Annual Report 2010

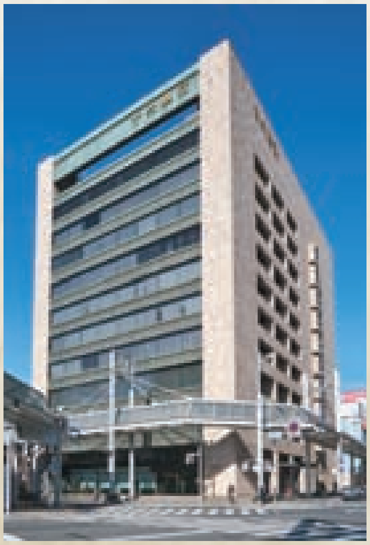
THE JUROKU BANK, LTD.

PROFILE

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

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

The head office of the Bank is located in Gifu prefecture. The Bank has 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 2010, the Bank had total deposits of ¥3,889.4 billion (US$41,804 million), total assets of ¥4,365.4 billion (US$46,920 million), and a capital ratio of 11.10% according to domestic standards.



Head Office

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Financial Highlights (Consolidated)

The Juroku Bank, Ltd. and Subsidiaries *Years Ended March 31, 2010 and 2009*

	Millions of Yen		Thousands of U.S.Dollars
	2010	2009	2010
For the Fiscal Year			
Total income	¥ 112,490	¥ 115,791	$ 1,209,050
Total expenses	96,428	130,519	1,036,414
Net income (loss)	9,008	(9,386)	96,819
Cash dividends	2,550	2,552	27,408
At Year-End			
Total assets	¥4,365,437	¥4,176,116	$46,920,002
Loans and bills discounted	3,008,805	3,040,399	32,338,832
Securities	972,046	845,989	10,447,614
Deposits	3,889,449	3,733,204	41,804,054
Total equity	226,673	201,888	2,436,296
Cash Flows			
Net cash provided by (used in) operating activities	¥ 129,280	¥ (28,308)	$ 1,389,510
Net cash used in investing activities	(105,217)	(61,743)	(1,130,879)
Net cash provided by (used in) financing activities	7,325	(2,602)	78,729
Cash and cash equivalents, end of year	132,570	101,190	1,424,871

Note: Amounts stated in United States dollars have been computed, solely for convenience, at the rate of ¥93.04 = US$1, the approximate rate of exchange at March 31, 2010.

Working to become: "The No. 1 bank in the Tokai region" "A bank that bridges Gifu prefecture and Aichi prefecture" "A bank that contributes to the regional economy and community"

Hakumi Horie President

Looking at the operating environment for financial institutions, although some sectors of the economy are showing signs of recovery, ongoing deflation and anticipation of the high exchange rate for the yen have caused continuing weak demand for cash, and we expect the harsh business conditions to continue.

Under these conditions, the Juroku Bank believes that there is a need to improve its financial soundness and raise profitability by returning to its basic role in financial services to thereby meet the diverse needs of its customers.

To meet these challenges, we have launched our 11th Medium-Term Management Plan under the slogans: "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." In this manner, we hope to further improve profitability while assisting our customers to realize their dreams. For the purpose of fulfilling our responsibilities as a regional financial institution by appropriately and actively acting as a financial intermediary, and to facilitate financing, and earn the trust of our customers, we are striving to strengthen and enhance our internal control systems for the protection of our customers and for compliance.

Through such initiatives, we are working toward sustainable and steady growth going forward with an awareness of further improving our enterprise value.

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

July 2010
Hakumi Horie
President

Second Year of 11th Medium-Term Management Plan

In April 2009 the Bank has launched its 11th Medium-Term Management Plan, which covers next three years, under the slogan "Working to become our customers' best partner bank, and helping realize their dreams." We aim to become "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." In this manner, the Bank hopes to further improve profitability and financial soundness while assisting its customers to realize their dreams.

Numerical Targets	FY 2011 Year-End Targets
Ratio of credit cost to total loans	Lower than 0.3%
Tier I capital ratio:	7% or more
OHR (Overhead Ratio; expenses as a percentage of gross business profit):	Lower than 67%
Loans to SMEs (Small and Medium-sized Enterprises) as a percentage of total loans:	80% or more

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

Basic Strategies

•Strengthening Earnings Capability by Building Lifelong Partnerships

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

•Raising the Level of Customer Trust

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

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

•Strengthening Business Capabilities at Front-Line Branch Offices

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

•Market Strategy and Office Strategy

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

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

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

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

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

•Strategic Use of Complaints and Requests

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

Corporate Governance

Basic Policy

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

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

Progress Thus Far

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

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

The 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, 2010). 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 11th Medium-Term Management Plan through policies which are designed to:

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

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

Organizational Structure

Compliance Committee

Chaired by the managing director in charge of the 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 implemented compliance measures in the Risk Management Policies contained in our 11th Medium-Term Management Plan. In addition, we have established Comprehensive Risk Management Policies and other policies and rules relating to risk management that enable an appropriate and prompt response to various types of risk.

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

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

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

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

Comprehensive Risk Management

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

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

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

Credit Risk

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

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

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

Regarding examination of loan applications, we have clearly separated the sales promotion and credit screening functions and undertake strict reviews and management under a policy of screening by borrower business sector. Individual cases are screened by verifying various aspects including the use of funds, income and expenditure plans, and investment outcomes, and by carefully examining a borrower's resources and plans for repayment.

Market Risk

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

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

Liquidity Risk

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

Operational Risk

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

【Administrative Risk】

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

【System Risk】

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

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

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

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

Asset Self-Assessment / Assets Disclosed under the Financial Reconstruction Law / Risk-Monitored Loans under the Banking Law (as of March 31, 2010)

(Non-consolidated)

Billions of Yen

Asset Self-Assessment
For all assets

Borrower category Balances of credits	Classification I	II	III	IV
Legally bankrupt borrowers 5.8 [1.5]	4.8	1.0	— (0.2)	— (4.3)
Virtually bankrupt borrowers 17.6 [8.8]	13.3	4.3	— (1.5)	— (8.8)
Potentially bankrupt borrowers 83.4	45.3	20.7	17.4 (15.6)	
Borrowers requiring caution				
Substandard borrowers 13.4	1.6	11.8		
Others*1 763.4	247.0	516.3		
Normal borrowers 2,219.0	2,219.0			
Total 3,102.5 [3,089.4]	2,531.0	554.1	17.4 (17.3)	— (13.1)

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

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

Classification Balances of claims	Portion of claims secured*2	Reserves	Coverage ratio
Bankrupt and quasi-bankrupt assets 23.4 [10.3]	8.6	14.8	100.0%
Doubtful assets 83.4	50.4	15.6	79.0%
Substandard loans*3 8.9	2.4	1.4	42.3%
Sub-total 115.7 [102.6]	61.3	31.8	80.4%
Normal assets 2,986.8			
Total 3,102.5 [3,089.4]			

Ratio of disclosed claims under the Financial Reconstruction Law (subtotal) to total credits
Figures in brackets are those after application of partial charge-offs (direct deduction).
3.7%
[3.3%]

*3 Substandard claims consist of loans only.

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

Classification	Loan balances
Bankrupt loans	5.5 [1.4]
Non-accrual loans	100.7 [91.9]
Past due loans (3 months or more)	0.8
Restructured loans	8.0
Total	115.2 [102.3]

Ratio of risk-monitored loans to total loans

Figures in brackets are those after application of partial charge-offs (direct deduction).
3.8%
[3.4%]

Notes:

1. Amounts in asset self-assessment and claims disclosed under the Financial Reconstruction Law and the coverage of claims are rounded to the nearest 100 million yen. Amounts in risk-monitored loans are rounded down to the nearest 100 million yen. Figures for ratios are rounded down to the first decimal place.

2. All credit items = Loans + Customers’ liabilities for acceptances and guarantees + Bonds issued through private placements covered by guarantees of the Bank + Foreign exchanges + Suspense payments with a similar nature to loans + Accrued interest.

3. Amounts in asset self-assessment are those after deduction of specific reserves for possible loan losses, and the amounts in parentheses are specific reserves for each classification.

4. The Bank does not implement partial charge-offs (direct deduction). If partial charge-offs were implemented, relevant figures would decline to the figures shown in brackets.

Activities to Revitalize the Regional Economy

Initiatives to Facilitate Financing

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

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

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

Holding Regional Banks' Joint Business Talks Forum in Shanghai – Support for Business in China

On December 10, 2009, the Bank organized with 7 regional banks (in addition to our bank, Hyakugo Bank, Shiga Bank, Nanto Bank, Nishi-Nippon City Bank, Hiroshima Bank, Hokkoku Bank, and Minato Bank) and two regional governmental bodies (Kobe city, and Miyagi International Business Promotion Association), the "Monozukuri Business Talks Forum @ Shanghai (2009 Winter)" in Shanghai, China. The first round of China Business Discussions was held by regional banks in 2005 for the purpose of supporting "Ensure Availability of Components Suppliers and Outsourcing Partners" and "Developing Sales Partners" for client companies operating in China. The current discussions marked the fifth round, and business meetings were conducted actively.

Starting Overseas Business Support Desk

In February 2010, we established Overseas Business Support Desk in the International and Securities Division to improve support for the overseas business activities of our customers. We are actively pursuing support for such activities in a similar manner to the way we support domestic business.

Handling Eco-Friendly Financial Products

The Bank believes that a commitment to dealing with environmental issues is a public responsibility. Accordingly, we provide proactive support to customers, addressing environmental issues by offering eco-friendly financial products, including the Every Support 21 and Juroku Eco Loan products. In addition, since September 2009, the Bank has started an Emission Trust Beneficiary Rights Introduction Business, and from December 2009 to January 2010, the Bank held the Juroku Eco-Challenge Campaign.

Board of Directors and Corporate Auditors

The Juroku Bank, Ltd. (as of June 30, 2010)

President
Hakumi Horie

Senior Managing Director
Yukio Murase

Managing Directors
Tomio Kawamura
Yoji Matsuura
Toshiro Hori

Directors
Yutaka Sugiyama
Eiji Yamada
Naoki Ikeda
Kiyoshi Mabuchi
Fumihiko Miura
Hiroyuki Ota

Standing Corporate Auditors
Kunitaka Okamoto
Yasuaki Kono

Corporate Auditors
Hisashi Yura
Katsuhiko Kumazaki

Hakumi Horie
President

Yukio Murase
Senior Managing Director

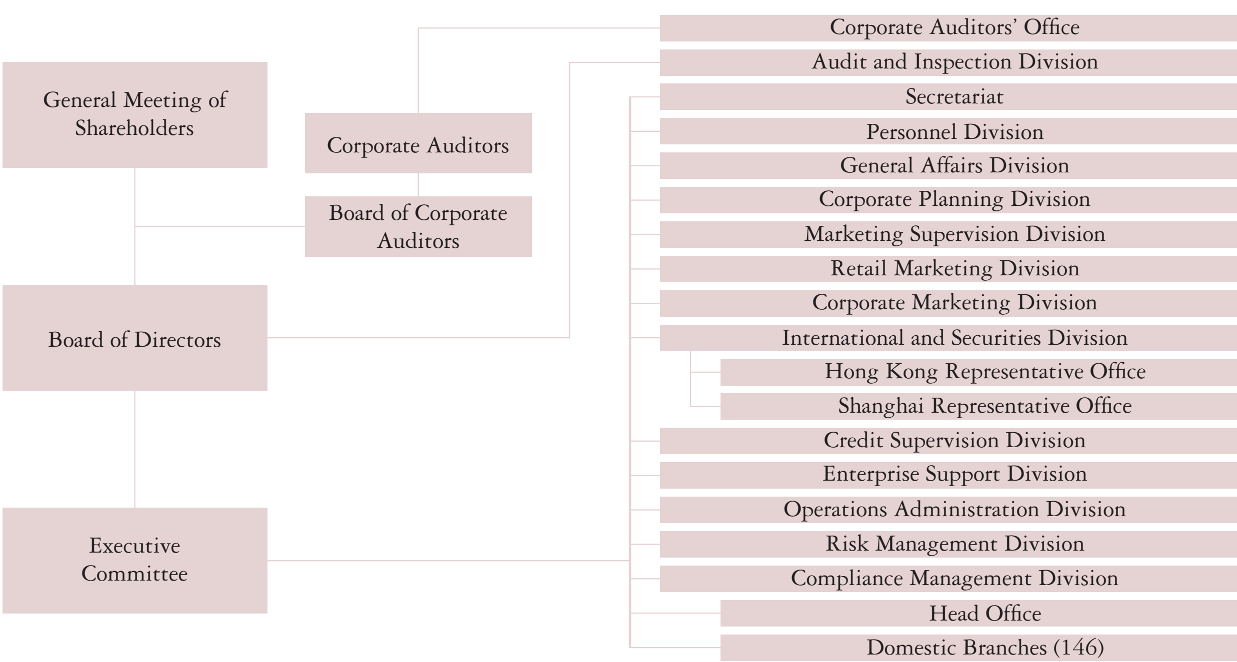
Tomio Kawamura
Managing Director

Yoji Matsuura
Managing Director

Toshiro Hori
Managing Director

Organization Chart

The Juroku Bank, Ltd. (as of June 30, 2010)



Financial Review

Performance

During the fiscal year under review, the Japanese economy showed slight signs of recovery as a result of recovery in manufacture driven by policies to stimulate demand for automobiles and electrical products, ongoing progression of inventory adjustments and an increase in exports to rising countries, particularly in Asia. However, the employment market remains sluggish, and capital expenditures have become bearish.

Although there was a recovery in manufacture centering on auto-related and heavy equipment industries at our business base in Gifu and Aichi prefectures, there has been no improvement in the employment condition or any increase in capital expenditures. Therefore, business conditions remained harsh.

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

Ordinary income from banking operations decreased by ¥3,271 million to ¥87,109 million (US$936 million) due to a decrease in interest income resulting from the fall in interest from loans notwithstanding an improvement in the balance of loans. Ordinary expenses decreased by ¥34,808 million to ¥72,085 million (US$775 million) as a result of a large decrease in credit costs and losses on valuation of securities against a background of an improving domestic economy. As a result, ordinary profit increased by ¥31,537 million to ¥15,024 million (US$161 million).

In the leasing business, strong initiatives were made to respond to the diverse needs of customers at a time of major changes in the operating environment. As a result, ordinary income increased by ¥111 million to ¥21,680 million (US$233 million), ordinary expenses decreased by ¥48 million to ¥20,661 million (US$222 million), and ordinary profit increased by ¥159 million from the previous term to ¥1,019 million (US$11 million).

In other businesses, including the credit card business and credit guarantee business, ordinary income decreased by ¥111 million to ¥5,444 million (US$59 million), ordinary expenses decreased by ¥36 million to ¥4,540 million (US$49 million) and ordinary profit decreased by ¥75 million to ¥904 million (US$10 million).

As a result, ordinary income on a consolidated basis decreased by ¥3,207 million to ¥112,478 million (US$1,209 million), ordinary expenses decreased by ¥34,831 million to ¥95,540 million (US$1,027 million), ordinary profit increased by ¥31,624 million to ¥16,938 million (US$182 million), and net income increased by ¥18,394 million to ¥9,008 million (US$97 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, 2010 increased by ¥156.2 billion to ¥3,889.4 billion (US$41,804 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, although loans to individual customers increased mainly centering on mortgage loans, corporate loans decreased due to sluggish demand for funds. Consequently, our balance of loans as of March 31, 2010 decreased by ¥31.6 billion to ¥3,008.8 billion (US$32,339 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, 2010 increased by ¥126.1 billion to ¥972.0 billion (US$10,448 million). Unrealized gains on valuations of other available-for-sale securities came to ¥21,234 million (US$228 million), an increase of ¥17,345 million from the previous term.

Net cash provided by operating activities amounted to ¥129,280 million (US$1,390 million), an increase of ¥157,588 million from the previous term for various reasons, including an increase in deposits. Net cash used in investing activities increased as a result of a decrease in proceeds from sales of securities by ¥43,474 million to ¥105,217 million (US$1,131 million). Net cash provided by financing activities amounted to ¥7,325 million (US$79 million), an increase of ¥9,927 million from the previous term as a result of borrowings on subordinated loans. As a result, the closing balance of cash and cash equivalents increased by ¥31,380 million during the term under review, to ¥132,570 million (US$1,425 million).

Consolidated Balance Sheets

The Juroku Bank, Ltd. and Consolidated Subsidiaries *March 31, 2010 and 2009*

	Millions of Yen		Thousands of U.S.Dollars (Note 1)
	2010	2009	2010
ASSETS:			
Cash and due from banks (Notes 3 and 21)	¥ 133,952	¥ 101,806	$ 1,439,725
Call loans and bills bought (Note 21)	75,000	—	806,105
Trading securities (Notes 4 and 21)	1,686	1,666	18,121
Money held in trust (Notes 5 and 21)	6,000	—	64,488
Securities (Notes 4, 11 and 21)	972,046	845,989	10,447,614
Loans and bills discounted (Notes 6 and 21)	3,008,805	3,040,399	32,338,832
Foreign exchanges (Note 7)	3,058	3,909	32,868
Lease receivables and investments in leases (Note 20)	43,759	46,027	470,325
Other assets (Notes 8 and 11)	55,944	60,128	601,290
Premises and equipment (Note 9)	66,856	67,550	718,573
Intangible assets	8,012	8,389	86,113
Deferred tax assets (Note 19)	16,447	33,287	176,773
Customers' liabilities for acceptances and guarantees (Note 10)	25,614	27,443	275,301
Reserve for possible loan losses	(51,742)	(60,477)	(556,126)
Total Assets	¥4,365,437	¥4,176,116	$46,920,002
LIABILITIES AND EQUITY:			
Liabilities:			
Deposits (Notes 11, 12 and 21)	¥3,889,449	¥3,733,204	$41,804,054
Negotiable certificates of deposit (Note 21)	7,800	18,228	83,835
Call money and bills sold (Note 11)	6,513	25,982	70,002
Payables under securities lending transactions (Notes 11 and 21)	47,499	15,048	510,522
Borrowed money (Notes 11, 13 and 21)	54,532	49,350	586,113
Foreign exchanges (Note 7)	651	575	6,997
Bonds (Note 14)	30,000	30,000	322,442
Other liabilities (Notes 15 and 21)	58,590	56,241	629,729
Liability for retirement benefits (Note 16)	7,989	7,747	85,866
Deferred tax liabilities (Note 19)	11	8	118
Deferred tax liabilities for land revaluation surplus (Note 2.g)	10,116	10,403	108,727
Acceptances and guarantees (Note 10)	25,614	27,442	275,301
Total Liabilities	4,138,764	3,974,228	44,483,706
Commitments and Contingent Liabilities (Notes 20, 21, 22 and 23)			
Equity (Notes 17 and 24):			
Common stock: authorized, 460,000,000 shares; issued, 366,855,449 shares in 2010 and 2009	36,839	36,839	395,948
Capital surplus	25,358	25,358	272,549
Retained earnings	112,138	105,472	1,205,267
Unrealized gain on available-for-sale securities	21,234	3,889	228,224
Land revaluation surplus (Note 2.g)	12,483	12,699	134,168
Treasury stock—at cost: 2,838,627 shares in 2010 and 2,511,127 shares in 2009	(1,381)	(1,276)	(14,843)
Total	206,671	182,981	2,221,313
Minority interests	20,002	18,907	214,983
Total Equity	226,673	201,888	2,436,296
Total Liabilities and Equity	¥4,365,437	¥ 4,176,116	$46,920,002

See notes to consolidated financial statements.

Consolidated Statements of Operations

The Juroku Bank, Ltd. and Consolidated Subsidiaries *Years Ended March 31, 2010 and 2009*

	Millions of Yen		Thousands of U.S.Dollars (Note 1)
	2010	2009	2010
Income:			
Interest on:			
Loans and discounts	¥ 56,587	¥ 61,334	$608,202
Securities	11,632	13,328	125,021
Other	180	257	1,935
Fees and commissions	14,713	14,935	158,136
Other operating income (Note 4)	24,247	23,516	260,608
Gain on sale of securities	3,147	326	33,824
Other income	1,984	2,095	21,324
Total Income	112,490	115,791	1,209,050
Expenses:			
Interest on:			
Deposits	7,986	10,466	85,834
Borrowings and re-discounts	1,390	1,825	14,940
Other	101	165	1,086
Fees and commissions	4,636	4,639	49,828
Other operating expenses (Note 4)	19,383	25,381	208,330
General and administrative expenses	53,169	52,547	571,463
Provision for possible loan losses	4,452	16,230	47,850
Impairment loss on long-lived assets	503	27	5,406
Other expenses (Note 18)	4,808	19,239	51,677
Total Expenses	96,428	130,519	1,036,414
Income (Loss) before Income Taxes and Minority Interests	16,062	(14,728)	172,636
Income Taxes (Note 19):			
Current	919	1,156	9,877
Deferred	5,113	(7,582)	54,955
Total Income Taxes	6,032	(6,426)	64,832
Minority Interests in Net Income	1,022	1,084	10,985
Net Income (Loss)	¥ 9,008	¥ (9,386)	$ 96,819

	Yen		U.S.Dollars
	2010	2009	2010
Per Share of Common Stock (Note 2.p):			
Basic net income (loss)	¥24.73	¥(25.75)	$0.27
Cash dividends applicable to the year	7.00	7.00	0.08

See notes to consolidated financial statements.

Consolidated Statements of Changes in Equity

The Juroku Bank, Ltd. and Consolidated Subsidiaries *Years Ended March 31, 2010 and 2009*

	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	Minority Interests	Total Equity
Balance at April 1, 2008	364,432	¥36,839	¥25,362	¥117,388	¥32,732	¥12,729	¥(1,250)	¥223,800	¥17,909	¥241,709
Net loss	—	—	—	(9,386)	—	—	—	(9,386)	—	(9,386)
Cash dividends, ¥7.00 per share	—	—	—	(2,552)	—	—	—	(2,552)	—	(2,552)
Transfer of land revaluation surplus	—	—	—	30	—	—	—	30	—	30
Purchase of treasury stock	(155)	—	—	—	—	—	(67)	(67)	—	(67)
Disposal of treasury stock	67	—	(4)	(8)	—	—	41	29	—	29
Net change in the year	—	—	—	—	(28,843)	(30)	—	(28,873)	998	(27,875)
Balance at March 31, 2009	364,344	36,839	25,358	105,472	3,889	12,699	(1,276)	182,981	18,907	201,888
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
Balance at March 31, 2010	364,017	¥36,839	¥25,358	¥112,138	¥21,234	¥12,483	¥(1,381)	¥206,671	¥20,002	¥226,673

	Thousands of U.S. Dollars (Note 1)								
	Common Stock	Capital Surplus	Retained Earnings	Unrealized Gain on Available-for-sale Securities	Land Revaluation Surplus	Treasury Stock	Total	Minority Interests	Total Equity
Balance at March 31, 2009	$395,948	$272,549	$1,133,620	$ 41,799	$136,490	$(13,715)	$1,966,691	$203,214	$2,169,905
Net income	—	—	96,819	—	—	—	96,819	—	96,819
Cash dividends, $0.08 per share	—	—	(27,408)	—	—	—	(27,408)	—	(27,408)
Transfer of land revaluation surplus	—	—	2,322	—	—	—	2,322	—	2,322
Purchase of treasury stock	—	—	—	—	—	(1,344)	(1,344)	—	(1,344)
Disposal of treasury stock	—	—	(86)	—	—	216	130	—	130
Net change in the year	—	—	—	186,425	(2,322)	—	184,103	11,769	195,872
Balance at March 31, 2010	$395,948	$272,549	$1,205,267	$228,224	$134,168	$(14,843)	$2,221,313	$214,983	$2,436,296

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

The Juroku Bank, Ltd. and Consolidated Subsidiaries *Years Ended March 31, 2010 and 2009*

	Millions of Yen		Thousands of U.S.Dollars (Note 1)
	2010	2009	2010
Operating Activities:			
Income (Loss) before income taxes and minority interests	¥ 16,062	¥ (14,728)	$ 172,636
Adjustments for:			
Income taxes - paid	(1,714)	(12,836)	(18,422)
Income taxes - refund	5,667	—	60,909
Depreciation and amortization	5,364	5,472	57,653
Impairment loss on long-lived assets	503	27	5,406
Interest income recognized on statements of operations	(68,399)	(74,918)	(735,158)
Interest expense recognized on statements of operations	9,477	12,456	101,860
Net (gain) loss on securities	(2,336)	19,292	(25,107)
Unrealized loss (gain) on derivatives	81	(1,269)	871
Net (decrease) increase in reserve for possible loan losses	(8,735)	6,193	(93,884)
Net increase in liability for retirement benefits	243	288	2,612
Net decrease (increase) in loans	31,593	(147,662)	339,564
Net increase in deposits	156,243	103,048	1,679,308
Net decrease in negotiable certificates of deposit	(10,428)	(5,009)	(112,081)
Net increase in due from banks (excluding cash equivalents)	(765)	(271)	(8,222)
Net (increase) decrease in call loans and others	(75,000)	158	(806,105)
Net decrease in call money and others	(19,470)	(7,080)	(209,265)
Net increase in payables under securities lending transactions	32,451	15,048	348,785
Net decrease (increase) in lease receivables and investments in leases	2,268	(128)	24,377
Interest income - cash basis	68,717	74,351	738,575
Interest expense - cash basis	(8,219)	(10,513)	(88,338)
Other - net	(4,323)	9,773	(46,464)
Total adjustments	113,218	(13,580)	1,216,874
Net cash provided by (used in) operating activities	129,280	(28,308)	1,389,510
Investing Activities:			
Purchases of securities	(345,421)	(330,978)	(3,712,607)
Proceeds from sales of securities	156,814	180,882	1,685,447
Proceeds from maturities of securities	88,670	90,070	953,031
Purchases of premises and equipment	(2,816)	(1,699)	(30,267)
Purchases of intangible assets	(2,513)	(215)	(27,010)
Proceeds from sales of premises and equipment	105	200	1,129
Proceeds from sales of intangible assets	1	31	11
Other	(57)	(34)	(613)
Net cash used in investing activities	(105,217)	(61,743)	(1,130,879)
Financing Activities:			
Proceeds from subordinated loans	10,000	0	107,481
Proceeds from sales of treasury stock	11	28	118
Acquisition of treasury stock	(125)	(67)	(1,344)
Dividends paid	(2,561)	(2,563)	(27,526)
Net cash provided by (used in) financing activities	7,325	(2,602)	78,729
Foreign Currency Translation Adjustments on Cash and Cash Equivalents	(8)	(10)	(86)
Net Increase (Decrease) in Cash and Cash Equivalents	31,380	(92,663)	337,274
Cash and Cash Equivalents, Beginning of Year	101,190	193,853	1,087,597
Cash and Cash Equivalents, End of Year (Note 3)	¥132,570	¥101,190	$1,424,871

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, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

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

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 ¥93.04 to $1, the approximate rate of exchange at March 31, 2010. 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, 2010 and 2009 include the accounts of the Bank and its seven significant subsidiaries, including Juroku Business Service Co., Ltd., Juroku DC Card Co., Ltd., Juroku JCB Co., Ltd., Juroku Lease Co., Ltd., Juroku Computer Service Co., Ltd., Juroku Credit Guarantee Co., Ltd. and Juroku Capital Co., Ltd. (together, the "Group").

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

Investments in three (three in 2009) 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 are eliminated in consolidation.

b. Cash and cash equivalents

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

c. Trading securities

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

d. Securities

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

On March 10, 2008, the ASBJ revised ASBJ Statement No. 10 "Accounting Standard for Financial Instruments" and issued ASBJ Guidance No.19 "Guidance on Accounting Standard for Financial Instruments and Related Disclosures". This accounting standard and the guidance are applicable to financial instruments and related disclosures at the end of the fiscal years ending on or after March 31, 2010 with early adoption permitted from the beginning of the fiscal years ending before March 31, 2010. The Group applied the revised accounting standard and the new guidance effective March 31, 2010. The effect of this change was to increase operating income by ¥254 million ($2,740 thousand) and income before income taxes and minority interests by ¥254 million ($2,740 thousand), respectively, for the year ended March 31, 2010.

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

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

e. Premises and equipment

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

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

Under certain conditions such as exchanges of premises and equipment 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 ¥1,108 million ($11,911 thousand) as of March 31, 2010.

f. 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.

g. Land revaluation

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

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

The carrying amount of the land after the above one-time revaluation exceeded the market value by ¥20,524 million ($220,598 thousand) as of March 31, 2010.

h. Intangible assets

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

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

i. Reserve for possible loan losses

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

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

j. Liability for retirement benefits

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

k. Leases

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

(As lessee)

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

(As lessor)

Under the previous accounting standard, finance leases that were deemed to transfer ownership of the leased property to the lessee were to be treated as sales. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if sold" information is disclosed in the notes to the lessor's financial statements. The revised accounting standard requires that all finance leases that are deemed to transfer ownership of the leased property to the lessee to be recognized as lease receivables and all finance leases that are deemed not to transfer ownership of the leased property to the lessee to be recognized as investments in leases. The Group applied the revised accounting standard effective April 1, 2008. For the finance lease contracts which existed on adoption and did not transfer ownership of the leased property to the lessee, the appropriate carrying amount of the leased assets (after deducting accumulated depreciation) at adoption is used as the beginning value of the investments in leases. Interest revenues of these finance lease contracts are calculated by the straight-line method over the remaining lease period. As a result of this treatment, income before income taxes and minority interests is ¥271 million ($2,909 thousand) larger than the amount calculated by interest method.

All other leases are accounted for as operating leases.

l. Bonuses to directors and corporate auditors

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

m. Income taxes

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

n. Foreign currency transactions

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

o. Derivatives

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

p. Per share information

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

The weighted average numbers of common shares used in the computation for the years ended March 31, 2010 and 2009 were 364,238,491 shares and 364,394,170 shares, respectively.

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

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

3. Cash and Due from Banks

Cash and due from banks as of March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Cash	¥ 73,653	¥57,344	$ 791,627
Due from banks	60,299	44,462	648,198
Total	¥133,952	¥101,806	$1,439,725

A reconciliation between the cash and due from banks on the consolidated balance sheets and the cash and cash equivalents on the consolidated statements of cash flows for the years ended March 31, 2010 and 2009 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Cash and due from banks	¥133,952	¥101,806	$1,439,725
Due from banks other than the Bank of Japan	(1,382)	(616)	(14,854)
Cash and cash equivalents	¥132,570	¥101,190	$1,424,871

4. Trading Securities and Securities

Trading securities as of March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
National government bonds	¥1,640	¥1,634	$17,627
Local government bonds	46	32	494
	¥1,686	¥1,666	$18,121

Valuation gains, which were included in other operating income for the years ended March 31, 2010 and 2009, were ¥9 million ($97 thousand) and ¥6 million, respectively.

Valuation losses, which were included in other operating expenses for the years ended March 31, 2010 and 2009, were ¥1 million ($11 thousand) and ¥2 million, respectively.

Securities as of March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Stock shares	¥129,176	¥122,859	$1,388,392
National government bonds	398,243	385,764	4,280,342
Local government bonds	141,174	125,908	1,517,347
Corporate bonds	190,623	144,375	2,048,828
Other securities	112,830	67,083	1,212,705
Total	¥972,046	¥845,989	$10,447,614

Information regarding available-for-sale and held-to-maturity securities as of March 31, 2010 and 2009 was as follows:

	Millions of Yen			
2010	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	¥ 85,584	¥ 35,793	¥ 5,501	¥115,876
Debt securities	670,067	9,892	735	679,224
Other	112,645	750	6,358	107,037
Held-to-maturity:				
Debt securities	50,816	445	424	50,837

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

	Thousands of U.S. Dollars			
2010	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	$ 919,862	$ 384,706	$ 59,125	$1,245,447
Debt securities	7,201,924	106,320	7,900	7,300,344
Other	1,210,716	8,061	68,336	1,150,441
Held-to-maturity:				
Debt securities	546,174	4,783	4,546	546,399

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

	Carrying Amount
	Millions of Yen
	2009
Available-for-sale:	
Equity securities	¥13,569
Investment vehicles and others	4,558
Held-to-maturity:	
Debt securities	51,468
Total	¥69,595

The information as of March 31, 2010 is included in Note 21 “Financial Instruments”.

Proceeds from sales of available-for-sale securities for the year ended March 31, 2010 consisted of the following:

	Millions of Yen		
March 31, 2010	Proceeds	Realized gains	Realized losses
Equity securities	¥ 15,025	¥3,144	¥ 930
Debt securities			
National government bonds	90,045	1,124	7
Local government bonds	41,150	160	—
Corporate bonds	1,761	11	—
Other	7,424	149	428
Total	¥155,405	¥4,588	¥1,365

March 31, 2010	Thousands of U.S. Dollars		
	Proceeds	Realized gains	Realized losses
Equity securities	$ 161,490	$33,792	$ 9,996
Debt securities			
National government bonds	967,810	12,081	75
Local government bonds	442,283	1,720	—
Corporate bonds	18,927	118	—
Other	79,793	1,601	4,600
Total	$1,670,303	$49,312	$14,671

Proceeds from sales of available-for-sale securities for the year ended March 31, 2009 were ¥153,327 million. Gross realized gains and losses on these sales, computed on the moving average cost basis, were ¥1,234 million and ¥9,674 million, respectively, for the year ended March 31, 2009.

In addition, held-to-maturity securities amounting to ¥150 million were reclassified as available-for-sale securities due to declining of issuer's credit worthiness.

5. Money Held in Trust

Information regarding money held in trust for trading purposes as of March 31, 2010 and 2009 was as follows:

	Carrying Amount		
	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Money held in trust classified as trading purpose	¥6,000	—	$64,488

6. Loans and Bills Discounted

Loans and bills discounted as of March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Bills discounted	¥ 28,590	¥ 39,906	$ 307,287
Loans on bills	187,529	213,852	2,015,574
Loans on deeds	433,707	2,317,972	4,661,511
Overdrafts	6,259	463,019	67,272
Others	2,352,720	5,650	25,287,188
Total	¥3,008,805	¥3,040,399	$32,338,832

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

"Loans to borrowers in bankruptcy" represent nonaccrual loans to debtors who are legally bankrupt, which are defined in Article 96, Paragraph 1, Subparagraphs 3 and 4 of Enforcement Ordinance for the Corporate Tax Law. Loans to borrowers in legal bankruptcy as of March 31, 2010 and 2009 were ¥7,044 million ($75,709 thousand) and ¥14,744 million, respectively.

"Past due loans" are nonaccrual loans other than loans to borrowers in bankruptcy and loans of which interest payments are deferred in order to assist the financial recovery of a debtor in financial difficult. Past due loans as of March 31, 2010 and 2009 were ¥102,928 million ($1,106,277 thousand) and ¥92,197 million, respectively.

"Accruing loans past due three months or more" are defined as loans on which principal or interest is past due more than three months. Loans classified as loans to borrowers in bankruptcy and past due loans are excluded from accruing loans past due three months or more. Accruing loans past due three months or more as of March 31, 2010 and 2009 were ¥993 million ($10,673 thousand) and ¥415 million, respectively.

"Restructured loans" are defined as loans in which the Group is providing financial support to a borrower by a reduction of the interest rate, deferral of interest payment, extension of maturity date, or reduction of the face or maturity amount of the debt or accrued interest. Loans classified as loans to borrowers in bankruptcy, past due loans and accruing loans past due three months or more are excluded from restructured loans. Restructured loans as of March 31, 2010 and 2009 were ¥8,070 million ($86,737 thousand) and ¥11,478 million, respectively.

The total amount of loans to borrowers in bankruptcy, past due loans, accruing loans past due three months or more and restructured loans as of March 31, 2010 and 2009 was ¥119,035 million ($1,279,396 thousand) and ¥118,834 million, respectively.

Bills discounted are accounted for as financing transactions in accordance with "Treatment of Accounting and Auditing in Applying Accounting Standard for Financial Instruments in the Banking Industry" issued by the Japanese Institute of Certified Public Accountant. The Bank has rights to sell or pledge accepted commercial bills discounted and foreign bills of exchange bought without restrictions. The total face value of commercial bills discounted and foreign bills of exchange bought included in foreign exchanges as of March 31, 2010 and 2009 was ¥29,192 million ($313,758 thousand) and ¥41,436 million, respectively.

7. Foreign Exchanges

Foreign exchanges as of March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Assets:			
Due from foreign correspondent account	¥1,855	¥1,621	$19,938
Foreign bills of exchange bought	603	1,531	6,481
Foreign bills of exchange receivable	600	757	6,449
Total	¥3,058	¥3,909	$32,868
Liabilities:			
Due to foreign correspondent account	¥ 537	¥ 427	$ 5,772
Foreign bills of exchange payable	114	148	1,225
Total	¥ 651	¥ 575	$ 6,997

8. Other Assets

Other assets as of March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Accrued income	¥ 6,591	¥ 6,170	$ 70,840
Accounts receivable	10,487	13,302	112,715
Installment receivables	6,952	7,164	74,721
Derivative assets	20,246	18,560	217,605
Other	11,668	14,932	125,409
Total	¥55,944	¥60,128	$601,290

9. Premises and Equipment

Premises and equipment as of March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Land	¥46,880	¥47,358	$503,869
Building	14,249	14,527	153,149
Construction in progress	308	300	3,310
Other	5,419	5,365	58,245
Total	¥66,856	¥67,550	$718,573

The accumulated depreciation of premises and equipment as of March 31, 2010 and 2009 amounted to ¥65,585 million ($704,912 thousand) and ¥78,569 million, respectively.

10. Customers' Liabilities for Acceptances and Guarantees

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

The Enforcement Ordinance of the Banking Law was revised on April 17, 2007 and effective from the fiscal years beginning on and after April 1, 2006. The Bank offset customer's liabilities for acceptance and guarantees with acceptance and guarantees of ¥50,080 million ($538,263 thousand) and ¥50,920 million arising from guarantees of private placement securities as of March 31, 2010 and 2009, respectively.

11. Assets Pledged

Assets pledged as collateral and their relevant liabilities as of March 31, 2010 and 2009 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Assets pledged as collateral:			
Securities	¥154,796	¥138,723	$1,663,758
Other assets	9,305	9,636	100,010
Total	¥164,101	¥148,359	$1,763,768
Relevant liabilities to above assets:			
Deposits	¥105,460	¥ 77,588	$1,133,491
Call money and bills sold	—	20,000	—
Payables under securities lending transactions	47,498	15,048	510,512
Borrowed money	8,397	12,640	90,251
Total	¥161,355	¥125,276	$1,734,254

In addition, the following assets were pledged or deposited with respect to foreign exchange settlements and derivatives as of March 31, 2010 and 2009:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Securities	¥75,624	¥76,100	$812,812
Other assets	7	8	75
Total	¥75,631	¥76,108	$812,887

Deposits included in other assets as of March 31, 2010 an 2009 were ¥1,946 million ($20,915 thousand) and ¥1,930 million, respectively.

12. Deposits

Deposits as of March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Current deposits	¥ 222,349	¥ 208,422	$ 2,389,822
Ordinary deposits	1,499,332	1,465,628	16,114,919
Deposits at notice	28,501	30,662	306,331
Time deposits	1,927,524	1,824,524	20,717,154
Other deposits	211,743	203,968	2,275,828
Total	¥3,889,449	¥3,733,204	$41,804,054

13. Borrowed Money

Borrowed money as of March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Borrowings due serially to October 2019 with weighted average interest rates of 1.53% in 2010 and 1.65% in 2009	¥54,532	¥49,350	$586,113

Annual maturities of borrowings as of March 31, 2010 were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2011	¥15,028	$161,522
2012	4,689	50,398
2013	4,110	44,174
2014	2,005	21,550
2015	700	7,523
2016 and thereafter	28,000	300,946
Total	¥54,532	$586,113

Borrowings include subordinated borrowings of the Bank, which amounted to ¥28,000 million ($300,946 thousand) and ¥18,000 million as of March 31, 2010 and 2009.

14. Bonds

Bonds as of March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Unsecured Yen subordinated bonds due March 2017 (a)	¥15,000	¥15,000	$161,221
Unsecured Yen subordinated bonds due September 2017 (b)	15,000	15,000	161,221
Total	¥30,000	¥30,000	$322,442

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

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

15. Other Liabilities

Other liabilities as of March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Domestic exchange settlement account, credit*	¥ 54	¥ 36	$ 580
Income taxes payable	618	915	6,642
Accrued expenses	9,760	8,563	104,901
Deferred income	9,645	9,645	103,665
Employees' deposits	2,309	2,200	24,817
Derivative liabilities	19,654	17,900	211,242
Accounts payable	6,423	6,828	69,035
Other	10,127	10,154	108,847
Total	¥58,590	¥56,241	$629,729

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

16. Retirement and Pension Plans

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

The liability for retirement benefits for directors and corporate auditors as of March 31, 2010 and 2009 was ¥335 million ($3,600 thousand) and ¥462 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, 2010 and 2009 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Projected benefit obligation	¥46,754	¥46,021	$502,515
Fair value of plan assets	(31,522)	(26,782)	(338,800)
Unrecognized actuarial loss	(7,598)	(13,431)	(81,664)
Prepaid pension cost	20	1,477	215
Net liability	¥ 7,654	¥ 7,285	$ 82,266

The components of net periodic retirement benefit costs for the years ended March 31, 2010 and 2009 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Service cost	¥1,339	¥1,248	$14,392
Interest cost	919	899	9,877
Expected return on plan assets	(697)	(927)	(7,491)
Recognized actuarial loss	2,214	1,365	23,796
Net periodic retirement costs	¥3,775	¥2,585	$40,574

Assumptions used for the years ended March 31, 2010 and 2009 were set forth as follows:

	2010	2009
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%	3.5%
Recognition period of actuarial gain/loss	10 years	10 years

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

(b) Treasury stock and treasury stock acquisition rights

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

Other than above, the Japanese Banking Law provided that an amount at least equal to 20% of the aggregate amount of cash dividends and certain other cash payments which are made as an appropriation of retained earnings applicable to each fiscal period shall be set aside as a legal reserve until the total additional paid-in capital and legal reserve equals 100% of stated capital. The amount of total additional paid-in capital and legal reserve which exceeds 100% of stated capital can be transferred to retained earnings by resolution of the shareholders, which may be available for dividends. The Bank's legal reserve amount, which is included in retained earnings, totals ¥20,155 million ($216,627 thousand) and ¥20,115 as of March 31, 2010 and 2009, respectively.

18. Other Expenses

Other expenses for the years ended March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Write-down of stocks and other securities	¥ 328	¥ 9,213	$ 3,525
Loss on sales of stocks and other securities	1,309	5,082	14,069
Write-down of loans	288	583	3,096
Loss on sales of loans	1,101	2,027	11,834
Loss on dispositions of premises and equipment	385	120	4,138
Other	1,397	2,214	15,015
Total	¥4,808	¥19,239	$51,677

19. Income Taxes

The Bank and its subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in normal effective statutory tax rate of approximately 40% for the years ended March 31, 2010 and 2009.

The tax effects of significant temporary differences and tax loss carryforwards, which result in deferred tax assets and liabilities as of March 31, 2010 and 2009 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Deferred tax assets:			
Reserve for possible loan losses	¥18,136	¥20,521	$194,927
Tax loss carryforwards	6,207	9,596	66,713
Liability for retirement benefits	5,439	4,695	58,459
Write-down of securities	2,955	3,634	31,761
Depreciation	1,869	1,976	20,088
Other	2,410	2,019	25,903
Less: Valuation allowance	(6,064)	(6,119)	(65,177)
Total	30,952	36,322	332,674
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities	(13,065)	(1,663)	(140,423)
Gain on contribution of available-for-sale securities to employees' retirement benefit trusts	(1,353)	(1,353)	(14,542)
Other	(98)	(27)	(1,054)
Total	(14,516)	(3,043)	(156,019)
Net deferred tax assets	¥16,436	¥33,279	$176,655

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, 2010 and 2009 were as follows:

	2010	2009
Normal effective statutory tax rate	39.76%	39.76%
Expenses not deductible for income tax purposes	0.56	(0.61)
Income not taxable for income tax purposes	(2.43)	4.38
Per capita tax	0.46	(0.48)
Net change in valuation allowance	(0.34)	0.78
Other – net	(0.46)	(0.20)
Actual effective tax rate	37.55%	43.63%

20. Leases

Finance leases

(Lessee)

A subsidiary leases certain equipment.

Total rental expense including lease payments under the finance leases for the years ended March 31, 2010 and 2009 was ¥1 million ($11 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 should be capitalized to recognize lease assets and lease obligations in the balance sheet. However, ASBJ Statement No. 13 permits leases without ownership transfer of the leased assets to the lessee whose lease inception was before March 31, 2008 to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the notes to the financial statements. The Company applied the ASBJ Statement No. 13 effective April 1, 2008 and accounted for such leases as operating lease transactions. Pro forma information of leased assets whose lease inception was before March 31, 2008 such as acquisition cost, accumulated depreciation, obligations under finance leases, depreciation expense, interest expense and other information of finance leases that do not transfer ownership of the leased assets to the lessee on an "as if capitalized" basis was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Acquisition cost	¥3	¥3	$32
Accumulated depreciation	(2)	(1)	(21)
Net leased assets	¥1	¥2	$11

Obligations under finance leases as of March 31, 2010 and 2009 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Due within one year	¥0	¥1	$ 0
Due after one year	1	1	11
Total	¥1	¥2	$11

*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, 2010 and 2009 were ¥1 million ($11 thousand) and ¥1 million, respectively.

(Lessor)

A subsidiary leases certain equipment and other assets.

The net investments in leases are summarized as follows:

	Millions of Yen	Thousands of U.S. Dollars
	2010	2010
Gross lease receivables	¥47,630	$511,930
Unguaranteed residual values	566	6,083
Deferred interest income	(6,210)	(66,745)
Total	¥41,986	$451,268

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
2011	¥ 397	$ 4,267
2012	351	3,773
2013	305	3,278
2014	234	2,515
2015	192	2,064
2016 and thereafter	456	4,901
Total	¥1,935	$20,798

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
2011	¥14,819	$159,275
2012	11,804	126,870
2013	8,512	91,487
2014	5,701	61,275
2015	3,002	32,266
2016 and thereafter	3,792	40,757
Total	¥47,630	$511,930

Operating leases

(Lessee)

The minimum rental commitments under noncancellable operating leases as of March 31, 2010 and 2009 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Due within one year	¥ 44	¥ 44	$ 473
Due after one year	727	771	7,814
Total	¥771	¥815	$8,287

(Lessor)

Expected future rental revenues under operating leases as of March 31, 2010 and 2009 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Due within one year	¥111	¥46	$1,193
Due after one year	234	40	2,515
Total	¥345	¥86	$3,708

21. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

On March 10, 2008, the ASBJ revised ASBJ Statement No. 10 "Accounting Standard for Financial Instruments" and issued ASBJ Guidance No.19 "Guidance on Accounting Standard for Financial Instruments and Related Disclosures". This accounting standard and the guidance are applicable to financial instruments and related disclosures at the end of the fiscal years ending on or after March 31, 2010 with early adoption permitted from the beginning of the fiscal years ending before 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 money management system, the Group finances positively on capital demand of local companies and against home mortgage loan-based individual financing. Under acknowledgement that 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 current credit status and managing 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 service and its responsibility as a bank providing 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 means the risks that market trades cannot be performed due to market turmoil and suffers 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 outflow 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, individual stock options, and credit derivative transactions built in compound financial instruments. 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 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 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 sets up 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.

(3) Risk management for financial instruments

Integrated Risk

The Group defines integrated risk management policies and regulations, and builds up integrated risk management to ensure soundness of management. The Group revises various risks holistically with measurement by statistical methods and tries to control the risk 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 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 return within the range of risk capital. Integrated risk is managed by risk management and is reported at 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, credit risk management regulation, credit granting portfolio regulation and a code of conduct for credit granting to seize, manage and take actions on credit risk appropriately. First of all, in screening loans, the Group separates the credit department from the operating department clearly and the Group performs strict examination by 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 loan, business plan and investment effect. From the point of view of the portfolio, the Group tries to improve credit granting preventing 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 are worsening. Regarding credit risk management, the Group defines credit rating system where the Group evaluates the degree of credit risk by an integrated scale objectively and make arrangements to reevaluate credit rating in case of fiscal year end approaching or any change in credit status. The credit rating is integrated with self assessment and is the basis of measuring credit risk or estimating depreciation and allowance appropriately. Also, regarding measurement of risk, the Group utilizes co-developed credit risk integrated information system in Regional Banks Association of Japan and calculates the credit risk by a Monte Carlo simulation and sensitivity analysis (holding period: 1 year, confidence level: 99%). Regarding concentration of credit risk, according to credit granting portfolio management regulations, the Group defines a credit rating for each company and the maximum amount of credit granting by industry and controls the risk within the range of the maximum amount to prevent concentrations on credit granting. In addition, to keep particular industries from being concentrated, the Group sets up guidelines on the industry with material balances and with certain risk and monitors the balance monthly. As for 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 market risk properly to avoid reducing 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 role of the department in charge is 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, yen bonds, foreign bonds, investment securities, investment trust and other securities) and set up the cap of investment amount and maximum amount for loss 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 discuss necessary actions. Regarding derivative transactions, the Group performs under internal regulations and policies. Middle or back of the market security department manages and monitors the balance, evaluates fair value, profit and loss, measurement of risk and reports to top-management and risk controlling department regularly and ensures mutual supervision of risks. Especially in trading transactions, the middle of market security department manages the positions, measurement of risk and application for loss cut rule closely.

Liquidity risk management

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

(4) Fair values of financial instruments

Fair values of financial instruments are based on quoted prices in active markets. If quoted prices are not available, other rational valuation techniques are used instead. Please see Note 23 for the detail of the fair value of derivatives. Fair values are calculated based on certain assumptions, therefore fair values may vary according to the assumptions used.

(a) Fair value of financial instruments

March 31, 2010	Millions of Yen		
	Carrying amount	Fair value	Unrealized gain/loss
Cash and due from banks	¥ 133,952	¥ 133,952	—
Call loans and bills bought	75,000	75,000	—
Trading securities	1,686	1,686	—
Money held in trust	6,000	6,000	—
Securities			
Held-to-maturity securities	50,816	50,837	¥ 21
Available-for-sale securities	902,138	902,138	—
Loans and bills discounted	3,008,805		
Less : Reserve for possible loan losses	(47,651)		
Loans and bills discounted - net	2,961,154	2,989,608	28,454
Total	¥4,130,746	¥4,159,221	¥28,475
Deposits	¥3,889,449	¥3,894,960	¥ 5,511
Negotiable certificates of deposit	7,800	7,800	—
Payables under securities lending transactions	47,499	47,499	—
Borrowed money	54,532	54,374	(158)
Total	¥3,999,280	¥4,004,633	¥ 5,353
Derivatives applied hedge accounting	—	—	—
Derivatives not applied hedge accounting	¥593	¥593	—

March 31, 2010	Millions of U.S. Dollars		
	Carrying amount	Fair value	Unrealized gain/loss
Cash and due from banks	$ 1,439,725	$ 1,439,725	—
Call loans and bills bought	806,105	806,105	—
Trading securities	18,121	18,121	—
Money held in trust	64,488	64,488	—
Securities			
Held-to-maturity securities	546,174	546,404	$ 230
Available-for-sale securities	9,696,238	9,696,238	—
Loans and bills discounted	32,338,832		
Less : Reserve for possible loan losses	(512,156)		
Loans and bills discounted - net	31,826,676	32,132,500	305,824
Total	$44,397,527	$44,703,581	$306,054
Deposits	$41,804,054	$41,863,284	$ 59,230
Negotiable certificates of deposit	83,835	83,835	—
Payables under securities lending transactions	510,522	510,522	—
Borrowed money	586,113	584,415	(1,698)
Total	$42,984,524	$43,042,056	$ 57,532
Derivatives applied hedge accounting	—	—	—
Derivatives not applied hedge accounting	$ 6,374	$ 6,374	—

Cash and due from banks

Cash and due from banks have no maturity. Therefore, the carrying amount represents the fair value because the fair value approximates such carrying amount.

Call loans and bills bought

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

Trading securities

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

Money held in trust

For securities that are part of trust property in an independently managed monetary trust with the primary purpose to manage securities, the fair value of equity securities is determined based on the prices quoted by the exchange and the fair value of bonds is determined based on the prices quoted by the exchange or the financial institutions from which they are purchased. The information of the money held in trust by classification is included in Note 5, "Money Held in Trust".

Securities

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

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

The information of the securities by classification is included in Note 4, "Trading securities and Securities".

Loans and bills discounted

For loans with variable interest rates, the carrying amount represents the fair value as the fair value approximates such carrying value as it reflects the market interest rate in a short term as long as the creditworthiness of the borrower has not been changed significantly. For loans with fixed interest rates, the fair value is evaluated by the expected future cash flows from these borrowings classified by type of loan and the internal rating. Future cash flows are discounted by the risk free rate and certain management costs. As for certain consumer loans such as home mortgages, fair value is calculated by discounting the total loan principal with the same rate as a similar loan. Also, for consumer loans that mature within one year, the carrying amount represents the fair value as the fair value approximates such carrying value. In addition, as for loans to legally bankrupt borrowers, virtually bankrupt borrowers, and potentially bankrupt borrowers, the fair value is calculated by deducting the allowance from the balance in the consolidated balance sheet as of March 31, 2010 since its allowance is estimated by collectability based on discounted future cash flows and collateral. Regarding loans which do not have repayment terms because the outstanding amount of the loan is limited to the value of collateral assets, the carrying amount represents the fair value as the fair value approximates such carrying amount according to estimated repayment periods and conditions of interest.

Liabilities

Deposits and negotiable certificates of deposit

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

Payable under securities of deposit

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

Borrowed money

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

Derivatives

Information on the fair value of derivatives is included in Note 23.

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

	Carrying amount	
March 31, 2010	Millions of Yen	Thousands of U.S. Dollars
Unlisted equity securities	¥13,299	$142,938
Investment vehicles and others	5,792	62,264
Total	¥19,092	$205,202

(5) Maturity analysis for financial assets, securities and financial liabilities with contractual maturities as of March 31, 2010 is as follows:

	Millions of Yen			
March 31, 2010	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	¥ 60,299	—	—	—
Call loans and bills bought	75,000	—	—	—
Securities				
Held-to-maturity securities				
Debt securities				
Corporate bonds	13,020	¥ 33,446	¥ 4,350	—
Available-for-sale securities with contractual maturities				
Debt securities				
National government bonds	6,506	198,233	143,008	¥ 42,400
Local government bonds	20,171	60,485	57,390	—
Corporate bonds	10,158	77,620	45,107	3,740
Other	6,427	41,436	34,761	22,747
Loans and bills discounted	876,095	924,513	440,748	608,836
Total	¥1,067,676	¥1,335,733	¥725,364	¥677,723

	Millions of Yen			
March 31, 2010	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	¥3,381,800	¥507,596	¥ 52	¥1
Negotiable certificates of deposit	7,800	—	—	—
Payables under securities lending transactions	47,499	—	—	—
Borrowed money	15,028	11,504	28,000	—
Total	¥3,452,127	¥519,100	¥28,052	¥1

	Thousands of U.S. Dollars			
March 31, 2010	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	$ 648,098	—	—	—
Call loans and bills bought	806,105	—	—	—
Securities				
Held-to-maturity securities				
Debt securities				
Corporate bonds	139,940	$ 359,480	$ 46,754	—
Available-for-sale securities with contractual maturities				
Debt securities				
National government bonds	69,927	2,130,621	1,537,059	$ 455,718
Local government bonds	216,799	650,097	616,831	—
Corporate bonds	109,179	834,265	484,813	40,198
Other	69,077	445,357	373,613	244,486
Loans and bills discounted	9,416,326	9,936,726	4,737,188	6,543,809
Total	$11,475,453	$14,356,546	$7,796,260	$7,284,211

	Thousands of U.S. Dollars			
March 31, 2010	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	$36,347,803	$5,455,682	$ 563	$6
Negotiable certificates of deposit	83,835	—	—	—
Payables under securities lending transactions	510,522	—	—	—
Borrowed money	161,522	123,645	300,946	—
Total	$37,103,682	$5,579,327	$301,509	$6

22. 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, 2010 and 2009 were ¥1,239,279 million ($13,319,848 thousand) and ¥1,226,455 million, respectively. Multi-purpose accounts included in the unused open commitments as of March 31, 2010 and 2009 are ¥571,530 million ($6,142,845 thousand) and ¥544,675 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, 2010 and 2009 were ¥1,230,987 million ($13,230,732 thousand) and ¥1,216,873 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.

23. 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 21, 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 are applicable to financial instruments and related disclosures at the end of the fiscal years ending on or after March 31, 2010; therefore, the required information is disclosed only for 2010.

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

	Millions of Yen			
At March 31, 2010	Contract Amount	Contract Amount due after One Year	Fair Value	Unrealized Gain / (Loss)
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

	Thousands of U.S. Dollars			
At March 31, 2010	Contract Amount	Contract Amount due after One Year	Fair Value	Unrealized Gain / (Loss)
Over-the-counter interest-related contracts:				
Interest rate swap:				
Fixed rate receipt, variable rate payment	$ 47,830	$ 39,876	$ 864	$ 864
Variable rate receipt, fixed rate payment	47,830	39,876	(510)	(510)
Over-the-counter currency-related contracts:				
Currency swap	2,791,239	2,101,584	4,716	4,716
Foreign exchange forward:				
Sell	76,794	4,000	(1,869)	(1,869)
Buy	120,768	2,028	2,412	2,412
Currency option:				
Sell	2,289,692	1,693,246	(197,163)	(7,838)
Buy	2,220,558	1,648,242	197,163	34,146
Other:				
Sell	17,274	13,355	(816)	(816)
Buy	15,857	12,253	1,573	1,573

The following is the fair value information for interest-related contracts and currency-related contracts to which hedge accounting is not applied at March 31, 2009.

	Millions of Yen			
At March 31, 2009	Contract or Notional Amount	Contract Amount due after One Year	Fair Value	Unrealized Gain / (Loss)
Over-the-counter interest-related contracts:				
Interest rate swap:				
Fixed rate receipt, variable rate payment	¥ 4,541	¥ 4,127	¥ 54	¥ 54
Variable rate receipt, fixed rate payment	4,541	4,127	(38)	(38)
Over-the-counter currency-related contracts:				
Currency swap	347,548	246,404	537	537
Foreign exchange forward:				
Sell	9,476	—	(164)	(164)
Buy	13,691	—	208	208
Currency option:				
Sell	219,666	173,674	(16,591)	(298)
Buy	215,122	170,076	16,591	2,104
Other:				
Sell	1,357	1,111	(43)	(43)
Buy	1,191	975	105	105

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

24. Subsequent Event

On June 25, 2010, the Bank's shareholders authorized the appropriation of retained earnings as follows:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥3.50 ($0.04) per share	¥1,274	$13,694

25. Segment Information

Information about operations in business segments for the years ended March 31, 2010 and 2009 was as follows:

	Millions of Yen					
2010	Banking	Lease	Other*	Total	Elimination/Corporate	Consolidated
(a) Income						
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) Assets, depreciation and capital expenditures:						
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

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

	Thousands of U.S. Dollars					
2010	Banking	Lease	Other*	Total	Elimination/Corporate	Consolidated
(a) Income						
Ordinary income:						
(1) Outside customers	$ 930,289	$229,972	$ 48,655	$ 1,208,916	—	$ 1,208,916
(2) Intersegment transactions	5,967	3,044	9,859	18,870	$ (18,870)	—
Total	936,256	233,016	58,514	1,227,786	(18,870)	1,208,916
Ordinary expenses	774,774	222,063	48,799	1,045,636	(18,766)	1,026,870
Ordinary profit	$ 161,482	$ 10,953	$ 9,715	$ 182,150	$ (104)	182,046
Other income and expenses – net						(9,410)
Income before income taxes and minority interests						$ 172,636
(b) Assets, depreciation and capital expenditures:						
Assets	$46,379,557	$640,526	$328,595	$47,348,678	$(428,676)	$46,920,002
Depreciation	53,264	2,387	576	56,227	1,426	57,653
Impairment loss on long-lived assets	5,406	—	—	5,406	—	5,406
Capital expenditures	50,147	4,159	758	55,064	1,343	56,407

* 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 operations.

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

The Group operates only in Japan for the years ended March 31, 2010 and 2009.

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

Ordinary income from overseas operations was not presented herein as it was less than 10% of consolidated ordinary income for the years ended March 31, 2010 and 2009.

Note:

1) As discussed in Note 2.d, effective April 1, 2009, the Company applied ASBJ statement No.10, “Accounting Standard for Financial Instruments”.
   The effect of this change was to decrease ordinary expenses by ¥254 million ($ 2,740 thousand) and increase ordinary profit by ¥254 million ($ 2,740 thousand) in the Banking segment for the year ended March 31, 2010.

Non-Consolidated Six-Year Summary (Unaudit)

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

	Millions of Yen					
For the Year	2010	2009	2008	2007	2006	2005
Total income	¥ 87,115	¥ 90,414	¥ 116,391	¥ 95,288	¥ 89,491	¥ 83,542
Total expenses	72,973	107,131	98,819	72,522	65,600	62,513
Income (loss) before income taxes	14,142	(16,717)	17,572	22,766	23,891	21,029
Total income taxes	5,240	(7,171)	7,214	9,089	8,439	9,467
Net income (loss)	¥ 8,902	¥ (9,546)	¥ 10,358	¥ 13,677	¥ 15,452	¥ 11,562
At Year-End						
Assets:						
Trading securities	¥ 1,686	¥ 1,666	¥ 1,514	¥ 3,042	¥ 2,898	¥ 2,031
Securities	970,684	844,836	852,504	1,008,292	1,075,252	966,978
Loans and bills discounted	3,022,906	3,056,008	2,909,033	2,822,570	2,724,546	2,640,424
Foreign exchanges	3,058	3,909	4,613	3,361	11,305	3,829
Other	316,680	219,115	322,892	298,191	261,179	332,309
Total assets	¥4,315,014	¥4,125,534	¥4,090,556	¥4,135,456	¥4,075,180	¥3,945,571
Liabilities:						
Deposits	¥3,902,366	¥3,745,652	¥3,639,608	¥3,624,885	¥3,497,563	¥3,534,395
Foreign exchanges	651	575	737	738	560	948
Other	207,673	198,559	228,491	242,111	325,796	212,087
Total liabilities	4,110,690	3,944,786	3,868,836	3,867,734	3,823,919	3,747,430
Equity:						
Common stock	36,839	36,839	36,839	36,839	36,839	36,839
Capital surplus and earnings	167,485	143,909	184,881	230,883	214,422	161,302
Total equity	204,324	180,748	221,720	267,722	251,261	198,141
Total liabilities and equity	¥4,315,014	¥4,125,534	¥4,090,556	¥4,135,456	¥4,075,180	¥3,945,571

Non-Consolidated Balance Sheets

The Juroku Bank, Ltd. *March 31, 2010 and 2009 (Supplemental Information)*

	Millions of Yen		Thousands of U.S.Dollars
	2010	2009	2010
ASSETS:			
Cash and due from banks	¥ 132,715	¥ 101,448	$ 1,426,429
Call loans	75,000	—	806,105
Trading securities	1,686	1,666	18,121
Money held in trust	6,000	—	64,488
Securities	970,684	844,836	10,432,975
Loans and bills discounted	3,022,906	3,056,008	32,490,393
Premises and equipment	63,285	64,219	680,191
Intangible assets	7,734	8,066	83,126
Deferred tax assets	14,376	31,187	154,514
Other assets	42,569	47,391	457,534
Customers' liabilities for acceptances and guarantees	24,438	26,020	262,661
Reserve for possible loan losses	(46,379)	(55,307)	(498,485)
Total Assets	¥4,315,014	¥4,125,534	$46,378,052
LIABILITIES AND EQUITY:			
Liabilities:			
Deposits	¥3,902,366	¥3,745,652	$41,942,887
Negotiable certificates of deposit	12,800	23,228	137,575
Call money	6,513	25,982	70,002
Payables under securities lending transactions	47,499	15,048	510,522
Borrowed money	28,000	21,929	300,946
Bonds	30,000	30,000	322,442
Accrued bonuses	1,440	1,375	15,477
Director's accrued bonuses	46	—	494
Liability for retirement benefits	7,934	7,699	85,275
Deferred tax liabilities for land revaluation surplus	10,116	10,403	108,727
Other liabilities	39,538	37,449	424,957
Acceptances and guarantees	24,438	26,021	262,661
Total Liabilities	4,110,690	3,944,786	44,181,965
Commitments and Contingent Liabilities			
Equity:			
Common stock	36,839	36,839	395,948
Capital surplus:			
Additional paid-in capital	25,367	25,367	272,646
Retained earnings:			
Legal reserve	20,155	20,155	216,627
Unappropriated	89,884	83,324	966,079
Unrealized gain on available-for-sale securities	21,217	3,880	228,042
Land revaluation surplus	12,483	12,699	134,168
Treasury stock—at cost	(1,621)	(1,516)	(17,423)
Total Equity	204,324	180,748	2,196,087
Total Liabilities and Equity	¥4,315,014	¥4,125,534	$46,378,052

Non-Consolidated Statements of Operations

The Juroku Bank, Ltd. *Years Ended March 31, 2010 and 2009 (Supplemental Information)*

	Millions of Yen		Thousands of U.S.Dollars
	2010	2009	2010
Income:			
Interest on:			
Loans and discounts	¥ 56,156	¥ 60,870	$ 603,569
Securities	11,618	13,309	124,871
Other	144	228	1,548
Fees and commissions	11,327	11,527	121,743
Other operating income	2,751	2,122	29,568
Gain on sales of securities	3,118	318	33,512
Other income	2,001	2,040	21,507
Total Income	87,115	90,414	936,318
Expenses:			
Interest on:			
Deposits	7,999	10,495	85,974
Borrowings and re-discounts	1,047	1,455	11,253
Other	90	152	967
Fees and commissions	4,411	4,422	47,410
Other operating expenses	629	7,393	6,761
General and administrative expenses	50,298	49,641	540,606
Impairment loss on long-lived assets	503	27	5,406
Other expenses	7,996	33,546	85,942
Total Expenses	72,973	107,131	784,319
Income (Loss) before Income Taxes	14,142	(16,717)	151,999
Income Taxes:			
Current	70	67	752
Deferred	5,170	(7,238)	55,568
Total Income Taxes	5,240	(7,171)	56,320
Net Income (Loss)	¥ 8,902	¥ (9,546)	$ 95,679

Non-Consolidated Statements of Changes in Equity

The Juroku Bank, Ltd. *Years Ended March 31, 2010 and 2009 (Supplemental Information)*

	Thousands	Millions of Yen								
			Capital Surplus		Retained Earnings					
	Outstanding Number of Shares of Common Stock	Common Stock	Additional Paid-in Capital	Other Capital Surplus	Legal Reserve	Unappropriated	Unrealized Gain on Available-for-sale Securities	Land Revaluation Surplus	Treasury Stock	Total Equity
Balance at April 1, 2008	364,432	¥36,839	¥25,367	¥ 5	¥20,155	¥95,398	¥32,716	¥12,729	¥(1,489)	¥221,720
Net loss	—	—	—	—	—	(9,546)	—	—	—	(9,546)
Cash dividends, ¥7.00 per share	—	—	—	—	—	(2,550)	—	—	—	(2,550)
Transfer of land revaluation surplus	—	—	—	—	—	30	—	—	—	30
Purchase of treasury stock	(155)	—	—	—	—	—	—	—	(68)	(68)
Disposal of treasury stock	67	—	—	¥ (5)	—	(8)	—	—	41	28
Net change in the year	—	—	—	—	—	—	(28,836)	(30)	—	(28,866)
Balance at March 31, 2009	364,344	36,839	25,367	—	20,155	83,324	3,880	12,699	(1,516)	180,748
Net income	—	—	—	—	—	8,902	—	—	—	8,902
Cash dividends, $0.08 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
Balance at March 31, 2010	364,017	¥36,839	¥25,367	—	¥20,155	¥89,884	¥ 21,217	¥12,483	¥(1,621)	¥204,324

	Thousands of U.S. Dollars								
		Capital Surplus		Retained Earnings					
	Common Stock	Additional Paid-in Capital	Other Capital Surplus	Legal Reserve	Unappropriated	Unrealized Gain on Available-for-sale Securities	Land Revaluation Surplus	Treasury Stock	Total Equity
Balance at March 31, 2009	$395,948	$272,646	—	$216,627	$895,572	$ 41,702	$136,490	$(16,294)	$1,942,691
Net income	—	—	—	—	95,679	—	—	—	95,679
Cash dividends, $0.08 per share	—	—	—	—	(27,408)	—	—	—	(27,408)
Transfer of land revaluation surplus	—	—	—	—	2,322	—	—	—	2,322
Purchase of treasury stock	—	—	—	—	—	—	—	(1,344)	(1,344)
Disposal of treasury stock	—	—	—	—	(86)	—	—	215	129
Net change in the year	—	—	—	—	—	186,340	(2,322)	—	184,018
Balance at March 31, 2010	$395,948	$272,646	—	$216,627	$966,079	$228,042	$134,168	$(17,423)	$2,196,087

Deloitte.

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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, 2010 and 2009, and the related consolidated statements of operations, changes in equity, and cash flows for the years then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our 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 Bank and consolidated subsidiaries as of March 31, 2010 and 2009, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

Our audit was conducted for the purpose of forming an opinion on the basic 2010 and 2009 consolidated financial statements taken as a whole. The supplemental non-consolidated financial information which includes non-consolidated balance sheets as of March 31, 2010 and 2009 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, 2010 and 2009 has been subjected to our audit of the basic consolidated financial statements for the years then ended and, in our opinion, is fairly stated in all material respects when considered in relation to the basic consolidated financial statements taken as a whole.

As discussed in Note 2.d. to the consolidated financial statements, the Bank applied the revised accounting standard for financial instruments effective March 31, 2010.

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 25, 2010

Member of
Deloitte Touche Tohmatsu

Corporate Data

(as of March 31, 2010)

Date of Establishment:
October 10, 1877
Authorized Shares:
460,000 thousand shares
Shares of Common Stock Issued and Outstanding:
366,855 thousand shares
Stock Listed:
First Sections of the Tokyo and Nagoya Stock Exchanges
Paid-in Capital:
¥36,839 million
Number of Shareholders:
11,771
Number of Employees:
2,972

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

Affiliates

(as of March 31, 2010)

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

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

Directory

(as of July 12, 2010)

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International and Securities Division

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SWIFT Address: JUROJPJ T

General Manager
Kiyotaka Ikami

Overseas Network

Hong Kong Representative Office

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Chief Representative
Yoshitaka Masuda

Shanghai Representative Office

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Facsimile: +86-21-6841-1881

Chief Representative
Masahiro Furuike

Branches Handling Foreign Exchange Business

(18 Offices)

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Toiyamachi Branch

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Seki Branch

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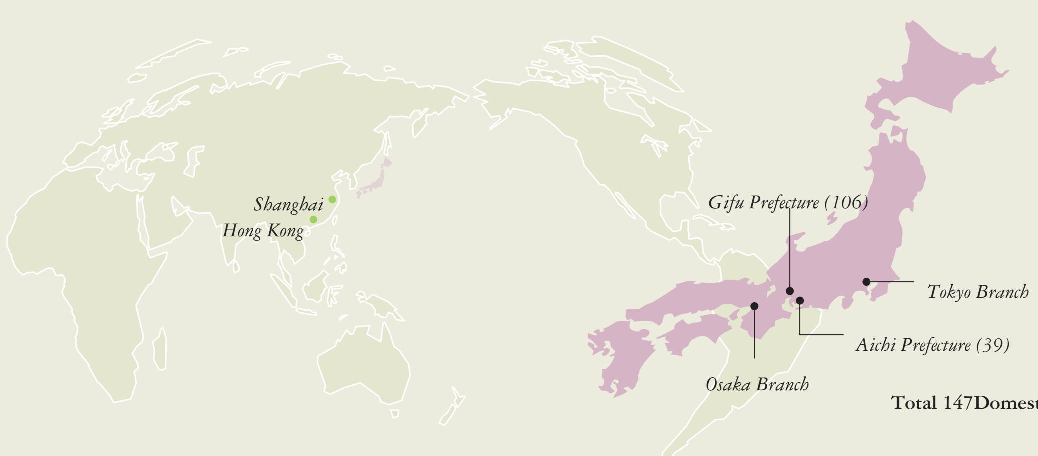

Total 147Domestic Offices

THE JUROKU BANK, LTD.

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