

2009

# ANNUAL REPORT

YEAR ENDED  
March 31, 2009



**The Akita Bank, Ltd.**

Since its establishment in 1879, The Akita Bank, Ltd., has worked diligently to extend comprehensive financial services geared to the funding requirements of clients in Akita Prefecture. These efforts are underpinned by a philosophy that seeks to contribute to regional prosperity and help the Bank achieve growth as a financial institution in tune with the economic development of the community. The Akita Bank Group, which comprises the Bank and seven consolidated subsidiaries, maintains a full line of financial services and provides guarantee and leasing services hinging on the banking business. Several issues that characterize our operating environment are expanding in scope and taking on a greater urgency in terms of management responses. The key priority is well-balanced approach to expand the profitability of the Bank, and to secure common interest of regional clients. Based on the current medium-term management plan, Akigin Evolution, the Bank will execute its role as a regional bank, which its network covers the area in eastern Honshu, Japan's largest island, and expand our financial services including international operations emphasizing relations with regional clients.

In this annual report, statements other than historical facts are forward-looking statements that reflect our plans and expectations. These forward-looking statements involve risks, uncertainties and other factors that may cause our actual results and achievements to differ materially from those anticipated in these statements.

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# Consolidated Financial Highlight

The Akita Bank, Ltd. and subsidiaries  
Years ended March 31, 2009 and 2008

For the years ended March 31	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2009	2008	2009
Total income	¥58,056	¥58,494	\$591,021
Total expenses	59,671	51,022	607,463
Income (loss) before income taxes and minority interests	(1,615)	7,472	(16,442)
Net income (loss)	(2,103)	3,515	(21,405)

	Yen		U.S. Dollars
Net income (loss) per share	¥ (10.87)	¥ 18.11	\$ (0.111)

As of March 31	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2009	2008	2009
Total assets	¥2,273,512	¥2,222,038	\$23,144,783
Trading account securities and securities	741,362	742,891	7,547,205
Loans and bills discounted	1,369,787	1,306,522	13,944,696
Deposits	2,012,364	1,997,163	20,486,245
Total net assets	114,311	132,340	1,163,707

Notes: (1) U.S. dollar amounts are translated, for convenience only, at ¥98.23 = U.S.\$1.00, the exchange rate prevailing as of March 31, 2009.

(2) Capital adequacy ratio stood at 11.72% and 12.43% as of March 31, 2009 and 2008, respectively, in accordance with guidelines established by the Ministry of Finance and the Financial Service Agency."

# Consolidated Five-Year Summary

The Akita Bank, Ltd. and subsidiaries  
For the years ended March 31

	Millions of Yen				
	2009	2008	2007	2006	2005
Total income	¥58,056	¥58,494	¥53,432	¥51,959	¥48,346
Net income (loss)	(2,103)	3,515	4,953	4,777	3,889

	Yen				
Net income (loss) per share	¥ (10.87)	¥ 18.11	¥ 25.35	¥ 24.24	¥ 19.52

	Percent				
	2009	2008	2007	2006	2005
<b>Income ratio</b>					
Net income (loss) to total assets	(0.09)	0.15	0.22	0.21	0.16
Net income (loss) to owned capital	(1.76)	2.60	3.57	3.61	3.07
<b>Capital adequacy ratio</b>					
Domestic guidelines	11.72	12.43	12.34	12.02	11.67

Note: The Bank's capital adequacy ratio and net income to owned capital ratio are calculated in accordance with guidelines established by the Ministry of Finance and the Financial Service Agency.

# Consolidated Balance Sheets

The Akita Bank, Ltd. and subsidiaries  
As of March 31, 2009 and 2008

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2009	2008	2009
<b>ASSETS</b>			
Cash and due from banks (Note 35)	¥ 85,794	¥ 44,231	\$ 873,395
Call loans and bills bought	13,203	63,042	134,412
Commercial paper and other debt purchased	16,269	22,314	165,622
Trading account securities (Note 4)	22	24	223
Money held in trust (Note 5)	4,958	3,794	50,469
Securities (Notes 6 and 12)	741,340	742,867	7,546,982
Loans and bills discounted (Note 7)	1,369,787	1,306,522	13,944,696
Foreign exchanges (Note 8)	491	223	4,998
Lease receivables (Note 12)	8,018	—	81,627
Other assets (Notes 9 and 12)	15,984	18,918	162,720
Premises and equipment (Notes 10 and 30)	24,654	30,979	250,982
Intangible fixed assets (Note 11)	1,014	1,806	10,324
Deferred tax assets (Note 14)	13,218	3,775	134,558
Customers' liabilities for acceptances and guarantees (Note 13)	11,086	10,933	112,859
Reserve for possible loan losses	(32,326)	(27,390)	(329,084)
<b>Total assets</b>	<b>¥2,273,512</b>	<b>¥2,222,038</b>	<b>\$23,144,783</b>

See notes to consolidated financial statements.

# Consolidated Balance Sheets

The Akita Bank, Ltd. and subsidiaries  
As of March 31, 2009 and 2008

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2009	2008	2009
<b>LIABILITIES</b>			
Deposits (Note 15)	¥2,012,364	¥1,997,163	\$20,486,245
Negotiable certificates of deposits	76,984	40,921	783,715
Call moneys and bills sold (Note 12)	—	—	—
Payable under securities lending transactions (Note 12)	0	7,498	0
Borrowed money (Note 16)	35,366	7,506	360,032
Foreign exchanges (Note 17)	18	113	181
Other liabilities (Note 18)	13,720	16,228	139,680
Accrued bonuses to directors and statutory auditors	0	18	0
Reserve for employees' retirement benefits (Note 19)	5,842	5,738	59,469
Reserve for retirement benefits to directors and statutory auditors	267	250	2,715
Reserve for repayments on dormant deposits	345	243	3,512
Reserve for contingent losses	437	189	4,445
Deferred tax liability on land revaluation (Note 20)	2,772	2,898	28,223
Acceptances and guarantees (Note 13)	11,086	10,933	112,859
<b>Total liabilities</b>	<b>2,159,201</b>	<b>2,089,698</b>	<b>21,981,076</b>
<b>NET ASSETS</b>			
Common stock (Note 23)	14,101	14,101	143,549
Capital surplus	6,271	6,271	63,845
Retained earnings (Notes 34 and 39)	89,059	92,300	906,633
Treasury stock	(355)	(336)	(3,612)
<b>Total stockholders' equity</b>	<b>109,076</b>	<b>112,336</b>	<b>1,110,415</b>
Net unrealized holding gain (loss) on other securities (Note 21)	(993)	13,584	(10,107)
Deferred hedge losses	(767)	(587)	(7,812)
Land revaluation excess (Note 20)	3,053	3,087	31,084
Total valuation and translation adjustments	1,293	16,084	13,165
Minority interests in consolidated subsidiaries	3,942	3,920	40,127
<b>Total net assets</b>	<b>114,311</b>	<b>132,340</b>	<b>1,163,707</b>
<b>Total liabilities and net assets</b>	<b>¥2,273,512</b>	<b>¥222,038</b>	<b>\$23,144,783</b>

See notes to consolidated financial statements.

# Consolidated Statements of Income

The Akita Bank, Ltd. and subsidiaries  
For the years ended March 31, 2009 and 2008

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2009	2008	2009
<b>Income</b>			
Interest income			
Interest on loans and discounts	¥28,212	¥29,095	\$287,205
Interest and dividends on securities	11,032	11,357	112,310
Other interest income (Note 22)	450	401	4,579
Fees and commissions (Note 23)	6,609	7,210	67,277
Other operating income (Note 24)	7,147	7,570	72,760
Other income (Note 25)	4,606	2,861	46,890
<b>Total income</b>	<b>58,056</b>	<b>58,494</b>	<b>591,021</b>
<b>Expenses</b>			
Interest expenses			
Interest on deposits	5,606	5,149	57,071
Interest on borrowings and rediscounts	290	204	2,950
Other interest expenses (Note 26)	870	2,456	8,854
Fees and commissions (Note 27)	2,125	2,062	21,634
Other operating expenses (Note 28)	12,097	7,838	123,151
General and administrative expenses	27,962	26,840	284,657
Other expenses (Note 29)	10,721	6,473	109,146
<b>Total expenses</b>	<b>59,671</b>	<b>51,022</b>	<b>607,463</b>
<b>Income (loss) before income taxes and minority interests</b>	<b>(1,615)</b>	<b>7,472</b>	<b>(16,442)</b>
<b>Income taxes</b> (Note 14)			
Current	990	1,876	10,072
Deferred	(532)	1,833	(5,416)
<b>Minority interests in net income</b>	<b>30</b>	<b>248</b>	<b>307</b>
<b>Net income (loss)</b>	<b>¥ (2,103)</b>	<b>¥ 3,515</b>	<b>\$ (21,405)</b>
	Yen		Dollars (Note 1)
<b>Net income (loss) per share</b> (Note 38)	<b>¥ (10.87)</b>	<b>¥ 18.11</b>	<b>\$ (0.111)</b>

See notes to consolidated financial statements.

# Consolidated Statements of Net Assets

The Akita Bank, Ltd. and subsidiaries  
As of March 31, 2009 and 2008

	Millions of Yen				
	Stockholders' Equity				
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total
<b>Balance at March 31, 2007</b>	¥14,101	¥6,275	¥90,077	¥ (343)	¥110,110
Changes during the fiscal Year					
Dividends from surplus (year—end)	—	—	(586)	—	(586)
Dividends from surplus (interim)	—	—	(580)	—	(580)
Net income	—	—	3,515	—	3,515
Acquisition of treasury stock	—	—	—	(1,189)	(1,189)
Disposition of treasury stock	—	(4)	—	30	26
Elimination of treasury stock	—	(0)	(1,166)	1,166	—
Reversal of land revaluation excess	—	—	(11)	—	(11)
Change in equity in consolidated subsidiary	—	—	1,051	—	1,051
Items other than changes in stockholders' equity (net)	—	—	—	—	—
Net changes during the fiscal year	—	(4)	2,223	7	2,226
<b>Balance at March 31, 2008</b>	¥14,101	¥6,271	¥92,300	¥ (336)	¥112,336
Changes during the fiscal Year					
Dividends from surplus	—	—	(1,160)	—	(1,160)
Net income (loss)	—	—	(2,103)	—	(2,103)
Acquisition of treasury stock	—	—	—	(62)	(62)
Disposition of treasury stock	—	0	(12)	43	31
Reversal of land revaluation excess	—	—	34	—	34
Items other than changes in stockholders' equity (net)	—	—	—	—	—
Net changes during the Fiscal Year	—	—	(3,241)	(19)	(3,260)
<b>Balance at March 31, 2009</b>	¥14,101	¥6,271	¥89,059	¥ (355)	¥109,076

	Millions of Yen					
	Valuation and Translation Adjustments					
	Net unrealized holding gain on other securities	Deferred Hedge Losses	Land Revaluation Excess	Total	Minority Interests	Total Net Assets
<b>Balance at March 31, 2007</b>	¥ 28,298	¥ (29)	¥3,076	¥ 31,345	¥4,730	¥146,185
Changes during the fiscal year						
Dividends from surplus (year—end)	—	—	—	—	—	(586)
Dividends from surplus (interim)	—	—	—	—	—	(580)
Net income	—	—	—	—	—	3,515
Acquisition of treasury stock	—	—	—	—	—	(1,189)
Disposition of treasury stock	—	—	—	—	—	26
Elimination of treasury stock	—	—	—	—	—	0
Reversal of land revaluation excess	—	—	—	—	—	(11)
Change in equity in consolidated subsidiary	—	—	—	—	—	1,051
Items other than changes in stockholders' equity (net)	(14,714)	(558)	11	(15,261)	(810)	(16,071)
Net changes during the fiscal year	(14,714)	(558)	11	(15,261)	(810)	(13,845)
<b>Balance at March 31, 2008</b>	¥ 13,584	¥(587)	¥3,087	¥ 16,084	¥3,920	¥132,340
Changes during the fiscal year						
Dividends from surplus	—	—	—	—	—	(1,160)
Net income (loss)	—	—	—	—	—	(2,103)
Acquisition of treasury stock	—	—	—	—	—	(62)
Disposition of treasury stock	—	—	—	—	—	31
Reversal of land revaluation excess	—	—	—	—	—	34
Items other than changes in stockholders' equity (net)	(14,577)	(180)	(34)	(14,791)	22	(14,769)
Net changes during the Fiscal Year	(14,577)	(180)	(34)	(14,791)	22	(18,029)
<b>Balance at March 31, 2009</b>	¥ (993)	¥(767)	¥3,053	¥ 1,293	¥3,942	¥114,311



# Consolidated Statements of Net Assets

The Akita Bank, Ltd. and subsidiaries  
As of March 31, 2009 and 2008

	Thousands of U.S. Dollars (Note 1)				
	Stockholders' Equity				
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total
<b>Balance at March 31, 2008</b>	\$143,549	\$63,845	\$939,627	\$(3,421)	\$1,143,600
Changes during the fiscal Year					
Dividends from surplus	—	—	(11,809)	—	(11,809)
Net income (loss)	—	—	(21,405)	—	(21,405)
Acquisition of treasury stock	—	—	—	(628)	(628)
Disposition of treasury stock	—	—	(125)	437	312
Reversal of land revaluation excess	—	—	345	—	345
Items other than changes in stockholders' equity (net)	—	—	—	—	—
Net changes during the Fiscal Year	—	—	(32,994)	(191)	(33,185)
<b>Balance at March 31, 2009</b>	\$143,549	\$63,845	\$906,633	\$(3,612)	\$1,110,415

	Thousands of U.S. Dollars (Note 1)					
	Valuation and Translation Adjustments					
	Net unrealized holding gain on other securities	Deferred Hedge Losses	Land Revaluation Excess	Total	Minority Interests	Total Net Assets
<b>Balance at March 31, 2008</b>	\$138,294	\$(5,980)	\$31,429	\$ 163,743	\$39,902	\$1,347,245
Changes during the fiscal year						
Dividends from surplus	—	—	—	—	—	(11,809)
Net income (loss)	—	—	—	—	—	(21,405)
Acquisition of treasury stock	—	—	—	—	—	(628)
Disposition of treasury stock	—	—	—	—	—	312
Reversal of land revaluation excess	—	—	—	—	—	345
Items other than changes in stockholders' equity (net)	(148,401)	(1,832)	(345)	(150,578)	225	(150,353)
Net changes during the Fiscal Year	(148,401)	(1,832)	(345)	(150,578)	225	(183,538)
<b>Balance at March 31, 2009</b>	\$ (10,107)	\$(7,812)	\$31,084	\$ 13,165	\$40,127	\$1,163,707

# Consolidated Statements of Cash Flows

The Akita Bank, Ltd. and subsidiaries  
For the years ended March 31, 2009 and 2008

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2009	2008	2009
<b>Cash flows from operating activities</b>			
Income before income taxes and minority interest	¥ (1,615)	¥ 7,472	\$ (16,442)
Depreciation and amortization	2,259	2,062	22,996
Losses on impairment of fixed assets	201	343	2,052
Net change in reserve for possible loan losses	4,936	(4,459)	50,250
Net change in accrued bonuses to directors and statutory auditors	(18)	(2)	(183)
Net change in reserve for employees' retirement benefits	104	(96)	1,057
Net change in reserve for retirement benefits to directors and statutory auditors	16	251	163
Net change in other reserves	350	432	3,562
Interest income	(39,694)	(40,852)	(404,094)
Interest expenses	6,765	7,808	68,876
Net gain related to securities transactions	2,503	(483)	25,482
Net income from money held in trust	(12)	580	(127)
Net exchange gain	(71)	(52)	(724)
Net loss from disposition of premises and equipment	302	184	3,075
Net change in loans and bills discounted	(66,328)	(25,976)	(675,236)
Net change in deposits	15,201	4,884	154,749
Net change in negotiable certificates of deposit	36,063	1,071	367,132
Net change in borrowed money	27,860	(2,759)	283,624
Net change in due from banks (excluding due from Bank of Japan)	77	5,117	785
Net change in call loans, commercial paper and other debt purchased	55,783	37,122	567,881
Net change in call money and borrowed money	—	(3,509)	—
Net change in payable under securities lending transactions	(7,498)	(966)	(76,334)
Net change in foreign exchanges (assets)	(268)	68	(2,728)
Net change in foreign exchanges (liabilities)	(5)	122	(53)
Interest received	39,532	41,316	402,442
Interest paid	(6,231)	(7,035)	(63,435)
Net change in trading account securities	5	66	49
Other, net	3,912	13,303	39,825
Sub-total	74,129	36,012	754,644
Income taxes paid	(2,459)	(535)	(25,033)
<b>Net cash provided by (used in) operating activities</b>	<b>71,670</b>	<b>35,477</b>	<b>729,611</b>
<b>Cash flows from investing activities</b>			
Purchases of securities	(995,795)	(1,307,426)	(10,137,380)
Proceeds from sales of securities	144,990	131,469	1,476,023
Proceeds from maturity of securities	826,304	1,150,232	8,411,932
Increase in money held in trust	(1,164)	—	(11,849)
Proceeds from sales of money held in trust	—	167	—
Purchases of premises and equipment	(3,632)	(1,271)	(36,971)
Proceeds from sales of premises and equipment	901	397	9,173
Purchases of intangible fixed assets	(417)	(495)	(4,245)
Net cash provided by (used in) investing activities	(28,813)	(26,927)	(293,317)
<b>Cash flows from financing activities</b>			
Dividends of paid	(1,160)	(1,166)	(11,809)
Dividends paid for minority	(8)	(8)	(82)
Purchases of treasury stock	(62)	(1,189)	(628)
Proceeds from sales of treasury stock	31	26	312
<b>Net cash used in financing activities</b>	<b>(1,199)</b>	<b>(2,337)</b>	<b>(12,207)</b>
Effect of currency rate exchanges on cash and cash equivalents	(19)	7	(189)
Net increase (decrease) in cash and cash equivalents	41,639	6,220	423,898
Cash and cash equivalents at beginning of year	43,219	36,999	439,978
<b>Cash and cash equivalents at end of year (Note 35)</b>	<b>¥ 84,858</b>	<b>¥ 43,219</b>	<b>\$ 863,876</b>

See notes to consolidated financial statements.

# Notes to Consolidated Financial Statements

The Akita Bank, Ltd. and consolidated subsidiaries  
March 31, 2009

## 1. Basis of Presentation

The accompanying consolidated financial statements of the Akita Bank, Ltd. (the "Bank") and consolidated subsidiaries are prepared on the basis of accounting principles generally accepted 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.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Bank is incorporated and operates. The translation of Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan and have been made at the rate of ¥98.23 to \$1.00, the rate of exchange prevailing on March 31, 2009. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

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.

## 2. Principles of Consolidation

The consolidated financial statements include the accounts of the Bank and all of its subsidiaries, except for one subsidiary which is not consolidated due to its insignificance. All significant intercompany transactions and accounts are eliminated in consolidation.

## 3. Summary of Significant Accounting Policies

### (a) Trading account securities

Trading account securities are carried at fair value and the cost of securities sold is determined by the moving average method.

### (b) Securities

Debt securities for which the Bank has ability to hold to maturity are classified as securities being held to maturity and carried at amortized cost. Debt securities that the Bank may not hold to maturity and marketable equity securities, other than those classified as trading account securities, are classified as other securities, and are carried at their fair values of the balance sheet date. The difference between fair value and cost is recognized as other securities revaluation excess, which is reported as 'net unrealized holding gain on other securities' in net assets. Nonmarketable equity securities are carried at cost or amortized cost.

Securities held in the money held in trusts, of which funds are principally invested in securities and separately managed from other beneficiaries, are carried at fair value with unrealized holding gain and losses included in earnings.

### (Additional information on market value of other securities)

Market value of Japanese government bonds with variable interest has been evaluated at market quotation. However, as market quotation cannot be considered as market value in consequence of examining the recent trading environment, the Bank decided to evaluate the securities on the balance sheet at the rationally calculated amounts. Effect of the decision was to increase securities and net unrealized holding gain on other securities as of March 31, 2009 by ¥5,741 million (U.S.\$58,444 thousand) and by ¥5,742 million (U.S.\$58,454 thousand), respectively. Effect of the decision to income (loss) for the year was nil.

### (c) Derivatives

Derivatives are carried at fair value which is based on market quote.

### (d) Premises and equipment

Premises and equipment are stated at cost. Depreciation is computed using the declining balance method over the estimated useful lives of respective assets. The straight line method is applied to buildings acquired after April 1, 1998.

The estimated useful lives of major items are as follows:

Buildings :	3–50 years
Equipment :	3–20 years

Depreciation of premises and equipment owned by other consolidated subsidiaries is mainly computed using the declining balance method over the estimated useful lives of respective assets.

### (e) Intangible fixed assets

Intangible fixed assets are depreciated using the straight-line method. Depreciation of the software used for internal-use is computed using the straight line method over the estimated useful lives (mainly 5 years).

### (f) Leased assets (as lesse)

Leased assets on finance lease transactions that do not transfer ownership are depreciated over the useful life of assets, equal to the lease term, by the straight-line method with zero residual value. The Bank leases mainly peripheral devices and automobile included in premises and equipment and software included in intangible fixed assets.

### (g) Reserve for possible loan losses

Reserve for possible loan losses is provided as follows, in conformity with the internal policies regarding write-offs and reserves for possible loan losses.

The Bank has established a credit rating system in accordance with the provisions set forth in the Guidelines issued by the Japanese Institute of Certified Public Accountants under which customers are classified into five categories for self assessment purposes such as "Bankrupt Obligor", "Substantially Bankrupt Obligor", "Potential Bankrupt Obligor", "Cautious Obligor" and "Normal Obligor".

The Bank has provided reserve for possible loan losses at amount deemed necessary to cover possible losses which are estimated based on the fair value of collateral and guarantee for the bankrupt obligors' and the substantially bankrupt obligors' loans as well as other factors of solvency including borrower's future cash flows for the potentially bankrupt obligors'. For loans to all other obligors, reserves are maintained at rate derived from default experiences for a certain period in the past.

The quality of all loans is assessed by branches and the credit supervisory division with an internal audit by the asset review and inspection division in accordance with the Bank's policy and rules for self assessment of asset quality.

The consolidated subsidiaries record reserve for possible loan losses at amount deemed necessary to cover possible losses which are estimated based on the loan loss ratio, which is calculated for each ordinary loan using actual loan losses during a specified period in the past, and at estimated uncollectible amounts based on an assessment of each obligor's ability to repay.

### (h) Reserve for employees' retirement benefits

Reserve for employees' retirement benefits is calculated at an amount calculated based on the projected benefit obligation and the fair value of plan assets. Unrecognized net actuarial gain or loss is amortized from the next fiscal year using the straight-line method over the average remaining service period of employees (10 years).

Prior service cost is amortized from the time of occurrence by the straight-line method over the period (one year) within the average remaining service years of the eligible employees.

#### (i) Accrued bonuses to directors and statutory auditors

Accrued bonuses to directors and corporate auditors are provided in the amount of the estimated bonuses which are attributable to each fiscal year.

#### (j) Reserve for retirement benefits to directors and statutory auditors

The Bank accrues 100% of obligations for retirement benefits for them based on the internal rules under the assumption that all directors and corporate auditors terminate their services at the year end.

#### (k) Reserve for repayments on dormant deposits

Dormant deposit accounts, satisfying certain conditions, are credited to income and the Bank provides for future claims at the amount calculated based on the past experience.

#### (l) Reserve for contingent losses

Based on the joint responsibility system with credit guarantee corporations, the Bank provides for future payments to the corporations at the amount properly estimated.

#### (m) Foreign currency transaction

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

#### (n) Hedge accounting

##### (1) Hedge against interest rate risk

The Bank adopted the standard treatment of the Industry Audit Committee Report No. 24, "Treatment of Accounting and Auditing of Application of Accounting Standard for Financial Instruments in the Banking Industry" ("Report No. 24") issued by the JICPA on 13th February 2002. Under the standard treatment of the Report No. 24, the Bank applies the deferred method of hedge accounting for qualifying derivative instruments to mitigate the interest rate risks arising from various financial assets and liabilities. Hedge effectiveness is assessed by specifying hedged items (such as loans) and the corresponding hedging instruments (such as interest rate swaps).

##### (2) Hedge against foreign exchange risk

For foreign exchange risks arising from financial assets and liabilities denominated in foreign currencies, the Bank adopted the standard treatment prescribed in the Industry Audit Committee Report No. 25, "Accounting and Auditing Treatment relating to Adoption of Accounting Standards for Foreign Currency Transactions for Banks". Under that treatment, the Bank applies the deferred method of hedged accounting. The Bank enters into currency-swaps and foreign exchange swaps to mitigate the foreign exchange risks arising from financial assets and liabilities denominated in foreign currencies and assesses, both at the hedge's inception and on an ongoing basis, whether these derivatives are highly effective in offsetting changes in cash flows of hedged items (financial assets and liabilities). Hedge effectiveness is assessed for designating currency swaps and foreign exchange swaps, etc., which offset foreign exchange risks of claim and debt in foreign currency as hedging instruments, and testing the existence of foreign position in hedge instruments which are corresponded to claim and debt in foreign currency.

#### (o) Accounting for leases

Finance lease transactions other than those of which ownership is fully transferred to the lessee were accounted for in the similar manner to operating lease transactions. From the current fiscal year, the Bank applies accounting treatments to the finance leases in the similar manner to ordinary sales and purchase transactions, in accordance with "Accounting Standard for Lease Transactions" (ASBJ Statement No.13, March 30, 2007) and "Implementation Guidance on Accounting Standard for Lease Transactions" (ASBJ Guidance No.16, March 30, 2007).

##### i. As lessee

Finance lease transactions which were contracted before April 1, 2008 were accounted for as operating leases.

Effect of the above change was to increase leased assets in premises and equipment, leased assets in intangible assets and lease obligations in other liabilities as of March 31, 2009 by ¥535 million (U.S.\$5,445 thousand), ¥38 million (U.S.\$387 thousand) and ¥526 million (U.S.\$5,352 thousand), respectively.

Effect of the change to income (loss) before income taxes and minority interests for the year was insignificant.

##### ii. As lessor

Sales and cost of finance lease transactions are recognized with the lapse of lease term.

Effect of the change was to decrease other in premises and equipment and other in intangible assets by ¥7,004 million (U.S.\$71,298 thousand) and ¥1,014 million (U.S.\$10,322 thousand), respectively and to increase lease receivables and lease investment assets in other assets by ¥8,018 million (U.S.\$81,627 thousand) as of March 31, 2009.

Effect of the change to income (loss) before income taxes and minority interests for the year was insignificant.

#### (p) Consumption taxes

Transactions are recorded at the amounts not including consumption taxes.

#### (q) Cash flows

Cash and cash equivalents in the consolidated statements of cash flows consists of cash and deposit with the Bank of Japan.

#### (r) Goodwill on consolidation

Goodwill on consolidation is charged to expense as incurred.

#### (s) Income taxes

Deferred tax assets and liabilities are recorded based on the temporary differences between the tax basis of assets and liabilities and their reported amounts in the financial statements using the enacted tax rates in effect for the year in which the temporary differences are expected to be settled. Deferred tax assets are also recognized for the estimated future tax effects attributable to operating loss carryforward. A valuation allowance is recorded to reduce deferred tax assets if it is more likely than not that some or all the deferred tax assets will not be realized.

## 4. Trading Account Securities

Trading account securities as of March 31, 2009 and 2008 consisted of national government bonds as follows:

	Millions of yen		Thousands of U.S. dollar (Note 1)
	2009	2008	2009
Amount in the balance sheet	¥22	¥24	\$223
Valuation gain (loss) included in income for the year	(0)	0	(0)

## 5. Money Held In Trust

Money held in trust as of March 31, 2009 and 2008 was held for trading purposes and related information was as follows:

	Millions of yen		Thousands of U.S. dollar (Note 1)
	2009	2008	2009
Amount in the balance sheet	¥4,958	¥3,794	\$50,460
Valuation gain (loss) included in income for the year	(0)	(41)	(0)

## 6. Securities

Securities as of March 31, 2009 and 2008 consisted of the followings:

	Millions of yen		Thousands of U.S. dollar (Note 1)
	2009	2008	2009
National government bonds	¥197,643	¥ 192,557	\$2,012,042
Local government bonds	188,880	185,127	1,922,833
Short term bonds	2,999	18,881	30,531
Corporate bonds	239,747	227,872	2,440,673
Share stocks	49,028	58,782	499,118
Other securities	63,043	59,647	641,785
<b>Total</b>	<b>¥741,340</b>	<b>¥ 742,867</b>	<b>\$7,546,982</b>

Market value and valuation differences of securities as of March 31, 2009 and 2008 and other related information were as follows:

### (a) Held-to-maturity marketable bonds

The Bank's and consolidated subsidiaries' investments in held-to-maturity bonds as of March 31, 2009 and 2008 were summarized as follows:

	Millions of yen				
	2009				
	Carrying value	Market value	Differences	Gain	Loss
National government bonds	¥500	¥ 504	¥4	¥4	¥—

	Millions of yen				
	2008				
	Carrying value	Market value	Differences	Gain	Loss
National government bonds	¥ 499	¥ 502	¥ 3	¥3	¥—

	Thousands of U.S. dollars				
	2009				
	Carrying value	Market value	Differences	Gain	Loss
National government bonds	\$5,087	\$ 5,126	\$ 39	\$ 39	\$—

### (b) Other marketable securities

The Bank and consolidated subsidiaries' investments in other securities as of March 31, 2009 and 2008 were summarized as follows:

	Millions of yen				
	2009				
	Cost	Carrying value	Valuation differences	Gain	Loss
Stocks	¥ 41,278	¥ 46,387	¥ 5,109	¥ 8,881	¥ (3,772)
Bonds:					
National government bonds	193,581	197,143	3,562	3,814	(252)
Local government bonds	188,573	188,880	307	961	(654)
Short-term bonds	2,999	2,999	0	0	(0)
Corporate bonds	235,523	234,022	(1,501)	1,831	(3,332)
Subtotal	620,676	623,044	2,368	6,606	(4,238)
Other	77,725	69,255	(8,470)	340	(8,810)
<b>Total</b>	<b>¥739,679</b>	<b>¥738,686</b>	<b>¥ (993)</b>	<b>¥15,827</b>	<b>¥(16,820)</b>

	Millions of yen				
	2008				
	Cost	Carrying value	Valuation differences	Gain	Loss
Stocks	¥ 32,558	¥ 57,363	¥24,804	¥25,648	¥ (843)
Bonds:					
National government bonds	194,017	192,057	(1,959)	2,036	(3,996)
Local government bonds	182,896	185,127	2,232	2,410	(178)
Short-term bonds	18,880	18,881	0	0	(0)
Corporate bonds	223,345	224,748	1,403	1,860	(457)
Subtotal	619,138	620,813	1,676	6,306	(4,631)
Other	70,776	66,794	(3,982)	1,067	(5,049)
<b>Total</b>	<b>¥722,472</b>	<b>¥744,970</b>	<b>¥22,498</b>	<b>¥33,021</b>	<b>¥(10,523)</b>

	Thousands of U.S. dollars				
	2009				
	Cost	Carrying value	Valuation differences	Gain	Loss
Stocks	\$ 420,218	\$ 472,229	\$ 52,011	\$ 90,409	\$ (38,398)
Bonds:					
National government bonds	1,970,697	2,006,954	36,257	38,825	(2,568)
Local government bonds	1,919,706	1,922,834	3,128	9,782	(6,654)
Short-term bonds	30,526	30,531	5	5	(0)
Corporate bonds	2,397,671	2,382,391	(15,280)	18,637	(33,917)
Subtotal	6,318,600	6,342,710	24,110	67,249	(43,139)
Other	791,254	705,026	(86,228)	3,465	(89,693)
<b>Total</b>	<b>\$7,530,072</b>	<b>\$7,519,965</b>	<b>\$(10,107)</b>	<b>\$161,123</b>	<b>\$(171,230)</b>

### (c) Other securities sold

Other securities sold and gains and losses of those securities for the years ended March 31, 2009 and 2008 were as follows:

	Millions of yen		Thousands of U.S. dollar (Note 1)
	2009	2008	2009
Proceeds from sales	¥140,152	¥126,763	\$1,426,769
Gains	5,502	4,005	56,015
Losses	(707)	(496)	(7,197)

### (d) Securities whose fair value is not readily determinable

Securities whose fair value is not readily determinable are not included in the above tables of (a) and (b). Principle items of these securities and their carrying value as of March 31, 2009 and 2008 were as follows:

	Millions of yen		Thousands of U.S. dollar (Note 1)
	2009	2008	2009
Other securities			
Non-listed stocks	¥2,641	¥ 1,419	\$26,889
Non-listed corporate bonds	5,725	3,125	58,282
Foreign stocks	73	73	741
Others	5	5	55

(e) The redemption schedules for securities with maturity dates classified as other securities or held-to-maturity bonds as of March 31, 2009 and 2008 were as follows:

	Millions of yen			
	2009			
	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:				
National government bonds	¥ 7,899	¥ 59,278	¥ 85,208	¥45,258
Local government bonds	15,161	78,145	85,879	9,695
Short-term bonds	2,999	—	—	—
Corporate bonds	32,343	140,054	67,350	—
Subtotal	58,402	277,477	238,437	54,953
Other	6,168	26,291	11,941	6,755
Total	¥64,570	¥303,768	¥250,378	¥61,708

	Millions of yen			
	2008			
	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:				
National government bonds	¥ 21,717	¥ 56,746	¥ 64,227	¥49,866
Local government bonds	35,899	49,332	99,896	—
Short-term bonds	18,881	—	—	—
Corporate bonds	48,150	136,427	43,296	—
Subtotal	124,647	242,505	207,419	49,866
Other	7,051	18,953	13,656	7,781
Total	¥131,698	¥261,458	¥221,075	¥57,647

	Thousands of U.S. dollars (Note 1)			
	2009			
	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:				
National government bonds	\$ 80,412	\$ 603,461	\$ 867,427	\$460,742
Local government bonds	154,344	795,529	874,266	98,695
Short-term bonds	30,531	—	—	—
Corporate bonds	329,258	1,425,776	685,639	—
Subtotal	594,545	2,824,766	2,427,332	559,437
Other	62,793	267,652	121,560	68,766
Total	\$657,338	\$3,092,418	\$2,548,892	\$628,203

## 7. Loans and Bills Discounted

(a) Loans and bills discounted as of March 31, 2009 and 2008 consisted of the following:

	Millions of yen		Thousands of U.S. dollar (Note 1)
	2009	2008	2009
	Bills discounted	¥ 10,325	¥ 11,999
Loans on notes	93,499	101,970	951,836
Loans on deeds	1,103,575	1,001,039	11,234,605
Overdrafts	162,388	191,514	1,653,138
Total	¥1,369,787	¥1,306,522	\$13,944,696

(b) Loans and bills discounted at March 31, 2009 and 2008 included the following items:

Balance of loans to borrowers under bankruptcy procedures as of 31st March, 2009 and 2008 were ¥10,356 million (U.S.\$105,425 thousand) and ¥5,690 million, respectively.

Balance of delinquent loans as of March 31, 2009 and 2008 were ¥53,283 million (U.S.\$542,434 thousand) and ¥52,822 million, respectively.

Loans to borrowers under bankruptcy procedures consist of non-accrual loans on which the payment of principal or interest is well past due or there is no prospect of recovery of the principal or interest from the borrower (does not include the written-down portion of the loan). This category also includes the loans cited in Article 96-1-3 and 96-1-4 of the Corporation Tax Law (Government Ordinance No. 97 of 1965).

Delinquent loans are non-accrual loans, which do not fall under the classifications of loans to bankrupt borrowers or financial assistance loans where interest has suspended for the purpose of business rehabilitation or debtor assistance.

(c) There was no balance of loans past due for 3 months or more as of March 31, 2009 and 2008.

Loans past due for 3 months or more are classified in this category when 3 months or more have elapsed since the due date without the payment of principal or interest. The balance of loans to borrowers under bankruptcy procedures and the balance of delinquent loans are not included in this category.

(d) The balance of restructured loans as of March 31, 2009 and 2008 were ¥1,068 million (U.S.\$10,873 thousand) and ¥7,389 million, respectively.

Restructured loans include loans which have been restructured to support the rehabilitation of certain borrowers who are encountering financial difficulties, with the intention of ensuring recovery of the loans by providing easier repayment terms for the borrowers (such as by reducing the rate of interest or by providing a grace period for the payment of principal/interest, etc.). Excluded from this balance are the balance of loans to borrowers under bankruptcy procedures, the balance of delinquent loans and the balance of loans past due for 3 months or more.

(e) The total balance of loans to borrowers under bankruptcy procedures, delinquent loans, loans past due for 3 months or more and restructured loans as of March 31, 2009 and 2008 were ¥64,707million (U.S.\$658,732 thousand) and ¥65,902 million, respectively.

(f) Bills discounted are accounted for as financial transactions in accordance with the JICPA Report No. 24. The Bank has rights to sell or pledge bank acceptance bought, commercial bills discounted, foreign exchange bought without restrictions. Their total face value as of March 31, 2009 and 2008 were ¥ 10,328 million (U.S. \$ 105,140 thousand) and ¥12,002 million respectively.

Contracts of overdraft facilities and loan commitment limits are the contracts that the Bank lends to customers up to the prescribed limits in response to customers' application of loan as long as there is no violation of any condition in the contracts. The unused amount within the limits was ¥ 455,558 million (U.S.\$ 4,637,666 thousand) relating to these contracts, including ¥ 455,558 million (U.S.\$ 4,637,666 thousand) of which the term of contracts is less than one year or revocable at any time as of March 31, 2009.

The respective amounts were ¥415,889 million and ¥415,889 million as of March 31, 2008.

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

## 8. Foreign Exchange Assets

	Millions of yen		Thousands of U.S. dollar (Note 1)
	2009	2008	2009
Due from foreign banks	¥489	¥ 220	\$4,975
Foreign exchange bills bought	2	3	23
Total	¥491	¥223	\$4,998

## 9. Other Assets

Other assets as of March 31, 2009 and 2008 consisted of the following:

	Millions of yen		Thousands of U.S. dollar (Note 1)
	2009	2008	2009
Domestic exchange settlement	¥ 13	¥ 2	\$ 139
Prepaid expenses	18	20	184
Accrued income	5,578	5,928	56,779
Others	10,375	12,968	105,618
Total	¥15,984	¥18,918	\$162,720

Lease deposits of ¥301 million (U.S.\$3,062 thousand) and ¥289 million are included in other assets as of March 31, 2009 and 2008, respectively.

## 10. Premises and Equipment

Premises and equipment as of March 31, 2009 and 2008 consisted of the following:

	Millions of yen		Thousands of U.S. dollar (Note 1)
	2009	2008	2009
Buildings	¥ 7,780	¥ 7,796	\$ 79,202
Land	12,730	13,210	129,595
Leased assets	535	—	5,445
Construction in Progress	2	42	23
Other	3,607	9,931	36,717
Total	¥24,654	¥30,979	\$250,982

The accumulated depreciation of premises and equipment as of March 31, 2009 and 2008 amounted to ¥36,528 million (U.S.\$371,858 thousand) and ¥33,773 million, respectively.

The Bank has deducted acquisition cost (Asshuku-kicho) to defer recognition of capital gain by ¥2,372 million (U.S.\$ 24,144 thousand) as of March 31, 2009.

## 11. Intangible Fixed Assets

Intangible fixed assets as of March 31, 2009 and 2008 consisted of the following:

	Millions of yen		Thousands of U.S. dollar (Note 1)
	2009	2008	2009
Software	¥ 385	¥ 261	\$ 3,925
Leased assets	38	—	387
Other	591	1,545	6,012
Total	¥1,014	¥1,806	\$10,324

## 12. Assets Pledged

Assets pledged as collateral as of March 31, 2009 and 2008 were as follows:

	Millions of yen		Thousands of U.S. dollar (Note 1)
	2009	2008	2009
Securities	¥34,808	¥12,152	\$354,350
Lease receivable for future period	1,897	1,840	19,314
Other assets	50	51	509

Liabilities related to above pledged assets as of March 31, 2009 and 2008 were as follows:

	Millions of yen		Thousands of U.S. dollar (Note 1)
	2009	2008	2009
Deposits	¥13,162	¥15,665	\$133,993
Payable under securities lending transactions	—	7,498	—
Borrowed money	31,135	2,690	316,960

In addition, the following are pledged as collateral for settlements of exchange or margins for futures transactions as of March 31, 2009 and 2008, respectively.

	Millions of yen		Thousands of U.S. dollar (Note 1)
	2009	2008	2009
Securities	¥83,124	¥75,346	\$846,221

## 13. Acceptances and Guarantees

The Bank provides guarantees for liabilities of its customers for payment of loans from other financial institutions. As a contra account, "Customers' Liabilities for Acceptances and Guarantees" are shown on the assets side, indicating the Bank's right of indemnity from the applicants.

## 14. Income Taxes

Income taxes applicable to the Bank and consolidated subsidiaries include corporate tax, inhabitants' tax and enterprise tax, which, in aggregate, results in a statutory rate of approximately 40.4% for the years ended March 31, 2009 and 2008.

(1) Significant component of deferred tax assets and liabilities at March 31, 2009 and 2008 were as follows:

	Millions of yen		Thousands of U.S. dollar (Note 1)
	2009	2008	2009
Deferred tax assets:			
Reserve for employees' retirement benefits	¥ 4,234	¥ 3,757	\$ 43,102
Reserve for possible loan losses	10,941	10,222	111,381
Securities	2,345	1,327	23,870
Depreciation	1,136	1,173	11,569
Others	2,128	1,902	21,665
Total deferred tax assets	20,784	18,381	211,587
Valuation allowance	(4,997)	(3,658)	(50,872)
Total deferred tax assets, net	15,787	14,723	160,715
Deferred tax liabilities:			
Net unrealized holding gain on other securities	(—)	(8,914)	(—)
Profit from establishment of the trust for employees' retirement benefits	(2,407)	(1,885)	(24,505)
Reserve for deduction of acquisition cost of fixed assets to defer recognition of capital gain	(162)	(149)	(1,652)
Total deferred tax liabilities	(2,569)	(10,948)	(26,157)
Net deferred tax assets	¥13,218	¥ 3,775	\$134,558

A reconciliation between the effective income tax rate applied to the consolidated financial statements and the statutory tax rate for the year ended March 31, 2008 was as follows:

	2008
Statutory tax rate	40.4 %
Expenses not deductible for income tax purposes	0.4 %
Dividend income deductible for income tax purpose	(3.3) %
Change in valuation allowance	12.0 %
Prior year's taxes	— %
Others	0.1 %
Actual effective tax rate	49.6 %

Reconciliation for 2009 is not presented since net loss was recorded for the year.

## 15. Deposits

An analysis of deposits as of March 31, 2009 and 2008 were as follows:

	Millions of yen		Thousands of U.S. dollar (Note 1)
	2009	2008	2009
Current deposits	¥ 69,082	¥ 61,156	\$ 703,270
Ordinary deposits	821,833	801,023	8,366,417
Deposits at notice	45,488	12,292	463,074
Time deposits	1,026,211	1,027,516	10,447,016
Other deposits	49,750	95,176	506,468
Sub-total	2,012,364	1,997,163	20,486,245
Negotiable certificates	76,984	40,921	783,715
Total	¥2,089,348	¥2,038,084	\$21,269,960

## 16. Borrowed Money

Borrowed money as of March 31, 2009 and 2008 consisted of the following:

	Millions of yen		Thousands of U.S. dollar (Note 1)
	2009	2008	2009
Loans from banks	¥35,366	¥7,506	\$360,032

The average interest rate of the loans was 0.3098% as of March 31, 2009. The aggregate annual maturities of the loans from banks subsequent to March 31, 2009 are summarized as follows:

Years ending March 31,	Millions of yen	Thousands of U.S. dollar (Note 1)
2010	¥31,894	\$324,683
2011	1,453	14,788
2012	1,112	11,326
2013	712	7,250
2014	195	1,985
Total	¥35,366	\$360,032

## 17. Foreign Exchanges Liabilities

Foreign exchange liabilities as of March 31, 2009 and 2008 consisted of the following:

	Millions of yen		Thousands of U.S. dollar (Note 1)
	2009	2008	2009
Foreign exchange bills sold	¥18	¥112	\$181
Foreign exchange bills payable	—	1	—
Total	¥18	¥112	\$181

## 18. Other Liabilities

Other liabilities as of March 31, 2009 and 2008 consisted of the following:

	Millions of yen		Thousands of U.S. dollar (Note 1)
	2009	2008	2009
Domestic exchange settlement	¥ 149	¥ 133	\$ 1,515
Income tax payable	103	1,573	1,049
Accrued expenses	4,397	3,697	44,763
Unearned income	4,208	4,311	42,839
Derivatives	1,433	1,213	14,591
Lease obligations	526	—	5,352
Others	2,904	5,301	29,571
Total	¥13,720	¥16,228	\$139,680

## 19. Reserve for Employees' Retirement Benefits

The Bank and consolidated subsidiaries have defined benefit pension plans, i.e., Employees' Pension Fund plans ("EPFs"), and lump-sum retirement plans. Under these defined benefit pension plans, employees are generally entitled to lump-sum payments and/or pension payments, the amounts of which are determined by reference to their basic salary, length of service, and the conditions under which termination occurs.



### a) Retirement benefits obligation

The following table sets forth the funded status of the defined benefit plans, and the amounts recognized in the consolidated balance sheets at March 31, 2009 and 2008 for the Bank and consolidated subsidiaries:

	Millions of yen		Thousands of U.S. dollar (Note 1)
	2009	2008	2009
Projected benefit obligation	¥(22,096)	¥(21,719)	\$(224,944)
Plan assets at fair value	12,307	16,576	125,291
Unfunded retirement benefit obligation	(9,789)	(5,143)	(99,653)
Unrecognized actuarial gain (loss)	7,206	2,440	73,362
Net retirement benefit	(2,583)	(2,703)	26,291
Prepaid pension cost	3,259	3,035	33,178
Reserve for employees' retirement benefits	¥ (5,842)	¥ (5,738)	\$ (59,469)

### (b) Retirement benefit cost

The components of employees' retirement benefit cost for the years ended March 31, 2009 and 2008 were as follows:

	Millions of yen		Thousands of U.S. dollar (Note 1)
	2009	2008	2009
Service cost	¥ 717	¥ 733	\$ 7,294
Interest cost	433	432	4,411
Expected return on plan assets	(417)	(537)	(4,250)
Amortization of actuarial loss	426	(58)	4,341
Net periodic retirement benefit cost	¥1,159	¥ 570	\$11,796

### (c) Actuarial Assumptions used to determine retirement benefit cost and obligation for the years ended March 31, 2009 and 2008 were as follows:

	2009	2008
a. Discount rate	2.0%	2.0%
b. Expected rate of return on plan assets	3.5%	4.5%
Expected rate of return on retirement provision trust	1.6%	1.1%
c. Term allocation method of expected retirement benefits	Straight line method over the period	Straight line method over the period
d. Amortization period of actuarial gain/loss	10 years	10 years

## 20. Land Revaluation Excess

Pursuant to the Law Concerning Land Revaluation (Law No.34, promulgated on March 31, 1998), the Bank recorded their owned land at the fair value and related unrealized gain, net of applicable income tax effect were reported as "Land revaluation excess" in net assets.

Revaluation date: March 31, 2000

Revaluation method stated in Article 3, Section 3 of the Law Concerning Land Revaluation:

The value of land is based on the official notice prices calculated as directed by the public notification of the Commissioner of the National Tax Administration and as provided for in the Law Concerning Public Notification of Land Prices, as stipulated in Article 2, Section 4 of the Ordinance Implementing the Law Concerning Land Revaluation (Government Ordinance No. 119, promulgated on March 31, 1998), after making reasonable adjustments, such as for location and quality of sites.

Difference between the fair value and the carrying value were: ¥5,089 million (U.S.\$51,803 thousand) and ¥5,142 million as of March 31, 2009 and 2008, respectively.

## 21. Net Unrealized Holding Gains on Other Securities

The components of net unrealized holding gain on other securities as of March 31, 2009 and 2008 were as follows:

	Millions of yen		Thousands of U.S. dollar (Note 1)
	2009	2008	2009
Valuation differences			
Other securities	¥(993)	¥22,498	\$(10,107)
Deferred tax liabilities	(—)	(8,914)	(—)
Net unrealized holding gains on securities	¥(993)	¥13,584	\$(10,107)

## 22. Other Interest Income

The composition of other interest income for the years ended March 31, 2009 and 2008 was as follows:

	Millions of yen		Thousands of U.S. dollar (Note 1)
	2009	2008	2009
Interest on deposits with banks	¥126	¥ 79	\$1,286
Others	324	322	3,293
Total	¥450	¥401	\$4,579

### 23. Fees and Commissions—Income

The composition of fees and commission income for the years ended March 31, 2009 and 2008 was as follows:

	Millions of yen		Thousands of U.S. dollar (Note 1)
	2009	2008	2009
Domestic and foreign exchange	¥2,135	¥2,235	\$21,732
Others	4,474	4,975	45,545
Total	¥6,609	¥7,210	\$67,277

### 24. Other Operating Income

The composition of other operating income for the years ended March 31, 2009 and 2008 was as follows:

	Millions of yen		Thousands of U.S. dollar (Note 1)
	2009	2008	2009
Gains on trading account securities	¥ 2	¥ 21	\$ 25
Gains on sales of bonds	1,758	1,867	17,894
Gains on foreign exchange transactions	71	52	724
Others	5,316	5,630	54,117
Total	¥7,147	¥7,570	\$72,760

### 25. Other Income

The composition of other income for the years ended March 31, 2009 and 2008 was as follows:

	Millions of yen		Thousands of U.S. dollar (Note 1)
	2009	2008	2009
Gains on sales of stocks and other securities	¥3,744	¥2,138	\$38,120
Gains on money held in trust	238	1	2,422
Gains on depositions of fixed assets	2	5	29
Others	622	717	6,319
Total	¥4,606	¥2,861	\$46,890

### 26. Other Interest Expenses

The composition of other interest expenses for the years ended March 31, 2009 and 2008 was as follows:

	Millions of yen		Thousands of U.S. dollar (Note 1)
	2009	2008	2009
Interest swap	¥ 228	¥ 219	\$ 2,319
Others	6,537	2,237	66,556
Total	¥6,765	¥2,456	\$68,875

### 27. Fees and Commissions—Expenses

The composition of fees and commissions expenses for the years ended March 31, 2009 and 2008 was as follows:

	Millions of yen		Thousands of U.S. dollar (Note 1)
	2009	2008	2009
Domestic and foreign exchange	¥ 377	¥ 391	\$ 3,842
Others	1,748	1,671	17,792
Total	¥2,125	¥2,062	\$21,634

### 28. Other Operating Expenses

The composition of other operating expenses for the years ended March 31, 2009 and 2008 was as follows:

	Millions of yen		Thousands of U.S. dollar (Note 1)
	2009	2008	2009
Losses on redemption of bonds	¥ 2,870	¥ 21	\$ 29,224
Losses on sales of bonds	666	481	6,781
Written-off Bonds	3,469	1,583	35,311
Others	5,092	5,753	51,835
Total	¥12,097	¥7,838	\$123,151

### 29. Other Expenses

The composition of other expenses for the years ended March 31, 2009 and 2008 was as follows:

	Millions of yen		Thousands of U.S. dollar (Note 1)
	2009	2008	2009
Provision of reserve for possible loan losses	¥ 7,570	¥1,762	\$ 77,067
Written-off claims	359	472	3,650
Losses on sales of stocks and other securities	41	15	416
Losses on devaluation of stocks and other securities	959	1,421	9,764
Losses on money held in trust	225	581	2,295
Losses on dispositions of premises and equipment	305	189	3,104
Others	1,262	2,033	12,850
Total	¥10,721	¥6,473	\$109,146

### 30. Losses on Impairment of Fixed Assets

The Bank recognized losses on impairment of following fixed assets for the years ended March 31, 2009 and 2008.

For the year ended March 31, 2009			(Millions of yen)
Area	Main purpose	Variety	Losses on impairment of fixed assets
Akita Prefecture	Branch Buildings	Land and Buildings; three Places	¥ 64
	Idle Assets	Land and Buildings; 10 Places	¥ 27
Out of Akita Prefecture	Branch Buildings	Land and Buildings; two Places	¥111
	Idle Assets	Land and Buildings; one Place	¥ 0
Total			¥202

#### Components of impairment losses

Land	¥194
Building	8

For the year ended March 31, 2008			(Millions of yen)
Area	Main purpose	Variety	Losses on impairment of fixed assets
Akita Prefecture	Branch Buildings	Land and Buildings; two Places	¥148
	Idle Assets	Land and Buildings; 14 Places	¥118
Out of Akita Prefecture	Branch Buildings	Land and Buildings; one Place	¥ 77
Total			¥343

#### Components of impairment losses

Land	¥335
Building	7

For the purpose of identifying impaired assets, the assets of individual branch are grouped as a unit.

The recoverable amounts of such assets were measured at their net realizable selling prices which are determined by quotation standards for real estate appraisal issued by Ministry of Lands, Infrastructure and Transport, less estimated costs to dispose.

### 31. Lease Transactions (As Lessor)

The acquisition cost, accumulated depreciation, carrying amount as of March 31, 2008 relating to finance lease transactions accounted for as operating leases were summarized as follows:

	Millions of yen		
	2008		
	Tangibles	Intangibles	Total
Acquisition cost	¥22,124	¥1,874	¥23,998
Less accumulated depreciation	15,155	784	15,939
Balance	¥ 6,969	¥1,090	¥ 8,059

From the year ended March 31, 2009, finance lease transactions are accounted for in the similar manner to ordinary sales and purchase transactions as described in Note 3 (o).

### 32. Derivative Financial Instruments Transaction

#### (a) Information related to the transaction circumstances

The Bank engages in derivative activities involving interest rate swaps, forward exchange contracts and currency options. Derivatives are used to hedge the interest rate risk or currency exchange risk.

Of derivatives the bank engages, interest rate swap transactions are aimed to hedge against fluctuation in interest rate occurred by on-balance transactions. The effectiveness of hedging instruments is assessed by confirming whether risk amount of hedge instruments is within a limit of accepted risk amount under risk management policy and the hedging derivative instruments achieve offsetting the fluctuating risk of interest rates from the hedged items. On the other hand, forward exchange contract and currency option transactions are aimed to manage to hedge the fluctuation in foreign exchange rate.

Risks that interest rate swap and forward exchange contract transactions have are credit risk. It is the possibility that the counterparty won't fulfill the contract. Of course, interest rate swap transactions have risk of fluctuating interest rates and, forward exchange contract and currency option transactions have risk of fluctuating exchange rates. However since these derivatives are used to hedge the on-balance transactions, these risk will be offset by risk that on-balance transactions have.

The amount of risk that is included in the Bank's transactions is listed below:

	Amount Equivalent to Credit Risk		
	Millions of yen		Thousands of U.S. dollar (Note 1)
	2009	2008	2009
Interest rate swaps	¥ 840	¥ 780	\$ 8,550
Forward exchange contracts	2	292	19
Currency options	3	23	31
Total	¥ 845	¥1,095	\$ 8,600

\* The above amounts are calculated by using "current exposure method" which is defined by Bank of International Settlement.

As stated above, derivative financial instruments contain some risks. To manage these risks, necessity of hedging transactions and the situation of derivative transactions are continuously monitored at the managing directors' meeting.

## (b) Fair values of derivatives

Contract amounts, fair value and valuation gains/losses of derivatives outstanding as of March 31, 2009 and 2008 were as follow:

### (1) Interest Rate Related Transactions

As of March 31	Millions of yen			
	2009			
	Contract amounts	Due after one year	Fair value	Gain/losses
Interest rate swaps				
Receipts floating payment fixed	¥27,000	¥27,000	¥(171)	¥(171)
Total	¥ —	¥ —	¥(171)	¥(171)

As of March 31	Millions of yen			
	2008			
	Contract amounts	Due after one year	Fair value	Gain/losses
Interest rate swaps				
Receipts floating payment fixed	¥22,000	¥22,000	¥(46)	¥(46)
Total	¥ —	¥ —	¥(46)	¥(46)

As of March 31	Thousands of U.S. dollar (Note 1)			
	2009			
	Contract amounts	Due after one year	Fair value	Gain/losses
Interest rate swaps				
Receipts floating payment fixed	\$274,865	\$274,865	\$(1,740)	\$(1,740)
Total	\$—	\$—	\$(1,740)	\$(1,740)

Changes in fair value of the above interest related derivatives are recognized through the consolidated statements of income. Derivatives which qualify for hedge-accounting are not included in the above table.

### (2) Foreign Exchange Related Transactions

For the year ended March 31	Millions of yen			
	2009			
	Contract amounts total	Due after one year	Fair value	Gain/losses
Forward exchange contracts:				
Written	¥108	¥—	¥ 0	¥ 0
Purchased	139	—	0	0
Currency options:				
Written	¥9	¥—	¥(8)	¥(8)
Purchased	7	—	3	3
Total	¥ —	¥—	¥(5)	¥(5)

For the year ended March 31	Millions of yen			
	2008			
	Contract amounts total	Due after one year	Fair value	Gain/losses
Forward exchange contracts:				
Written	¥ 0	¥—	¥ 0	¥ 0
Purchased	12	—	0	0
Currency options:				
Written	¥20	¥—	¥15	¥15
Purchased	16	—	(1)	(1)
Total	¥—	¥—	¥14	¥14

For the year ended March 31	Thousands of U.S. dollar (Note 1)			
	2009			
	Contract amounts total	Due after one year	Fair value	Gain/losses
Forward exchange contracts:				
Written	\$1,099	\$—	\$ 0	\$ 0
Purchased	1,415	—	0	0
Currency options:				
Written	\$91	\$—	\$ 81	\$ 81
Purchased	71	—	(30)	(30)
Total	\$ —	\$—	\$ 51	\$ 51

Changes in fair value of the above foreign exchange related derivatives are recognized through the consolidated statements of income.

- (3) Equity Related Transactions Nil (as of March 31, 2008)
- (4) Bond Related Transactions Nil (as of March 31, 2008)
- (5) Commodity Related Transactions Nil (as of March 31, 2008)
- (6) Credit Derivatives Nil (as of March 31, 2008)

### (c) Additional information on interest rate swaps

Hypothetical notional amount of interest rate swap transactions and the average interest rate

Remained period	Millions of yen		
	As of March 31, 2009		
	Within 1 year	After 1 year through 3 years	After 3 year through 5 years
Payer side			
Hypothetical notional amount of fixed swap	¥13,000 ¥ (—)	¥13,000 ¥(13,000)	¥53,000 ¥(53,000)
Average fixed interest expense rate (%)	0.82 (—)	1.31 (0.82)	1.61 (1.43)
Average floating interest income rate (%)	0.99 (—)	0.90 (1.00)	1.01 (1.01)
Average floating interest income rate (%)	¥13,000 ¥ (—)	¥13,000 ¥(13,000)	¥53,000 ¥(53,000)

\* Figures in parentheses are those as of March 31, 2008.

### 33. Common Stock

The number of the Bank's authorized shares was 687,455,000 both as of March 31, 2009 and 2008.

The number of shares in issue was 193,936,439 both as of March 31, 2009 and 2008.

The number of treasury shares held by the Bank was 649 thousand and 576 thousand as of March 31, 2009 and 2008, respectively.

### 34. Retained Earnings

Japanese banks, including the Bank, are required to comply with the Banking Law. In accordance with the Companies Act, the Bank has provided a legal reserve which is included in retained earnings. The Act stipulates that neither additional paid-in capital nor the legal reserve is available for dividends, but that both may be used to reduce or eliminate a deficit. Under the Banking Law, an amount which is at least equal to 20% of the aggregate amount of cash dividends and certain appropriations of retained earnings associated with cash outlays applicable to each fiscal period is to be appropriated as a legal reserve until the aggregate amount of the legal reserve and the capital surplus account equals 100% of the common stock account. The Act also provides that if the total amount of additional paid-in capital and the legal reserve exceeds 100% of the amount of common stock, the excess may be distributed to the shareholders either as a return of capital or as dividends subject to the approval of the shareholders.

The maximum amount which the Bank can distribute as dividends is calculated based on the non-consolidated financial statements of the Bank in accordance with the Act.

### 35. Cash and Cash Equivalents

Reconciliation between cash and due from banks in the consolidated balance sheets, and cash and cash equivalents in the statements of cash flows at March 31, 2009 and 2008 were as follows:

	Millions of yen		Thousands of U.S. dollar (Note 1)
	2009	2008	2009
Cash and due from banks	¥85,794	¥44,231	\$873,395
Due from banks without interest	(407)	(265)	(4,142)
Ordinary due from banks	(529)	(697)	(5,377)
Fixed due from banks	—	(50)	—
Cash and cash equivalents	¥84,858	¥43,219	\$863,876

## 36. Segment Information

### (a) Business segment information

Segment information by category of business for the years ended or as of March 31, 2009 and 2008 is summarized as follows:

Millions of yen

Year ended March 31, 2009	Banking business	Leasing	Other	Total	Eliminated and unallocated corporate assets	Consolidated
I. Ordinary income						
(1) External customers	¥ 51,183	¥ 5,307	¥1,515	¥ 58,005	¥ —	¥ 58,006
(2) Intersegment	140	521	1,430	2,091	(2,091)	—
Total	51,323	5,828	2,945	60,096	(2,091)	58,006
Ordinary expenses	52,551	5,840	2,859	61,250	(2,086)	59,165
Ordinary profit	¥ (1,228)	¥ (12)	¥ 86	¥ (1,154)	¥ (5)	¥ (1,159)
II. Assets, depreciation and capital expenditure						
Assets	¥2,262,754	¥13,452	¥9,541	¥2,285,747	¥(12,235)	¥2,273,512
Depreciation	2,228	22	9	2,259	—	2,259
Losses on impairment of fixed assets	202	—	—	202	—	202
Capital expenditure	2,541	101	12	2,654	(10)	2,644

Notes: 1. "Other" includes credit card business, computer service and so on.

2. Instead of "Sales amount" and "Operating profit", "Ordinary income" and "Ordinary profit" are presented.

3. Lease transactions are accounted for as described Note 3 (o).

Millions of yen

Year ended March 31, 2008	Banking business	Leasing	Other	Total	Eliminated and unallocated corporate assets	Consolidated
I. Ordinary income						
(1) External customers	¥ 51,074	¥ 5,577	¥ 1,740	¥ 58,391	¥ —	¥ 58,391
(2) Intersegment	153	454	1,411	2,018	(2,018)	—
Total	51,227	6,031	3,151	60,409	(2,018)	58,391
Ordinary expenses	43,603	5,773	2,865	52,241	(2,099)	50,142
Ordinary profit	¥ 7,624	¥ 258	¥ 286	¥ 8,168	¥ 81	¥ 8,249
II. Assets, depreciation and capital expenditure						
Assets	¥2,211,560	¥13,113	¥10,215	¥2,234,888	¥(12,850)	¥2,222,038
Depreciation	2,042	16	4	2,062	—	2,062
Losses on impairment of fixed assets	343	—	—	343	—	343
Capital expenditure	754	92	(4)	842	—	842

Notes: 1. "Other" includes credit card business, computer service and so on.

2. Instead of "Sales amount" and "Operating profit", "Ordinary income" and "Ordinary profit" are presented.

Thousands of U.S. dollar (Note 1)

Year ended March 31, 2009	Banking business	Leasing	Other	Total	Eliminated and unallocated corporate assets	Consolidated
I. Ordinary income						
(1) External customers	\$ 521,054	\$ 54,026	\$15,430	\$ 590,510	\$ —	\$ 590,510
(2) Intersegment	1,423	5,304	14,556	21,283	(21,283)	—
Total	522,477	59,330	29,986	611,793	(21,283)	590,510
Ordinary expenses	534,975	59,454	29,111	623,540	(21,234)	602,306
Ordinary profit	\$ (12,498)	\$ (124)	\$ 875	\$ (11,747)	\$ (49)	\$ (11,796)
II. Assets, depreciation and capital expenditure						
Assets	\$23,035,265	\$136,944	\$97,126	\$23,269,335	\$(124,552)	\$23,144,783
Depreciation	22,677	227	92	22,996	—	22,996
Losses on impairment of fixed assets	2,052	—	—	2,052	—	2,052
Capital expenditure	25,865	1,032	124	27,021	(105)	26,916

### (b) Geographic segment information

Geographic segment information is omitted because the ratios of "total domestic ordinary income" and "total domestic assets" to "total income of all segment" and "total assets of all segment" are both over 90%.

### (c) Ordinary income from overseas operations

Ordinary income from overseas operations is omitted because the ratio of "ordinary income from overseas operations" to "consolidated ordinary income" is less than 10%.

## 37. Related Party Transactions

Related party transactions for the years ended March 31, 2009 and 2008 and related information were as follows:

Related party	Account Category	Classification	Amounts of the transactions		Balance at end of year			
			Millions of yen	Thousands of U.S. dollars (Note 1)	Millions of yen	Thousands of U.S. dollars (Note 1)	2009	
Yasuhiko Watanabe	Director	Loan	¥—	¥—	\$—	¥36	¥40	\$368

The conditions of the above transactions were same as arm-length transactions.

## 38. Net Income Per Share

Consolidated net income per share for the years ended March 31, 2009 and 2008 and related information were as follows:

	Yen		U.S. dollar (Note 1)
	2009	2008	2009
Net assets per share	¥ 571.01	¥ 664.15	\$ 5.81
Net income (loss) per share	(10.87)	18.11	(0.11)

  

	Millions of yen		Thousands of U.S. dollar (Note 1)
	2009	2008	2009
Net income (loss)	¥ (2,103)	¥3,515	\$(21,405)
Net income (loss) not attributable to common stock holders	—	—	—
Net income (loss) attributable to common stockholders	(2,103)	3,515	(21,405)
Average number of common stock	193,321 shares	194,004 shares	

## 39. Subsequent Event

The following appropriation of retained earnings applicable to the year ended March 31, 2009 was approved at the stockholders' meeting of the Bank held on June 26, 2009.

	Millions of yen
Year-end cash dividends (Three yen per share)	¥580

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