

Annual Report 2007

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. The Bank has played a pivotal role as a leading financial institution in the 130 years since its establishment in 1877.

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

The head office of the Bank is located in Gifu Prefecture. The Bank has 148 domestic branch offices, mainly in Gifu and Aichi prefectures, as well as overseas operations in Hong Kong and Shanghai. On a consolidated basis, as of the end of March 2007, the Bank had total deposits of ¥3,616.1 billion (US\$30,632 million), total assets of ¥4,186.0 billion (US\$35,460 million), and a capital ratio of 10.55% according to domestic standards.



Head office

Forward-looking Statement

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

Contents

1	Financial Highlights (Consolidated)
2	Message from the President
3	Management Strategy
8	Non-Performing Loans
9	Contribution to the Regional Economy and Community
10	Board of Directors and Corporate Auditors
10	Organization Chart
11	Financial Review
12	Consolidated Balance Sheets
13	Consolidated Statements of Income
14	Consolidated Statements of Changes in Equity
15	Consolidated Statements of Cash Flows
16	Notes to Consolidated Financial Statements
26	Non-Consolidated Six-Year Summary (Unaudit)
27	Non-Consolidated Balance Sheets
28	Non-Consolidated Statements of Income
29	Non-Consolidated Statements of Changes in Equity
30	Independent Auditors' Report
31	Corporate Data
31	Affiliates
32	Directory

Financial Highlights (Consolidated)

The Juroku Bank, Ltd. and Subsidiaries
Years Ended March 31, 2007 and 2006

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	2007
For the Fiscal Year			
Total income	¥ 118,719	¥ 111,137	\$ 1,005,667
Total expenses	93,550	84,004	792,461
Net income	13,845	15,648	117,281
Cash dividends	2,553	2,189	21,627
At Year-End			
Total assets	¥4,186,041	¥4,113,720	\$35,459,898
Loans and bills discounted	2,806,651	2,706,762	23,775,104
Securities	1,008,739	1,075,770	8,545,015
Deposits	3,616,105	3,487,998	30,631,978
Total equity	287,164	252,957	2,432,562
Cash Flows			
Net cash used in operating activities.....	¥ (9,178)	¥ (53,377)	\$ (77,747)
Net cash provided by (used in) investing activities	71,597	(33,364)	606,497
Net cash provided by (used in) financing activities	12,331	(2,385)	104,456
Cash and cash equivalents, end of year	193,976	119,222	1,643,168

Note: Amounts stated in United States dollars have been computed, solely for convenience, at the rate of ¥118.05 = US\$1, the approximate rate of exchange at March 31, 2007.



While celebrating the 130th anniversary of its founding, the Bank will seek to enhance its enterprise value.

Nobuo Kojima
President

Many financial institutions have adopted growth strategies, and the operating environment has become increasingly competitive. Moreover, with the full enforcement of the Financial Instruments and Exchange Law approaching, financial institutions need to bolster their internal control structure to meet requirements for customer protection.

To achieve steady development, the key challenges for the Bank are to improve its financial soundness, to succeed in a highly competitive environment and to bolster profitability. In addition, to respond to the increasingly diversified and sophisticated needs of customers, the Bank should continue to strengthen its compliance structure.

In response to these challenges, based on the 10th Medium-Term Management Plan, and to become a financial service institution that can provide genuine satisfaction to our customers, the Bank is striving to improve the quality of all of its operations, including services, administration, and compliance, and is

pursuing initiatives that will make it the most trusted and popular bank in the region, with sustained profitability and financial soundness. In particular, the Bank is strengthening its internal control structure, to establish a reliable compliance structure that is the basis for earning the trust of customers.

With these initiatives, the Bank seeks to achieve sustainable development. As we commemorate the 130th anniversary of our start in business in October 2007, we will be taking vigorous action to improve our enterprise value.

We hope that the Bank may continue to rely on your support.

Nobuo Kojima
President

A handwritten signature in black ink that reads "N. Kojima". The signature is written in a cursive, flowing style.

Second Year of 10th Medium-Term Management Plan: Becoming Leaders in Trust

In April 2006, the Bank launched its current three-year Medium-Term Management Plan, which focuses on improving its reputation for trustworthiness. Under this three-year plan, we will take a number of steps to improve the quality of a wide range of our operations, including services, administration and compliance. By so doing, we will become a financial services institution that can fully satisfy customers. We will work to enhance profitability and financial soundness, and by these means, to become the most-trusted bank in our home region.

Numerical Targets	To be achieved by fiscal 2008
Outstanding balance of loans	¥3 trillion
ROE (Return on Equity; equity = net assets attributable to shareholders):	6.5% or higher
OHR (Overhead Ratio; expenses as a percentage of gross business profit):	Less than 60%
Tier I capital ratio (basic components of regulatory capital divided by risk-adjusted assets):	8% or higher
Net income	¥18 billion

Basic Strategy

Quality First Policy (For the Customers)

To thrive in an environment of increasing competition, we will rigorously pursue quality improvement in the services we provide, and ensure security and accuracy based on our key phrase, "Quality First." We will work to enhance our competitiveness both in service quality and cost, and to establish a structure that leads to a virtuous circle of improving brand value and market share.

Strengthening Retail Functions

To improve competitiveness in both service quality and cost, we must strengthen our retail function. As the retail function is composed of the relationship banking function and the risk-taking function, we will endeavor to bolster our relationship banking and risk-taking functions.

Improving Organizational Ability and Personnel Development

The steady achievement of our strategy depends upon our organizational ability and our human resources. With regard to our organizational ability, we will establish a structure that can promptly meet customer needs, although the present organizational structure will be basically maintained. At the same time, we will strengthen our internal control systems. With regard to human resources, considering the expansion and sophistication of operations, we will endeavor to further improve the skills of our staff. Moreover, given the stronger demand for customer data protection, due to the number of crimes committed in the financial markets, we will further strengthen our compliance structure and nurture higher ethical standards.

Market Strategy

In Gifu Prefecture, we aim at establish more accessible marketing channels and take steps to support the revitalization of the regional economy so that we will may earn the strong trust of the communities in which we operate, and particularly of our customers, to an even greater extent than at present. We will position Aichi Prefecture as a main market on a par with Gifu Prefecture, and will aggressively conduct business operations including the further improvement of our marketing channel network, primarily branch offices.

Strategies to Strengthen Fees and Commissions

Fees and commissions have become the second-largest revenue source for the Bank after deposit operations. By fully utilizing the expertise of our financial advisors, whose number increased during the 9th Medium-Term Management Plan (April 2003-March 2006) to 200, we will endeavor to accurately meet customer needs and requirements by providing services such as fund management advisory services and consulting services. In this way, we have good hopes of furthering increasing revenues from fees and commissions.

Corporate Governance

■ Basic Policy

We at Juroku Bank 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.

With the enforcement in Japan of the Corporation Law in May 2006, the Board of Directors approved a basic policy related to the establishment of an internal control system on May 24, 2006. In accordance with this policy, we are developing an internal structure 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 Executive Committee structure, authorized by the Board of Directors, the president, senior managing directors and managing directors are able to quickly decide on important matters affecting the daily conduct of business operations.

The Bank employs the conventional statutory auditor system stipulated by the Corporation Law.

The Board of Corporate Auditors comprises four statutory auditors, including two outside auditors and two standing auditors. To support the statutory auditors, we have already

established the Corporate Auditors' Office, which monitors the execution of business operations objectively and ensures appropriate auditing functions. There are no conflicts of interest between the outside auditors and the Bank that need to be disclosed. With regard to internal controls, the Audit & Inspection Division conducts internal audits, and at least once per year seeks outside opinions regarding the development and management of the internal control system. Based on these objective opinions, we work to further improve the internal control system. Moreover, to reinforce the compliance system, we have established a whistleblower hotline which provides a reporting mechanism for both internal use and for use by outside lawyers.

With respect to the risk control system, we have established the ALM Committee and Compliance Committee. These committees discuss risk management issues both on a regular basis and when necessary. At these meetings, the appropriateness of operations is reviewed and risk management is applied to minimize loss due to unforeseen circumstances. We have also signed consultation agreements with five 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.

These firms provide 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.

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 carrying out an initiative to further strengthen the compliance system under our current 10th Medium-Term Management Plan, which prescribes compliance policies that 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) protect customer information in compliance with the Personal Information Protection Law.

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

Organizational Structure

Compliance Committee

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

Risk Management Division

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

Inspection Section (Audit and Inspection Division)

The section conducts on-site inspections, checks, and other investigations related to the compliance conditions in each division, and reports the results to the Risk Management Division.

Compliance at Each Division

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

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 10th Medium-Term Management Plan. In addition,

we have established Risk Management Rules 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.

Risk Management Policies (10th 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 Establish a risk management system in accordance with new capital adequacy requirements (Basel II)
- 4 Minimize risk related to the joint operation of the core computer systems

■ Comprehensive Risk Management

The Bank has established a comprehensive risk management system to secure sound operations. Through this system, 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 1 thresholds).

■ Credit Risk

We manage credit risk according to our Credit Risk Management Rules, Credit Portfolio Management Rules and our Credit Policy Rules.

We have clearly separated the sales promotion and credit screening functions and

undertake strict reviews and management under a policy of screening by borrower business sector. Individual cases are screened by verifying various aspects including the use of funds, income and expenditure plans, and investment outcomes, and by carefully examining a borrower's resources and plans for repayment. We make quantitative assessments using a financial scoring model based on data from all regional banks. We have also introduced a credit rating system to objectively determine a borrower company's credit level and to standardize credit extension criteria. We endeavor to maintain a sound asset base by implementing our own assessment of loan assets and by making appropriate write-offs and provisions for possible loan losses.

■ Market Risk

We manage market risk through the Bank's 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 Rules and regard stable cash flows as the primary objective. Moreover, we have established a contingency plan for unforeseen circumstances and have put a system in place that can respond to a wide variety of circumstances promptly and appropriately.

■ Administrative Risk

We manage administrative risk through our own 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 Rules. We are establishing a framework that swiftly responds to system failure through our Computer System Failure Action Rules and Center Failure Rules. Our systems are subject to regular external audits as well as to specific audits carried out by independent auditors regarding our integration of core computer systems.

■ Information Security Management

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 Auditing System

To further reinforce and strengthen our risk management system, we must verify that our risk control systems are functioning effectively. The Audit and Inspection Division works independently of the sections that it inspects (headquarters, branches, and consolidated subsidiaries) and rigorously examines control procedures by conducting regular, planned, on-site inspections. The headquarters and branches also conduct their own regular self-inspections. We are working to enhance our system of mutual supervision and self-checks, improve risk management and prevent potential accidents. Moreover, independent auditors conduct audits of our risk management system, usually once per year, to ensure the effectiveness of the system.

We at Juroku Bank recognize the importance of integrated risk management, and will continue to strive to enhance the sophistication of our risk management system.

Non-Performing Loans

The Bank provides information about the status of its assets in three different ways. First, we conduct self-assessment to calculate appropriate write-offs and reserves by classifying borrowers according to their financial soundness. Second, disclosure based on

“The Financial Reconstruction Law” is used to classify problem assets. Third, we disclose the value of Risk-Monitored Loans based on the Banking Law, which excludes non-loan assets such as foreign exchange, accrued interest and advance payments.

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

(Non-consolidated)

Asset Self-Assessment For all assets				
Borrower category Balances of credits	Classification			
	I	II	III	IV
Legally bankrupt borrowers 5.8 [3.0]	4.4	1.4	— (0.4)	— (2.8)
Virtually bankrupt borrowers 14.5 [7.0]	10.5	4.1	— (1.2)	— (7.6)
Potentially bankrupt borrowers 67.9	31.4	17.0	19.5 (15.8)	
Borrowers requiring caution				
Substandard borrowers 40.9	5.3	35.5		
Others*1 470.1	177.1	293.0		
Normal borrowers 2,306.4	2,306.4			
Total 2,905.6 [2,895.3]	2,535.1	351.0	19.5 (17.4)	— (10.4)

*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 20.3 [10.0]	8.3	12.0	100.0%
Doubtful assets 67.9	32.7	15.8	71.3%
Substandard loans*3 25.2	6.9	5.1	47.4%
Sub-total 113.5 [103.1]	47.9	32.9	71.1%
Normal assets 2,792.2			
Total 2,905.6 [2,895.3]			

*3 Substandard claims consist of loans only.

Billions of yen

Risk-monitored loans Loans only (no other type of credit included)	
Classification	Loan balances
Bankrupt loans	5.6 [2.9]
Non-accrual loans	82.1 [74.5]
Past due loans (3 months or more)	2.1
Restructured loans	23.0
Total	113.0 [102.7]

Ratio of risk-monitored loans to total loans

Figures in brackets are those after application of partial charge-offs (direct deduction).

4.0%
[3.6%]

Notes:

- Amounts in asset self-assessment and claims disclosed under the Financial Reconstruction Law and the coverage of claims are rounded to the nearest 100 million yen. Amounts in risk-monitored loans are rounded down to the nearest 100 million yen. Figures for ratios are rounded down to the first decimal place.
- All credit items = Loans + Customers' liabilities for acceptances and guarantees + Bonds issued through private placements covered by guarantees of the Bank + Foreign

exchanges + Suspense payments with a similar nature to loans + Accrued interest.

- Amounts in asset self-assessment are those after deduction of specific reserves for possible loan losses, and the amounts in parentheses are specific reserves for each classification.
- The Bank does not implement partial charge-offs (direct deduction). If partial charge-offs were implemented, relevant figures would decline to the figures shown in brackets.

Activities to Revitalize the Regional Economy

■ Active Involvement in PFIs and Urban Redevelopment Projects

The Bank is actively involved in private finance initiatives (PFIs) that help to revitalize regional economies and support the realization of sustainable development, as well as in city-center redevelopment projects such as the Gifu City Tower 43 project on the western side of JR Gifu Station.

■ Six Chubu & Kinki Banks Hold Business Talks Forum in Shanghai

In Shanghai in September 2006, Juroku Bank together with Hyakugo Bank, the Bank of Nagoya, Hokkoku Bank, Shiga Bank, and Nanto Bank, organized a forum giving company representatives an opportunity to engage in a wide range of business negotiations with potential Chinese partners and/or customers. Previously, in November 2005, Juroku Bank, the Hyakugo Bank and the Bank of Nagoya had organized the first China business conference by regional banks, and the companies involved reported it to have been very successful. Encouraged by this, we expanded the scope of collaboration for the second business talks forum among regional banks in the Chubu and Kinki regions. This time, the number of participating Japanese companies more than doubled compared with the previous occasion.

■ Progress of the Community-Based Finance Promotion Plan

Under the Community-Based Finance Promotion Plan (for the period between fiscal

2005 and 2006), which took over from the plan to enhance relationship banking, we took a number of proactive steps to achieve specific results. As we pursued the Promotion Plan, to ensure that the spirit of community-based finance is shared and grows throughout the Bank, we focused not only on advocating the plan, but also on its practical implementation, in such areas as marketing operations, cooperation with external institutions, and the launch of new products and services. Consequently, we achieved a number of specific goals, including the initiatives we had targeted to enhance relationship banking and acquired related know-how, and successfully completed the overall Plan. The targets set out in this Plan and the actual results are as follows.

Targets	Achievement
Improvement in rank of 30% or more of customers undergoing management reorganization	30.8%
Consolidated Tier I ratio: 8% or more	* 7.91%
Increase of ¥130 billion in outstanding balance of loans for small and midsize companies (compared with balance at end of term ended March 2005)	Increase of ¥149.8 billion

* Figure calculated based on standards under the new BIS Capital Adequacy Requirements. (Reference: 8.07% based on previous standards)

Although this Plan is now complete, our commitment to providing the most appropriate financial services by understanding the genuine needs of customers in the region continues. We remain dedicated to bolstering relationship functions to provide the most appropriate services that truly satisfy customers, and to enhance the sophistication of community-based finance.

Board of Directors and Corporate Auditors

The Juroku Bank, Ltd. (as of June 30, 2007)

President

Nobuo Kojima

Senior Managing Director

Hakumi Horie

Managing Directors

Muneo Takahashi

Yukio Murase

Directors

Hajime Muramatsu

Yoshihiko Toida

Kenzo Hayashi

Toshiro Hori

Tomio Kawamura

Yoji Matsuura

Yutaka Sugiyama

Standing Corporate Auditors

Tetsukazu Yamada

Tatsuharu Ando

Corporate Auditors

Takeo Shiina

Toshiaki Tochigi



Nobuo Kojima

President



Hakumi Horie

Senior Managing Director



Muneo Takahashi

Managing Director

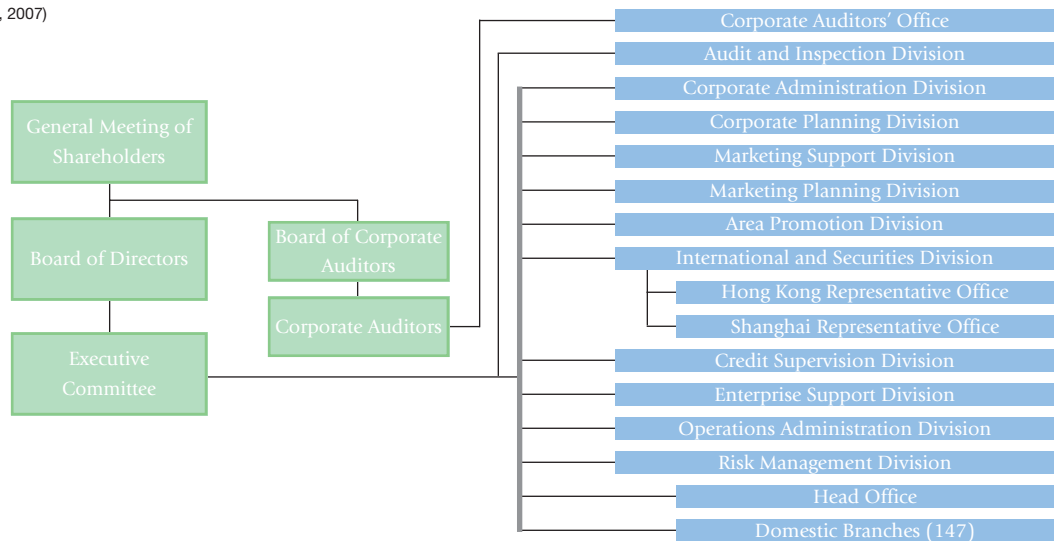


Yukio Murase

Managing Director

Organization Chart

The Juroku Bank, Ltd. (as of June 30, 2007)



Performance

During the period under review, the Japanese economy continued to expand, fueled by strong exports enabled by global economic expansion, an increase in capital spending accompanying improved corporate performance, and brisk personal spending.

In this environment, we posted a year-on-year rise in ordinary income from our banking operations of ¥7,290 million, to ¥95,189 million (US\$806 million) on a consolidated basis. The gain was attributable to the increase in interest on loans and discounts, as well as an increase in gains from the sale of securities. Ordinary expenses increased ¥8,648 million from the previous year, to ¥72,118 million (US\$611 million), reflecting an increase in funding costs as a result of higher deposit interest rates, and in provision for possible loan losses. As a result, ordinary profit declined ¥1,358 million from the previous year, to ¥23,071 million (US\$195 million).

In the leasing business, as a result of proactive marketing, ordinary income increased ¥1,845 million year on year, to ¥19,685 million (US\$167 million). Ordinary expenses rose ¥2,268 million from the previous year, to ¥18,323 million. As a result, ordinary profit declined ¥423 million year on year, to ¥1,362 million (US\$12 million).

In other business areas, which include our credit card and credit guarantee business, ordinary income declined ¥400 million from the previous year, to ¥6,024 million (US\$51 million). Ordinary expenses increased ¥292 million year on year, to ¥4,642 million (US\$39 million). As a result, ordinary profit declined ¥692 million, to ¥1,382 million (US\$12 million).

As a result of the foregoing, ordinary income on a consolidated basis increased ¥8,472 million year on year, to ¥118,615 million (US\$1,005 million), while ordinary expenses rose ¥11,183 million, to ¥93,050 million (US\$788 million). Consequently, ordinary profit declined ¥2,711 million from the previous year, to ¥25,565 million (US\$217 million), and net income declined ¥1,803 million, to ¥13,845 million (US\$117 million) on a consolidated basis.

Financial Position

To achieve steady, low-cost funding, we carried out aggressive marketing for deposits by closely focusing on demand in the region, and sought to limit the large, high-interest term deposits. Moreover, to respond to the diversification of the asset management needs of customers, who were changing their focus from savings to investments, we took steps to increase the balance of investment trusts, public bonds, and pension insurance, and other assets under custody, primarily targeting retail customers. As a result, the balance of deposits increased ¥128,107 million from the previous year, to ¥3,616.1 billion (US\$30,632 million).

We also responded proactively to the funding needs of local enterprises and individuals, principally for mortgage loans, and took steps to capture opportunities to extend loans to local municipal entities. This led to a ¥99,889 million increase in the balance of loans year on year, to ¥2,806.7 billion (US\$23,775 million).

During the term, in addition to underwriting and purchasing government and municipal bonds, we engaged in bond transactions for effective fund operations, while keeping a close watch on market trends. As a result, the balance of securities declined ¥67,031 million from the previous term-end, to ¥1,008.7 billion (US\$8,545 million). Unrealized gains on available-for-sale securities increased ¥5,063 million year on year, to ¥138,205 million (US\$1,171 million) at the term-end.

Net cash used in operating activities declined ¥44,199 million year on year, to ¥9,178 million (US\$78 million) attributable to an increase in loans while deposits increased. Net cash provided by investment activities came to ¥71,597 million (US\$606 million), compared with a net cash outflow of ¥33,364 million for the previous year, attributable to the sale and redemption of securities. Net cash provided by financing activities came to ¥12,331 million (US\$104 million), compared with a net cash outflow of ¥2,385 million for the previous term, reflecting the issuing of subordinated bonds. As a result, the balance of cash and cash equivalents at fiscal year-end stood at 193,976 million (US\$1,643 million), an increase of 74,754 million year on year.

Consolidated Balance Sheets

The Juroku Bank, Ltd. and Consolidated Subsidiaries
March 31, 2007 and 2006

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2007	2006	2007
ASSETS:			
Cash and due from banks (Note 3).....	¥ 194,295	¥ 119,646	\$ 1,645,870
Monetary receivables purchased	1	1	8
Trading securities (Note 4)	3,042	2,898	25,769
Money held in trust (Note 5).....	8,000	11,298	67,768
Securities (Notes 4, 11 and 23).....	1,008,739	1,075,770	8,545,015
Loans and bills discounted (Note 6).....	2,806,651	2,706,762	23,775,104
Foreign exchanges (Note 7)	3,361	11,305	28,471
Other assets (Notes 8 and 11)	46,425	40,081	393,266
Premises and equipment (Note 9).....	113,337	107,532	960,076
Intangible assets	15,537	11,984	131,614
Deferred tax assets (Note 20).....	1,788	1,875	15,146
Customers' liabilities for acceptances and guarantees (Note 10) ...	32,872	73,992	278,458
Reserve for possible loan losses	(48,007)	(49,424)	(406,667)
Total assets.....	¥4,186,041	¥4,113,720	\$35,459,898
LIABILITIES AND EQUITY:			
Liabilities:			
Deposits (Notes 11 and 12)	¥3,616,105	¥3,487,998	\$30,631,978
Negotiable certificates of deposit	41,300	43,842	349,852
Call money and bills sold (Note 11).....	18,888	51,254	160,000
Payables under securities lending transactions (Note 11)	23,833	53,866	201,889
Borrowed money (Note 13)	51,638	45,470	437,425
Foreign exchanges (Notes 6 and 7)	738	560	6,251
Bonds (Note 14).....	15,000	—	127,065
Other liabilities (Note 15)	50,971	38,308	431,775
Liability for retirement benefits (Note 16).....	7,368	10,507	62,414
Deferred tax liabilities (Note 20).....	29,591	28,661	250,665
Deferred tax liabilities for land revaluation excess (Note 2.g).....	10,573	10,610	89,564
Acceptances and guarantees (Note 10)	32,872	73,992	278,458
Total liabilities.....	3,898,877	3,845,068	33,027,336
Minority interests.....	—	15,695	—
Commitments and contingent liabilities (Notes 21, 22 and 23)			
Equity (Notes 17 and 24) :			
Common stock:			
authorized, 460,000,000 shares;			
issued, 366,855,449 shares in 2007 and 2006	36,839	36,839	312,063
Capital surplus	25,362	25,369	214,841
Retained earnings.....	109,766	98,461	929,826
Unrealized gain on available-for-sale securities	86,113	79,871	729,462
Deferred loss on derivatives under hedge accounting	(37)	—	(314)
Land revaluation excess (Note 2.g).....	12,953	13,011	109,725
Treasury stock—at cost:			
2,265,081 shares in 2007 and 1,147,594 shares in 2006	(1,140)	(594)	(9,657)
Total	269,856	252,957	2,285,946
Minority interests.....	17,308	—	146,616
Total equity	287,164	252,957	2,432,562
Total liabilities and equity	¥4,186,041	¥4,113,720	\$35,459,898

See notes to consolidated financial statements.

Consolidated Statements of Changes in Equity

The Juroku Bank, Ltd. and Consolidated Subsidiaries
Years Ended March 31, 2007 and 2006

	Thousands				Millions of Yen						
	Outstanding number of shares of common stock	Common stock	Capital surplus	Retained earnings	Unrealized gain on available-for-sale securities	Deferred loss on derivatives under hedge accounting	Land revaluation excess	Treasury stock	Total	Minority interests	Total
Balance at April 1, 2005	365,946	¥36,839	¥25,367	¥ 84,398	¥39,762	—	¥13,670	¥ (413)	¥199,623	—	¥199,623
Net income.....	—	—	—	15,648	—	—	—	—	15,648	—	15,648
Cash dividends	—	—	—	(2,189)	—	—	—	—	(2,189)	—	(2,189)
Bonuses to directors and corporate auditors	—	—	—	(55)	—	—	—	—	(55)	—	(55)
Transfer of land revaluation excess	—	—	—	659	—	—	(659)	—	—	—	—
Net increase in unrealized gain on available-for-sale securities.....	—	—	—	—	40,109	—	—	—	40,109	—	40,109
Net increase in treasury stock	(238)	—	2	—	—	—	—	(181)	(179)	—	(179)
Balance at March 31, 2006	365,708	36,839	25,369	98,461	79,871	—	13,011	(594)	252,957	—	252,957
Reclassified balances as of March 31, 2006 (Note 2(r)).....	—	—	—	—	—	—	—	—	—	¥15,695	15,695
Net income.....	—	—	—	13,845	—	—	—	—	13,845	—	13,845
Cash dividends	—	—	—	(2,553)	—	—	—	—	(2,553)	—	(2,553)
Bonuses to directors and corporate auditors	—	—	—	(45)	—	—	—	—	(45)	—	(45)
Transfer of land revaluation excess	—	—	—	58	—	—	(58)	—	—	—	—
Purchase of treasury stock from subsidiaries.....	(970)	—	(9)	—	—	—	—	(440)	(449)	—	(449)
Purchase of treasury stock-other.....	(164)	—	—	—	—	—	—	(115)	(115)	—	(115)
Disposal of treasury stock	16	—	2	—	—	—	—	9	11	—	11
Net change in the year.....	—	—	—	—	6,242	¥(37)	—	—	6,205	1,613	7,818
Balance at March 31, 2007	364,590	¥36,839	¥25,362	¥109,766	¥86,113	¥(37)	¥12,953	¥(1,140)	¥269,856	¥17,308	¥287,164

	Thousands of U.S. Dollars (Note 1)										
	Common stock	Capital surplus	Retained earnings	Unrealized gain on available-for-sale securities	Deferred loss on derivatives under hedge accounting	Land revaluation excess	Treasury stock	Total	Minority interests	Total	
Balance at March 31, 2006	\$312,063	\$214,900	\$834,062	\$676,586	—	\$110,216	\$(5,032)	\$2,142,795	—	\$2,142,795	
Reclassified balances as of March 31, 2006 (Note 2(r)).....	—	—	—	—	—	—	—	—	—\$132,952	132,952	
Net income.....	—	—	117,281	—	—	—	—	117,281	—	117,281	
Cash dividends	—	—	(21,627)	—	—	—	—	(21,627)	—	(21,627)	
Bonuses to directors and corporate auditors.....	—	—	(381)	—	—	—	—	(381)	—	(381)	
Transfer of land revaluation excess	—	—	491	—	—	(491)	—	—	—	—	
Purchase of treasury stock from subsidiaries.....	—	(76)	—	—	—	—	(3,727)	(3,803)	—	(3,803)	
Purchase of treasury stock-other.....	—	—	—	—	—	—	(974)	(974)	—	(974)	
Disposal of treasury stock	—	17	—	—	—	—	76	93	—	93	
Net change in the year.....	—	—	—	52,876	\$(314)	—	—	52,562	13,664	66,226	
Balance at March 31, 2007	\$312,063	\$214,841	\$929,826	\$729,462	\$(314)	\$109,725	\$(9,657)	\$2,285,946	\$146,616	\$2,432,562	

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

The Juroku Bank, Ltd. and Consolidated Subsidiaries
Years Ended March 31, 2007 and 2006

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2007	2006	2007
Operating activities:			
Income before income taxes and minority interests	¥ 25,169	¥ 27,133	\$ 213,206
Adjustments for:			
Income taxes - paid	(1,742)	(692)	(14,756)
Depreciation and amortization	17,406	16,030	147,446
Impairment loss on long-lived assets	165	1,932	1,398
Interest income recognized on statements of income	(70,314)	(67,873)	(595,629)
Interest expenses recognized on statements of income	7,296	3,395	61,804
Net losses on securities	(4,127)	955	(34,960)
Unrealized (gain) loss on derivatives	(671)	5	(5,684)
Net decrease in reserve for possible loan losses	(1,417)	(16,832)	(12,003)
Net decrease in liability for retirement benefits	(3,139)	(2,044)	(26,590)
Net increase in loans	(99,889)	(82,229)	(846,158)
Net increase (decrease) in deposits	128,106	(38,757)	1,085,184
Net (decrease) increase in negotiable certificates of deposit	(2,541)	688	(21,525)
Net decrease in due from banks (excluding cash equivalents)...	105	5,018	889
Net decrease in call loan	—	233	—
Net (decrease) increase in call money	(32,366)	28,964	(274,172)
Net (decrease) increase in payables under securities lending transactions	(30,033)	41,145	(254,409)
Interest income - cash basis	69,402	69,984	587,903
Interest expense - cash basis	(5,242)	(3,599)	(44,405)
Other—net	(5,346)	(36,833)	(45,286)
Total adjustments	(34,347)	(80,510)	(290,953)
Net cash used in operating activities	(9,178)	(53,377)	(77,747)
Investing activities:			
Purchases of securities	(184,682)	(277,452)	(1,564,439)
Proceeds from sales of securities	131,821	157,796	1,116,654
Proceeds from maturities of securities	130,805	88,484	1,108,047
Purchases of premises and equipment	—	(2,394)	—
Purchases of premises and equipment and others	(6,568)	—	(55,637)
Proceeds from sales of premises and equipment	221	202	1,872
Net cash provided by (used in) investing activities	71,597	(33,364)	606,497
Financing activities:			
Proceeds from issuance of subordinated bonds	15,000	—	127,065
Proceeds from sales of treasury stock	11	4	93
Acquisition of treasury stock	(115)	(183)	(974)
Dividends paid	(2,565)	(2,206)	(21,728)
Net cash provided by (used in) financing activities	12,331	(2,385)	104,456
Foreign currency translation adjustments on cash and cash equivalents			
	4	18	34
Net increase (decrease) in cash and cash equivalents	74,754	(89,108)	633,240
Cash and cash equivalents, beginning of year	119,222	208,330	1,009,928
Cash and cash equivalents, end of year (Note 3)	¥193,976	¥119,222	\$1,643,168

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

The Juroku Bank, Ltd. and Consolidated Subsidiaries
Years Ended March 31, 2007 and 2006

1. Basis of Presenting Consolidated Financial Statements

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

On December 27, 2005, the Accounting Standard Board of Japan (ASBJ) published a new accounting standard for the statement of changes in equity, which is effective for fiscal years ending on or after May 1, 2006. The consolidated statement of shareholders' equity, which was previously voluntarily prepared in line with the international accounting practices, is now required under generally accepted accounting principles in Japan and has been renamed "the consolidated statement of changes in equity" from the current fiscal year.

In preparing the consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2006 consolidated financial statements to conform to the classifications used in 2007.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which 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 ¥118.05 to \$1, the approximate rate of exchange at March 31, 2007. 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, 2007 and 2006 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.

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

On September 8, 2006, the ASBJ issued Practical Issues Task Force ("PITF") No.20, "Practical Solution on Application of Control Criteria and Influence Criteria to Investment Associations" which is effective for fiscal years ending on or after September 8, 2006. The practical solution clarifies how the control and influence concept should be practically applied to the consolidation scope of collective investment vehicles, such as limited partnerships, Tokumei-Kumiai and other entities with similar characteristics, in order to avoid such vehicles being intentionally excluded from consolidation. The Bank applied this task force in the year ended March 31, 2007, which resulted in four collective investment vehicles newly identified as subsidiaries. However, investments in these investment vehicles are stated at cost. If the equity method of accounting had been applied to the investments in these vehicles, the effect on the accompanying consolidated financial statements would not be material.

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

All significant intercompany balances and transactions have been

eliminated in consolidation. All material unrealized profits included in assets resulting from transactions within the Group are eliminated in consolidation.

b. Cash and cash equivalents

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

c. Trading securities

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

d. Securities

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

Prior to April 1, 2006, synthetic collateralized debt obligations classified as available-for-sale securities held by the Bank were not separated into the host contract and the embedded derivative. The Bank measured the entire hybrid contracts at fair value and gains or losses were recognized in the consolidated statements of income.

Effective April 1, 2006, the Bank adopted a new accounting guidance "Guidance on Accounting for Other Compound Financial Instruments (Compound Financial Instruments Other than Those with Option to Increase Paid-in Capital)" issued by the ASBJ. In accordance with the new accounting guidance, the Bank measured the entire hybrid contracts at fair value and unrealized gains or losses, net of applicable taxes, were recognized in a separate component of equity. As a result of the adoption of the new accounting guidance, unrealized gain on available securities increased by ¥59 million (\$500 thousand), deferred tax liabilities increased by ¥39 million (\$330 thousand) and income before income taxes decreased by ¥98 million (\$830 thousand).

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. Depreciation of leased assets is computed by the straight-line method over their lease periods.

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

Under certain conditions such as exchanges of premises and equipment of similar kinds and sales and purchases resulting from expropriation, Japanese tax laws permit companies to defer the profit arising from such transactions by reducing the cost of the assets acquired or by providing a special reserve in the equity section. The provision and the reversal of the special reserve are made by means of appropriation of retained earnings. Deferred gain on premises and equipment deductible for tax purposes was ¥1,214 million (\$10,284 thousand) in 2007.

f. Long-lived assets

In August 2002, the Business Accounting Council (BAC) issued a Statement of Opinion, *Accounting for Impairment of Fixed Assets*, and in October 2003 the ASBJ issued ASBJ Guidance No.6, *Guidance for Accounting Standard for Impairment of Fixed Assets*. These pronouncements were effective for fiscal years beginning on or after April 1, 2005 with early adoption permitted for fiscal years ending on or after March 31, 2004. The Group adopted the accounting standard for impairment of fixed assets as of April 1, 2005.

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

As a result of the adoption of this new accounting standard, impairment loss on long-lived assets relating to land and buildings to be disposed of in the amount of ¥1,932 million was recognized and the effect of this was to decrease income before income taxes and minority interests for the year ended March 31, 2006 by the same amount.

The Group reviewed its long-lived assets for impairment as of the year ended March 31, 2007 and, as a result, recognized an impairment loss of ¥165 million (\$1,398 thousand).

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 excess 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 income. Continuous readjustment is not permitted unless the land value subsequently declines significantly such that the amount of the decline in value should be removed from the land revaluation excess account and related deferred tax liabilities.

The carrying amount of the land after the above one-time revaluation exceeded the market value by ¥18,678 million (\$158,221 thousand) as of March 31, 2007.

b. 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, of five years.

i. Reserve for possible loan losses

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

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

For normal and caution loans, the reserve for possible loan losses is provided for based on actual past loss ratios. For loans such as possible bankruptcy, the reserve for possible loan losses is provided for in an amount deemed necessary to cover possible losses on loans considering

the customer's solvency and other factors, after the estimated fair value of the collateral real estate or guaranteed amount has been deducted. For loans such as virtual bankruptcy or legal bankruptcy, the reserve for possible loan losses is provided based upon the loan amount, after the estimated fair value of the collateral real estate or guaranteed amount has been deducted.

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

j. Liability for retirement benefits

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

k. Leases

All leases of the Group are accounted for as operating leases. Under Japanese accounting standards for leases, finance leases that are deemed to transfer ownership of the leased property to the lessee are to be capitalized, while other finance leases are 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.

l. Bonuses to directors and corporate auditors

Prior to the fiscal year ended March 31, 2005, bonuses to directors and corporate auditors were accounted for as a reduction of retained earnings in the fiscal year following approval at the general shareholders meeting. The ASBJ issued PITF No.13, "Accounting Treatment for Bonuses to Directors and Corporate Auditors," which encouraged companies to record bonuses to directors and corporate auditors on the accrual basis with a related charge to income, but still permitted the direct reduction of such bonuses from retained earnings after approval of the appropriation of retained earnings.

The ASBJ replaced the above accounting pronouncement by issuing a new accounting standard for bonuses to directors and corporate auditors on November 29, 2005. Under the new accounting standard, bonuses to directors and corporate auditors must be expensed and are no longer allowed to be directly charged to retained earnings. This accounting standard is effective for fiscal years ending on or after May 1, 2006. The companies must accrue bonuses to directors and corporate auditors at the year end to which such bonuses are attributable.

The Group adopted the new accounting standard for bonuses to directors and corporate auditors from the year ended March 31, 2007. The effect of adoption of this accounting standard was to decrease income before income taxes and minority interests for the year ended March 31, 2007 by ¥61 million (\$517 thousand).

m. Income taxes

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

n. Appropriations of retained earnings

Appropriations of retained earnings are reflected in the financial statements for the following year upon shareholders' approval.

o. Foreign currency transactions

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

p. Derivatives and hedging activities

The Bank uses a variety of derivative financial instruments. Derivative

financial instruments are classified and accounted for as follows: a) 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 income and b) for derivatives used for hedging purposes, if derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are applied for hedge accounting.

Under the exceptional treatment of hedge accounting, the interest rate swaps which qualify for hedge transactions and meet specific matching criteria are not remeasured at market value but the differential paid or received under the swap agreements are recognized and included in interest expense or income.

The Bank evaluates the effectiveness of hedges by examining whether risk exposures of derivatives, serving as the means to adjust risks, are within risk limits determined in the risk-management policy and also whether hedged interest rate risk exposure is reduced.

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

Effective April 1, 2003, the Bank applied the principle treatment of JICPA Industry Audit Committee Report No. 24 and unrealized gains and losses incurred during the year were included in earnings for the year ended March 31, 2004. The deferred hedge losses, which were previously accounted for under "macro hedge," were charged to other operating expenses over five years beginning April 1, 2003. Deferred loss on derivatives under macro hedge accounting, net of applicable taxes, included in the separate component of equity, was ¥62 million (\$525 thousand) at March 31, 2007.

q. Per share information

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

The weighted average number of common shares used in the computation for the years ended March 31, 2007 and 2006 was 365,615,783 shares and 365,833,653 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 income are dividends applicable to the respective years including dividends to be paid after the end of the year.

r. Presentation of Equity

On December 9, 2005, the ASBJ published a new accounting standard for presentation of equity. Under this accounting standard, certain items which were previously presented as liabilities are now presented as components of equity. Such items include stock acquisition rights, minority interests, and any deferred gain or loss on derivatives accounted for under hedge accounting. This standard is effective for

fiscal years ending on or after May 1, 2006. The consolidated balance sheet as of March 31, 2007 is presented in line with this new accounting standard.

s. New Accounting Pronouncements

Lease Accounting

On March 30, 2007, the ASBJ issued ASBJ Statement No. 13, "Accounting Standard for Lease Transactions," which revised the existing accounting standard for lease transactions issued on June 17, 1993.

Under the existing accounting standard, finance leases that deem to transfer ownership of the leased property to the lessee are to be capitalized, however, other finance leases are permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the note to the lessee's financial statements.

The revised accounting standard requires that all finance lease transactions should be capitalized. 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.

3. Cash and Due from Banks

Cash and due from banks as of March 31, 2007 and 2006 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	2007
Cash.....	¥ 66,191	¥ 74,555	\$ 560,703
Due from banks	128,104	45,091	1,085,167
Total	<u>¥194,295</u>	<u>¥119,646</u>	<u>\$1,645,870</u>

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, 2007 and 2006 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	2007
Cash and due from banks	¥194,295	¥119,646	\$1,645,870
Due from banks other than the Bank of Japan	(319)	(424)	(2,702)
Cash and cash equivalents	<u>¥193,976</u>	<u>¥119,222</u>	<u>\$1,643,168</u>

4. Trading Securities and Securities

Trading securities as of March 31, 2007 and 2006 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	2007
National government bonds	¥2,943	¥2,893	\$24,930
Local government bonds	99	5	839
	<u>¥3,042</u>	<u>¥2,898</u>	<u>\$25,769</u>

Valuation gains, which were included in other operating income for the year ended March 31, 2007 were ¥6 million (\$51 thousand).

Valuation losses, which were included in other operating expenses for the year ended March 31, 2006 were ¥10 million.

Securities as of March 31, 2007 and 2006 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	2007
Stock shares	¥ 238,229	¥ 237,291	\$2,018,035
National government bonds.....	371,533	372,318	3,147,251
Local government bonds	128,782	154,736	1,090,911
Corporate bonds.....	169,903	178,869	1,439,246
Other securities.....	100,292	132,556	849,572
Total	¥1,008,739	¥1,075,770	\$8,545,015

Unrealized gain on credit derivative transactions of ¥190 million at March 31, 2006 presented in the schedules in Note 23, were included in “Securities” in the accompanying consolidated balance sheet.

Information regarding available-for-sale and held-to-maturity securities as of March 31, 2007 and 2006 was as follows:

2007	Millions of Yen			
	Cost	Unrealized gains	Unrealized losses	Fair value
Securities classified as:				
Available-for-sale:				
Equity securities.....	¥ 93,981	¥136,443	¥ 337	¥230,087
Debt securities	618,593	2,549	2,110	619,032
Other	96,949	2,370	710	98,609
Held-to-maturity:				
Debt securities	2,375	46	0	2,421

2006	Millions of Yen			
	Cost	Unrealized gains	Unrealized losses	Fair value
Securities classified as:				
Available-for-sale:				
Equity securities.....	¥ 91,349	¥137,791	¥ 159	¥228,981
Debt securities	665,464	2,660	8,044	660,080
Other	131,852	2,150	1,256	132,746
Held-to-maturity:				
Debt securities	2,658	56	—	2,714

2007	Thousands of U.S. Dollars			
	Cost	Unrealized gains	Unrealized losses	Fair value
Securities classified as:				
Available-for-sale:				
Equity securities.....	\$ 796,112	\$1,155,807	\$ 2,855	\$1,949,064
Debt securities.....	5,240,093	21,593	17,874	5,243,812
Other	821,254	20,076	6,015	835,315
Held-to-maturity:				
Debt securities.....	20,119	389	0	20,508

Available-for-sale securities and held-to-maturity securities whose fair value was not readily determinable as of March 31, 2007 and 2006 were as follows:

	Carrying amount		
	Millions of Yen	Thousands of U.S. Dollars	
	2007	2006	2007
Available-for-sale:			
Equity securities.....	¥ 8,142	¥ 8,310	\$ 68,971
Held-to-maturity:			
Debt securities	48,810	43,185	413,469
Total	¥56,952	¥51,495	\$482,440

Investments in non-consolidated subsidiaries included in “Securities” in the accompanying consolidated balance sheet at March 31, 2007 were

¥1,684 million (\$14,265 thousand).

Proceeds from sales of available-for-sale securities for the years ended March 31, 2007 and 2006 were ¥114,505 million (\$969,970 thousand) and ¥154,719 million, respectively. Gross realized gains and losses on these sales, computed on the moving average cost basis, were ¥6,351 million (\$53,799 thousand) and ¥1,963 million (\$16,629 thousand), respectively, for the year ended March 31, 2007, and ¥2,441 million and ¥3,241 million, respectively, for the year ended March 31, 2006.

The carrying values of debt securities and other investments by contractual maturities for securities classified as available-for-sale and held-to-maturity as of March 31, 2007 were as follows:

	Millions of Yen		Thousands of U.S. Dollars	
	Available-for-sale	Held-to-maturity	Available-for-sale	Held-to-maturity
Due in one year or less.....	¥115,115	¥ 7,371	\$ 975,137	\$ 62,440
Due after one year				
through five years.....	383,391	35,094	3,247,700	297,281
Due after five years				
through ten years	163,575	8,720	1,385,642	73,867
Due after ten years.....	56,829	—	481,398	—
Total	¥718,910	¥51,185	\$6,089,877	\$433,588

5. Money Held in Trust

Information regarding money held in trust for trading purposes as of March 31, 2007 and 2006 was as follows:

	Carrying amount		
	Millions of Yen	Thousands of U.S. Dollars	
	2007	2006	2007
Amounts per the balance sheet....	¥8,000	¥11,298	\$67,768
Valuation (loss) gain included in (other expense) / other income....	(298)	295	(2,524)

6. Loans and Bills Discounted

Loans and bills discounted as of March 31, 2007 and 2006 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	2007
Bills discounted	¥ 60,247	¥ 53,772	\$ 510,352
Loans on bills.....	257,881	284,469	2,184,507
Loans on deeds	2,015,061	1,935,691	17,069,555
Overdrafts.....	467,119	426,464	3,956,959
Others	6,343	6,366	53,731
Total	¥2,806,651	¥2,706,762	\$23,775,104

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 collectibility of either the principal or interest, and if the loans are past due for certain period or for other reasons.

“Loans to borrowers in bankruptcy” represent nonaccrual loans to debtors who are legally bankrupt, which are defined in Article 96, Paragraph 1, Subparagraphs 3 and 4 of Enforcement Ordinance for the Corporation Tax Law. Loans to borrowers in legal bankruptcy as of March 31, 2007 and 2006 were ¥6,481 million (\$54,900 thousand) and ¥6,679 million, respectively.

“Past due loans” are nonaccrual loans other than loans to borrowers in bankruptcy and loans of which interest payments are deferred in order to assist the financial recovery of a debtor in financial difficulties.

Past due loans as of March 31, 2007 and 2006 were ¥83,090 million (\$703,854 thousand) and ¥90,670 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, 2007 and 2006 were ¥2,174 million (\$18,416 thousand) and ¥735 million, respectively.

“Restructured loans” are defined as loans which the lender is providing financial support to a borrower by a reduction of the interest rate, deferral of interest payment, extension of maturity date, or reduction of the face or maturity amount of the debt or accrued interest. Loans classified as loans to borrowers in bankruptcy, past due loans and accruing loans past due three months or more are excluded from restructured loans. Restructured loans as of March 31, 2007 and 2006 were ¥23,159 million (\$196,180 thousand) and ¥21,329 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, 2007 and 2006 was ¥114,904 million (\$973,350 thousand) and ¥119,413 million, respectively.

Bills discounted are accounted for as financing transactions in accordance with “Treatment of Accounting and Auditing in Applying Accounting Standard for Financial Instruments in the Banking Industry” issued by the JICPA. The Bank has rights to sell or pledge accepted commercial bills discounted and foreign bills of exchange bought without restrictions. The total face value of commercial bills discounted and foreign bills of exchange bought included in foreign exchanges as of March 31, 2007 and 2006 was ¥61,633 million (\$522,092 thousand) and ¥56,403 million, respectively.

7. Foreign Exchanges

Foreign exchanges as of March 31, 2007 and 2006 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	2007
ASSETS:			
Due from foreign correspondent account.....	¥1,127	¥ 7,587	\$ 9,547
Foreign bills of exchange bought.....	1,387	2,631	11,749
Foreign bills of exchange receivable.....	847	1,087	7,175
Total	¥3,361	¥11,305	\$28,471
LIABILITIES:			
Due to foreign correspondent account.....	¥ 737	¥ 552	\$ 6,243
Foreign bills of exchange payable	1	8	8
Total	¥ 738	¥ 560	\$ 6,251

8. Other Assets

Other assets as of March 31, 2007 and 2006 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	2007
Accrued income	¥ 5,818	¥5,458	\$ 49,284
Prepaid expenses	130	259	1,102
Derivative assets.....	13,489	9,473	114,265
Other.....	26,988	24,891	228,615
Total	¥46,425	¥40,081	\$393,266

9. Premises and Equipment

The accumulated depreciation of premises and equipment as of March 31, 2007 and 2006 amounted to ¥112,923 million (\$956,569 thousand) and ¥114,279 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. As a result of the adoption of the revised enforcement ordinance, the Bank offset customer's liabilities for acceptance and guarantees with acceptance and guarantees of ¥46,150 million (\$390,936 thousand) arising from guarantees of private placement securities in 2007.

11. Assets Pledged

Assets pledged as collateral and their relevant liabilities as of March 31, 2007 and 2006 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	2007
Assets pledged as collateral:			
Securities	¥116,132	¥174,756	\$983,753
Other assets	80	6	678
Total	¥116,212	¥174,762	\$984,431
Relevant liabilities to above assets:			
Deposits.....	¥ 73,710	¥ 79,599	\$624,396
Payables under securities lending transactions.....	23,833	53,866	201,889
Bills sold.....	—	44,300	—
Total	¥ 97,543	¥177,765	\$826,285

In addition, the following assets were pledged or deposited with respect to foreign exchange settlements and derivatives as of March 31, 2007 and 2006.

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	2007
Securities	¥74,099	¥77,402	\$627,692
Other assets	8	8	68
Total	¥74,107	¥77,410	\$627,760

Deposits included in other assets as of March 31, 2007 were ¥1,951 million (\$16,527 thousand).

Deposits and concession money included in other assets as of March 31, 2006 were ¥2,606 million.

12. Deposits

Deposits as of March 31, 2007 and 2006 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	2007
Current deposits.....	¥ 247,374	¥ 222,673	\$ 2,095,502
Ordinary deposits.....	1,464,095	1,427,794	12,402,329
Deposits at notice	26,913	23,536	227,980
Time deposits	1,672,324	1,594,754	14,166,235
Other deposits	205,399	219,241	1,739,932
Total	¥3,616,105	¥3,487,998	\$30,631,978

13. Borrowed Money

Borrowed Money as of March 31, 2007 and 2006 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	2007
Borrowings due serially to October 2012 with the weighted average interest rates of 1.69% in 2007 and 1.59% in 2006	¥51,638	¥45,470	\$437,425

Annual maturities of borrowings as of March 31, 2007 were as follows:

Year Ending March 31,	Millions of Yen	Thousands of U.S. Dollars
2008	¥17,788	\$150,682
2009	2,651	22,457
2010	2,280	19,314
2011	1,519	12,867
2012	8,400	71,156
2013 and thereafter	19,000	160,949
Total	¥51,638	\$437,425

Borrowings include subordinated borrowings of the Bank, which amounted to ¥27,000 million (\$228,717 thousand) and ¥27,000 million as of March 31, 2007 and 2006, respectively.

14. Bonds

Bonds as of March 31, 2007 consisted of the following:

	Millions of Yen	Thousands of U.S. Dollars
	2007	2007
Unsecured Yen subordinated bonds due 2017	¥15,000	\$127,065

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

15. Other Liabilities

Other liabilities as of March 31, 2007 and 2006 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	2007
Domestic exchange settlement account, credit*	¥ 143	¥ 147	\$ 1,211
Income taxes payables	7,227	954	61,220
Accrued expenses	3,928	1,787	33,274
Unearned income	7,616	8,100	64,515
Employees' deposits	2,207	2,304	18,696
Derivative liabilities	13,839	13,123	117,230
Other	16,011	11,893	135,629
Total	¥50,971	¥38,308	\$431,775

*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. Under most circumstances, employees terminating their employment are entitled to retirement benefits determined based on the

rate of pay at the time of termination, years of service and certain other factors. If the termination is involuntary, caused by retirement at the mandatory retirement age or death, or certain other causes, the employee is entitled to greater payment than in the case of voluntary termination.

The liability for employees' retirement benefits as of March 31, 2007 and 2006 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	2007
Projected benefit obligation	¥44,579	¥44,220	\$377,628
Fair value of plan assets	(37,137)	(33,776)	(314,587)
Unrecognized prior service benefit	—	2,272	—
Unrecognized actuarial loss	(74)	(2,209)	(627)
Net liability	¥ 7,368	¥10,507	\$ 62,414

The components of net periodic retirement benefit costs for the years ended March 31, 2007 and 2006 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	2007
Service cost	¥1,233	¥1,260	\$10,445
Interest cost	884	876	7,488
Expected return on plan assets	(907)	(518)	(7,683)
Amortization of prior service benefit	(2,271)	(2,271)	(19,238)
Recognized actuarial loss	807	1,475	6,836
Net periodic retirement (benefit) costs	¥ (254)	¥ 822	\$ (2,152)

Assumptions used for the years ended March 31, 2007 and 2006 were set forth as follows:

	2007	2006
Periodic recognition of projected benefit obligation	Straight-line method	Straight-line method
Discount rate	2.0%	2.0%
Expected rate of return on plan assets	3.5%	2.5%
Amortization period of prior service benefit/cost	3 years	3 years
Recognition period of actuarial gain/loss	10 years	10 years

17. Equity

On and after May 1, 2006, Japanese banks are subject to a new corporate law of Japan (the "Corporate Law") and the Japanese Banking Law. The Corporate Law reformed and replaced the Commercial Code of Japan (the "Code") with various revisions that are, for the most part, applicable to events or transactions which occur on or after May 1, 2006 and for the fiscal years ending on or after May 1, 2006. The significant changes in the Corporate Law that affect financial and accounting matters are summarized below:

(a) Dividends

Under the Corporate Law, 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 meet certain criteria such as; (1) having the Board of Directors, (2) having independent auditors, (3) having the Board of Corporate Auditors, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors may declare

dividends (except for dividends in kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. However, the Bank cannot do so because it does not meet all the above criteria.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Corporate Law 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 Corporate Law 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 Corporate Law, stock acquisition rights, which were previously presented as a liability, are now presented as a separate component of equity. The Corporate Law 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 (\$170,733 thousand) as of March 31, 2007 and 2006.

18. Other Income

Other income for the years ended March 31, 2007 and 2006 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	2007
Gain on money held in trust	¥ 23	¥ 433	\$ 195
Other	3,087	4,469	26,150
Total	¥3,110	¥4,902	\$26,345

19. Other Expenses

Other expenses for the years ended March 31, 2007 and 2006 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	2007
Write-down of stocks and other securities	¥ 261	¥ 155	\$ 2,211
Loss on sales of stocks and other securities	259	582	2,194
Write-down of loans	26	353	220
Loss on sales of loans	2,031	2,879	17,205
Loss on dispositions of premises and equipment	300	205	2,541
Other	889	268	7,531
Total	¥3,766	¥4,442	\$31,902

20. 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 rates of approximately 40% for the years ended March 31, 2007 and 2006.

The tax effects of significant temporary differences and tax loss carryforwards, which result in deferred tax assets and liabilities as of March 31, 2007 and 2006 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	2007
Deferred Tax Assets:			
Reserve for possible loan losses	¥ 16,464	¥15,096	\$139,466
Tax loss carryforwards	22	2,389	186
Liability for retirement benefits	5,227	6,442	44,278
Write-down of securities	4,488	3,590	38,018
Depreciation	2,560	2,892	21,686
Other	2,216	1,767	18,772
Less: Valuation allowance	(5,585)	(4,668)	(47,311)
Total	25,392	27,508	215,095
Deferred Tax Liabilities:			
Unrealized gain on available-for-sale securities	(51,842)	(52,941)	(439,153)
Gain on contribution of available-for-sale securities to employees' retirement benefit trusts	(1,353)	(1,353)	(11,461)
Total	(53,195)	(54,294)	(450,614)
Net deferred tax liabilities	¥(27,803)	¥(26,786)	\$(235,519)

A reconciliation between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statements of income for the year ended March 31, 2006 is as follows:

	2006
Normal effective statutory tax rate	39.76%
Expenses not deductible for income tax purposes	0.16
Income not taxable for income tax purposes	(1.72)
Per capita tax	0.24
Change in valuation allowance	(2.29)
Other	(0.25)
Actual effective tax rate	35.90%

A reconciliation between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statement of income for the year ended March 31, 2007 was not disclosed because the difference was not material.

21. Leases

Finance lease

(Lessee)

The Group leases certain equipment. Total rental expenses under the finance leases for the years ended March 31, 2007 and 2006 were ¥0 million (\$0 thousand) and ¥1 million, respectively.

Pro forma information of leased property such as acquisition cost, accumulated depreciation, obligation under finance leases and depreciation expense of finance leases that do not transfer ownership of the leased property to the lessee on an "as if capitalized" basis as of March 31, 2007 and 2006 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	2007
Acquisition cost	¥ 4	¥ 4	\$ 34
Accumulated depreciation	(4)	(4)	(34)
Net leased property	¥—	¥ 0	\$ —

Obligations under finance leases as of March 31, 2006 and 2005 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	2007
Due within one year	¥—	¥ 0	\$—
Due after one year	—	—	—
Total	¥—	¥ 0	\$—

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

Depreciation expense, which was not reflected in the accompanying consolidated statements of income, was computed by the straight-line method with useful lives being equal to the lease period and all residual values at zero. Depreciation expense for the years ended March 31, 2007 and 2006 was ¥0 million (\$0 thousand) and ¥1 million, respectively. (*Lessor*)

A subsidiary leases certain equipment and other assets. Total rental revenues under finance leases for the years ended March 31, 2007 and 2006 were ¥16,098 million (\$136,366 thousand) and ¥14,890 million, respectively.

Leased property of finance leases that do not transfer ownership of the leased property to the lessee, which were stated as a component of assets on the consolidated balance sheets as of March 31, 2007 and 2006 were as follows:

2007	Millions of Yen		
	Equipment	Other	Total
Acquisition cost	¥76,583	¥6,454	¥83,037
Accumulated depreciation ...	(34,812)	(3,062)	(37,874)
Net leased property	¥41,771	¥3,392	¥45,163

2006	Millions of Yen		
	Equipment	Other	Total
Acquisition cost	¥79,848	¥6,651	¥86,499
Accumulated depreciation ...	(38,176)	(3,154)	(41,330)
Net leased property	¥41,672	¥3,497	¥45,169

2007	Thousands of U.S. Dollars		
	Equipment	Other	Total
Acquisition cost	\$648,734	\$54,671	\$703,405
Accumulated depreciation ...	(294,892)	(25,938)	(320,830)
Net leased property	\$353,842	\$28,733	\$382,575

Expected future rental revenues under finance leases as of March 31, 2007 and 2006 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	2007
Due within one year	¥13,272	¥13,941	\$112,427
Due after one year	32,983	31,228	279,398
Total	¥46,255	¥45,169	\$391,825

* The amounts of expected future rental revenues under finance leases include the imputed interest income portion for the year ended March 31, 2006. The Group changed the computation method of expected future rental revenues from the simplified method to the interest method from the year ended March 31, 2007. Therefore, the amounts of expected revenues under finance leases for the year ended March 31, 2007 are computed by the interest method and are not included in the imputed interest income portion.

Depreciation expense for the years ended March 31, 2007 and 2006 was ¥13,679 million (\$115,875 thousand) and ¥12,294 million, respectively. Interest income for the year ended March 31, 2007 was ¥1,938 million (\$16,417 thousand).

Expected future rental revenues under operating leases as of March 31, 2007 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
	2007	2007
Due within one year	¥178	\$1,508
Due after one year	518	4,388
Total	¥696	\$5,896

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, 2007 and 2006 were ¥1,156,890 million (\$9,800,000 thousand) and ¥1,203,929 million, respectively. Multi-purpose accounts included in the unused open commitments as of March 31, 2007 and 2006 were ¥500,179 million (\$4,237,010 thousand) and ¥487,673 million, respectively. The amounts of unused commitments whose original contract terms were within one year or unconditionally cancelable at any time as of March 31, 2007 and 2006 were ¥1,137,067 million (\$9,632,080 thousand) and ¥1,194,265 million, respectively.

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

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

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.

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

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

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

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

The Bank had the following derivative contracts outstanding as of March 31, 2007 and 2006:

2007	Millions of Yen		
	Contract or notional amount	Fair value	Unrealized gains/(losses)
Over-the-counter			
interest-related contracts:			
Interest rate swap:			
Fixed rate receipt,			
floating rate payment	¥ 8,245	¥ 2	¥ 2
Floating rate receipt,			
fixed rate payment	12,749	(19)	(19)
Over-the-counter			
currency-related contracts:			
Currency swap	462,042	539	539
Foreign exchange forward:			
Sell	9,269	(214)	(214)
Buy	12,664	320	320
Currency option:			
Sell	212,689	(10,063)	4,155
Buy	218,186	10,056	(2,311)

2006	Millions of Yen		
	Contract or notional amount	Fair value	Unrealized gains/(losses)
Over-the-counter			
interest-related contracts:			
Interest rate swap:			
Fixed rate receipt,			
floating rate payment	¥ 8,924	¥ (44)	¥ (44)
Floating rate receipt,			
fixed rate payment	27,934	(296)	(296)
Over-the-counter			
currency-related contracts:			
Currency swap	544,526	190	190
Foreign exchange forward:			
Sell	11,311	(140)	(140)
Buy	28,988	249	249
Currency option:			
Sell	129,708	2,241	2,241
Buy	131,823	(988)	(988)
Over-the-counter			
credit derivative transactions:			
Other:			
Sell	20,393	(190)	(190)

2007	Thousands of U.S. Dollars		
	Contract or notional amount	Fair value	Unrealized gains/(losses)
Over-the-counter			
interest-related contracts:			
Interest rate swap:			
Fixed rate receipt,			
floating rate payment	\$ 69,843	\$ 17	\$ 17
Floating rate receipt,			
fixed rate payment	107,997	(161)	(161)
Over-the-counter			
currency-related contracts:			
Currency swap	3,913,952	4,566	4,566
Foreign exchange forward:			
Sell	78,518	(1,813)	(1,813)
Buy	107,277	2,711	2,711
Currency option:			
Sell	1,801,686	(85,244)	35,197
Buy	1,848,251	85,184	(19,576)

Notes:

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

24. Subsequent Event

On June 22, 2007, the Bank's shareholders authorized the appropriation of retained earnings as follows:

	Millions of Yen	Thousands of U.S. Dollars
Cash dividends.....	¥1,276	\$10,809

25. Segment Information

Information about operations in business segments for the years ended March 31, 2007 and 2006 was as follows:

2007	Millions of Yen					
	Banking	Lease	Other*	Total	Elimination/Corporate	Consolidated
(a) Income						
Ordinary income:						
(1) Outside customers	¥ 94,664	¥19,074	¥4,877	¥118,615	—	¥118,615
(2) Intersegment transactions	525	611	1,147	2,283	¥(2,283)	—
Total	95,189	19,685	6,024	120,898	(2,283)	118,615
Ordinary expenses	72,118	18,323	4,642	95,083	(2,033)	93,050
Ordinary profit	¥ 23,071	¥ 1,362	¥1,382	¥ 25,815	¥ (250)	25,565
Other income and expenses—net						(396)
Income before income taxes and minority interests ...						¥ 25,169

(b) Assets, depreciation and capital expenditures:

2006	Millions of Yen					
	Banking	Lease	Other*	Total	Elimination/Corporate	Consolidated
Assets	¥4,135,485	¥57,967	¥31,399	¥4,224,851	¥(38,810)	¥4,186,041
Depreciation	3,421	13,919	86	17,426	(20)	17,406
Impairment loss on long-lived assets	78	—	87	165	—	165
Capital expenditures	6,258	21,453	32	27,743	(26)	27,717

2006	Millions of Yen					
	Banking	Lease	Other*	Total	Elimination/Corporate	Consolidated
(a) Income						
Ordinary income:						
(1) Outside customers	¥87,467	¥17,411	¥5,265	¥110,143	—	¥110,143
(2) Intersegment transactions	432	429	1,159	2,020	¥(2,020)	—
Total	87,899	17,840	6,424	112,163	(2,020)	110,143
Ordinary expenses	63,470	16,055	4,350	83,875	(2,008)	81,867
Ordinary profit	¥24,429	¥ 1,785	¥2,074	¥ 28,288	¥ (12)	28,276
Other income and expenses—net						(1,143)
Income before income taxes and minority interests ...						¥ 27,133

(b) Assets, depreciation and capital expenditures:

Assets	¥4,074,715	¥51,028	¥29,594	¥4,155,337	¥(41,617)	¥4,113,720
Depreciation	3,454	12,511	84	16,049	(19)	16,030
Impairment loss on long-lived assets	1,932	—	—	1,932	—	1,932
Capital expenditures	5,006	16,369	34	21,409	(24)	21,385

2007	Thousands of U.S. Dollars					
	Banking	Lease	Other*	Total	Elimination/Corporate	Consolidated
(a) Income						
Ordinary income:						
(1) Outside customers	\$801,898	\$161,575	\$41,313	\$1,004,786	—	\$1,004,786
(2) Intersegment transactions	4,447	5,176	9,716	19,339	\$(19,339)	—
Total	806,345	166,751	51,029	1,024,125	(19,339)	1,004,786
Ordinary expenses	610,911	155,214	39,322	805,447	(17,221)	788,226
Ordinary profit	\$195,434	\$ 11,537	\$11,707	\$ 218,678	\$ (2,118)	216,560
Other income and expenses—net						(3,354)
Income before income taxes and minority interests ...						\$213,206

(b) Assets, depreciation and capital expenditures:

Assets	\$35,031,639	\$491,038	\$265,980	\$35,788,657	\$(328,759)	\$35,459,898
Depreciation	28,979	117,908	729	147,616	(170)	147,446
Impairment loss on long-lived assets	661	—	737	1,398	—	1,398
Capital expenditures	53,011	181,728	271	235,010	(220)	234,790

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

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

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

The Bank and its subsidiaries operate only in Japan for the years ended March 31, 2007 and 2006.

Accordingly, the figures for ordinary income and assets by geographical segment for the Bank and its subsidiaries 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, 2007 and 2006.

Non-Consolidated Six-Year Summary (Unaudit)

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

	Millions of Yen					
	2007	2006	2005	2004	2003	2002
For the Year						
Total income	¥ 95,288	¥ 89,491	¥ 83,542	¥ 86,690	¥ 87,100	¥ 92,202
Total expenses	72,522	65,600	62,513	69,396	135,345	88,072
Income (loss) before income taxes....	22,766	23,891	21,029	17,294	(48,245)	4,130
Total income taxes	9,089	8,439	9,467	7,294	(15,041)	1,589
Net income (loss)	¥ 13,677	¥ 15,452	¥ 11,562	¥ 10,000	¥ (33,204)	¥ 2,541
At Year-End						
Assets:						
Trading securities	¥ 3,042	¥ 2,898	¥ 2,031	¥ 1,947	¥ 2,395	¥ 2,751
Securities	1,008,292	1,075,252	966,978	976,246	901,006	912,493
Loans and bills discounted.....	2,822,570	2,724,546	2,640,424	2,564,532	2,601,102	2,727,134
Foreign exchanges	3,361	11,305	3,829	3,375	3,514	2,881
Other	298,191	261,179	332,309	370,755	402,381	310,132
Total assets	¥4,135,456	¥4,075,180	¥3,945,571	¥3,916,855	¥3,910,398	¥3,955,391
Liabilities:						
Deposits	¥3,624,885	¥3,497,563	¥3,534,395	¥3,511,491	¥3,543,831	¥3,573,892
Foreign exchanges	738	560	948	298	366	289
Other	242,111	325,796	212,087	219,792	206,205	182,722
Total liabilities	3,867,734	3,823,919	3,747,430	3,731,581	3,750,402	3,756,903
Equity:						
Common stock	36,839	36,839	36,839	36,839	36,839	36,839
Capital surplus and earnings	230,883	214,422	161,302	148,435	123,157	161,649
Total equity	267,722	251,261	198,141	185,274	159,996	198,488
Total liabilities and equity....	¥4,135,456	¥4,075,180	¥3,945,571	¥3,916,855	¥3,910,398	¥3,955,391

Non-Consolidated Balance Sheets

The Juroku Bank, Ltd.
 March 31, 2007 and 2006
 (Supplemental Information)

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	2007
ASSETS:			
Cash and due from banks.....	¥ 194,152	¥ 119,527	\$ 1,644,659
Monetary receivables purchased.....	1	1	8
Trading securities.....	3,042	2,898	25,769
Money held in trust.....	8,000	11,298	67,768
Securities.....	1,008,292	1,075,252	8,541,228
Loans and bills discounted.....	2,822,570	2,724,546	23,909,953
Other assets.....	33,152	37,890	280,830
Premises and equipment.....	67,729	68,750	573,732
Intangible assets.....	11,755	8,403	99,576
Customers' liabilities for acceptances and guarantees.....	30,797	72,103	260,881
Reserve for possible loan losses.....	(44,034)	(45,488)	(373,011)
Total assets.....	¥ 4,135,456	¥4,075,180	\$35,031,393
LIABILITIES AND EQUITY:			
Liabilities:			
Deposits.....	¥3,624,885	¥3,497,563	\$30,706,353
Negotiable certificates of deposit.....	46,300	48,541	392,207
Call money.....	18,888	6,954	160,000
Payables under securities lending transactions.....	23,833	53,866	201,889
Bills sold.....	—	44,300	—
Borrowed money.....	27,000	27,000	228,717
Bonds.....	15,000	—	127,065
Other liabilities.....	32,130	22,568	272,173
Accrued bonuses.....	1,409	1,279	11,935
Liability for retirement benefits.....	7,342	10,485	62,194
Deferred tax liabilities.....	29,577	28,650	250,546
Deferred tax liabilities for land revaluation excess.....	10,573	10,610	89,564
Acceptances and guarantees.....	30,797	72,103	260,881
Total liabilities.....	3,867,734	3,823,919	32,763,524
Commitments and contingent liabilities			
Equity:			
Common stock.....	36,839	36,839	312,063
Capital surplus:			
Additional paid-in capital.....	25,367	25,367	214,883
Other capital surplus.....	4	2	34
Retained earnings:			
Legal reserve.....	20,155	20,155	170,733
Unappropriated.....	87,733	76,599	743,185
Unrealized gain on available-for-sale securities.....	86,087	79,837	729,241
Deferred loss on derivatives under hedge accounting.....	(37)	—	(314)
Land revaluation excess.....	12,953	13,011	109,725
Treasury stock—at cost.....	(1,379)	(549)	(11,681)
Total equity.....	267,722	251,261	2,267,869
Total liabilities and equity.....	¥4,135,456	¥4,075,180	\$35,031,393

Non-Consolidated Statements of Income

The Juroku Bank, Ltd.
 Years Ended March 31, 2007 and 2006
 (Supplemental Information)

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	2007
Income:			
Interest on:			
Loans and discounts.....	¥54,254	¥51,145	\$459,585
Securities.....	15,086	15,784	127,793
Other	198	170	1,677
Fees and commissions.....	14,324	13,885	121,338
Other operating income.....	3,543	1,129	30,013
Gain on sales of securities	4,785	1,880	40,534
Other income	3,098	5,498	26,243
Total income.....	95,288	89,491	807,183
Expenses:			
Interest on:			
Deposits.....	4,785	1,582	40,534
Borrowings and re-discounts	1,436	921	12,164
Other	849	740	7,192
Fees and commissions.....	4,225	4,200	35,790
Other operating expenses.....	3,083	5,579	26,116
General and administrative expenses	46,309	46,507	392,283
Impairment loss on long-lived assets	78	1,932	661
Other expenses	11,757	4,139	99,593
Total expenses.....	72,522	65,600	614,333
Income before income taxes	22,766	23,891	192,850
Income taxes:			
Current	7,172	55	60,754
Deferred	1,917	8,384	16,238
Total income taxes	9,089	8,439	76,992
Net income	¥13,677	¥15,452	\$115,858

Non-Consolidated Statements of Changes in Equity

The Juroku Bank, Ltd.
Years Ended March 31, 2007 and 2006
(Supplemental Information)

	Thousands	Millions of Yen									
	Outstanding number of shares of common stock	Common stock	Capital surplus		Retained earnings		Unrealized gain on available-for-sale securities	Deferred loss on derivatives under hedge accounting	Land revaluation excess	Treasury stock	Total equity
			Additional paid-in capital	Other capital surplus	Legal reserve	Unappropriated					
Balance at April 1, 2005	366,046	¥36,839	¥25,367	¥0	¥20,155	¥62,734	¥39,744	—	¥13,670	¥ (368)	¥198,141
Net income.....	—	—	—	—	—	15,452	—	—	—	—	15,452
Cash dividends	—	—	—	—	—	(2,196)	—	—	—	—	(2,196)
Bonuses to directors and corporate auditors	—	—	—	—	—	(50)	—	—	—	—	(50)
Transfer of land revaluation excess	—	—	—	—	—	659	—	—	(659)	—	—
Net increase in unrealized gain on available-for-sale securities.....	—	—	—	—	—	—	40,093	—	—	—	40,093
Net increase in treasury stock	(238)	—	—	2	—	—	—	—	—	(181)	(179)
Balance at March 31, 2006	365,808	36,839	25,367	2	20,155	76,599	79,837	—	13,011	(549)	251,261
Net income.....	—	—	—	—	—	13,677	—	—	—	—	13,677
Cash dividends	—	—	—	—	—	(2,561)	—	—	—	—	(2,561)
Bonuses to directors and corporate auditors	—	—	—	—	—	(40)	—	—	—	—	(40)
Transfer of land revaluation excess	—	—	—	—	—	58	—	—	(58)	—	—
Purchase of treasury stock.....	(1,234)	—	—	—	—	—	—	—	—	(839)	(839)
Disposal of treasury stock	16	—	—	2	—	—	—	—	—	9	11
Net change in the year.....	—	—	—	—	—	—	6,250	¥(37)	—	—	6,213
Balance at March 31, 2007	364,590	¥36,839	¥25,367	¥4	¥20,155	¥87,733	¥86,087	¥(37)	¥12,953	¥(1,379)	¥267,722

	Thousands of U.S. Dollars										
	Common stock	Capital surplus		Legal reserve	Retained earnings		Unrealized gain on available-for-sale securities	Deferred loss on derivatives under hedge accounting	Land revaluation excess	Treasury stock	Total equity
		Additional paid-in capital	Other capital surplus		Unappropriated						
Balance at March 31, 2006	\$312,063	\$214,883	\$17	\$170,733	\$648,869	\$676,298	—	\$110,216	\$(4,650)	\$2,128,429	
Net income.....	—	—	—	—	115,858	—	—	—	—	115,858	
Cash dividends	—	—	—	—	(21,694)	—	—	—	—	(21,694)	
Bonuses to directors and corporate auditors	—	—	—	—	(339)	—	—	—	—	(339)	
Transfer of land revaluation excess	—	—	—	—	491	—	—	(491)	—	—	
Purchase of treasury stock.....	—	—	—	—	—	—	—	—	(7,107)	(7,107)	
Disposal of treasury stock	—	—	17	—	—	—	—	—	76	93	
Net change in the year.....	—	—	—	—	—	52,943	\$(314)	—	—	52,629	
Balance at March 31, 2007	\$312,063	\$214,883	\$34	\$170,733	\$743,185	\$729,241	\$(314)	\$109,725	\$(11,681)	\$2,267,869	

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, 2007 and 2006, and the related consolidated statements of income, changes in equity, and cash flows for the years then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

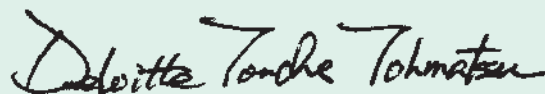
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Juroku Bank, Ltd. and consolidated subsidiaries as of March 31, 2007 and 2006, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

As described in Note 2(f) to the consolidated financial statements, the Bank and consolidated subsidiaries adopted the new accounting standard for impairment of fixed assets as of April 1, 2005.

As described in Note 2(r) to the consolidated financial statements, effective May 1, 2006, the consolidated financial statements have been prepared in accordance with the new accounting standard for presentation of equity.

Our audits were conducted for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The supplemental non-consolidated balance sheets as of March 31, 2007 and 2006, and non-consolidated statements of income and changes in equity for the years then ended, are presented for the purpose of additional analysis and are not a required part of the basic consolidated financial statements. These non-consolidated financial statements are the responsibility of the Bank's management. Such non-consolidated financial statements have been subjected to our audits of the basic consolidated financial statements and, in our opinion, are fairly stated in all material respects when considered in relation to the basic consolidated financial statements taken as a whole.

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



DELOITTE TOUCHE TOHMATSU
Nagoya, Japan

June 22, 2007



Ernst & Young ShinNihon
Gifu, Japan

Corporate Data

(as of March 31, 2007)

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:

11,180

Number of Employees:

2,674

10 Principal Shareholders:

The Bank of Tokyo-Mitsubishi UFJ, Ltd.

NIPPONKOA Insurance Co., Ltd.

Meiji Yasuda Life Insurance Company

Japan Trustee Services Bank, Ltd.

The Tokio Marine and Fire Insurance Co., Ltd.

Fuji Baking Co., Ltd.

The Master Trust Bank of Japan, Ltd.

Mizuho Corporate Bank, Ltd.

State Street Bank and Trust Company

The Juroku Bank Employee Shareholders'
Association

Affiliates

(as of March 31, 2007)

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

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

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(as of June 30, 2007)

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SWIFT Address: JUROJJP T
General Manager
Yoji Matsuura

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Hiroyuki Ota

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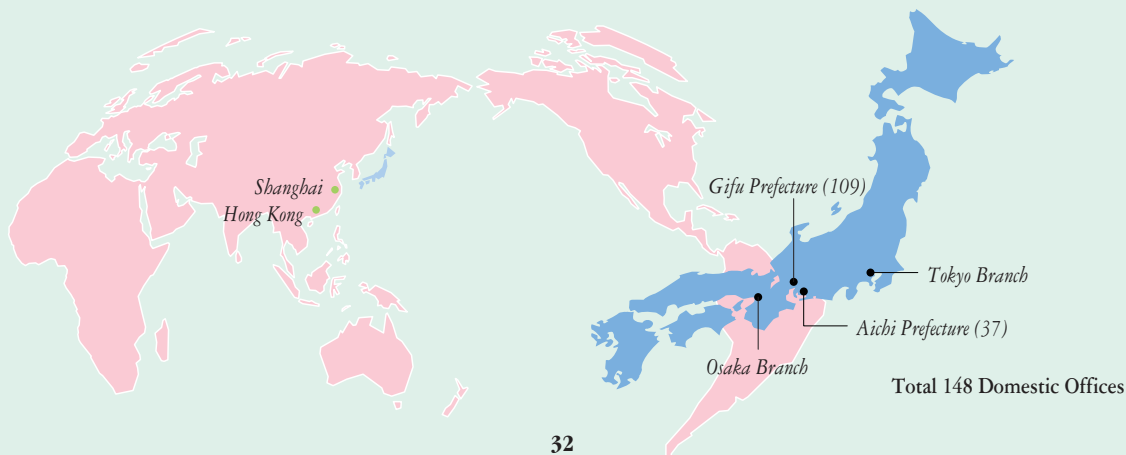
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