Annual Report 2009

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THE JUROKU BANK, LTD.

Profile

The Juroku Bank, Ltd., has its business base in Gifu and Aichi prefectures, the industrial center of the Chubu region of Japan. During the over 130 years since its founding in 1877, it has played a pivotal role as a leading financial institution in its area.

We will continue to follow our philosophy of "serving our community by fulfilling our social mission as a financial institution." We will also pursue reforms by staying open-minded, managing our operations rationally and steadily, creating a strong management style through stronger earnings power, and improving our personnel and organization.

The head office of the Bank is located in Gifu Prefecture. The Bank has 148 domestic branch offices, mainly in Gifu and Aichi prefectures, as well as representative offices in Hong Kong and Shanghai. On a consolidated basis, as of the end of March 2009, the Bank had total deposits of ¥3,733.2 billion (US$38,005 million), total assets of ¥4,176.1 billion (US$42,514 million), and a capital ratio of 10.06% according to domestic standards.

Head Office

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Forward-Looking Statement

This annual report contains certain forward-looking statements. Those forward-looking statements are subject to risks and uncertainties, and Juroku Bank's actual results may differ from those described in the forward-looking statements. We are under no obligation, and expressly disclaim any obligation, to update or alter our forward-looking statements, whether as a result of new information, future events, or otherwise.

Financial Highlights (Consolidated)

The Juroku Bank, Ltd. and Subsidiaries
Years Ended March 31, 2009 and 2008

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
For the Fiscal Year			
Total income	¥ 115,791	¥ 141,934	$ 1,178,774
Total expenses	130,519	123,050	1,328,708
Net (loss) income	(9,386)	10,314	(95,551)
Cash dividends	2,552	2,916	25,980
At Year-End			
Total assets	¥4,176,116	¥4,141,588	$42,513,652
Loans and bills discounted	3,040,399	2,892,737	30,951,838
Securities	845,989	853,864	8,612,328
Deposits	3,733,204	3,630,156	38,004,724
Total equity	201,888	241,709	2,055,258
Cash Flows			
Net cash used in operating activities	¥ (28,308)	¥ (74,067)	$ (288,181)
Net cash (used in) provided by investing activities	(61,743)	71,005	(628,555)
Net cash (used in) provided by financing activities	(2,602)	2,961	(26,489)
Cash and cash equivalents, end of year	101,190	193,853	1,030,133

Note: Amounts stated in United States dollars have been computed, solely for convenience, at the rate of ¥98.23 = US$1, the approximate rate of exchange at March 31, 2009.

Message from the President

Embarking on 11th Medium-Term Management Plan: "Working to become our customers' best partner bank, and helping realize their dreams."

Hakumi Horie
President

Looking at the operating environment for financial institutions, we find it likely that the outlook for local economies will remain uncertain and that business conditions will continue to be harsh, as it appears that the global recession will be prolonged.

Under these conditions, to fulfill its responsibilities as a regional financial institution, the Juroku Bank must work to further improve its financial soundness so as to raise profitability, and strengthen the trust it earns from customers while meeting the diverse needs of local businesses.

To meet these challenges, the Bank has launched its 11th Medium-Term Management Plan under the slogan: "Working to become our customers' best partner bank, and helping realize their dreams."

Implementation of the plan, which covers fiscal 2009 through fiscal 2011, began in April 2009. Under this plan, we will strive to raise profitability, become a bank that can achieve sustainable growth in any environment and, as a provider of financial services, create strong, lifelong partnerships with customers to help them realize their dreams. In addition, we must provide quality services at our business sites, which is where we have the most contact with customers, to win their trust. To do this, we will maximize our business capabilities at front-line branch offices by improving employee training and operation quality and established a high-level of compliance system. In addition, we will strengthen our internal control system, which includes a thoroughgoing risk management system, and work towards establishing an unshakable business foundation that can adopt ourselves to changes in the business environment.

Although the Bank's performance in the reporting fiscal year was unsatisfactory, we intend to achieve a recovery for fiscal 2009 through the efforts outlined above. We are also working to realize sustainable and steady growth in the future, and I am sure that the Bank's enterprise value will increase.

I look forward to receiving the continued support and encouragement of all our stakeholders.

July 2009

Hakumi Horie
President

Management Strategy

First Year of 11th Medium-Term Management Plan

In April 2009 the Bank began operations under its 11th Medium-Term Management plan, which covers the next three years, under the slogan "Working to become our customers' best partner bank, and helping realize their dreams."

Our goal is to transform the Bank into one that can achieve sustainable growth in any environment by creating lifelong, robust partnerships with customers.

Numerical Targets	FY2011 Targets
Ratio of credit cost to total loans	Lower than 0.3%
Tier I capital ratio:	7% or more
OHR (Overhead Ratio; expenses as a percentage of gross business profit):	Lower than 67%
Loans to SMEs (Small and Medium-sized Enterprises) as a percentage of total loans:	80% or more

Based on this plan, we will be able to respond more effectively to problems that the Bank faces. Details are outlined below.

Basic Strategies

Strengthening Earnings Capability by Building Lifelong Partnerships

We will shift our focus from product features to customer needs by providing detailed services and know-how tailored to the life-stage of each customer. By doing this, we will create life-long partnerships that extend to the next generation, and will strive to enhance our earnings capability.

Raising the Level of Customer Trust

The Bank must win the complete trust of customers to become their lifelong, best partner. Therefore, while maintaining the soundness of the Bank's financial position, we must meet customer needs and provide products and services that are highly competitive in terms of price and other factors at the same time we fully ascertain risks.

To do this, we are working to reduce credit costs and improve the Bank's financial soundness through such initiatives as eliminating the risk of overconcentration of credits by making a number of loans to a wider range of customers, and by implementing borrower support programs. At the same time, we are making efforts to further strengthen ties with customers by precisely identifying their needs through daily marketing activities, and providing optimal solutions.

Strengthening Business Capabilities at Front-Line Branch Offices

Since our branch offices are not only the starting point for the provision of our financial services, but also the places where we have the greatest opportunities for contact with customers, it is important to provide impressive services of the highest quality. To maximize our capabilities in front-line operations, we are working to develop human resources, and focus on improving the quality of operations and raising compliance standards.

Market Strategy and Office Strategy

In our home market territory of Gifu Prefecture, we will create easy-to-use channels while developing activities such as information-based marketing that fully leverage the Bank's strengths and deepen business relationships with existing customers.

Since Aichi Prefecture has become a crucial market for the Bank's growth in the foreseeable future, we will continue to position it as a marketing base on the same level of importance as Gifu Prefecture, and will conduct proactive marketing while strengthening our brand.

Pursuit of Synergies through a Business Tie-Up with The Gifu Bank, Ltd.

In January 2009, we concluded a business and capital tie-up agreement with The Gifu Bank, Ltd. to make regional financing more stable and smooth, expand our earnings base, improve business efficiency, and contribute to the development of local communities and the economy of the Tokai region, particularly in Gifu prefecture.

To achieve these goals, the banks will create a Business Tie-up Study Committee to move forward with the examination of various business possibilities and actively leverage each other's strengths.

Strategic Use of Complaints and Requests

Customer complaints and requests can be used as valuable opportunities when customers contact the Bank. We do our best to resolve problems as a matter of course, but we also view problems as an important tool to uncover customer needs. We will work to strengthen relationships based on our relationship of trust with our customers, by actively responding these needs.

Corporate Governance

Basic Policy

At Juroku Bank, we believe that retaining the trust of our stakeholders by conducting all of our activities in a sound manner is vital to our role as a financial institution. Therefore, we place the highest priority on building a solid organizational structure and establishing systems that continually reinforce corporate governance.

In association with the entry into effect of the Companies Act, we established a Basic Policy related to the Establishment of an Internal Control System at a meeting of the Board of Directors held on May 24, 2006. Board meetings held on September 20, 2007 and February 26, 2009 adopted resolutions to partially amend this policy. In this way, we have developed a system to ensure the appropriate execution of our business and have refined our system. Under this basic policy, we will pursue initiatives to enhance corporate governance.

Progress Thus Far

The Board of Directors comprises 11 members who deliberate and decide matters stipulated in laws and regulations and important management issues, and monitor the conduct of business operations by each director.

Under the Managing Directors Committee structure, authorized by the Board of Directors, the president, senior managing directors and managing directors are able to quickly decide on important matters affecting the daily conduct of business operations.

The Bank employs the conventional statutory auditor system stipulated by the Companies Act. The Board of Corporate Auditors comprises four statutory auditors, including two outside auditors and two standing auditors. To support the statutory auditors, we have established the Corporate Auditors' Office, which monitors the execution of business operations objectively and ensures appropriate auditing functions. There are no conflicts of interest between the outside auditors and the Bank that need to be disclosed.

With regard to internal controls, the Audit & Inspection Division conducts internal audits, and at least once per year seeks outside opinions regarding the development and management of the internal control system. Based on these objective opinions, we work to further improve the internal control system. Moreover, to reinforce the compliance system, we have established a whistle-blower system which provides a reporting mechanism for both internal use and for use by outside lawyers.

With respect to the risk control system, we have established the ALM Committee and Compliance Committee. These committees discuss risk management issues both on a regular basis and when necessary. At these meetings, the appropriateness of operations is reviewed and risk management is applied to minimize loss due to unforeseen circumstances. During the term under review, the ALM and Compliance committees both met at least once a month. We have also signed consultation agreements with three lawyers, who provide advice on legal matters and perform a variety of legal checks when necessary.

The Bank's accounts are audited by the independent auditing firm Deloitte Touche Tohmatsu. This firm provides accurate audits on the basis of appropriate information disclosure.

Going forward, we will work to further enhance our corporate governance standards and ensure the soundness of our ethical conduct and financial position.

Basic Policy on Strengthening Internal Control System

We are currently making efforts to build an internal control system based on the policies described below.

1. System to ensure that, in the execution of their duties, directors comply with all relevant laws, ordinances, regulations, and the Bank's Articles of Incorporation

Our Basic Policy establishes the Bank's commitment to serve local communities by fulfilling its mission as a financial institution, and to seek business growth through sound practices founded on a broad and rational perspective.

To implement this policy, directors of the Bank are responsible for the establishment of ethical standards and a compliance policy, and for ensuring that business is conducted in accordance with these standards and that laws, ordinances, and the Articles of Incorporation are adhered to. In addition, directors are responsible for preventing damage caused by criminal groups.

2. System for storage and management of information related to the directors' execution of their duties

To ensure efficient verification of proper business practices, regulations will be created and followed on the handling and control of information and documents related to business operations (including electronic records); adherence to these regulations will be monitored, and regulations will be revised when necessary.

In addition, a system will be established to enable directors and statutory auditors to view this information and the relevant documents when necessary.

3. Risk management regulations

(1) Risk management is positioned as an important duty to ensure the soundness and safety of business, and regulations related to each type of risk, including a Comprehensive Risk Management Policy, will be established, and efforts will be made to appropriately improve the measurement, evaluation, and management of risk by following these regulations. An independent third party will regularly evaluate the Bank's management of major risks, and the Bank will continually work to improve risk management level evaluations.

(2) In addition to designating one department to comprehensively manage risk, individual departments will be made specifically responsible for each category of risk, ensuring effective risk management. In addition, an organizational structure will be established, including an ALM Committee, chaired by the director in charge of the department responsible for comprehensive risk management. Risk management reports will be made to the Board of Directors on a regular basis, or as necessary.

(3) The following are risks to be managed. When new risks arise, a department to handle them will be promptly established by the Board of Directors.

1) credit risk, 2) market risk, 3) liquidity risk, 4) operational risk, and 5) other risks that could have a serious impact on the Bank's business.

4. System to ensure the efficient execution of directors' duties

(1) A Medium-Term Management Plan and guidelines based on this plan will be created for each six-month period, and duties will be executed in accordance with the Basic Policy and an Action Plan.

(2) Progress made in implementing these plans will be reported to the Board of Directors in a timely manner, and steps will be taken in response as needed.

(3) Items that should be taken up by the Board of Directors will be clearly stated in regulations such as the Board of Directors Regulations, and important items will be discussed by the Managing Directors Committee, which comprises managing directors or above, to ensure that issues are sufficiently examined. In addition, Regulations on Decision-Making Authority Related to Operations will stipulate the appropriate delegation of authority to subordinates based on such factors as the importance of the operation, making the directors' execution of duties more efficient.

5. System to ensure that the execution of employees' duties complies with laws, ordinances, and the Articles of Incorporation

(1) In addition to positioning compliance with laws and ordinances as one of our most important business responsibilities and establishing regulations such as the Code of Ethics and Compliance Policy, the Bank will establish a department to provide overall control.

In addition, a Compliance Committee, chaired by the director responsible for the department undertaking overall control, will be created, and this committee will be tasked with handling compliance-related issues.

(2) An in-house system will be created for reporting violations of laws and ordinances and other compliance-related issues, and a whistle-blower system that employs an independent lawyer to receive reports. Efforts will be made to prevent or promptly detect problems such as violations of laws.

6. System to ensure appropriate operations of the corporate group, which is composed of related companies, including affiliates

(1) An internal auditing agreement has been concluded with affiliates, and operations are audited by the Internal Audit Department of the Bank to ensure proper business operations by the corporate group, which is centered on the Bank. Operations at affiliates will be audited through various activities, including appointing officers of the Bank as statutory auditor serving on a non-regular basis of affiliates and having them attend Board of Directors meetings of affiliates.

(2) The directors of the Bank and presidents of affiliates will exchange opinions at least once every six months to prevent problems such as inappropriate transactions between the Bank and its affiliates.

(3) When engaging in transactions with affiliates and other entities, steps will be taken to verify that the terms of the transaction conform to the arms-length principle.

(4) A whistle-blower system will be established at the Bank and all affiliates, making it possible for parties such as affiliate employees to make reports or seek advice.

(5) A system will be created to ensure the reliability of the financial reporting of the Group, especially for the Bank.

7. Items related to employees whose assignment to assist them in their duties is requested by the statutory auditors of the Bank

A Corporate Auditors' Office will be created to assist the statutory auditors (Corporate Auditors) in the performance of their duties, and at least one full-time employee will be assigned to work in that office. Upon obtaining the opinions of the Board of Auditors, decisions will be made on the positions and qualifications of employees to be assigned to engage in this work, and a roster of such employees will be created.

8. Ensuring the independence of the above employees from directors

The appointment, transfer, and evaluation of employees who assist the Corporate Auditors in their duties will be subject to the approval of the Board of Auditors.

9. System for directors and employees to report to Corporate Auditors and a system for other reports to Corporate Auditors

Officers shall submit reports and provide information in response to requests from the Board of Auditors or individual Corporate Auditors. The following are the main topics of the reports and information to be provided.

(1) Department activities related to creating the Bank's internal control system

(2) Activities of the Bank's affiliates

(3) Significant accounting policies and standards and changes to them

(4) Content of disclosed earnings, projections, and other important disclosure materials

(5) Operation of the whistle-blower system and notifications

(6) Circulation of documents such as draft proposals and the minutes of important conference/committee meetings

(7) Other items deemed necessary by the Corporate Auditors

10. System to ensure effective audits by Corporate Auditors

The representative director will regularly meet and cooperate with the Corporate Auditors to ensure the effectiveness of audits, and will regularly exchange opinions on management problems and progress in auditing to ensure high accuracy.

Compliance System

Recognizing that the survival of financial institutions depends on trust, we put top priority on earning the firm trust of the general public. To this end, we embrace high corporate ethical standards and promote extensive awareness of the importance of legal compliance.

We are further strengthening our compliance system under our 11th Medium-Term Management Plan through policies which are designed to:

1) earn the firm trust of the general public through the maintenance of high corporate ethical standards and awareness of the importance of legal compliance;
2) promote awareness of the crucial importance of compliance among our staff; and
3) raise standards of compliance rigor still higher.

To further enhance the compliance system that we have built to date, we formulate and implement a compliance program each fiscal year. All departments hold monthly study meetings to foster knowledge of legal issues and increase compliance-related awareness. We have also prepared curriculums related to compliance for individual training programs in order to boost the knowledge and awareness of compliance among our employees. In addition, each department conducts periodic self-checks according to its specific responsibilities. This is part of our initiative to ingrain a compliance-oriented corporate culture.

Organizational Structure

Compliance Committee

Chaired by the managing director in charge of the Risk Management Division and consisting of general managers from relevant divisions, the Compliance Committee examines, discusses, and issues directives concerning matters of compliance.

Risk Management Division

As the entity responsible for overseeing compliance, the Risk Management Division promotes compliance programs and serves as the secretariat for the Compliance Committee.

Inspection Section (Audit and Inspection Division)

The section conducts audits and other investigations related to the compliance conditions in each division.

Compliance at Each Division

Compliance officers are appointed in each of the divisions to check the day-to-day compliance of those divisions.

Customer Protection Management System

The Bank set up a Customer Protection Management Policy in September 2007 to develop and establish a system to ensure customer protection. Under the Customer Protection Management Policy, we have clearly stated protection measures that we had taken as part of compliance and risk management. We are focusing more heavily on customer-oriented management. The purpose of the policy is to improve the protection and convenience of customers through the following initiatives:

(i) Providing appropriate information and explanations on products and services for customers
(ii) Responding properly to requests, consultation, inquiries and complaints from customers
(iii) Appropriately managing customer information
(iv) Properly managing outsourced operations

Information Security, Management of Customer Information

In line with the top priority that we assign to ensuring the confidentiality of our customers' personal data, information security risk is addressed by the Bank's Information Security Management Rules. We have publicly announced our Declaration of Personal Information Protection (Privacy Policy).

As stipulated in the aforementioned Security Management Rules, we have also appointed a chief information officer at the Bank's headquarters and an information officer in each department and branch. We are making every effort to educate employees to bolster their awareness of security issues so that we can ensure the maximum degree of protection for customer data in daily operations.

Risk Management

The importance of risk management has grown as the risks confronting financial institutions have become more complex and diverse. Recognizing risk management as crucial for safe and sound operations, we have implemented compliance measures in the Risk Management Policies contained in our 11th Medium-Term Management Plan. In addition, we have established Comprehenisive Risk Management Policies and other policies and rules relating to risk management that enable an appropriate and prompt response to various types of risk.

We have established the Risk Management Division to step up our commitment in this area. We aim to further strengthen our risk management system through use of the PDCA cycle, by laying down policy (planning), creating internal rules and organizations (doing), assessing results of these measures (checking) and making improvements where needed (acting).

In addition, to ensure that our risk management mechanisms function effectively with regard to sections within the Group subject to auditing (the Bank's head office divisions, branches and consolidated affiliates), regular, planned, on-site audits of such departments are carried out by staff of the Audit and Inspection Division, which is independent from business operation departments. In this way the Bank verifies the effectiveness of its risk management systems.

Risk Management Policies (11th Medium-Term Management Plan)

1. Implement appropriate risk management to ensure that risk taking is handled in line with the Bank's financial strength.
2. Enhance the ability of risk analysis to support appropriate risk-taking.
3. Bring risk management into conformity with Basel II.
4. Strengthen credit risk management.

Comprehensive Risk Management

The Bank's comprehensive risk management framework comprises a Comprehensive Risk Management Policy and Rules.

The Bank carries out comprehensive risk management to secure sound operations. Each risk is managed by related divisions individually, and, taken one step further, by quantifying risk statistically to limit exposure to a certain level of regulatory capital (within Tier I thresholds).

Whenever necessary, we ensure flexibility in our policy response to new developments in comprehensive risk management through meetings of the monthly ALM Committee and through submission of relevant reports to the Board of Directors.

Credit Risk

We manage credit risk according to our Credit Risk Management Policies as a credit risk management system, and our Credit Risk Management Rules, Credit Portfolio Management Rules and our Credit Policy Rules as specific rules.

We have clearly separated the sales promotion and credit screening functions and undertake strict reviews and management under a policy of screening by borrower business sector. Individual cases are screened by verifying various aspects including the use of funds, income and expenditure plans, and investment outcomes, and by carefully examining a borrower's resources and plans for repayment. We have introduced a credit rating system to objectively determine a borrower company's credit level and to standardize credit extension criteria. We endeavor to maintain a sound asset base by implementing our own assessment of loan assets and by making appropriate write-offs and provisions for possible loan losses. We are working to improve the quality of our loan portfolio management by ensuring a thorough understanding of credit risk levels, avoiding concentration of risk with particular borrowers, and ensuring a sufficient level of earnings to absorb credit costs.

Market Risk

We manage market risk through the Bank's Market Risk Management Policies and, as specific rules, Market Risk Management Rules.

The Risk Management Division manages interest rate risk related to deposits and loans, as well as the risk associated with securities, derivatives and other markets. Our current positions, unrealized gains/losses and risk indicators such as BPV and VaR are measured and evaluated on a daily or monthly basis and reported to management. From the perspective of managing assets and liabilities together, we hold monthly ALM Committee meetings, forecast interest rates, stock prices and exchange rates, as a set of measures to enable an appropriate response to risk.

Liquidity Risk

We manage liquidity risk through our Liquidity Risk Management Policies and Liquidity Risk Management Rules and regard stable cash flows as the primary objective. Moreover, we have in place a system (Liquidity Risk Contingency Plan) that can respond to a wide variety of circumstances promptly and appropriately.

Operational Risk

We have drawn up an Operational Risk Management Policies and Operational Risk Management Rules, with separate provisions for administrative risk, system risk, legal risk, personnel risk, fixed asset risk and reputational risk. For the important categories of administrative and system risk, we have drawn up the following sub-policies and procedures.

<Administrative Risk>

We manage administrative risk through our own Administrative Risk Management Policies and Administrative Risk Management Rules. While adapting to the growing diversification and complexity of banking operations, our administration has become more rigorous in an effort to retain and strengthen the trust of our customers.

<System Risk>

System risk is managed through the Bank's System Risk Management Policies and System Risk Management Rules. We have established a framework that swiftly responds to system failure through our Computer System Failure Action Rules and Center Failure Rules.

To prepare for contingencies that cannot be dealt with using our conventional risk management mechanisms, we have compiled a Business Continuity Plan, and have taken measures that would enable us to continue major business operations even under emergency conditions.

At Juroku Bank, we recognize the importance of integrated risk management, and we will continue working to enhance the sophistication of our risk management system.

Non-Performing Loans

The Bank provides information about the status of its assets in three different ways. First, we conduct self-assessment to calculate appropriate write-offs and reserves by classifying borrowers according to their financial soundness. Second, disclosure based on "The Financial Reconstruction Law" is used to classify problem assets. Third, we disclose the value of Risk-Monitored Loans based on the Banking Law, which excludes non-loan assets such as foreign exchange, accrued interest and advance payments.

Asset Self-Assessment / Assets Disclosed under the Financial Reconstruction Law / Risk-Monitored Loans under the Banking Law

(Non-consolidated)

Billions of Yen

Asset Self-Assessment
For all assets

Borrower category Balances of credits	Classification I	II	III	IV
Legally bankrupt borrowers 13.2 [3.8]	11.1	2.2	— (1.0)	— (9.4)
Virtually bankrupt borrowers 17.1 [7.7]	13.3	3.8	— (1.3)	— (9.4)
Potentially bankrupt borrowers 73.3	38.4	20.1	14.8 (17.5)	
Borrowers requiring caution				
Substandard borrowers 17.4	2.3	15.1		
Others*1 672.9	207.9	465.1		
Normal borrowers 2,345.4	2,345.4			
Total 3,139.4 [3,120.7]	2,618.3	506.3	14.8 (19.9)	— (18.8)

*1 Borrowers requiring caution, excluding substandard borrowers
*2 Portion of claims secured by collateral or guarantees

Assets disclosed under the Financial Reconstruction Law and coverage of the claims
For all claims

Classification Balances of claims	Portion of claims secured*2	Reserves	Coverage ratio
Bankrupt and quasi-bankrupt assets 30.3 [11.5]	9.2	21.2	100.0%
Doubtful assets 73.3	41.0	17.5	79.7%
Substandard loans*3 11.9	2.4	1.7	34.1%
Sub-total 115.5 [96.7]	52.5	40.4	80.4%
Normal assets 3,023.9			
Total 3,139.4 [3,120.7]			

Ratio of disclosed claims under the Financial Reconstruction Law (subtotal) to total credits
Figures in brackets are those after application of partial charge-offs (direct deduction).
3.6%
[3.0%]

*3 Substandard claims consist of loans only.

Risk-monitored loans
Loans only
(no other type of credit included)

Classification	Loan balances
Bankrupt loans	13.0 [3.8]
Non-accrual loans	90.1 [80.8]
Past due loans (3 months or more)	0.3
Restructured loans	11.4
Total	115.0 [96.4]

Ratio of risk-monitored loans to total loans
Figures in brackets are those after application of partial charge-offs (direct deduction).
3.7%
[3.1%]

Notes:

1. Amounts in asset self-assessment and claims disclosed under the Financial Reconstruction Law and the coverage of claims are rounded to the nearest 100 million yen. Amounts in risk-monitored loans are rounded down to the nearest 100 million yen. Figures for ratios are rounded down to the first decimal place.
2. All credit items = Loans + Customers' liabilities for acceptances and guarantees + Bonds issued through private placements covered by guarantees of the Bank + Foreign exchanges + Suspense payments with a similar nature to loans + Accrued interest.
3. Amounts in asset self-assessment are those after deduction of specific reserves for possible loan losses, and the amounts in parentheses are specific reserves for each classification.
4. The Bank does not implement partial charge-offs (direct deduction). If partial charge-offs were implemented, relevant figures would decline to the figures shown in brackets.

Contribution to the Regional Economy and Community

Activities to Revitalize the Regional Economy

Support for Management Improvements and Business Reconstruction

To revitalize the regional economy, the Bank carries out activities designed to facilitate management improvements, such as appropriate analysis of the financial standing and advice for developing business improvement plans, while valuing relationships with its customers. In cooperation with SME Revitalization Support Committees and corporate revitalization funds, we support radical business revitalization through consultation and proposal services.

The "Gifu SME Support Fund," set up in April 2008 to assist small companies in getting their business back on track, offers tailormade support on an ongoing basis in partnership with "Gifu SME Revitalization Support Committees." Through its contributions to the "Gifu SME Support Fund," the Bank helps revitalize the regional economy and maintain employment at a healthy level. In addition, we aim to provide more prompt support for business revitalization by making better use of our own proprietary networks, which include numerous external organizations and consultants with expert knowledge in specific business areas.

The Second Business Information Exchange Meeting for Japanese Companies Operating in Hong Kong and South China

On June 13, 2008, The Second Business Information Exchange Meeting for Japanese Companies Operating in Hong Kong and South China was held in Shenzhen by us together with other 16 regional banks with bases in Hong Kong. This was the second time that Japanese regional banks based in Hong Kong have jointly organized this forum, giving hitherto rare opportunities for information exchange among Japanese companies with

operations in Hong Kong and neighboring regions of southern China and for uncovering new business opportunities.

The event featured a seminar arranged by Japan External Trade Organization (JETRO), business confabs in which 52 companies displayed products, and information exchange meetings using the buffet format. In a new initiative, a noticeboard corner was set up enabling businesses to publicize their needs. Lively exchanges involving over 240 customers of the Bank took place.

Handling Eco-Friendly Financial Products

The Bank believes that a commitment to dealing with environmental issues is a public responsibility. Accordingly, we provide proactive support to customers, addressing environmental issues by offering eco-friendly financial products, including the Every Support 21 and Juroku Eco Loan products.

Board of Directors and Corporate Auditors

The Juroku Bank, Ltd. (as of June 30, 2009)

President
Hakumi Horie

Senior Managing Director
Yukio Murase

Managing Directors
Hajime Muramatsu
Tomio Kawamura
Yoji Matsuura

Directors
Toshiro Hori
Yutaka Sugiyama
Eiji Yamada
Tetsuya Miyaura
Naoki Ikeda
Kiyoshi Mabuchi

Standing Corporate Auditors
Tatsuharu Ando
Kunitaka Okamoto

Corporate Auditors
Hisashi Yura
Katsuhiko Kumazaki

Hakumi Horie
President

Yukio Murase
Senior Managing Director

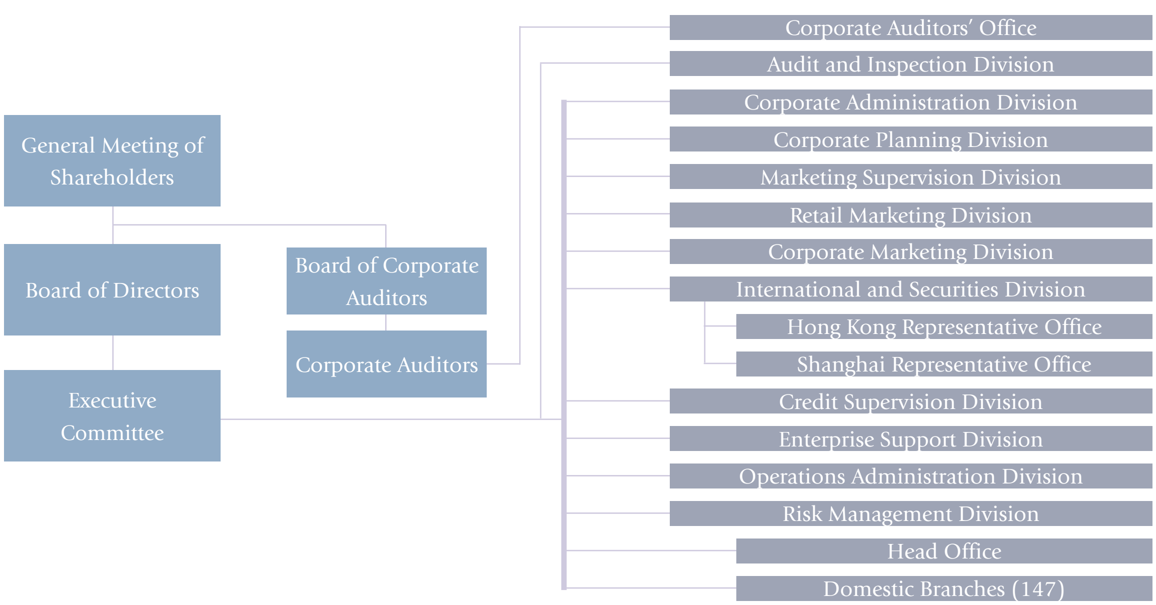
Hajime Muramatsu
Managing Director

Tomio Kawamura
Managing Director

Yoji Matsuura
Managing Director

Organization Chart

The Juroku Bank, Ltd. (as of June 30, 2009)



Financial Review

Performance

During the fiscal year under review, the Japanese economy rapidly slowed down, with exports, capital expenditures and consumer spending all declining sharply, as a result of the deterioration of the global economy, appreciation of the yen, and sudden fall in stock prices that accompanied the financial crisis triggered by the U.S. subprime mortgage loan issue.

In the Bank's business bases, principally Gifu and Aichi prefectures, manufacturing, including auto-related and heavy equipment industries, which had been performing well, entered a severe adjustment phase involving production cuts and work force adjustments.

Under these conditions, the Bank's consolidated results for the fiscal year under review were as follows:

Ordinary income from banking operations was ¥90,380 million (US$920 million), a year on year drop of ¥25,932 million. This decrease, which occurred despite a steady growth in loan balance and an increase in interest from loans, was largely the result of a decrease in gains from the sale of securities. Ordinary expenses increased ¥9,643 million, to ¥106,893 million (US$1,088 million), as credit costs remained high and losses on valuation of securities were recorded due to the weakness of financial markets, which was triggered by the U.S. financial crisis. As a result, an ordinary loss of ¥16,513 million (US$168 million) was recorded, a deterioration of ¥35,575 million from the figure for the previous term.

In the leasing business, efforts were made to improve customer service at a time of major changes in the operating environment. As a result, ordinary income came to ¥21,569 million (US$220 million) for a decline of ¥318 million. Ordinary expenses decreased by ¥663 million to ¥20,709 million (US$211 million), and ordinary profit rose ¥345 million to ¥860 million (US$9 million).

In other businesses, including the credit card business and credit guarantee business, ordinary income came to ¥5,555 million (US$57 million), a decline of ¥169 million, while ordinary expenses fell ¥162 million to ¥4,576 million (US$47 million). Ordinary profit amounted ¥979 million (US$10 million), a decline of ¥7 million from the previous year.

As a result, ordinary income on a consolidated basis stood at ¥115,685 million (US$1,178 million), a decrease of ¥26,125 million, while ordinary expenses climbed ¥8,912 million to ¥130,371 million (US$1,327 million). Consequently, the Bank posted a loss before income taxes and minority interests of ¥14,728 million, which reflects a ¥33,612 million deterioration from the previous fiscal year. In addition, the Bank posted a net loss of ¥9,386 million (US$96 million), compared with a net income of ¥10,314 million for the previous term.

Financial Position

Our balance of deposits as of March 31, 2009 was ¥3,733.2 billion (US$38,005 million), an increase of ¥103,048 million from the previous balance-sheet date. This was the result of aggressive efforts to procure stable, long-term funds at low cost through various sales activities such as special campaigns. The Bank also worked to strengthen its lineup of investment products, particularly for individuals. These included investment trusts, government bonds, pension insurance, and life insurance as a positive response to diversified asset management needs.

In lending activities, to fulfill its responsibilities as a regional financial institution, the Bank worked to provide reliable financing for small- and medium-sized businesses, and actively responded to demand for funds from local enterprises. Along with this, we worked actively to provide mortgage loans and other financing to individuals and funds to local government entities. As a result of these efforts, our balance of loans at the end of March 2009 stood at ¥3,040.4 billion (US$30,952 million), up ¥147,662 million from the previous fiscal year.

In addition to underwriting and purchasing central and local government bonds, while closely watching market conditions, the Bank engaged in bond and other securities transactions in order to efficiently manage funds. As a result, our balance of securities declined by ¥7,875 million to ¥845,989 million (US$8,612 million). Unrealized gains on valuations of other available-for-sale securities came to ¥3,889 million (US$40 million) at term-end, a decrease of ¥28,843 million.

Net cash used in operating activities fell ¥45,759 million year on year, to ¥28,308 million (US$288 million) for various reasons, including an increase in deposits. Net cash used in investing activities amounted to ¥61,743 million (US$629 million), compared with a net cash provided of ¥71,005 million for the previous term, as a result of several factors, including a decrease in proceeds from the sale of securities. Net cash used in financing activities amounted to ¥2,602 million (US$26 million), compared with a net cash provided of ¥2,961 million for the previous term. As a result, the closing balance of cash and cash equivalents fell ¥92,663 million to ¥101,190 million (US$1,030 million).

Consolidated Balance Sheets

The Juroku Bank, Ltd. and Consolidated Subsidiaries
March 31, 2009 and 2008

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2009	2008	2009
ASSETS:			
Cash and due from banks (Note 3)	¥ 101,806	¥ 194,199	$ 1,036,404
Call loans and bills bought	—	158	—
Monetary receivables purchased	—	0	—
Trading securities (Note 4)	1,666	1,514	16,960
Money held in trust (Note 5)	—	4,000	—
Securities (Notes 4, 11 and 22)	845,989	853,864	8,612,328
Loans and bills discounted (Note 6)	3,040,399	2,892,737	30,951,838
Foreign exchanges (Note 7)	3,909	4,613	39,794
Lease receivables and investments in lease (Note 20)	46,027	—	468,564
Other assets (Notes 8 and 11)	60,128	79,551	612,114
Premises and equipment (Note 9)	67,550	111,500	687,672
Intangible assets	8,389	14,306	85,402
Deferred tax assets (Note 19)	33,287	8,645	338,868
Customers' liabilities for acceptances and guarantees (Note 10)	27,443	30,785	279,375
Reserve for possible loan losses	(60,477)	(54,284)	(615,667)
Total Assets	¥4,176,116	¥4,141,588	$42,513,652
LIABILITIES AND EQUITY:			
Liabilities:			
Deposits (Notes 11 and 12)	¥3,733,204	¥3,630,156	$38,004,724
Negotiable certificates of deposit	18,228	23,236	185,564
Call money and bills sold (Note 11)	25,982	33,063	264,502
Payables under securities lending transactions (Note 11)	15,048	—	153,191
Borrowed money (Notes 11 and 13)	49,350	44,826	502,392
Foreign exchanges (Note 7)	575	737	5,854
Bonds (Note 14)	30,000	30,000	305,406
Other liabilities (Note 15)	56,241	89,195	572,544
Liability for retirement benefits (Note 16)	7,747	7,458	78,866
Deferred tax liabilities (Note 19)	8	—	81
Deferred tax liabilities for land revaluation surplus (Note 2.g)	10,403	10,424	105,905
Acceptances and guarantees (Note 10)	27,442	30,784	279,365
Total Liabilities	3,974,228	3,899,879	40,458,394
Commitments and Contingent Liabilities (Notes 20, 21 and 22)			
Equity (Notes 17 and 23):			
Common stock:			
authorized, 460,000,000 shares;			
issued, 366,855,449 shares in 2009 and 2008	36,839	36,839	375,028
Capital surplus	25,358	25,362	258,149
Retained earnings	105,472	117,388	1,073,725
Unrealized gain on available-for-sale securities	3,889	32,732	39,591
Land revaluation surplus (Note 2.g)	12,699	12,729	129,278
Treasury stock—at cost:			
2,511,127 shares in 2009 and 2,423,329 shares in 2008	(1,276)	(1,250)	(12,990)
Total	182,981	223,800	1,862,781
Minority interests	18,907	17,909	192,477
Total equity	201,888	241,709	2,055,258
Total Liabilities and Equity	¥4,176,116	¥4,141,588	$42,513,652

See notes to consolidated financial statements.

Consolidated Statements of Operations

The Juroku Bank, Ltd. and Consolidated Subsidiaries
Years Ended March 31, 2009 and 2008

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2009	2008	2009
Income:			
Interest on:			
Loans and discounts	¥ 61,334	¥ 61,273	$ 624,392
Securities	13,328	16,103	135,682
Other	257	262	2,616
Fees and commissions	14,935	16,936	152,041
Other operating income	23,516	31,647	239,397
Gain on sale of securities	326	13,912	3,319
Other income	2,095	1,801	21,327
Total Income	115,791	141,934	1,178,774
Expenses:			
Interest on:			
Deposits	10,466	10,130	106,546
Borrowings and re-discounts	1,825	3,059	18,579
Other	165	685	1,680
Fees and commissions	4,639	4,663	47,226
Other operating expenses	25,381	25,673	258,383
General and administrative expenses	52,547	52,600	534,938
Provision for possible loan losses	16,230	14,383	165,224
Impairment loss on long-lived assets	27	379	275
Other expenses (Note 18)	19,239	11,478	195,857
Total Expenses	130,519	123,050	1,328,708
(Loss) Income before Income Taxes and Minority Interests	(14,728)	18,884	(149,934)
Income Taxes (Note 19):			
Current	1,156	11,369	11,768
Deferred	(7,582)	(3,515)	(77,186)
Total Income Taxes	(6,426)	7,854	(65,418)
Minority Interests in Net Income	1,084	716	11,035
Net (Loss) Income	¥ (9,386)	¥ 10,314	$ (95,551)

	Yen		U.S. Dollars
	2009	2008	2009
Per Share of Common Stock (Note 2.p):			
Basic net (loss) income	¥(25.75)	¥28.29	$(0.26)
Cash dividends applicable to the year	7.00	8.00	0.07

See notes to consolidated financial statements.

Consolidated Statements of Changes in Equity

The Juroku Bank, Ltd. and Consolidated Subsidiaries
Years Ended March 31, 2009 and 2008

	Thousands	Millions of Yen									
	Outstanding Number of Shares of Common stock	Common Stock	Capital Surplus	Retained Earnings	Unrealized Gain on Available-for-Sale Securities	Deferred Loss on Derivatives under Hedge Accounting	Land Revaluation Surplus	Treasury Stock	Total	Minority Interests	Total Equity
Balance at April 1, 2007	364,590	¥36,839	¥25,362	¥109,766	¥86,113	¥(37)	¥12,953	¥(1,140)	¥269,856	¥17,308	¥287,164
Net income	—	—	—	10,314	—	—	—	—	10,314	—	10,314
Cash dividends, ¥8.00 per share	—	—	—	(2,916)	—	—	—	—	(2,916)	—	(2,916)
Transfer of land revaluation surplus	—	—	—	224	—	—	—	—	224	—	224
Purchase of treasury stock	(180)	—	—	—	—	—	—	(123)	(123)	—	(123)
Disposal of treasury stock	22	—	0	—	—	—	—	13	13	—	13
Net change in the year	—	—	—	—	(53,381)	¥ 37	(224)	—	(53,568)	601	(52,967)
Balance at March 31, 2008	364,432	36,839	25,362	117,388	32,732	—	12,729	(1,250)	223,800	17,909	241,709
Net loss	—	—	—	(9,386)	—	—	—	—	(9,386)	—	(9,386)
Cash dividends, ¥7.00 per share	—	—	—	(2,552)	—	—	—	—	(2,552)	—	(2,552)
Transfer of land revaluation surplus	—	—	—	30	—	—	—	—	30	—	30
Purchase of treasury stock	(155)	—	—	—	—	—	—	(67)	(67)	—	(67)
Disposal of treasury stock	67	—	(4)	(8)	—	—	—	41	29	—	29
Net change in the year	—	—	—	—	(28,843)	—	(30)	—	(28,873)	998	(27,875)
Balance at March 31, 2009	364,344	¥36,839	¥25,358	¥105,472	¥ 3,889	—	¥12,699	¥(1,276)	¥182,981	¥18,907	¥201,888

	Thousands of U.S. Dollars (Note 1)									
	Common Stock	Capital Surplus	Retained Earnings	Unrealized Gain on Available-for-Sale Securities	Deferred Loss on Derivatives under Hedge Accounting	Land Revaluation Surplus	Treasury Stock	Total	Minority Interests	Total Equity
Balance at March 31, 2008	$375,028	$258,190	$1,195,032	$333,218	—	$129,583	$(12,725)	$2,278,326	$182,317	$2,460,643
Net loss	—	—	(95,551)	—	—	—	—	(95,551)	—	(95,551)
Cash dividends, $0.07 per share	—	—	(25,980)	—	—	—	—	(25,980)	—	(25,980)
Transfer of land revaluation surplus	—	—	305	—	—	—	—	305	—	305
Purchase of treasury stock	—	—	—	—	—	—	(682)	(682)	—	(682)
Disposal of treasury stock	—	(41)	(81)	—	—	—	417	295	—	295
Net change in the year	—	—	—	(293,627)	—	(305)	—	(293,932)	10,160	(283,772)
Balance at March 31, 2009	$375,028	$258,149	$1,073,725	$ 39,591	—	$129,278	$(12,990)	$1,862,781	$192,477	$2,055,258

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

The Juroku Bank, Ltd. and Consolidated Subsidiaries
Years Ended March 31, 2009 and 2008

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2009	2008	2009
Operating Activities:			
(Loss) Income before income taxes and minority interests	¥ (14,728)	¥ 18,884	$ (149,934)
Adjustments for:			
Income taxes - paid	(12,836)	(11,031)	(130,673)
Depreciation and amortization	5,472	20,006	55,706
Impairment loss on long-lived assets	27	379	275
Interest income recognized on statements of operations	(74,918)	(77,638)	(762,679)
Interest expense recognized on statements of operations	12,456	13,874	126,805
Net loss (gain) on securities	19,292	(14,996)	196,396
Unrealized (gain) loss on derivatives	(1,269)	1,238	(12,919)
Net increase in reserve for possible loan losses	6,193	6,278	63,046
Net increase in liability for retirement benefits	288	90	2,932
Net increase in loans	(147,662)	(86,085)	(1,503,227)
Net increase in deposits	103,048	14,051	1,049,048
Net decrease in negotiable certificates of deposit	(5,009)	(18,063)	(50,992)
Net increase in due from banks (excluding cash equivalents)	(271)	(27)	(2,759)
Net decrease (increase) in call loans and others	158	(158)	1,608
Net (decrease) increase in call money and others	(7,080)	14,175	(72,076)
Net increase (decrease) in payables under securities lending transactions	15,048	(23,833)	153,191
Net increase in lease receivables and investments in lease	(128)	—	(1,303)
Interest income - cash basis	74,351	79,596	756,907
Interest expense - cash basis	(10,513)	(11,232)	(107,024)
Other - net	9,773	425	99,491
Total adjustments	(13,580)	(92,951)	(138,247)
Net cash used in operating activities	(28,308)	(74,067)	(288,181)
Investing Activities:			
Purchases of securities	(330,978)	(537,467)	(3,369,419)
Proceeds from sales of securities	180,882	478,625	1,841,413
Proceeds from maturities of securities	90,070	130,995	916,930
Purchases of premises and equipment	(1,699)	(1,129)	(17,296)
Purchases of intangible assets	(215)	(658)	(2,189)
Proceeds from sales of premises and equipment	200	639	2,036
Proceeds from sales of intangible assets	31	0	316
Other	(34)	—	(346)
Net cash (used in) provided by investing activities	(61,743)	71,005	(628,555)
Financing Activities:			
Proceeds from subordinated loans	—	10,000	—
Repayment of subordinated loans	—	(19,000)	—
Proceeds from issuance of subordinated bonds	—	15,000	—
Proceeds from sales of treasury stock	28	13	285
Acquisition of treasury stock	(67)	(123)	(682)
Dividends paid	(2,563)	(2,929)	(26,092)
Net cash (used in) provided by financing activities	(2,602)	2,961	(26,489)
Foreign Currency Translation Adjustments on Cash and Cash Equivalents	(10)	(22)	(102)
Net Decrease in Cash and Cash Equivalents	(92,663)	(123)	(943,327)
Cash and Cash Equivalents, Beginning of Year	193,853	193,976	1,973,460
Cash and Cash Equivalents, End of Year (Note 3)	¥101,190	¥193,853	$1,030,133

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

The Juroku Bank, Ltd. and Consolidated Subsidiaries
Years Ended March 31, 2009 and 2008

1. Basis of Presenting Consolidated Financial Statements

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and the Enforcement Regulation for the Banking Law, and in conformity with accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2008 consolidated financial statements to conform to the classifications used in 2009.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Juroku Bank, Ltd. (the "Bank") is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥98.23 to $1, the approximate rate of exchange at March 31, 2009. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. Summary of Significant Accounting Policies

a. Consolidation

The consolidated financial statements as of March 31, 2009 and 2008 include the accounts of the Bank and its seven significant subsidiaries, including Juroku Business Service Co., Ltd., Juroku DC Card Co., Ltd., Juroku JCB Co., Ltd., Juroku Lease Co., Ltd., Juroku Computer Service Co., Ltd., Juroku Credit Guarantee Co., Ltd. and Juroku Capital Co., Ltd. (together, the "Group").

Under the control concept, those companies in which the Bank, directly or indirectly, is able to exercise control over operations are fully consolidated.

Investments in three (four in 2008) unconsolidated subsidiaries are stated at cost. If the equity method of accounting had been applied to the investments in these companies, the effect on the accompanying consolidated financial statements would not be material.

Information on two special purpose entities, which are not regarded as subsidiaries pursuant to Article 8 Paragraph 7 of the Financial Statements Regulations, is not disclosed because they are immaterial. "Implementation Guidance on Disclosures about Certain Special Purpose Entities" (Accounting Standards Board of Japan ("ASBJ") Guidance No.15, issued on March 29, 2007) is effective for the year beginning on or after April 1, 2007, and the Group applied the guidance for the year ended March 31, 2008.

The difference between the cost of an acquisition and the fair value of the net assets of the acquired subsidiaries at the date of acquisition is being amortized over a period of five years.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profits included in assets resulting from transactions within the Group are eliminated in consolidation.

b. Cash and cash equivalents

For the purpose of the consolidated statements of cash flows, cash and cash equivalents represent cash and amounts due from the Bank of Japan.

c. Trading securities

Trading securities are stated at fair value, and the related unrealized gains and losses are included in earnings. The cost of trading securities sold is determined based on the moving-average method.

d. Securities

Securities other than trading securities are classified and accounted for, depending on management's intent, as follows: 1) held-to-maturity debt securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity, are reported at amortized cost, and 2) available-for-sale securities, which are not classified as held-to-maturity, are reported at fair value with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity. Non-marketable available-for-sale securities are stated at cost or amortized cost determined by the moving-average method.

Prior to April 1, 2008, carrying amounts of government bonds with floating interest classified as available-for-sale securities were stated at market value. However, carrying amounts are stated at reasonable estimate amounts at March 31, 2009, because the market value is not deemed as fair value due to current market conditions. The reasonable estimate amounts are the present value of future cash flows discounted by the interest rate based on discount rate consistent with the price of government bonds with fixed interest and volatility of swap options evaluated by the market. The effect of this treatment was to increase securities by ¥2,525 million ($25,705 thousand), decrease deferred tax asset by ¥1,004 million ($10,221 thousand) and increase unrealized gain on available-for-sale securities by ¥1,521 million ($15,484 thousand) at March 31, 2009.

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

Securities included in money held in trust for trading purposes are stated at fair value, and the related unrealized gains and losses are included in earnings.

e. Premises and equipment

Premises and equipment are stated at cost less accumulated depreciation. Depreciation of premises and equipment of the Bank except for leased assets is computed by the declining-balance method over the estimated useful lives of the assets. Depreciation of premises and equipment of the consolidated subsidiaries except for leased assets is computed principally by the same method as the Bank.

The range of useful lives is principally from 15 to 50 years for buildings and from 4 to 20 years for other premises and equipment.

Under certain conditions such as exchanges of premises and equipment of similar kinds and sales and purchases resulting from expropriation, Japanese tax laws permit companies to defer the profit arising from such transactions by reducing the cost of the assets acquired or by providing a special reserve in the equity section. Deferred gain on premises and equipment deductible for tax purposes was ¥1,159 million ($11,799 thousand) in 2009.

f. Long-lived assets

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

g. Land revaluation

Under the "Law of Land Revaluation," the Bank elected a one-time revaluation of its own-use land to a value based on real estate appraisal information as of March 31, 1998.

The resulting land revaluation surplus represents unrealized appreciation of land and is stated, net of income taxes, as a component of equity. There is no effect on the consolidated statements of operations. Continuous readjustment is not permitted unless the land value subsequently declines significantly such that the amount of the decline in value should be removed from the land revaluation surplus account and related deferred tax liabilities.

The carrying amount of the land after the above one-time revaluation exceeded the market value by ¥18,795 million ($191,337 thousand) as of March 31, 2009.

h. Intangible assets

Amortization of intangible assets is calculated by the straight-line method.

Amortization cost for software for internal use is calculated by the straight-line method over the estimated useful life, principally, five years.

i. Reserve for possible loan losses

The Bank implemented a self-assessment system for its asset quality. The quality of all loans is assessed by the related lending division with a subsequent audit by the asset audit division in accordance with the Bank's policies and rules for self-assessment of asset quality.

The Bank has established a credit rating system under which the customers are classified into five categories such as "normal," "caution," "possible bankruptcy," "virtual bankruptcy" and "legal bankruptcy." The credit rating system is used for self-assessment of asset quality.

For normal and caution loans, the reserve for possible loan losses is provided for based on actual past loss ratios. For loans such as possible bankruptcy, the reserve for possible loan losses is provided for in an amount deemed necessary to cover possible losses on loans considering the customer's solvency and other factors, after the estimated fair value of the collateral real estate or guaranteed amount has been deducted. For loans such as virtual bankruptcy or legal bankruptcy, the reserve for possible loan losses is provided based upon the loan amount, after the estimated fair value of the collateral real estate or guaranteed amount has been deducted.

For loans to possible bankruptcy customers, if the exposure to a customer after deducting the estimated value of the collateral or guaranteed amount exceeds a certain amount, the discounted cash flow method is applied for reserve provision, under which the reserve is determined as the difference between the book value of the loan and its present value of future cash flows discounted using the contractual interest rate in the case that future cash flows of the principal and interest can be reasonably estimated.

Reserve for possible loan losses of consolidated subsidiaries is provided based on historical loan loss experience and estimated collectability of specific claims.

j. Liability for retirement benefits

The Bank has a contributory funded defined benefit pension plan and lump-sum payment severance plan for employees, and certain subsidiaries have lump-sum payment severance plans for employees. Also, the Bank and certain subsidiaries have severance lump-sum payment plans for directors and corporate auditors.

Retirement benefits to directors and corporate auditors of the Group are provided at the amount that would be required if all directors and corporate auditors retired at the balance sheet date.

k. Leases

In March 2007, the ASBJ issued ASBJ Statement No.13, "Accounting Standard for Lease Transactions," which revised the previous accounting standard for lease transactions issued in June 1993. The revised accounting standard for lease transactions is effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted for fiscal years beginning on or after April 1, 2007.

(As lessee)

Under the previous accounting standard, finance leases that deem to transfer ownership of the leased property to the lessee were to be capitalized. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the note to the lessee's financial statements. The revised accounting standard requires that all finance lease transactions should be capitalized to recognize lease assets and lease obligations in the balance sheet. In addition, the accounting standard permits leases which existed at the transition date and do not transfer ownership of the leased property to the lessee to be accounted for as operating lease transactions.

(As lessor)

Under the previous accounting standard, finance leases that deem to transfer ownership of the leased property to the lessee were to be treated as sales. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if sold" information is disclosed in the note to the lessor's financial statements. The revised accounting standard requires that all finance leases that deem to transfer ownership of the leased property to the lessee should be recognized as lease receivables, and all finance leases that deem not to transfer ownership of the leased property to the lessee should be recognized as investments in lease. In addition, the accounting standard permits the amount of investments in lease to be the carrying amount of premises and equipment as of the transition date rather than cash purchase amount with regards to leases which existed at the transition date and do not transfer ownership of the leased property to the lessee.

The Group applied the revised accounting standard effective April 1, 2008. In addition, the Group accounted for leases as lessee which existed at the transition dated and do not transfer ownership of the leased property to the lessee as operating lease transactions. The effect of this change was to decrease loss before income taxes and minority interests by ¥107 million ($1,089 thousand) for the year ended March 31, 2009.

The Group accounted for investments in lease at the carrying amount of premises and equipment as of the transition date and the interest portion is amortized by the straight-line method over the lease period with regards to leases which existed at the transition date and do not transfer ownership of the leased property to the lessee. As a result of this treatment, loss before income taxes and minority interests was greater by ¥1,764 million ($17,958 thousand) than if accounting for at cash purchase amount for the year ended March 31, 2009.

All other leases are accounted for as operating leases.

l. Bonuses to directors and corporate auditors

Bonuses to directors and corporate auditors are accrued at the year end to which such bonuses are attributable.

m. Income taxes

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

n. Foreign currency transactions

Foreign currency assets and liabilities of the Group are translated into yen equivalents at the exchange rates prevailing at the fiscal year end.

o. Derivatives

The Bank uses a variety of derivative financial instruments. All derivatives are recognized as either assets or liabilities and measured at fair value, and gains or losses on derivative transactions are recognized in the statements of operations.

Prior to April 1, 2003, the Bank applied "macro hedge," the temporary treatment stipulated in "Treatment of Accounting and Auditing in Applying Accounting Standard for Financial Instruments in the Banking Industry," JICPA Industry Audit Committee Report No.24, which is the method to manage aggregate interest rate risks arising from numerous financial assets and liabilities, such as loans and deposits, by using derivatives.

Effective April 1, 2003, the Bank applied the principle treatment of JICPA Industry Audit Committee Report No.24 and unrealized gains and losses incurred during the year were included in earnings for the year ended March 31, 2004. The deferred hedge losses, which were previously accounted for under "macro hedge," were charged to other operating expenses over five years beginning April 1, 2003.

p. Per share information

Basic net income per share is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits.

The weighted average numbers of common shares used in the computation for the years ended March 31, 2009 and 2008 were 364,394,170 shares and 364,496,064 shares, respectively.

Diluted net income per share reflects the potential dilution that could occur if securities were exercised or converted into common stock. Diluted net income per share of common stock assumes full conversion of the outstanding convertible notes and bonds at the beginning of the year (or at the time of issuance) with an applicable adjustment for related interest expense, net of tax, and full exercise of outstanding warrants. Diluted net income per share is not disclosed because there are no dilutive shares.

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

3. Cash and Due from Banks

Cash and due from banks as of March 31, 2009 and 2008 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Cash	¥ 57,344	¥ 64,330	$ 583,773
Due from banks	44,462	129,869	453,631
Total	¥101,806	¥194,199	$1,036,404

A reconciliation between the cash and due from banks on the consolidated balance sheets and the cash and cash equivalents on the consolidated statements of cash flows for the years ended March 31, 2009 and 2008 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Cash and due from banks	¥101,806	¥194,199	$1,036,404
Due from banks other than the Bank of Japan	(616)	(346)	(6,271)
Cash and cash equivalents	¥101,190	¥193,853	$1,030,133

4. Trading Securities and Securities

Trading securities as of March 31, 2009 and 2008 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
National government bonds	¥1,634	¥1,445	$16,634
Local government bonds	32	69	326
	¥1,666	¥1,514	$16,960

Valuation gains, which were included in other operating income for the years ended March 31, 2009 and 2008 were ¥6 million ($61 thousand) and ¥13 million, respectively.

Valuation losses, which were included in other operating expenses for the years ended March 31, 2009 and 2008 were ¥2 million ($20 thousand) and ¥1 million, respectively.

Securities as of March 31, 2009 and 2008 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Stock shares	¥122,859	¥164,710	$1,250,728
National government bonds	385,764	301,083	3,927,151
Local government bonds	125,908	149,798	1,281,767
Corporate bonds	144,375	162,613	1,469,765
Other securities	67,083	75,660	682,917
Total	¥845,989	¥853,864	$8,612,328

Information regarding available-for-sale and held-to-maturity securities as of March 31, 2009 and 2008 was as follows:

	Millions of Yen			
2009	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	¥ 97,615	¥22,457	¥10,782	¥109,290
Debt securities	598,734	4,806	400	603,140
Other	72,154	584	11,775	60,963
Held-to-maturity:				
Debt securities	1,439	22	0	1,461

	Millions of Yen			
2008	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	¥102,618	¥60,494	¥5,944	¥157,168
Debt securities	555,048	4,440	1,343	558,145
Other	75,707	233	7,152	68,788
Held-to-maturity:				
Debt securities	1,864	41	0	1,905

	Thousands of U.S. Dollars			
2009	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	$ 993,739	$228,617	$109,763	$1,112,593
Debt securities	6,095,225	48,926	4,072	6,140,079
Other	734,541	5,945	119,871	620,615
Held-to-maturity:				
Debt securities	14,649	224	0	14,873

Available-for-sale securities and held-to-maturity securities whose fair value was not readily determinable as of March 31, 2009 and 2008 were as follows:

	Carrying Amount		
	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Available-for-sale:			
Equity securities	¥13,569	¥ 7,543	$138,135
Investment vehicles and others	4,558	5,153	46,401
Held-to-maturity:			
Debt securities	51,468	53,485	523,954
Total	¥69,595	¥66,181	$708,490

Investments in non-consolidated subsidiaries included in "Securities" in the accompanying consolidated balance sheets at March 31, 2009 and 2008 were ¥1,562 million ($15,902 thousand) and ¥1,718 million, respectively.

Proceeds from sales of available-for-sale securities for the years ended March 31, 2009 and 2008 were ¥153,327 million ($1,560,898 thousand) and ¥499,451 million, respectively. Gross realized gains and losses on these sales, computed on the moving average cost basis, were ¥1,234 million ($12,562 thousand) and ¥9,674 million ($98,483 thousand), respectively, for the year ended March 31, 2009, and ¥21,831 million and ¥3,525 million, respectively, for the year ended March 31, 2008.

The carrying values of debt securities and other investments by contractual maturities for securities classified as available-for-sale and held-to-maturity as of March 31, 2009 were as follows:

	Millions of Yen		Thousands of U.S. Dollars	
	Available-for-Sale	Held-to-Maturity	Available-for-Sale	Held-to-Maturity
Due in one year or less	¥ 75,853	¥ 7,560	$ 772,198	$ 76,962
Due after one year through five years	334,278	38,556	3,403,013	392,507
Due after five years through ten years	187,869	6,791	1,912,542	69,134
Due after ten years	65,817	0	670,029	0
Total	¥663,817	¥52,907	$6,757,782	$538,603

5. Money Held in Trust

Information regarding money held in trust for trading purposes as of March 31, 2009 and 2008 was as follows:

	Carrying Amount		
	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Amounts per the balance sheet	—	¥4,000	—

6. Loans and Bills Discounted

Loans and bills discounted as of March 31, 2009 and 2008 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Bills discounted	¥ 39,906	¥ 49,280	$ 406,251
Loans on bills	213,852	234,307	2,177,054
Loans on deeds	2,317,972	2,148,571	23,597,394
Overdrafts	463,019	454,535	4,713,621
Others	5,650	6,044	57,518
Total	¥3,040,399	¥2,892,737	$30,951,838

Nonaccrual loans, which include loans to borrowers in bankruptcy and past due loans, are defined as loans upon which the Bank has discontinued the accrual of interest income. Borrowers are generally placed on nonaccrual status when substantial doubt is deemed to exist as to ultimate collectability of either the principal or interest, and if the loans are past due for certain period or for other reasons.

"Loans to borrowers in bankruptcy" represent nonaccrual loans to debtors who are legally bankrupt, which are defined in Article 96, Paragraph 1, Subparagraphs 3 and 4 of Enforcement Ordinance for the Corporate Tax Law. Loans to borrowers in legal bankruptcy as of March 31, 2009 and 2008 were ¥14,744 million ($150,097 thousand) and ¥7,609 million, respectively.

"Past due loans" are nonaccrual loans other than loans to borrowers in bankruptcy and loans of which interest payments are deferred in order to assist the financial recovery of a debtor in financial difficulties. Past due loans as of March 31, 2009 and 2008 were ¥92,197 million ($938,583 thousand) and ¥87,058 million, respectively.

"Accruing loans past due three months or more" are defined as loans on which principal or interest is past due more than three months. Loans classified as loans to borrowers in bankruptcy and past due loans are excluded from accruing loans past due three months or more. Accruing loans past due three months or more as of March 31, 2009 and 2008 were ¥415 million ($4,225 thousand) and ¥672 million, respectively.

"Restructured loans" are defined as loans which the lender is providing financial support to a borrower by a reduction of the interest rate, deferral of interest payment, extension of maturity date, or reduction of the face or maturity amount of the debt or accrued interest. Loans classified as loans to borrowers in bankruptcy, past due loans and accruing loans past due three months or more are excluded from restructured loans. Restructured loans as of March 31, 2009 and 2008 were ¥11,478 million ($116,848 thousand) and ¥38,221 million, respectively.

The total amount of loans to borrowers in bankruptcy, past due loans, accruing loans past due three months or more and restructured loans as of March 31, 2009 and 2008 was ¥118,834 million ($1,209,753 thousand) and ¥133,560 million, respectively.

Bills discounted are accounted for as financing transactions in accordance with "Treatment of Accounting and Auditing in Applying Accounting Standard for Financial Instruments in the Banking Industry" issued by the JICPA. The Bank has rights to sell or pledge accepted commercial bills discounted and foreign bills of exchange bought without restrictions. The total face value of commercial bills discounted and foreign bills of exchange bought included in foreign exchanges as of March 31, 2009 and 2008 was ¥41,436 million ($421,826 thousand) and ¥50,825 million, respectively.

7. Foreign Exchanges

Foreign exchanges as of March 31, 2009 and 2008 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Assets:			
Due from foreign correspondent account	¥1,621	¥2,321	$16,502
Foreign bills of exchange bought	1,531	1,544	15,586
Foreign bills of exchange receivable	757	748	7,706
Total	¥3,909	¥4,613	$39,794
Liabilities:			
Due to foreign correspondent account	¥ 427	¥ 447	$ 4,347
Foreign bills of exchange payable	148	290	1,507
Total	¥ 575	¥ 737	$ 5,854

8. Other Assets

Other assets as of March 31, 2009 and 2008 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Accrued income	¥ 6,170	¥ 5,409	$ 62,812
Accounts receivable	13,302	31,649	135,417
Installment receivables	7,164	7,061	72,931
Derivative assets	18,560	21,108	188,944
Other	14,932	14,324	152,010
Total	¥60,128	¥79,551	$612,114

9. Premises and Equipment

Premises and equipment as of March 31, 2009 and 2008 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Land	¥47,358	¥ 47,215	$482,113
Building	14,527	15,287	147,888
Construction in progress	300	65	3,054
Other	5,365	48,933	54,617
Total	¥67,550	¥111,500	$687,672

The accumulated depreciation of premises and equipment as of March 31, 2009 and 2008 amounted to ¥78,569 million ($799,847 thousand) and ¥113,766 million, respectively.

10. Customers' Liabilities for Acceptances and Guarantees

All contingent liabilities arising from acceptances and guarantees are reflected in acceptances and guarantees. As a contra account, the customers' liabilities for acceptances and guarantees are presented as assets, representing the Bank's right of indemnity from applicants.

The Enforcement Ordinance of the Banking Law was revised on April 17, 2007 and effective from the fiscal years beginning on and after April 1, 2006. The Bank offset customer's liabilities for acceptance and guarantees with acceptance and guarantees of ¥50,920 million ($518,375thousand) and ¥51,670 arising from guarantees of private placement securities as of March 31, 2009 and 2008, respectively.

11. Assets Pledged

Assets pledged as collateral and their relevant liabilities as of March 31, 2009 and 2008 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Assets pledged as collateral:			
Securities	¥138,723	¥93,237	$1,412,227
Other assets	9,636	79	98,096
Total	¥148,359	¥93,316	$1,510,323
Relevant liabilities to above assets:			
Deposits	¥ 77,588	¥93,283	$789,861
Call money and bills sold	20,000	—	203,604
Payables under securities lending transactions	15,048	—	153,191
Borrowed money	12,640	—	128,677
Total	¥125,276	¥93,283	$1,275,333

In addition, the following assets were pledged or deposited with respect to foreign exchange settlements and derivatives as of March 31, 2009 and 2008.

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Securities	¥76,100	¥79,895	$774,713
Other assets	8	8	81
Total	¥76,108	¥79,903	$774,794

Deposits included in other assets as of March 31, 2009 and 2008 were ¥1,930 million ($19,648 thousand) and ¥1,893 million, respectively.

12. Deposits

Deposits as of March 31, 2009 and 2008 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Current deposits	¥ 208,422	¥ 215,181	$ 2,121,775
Ordinary deposits	1,465,628	1,489,656	14,920,371
Deposits at notice	30,662	25,536	312,145
Time deposits	1,824,524	1,694,259	18,574,000
Other deposits	203,968	205,524	2,076,433
Total	¥3,733,204	¥3,630,156	$38,004,724

13. Borrowed Money

Borrowed Money as of March 31, 2009 and 2008 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Borrowings due serially to April 2018 with weighted average interest rates of 1.65% in 2009 and 1.66% in 2008	¥49,350	¥44,826	$502,392

Annual maturities of borrowings as of March 31, 2009 were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2010	¥19,018	$193,607
2011	4,828	49,150
2012	3,589	36,537
2013	3,010	30,642
2014	905	9,213
2015 and thereafter	18,000	183,243
Total	¥49,350	$502,392

Borrowings include subordinated borrowings of the Bank, which amounted to ¥18,000 million ($183,243 thousand) and ¥18,000 million as of March 31, 2009 and 2008.

14. Bonds

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

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Unsecured Yen subordinated bonds due March 2017 (a)	¥15,000	¥15,000	$152,703
Unsecured Yen subordinated bonds due September 2017 (b)	15,000	15,000	152,703
Total	¥30,000	¥30,000	$305,406

(a) The interest rates of the bonds are 1.75% for the period from March 23, 2007 to March 22, 2012 and six-month Euroyen Libor plus 1.92% for the period from March 23, 2012 to March 22, 2017.

(b) The interest rates of the bonds are 1.92% for the period from September 19, 2007 to September 18, 2012 and six-month Euroyen Libor plus 2.03% for the period from September 19, 2012 to September 15, 2017.

15. Other Liabilities

Other liabilities as of March 31, 2009 and 2008 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Domestic exchange settlement account, credit*	¥ 36	¥ 99	$ 367
Income taxes payable	915	7,537	9,315
Accrued expenses	8,563	6,599	87,173
Unearned income	9,645	9,505	98,188
Employees' deposits	2,200	2,209	22,396
Derivative liabilities	17,900	20,256	182,225
Accounts payable	6,828	33,560	69,510
Other	10,154	9,430	103,370
Total	¥56,241	¥89,195	$572,544

*The domestic exchange settlement account consisted of outstanding remittance bills from other banks and/or collection bills for which the Bank has received notices for payment from other banks which have not been settled.

16. Retirement and Pension Plans

The Bank and certain subsidiaries have severance payment plans for employees, directors and corporate auditors. Under most circumstances, employees terminating their employment are entitled to retirement benefits determined based on the rate of pay at the time of termination, years of service and certain other factors. If the termination is involuntary, caused by retirement at the mandatory retirement age or death, or certain other causes, the employee is entitled to greater payment than in the case of voluntary termination.

The liability for retirement benefits for directors and corporate auditors as of March 31, 2009 and 2008 was ¥462 million ($4,703 thousand) and ¥494 million, respectively. The retirement benefits for directors and corporate auditors are paid subject to the approval of the shareholders.

The liability for retirement benefits for employees as of March 31, 2009 and 2008 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Projected benefit obligation	¥46,021	¥44,999	$468,502
Fair value of plan assets	(26,782)	(32,393)	(272,645)
Unrecognized actuarial loss	(13,431)	(6,303)	(136,730)
Prepaid pension cost	1,477	661	15,036
Net liability	¥ 7,285	¥ 6,964	$ 74,163

The components of net periodic retirement benefit costs for the years ended March 31, 2009 and 2008 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Service cost	¥1,248	¥1,282	$12,705
Interest cost	899	891	9,152
Expected return on plan assets	(927)	(994)	(9,437)
Recognized actuarial loss	1,365	675	13,896
Net periodic retirement costs	¥2,585	¥1,854	$26,316

Assumptions used for the years ended March 31, 2009 and 2008 were set forth as follows:

	2009	2008
Periodic recognition of projected benefit obligation	Straight-line method	Straight-line method
Discount rate	2.0%	2.0%
Expected rate of return on plan assets	3.5%	3.5%
Recognition period of actuarial gain/loss	10 years	10 years

17. Equity

Since May 1, 2006, Japanese banks have been subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

(a) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders meeting. For companies that meet certain criteria such as; (1) having the Board of Directors, (2) having independent auditors, (3) having the Board of Corporate Auditors, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends in kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. However, the Bank cannot do so because it does not meet all the above criteria. Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

(b) Treasury stock and treasury stock acquisition rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by specific formula. Under the Companies Act, stock acquisition rights are presented as a separate component of equity. The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

Other than above, the Japanese Banking Law provided that an amount at least equal to 20% of the aggregate amount of cash dividends and certain other cash payments which are made as an appropriation of retained earnings applicable to each fiscal period shall be set aside as a legal reserve until the total additional paid-in capital and legal reserve equals 100% of stated capital. The amount of total additional paid-in capital and legal reserve which exceeds 100% of stated capital can be transferred to retained earnings by resolution of the shareholders, which may be available for dividends. The Bank's legal reserve amount, which is included in retained earnings, totals ¥20,155 million ($205,182 thousand) as of March 31, 2009 and 2008.

18. Other Expenses

Other expenses for the years ended March 31, 2009 and 2008 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Write-down of stocks and other securities	¥ 9,213	¥ 1,715	$ 93,790
Loss on sales of stocks and other securities	5,082	387	51,736
Write-down of loans	583	36	5,935
Loss on sales of loans	2,027	6,276	20,635
Loss on dispositions of premises and equipment	120	258	1,222
Other	2,214	2,806	22,539
Total	¥19,239	¥11,478	$195,857

19. Income Taxes

The Bank and its subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in normal effective statutory tax rate of approximately 40% for the years ended March 31, 2009 and 2008.

The tax effects of significant temporary differences and tax loss carryforwards, which result in deferred tax assets and liabilities as of March 31, 2009 and 2008 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Deferred tax assets:			
Reserve for possible loan losses	¥20,521	¥18,934	$208,908
Tax loss carryforwards	9,596	38	97,689
Liability for retirement benefits	4,695	4,846	47,796
Write-down of securities	3,634	5,723	36,995
Depreciation	1,976	2,097	20,116
Other	2,019	3,332	20,554
Less: Valuation allowance	(6,119)	(6,236)	(62,293)
Total	36,322	28,734	369,765
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities	(1,663)	(18,736)	(16,930)
Gain on contribution of available-for-sale securities to employees' retirement benefit trusts	(1,353)	(1,353)	(13,774)
Other	(27)	—	(274)
Total	(3,043)	(20,089)	(30,978)
Net deferred tax assets	¥33,279	¥ 8,645	$338,787

A reconciliation between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statement of operations for the year ended March 31, 2009 was as follows:

	2009
Normal effective statutory tax rate	39.76%
Expenses not deductible for income tax purposes	(0.61)
Income not taxable for income tax purposes	4.38
Per capita tax	(0.48)
Net change in valuation allowance	0.78
Other — net	(0.20)
Actual effective tax rate	43.63%

A reconciliation for the year ended March 31, 2008 was not disclosed because the difference was not material.

20. Leases

Finance lease

(Lessee)

A subsidiary leases certain equipment.

Total rental expense including lease payments under the finance leases for the years ended March 31, 2009 and 2008 were ¥1 million ($10 thousand) and ¥0 million, respectively.

As discussed in Note 2.k, the Group accounts for leases which existed at the transition date and do not transfer ownership of the leased property to the lessee as operating lease transactions. Pro forma information of such leases existing at the transition date, such as acquisition cost, accumulated depreciation, obligations under finance leases and depreciation expense on an "as if capitalized" basis for the years ended March 31, 2009 and 2008 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Acquisition cost	¥3	¥3	$30
Accumulated depreciation	(1)	(0)	(10)
Net leased property	¥2	¥3	$20

Obligations under finance leases as of March 31, 2009 and 2008 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Due within one year	¥1	¥1	$10
Due after one year	1	2	10
Total	¥2	¥3	$20

*The amounts of obligations under finance leases include the imputed interest expense portion.

Depreciation expense, which was not reflected in the accompanying consolidated statements of income, was computed by the straight-line method with useful lives being equal to the lease period and all residual values at zero. Depreciation expense for the years ended March 31, 2009 and 2008 were ¥1 million ($10 thousand) and ¥0 million, respectively.

(Lessor)

A subsidiary leases certain equipment and other assets.

The net investments in lease are summarized as follows:

	Millions of Yen	Thousands of U.S. Dollars
	2009	2009
Gross lease receivables	¥50,537	$514,476
Unguaranteed residual values	464	4,724
Unearned interest income	(6,259)	(63,718)
Total	¥44,742	$455,482

Maturities of lease receivables for finance leases that deem to transfer ownership of the leased property to the lessee are as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2010	¥ 216	$ 2,199
2011	189	1,924
2012	201	2,046
2013	169	1,721
2014	152	1,547
2015 and thereafter	358	3,645
Total	¥1,285	$13,082

Maturities of investment in lease for finance leases that deem not to transfer ownership of the leased property to the lessee are as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2010	¥15,502	$157,813
2011	12,783	130,133
2012	9,726	99,013
2013	6,419	65,347
2014	3,690	37,565
2015 and thereafter	2,417	24,605
Total	¥50,537	$514,476

Total rental revenues under finance leases for the year ended March 31, 2008 were ¥16,828 million.

Leased property of finance leases that do not transfer ownership of the leased property to the lessee, which were stated as a component of assets on the consolidated balance sheet as of March 31, 2008 was as follows:

	Millions of Yen		
2008	Equipment	Other	Total
Acquisition cost	¥80,188	¥6,369	¥86,557
Accumulated depreciation	(36,575)	(3,193)	(39,768)
Net leased property	¥43,613	¥3,176	¥46,789

Expected future rental revenues under finance leases as of March 31, 2008 were as follows:

	Millions of Yen
	2008
Due within one year	¥13,876
Due after one year	33,763
Total	¥47,639

Depreciation expense for the year ended March 31, 2008 was ¥13,021 million. Interest income for the year ended March 31, 2008 was ¥2,036 million.

Operating lease

(Lessee)

The minimum rental commitments under noncancellable operating leases as of March 31, 2009 and 2008 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Due within one year	¥ 44	—	$ 448
Due after one year	771	—	7,849
Total	¥815	—	$8,297

(Lessor)
Expected future rental revenues under operating leases as of March 31, 2009 and 2008 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Due within one year	¥46	¥ 47	$468
Due after one year	40	55	407
Total	¥86	¥102	$875

21. Commitments and Contingent Liabilities

Commitment line contracts on overdrafts and loans are agreements to make loans to customers when they apply for borrowing up to a prescribed amount, as long as there is no violation of any condition of the contracts.

The total amounts of unused open commitments as of March 31, 2009 and 2008 were ¥1,226,455 million ($12,485,544 thousand) and ¥1,197,872 million, respectively. Multi-purpose accounts included in the unused open commitments as of March 31, 2009 and 2008 were ¥544,675 million ($5,544,895 thousand) and ¥506,351 million, respectively. The amounts of unused commitments whose original contract terms were within one year or unconditionally cancelable at any time as of March 31, 2009 and 2008 were ¥1,216,873 million ($12,387,998 thousand) and ¥1,185,495 million, respectively.

Since many of these commitments are expected to expire without being drawn upon, the total amount of unused commitments does not necessarily represent actual future cash flow requirements. Many of these commitments have clauses enabling the Bank and certain subsidiaries to reject the loans to customers or reduce the contract amounts of commitment, in the event monetary conditions have changed and the Bank and certain subsidiaries need to secure claims, or other considerable events have occurred.

In addition, if necessary, the Bank and certain subsidiaries request the customers to pledge collateral such as premises and securities at the execution of the contracts. After the execution, the Bank and certain subsidiaries periodically evaluate the customers' financial positions based upon the internal policy, and take necessary measures to manage the credit exposures, such as revising the terms of contracts or securing the claims.

22. Derivative Information

The Bank enters into swap, future, cap and floor agreements related to interest rates, foreign exchange forward contracts, swap and option contracts related to currencies, bond futures, bond futures options, over-the-counter bond options, stock futures, stock futures options and stock option contracts related to securities. In addition, the Bank has credit derivatives embedded in compound instruments.

The Bank principally enters into derivative transactions to meet the needs of the Bank and its customers and to hedge risks of assets and liabilities held, which are related to interest rates, price fluctuations and foreign exchanges. The Bank also enters into derivative transactions for trading purposes under certain risk limitations for speculative purposes.

Derivatives are subject to market risk and credit risk. Market risk is the exposure created by potential fluctuation in market conditions, including interest rate, foreign exchange and price. The Bank mitigates market risks by conducting effective covering transactions against derivative transactions to meet the needs of the Bank's customers and establishing the permitted risk amount in advance before entering into derivative transactions for trading purposes. Credit risk is defined as the risk that counterparties will not be able to fulfill their obligations to the Group. Because the Bank conducts its derivative with trading business to major financial institutions and enterprises, the Bank considers credit risk to be minimal.

Derivative transactions entered into by the Bank have been made in accordance with internal policies. The dealing section is responsible for executing and controlling derivative transactions, mark-to-market of positions, determining related gains and losses and the outstanding exposures of balances.

The dealing section is also responsible for periodically reporting to management and the Risk Management Division, which deals with risk control. In order to achieve an appropriate segregation of duties relating to derivative transactions, the ALM office reviews outstanding derivative transactions executed by the international dealing section. Each derivative transaction is reported to management. Management evaluates the risks concerning the whole portfolio including deposits, loans and securities, and discusses the hedging policies at ALM committee meetings periodically.

The Bank had the following derivative contracts outstanding as of March 31, 2009 and 2008:

	Millions of Yen		
2009	Contract or Notional Amount	Fair Value	Unrealized Gains/(Losses)
Over-the-counter interest-related contracts:			
Interest rate swap:			
Fixed rate receipt, floating rate payment	¥ 4,541	¥ 54	¥ 54
Floating rate receipt, fixed rate payment	4,541	(38)	(38)
Over-the-counter currency-related contracts:			
Currency swap	347,548	537	537
Foreign exchange forward:			
Sell	9,476	(164)	(164)
Buy	13,691	208	208
Currency option:			
Sell	219,666	(16,591)	(298)
Buy	215,122	16,591	2,104
Other:			
Sell	1,357	(43)	(43)
Buy	1,191	105	105

2008	Millions of Yen Contract or Notional Amount	Fair Value	Unrealized Gains/(Losses)
Over-the-counter interest-related contracts:			
Interest rate swap:			
Fixed rate receipt, floating rate payment	¥ 7,040	¥ 62	¥ 62
Floating rate receipt, fixed rate payment	7,040	(37)	(37)
Over-the-counter currency-related contracts:			
Currency swap	399,684	639	639
Foreign exchange forward:			
Sell	12,639	725	725
Buy	34,457	(533)	(533)
Currency option:			
Sell	227,265	(18,393)	(2,120)
Buy	223,054	18,390	4,328
Over-the-counter credit derivative contracts:			
Credit default option:			
Sell	3,000	(1,379)	(1,379)

2009	Thousands of U.S. Dollars Contract or Notional Amount	Fair Value	Unrealized Gains/(Losses)
Over-the-counter interest-related contracts:			
Interest rate swap:			
Fixed rate receipt, floating rate payment	$ 46,228	$ 550	$ 550
Floating rate receipt, fixed rate payment	46,228	(387)	(387)
Over-the-counter currency-related contracts:			
Currency swap	3,538,104	5,467	5,467
Foreign exchange forward:			
Sell	96,467	(1,670)	(1,670)
Buy	139,377	2,117	2,117
Currency option:			
Sell	2,236,241	(168,900)	(3,034)
Buy	2,189,983	168,900	21,419
Other:			
Sell	13,815	(438)	(438)
Buy	12,125	1,069	1,069

Notes:
1. Derivative transactions are valued at market and the gains/(losses) are recognized in the consolidated statements of operations.
2. Market values of exchange-traded transactions are based on closing prices on the Tokyo International Financial Future Exchange and other. Market values of over-the-counter contracts are based on the discounted cash flow method and the option pricing calculation models and other.
3. The contract or notional amounts of derivatives, which are shown in the above table, do not represent the amounts exchanged by parties and do not measure the Group's exposure to credit or market risk.

23. Subsequent Event

On June 19, 2009, the Bank's shareholders authorized the appropriation of retained earnings as follows:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥3.50 ($0.04) per share	¥1,275	$12,980

24. Segment Information

Information about operations in business segments for the years ended March 31, 2009 and 2008 was as follows:

	Millions of Yen					
2009	Banking	Lease	Other*	Total	Elimination/Corporate	Consolidated
(a) Income						
Ordinary income:						
(1) Outside customers	¥ 89,783	¥21,283	¥ 4,619	¥ 115,685	—	¥ 115,685
(2) Intersegment transactions	597	286	936	1,819	¥ (1,819)	—
Total	90,380	21,569	5,555	117,504	(1,819)	115,685
Ordinary expenses	106,893	20,709	4,576	132,178	(1,807)	130,371
Ordinary (loss) profit	¥ (16,513)	¥ 860	¥ 979	¥ (14,674)	¥ (12)	(14,686)
Other income and expenses–net						(42)
Loss before income taxes and minority interests						¥ (14,728)
(b) Assets, depreciation and capital expenditures:						
Assets	¥4,125,662	¥60,527	¥30,383	¥4,216,572	¥(40,456)	¥4,176,116
Depreciation	5,111	178	46	5,335	137	5,472
Impairment loss on long-lived assets	27	—	—	27	—	27
Capital expenditures	1,533	131	56	1,720	114	1,834

	Millions of Yen					
2008	Banking	Lease	Other*	Total	Elimination/Corporate	Consolidated
(a) Income						
Ordinary income:						
(1) Outside customers	¥ 115,491	¥21,524	¥ 4,795	¥ 141,810	—	¥ 141,810
(2) Intersegment transactions	821	363	929	2,113	¥ (2,113)	—
Total	116,312	21,887	5,724	143,923	(2,113)	141,810
Ordinary expenses	97,250	21,372	4,738	123,360	(1,901)	121,459
Ordinary profit	¥ 19,062	¥ 515	¥ 986	¥ 20,563	¥ (212)	20,351
Other income and expenses–net						(1,467)
Income before income taxes and minority interests						¥ 18,884
(b) Assets, depreciation and capital expenditures:						
Assets	¥4,090,667	¥58,933	¥30,551	¥4,180,151	¥(38,563)	¥4,141,588
Depreciation	4,932	15,042	51	20,025	(19)	20,006
Impairment loss on long-lived assets	356	—	23	379	—	379
Capital expenditures	2,312	16,453	24	18,789	(15)	18,774

	Thousands of U.S. Dollars					
2009	Banking	Lease	Other*	Total	Elimination/Corporate	Consolidated
(a) Income						
Ordinary income:						
(1) Outside customers	$ 914,008	$216,665	$ 47,022	$ 1,177,695	—	$ 1,177,695
(2) Intersegment transactions	6,078	2,911	9,529	18,518	$ (18,518)	—
Total	920,086	219,576	56,551	1,196,213	(18,518)	1,177,695
Ordinary expenses	1,088,191	210,821	46,585	1,345,597	(18,396)	1,327,201
Ordinary (loss) profit	$ (168,105)	$ 8,755	$ 9,966	$ (149,384)	$ (122)	(149,506)
Other income and expenses–net						(428)
Loss before income taxes and minority interests						$ (149,934)
(b) Assets, depreciation and capital expenditures:						
Assets	$42,000,020	$616,176	$309,305	$42,925,501	$(411,849)	$42,513,652
Depreciation	52,031	1,812	468	54,311	1,395	55,706
Impairment loss on long-lived assets	275	—	—	275	—	275
Capital expenditures	15,606	1,334	570	17,510	1,161	18,671

*Other includes business segments of credit cards, computer services and credit guarantees.

Ordinary income represents total income less certain special income included in other income in the accompanying consolidated statements of income.

Ordinary expenses represent total expenses less certain special expenses included in other expenses in the accompanying consolidated statements of income.

The Group operates only in Japan for the years ended March 31, 2009 and 2008.

Accordingly, the figures for ordinary income and assets by geographical segment for the Group were not presented.

Ordinary income from overseas operations was not presented herein as it was less than 10% of consolidated ordinary income for the years ended March 31, 2009 and 2008.

Note:

1) As discussed in Note 2.k, effective April 1, 2008, the Company applied ASBJ statement No.13, “Accounting Standard for Lease Transactions.” The effect of this change was to increase ordinary profit by ¥106 million ($1,079 thousand) and decrease depreciation by ¥12,781 million ($130,113 thousand) in the Lease segment for the year ended March 31, 2009.
2) As discussed in Note 2.d, carrying amounts of government bonds with floating interest classified as available-for-sale securities were stated at reasonable estimate amount. The effect of this treatment was to increase assets of Banking by ¥1,521 million ($15,484 thousand) at March 31, 2009.

Non-Consolidated Six-Year Summary (Unaudit)

The Juroku Bank, Ltd.
Years Ended March 31
(Supplemental Information)

	Millions of Yen					
	2009	2008	2007	2006	2005	2004
For the Year						
Total income	¥ 90,414	¥ 116,391	¥ 95,288	¥ 89,491	¥ 83,542	¥ 86,690
Total expenses	107,131	98,819	72,522	65,600	62,513	69,396
(Loss) income before income taxes	(16,717)	17,572	22,766	23,891	21,029	17,294
Total income taxes	(7,171)	7,214	9,089	8,439	9,467	7,294
Net (loss) income	¥ (9,546)	¥ 10,358	¥ 13,677	¥ 15,452	¥ 11,562	¥ 10,000
At Year-End						
Assets:						
Trading securities	¥ 1,666	¥ 1,514	¥ 3,042	¥ 2,898	¥ 2,031	¥ 1,947
Securities	844,836	852,504	1,008,292	1,075,252	966,978	976,246
Loans and bills discounted	3,056,008	2,909,033	2,822,570	2,724,546	2,640,424	2,564,532
Foreign exchanges	3,909	4,613	3,361	11,305	3,829	3,375
Other	219,115	322,892	298,191	261,179	332,309	370,755
Total assets	¥4,125,534	¥4,090,556	¥4,135,456	¥4,075,180	¥3,945,571	¥3,916,855
Liabilities:						
Deposits	¥3,745,652	¥3,639,608	¥3,624,885	¥3,497,563	¥3,534,395	¥3,511,491
Foreign exchanges	575	737	738	560	948	298
Other	198,559	228,491	242,111	325,796	212,087	219,792
Total liabilities	3,944,786	3,868,836	3,867,734	3,823,919	3,747,430	3,731,581
Equity:						
Common stock	36,839	36,839	36,839	36,839	36,839	36,839
Capital surplus and earnings	143,909	184,881	230,883	214,422	161,302	148,435
Total equity	180,748	221,720	267,722	251,261	198,141	185,274
Total liabilities and equity	¥4,125,534	¥4,090,556	¥4,135,456	¥4,075,180	¥3,945,571	¥3,916,855

Non-Consolidated Balance Sheets

The Juroku Bank, Ltd.
March 31, 2009 and 2008
(Supplemental Information)

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
ASSETS:			
Cash and due from banks	¥ 101,448	¥ 194,060	$ 1,032,760
Call loans	—	158	—
Trading securities	1,666	1,514	16,960
Money held in trust	—	4,000	—
Securities	844,836	852,504	8,600,590
Loans and bills discounted	3,056,008	2,909,033	31,110,740
Other assets	47,391	67,365	482,449
Premises and equipment	64,219	65,371	653,762
Intangible assets	8,066	10,817	82,113
Deferred tax assets	31,187	6,968	317,490
Customers' liabilities for acceptances and guarantees	26,020	29,088	264,889
Reserve for possible loan losses	(55,307)	(50,322)	(563,036)
Total Assets	¥4,125,534	¥4,090,556	$41,998,717
LIABILITIES AND EQUITY:			
Liabilities:			
Deposits	¥3,745,652	¥3,639,608	$38,131,447
Negotiable certificates of deposit	23,228	28,237	236,465
Call money	25,982	33,063	264,502
Payables under securities lending transactions	15,048	—	153,191
Borrowed money	21,929	18,000	223,241
Bonds	30,000	30,000	305,406
Other liabilities	37,449	71,564	381,238
Accrued bonuses	1,375	1,438	13,998
Liability for retirement benefits	7,699	7,414	78,377
Deferred tax liabilities for land revaluation surplus	10,403	10,424	105,904
Acceptances and guarantees	26,021	29,088	264,899
Total Liabilities	3,944,786	3,868,836	40,158,668
Commitments and Contingent Liabilities			
Equity:			
Common stock	36,839	36,839	375,028
Capital surplus:			
Additional paid-in capital	25,367	25,367	258,241
Other capital surplus	—	5	—
Retained earnings:			
Legal reserve	20,155	20,155	205,182
Unappropriated	83,324	95,398	848,254
Unrealized gain on available-for-sale securities	3,880	32,716	39,499
Land revaluation surplus	12,699	12,729	129,278
Treasury stock—at cost	(1,516)	(1,489)	(15,433)
Total Equity	180,748	221,720	1,840,049
Total Liabilities and Equity	¥4,125,534	¥4,090,556	$41,998,717

Non-Consolidated Statements of Operations

The Juroku Bank, Ltd.
Years Ended March 31, 2009 and 2008
(Supplemental Information)

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Income:			
Interest on:			
Loans and discounts	¥ 60,870	¥ 60,728	$ 619,668
Securities	13,309	16,091	135,488
Other	228	223	2,321
Fees and commissions	11,527	13,531	117,347
Other operating income	2,122	9,949	21,603
Gain on sales of securities	318	14,095	3,237
Other income	2,040	1,774	20,768
Total Income	90,414	116,391	920,432
Expenses:			
Interest on:			
Deposits	10,495	10,156	106,841
Borrowings and re-discounts	1,455	2,724	14,812
Other	152	668	1,547
Fees and commissions	4,422	4,460	45,017
Other operating expenses	7,393	6,226	75,262
General and administrative expenses	49,641	49,538	505,355
Impairment loss on long-lived assets	27	1,301	275
Other expenses	33,546	23,746	341,505
Total Expenses	107,131	98,819	1,090,614
(Loss) Income before Income Taxes	(16,717)	17,572	(170,182)
Income Taxes:			
Current	67	10,863	682
Deferred	(7,238)	(3,649)	(73,684)
Total Income Taxes	(7,171)	7,214	(73,002)
Net (Loss) Income	¥ (9,546)	¥ 10,358	$ (97,180)

Non-Consolidated Statements of Changes in Equity

The Juroku Bank, Ltd.
Years Ended March 31, 2009 and 2008
(Supplemental Information)

	Thousands	Millions of Yen									
	Outstanding		Capital Surplus		Retained Earnings						
	Number of Shares of Common Stock	Common Stock	Additional Paid-in Capital	Other Capital Surplus	Legal Reserve	Unappropriated	Unrealized Gain on Available-for-Sale Securities	Deferred Loss on Derivatives under Hedge Accounting	Land Revaluation Surplus	Treasury Stock	Total Equity
Balance at April 1, 2007	364,590	¥36,839	¥25,367	¥ 4	¥20,155	¥87,733	¥86,087	¥(37)	¥12,953	¥(1,379)	¥267,722
Net income	—	—	—	—	—	10,358	—	—	—	—	10,358
Cash dividends, ¥8.00 per share	—	—	—	—	—	(2,917)	—	—	—	—	(2,917)
Transfer of land revaluation surplus	—	—	—	—	—	224	—	—	—	—	224
Purchase of treasury stock	(180)	—	—	—	—	—	—	—	—	(123)	(123)
Disposal of treasury stock	22	—	—	1	—	—	—	—	—	13	14
Net change in the year	—	—	—	—	—	—	(53,371)	¥ 37	(224)	—	(53,558)
Balance at March 31, 2008	364,432	36,839	25,367	5	20,155	95,398	32,716	—	12,729	(1,489)	221,720
Net loss	—	—	—	—	—	(9,546)	—	—	—	—	(9,546)
Cash dividends, ¥7.00 per share	—	—	—	—	—	(2,550)	—	—	—	—	(2,550)
Transfer of land revaluation surplus	—	—	—	—	—	30	—	—	—	—	30
Purchase of treasury stock	(155)	—	—	—	—	—	—	—	—	(68)	(68)
Disposal of treasury stock	67	—	—	¥ (5)	—	(8)	—	—	—	41	28
Net change in the year	—	—	—	—	—	—	(28,836)	—	(30)	—	(28,866)
Balance at March 31, 2009	364,344	¥36,839	¥25,367	—	¥20,155	¥83,324	¥ 3,880	—	¥12,699	¥(1,516)	¥180,748

	Thousands of U.S. Dollars									
		Capital Surplus		Retained Earnings						
	Common Stock	Additional Paid-in Capital	Other Capital Surplus	Legal Reserve	Unappropriated	Unrealized Gain on Available-for-Sale Securities	Deferred Loss on Derivatives under Hedge Accounting	Land Revaluation Surplus	Treasury Stock	Total Equity
Balance at March 31, 2008	$375,028	$258,241	$ 51	$205,182	$971,170	$333,055	—	$129,583	$(15,158)	$2,257,152
Net loss	—	—	—	—	(97,180)	—	—	—	—	(97,180)
Cash dividends, $0.07 per share	—	—	—	—	(25,960)	—	—	—	—	(25,960)
Transfer of land revaluation surplus	—	—	—	—	305	—	—	—	—	305
Purchase of treasury stock	—	—	—	—	—	—	—	—	(692)	(692)
Disposal of treasury stock	—	—	$(51)	—	(81)	—	—	—	417	285
Net change in the year	—	—	—	—	—	(293,556)	—	(305)	—	(293,861)
Balance at March 31, 2009	$375,028	$258,241	—	$205,182	$848,254	$ 39,499	—	$129,278	$(15,433)	$1,840,049

Independent Auditors' Report

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of The Juroku Bank, Ltd.:

We have audited the accompanying consolidated balance sheets of The Juroku Bank, Ltd. (the "Bank") and consolidated subsidiaries as of March 31, 2009 and 2008, and the related consolidated statements of operations, changes in equity, and cash flows for the years then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audit 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 audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Bank and consolidated subsidiaries as of March 31, 2009 and 2008, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

Our audit was conducted for the purpose of forming an opinion on the basic 2009 and 2008 consolidated financial statements taken as a whole. The supplemental non-consolidated financial information which includes a non-consolidated balance sheets as of March 31, 2009 and 2008, and non-consolidated statements of operations and changes in equity for the years then ended and omits related footnote disclosure, is presented for the purpose of additional analysis and is not a required part of the basic consolidated financial statements. The non-consolidated financial information is the responsibility of the Bank's management. Such non-consolidated financial information for the years ended March 31, 2009 and 2008 has been subjected to our audit of the basic consolidated financial statements for the years then ended and, in our opinion, is fairly stated in all material respects when considered in relation to the basic consolidated financial statements taken as a whole.

As discussed in Note 2.k to the consolidated financial statements, effective April 1, 2008, the Bank applied the new accounting standard for lease transactions.

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

Deloitte Touche Tohmatsu

June 19, 2009

Member of
Deloitte Touche Tohmatsu

Corporate Data

(as of March 31, 2009)

Date of Establishment:
October 10, 1877
Authorized Shares:
460,000 thousand shares
Shares of Common Stock Issued and Outstanding:
366,855 thousand shares
Stock Listed:
First Sections of the Tokyo and Nagoya Stock Exchanges
Paid-in Capital:
¥36,839 million
Number of Shareholders:
11,669
Number of Employees:
2,896

10 Principal Shareholders:
The Bank of Tokyo-Mitsubishi UFJ, Ltd.
Japan Trustee Services Bank, Ltd. (Held in trust account)
NIPPONKOA Insurance Co., Ltd.
Meiji Yasuda Life Insurance Company
Japan Trustee Services Bank, Ltd. (Held in trust account 4G)
Tokio Marine and Nichido Fire Insurance Co., Ltd.
Fuji Baking Co., Ltd.
Mizuho Corporate Bank, Ltd.
The Juroku Bank Employee Shareholders' Association
Mitsubishi UFJ Trust and Banking Corporation

Affiliates

(as of March 31, 2009)

Name	Business Lines	Established	Capital (¥ Millions)	Equity Stake*
Juroku Business Service Co., Ltd.	Clerical work service	Jan. 1979	10	100
Juroku DC Card Co., Ltd.	Credit card flotation service	Aug. 1982	50	5
Juroku JCB Co., Ltd.	Credit card flotation service	Nov. 1994	50	5
Juroku Lease Co., Ltd.	Leasing service	Mar. 1975	102	5
Juroku Computer Service Co., Ltd.	Computer system development service	Aug. 1985	245	5
Juroku Credit Guarantee Co., Ltd.	Credit guaranty service	May 1979	50	3
Juroku Capital Co., Ltd.	Investment and finance service	Apr. 1984	108	5

* Voting rights held by the Bank as a percentage of total voting rights

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(as of July 06, 2009)

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General Manager
Akinori Sasaki

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Chief Representative
Masahiro Furuike

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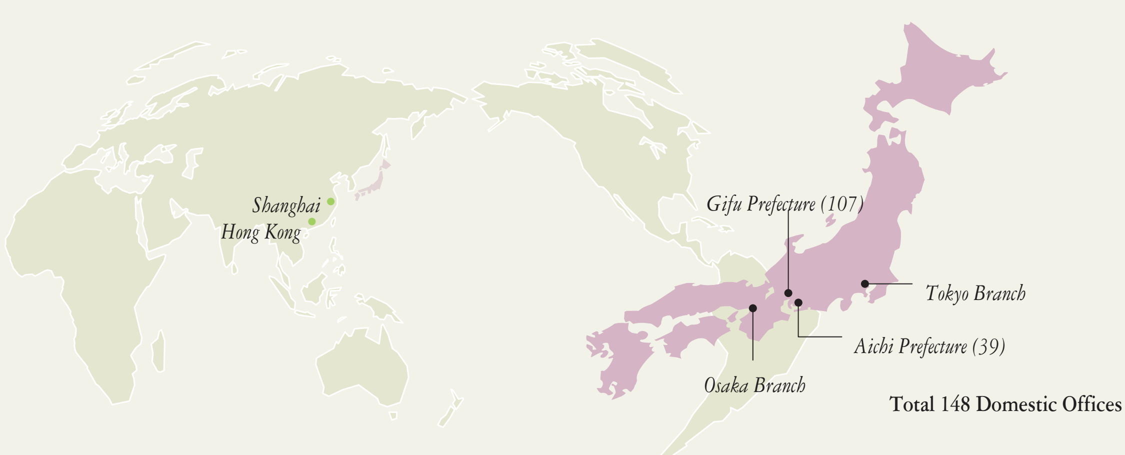

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