

# Annual Report



THE JUROKU BANK, LTD.

# 2011

## 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 147 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 2011, the Bank had total deposits of ¥4,749.6 billion (US\$57,121 million), total assets of ¥5,309.9 billion (US\$63,859 million), and a capital ratio of 11.30% according to domestic standards.



Head Office

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### Forward-Looking Statement

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

## Financial Highlights (Consolidated)

The Juroku Bank, Ltd. and Subsidiaries Years Ended March 31, 2011 and 2010

	Millions of Yen		Thousands of U.S.Dollars
	2011	2010	2011
<b>For the Fiscal Year</b>			
Total income	¥ 114,681	¥ 112,490	\$ 1,379,206
Total expenses	98,145	96,428	1,180,337
Net income	9,293	9,008	111,762
Cash dividends	2,548	2,550	30,644
<b>At Year-End</b>			
Total assets	¥5,309,912	¥4,365,437	\$63,859,435
Loans and bills discounted	3,564,245	3,008,805	42,865,244
Securities	1,300,543	972,046	15,640,926
Deposits	4,749,587	3,889,449	57,120,708
Total equity	259,579	226,673	3,121,816
<b>Cash Flows</b>			
Net cash provided by operating activities	¥ 159,893	¥ 129,280	\$ 1,922,946
Net cash used in investing activities	(105,427)	(105,217)	(1,267,913)
Net cash (used in) provided by financing activities	(3,070)	7,325	(36,921)
Cash and cash equivalents, end of year	183,949	132,570	2,212,255

Note: Amounts stated in United States dollars have been computed, solely for convenience, at the rate of ¥83.15 = US\$1, the approximate rate of exchange at March 31, 2011.

We will take a step forward as the “New Juroku Bank.”



Hakumi Horie President

Looking at the operating environment for financial institutions, we find regional economies facing increasing uncertainty, given the spreading aftermath of the Great East Japan Earthquake, in which we expect the harsh business conditions to continue.

Under such circumstance, 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, and that in view of the imminent radical change associated with the merger with The Gifu Bank, Ltd. scheduled in September 2012, we cut off our ongoing 11th Medium-term Management Plan, and newly launched from this April the “12th Medium-Term Management Plan ~Take-off towards the Glorious Tomorrow”, that covers three years from FY2011 to FY2013. Based on this plan, we will be committed to enhancing our corporate value as the “New Juroku Bank” through prompting the implementation of our

growth strategies along with early materialization of the maximum effect of management integration with The Gifu Bank, with an aim to be “The No.1 bank in the Tokai Region,” “A bank that bridges Gifu prefecture and Aichi prefecture,” and “A bank that contributes to the regional economy and community.”

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

July 2011  
Hakumi Horie  
President

Beginning of 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 cut off the 11th Medium-term Management Plan, and 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,” “A bank that bridges Gifu prefecture and Aichi prefecture,” and “A 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 deal with 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 and February 26, 2009 adopted resolutions to partially amend this policy. In this way, we have developed a system to ensure the appropriate execution of our business and have refined our system. Under this basic policy, we will pursue initiatives to enhance corporate governance.

### Progress Thus Far

The Board of Directors comprises 12 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, 2011). This firm provides accurate audits on the basis of appropriate information disclosure.

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

### Basic Policy on Strengthening Internal Control System

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

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

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

To implement this policy, directors of the Bank are responsible for the establishment of ethical standards and a compliance policy, and for ensuring that business is conducted in accordance with these standards and that laws, ordinances, and the Articles of Incorporation are adhered to. In addition, directors are responsible for preventing damage caused by anti-social 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) A Medium-Term Management Plan and guidelines based on this plan will be created for each six-month period, and duties will be executed in accordance with the Basic Policy and an Action Plan.

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

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

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

(1) In addition to positioning compliance with laws and ordinances as one of our most important business responsibilities and establishing regulations such as the Code of Ethics and

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

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

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

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

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

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

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

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

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

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

## 8. Ensuring the independence of the above employees from directors

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

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

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

- (1) Department activities related to creating the Bank's internal control system
- (2) Activities of the Bank's affiliates
- (3) Significant accounting policies and standards and changes to them
- (4) Content of disclosed earnings, projections, and other important disclosure materials
- (5) Operation of the whistle-blower system and notifications
- (6) Circulation of documents such as draft proposals and the minutes of important conference/committee meetings
- (7) Other items deemed necessary by the Corporate Auditors

## 10. System to ensure effective audits by Corporate Auditors

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

## Compliance System

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

We are further strengthening our compliance system under our 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 prob-

lem 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, 2011)

(Non-consolidated)

Borrower category Balances of credits	Classification			
	I	II	III	IV
Legally bankrupt borrowers 7.9 [1.9]	6.9	1.0	— (0.4)	— (6.0)
Virtually bankrupt borrowers 13.7 [6.8]	9.9	3.8	— (1.3)	— (6.9)
Potentially bankrupt borrowers 82.8	41.9	19.8	21.1 (14.0)	
Borrowers requiring caution				
Substandard borrowers 16.3	5.6	10.8		
Others*1 708.4	241.9	466.5		
Normal borrowers 2,343.4	2,343.4			
Total 3,172.6 [3,159.7]	2,649.6	501.9	21.1 (15.6)	— (13.0)

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

Classification Balances of claims	Portion of claims secured*2	Reserves	Coverage ratio
Bankrupt and quasi-bankrupt assets 21.6 [8.7]	7.1	14.6	100.0%
Doubtful assets 82.8	47.8	14.0	74.5%
Substandard loans*3 11.9	5.0	1.3	53.1%
Sub-total 116.4 [103.4]	59.8	29.9	77.0%
Normal assets 3,056.3		3.6% [3.2%]	
Total 3,172.6 [3,159.7]			

\*3 Substandard claims consist of loans only.

Risk-monitored loans Loans only (no other type of credit included)	
Classification	Loan balances
Bankrupt loans	7.7 [1.8]
Non-accrual loans	96.2 [89.3]
Past due loans (3 months or more)	0.1
Restructured loans	11.6
Total	115.9 [103.0]

Ratio of risk-monitored loans to total loans  
Figures in brackets are those after application of partial charge-offs (direct deduction).  
3.7%  
[3.3%]

Notes:

- 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.
- 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.

- 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.
- 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.

#### Commencement of Trade Settlement Service in RMB

From September 6, 2010, the Bank started providing Trade Settlement Service in RMB (handling remittance to and from overseas), as a pioneer among regional banks based in the Tokai region. Although yen and US dollar have hitherto been the currencies primarily used for settling trade with China, Trade settlement in RMB has been made available thanks to the regulatory relaxation by the Chinese government. We started this service ahead of other regional banks in an expectation of increasing needs among customers for Trade transaction in RMB in the future.

#### “Japan-China Monozukuri Business Talks Forum @ Shanghai 2010”

The Bank organized “Japan-China Monozukuri Business Talks Forum @ Shanghai 2010” in Shanghai, China for the two days of September 16 and 17, 2010. The Bank has been providing support to business customers developing their presence in China for the past 17 years since it established its Shanghai Representative Office in 1993, as the first among the regional banks. This forum was inaugurated five years ago by the Bank again as

a pioneer among the regional banks, and this latest event was the sixth round participated by 334 Japanese companies (12 of which were the Bank’s customers), visited by 3,200 companies and 5,300 individuals, hosting 8,500 business talks for the two days, turning out to be the largest ever round.



#### Reinforcement of the Business Cooperations with Overseas Financial Institutions

The Bank is also actively developing business cooperations with local financial institutions in foreign countries.

It reached business cooperation agreement with PT. Bank Negara Indonesia (Persero) Tbk (headquartered in Jakarta), an Indonesian state-owned commercial bank on March 15, 2011, which was followed by the business cooperation on March 17 with Industrial and Commercial Bank of China Limited (headquartered in Beijing), the largest commercial bank in China, and another on May 2 with State Bank of India (headquartered in Mumbai), the largest bank in the Republic of India, as the first to explore this territory among regional banks in the three prefectures of the Tokai region. Thanks to the now substantial cooperation network, our customers developing their businesses overseas will find it easier to do transactions with these partner financial institutions and to raise fund in local currencies, while it provides access to management information on local laws and taxation that will facilitate setting up of their local operations.



Cooperation with State Bank of India

#### “Interregional Collaboration for Overseas Business Support”

On May 18, 2011, the 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.

This collaboration among banks operating in different regions in Japan enables mutual use of each partner’s representative offices in Hong Kong (the Bank), Dalian (San-In Godo Bank), Bangkok (Hiroshima Bank), Singapore (Hokkoku Bank).

Thereby, customers of each bank will enjoy fuller support including access to broader than ever spectrum of useful information in respect of local laws, taxation and economies in foreign countries.



#### Handling Eco-Friendly Financial Products

The Bank believes that a commitment to dealing with environmental issues is a public responsibility. Accordingly, we provide proactive support to customers, addressing environmental issues by offering eco-friendly financial products. For the purpose of promoting eco-friendly financial products, the Bank provides Every Support 21 and Juroku Eco Loan, besides it started providing Juroku Eco-Rating Loan Scheme and Juroku Eco Private Placement Bond with an aim to realize eco-friendly financial services in the regional communities, by pushing from behind the business customers tackling environmental protection.

#### The Bank’s Activities in Connection to the Great East Japan Earthquake

We would like to express heartfelt sympathy to all those affected by the Great East Japan Earthquake. The Bank is engaged in the following activities in this connection.

- On March 14, 2011, special loan program was launched to offer support to the victims and businesses suspending their operation or otherwise affected by the earthquake.
- All donations transferred over the counter at the Bank’s branches are free of remittance charge.
- On March 28, 2011, ¥10 million contributions collected from the Group companies were donated with the purpose to assist the victims as well as to support restoration of the affected areas. Meanwhile, contributions amounting to ¥13,725,877 were collected from officers and employees across the Group and donated on April 6, 2011.

# Board of Directors and Corporate Auditors

The Juroku Bank, Ltd. (as of June 30, 2011)

President

**Hakumi Horie**



Hakumi Horie  
President

Senior Managing Director

**Yukio Murase**

Managing Directors

**Tomio Kawamura**

**Yoji Matsuura**

**Toshiro Hori**

Directors

**Yutaka Sugiyama**

**Naoki Ikeda**

**Kiyoshi Mabuchi**

**Fumihiko Miura**

**Hiroyuki Ota**

**Kunisaku Muto**

**Kenji Mori**

Standing Corporate Auditors

**Kunitaka Okamoto**

**Yasuaki Kono**

Corporate Auditors

**Hisashi Yura**

**Katsuhiko Kumazaki**



Yukio Murase  
Senior Managing Director



Tomio Kawamura  
Managing Director



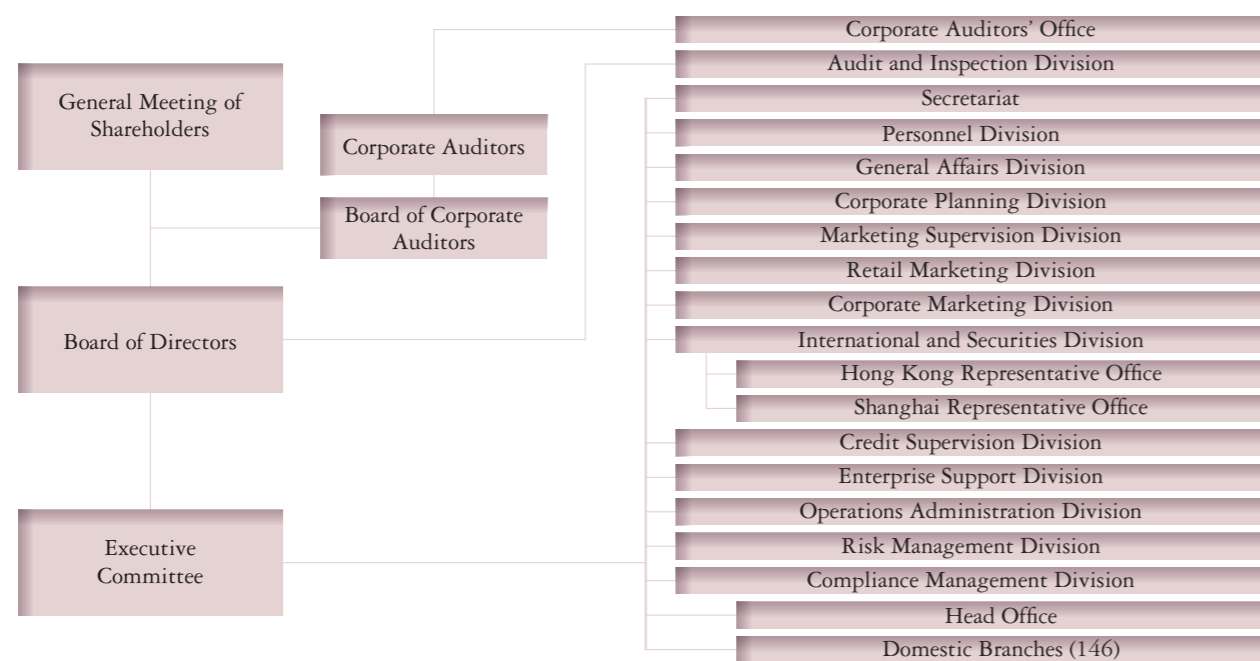
Yoji Matsuura  
Managing Director



Toshiro Hori  
Managing Director

# Organization Chart

The Juroku Bank, Ltd. (as of June 30, 2011)



# Financial Review

## Performance

During the fiscal year under review, the Japanese economy was on a recovery trend, thanks to an increase in export to the rising countries, particularly in Asia, along with rise in production triggered by policies to stimulate demand for automobiles and electrical products.

In the latter half of the year however, the situation worsened seriously as production activities declined massively in some of the manufacturing sectors due to disturbance in the supply chains and electricity supply, in the aftermath of the Great East Japan Earthquake, along with the stimulus policy effect running off because of the termination of Eco-Car Subsidies Scheme. In the meantime, employment situation remained severe while capital expenditures also remained weak.

As the aftermath of the earthquake extended partially to our business base in Gifu and Aichi prefectures, business conditions remained harsh.

On December 22, 2010, the Bank made The Gifu Bank a wholly owned subsidiary by a share exchange, and included 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 ¥2,087 million to ¥89,196 million (US\$1,073 million), mainly due to The Gifu Bank becoming a subsidiary of the Bank, while ordinary expenses increased by ¥2,207 million to ¥74,291 million (US\$893 million) and ordinary profit decreased by ¥120 million to ¥14,905 million (US\$179 million).

In the leasing business, ordinary income increased by ¥19 million to ¥21,699 million (US\$261 million), while ordinary expenses decreased by ¥172 million to ¥20,489 million (US\$246 million) and ordinary profit increased by ¥191 million to ¥1,210 million (US\$15 million).

In other businesses, including the credit card business and credit guarantee business, ordinary income decreased by ¥74 million to ¥5,370 million (US\$65 million), while ordinary expenses decreased by ¥494 million to ¥4,046 million (US\$49 million) and ordinary profit increased by ¥420 million to ¥1,324 million (US\$16 million).

As a result, ordinary income on a consolidated basis increased by ¥2,148 million to ¥114,626 million (US\$1,379 million) and ordinary expenses increased by ¥1,649 million to ¥97,189 million (US\$1,169 million), while ordinary profit increased by ¥499 million to ¥17,437 million (US\$210 million), and net income increased by ¥285 million to ¥9,293 million (US\$112 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, 2011 increased by ¥860.1 billion to ¥4,749.6 billion (US\$57,121 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, 2011 increased by ¥555.4 billion to ¥3,564.2 billion (US\$42,865 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, 2011 increased by ¥328.5 billion to ¥1,300.5 billion (US\$15,641 million).

Year-end unrealized gain on available-for-sale securities came to ¥13,444 million (US\$162 million), a decrease of ¥7,790 million from the previous term.

Net cash provided by operating activities amounted to ¥159,893 million (US\$1,923 million), an increase of ¥30,613 million from the previous term, as a result of a decrease in call loans. Net cash used in investing activities amounted to ¥105,427 million (US\$1,268 million), an increase of ¥210 million from the previous term as a result of an increase in purchase of securities. Net cash used in financing activities amounted to ¥3,070 million (US\$37 million), an increase of ¥10,395 million from the previous term as a result of a decrease in borrowings on subordinated loans. As a result, the closing balance of cash and cash equivalents increased by ¥51,379 million during the term under review, to ¥183,949 million (US\$2,212 million).



## C onsolidated Balance Sheets

The Juroku Bank, Ltd. and Consolidated Subsidiaries March 31, 2011 and 2010

	Millions of Yen		Thousands of U.S.Dollars (Note 1)
	2011	2010	2011
<b>ASSETS:</b>			
Cash and due from banks (Notes 4, 12 and 23)	¥ 187,949	¥ 133,952	\$ 2,260,361
Call loans and bills bought (Note 23)	56,663	75,000	681,455
Trading securities (Notes 5 and 23)	1,973	1,686	23,728
Money held in trust (Notes 6 and 23)	10,620	6,000	127,721
Securities (Notes 5, 12 and 23)	1,300,543	972,046	15,640,926
Loans and bills discounted (Notes 7 and 23)	3,564,245	3,008,805	42,865,244
Foreign exchanges (Note 8)	7,180	3,058	86,350
Lease receivables and investments in leases (Note 22)	41,304	43,759	496,741
Other assets (Notes 9 and 12)	62,508	55,944	751,750
Premises and equipment (Note 10)	69,056	66,856	830,499
Goodwill (Note 3)	4,832	—	58,112
Intangible assets	6,566	8,012	78,966
Deferred tax assets (Note 21)	15,626	16,447	187,925
Customers' liabilities for acceptances and guarantees (Note 11)	32,419	25,614	389,886
Reserve for possible loan losses (Note 23)	(51,572)	(51,742)	(620,229)
Total Assets	¥5,309,912	¥4,365,437	\$63,859,435
<b>LIABILITIES AND EQUITY:</b>			
<b>Liabilities:</b>			
Deposits (Notes 12, 13 and 23)	¥4,749,587	¥3,889,449	\$57,120,708
Negotiable certificates of deposit (Note 23)	6,347	7,800	76,332
Call money and bills sold	—	6,513	—
Payables under securities lending transactions (Notes 12 and 23)	70,890	47,499	852,556
Borrowed money (Notes 12, 14 and 23)	71,718	54,532	862,514
Foreign exchanges (Note 8)	486	651	5,845
Bonds (Note 15)	30,000	30,000	360,794
Other liabilities (Notes 16 and 18)	68,772	58,590	827,084
Liability for retirement benefits (Note 17)	10,062	7,989	121,010
Deferred tax liabilities (Note 21)	9	11	108
Deferred tax liabilities for land revaluation surplus (Note 2.h)	10,043	10,116	120,782
Acceptances and guarantees (Note 11)	32,419	25,614	389,886
Total Liabilities	5,050,333	4,138,764	60,737,619
<b>Commitments and Contingent Liabilities (Notes 22, 24 and 25)</b>			
<b>Equity (Notes 19 and 28):</b>			
Common stock:			
authorized, 460,000,000 shares;	36,839	36,839	443,043
issued, 379,241,348 in 2011 and 366,855,449 shares in 2010			
Capital surplus	27,824	25,358	334,624
Retained earnings	118,816	112,138	1,428,935
Treasury stock - at cost:			
5,465,476 shares in 2011 and 2,838,627 shares in 2010	(1,529)	(1,381)	(18,388)
Accumulated other comprehensive income			
Unrealized gain on available-for-sale securities	13,444	21,234	161,684
Land revaluation surplus (Note 2.h)	12,550	12,483	150,932
Total	207,944	206,671	2,500,830
Minority interests	51,635	20,002	620,986
Total Equity	259,579	226,673	3,121,816
Total Liabilities and Equity	¥5,309,912	¥4,365,437	\$63,859,435

See notes to consolidated financial statements.

## C onsolidated Statements of Income

The Juroku Bank, Ltd. and Consolidated Subsidiaries Years Ended March 31, 2011 and 2010

	Millions of Yen		Thousands of U.S.Dollars (Note 1)
	2011	2010	2011
<b>Income:</b>			
<b>Interest on:</b>			
Loans and discounts	¥ 55,860	¥ 56,587	\$ 671,797
Securities	13,553	11,632	162,995
Other	185	180	2,225
Fees and commissions	15,266	14,713	183,596
Other operating income (Note 5)	25,147	24,247	302,429
Gain on sale of securities	1,813	3,147	21,804
Other income	2,857	1,984	34,360
Total Income	114,681	112,490	1,379,206
<b>Expenses:</b>			
<b>Interest on:</b>			
Deposits	6,492	7,986	78,076
Borrowings and re-discounts	1,409	1,390	16,945
Other	160	101	1,924
Fees and commissions	5,069	4,636	60,962
Other operating expenses (Note 5)	20,962	19,383	252,099
General and administrative expenses	56,519	53,169	679,724
Provision for possible loan losses	1,982	4,452	23,836
Impairment loss on long-lived assets	617	503	7,420
Other expenses (Note 20)	4,935	4,808	59,351
Total Expenses	98,145	96,428	1,180,337
Income before Income Taxes and Minority Interests	16,536	16,062	198,869
<b>Income Taxes (Note 21):</b>			
Current	904	919	10,872
Deferred	4,908	5,113	59,026
Total Income Taxes	5,812	6,032	69,898
Net Income before Minority Interests	10,724	—	128,971
Minority Interests in Net Income	1,431	1,022	17,209
Net Income	¥ 9,293	¥ 9,008	\$ 111,762
<b>Per Share of Common Stock (Notes 2.r and 27):</b>			
Basic net income	¥25.36	¥24.73	\$0.30
Diluted net income	25.17	—	0.30
Cash dividends applicable to the year	7.00	7.00	0.08

See notes to consolidated financial statements.

## C onsolidated Statement of Comprehensive Income

The Juroku Bank, Ltd. and Consolidated Subsidiaries Year Ended March 31, 2011

	Millions of Yen	Thousands of U.S.Dollars (Note 1)
	2011	2011
Net income before minority interests	¥10,724	\$128,971
Other comprehensive income (Note 26):		
Unrealized loss on available-for-sale securities	(7,800)	(93,806)
Total other comprehensive income	(7,800)	(93,806)
Comprehensive income (Note 26)	¥2,924	\$35,165
<b>Total comprehensive income attributable to (Note 26):</b>		
Owners of the parent	¥1,503	\$18,075
Minority interests	1,421	17,090

See notes to consolidated financial statements.

## Consolidated Statements of Changes in Equity

The Juroku Bank, Ltd. and Consolidated Subsidiaries Years Ended March 31, 2011 and 2010

	Thousands	Millions of Yen								
	Outstanding Number of Shares of Common Stock	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Accumulated other comprehensive income		Total	Minority Interests	Total Equity
						Unrealized Gain (Loss) on Available-for-sale Securities	Land Revaluation Surplus			
<b>Balance at April 1, 2009</b>	364,344	¥36,839	¥25,358	¥105,472	¥(1,276)	¥3,889	¥12,699	¥182,981	¥18,907	¥201,888
Net income	—	—	—	9,008	—	—	—	9,008	—	9,008
Cash dividends, ¥7.00 per share	—	—	—	(2,550)	—	—	—	(2,550)	—	(2,550)
Transfer of land revaluation surplus	—	—	—	216	—	—	—	216	—	216
Purchase of treasury stock	(360)	—	—	—	(125)	—	—	(125)	—	(125)
Disposal of treasury stock	33	—	—	(8)	20	—	—	12	—	12
Net change in the year	—	—	—	—	—	17,345	(216)	17,129	1,095	18,224
<b>Balance at March 31, 2010</b>	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
<b>Balance at March 31, 2011</b>	373,776	¥36,839	¥27,824	¥118,816	¥(1,529)	¥13,444	¥12,550	¥207,944	¥51,635	¥259,579

	Thousands of U.S. Dollars (Note 1)									
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Accumulated other comprehensive income		Total	Minority Interests	Total Equity	
					Unrealized Gain (Loss) on Available-for-sale Securities	Land Revaluation Surplus				
<b>Balance at March 31, 2010</b>	\$443,043	\$304,967	\$1,348,623	\$(16,609)	\$255,370	\$150,126	\$2,485,520	\$240,553	\$2,726,073	
Net income	—	—	111,762	—	—	—	111,762	—	111,762	
Cash dividends, \$0.08 per share	—	—	(30,644)	—	—	—	(30,644)	—	(30,644)	
Transfer of land revaluation surplus	—	—	(806)	—	—	—	(806)	—	(806)	
Purchase of treasury stock	—	—	—	(192)	—	—	(192)	—	(192)	
Disposal of treasury stock	—	(72)	—	144	—	—	72	—	72	
Changes in equity due to share exchange	—	29,729	—	14,203	—	—	43,932	2,610	46,542	
Stock of the parent company owned by newly consolidated subsidiaries	—	—	—	(15,934)	—	—	(15,934)	—	(15,934)	
Net change in the year	—	—	—	—	(93,686)	806	(92,880)	377,823	284,943	
<b>Balance at March 31, 2011</b>	\$443,043	\$334,624	\$1,428,935	\$(18,388)	\$161,684	\$150,932	\$2,500,830	\$620,986	\$3,121,816	

See notes to consolidated financial statements.

## Consolidated Statements of Cash Flows

The Juroku Bank, Ltd. and Consolidated Subsidiaries Years Ended March 31, 2011 and 2010

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2011	2010	2011
<b>Operating Activities:</b>			
Income before income taxes and minority interests	¥ 16,536	¥ 16,062	\$198,869
Adjustments for:			
Income taxes - paid	(1,079)	(1,714)	(12,977)
Income taxes - refund	273	5,667	3,283
Depreciation	5,590	5,364	67,228
Impairment loss on long-lived assets	617	503	7,420
Interest income recognized on statements of income	(69,598)	(68,399)	(837,017)
Interest expense recognized on statements of income	8,061	9,477	96,945
Net loss (gain) on securities	1,160	(2,336)	13,951
Unrealized loss on derivatives	124	81	1,491
Net decrease in reserve for possible loan losses	(3,932)	(8,735)	(47,288)
Net increase in liability for retirement benefits	1,000	243	12,026
Net (increase) decrease in loans	(72,491)	31,593	(871,810)
Net increase in deposits	158,178	156,243	1,902,321
Net decrease in negotiable certificates of deposit	(1,453)	(10,428)	(17,474)
Net decrease (increase) in due from banks (excluding cash equivalents)	1,825	(765)	21,948
Net decrease (increase) in call loans and others	18,429	(75,000)	221,636
Net decrease in call money and others	(6,513)	(19,470)	(78,328)
Net increase in payables under securities lending transactions	20,657	32,451	248,431
Net decrease in lease receivables and investments in leases	2,451	2,268	29,477
Interest income - cash basis	71,376	68,717	858,400
Interest expense - cash basis	(6,535)	(8,219)	(78,593)
Other - net	15,217	(4,323)	183,007
Total adjustments	143,357	113,218	1,724,077
Net cash provided by operating activities	159,893	129,280	1,922,946
<b>Investing Activities:</b>			
Purchases of securities	(393,724)	(345,421)	(4,735,106)
Proceeds from sales of securities	153,447	156,814	1,845,424
Proceeds from maturities of securities	64,889	88,670	780,385
Purchases of premises and equipment	(2,694)	(2,816)	(32,399)
Purchases of intangible assets	(1,316)	(2,513)	(15,827)
Proceeds from sales of premises and equipment	57	105	686
Proceeds from sales of intangible assets	0	1	0
Proceeds from acquisition of newly consolidated subsidiaries, net of cash acquired (Note 3)	73,948	—	889,333
Other	(34)	(57)	(409)
Net cash used in investing activities	(105,427)	(105,217)	(1,267,913)
<b>Financing Activities:</b>			
Proceeds from subordinated loans	3,000	10,000	36,079
Repayment of subordinated loans	(500)	—	(6,013)
Redemption of subordinated bonds	(3,000)	—	(36,079)
Proceeds from sales of treasury stock	6	11	72
Acquisition of treasury stock	(16)	(125)	(192)
Dividends paid	(2,560)	(2,561)	(30,788)
Net cash (used in) provided by financing activities	(3,070)	7,325	(36,921)
Foreign Currency Translation Adjustments on Cash and Cash Equivalents	(17)	(8)	(205)
<b>Net Increase in Cash and Cash Equivalents</b>	51,379	31,380	617,907
<b>Cash and Cash Equivalents, Beginning of Year</b>	132,570	101,190	1,594,348
<b>Cash and Cash Equivalents, End of Year (Note 4)</b>	¥183,949	¥132,570	\$2,212,255
<b>Noncash Investing and Financing Activities:</b>			
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	—	\$9,192,556
Liabilities (primarily deposits)	(730,156)	—	(8,781,191)
Minority interests	(30,005)	—	(360,853)
Goodwill	4,893	—	58,845
Acquisition cost	9,093	—	109,357
Acquisition cost of common stock and preferred stock owned by the Bank	(5,064)	—	(60,902)
Common stock allotted by share exchange	(3,870)	—	(46,542)
Cash and cash equivalents	(74,107)	—	(891,246)
Proceeds for acquisition of newly consolidated subsidiaries, net of cash acquired	¥ 73,948	—	\$ 889,333

See notes to consolidated financial statements.

## 1. Basis of Presenting Consolidated Financial Statements

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

Under Japanese GAAP, a consolidated statement of comprehensive income is required from the fiscal year ended March 31, 2011 and has been presented herein. Accordingly, accumulated other comprehensive income is presented in the consolidated balance sheet and the consolidated statement of changes in equity. Information with respect to other comprehensive income for the year ended March 31, 2010 is disclosed in Note 26. In addition, "net income before minority interests" is disclosed in the consolidated statement of income for the year ended March 31, 2011.

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.

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 ¥83.15 to \$1, the approximate rate of exchange at March 31, 2011. 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, 2011 and 2010 include the accounts of the Bank and its eleven (seven in 2010) 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 Hoshō 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 (three in 2010) unconsolidated subsidiaries are stated at cost. If the equity method of accounting had been applied to the investments in these companies, the effect on the accompanying consolidated financial statements would not be material.

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 (the "BAC") 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 current accounting standard accounts for the 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. This standard was applicable to business combinations undertaken on or after April 1, 2010 with early adoption permitted for fiscal years beginning on or after April 1, 2009.

The Bank acquired 98.38% of shares of The Gifu Bank, Ltd. on December 22, 2010 and accounted for it by the purchase method of accounting. The related goodwill is systematically amortized over 20 years.

### c. Cash and cash equivalents

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

### 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 taxable for tax purposes in the future was ¥3,073 million (\$36,957 thousand) as of March 31, 2011.

### 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.

### b. 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 statements 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 ¥20,727 million (\$249,272 thousand) as of March 31, 2011.

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

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

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. Asset Retirement Obligations

In March 2008, the ASBJ published an accounting standard for asset retirement obligations, ASBJ Statement No.18 "Accounting Standard for Asset Retirement Obligations" and ASBJ Guidance No.21 "Guidance on Accounting Standard for Asset Retirement Obligations". Under this accounting standard, an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development and the normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset. The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an increase or a decrease in the carrying amount of the liability and the capitalized amount of the related asset retirement cost. This standard was effective for fiscal years beginning on or after April 1, 2010.

The Bank applied this accounting standard effective April 1, 2010. The effect of this change was to decrease operating income by ¥9 million (\$108 thousand) and income before income taxes and minority interests by ¥106 million (\$1,275 thousand).

### m. 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 to be capitalized. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if capitalized" information





## 15. Bonds

Bonds as of March 31, 2011 and 2010 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Unsecured Yen subordinated bonds due March 2017 (a)	¥15,000	¥15,000	\$180,397
Unsecured Yen subordinated bonds due September 2017 (b)	15,000	15,000	180,397
Total	¥30,000	¥30,000	\$360,794

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

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

## 16. Other Liabilities

Other liabilities as of March 31, 2011 and 2010 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Domestic exchange settlement account, credit*	¥ 47	¥ 54	\$ 565
Income taxes payable	689	618	8,286
Accrued expenses	13,690	9,760	164,642
Deferred income	11,221	9,645	134,949
Employees' deposits	2,431	2,309	29,236
Derivative liabilities	21,732	19,654	261,360
Accounts payable	6,682	6,423	80,361
Other	12,280	10,127	147,685
Total	¥68,772	¥58,590	\$827,084

\* 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, 2011 and 2010 was ¥352 million (\$4,233 thousand) and ¥335 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, 2011 and 2010 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Projected benefit obligation	¥48,494	¥46,754	\$583,211
Fair value of plan assets	(31,776)	(31,522)	(382,153)
Unrecognized actuarial loss	(7,008)	(7,598)	(84,281)
Prepaid pension cost	—	20	—
Net liability	¥ 9,710	¥ 7,654	\$116,777

The components of net periodic retirement benefit costs for the years ended March 31, 2011 and 2010 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Service cost	¥1,391	¥1,339	\$16,741
Interest cost	941	919	11,305
Expected return on plan assets	(796)	(697)	(9,573)
Recognized actuarial loss	1,852	2,214	22,273
Net periodic retirement costs	¥3,388	¥3,775	\$40,746

Assumptions used for the years ended March 31, 2011 and 2010 were set forth as follows:

	2011	2010
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, 2011 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
	2011	2011
Balance at beginning of year	¥117	\$1,407
Additional provisions associated with the acquisition of premises and equipment	157	1,888
Reconciliation associated with passage of time	7	84
Balance at end of year	¥281	\$3,379

## 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 (\$242,393 thousand) and ¥20,155 as of March 31, 2011 and 2010, respectively.

## 20. Other Expenses

Other expenses for the years ended March 31, 2011 and 2010 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Write-down of stocks and other securities	¥1,134	¥ 328	\$13,638
Loss on sales of stocks and other securities	1,998	1,309	4,030
Write-down of loans	158	288	2,405
Loss on sales of loans	280	1,101	3,367
Loss on dispositions of premises and equipment	142	385	1,708
Other	1,223	1,397	14,203
Total	¥4,935	¥4,808	\$59,351

## 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, 2011 and 2010.

The tax effects of significant temporary differences and tax loss carryforwards, which result in deferred tax assets and liabilities as of March 31, 2011 and 2010 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Deferred tax assets:			
Reserve for possible loan losses	¥16,535	¥18,136	\$198,857
Tax loss carryforwards	14,542	6,207	174,889
Liability for retirement benefits	6,586	5,439	79,206
Write-down of securities	6,163	2,955	74,119
Depreciation	2,986	1,869	35,911
Other	4,012	2,410	48,250
Less: Valuation allowance	(23,916)	(6,064)	(287,624)
Total	26,908	30,952	323,608
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities	(8,952)	(13,065)	(107,661)
Gain on contribution of available-for-sale securities to employees' retirement benefit trusts	(1,352)	(1,353)	(16,260)
Other	(987)	(98)	(11,870)
Total	(11,291)	(14,516)	(135,791)
Net deferred tax assets	¥15,617	¥16,436	\$187,817

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, 2011 and 2010 were as follows:

	2011	2010
Normal effective statutory tax rate	39.76%	39.76%
Expenses not deductible for income tax purposes	0.69	0.56
Income not taxable for income tax purposes	(2.30)	(2.43)
Per capita tax	0.47	0.46
Net change in valuation allowance	(3.21)	(0.34)
Other – net	(0.27)	(0.46)
Actual effective tax rate	35.14%	37.55%

## 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, 2011 and 2010 was ¥22 million (\$265 thousand) and ¥1 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
	2011	2010	2011
Acquisition cost	¥441	¥3	\$5,303
Accumulated depreciation	(317)	(2)	(3,812)
Net leased assets	¥124	¥1	\$1,491

Obligations under finance leases as of March 31, 2011 and 2010 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Due within one year	¥ 44	¥0	\$ 529
Due after one year	80	1	962
Total	¥124	¥1	\$1,491

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

Depreciation expense, which was not reflected in the accompanying consolidated statements of operations, 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, 2011 and 2010 were ¥22 million (\$265 thousand) and ¥1 million, respectively.

(Lessor)

A subsidiary leases certain equipment and other assets.

The net investments in leases as of March 31, 2011 and 2010 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Gross lease receivables	¥44,158	¥47,630	\$531,065
Unguaranteed residual values	656	566	7,889
Deferred interest income	(5,465)	(6,210)	(65,725)
Total	¥39,349	¥41,986	\$473,229

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
2012	¥ 516	\$ 6,205
2013	438	5,267
2014	362	4,354
2015	286	3,440
2016	223	2,682
2017 and thereafter	376	4,522
Total	¥2,201	\$26,470

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
2012	¥13,943	\$167,685
2013	10,623	127,757
2014	7,820	94,047
2015	5,037	60,577
2016	2,828	34,011
2017 and thereafter	3,907	46,987
Total	¥44,158	\$531,064

Operating leases

(Lessee)

The minimum rental commitments under noncancellable operating leases as of March 31, 2011 and 2010 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Due within one year	¥ 156	¥ 44	\$ 1,876
Due after one year	2,060	727	24,775
Total	¥2,216	¥771	\$26,651

(Lessor)

Expected future rental revenues under operating leases as of March 31, 2011 and 2010 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Due within one year	¥162	¥111	\$1,948
Due after one year	341	234	4,101
Total	¥503	¥345	\$6,049

### 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 were applicable to financial instruments and related disclosures at the end of the fiscal years ending on or after March 31, 2010. The Group applied the revised accounting standard and the new guidance effective March 31, 2010.

(1) Group policy for financial instruments

The Group provides banking services-based comprehensive financial services and also leasing business. Banking services are comprised of deposit-taking and lending services, securities investment and other financial services such as derivatives business. The Group provides various services such as local-based operations and low cost, stable, and lasting financing by deposits and borrowed money.

As for loans and bills discounted in the money management system, the Group finances based on capital demand of local companies and against home mortgage loan-based individual financing. As its main resources are bank deposits from customers, the Group tries to ensure the soundness of the assets through appropriate credit granting and credit rating by understanding the current credit status and managing the credit granting 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 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.

In derivative transactions, the Group meets the various needs of its customers and also focuses on performing the derivative transactions to funding and investment aspects for its own needs as well. In trading transactions, the Group avoids taking excessive risk by preliminarily restricting the type of transactions and limiting the volume. Also, the Group will not perform a particular transaction if the variation of such transaction's fair value is high against the change in the price of the underlying assets (i.e. high leverage-effect transaction).

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

The loaned money out of financial instruments that the Group holds are related to general business enterprises, individuals, and local public bodies and has the risk (credit risk) that the value of loaned money is reduced by financial deterioration and the 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, and foreign securities which are comprised of mainly US Treasury or foreign 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 due to a mismatch of periods between operations and financing and unexpected outflows of money and due to significantly unfavorable financing conditions. 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-delivery forwards, 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, expiration 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 also in trading transactions, the Group preliminarily establishes a maximum amount of risk to avoid too much market risk. Transactions in the market such as options have no 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. To be more precise, 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 rate of market variance and its half year business plan. In each operation, 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 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 considers if repayment resources are ensured and repayment plans are reasonably secured on individual loans based on the purpose of the loan, business plans and investment effects. From the point of view of the portfolio, the Group tries to improve credit granting in order to prevent concentrations in particular customers and industries on credit granting and by ensuring profits to meet credit costs. In addition, in order to improve credit risk, the Group supports improved management and revitalization of business for customers whose business conditions have worsened. 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 reports 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 how the Group specifies market risk, what is the role of the department in charge and how to evaluate and also to control and reduce 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 reports to the ALM committee and management and discusses necessary actions. Regarding derivative transactions, the Group follows internal regulations and policies. Market-risk-management department (middle office) and office-work department (back office) manage and monitor the balance, evaluate fair value, profit and loss, measurement of risk and report to such as top-management and risk controlling department regularly and 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 bonds. To manage these market risks, the Group calculates VaR, which is used for quantitative analysis. The Group calculates VaR of





March 31, 2011	Millions of Yen			
	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	¥4,153,392	¥568,730	¥27,465	¥ 0
Negotiable certificates of deposit	6,347	—	—	—
Payables under securities lending transactions	70,890	—	—	—
Borrowed money	24,701	12,913	31,104	3,000
Total	¥4,255,330	¥581,643	¥58,569	¥3,000

March 31, 2011	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
Cash and due from banks	\$ 1,436,031	\$ 36,080	—	—
Call loans and bills bought	681,455	—	—	—
Securities				
Held-to-maturity securities				
Debt securities				
Corporate bonds	116,212	446,891	\$ 36,633	—
Available-for-sale securities with contractual maturities				
Debt securities				
National government bonds	112,844	3,197,330	2,962,117	\$ 305,472
Local government bonds	165,676	1,329,080	1,160,806	—
Corporate bonds	99,964	1,725,063	531,124	278,449
Other	153,987	732,183	325,244	344,787
Loans and bills discounted	12,690,175	12,831,040	6,137,846	9,193,204
Total	\$15,456,344	\$20,297,667	\$11,153,770	\$10,121,912

March 31, 2011	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	\$49,950,594	\$6,839,807	\$330,307	\$ 0
Negotiable certificates of deposit	76,332	—	—	—
Payables under securities lending transactions	852,556	—	—	—
Borrowed money	297,066	155,298	374,071	36,079
Total	\$51,176,548	\$6,995,105	\$704,378	\$36,079

#### 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 of the contracts.

The total amounts of unused open commitments as of March 31, 2011 and 2010 were ¥1,399,015 million (\$16,825,195 thousand) and ¥1,239,279 million, respectively. Multi-purpose accounts included in the unused open commitments as of March 31, 2011 and 2010 are ¥679,034 million (\$8,166,374 thousand) and ¥571,530 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, 2011 and 2010 were ¥1,391,102 million (\$16,730,030 thousand) and ¥1,230,987 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". The accounting standard and the guidance were applicable to financial instruments and related disclosures at the end of the fiscal years ending on or after March 31, 2010.

Derivative transactions to which hedge accounting is not applied at March 31, 2011 and 2010

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, 2010	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	¥ 4,450	¥ 3,710	¥ 80	¥ 80
Variable rate receipt, fixed rate payment	4,450	3,710	(47)	(47)
Over-the-counter currency-related contracts:				
Currency swap	259,697	195,531	439	439
Foreign exchange forward:				
Sell	7,145	372	(174)	(174)
Buy	11,236	189	224	224
Currency option:				
Sell	213,033	157,540	(18,344)	(729)
Buy	206,601	153,352	18,344	3,176
Other:				
Sell	1,607	1,243	(76)	(76)
Buy	1,475	1,140	146	146

At March 31, 2011	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	\$ 45,532	\$ 33,506	\$ 890	\$ 890
Variable rate receipt, fixed rate payment	45,532	33,506	(517)	(517)
Over-the-counter currency-related contracts:				
Currency swap	2,190,956	1,587,216	3,716	3,716
Foreign exchange forward:				
Sell	336,753	2,766	(2,309)	(2,309)
Buy	178,376	—	(156)	(156)
Currency option:				
Sell	2,201,563	1,524,209	(237,523)	(44,077)
Buy	2,109,453	1,457,511	237,535	69,970
Other:				
Sell	15,526	11,281	577	577
Buy	15,153	10,968	301	301

Notes:

- Derivative transactions are valued at market and the gains/(losses) are recognized in the consolidated statements of operations.
- 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, 2011.

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, 2011	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	\$451,161	\$450,607	(*)

There were no derivative transactions to which hedge accounting was applied at March 31, 2010.

(\*) 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

For the year ended March 31, 2010

Total comprehensive income for the year ended March 31, 2010 was the following:

	2010
Total comprehensive income attributable to:	
Owners of the parent	¥26,354
Minority interests	1,106
Total comprehensive income	¥27,460

Other comprehensive income for the year ended March 31, 2010 consisted of the following:

	2010
Other comprehensive income:	
Unrealized gain on available-for-sale securities	¥17,430
Total other comprehensive income	¥17,430

#### 27. Net Income Per Share

Reconciliation of the differences between basic and diluted net income per share ("EPS") for the years ended March 31, 2011 and 2010 is as follows:

	Millions of Yen	Thousands of shares	Yen	Dollars
	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	\$0.30
Effect of Dilutive Securities				
Preferred stock	(41)	1,140		
Diluted EPS				
Net income for computation	¥9,252	367,581	¥25.17	\$0.30

Dilutive net income per share for the year ended March 31, 2010 is not disclosed since the Group had no dilutive securities.

## 28. Subsequent Event

On June 24, 2011, 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	\$15,947

## 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.

The segment information for the year ended March 31, 2010 under the revised accounting standard is also disclosed hereunder as required.

### 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			Other*	Total	Reconciliations	Consolidated
2011	Banking	Lease	Total				
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

	Millions of Yen						
	Reportable Segment			Other*	Total	Reconciliations	Consolidated
2010	Banking	Lease	Total				
Ordinary income:							
(1) Outside customers	¥ 86,554	¥21,397	¥ 107,951	¥ 4,527	¥ 112,478	—	¥ 112,478
(2) Intersegment transactions	555	283	838	917	1,755	(1,755)	—
Total	¥ 87,109	¥21,680	¥ 108,789	¥ 5,444	¥ 114,233	¥ (1,755)	¥ 112,478
Segment profit	15,025	1,019	16,044	904	16,948	(10)	16,938
Segment assets	4,315,154	59,595	4,374,749	30,572	4,405,321	(39,884)	4,365,437
Other:							
Depreciation	¥ 4,955	¥ 222	¥ 5,177	¥ 54	¥ 5,231	¥ 133	¥ 5,364
Interest income	67,919	35	67,954	870	68,824	(425)	68,399
Interest expense	9,136	601	9,737	150	9,887	(410)	9,477
Provision of allowance for doubtful accounts	3,370	347	3,717	735	4,452	—	4,452
Increase in premises and equipment and intangible assets	4,666	387	5,053	70	5,123	125	5,248

	Thousands of U.S. Dollars						
	Reportable Segment			Other*	Total	Reconciliations	Consolidated
2011	Banking	Lease	Total				
Ordinary income:							
(1) Outside customers	\$ 1,066,470	\$257,667	\$ 1,324,137	\$ 54,408	\$ 1,378,545	—	\$ 1,378,545
(2) Intersegment transactions	6,242	3,295	9,537	10,174	19,711	\$(19,711)	—
Total	\$ 1,072,712	\$260,962	\$ 1,333,674	\$ 64,582	\$ 1,398,256	\$(19,711)	\$ 1,378,545
Segment profit	179,254	14,552	193,806	15,923	209,729	(24)	209,705
Segment assets	63,325,147	659,808	63,984,955	388,815	64,373,770	(514,335)	63,859,435
Other:							
Depreciation	\$ 61,491	\$ 3,536	\$ 65,027	\$ 662	\$ 65,689	\$ 1,539	\$ 67,228
Amortization of goodwill	734	—	734	—	734	—	734
Interest income	832,026	649	832,675	8,900	841,575	(4,558)	837,017
Interest expense	93,638	6,314	99,952	1,395	101,347	(4,402)	96,945
Provision of allowance for doubtful accounts	16,428	4,486	20,914	2,922	23,836	—	23,836
Increase in premises and equipment and intangible assets	39,699	5,015	44,714	325	45,039	2,201	47,240

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

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

## 4. Associated Information

### (1) Information about services

	Millions of Yen				
	Lending Service	Securities Services	Leasing	Other	Total
2011					
Ordinary income:					
Outside customers	¥56,891	¥17,800	¥21,361	¥18,574	¥114,626

	Thousands of U.S. Dollars				
	Lending Service	Securities Services	Leasing	Other	Total
2011					
Ordinary income:					
Outside customers	\$684,197	\$214,071	\$256,897	\$223,380	\$1,378,545

### (2) Information about impairment loss by reportable segment

	Millions of Yen				
	Reportable Segment			Other	Total
2011	Banking	Lease	Total		
Impairment loss	¥617	—	¥617	—	¥617

	Thousands of U.S. Dollars				
	Reportable Segment			Other	Total
2011	Banking	Lease	Total		
Impairment loss	\$7,420	—	\$7,420	—	\$7,420

# N on-Consolidated Six-Year Summary (Unaudit)

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

### (3) Information about goodwill by reportable segments

	Millions of Yen				
	Reportable Segment			Other	Total
	Banking	Lease	Total		
<b>2011</b>					
Amortization of goodwill	¥ 61	—	¥ 61	—	¥ 61
Goodwill at March 31, 2011	4,832	—	4,832	—	4,832

	Thousands of U.S. Dollars				
	Reportable Segment			Other	Total
	Banking	Lease	Total		
<b>2011</b>					
Amortization of goodwill	\$ 734	—	\$ 734	—	\$ 734
Goodwill at March 31, 2011	58,112	—	58,112	—	58,112

Information about operations in business segments for the year ended March 31, 2010 was as follows:

2010	Millions of Yen					Elimination/Corporate	Consolidated
	Banking	Lease	Other*	Total			
<b>(a) Income</b>							
Ordinary income:							
(1) Outside customers	¥ 86,554	¥21,397	¥ 4,527	¥ 112,478	—	¥ 112,478	
(2) Intersegment transactions	555	283	917	1,755	¥ (1,755)	—	
Total	87,109	21,680	5,444	114,233	(1,755)	112,478	
Ordinary expenses	72,085	20,661	4,540	97,286	(1,746)	95,540	
Ordinary profit	¥ 15,024	¥ 1,019	¥ 904	¥ 16,947	¥ (9)	16,938	
Other income and expenses - net						(876)	
Income before income taxes and minority interests						¥ 16,062	
<b>(b) Assets, depreciation and capital expenditures:</b>							
Assets	¥4,315,154	¥59,595	¥30,572	¥4,405,321	¥(39,884)	¥4,365,437	
Depreciation	4,955	222	54	5,231	133	5,364	
Impairment loss on long-lived assets	503	—	—	503	—	503	
Capital expenditures	4,666	387	70	5,123	125	5,248	

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

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

The Group operates only in Japan for the year ended March 31, 2010.

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

Ordinary income from overseas operations was not presented herein as it was less than 10% of consolidated ordinary income for the year ended March 31, 2010.

	Millions of Yen					
	2011	2010	2009	2008	2007	2006
<b>For the Year</b>						
Total income	¥ 85,235	¥ 87,115	¥ 90,414	¥ 116,391	¥ 95,288	¥ 89,491
Total expenses	71,235	72,973	107,131	98,819	72,522	65,600
Income (loss) before income taxes	14,000	14,142	(16,717)	17,572	22,766	23,891
Total income taxes	4,738	5,240	(7,171)	7,214	9,089	8,439
Net income (loss)	¥ 9,262	¥ 8,902	¥ (9,546)	¥ 10,358	¥ 13,677	¥ 15,452
<b>At Year-End</b>						
<b>Assets:</b>						
Trading securities	¥ 1,947	¥ 1,686	¥ 1,666	¥ 1,514	¥ 3,042	¥ 2,898
Securities	1,118,419	970,684	844,836	852,504	1,008,292	1,075,252
Loans and bills discounted	3,096,245	3,022,906	3,056,008	2,909,033	2,822,570	2,724,546
Foreign exchanges	6,085	3,058	3,909	4,613	3,361	11,305
Other	294,671	316,680	219,115	322,892	298,191	261,179
Total assets	¥4,517,367	¥4,315,014	¥4,125,534	¥4,090,556	¥4,135,456	¥4,075,180
<b>Liabilities:</b>						
Deposits	¥4,069,448	¥3,902,366	¥3,745,652	¥3,639,608	¥3,624,885	¥3,497,563
Foreign exchanges	477	651	575	737	738	560
Other	239,744	207,673	198,559	228,491	242,111	325,796
Total liabilities	4,309,669	4,110,690	3,944,786	3,868,836	3,867,734	3,823,919
<b>Equity:</b>						
Common stock	36,839	36,839	36,839	36,839	36,839	36,839
Capital surplus and earnings	170,859	167,485	143,909	184,881	230,883	214,422
Total equity	207,698	204,324	180,748	221,720	267,722	251,261
Total liabilities and equity	¥4,517,367	¥4,315,014	¥4,125,534	¥4,090,556	¥4,135,456	¥4,075,180

## Non-Consolidated Balance Sheets

The Juroku Bank, Ltd. March 31, 2011 and 2010 (Supplemental Information)

	Millions of Yen		Thousands of U.S.Dollars
	2011	2010	2011
<b>ASSETS:</b>			
Cash and due from banks	¥ 130,457	¥ 132,715	\$ 1,568,936
Call loans	56,663	75,000	681,455
Trading securities	1,947	1,686	23,415
Money held in trust	6,000	6,000	72,159
Securities	1,118,419	970,684	13,450,619
Loans and bills discounted	3,096,245	3,022,906	37,236,861
Other assets	45,088	42,569	542,249
Premises and equipment	62,352	63,285	749,874
Intangible assets	6,075	7,734	73,061
Deferred tax assets	13,771	14,376	165,616
Customers' liabilities for acceptances and guarantees	22,575	24,438	271,497
Reserve for possible loan losses	(42,225)	(46,379)	(507,817)
Total Assets	¥4,517,367	¥4,315,014	\$54,327,925
<b>LIABILITIES AND EQUITY:</b>			
<b>Liabilities:</b>			
Deposits	¥4,069,448	¥3,902,366	\$48,941,046
Negotiable certificates of deposit	11,346	12,800	136,452
Call money	—	6,513	—
Payables under securities lending transactions	70,890	47,499	852,556
Borrowed money	42,700	28,000	513,530
Bonds	30,000	30,000	360,794
Other liabilities	42,198	39,538	507,492
Accrued bonuses	1,469	1,440	17,667
Director's accrued bonuses	39	46	469
Liability for retirement benefits	8,961	7,934	107,769
Deferred tax liabilities for land revaluation surplus	10,043	10,116	120,782
Acceptances and guarantees	22,575	24,438	271,497
Total Liabilities	4,309,669	4,110,690	51,830,054
<b>Commitments and Contingent Liabilities</b>			
<b>Equity:</b>			
Common stock	36,839	36,839	443,043
Capital surplus:			
Additional paid-in capital	27,817	25,367	334,539
Retained earnings:			
Legal reserve	20,155	20,155	242,393
Unappropriated	96,525	89,884	1,160,854
Unrealized gain on available-for-sale securities	14,017	21,217	168,575
Land revaluation surplus	12,550	12,483	150,932
Treasury stock—at cost	(205)	(1,621)	(2,465)
Total Equity	207,698	204,324	2,497,871
Total Liabilities and Equity	¥4,517,367	¥4,315,014	\$54,327,925

## Non-Consolidated Statements of Income

The Juroku Bank, Ltd. Years Ended March 31, 2011 and 2010 (Supplemental Information)

	Millions of Yen		Thousands of U.S.Dollars
	2011	2010	2011
<b>Income:</b>			
<b>Interest on:</b>			
Loans and discounts	¥ 53,374	¥ 56,156	\$ 641,900
Securities	12,831	11,618	154,311
Other	138	144	1,660
Fees and commissions	11,386	11,327	136,933
Other operating income	3,570	2,751	42,934
Gain on sales of securities	1,796	3,118	21,600
Other income	2,140	2,001	25,737
Total Income	85,235	87,115	1,025,075
<b>Expenses:</b>			
<b>Interest on:</b>			
Deposits	6,100	7,999	73,361
Borrowings and re-discounts	1,081	1,047	13,001
Other	151	90	1,816
Fees and commissions	4,564	4,411	54,889
Other operating expenses	2,074	629	24,943
General and administrative expenses	51,351	50,298	617,571
Impairment loss on long-lived assets	615	503	7,396
Other expenses	5,299	7,996	63,728
Total Expenses	71,235	72,973	856,705
Income before Income Taxes	14,000	14,142	168,370
<b>Income Taxes:</b>			
Current	69	70	830
Deferred	4,669	5,170	56,151
Total Income Taxes	4,738	5,240	56,981
Net Income	¥ 9,262	¥ 8,902	\$ 111,389

# Non-Consolidated Statements of Changes in Equity

The Juroku Bank, Ltd. Years Ended March 31, 2011 and 2010 (Supplemental Information)

	Thousands	Millions of Yen								
	Outstanding Number of Shares of Common Stock	Common Stock	Capital Surplus		Retained Earnings		Unrealized Gain on Available-for-sale Securities	Land Revaluation Surplus	Treasury Stock	Total Equity
			Additional Paid-in Capital	Legal Reserve	Unappropriated					
<b>Balance at April 1, 2009</b>	364,344	¥36,839	¥25,367	¥20,155	¥83,324	¥ 3,880	¥12,699	¥(1,516)	¥180,748	
Net income	—	—	—	—	8,902	—	—	—	8,902	
Cash dividends, ¥7.00 per share	—	—	—	—	(2,550)	—	—	—	(2,550)	
Transfer of land revaluation surplus	—	—	—	—	216	—	—	—	216	
Purchase of treasury stock	(360)	—	—	—	—	—	—	(125)	(125)	
Disposal of treasury stock	33	—	—	—	(8)	—	—	20	12	
Net change in the year	—	—	—	—	—	17,337	(216)	—	17,121	
<b>Balance at March 31, 2010</b>	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)	
<b>Balance at March 31, 2011</b>	378,869	¥36,839	¥27,817	¥20,155	¥96,525	¥14,017	¥12,550	¥ (205)	¥207,698	

	Thousands of U.S. Dollars								
	Common Stock	Capital Surplus		Retained Earnings		Unrealized Gain on Available-for-sale Securities	Land Revaluation Surplus	Treasury Stock	Total Equity
		Additional Paid-in Capital	Legal Reserve	Unappropriated					
<b>Balance at March 31, 2010</b>	\$443,043	\$305,075	\$242,393	\$1,080,986	\$255,165	\$150,126	\$(19,495)	\$2,457,293	
Net income	—	—	—	111,389	—	—	—	111,389	
Cash dividends, \$0.08 per share	—	—	—	(30,643)	—	—	—	(30,643)	
Transfer of land revaluation surplus	—	—	—	(806)	—	—	—	(806)	
Purchase of treasury stock	—	—	—	—	—	—	(192)	(192)	
Disposal of treasury stock	—	—	—	(72)	—	—	144	72	
Changes in equity due to share exchange	—	29,464	—	—	—	—	17,078	46,542	
Net change in the year	—	—	—	—	(86,590)	806	—	(85,784)	
<b>Balance at March 31, 2011</b>	\$443,043	\$334,539	\$242,393	\$1,160,854	\$168,575	\$150,932	\$(2,465)	\$2,497,871	

# Independent Auditors' Report

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## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated balance sheets of the Juroku Bank, Ltd. (the "Bank") and consolidated subsidiaries as of March 31, 2011 and 2010, and the related consolidated statements of income for the years then ended, the consolidated statement of comprehensive income for the year ended March 31, 2011, and the related consolidated statements of changes in equity and cash flows for the years then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the 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, 2011 and 2010, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

Our audit was conducted for the purpose of forming an opinion on the basic 2011 and 2010 consolidated financial statements taken as a whole. The supplemental non-consolidated financial information which includes non-consolidated balance sheets as of March 31, 2011 and 2010 and non-consolidated statements of operations and changes in equity for the years then ended and omits related footnote disclosures, is presented for the purpose of additional analysis and is not a required part of the basic consolidated financial statements. The non-consolidated financial information is the responsibility of the Bank's management. Such non-consolidated financial information for the years ended March 31, 2011 and 2010 has been subjected to our audit of the basic consolidated financial statements for the years then ended and, in our opinion, is fairly stated in all material respects when considered in relation to the basic consolidated financial statements taken as a whole.

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

*Deloitte Touche Tohmatsu LLC*

June 24, 2011

Member of  
Deloitte Touche Tohmatsu Limited

## Corporate Data

(as of March 31, 2011)

<b>Date of Establishment:</b>	<b>10 Principal Shareholders:</b>
October 10, 1877	Japan Trustee Services Bank, Ltd. (Trust account)
<b>Authorized Shares:</b>	The Bank of Tokyo-Mitsubishi UFJ, Ltd.
460,000 thousand shares	NIPPONKOA Insurance Co., Ltd.
<b>Shares of Common Stock Issued and Outstanding:</b>	Meiji Yasuda Life Insurance Company
379,241 thousand shares	Tokio Marine and Nichido Fire Insurance Co., Ltd.
<b>Stock Listed:</b>	Fuji Baking Group Co., Ltd.
First Sections of the Tokyo and Nagoya Stock Exchanges	The Juroku Bank Employee Shareholders' Association
<b>Paid-in Capital:</b>	Mitsubishi UFJ Trust and Banking Corporation
¥36,839 million	Nippon Life Insurance Company
<b>Number of Shareholders:</b>	The Master Trust Bank of Japan, Ltd. (Trust Account)
21,728	
<b>Number of Employees:</b>	
2,970	

## Affiliates

(as of March 31, 2011)

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	5.0	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.	Investment and finance 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	—	99.7
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, 2011)

<b>Head Office</b>	<b>Branches Handling Foreign Exchange Business</b>	<b>Takayama Branch</b>
8-26, Kandamachi, Gifu-shi, Gifu 500-8516, Japan Telephone: +81-58-265-2111	(17 Offices)	136, Shimosannomachi, Takayama-shi, Gifu Telephone: +81-577-32-1600
<b>International and Securities Division</b>	<b>Head Office</b>	<b>Ichinomiya Branch</b>
8-26, Kandamachi, Gifu-shi, Gifu 500-8516, Japan P.O. Box 40 Telephone: +81-58-265-2111 Facsimile: +81-58-266-1698 SWIFT Address: JUROJJPJ T	8-26, Kandamachi, Gifu-shi, Gifu Telephone: +81-58-265-2111	1-2-5, Sakae, Ichinomiya-shi, Aichi Telephone: +81-586-73-5116
<b>General Manager</b> Kiyotaka Ikami	<b>Nagara Branch</b>	<b>Nagoya Ekimae Branch</b>
	1643-5, Nagarafukumitsu, Gifu-shi, Gifu Telephone: +81-58-232-1611	3-28-12, Meieki, Nakamura-ku, Nagoya-shi, Aichi Telephone: +81-52-561-5431
<b>Overseas Network</b>	<b>Yanagase Branch</b>	<b>Nagoya Branch</b>
<b>Hong Kong Representative Office</b>	3-10-2, Kandamachi, Gifu-shi, Gifu Telephone: +81-58-265-2521	3-1-1, Nishiki, Naka-ku, Nagoya-shi, Aichi Telephone: +81-52-961-8111
Suite 3307, Two Exchange Square, 8 Connaught Place, Central, Hong Kong Telephone: +852-2526-5716 Facsimile: +852-2810-6261	<b>Kakamigahara Branch</b>	<b>Ozone Branch</b>
<b>Chief Representative</b> Yoshitaka Masuda	1, Higashinakacho, Naka, Kakamigahara-shi, Gifu Telephone: +81-58-383-1600	3-5-23, Ozone, Kita-ku, Nagoya-shi, Aichi Telephone: +81-52-911-6116
<b>Shanghai Representative Office</b>	<b>Ogaki Branch</b>	<b>Atsuta Branch</b>
18th Floor, Hang Seng Bank Tower, 1000 Lujiazui Ring Road, Pudong New Area, Shanghai, People's Republic of China Telephone: +86-21-6841-1600 Facsimile: +86-21-6841-1881	1-26, Takayacho, Ogaki-shi, Gifu Telephone: +81-584-78-2161	3-1-1, Shin-Otou, Atsuta-ku, Nagoya-shi, Aichi Telephone: +81-52-671-4116
<b>Chief Representative</b> Masahiro Furuike	<b>Seki Branch</b>	<b>Kariya Branch</b>
	51-1, Higashikashiage, Seki-shi, Gifu Telephone: +81-575-22-2016	3-20, Toyochō, Kariya-shi, Aichi Telephone: +81-566-21-1611
	<b>Tajimi Branch</b>	<b>Osaka Branch</b>
	1-24, Sakaemachi, Tajimi-shi, Gifu Telephone: +81-572-22-1301	2-3-8, Honmachi, Chuo-ku, Osaka-shi, Osaka Telephone: +81-6-6264-1600
	<b>Nakatsugawa Branch</b>	<b>Tokyo Branch</b>
	2-5-1, Ootamachi, Nakatsugawa-shi, Gifu Telephone: +81-573-65-3116	4-1-10, Nihombashi Honcho, Chuo-ku, Tokyo Telephone: +81-3-3242-1661





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