2012

THE JUROKU BANK, LTD.

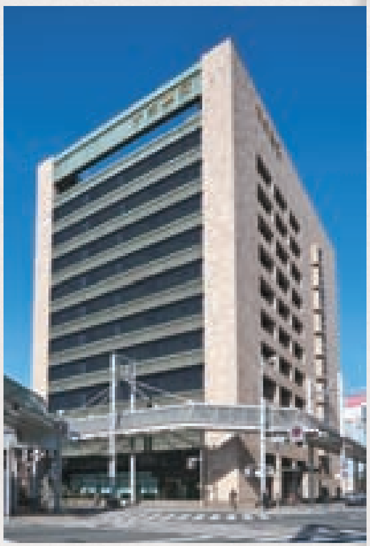
Annual Report

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 2012, the Bank had total deposits of ¥4,881 billion (US$59,387 million), total assets of ¥5,488 billion (US$66,773 million), and a capital ratio of 10.76% 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 *Year Ended March 31, 2012*

	Millions of Yen		Thousands of U.S.Dollars
	2012	2011	2012
For the Fiscal Year			
Total income	¥ 129,319	¥ 114,681	$ 1,573,415
Total expenses	105,947	98,145	1,289,050
Net income	11,941	9,293	145,285
Cash dividends	2,616	2,548	31,829
At Year-End			
Total assets	¥5,488,038	¥5,309,912	$66,772,576
Loans and bills discounted	3,722,144	3,564,245	45,287,066
Securities	1,458,761	1,300,543	17,748,643
Deposits	4,881,023	4,749,587	59,387,067
Total equity	282,843	259,579	3,441,331
Cash Flows			
Net cash provided by operating activities	¥ 106,235	¥ 159,893	$ 1,292,554
Net cash used in investing activities	(142,721)	(105,427)	(1,736,476)
Net cash used in financing activities	(21,725)	(3,070)	(264,327)
Cash and cash equivalents, end of year	125,735	183,949	1,529,809

Note: Amounts stated in United States dollars have been computed, solely for convenience, at the rate of ¥82.19 = US$1, the approximate rate of exchange at March 31, 2012.

The "New Juroku Bank" strives to maximize corporate value

Hakumi Horie President

Looking at the operating environment for financial institutions, although the Japanese economy is on track to recovery on the back of steady demand for reconstruction of the area devastated by the Great East Japan Earthquake, a corrective phase in the historically strong yen, a recovery of the foreign economic situation and other factors, there is a lingering sense of uncertainty about the economic outlook that reflects weak demand for capital investment, coupled with persistently harsh business competition driving down the Bank's earnings.

Under such circumstances, the Juroku Bank, as regional financial institution aiming at sustainable growth, must endeavor to raise profitability and improve its financial soundness through responding to the diverse needs of community customers.

To meet these challenges the Bank aims to become "The No.1 bank in the Tokai Region," "The bank that bridges Gifu prefecture and Aichi prefecture" and "The bank that contributes to the regional economy and community," under its "The 12th Medium-Term Management Plan ~Take-off towards the Glorious Tomorrow." And the Bank is pressing on with the steady process of the merger with the Gifu Bank, Ltd., scheduled on September 18, 2012, and is stepping up efforts to increase profitability and financial soundness as well as strengthen its compliance function.

By addressing these challenges, we will press ahead with an enhancement of our corporate value as the "New Juroku Bank" through promoting the implementation of our growth strategies along with early materialization of the maximum effect of management integration.

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

July 2012
Hakumi Horie
President

H. Horie

The 12th Medium-term Management Plan

In view of the imminent radical change in management environment associated with the merger with The Gifu Bank scheduled in September 2012, the Bank launched from April 2011 the 12th Medium-Term Management Plan ~Take-off towards the Glorious Tomorrow, covering three fiscal years.

Under this management plan, we are setting up a long-term vision for the Bank as "The No.1 bank in the Tokai Region," "The bank that bridges Gifu prefecture and Aichi prefecture," and "The bank that contributes to the regional economy and community," which shall be fulfilled along with enhancement of our corporate value through accelerating the implementation of our growth strategies and early materialization of the maximum effect of management integration with The Gifu Bank, Ltd.

Numerical Targets		FY2013 Year-end Targets
Sustainability and expandability of customer base	Deposit balance	¥5,000 billion
Strengthening of earnings capability	Core banking profit	¥25 billion
Streamlining of management	OHR (Overhead Ratio; expenses as a percentage of gross business profit)	Lower than 67%
Improvement of financial soundness	Tier I capital ratio	7.5% or more
	Ratio of credit cost to total loans	Lower than 0.25%

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

We will be committed to implementing the following basic strategies under the management plan, in an effort to effectively overcome the challenges that surround the Group.

Basic Strategies

•Reinforcement of Management Base
In view of the growth strategies to be pursued after the merger with The Gifu Bank, Ltd., we will be committed to improving the quality of capital while enhancing the soundness of assets, through the reinforcement of core tier I capital based on the strengthening of earnings capability while ensuring security and provision commensurate with the risks concerned.

•Pursuit of the Regional Strategies for Aichi and Gifu Prefectures Envisaging the Post-merger Situation
We will further deepen the relationship with customers by the deployment of distribution channels that suit each market, along with the reinforcement of products and services that meet the customer needs, whereby we will promote ourselves to be chosen by customers as their main bank.

In Aichi prefecture, we will conduct proactive marketing activities including further focus on retail business and establishment of new distribution channels, while expanding business transactions with new customers, in an effort to be the "community-oriented" Bank.

In Gifu prefecture on the other hand, we will focus on deepening business relationship with existing customers to establish rock-solid basis of business transactions, while creating easy-to-use channels.

•Early Materialization of Cost Synergy and Its Maximization
In merging with The Gifu Bank, we will be committed to early materialization of cost synergy and its maximization through the elimination and consolidation of existing branch offices fully paying attention not to compromise customer convenience, along with integration of system and administration while minimizing the impact to customers.

•Enhancement of Management Control Structure
We will be committed to enhancing management control structure including the strengthening of various risk management systems to flexibly deal with changes in financial business environment, along with further reinforcement of compliance with laws and regulations and customer protection that serve as the basis of customer trust.

•Consolidation of Corporate Culture and Human Resources between the Two Banks
We will endeavor to amalgamate corporate culture and human resources between the Bank and The Gifu Bank while developing human resources with high level expertise that can respond to the customer needs, under the constructive competitive environment between the employees of the two banks.

•Promotion of Community-based Financial Services and Flexible Facilitation of Finance
We will be committed to adequately and actively providing financial intermediation functions based on the substance of the SME Financing Facilitation Act, while engaged in community-based operation with community-based financial services defined as one of the Bank's core management strategies, in an effort to fulfill our responsibility as a regional financial institution.

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, February 26, 2009, and September 21, 2011 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 10 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 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.

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 and have improved the effectiveness of the system by using an external lawyer as the point of contact.

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 LLC (as of June 30, 2012). 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 steadfastly confronting any anti-social forces that pose a threat to social order and safety; thereby directors consolidate a system to sever all ties to these forces.

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) Duties will be executed centered on the Basic Policy and an Action Plan. A Medium-Term Management Plan will be created, and guidelines based on this plan will be established for each six-month period.
(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 will be maintained. 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 will be 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, centered on 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) Matters that may inflict a significant loss on the Bank and its affiliates
(4) Significant accounting policies and standards and changes to them
(5) Content of disclosed earnings, projections, and other important disclosure materials
(6) Serious violations of the laws and ordinances
(7) Operation of the whistle-blower system and notifications
(8) Circulation of documents such as draft proposals and the minutes of important conference/committee meetings
(9) 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. Accordingly, in April 2012, we newly set up a legal office within the Compliance Management Division in order to enhance our compliance system. With the support of the new section, we are equipped with an appropriate structure to comply, more than ever, with social requirements.

We are further strengthening our compliance system under our 12th 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 Compliance Management Division and consisting of general managers from relevant divisions, the Compliance Committee examines, discusses, and issues directives concerning matters of compliance.

Compliance Management Division

As the entity responsible for overseeing compliance, the Compliance 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
(v) Properly managing of conflicts of interest so avoid unfair detriment to the interests of our customers

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 established "Basic Policy of Risk Management" contained in our 12th Medium-Term Management Plan. In addition, we have established Comprehensive Risk Management Policy 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.

Basic Policy of Risk Management (12th Medium-Term Management Plan)

•Risk Management

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. Development of risk management system in compliance with capital adequacy regulation.
4. Strengthen credit risk management.

Comprehensive Risk Management

The Bank has formulated a comprehensive risk management framework by determining a Comprehensive Risk Management Policy and Rules.

The Bank's risk management does not stop at managing various risks individually, but extends a step ahead to control the total amount of risks to keep it within the range of Tier I-based distributable capital, through the risk quantification using statistical methods, thereby enforcing a comprehensive risk management aiming at ensuring soundness of management.

We adopt a flexible approach to required responses by getting the current state of such comprehensive risks checked by the ALM Committee, which has monthly meetings and reports directly to the Board of Directors.

Credit Risk

To appropriately adapt to changes in the credit risk in relation to assets held by the Bank, and to ensure stable profitability and maintain sound operations, we conduct management appropriately with reference to our Credit Risk Management Policies and Credit Risk Management Rules.

In order to objectively determine a borrower company's credit state and its capacity to repay loans, we perform a credit rating system in a timely manner and reflect the result of the credit rating in our credit risk management. More specifically, we endeavor to maintain a sound asset base by implementing our own assessment of loan assets and by making appropriate provision for possible loan losses and write-offs based on the credit rating system.

The credit rating system enables a quantification of the credit risk, eliminates concentration of risk with particular borrowers or industries, and further ensures profits that are balanced by credit costs, and thereby enables the Bank to improve its credit portfolio.

Regarding examination of loan applications, 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.

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.

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 (as of March 31, 2012)

(Non-consolidated)

Billions of Yen

Asset Self-Assessment
For all assets

Borrower category Balances of credits	Classification I	II	III	IV
Legally bankrupt borrowers 4.4 [1.2]	3.6	0.8	— (0.3)	— (3.2)
Virtually bankrupt borrowers 12.3 [6.1]	9.1	3.2	— (1.1)	— (6.3)
Potentially bankrupt borrowers 86.4	43.3	20.1	22.9 (14.2)	
Borrowers requiring caution				
Substandard borrowers 20.7	5.8	14.9		
Others*1 682.9	235.8	447.1		
Normal borrowers 2,568.8	2,568.8			
Total 3,375.6 [3,366.1]	2,866.4	486.2	22.9 (15.6)	— (9.5)

*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 16.8 [7.3]	5.9	10.8	100.0%
Doubtful assets 86.4	49.2	14.2	73.4%
Substandard loans*3 16.2	5.6	1.3	42.5%
Sub-total 119.3 [109.9]	60.8	26.3	72.9%
Normal assets 3,256.2			
Total 3,375.6 [3,366.1]			

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).
3.5%
[3.2%]

*3 Substandard claims consist of loans only.

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

Classification	Loan balances
Bankrupt loans	4.3 [1.2]
Non-accrual loans	97.8 [91.5]
Past due loans (3 months or more)	0.2
Restructured loans	15.9
Total	118.3 [108.9]

Ratio of risk-monitored loans to total loans

Figures in brackets are those after application of partial charge-offs (direct deduction).
3.5%
[3.3%]

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.

Activities to Revitalize the Regional Economy

Initiatives to Facilitate Financing

The Bank views the facilitation of regional financing as its most important duty and this is expressed in its basic philosophy of "serving our community by fulfilling our social mission as a financial institution." Therefore, the Bank has actively responded to its customers' demands in relation to their needs for funds or review of the conditions for borrowing.

The Bank has enhanced its management system through the provision of a Financing Facilitation Meeting that was established in the headquarters during December 2009 to respond attentively to the increasing variety of requests we receive from customers in small- and medium-sized businesses and customers who have mortgage loans.

Going forward, we will strive to provide a prompt, accurate and suitable response based on our Basic Policy related to the Facilitation of Financing which was established in January 2010 and thereby enable the Bank to function as a proactive financial intermediary in its role as a regional financial institution.

Juroku Bank's Support for Overseas Business Development

▶ "Interregional Collaboration for Overseas Business Support"

In May 2011, four banks including the Bank, San-In Godo Bank, Hiroshima Bank, and Hokkoku Bank signed "Memorandum regarding Overseas Business Support," to form a mutually collaborative arrangement at overseas (representative offices: Hong Kong (the Bank), Dalian (San-In Godo Bank), Bangkok (Hiroshima Bank), Singapore (Hokkoku Bank)).

▶ Business Cooperation with Major Overseas Financial Institutions

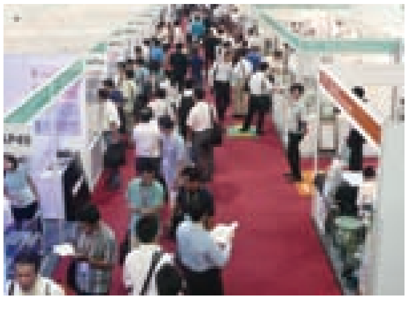
With the aim of enhancing its support in India, a country that has potential as an investment target, in May 2011 the Bank started a business cooperation with the State Bank of India. This made the total numbers of countries and financial institutions with which the Bank is involved in a business cooperation 5 and 7, respectively.

▶ Hosting the "Thai Regional Summit in GIFU"

We invited the Thai Ambassador to Japan, CEO of the KASIKORNBANK, Director of the Office of Thai Economic & Investment Affairs and our business partners operating businesses in Thailand to the summit, with the purpose of deepening the interrelationship between the Tokai region and Thailand. There were active exchanges of both parties' opinions on various fronts ranging from policies of industrial and commercial developments, to assistance measures for companies afflicted by the severe flooding in Thailand, to attracting Thai tourists to Gifu.

▶ "Japan-China Monozukuri Business Talks Forum @ Shanghai 2011" (Held on 6 and 7 September 2011)

The Bank, jointly with a number of Japanese regional banks and municipal governments, held a inverse trade fair, designed to support Japanese companies operating in China in their creation of excellent products and services. (The Talks Forum originated in 1998, under the co-sponsors of the Bank, the Bank of Nagoya and Hyakugo Bank)



▶ Overseas Business Support Forum – Activities of Foreign Students

The Bank invited companies that support foreign students in Japan to a forum, with the aim of facilitating interactions between these companies and foreign students. We provided an opportunity for the companies seeking overseas expansion, including market development with the help of foreign students and foreign employees, to understand and study actual employment cases and recruitment know-how.

▶ Hosting Vietnam Business-related Programs - Investment Climate Seminar and Study Tour

With regard to the Vietnam business, the Bank held a seminar concerning the latest investment climate and trends of Japanese companies in the country, coupled with hosting an economics study tour to the country for businesspersons in charge of overseas operations. By planning this combination of a seminar and economics study tour, the Bank successfully created practical programs to better meet the needs of its customers.

Handling Eco-Friendly Financial Products

The Bank promotes financial assistance for environmentally-conscious companies. As part of its commitment, the Bank deals with the Juroku Eco-Rating Loan Scheme (commenced in December 2010) and Juroku Eco Private Placement Bonds (from March 2011). In addition to the above eco-friendly products, the Bank extends the loan, Every Support 21, with the aim of supporting customers to address environmental issues.

Assistance for Post-Great East Japan Earthquake Reconstruction

▶ Project to assist post-Great East Japan Earthquake reconstruction activities

The Juroku Bank and The Gifu Bank fervently wish for the earliest possible relief and reconstruction in the area devastated by the Earthquake. With the hope of providing the stricken area and people with "what we can do to help now" in collaboration with local communities, in the summer of 2011, we decided to embark on the "Project to assist the post-Great East Japan Earthquake reconstruction activities." Under the project, the Bank and The Gifu Bank asked their customers to sign an "aid card" and the both banks donate ¥50 for each one to the Japan Red Cross Society, and subsequent donations totaled ¥1,020,700. Additionally, a portion of the heartwarming messages from customers caring about the people affected by the disaster was delivered via two local banks, the Bank of Iwate and Toho Bank.

▶ Activities of Juroku Regional Development Foundation

In FY2011, the scholarship system supported 67 students through a total of ¥25.6 million in scholarships. Also, the Foundation assisted friendship gatherings held in a number of locations for children from the stricken area and children of Gifu prefecture.

Board of Directors and Corporate Auditors

The Juroku Bank, Ltd. (as of June 30, 2012)

President
Hakumi Horie

Senior Managing Director
Yukio Murase

Managing Directors
Yoji Matsuura
Toshiro Hori

Directors
Yutaka Sugiyama
Naoki Ikeda
Fumihiko Miura
Hiroyuki Ota
Kunisaku Muto
Kenji Mori

Standing Corporate Auditors
Yasuaki Kono
Takashi Okada

Corporate Auditors
Toshihiro Nakaya
Masahiro Hori

Hakumi Horie
President

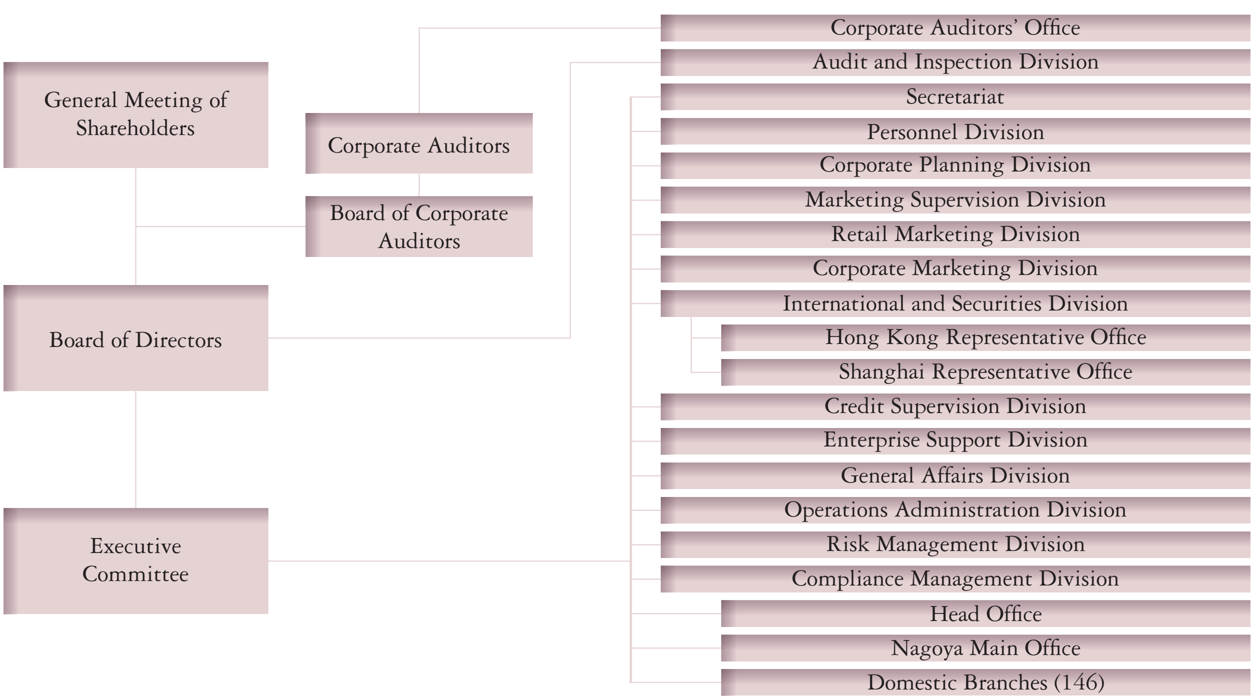
Yukio Murase
Senior Managing Director

Yoji Matsuura
Managing Director

Toshiro Hori
Managing Director

Organization Chart

The Juroku Bank, Ltd. (as of June 30, 2012)



Business Environment

During the fiscal year under review, the Japanese economy stagnated in the first half, as the disturbance in component supply chains and electricity supply, coupled with concerns about radioactive contamination in the aftermath of the Great East Japan Earthquake placed substantial downward pressure on production activities. In the latter half of the year, however, production activities were on track for a revival, despite negative factors including the European debt crisis, sharp appreciation of the yen and severe flooding in Thailand.

Likewise, in Gifu and Aichi prefectures, the Bank's business bases, overall business conditions returned to a recovery path during the second half of the year, although the level of automobile production, the area's primary industry, plummeted.

Performance

On December 22, 2010, the Bank made The Gifu Bank, Ltd. its wholly owned subsidiary through a share exchange, including The Gifu Bank and its three subsidiaries in the Bank's scope of consolidation. Under these conditions, the Bank's consolidated results for the fiscal year under review were as follows:

Ordinary income from banking operations increased by ¥13,925 million to ¥103,121 million (US$1,255 million), mainly due to an increase in gains on sales of securities and the contribution from the Gifu Bank's ordinary income. Ordinary expenses increased by ¥8,529 million to ¥82,820 million (US$1,008 million), reflecting the impact of the inclusion of The Gifu Bank in the Bank's consolidation, part of which was offset by a decrease in credit costs. Ordinary profit rose by ¥5,396 million to ¥20,301 million (US$247 million).

In the leasing business, ordinary income decreased by ¥157 million to ¥21,542 million (US$262 million), while ordinary expenses decreased by ¥691 million to ¥19,798 million (US$241 million) and ordinary profit increased by ¥534 million to ¥1,744 million (US$21 million).

In other businesses, including the credit card business and credit guarantee business, ordinary income decreased by ¥151 million to ¥5,219 million (US$63 million), while ordinary expenses decreased by ¥433 million to ¥3,613 million (US$44 million) and ordinary profit increased by ¥282 million to ¥1,606 million (US$20 million).

As a result, ordinary income on a consolidated basis increased by ¥13,628 million to ¥128,254 million (US$1,560 million) and ordinary expenses increased by ¥7,445 million to ¥104,634 million (US$1,273 million), while ordinary profit increased by ¥6,183 million to ¥23,620 million (US$287 million), and net income increased by ¥2,648 million to ¥11,941 million (US$145 million).

Financial Position

In relation to balance of deposits, the Bank strived 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 whole life insurance as a positive response to diversified asset management needs. As a result, our balance of deposits as of March 31, 2012 increased by ¥131.4 billion to ¥4,881.0 billion (US$59,387 million).

In lending activities, the Bank responded actively 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, both loans to individual customers and corporate loans increased. Consequently, our balance of loans as of March 31, 2012 increased by ¥157.9 billion to ¥3,722.1 billion (US$45,287 million).

With regard to securities, 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 as of March 31, 2012 increased by ¥158.2 billion to ¥1,458.8 billion (US$17,749 million).

Year-end unrealized gain on available-for-sale securities came to ¥25,378 million (US$309 million), an increase of ¥11,934 million from the previous term.

Net cash provided by operating activities amounted to ¥106,235 million (US$1,293 million), a decrease of ¥53,658 million from the previous term, as a result of an increase in loans. Net cash used in investing activities amounted to ¥142,721 million (US$1,736 million), an increase of ¥37,294 million from the previous term, as a result of a decrease in income from the acquisition of shares in a subsidiary accompanied by the change of the scope of consolidation, which was recorded in the previous term. Net cash used in financing activities amounted to ¥21,725 million (US$264 million), an increase of ¥18,655 million from the previous term, as a result of an increase in payments for the redemption of subordinated bonds. As a result, the closing balance of cash and cash equivalents decreased by ¥58,214 million during the term under review, to ¥125,735 million (US$1,530 million).

Consolidated Balance Sheet

The Juroku Bank, Ltd. and Consolidated Subsidiaries *March 31, 2012*

	Millions of Yen		Thousands of U.S.Dollars (Note 1)
ASSETS:	2012	2011	2012
Cash and due from banks (Notes 4, 12 and 23)	¥ 129,096	¥ 187,949	$ 1,570,702
Call loans and bills bought (Note 23)	—	56,663	—
Trading securities (Notes 5 and 23)	1,718	1,973	20,903
Money held in trust (Notes 6 and 23)	10,620	10,620	129,213
Securities (Notes 5, 12 and 23)	1,458,761	1,300,543	17,748,643
Loans and bills discounted (Notes 7, 12 and 23)	3,722,144	3,564,245	45,287,066
Foreign exchanges (Notes 7 and 8)	4,814	7,180	58,572
Lease receivables and investments in leases (Notes 12 and 22)	40,839	41,304	496,885
Other assets (Notes 9 and 12)	51,618	62,508	628,033
Premises and equipment (Note 10)	67,569	69,056	822,107
Goodwill (Note 3)	4,587	4,832	55,810
Intangible assets	6,788	6,566	82,589
Deferred tax assets (Note 21)	4,982	15,626	60,616
Customers' liabilities for acceptances and guarantees (Note 11)	27,437	32,419	333,824
Reserve for possible loan losses (Note 23)	(42,935)	(51,572)	(522,387)
Total Assets	¥5,488,038	¥5,309,912	$66,772,576
LIABILITIES AND EQUITY:			
Liabilities:			
Deposits (Notes 12, 13 and 23)	¥4,881,023	¥4,749,587	$59,387,067
Negotiable certificates of deposit (Note 23)	8,400	6,347	102,202
Call money and bills sold (Note 12)	50,000	—	608,347
Payables under securities lending transactions (Notes 12 and 23)	63,926	70,890	777,783
Borrowed money (Notes 12, 14 and 23)	82,988	71,718	1,009,709
Foreign exchanges (Note 8)	842	486	10,245
Bonds (Note 15)	15,000	30,000	182,504
Other liabilities (Notes 16 and 18)	53,462	68,772	650,468
Liability for retirement benefits (Note 17)	12,137	10,062	147,670
Deferred tax liabilities (Note 21)	1,228	9	14,941
Deferred tax liabilities for land revaluation surplus (Note 2.h)	8,752	10,043	106,485
Acceptances and guarantees (Note 11)	27,437	32,419	333,824
Total Liabilities	5,205,195	5,050,333	63,331,245
Commitments and Contingent Liabilities (Notes 22, 24 and 25)			
Equity (Notes 19 and 28):			
Common stock: authorized, 460,000,000 shares; issued, 379,241,348 shares in 2012 and 2011	36,839	36,839	448,218
Capital surplus	27,817	27,824	338,448
Retained earnings	128,186	118,816	1,559,630
Treasury stock - at cost: 5,490,087 shares in 2012 and 5,465,476 shares in 2011	(1,509)	(1,529)	(18,360)
Accumulated other comprehensive income			
Unrealized gain on available-for-sale securities	25,378	13,444	308,772
Land revaluation surplus (Note 2.h)	13,732	12,550	167,076
Total	230,443	207,944	2,803,784
Minority interests	52,400	51,635	637,547
Total Equity	282,843	259,579	3,441,331
Total Liabilities and Equity	¥5,488,038	¥5,309,912	$66,772,576

See notes to consolidated financial statements.

Consolidated Statement of Income

The Juroku Bank, Ltd. and Consolidated Subsidiaries *Year Ended March 31, 2012*

	Millions of Yen		Thousands of U.S.Dollars (Note 1)
Income:	2012	2011	2012
Interest on:			
Loans and discounts	¥ 59,217	¥ 55,860	$ 720,489
Securities	16,001	13,553	194,683
Other	274	185	3,334
Fees and commissions	15,566	15,266	189,390
Other operating income (Note 5)	25,410	25,147	309,162
Gain on sale of securities	8,706	1,813	105,925
Gain on negative goodwill (Note 3)	1,061	0	12,909
Other income	3,084	2,857	37,523
Total Income	129,319	114,681	1,573,415
Expenses:			
Interest on:			
Deposits	6,124	6,492	74,510
Borrowings and re-discounts	1,429	1,409	17,387
Other	141	160	1,716
Fees and commissions	5,848	5,069	71,152
Other operating expenses (Note 5)	21,124	20,962	257,014
General and administrative expenses	64,369	56,519	783,173
Provision for possible loan losses	—	1,982	—
Impairment loss on long-lived assets	309	617	3,760
Loss on abolishment of retirement benefit plan and the others (Note 17)	957	0	11,644
Other expenses (Note 20)	5,646	4,935	68,694
Total Expenses	105,947	98,145	1,289,050
Income before Income Taxes and Minority Interests	23,372	16,536	284,365
Income Taxes (Note 21):			
Current	2,150	904	26,159
Deferred	7,354	4,908	89,476
Total Income Taxes	9,504	5,812	115,635
Net Income before Minority Interests	13,868	10,724	168,730
Minority Interests in Net Income	1,927	1,431	23,445
Net Income	¥ 11,941	¥ 9,293	$ 145,285

	Yen		U.S.Dollars
Per Share of Common Stock (Notes 2.r and 27):	2012	2011	2012
Basic net income	¥31.94	¥25.36	$0.39
Diluted net income	25.88	25.17	0.31
Cash dividends applicable to the year	7.00	7.00	0.09

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

The Juroku Bank, Ltd. and Consolidated Subsidiaries *Year Ended March 31, 2012*

	Millions of Yen		Thousands of U.S.Dollars (Note 1)
	2012	2011	2012
Net income before minority interests	¥ 13,868	¥ 10,724	$168,730
Other comprehensive income (Note 26):			
Unrealized gain (loss) on available-for-sale securities	11,980	(7,800)	145,761
Land revaluation surplus	1,247	—	15,172
Total other comprehensive income	13,227	(7,800)	160,933
Comprehensive income	¥ 27,095	¥ 2,924	$329,663
Total comprehensive income attributable to:			
Owners of the parent	¥ 25,122	¥ 1,503	$305,658
Minority interests	1,973	1,421	24,005

See notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

The Juroku Bank, Ltd. and Consolidated Subsidiaries *Year Ended March 31, 2012*

	Thousands	Millions of Yen								
						Accumulated other comprehensive income				
	Outstanding Number of Shares of Common Stock	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Unrealized Gain (Loss) on Available-for-sale Securities	Land Revaluation Surplus	Total	Minority Interests	Total Equity
Balance at April 1, 2010	364,017	¥36,839	¥25,358	¥112,138	¥(1,381)	¥21,234	¥12,483	¥206,671	¥20,002	¥226,673
Net income	—	—	—	9,293	—	—	—	9,293	—	9,293
Cash dividends, ¥7.00 per share	—	—	—	(2,548)	—	—	—	(2,548)	—	(2,548)
Transfer of land revaluation surplus	—	—	—	(67)	—	—	—	(67)	—	(67)
Purchase of treasury stock	(56)	—	—	—	(16)	—	—	(16)	—	(16)
Disposal of treasury stock	22	—	(6)	—	12	—	—	6	—	6
Changes in equity due to share exchange	14,886	—	2,472	—	1,181	—	—	3,653	217	3,870
Stock of the parent company owned by newly consolidated subsidiaries	(5,093)	—	—	—	(1,325)	—	—	(1,325)	—	(1,325)
Net change in the year	—	—	—	—	—	(7,790)	67	(7,723)	31,416	23,693
Balance at March 31, 2011	373,776	36,839	27,824	118,816	(1,529)	13,444	12,550	207,944	51,635	259,579
Net income	—	—	—	11,941	—	—	—	11,941	—	11,941
Cash dividends, ¥7.00 per share	—	—	—	(2,616)	—	—	—	(2,616)	—	(2,616)
Transfer of land revaluation surplus	—	—	—	65	—	—	—	65	—	65
Purchase of treasury stock	(135)	—	—	—	(34)	—	—	(34)	—	(34)
Disposal of treasury stock	110	—	(7)	(20)	54	—	—	27	—	27
Changes in equity due to share exchange	—	—	—	—	—	—	—	—	—	—
Net change in the year	—	—	—	—	—	11,934	1,182	13,116	765	13,881
Balance at March 31, 2012	373,751	¥36,839	¥27,817	¥128,186	¥(1,509)	¥25,378	¥13,732	¥230,443	¥52,400	¥282,843

	Thousands of U.S. Dollars (Note 1)								
					Accumulated other comprehensive income				
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Unrealized Gain on Available-for-sale Securities	Land Revaluation Surplus	Total	Minority Interests	Total Equity
Balance at March 31, 2011	$448,218	$338,533	$1,445,626	$(18,603)	$163,572	$152,695	$2,530,041	$628,239	$3,158,280
Net income	—	—	145,285	—	—	—	145,285	—	145,285
Cash dividends, $0.09 per share	—	—	(31,829)	—	—	—	(31,829)	—	(31,829)
Transfer of land revaluation surplus	—	—	791	—	—	—	791	—	791
Purchase of treasury stock	—	—	—	(414)	—	—	(414)	—	(414)
Disposal of treasury stock	—	(85)	(243)	657	—	—	329	—	329
Changes in equity due to share exchange	—	—	—	—	—	—	—	—	—
Net change in the year	—	—	—	—	145,200	14,381	159,581	9,308	168,889
Balance at March 31, 2012	$448,218	$338,448	$1,559,630	$(18,360)	$308,772	$167,076	$2,803,784	$637,547	$3,441,331

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

The Juroku Bank, Ltd. and Consolidated Subsidiaries *Year Ended March 31, 2012*

	Millions of Yen		Thousands of U.S.Dollars (Note 1)
Operating Activities:	2012	2011	2012
Income before income taxes and minority interests	¥ 23,372	¥ 16,536	$ 284,365
Adjustments for:			
Income taxes - paid	(1,242)	(1,079)	(15,111)
Income taxes - refund	260	273	3,163
Depreciation	5,832	5,590	70,958
Impairment loss on long-lived assets	309	617	3,760
Interest income recognized on statements of income	(75,492)	(69,598)	(918,506)
Interest expense recognized on statements of income	7,694	8,061	93,613
Net (gain) loss on securities	(5,270)	1,160	(64,120)
Unrealized loss on derivatives	71	124	864
Net decrease in reserve for possible loan losses	(8,637)	(3,932)	(105,086)
Net increase in liability for retirement benefits	2,075	1,000	25,246
Net increase in loans	(157,899)	(72,491)	(1,921,146)
Net increase in deposits	131,436	158,178	1,599,173
Net increase (decrease) in negotiable certificates of deposit	2,053	(1,453)	24,979
Net decrease in due from banks (excluding cash equivalents)	638	1,825	7,763
Net decrease in call loans and others	56,663	18,429	689,415
Net increase (decrease) in call money and others	50,000	(6,513)	608,347
Net (decrease) increase in payables under securities lending transactions	(6,965)	20,657	(84,743)
Net decrease in lease receivables and investments in leases	465	2,451	5,658
Interest income - cash basis	76,608	71,376	932,084
Interest expense - cash basis	(13,380)	(6,535)	(162,794)
Other - net	17,644	15,217	214,672
Total adjustments	82,863	143,357	1,008,189
Net cash provided by operating activities	106,235	159,893	1,292,554
Investing Activities:			
Purchases of securities	(371,677)	(393,724)	(4,522,168)
Proceeds from sales of securities	173,850	153,447	2,115,221
Proceeds from maturities of securities	60,141	64,889	731,731
Purchases of premises and equipment	(1,842)	(2,694)	(22,411)
Purchases of intangible assets	(3,384)	(1,316)	(41,173)
Proceeds from sales of premises and equipment	252	57	3,066
Proceeds from sales of intangible assets	—	0	—
Proceeds for acquisition of newly consolidated subsidiaries, net of cash acquired (Note 3)	—	73,948	—
Other	(61)	(34)	(742)
Net cash used in investing activities	(142,721)	(105,427)	(1,736,476)
Financing Activities:			
Proceeds from subordinated loans	—	3,000	—
Repayment of subordinated loans	(4,000)	(500)	(48,668)
Redemption of subordinated bonds	(15,000)	(3,000)	(182,504)
Proceeds from sales of treasury stock	27	6	329
Acquisition of treasury stock	(34)	(16)	(414)
Dividends paid	(2,718)	(2,560)	(33,070)
Net cash used in financing activities	(21,725)	(3,070)	(264,327)
Foreign Currency Translation Adjustments on Cash and Cash Equivalents	(3)	(17)	(37)
Net (Decrease) Increase in Cash and Cash Equivalents	(58,214)	34,843	(708,286)
Cash and Cash Equivalents, Beginning of Year	183,949	132,570	2,238,095
Cash and Cash Equivalents, End of Year (Note 4)	¥ 125,735	¥ 183,949	$1,529,809
Noncash Investing and Financing Activities:			
Increase in assets and liabilities due to consolidation of newly consolidated subsidiaries:			
Assets (primarily cash and due from banks, trading securities and loans and bills discounted)	—	¥ 764,361	—
Liabilities (primarily deposits)	—	(730,156)	—
Minority interests	—	(30,005)	—
Goodwill	—	4,893	—
Acquisition cost	—	9,093	—
Acquisition cost of common stock and preferred stock owned by the Bank	—	(5,064)	—
Common stock allotted by share exchange	—	(3,870)	—
Cash and cash equivalents	—	(74,107)	—
Proceeds for acquisition of newly consolidated subsidiaries, net of cash acquired	—	¥ 73,948	—

See notes to consolidated financial statements.

1. Basis of Presentation of 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 ("Japanese GAAP"), which are different in certain respects as to the 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 2011 consolidated financial statements to conform to the classifications used in 2012.

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 ¥82.19 to $1, the approximate rate of exchange at March 31, 2012. 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, 2012 and 2011 include the accounts of the Bank and its eleven 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., Juroku Capital Co., Ltd., The Gifu Bank, Ltd., The Gifugin Hosho Services Co., Ltd., The Gifugin Card Co., Ltd., and The Gifugin Business Service 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 two unconsolidated subsidiaries are stated at cost as of March 31, 2012 and 2011. 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.

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

b. Business Combination

In October 2003, the Business Accounting Council issued a Statement of Opinion, "Accounting for Business Combinations", and in December 2005, the ASBJ issued ASBJ Statement No.7, "Accounting Standard for Business Divestitures" and ASBJ Guidance No.10, "Guidance for Accounting Standard for Business Combinations and Business Divestitures." The accounting standard for business combinations allows companies to apply the pooling of interests method of accounting only when certain specific criteria are met such that the business combination is essentially regarded as a uniting-of-interests. For business combinations that do not meet the uniting-of-interests criteria, the business combination is considered to be an acquisition and the purchase method of accounting is required. This standard also prescribes the accounting for combinations of entities under common control and for joint ventures.

In December 2008, the ASBJ issued a revised accounting standard for business combinations, ASBJ Statement No.21, "Accounting Standard for Business Combinations." Major accounting changes under the revised accounting standard are as follows: (1) The revised standard requires accounting for business combinations only by the purchase method. As a result, the pooling of interests method of accounting is no longer allowed. (2) The previous accounting standard required research and development costs to be charged to income as incurred. Under the revised standard, in-process research and development (IPR&D) acquired in the business combination is capitalized as an intangible asset. (3) The previous accounting standard provided for a bargain purchase gain (negative goodwill) to be systematically amortized over a period not exceeding 20 years. Under the revised standard, the acquirer recognizes the bargain purchase gain in profit or loss immediately on the acquisition date after reassessing and confirming that all of the assets acquired and all of the liabilities assumed have been identified after a review of the procedures used in the purchase allocation. The revised standard was applicable to business combinations undertaken on or after April 1, 2010.

c. Cash and cash equivalents

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

d. 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.

e. 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 determined by the moving-average method.

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.

f. 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.

Depreciation of leased assets under finance leases is computed by the straight-line method over the lease period.

Under certain conditions, such as exchanges of premises and equipment for 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. The deferred gain on premises and equipment by reducing the cost of the assets acquired, which is taxable for tax purposes in the future, was ¥3,073 million ($37,389 thousand) and ¥3,073 million as of March 31, 2012 and 2011, respectively.

g. Long-lived assets

The Group reviews its long-lived assets for impairment whenever events or changes in circumstances 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.

h. 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 was no effect on the consolidated statement of income. 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 ¥21,225 million ($258,243 thousand) as of March 31, 2012.

i. 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.

j. Reserve for possible loan losses

The Bank and the Gifu Bank, Ltd. ("Gifu Bank") implemented a self-assessment system for their 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 and Gifu Bank have 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 the 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 excepting Gifu Bank is provided based on historical loan loss experience and estimated collectability of specific claims.

k. 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 lump-sum severance payment plans for directors and corporate auditors.

The liability for retirement benefits is provided based on projected benefit obligations and plan assets at the end of the fiscal year. Any actuarial differences are amortized by the straight-line method mainly over ten years within the average of employees' remaining service period, starting in the fiscal year following the occurrence of such differences.

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.

l. 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 was effective for fiscal years beginning on or after April 1, 2008.

(As lessee)

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

The Group applied the revised accounting standard effective April 1, 2008. In addition, the Bank continues to account for leases which existed at the transition date and do not transfer ownership of the leased property to the lessee as operating lease transactions.

(As lessor)

Under the previous accounting standard, finance leases that were deemed 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 was disclosed in the notes to the lessor's financial statements. The revised accounting standard requires that all finance leases that are deemed to transfer ownership of the leased property to the lessee to be recognized as lease receivables and all finance leases that are not deemed to transfer ownership of the leased property to the lessee to be recognized as investments in leases. The Group applied the revised accounting standard effective April 1, 2008. For the finance lease contracts which existed on adoption and did not transfer ownership of the leased property to the lessee, the appropriate carrying amount of the leased assets (after deducting accumulated depreciation) at adoption is used as the beginning value of the investments in leases. Interest revenues of these finance lease contracts existed at the adoption are calculated by the straight-line method over the remaining lease period as accepted by ASBJ Guidance No. 16, "Guidance on Accounting Standard for Lease Transactions,". As a result of this treatment, income before income taxes and minority interests is ¥432 million ($5,256 thousand) larger than the same calculated using the new standards for the contracts existed at the adoption.

All other leases are accounted for as operating leases.

m. Bonuses to directors and corporate auditors

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

n. Income taxes

The provision for current income taxes is computed based on the pretax income included in the consolidated statement 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.

o. 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.

p. Derivatives and hedging activities

The Bank uses a variety of derivative financial instruments.

Derivative financial instruments and foreign currency transactions are classified and accounted for as follows: (1) all derivatives are recognized as either assets or liabilities and measured at fair value, and gains or losses on the derivative transactions are recognized in the income statement and (2) for derivatives used for hedging purposes, if the derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on the derivatives are deferred until maturity of the hedged transactions.

The interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value but the differential paid or received under the swap agreements is recognized and included in interest expense or income. All other derivatives are recognized as either assets or liabilities and measured at fair value and gains or losses on derivative transactions are recognized in the consolidated statement of income.

q. 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, 2012 and 2011 were 373,767,740 shares and 366,440,516 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.

Cash dividends per share presented in the accompanying consolidated statement of income are dividends applicable to the respective years including dividends declared but not paid by the end of the year.

r. Accounting Changes and Error Corrections

On December 4, 2009, ASBJ issued ASBJ Statement No. 24 "Accounting Standard for Accounting Changes and Error Corrections" and ASBJ Guidance No. 24 "Guidance on Accounting Standard for Accounting Changes and Error Corrections" for accounting changes and corrections of prior period errors which are made from the beginning of fiscal years that begin on or after April 1, 2011. Effective April 1, 2011, the Bank has adopted the standards.

3. Business Combination

For the year ended March 31, 2012

On April 26 and 28, 2011, the Bank acquired additional shares of Juroku Capital Co., Ltd., which is a consolidated subsidiary, owned by minority shareholders in exchange for cash in the amount of ¥39 million ($475 thousand) to strengthen the governance through the change of capital structure of the company.

The Bank accounted for this transaction as a transaction with minority shareholders pursuant to ASBJ Statement No. 21, "Accounting Standard for Business Combinations" and ASBJ Guidance No. 10, "Guidance on Accounting Standard for Business Combinations and Business Divestitures" issued on December 26, 2008.

The Bank recognized a gain from negative goodwill of ¥1,061 million ($12,909 thousand) arising from the transaction, since the acquisition cost of the subsidiary's shares from minority shareholders was lower than the decreased amount of minority interests.

For the year ended March 31, 2011

On December 22, 2010, the Bank acquired 98.38% shares of Gifu Bank by share exchange and Gifu Bank became a wholly owned subsidiary of the Bank. Under the terms of the share exchange, as of the date of the share exchange, the Bank allotted 14,885,889 shares of common stock to the shareholders of Gifu Bank. Gifu Bank has been a banking company and this acquisition was conducted in accordance with the Business Integration Agreement dated September 28, 2010 between the Bank, The Bank of Tokyo-Mitsubishi UFJ, Ltd. ("MUFJ") and Gifu Bank. According to this agreement, the Bank is conducting this business combination, MUFJ is helping Gifu Bank re-capitalize and the Bank and MUFJ will work together and support management of Gifu Bank. The purpose of this agreement is to increase business efficiency and secure sustainable growth of the business valuation of Gifu Bank, contribute to the stabilization of the regional finance system and stimulate the regional economy. The Bank will merge with Gifu Bank by around September 2012.

The results of operations for Gifu Bank are included in the Bank's consolidated financial statements from January 1, 2011, since date of acquisition is regarded as December 31, 2010 in accounting for this transaction.

The Bank accounted for this business combination by the purchase method of accounting. The acquisition cost determined by the Bank and Gifu Bank based on a third parties' valuation was ¥ 8,934 million. The total cost of acquisition has been allocated to the assets acquired and the liabilities assumed based on their respective fair values. Goodwill recorded in connection with the acquisition totaled ¥ 4,893 million and is recognized as expense by the straight-line method for 20 years.

The estimated fair values of the assets acquired and the liabilities assumed at the acquisition date are as follows:

	Millions of Yen
Cash and due from banks	¥ 78,910
Securities	182,119
Loans and bills discounted	484,549
Other assets	18,783
Total assets	¥764,361
Deposits	¥702,327
Other liabilities	27,829
Total liabilities	¥730,156

If this business combination had been completed as of April 1, 2010, the beginning of the current fiscal year, the unaudited condensed pro forma consolidated statement of income for the year ended March 31, 2011 would be as follows:

	Millions of Yen
Total income	¥126,120
Net loss	(3,380)

4. Cash and Due from Banks

Cash and due from banks as of March 31, 2012 and 2011 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Cash	¥ 64,795	¥ 65,543	$ 788,356
Due from banks	64,301	122,406	782,346
Total	¥129,096	¥187,949	$1,570,702

A reconciliation between the cash and due from banks on the consolidated balance sheet and the cash and cash equivalents on the consolidated statement of cash flows for the years ended March 31, 2012 and 2011 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Cash and due from banks	¥129,096	¥187,949	$1,570,702
Due from banks other than the Bank of Japan	(3,361)	(4,000)	(40,893)
Cash and cash equivalents	¥125,735	¥183,949	$1,529,809

5. Trading Securities and Securities

Trading securities as of March 31, 2012 and 2011 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
National government bonds	¥1,712	¥1,968	$20,830
Local government bonds	6	5	73
	¥1,718	¥1,973	$20,903

Valuation gains, which were included in other operating income for the years ended March 31, 2012 and 2011, were ¥5 million ($61 thousand) and ¥7 million, respectively.

Valuation losses, which were included in other operating expenses for the years ended March 31, 2012 and 2011, were ¥5 million ($61 thousand) and ¥5 million, respectively.

Securities as of March 31, 2012 and 2011 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Equity securities	¥ 95,874	¥ 103,114	$ 1,166,492
National government bonds	627,612	557,868	7,636,111
Local government bonds	307,599	225,904	3,742,536
Corporate bonds	306,116	271,445	3,724,492
Other securities	121,560	142,212	1,479,012
Total	¥1,458,761	¥1,300,543	$17,748,643

Information regarding available-for-sale and held-to-maturity securities as of March 31, 2012 and 2011 was as follows:

	Millions of Yen			
2012	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	¥ 67,813	¥24,141	¥4,570	¥ 87,384
Debt securities	1,175,074	20,250	413	1,194,911
Other	117,501	2,425	3,561	116,365
Held-to-maturity:				
Debt securities	46,416	368	227	46,557

	Millions of Yen			
2011	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	¥ 77,105	¥23,692	¥6,496	¥ 94,301
Debt securities	995,400	11,626	1,676	1,005,350
Other	141,659	1,205	6,302	136,562
Held-to-maturity:				
Debt securities	49,868	392	330	49,930

	Thousands of U.S. Dollars			
2012	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	$ 825,076	$293,722	$55,603	$ 1,063,195
Debt securities	14,297,044	246,380	5,025	14,538,399
Other	1,429,626	29,505	43,326	1,415,805
Held-to-maturity:				
Debt securities	564,740	4,477	2,762	566,455

Proceeds from sales of available-for-sale securities for the year ended March 31, 2012 consisted of the following:

	Millions of Yen		
March 31, 2012	Proceeds	Realized Gains	Realized Losses
Equity securities	¥ 15,458	¥ 8,027	¥2,583
Debt securities			
National government bonds	85,749	1,498	26
Local government bonds	1,226	27	—
Corporate bonds	15,598	239	223
Other	44,445	2,035	1,825
Total	¥162,476	¥11,826	¥4,657

	Millions of Yen		
March 31, 2011	Proceeds	Realized Gains	Realized Losses
Equity securities	¥ 10,395	¥1,743	¥1,589
Debt securities			
National government bonds	87,840	1,694	19
Local government bonds	16,008	134	—
Corporate bonds	2,442	43	—
Other	37,144	630	692
Total	¥153,829	¥4,244	¥2,300

	Thousands of U.S. Dollars		
March 31, 2012	Proceeds	Realized Gains	Realized Losses
Equity securities	$ 188,076	$ 97,664	$31,427
Debt securities			
National government bonds	1,043,302	18,226	316
Local government bonds	14,917	329	—
Corporate bonds	189,780	2,908	2,713
Other	540,759	24,759	22,205
Total	$1,976,834	$143,886	$56,661

In addition, held-to-maturity securities amounting to ¥500 million ($6,083 thousand) were reclassified as available-for-sale securities due to a decline of the issuer's credit worthiness as of March 31, 2012.

The impairment losses on available-for-sale equity securities for the years ended March 31, 2012 and 2011 were ¥32 million ($389 thousand) (consisting of corporate bonds) and ¥ 2,406 million (consisting of equity securities, corporate bonds and other), respectively.

Unrealized gain on available-for-sale securities as of March 31, 2012 and 2011 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Unrealized gain before deferred tax on:			
Available-for-sale securities	¥38,992	¥22,546	$474,413
Deferred tax liabilities	(13,419)	(8,952)	(163,268)
Unrealized gain on available-for-sale securities before interest adjustments	25,573	13,594	311,145
Minority interest	(195)	(150)	(2,373)
Unrealized gain on available-for-sale securities	¥25,378	¥13,444	$308,772

Unrealized gain on available-for-sale securities includes ¥ 719 million ($8,748 thousand) and ¥497 thousand of revaluation gain on available-for-sale securities as of March 31, 2012 and 2011, which are held by investment limited partnership and similar groups.

6. Money Held in Trust

Information regarding money held in trust for trading purposes as of March 31, 2012 and 2011 was as follows:

	Carrying Amount		
	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Money held in trust classified as trading purpose	¥ 6,000	¥ 6,000	$ 73,002
Money held in trust-other	4,620	4,620	56,211
Total	¥10,620	¥10,620	$129,213

7. Loans and Bills Discounted

Loans and bills discounted as of March 31, 2012 and 2011 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Bills discounted	¥ 39,008	¥ 34,185	$ 474,608
Loans on bills	199,742	208,998	2,430,247
Loans on deeds	486,239	452,945	5,916,036
Overdrafts	5,110	5,864	62,173
Others	2,992,045	2,862,253	36,404,002
Total	¥3,722,144	¥3,564,245	$45,287,066

"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 the ultimate collectability of either the principal or interest and if the loans are past due for a certain period of time or for other reasons.

"Loans to borrowers in bankruptcy" represent nonaccrual loans to debtors who are legally bankrupt, which is 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, 2012 and 2011 were ¥ 6,283 million ($76,445 thousand) and ¥10,237 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 difficulty. Past due loans as of March 31, 2012 and 2011 were ¥113,545 million ($1,381,494 thousand) and ¥114,820 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, 2012 and 2011 were ¥255 million ($3,103 thousand) and ¥604 million, respectively.

"Restructured loans" are defined as loans in which the Group is providing financial support to a borrower by a reduction of interest rates, deferral of interest payments, extension of maturity dates, 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, 2012 and 2011 were ¥17,540 million ($213,408 thousand) and ¥13,573 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, 2012 and 2011 were ¥137,623 million ($1,674,450 thousand) and ¥139,234 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 Japanese Institute of Certified Public Accountants. The Bank has rights to sell or pledge accepted commercial bills discounted and foreign bills of exchange bought without restrictions. The total fair value of commercial bills discounted and foreign bills of exchange bought included in foreign exchanges as of March 31, 2012 and 2011 were ¥39,956 million ($486,142 thousand) and ¥35,841 million, respectively.

8. Foreign Exchanges

Foreign exchanges as of March 31, 2012 and 2011 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Assets:			
Due from foreign correspondent account	¥2,356	¥4,391	$28,665
Foreign bills of exchange bought	945	1,554	11,498
Foreign bills of exchange receivable	1,513	1,235	18,409
Total	¥4,814	¥7,180	$58,572
Liabilities:			
Due to foreign correspondent account	¥ 639	¥ 421	$ 7,775
Foreign bills of exchange payable	203	65	2,470
Total	¥ 842	¥ 486	$10,245

9. Other Assets

Other assets as of March 31, 2012 and 2011 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Accrued income	¥ 7,541	¥ 7,833	$ 91,751
Accounts receivable	8,605	11,537	104,696
Installment receivables	8,215	6,838	99,951
Derivative assets	13,835	21,941	168,329
Other	13,422	14,359	163,306
Total	¥51,618	¥62,508	$628,033

10. Premises and Equipment

Premises and equipment as of March 31, 2012 and 2011 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Land	¥48,299	¥48,517	$587,651
Building	13,400	14,134	163,037
Construction in progress	249	478	3,030
Other	5,621	5,927	68,389
Total	¥67,569	¥69,056	$822,107

The accumulated depreciation of premises and equipment as of March 31, 2012 and 2011 amounted to ¥70,108 million ($852,999 thousand) and ¥71,039 million, respectively.

11. 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 ¥47,195 million ($574,218 thousand) and ¥50,382 million arising from guarantees of private placement securities as of March 31, 2012 and 2011, respectively.

12. Assets Pledged

Assets pledged as collateral and their relevant liabilities as of March 31, 2012 and 2011 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Assets pledged as collateral:			
Securities	¥240,952	¥192,237	$2,931,646
Loans and bills discounted	—	4,500	—
Lease receivables and investments in leases	3,129	5,484	38,070
Other assets	48	30	585
Total	¥244,129	¥202,251	$2,970,301
Relevant liabilities to above assets:			
Deposits	¥117,085	¥106,873	$1,424,565
Call money and bills sold	50,000	—	608,347
Payables under securities lending transactions	63,926	70,890	777,783
Borrowed money	30,362	20,893	369,412
Total	¥261,373	¥198,656	$3,180,107

In addition, the following assets were pledged or deposited with respect to foreign exchange settlements and derivatives as of March 31, 2012 and 2011:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Cash and due from banks	—	¥ 3,000	—
Securities	¥109,328	101,247	$1,330,186
Other assets	11	11	134
Total	¥109,339	¥104,258	$1,330,320

Deposits included in other assets as of March 31, 2012 and 2011 were ¥2,581 million ($31,403 thousand) and ¥2,347 million, respectively.

13. Deposits

Deposits as of March 31, 2012 and 2011 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Current deposits	¥ 308,458	¥ 253,457	$ 3,752,987
Ordinary deposits	1,888,110	1,771,901	22,972,503
Deposits at notice	39,023	33,795	474,790
Savings deposits	103,025	106,735	1,253,498
Time deposits	2,471,047	2,491,424	30,065,057
Other deposits	71,360	92,275	868,232
Total	¥4,881,023	¥4,749,587	$59,387,067

14. Borrowed Money

Borrowed money as of March 31, 2012 and 2011 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Borrowings due serially to April 2021 with weighted average interest rates of 0.97% in 2012 and 1.31% in 2011	¥82,988	¥71,718	$1,009,709

Annual maturities of borrowings as of March 31, 2012 were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2013	¥37,510	$ 456,382
2014	5,375	65,397
2015	4,295	52,257
2016	2,945	35,832
2017	1,565	19,041
2018 and thereafter	31,298	380,800
Total	¥82,988	$1,009,709

Borrowings include subordinated borrowings of the Bank, which amounted to ¥31,000 million ($377,175 thousand) and ¥35,000 million as of March 31, 2012 and 2011.

15. Bonds

Bonds as of March 31, 2012 and 2011 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Unsecured Yen subordinated bonds due March 2017	—	¥15,000	—
Unsecured Yen subordinated bonds due September 2017 (*)	¥15,000	15,000	$182,504
Total	¥15,000	¥30,000	$182,504

(*) 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.

16. Other Liabilities

Other liabilities as of March 31, 2012 and 2011 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Domestic exchange settlement account, credit (*)	¥ 16	¥ 47	$ 195
Income taxes payable	1,573	689	19,139
Accrued expenses	8,053	13,690	97,980
Deferred income	9,912	11,221	120,599
Employees' deposits	2,495	2,431	30,356
Derivative liabilities	13,885	21,732	168,938
Accounts payable	6,233	6,682	75,836
Other	11,295	12,280	137,425
Total	¥53,462	¥68,772	$650,468

(*) 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.

17. 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 payments than in the case of voluntary termination.

The liability for retirement benefits for directors and corporate auditors as of March 31, 2012 and 2011 was ¥430 million ($5,232 thousand) and ¥352 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, 2012 and 2011 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Projected benefit obligation	¥50,394	¥48,494	$613,140
Fair value of plan assets	(32,131)	(31,776)	(390,936)
Unrecognized actuarial loss	(6,556)	(7,008)	(79,766)
Net liability	¥11,707	¥ 9,710	$142,438

The components of net periodic retirement benefit costs for the years ended March 31, 2012 and 2011 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Service cost	¥1,463	¥1,391	$17,800
Interest cost	968	941	11,778
Expected return on plan assets	(797)	(796)	(9,697)
Recognized actuarial loss	1,679	1,852	20,428
Loss on abolishment of retirement benefit plan and the others	957	—	11,644
Net periodic retirement costs	¥4,270	¥3,388	$51,953

The Bank recorded the loss on abolishment of retirement benefit plan for terminating the retirement plan in September 2012 for one of the subsidiaries. The loss consists of ¥617 million ($7,507 thousand) of estimated termination expense and ¥340 million ($4,137 thousand) of estimated premium severance pay.

Assumptions used for the years ended March 31, 2012 and 2011 were set forth as follows:

	2012	2011
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	3.0%	3.0 %
Recognition period of actuarial gain/loss	10 years	10 years

18. Asset Retirement Obligations

The changes in asset retirement obligations, which are included in other liabilities, for the year ended March 31, 2012 and 2011 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Balance at beginning of year	¥281	¥117	$3,419
Additional provisions associated with the acquisition of premises and equipment	—	157	—
Reconciliation associated with passage of time	18	7	219
Decrease due to fulfillment of asset retirement obligations	(15)	—	(183)
Balance at end of year	¥284	¥281	$3,455

19. Equity

Japanese banks are 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, 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 the 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 ($245,224 thousand) and ¥20,155 as of March 31, 2012 and 2011, respectively.

20. Other Expenses

Other expenses for the years ended March 31, 2012 and 2011 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Write-down of stocks and other securities	¥ 143	¥1,134	$ 1,740
Loss on sales of stocks and other securities	3,726	1,998	45,334
Write-down of loans	28	158	341
Loss on sales of loans	735	280	8,943
Loss on dispositions of premises and equipment	47	142	572
Other	967	1,223	11,764
Total	¥5,646	¥4,935	$68,694

21. 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, 2012 and 2011.

The tax effects of significant temporary differences and tax loss carryforwards, which result in deferred tax assets and liabilities as of March 31, 2012 and 2011 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Deferred tax assets:			
Reserve for possible loan losses	¥12,284	¥16,535	$149,459
Tax loss carryforwards	10,516	14,542	127,947
Liability for retirement benefits	6,601	6,586	80,314
Write-down of securities	3,388	6,163	41,222
Depreciation	2,512	2,986	30,563
Other	3,766	4,012	45,821
Less: Valuation allowance	(20,054)	(23,916)	(243,996)
Total	19,013	26,908	231,330
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities	(13,419)	(8,952)	(163,268)
Gain on contribution of available-for-sale securities to employees' retirement benefit trusts	(1,184)	(1,352)	(14,406)
Other	(656)	(987)	(7,981)
Total	(15,259)	(11,291)	(185,655)
Net deferred tax assets	¥ 3,754	¥15,617	$ 45,675

Reconciliations between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statement of operations for the years ended March 31, 2012 and 2011 were as follows:

	2012	2011
Normal effective statutory tax rate	39.76%	39.76%
Expenses not deductible for income tax purposes	0.45	0.69
Income not taxable for income tax purposes	(1.78)	(2.30)
Per capita tax	0.40	0.47
Net change in valuation allowance	(4.97)	(3.21)
Reduction in year-end deferred tax assets (liabilities) due to tax-rate	7.43	—
Other – net	(0.63)	(0.27)
Actual effective tax rate	40.66%	35.14%

On December 2, 2011, new tax reform laws were enacted in Japan, which changed the normal effective statutory tax rate from approximately 39.76% to 37.18% effective for the fiscal years beginning on or after April 1, 2012 through March 31, 2015, and to 34.80% afterwards. The effect of this change was to decrease deferred tax assets in the consolidated balance sheet as of March 31, 2012 by ¥9 million ($110 thousand), to increase deferred tax liabilities by ¥156 million ($1,898 thousand), unrealized gain on available-for-sale securities by ¥1,902 million (¥23,142 thousand) and income taxes—deferred in the consolidated statement of income for the year then ended by ¥1,737 million ($21,134 thousand). In detail, it has decreased deferred tax liabilities for land revaluation surplus by ¥1,247 million (¥15,172 thousand) and increased land revaluation surplus by the same amount.

22. Leases

Finance leases

(Lessee)

A subsidiary leases certain premises.

Total rental expense including lease payments under the finance leases for the years ended March 31, 2012 and 2011 was ¥44 million ($535 thousand) and ¥22 million, respectively.

Pro forma information of leased assets whose lease inception was before March 31, 2008

ASBJ Statement No.13, "Accounting Standard for Lease Transactions", requires that all finance lease transactions be capitalized to recognize lease assets and lease obligations in the balance sheet. However, the ASBJ Statement No. 13 permits leases that do not ownership transfer of the leased assets to the lessee and whose lease inception was before March 31, 2008 to continue to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the notes to the financial statements. The Group applied ASBJ Statement No. 13 effective April 1, 2008 and continued to account for such leases as operating lease transactions. Pro forma information of leased assets whose lease inception was before March 31, 2008 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Acquisition cost	¥229	¥441	$2,786
Accumulated depreciation	(149)	(317)	(1,813)
Net leased assets	¥ 80	¥124	$ 973

Obligations under finance leases as of March 31, 2012 and 2011 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Due within one year	¥32	¥ 44	$389
Due after one year	48	80	584
Total	¥80	¥124	$973

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

Depreciation expense, which was not reflected in the accompanying consolidated statement 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, 2012 and 2011 was ¥44 million ($535 thousand) and ¥22 million, respectively.

(Lessor)
A subsidiary leases certain equipment and other assets.

The net investments in leases as of March 31, 2012 and 2011 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Gross lease receivables	¥42,351	¥44,158	$515,282
Unguaranteed residual values	746	656	9,076
Deferred interest income	(4,663)	(5,465)	(56,734)
Total	¥38,434	¥39,349	$467,624

Maturities of lease receivables for finance leases that were deemed to transfer ownership of the leased assets to the lessee are as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2013	¥ 666	$ 8,103
2014	557	6,777
2015	479	5,828
2016	365	4,441
2017	313	3,808
2018 and thereafter	473	5,755
Total	¥2,853	$34,712

Maturities of investment in leases for finance leases that were deemed not to transfer ownership of the leased assets to the lessee are as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2013	¥12,968	$157,781
2014	10,140	123,373
2015	7,324	89,111
2016	5,052	61,467
2017	3,007	36,586
2018 and thereafter	3,860	46,964
Total	¥42,351	$515,282

Operating leases
(Lessee)
The minimum rental commitments under noncancellable operating leases as of March 31, 2012 and 2011 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Due within one year	¥ 238	¥ 156	$ 2,896
Due after one year	2,980	2,060	36,257
Total	¥3,218	¥2,216	$39,153

(Lessor)
Expected future rental revenues under operating leases as of March 31, 2012 and 2011 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Due within one year	¥159	¥162	$1,935
Due after one year	250	341	3,041
Total	¥409	¥503	$4,976

23. Financial Instruments and Related Disclosures

On March 10, 2008, the ASBJ revised ASBJ Statement No. 10 "Accounting Standard for Financial Instruments" and issued ASBJ Guidance No.19 "Guidance on Accounting Standard for Financial Instruments and Related Disclosures". This accounting standard and the guidance are applicable to financial instruments and related disclosures at the end of the fiscal years ending on or after March 31, 2010.

(1) Group policy for financial instruments

The Group provides banking services and comprehensive financial services including leasing business. The Group meets the needs of local business through providing various products and services in the banking services, lending services, securities investments and other financial services such as derivatives business. The Group has aligned its operation into local personnel and businesses and fund from deposits from customers, which are low cost and stable. The Group also funds by borrowing.

As for loans and bills discounted in the money management system, the Group finances local companies based on their capital demands and individuals mainly for home mortgage. As its main resources are bank deposits from customers, the Group tries to ensure the soundness of the assets through appropriate credit decisions and credit rating by understanding the current credit status and managing the credit portfolio to prevent concentrations in specific customers or industries. In marketable securities, considering the nature that it is an excess fund management relating to lending services and its responsibility as a bank to provide settlement services, the Group focuses on running a fund based on public bonds, which is superior in security and liquidity. To build up a portfolio that is less subject to rising interest rates, the Group invests in risk assets such as securities whose values are expected to be less correlated with bonds.

The Group performs the derivative transactions to fund and invest capitals to meet the various needs of its customers as well as to meet its own needs. In trading transactions, the Group avoids taking excessive risk by restricting the type of transactions and limiting the volume. Also, the Group will not trade a particular investment if its fair value is volatile compared to the same of the underlying assets (i.e. high leverage-effect transaction).

(2) Nature and extent of risks arising from financial instruments

The loans and bills discounted are to general business enterprises, individuals, and local public bodies, and there are a risk (credit risk) that the value of loaned money is reduced by financial deterioration of the borrower and a risk (interest risk) of losses due to changes in interest rates. In marketable securities, the Group holds domestic bonds which are comprised mainly of public bonds such as government bonds and local government bonds, foreign securities, which are comprised of mainly US Treasury, stocks, investment trusts, and investment partnerships and so forth for investment purposes. Also, the Group holds certain domestic bonds for held-to-maturity purposes. These items have interest risk, risk of changes in price, credit risk, and market liquidity risk. Market liquidity risk represents the risk that market trades cannot be performed due to market turmoil and that the Group may suffer losses due to significantly unfavorable financing conditions. Deposits and borrowed money hold interest risk and cash flow risk (liquidity risk). Cash flow risk means the risk that securing necessary financing becomes difficult or significant unfavorable financing conditions result in recording of loss due to a mismatch of periods between operations and financing and unexpected outflows of money. Derivative transactions related to interest are comprised of interest-rate swap agreements, cap agreements, floor agreements, and interest option contracts. Derivative transactions related to currency are comprised of exchange contracts, non-deliverable forwards (NDF), currency swap agreements, and currency option contracts. Derivative transactions related to securities are comprised of bond futures, options on bond futures, OTC bond options, stock future transactions and individual security options. The Group utilizes derivative transactions to meet customer needs and to control risk so that interest risk, risk of changes in prices, and foreign currency exchange risk are not excessive. In trading transactions, the Group performs derivative transactions to earn a profit and to accumulate know-how of the transactions and understand market trends. The derivative transactions the Group utilizes have interest risk, currency exchange risk and the risk of change in prices. In derivative transactions, the Group performs effective covering transactions to meet customers' needs and in trading transactions, the Group preliminarily establishes a risk limit to avoid exposing the Group to too much market risk. Transactions in the market such as options have limited credit risk and OTC transactions like interest swaps are assumed to have low risk since the counterparties are comprised of highly credible financial institutions and companies. The interest rate swaps on deposits which qualify for hedge accounting and meet specific matching criteria are not remeasured at market values but the differential paid or received under the swap agreements is recognized and included in interest expense or income.

(3) Risk management for financial instruments

Integrated Risk

The Group defines integrated risk management policies and regulations, and strengthens integrated risk management to ensure the soundness of management. The Group monitors various risks holistically including measurement by statistical methods and tries to control risks within the range of management vitality. Specifically, the Group allocates risk capital to credit risk, market risk, and operational risk based on Value at Risk ("VaR") calculations according to assumptions about the market fluctuation rate and its half year business plan. In each operation division, the Group tries to control risk and obtain returns within the range of risk capital. Integrated risk is managed by the risk management department and is reported at the monthly ALM committee and Board of Directors meetings. Necessary actions like risk control are taken promptly.

Credit Risk Management

The Group defines credit risk management policy and rules such as credit risk management regulation to understand, manage and take actions on credit risk appropriately. First of all, in screening requests for loans, the Group clearly separates the credit department from the operating department and the Group performs strict examination by the type of business. Also, the Group analyzes if repayment resources are ensured and reasonably secured on individual loans based on the purpose of the loan, business plans and investment effects. For portfolio management, the Group tries to improve credit portfolio by preventing concentrations in particular customers or industries and by ensuring profits to meet credit costs. In addition, in order to improve credit risk, the Group supports to improve management and business restructuring for customers experiencing difficult business conditions. Regarding credit risk management, the Group defines a credit rating system where the Group evaluates the degree of credit risk by an integrated scale objectively and makes arrangements to reevaluate credit ratings close to fiscal year end or when there are any changes in credit status. As for the level of credit risk and degree of concentration of credit granting, the risk controlling department manages, reports monthly to the ALM committee and management and discusses necessary actions.

Market risk management (foreign exchange risk and interest rate risk)

The Group considers interest risk, currency risk and the risk of change in prices as the main market risks and institutes a market risk management policy to manage the risks properly to avoid a reduction in the value of assets and losing credit. The Group also institutes market risk management regulations according to the market risk management policy to clarify the identification of market risk, the role of the department in charge the method of evaluation and monitoring and the methods for controlling and reducing market risk. Under integrated risk management, the Group allocates risk capital to each business (deposit, loan, investment securities and other securities) and establishes a cap on the investment amount and a maximum loss amount and matters to be discussed (level of loss to be re-examined). The Group handles market transactions within these risk limits expeditiously and effectively. With regard to these risks, the risk controlling department manages and reports monthly to the ALM committee and management and discusses necessary actions. Regarding derivative transactions, the Group follows internal regulations and policies. The market-risk-management department (middle office) and office-work department (back office) manage and monitor the balance, fair value, profit and loss and measurement of risk of the transactions and report to top-management and risk controlling department regularly to ensures mutual supervision of risks. Especially in trading transactions, the market-risk-management department (middle office) manages the positions, measurement of risk and application for loss cut rule closely.

The Group holds financial instruments which are exposed to market risks (e.g. interest-rate risk, price-volatility risk and exchange risk) such as loans and bills discounted, securities, deposits, borrowed money and corporate bonds. To manage these market risks, the Group calculates VaR, which is used for quantitative analysis. The Group calculates VaR of private placement bonds, borrowed money and corporate bonds which are exposed to interest-rate risk by the variance-covariance method (six months holding period with confidence interval of 99%, observation period one year). The VaR of these financial instruments amounted to ¥7,707 million ($93,771 thousand) and ¥10,072 million in aggregate as of March 31, 2012 and 2011 respectively. The Group calculates VaR of investment securities which are exposed to price-volatility risk by the variance-covariance method (six months holding period with confidence interval of 99%, observation period one year). The VaR of these financial instruments amounted to ¥23,906 million ($290,863 thousand) and ¥32,940 million in aggregate as of March 31, 2012 and 2011, respectively. In addition, the Group calculates VaR of securities, excluding investment securities, which are exposed to interest-rate risk or the price volatility risk by the variance-covariance method (six months holding period for 2012 and three months holding period for 2011 with confidence interval of 99%, observation period one year). The VaR of these financial instruments amounted to ¥21,588 million ($262,660 thousand) and ¥19,622 million in aggregate as of March 31, 2012 and 2011, respectively. The Group compares VaR calculated by the formula with the actual fluctuation of realized gains and losses to verify that the calculated VaR reflects market risks with a high degree of accuracy. However, VaR might not reflect market risks in circumstances such as unimaginable wide fluctuations in market circumstances because VaR reflects a certain amount of market risks calculated statistically based on historical fluctuation.

Liquidity risk management

As to liquidity risk, the Group defines liquidity risk management policies and liquidity risk management regulations, and tries to manage stable cash flow. Also, to be prepared for unforeseeable circumstances, the Group defines a contingency plan for liquidity risks and addresses them in a timely manner.

(4) Fair values of financial instruments

Fair values of financial instruments are based on quoted prices in active markets. If quoted prices are not available, other rational valuation techniques are used instead. Please see Note 25 for the detail of the fair value of derivatives. Fair values are calculated based on certain assumptions, therefore fair values may vary according to the assumptions used.

(a) Fair value of financial instruments

March 31, 2012	Millions of Yen		
	Carrying Amount	Fair Value	Unrealized Gains/(Losses)
Cash and due from banks	¥ 129,096	¥ 129,154	¥ 58
Trading securities	1,718	1,718	—
Money held in trust	10,620	10,620	—
Securities			
Held-to-maturity securities	46,416	46,557	141
Available-for-sale securities	1,398,660	1,398,660	—
Loans and bills discounted	3,722,144		
Less: Reserve for possible loan losses	(38,633)		
Loans and bills discounted – net	3,683,511	3,711,493	27,982
Total	¥5,270,021	¥5,298,202	¥28,181
Deposits	¥4,881,023	¥4,885,528	¥ (4,505)
Negotiable certificates of deposit	8,400	8,400	—
Payables under securities lending transactions	63,926	63,926	—
Borrowed money	82,988	82,783	205
Total	¥5,036,337	¥5,040,637	¥ (4,300)
Derivatives not applied hedge accounting	¥ (50)	¥ (50)	—

March 31, 2011	Millions of Yen		
	Carrying Amount	Fair Value	Unrealized Gains/(Losses)
Cash and due from banks	¥ 187,949	¥ 188,039	¥ 90
Call loans and bills bought	56,663	56,663	—
Trading securities	1,973	1,973	—
Money held in trust	10,620	10,620	—
Securities			
Held-to-maturity securities	49,868	49,930	62
Available-for-sale securities	1,236,213	1,236,213	—
Loans and bills discounted	3,564,245		
Less: Reserve for possible loan losses	(46,620)		
Loans and bills discounted – net	3,517,625	3,549,739	32,114
Total	¥5,060,911	¥5,093,177	¥32,266
Deposits	¥4,749,587	¥4,754,986	¥ (5,399)
Negotiable certificates of deposit	6,347	6,347	—
Payables under securities lending transactions	70,890	70,890	—
Borrowed money	71,718	71,475	243
Total	¥4,898,542	¥4,903,698	¥ (5,156)
Derivatives not applied hedge accounting	¥ 209	¥ 209	—

March 31, 2012	Thousands of U.S. Dollars		
	Carrying Amount	Fair Value	Unrealized Gains/(Losses)
Cash and due from banks	$ 1,570,702	$ 1,571,408	$ 706
Trading securities	20,903	20,903	—
Money held in trust	129,213	129,213	—
Securities			
Held-to-maturity securities	564,740	566,456	1,716
Available-for-sale securities	17,017,399	17,017,399	—
Loans and bills discounted	45,287,066		
Less: Reserve for possible loan losses	(470,045)		
Loans and bills discounted – net	44,817,021	45,157,476	340,455
Total	$64,119,978	64,462,855	$342,877
Deposits	$59,387,067	$59,441,879	$ (54,812)
Negotiable certificates of deposit	102,202	102,202	—
Payables under securities lending transactions	777,783	777,783	—
Borrowed money	1,009,709	1,007,215	2,494
Total	$61,276,761	$61,329,079	$ (52,318)
Derivatives not applied hedge accounting	$ (608)	$ (608)	—

Cash and due from banks
The carrying amount of cash and due from banks with no maturities represents the fair value because the fair value approximates such carrying amount. The carrying amount of cash and due from banks with maturities represents the fair value because the interest rates are floating or they have short-term maturities and the fair value approximates such carrying amount.

For due from banks in which derivatives are embedded, the fair value is determined based on the prices quoted by the financial institutions from which they are purchased.

Call loans and bills bought
Contract terms of call loans and bills bought are short (within 1 year). Therefore, the carrying amount represents the fair value because the fair value approximates such carrying amount.

Trading securities
For securities such as bonds that are held for trading, the fair value is determined based on the prices quoted by the exchange or the financial institutions from which these securities are purchased.

Money held in trust
For securities that are part of trust property in an independently managed monetary trust with the primary purpose to manage securities, the fair value of equity securities is determined based on the prices quoted by the exchange and the fair value of bonds is determined based on the prices quoted by the exchange or the financial institutions from which they are purchased. For money held in trust due to the securitization of credited loans, the carrying amount represents the fair value because the trust assets consist of ordinary deposits. Information on money held in trust by classification is included in Note 6, "Money Held in Trust".

Securities
The fair value of equity securities is determined based on the prices quoted by the exchange and the fair value of bonds is determined based on the prices quoted by the exchange or the financial institutions from which they are purchased. The fair value of investment trusts is determined based on the publicly available price.

For privately placed guaranteed bonds held by the Bank or trust subsidiaries, the fair value is determined based on the present value of expected future cash flows, which is adjusted to reflect default risk, amounts to be collected from collateral and guarantees and guarantee fees, and discounted at an interest rate based on the market interest rate as of the date of evaluation with certain adjustments.

Information on securities by classification is included in Note 5, "Trading securities and Securities".

Loans and bills discounted

For loans with variable interest rates, the carrying amount represents the fair value as the fair value approximates such carrying value as it reflects the market interest rate in the short term as long as the credit status of the borrower has not changed significantly. For loans with fixed interest rates, the fair value is calculated by bundling the type of loans and the internal credit rating using the expected future cash flows, which are discounted by the risk free rate and certain management costs. As for certain consumer loans such as home mortgages, fair value is calculated by discounting the total loan principal with the same rate as a similar loan. Also, for consumer loans that mature within one year, the carrying amount represents the fair value as the fair value approximates such carrying value. In addition, as for loans to legally bankrupt borrowers, virtually bankrupt borrowers, and potentially bankrupt borrowers, the fair value is calculated by deducting the allowance, which is calculated based on the present value of the estimated future cash flow or the estimated collection of cash from collateral and guarantee, from the balance in the consolidated balance sheet date. Therefore, the book value approximates the fair value. Regarding loans which do not have repayment terms because the outstanding amount of the loan is limited to the value of collateral assets, the carrying amount represents the fair value as the fair value approximates such carrying amount according to estimated repayment periods and conditions of interest.

Liabilities

Deposits and negotiable certificates of deposit

For demand deposits, the amount payable on demand as of the consolidated balance sheet date (i.e., the carrying amount) is considered to be the fair value. For variable rate time deposits, the carrying amount represents the fair value as the fair value approximates such carrying amount because the market interest rate is reflected in such deposits within a short time period. Fixed rate time deposits are grouped by certain maturity lengths. Their fair value is calculated by discounting future cash flows with the same interest rate as that of accepted new deposits. For the deposits and negotiable certificates of deposits with the repayment period within 2 year, the carrying amount represents the fair value because the fair value approximates the carrying amount.

Payable under securities of deposit

For payables under securities of deposit, the contract term is short (within 1 year). Therefore, the carrying amount represents the fair value because the fair value approximates such carrying amount.

Borrowed money

For borrowed money with variable interest rates, the carrying amount represents the fair value as the fair value approximates such carrying value as it reflects the market interest rate in the short term as long as the credit rating of the Bank and its subsidiaries has not changed significantly. For borrowed money with fixed interest rates, the fair value is calculated by discounting the total of the principal by the rate which reflects the credit risks of the Group. In addition, for short term borrowed money (within 1 year), the carrying amount represents the fair value as the fair value approximates such carrying value.

Derivatives

Information regarding the fair value for derivatives is included in Note 25.

(b) Financial instruments whose fair value cannot be reliably determined

	Carrying amount		
	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Unlisted equity securities	¥ 8,490	¥ 8,813	$103,297
Investments in unconsolidated subsidiaries	1,003	1,041	12,203
Others	4,192	4,608	51,004
Total	¥13,685	¥14,462	$166,504

(5) Maturity analysis for financial assets, securities and financial liabilities with contractual maturities

	Millions of Yen			
March 31, 2012	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through Ten Years	Due after Ten Years
Cash and due from banks	¥ 61,300	¥ 3,000	—	—
Securities				
Held-to-maturity securities				
Debt securities				
Corporate bonds	10,698	33,657	¥ 2,061	—
Available-for-sale securities with contractual maturities				
Debt securities				
National government bonds	120,300	191,958	298,800	¥ 2,400
Local government bonds	11,768	137,891	147,535	—
Corporate bonds	32,252	134,409	50,770	37,023
Other	15,499	52,693	20,272	21,142
Loans and bills discounted	1,078,841	1,134,972	557,837	782,658
Total	¥1,330,658	¥1,688,580	¥1,077,275	¥843,223

	Millions of Yen			
March 31, 2012	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through Ten Years	Due after Ten Years
Deposits	¥4,147,646	¥707,909	¥25,467	¥1
Negotiable certificates of deposit	8,400	—	—	—
Payables under securities lending transactions	63,926	—	—	—
Borrowed money	37,510	14,180	31,298	—
Total	¥4,257,482	¥722,089	¥56,765	¥1

	Thousands of U.S. Dollars			
March 31, 2012	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through Ten Years	Due after Ten Years
Cash and due from banks	$ 745,833	$ 36,501	—	—
Securities				
Held-to-maturity securities				
Debt securities				
Corporate bonds	130,162	409,502	$ 25,076	—
Available-for-sale securities with contractual maturities				
Debt securities				
National government bonds	1,463,682	2,335,540	3,635,479	$ 29,201
Local government bonds	143,180	1,677,710	1,795,048	—
Corporate bonds	392,408	1,635,345	617,715	450,456
Other	188,575	641,112	246,648	257,233
Loans and bills discounted	13,126,183	13,809,125	6,787,164	9,522,545
Total	$16,190,023	$20,544,835	$13,107,130	$10,259,435

March 31, 2012	Thousands of U.S. Dollars			
	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through Ten Years	Due after Ten Years
Deposits	$50,464,120	$8,613,080	$309,855	$12
Negotiable certificates of deposit	102,202	—	—	—
Payables under securities lending transactions	777,783	—	—	—
Borrowed money	456,382	172,527	380,800	—
Total	$51,800,487	$8,785,607	$690,655	$12

24. 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 in the contracts.

The total amounts of unused open commitments as of March 31, 2012 and 2011 were ¥1,347,714 million ($16,397,542 thousand) and ¥1,399,015 million, respectively. Multi-purpose accounts included in the unused open commitments as of March 31, 2012 and 2011 are ¥678,315 million ($8,253,011 thousand) and ¥679,034 million, respectively. The amounts of unused commitments whose original contract terms were within one year or unconditionally cancellable at any time as of March 31, 2012 and 2011 were ¥1,337,309 million ($16,270,945 thousand) and ¥1,391,102 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 can request the customers to pledge collateral such as premises and securities at the execution of the contracts. After execution, the Bank and certain subsidiaries periodically evaluate the customers' financial position based upon the Bank's internal policy, and take necessary measures to manage the credit exposures, such as revising the terms of contracts or securing the claims.

25. 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.

As noted in Note 23, the Group applied ASBJ Statement No. 10 "Accounting Standard for Financial Instruments" and ASBJ Guidance No. 19 "Guidance on Accounting Standard for Financial Instruments and Related Disclosures".

Derivative transactions to which hedge accounting is not applied at March 31, 2012 and 2011.

At March 31, 2012	Millions of Yen			
	Contract Amount	Contract Amount due after One Year	Fair Value	Unrealized Gains/(Losses)
Over-the-counter interest-related contracts:				
Interest rate swap:				
Fixed rate receipt, variable rate payment	¥ 2,195	¥ 2,195	¥ 60	¥ 60
Variable rate receipt, fixed rate payment	2,195	2,195	(38)	(38)
Over-the-counter currency-related contracts:				
Currency swap	127,694	77,787	247	247
Foreign exchange forward:				
Sell	20,140	247	(572)	(572)
Buy	10,043	—	172	172
Currency option:				
Sell	139,342	85,962	(12,428)	(264)
Buy	129,792	82,568	12,457	1,651
Other:				
Sell	944	608	42	42
Buy	912	584	11	11

At March 31, 2011	Millions of Yen			
	Contract Amount	Contract Amount due after One Year	Fair Value	Unrealized Gains/(Losses)
Over-the-counter interest-related contracts:				
Interest rate swap:				
Fixed rate receipt, variable rate payment	¥ 3,786	¥ 2,786	¥ 74	¥ 74
Variable rate receipt, fixed rate payment	3,786	2,786	(43)	(43)
Over-the-counter currency-related contracts:				
Currency swap	182,178	131,977	309	309
Foreign exchange forward:				
Sell	28,001	230	(192)	(192)
Buy	14,832	—	(13)	(13)
Currency option:				
Sell	183,060	126,738	(19,750)	(3,665)
Buy	175,401	121,192	19,751	5,818
Other:				
Sell	1,291	938	48	48
Buy	1,260	912	25	25

At March 31, 2012	Thousands of U.S. Dollars			
	Contract Amount	Contract Amount due after One Year	Fair Value	Unrealized Gains/(Losses)
Over-the-counter interest-related contracts:				
Interest rate swap:				
Fixed rate receipt, variable rate payment	$ 26,706	$ 26,706	$ 730	$ 730
Variable rate receipt, fixed rate payment	26,706	26,706	(462)	(462)
Over-the-counter currency-related contracts:				
Currency swap	1,553,644	946,429	3,005	3,005
Foreign exchange forward:				
Sell	245,042	3,005	(6,959)	(6,959)
Buy	122,192	—	2,093	2,093
Currency option:				
Sell	1,695,364	1,045,894	(151,211)	(3,212)
Buy	1,579,170	1,004,599	151,563	20,088
Other:				
Sell	11,486	7,397	511	511
Buy	11,096	7,105	134	134

Notes:
1. Derivative transactions are valued at market and the gains/(losses) are recognized in the consolidated statement of income.
2. Market values of exchange-traded transactions are based on closing prices on the exchange markets, such as the Tokyo International Financial Future Exchange. Market values of over-the-counter contracts are based on the valuation techniques, such as the discounted cash flow method and the option pricing calculation models.

Derivative transactions to which hedge accounting is applied at March 31, 2012 and 2011.

At March 31, 2012	Millions of Yen			
	Hedged Item	Contract Amount	Contract Amount due after One Year	Fair Value
Interest rate swaps:				
(Fixed rate receipt, variable rate payment)	Deposits	¥36,743	¥36,743	(*)

At March 31, 2011	Millions of Yen			
	Hedged Item	Contract Amount	Contract Amount due after One Year	Fair Value
Interest rate swaps:				
(Fixed rate receipt, variable rate payment)	Deposits	¥37,514	¥37,468	(*)

At March 31, 2012	Thousands of U.S. Dollars			
	Hedged Item	Contract Amount	Contract Amount due after One Year	Fair Value
Interest rate swaps:				
(Fixed rate receipt, variable rate payment)	Deposits	$447,050	$447,050	(*)

(*) The above interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value, but the differential paid or received under the swap agreements is recognized and included in interest expense or income. In addition, the fair value of such interest rate swaps in Note 23 is included in that of the hedged items (i.e. deposits).

26. Comprehensive Income

The components of other comprehensive income for the year ended March 31, 2012 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Unrealized gain on available-for-sale securities:		
Gains arising during the year	¥13,675	$166,383
Reclassification adjustments to loss	2,771	33,715
Amount before income tax effect	16,446	200,098
Income tax effect	(4,466)	(54,338)
Total	¥11,980	$145,761
Land revaluation surplus:		
Gains arising during the year	—	—
Reclassification adjustments to profit or loss	—	—
Amount before income tax effect	—	—
Income tax effect	¥ 1,247	$ 15,172
Total	¥ 1,247	$ 15,172
Total other comprehensive income	¥13,227	$160,933

The corresponding information for the year ended March 31, 2011 was not required under the accounting standard for presentation of comprehensive income as an exemption for the first year of adopting that standard and not disclosed herein.

27. Net Income per Share

Reconciliation of the differences between basic and diluted net income per share ("EPS") for the years ended March 31, 2012 and 2011 is as follows:

	Millions of Yen	Thousands of shares	Yen	Dollars
	Net income	Weighted average shares	EPS	
For the year ended March 31, 2012:				
Basic EPS				
Net income available to common shareholders	¥11,941	373,768	¥31.94	$0.39
Effect of Dilutive Securities				
Preferred stock	(2,151)	4,574		
Diluted EPS				
Net income for computation	¥ 9,790	378,342	¥25.88	$0.31

	Millions of Yen	Thousands of shares	Yen
	Net income	Weighted average shares	EPS
For the year ended March 31, 2011:			
Basic EPS			
Net income available to common shareholders	¥9,293	366,441	¥25.36
Effect of Dilutive Securities			
Preferred stock	(41)	1,140	
Diluted EPS			
Net income for computation	¥9,252	367,581	¥25.17

28. Subsequent Event

a. Business Combination

On April 27, 2012, the Bank entered into an agreement on a merger condition (hereinafter "the Agreement") with Gifu Bank, who is a consolidated subsidiary of the Bank, and MUFJ, who is a holder of Class 5 preferred stock issued by Gifu Bank, upon the approval by the Board of Directors of the Bank for the purpose of merging Gifu Bank (hereinafter "the Merger") effective September 18, 2012 under the condition that this proposal were approved by the general shareholders' meeting and class shareholders' meeting of the Bank and relevant authorities stipulated by the applicable laws and regulations.

On May 14, 2012, the Bank entered into a merger contract (hereinafter "the Merger Contract") with Gifu Bank with the approval by the Board of Directors' meeting held on that date.

The Merger Contract was approved by the general shareholders' meeting and class shareholders' meeting attended by the common shareholders held on June 22, 2012.

1. Summary of the Transaction

(1) Name of the entities and description of their business

	Acquirer (Surviving Entity)	Acquiree (Absorbed Entity)
Name of the entity	Juroku Bank, Ltd.	Gifu Bank, Ltd.
Business Description	Banking	Banking

(2) Acquisition Date
September 18, 2012 (Plan)

(3) Legal Form of Acquisition
Absorption-type merger; the Bank as a surviving entity and Gifu Bank as an absorbed entity

(4) Name of the Entity after Business Combination
Juroku Bank, Ltd.

(5) Others

① Purpose of the business combination

On September 28, 2010, Gifu Bank and MUFJ entered into the Business Integration Agreement and the Bank and Gifu Bank entered into the Share Exchange Agreement, under which Gifu Bank became a wholly-owned subsidiary of the Bank. On December 22, 2010, Gifu Bank became a consolidated subsidiary after acquisition and cancellation of the first series of Class 1 preferred stock of Gifu Bank. Thereafter, Gifu Bank issued Class 5 preferred stock to MUFJ. Since then, the Bank and Gifu Bank has promoted various initiatives to secure sustainable growth of the corporate value of the Group, contribute to the stabilization of the regional finance system and stimulate the regional economy.

The Bank announced upon the conclusion of the above Business Integration Agreement that the Bank will merge Gifu Bank in middle to late September 2012 after improving business efficiency of Gifu Bank. Since the progress of Gifu Bank's business efficiency is being made, the Bank is going to merge Gifu Bank on September 18, 2012 as initially scheduled.

② Schedule of the business combination

Public notice on the effective date of class shareholders' meeting
Friday, March 16, 2012

Effective date of general shareholders' meeting and class shareholders' meeting by common shareholders
Saturday, March 31, 2012

Board of Directors' meeting to approve the Agreement
Friday, April 27, 2012

Conclusion of the Agreement
Friday, April 27, 2012

Board of Directors' meeting to approve the Merger Contract
Monday, May 14, 2012

Conclusion of the Merger Contract
Monday, May 14, 2012

General shareholders' meeting and class shareholders' meeting by common shareholders
Friday, June 22, 2012

Effective date of the Merger
Tuesday, September 18, 2012 (Plan)

(Note) The management of the Bank requested its shareholders to approve the Merger because there is a possibility that the Bank will record loss on merger depending on the operating results of Gifu Bank for the period ending the effective date of the Merger. In addition, the Bank is going to issue class 1 preferred stock in exchange for class 5 preferred stock of Gifu Bank in conjunction with the Merger and will become an entity with class shares. Since the Bank is required to make amendments to the Articles of Incorporation to issue preferred shares, the Bank decided to hold the class shareholders' meeting to be attended by common shareholders regarding the approval of the Merger Contract.

Gifu Bank is not required to obtain an approval by the shareholders' meeting pursuant to the provision stipulated by the first section of the article No. 784 of the Companies Act; however, Gifu Bank held a class shareholders' meeting by the common shareholders, a class shareholders' meeting by the class 4 preferred shareholders and a class shareholders' meeting by the class 5 preferred shareholders concerning the approval of the Merger Contract.

2. Summary of the Accounting Treatment

The Bank will account for this transaction as a combination of entities under common control in accordance with ASBJ Statement No. 21, "Accounting Standard for Business Combinations" and ASBJ Guidance No. 10, "Guidance on Accounting Standard for Business Combinations and Business Divestitures".

3. Distribution of shares by class of shares related to the Merger and calculation methods

(1) Distribution of shares by class of shares

① Common stock:
The Bank holds 100% of the common stock issued by Gifu Bank and will not issue new shares, nor pay any amount of money due to the merger.

② Preferred stock:

(a) Class 4 preferred shares
The Bank holds 100% of the class 4 preferred shares issued by Gifu Bank and will not issue new shares, nor pay any amount of money due to the merger.

(b) Class 5 preferred shares
The Bank will issue 0.9 share of the class 1 preferred shares for one class 5 preferred shares issued by Gifu Bank due to the Merger. The terms and conditions of the class 1 preferred shares of the Bank are identical with those of the class 5 preferred shares of Gifu Bank.

(2) Calculation method of distribution of shares

Pursuant to the contents of the Business Integration Agreement on September 28, 2010, the Bank, Gifu Bank and MUFJ discussed about the distribution ratio of the preferred shares of Gifu Bank, taking into consideration that the shareholders of Gifu Bank consist of only two shareholders, the Bank and MUFJ, and that the Bank holds 100% of voting rights of Gifu Bank. As a result of the discussion, the Bank, Gifu Bank and MUFJ have agreed that 1) the identical terms and conditions of the class 5 preferred stock issued by Gifu Bank will be used for the class 1 preferred stock to be newly issued by the Bank, and 2) the Bank will issue 0.9 shares of the class 1 preferred stock of the Bank for one class 5 preferred stock issued by Gifu Bank, taking into account that no market price exists for the class 5 preferred stock, and the stock value of Gifu Bank.

b. Appropriations of Retained Earnings

On June 22, 2012, the Bank's shareholders authorized an appropriation of retained earnings as follows:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥3.50 ($0.04) per share	¥1,326	$16,133

29. Segment Information

In March 2008, the ASBJ revised ASBJ Statement No. 17 "Accounting Standard for Segment Information Disclosures" and issued ASBJ Guidance No.20 "Guidance on Accounting Standard for Segment Information Disclosures". Under the standard and guidance, an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

This accounting standard and the guidance are applicable to segment information disclosures for the fiscal years beginning on or after April 1, 2010.

1. Description of reportable segments

The Group's reportable segments are those for which separately financial information is available and regular evaluation by the Group's management is being performed in order to decide how resources are allocated among the Group.

The Group consists of the Bank and eleven consolidated subsidiaries. The Group provides banking services-based comprehensive financial services and also leasing business. The Group operates its business by units which consists of some branches located in a certain range. But the Group discloses these units as a segment of the Banking business because their economic nature is similar to each other.

For the year ended March 31, 2011, the Bank includes Gifu Bank and its three subsidiaries (the "Gifu Bank Group") as consolidated subsidiaries due to the share exchange executed at December 22, 2010. The Gifu Bank Group consists of a single segment of banking business because it provides mainly banking services.

Therefore, the Group consists of two reportable segments of banking business and lease business.

Banking business is operated by the Bank, Juroku Business Services Co., Ltd. and the Gifu Bank Group. They provide various services such as deposit-taking and lending services, trading securities, securities investment, domestic exchange, foreign exchange, managing bonds, derivatives business and other related businesses at headquarters and branches of the Bank and Gifu Bank.

Lease business is operated by Juroku Lease Co., Ltd.. It provides leasing business to meet local customers' needs.

2. Methods of measurement for the amounts of income, profit, assets and other items for each reportable segment

The accounting policies of each reportable segment are consistent with those disclosed in Note 2, "Summary of Significant Accounting Policies".

3. Information about sales, profit, assets, liabilities and other items is as follows.

	Millions of Yen						
	Reportable Segment						
2012	Banking	Lease	Total	Other*	Total	Reconciliations	Consolidated
Ordinary income:							
(1) Outside customers	¥ 102,635	¥21,260	¥ 123,895	¥ 4,359	¥ 128,254	—	¥ 128,254
(2) Intersegment transactions	486	282	768	860	1,628	¥ (1,628)	—
Total	¥ 103,121	¥21,542	¥ 124,663	¥ 5,219	¥ 129,882	¥ (1,628)	¥ 128,254
Segment profit	20,301	1,744	22,045	1,606	23,651	(31)	23,620
Segment assets	5,443,547	59,239	5,502,786	34,807	5,537,593	(49,555)	5,488,038
Other:							
Depreciation	¥ 5,397	¥ 249	¥ 5,646	¥ 57	¥ 5,703	¥ 129	¥ 5,832
Amortization of goodwill	245	—	245	—	245	—	245
Interest income	75,149	56	75,205	613	75,818	(326)	75,492
Interest expense	7,481	424	7,905	103	8,008	(314)	7,694
Provision (reversal) of allowance for doubtful accounts	(753)	533	(220)	49	(171)	—	(171)
Increase in premises and equipment and intangible assets	4,729	92	4,821	99	4,920	227	5,147

	Millions of Yen						
	Reportable Segment						
2011	Banking	Lease	Total	Other*	Total	Reconciliations	Consolidated
Ordinary income:							
(1) Outside customers	¥ 88,677	¥21,425	¥ 110,102	¥ 4,524	¥ 114,626	—	¥ 114,626
(2) Intersegment transactions	519	274	793	846	1,639	¥ (1,639)	—
Total	¥ 89,196	¥21,699	¥ 110,895	¥ 5,370	¥ 116,265	¥ (1,639)	¥ 114,626
Segment profit	14,905	1,210	16,115	1,324	17,439	(2)	17,437
Segment assets	5,265,486	54,863	5,320,349	32,330	5,352,679	(42,767)	5,309,912
Other:							
Depreciation	¥ 5,113	¥ 294	¥ 5,407	¥ 55	¥ 5,462	¥ 128	¥ 5,590
Amortization of goodwill	61	—	61	—	61	—	61
Interest income	69,183	54	69,237	740	69,977	(379)	69,598
Interest expense	7,786	525	8,311	116	8,427	(366)	8,061
Provision of allowance for doubtful accounts	1,366	373	1,739	243	1,982	—	1,982
Increase in premises and equipment and intangible assets	3,301	417	3,718	27	3,745	183	3,928

2012	Thousands of U.S. Dollars						
	Reportable Segment						
	Banking	Lease	Total	Other*	Total	Reconciliations	Consolidated
Ordinary income:							
(1) Outside customers	$ 1,248,753	$258,669	$ 1,507,422	$ 53,035	$ 1,560,457	—	$ 1,560,457
(2) Intersegment transactions	5,913	3,431	9,344	10,464	19,808	$ (19,808)	—
Total	$ 1,254,666	$262,100	$ 1,516,766	$ 63,499	$ 1,580,265	$ (19,808)	$ 1,560,457
Segment profit	247,001	21,219	268,220	19,540	287,760	(377)	287,383
Segment assets	66,231,257	720,757	66,952,014	423,494	67,375,508	(602,932)	66,772,576
Other:							
Depreciation	$ 65,664	$ 3,030	$ 68,694	$ 694	$ 69,388	$ 1,570	$ 70,958
Amortization of goodwill	2,981	—	2,981	—	2,981	—	2,981
Interest income	914,333	681	915,014	7,458	922,472	(3,966)	918,506
Interest expense	91,021	5,159	96,180	1,253	97,433	(3,820)	93,613
Provision (reversal) of allowance for doubtful accounts	(9,162)	6,485	(2,677)	596	(2,081)	—	(2,081)
Increase in premises and equipment and intangible assets	57,537	1,119	58,656	1,205	59,861	2,762	62,623

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

4. Associated Information

(1) Information about services

2012	Millions of Yen				
	Lending Service	Securities Services	Leasing	Other	Total
Ordinary income:					
Outside customers	¥59,627	¥27,864	¥21,190	¥19,573	¥128,254

2012	Thousands of U.S. Dollars				
	Lending Service	Securities Services	Leasing	Other	Total
Ordinary income:					
Outside customers	$725,478	$339,019	$257,817	$238,143	$1,560,457

(2) Information about impairment loss by reportable segments

2012	Millions of Yen				
	Reportable Segment				
	Banking	Lease	Total	Other	Total
Impairment loss	¥309	—	¥309	—	¥309

2012	Thousands of U.S. Dollars				
	Reportable Segment				
	Banking	Lease	Total	Other	Total
Impairment loss	$3,760	—	$3,760	—	$3,760

(3) Information about goodwill by reportable segments

2012	Millions of Yen				
	Reportable Segment				
	Banking	Lease	Total	Other	Total
Amortization of goodwill	¥ 245	—	¥ 245	—	¥ 245
Goodwill at March 31, 2012	4,587	—	4,587	—	4,587

2012	Thousands of U.S. Dollars				
	Reportable Segment				
	Banking	Lease	Total	Other	Total
Amortization of goodwill	$ 2,981	—	$ 2,981	—	$ 2,981
Goodwill at March 31, 2012	55,810	—	55,810	—	55,810

Non-Consolidated Six-Year Summary (Unaudit)

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

	Millions of Yen					
For the Year	2012	2011	2010	2009	2008	2007
Total income	¥ 85,958	¥ 85,235	¥ 87,115	¥ 90,414	¥ 116,391	¥ 95,288
Total expenses	69,831	71,235	72,973	107,131	98,819	72,522
Income (loss) before income taxes	16,127	14,000	14,142	(16,717)	17,572	22,766
Total income taxes	7,633	4,738	5,240	(7,171)	7,214	9,089
Net income (loss)	¥ 8,494	¥ 9,262	¥ 8,902	¥ (9,546)	¥ 10,358	¥ 13,677
At Year-End						
Assets:						
Trading securities	¥ 1,646	¥ 1,947	¥ 1,686	¥ 1,666	¥ 1,514	¥ 3,042
Securities	1,264,497	1,118,419	970,684	844,836	852,504	1,008,292
Loans and bills discounted	3,304,083	3,096,245	3,022,906	3,056,008	2,909,033	2,822,570
Foreign exchanges	3,828	6,085	3,058	3,909	4,613	3,361
Other	190,629	294,671	316,680	219,115	322,892	298,191
Total assets	¥4,764,683	¥4,517,367	¥4,315,014	¥4,125,534	¥4,090,556	¥4,135,456
Liabilities:						
Deposits	¥4,281,150	¥4,069,448	¥3,902,366	¥3,745,652	¥3,639,608	¥3,624,885
Foreign exchanges	835	477	651	575	737	738
Other	257,916	239,744	207,673	198,559	228,491	242,111
Total liabilities	4,539,901	4,309,669	4,110,690	3,944,786	3,868,836	3,867,734
Equity:						
Common stock	36,839	36,839	36,839	36,839	36,839	36,839
Capital surplus and earnings	187,943	170,859	167,485	143,909	184,881	230,883
Total equity	224,782	207,698	204,324	180,748	221,720	267,722
Total liabilities and equity	¥4,764,683	¥4,517,367	¥4,315,014	¥4,125,534	¥4,090,556	¥4,135,456

Non-Consolidated Balance Sheet

The Juroku Bank, Ltd. *March 31, 2012 (Supplemental Information)*

	Millions of Yen		Thousands of U.S.Dollars
ASSETS:	2012	2011	2012
Cash and due from banks	¥ 96,152	¥ 130,457	$ 1,169,875
Call loans	—	56,663	—
Trading securities	1,646	1,947	20,027
Money held in trust	6,000	6,000	73,002
Securities	1,264,497	1,118,419	15,385,046
Loans and bills discounted	3,304,083	3,096,245	40,200,547
Other assets	35,983	45,088	437,803
Premises and equipment	61,023	62,352	742,462
Intangible assets	6,510	6,075	79,207
Deferred tax assets	3,508	13,771	42,682
Customers' liabilities for acceptances and guarantees	20,302	22,575	247,013
Reserve for possible loan losses	(35,021)	(42,225)	(426,098)
Total Assets	¥4,764,683	¥4,517,367	$57,971,566
LIABILITIES AND EQUITY:			
Liabilities:			
Deposits	¥4,281,150	¥4,069,448	$52,088,453
Negotiable certificates of deposit	13,400	11,346	163,037
Call money	50,000	—	608,347
Payables under securities lending transactions	63,926	70,890	777,783
Borrowed money	46,590	42,700	566,857
Bonds	15,000	30,000	182,504
Other liabilities	29,190	42,198	355,153
Accrued bonuses	1,503	1,469	18,287
Director's accrued bonuses	40	39	487
Liability for retirement benefits	10,048	8,961	122,253
Deferred tax liabilities for land revaluation surplus	8,752	10,043	106,485
Acceptances and guarantees	20,302	22,575	247,013
Total Liabilities	4,539,901	4,309,669	55,236,659
Commitments and Contingent Liabilities			
Equity:			
Common stock	36,839	36,839	448,218
Capital surplus:			
Additional paid-in capital	27,817	27,817	338,447
Retained earnings:			
Legal reserve	20,155	20,155	245,224
Unappropriated	102,405	96,525	1,245,954
Unrealized gain on available-for-sale securities	24,019	14,017	292,238
Land revaluation surplus	13,732	12,550	167,076
Treasury stock - at cost	(185)	(205)	(2,250)
Total Equity	224,782	207,698	2,734,907
Total Liabilities and Equity	¥4,764,683	¥4,517,367	$57,971,566

Non-Consolidated Statement of Income

The Juroku Bank, Ltd. *Year Ended March 31, 2012 (Supplemental Information)*

	Millions of Yen		Thousands of U.S.Dollars
	2012	2011	2012
Income:			
Interest on:			
Loans and discounts	¥ 51,089	¥ 53,374	$ 621,596
Securities	13,782	12,831	167,685
Other	166	138	2,020
Fees and commissions	10,685	11,386	130,004
Other operating income	3,469	3,570	42,207
Gain on sales of securities	4,569	1,796	55,591
Other income	2,198	2,140	26,742
Total Income	85,958	85,235	1,045,845
Expenses:			
Interest on:			
Deposits	4,893	6,100	59,533
Borrowings and re-discounts	1,081	1,081	13,152
Other	132	151	1,606
Fees and commissions	4,661	4,564	56,710
Other operating expenses	1,986	2,074	24,164
General and administrative expenses	52,215	51,351	635,296
Impairment loss on long-lived assets	238	615	2,896
Other expenses	4,625	5,299	56,272
Total Expenses	69,831	71,235	849,629
Income before Income Taxes	16,127	14,000	196,216
Income Taxes:			
Current	932	69	11,340
Deferred	6,701	4,669	81,530
Total Income Taxes	7,633	4,738	92,870
Net Income	¥ 8,494	¥ 9,262	$ 103,346

Non-Consolidated Statement of Changes in Equity

The Juroku Bank, Ltd. *Year Ended March 31, 2012 (Supplemental Information)*

	Thousands	Millions of Yen							
			Capital Surplus	Retained Earnings					
	Outstanding Number of Shares of Common Stock	Common Stock	Additional Paid-in Capital	Legal Reserve	Unappropriated	Unrealized Gain(Loss) on Available-for-sale Securities	Land Revaluation Surplus	Treasury Stock	Total Equity
Balance at April 1, 2010	364,017	¥36,839	¥25,367	¥20,155	¥ 89,884	¥21,217	¥12,483	¥(1,621)	¥204,324
Net income	—	—	—	—	9,262	—	—	—	9,262
Cash dividends, ¥7.00 per share	—	—	—	—	(2,548)	—	—	—	(2,548)
Transfer of land revaluation surplus	—	—	—	—	(67)	—	—	—	(67)
Purchase of treasury stock	(56)	—	—	—	—	—	—	(16)	(16)
Disposal of treasury stock	22	—	—	—	(6)	—	—	12	6
Changes in equity due to share exchange	14,886	—	2,450	—	—	—	—	1,420	3,870
Net change in the year	—	—	—	—	—	(7,200)	67		(7,133)
Balance at March 31, 2011	378,869	36,839	27,817	20,155	96,525	14,017	12,550	(205)	207,698
Net income	—	—	—	—	8,494	—	—	—	8,494
Cash dividends, ¥7.00 per share	—	—	—	—	(2,652)	—	—	—	(2,652)
Transfer of land revaluation surplus	—	—	—	—	65	—	—	—	65
Purchase of treasury stock	(135)	—	—	—	—	—	—	(34)	(34)
Disposal of treasury stock	110	—	—	—	(27)	—	—	54	27
Net change in the year	—	—	—	—	—	10,002	1,182	—	11,184
Balance at March 31, 2012	378,844	¥36,839	¥27,817	¥20,155	¥102,405	¥24,019	¥13,732	¥ (185)	¥224,782

	Thousands of U.S. Dollars							
		Capital Surplus	Retained Earnings					
	Common Stock	Additional Paid-in Capital	Legal Reserve	Unappropriated	Unrealized Gain on Available-for-sale Securities	Land Revaluation Surplus	Treasury Stock	Total Equity
Balance at March 31, 2011	$448,218	$338,447	$245,224	$1,174,413	$170,544	$152,695	$(2,494)	$2,527,047
Net income	—	—	—	103,346	—	—	—	103,346
Cash dividends, $0.09 per share	—	—	—	(32,267)	—	—	—	(32,267)
Transfer of land revaluation surplus	—	—	—	791	—	—	—	791
Purchase of treasury stock	—	—	—	—	—	—	(414)	(414)
Disposal of treasury stock	—	—	—	(329)	—	—	658	329
Net change in the year	—	—	—	—	121,694	14,381	—	136,075
Balance at March 31, 2012	$448,218	$338,447	$245,224	$1,245,954	$292,238	$167,076	$(2,250)	$2,734,907

Deloitte.

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying consolidated balance sheet of The Juroku Bank, Ltd. and consolidated subsidiaries (the "Bank") as of March 31, 2012, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in conformity with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in conformity with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Juroku Bank, Ltd. and consolidated subsidiaries as of March 31, 2012, and the consolidated results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Member of
Deloitte Touche Tohmatsu Limited

Emphasis of Matter

As discussed in Note 28 to the consolidated financial statements, the merger contract between the Juroku Bank, Ltd. and Gifu Bank, Ltd., its subsidiary, has been approved by shareholders at the General shareholders' meeting and class shareholders' meeting by common shareholders on June 22, 2012. Our opinion is not qualified in respect of this matter.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the basic 2012 consolidated financial statements taken as a whole. The supplemental non-consolidated financial information which includes the balance sheet as of March 31, 2012 and statements of income and changes in equity for the year then ended 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 has been subjected to our audit as a part of the basic consolidated financial statements. No separate proceduers were performed on the non-consolidated financial information by itself.

Convenience Translation

Our audit 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 LLC

June 22, 2012

Corporate Data

(as of March 31, 2012)

Date of Establishment:
October 10, 1877
Authorized Shares:
460,000 thousand shares
Shares of Common Stock Issued and Outstanding:
379,241 thousand shares
Stock Listed:
First Sections of the Tokyo and Nagoya Stock Exchanges
Paid-in Capital:
¥36,839 million
Number of Shareholders:
13,644
Number of Employees:
2,971

10 Principal Shareholders:
Japan Trustee Services Bank, Ltd. (Trust account)
The Bank of Tokyo-Mitsubishi UFJ, Ltd.
NIPPONKOA Insurance Co., Ltd.
Meiji Yasuda Life Insurance Company
Tokio Marine and Nichido Fire Insurance Co., Ltd.
The Juroku Bank Employee Shareholders' Association
Fuji Baking Group Co., Ltd.
Mitsubishi UFJ Trust and Banking Corporation
Nippon Life Insurance Company
The Master Trust Bank of Japan, Ltd. (Trust Account)

Affiliates

(as of June 30, 2012)

Name	Business Lines	Established	Capital (¥ Millions)	Equity Stake*	Equity Stake of subsidiaries*
The Gifu Bank, Ltd.	Banking service	May. 1942	15,000	100.0	—
Juroku Business Service Co., Ltd.	Clerical work service	Jan. 1979	10	100.0	—
Juroku DC Card Co., Ltd.	Credit card flotation service	Aug. 1982	50	5.0	65.0
Juroku JCB Co., Ltd.	Credit card flotation service	Nov. 1994	50	5.0	65.0
Juroku Lease Co., Ltd.	Leasing service	Mar. 1975	102	12.8	43.9
Juroku Computer Service Co., Ltd.	Computer system development service	Aug. 1985	245	5.0	71.0
Juroku Credit Guarantee Co., Ltd.	Credit guaranty service	May 1979	50	3.0	40.0
Juroku Capital Co., Ltd.	Venture capital service	Apr. 1984	108	25.0	60.0
The Gifugin Business Service Co., Ltd.	Clerical work service	Jun. 1986	10	—	100.0
The Gifugin Hosho Service Co., Ltd.	Credit guaranty service	Oct. 1987	90	—	100.0
The Gifugin Card Co., Ltd.	Credit card flotation service	Jun. 1995	30	—	100.0

*Voting rights held by the Bank, or subsidiaries excluding the Bank, as a percentage of total voting rights.

Directory

(as of June 30, 2012)

Head Office

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Gifu 500-8516, Japan
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SWIFT Address: JUROJPJ T

General Manager
Kiyotaka Ikami

Overseas Network

Hong Kong Representative Office

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Chief Representative
Tadashi Murase

Shanghai Representative Office

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Chief Representative
Hitoshi Iwamura

Branches Handling Foreign Exchange Business

(17 Offices)

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Yanagase Branch

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Kakamigahara Branch

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Ogaki Branch

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Seki Branch

51-1, Higashikashiage, Seki-shi, Gifu
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Tajimi Branch

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Nakatsugawa Branch

2-5-1, Ootamachi, Nakatsugawa-shi, Gifu
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Takayama Branch

136, Shimosannomachi,
Takayama-shi, Gifu
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Ichinomiya Branch

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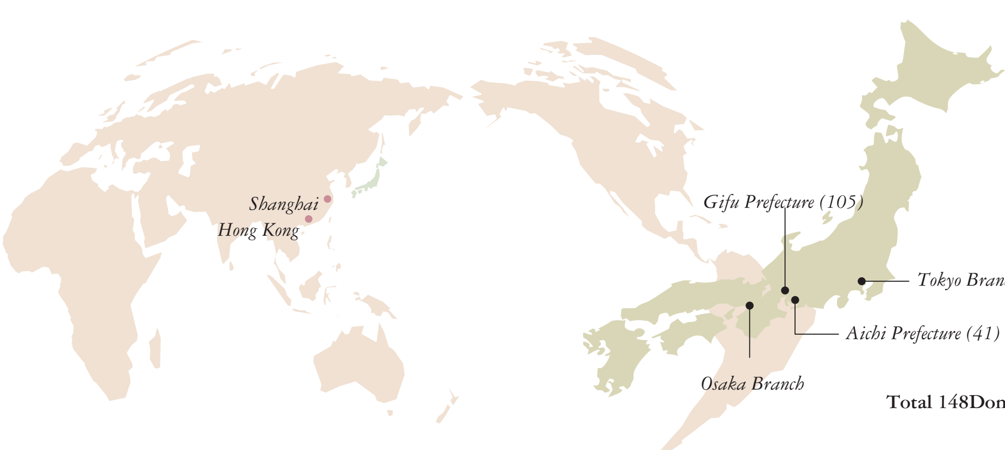

Total 148Domestic Offices

THE JUROKU BANK, LTD.

http://www.juroku.co.jp/