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ANNUAL REPORT

YEAR ENDED
March 31, 2010

The Akita Bank, Ltd.

Profile

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 six 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.

Contents

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.

Consolidated Financial Highlight

The Akita Bank, Ltd. and subsidiaries
Years ended March 31, 2010 and 2009

For the years ended March 31	Millions of Yen 2010	Millions of Yen 2009	Thousands of U.S. Dollars (Note 1) 2010
Total income	**¥53,645**	¥58,056	**$576,581**
Total expenses	**47,957**	59,671	**515,448**
Income (loss) before income taxes and minority interests	**5,688**	(1,615)	**61,133**
Net income (loss)	**3,513**	(2,103)	**37,760**

	Yen 2010	Yen 2009	U.S. Dollars 2010
Net income (loss) per share	**¥18.17**	¥(10.87)	**$0.195**

As of March 31	Millions of Yen 2010	Millions of Yen 2009	Thousands of U.S. Dollars (Note 1) 2010
Total assets	**¥2,397,547**	¥2,273,512	**$25,768,994**
Trading account securities and securities	**834,655**	741,362	**8,970,925**
Loans and bills discounted	**1,374,985**	1,369,787	**14,778,426**
Deposits	**2,111,792**	2,012,364	**22,697,675**
Total net assets	**134,443**	114,311	**1,444,998**

Notes: (1) U.S. dollar amounts are translated, for convenience only, at ¥93.04 = U.S.$1.00, the exchange rate prevailing as of March 31, 2010.
(2) Capital adequacy ratio stood at 12.36% and 11.72% as of March 31, 2010 and 2009, 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				
	2010	2009	2008	2007	2006
Total income	**¥53,645**	¥58,056	¥58,494	¥53,432	¥51,959
Net income (loss)	**3,513**	(2,103)	3,515	4,953	4,777

	Yen				
Net income (loss) per share	**¥18.17**	¥(10.87)	¥18.11	¥25.35	¥24.24

	Percent				
	2010	2009	2008	2007	2006
Income ratio					
Net income (loss) to total assets	**0.15**	(0.09)	0.15	0.22	0.21
Net income (loss) to owned capital	**2.92**	(1.76)	2.60	3.57	3.61
Capital adequacy ratio					
Domestic guidelines	**12.36**	11.72	12.43	12.34	12.02

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, 2010 and 2009

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009	2010
ASSETS			
Cash and due from banks (Note 36)	¥ 138,054	¥ 85,794	$ 1,483,813
Call loans and bills bought	465	13,203	5,000
Commercial paper and other debt purchased	18,849	16,269	202,591
Trading account securities (Note 4)	31	22	332
Money held in trust (Note 5)	—	4,958	—
Securities (Notes 6 and 12)	834,624	741,340	8,970,593
Loans and bills discounted (Note 7)	1,374,985	1,369,787	14,778,426
Foreign exchanges (Note 8)	421	491	4,528
Lease receivables	7,747	8,018	83,268
Other assets (Notes 9 and 12)	16,333	15,984	175,543
Premises and equipment (Notes 10 and 30)	22,933	24,654	246,485
Intangible Fixed Assets (Note 11)	1,041	1,014	11,182
Deferred tax assets (Note 14)	2,724	13,218	29,279
Customers' liabilities for acceptances and guarantees (Note 13)	10,234	11,086	109,998
Reserve for possible loan losses	(30,881)	(32,326)	(331,907)
Reserve for investment losses	(13)	—	(137)
Total assets	¥2,397,547	¥2,273,512	$25,768,994

See notes to consolidated financial statements.

Consolidated Balance Sheets

The Akita Bank, Ltd. and subsidiaries
As of March 31, 2010 and 2009

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009	**2010**
LIABILITIES			
Deposits (Notes 12 and 15)	**¥2,111,792**	¥2,012,364	**$22,697,675**
Negotiable certificates of deposits	**81,438**	76,984	**875,302**
Call moneys and bills sold	**930**	—	**10,000**
Borrowed money (Notes 12 and 16)	**32,382**	35,366	**348,048**
Foreign exchanges (Note 17)	**2**	18	**20**
Other liabilities (Note 18)	**16,747**	13,720	**180,000**
Accrued bonuses to directors	**20**	0	**215**
Reserve for employees' retirement benefits (Note 19)	**5,939**	5,842	**63,830**
Reserve for retirement benefits to directors	**36**	267	**388**
Reserve for repayments on dormant deposits	**377**	345	**4,052**
Reserve for contingent losses	**563**	437	**6,051**
Deferred tax liability on land revaluation (Note 20)	**2,644**	2,772	**28,417**
Acceptances and guarantees (Note 13)	**10,234**	11,086	**109,998**
Total liabilities	**2,263,104**	2,159,201	**24,323,996**
NET ASSETS			
Common stock (Note 33)	**14,101**	14,101	**151,557**
Capital surplus	**6,271**	6,271	**67,405**
Retained earnings (Notes 35 and 40)	**91,449**	89,059	**982,898**
Treasury stock	**(362)**	(355)	**(3,888)**
Total stockholders' equity	**111,459**	109,076	**1,197,972**
Net unrealized holding gain on other securities (Note 21)	**16,387**	(993)	**176,123**
Deferred hedge losses	**(891)**	(767)	**(9,578)**
Land revaluation excess (Note 20)	**2,951**	3,053	**31,719**
Total valuation and translation adjustments	**18,447**	1,293	**198,264**
Stock option rights (Note 34)	14	—	151
Minority interests in consolidated subsidiaries	**4,523**	3,942	**48,611**
Total net assets	**134,443**	114,311	**1,444,998**
Total liabilities and net assets	**¥2,397,547**	¥2,273,512	**$25,768,994**

See notes to consolidated financial statements.

Consolidated Statements of Income

The Akita Bank, Ltd. and subsidiaries
For the years ended March 31, 2010 and 2009

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009	2010
Income			
Interest income			
Interest on loans and discounts	¥26,153	¥28,212	$281,096
Interest and dividends on securities	11,530	11,032	123,927
Other interest income (Note 22)	213	450	2,289
Fees and commissions (Note 23)	6,358	6,609	68,340
Other operating income (Note 24)	6,589	7,147	70,817
Other income (Note 25)	2,802	4,606	30,112
Total income	53,645	58,056	576,581
Expenses			
Interest expenses			
Interest on deposits	3,823	5,606	41,088
Interest on borrowings and rediscounts	85	290	913
Other interest expenses (Note 26)	534	870	5,741
Fees and commissions (Note 27)	2,210	2,125	23,759
Other operating expenses (Note 28)	5,546	12,097	59,609
General and administrative expenses	28,717	27,962	308,649
Other expenses (Note 29)	7,042	10,721	75,689
Total expenses	47,957	59,671	515,448
Income (loss) before income taxes and minority interests	5,688	(1,615)	61,133
Income taxes (Note 14)			
Current	1,483	990	15,935
Deferred	181	(532)	1,942
Minority interests in net income	511	30	5,496
Net income (loss)	¥ 3,513	¥ (2,103)	$ 37,760

	Yen		Dollars (Note 1)
Net income (loss) per share (Note 39)	¥ 18.17	¥ (10.87)	$ 0.195

See notes to consolidated financial statements.

Consolidated Statements of Net Assets

The Akita Bank, Ltd. and subsidiaries
For the years ended March 31, 2010 and 2009

	Millions of Yen				
	Stockholders' Equity				
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total
Balance at March 31, 2008	¥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	—	—	(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)
Balance at March 31, 2009	¥14,101	¥6,271	¥89,059	¥ (355)	¥109,076
Changes during the fiscal Year					
Dividends from surplus	—	—	(1,160)	—	(1,160)
Net income (loss)	—	—	3,513	—	3,513
Acquisition of treasury stock	—	—	—	(10)	(10)
Disposition of teasury stock	—	0	(1)	3	2
Reversal of land revaluation excess	—	—	102	—	102
Sales of investment in consolidated subsidiary	—	—	(118)	—	(118)
Liquidation of consolidated subsidiary	—	—	54	—	54
Items other than changes in stockholders' equity (net)	—	—	—	—	—
Net changes during the Fiscal Year	—	—	2,390	(7)	2,383
Balance at March 31, 2010	¥14,101	¥6,271	¥91,449	¥ (362)	¥111,459

	Millions of Yen						
	Valuation and Translation Adjustments						
	Net unrealized holding gain on other securities	Deferred Hedge Losses	Land Revaluation Excess	Total	Stock Option Rights	Minority Interests	Total Net Assets
Balance at March 31, 2008	¥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)
Balance at March 31, 2009	¥ (993)	¥(767)	¥3,053	¥1,293	¥—	¥3,942	¥114,311
Changes during the fiscal year							
Dividends from surplus	—	—	—	—	—	—	(1,160)
Net income (loss)	—	—	—	—	—	—	3,513
Acquisition of treasury stock	—	—	—	—	—	—	(10)
Disposition of teasury stock	—	—	—	—	—	—	2
Reversal of land revaluation excess	—	—	—	—	—	—	102
Sales of investment in consolidated subsidiary	—	—	—	—	—	—	(118)
Liquidation of consolidated subsidiary	—	—	—	—	—	—	54
Items other than changes in stockholders' equity (net)	17,380	(124)	(102)	17,154	14	581	17,749
Net changes during the Fiscal Year	17,379	(124)	(102)	17,154	14	581	20,132
Balance at March 31, 2010	¥16,387	¥(891)	¥2,951	¥18,447	¥14	¥4,523	¥134,443

Consolidated Statements of Net Assets

The Akita Bank, Ltd. and subsidiaries
For the years ended March 31, 2010 and 2009

	Thousands of U.S. Dollars (Note 1)				
	Stockholders' Equity				
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total
Balance at March 31, 2009	**$151,557**	**$67,405**	**$957,208**	**$(3,814)**	**$1,172,356**
Changes during the fiscal Year					
Dividends from surplus	—	—	(12,464)	—	(12,464)
Net income (loss)	—	—	37,760	—	37,760
Acquisition of treasury stock	—	—	—	(107)	(107)
Disposition of teasury stock	—	—	(12)	33	21
Reversal of land revaluation excess	—	—	1,098	—	1,098
Sales of investment in consolidated subsidiary	—	—	(1,274)	—	(1,274)
Liquidation of consolidated subsidiary	—	—	582	—	582
Items other than changes in stockholders' equity (net)	—	—	—	—	—
Net changes during the Fiscal Year	—	—	25,690	(74)	25,616
Balance at March 31, 2010	**$151,557**	**$67,405**	**$982,898**	**$(3,888)**	**$1,197,972**

	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	Stock Option Rights	Minority Interests	Total Net Assets
Balance at March 31, 2009	**$(10,671)**	**$(8,248)**	**$32,818**	**$13,899**	**$ —**	**$42,366**	**$1,228,621**
Changes during the fiscal year							
Dividends from surplus	—	—	—	—	—	—	(12,464)
Net income (loss)	—	—	—	—	—	—	37,760
Acquisition of treasury stock	—	—	—	—	—	—	(107)
Disposition of teasury stock	—	—	—	—	—	—	21
Reversal of land revaluation excess	—	—	—	—	—	—	1,098
Sales of investment in consolidated subsidiary	—	—	—	—	—	—	(1,274)
Liquidation of consolidated subsidiary	—	—	—	—	—	—	582
Items other than changes in stockholders' equity (net)	186,794	(1,331)	(1,099)	184,365	151	6,245	190,761
Net changes during the Fiscal Year	186,794	(1,331)	(1,099)	184,365	151	6,245	216,377
Balance at March 31, 2010	**$176,123**	**$(9,578)**	**$31,719**	**$198,264**	**$151**	**$48,611**	**$1,444,998**

Consolidated Statements of Cash Flows

The Akita Bank, Ltd. and subsidiaries
For the years ended March 31, 2010 and 2009

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009	2010
Cash flows from operating activities			
Income (loss) before income taxes and minority interests	¥ 5,688	¥ (1,615)	$ 61,133
Depreciation and amortization	2,189	2,259	23,525
Losses on impairment of fixed assets	436	201	4,686
Net change in reserve for possible loan losses	(1,445)	4,936	(15,534)
Net change in reserve for investment losses	13	0	134
Net change in accrued bonuses to directors and statutory auditors	20	(18)	215
Net change in reserve for employees' retirement benefits	97	104	1,044
Net change in reserve for retirement benefits to directors and statutory auditors	(231)	16	(2,478)
Net change in other reserves	159	350	1,702
Interest income	(37,896)	(39,694)	(407,312)
Interest expenses	4,442	6,765	47,742
Net gain related to securities transactions	(1,818)	2,503	(19,535)
Net income from money held in trust	143	(12)	1,540
Net exchange gain	(264)	(71)	(2,840)
Net loss from disposition of premises and equipment	72	302	777
Net change in loans and bills discounted	(10,978)	(66,328)	(117,996)
Net change in deposits	99,428	15,201	1,068,656
Net change in negotiable certificates of deposit	4,454	36,063	47,869
Net change in borrowed money	(2,984)	27,860	(32,068)
Net change in due from banks (excluding due from Bank of Japan)	(215)	77	(2,307)
Net change in call loans, commercial paper and other dept purchased	10,181	55,783	109,429
Net change in call money and borrowed money	930	—	10,000
Net change in payable under securities lending transactions	—	(7,498)	—
Net change in foreign exchanges (assets)	70	(268)	749
Net change in foreign exchanges (liabilities)	254	(5)	2,727
Interest received	38,085	39,532	409,340
Interest paid	(4,555)	(6,231)	(48,960)
Net change in trading account securities	(7)	5	(71)
Other, net	7,494	3,912	80,549
Sub-total	113,762	74,129	1,222,716
Income taxes paid	(446)	(2,459)	(4,793)
Net cash provided by operating activities	113,316	71,670	1,217,923
Cash flows from investing activities			
Purchases of securities	(1,298,523)	(995,795)	(13,956,606)
Proceeds from sales of securities	173,957	144,990	1,869,702
Proceeds from maturity of securities	1,060,522	826,304	11,398,558
Increase in money held in trust	—	(1,164)	—
Proceeds from sales of money held in trust	4,958	—	53,284
Purchases of premises and equipment	(975)	(3,632)	(10,479)
Proceeds from sales of premises and equipment	167	901	1,796
Purchases of intangible fixed assets	(195)	(417)	(2,090)
Net cash used in investing activities	(60,089)	(28,813)	(645,835)
Cash flows from financing activities			
Dividends of paid	(1,160)	(1,160)	(12,465)
Dividends paid for minority	(8)	(8)	(87)
Purchases of treasury stock	(10)	(62)	(107)
Proceeds from sales of treasury stock	2	31	21
Net cash used in financing activities	(1,176)	(1,199)	(12,638)
Effect of currency rate exchanges on cash and cash equivalents	(5)	(19)	(58)
Net increase in cash and cash equivalents	52,046	41,639	559,392
Cash and cash equivalents at beginning of year	84,858	43,219	912,064
Cash and cash equivalents at end of year (Note 36)	¥ 136,904	¥ 84,858	$ 1,471,456

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

The Akita Bank, Ltd. and consolidated subsidiaries
March 31, 2010

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 complied from the consolidated financial statements prepared by the Bank as required by the Financial Instruments and Exchange Act 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 ¥93.04 to $1.00, the rate of exchange prevailing on March 31, 2010. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

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 and by ¥5,742 million, 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 Obligors", "Substantially Bankrupt Obligors", "Potential Bankrupt Obligors", "Cautious Obligors" and "Normal Obligors".

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

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

(j) Reserve for retirement benefits to directors

Regulations on bonuses to directors of the Bank were demolished on June 26, 2009 through the resolution of annual shareholders' meeting. The remaining balance of accrued bonuses to directors was transferred to other liabilities. The amount was composed of unpaid bonuses to directors, amounting to ¥181 million (U.S.$1,946 thousand) and unpaid bonuses to executive officers having no director position, amounting to ¥17 million (U.S.$179 thousand).

Consolidated subsidiaries of the Bank accrue 100% of obligations for retirement benefits for them based on the internal rules under the assumption that all directors terminate their services at the year end.

(k) Stock option plan

The Bank adopted a stock option plan for full-time directors through the resolution of annual shareholders' meeting held on June 26, 2009. The stock option plan is accounted for in accordance with "Accounting Standard for Share-based Payment" (ASBJ Statement No.8, December 27, 2005) and "Implementation Guidance on Accounting Standard for Share-based Payment" (ASBJ Guidance No.11, December 27, 2005). Effect of the adoption to income for the year ended March 31, 2010 was insignificant.

(l) 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.

(m) 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.

(n) Foreign currency transaction

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

(o) 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.

(p) 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, ¥38 million and ¥526 million, 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 millionand ¥1,014 million, respectively and to increase lease receivables and lease investment assets in other assets by ¥8,018 illion as of March 31, 2009.

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

(q) Consumption taxes

Transactions are recorded at the amounts not including consumption taxes.

(r) Cash flows

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

(s) Goodwill on consolidation

Goodwill on consolidation is charged to expense as incurred.

(t) 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.

(u) Financial instruments

Effective from the year ended March 31, 2010 the Group adopted "Accounting Standard for Financial Instruments" (ASBJ Statement No.10, March 10, 2008) and "Implementation Guidance on Disclosures about Fair Value of Financial Instruments"

(ASBJ Guidance No.19, March 10, 2008). The effect of the change was to increase securities by ¥70 million (U.S.$756 thousand), to decrease deferred tax assets by ¥28 million (U.S.$305 thousand) and to decrease net unrealized holding gain on other securities by ¥42 million (U.S.$451 thousand) as of March 31, 2010. The effect was also to increase by income before income taxes and minority interests by ¥15 million (U.S.$160 thousand) for the year ended March 31, 2010.

4. Trading Account Securities

Trading account securities as of March 31, 2010 and 2009 consisted of national government bonds as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	2010
Amount in the balance sheet	¥31	¥22	$332
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, 2010 and 2009 was held for trading purposes and related information was as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	2010
Amount in the balance sheet	¥—	¥4,958	$—
Valuation gain (loss) included in income for the year	—	(0)	—

6. Securities

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

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	2010
National government bonds	¥287,863	¥197,643	$3,093,975
Local government bonds	167,548	188,880	1,800,812
Short term bonds	2,998	2,999	32,227
Corporate bonds	257,947	239,747	2,772,430
Share stocks	53,351	49,028	573,416
Other securities	64,917	63,043	697,733
Total	¥834,624	¥741,340	$8,970,593

Market value and valuation differences of securities as of March 31, 2010 and 2009 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, 2010 and 2009 were summarized as follows:

	Millions of yen				
	2010				
	Carrying value	Market value	Differences	Gain	Loss
National government bonds	¥500	¥502	¥2	¥2	¥—

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

	Thousands of U.S. dollars				
	2010				
	Carrying value	Market value	Differences	Gain	Loss
National government bonds	$5,373	$5,400	$27	$27	$—

(b) Other marketable securities

The Bank and consolidated subsidiaries' investments in other securities as of March 31, 2010 and 2009 were summarized as follows:

	Millions of yen		
	2010		
	Carrying value	Cost	Gain (loss)
Carrying value exceeding cost:			
Stocks	¥ 41,451	¥ 27,364	¥ 14,087
Bonds:			
National government bonds	252,425	245,731	6,694
Local government bonds	167,547	163,006	4,541
Short-term bonds	—	—	—
Corporate bonds	222,850	218,129	4,721
Bonds total	642,822	626,866	15,956
Other	34,103	32,673	1,430
Subtotal	¥718,376	¥686,903	¥ 31,473
Carrying value not exceeding cost:			
Stocks	¥ 9,390	¥ 11,385	¥ (1,995)
Bonds:			
National government bonds	34,939	35,031	(92)
Local government bonds	—	—	—
Short-term bonds	2,998	3,000	(2)
Corporate bonds	35,097	35,354	(257)
Bonds total	73,034	73,385	(351)
Other	36,258	38,722	(2,464)
Subtotal	¥118,682	¥123,492	¥ (4,810)
Total	¥837,058	¥810,395	¥(26,663)

	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)
Total	¥739,679	¥738,686	¥ (993)	¥15,827	¥(16,820)

	Thousands of U.S. dollars		
	2010		
	Carrying value	Cost	Gain (loss)
Carrying value exceeding cost:			
Stocks	$ 445,517	$ 294,112	$151,405
Bonds:			
National government bonds	2,713,075	2,641,131	71,944
Local government bonds	1, 800,812	1,752,003	48,809
Short-term bonds	—	—	—
Corporate bonds	2,395,207	2,344,463	50,744
Bonds total	6,909,094	6,737,597	171,497
Other	366,543	351,172	15,371
Subtotal	$7,721,154	$7,382,881	$338,273
Carrying value not exceeding cost:			
Stocks	$ 100,923	$ 122,365	$ (21,442)
Bonds:			
National government bonds	375,526	376,516	(990)
Local government bonds	—	—	—
Short-term bonds	32,227	32,238	(11)
Corporate bonds	377,223	379,989	(2,766)
Bonds total	784,976	788,743	(3,767)
Other	389,703	416,194	(26,491)
Subtotal	$1,275,602	$1,327,302	$ (51,700)
Total	$8,996,756	$8,710,183	$286,573

(c) Other securities sold

Other securities sold and gains and losses of those securities for the years ended March 31, 2010 and 2009 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	2010
Proceeds from sales	¥171,106	¥140,152	$1,839,056
Gains	3,155	5,502	33,912
Losses	(367)	(707)	(3,944)

7. Loans and Bills Discounted

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

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	2010
Bills discounted	¥ 7,702	¥ 10,325	$ 82,786
Loans on notes	88,347	93,499	949,554
Loans on deeds	1,137,903	1,103,575	12,230,250
Overdrafts	141,033	162,388	1,515,836
Total	¥1,374,985	¥1,369,787	$14,778,426

(b) Loans and bills discounted at March 31, 2010 and 2009 included the following items:

Balance of loans to borrowers under bankruptcy procedures as of 31st March, 2010 and 2009 were ¥6,601 million (U.S.$70,953 thousand) and ¥10,356 million, respectively.

Balance of delinquent loans as of March 31, 2010 and 2009 were ¥57,953 million (U.S.$ 622,884 thousand) and ¥53,283 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 Low (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, 2010 and 2009.

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, 2010 and 2009 were ¥600 million (U.S.$ 6,454 thousand) and ¥1,068 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, 2010 and 2009 were ¥65,155 million (U.S.$700,291 thousand) and ¥64,707 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, 2010 and 2009 were ¥7,703 million (U.S. $82,789 thousand) and ¥10,328 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 ¥ 492,036 million (U.S.$ 5,288,432 thousand) relating to these contracts, including¥ 489,218 million (U.S.$ 5,258,145 thousand)of which the term of contracts is less than one year or revocable at any time as of March 31, 2010.

The respective amounts were ¥455,558 million and ¥455,558 million as of March 31, 2009.

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

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

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	2010
Due from foreign banks	¥421	¥489	$4,524
Foreign exchange bills bought	0	2	4
Total	¥421	¥491	$4,528

9. Other Assets

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

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	2010
Domestic exchange settlement	¥ 1	¥ 13	$ 8
Prepaid expenses	16	18	169
Accrued income	5,307	5,578	57,038
Others	11,009	10,375	118,328
Total	¥16,333	¥15,984	$175,543

Lease guarantee deposits of ¥289 million (U.S.3,104 thousand) and ¥301 million are included in other assets as of March 31, 2010 and 2009, respectively.

10. Premises and Equipment

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

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	2010
Buildings	¥ 7,295	¥ 7,780	$ 78,405
Land	12,488	12,730	134,223
Leased assets	—	535	—
Construction in Progress	33	2	359
Other	3,117	3,607	33,498
Total	¥22,933	¥24,654	$246,485

The accumulated depreciation of premises and equipment as of March 31, 2010 and 2009 amounted to ¥36,608 million (U.S.$393,469 thousand) and ¥36,528 million, respectively.

The Bank has deducted acquisition cost (Asshuku-kicho) to defer recognition of capital gain by ¥2,372 million (U.S.$ 25,491 thousand) as of March 31, 2010.

11. Intangible Fixed Assets

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

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	2010
Software	¥ 330	¥ 385	$ 3,547
Leased assets	—	38	—
Other	711	591	7,635
Total	¥1,041	¥1,014	$11,182

12. Assets Pledged

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

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	2010
Securities	¥27,011	¥34,808	$ 290,311
Lease receivable for future period	2,487	1,897	26,731
Other assets	51	50	548

Liabilities related to above pledged assets as of March 31, 2010 and 2009 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	2010
Deposits	¥15,266	¥13,162	$164,078
Borrowed money	29,150	31,135	313,306

In addition, the following are pledged as collateral for settlements of exchange or margins for futures transactions as of March 31, 2010 and 2009, respectively.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	2010
Securities	¥84,130	¥83,124	$904,235

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, 2010 and 2009.

(1) Significant component of deferred tax assets and liabilities at March 31, 2010 and 2009 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	2010
Deferred tax assets:			
Reserve for employees' retirement benefits	¥ 4,049	¥ 4,234	$ 43,518
Reserve for possible loan losses	10,734	10,941	115,373
Securities	1,571	2,345	16,888
Depreciation	1,043	1,136	11,206
Others	2,436	2,128	26,180
Total deferred tax assets	19,833	20,784	213,165
Valuation allowance	(4,676)	(4,997)	(50,253)
Total deferred tax assets, net	15,157	15,787	162,912
Deferred tax liabilities:			
Profit from establishment of the trust for employees' retirement benefits	(2,006)	(2,407)	(2,407)
Net unrealized holding gain on other securities	(10,268)	(—)	(110,365)
Reserve for deduction of acquisition cost of fixed assets to defer recognition of capital gain	(159)	(162)	(1,708)
Total deferred tax liabilities	(12,433)	(2,569)	(133,633)
Net deferred tax assets	¥ 2,724	¥13,218	$ 29,279

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, 2010 was as follows:

	2010
Statutory tax rate	40.4 %
Expenses not deductible for income tax purposes	0.6 %
Dividend income deductible for income tax purpose	(3.7) %
Change in valuation allowance	(5.6) %
Prior year's taxes	(3.5) %
Others	1.0 %
Actual effective tax rate	29.2 %

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

15. Deposits

An analysis of deposits as of March 31, 2010 and 2009 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	2010
Current deposits	¥ 95,389	¥ 69,082	$ 1,025,253
Ordinary deposits	870,728	821,833	9,358,641
Deposits at notice	44,343	45,488	476,597
Time deposits	1,061,734	1,026,211	11,411,586
Other deposits	39,598	49,750	425,598
Sub-total	2,111,792	2,012,364	22,697,675
Negotiable certificates	81,438	76,984	875,302
Total	¥2,193,230	¥2,089,348	$23,572,977

16. Borrowed Money

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

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	2010
Loans from banks	¥32,382	¥35,366	$348,048

The average interest rate of the loans was 0.3049% as of March 31, 2010. The aggregate annual maturities of the loans from banks subsequent to March 31, 2010 are summarized as follows:

Years ending March 31,	Millions of yen	Thousands of U.S. dollars (Note 1)
2011	¥29,333	$315,269
2012	1,333	14,323
2013	1,022	10,987
2013	505	5,428
2014	190	2,042

17. Foreign Exchanges Liabilities

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

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	2010
Foreign exchange bills sold	¥ 2	¥18	$20
Foreign exchange bills payable	—	—	—
Total	¥ 2	¥18	$20

18. Other Liabilities

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

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	2010
Domestic exchange settlement	¥ 129	¥ 149	$ 1,385
Income tax payable	1,140	103	12,250
Accrued expenses	4,473	4,397	48,074
Unearned income	4,072	4,208	43,769
Derivatives	1,848	1,433	19,865
Lease obligations	519	526	5,577
Others	4,566	2,904	49,080
Total	¥16,747	¥13,720	$180,000

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, 2010 and 2009 for the Bank and consolidated subsidiaries:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	2010
Projected benefit obligation	¥(22,256)	¥(22,096)	$(239,208)
Plan assets at fair value	14,655	12,307	157,517
Unfunded retirement benefit obligation	(7,601)	(9,789)	(81,691)
Unrecognized actuarial gain (loss)	4,580	7,206	49,228
Net retirement benefit	(3,021)	(2,583)	32,463
Prepaid pension cost	2,918	3,259	31,367
Reserve for employees' retirement benefits	¥ (5,939)	¥ (5,842)	$ (63,830)

(b) Retirement benefit cost

The components of employees' retirement benefit cost for the years ended March 31, 2010 and 2009 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	2010
Service cost	¥ 716	¥ 717	$ 7,701
Interest cost	441	433	4,737
Expected return on plan assets	(360)	(417)	(3,872)
Amortization of actuarial loss	946	426	10,165
Net periodic retirement benefit cost	¥1,743	¥1,159	$18,731

(c) Actuarial Assumptions used to determine retirement benefit cost and obligation for the years ended March 31, 2010 and 2009 were as follows:

	2010	2009
a. Discount rate	2.0%	2.0%
b. Expected rate of return on plan assets	3.5%	3.5%
Expected rate of return on retirement provision trust	2.3%	1.6%
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: ¥5,191 million (U.S.$55,795 thousand) and ¥5,089 million as of March 31, 2010 and 2009, respectively.

21. Net Unrealized Holding Gains on Other Securities

The components of net unrealized holding gain on other securities as of March 31, 2010 and 2009 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	2010
Valuation differences			
Other securities	¥ 26,663	¥(993)	$ 286,573
Deferred tax liabilities	(10,268)	(—)	(110,365)
Minority interests	(8)	(—)	(85)
Net unrealized holding gains on securities	¥ 16,387	¥(993)	$ 176,123

22. Other Interest Income

The composition of other interest income for the years ended March 31, 2010 and 2009 was as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	2010
Securities under repurchase agreements	¥ 8	¥ 46	$ 82
Interest on deposits with banks	8	126	84
Others	197	278	2,123
Total	¥213	¥450	$2,289

23. Fees and Commissions—Income

The composition of fees and commission income for the years ended March 31, 2010 and 2009 was as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	2010
Domestic and foreign exchange	¥2,047	¥2,135	$22,000
Others	4,311	4,474	46,340
Total	¥6,358	¥6,609	$68,340

24. Other Operating Income

The composition of other operating income for the years ended March 31, 2010 and 2009 was as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	2010
Gains on trading account securities	¥ 2	¥ 2	$ 25
Gains on sales of bonds	981	1,758	10,542
Gains on foreign exchange transactions	264	71	2,840
Others	5,342	5,316	57,410
Total	¥6,589	¥7,147	$70,817

25. Other Income

The composition of other income for the years ended March 31, 2010 and 2009 was as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	2010
Gains on sales of stocks and other securities	¥2,229	¥3,744	$23,956
Gains on money held in trust	—	238	—
Gains on depositions of fixed assets	0	2	4
Others	573	622	6,152
Total	¥2,802	¥4,606	$30,112

26. Other Interest Expenses

The composition of other interest expenses for the years ended March 31, 2010 and 2009 was as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	2010
Interest swap	¥479	¥228	$5,150
Others	55	642	591
Total	¥534	¥870	$5,741

27. Fees and Commissions—Expenses

The composition of fees and commissions expenses for the years ended March 31, 2010 and 2009 was as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	2010
Domestic and foreign exchange	¥ 331	¥ 377	$ 3,561
Others	1,879	1,748	20,198
Total	¥2,210	¥2,125	$23,759

28. Other Operating Expenses

The composition of other operating expenses for the years ended March 31, 2010 and 2009 was as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	2010
Losses on redemption of bonds	¥ 862	¥ 2,870	$ 9,264
Losses on sales of bonds	290	666	3,119
Written-off Bonds	—	3,469	—
Others	4,394	5,092	47,226
Total	¥5,546	¥12,097	$59,609

29. Other Expenses

The composition of other expenses for the years ended March 31, 2010 and 2009 was as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	2010
Provision of reserve for possible loan losses	¥3,068	¥ 7,570	$32,979
Written-off claims	445	359	4,785
Losses on sales of stocks and other securities	77	41	825
Losses on devaluation of stocks and other securities	163	959	1,755
Losses on money held in trust	143	225	1,539
Losses on dispositions of premises and equipment	73	305	781
Others	3,073	1,262	33,025
Total	¥7,042	¥10,721	$75,689

30. Losses on Impairment of Fixed Assets

The Bank recognized losses on impairment of following fixed assets for the years ended March 31, 2010 and 2009.

For the year ended March 31, 2010

Area	Main purpose	Variety	(Millions of yen)	Thousands of U.S. dollars (Note 1)
Akita Prefecture	Branch Buildings	Land and Buildings; six Places	¥190	$2,047
	Idle Assets	Land and Buildings; 13 Places	36	387
Out of Akita Prefecture	Branch Buildings	Land and Buildings; two Places	204	2,189
	Idle Assets	Land and Buildings; one Place	6	63
Total			¥436	$4,686
Components of impairment losses				
Land			¥ 12	$ 132
Building			424	4,554

For the year ended March 31, 2009

Area	Main purpose	Variety	(Millions of yen)
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 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. Financial Instruments

1. STATUS

(1) Policy on Financial Instruments

The Bank's financial services hinge on its banking business but also include guarantee and leasing services. To execute these services, the Bank utilizes funds acquired primarily from deposits and applies funds mainly to extend loans and purchase securities. To ensure sound and appropriate banking operations without succumbing to pursuit of excessive profit or risk aversion, the Bank conducts suitable risk management and seeks to maintain the right balance between profits and risks in fund-raising and -application activities. The Bank also utilizes derivative transactions to hedge potential risks.

(2) Financial Instruments and Associated Risks

Financial assets held by the Bank and its subsidiaries are primarily loans and investment securities.

Loans are exposed to credit risk, which could lead to losses if the financial status of certain borrowers were to deteriorate, causing the asset value of collateral to decrease or disappear altogether.

Investment securities held by the Bank are mainly bonds, stocks, investment trusts, and investments in partnerships through capital contributions. The Bank holds these securities to secure profit, primarily from interest and dividends, for strategic purposes, such as business alliances, or as held-to-maturity bonds in consolidated subsidiaries. These securities are exposed to the credit risk of the respective issuers as well as market risk that could lead to losses caused by fluctuations, particularly in interest rates, exchange rates and market prices, that erode the value of held assets.

Financial liabilities held by the Bank and its consolidated subsidiaries are mainly deposits. Deposits are exposed to liquidity risk, which could lead to losses if an unexpected outflow of cash, for example, forces the Bank to acquire funds at significantly higher interest rates than usual, or changes in the market environment force the Bank into transactions at prices that are more disadvantageous than usual.

The Bank engages in derivative transactions, including interest rate swaps, forward exchange contracts and currency options. Interest rate swaps serve to hedge against interest rate fluctuations affecting on-balance-sheet transactions. Forward exchange contracts and currency options serve to hedge foreign exchange fluctuations. (Please refer to "3. Summary of Significant Accounting Policies, (o) Hedge accounting", regarding hedging instruments, hedged items, the Bank's accounting standards and qualifying method.)

Some transactions that do not meet hedge accounting criteria are exposed to interest rate risk and foreign exchange risk.

(3) Risk Management for Financial Instruments

To ensure the quality and appropriateness of its banking operations, the Bank undertakes integrated risk management, a self-administered process whereby inherent risks evaluated according to category, such as credit risk and market risk, are viewed in total and compared against operating capacity, that is, net worth. Risk management for financial instruments also falls within the scope of this process.

Integrated risk management entails risk capital allocation by division and risk category within net worth on a yearly basis, monitoring risk volume quantified by such methods as Value at Risk (VAR) and the status of allocated risk capital, and sufficient verification of business soundness and capital adequacy. In addition, corporate structures, such as the Board of Directors, are provided with regular updates on risk status and risk volume is capped when conditions require such action.

In setting caps on risk volume, the Bank considers profitability and efficiency, including a suitable assessment of risk and return, to underpin efforts that will enhance operations and results.

(a) Credit Risk Management

Applying a credit policy that outlines the Bank's basic lending policy and screening criteria, and a credit risk management standard that sets forth specific lending rules, the Bank has established an administration policy for consolidated subsidiaries and strategic investments to prevent excessive loan volume to a specific industry or group with the aim of making risk management as accurate as possible.

In addition, the Bank maintains a credit rating system for corporate clients to quantify credit risks and is improving loan pricing. Furthermore, for loans and bills discounted, which account for the majority of credit risk, the Bank separated the screening and administration division from the sales promotion division and set up a screening and administration system that is not influenced by the sales promotion division. Through a specialized screening and loan management and recovery structure, the Bank is able to ensure asset quality and improve asset value.

(b) Market Risk Management

The Bank's risk volume control structure is supported by regular reports to the ALM Committee on interest rate risk volume associated with the Bank's assets and liabilities, and interest rate, exchange rate and stock price risk volume associated with market transactions.

In its market transactions, the Bank strives for efficient application of funds and optimum risk and return, within the limits of allocated risk capital determined through integrated risk management and the predetermined annual capital budget. The Bank also maintains a structure with middle offices specializing in risk management that are independent of both front offices, which engage in market transactions, and back offices, which handle administrative tasks. This structure reinforces the system of mutual checks and balances and helps to prevent unlikely but possible processing mistakes and unauthorized transactions.

(c) Liquidity Risk Management

The Bank maintains an appropriate financial position with regard to liquidity risk by improving the accuracy of methods to estimate and verify fund utilization and acquisition balances. In addition, the Bank strives to prevent liquidity risk through assessment and analysis of conditions in financial markets and society at large that could affect cash flow. To respond quickly to fund-impacting situations that arise, the Bank has established classifications for cash flow conditions, ranging from "normal" to "cause for concern" and "critical," and procedures are in place for dealing with situations that fall into the "cause for concern" and "critical" categories.

(d) Risk Management Relating to Derivative Transactions

To manage risks relating to interest rate swaps, the necessity of hedging transactions and the status of derivative transactions are continuously monitored at managing directors' meetings. Regarding forward exchange contracts and currency options, it is vital to manage total balances including on-balance-sheet and off-balance-sheet transactions, in addition to the assessment of individual transactions.

(4) Supplemental Information Relating to Fair Market Values

Fair market values include prices at market as well as values reasonably estimated in case of no available quoted market price. Certain assumptions are used for the calculation of such amounts. Accordingly, the result of such calculations may vary if different assumptions are used.

2. FAIR MARKET VALUE OF FINANCIAL INSTRUMENTS

The amounts on the consolidated balance sheet, fair market values and differences as of March 31, 2010, are shown below. The securities for which market value is not calculable are excluded from the table.

	Millions of Yen			Thousands of U.S. Dollars		
	Balance sheet	Fair market value	Difference	Balance sheet	Fair market value	Difference
(1) Cash and due from banks	¥ 138,054	¥ 138,054	¥ —	$ 1,483,813	$ 1,483,813	$ —
(2) Call loans and bills bought	465	465	—	5,000	5,000	—
(3) Commercial paper and other debt purchased	18,849	18,849	—	202,591	202,591	—
(4) Trading account securities	31	31	—	332	332	—
(5) Securities[1]						
Held-to-maturity marketable bonds	500	503	3	5,373	5,400	27
Other securities	831,333	831,333	—	8,935,223	8,935,223	—
(6) Loans and bills discounted	1,374,985			14,778,426		
Allowance for doubtful accounts[1]	(23,282)			(250,241)		
	¥1,351,703	¥1,364,409	¥12,706	$14,528,185	$14,664,754	$136,569
(7) Foreign exchanges	421	421	—	4,528	4,528	—
Total assets	¥2,341,356	¥2,354,065	¥12,709	$25,165,045	$25,301,641	$136,596
(1) Deposits	¥2,111,792	¥2,115,563	¥ 3,771	$22,697,675	$22,738,202	$40,527
(2) Negotiable certificates of deposit	81,438	81,466	28	875,302	875,610	308
(3) Call money and bills sold	930	930	—	10,000	10,000	—
(4) Borrowed money	32,382	32,382	—	348,048	348,048	—
(5) Foreign exchanges	2	2	—	20	20	—
Total liabilities	¥2,226,544	¥2,230,343	¥ 3,799	$23,931,045	$23,971,880	$ 40,835
Derivative transactions[2]						
Applying hedge accounting	¥ (341)	¥ (341)	¥ —	$ (3,666)	$ (3,666)	$ —
Not applying hedge accounting	(1,461)	(1,461)	—	(15,710)	(15,710)	—
Total derivative transactions	¥ (1,802)	¥ (1,802)	¥ —	$ 19,376	$ 19,376	$ —

	Millions of Yen		Thousands of U.S. Dollars	
	Contracts	Fair market value	Balance sheet	Fair market value
Other				
(1) Contract for overdraft and loan commitment[3]	¥492,035	¥492,035	$5,288,433	$5,288,433
(2) Financial guarantee contract[4]	10,234	10,234	109,998	109,998

1 Amounts do not include allowances provided for the individual receivables. Allowances for investment losses relating to securities are not included because amounts are not significant and are directly deducted on balance sheets.

2 Amounts include all derivative transactions that are indicated in Other assets and Other liabilities on balance sheets. Figures are net amounts, from which credits and debts incurred by derivative transactions are deducted.

3 Contract amounts indicate balances of unused credits.

4 Contract amounts are the amount of Acceptances and guarantees on consolidated balance sheets.

Computation of fair market values of financial instruments, securities and derivative transactions

Assets

(1) Cash and due from banks

For deposits without maturity, the book values are deemed fair market value as the fair value amounts approximate such carrying amounts. The Bank does not hold deposits with maturity.

(2) Call loans and bills bought

Book values of call loans and bills bought are deemed fair market values as the majority of transactions have short contract terms (within three months).

(3) Commercial paper and other debt purchased

With regard to commercial paper and other debt purchased, the value of beneficiary rights of housing loan credit trusts is determined based on the price quoted by the financial institutions from which these products are purchased. For other portion of commercial paper and other debt excluding beneficiary rights, book values are deemed fair market values as the majority of transactions are short contract terms (within three months).

(4) Trading account securities

The fair value of trading account securities held for trading is determined based on the price quoted by the relevant stock exchange or the financial institutions from which these securities are purchased.

(5) Securities

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

For privately placed guaranteed bonds which categorized by internal credit rating and maturity, the fair value is calculated based on the future cash flows discounted by the market interest rate, after the deduction of credit risk equivalents. For privately placed guaranteed bonds from potentially bankrupt borrowers, the fair value is deemed to be an amount from which a certain allowance is deducted from the book value.

The market price of variable-rate Japanese government bonds cannot be regarded as the fair value because actual transactions are very few, and because of the significant price gap between sell and buy sides during the fiscal year under review. The Bank has calculated the fair value relative to the price of fixed-rate Japanese government bonds, considering future interest rates and estimated cash flows, based on the yield of government bonds and swaption volatility. Compared to the calculation by which market values are deemed fair values, both government bonds under "Securities" and "Net unrealized holding gain on other securities" increased ¥3,124 million, and "Deferred tax assets" decreased ¥2,118 million. There are no significant effects on the profit and loss.

Please refer to Note 6 "Securities" as to notes regarding securities by objects held.

(6) Loans and bills discounted

For loans and bills discounted with floating interest rates, the fair value is calculated by cash flows of principal and interest on the repricing date, which is discounted by the market interest rate from the base date of calculation to the date the interest rate was repriced.

Of loans and bills discounted with fixed interest rates, for normal borrowers and borrowers requiring caution, current value is calculated based on the future cash flows discounted by the market interest rate, after each loans is categorized by item, internal credit rating and maturity.

Future possible loan losses from potentially bankrupt, effectively bankrupt and bankrupt borrowers are estimated based on the collectible amounts from security and guarantees. And fair values are the amounts on the consolidated balance sheets at the fiscal-year end, from which estimated future possible loan losses have been deducted.

(7) Foreign exchange

Foreign exchange consists of foreign currency deposits with other banks (due from other foreign banks), and traveler's checks (purchased foreign bills). For these items, the book values are deemed fair market value as the fair value approximates such carrying amounts because most of these items are deposits without maturity or have short contract terms (within three months).

Liabilities

(1) Deposits and (2) negotiable certificates of deposit

For demand deposits, the amount payable on demand as of the consolidated balance sheet date (i.e., the book value) is considered to be the fair value. For time deposits and negotiable certificates of deposits, the fair value is calculated based on the future cash flows discounted by the interest rate applied on new deposits, after each deposits are categorized by product, and maturity.

(3) Call money and bills sold

Book values of call money and bills sold are deemed fair market values as the majority of transactions have short contract terms (within three months).

(4) Borrowed money

For floating-rate borrowings, the book values are deemed fair values as the fair values approximate such carrying amounts because the market interest rate is reflected in the interest rate set within a short time period for such floating-rate borrowings and because there has been no significant change in the Bank's or its consolidated subsidiaries' creditworthiness before and after such borrowings were made.

The book values of fixed rate borrowings are deemed fair values as there are no significant differences between consolidated balance sheet amounts and the fair values.

(9) Foreign exchanges

Foreign exchanges consist of deposits (sold foreign bills) for foreign remittance requested from customers. For these items, the book values are deemed fair market values because most have short contract terms (within three months).

Derivative transactions

Derivative products include interest rate transactions such as interest rate swaps, and currency transactions such as forward exchange contracts and currency options. The fair values are calculated based on the price posted by the relevant stock exchanges, the discounted present value or an amount calculated under the option price calculation model.

The following securities for which market value is not calculable are excluded from "2. Fair Market Value of Financial Instruments, (5) Other securities". Their book values as of March 31, 2010 are as follows:

	Millions of Yen	Thousands of U.S. Dollars
Non-listed stocks (*1, *2)	¥2,519	$27,081
Other (*3)	50	536
Total	¥2,569	$27,617

*1. Non-listed stocks are not disclosed in the fair market value information in the above table (2. Fair Market Value of Financial Instruments), because the market value is not calculable.

*2. During the current consolidated fiscal year, impairment losses of unlisted shares amounted ¥116 million.

*3. Other includes non-listed foreign stocks, and is not disclosed in the above table (2. Fair Market Value of Financial Instruments), because it is extremely difficult to estimate the fair value.

Note 2: The redemption schedules for monetary claims and securities with maturity dates as of March 31, 2010 were as follows:

	Millions of yen					
	2010					
	Due in 1 year or less	Due from 1 year to 3 years	Due from 3 years to 5 years	Due from 5 years to 7 years	Due from 7 years to 10 years	Due after 10 years
Due from banks	¥102,927	¥ —	¥ —	¥ —	¥ —	¥ —
Call loans and bills bought	465	—	—	—	—	—
Commercial paper and other debt purchased	13,137	—	—	—	—	5,712
Securities						
Securities held-to-maturity	499	—	—	—	—	—
National government bonds	499	—	—	—	—	—
Other securities with maturity dates	49,793	167,680	206,494	118,715	184,683	38,287
National government bonds	13,792	22,455	60,127	33,112	119,587	38,287
Local government bonds	3,163	38,263	60,525	43,014	22,581	—
Short-term bonds	2,998	—	—	—	—	—
Corporate bonds	22,669	90,760	74,485	39,059	30,971	—
Loans and bills discounted (*1)	144,067	183,481	229,352	92,380	140,320	383,940
Foreign exchanges	421	—	—	—	—	—
Total	¥311,309	¥351,161	¥435,846	¥211,095	¥325,003	¥427,939

*1. The above loans and bills discounted excluded ¥60,410 of which the redemption is not expected such as loans for "Potentially Bankrupt", "Effectively Bankrupt" and "Bankrupt" borrowers, and ¥141,033 million of which matured date is not determined.

	Thousands of U.S. Dollars					
	2010					
	Due in 1 year or less	Due from 1 year to 3 years	Due from 3 years to 5 years	Due from 5 years to 7 years	Due from 7 years to 10 years	Due after 10 years
Due from banks	$1,106,262	$ —	$ —	$ —	$ —	$ —
Call loans and bills bought	5,000	—	—	—	—	—
Commercial paper and other debt purchased	141,194	—	—	—	—	61,396
Securities						
Securities held-to-maturity	5,373	—	—	—	—	—
National government bonds	5,373	—	—	—	—	—
Other securities with maturity dates	535,180	1,802,240	2,219,415	1,275,961	1,984,992	411,518
National government bonds	148,246	241,349	646,254	355,900	1,285,335	411,518
Local government bonds	34,001	411,258	650,529	462,321	242,702	—
Short-term bonds	32,227	—	—	—	—	—
Corporate bonds	243,657	975,500	800,574	419,810	332,888	—
Loans and bills discounted (*)	1,548,442	1,972,071	2,465,090	992,908	1,508,171	4,126,611
Foreign exchanges	4,524	—	—	—	—	—
Total	$3,345,979	$3,774,311	$4,684,505	$2,268,869	$3,493,163	$4,599,525

Note 3: The redemption schedules for borrowed money and interest-bearing debts as of March 31, 2010 were as follows:

	Millions of yen					
	2010					
	Due in 1 year or less	Due from 1 year to 3 years	Due from 3 years to 5 years	Due from 5 years to 7 years	Due from 7 years to 10 years	Due after 10 years
Deposits (*1)	¥1,854,019	¥135,726	¥23,106	—	—	—
Negotiable certificates of deposits	81,438	—	—	—	—	—
Call moneys and bills sold	930	—	—	—	—	—
Borrowed money	29,332	2,354	695	—	—	—
	¥1,965,719	¥138,081	¥23,801	—	—	—

*1. Of deposits, demand deposits are included in the "1 year or less". Cumulative time deposits of ¥98,940 are not included in the above table.

	Thousands of U.S. Dollars					
	2010					
	Due in 1 year or less	Due from 1 year to 3 years	Due from 3 years to 5 years	Due from 5 years to 7 years	Due from 7 years to 10 years	Due after 10 years
Deposits (*1)	$19,927,112	$1,458,802	$248,345	—	—	—
Negotiable certificates of deposits	875,302	—	—	—	—	—
Call moneys and bills sold	10,000	—	—	—	—	—
Borrowed money	315,269	25,310	7,470	—	—	—
	$21,127,683	$1,484,112	$255,815	—	—	—

32. Derivative Financial Instruments Transaction

(a) Fair values of derivatives

Contract amounts, fair value and valuation gains/losses of derivatives outstanding as of March 31, 2010 and 2009 were as follow:

(1) Interest Rate Related Transactions

	Millions of yen			
	2010			
As of March 31	Contract amounts	Due after one year	Fair value	Gain/ losses
Interest rate swaps				
Receipts floating payment fixed	¥19,000	¥19,000	¥(313)	¥(313)
Total	¥ —	¥ —	¥(313)	¥(313)

	Millions of yen			
	2009			
As of March 31	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)

	Thousands of U.S. dollars (Note 1)			
	2010			
As of March 31	Contract amounts	Due after one year	Fair value	Gain/ losses
Interest rate swaps				
Receipts floating payment fixed	$204,213	$204,213	$(3,367)	$(3,367)
Total	$—	$—	$(3,367)	$(3,367)

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

	Millions of yen			
	2010			
For the year ended March 31	Contract amounts total	Due after one year	Fair value	Gain/ losses
Forward exchange contracts:				
Written	¥40	¥—	¥ (1)	¥ (1)
Purchased	43	—	1	1
Currency options:				
Written	¥51	¥—	¥(21)	¥(21)
Purchased	45	—	(7)	(7)
Total	¥—	¥—	¥(28)	¥(28)

	Millions of yen			
	2009			
For the year ended March 31	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)

	Thousands of U.S. dollar (Note 1)			
	2010			
For the year ended March 31	Contract amounts total	Due after one year	Fair value	Gain/ losses
Forward exchange contracts:				
Written	$430	$—	$ (10)	$ (10)
Purchased	463	—	9	9
Currency options:				
Written	$548	$—	$(224)	$(224)
Purchased	482	—	(75)	(75)
Total	$ —	$—	$(299)	$(299)

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

(b) Additional information on interest rate swaps

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

	Millions of yen		
	As of March 31, 2010		
Remained period	Within 1 year	After 1 year through 3 years	After 3 year through 5 years
Payer side			
Hypothetical notional	¥ —	¥25,000	¥31,000
amount of fixed swap	[13,000]	[13,000]	[53,000]
Average fixed interest	—	1.25	1.62
expense rate (%)	[0.82]	[1.31]	[1.61]
Average floating	—	0.47	0.50
interest income rate (%)	[0.99]	[0.90]	[1.01]
Total	¥ —	¥25,000	¥31,000
	[13,000]	[13,000]	[53,000]

* Figures in parentheses are those as of March 31, 2009.

33. Common Stock

The number of the Bank's authorized shares was 687,455,000 both as of March 31, 2010 and 2009.

The number of shares in issue was 193,936,439 both as of March 31, 2010 and 2009.

The number of treasury shares held by the Bank was 671 thousand and 649 thousand as of March 31, 2010 and 2009, respectively.

34. Stock Option Rights

(a) Expenses on stock option plan

Expenses on stock option plan amounted to ¥14 million (U.S.$151 thousand), included in general and administrative expenses for the year ended March 31, 2010.

(b) Details of stock option

The details of stock option plan adopted in 2009 are as follows:

Title and number of recipients	Full-time nine directors
Number of stock options	42,200 shares of common stock
Grant date	July 31, 2009
Conditions of exercise	None
Defined working period	None
Exercise period	August 1, 2009 to July 31, 2039
Remaining stock option	42,200 shares
Stock issue price	¥1 per share
Fair value at grant date*	¥334 per share

* Fair value at grant date was .measured based on dividend-adjusting type of Black-Scholes Option Pricing Model.

35. 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.

36. 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, 2010 and 2009 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	2010
Cash and due from banks	¥138,054	¥85,794	$1,483,813
Due from banks without interest	(653)	(407)	(7,012)
Ordinary due from banks	(497)	(529)	(5,345)
Cash and cash equivalents	¥136,904	¥84,858	$1,471,456

37. Segment Information

(a) Business segment information

Segment information by category of business for the years ended or as of March 31, 2010 and 2009 is summarized as follows:

	Millions of yen					
Year ended March 31, 2010	Banking business	Leasing	Other	Total	Eliminated and unallocated corporate assets	Consolidated
I. Ordinary income						
(1) External customers	¥ 46,908	¥ 5,297	¥1,430	¥ 53,635	¥ —	¥ 53,635
(2) Intersegment	270	493	1,105	1,868	(1,868)	—
Total	47,178	5,790	2,535	55,503	(1,868)	53,635
Ordinary expenses	42,008	5,079	2,170	49,257	(1,809)	47,448
Ordinary profit	¥5,170	¥711	¥365	¥6,246	¥(59)	¥6,187
II. Assets, depreciation and capital expenditure						
Assets	¥2,387,188	¥12,339	¥9,363	¥2,408,890	¥(11,343)	¥2,397,547
Depreciation	2,151	29	9	2,189	—	2,189
Losses on impairment of fixed assets	436	—	—	436	—	436
Capital expenditure	544	20	10	574	(80)	494

Notes: 1. Instead of "Sales amount" and "Operating profit", "Ordinary income" and "Ordinary profit" are presented.
2. "Other" includes credit card business, computer service and so on.
3. From the fiscal year ended March 31, 2010, the Bank applies "Accounting Policies Applied to Foreign Instruments" (ASBJ No. 10, March 10, 2008) and "Disclosure Guideline for Fair Value of Financial Instruments" (ASBJ PITF No.19, March 10, 2008). As a result of this change, on banking business, investment securities increased ¥70 million, deferred tax assets decreased ¥28 million, and net unrealized holding gain on other securities increased ¥41 million. And, both ordinary profit and income before income taxes increased ¥14 million.

	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	2,564	(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).

	Thousands of U.S. dollars (Note 1)					
Year ended March 31, 2010	Banking business	Leasing	Other	Total	Eliminated and unallocated corporate assets	Consolidated
I. Ordinary income						
(1) External customers	$ 504,172	$ 56,931	$ 15,373	$ 576,476	$ —	$ 576,476
(2) Intersegment	2,897	5,297	11,881	20,075	(20,075)	—
Total	507,069	62,228	27,254	596,551	(20,075)	576,476
Ordinary expenses	451,504	54,586	23,329	529,419	(19,439)	509,980
Ordinary profit	$ 55,565	$7,642	$3,925	$67,132	$(636)	$66,496
II. Assets, depreciation and capital expenditure						
Assets	$25,657,652	$132,621	$100,637	$25,890,910	$(121,916)	$25,768,994
Depreciation	23,116	315	94	23,525	—	23,525
Losses on impairment of fixed assets	4,686	—	—	4,686	—	4,686
Capital expenditure	5,848	219	100	6,167	(858)	5,309

(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 oversea operations

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

38. Related Party Transactions

Related party transactions for the years ended March 31, 2010 and 2009 and related information were as follows:

			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)
Related party	Category	Account Classification	**2010**	2009	**2010**	**2010**	2009	**2010**
Yasuhiko Watanabe	Director	Loan	¥—	¥—	$—	¥37	¥36	$395

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

39. Net Income Per Share

Consolidated net income per share for the years ended March 31, 2010 and 2009 and related information were as follows:

	Yen		U.S. dollars (Note 1)
	2010	2009	2010
Net assets per share	¥672.16	¥ 571.01	$7.224
Net income (loss) per share	18.17	(10.87)	0.195

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	2010
Net income (loss)	¥ 3,513	¥ (2,103)	$37,760
Net income (loss) not attributable to common stock holders	—	—	—
Net income (loss) attributable to common stockholders	3,513	(2,103)	37,760
Average number of common stock (thousand shares)	193,277 shares	193,321 shares	

40. Subsequent Event

The following appropriation of retained earnings applicable to the year ended March 31, 2010 was approved at the stockholders' meeting of the Bank held on June 29, 2010.

	Millions of yen
Year-end cash dividends (Four yen per share)	¥773

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ADDRESS▸ 2-1, Sanno 3-chome, Akita 010-8655, Japan
TEL▸ 018-863-1212
URL▸ http://www.akita-bank.co.jp/
E-mail▸ info@akita-bank.co.jp

SWIFT AKITJPJT

The Akita Bank, Ltd.