



NISHI-NIPPON CITY BANK

Annual Report 2007



THE NISHI-NIPPON CITY BANK, LTD.

Profile

Aiming to be No. 1 Bank in Kyushu

The Nishi-Nippon City Bank group comprises the Bank, 11 consolidated subsidiaries and 1 affiliate, which together offer a broad range of financial services. To realize our ambition of becoming the leading bank in Kyushu, we are working to meet the goals of our "Active NCB" medium-term management plan, launched in fiscal 2005. As a regional financial institution, our goal is the undisputed No. 1 position in Kyushu in terms of financial transactions with small and medium-sized enterprises (SMEs), as well as with individuals (retail banking customers).

Headquartered in Fukuoka, the largest city in Kyushu

The population of Fukuoka Prefecture, where we are headquartered, is approximately 5 million. Economically the prefecture is in good health, as it has attracted major Japanese companies such as Toyota Motor Corp. and high-technology industries as a production location. In recent years, Fukuoka has also expanded its business with East Asia, leveraging its geographical proximity to China and South Korea.

Building a Business Network in Japan and Overseas

At the end of March 2007, the Bank had 210 branches around Japan and maintained representative offices in Hong Kong, Seoul and Shanghai. We have built up numerous business alliances and networks in China and elsewhere in East Asia, and are positioned to offer powerful support to customers developing business in the region.

Consolidated Financial Highlights

The Nishi-Nippon City Bank, Ltd. and its consolidated subsidiaries Years ended March 31, 2007 and 2006

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2007	2006	2007
Total income	¥186,980	¥203,088	\$1,583,909
Total expenses	141,336	177,457	1,197,256
Income before income taxes and minority interests	45,644	25,630	386,653
Net income	25,330	12,899	214,571
	Yen		U.S. dollars
Net income per share	¥28.68	¥17.40	\$0.242

The Nishi-Nippon City Bank, Ltd. and its consolidated subsidiaries March 31, 2007 and 2006

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2007	2006	2007
Total assets	¥6,952,905	¥6,935,384	\$58,897,970
Deposits	6,046,748	5,947,732	51,221,924
Loans and bills discounted	4,795,703	4,768,704	40,624,337
Securities	1,514,353	1,447,440	12,828,067
Capital stock	85,745	63,517	726,349
Net assets * (after deduction of minority interests)	320,738	262,297	2,716,971

Notes: 1. Translation into U.S. dollars (solely for the convenience of readers outside Japan) has been made at the exchange rate of ¥118.05 to U.S.\$1.
2. In this report, Japanese yen figures are rounded down to the nearest million yen.

* For the terms ended March 2006, the amount posted under shareholders' equity is employed.

Contents

Message from the President ... 1
Towards a Sounder Financial Position... 4
Risk Management ... 5
Board of Directors and Corporate Auditors ... 6

Financial Section ... 7
Organization Chart ... 44
Corporate Data ... 45
International Network ... 45





Isao Kubota,
President

Aiming to be No. 1 in Kyushu

Progress under the medium-term plan

In the year ended March 31, 2007, the Nishi-Nippon City Group booked its highest-ever earnings (consolidated basis). I would like to take this opportunity to report our business performance over the term and say something about our progress in our medium-term management plan, which aims to make us the leading bank in Kyushu.

Review of Operations

During the term under review, economic conditions in Japan remained firm, with continuing increases in capital expenditure and personal spending against a background of sustained improvement in corporate earnings. On the financial front, the Bank of Japan's policy of zero-interest rates was discontinued in July 2006, and benchmark rates began to edge upwards again in February 2007.

In the financial sector, competitive pressures were increased significantly by the aggressive expansion of major banks into retail markets, cross-border realignments among regional financial institutions previously confined to their home prefectures and the creation of a mega-bank through the privatization of the financial operations of Japan Post, scheduled for October 2007.

In this business environment, Nishi-Nippon City Group posted record profits on the back of an expanded customer base, and strengthened earnings capability and operating efficiency — the fruit of expansion and earnings improvement measures.

Turning to performance (consolidated basis), total

income declined 7.9% year-on-year to ¥186.980 billion (\$1,583 million), reflecting the absence of gains booked in the previous term from the securitization of mortgage loans. However, drastic cuts in credit costs and reduced operating expenses boosted income before income taxes and minority interests by 78.0% year-on-year to ¥45.644 billion (\$386 million) and net income by 96.3% to ¥25.330 billion (\$214 million).

A Business Model Rooted in the Community

Under our “Active NCB” plan, we are working toward our goal of becoming the leading financial institution in Kyushu in SME-oriented and individual-customer business. Our aim is for Nishi-Nippon City Bank to strike deep roots in its community, through a commitment to providing loans and deposits and other financial services to customers in our home prefecture as well as all of Kyushu.

The balance of loans at the end of the term stood at ¥4,551.0 billion, up ¥29.6 billion year-on-year. Loans to

customers within Kyushu accounted for 93.1%, or ¥4,238.9 billion, of this total. Loans to small and medium-sized enterprises (SMEs) accounted for as much as 87.4% or ¥3,705.5 billion of all loans we made within Kyushu.

The term-end balance of deposits and certificates of deposit rose ¥93.1 billion year-on-year to ¥5,805.9 billion. Of this total, 96.3%, with a total value of ¥5,594.6 billion, belonged to customers in Kyushu. Assets under custody at the end of the term rose by ¥109.2 billion to ¥548.3 billion. Customers within Kyushu accounted for an overwhelming 97.2% or ¥533.2 billion of this total.

We will continue our evolution into the leading bank in Kyushu as we service SMEs and individual customers within the region.

Supporting the Development of the Regional Economy

I would like to say a few words about the revitalization of the regional economy. First, we have various business policies in place to support regional SMEs, including all kinds of free seminars, frequent business consultation sessions, business matchmaking for customers seeking new opportunities, and roundtable sessions.

In December 2005, Nishi-Nippon City Bank concluded an alliance with the Risk Data Bank of Japan Limited (RDB), under which the Bank began a credit

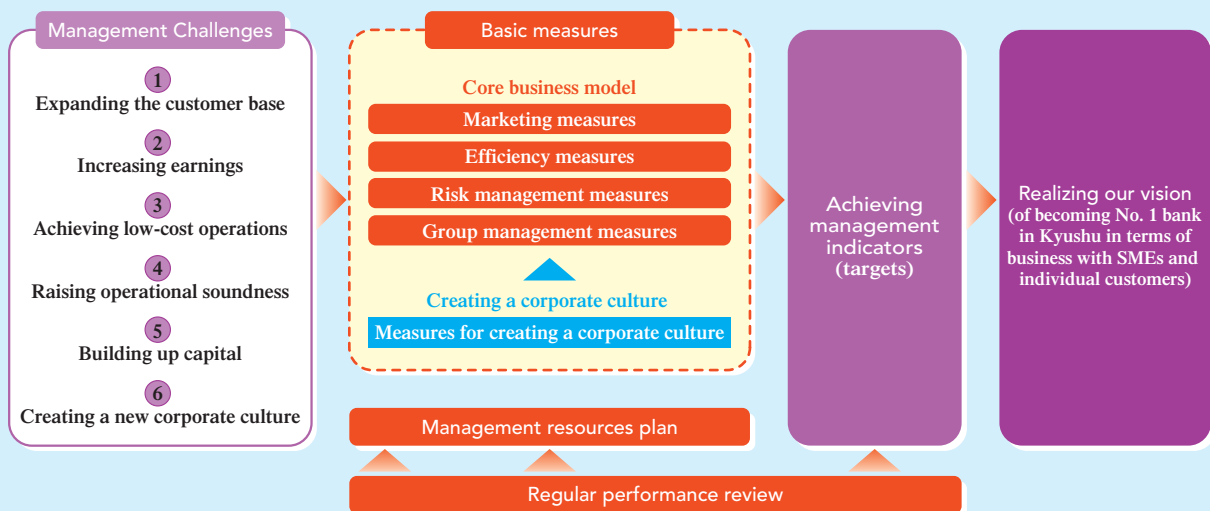
rating intermediary service for SMEs. Through this service, we help SMEs acquire Standard & Poor's ratings. By the end of the term, a total of 11 companies had improved their ratings from AAA to AA and A. In September 2006, we launched our first "CSR private bond" placements in the Kyushu area, aimed at supporting the finances of companies showing rigorous commitment to corporate social responsibility.

With regard to business nurturing, we lent a total of ¥840 million in fiscal 2006, to 29 customers founding new businesses or developing established businesses in new directions. A further ¥330 million was lent to five customers through partnerships and co-operative arrangements with government-affiliated financial institutions.

Turning to corporate rehabilitation activities, we helped 10 customers to improve their borrower categories in fiscal 2006, after screening 169 candidates and providing support for all aspects of their operations – financial base, marketing, management – under our management support program. Of eight companies assisted by our joint program with Resolution and Collection Corporation, seven have completed turnaround processes, and one is still working problems out.

In loans to individual customers, we expanded our line-up of products offering greater convenience and

The Active NCB plan



tailored to age group. In February 2007, we launched two card products that help customers guard against card fraud and theft: a bio-identification bank card with embedded chip, launched at 19 branches prior to adoption at all branches in September, and a bank card with embedded chip accepted at all branches.

In March 2007, in a move to increase mortgage flexibility, we also launched a new mortgage loan product developed jointly with Merrill Lynch Japan Securities Co., Ltd., in which mortgage credits are securitized and transferred to Merrill Lynch Japan for resale.

Responding flexibly and effectively to regional financial needs

Fiscal 2007 will be another year of growth measures for our bank. To strengthen earnings capability, we equipped our branches in May 2007 to more effectively respond to diversification and increasing scope of transactions. As part of this initiative, we established a Corporate Solutions Department, bringing together our experts in this field, a Kyushu Regional Headquarters aimed at strengthening network operations over the entire island and a Direct Marketing Office targeting a broader range of customers. We have also expanded our network of offices specializing in loans.

In addition to these initiatives, we have established a

Tokyo Headquarters and an International Business Office to support customers setting up operations overseas.

In May 2007, we also invested in the Kyushu Bridge Fund, Kyushu's first fund supported by Organization for Small & Medium Enterprises and Regional Innovation. This fund aims to support SMEs in the Kyushu region facing business succession issues such as absence of a successor. I believe this fund will contribute to the further invigoration of the Kyushu economy, by supporting long-term growth at local companies and SMEs.

Even as economic conditions in our region grow tougher, we plan to further rationalize operations, build up competitiveness and increase earnings capability, by steadily addressing management issues and implementing basic policies under the medium-term management plan. By ensuring reliable funding services and high-quality financial services, I believe we can contribute to the development of the regional economy, winning the support of all our customers and investors. I hope that our shareholders will continue to favor us with their support and goodwill.



Isao Kubota,
President

Management indicators

(results and targets)

		Year ended March 2005	Year ended March 2006	Year ended March 2007	Year ending March 2009
Expanding the customer base	Balance of consumer loans	No. 1 in Kyushu			
	Loans to SMEs	No. 1 in Kyushu			
Increasing earnings	Profit on core banking operations	¥39.4 billion	¥58.0 billion	¥53.9 billion	¥70.0 billion or more
	Ordinary profit	¥21.4 billion	¥30.2 billion	¥43.1 billion	¥50.0 billion or more
	Net income	¥12.3 billion	¥12.6 billion	¥22.8 billion	¥30.0 billion or more
Raising operational soundness	Credit disclosure ratio under the Financial Reconstruction Law	7.18%	6.02%	4.49%	Around 4%
Building up capital	Consolidated capital ratio	8.49%	8.79%	9.30%	8% or more
	Tier I ratio	5.31%	5.68%	5.79%	6% or more

Towards a Sounder Financial Position

For the term ending March 31, 2009, we have set the following targets in our medium-term management plan: reducing the ratio of loans subject to mandatory disclosure to around 4% and raising the consolidated capital ratio to 8%.

Lowering the NPL ratio from 6.02% to 4.49%

As a result of efforts to support corporate rehabilitation and reduce our NPL exposure undertaken throughout fiscal 2006, the balance of loans subject to mandatory disclosure under the Financial Reconstruction Law declined by ¥70.9 billion at the term-end to ¥210 billion. We are close to our target of reducing this ratio by 1.53 percentage points to 4.49% of total credits.

The coverage ratio for loans subject to mandatory disclosure is 83.16%, through collateral, guarantees and reserve for possible loan losses. Coverage for bankrupt and quasi-bankrupt assets is 100%.

We will continue to reduce our NPL holdings, using an independently spun-off corporate rehabilitation affiliate to handle our corporate rehabilitation services and deal with final liquidations.

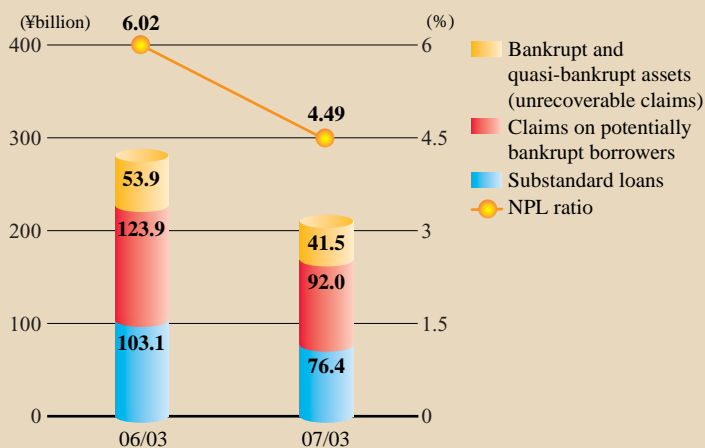
Increasing the capital ratio to 9.30%

At March 31, 2007, our capital ratio stood at 9.25% on a non-consolidated basis, up from 8.50% at the end of the previous term, and the consolidated percentages were 9.30%, up from 8.79%, due to steady increases in retained earnings. These levels are far above the 4.0% threshold of Japan's capital adequacy standards, and also ahead of targets in our medium-term management plan.

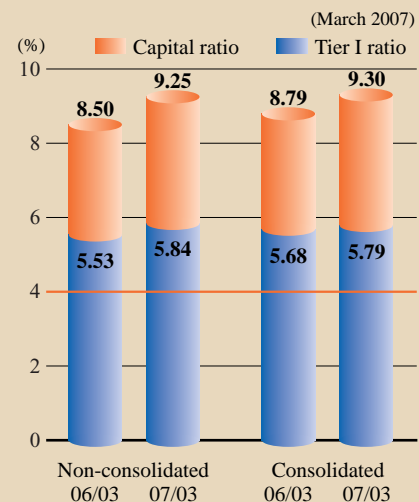
Our core Tier I ratio stands at 5.84% on a non-consolidated basis, and 5.79% on a consolidated basis. Looking ahead, we aim to further consolidate our financial position and improve our capital ratio.

(Note): From the year ended March 31, 2007, the capital ratio is calculated based on Notification of the Financial Services Agency No. 19, 2006, the standard for assessing a Bank's capital adequacy in light of asset-holdings based on the Banking Law, Article 14-2. For the period ended March 31, 2006, the old standards were used in calculations.

Balance of NPLs and ratio of loans subject to mandatory disclosure under the Financial Reconstruction Law



Capital ratios



Risk Management

The Bank regards high-quality risk management as a management priority. We are strengthening and upgrading our risk management mechanisms to build up a sounder operating basis and enable stable revenue generation.

General Risk Management

We have created the Management Administration Department to cover risk management across the whole Bank. We classify risk into four categories: credit, market, liquidity and operational risk. We tailor our measures to each risk category. Quantifiable risk is kept within certain parameters. To ensure that an appropriate balance is struck between earnings and risk, risk is quantified using the VaR (Value at Risk) formula, with allocation of risk-adjusted capital equivalent amounts to cover potential risk. Revenues are measured and valued on a risk-adjusted basis, and risks that are difficult to quantify are subject to precautionary measures to forestall their emergence.

Credit Risk Management

For significant risk, we have strengthened our management based on our credit risk management policy and Credit Policy. We subject loans to stringent inspections on a case-by-case basis and work to maintain the soundness of our assets. In our loan portfolio, we also try to spread risk and ensure there is no bias toward any particular sector or customer, through our systems of credit risk quantification and portfolio management by sector and underpinned by our credit rating system. We make provisions for possible loan losses based on an own-asset assessment and write off bad-debts as deemed necessary.

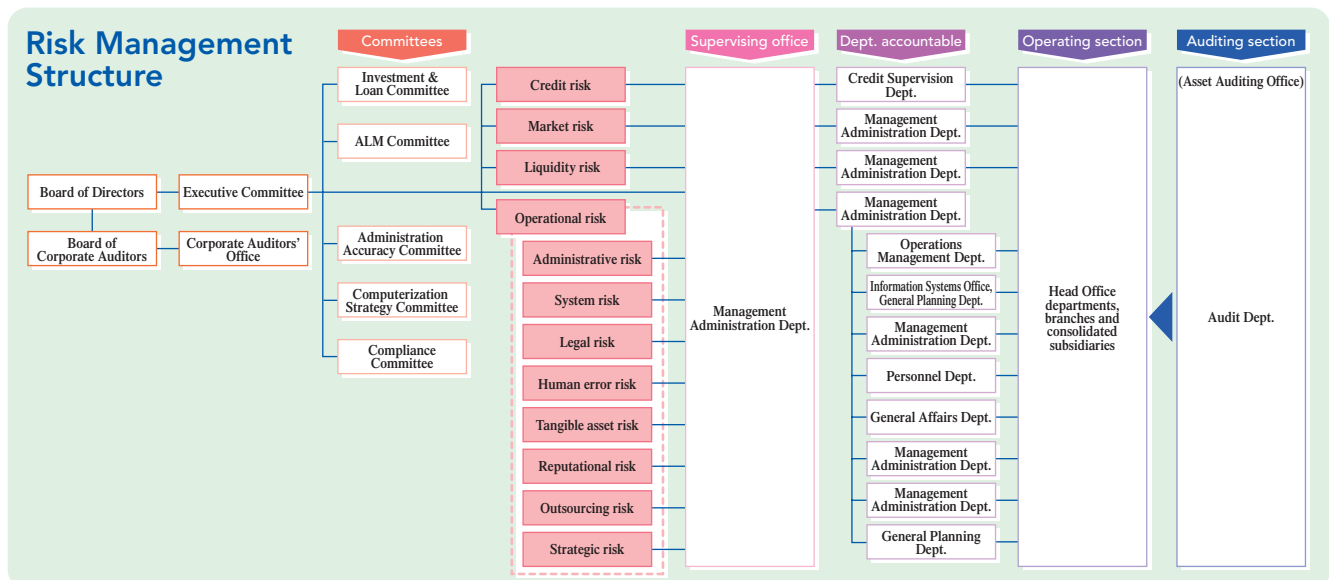
** In addition to the above measures, we rigorously manage market, liquidity and operational risk through establishment of a supervisory office and a system of cross-checking.*

The ALM System

The ALM committee, consisting of top management members, meets monthly to decide on fund investment and procurement policy based on projections of economic trends and capital market interest rates. It also quantifies risk in areas such as deposits and loans, bonds, shares and investment trusts using the VaR (Value at Risk) formula, and conducts strategic management through measures such as deciding important policy on market risk after analysis of gaps generated by the difference in contract periods for fund investment and procurement, to understand the relationship between risk and profit.

Internal Audit System

The Audit Department, directly under the control of management, carries out internal inspections as an independent entity without involvement in banking operations. We have also established an internal audit mechanism which performs audits into banking departments without any restrictions on its conduct. Audit findings and problems discovered by auditors are reported directly to top management by auditors.



Board of Directors and Corporate Auditors



Masahiro Honda
Chairman



Isao Kubota
President



Katsumi Sasaki
Deputy President

Chairman	Masahiro Honda	Directors	Satoshi Iwai
President	Isao Kubota		Hiromi Uchio
Deputy President	Katsumi Sasaki		Tomoyuki Fujita
Executive Directors	Hirofumi Fujimoto		Tuyoshi Ohba
	Kazushige Higuchi		Akira Mitsutomi
Managing Directors	Miyoshi Nagatake		Shigeru Urayama
	Seiji Isoyama	Corporate Auditors	Sadamasa Okamura
			Kiyota Takata
			Hiroaki Okui
			Akira Matsushita
			Ryoichi Ozawa
			Yoshiaki Hirayama
			Hisashi Kubo
			Masahiro Sakata

(as of June 30, 2007)

Financial Section

Contents

Consolidated Balance Sheets ...	8
Consolidated Statements of Income...	9
Consolidated Statement of Changes in Net Assets...	10
Consolidated Statements of Capital and Earned Surplus...	11
Consolidated Statements of Cash Flows ...	12
Notes to Consolidated Financial Statements ...	14
Non-Consolidated Balance Sheets ...	38
Non-Consolidated Statements of Income ...	39
Non-Consolidated Statement of Changes in Net Assets ...	40
Notes to Non-Consolidated Financial Statements ...	42
Report of Independent Auditors ...	43

Consolidated Balance Sheets

The Nishi-Nippon City Bank, Ltd. and Subsidiaries 31st March, 2007 and 2006

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2007	2006	2007
Assets:			
Cash and due from banks (Notes 8 and 34)	¥288,195	¥316,019	\$2,441,297
Call loans and bills bought	4,250	8,254	36,004
Commercial paper and other debt purchased	37,817	34,457	320,352
Trading account assets (Notes 5 and 28)	1,252	1,454	10,613
Money held in trust (Note 28)	19,725	20,000	167,094
Securities (Notes 6, 8 and 28)	1,514,353	1,447,440	12,828,067
Loans and bills discounted (Notes 7 and 9)	4,795,703	4,768,704	40,624,337
Foreign exchange assets (Note 10)	1,292	1,554	10,946
Other assets (Notes 4 and 11)	37,024	31,371	313,634
Tangible fixed assets (Notes 4, 12 and 19)	122,141	—	1,034,656
Premises and equipment (Notes 4, 12 and 19)	—	133,349	—
Intangible fixed assets (Note 4)	4,688	—	39,713
Deferred tax assets (Note 32)	66,453	87,591	562,926
Consolidation differences (Note 4)	—	1,052	—
Customers' liabilities for acceptances and guarantees (Note 6)	134,492	177,070	1,139,281
Reserve for possible loan losses (Note 7)	(73,803)	(92,310)	(625,191)
Reserve for devaluation of securities	(680)	(625)	(5,763)
Total assets	¥6,952,905	¥6,935,384	\$58,897,970
Liabilities and net assets (minority interests and shareholders' equity):			
Liabilities:			
Deposits (Notes 8 and 13)	¥6,046,748	¥5,947,732	\$51,221,924
Call money and bills sold	34,391	129,451	291,331
Guarantee deposits received under securities lending transactions (Note 8)	185,367	147,251	1,570,241
Borrowed money (Notes 8 and 15)	52,734	28,231	446,714
Foreign exchange liabilities (Note 10)	87	155	742
Bonds (Note 14)	97,000	72,000	821,685
Bonds with stock subscription rights (Note 14)	—	51,700	—
Other liabilities (Note 16)	43,832	39,856	371,303
Reserve for employee retirement benefits (Note 31)	13,251	15,054	112,252
Reserve for retirement benefits for directors and corporate auditors (Note 3)	1,034	—	8,765
Deferred tax liabilities on revaluation of premises (Note 19)	23,226	25,117	196,753
Acceptances and guarantees (Note 6)	134,492	177,070	1,139,281
Total liabilities	6,632,166	6,633,621	56,180,998
Net assets (Note 3):			
Capital stock (Note 17)	85,745	—	726,349
Capital surplus	90,301	—	764,940
Earned surplus	59,733	—	506,000
Treasury stock (Note 18)	(540)	—	(4,581)
Total shareholders' equity	235,239	—	1,992,708
Net unrealized gains on securities available for sale, net of taxes (Note 28)	25,926	—	219,626
Net deferred losses on hedging instruments, net of taxes (Note 4)	(43)	—	(369)
Revaluation of premises, net of taxes (Note 19)	29,018	—	245,817
Cumulative translation adjustments	(0)	—	(0)
Total valuation and translation adjustments	54,901	—	465,073
Minority interests (Note 4)	30,597	—	259,189
Total net assets	320,738	—	2,716,971
Total liabilities and net assets	¥6,952,905	—	\$58,897,970
Minority interests (Note 4)	—	39,466	—
Shareholders' equity (Note 3):			
Capital stock (Note 17)	—	63,517	—
Capital surplus	—	103,733	—
Earned surplus	—	41,073	—
Revaluation of premises, net of taxes (Note 19)	—	31,794	—
Unrealized gains on securities available for sale, net of taxes (Note 28)	—	22,602	—
Cumulative translation adjustments	—	(0)	—
Total shareholders' equity	—	262,722	—
Treasury stock	—	(425)	—
Total shareholders' equity	—	262,297	—
Total liabilities, minority interests and shareholders' equity	—	¥6,935,384	—

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Income

The Nishi-Nippon City Bank, Ltd. and Subsidiaries Years ended 31st March, 2007 and 2006

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2007	2006	2007
Income:			
Interest and dividend income:			
Interest on loans and discounts	¥115,001	¥118,420	\$974,176
Interest and dividends on securities	23,310	18,064	197,465
Other interest income (Note 20)	947	625	8,022
Fees and commissions	32,759	33,474	277,504
Trading income	214	60	1,816
Other operating income (Note 21)	1,510	10,782	12,799
Other income (Note 22)	13,236	21,660	112,123
Total income	186,980	203,088	1,583,909
Expenses:			
Interest expenses:			
Interest on deposits	7,205	3,172	61,033
Interest on call money and bills sold	1,866	1,147	15,810
Interest on borrowings	513	600	4,348
Other interest expenses (Note 23)	7,216	7,504	61,127
Fees and commissions	10,125	11,507	85,774
Other operating expenses (Note 24)	2,051	4,039	17,379
General and administrative expenses (Note 25)	84,963	88,771	719,722
Provision for possible loan losses	—	28,424	—
Other expenses (Note 26)	27,394	32,290	232,058
Total expenses	141,336	177,457	1,197,256
Income before income taxes and minority interests	45,644	25,630	386,653
Income taxes (Note 32)			
Current	626	621	5,309
Deferred	18,189	10,835	154,087
	18,816	11,457	159,396
Minority interests in net income	1,497	1,274	12,685
Net income (Note 35)	¥25,330	¥12,899	\$214,571

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statement of Changes in Net Assets

The Nishi-Nippon City Bank, Ltd. and Subsidiaries Year ended 31st March, 2007

	Millions of yen				
	2007				
	Shareholders' equity				
	Capital stock (Note 17)	Capital surplus	Earned surplus	Treasury stock (Note 18)	Total shareholders' equity
Balance as of 31st March, 2006	¥63,517	¥103,733	¥41,073	(¥425)	¥207,900
Changes during the year					
Conversion of bonds with stock subscription rights	22,227	22,172	—	—	44,400
Cash dividends paid	—	—	(3,666)	—	(3,666)
Net income	—	—	25,330	—	25,330
Changes in investments in equity of subsidiaries	—	—	(222)	—	(222)
Acquisition of treasury stock	—	—	—	(41,285)	(41,285)
Sale of treasury stock	—	0	—	7	7
Retirement of treasury stock	—	(35,605)	(5,557)	41,162	—
Reversal of revaluation of premises	—	—	2,775	—	2,775
Net changes in items other than shareholders' equity	—	—	—	—	—
Total changes during the year	22,227	(13,432)	18,659	(115)	27,339
Balance as of 31st March, 2007	¥85,745	¥90,301	¥59,733	(¥540)	¥235,239

	Millions of yen						
	2007						
	Valuation and translation adjustments						
	Net unrealized gains on securities available for sale, net of taxes	Net deferred losses on hedging instruments, net of taxes	Revaluation of premises, net of taxes	Cumulative translation adjustments	Total valuation and translation adjustments	Minority interests	Total net assets
Balance as of 31st March, 2006	¥22,602	—	¥31,794	(0)	¥54,396	¥39,466	¥301,763
Changes during the year							
Conversion of bonds with stock subscription rights	—	—	—	—	—	—	44,400
Cash dividends paid	—	—	—	—	—	—	(3,666)
Net income	—	—	—	—	—	—	25,330
Changes in investments in equity of subsidiaries	—	—	—	—	—	—	(222)
Acquisition of treasury stock	—	—	—	—	—	—	(41,285)
Sale of treasury stock	—	—	—	—	—	—	7
Retirement of treasury stock	—	—	—	—	—	—	—
Reversal of revaluation of premises	—	—	—	—	—	—	2,775
Net changes in items other than shareholders' equity	3,324	(43)	(2,775)	0	505	(8,869)	(8,363)
Total changes during the year	3,324	(43)	(2,775)	0	505	(8,869)	18,975
Balance as of 31st March, 2007	¥25,926	(¥43)	¥29,018	(¥0)	¥54,901	¥30,597	¥320,738

Consolidated Statements of Capital and Earned Surplus

The Nishi-Nippon City Bank, Ltd. and Subsidiaries Year ended 31st March, 2006

	Millions of yen
	2006
Capital surplus	
Balance of capital surplus at beginning of year	¥99,586
Increase:	
Conversion of bonds with stock subscription rights	4,146
Balance of capital surplus at end of year	¥103,733
Earned surplus	
Balance of earned surplus at beginning of year	¥27,852
Increase:	
Net income	12,899
Reversal of revaluation of premises	2,967
Merger between consolidated subsidiaries	1,410
Decrease:	
Cash dividends paid	3,609
Change in investment in equity of subsidiaries	445
Balance of earned surplus at end of year	¥41,073

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Cash Flows

The Nishi-Nippon City Bank, Ltd. and Subsidiaries Years ended 31st March, 2007 and 2006

	Millions of yen		Thousands of
	2007	2006	U.S. dollars (Note 1)
I .Cash flows from operating activities:			2007
Income before income taxes and minority interests	¥45,644	¥25,630	\$386,653
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:			
Depreciation	5,092	5,912	43,141
Losses on impairment of fixed assets	5,742	5,698	48,644
Amortization of goodwill (Note 4)	295	—	2,501
Amortization of consolidation differences (Note 4)	—	321	—
Equity in earnings of nonconsolidated subsidiaries and affiliate	0	—	6
Decrease in reserve for possible loan losses	(16,893)	(18,007)	(143,107)
Increase in reserve for devaluation of securities	65	40	558
Increase in reserve for retirement benefits for directors and corporate auditors	962	—	8,151
Decrease in reserve for employee retirement benefits	(1,737)	(902)	(14,719)
Income from lending activities	(139,259)	(137,110)	(1,179,664)
Funding costs	16,801	12,423	142,321
Losses (gains) on securities	762	(9,762)	6,457
Losses (gains) on money held in trust	385	(1,943)	3,266
Net foreign exchange gains	(509)	(535)	(4,314)
Losses on sale of tangible fixed assets (Note 4)	1,271	—	10,772
Losses on sale of premises and equipment (Note 4)	—	1,040	—
Net decrease in trading account assets	201	97	1,708
Net (increase) decrease in loans and bills discounted	(26,995)	42,170	(228,679)
Net increase (decrease) in deposits	10,847	(86,877)	91,887
Net increase in certificates of deposit	87,102	7,125	737,844
Net increase in borrowed money, exclusive of subordinated borrowings	25,503	234	216,036
Net decrease (increase) in due from banks, exclusive of central bank	15,358	(11,825)	130,101
Net decrease (increase) in call loans	677	(21,537)	5,740
Net (decrease) increase in call money	(95,257)	103,314	(806,924)
Net increase in guarantee deposits received under securities lending transactions	37,514	90,929	317,781
Net decrease in foreign exchange assets	291	739	2,468
Net (decrease) increase in foreign exchange liabilities	(68)	63	(576)
Interest and dividends received	137,818	136,301	1,167,458
Interest paid	(14,881)	(18,279)	(126,058)
Others	(987)	(10,724)	(8,362)
Subtotal	95,749	114,537	811,092
Income taxes paid	(650)	(645)	(5,512)
Net cash provided by operating activities	95,098	113,891	805,580

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2007	2006	2007
II. Cash flows from investing activities:			
Payments for purchase of securities	(346,883)	(647,490)	(2,938,444)
Proceeds from sale of securities	141,630	376,849	1,199,749
Proceeds from redemption of securities	140,927	86,759	1,193,795
Payments for purchase of money held in trust	(4,000)	(4,000)	(33,883)
Proceeds from sale of money held in trust	3,888	3,943	32,942
Payments for purchase of tangible fixed assets (Note 4)	(5,594)	—	(47,392)
Payments for purchase of premises and equipment (Note 4)	—	(3,117)	—
Proceeds from sale of tangible fixed assets (Note 4)	1,863	—	15,784
Proceeds from sale of premises and equipment (Note 4)	—	3,424	—
Payments for purchase of stock of subsidiaries	(4)	(123)	(41)
Proceeds from sale of stock of subsidiaries	45	1,233	381
Proceeds from sale of stock of subsidiaries (affecting the scope of consolidation)	367	—	3,109
Net cash used in investing activities	(67,760)	(182,520)	(573,999)
III. Cash flows from financing activities			
Increase in subordinated borrowed money	3,000	—	25,412
Repayments of subordinated borrowed money	(4,000)	(48,600)	(33,883)
Issuance of subordinated bonds and bonds with stock subscription rights	25,000	70,000	211,774
Redemption of subordinated bonds and bonds with stock subscription rights	(7,300)	—	(61,838)
Proceeds from issuance of stock to minority shareholders	1	—	16
Payments for acquisition of stock from minority shareholders	(10,764)	—	(91,186)
Dividends paid	(3,666)	(3,609)	(31,058)
Dividends paid to minority shareholders	(853)	(812)	(7,231)
Payments for acquisition of treasury stock	(41,285)	(197)	(349,732)
Proceeds from sale of treasury stock	7	—	66
Proceeds from sale of treasury stock by consolidated subsidiary	54	—	461
Net cash (used in) provided by financing activities	(39,806)	16,779	(337,199)
IV. Effects of changes in exchange rates on cash and cash equivalents	2	21	18
V. Net decrease in cash and cash equivalents	(12,466)	(51,827)	(105,600)
VI. Cash and cash equivalents at beginning of year	247,096	298,923	2,093,150
VII. Cash and cash equivalents at end of year (Note 34)	¥234,630	¥247,096	\$1,987,549

See accompanying Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements

The Nishi-Nippon City Bank, Ltd. and Subsidiaries

1. Basis of Presentation of Consolidated Financial Statements

The accompanying consolidated financial statements of The Nishi-Nippon City Bank, Ltd. (the "Bank"), formerly The Nishi-Nippon Bank, Ltd., and its consolidated subsidiaries have been prepared in conformity with generally accepted accounting principles in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Bank as required by the Securities and Exchange Law of Japan.

In addition, the notes to the consolidated financial statements include information which is not required under accounting principles generally accepted in Japan but is presented herein as additional information.

Solely for the convenience of readers outside Japan, certain items in the original financial statements have been reclassified for presentation.

As permitted by the Securities and Exchange Law, amounts of less than one million yen have been omitted by the Bank.

Consequently, the totals shown in the accompanying consolidated financial statements (both in yen and U.S. dollars) do not necessarily agree with the sum of the individual amounts.

The amounts in U.S. dollars are included solely for the convenience of readers outside Japan. A rate of ¥118.05= U.S.\$ 1.00, the exchange rate on 31st March, 2007, has been used in translation.

2. Summary of Significant Accounting Policies

(a) Scope of Consolidation

The consolidated financial statements include the accounts of the Bank and its consolidated subsidiaries.

The number of consolidated and non-consolidated subsidiaries for the years ended 31st March, 2007 and 2006 is as follows:

	2007	2006
i) Number of consolidated subsidiaries:	11	12
ii) Number of non-consolidated subsidiaries:	1	1
i) NCB Computer Service Co, Ltd was excluded from the scope of consolidation, and became an affiliate accounted for by the equity method as a result of transfer of shares.		
ii) The Nishi-Nippon Challenge 1, Limited Partnership was excluded from consolidation due to its insignificance in 2006 and 2007.		

(b) Application of Equity Method

The number of non-consolidated subsidiaries and affiliates, which are accounted for by the equity method, for the years ended 31st March, 2007 and 2006 is as follows:

	2007	2006
i) Number of non-consolidated subsidiaries accounted for by the equity method:	0	0
ii) Number of affiliates accounted for by the equity method:	1	0
iii) Number of non-consolidated subsidiaries not accounted for by the equity method:	1	1
iv) Number of affiliates not accounted for by the equity method:	0	0
ii) NCB Computer Service Co, Ltd was excluded from the scope of consolidation, and became an affiliate accounted for by the equity method as a result of transfer of shares.		
iii) Investment in the non-consolidated subsidiary is stated at cost. The effect of not applying the equity method to the investment in this company was not material.		

(c) *Trading Account Assets and Liabilities*

Transactions that seek gains on short-term fluctuations and arbitrage in interest rates, currency prices, market prices of securities and related indices (trading transactions) are recognized on a trade date basis. They are recorded as trading assets or trading liabilities on the consolidated balance sheets and gains or losses on these transactions are recorded in trading income or trading expenses on the consolidated statements of income.

The Bank values securities, monetary claims, etc. held for trading purpose at the market price prevailing at the balance sheet date. Derivatives, such as futures and option transactions, are stated at the amount assuming that they were terminated or settled at the balance sheet date.

Trading income and expenses include interest income or expenses as well as changes in unrealized gains or losses on securities, monetary claims and derivative financial products during the fiscal year.

(d) *Securities*

Securities classified as held-to-maturity are carried at amortized cost using the straight-line method with cost determined by the moving average method. Investments in non-consolidated subsidiaries not accounted for by the equity method are valued at cost determined by the moving average method. Securities available for sale with market value are carried at market value with cost of sales determined by the moving average method and those with no market value are valued at cost determined by the moving average method or at amortized cost.

The difference between the acquisition cost and the carrying amount of securities available for sale, representing unrealized gains and losses, is recognized as unrealized gains (losses) on securities available for sale, net of taxes, and included directly in net assets.

Securities held as components of individually managed money trusts whose principal objective is investments in securities are stated at market value.

(e) *Derivatives*

Derivatives held or written are stated at market value.

(f) *Tangible fixed assets*

The Bank uses the declining-balance method for depreciation of tangible fixed assets other than buildings acquired on and after 1st April, 1998 which are depreciated by the straight-line method. The useful lives for buildings and equipment are as follows:

Buildings:	3 to 60 years
Equipment:	2 to 20 years

Tangible fixed assets of consolidated subsidiaries are depreciated mainly using the declining-balance method.

(g) *Intangible Fixed Assets*

Intangible fixed assets are amortized using the straight-line method. Software for internal use is amortized, based on the estimated useful life determined by the Bank and its consolidated subsidiaries (generally 5 years).

(h) *Stock Issuance Costs*

Stock issuance costs are recognized as expenses when incurred.

(i) *Bond Issuance Costs*

Bond issuance costs are recognized as expenses when incurred.

(j) *Reserve for Possible Loan Losses*

For loans to insolvent customers who are undergoing bankruptcy or special liquidation, etc. (hereinafter, “borrowers under bankruptcy proceedings”) or who are in a similar financial condition although not yet in bankruptcy (hereinafter, “borrowers substantially in bankruptcy”), the reserve for possible loan losses is provided at the full amount of the book value of such loans after deducting the amount of direct write-offs (as defined below), and excluding the amounts deemed collectible from sale of the collateral pledged and the guarantees that are deemed recoverable.

For the unsecured and unguaranteed portion of loans to customers not presently in the above circumstances, but with a high probability of becoming so (hereinafter “customers with high probability of becoming insolvent”), the reserve for possible loan losses is provided at the amounts deemed necessary after deduction of the estimated realizable value of collateral and guarantees based on the customer's overall financial condition.

For other loans, the reserve for possible loan losses is provided at an amount based on the anticipated loss rates calculated from the actual losses for a certain period.

Regarding each loan, the Credit Review Office, which is independent of the operating divisions, reviews the operating divisions' evaluation of each loan for collectibility based on self-assessment standards. The provision for possible loan losses is based on the results of these reviews.

For loans to borrowers under bankruptcy proceedings and borrowers substantially in bankruptcy that are secured by collateral and guarantees, the unrecoverable portion of such loans is determined by subtracting the estimated recoverable amounts from the disposal of the collateral and the amounts deemed recoverable from the guarantors. The unrecoverable amount is written off directly against the value of the loan (“direct write-off”). The amounts of such direct write-offs at 31st March, 2007 and 2006 were ¥67,362 million (\$570,623 thousand), and ¥113,691 million, respectively.

For loans to borrowers with a rescheduled or restructuring plan, which exceed a certain amount, the discounted cash flow (DCF) method is applied to provide for doubtful accounts, if cash flows from collection of principal and receipts of interest can be reasonably estimated. Under the DCF method a reserve for possible loan losses is provided at the difference between the cash flows discounted by the original interest rate and the carrying value of the loan.

Consolidated subsidiaries record a general reserve for possible loan losses by applying the historical loan-loss ratio observed over specific periods, and record a specific reserve for certain loans at the estimated uncollectible amount based on assessment of each borrower's ability to repay.

(k) *Reserve for Devaluation of Securities*

In order to provide for a loss on investments, the Bank estimates the amount deemed necessary based on a review of financial position, etc. of the companies issuing securities or golf club membership.

(l) *Reserve for Employee Retirement Benefits*

Reserve for employee retirement benefits is provided based on the projected retirement benefit obligation and the pension plan assets at the balance sheet date.

Actuarial gain/loss incurred in each fiscal year is amortized from the following fiscal year using the straight-line method mainly over a period of 10 years, which is within the average remaining years of service of the current employees.

The prior service cost is amortized using the straight-line method over a period of 3 years.

(m) *Reserve for retirement benefits for directors and corporate auditors*

Reserve for directors, corporate auditors retirement benefits is provided at the amount that would be paid in accordance with the internally established rule at the balance sheet date if they were retired on that date.

(n) *Foreign Currency Translation*

Foreign currency-denominated assets and liabilities are translated into Japanese yen primarily at the exchange rate prevailing at the balance sheet date.

(o) *Accounting for Leases*

Finance leases of the Bank and its domestic consolidated subsidiaries under which the ownership of the property is not transferred to the lessee are accounted for under the accounting principles applicable to operating leases.

(p) *Hedge Accounting*

① Hedge accounting for interest rate risk

The Bank applies the deferred hedge method as a hedge accounting for the interest rate risk of various financial assets and liabilities. The effectiveness of a hedge is assessed by grouping hedged deposits, loans and similar instruments as well as hedging instruments into certain time buckets and thus identifying them in accordance with "Accounting and Auditing Treatment for Application of Accounting Standard for Financial Instruments in Banking Industry" (JICPA Industry Audit Committee Report No.24).

② Hedge accounting for exchange rate risk

The Bank applies the deferred method as a hedge accounting for foreign exchange risks of various foreign currency-denominated financial assets and liabilities in accordance with "Accounting and Auditing Treatment for Accounting for Foreign Currency Transactions" (JICPA Industry Audit Committee Report No. 25).

The Bank treats foreign exchange swap transactions as hedging instruments for the purpose of the hedge of foreign-currency-denominated financial assets and liabilities, and the Bank tests the hedge effectiveness by matching the foreign-currency-swap-position as hedging instruments with the related foreign currency-denominated financial assets and liabilities as hedged items.

③ Internal contract

For internal contracts, the Bank manages the foreign currency swaps that are designated as hedging instruments in accordance with the strict criteria for external transactions stipulated in the JICPA Industry Audit Committee Report No. 25. Therefore, the Bank either recognizes gains or losses that arise from such currency swaps as earnings or defers them, rather than eliminating them.

Special treatments for interest rate swaps are applied to certain assets and liabilities.

One consolidated subsidiary applies special treatments for interest rate swaps to certain liabilities. The others do not apply the hedge accounting.

(q) *Valuation of Assets and Liabilities of Consolidated Subsidiaries*

All the assets and liabilities of entities acquired are valued at their fair value at the time of acquisition.

(r) *Amortization of Goodwill*

Goodwill is amortized using the straight-line method over five years.

(s) *Per Share Information*

Net income per share is computed based on the weighted average number of shares of common stock outstanding during each year.

(t) *Cash and Cash Equivalents in the Consolidated Statements of Cash Flows*

Cash and Cash Equivalents in the consolidated statements of cash flows are composed of cash and due from central bank.

3. Changes in Accounting Policies

(a) Accounting Standard for Presentation of Net Assets in the Balance Sheet

"Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Business Accounting Standard No.5, 9th December, 2005) and "Guidance on Application of Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Guidance on Application of Business Accounting Standard No.8, 9th December, 2005) were adopted as the new accounting standards and guidance took effect for the year ended 31st March, 2007. The amount corresponding to former "Shareholders' equity" as of the end of the year ended 31st March, 2007 was ¥290,184 million (US\$2,458,151 thousand). Net assets in the balance sheet at 31st March, 2007 were presented in accordance with the revised Financial Statements Regulations and Banking Law Enforcement Regulations.

(b) Reserve for Retirement Benefits for Directors and Corporate Auditors

Until the year ended 31st March, 2006, lump-sum payments for retirement of directors and corporate auditors are charged to income when paid. In accordance with "Accounting Standard for Bonus for Directors and Corporate Auditors" (Business Accounting Standard No.4, 29th November, 2006) which requires such bonus be recorded on an accrual basis and "Auditing Treatment for Reserve under Special Tax Laws and Other Laws as well as Reserve for Retirement Benefits for Directors and Corporate Auditors" (Auditing and Assurance Committee Report No. 42, 13rd April, 2007), effective the year ended 31st March, 2007, bonus for directors and corporate auditors is provided at the amount which would be paid in accordance with the internally established rule if they retired at the balance sheet date.

As a result, the Bank and its subsidiaries recorded the current year portion of ¥151 million (US\$1,279 thousand) as general and administrative expenses and recorded the cumulative effect of ¥803 million (US\$6,805 thousand) until the transition date as other expenses. The effect of this change is to decrease income before income taxes and minority interests by ¥954 million (US\$8,084 thousand).

(c) Impairment of Fixed Assets

In accordance with "Opinion concerning Establishment of Accounting Standard for Impairment of Fixed Assets" (Business Accounting Council, 9th August, 2002), and "Guideline No.6 for Implementation of Accounting Standard for Impairment of Fixed Assets" (Accounting Standards Board of Japan, 31st October, 2003), the Bank and its consolidated subsidiaries have applied the standard and the guideline, effective the year ended 31st March, 2006. The effect of this change was to decrease income before income taxes and minority interests by ¥4,645 million for the year ended 31st March, 2006. The aggregate impairment losses were deducted directly from the corresponding assets.

(d) Guarantees for privately placed corporate bonds

Effective the year ended 31st March, 2007, guarantees for privately placed corporate bonds the Bank and its consolidated subsidiaries own are not recorded on the balance sheet due to amendment to the annex forms in the Enforcement Ordinance of the Banking Law (Ministry of Finance, 1982), as amended by the Cabinet Enforcement Ordinance of the Banking Law (Cabinet Office Ordinance No. 38, 17th April, 2007). The effect of this change is to decrease acceptances and guarantees as well as customers' liabilities for acceptances and guarantees by ¥21,026 million (\$178,110 thousand) which is the amount of the guarantees for privately placed corporate bonds the Bank and its consolidated subsidiaries own at 31st March, 2007.

4. Changes in Presentation The appendix forms of "Banking Law Enforcement Regulations" (Ministry of Finance Ordinance No.10, 1982) were revised by the "Cabinet Office Ordinance to Amend Part of Detailed Enforcement Regulations on Mutual Loan Business Law and Banking Law" (Cabinet Office Ordinance No.60, 28th April, 2006), which become effective for the years beginning on or after April 1, 2006. In accordance with the revision, effective the year ended 31st March, 2007, presentation of financial statements has been changed as follows:

(a) Consolidated Balance Sheet

- ① The net losses on hedging instruments formerly included in "Other assets" are presented as "Net deferred losses on hedging instruments, net of taxes" included in "Valuation and translation adjustments."
- ② "Minority interests" formerly presented below Liabilities are included in Net assets.
- ③ Former "Premises and Equipment" is classified into "Tangible fixed assets," "Intangible fixed assets" and "Other assets."
- ④ Software formerly included in "Other assets" is included in "Intangible fixed assets,"
- ⑤ Former "Consolidation differences" is included in "Intangible fixed assets" as goodwill.

(b) Consolidated Statement of Income

Amortization of consolidation differences formerly included in "Other expenses" are included in "General and administrative expenses" as amortization of goodwill.

(c) Consolidated Statement of Cash Flows

- ① Former "Amortization of consolidation differences" is presented as "Amortization of goodwill".
- ② In accordance with the change in presentation of "Premises and Equipment" in the consolidated balance sheet, "Losses on sale of premises and equipment" is presented as "Losses on sale of tangible fixed assets". In addition, "Payments for purchase of premises and equipment" is changed to "Payments for purchase of tangible fixed assets," and "Proceeds from sale of premises and equipment" is changed to "Proceeds from sale of tangible fixed assets."

5. Trading Account Assets Trading account assets at 31st March, 2007 and 2006 consisted of trading securities.

6. Securities Securities at 31st March, 2007 and 2006 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Japanese government bonds	¥571,350	¥606,647	\$4,839,901
Japanese municipal bonds	64,719	38,815	548,236
Corporate bonds (including government-guaranteed bonds)*	410,239	300,722	3,475,134
Stock	164,478	171,717	1,393,298
Other securities	303,565	329,536	2,571,496
Total	¥1,514,353	¥1,447,440	\$12,828,067

7. Loans and Bills Discounted Loans and bills discounted at 31st March, 2007 and 2006 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Bills discounted	¥74,092	¥71,710	\$627,637
Loans on notes	268,421	319,870	2,273,796
Loans on deed	3,906,521	3,823,397	33,092,095
Overdraft	546,666	553,726	4,630,808
Total	¥4,795,703	¥4,768,704	\$40,624,337

Non-performing loans included in the loans at 31st March, 2007 and 2006 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Loans to legally bankrupt entities*	¥16,922	¥25,373	\$143,349
Delinquent loans**	140,735	177,614	1,192,171
Loans past due for three months or more***	42	480	363
Loans with altered lending conditions****	81,021	108,938	686,335
Total	¥238,723	¥312,407	\$2,022,220

* Loans to legally bankrupt entities are loans on which interest is placed in non-accrual status (“non-accrual loans”), excluding loans written off, as payment of principal or interest has not been received for a substantial period or for other reasons and there are no prospects for recovery or repayment of principal or interest, and to which certain circumstances apply as stated in the Implementation Ordinances for the Corporation Tax Law.

** Delinquent loans are non-accrual loans other than (i) loans to legally bankrupt entities and (ii) loans for which interest payments have been rescheduled in order to assist the restructuring of these borrowers.

*** Loans past due for three months or more are loans for which payment of principal or interest has not been received for a period of three months or more from the next business day of the last due date, and that are not included in loans to legally bankrupt entities or delinquent loans.

**** Loans with altered lending conditions are loans restructured to provide relief to borrowers, such as reducing interest rates, rescheduling interest and principal payment, or waiving the claims, in order to assist the restructuring of these borrowers. Such loans exclude loans to legally bankrupt entities, delinquent loans, and loans past due for three months or more.

8. Assets Pledged as Collateral

Assets pledged as collateral by the Bank and its consolidated subsidiaries at 31st March, 2007 and 2006 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Assets pledged as collateral			
Due from banks	¥108	¥111	\$921
Securities	331,706	414,880	2,809,878
Liabilities secured by the above assets			
Deposits	¥11,539	¥22,672	\$97,749
Call money and bills sold	—	95,100	—
Guarantee deposits received under securities lending transactions	185,367	147,251	1,570,241
Borrowed money	3,000	2,850	25,412
Others	199	199	1,694

Other than the items shown above, cash of ¥2 million (\$16 thousand) and securities of ¥128,117 million (\$1,085,281 thousand) were pledged as collateral for foreign exchange transactions and/or as substitutes for initial margin on futures at 31st March, 2007. Cash of ¥4 million and securities of ¥147,529 million were pledged for the same purpose at 31st March, 2006.

9. Contracts for Commitment Lines of Credit Contracts for commitment lines of credit related to overdraft agreements and loan credit facilities represent a promise on a lending bank at a specified credit limit, to a customer upon request for funds, unless there is a violation of the contractual conditions. At 31st March, 2007, the aggregate amount under commitment contracts not yet drawn down was ¥1,536,782 million (\$13,018,067 thousand). Of this amount, those with original maturity of less than one year or cancellable at any time without penalty amounted to ¥1,526,730 million (\$12,932,911 thousand).

As many of these contracts expire without the right to extend the loans being exercised, the aggregate total of the undrawn amount does not necessarily affect the future cash flows of the Bank and its consolidated subsidiaries. Many of these contracts have stipulations that allow the Bank and its consolidated subsidiaries to turn down a loan request or reduce the amount of the credit line if there is a change in financial conditions, a need to secure their credit, or other similar reasons. In addition to obtaining necessary collateral (real estate, securities, etc.) at the time the contract is entered into, the Bank and its consolidated subsidiaries assess the condition of the customer's business operations, and analyze other information, based on internal procedures and standards. If necessary, the contract is reviewed and revised, or additional steps are taken to secure the credit extended to the customer.

10. Foreign Exchange Foreign exchange assets and liabilities at 31st March, 2007 and 2006 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Assets:			
Foreign exchange bills bought	¥302	¥217	\$2,563
Foreign exchange bills receivable	412	686	3,491
Due from foreign banks	577	650	4,891
Total	¥1,292	¥1,554	\$10,946
Liabilities:			
Foreign exchange bills sold	¥11	¥6	\$94
Foreign exchange bills payable	76	148	647
Total	¥87	¥155	\$742

11. Other Assets Other assets at 31st March, 2007 and 2006 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Domestic exchange settlement account*	¥1,229	¥1,098	\$10,411
Accrued income	8,842	7,849	74,904
Prepaid expenses	69	74	592
Financial derivative products	2,356	701	19,962
Deferred hedge loss**	—	376	—
Other	24,526	21,270	207,763
Total	¥37,024	¥31,371	\$313,634

* Domestic exchange settlement account represents unsettled debit balances arising from inter-bank domestic exchange transfers.

** Net amount of profit/loss or revaluation differences resulting from applying the deferred hedge accounting was included in "Deferred hedge loss" above for the year ended 31st March, 2006. As stated in Note 4 deferred hedge loss is included in net assets, effective the year ended 31st March, 2007.

12. Tangible Fixed Assets /Premises and Equipment

Tangible fixed assets/Premises and equipment at 31st March, 2007 and 2006 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
	Land	¥85,598	¥93,111
Buildings	71,313	75,349	604,092
Equipment	—	34,742	—
Construction in progress	269	132	2,286
Other tangible fixed assets	39,747	—	336,697
	196,929	203,336	1,668,183
Less accumulated depreciation	(72,787)	(75,905)	(616,584)
	124,141	127,431	1,051,598
Lease deposits	—	5,918	—
Total	¥124,141	¥133,349	\$1,051,598

13. Deposits

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

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
	Current deposits	¥283,448	¥258,706
Ordinary deposits	2,705,650	2,624,582	22,919,525
Deposits at notice	20,320	24,664	172,133
Time deposits	2,814,880	2,847,973	23,844,818
Negotiable certificates of deposit	102,023	14,921	864,240
Other deposits	120,424	176,884	1,020,115
Total	¥6,046,748	¥5,947,732	\$51,221,924

14. Bonds and Bonds with Stock Subscription Rights

Bonds and bonds with stock subscription rights at 31st March, 2007 and 2006 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
	Bonds:		
3.20% Japanese yen subordinated bonds due 2014	¥15,000	¥15,000	\$127,064
6 month Yen LIBOR + 1.30% Japanese yen callable subordinated bonds	5,000	5,000	42,354
2.78% Japanese yen subordinated bonds due 2015	14,500	14,500	122,829
1.78% Japanese yen callable subordinated bonds	12,500	12,500	105,887
1.71% Japanese yen callable subordinated bonds	10,000	10,000	84,709
2.10% Japanese yen callable subordinated bonds	15,000	—	127,064
2.70% Japanese yen callable subordinated bonds	10,000	—	84,709
6 month Yen LIBOR + 1.95% Euro yen undated subordinated bonds with subordinated guarantee, issued by Nishi-Nippon Finance (Cayman) Ltd.	15,000	15,000	127,064
Total bonds	97,000	72,000	821,685
Bonds with stock subscription rights	—	51,700	—
Total	¥97,000	¥123,700	\$821,685

15. Borrowed Money

The weighted average interest rates on borrowed money at 31st March, 2007 and 2006 are 1.12 % and 1.68 %, respectively.

The aggregate annual maturity amounts within five years of borrowed money after 31st March, 2007 are as follows:

Year ending 31st March	Millions of yen	Thousands of U.S. dollars
	2008	¥37,659
2009	3,937	33,357
2010	359	3,041
2011	178	1,511
2012	100	847

16. Other Liabilities

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

	Millions of yen		Thousands of
	2007	2006	U.S. dollars
			2007
Domestic exchange settlement account	¥1,450	1,184	\$12,286
Accrued income taxes	757	716	6,415
Accrued expenses	10,760	9,075	91,154
Unearned income	5,742	6,746	48,645
Due to trust accounts	5	5	42
Financial derivative products	3,092	1,956	26,193
Others	22,024	20,171	186,566
Total	¥43,832	39,856	\$371,303

17. Capital Stock

Capital stock consisted of the following:

	Common stock		Preferred stock		Capital stock	
	Authorized	Issued	Authorized	Issued	Millions of	Thousands of
	shares	shares	shares	shares	yen	U.S. dollars
31st March, 2006	1,500,000,000	707,498,214	300,000,000	70,000,000	¥63,517	\$538,058
Increase	—	89,234,338	—	—	22,227	188,291
Decrease	—	—	—	35,000,000	—	—
31st March, 2007	1,500,000,000	796,732,552	300,000,000	35,000,000	¥85,745	\$726,349

(1) Common stock

Increase for the year ended 31st March, 2007 was caused by conversion of bonds with stock subscription rights

(2) Preferred stock

A holder of preferred stock, wholly held by The Resolution and Collection Corporation, is entitled to receive cash dividends of ¥12 per year in priority to holders of common stock. The holder has no voting rights as far as the dividends are paid. The holder is entitled to convert its preferred stock to common stock at the market price prevailing on 31st January, 2007, during the period from that date to 31st January, 2012.

Decrease for the year ended 31st March, 2007 was caused by retirement of treasury stock

18. Treasury stock

Treasury stock consisted of the following:

	Common stock		Preferred stock		Treasury stock	
					Millions of	Thousands of
					yen	U.S. dollars
31st March, 2006	873		—		(¥425)	(\$3,601)
Increase	227		35,000			
Decrease	15		35,000		(115)	(979)
31st March, 2007	1,085		—		(¥540)	(\$4,581)

(1) Common stock

Increase for the year ended 31st March, 2007 was caused by purchase of fractional shares, and decrease was caused by sale of fractional shares.

(2) Preferred stock

Increase for the year ended 31st March, 2007 was caused by acquisition of treasury stock, and decrease was caused by retirement of treasury stock.

19. Revaluation of Premises Account

Based on the Law Concerning Land Revaluation (Law No. 34, promulgated on 31st March, 1998), the Bank has revalued its land used for business purposes. The deferred taxes on revaluation differences are presented in the account, "Deferred tax liabilities on revaluation of premises" in the liabilities of the consolidated balance sheet. The amount of revaluation differences, net of tax, is presented as "Revaluation of premises, net of taxes" in net assets.

At 31st March, 2007, the excess of the aggregate market value of land for business use revalued in accordance with Article 10 of the Law Concerning Land Revaluation over the book value after revaluation is ¥34,747 million (\$294,342 thousand).

20. Other Interest Income	Other Interest income for the years ended 31st March, 2007 and 2006 consisted of the following:		
	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Interest on call loans and bills bought	¥332	¥210	\$2,815
Interest on deposits with banks	243	154	2,059
Others	371	260	3,147
Total	¥947	¥625	\$8,022

21. Other Operating Income	Other Operating income for the years ended 31st March, 2007 and 2006 consisted of the following:		
	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Gains on foreign exchange transactions	¥509	¥536	\$4,314
Gains on sale of bonds	635	1,621	5,381
Trust fees	10	9	87
Income from derivatives other than trading derivatives	353	454	2,991
Others	2	8,159	24
Total	¥1,510	¥10,782	\$12,799

22. Other Income	Other income for the years ended 31st March, 2007 and 2006 consisted of the following:		
	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Gains on sale of stock and other securities	¥4,070	¥14,342	\$34,477
Gains on money held in trust	106	1,943	905
Gains on disposition of fixed assets	370	—	3,141
Gains on sale of premises and equipment	—	400	—
Reversal of reserve for possible loan losses	789	—	6,688
Recoveries of written-off claims	6,029	2,448	51,073
Rental income on land and buildings	662	670	5,608
Others	1,207	1,854	10,229
Total	¥13,236	¥21,660	\$112,123

23. Other Interest Expenses	Other Interest expenses for the years ended 31st March, 2007 and 2006 consisted of the following:		
	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Bonds	¥1,718	¥1,510	\$14,560
Securities lending/borrowing transactions	2,730	847	23,130
Others	2,766	5,146	23,436
Total	¥7,216	¥7,504	\$61,127

24. Other Operating Expenses	Other operating expenses for the years ended 31st March, 2007 and 2006 consisted of the following:		
	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Losses on sale of bonds	¥1,979	¥3,899	\$16,765
Losses on redemption of bonds	69	27	592
Others	2	112	21
Total	¥2,051	¥4,039	\$17,379

25. General and Administrative Expenses General and administrative expenses for the years ended 31st March, 2007 and 2006 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Salaries and allowances	¥37,021	¥38,924	\$313,604
Employee retirement benefits	1,689	2,916	14,308
Retirement benefits for directors and corporate auditors	170	—	1,443
Depreciation	5,092	5,887	43,141
Rental expenses	6,751	7,875	57,191
Amortization of goodwill	295	—	2,501
Taxes	5,022	5,077	42,543
Others	28,920	28,090	244,988
Total	¥84,963	¥88,771	\$719,722

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

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Losses on write-offs of claims	¥14,104	¥19,910	\$119,481
Losses on sale of stock and other securities	6	3	52
Losses on devaluation of stock and other securities	1,592	378	13,488
Losses on money held in trust	492	—	4,171
Losses on disposition of tangible fixed assets	1,642	—	13,913
Losses on disposal of premises and equipment	—	1,441	—
Impairment losses	5,742	5,698	48,644
Losses on related merger	—	1,779	—
Retirement benefits for directors and corporate auditors	803	—	6,805
Others	3,010	3,078	25,500
Total	¥27,394	¥32,290	\$232,058

27. Lease Transactions

(1) Finance leases

Finance lease transactions as a lessee in which the ownership of the leased property is not transferred to the lessee as of 31st March, 2007 and 2006 are summarized as follows:

	Millions of yen		Thousands of
	2007	2006	U.S. dollars
Amounts equivalent to acquisition cost			2007
Equipment	¥2,090	¥12,725	\$17,712
Others	—	1,843	—
Total	¥2,090	¥14,569	\$17,712
Amounts equivalent to accumulated depreciation			
Equipment	¥1,276	¥8,351	\$10,814
Others	—	1,839	—
Total	¥1,276	¥10,190	\$10,814
Amounts equivalent to carrying value			
Equipment	¥814	¥4,373	\$6,897
Others	—	4	—
Total	¥814	¥4,378	\$6,897

Note: The amount equivalent to acquisition cost includes an interest element in the determination of the total future finance lease payments as the total future finance lease payments are not significant to the balance of tangible fixed assets at the end of the year.

The balance of future finance lease payments as of 31st March, 2007 and 2006 is as follows:

	Millions of yen		Thousands of
	2007	2006	U.S. dollars
Future finance lease payments			2007
Due within one year	¥369	¥1,763	\$3,133
Due after one year	444	2,615	3,764
Total	¥814	¥4,378	\$6,897

Note: The amount of the future finance lease payments at the end of the year includes an interest element as the total future finance lease payments are not significant to the balance of tangible fixed assets at the end of the year.

Total lease payments during the year and the amount equivalent to depreciation expenses were ¥1,005 million (\$8,521 thousand) for the year ended 31st March, 2007 and ¥2,255 million for the year ended 31st March, 2006.

The amount equivalent to depreciation expenses was calculated using the straight-line method with no residual value over the lease term.

Effective the year ended 31st March, 2007, description has been omitted for lease transactions of under ¥3 million.

(2) Operating leases

Operating lease transactions as a lessee as of 31st March, 2007 and 2006 are summarized as follows:

	Millions of yen		Thousands of
	2007	2006	U.S. dollars
Future operating lease payments			
Due within one year	—	¥11	—
Due after one year	—	18	—
Total	—	¥29	—

28. Market Value of Securities (1) Trading securities and commercial paper included in "Trading account assets"

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Carrying value	¥1,252	¥1,454	\$10,613
Holding losses recognized in income	(0)	(12)	(4)

(2) Held to maturity securities with market value

	Millions of yen		
	31st March, 2007		
	Cost	Market value	Valuation differences
Bonds:			
Government bonds	¥10,000	¥9,954	(¥46)
Municipal bonds	3,091	3,113	21
	13,092	13,067	(24)
Others	28,000	27,648	(351)
Total	¥41,092	¥40,716	(¥375)

	Thousands of U.S. dollars		
	31st March, 2007		
	Cost	Market value	Valuation differences
Bonds:			
Government bonds	\$84,710	\$84,320	(\$390)
Municipal bonds	26,191	26,377	185
	110,902	110,697	(204)
Others	237,187	234,207	(2,980)
Total	\$348,090	\$344,905	(\$3,184)

	Millions of yen		
	31st March, 2006		
	Cost	Market value	Valuation differences
Bonds:			
Government bonds	¥10,000	¥9,746	(¥254)
Municipal bonds	—	—	—
	10,000	9,746	(254)
Others	30,000	28,779	(1,220)
Total	¥40,000	¥38,525	(¥1,474)

(2) Available-for-sale securities with market value

	Millions of yen		
	31st March, 2007		
	Cost	Market value	Valuation differences
Stocks	¥98,983	¥147,113	¥48,130
Bonds:			
Government bonds	572,300	561,350	(10,950)
Municipal bonds	62,067	61,627	(439)
Corporate bonds	386,127	383,683	(2,443)
	1,020,495	1,006,661	(13,834)
Others	264,979	272,025	7,049
Total	¥1,384,458	¥1,425,800	¥41,345

	Thousands of U.S. dollars		
	31st March, 2007		
	Cost	Market value	Valuation differences
Stocks	\$838,484	\$1,246,199	\$407,715
Bonds:			
Government bonds	4,847,953	4,755,190	(92,762)
Municipal bonds	525,771	522,045	(3,726)
Corporate bonds	3,270,881	3,250,179	(20,702)
	8,644,606	8,527,415	(117,191)
Others	2,244,637	2,304,323	59,717
Total	\$11,727,728	\$12,077,938	\$350,240

Valuation differences do not include unrealized losses of ¥3 million (\$31 thousand) on hybrid instruments, which are charged to income.

	Millions of yen		
	31st March, 2006		
	Cost	Market value	Valuation differences
Stocks	¥98,751	¥156,947	¥58,195
Bonds:			
Government bonds	613,497	596,647	(16,850)
Municipal bonds	40,063	38,815	(1,247)
Corporate bonds	277,711	273,492	(4,219)
	931,273	908,955	(22,317)
Others	292,849	294,322	1,480
Total	¥1,322,874	¥1,360,226	¥37,358

Valuation differences do not include unrealized losses of ¥6 million on hybrid instruments, which are charged to income.

(3) Available-for-sale securities sold for the years ended 31st March, 2007 and 2006 are as follows:

	Millions of yen		Thousands of
	2007	2006	U.S. dollars
			2007
Proceeds from sale	¥163,316	¥375,311	\$1,383,452
Gains	4,705	15,110	39,858
Losses	1,979	3,903	16,765

(4) Securities whose market value is not readily determinable

Principal items of securities whose market value is not readily determinable at 31st March, 2007 and 2006 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Securities available for sale			
Non-listed stocks	¥17,096	¥14,769	\$144,827
Privately placed bonds	26,555	27,229	224,955
Others	3,266	4,891	27,669

(5) Repayment schedule of securities available for sale with maturity and held-to-maturity securities is as follows:

At 31st March, 2007	Millions of yen			
	Due in 1 year or less	Due from 1 year to 5 years	Due from 5 years to 10 years	Due after 10 years
Bonds:				
Government bonds	¥54,353	¥290,361	¥107,363	¥119,271
Municipal bonds	17,116	28,434	19,168	—
Corporate bonds	88,441	169,994	143,127	7,194
	159,911	488,790	269,659	126,466
Others	10,005	96,372	101,844	54,602
Total	¥169,917	¥585,163	¥371,503	¥161,069

At 31st March, 2007	Millions of U.S. dollars			
	Due in 1 year or less	Due from 1 year to 5 years	Due from 5 years to 10 years	Due after 10 years
Bonds:				
Government bonds	\$460,429	\$2,459,650	\$909,470	\$1,010,349
Municipal bonds	144,992	240,871	162,373	—
Corporate bonds	749,189	1,440,017	1,212,434	60,946
	1,354,611	4,140,540	2,284,278	1,071,296
Others	84,756	816,368	862,722	462,540
Total	\$1,439,368	\$4,956,908	\$3,147,001	\$1,364,416

(6) Money held in trust at 31st March, 2007 and 2006 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Money held in trust for investment purposes:			
Carrying value	¥19,725	¥20,000	\$167,094
Unrealized gains included in income before income taxes and minority interests	9	233	77

(7) Unrealized gains on securities available for sale

The components of the unrealized gains on securities available for sale at 31st March, 2007 and 2006 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Revaluation difference	¥41,345	¥37,358	\$350,240
Deferred tax asset/liability	(15,419)	(14,493)	(130,618)
Revaluation difference (before minority interest adjustment), net of taxes	25,926	22,864	219,622
Amount corresponding to minority interests	(2)	(262)	(18)
Amount corresponding to net unrealized gains on securities available for sale owned by affiliates, which corresponds to the holding shares of their investor companies	2	—	22
Unrealized gains on securities available for sale, net of taxes	¥25,926	¥22,602	¥219,626

29. Derivatives

(1) Information on derivatives is as follows:

1. Details of transactions

Derivative transactions include interest rate-related transactions, such as interest rate swaps, currency related transactions, such as currency futures, currency swaps and currency options, and securities related transactions, such as bond futures and options and stock index futures and options.

The Bank and one of the consolidated subsidiaries apply the exceptional treatment for interest rate swaps to certain liabilities.

2. Transaction policy

The Bank has been using derivatives primarily for the purpose of risk management for its own assets and liabilities. The Bank also uses derivatives in trading activities to maximize earnings.

3. Objectives of transaction

The Bank utilizes derivatives in its banking account as a hedge to manage and reduce risks of on-balance-sheet assets and liabilities, and in its trading account to benefit from short-term price fluctuations and arbitrage transactions.

The Bank applies the hedge accounting for derivative transactions as follows:

① Hedging instrument and hedged item

The Bank uses mainly interest rate swaps as hedging instruments to reduce interest rate risks arising from loans with fixed interest rates, corporate bonds and callable deposits, and foreign currency futures and options to reduce foreign exchange risks arising from foreign currency-denominated financial assets and liabilities.

② Hedge policy

Based on “Operation rules related to hedge accounting,” the Bank adopts individual hedges, and hedges interest rate and foreign exchange risks at a certain level.

③ Evaluation of hedge effectiveness

In principle, the Bank assesses the hedge effectiveness based on the difference between accumulated market value or cash flow fluctuations of hedged items and those of hedging instruments. Under the portfolio-hedge, the Bank assesses the effectiveness by grouping the hedged items (such as loans) and the hedging instruments (such as interest swaps) into certain time buckets and thus identifying them. No evaluation is performed for the hedge effectiveness of qualifying interest rate swaps accounted for by the special treatment under the Accounting Standard for Financial Instruments, as hedging measures were deemed sufficiently effective at the time such action was taken.

4. Risks for derivative transactions

① Market risk

Market risk is a potential loss in the fair value of financial instruments or portfolios resulting from fluctuations in interest rates, foreign exchange rates and stock prices.

② Credit risk

Credit risk is a potential loss in the value of a transaction due to default by counterparties to the contracts.

③ Special transaction risks

The Bank does not have derivative transactions that contain special transaction risks.

5. Risk management system for derivative transactions

The Bank’s derivative transactions are entered into using operational rules prepared in accordance with the Bank’s internal regulations.

The rules stipulate the scope of derivative usage, authorization, responsibility, procedure, credit line, loss-cut rule, and reporting system. Each business line is responsible for each relevant risk management and for reporting to management, including the ALM Committee, on a monthly basis.

6. Explanation about “Market value”

“Contract value” presented in the following “Market value” section does not represent market risk or credit risk of derivatives but is nominal contract value or notional principal.

(2) Market value
1. Currency related transactions

<At 31st March, 2007>

Type of transactions	Millions of yen			
	Contract value		Market value	Unrealized gain (loss)
	Total	Over one year		
Over-the-counter transactions:				
Currency swaps	¥137,553	¥131,252	¥233	¥233
Forward foreign:				
sold	1,202	354	(38)	(38)
bought	1,283	354	45	45
Currency option:				
sold	8,432	6,845	(223)	477
bought	8,432	6,845	223	(396)
Total	¥ —	¥ —	¥240	¥320

<At 31st March, 2007>

Type of transactions	Thousand of U.S. dollars			
	Contract value		Market value	Unrealized gain (loss)
	Total	Over one year		
Over-the-counter transactions:				
Currency swaps	\$1,165,213	\$1,111,834	\$1,978	\$1,978
Forward foreign:				
sold	10,187	3,000	(327)	(327)
bought	10,873	3,000	383	383
Currency option:				
sold	71,430	57,990	(1,890)	4,041
bought	71,430	57,990	1,890	(3,356)
Total	\$ —	\$ —	\$2,033	\$2,718

<At 31st March, 2006>

Type of transactions	Millions of yen			
	Contract value		Market value	Unrealized gain (loss)
	Total	Over one year		
Over-the-counter transactions:				
Currency swaps	¥90,053	¥75,886	¥130	¥130
Forward foreign:				
sold	1,707	352	(29)	(29)
bought	1,808	352	33	33
Currency option:				
sold	370	—	(4)	(0)
bought	370	—	4	1
Total	¥ —	¥ —	¥134	¥134

Notes: 1. The above transactions are marked to market and unrealized gains/losses are included in the consolidated statements of income.

2. Currency swaps to which hedge accounting is applied in accordance with "Accounting and Auditing Treatment for Application of Accounting Standard for Financial Instruments in Banking Industry" (JICPA Industry Audit Committee Report No. 25) are excluded from the above table.

Assets

as follows;

(1) Assets or assets group for which impairment is recognized

1. Fukuoka prefecture

① Major use

	2007	2006
i) Number of idle assets, etc:	2	25
ii) Number of Branches to be disposed of, etc:	17	46

② Type

Premises and equipment

③ Loss on impairment

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Idle assets, etc	¥184	¥1,200	\$1,563
Land thereof	173	954	1,473
Building thereof	10	226	89

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Assets to be disposed of, etc	¥1,558	¥1,958	\$13,206
Land thereof	1,340	1,379	11,355
Building thereof	218	578	1,850

2. Outside of Fukuoka prefecture

① Major use

	2007	2006
i) Number of idle assets, etc:	3	12
ii) Number of Branches to be disposed of, etc:	4	8
iii) Number of Branches used in business operations:	1	2

② Type

Premises and equipment

③ Loss on impairment

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Idle assets, etc	¥383	¥509	\$3,252
Land thereof	365	498	3,094
Building thereof	18	11	157

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Assets to be disposed of, etc	¥1,648	¥2,021	\$13,963
Land thereof	1,610	1,883	13,645
Building thereof	37	137	318

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Branches used in business operations	¥3	¥9	\$33
Building thereof	3	9	33

3. Other

①Major use

Goodwill

②Type

Goodwill related to consolidated subsidiaries

③Loss on impairment is ¥19,962 million (\$16,625 thousand) for the year ended 31st March, 2007.

As the assets is deemed uncollectible due to continuous decline of land value and decrease in cash flows attributable to decrease in operating income, the book value is reduced to the realizable value and the reduction totaling ¥3,779 million (\$32,019 thousand) and ¥5,698 million is recognized as other expenses for the year ended 31st March, 2007 and 2006, respectively. Goodwill which arises from a subsidiary's acquisition of treasury stock was written off and thus an impairment loss of ¥1,962 million (\$16,625 thousand) is recognized for the year ended 31st March, 2007.

(2) Summary of Asset Group and Method of Grouping

1. Summary of Asset Group

①Idle assets, etc.

Branches and corporate dormitories no longer used

②Branches to be disposed of

Branches the Bank and its consolidated subsidiaries decided to dispose of

③Branches used in business operations

Assets used in business operations

④Goodwill

Goodwill related to a consolidated subsidiary

2. Method of Grouping

①Idle assets, etc.

Individual assets

②Branches to be disposed of

Grouping according to use after disposal

③Branches used in business operations

In principal individual branches (in case a branch is operated in association with other branches, an asset group is such a group of branches)

④Goodwill

Individual assets

(3) Realizable Value

Realizable value used in measurement of loss on impairment is the higher of the value in use or the net selling value which is the value determined based on the Real Estate Appraisal Standard (Ministry of Land, Infrastructure and Transport Japan), less estimated selling costs. The value in use is determined by the cash flows discounted at 4.9% for the year ended 31st March, 2006.

31. Reserve for Employee Retirement Benefits

(1) Description of the retirement benefit plan

The Bank and its domestic consolidated subsidiaries adopt defined benefit plans such as occupational pension fund plans, qualified pension plans, and lump-sum payment plans. The Bank may also pay additional retirement benefits which are not subject to actuarial calculation.

The Bank has established a retirement benefit trust.

As of 31st March, 2007, the lump-sum payment plans are adopted by seven group companies including the Bank and its domestic subsidiaries while the occupational pension fund plans have been adopted by the Bank and one consolidated subsidiary, and the qualified pension plans have been adopted by two consolidated subsidiaries.

(2) The funded status and amounts recognized in the consolidated balance sheets at 31st March, 2007 and 2006

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Projected benefit obligation	(¥53,733)	(¥53,893)	(\$455,175)
Plan assets	49,905	47,687	422,744
Projected benefit obligation in excess of plan assets	(3,828)	(6,206)	(32,430)
Unrecognized actuarial gain	(2,623)	(3,234)	(22,227)
Unrecognized prior service cost	(116)	(350)	(990)
Net liability recognized	(6,569)	(9,791)	(55,649)
Prepaid pension cost	6,682	5,262	56,603
Reserve for employees' retirement benefits	(¥13,251)	(¥15,054)	(\$112,252)

(3) Pension cost for the years ended 31st March, 2007 and 2006:

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Service cost	¥1,842	¥1,884	\$15,611
Interest cost	1,331	1,346	11,279
Expected return on plan assets for the year	(2,128)	(1,632)	(18,029)
Amortization of unrecognized prior service cost	(233)	(233)	(1,981)
Amortization of unrecognized actuarial loss	256	1,116	2,174
Others (additional retirement benefit payments)	615	427	5,217
Net pension benefit expense	¥1,684	¥2,907	\$14,271

(4) Basic information used for calculation of the retirement benefit obligation

	2007	2006
(1) Discount rate	2.5%(principally)	2.5%(principally)
(2) Expected rate of return on plan assets	4.5%(principally)	4.5%(principally)
(3) Periodic allocation method of projected benefit obligation	Straight-line method	Straight-line method
(4) Number of years over which prior service cost is amortized	3 years*	3 years*
(5) Number of years over which actuarial gains/losses are amortized	10 years(principally)**	10 years**

* Using the straight-line method over a 3-year period within the average remaining years of service of employees.

** Using the straight-line method from the following fiscal year over a 10-year period within the average remaining years of service of employees.

32. Income Taxes

The tax effect of temporary differences and tax loss carryforwards that give rise to the deferred tax assets and liabilities at 31st March, 2007 and 2006 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Deferred tax assets			
Reserve for possible loan losses	¥41,060	¥56,739	\$347,821
Reserve for retirement benefits	5,242	6,206	44,406
Accumulated depreciation	2,459	3,118	20,831
Loss carryforwards for tax purposes	52,340	64,859	443,377
Others	8,763	3,692	74,233
Sub-total	109,865	134,615	930,670
Valuation allowance	(27,989)	(32,527)	(237,100)
Total deferred tax assets	81,875	102,088	693,570
Deferred tax liabilities			
Reserve fund for deferred income of fixed assets	(2)	(3)	(24)
Unrealized gains on securities available for sale, net	(15,419)	(14,493)	(130,620)
Total deferred tax liabilities	(15,422)	(14,496)	(130,644)
Net deferred tax assets	¥66,453	¥87,591	\$562,926

A reconciliation between the statutory tax rate and the effective tax rate reflected in the accompanying consolidated statements of income for the year ended March 31, 2007 was not required under Japanese accounting standards due to immaterial difference of the tax rates.

The effective tax rate reflected in the consolidated statements of income for the year ended 31st March, 2006 differs from the statutory tax rate for the following reasons:

	2006
Statutory tax rate	40.4%
Adjustments:	
Expenses permanently not deductible for income tax purposes	0.8
Dividend income deductible for income tax purposes	(1.7)
Inhabitant's per capita taxes	0.4
Increase in valuation allowance	0.8
Losses on transfer of specified assets disallowed	8.5
Others, net	(4.5)
Effective tax rate	44.7%

Information

business segments, as indicated below:

<In 2007>	Millions of yen					
	Banking	Revitalization support	Other	Total	Elimination	Consolidated
I . Ordinary income						
Ordinary income from third party customers	¥169,006	—	¥10,784	¥179,790	—	¥179,790
Internal ordinary income among segments	2,331	—	9,000	11,331	(11,331)	—
Total ordinary income	171,337	—	19,784	191,122	(11,331)	179,790
Ordinary expenses	128,165	—	17,077	145,243	(12,273)	132,969
Ordinary profit	¥43,171	—	¥2,707	¥45,879	¥941	¥46,820
II . Identifiable assets, depreciation, impairment losses and capital expenditures:						
Identifiable assets	¥6,890,329	—	¥133,189	¥7,023,518	(¥70,613)	¥6,952,905
Depreciation	5,094	—	154	5,248	(155)	5,092
Impairment losses	3,779	—	—	3,779	1,962	5,742
Capital expenditures	6,847	—	150	6,997	(5)	6,991

<In 2007>	Thousands of U.S. dollars					
	Banking	Revitalization support	Other	Total	Elimination	Consolidated
I . Ordinary income						
Ordinary income from third party customers	\$1,431,649	—	\$91,354	\$1,523,004	—	\$1,523,004
Internal ordinary income among segments	19,749	—	76,242	95,991	(95,991)	—
Total ordinary income	1,451,399	—	167,597	1,618,996	(95,991)	1,523,004
Ordinary expenses	1,085,690	—	144,663	1,230,353	(103,968)	1,126,385
Ordinary profit	\$365,708	—	\$22,933	\$388,642	\$7,976	\$396,618
II . Identifiable assets, depreciation, impairment losses and capital expenditures:						
Identifiable assets	\$58,367,888	—	\$1,128,248	\$59,496,137	(\$598,166)	\$58,897,970
Depreciation	43,151	—	1,308	44,460	(1,319)	43,141
Impairment losses	32,019	—	—	32,019	16,625	48,644
Capital expenditures	58,000	—	1,272	59,272	(46)	59,226

<In 2006>	Millions of yen					
	Banking	Revitalization support	Other	Total	Elimination	Consolidated
I . Ordinary income						
Ordinary income from third party customers	¥190,535	¥623	¥9,071	¥200,230	(¥ —)	¥200,230
Internal ordinary income among segments	1,629	10	12,383	14,023	(14,023)	—
Total ordinary income	192,165	634	21,455	214,254	(14,023)	200,230
Ordinary expenses	161,413	3,650	18,961	184,025	(15,682)	168,342
Ordinary profit/(loss)	¥30,751	(¥3,015)	¥2,493	¥30,229	¥1,658	¥31,888
II . Identifiable assets, depreciation, impairment losses and capital expenditures:						
Identifiable assets	¥6,844,310	¥46,997	¥90,926	¥6,982,234	(¥46,849)	¥6,935,384
Depreciation	5,746	—	168	5,914	(2)	5,912
Impairment losses	5,698	—	138	5,836	(138)	5,698
Capital expenditures	3,220	—	268	3,488	(14)	3,473

Note: Effective the year ended 31st March, 2007, "Revitalization support" which was separately disclosed in prior years is included in "Other" as it represents less than 10% of the total in each line item. This has resulted in a ¥365 million increase in ordinary income and a ¥809 million increase in ordinary expenses in the "Other" segment, compared with the amounts calculated using the previous classification. Accordingly, ordinary profit of "Other" decreased by ¥444 million, and its identifiable assets increased by ¥39,820 million.

34. Reconciliation of Cash and Cash Equivalents	The reconciliation between "Cash and cash equivalents" in the consolidated statements of cash flows and each account in the consolidated balance sheets is as follows:	Millions of yen		Thousands of U.S. dollars
		2007	2006	2007
		Cash and due from banks on the consolidated balance sheets	¥288,195	¥316,019
Ordinary deposits (due from banks)	(1,291)	(9,742)	(10,938)	
Deposits at notice (due from banks)	(1,500)	(700)	(12,706)	
Time deposits (due from banks)	(48,110)	(57,115)	(407,545)	
Postal savings	(1,202)	(1,254)	(10,186)	
Other deposits (due from banks)	(1,460)	(110)	(12,370)	
Cash and cash equivalents on the consolidated statements of cash flows	¥234,630	¥247,096	\$1,987,549	

35. Per Share Information	Yen		U.S. dollars
	2007	2006	2007
	Net assets per share at end of year	¥320.14	¥270.94
Net income per share:			
Basic	31.81	17.40	0.269
Diluted	29.30	14.79	0.248

36. Cash dividends	Resolution	Types	Thousands of U.S. dollars	
			Millions of yen	2007
	June 29, 2006	Cash dividends (¥4 per share)	¥2,826	\$23,943
	Ordinary General Meeting of Shareholders	Preference dividends (¥12 per share)	¥840	7,115

37. Subsequent Event	Resolution	Types	Thousands of U.S. dollars	
			Millions of yen	2007
	June 28, 2007	Cash dividends (¥4 per share)	¥117,106	\$992,009
	Ordinary General Meeting of Shareholders	Preference dividends (¥12 per share)	¥3,325	28,171

Non-Consolidated Balance Sheets (Unaudited)

The Nishi-Nippon City Bank, Ltd. 31st March, 2007 and 2006

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Assets:			
Cash and due from banks	¥266,962	¥292,559	\$2,261,434
Call loans and bills bought	4,250	8,254	36,004
Commercial paper and other debt purchased	20,050	19,621	169,849
Trading account assets	1,252	1,454	10,613
Money held in trust	19,725	20,000	167,094
Securities	1,517,802	1,448,868	12,857,281
Loans and bills discounted	4,551,029	4,521,496	38,551,710
Foreign exchange assets	1,292	1,554	10,946
Other assets	34,275	28,789	290,348
Tangible fixed assets	117,106	—	992,009
Premises and equipment	—	127,375	—
Intangible fixed assets	3,325	—	28,171
Deferred tax assets	60,552	81,829	512,942
Customers' liabilities for acceptances and guarantees	81,494	111,339	690,334
Reserve for possible loan losses	(51,889)	(68,372)	(439,552)
Reserve for devaluation of securities	(12,915)	(12,852)	(109,405)
Total assets	¥6,614,316	¥6,581,918	\$56,029,784
Liabilities and Net assets (shareholders' equity):			
Liabilities:			
Deposits	¥5,805,974	¥5,712,869	\$49,182,335
Call money and bills sold	34,391	129,451	291,331
Guarantee deposits received under securities lending transactions	185,367	147,251	1,570,241
Borrowed money	80,292	52,635	680,158
Foreign exchange liabilities	87	155	742
Bonds	82,000	57,000	694,620
Bonds with stock subscription rights	—	51,700	—
Other liabilities	21,369	18,966	181,022
Reserve for employee retirement benefits	12,329	14,149	104,438
Reserve for directors' corporate auditors' retirement benefits	811	—	6,870
Deferred tax liabilities on revaluation of premises	22,679	24,570	192,115
Acceptances and guarantees	81,494	111,339	690,334
Total liabilities	6,326,796	6,320,089	53,594,212
Net assets:			
Capital stock	85,745	—	726,349
Capital surplus	85,684	—	725,828
Earned surplus			
Legal reserve	6	—	50
Voluntary reserves	43,259	—	366,453
Unappropriated retained earnings	20,096	—	170,234
Treasury stock	(540)	—	(4,581)
Total shareholders' equity	234,250	—	1,984,335
Net unrealized gains on securities available for sale, net of taxes	24,293	—	205,788
Net deferred losses on hedging instruments, net of taxes	(43)	—	(369)
Revaluation of premises, net of taxes	29,018	—	245,817
Total valuation and translation adjustments	53,268	—	451,236
Total net assets	287,519	—	2,435,572
Total liabilities and net assets	¥6,614,316	—	\$56,029,784
Shareholders' equity:			
Capital stock	—	63,517	—
Capital surplus	—	99,116	—
Voluntary reserves	—	18,341	—
Unappropriated retained earnings	—	28,590	—
Revaluation of premises, net of taxes	—	31,794	—
Unrealized gains on securities available for sale, net of taxes	—	20,892	—
Treasury stock	—	(425)	—
Total shareholders' equity	—	261,829	—
Total liabilities and shareholders' equity	—	¥6,581,918	—

See accompanying Notes to Non-Consolidated Financial Statements.

Non-Consolidated Statements of Income (Unaudited)

The Nishi-Nippon City Bank, Ltd. Years ended 31st March, 2007 and 2006

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Income:			
Interest income:			
Interest on loans and discounts	¥105,707	¥108,920	\$895,442
Interest and dividends on securities	22,477	17,736	190,403
Other interest income	908	607	7,694
Fees and commissions	27,742	28,055	235,007
Trading income	214	60	1,816
Other operating income	1,506	9,592	12,764
Other income	9,330	20,957	79,035
Total income	167,886	185,930	1,422,163
Expenses:			
Interest expenses:			
Interest on deposits	6,740	2,818	57,097
Interest on call money and bills sold	1,866	1,147	15,809
Interest on borrowings	1,559	1,483	13,211
Other interest expenses	6,866	7,251	58,170
Fees and commissions	11,907	13,670	100,872
Other operating expenses	2,017	3,891	17,086
General and administrative expenses	75,829	80,311	642,351
Other expenses	19,919	51,794	168,736
Total expenses	126,707	162,368	1,073,335
Income before income taxes	41,179	23,561	348,827
Income taxes			
Current	83	113	705
Deferred	18,218	10,753	154,328
	18,301	10,867	155,033
Net income	¥22,877	¥12,694	\$193,794

See accompanying Notes to Non-Consolidated Financial Statements.

Non-Consolidated Statement of Changes in Net Assets (Unaudited)

The Nishi-Nippon City Bank, Ltd. Year ended 31st March, 2007

	Millions of yen							
	2007							
	Shareholders' equity							
	Earned surplus							Total shareholders' equity
Capital stock	Capital surplus	Legal reserve	Voluntary reserves	Unappropriated retained earnings	Total earned surplus	Treasury stock		
Balance as of 31st March, 2006	¥63,517	¥99,116	—	¥18,341	¥28,590	¥46,932	(¥425)	¥209,142
Changes during the year								
Conversion of bonds with stock subscription rights	22,227	22,172	—	—	—	—	—	44,400
Cash dividends paid	—	—	—	—	(3,666)	(3,666)	—	(3,666)
Transfer to legal reserve	—	—	6	—	(6)	—	—	—
Transfer to voluntary reserve	—	—	—	24,918	(24,918)	—	—	—
Transfer from voluntary reserve	—	—	—	(0)	0	—	—	—
Net income	—	—	—	—	22,877	22,877	—	22,877
Acquisition of treasury stock	—	—	—	—	—	—	(41,285)	(41,285)
Sale of treasury stock	—	0	—	—	—	—	7	7
Retirement of treasury stock	—	(35,605)	—	—	(5,557)	(5,557)	41,162	—
Reversal of revaluation of premises	—	—	—	—	2,775	2,775	—	2,775
Net changes in items other than shareholders' equity	—	—	—	—	—	—	—	—
Total changes during the year	22,227	(13,432)	6	24,917	(8,494)	16,429	(115)	25,108
Balance as of 31st March, 2007	¥85,745	¥85,684	¥6	¥43,259	¥20,096	¥63,362	¥1	¥234,250

	Millions of yen				
	2007				
	Valuation and translation adjustments				
	Net unrealized gains on securities available for sale, net of taxes	Net deferred losses on hedging instruments, net of taxes	Revaluation of premises, net of taxes	Total valuation and translation adjustments	Total net assets
Balance as of 31st March, 2006	¥20,892	—	¥31,794	¥52,687	¥261,829
Changes during the year					
Conversion of bonds with stock subscription rights	—	—	—	—	44,400
Cash dividends paid	—	—	—	—	(3,666)
Transfer to legal reserve	—	—	—	—	—
Transfer to voluntary reserve	—	—	—	—	—
Transfer from voluntary reserve	—	—	—	—	—
Net income	—	—	—	—	22,877
Acquisition of treasury stock	—	—	—	—	(41,285)
Sale of treasury stock	—	—	—	—	7
Retirement of treasury stock	—	—	—	—	—
Reversal of revaluation of premises	—	—	—	—	2,775
Net changes in items other than shareholders' equity	3,400	(43)	(2,775)	580	580
Total changes during the year	3,400	(43)	(2,775)	580	25,689
Balance as of 31st March, 2007	¥24,293	(¥43)	¥29,018	¥53,268	¥287,519

	Thousands of U.S. dollars							
	2007							
	Shareholders' equity							
	Earned surplus							Total shareholders' equity
Capital stock	Capital surplus	Legal reserve	Voluntary reserves	Unappropriated retained earnings	Total earned surplus	Treasury stock		
Balance as of 31st March, 2006	\$538,058	\$839,617	—	\$155,374	\$242,191	\$397,565	(\$3,601)	\$1,771,639
Changes during the year								
Conversion of bonds with stock subscription rights	188,291	187,820	—	—	—	—	—	376,111
Cash dividends paid	—	—	—	—	(31,058)	(31,058)	—	(31,058)
Transfer to legal reserve	—	—	50	—	(50)	—	—	—
Transfer to voluntary reserve	—	—	—	211,082	(211,082)	—	—	—
Transfer from voluntary reserve	—	—	—	(3)	3	—	—	—
Net income	—	—	—	—	193,794	193,794	—	193,794
Acquisition of treasury stock	—	—	—	—	—	—	1	(349,732)
Sale of treasury stock	—	3	—	—	—	—	62	66
Retirement of treasury stock	—	(301,613)	—	—	(47,076)	(47,076)	348,689	—
Reversal of revaluation of premises	—	—	—	—	23,514	23,514	—	23,514
Net changes in items other than shareholders' equity	—	—	—	—	—	—	—	—
Total changes during the year	188,291	(113,788)	50	211,079	(71,956)	139,173	(979)	212,695
Balance as of 31st March, 2007	\$726,349	\$725,828	\$50	\$366,453	\$170,234	\$536,738	(\$4,581)	\$1,984,335

	Thousands of U.S. dollars					
	2007					
	Valuation and translation adjustments					
	Net unrealized gains on securities available for sale, net of taxes	Net deferred losses on hedging instruments, net of taxes	Revaluation of premises, net of taxes	Total valuation and translation adjustments	Total net assets	
Balance as of 31st March, 2006	\$176,983	—	\$269,332	\$446,315	\$2,217,955	
Changes during the year						
Conversion of bonds with stock subscription rights	—	—	—	—	376,111	
Cash dividends paid	—	—	—	—	(31,058)	
Transfer to legal reserve	—	—	—	—	—	
Transfer to voluntary reserve	—	—	—	—	—	
Transfer from voluntary reserve	—	—	—	—	—	
Net income	—	—	—	—	193,794	
Acquisition of treasury stock	—	—	—	—	(349,732)	
Sale of treasury stock	—	—	—	—	66	
Retirement of treasury stock	—	—	—	—	—	
Reversal of revaluation of premises	—	—	—	—	23,514	
Net changes in items other than shareholders' equity	28,805	(369)	(23,514)	4,920	4,920	
Total changes during the year	28,805	(369)	(23,514)	4,920	217,616	
Balance as of 31st March, 2007	\$205,788	(\$369)	\$245,817	\$451,236	\$2,435,572	

See accompanying Notes to Non-Consolidated Financial Statements.

Notes to Non-Consolidated Financial Statements (Unaudited)

The Nishi-Nippon City Bank, Ltd. Years ended 31st March, 2007 and 2006

- 1. Basis of Presentation of Financial Statements** The accompanying non-consolidated financial statements of The Nishi-Nippon City Bank, Ltd. (the Bank) have been prepared from the accounts maintained by the Bank in accordance with the provisions set forth in the Japanese Corporation Law, the Banking Law, and accounting principles generally accepted in Japan, which may differ in some material respects from accounting principles generally accepted in countries and jurisdictions other than Japan.

- 2. Other Accounting Principles and Practices Employed by the Bank** Accounting principles employed by the Bank in preparing the accompanying non-consolidated financial statements which have significant effects thereon, are explained in Note 2 of the Notes to Consolidated Financial Statements.

The Board of Directors
The Nishi-Nippon City Bank, Ltd.

We have audited the accompanying consolidated balance sheets of The Nishi-Nippon City Bank, Ltd. and consolidated subsidiaries as of 31st March, 2007 and 2006, and the related consolidated statements of income, and cash flows for each of the two years ended 31st March 31, 2007, changes in net assets for the year ended 31st March, 2007 and capital and earned surplus for the year ended 31st March, 2006, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these 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 financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Nishi-Nippon City Bank, Ltd. and consolidated subsidiaries at 31st March, 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.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended 31st March, 2007 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

Additional information

As described in Note 3 (c) to the consolidated financial statements, effective the year ended 31st March, 2006, the Bank adopted accounting standards for impairment of fixed assets.

Ernst & Young ShinNihon

Ernst & Young ShinNihon

29th June, 2007

Head Office:

1-1, Hakata-ekimae 3-chome, Hakata-ku,
Fukuoka 812-0011, Japan
Phone: (092) 476-2501

Established:

December 1, 1944

Paid-up Capital:

¥85,745 million

Number of Shareholders:

Ordinary shares: 22,030
1st-issue preferred shares: 1

Number of Employees:

4,216

Number of Domestic Offices:

210

Number of Correspondent Banks:

135

Major Shareholders:

Name	Shares held (thousands)	(%)
Japan Trustee Services Bank, Ltd. (Trust Account)	92,919	11.66
Japan Trustee Service Bank, Ltd. (Trust Account No. 4)	57,651	7.23
The Master Trust Bank of Japan, Ltd. (Trust Account)	27,631	3.46
Nippon Life Insurance Company	20,477	2.57
The Fuji Fire & Marine Insurance Co., Ltd.	18,746	2.35
Tokyo Marine & Nichido Fire Insurance Co., Ltd.	14,099	1.76
Mizuho Corporate Bank, Ltd.	13,507	1.69
Resona Bank, Ltd.	11,000	1.38
Meiji Yasuda Life Insurance Company	10,945	1.37
Luxembourg Offshore JASDEC Lending Account (Custodian: Mizuho Corporate Bank, Ltd.)	10,657	1.33

(as of March 31, 2007)

SECURITIES AND INTERNATIONAL DEPARTMENT

3-6, Hakata-ekimae 1-chome, Hakata-ku,
Fukuoka 812-0011, Japan
Phone: +81-92-476-2501
SWIFT: NISIJPJTFKK
Fax: +81-92-476-2488

CAPITAL MARKET DEPARTMENT

11-8, Kyobashi 1-chome, Chuo-ku, Tokyo 104-0031, Japan
Phone: +81-3-3561-9306
SWIFT: NISIJPJT
Fax: +81-3-3561-4365

HONG KONG REPRESENTATIVE OFFICE

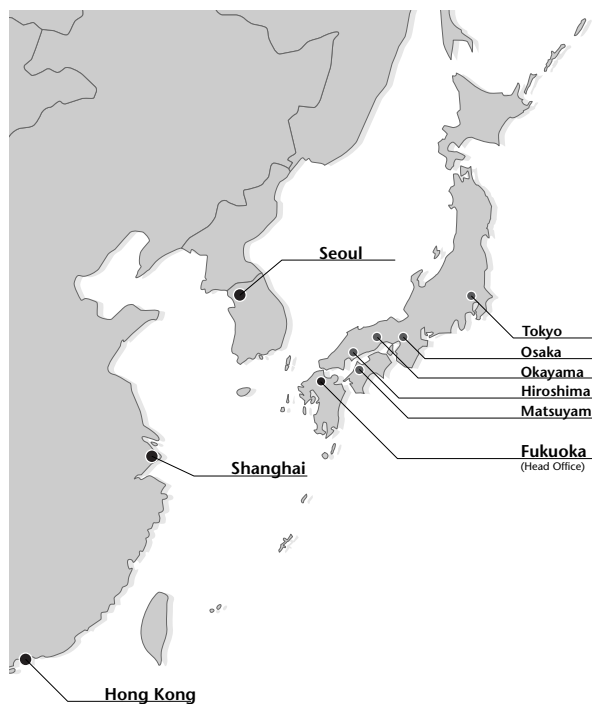
Suite 1006, One Pacific Place, 88 Queensway, Hong Kong
Phone: +852-2526-2259
Fax: +852-2845-9264

SEOUL REPRESENTATIVE OFFICE

6th Fl, Kolon Bldg., 45 Mugyo-dong, Chung-ku,
Seoul 100-170, Republic of Korea
Phone: +82-2-755-0670
Fax: +82-2-756-2160

SHANGHAI REPRESENTATIVE OFFICE

Room No.2209 Shanghai International Trade Center,
2201 Yan-An Road (W.), Chang Ning District,
Shanghai, People's Republic of China
Phone: +86-21-6219-0600
Fax: +86-21-6278-5940





THE NISHI-NIPPON CITY BANK, LTD.

1-1, Hakata-ekimae 3-chome, Hakata-ku,
Fukuoka, 812-0011, Japan
Phone: (092) 476-2501