(2.00)	—	(0.02)	—
Unrealized gains/losses	179.4	—	208.5	—	70.5	—	▲ 138.0	—

General Reserve for Possible Loan Losses

Reserve ratio for possible loan losses (Potentially bankrupt & substandard)





Management Indices (Non-consolidated)

41

(Yen, %)

Financial targets	06/3	07/3	08/3	change
EPS	29.80	32.12	16.30	▲15.82
ROE (Net income basis)	6.72 5.34	6.97 5.21	3.39 2.78	▲3.58 ▲2.43
BPS	595.3	645.0	545.3	▲99.7
OHR (Core net business income basis)	56.4	57.5	57.8	0.3
ROA (Core net business income basis)	0.74	0.72	0.71	▲0.01

※ EPS based on average stocks outstanding. BPS based on FY year end stocks outstanding.

ROE: Figure on top based on average balance of capital. (excludes net unrealized gains on other securities)

Figure on bottom based on average of capital balance at the beginning and end of term.

(%)

Operational targets	06/9	07/3	07/9	change
Loan share in Ibaraki	41.43	41.89	41.95	0.06
Deposit share in Ibaraki	40.28	40.70	40.34	▲0.36

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