

Notes to Consolidated Financial Statements

THE 77 BANK, LTD. AND SUBSIDIARIES
Years Ended March 31, 2008 and 2007

1. Basis of Presenting Consolidated Financial Statements

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

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2007 consolidated financial statements to conform to the classifications used in 2008.

In conformity with the Corporate Law of Japan (the "Corporate Law") and the other relevant regulations, all Japanese yen figures in the consolidated financial statements have been rounded down to the nearest million yen, except for per share data. Accordingly, the total of each account may not be equal to the combined total of individual items.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which The 77 Bank, Ltd. (the "Bank") is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥100.19 to U.S.\$1, the approximate rate of exchange at March 31, 2008. 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 include the accounts of the Bank and its subsidiaries (together, the "Companies"). There were seven consolidated subsidiaries as of March 31, 2008 and 2007.

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

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

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 Account Securities, Investment Securities and Money Held in Trust—Securities other than investments in affiliates are classified into three categories, based principally on the Companies' intent, as follows:

- (1) trading account securities, which are held for the purpose of earning capital gains in the near term are reported at fair value, and the related unrealized gains and losses are included in earnings,
- (2) 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
- (3) available-for-sale securities, which are not classified as either of the aforementioned securities, are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity.

The cost of trading account securities and available-for-sale securities sold is determined based on the moving-average method.

Non-marketable available-for-sale securities are reported at cost or amortized cost determined by the moving-average method.

For other than temporary declines in fair value, investment se-

curities are reduced to net realizable value by a charge to income.

Securities included in money held in trust are also classified and accounted for by the same method as above.

The components of trust assets are accounted for based on the standard appropriate for each asset type. Instruments held in trust for trading purposes are recorded at fair value and unrealized gains and losses are recorded in other income/expenses.

Instruments held in trust classified as available-for-sale are recorded at fair value with the corresponding unrealized gains/losses recorded directly in a separate component of equity. Instruments held in trust classified as held to maturity are carried at amortized cost.

d. Tangible Fixed Assets—Tangible fixed assets are stated at cost less accumulated depreciation and gains deferred on the sale and replacement of certain assets. Depreciation of tangible fixed assets is mainly computed by the declining-balance method at rates based on the estimated useful lives of the assets. The range of useful lives is principally from 5 to 31 years for buildings and from 4 to 20 years for equipment. Depreciation of lease assets included in tangible fixed assets is mainly computed by the straight-line method over lease periods.

e. Intangible Fixed Assets—The amortization of intangible fixed assets is calculated by the straight line method. Capitalized cost of computer software developed/obtained for internal use is amortized by the straight-line method over the estimated useful lives of 5 years. The amortization of lease assets included in intangible fixed assets is mainly computed by the straight-line method over lease periods.

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

g. Foreign Currency Items—Assets and liabilities denominated in foreign currencies held by the Bank at the year end are translated into Japanese yen at the current exchange rates in effect at each balance sheet date. Exchange gains and losses are recognized in the fiscal periods in which they occur.

h. Reserve for Possible Loan Losses—The Bank determines the amount of the reserve for possible loan losses by means of management's judgment and assessment of future losses based on a self-assessment system. This system reflects past experience of credit losses, possible credit losses, business and economic conditions, the character, quality and performance of the portfolio, and other pertinent indicators.

The Bank implemented the self-assessment system for its asset quality. The quality of all loans is assessed by branches and the credit supervisory division with a subsequent audit by the Bank's asset review and inspection division in accordance with the Bank's policy and rules for self-assessment of asset quality.

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

The reserve for possible loan losses is calculated based on the specific actual past loss ratio for normal and caution categories, and the fair value of the collateral for collateral-dependent loans

and other factors of solvency including value of future cash flows for other self-assessment categories.

The subsidiaries determine the reserve for possible loan losses by a similar self-assessment system to that of the Bank.

i. Reserve for Reimbursement of Deposits—Reserve for reimbursement of deposits which were derecognized as liabilities is provided for the future estimated payments for the reimbursement claims on the sleeping deposit accounts based on the historical reimbursement experience.

Prior to the year ended March 31, 2007, reimbursement claims were charged to income when paid, but in accordance with “Auditing Treatment relating to Reserve defined under the Special Tax Measurement Law, Reserves defined under the Special Law and Reserve for Directors and Corporate Auditors Retirement Benefits” (the Japanese Institute of Certified Public Accountants (the “JICPA”) Auditing and Assurance Practice Committee report No. 42, April 13, 2007), which went into effect from the fiscal year beginning on or after April 1, 2007, the Bank has adopted the report for the current fiscal year. As a result, income before income taxes and minority interests decreased by ¥144 million (\$1,437 thousand), of which ¥89 million (\$888 thousand) was related to prior years, compared to the corresponding amounts under the previous method.

j. Reserve for Contingent Losses—Reserve for contingent losses is provided for the future estimated payments of burden money to the Credit Guarantee Corporations based on the historical experience of subrogation. Since the responsibility sharing system for the new loans guaranteed by the Credit Guarantee Corporations was introduced effective October 1, 2007, the Bank has recorded the reserve for contingent losses for the current fiscal year. As a result, income before income taxes and minority interests decreased by ¥193 million (\$1,929 thousand) compared to the corresponding amounts under the previous method.

k. Retirement and Pension Plans—The Bank and certain subsidiaries have contributory funded pension plans and unfunded retirement benefit plans for employees which cover approximately 75% and 25%, respectively, of their benefits. Other subsidiaries have unfunded retirement benefit plans.

The liability for employees’ retirement benefits is provided for the payment of employees’ retirement benefits based on estimated amounts of the actuarial retirement benefit obligation and the related pension assets. Net actuarial gain (loss) is amortized using the straight-line method over 10 years commencing from the next fiscal year of incurrence.

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

l. Presentation of Equity—On December 9, 2005, the Accounting Standards Board of Japan (“ASBJ”) published a new accounting standard for the presentation of equity. Under this accounting standard, certain items which were previously presented as liabilities or assets, as the case may be, 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 was effective for fiscal years ending on or after May 1, 2006. The balances of such items as of March 31, 2006 were reclassified as separate components of equity as of April 1, 2006 in the consolidated statement of changes in equity.

m. Leases—Under Japanese accounting standards for leases, finance leases that deem 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 consolidated financial statements. All other leases are accounted for as operating leases.

n. Income Taxes—The provision for 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.

o. Derivatives and Hedging Activities—It is the Bank’s policy to use derivative financial instruments (“derivatives”) primarily for the purpose of reducing market risks associated with its assets and liabilities. The Bank also utilizes derivatives to meet the needs of its clients while entering into derivatives as a part of its trading activities. The Bank enters into interest rate swaps and interest rate caps as a means of hedging its interest rate risk on certain loans and investment securities. The Bank also enters into foreign exchange forward contracts and currency options to hedge exchange risk associated with its assets and liabilities denominated in foreign currencies and to meet the needs of its clients. Furthermore, the Bank enters into interest rate futures, bond futures, bond future options and foreign exchange forward contracts for the short term as part of its trading activities.

Derivatives are recognized as either assets or liabilities and measured at fair value. Gains or losses on derivative transactions are recognized in the consolidated statements of income. 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 deferred until maturity of the hedged transactions.

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

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

The basic net income available to common stockholders and weighted-average number of common shares used in the computation were ¥12,321 million (\$122,977 thousand) and 379,431 thousand shares for 2008 and ¥10,261 million and 379,882 thousand shares for 2007, 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 is not disclosed because there are no outstanding potentially dilutive securities.

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

q. 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. 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.

Lessee

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 shall be capitalized recognizing lease assets and lease obligations in the balance sheet.

Lessor

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 lessor’s financial statements. The revised accounting standard requires that all finance leases that deem to transfer ownership of the leased property to the lessee shall be recognized as lease

receivables, and all finance leases that deem not to transfer ownership of the leased property to the lessee shall be recognized as investments in lease.

Asset Retirement Obligations—On March 31, 2008, the ASBJ published a new accounting standard for asset retirement obligations. Under this accounting standard, an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development and the normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset. The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an increase or a decrease in the carrying amount of the liability and the capitalized amount of the related asset retirement cost. This standard is effective for fiscal years beginning on or after April 1, 2010 with early adoption permitted for fiscal years beginning on or before March 31, 2010.

Financial Instrument Disclosures—On March 10, 2008, the ASBJ revised ASBJ Statement No. 10, “Accounting Standard for Financial Instruments,” which was originally issued on January 22, 1999. The revision includes, among other things, expanded disclosures for all classes of financial instruments, requiring information about fair values and certain quantitative and qualitative information. In addition, the ASBJ issued ASBJ Guidance No. 19, “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” to provide guidance for the application of the disclosure requirements in the revised ASBJ Statement No. 10.

According to the revised accounting standard and the implementation guidance, a company shall disclose qualitative information about financial instruments, including policies and objectives for using financial instruments; nature, types and risks (e.g., credit risk, market risk, liquidity risk) of financial instruments; and risk management system (e.g., policies, procedures, divisions, risk mitigation techniques or measurement methods). In connection with market risk management, quantitative disclosures for market risk, including value-at-risk, sensitivity analysis, etc., are also required for companies which hold significant financial assets and liabilities that are essential in view of the business purposes and activities and are sensitive to market risk exposures.

In addition, a company shall disclose information about carrying amounts and fair values of financial instruments according to the account classifications in the balance sheet, together with methodologies and assumptions used to estimate such fair values. If it is extremely difficult to estimate and disclose the fair value of a financial instrument, information about the nature and carrying amount of the financial instrument and the reason why it is extremely difficult to estimate and disclose the fair value shall be disclosed.

The revised accounting standard and the implementation guidance are first effective for the annual financial statements for the fiscal year ending on or after March 31, 2010 with early adoption permitted at the beginning of that fiscal year.

One year deferral is permitted for the quantitative disclosures for market risk; a company can first adopt the disclosure provisions for the fiscal year ending on or after March 31, 2011.

3. ACCOUNTING CHANGE

Retirement Benefit to Directors and Corporate Auditors—Prior to April 1, 2006, no provisions were recorded for retirement benefits to be paid to the Bank's directors and corporate auditors. Effective April 1, 2006, the Bank changed its method of accounting for such retirement benefits to the accrual basis. The effect of this change was to decrease income before income taxes and minority interests for the year ended March 31, 2007 by ¥1,053 million, which included a cumulative effect of ¥897 million at March 31, 2006. This cumulative effect was included in other expenses in the 2007 consolidated statement of income.

4. Cash and Cash Equivalents

The reconciliation of cash and cash equivalents at the end of the fiscal year and cash and due from banks in the consolidated balance sheets as of March 31, 2008 and 2007 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Cash and due from banks	¥66,786	¥90,260	\$666,596
Due from banks, excluding due from the Bank of Japan	(1,368)	(1,305)	(13,659)
Cash and cash equivalents at the end of year	¥65,417	¥88,954	\$652,937

5. Trading Account Securities and Investment Securities

Trading account securities as of March 31, 2008 and 2007 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
National government bonds	¥ 1,831	¥ 2,330	\$ 18,278
Local government bonds	1,622	194	16,191
Other securities	29,980	30,976	299,240
Total	¥33,434	¥33,502	\$333,710

Investment securities as of March 31, 2008 and 2007 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
National government bonds	¥ 980,567	¥1,054,141	\$ 9,787,075
Local government bonds	94,320	101,263	941,411
Corporate bonds	590,809	480,160	5,896,890
Equity securities	166,478	202,628	1,661,630
Other securities	236,441	230,889	2,359,932
Total	¥2,068,616	¥2,069,082	\$20,646,940

The carrying amounts and aggregate fair values of securities at March 31, 2008 and 2007 were as follows:

Securities below include trading account securities, investment securities and commercial paper within “Commercial paper and other debt purchased”:

	Millions of Yen			
	2008			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Trading				¥ 33,434
Available-for-sale:				
Equity securities	¥ 82,838	¥81,808	¥ 912	163,734
Debt securities	1,637,826	22,245	17,873	1,642,197
Other securities	252,968	1,393	18,105	236,256
Held-to-maturity	9,110	71	1	9,179

	Millions of Yen			
	2007			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Trading				¥ 33,502
Available-for-sale:				
Equity securities	¥ 64,551	¥135,452	¥ 65	199,938
Debt securities	1,626,019	5,234	17,969	1,613,284
Other securities	223,483	8,800	1,511	230,772
Held-to-maturity	8,005	2	21	7,987

	Thousands of U.S. Dollars			
	2008			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Trading				\$ 333,710
Available-for-sale:				
Equity securities	\$ 826,813	\$816,537	\$ 9,112	1,634,239
Debt securities	16,347,206	222,028	178,398	16,390,836
Other securities	2,524,884	13,904	180,706	2,358,082
Held-to-maturity	90,933	709	18	91,625

Available-for-sale securities and held-to-maturity securities whose fair value is not readily determinable as of March 31, 2008 and 2007 were as follows:

	Carrying Amount		
	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Available-for-sale:			
Equity securities	¥ 2,744	¥ 2,689	\$ 27,391
Debt securities	14,388	14,275	143,607
Other securities	185	116	1,849
Held-to-maturity	2,276	3,458	22,718
Total	¥19,593	¥20,539	\$195,566

Proceeds from sales of available-for-sale securities for the years ended March 31, 2008 and 2007 were ¥87,917 million (\$877,508 thousand) and ¥105,315 million, respectively. Gross realized gains and losses on these sales, computed on the moving average cost basis, were ¥1,762 million (\$17,587 thousand) and ¥1,324 million (\$13,221 thousand), respectively, for the year ended March 31, 2008 and ¥1,763 million and ¥606 million, respectively, for the year ended March 31, 2007.

The carrying values of debt securities by contractual maturities for securities classified as available-for-sale and held-to-maturity at March 31, 2008 are 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	¥ 166,995	¥ 2,396	\$ 1,666,786	\$ 23,919
Due after one year through five years	832,547	8,990	8,309,685	89,732
Due after five years through ten years	573,382		5,722,954	
Due after ten years	259,211		2,587,199	
Total	¥1,832,137	¥11,386	\$18,286,626	\$113,651

Unrealized gain on available-for-sale securities for the years ended March 31, 2008 and 2007 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Valuation differences:			
Available-for-sale securities	¥68,555	¥129,940	\$684,253
Available-for-sale held in trust	3,953	11,765	39,460
Deferred tax liabilities	(28,195)	(55,945)	(281,423)
Minority interests	(23)	(54)	(237)
Unrealized gain on available-for-sale securities	¥44,289	¥ 85,706	\$442,052

6. Money Held in Trust

The carrying amounts and aggregate fair values of money held in trust at March 31, 2008 and 2007 were as follows:

	Millions of Yen			
	2008			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Money held in trust classified as:				
Trading				¥20,287
Available-for-sale	¥19,635	¥3,953		23,588
Total	¥19,635	¥3,953		¥43,876

	Millions of Yen			
	2007			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Money held in trust classified as:				
Trading				¥20,367
Available-for-sale	¥18,635	¥11,765		30,401
Total	¥18,635	¥11,765		¥50,768

	Thousands of U.S. Dollars			
	2008			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Money held in trust classified as:				
Trading				\$202,492
Available-for-sale	\$195,981	\$39,460		235,442
Total	\$195,981	\$39,460		\$437,934

7. Loans and Bills Discounted

Loans and bills discounted at March 31, 2008 and 2007 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Bills discounted	¥ 24,465	¥ 33,768	\$ 244,193
Loans on bills	216,900	249,557	2,164,887
Loans on deeds	2,424,859	2,327,208	24,202,609
Overdrafts	480,551	506,161	4,796,399
Total	¥3,146,776	¥3,116,695	\$31,408,088

Bills discounted are accounted for as financial transactions in accordance with "Treatment of Accounting and Auditing of Application of Accounting Standard for Financial Instruments in the Banking Industry" (JICPA Industry Audit Committee Report No. 24). The Bank has rights to sell or pledge these bills discounted. The total of the face value of bills discounted was ¥24,465 million (\$244,193 thousand) and ¥33,768 million at March 31, 2008 and 2007, respectively.

Loans and bills discounted at March 31, 2008 and 2007 included the following loans:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Loans to borrowers in bankruptcy	¥ 6,377	¥ 4,664	\$ 63,653
Past due loans	94,388	100,117	942,097
Past due loans (three months or more)	513	549	5,128
Restructured loans	37,020	46,044	369,507
Total	¥138,300	¥151,376	\$1,380,387

Loans to borrowers in bankruptcy represent nonaccrual loans to debtors who are legally bankrupt, as defined in the Enforcement Ordinance for the Corporation Tax Law.

Past due loans are nonaccrual loans which include loans classified as “possible bankruptcy” and “virtual bankruptcy.”

Nonaccrual loans are defined as loans (after the partial charge-off of claims deemed uncollectible) which the Bank has discontinued accruing interest income due to substantial doubt existing about the ultimate collection of principal and/or interest. Such loans are classified either as “possible bankruptcy” and “virtual bankruptcy” under the Bank’s self-assessment guidelines.

In addition to past due loans as defined, certain other loans classified as “caution” under the Bank’s self-assessment guidelines include past due loans (three months or more), which consist of loans which the principal and/or interest is three months or more past due, but exclude loans to borrowers in bankruptcy and past due loans.

Restructured loans are loans where the Bank and its subsidiaries relax lending conditions, by reducing the original interest rate or by forbearing interest payments or principal repayments to support the borrower’s reorganization, but restructured loans exclude loans to borrowers in bankruptcy, past due loans or past due loans (three months or more).

8. Foreign Exchanges

Foreign exchange assets and liabilities at March 31, 2008 and 2007 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Assets			
Foreign exchange bills bought	¥ 26	¥ 16	\$ 260
Foreign exchange bills receivable	74	116	746
Due from foreign correspondent accounts	999	554	9,975
Total	¥1,100	¥687	\$10,982
Liabilities			
Foreign exchange bills sold	¥ 63	¥ 32	\$ 637
Foreign exchange bills payable	158	38	1,580
Total	¥ 222	¥ 70	\$ 2,218

9. Other Assets

Other assets at March 31, 2008 and 2007 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Accrued income	¥ 9,666	¥ 9,972	\$ 96,482
Prepaid expenses	55	55	554
Account receivable	17,912	5,910	178,781
Installment account receivable	6,585	6,722	65,727
Other	6,605	5,475	65,934
Total	¥40,825	¥28,135	\$407,479

10. Tangible Fixed Assets

The accumulated depreciation of tangible fixed assets at March 31, 2008 and 2007 amounted to ¥114,036 million (\$1,138,199 thousand) and ¥117,051 million, respectively.

As of March 31, 2008 and 2007, deferred gains for tax purposes of ¥7,870 million (\$78,555 thousand) on tangible fixed assets sold and replaced with similar assets have been deducted from the cost of newly acquired tangible fixed assets.

11. Long-lived Assets

No significant impairment loss was recognized for the fiscal year ended March 31, 2008.

The Bank recognized impairment losses of ¥233 million on certain operating branches and on branches to be closed and unused facilities for the year ended March 31, 2007.

The impairment losses comprised ¥42 million on buildings, ¥138 million on land, ¥28 million on other fixed assets and ¥23 million on other assets, respectively.

For the purpose of testing impairment, the Bank recognizes individual branch offices as cash-generating units for which it continues to manage and monitor identifiable cash flows. Branch offices to be closed and facilities not used in operation are individually assessed for impairment. 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. The discounted cash flows were calculated using discount rate of 5.0%, and the net selling price determined by quotation by third party vendor.

12. Customers’ Liabilities for Acceptances and Guarantees

All contingent liabilities arising from acceptances and guarantees are reflected in “Acceptances and guarantees.” “Customers’ liabilities for acceptances and guarantees” are shown as contra assets, representing the Bank’s right to receive indemnity from the applicants.

In accordance with the Cabinet Office Ordinance for the Partial Revision of the Ordinance for Enforcement of the Banking Law (Cabinet Office Ordinance No. 38, April 17, 2007), “Customers’ liabilities for acceptances and guarantees” and “Acceptances and guarantees” are offset.

The amount of guarantee obligations for privately-placed bonds (Item 3 of Article 2 of the Financial Instruments and Exchange Law as of March 31, 2008, Item 3 of Article 2 of the former Securities and Exchange Law as of March 31, 2007), on corporate bonds included in securities as of March 31, 2008 and 2007 were ¥14,388 million (\$143,607 thousand) and ¥14,205 million, respectively.

13. Assets Pledged

Assets pledged as collateral and their relevant liabilities at March 31, 2008 and 2007 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Assets pledged as collateral:			
Investment securities	¥126,221	¥128,663	\$1,259,817
Other assets	142	21	1,423
Relevant liabilities to above assets:			
Deposits	44,155	20,857	440,720
Payable under securities lending transactions	10,173	13,029	101,544

Additionally, investment securities amounting to ¥131,709 million (\$1,314,593 thousand) and ¥131,606 million are pledged as collateral for transactions such as exchange settlement transactions or as substitute securities for future transaction initial margin and others at March 31, 2008 and 2007, respectively.

Other assets include deposit for leased tangible fixed assets (lessee side) amounted to ¥83 million (\$833 thousand) and ¥81 million at March 31, 2008 and 2007, respectively.

14. Loan Commitments

Contracts of overdraft facilities and loan commitments are contracts with customers to lend up to the prescribed limits in response to customers' application of loan, as long as there is no violation of any condition within the contracts. As of March 31, 2008, the unused amount of such contracts totals ¥1,451,157 million (\$1,484,058 thousand) relating to these contracts, of which the amounts with the original agreement terms of less than one year were ¥1,426,699 million (\$1,429,935 thousand).

Since many of commitments expire without being drawn upon, the unused amount does not necessarily represent a future cash requirement. Most of these contracts have conditions that the Companies can refuse customers' application of loan or decrease the contract limits with proper reasons (e.g., changes in financial situation, deterioration in customers' creditworthiness). At the inception of contracts, the Companies obtain collateral real estate, securities, etc. if considered to be necessary. Subsequently, the Companies perform periodic review of the customers' business results based on internal rules and take necessary measures to reconsider conditions in contracts and require additional collateral and guarantees.

15. Deposits

Deposits at March 31, 2008 and 2007 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Current deposits	¥ 135,122	¥ 175,129	\$ 1,348,660
Ordinary deposits	2,308,736	2,306,058	23,043,582
Deposits at notice	22,659	25,209	226,168
Time deposits	2,073,885	2,021,903	20,699,524
Negotiable certificates of deposit	303,520	297,500	3,029,444
Other deposits	225,451	204,337	2,250,240
Total	¥5,069,375	¥5,030,138	\$50,597,620

16. Borrowed Money

Borrowed money as of March 31, 2008 and 2007 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Borrowings from banks and other	¥15,824	¥14,572	\$157,940
Payable under securitized future lease receivables	640	1,000	6,387
Total	¥16,464	¥15,572	\$164,328

Annual maturities of borrowed money as of March 31, 2008 were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2009	¥ 9,286	\$ 92,687
2010	2,626	26,219
2011	2,182	21,781
2012	1,557	15,550
2013	721	7,203
2014 and thereafter	88	886
Total	¥16,464	\$164,328

At March 31, 2008 and 2007, the weighted average annual interest rates applicable to borrowed money were 1.413% and 1.205%, respectively.

Future lease receivables, which are off-balance-sheet items, amounting ¥1,292 million (\$12,900 thousand) and ¥5,094 million are pledged for borrowings from banks and other amounting to ¥871 million (\$8,693 thousand) and ¥3,678 million at March 31, 2008 and 2007, respectively.

Also, another future lease receivables amounting to ¥14,308 million (\$142,816 thousand) and ¥12,481 million are placed under quasi pledge arrangement for borrowings from banks and other amounting to ¥11,924 million (\$119,013 thousand) and ¥10,401 million at March 31, 2008 and 2007, respectively.

The balance of securitized future lease receivables, which is off-balance-sheet item, amounted to ¥814 million (\$8,132 thousand) and ¥1,207 million at March 31, 2008 and 2007, respectively.

17. Other Liabilities

Other liabilities at March 31, 2008 and 2007 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Accrued expenses	¥10,776	¥ 8,621	\$107,559
Unearned income	9,423	9,310	94,056
Income taxes payable	3,338	2,626	33,319
Accounts payable	10,542	6,302	105,223
Suspense receipt	16,167	28,928	161,368
Other	4,209	2,058	42,011
Total	¥54,457	¥57,848	\$543,539

18. Liability for Retirement Benefits

The Companies have severance payment plans for employees, directors and corporate auditors as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
The liability for employees' retirement benefits	¥40,079	¥39,034	\$400,039
The liabilities for retirement benefits for directors and corporate auditors	1,255	1,126	12,536
Total	¥41,335	¥40,161	\$412,575

Under most circumstances, employees terminating their employment are entitled to retirement benefits based on the rate of pay at the time of termination, years of service and certain other factors. Such retirement benefits are made in the form of a lump-sum severance payment from the Companies and annuity payments from trustees. Employees are entitled to larger payments if the termination is involuntary, by retirement at the mandatory retirement age, by death or by voluntary retirement at certain specific ages prior to the mandatory retirement age.

The retirement benefits for directors and corporate auditors are paid subject to the approval of the stockholders.

The liability (asset) for employees' retirement benefits at March 31, 2008 and 2007 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Projected benefit obligation	¥ 97,618	¥ 96,836	\$974,337
Fair value of plan assets	(41,032)	(46,423)	(409,547)
Unrecognized net actuarial loss	(16,506)	(11,378)	(164,750)
Net liability	¥ 40,079	¥ 39,034	\$400,039

The components of net periodic retirement benefit costs for the years ended March 31, 2008 and 2007 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Service cost	¥ 2,040	¥ 2,125	\$ 20,363
Interest cost	1,928	1,882	19,247
Expected return on plan assets	(1,624)	(1,544)	(16,217)
Recognized actuarial loss	2,143	2,089	21,393
Net periodic retirement benefit costs	¥ 4,487	¥ 4,553	\$ 44,786

Assumptions used for the years ended March 31, 2008 and 2007 were set forth as follows:

	2008	2007
Discount rate	2.0%	2.0%
Expected rate of return on plan assets	3.5%	3.5%
Recognition period of actuarial gain/loss	Ten years	Ten years

19. Equity

Since May 1, 2006, Japanese banks have been subject to the Banking Law and to the Corporate Law, which reformed and replaced the Commercial Code of Japan.

The significant provisions 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 stockholders meeting. For companies that meet certain criteria such as; (1) having the Board of Directors, (2) having independent auditors, (3) having the Board of Corporate Auditors, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends in kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. The Bank meets all the above criteria. The Corporate Law permits companies to distribute dividends-in-kind (non-cash assets) to stockholders subject to a certain limitation and additional requirements. 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 Bank can do so because it stipulates this in its articles of incorporation. 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 stockholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

b. Increases/Decreases and Transfer of Common Stock, Reserve and Surplus

The Banking Law which was amended on November 2, 2005 and effective on May 1, 2006 requires that an amount equal to 20% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of aggregate amount of legal reserve and additional paid-in capital equals 100% of stated capital.

Under the Corporate Law and the Banking Law, the aggregate amount of additional paid-in capital and legal reserve that exceeds 100% of the stated capital may be made available for dividends by resolution of the stockholders after transferring such excess to the retained earnings in accordance with the Corporate Law. Under the Corporate Law, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Corporate Law also provides that stated capital, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the stockholders.

c. 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 can-

not exceed the amount available for distribution to the stockholders 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.

20. Other Operating Income

Other operating income for the years ended March 31, 2008 and 2007 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Gain on sales and redemption of bonds and other securities	¥ 1,129	¥ 375	\$ 11,273
Lease receipt	12,532	12,389	125,082
Other	5,275	5,971	52,652
Total	¥18,936	¥18,737	\$189,009

21. Other Income

Other income for the years ended March 31, 2008 and 2007 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Gains on sales of stocks and other securities	¥1,038	¥1,681	\$10,367
Gains on sales of money held in trust	1,339	2,511	13,371
Gains on sales of tangible fixed assets	18	86	180
Other	1,164	761	11,621
Total	¥3,560	¥5,041	\$35,541

22. Other Operating Expenses

Other operating expenses for the years ended March 31, 2008 and 2007 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Losses on sales, redemption and devaluation of bonds and other securities	¥ 1,956	¥ 1,114	\$ 19,529
Lease cost	12,021	11,528	119,991
Other	3,391	6,250	33,846
Total	¥17,369	¥18,894	\$173,366

23. Other Expenses

Other expenses for the years ended March 31, 2008 and 2007 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Losses on devaluation of stocks and other securities	¥ 656	¥ 209	\$ 6,547
Bad debt losses	106	136	1,061
Losses on dispositions of money held in trust	79	65	791
Losses on sales of loans	4,940	4,205	49,310
Losses on impairment and disposal of fixed assets	275	468	2,752
Cumulative effect of accounting change for retirement benefits to directors and corporate auditors		897	
Provision for reserve for reimbursement of deposits	55		549
Provision for reserve for contingent losses	193		1,929
Other	660	284	6,668
Total	¥6,974	¥6,267	\$69,609

24. Income Taxes

The Companies are subject to Japanese national and local income taxes which, in the aggregate, resulted in normal effective statutory tax rates of approximately 40.6% and 40.4% for the years ended March 31, 2008 and 2007, respectively.

The tax effects of significant temporary differences which resulted in deferred tax assets and liabilities at March 31, 2008 and 2007 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Deferred tax assets:			
Reserve for possible loan losses	¥17,830	¥21,423	\$177,964
Liability for retirement benefits	16,713	16,213	166,817
Fixed assets (depreciation)	8,917	7,465	89,003
Losses on devaluation of stocks and other securities	2,632	2,723	26,274
Other	5,591	4,453	55,808
Less valuation allowance	(3,572)	(3,291)	(35,657)
Total	48,112	48,986	480,211
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities	28,195	55,945	281,423
Fixed assets (deferral gain on sales and replacement)	602	621	6,009
Other		6	
Total	28,797	56,573	287,432
Net deferred tax assets (liabilities)	¥19,314	¥ (7,586)	\$192,778

A reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statements of income for the year ended March 31, 2008 was as follows, whereas no reconciliation was presented for the year ended March 31, 2007 because the difference was immaterial (less than 5% of the normal statutory tax rate):

	2008
Normal effective statutory tax rate	40.6%
Expenses not deductible for income tax purposes	0.7
Non-taxable dividend income	(3.1)
Inhabitant taxes	0.3
Special corporate tax credit	(1.7)
Other—net	0.4
Actual effective tax rate	37.2%

25. Leases

a. Lessee

Finance leases

The Companies lease certain machinery, computer equipment and other assets.

Total lease payments under finance leases for the years ended March 31, 2008 and 2007 were ¥1,555 million (\$15,522 thousand) and ¥1,116 million, respectively.

Pro forma information of leased property such as acquisition cost, accumulated depreciation, obligations under finance leases, depreciation expense and interest expense of finance leases that do not transfer ownership of the leased property to the lessee on an “as if capitalized” basis for the years ended March 31, 2008 and 2007 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Acquisition cost	¥ 7,928	¥ 6,035	\$ 79,134
Accumulated depreciation	(2,578)	(1,157)	(25,731)
Net leased property	¥ 5,350	¥ 4,878	\$ 53,402

Obligations under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Due within one year	¥1,398	¥ 992	\$13,962
Due after one year	4,098	3,959	40,907
Total	¥5,497	¥4,951	\$54,869

Depreciation expense and interest expense under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Depreciation expense	¥1,420	¥1,005	\$14,175
Interest expense	206	195	2,057
Total	¥1,626	¥1,201	\$16,233

Depreciation expense and interest expense, which are not reflected in the accompanying consolidated statements of income, are computed by the straight-line method and the interest method, respectively.

b. Lessor

Finance leases

A subsidiary leases certain equipment and other assets to various customers.

Total lease receipts under finance leases for the years ended March 31, 2008 and 2007 were ¥11,975 million (\$119,523 thousand) and ¥11,894 million, respectively.

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Acquisition cost	¥ 75,270	¥ 73,573	\$ 751,282
Accumulated depreciation	(44,849)	(43,479)	(447,644)
Net leased property	¥ 30,421	¥ 30,094	\$ 303,637

Future lease payments receivables under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Receivables:			
Due within one year	¥ 9,464	¥ 9,738	\$ 94,462
Due after one year	21,722	21,102	216,811
Total	¥31,186	¥30,841	\$311,274

Depreciation expense and interest income under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Depreciation expense	¥10,399	¥10,327	\$103,801
Interest income	1,474	1,445	14,719

The imputed interest income portion which is computed using the interest method is excluded from receivable under finance leases.

Operating leases

As of March 31, 2008 and 2007, future lease receivables including interest receivables under non-cancelable operating leases were as follows:

Future lease payment receivables:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Due within one year	¥ 77	¥ 60	\$ 769
Due after one year	73	59	737
Total	¥150	¥120	\$1,506

26. Derivatives

It is the Bank's policy to use derivatives primarily for the purpose of reducing market risks associated with its assets and liabilities. The Bank also utilizes derivatives to meet the needs of its clients

while entering into derivatives as a part of its trading activities.

The Bank enters into interest rate swaps, interest rate swaption, bond futures and bond future options as a means of hedging its interest rate risk on certain loans, deposits and investment securities while entering into interest rate swaps, interest rate caps, foreign exchange forward contracts, currency swaps and currency options to meet the needs of its clients.

The Bank also enters into foreign exchange forward contracts and currency options to hedge foreign exchange risk associated with its assets and liabilities denominated in foreign currencies and to meet the needs of its clients.

Furthermore, the Bank enters into bond futures, bond future options and foreign exchange forward contracts for a short term as part of its trading activities.

Derivatives are subject to market risk and credit risk. Market risk is the exposure created by potential fluctuations of market conditions, including interest or foreign exchange rates. Credit risk is the possibility that a loss may result from a counterparty's failure to perform its obligations under a contract.

The Bank sets limits to credit risk by limiting the counterparties to those derivatives to major financial institutions and securities companies, and establishing maximum risk exposures to the counterparties.

The Bank has established a standard of risk management including management approaches to each type of risk. Derivative transactions entered into by the Bank have been made in accordance with internal policies which regulate trading activities and credit risk management, including maximum risk exposures and loss-cutting rules. Concerning risk management associated with derivative transactions, the front and back offices of the trading divisions are clearly separated, and risk managers are assigned to the trading divisions, while the Risk Management Division synthetically manages the Bank's market risks. In this manner, an internal control system is effectively secured.

The Bank's positions, gain-and-loss, risk amount and other conditions are periodically reported to the executive committee.

The Bank has the following derivatives contracts outstanding at March 31, 2008 and 2007:

	Millions of Yen						Thousands of U.S. Dollars		
	2008			2007			2008		
	Contract or Notional Amount	Fair Value	Unrealized Gain/Loss	Contract or Notional Amount	Fair Value	Unrealized Gain/Loss	Contract or Notional Amount	Fair Value	Unrealized Gain/Loss
Interest rate-related transaction:									
Interest rate swaps:									
Floating rate receipt, fixed rate payment	¥12,210	¥ (55)	¥ (55)	¥ 7,150	¥ 32	¥ 32	\$121,868	\$ (553)	\$ (553)
Floating rate payment, fixed rate receipt	3,560	40	40				35,532	408	408
Interest rate swaption:									
Selling	2,900	(10)	(10)	5,160	(12)	(12)	28,945	(101)	(101)
Buying	2,900	10	10	5,160	12	12	28,945	101	101
Others:									
Selling	389	(1)	7	472	(3)	8	3,888	(15)	73
Buying	389	1	(2)	472	3	(2)	3,888	15	(26)
Currency-related transaction:									
Currency swaps	40,548	95	95	15,283	35	35	404,716	954	954
Foreign exchange forward contracts:									
Selling	10,570	370	370	19,849	(96)	(96)	105,507	3,698	3,698
Buying	2,642	(41)	(41)	4,129	36	36	26,373	(416)	(416)
Currency option:									
Selling	12,155	(1,055)	(13)				121,321	(10,539)	(134)
Buying	12,155	1,055	210				121,321	10,539	2,100

Unrealized gains (losses) for the years ended March 31, 2008 and 2007 were recognized in the consolidated statements of income.

Derivatives which qualify for hedge accounting for the years ended March 31, 2008 and 2007 were not included in the above table.

The contracts or notional amounts of derivatives which are

shown in the above table do not represent the amounts exchanged by the parties and do not measure the Bank's exposure to credit or market risk.

27. Related Party Transactions

Related party transactions for the years ended March 31, 2008 and 2007 were as follows:

Related Party	Account Classification *4	Balance at End of Year		
		Millions of Yen		Thousands of U.S. Dollars
		2008	2007	2008
HIGASHI NIHONKOGYOH CO., LTD.*1	Loans and bills discounted	¥3,133	¥3,219	\$31,279
Department Store Fujisaki Co., Ltd.*2	Loans and bills discounted	4,385	4,065	43,770
	Investment securities (corporate bonds)	450		4,491
Fuji Styling Co., Ltd.*2	Loans and bills discounted	330	351	3,293
Fujisaki Agency Co., Ltd.*2	Customers' liabilities for acceptances and guarantees	300	300	2,994
Ikijariten Co., Ltd.*2	Loans and bills discounted	224	219	2,245
	Customers' liabilities for acceptances and guarantees	70	70	698
Medical Corp. Shoukeikai*2	Loans and bills discounted	34	38	341
Sendai Chamber of Commerce*3	Loans and bills discounted	12	20	119

Notes: *1 HIGASHI NIHONKOGYOH CO., LTD. of which a corporate auditor of the Bank, Mr. Yuzuru Aoki, serves as chairman. Since he retired from its office of the Bank on June 28, 2007, above outstanding 2008 balance of transactions represents the amount as of that date.

*2 Company whose voting rights are majority owned by a director or his close relatives (including subsidiaries of such company).

*3 Sendai Chamber of Commerce of which a director of the Bank, Mr. Chugo Marumori, serves as chairman.

*4 Terms are substantially the same as for similar transactions with third parties.

28. Segment Information

(1) Business Segment Information

Information about operations in different business segments of the Companies for the years ended March 31, 2008 and 2007 was as follows:

a. Ordinary Income

	Millions of Yen					
	2008					
	Banking Operations	Lease Operations	Other Operations	Total	Eliminations	Consolidated
Income from customers	¥114,822	¥16,181	¥3,612	¥134,616		¥134,616
Intersegment income	581	1,648	1,574	3,804	¥(3,804)	
Total income	115,404	17,829	5,186	138,421	(3,804)	134,616
Ordinary expenses	95,532	17,826	4,899	118,258	(3,787)	114,470
Ordinary income	¥ 19,872	¥ 3	¥ 287	¥ 20,162	¥ (17)	¥ 20,145

b. Assets, Depreciation, Impairment Loss and Capital Expenditures

	Millions of Yen					
	2008					
	Banking Operations	Lease Operations	Other Operations	Total	Eliminations	Consolidated
Assets	¥5,623,738	¥40,302	¥21,703	¥5,685,743	¥(26,529)	¥5,659,213
Depreciation	3,683	11,211	22	14,917		14,917
Impairment loss	82			82		82
Capital expenditures	3,125	13,567	4	16,696	(18)	16,677

a. Ordinary Income

	Thousands of U.S. Dollars					
	2008					
	Banking Operations	Lease Operations	Other Operations	Total	Eliminations	Consolidated
Income from customers	\$1,146,048	\$161,507	\$36,054	\$1,343,610		\$1,343,610
Intersegment income	5,808	16,453	15,712	37,974	\$(37,974)	
Total income	1,151,856	177,961	51,767	1,381,585	(37,974)	1,343,610
Ordinary expenses	953,512	177,922	48,902	1,180,338	(37,801)	1,142,536
Ordinary income	\$ 198,343	\$ 38	\$ 2,864	\$ 201,246	\$ (172)	\$ 201,074

b. Assets, Depreciation, Impairment Loss and Capital Expenditures

Thousands of U.S. Dollars

	2008					
	Banking Operations	Lease Operations	Other Operations	Total	Eliminations	Consolidated
Assets	\$56,130,732	\$402,256	\$216,623	\$56,749,611	\$(264,796)	\$56,484,815
Depreciation	36,765	111,903	223	148,892		148,892
Impairment loss	818			818		818
Capital expenditures	31,192	135,413	43	166,649	(186)	166,462

a. Ordinary Income

Millions of Yen

	2007					
	Banking Operations	Lease Operations	Other Operations	Total	Eliminations	Consolidated
Income from customers	¥108,896	¥16,587	¥3,768	¥129,252		¥129,252
Intersegment income	512	1,312	1,901	3,726	¥(3,726)	
Total income	109,408	17,899	5,670	132,978	(3,726)	129,252
Ordinary expenses	91,110	16,954	5,405	113,470	(3,714)	109,755
Ordinary income	¥ 18,298	¥ 944	¥ 265	¥ 19,508	¥ (11)	¥ 19,496

b. Assets, Depreciation, Impairment Loss and Capital Expenditures

Millions of Yen

	2007					
	Banking Operations	Lease Operations	Other Operations	Total	Eliminations	Consolidated
Assets	¥5,613,609	¥39,189	¥21,960	¥5,674,759	¥(26,989)	¥5,647,770
Depreciation	3,163	11,164	23	14,351		14,351
Impairment loss	233			233		233
Capital expenditures	2,647	12,435	6	15,090	(10)	15,079

Notes: 1. Other operations consist of credit card transactions and others.

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

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

(2) Geographic Segment Information

Segment information by geographic area was not presented because the Companies conduct banking and other related activities in Japan without having foreign subsidiaries or foreign branches.

(3) Ordinary Income from International Operations

As the ordinary income from international operations was not significant compared to the consolidated income, the information about the ordinary income from international operations was not presented.

29. Subsequent Event

At the Bank's general stockholders meeting held on June 27, 2008, the Bank's stockholders approved the following:

Appropriations of Retained Earnings

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥3.50 (\$0.034) per share	¥1,327	\$13,253