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ANNUAL REPORT
YEAR ENDED March 31, 2012

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, 2012 and 2011

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
For the years ended March 31	2012	2011	2012
Total income	¥50,909	¥52,641	$619,410
Total expenses	43,017	46,815	523,384
Income before income taxes and minority interests	7,892	5,826	96,026
Net income	3,756	2,652	45,696

	Yen		U.S. Dollars
Net income per share	¥19.73	¥13.72	$0.240

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
As of March 31	2012	2011	2012
Total assets	¥2,598,841	¥2,449,055	$31,619,911
Trading account securities and securities	935,917	873,844	11,387,227
Loans and bills discounted	1,444,674	1,394,597	17,577,250
Deposits	2,282,939	2,180,592	27,776,365
Total net assets	135,665	130,318	1,650,625

Notes: (1) U.S. dollar amounts are translated, for convenience only, at ¥82.19 = U.S.$1.00, the exchange rate prevailing as of March 31, 2012.
(2) Capital adequacy ratio stood at 11.96% and 12.27% as of March 31, 2012 and 2011, 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				
	2012	2011	2010	2009	2008
Total income	¥50,909	¥52,641	¥53,645	¥58,056	¥58,494
Net income (loss)	3,756	2,652	3,513	(2,103)	3,515

	Yen				
Net income (loss) per share	¥19.73	¥13.72	¥18.17	(¥10.87)	¥18.11

	Percent				
	2012	2011	2010	2009	2008
Income ratio					
Net income (loss) to total assets	0.14	0.11	0.15	(0.09)	0.15
Net income (loss) to owned capital	2.93	2.07	2.92	(1.76)	2.60
Capital adequacy ratio					
Domestic guidelines	11.96	12.27	12.36	11.72	12.43

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, 2012 and 2011

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2012	2011	2012
ASSETS			
Cash and due from banks (Note 35)	¥ 130,718	¥ 99,565	$ 1,590,440
Call loans and bills bought	15,771	16,725	191,878
Debt purchased	40,511	34,920	492,890
Trading account securities (Note 4)	16	3	189
Money held in trust	258	—	3,134
Securities (Notes 5 and 11)	935,901	873,841	11,387,038
Loans and bills discounted (Note 6)	1,444,674	1,394,597	17,577,250
Foreign exchanges (Note 7)	256	607	3,113
Other assets (Notes 8 and 11)	22,079	21,329	268,631
Premises and equipment (Notes 9 and 29)	21,797	22,160	265,204
Intangible fixed Assets (Note 10)	2,275	2,903	27,685
Deferred tax assets (Note 13)	2,245	5,930	27,316
Customers' liabilities for acceptances and guarantees (Note 12)	8,599	8,803	104,625
Reserve for possible loan losses	(26,247)	(32,230)	(319,340)
Reserve for investment losses	(12)	(98)	(142)
Total assets	¥2,598,841	¥2,449,055	$31,619,911

See notes to consolidated financial statements.

Consolidated Balance Sheets

The Akita Bank, Ltd. and subsidiaries
As of March 31, 2012 and 2011

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2012	2011	2012
LIABILITIES			
Deposits (Notes 11 and 14)	¥2,282,939	¥2,180,592	$27,776,365
Negotiable certificates of deposits (Note 14)	99,024	86,527	1,204,817
Call moneys and bills sold	—	748	—
Payables under securities lending transactions (Note 11)	27,919	8,684	339,681
Borrowed money (Notes 11 and 15)	18,231	8,735	221,814
Foreign exchanges (Note 16)	42	19	511
Other liabilities (Note 17)	16,964	15,089	206,401
Accrued bonuses to directors	20	20	243
Reserve for employees' retirement benefits (Note 18)	6,079	5,996	73,967
Reserve for retirement benefits to directors	50	42	602
Reserve for repayments on dormant deposits	466	362	5,670
Reserve for contingent losses	593	525	7,213
Deferred tax liability on land revaluation (Note 19)	2,250	2,595	27,377
Acceptances and guarantees (Note 12)	8,599	8,803	104,625
Total liabilities	2,463,176	2,318,737	29,969,286
NET ASSETS			
Common stock (Note 32)	14,101	14,101	171,564
Capital surplus	6,271	6,271	76,304
Retained earnings (Notes 34 and 39)	95,341	92,762	1,160,013
Treasury stock	(1,304)	(365)	(15,874)
Total stockholders' equity	114,409	112,769	1,392,007
Net unrealized holding gain on other securities (Note 20)	13,695	10,667	166,633
Deferred hedge losses	(907)	(906)	(11,040)
Land revaluation excess (Note 19)	3,295	2,936	40,087
Total accumulated other comprehensive income	16,083	12,697	195,680
Stock option rights (Note 33)	37	28	453
Minority interests in consolidated subsidiaries	5,136	4,824	62,485
Total net assets	135,665	130,318	1,650,625
Total liabilities and net assets	¥2,598,841	¥2,449,055	$31,619,911

See notes to consolidated financial statements.

Consolidated Statements of Income and Comprehensive Income

The Akita Bank, Ltd. and subsidiaries
For the years ended March 31, 2012 and 2011

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2012	2011	2012
Income			
Interest income			
Interest on loans and discounts	¥24,042	¥24,504	$292,514
Interest and dividends on securities	10,625	11,378	129,273
Other interest income (Note 21)	265	212	3,228
Fees and commissions (Note 22)	6,364	6,294	77,428
Other operating income (Note 23)	7,554	7,930	91,907
Other income (Note 24)	2,059	2,323	25,060
Total income	50,909	52,641	619,410
Expenses			
Interest expenses			
Interest on deposits	2,139	2,691	26,029
Interest on borrowings and rediscounts	103	79	1,254
Other interest expenses (Note 25)	848	622	10,311
Fees and commissions (Note 26)	2,261	2,146	27,515
Other operating expenses (Note 27)	6,379	5,115	77,608
General and administrative expenses	27,636	29,070	336,249
Other expenses (Note 28)	3,651	7,092	44,418
Total expenses	43,017	46,815	523,384
Income before income taxes and minority interests	7,892	5,826	96,026
Income taxes (Note 13)			
Current	712	2,545	8,674
Deferred	3,120	319	37,955
Income before minority interests	4,060	2,962	49,397
Minority interests in net income	304	310	3,701
Net income	¥ 3,756	¥ 2,652	$ 45,696
Income before minority interests	4,060	2,962	49,397
Other comprehensive income			
Net unrealized income (losses) on other securities	3,045	(5,720)	37,051
Deferred hedge losses	(2)	(15)	(19)
Land revaluation excess	319	—	3,880
Total of other comprehensive income	3,362	(5,735)	40,912
Comprehensive income	7,422	(2,773)	90,309
Income attributable to:			
Owners of the parent company	7,101	(3,082)	86,404
Minority interests	¥ 321	¥ 309	$ 3,905

	Yen		Dollars (Note 1)
Net income per share (Note 38)	¥ 19.73	¥ 13.72	$ 0.240

See notes to consolidated financial statements.

Consolidated Statements of Net Assets

The Akita Bank, Ltd. and subsidiaries
As of March 31, 2012 and 2011

	Millions of Yen				
	Stockholders' Equity				
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total
Balance at March 31, 2010	¥14,101	¥6,271	¥91,449	¥(362)	¥111,459
Changes during the fiscal Year					
Dividends from surplus	—	—	(1,353)	—	(1,353)
Net income	—	—	2,652	—	2,652
Acquisition of treasury stock	—	—	—	(6)	(6)
Disposition of treasury stock	—	—	(1)	2	1
Reversal of land revaluation excess	—	—	15	—	15
Items other than changes in stockholders' equity (net)	—	—	—	—	—
Net changes during the Fiscal Year	—	—	1,313	(4)	1,309
Balance at March 31, 2011	¥14,101	¥6,271	¥92,762	¥(366)	¥112,769
Changes during the fiscal Year					
Dividends from surplus	—	—	(1,149)	—	(1,149)
Increase in deferred capital gain reserve due to income tax rate change	—	—	18	—	18
Net income	—	—	3,756	—	3,756
Acquisition of treasury stock	—	—	—	(1,122)	(1,122)
Disposition of treasury stock	—	—	(6)	183	177
Reversal of land revaluation excess	—	—	(40)	—	(40)
Items other than changes in stockholders' equity (net)	—	—	—	—	—
Net changes during the Fiscal Year	—	—	2,579	(939)	1,640
Balance at March 31, 2012	¥14,101	¥6,271	¥95,341	(¥1,304)	¥114,409

	Millions of Yen						
	Accumulated Other Comprehensive Income						
	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, 2010	¥16,387	¥(891)	¥2,951	¥18,447	¥14	¥4,523	¥134,443
Changes during the fiscal year							
Dividends from surplus	—	—	—	—	—	—	(1,353)
Net income	—	—	—	—	—	—	2,652
Acquisition of treasury stock	—	—	—	—	—	—	(6)
Disposition of treasury stock	—	—	—	—	—	—	1
Reversal of land revaluation excess	—	—	—	—	—	—	15
Items other than changes in stockholders' equity (net)	(5,720)	(15)	(15)	(5,750)	14	301	(5,434)
Net changes during the Fiscal Year	(5,720)	(15)	(15)	(5,750)	14	301	(4,125)
Balance at March 31, 2011	¥10,667	¥(906)	¥2,936	¥12,697	¥28	¥4,824	¥130,318
Changes during the fiscal year							
Dividends from surplus	—	—	—	—	—	—	(1,149)
Increase in deferred capital gain reserve due to income tax rate change	—	—	—	—	—	—	18
Net income	—	—	—	—	—	—	3,756
Acquisition of treasury stock	—	—	—	—	—	—	(1,122)
Disposition of treasury stock	—	—	—	—	—	—	177
Reversal of land revaluation excess	—	—	—	—	—	—	(40)
Items other than changes in stockholders' equity (net)	3,028	(1)	359	3,386	9	312	3,707
Net changes during the Fiscal Year	3,028	(1)	359	3,386	9	312	5,347
Balance at March 31, 2012	¥13,695	(¥907)	¥3,295	¥16,083	¥37	¥5,136	¥135,665

Consolidated Statements of Net Assets

The Akita Bank, Ltd. and subsidiaries
As of March 31, 2012 and 2011

	Thousands of U.S. Dollars (Note 1)				
	Stockholders' Equity				
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total
Balance at March 31, 2011	$171,564	$76,304	$1,128,633	($ 4,447)	$1,372,054
Changes during the fiscal Year					
Dividends from surplus	—	—	(13,981)	—	(13,981)
Increase in deferred capital gain reserve due to income tax rate change	—	—	222	—	222
Net income	—	—	45,696	—	45,696
Acquisition of treasury stock	—	—	—	(13,657)	(13,657)
Disposition of treasury stock	—	—	(73)	2,230	2,157
Reversal of land revaluation excess	—	—	(484)	—	(484)
Items other than changes in stockholders' equity (net)	—	—	—	—	—
Net changes during the Fiscal Year	—	—	31,380	(11,427)	19,953
Balance at March 31, 2012	$171,564	$76,304	$1,160,013	($15,874)	$1,392,007

	Thousands of U.S. Dollars (Note 1)						
	Accumulated Other Comprehensive Income						
	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, 2011	$129,787	($11,021)	$35,722	$154,488	$342	$58,685	$1,585,569
Changes during the fiscal year							
Dividends from surplus	—	—	—	—	—	—	(13,981)
Increase in deferred capital gain reserve due to income tax rate change							222
Net income	—	—	—	—	—	—	45,696
Acquisition of treasury stock	—	—	—	—	—	—	(13,657)
Disposition of treasury stock	—	—	—	—	—	—	2,157
Reversal of land revaluation excess	—	—	—	—	—	—	(484)
Items other than changes in stockholders' equity (net)	36,846	(19)	4,365	41,192	111	3,800	45,102
Net changes during the Fiscal Year	36,846	(19)	4,365	41,192	111	3,800	65,056
Balance at March 31, 2012	$166,633	($11,040)	$40,087	$195,680	$453	$62,485	$1,650,625

Consolidated Statements of Cash Flows

The Akita Bank, Ltd. and subsidiaries
For the years ended March 31, 2012 and 2011

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2012	2011	2012
Cash flows from operating activities			
Income before income taxes and minority interests	¥ 7,892	¥ 5,826	$96,026
Depreciation and amortization	2,183	2,480	26,563
Losses on impairment of fixed assets	209	286	2,545
Net change in reserve for possible loan losses	(5,983)	1,349	(72,795)
Net change in reserve for investment losses	(86)	85	(1,044)
Net change in reserve for employees' retirement benefits	83	58	1,011
Net change in reserve for retirement benefits to directors	7	6	89
Net change in reserve for repayments on dormant deposits	104	(15)	1,265
Net change in reserve for contingent losses	68	(37)	819
Interest income	(34,932)	(36,094)	(425,015)
Interest expenses	3,090	3,392	37,595
Net gain related to securities transactions	1,539	(3,196)	18,717
Net income from money held in trust	(0)	2	(0)
Net exchange gain	(252)	(33)	(3,067)
Net loss from disposition of premises and equipment	130	219	1,574
Net change in loans and bills discounted	(55,291)	(22,785)	(672,717)
Net change in deposits	102,348	68,800	1,245,254
Net change in negotiable certificates of deposit	12,497	5,089	152,053
Net change in borrowed money	9,496	(23,648)	115,538
Net change in due from banks (excluding due from the Bank of Japan)	(439)	9	(5,340)
Net change in call loans, commercial paper and other dept purchased	(4,618)	(32,293)	(56,193)
Net change in call money and borrowed money	(748)	(182)	(9,105)
Net change in payable under securities lending transactions	19,234	8,684	234,024
Net change in foreign exchanges (assets)	351	(186)	4,271
Net change in foreign exchanges (liabilities)	23	49	281
Interest received	35,464	36,520	431,488
Interest paid	(3,226)	(3,773)	(39,254)
Net change in trading account securities	(11)	30	(130)
Other, net	8,882	4,102	108,071
Sub-total	98,014	14,744	1,192,524
Income taxes paid	(2,320)	(1,843)	(28,224)
Net cash provided by operating activities	95,694	12,901	1,164,300
Cash flows from investing activities			
Purchases of securities	(539,472)	(759,489)	(6,563,719)
Proceeds from sales of securities	171,619	194,783	2,088,074
Proceeds from maturity of securities	306,772	518,765	3,732,479
Increase in money held in trust	(257)	—	(3,134)
Purchases of premises and equipment	(2,262)	(2,873)	(27,518)
Proceeds from sales of premises and equipment	831	1,357	10,110
Purchases of intangible fixed assets	(101)	(2,558)	(1,226)
Net cash used in investing activities	(62,870)	(50,015)	(764,934)
Cash flows from financing activities			
Dividends of paid	(1,149)	(1,353)	(13,982)
Dividends paid for minority	(9)	(9)	(105)
Purchases of treasury stock	(1,122)	(5)	(13,657)
Proceeds from sales of treasury stock	171	1	2,083
Net cash used in financing activities	(2,109)	(1,366)	(25,661)
Effect of currency rate exchanges on cash and cash equivalents	(1)	0	(7)
Net increase in cash and cash equivalents	30,714	(38,480)	373,698
Cash and cash equivalents at beginning of year	98,424	136,904	1,197,519
Cash and cash equivalents at end of year (Note 35)	¥129,138	¥ 98,424	$1,571,217

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

The Akita Bank, Ltd. and consolidated subsidiaries
March 31, 2012

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 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 has been made at the rate of ¥82.19 to $1.00, the rate of exchange prevailing on March 31, 2012. 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. Non-marketable securities are carried at moving average cost.

Securities held in the money 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.

(c) Derivatives

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

(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
Others:	3–20 years

Depreciation of premises and equipment owned by 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 held for internal-use is computed using the straight-line method over the estimated useful lives (mainly 5 years).

(f) Leased assets (as lessee)

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 in addition to amounts deemed necessary based on estimation of the collectability of specific loans.

(h) Reserve for investment losses

Reserve for investment losses is provided for at the estimated amounts based on the financial position of security issuing company.

(i) Reserve for employees' retirement benefits

Reserve for employees' retirement benefits is calculated at an amount 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 after occurrence using the straight-line method over the average remaining service period of employees (10 years).

(j) Accrued bonuses to directors

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

(k) Reserve for retirement benefits to directors

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.

(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 applies 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. 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 applies 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, both at the hedge's inception and on an ongoing basis, when 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

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.

ii. As lessor

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

(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 consist of cash and deposit with the Bank of Japan.

(s) Goodwill on consolidation

Goodwill 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)Additional information

(1) Accounting changes and error corrections

The Bank applies "Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Statement No.24, December 4, 2009) and "Guidance on Accounting Standard for Accounting Changes and Error Corrections"(ASBJ Guidance No.24, December 4, 2009), effective from April 1, 2011.

(2) Accounting for employee stock ownership plan

The Bank adopted Trust-type Employee Stock Ownership Plan to enhance employees' welfare by utilizing existing employee shareholding body by a resolution of the Board of Directors on March 22, 2011. As the Bank guarantees the liabilities related to purchases and sales of the trust, the trust is deemed a unit of the Bank for accounting purpose. Its assets and liabilities, and revenues and expenses are included in the consolidated financial statements. Number of shares of the Bank held by the trust was 2,988,000 shares as of March 31, 2012 and included in treasury shares held by the Bank.

4. Trading Account Securities

Trading account securities as of March 31, 2012 and 2011 consisted of national government bonds as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Amount in the balance sheet	¥ 16	¥ 3	$189
Valuation gain (loss) included in income for the year	(0)	(0)	(0)

5. Securities

Securities as of March 31, 2012 and 2011 consisted of the followings:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
National government bonds	¥410,354	¥338,250	$ 4,992,750
Local government bonds	143,718	158,990	1,748,611
Short term bonds	3,000	2,000	36,498
Corporate bonds	275,019	265,045	3,346,131
Share stocks	39,284	41,898	477,970
Other securities	64,526	67,658	785,078
Total	¥935,901	¥873,841	$11,387,038

Market value and valuation differences of securities as of March 31, 2012 and 2011 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, 2012 and 2011 were summarized as follows:

	Millions of yen				
	2012				
	Carrying value	Market value	Differences	Gain	Loss
National government bonds	¥595	¥610	¥15	¥15	¥—

	Millions of yen				
	2011				
	Carrying value	Market value	Differences	Gain	Loss
National government bonds	¥593	¥590	¥(3)	¥—	¥3

	Thousands of U.S. dollars				
	2012				
	Carrying value	Market value	Differences	Gain	Loss
National government bonds	$7,234	$7,418	$184	$184	$—

(b) Other marketable securities

The Bank and consolidated subsidiaries' investments in other securities as of March 31, 2012 and 2011 were summarized as follows:

	Millions of yen		
	2012		
	Carrying value	Cost	Gain (loss)
Carrying value exceeding cost:			
Stocks	¥ 22,933	¥ 15,699	¥ 7,234
Bonds:			
National government bonds	409,760	402,035	7,725
Local government bonds	143,718	139,345	4,373
Short-term bonds	3,000	2,999	1
Corporate bonds	258,331	253,848	4,483
Bonds total	814,809	798,227	16,582
Other	34,431	33,068	1,363
Subtotal	¥872,173	¥846,994	¥25,179
Carrying value not exceeding cost:			
Stocks	¥ 13,869	¥ 16,187	¥ (2,318)
Bonds:			
Corporate bonds	16,687	16,877	(190)
Bonds total	16,687	16,877	(190)
Other	34,035	35,840	(1,805)
Subtotal	¥ 64,591	¥ 68,904	¥ (4,313)
Total	¥936,764	¥915,898	¥20,866

	Millions of yen		
	2011		
	Carrying value	Cost	Gain (loss)
Carrying value exceeding cost:			
Stocks	¥ 25,741	¥ 18,410	¥ 7,331
Bonds:			
National government bonds	249,369	242,167	7,202
Local government bonds	158,990	154,844	4,146
Corporate bonds	220,609	215,993	4,616
Bonds total	628,968	613,004	15,964
Other	36,299	35,106	1,193
Subtotal	¥691,008	¥666,520	¥24,488
Carrying value not exceeding cost:			
Stocks	¥ 13,641	¥ 16,873	¥ (3,232)
Bonds:			
National government bonds	88,288	89,038	(750)
Short-term bonds	2,000	2,000	(0)
Corporate bonds	44,434	44,868	(434)
Bonds total	134,722	135,906	(1,184)
Other	36,119	38,813	(2,694)
Subtotal	¥184,482	¥191,592	¥ (7,110)
Total	¥875,490	¥858,112	¥17,378

	Thousands of U.S. dollars		
	2012		
	Carrying value	Cost	Gain (loss)
Carrying value exceeding cost:			
Stocks	$ 279,023	$ 191,008	$ 88,015
Bonds:			
National government bonds	4,985,516	4,891,533	93,983
Local government bonds	1,748,611	1,695,402	53,209
Short-term bonds	36,498	36,492	6
Corporate bonds	3,143,099	3,088,550	54,549
Bonds total	9,913,724	9,711,977	201,747
Other	418,927	402,336	16,591
Subtotal	$10,611,674	$10,305,321	$306,353
Carrying value not exceeding cost:			
Stocks	$ 168,734	$ 196,946	$ (28,211)
Bonds:			
Corporate bonds	203,032	205,342	(2,310)
Bonds total	203,032	205,342	(2,310)
Other	414,103	436,064	(21,961)
Subtotal	$ 785,869	$ 838,352	$ (52,483)
Total	$11,397,543	$11,143,673	$253,870

(c) Other securities sold

Other securities sold and gains and losses of those securities for the years ended March 31, 2012 and 2011 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Proceeds from sales	¥171,026	¥190,996	$2,080,857
Gains	1,750	4,103	21,290
Losses	(1,171)	(319)	(14,249)

6. Loans and Bills Discounted

(a) Loans and bills discounted as of March 31, 2012 and 2011 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Bills discounted	¥ 7,417	¥ 7,595	$ 90,241
Loans on notes	65,943	76,114	802,322
Loans on deeds	1,236,477	1,174,228	15,044,126
Overdrafts	134,837	136,660	1,640,561
Total	¥1,444,674	¥1,394,597	$17,577,250

(b) Loans and bills discounted at March 31, 2012 and 2011 included the following items:

Balances of loans to borrowers under bankruptcy procedures as of 31st March, 2012 and 2011 were ¥4,877 million (U.S.$59,335 thousand) and ¥5,520 million, respectively.

Balances of delinquent loans as of March 31, 2012 and 2011 were ¥57,326 million (U.S.$697,487 thousand) and ¥56,565 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) Balances of loans past due for 3 months or more as of March 31, 2012 and 2011 were ¥21 million ((U.S.$259 thousand) and ¥0, respectively.

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) Balances of restructured loans as of March 31, 2012 and 2011 were ¥327 million (U.S.$3,981 thousand) and ¥526 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, 2012 and 2011 were ¥62,552 million (U.S.$761,063 thousand) and ¥62,612million, 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, 2012 and 2011 were ¥7,417 million (U.S. $90,244 thousand) and ¥7,595 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 ¥528,202 million (U.S.$ 6,426,598 thousand) relating to these contracts, including ¥527,476 million (U.S.$ 6,417,766 thousand) of which the term of contracts is less than one year or revocable at any time as of March 31, 2012.

The respective amounts were ¥520,550 million and ¥519,170 million as of March 31, 2011.

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.

7. Foreign Exchange Assets

Foreign exchange assets as of March 31, 2012 and 2011 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Due from foreign banks	¥256	¥599	$3,110
Foreign exchange bills bought	0	1	3
Foreign exchange bills sold	—	7	—
Total	¥256	¥607	$3,113

8. Other Assets

Other assets as of March 31, 2012 and 2011 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Lease receivables and lease investment assets	¥ 7,831	¥ 7,441	$ 95,279
Domestic exchange settlement	89	—	1,083
Prepaid expenses	19	13	235
Accrued income	5,598	5,381	68,113
Derivatives	291	147	3,540
Others	8,251	8,347	100,381
Total	¥22,079	¥21,329	$268,631

Lease guarantee deposits of ¥291 million (U.S.3,537 thousand) and ¥290 million are included in other assets as of March 31, 2012 and 2011, respectively.

9. Premises and Equipment

Premises and equipment as of March 31, 2012 and 2011 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Buildings	¥ 7,086	¥ 7,031	$ 86,221
Land	12,140	12,251	147,707
Construction in Progress	314	16	3,818
Others	2,257	2,862	27,458
Total	¥21,797	¥22,160	$265,204

The accumulated depreciation of premises and equipment as of March 31, 2012 and 2011 amounted to ¥35,099million (U.S.$427,051 thousand) and ¥35,639 million, respectively.

The Bank has deducted acquisition cost (Asshuku-kicho) to defer recognition of capital gain by ¥2,322 million (U.S.$28,248 thousand) and ¥2,321 million as of March 31, 2012 and 2011, respectively..

10. Intangible Fixed Assets

Intangible fixed assets as of March 31, 2012 and 2011consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Software	¥2,020	¥2,610	$24,588
Other	255	293	3,097
Total	¥2,275	¥2,903	$27,685

11. Assets Pledged

Assets pledged as collateral as of March 31, 2012 and 2011 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Securities	¥112,171	¥30,685	$1,364,776
Other assets	1,079	2,009	13,133
Total	¥113,250	¥32,694	$1,377,909

Liabilities related to above pledged assets as of March 31, 2012 and 2011 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Deposits	¥ 8,896	¥5,673	$108,238
Payables under securities lending			
Transactions	27,918	8,684	339,681
Borrowed money	14,510	6,090	176,542

In addition, the followings were pledged as collateral for settlements of exchange or margins for futures transactions as of March 31, 2012 and 2011, respectively.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Securities	¥78,292	¥81,585	$952,574

12. 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.

13. 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, 2012 and 2011.

(1) Significant component of deferred tax assets and liabilities at March 31, 2012 and 2011 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Deferred tax assets:			
Reserve for employees' retirement benefits	¥ 3,684	¥ 4,067	$ 44,818
Reserve for possible loan losses	8,354	11,265	101,639
Securities	1,051	1,147	12,788
Depreciation	756	978	9,199
Others	2,201	2,679	26,781
Total deferred tax assets	16,046	20,136	195,255
Valuation allowance	(4,780)	(5,341)	(58,154)
Total deferred tax assets, net	11,266	14,795	137,071
Deferred tax liabilities:			
Profit from establishment of the trust for employees' retirement benefits	(1,690)	(2,005)	(20,555)
Net unrealized holding gain on other securities	(7,146)	(6,704)	(86,946)
Reserve for deduction of acquisition cost of fixed assets to defer recognition of capital gain	(134)	(156)	(1,632)
Other	(51)	—	(622)
Total deferred tax liabilities	(9,021)	(8,865)	(109,755)
Net deferred tax assets	¥ 2,245	¥ 5,930	$ 27,316

(2) 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, 2012 and 2011 was as follows:

	2012	2011
Statutory tax rate	40.4%	40.4%
Expenses not deductible for income tax purposes	0.5	0.7
Dividend income deductible for income tax purpose	(2.7)	(4.1)
Inhabitant tax on per capital basis	0.5	0.7
Decrease in deferred tax assets due to income tax rate change	8.8	—
Change in valuation allowance	1.3	12.6
Others	(0.2)	(1.1)
Actual effective tax rate	48.6%	49.2%

(3) Japanese corporate tax will be reduced by 4.5 percent effective from the year beginning April 1, 2012, while the Special Reconstruction Corporation Tax will impose 10 percent surtax for three years beginning April 1, 2012. In consequence a statutory rate (40.4% currently) applicable to temporary differences to be settled during the three years beginning April 1, 2012 is 37.8% and is 35.4% for the following years. Effect of the change in tax rate was to increase deferred tax assets and deferred income taxes by ¥267 million (U.S.$3,246 thousand) and ¥692 million (U.S.$8,415 thousand), respectively. Furthermore deferred tax liability on land valuation was decreased by ¥319 million (U.S.$3,881 thousand) and land revaluation excess was increased by the same amount. Deferred capital gain reserve and net unrealized holding gain on other securities were increased by ¥18 million (U.S.$222 thousand) and ¥1,009 million (U.S.$12,287 thousand), respectively. Deferred hedge losses was decreased by ¥70 million (U.S.$848 thousand)

14. Deposits

An analysis of deposits as of March 31, 2012 and 2011 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Current deposits	¥ 137,790	¥ 103,102	$ 1,676,484
Ordinary deposits	974,095	894,561	11,851,751
Savings deposits	43,010	42,320	523,298
Time deposits	1,090,696	1,105,335	13,270,422
Other deposits	37,348	35,274	454,410
Sub-total	2,282,939	2,180,592	27,776,365
Negotiable certificates	99,024	86,527	1,204,817
Total	¥2,381,963	¥2,267,119	$28,981,182

15. Borrowed Money

Borrowed money as of March 31, 2012 and 2011 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Loans from banks	¥18,231	¥8,735	$221,814

The average interest rate of the loans was 0.364% as of March 31, 2012. The aggregate annual maturities of the loans from banks subsequent to March 31, 2012 are summarized as follows:

Years ending March 31,	Millions of yen	Thousands of U.S. dollars (Note 1)
2013	¥15,510	$188,711
2014	1,213	14,758
2015	883	10,743
2016	450	5,471
2017	175	2,129

16. Foreign Exchanges Liabilities

Foreign exchange liabilities as of March 31, 2012 and 2011 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Foreign exchange bills sold	¥41	¥18	$505
Foreign exchange bills payable	1	1	6
Total	¥42	¥19	$511

17. Other Liabilities

Other liabilities as of March 31, 2012 and 2011 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Domestic exchange settlement	¥ —	¥ 69	$ —
Income tax payable	234	1,841	2,852
Accrued expenses	3,781	4,288	46,007
Unearned income	3,526	3,929	42,895
Derivatives	2,158	2,182	26,259
Lease obligations	602	483	7,325
Others	6,663	2,297	81,063
Total	¥16,964	¥15,089	$206,401

18. 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, 2012 and 2011 for the Bank and consolidated subsidiaries:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Projected benefit obligation	¥(22,821)	¥(22,650)	$(277,668)
Plan assets at fair value	14,302	13,787	174,017
Unfunded retirement benefit obligation	(8,519)	(8,863)	(103,651)
Unrecognized actuarial gain (loss)	5,282	5,636	64,262
Net retirement benefit	(3,237)	(3,227)	(39,389)
Prepaid pension cost	2,842	2,769	34,578
Reserve for employees' retirement benefits	¥ (6,079)	¥ (5,996)	$ (73,967)

(b) Retirement benefit cost

The components of employees' retirement benefit cost for the years ended March 31, 2012 and 2011 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Service cost	¥ 715	¥ 712	$ 8,707
Interest cost	452	443	5,498
Expected return on plan assets	(322)	(318)	(3,917)
Amortization of actuarial loss	858	778	10,436
Net periodic retirement benefit cost	¥1,703	¥1,615	$20,724

(c) Actuarial Assumptions used to determine retirement benefit cost and obligation for the years ended March 31, 2012 and 2011 were as follows:

	2012	2011
a. Discount rate	2.0%	2.0%
b. Expected rate of return on plan assets	2.5%	2.5%
Expected rate of return on retirement provision trust	2.1%	1.8%
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

19. 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: ¥5,826 million (U.S.$70,879 thousand) and ¥5,593 million as of March 31, 2012 and 2011, respectively.

20. Net Unrealized Holding Gains on Other Securities

The components of net unrealized holding gain on other securities as of March 31, 2012 and 2011 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Valuation differences of other securities	¥20,865	¥17,378	$253,870
Deferred tax liabilities	(7,146)	(6,704)	(86,946)
Minority interests	(24)	(7)	(291)
Net unrealized holding gains on securities	¥13,695	¥10,667	$166,633

21. Other Interest Income

The composition of other interest income for the years ended March 31, 2012 and 2011 was as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Securities under repurchase agreements	¥ 6	¥ 35	$ 75
Interest on deposits with banks	9	5	107
Interest on interest swap	8	2	101
Others	242	170	2,945
Total	¥265	¥212	$3,228

22. Fees and Commissions—Income

The composition of fees and commission income for the years ended March 31, 2012 and 2011 was as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Domestic and foreign exchange	¥1,881	¥1,954	$22,881
Others	4,483	4,340	54,547
Total	¥6,364	¥6,294	$77,428

23. Other Operating Income

The composition of other operating income for the years ended March 31, 2012 and 2011 was as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Gains on trading account securities	¥ 2	¥ 1	$ 22
Gains on sales and redemption of bonds	1,615	2,282	19,656
Gains on foreign exchange transactions	253	33	3,074
Others	5,684	5,614	69,155
Total	¥7,554	¥7,930	$91,907

24. Other Income

The composition of other income for the years ended March 31, 2012 and 2011 was as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Reversal of reserve for possible loan losses	¥1,320	¥ —	$16,064
Gains on sales of stocks and other securities	157	1,821	1,919
Gains on disposition of fixed assets	10	29	116
Others	572	473	6,961
Total	¥2,059	¥2,323	$25,060

25. Other Interest Expenses

The composition of other interest expenses for the years ended March 31, 2012 and 2011 was as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Interest swap	¥591	¥580	$ 7,189
Others	257	42	3,122
Total	¥848	¥622	$10,311

26. Fees and Commissions—Expenses

The composition of fees and commissions expenses for the years ended March 31, 2012 and 2011 was as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Domestic and foreign exchange	¥ 314	¥ 327	$ 3,821
Others	1,947	1,819	23,694
Total	¥2,261	¥2,146	$27,515

27. Other Operating Expenses

The composition of other operating expenses for the years ended March 31, 2012 and 2011 was as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Losses on redemption of bonds	¥1,549	¥ 5	$18,844
Losses on sales of bonds	20	123	247
Others	4,810	4,987	58,517
Total	¥6,379	¥5,115	$77,608

28. Other Expenses

The composition of other expenses for the years ended March 31, 2012 and 2011 was as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Provision of reserve for possible loan losses	¥ —	¥4,461	$ —
Written-off claims	707	310	8,605
Losses on sales of stocks and other securities	1,151	196	14,002
Losses on devaluation of stocks and other securities	592	583	7,198
Losses on money held in trust	—	3	—
Losses on dispositions of premises and equipment	139	247	1,690
Others	1,062	1,292	12,923
Total	¥3,651	¥7,092	$44,418

29. Losses on Impairment of Fixed Assets

The Bank recognized losses on impairment of the following fixed assets, included in "others of other expenses", for the years ended March 31, 2012 and 2011.

For the year ended March 31, 2012

Area	Main purpose	Variety	(Millions of yen)	Thousands of U.S. dollars (Note 1)
Akita Prefecture	Branch Buildings	Land and Buildings; two places	¥ 18	$ 216
	Idle Assets	Land and Buildings; thirteen places	183	2,228
Out of Akita Prefecture	Branch Buildings	Land and Buildings; two places	6	76
	Idle Assets	Land and Buildings; one place	2	25
Total			¥209	$2,545
Components of impairment losses				
Building			¥101	$1,234
Land			108	1,311

For the year ended March 31, 2011

Area	Main purpose	Variety	(Millions of yen)
Akita Prefecture	Branch Buildings	Land and Buildings; six places	¥ 51
	Idle Assets	Land and Buildings; nine places	40
Out of Akita Prefecture	Branch Buildings	Land and Buildings; two places	37
	Idle Assets	Land and Buildings; five places	157
Total			¥285
Components of impairment losses			
Building			¥136
Land			149

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

The recoverable amounts of such assets are 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.

30. 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.

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.

(e) Quantitative Information on Market Risk
For the Akita Bank Group ("the Group"), key financial instruments influenced by interest rate risk—a major risk variable—are loans, bonds classified as other investment securities under investment securities, deposits, negotiable certificates of deposit, and interest rate swaps under derivative transactions. The Group uses the measure VAR to calculate changes in the economic value of these financial assets and financial liabilities, which facilitates quantitative analysis for controlling the risk of interest rate fluctuations.

To calculate the associated value impact of interest rate risk on revenues using VAR, the Group divides risk-prone financial assets and financial liabilities into fixed interest rate and floating interest rate groups, breaks down the balances into appropriate periods corresponding to respective interest due dates, and applies the variance-covariance method reflecting the correlation effect among risk factors (holding period: 40 days; confidence interval: 99%; observation period: 5 years) based on interest rate margins—the spread between lending and borrowing rates—for each period, As of March 31, 2012, the Group's interest rate risk volume (estimated decrease in economic value) was ¥3,179 million (U.S.$38,684 thousand).

Interest due dates on demand deposits subject to VAR measurement are sorted according to set periods, based on effective due dates estimated using internal models.

The Group also back test financial instruments with market value to compare actual losses at the end of the time horizon with model-derived VAR estimates in an effort to verify that the measurement models used to identify interest rate risk are suitably accurate. However, VAR measures interest rate risk at a certain degree of probability determined statistically based on past market movements, so the technique may be unable to identify risk when market conditions are uncharacteristically volatile.

(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, 2012, are shown below. The securities for which market value is not calculable are excluded from the table.

As of March 31, 2012	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	¥ 130,718	¥ 130,718	¥ —	$ 1,590,440	$ 1,590,440	$ —
(2) Call loans and bills bought	15,770	15,770	—	191,878	191,878	—
(3) Debt purchased	40,511	40,511	—	492,891	492,891	—
(4) Securities*1						
Held-to-maturity marketable bonds	595	610	15	7,234	7,418	184
Other securities	932,783	932,783	—	11,349,103	11,349,103	—
(5) Loans and bills discounted	1,444,674			17,577,250		
Allowance for doubtful accounts*1	(23,957)			(291,482)		
	1,420,717	1,449,199	28,482	17,285,768	17,632,305	346,537
Total assets	¥2,541,094	¥2,569,591	¥28,497	$30,917,314	$31,264,035	$346,721
(1) Deposits	¥2,282,939	¥2,283,617	¥ 678	$27,776,365	$27,784,611	$ 8,246
(2) Negotiable certificates of deposits	99,024	99,030	6	1,204,817	1,204,896	79
(3) Payable under securities lending transactions	27,919	27,919	—	339,680	339,680	—
(4) Borrowed money	18,231	18,231	—	221,814	221,814	—
Total liabilities	¥2,428,113	¥2,428,797	¥ 684	$29,542,676	$29,551,001	$ 8,325
Derivative transactions*2						
Applying hedge accounting	¥ (183)	¥ (183)	¥ —	$ (2,233)	$ (2,233)	$ —
Not applying hedge accounting	(1,654)	(1,654)	—	(20,124)	(20,124)	—
Total derivative transactions	¥ (1,837)	¥ (1,837)	¥ —	$ (22,357)	$ (22,357)	$ —

1 General reserve for possible loan losses, and allowances provided for the individual receivables are deducted. Reserve for investment losses relating to securities is deducted directly from balance amount because its amount is not significant.

2 Amounts include all derivative transactions that are included in Other assets and Other liabilities on balance sheets. Figures are net amounts and figures in parenthesis indicate negative amounts.

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) 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 excluding beneficiary rights of housing loan credit trusts, book values are deemed fair market values as the majority of transactions are short contract terms (within three months).

(4) 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 are 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 at discretion of the management. 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 by ¥1,622 million (U.S.$19,730 thousand) and ¥1,048 million (U.S.$12,746 thousand), respectively, and "Deferred tax assets" decreased by ¥574 million (U.S.$6,984 thousand. There are no effects of the accounting on net income.

Please refer to Note 5 "Securities" as to notes regarding securities by objects held.

(5) Loans and bills discounted

For loans and bills discounted with floating interest rates, 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 loans and bills discounted.

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.

For loans and bills discounted without repayment term, which are within the limit of collateral, the book values are deemed fair values as the fair values approximate such carrying amounts based on the repayment period and interest rate terms, unless there are no changes on their credit condition.

Liabilities

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

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) Payables under securities lending transactions

Book values of payables under securities lending transactions are deemed fair market values as the majority of transactions has 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.

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, (4) Other securities". Their book values as of March 31, 2012 are as follows:

	Millions of Yen	Thousands of U.S. Dollars
Non-listed stocks (*1, *2)	¥2,483	$30,212
Others (*3)	28	346
Total	¥2,511	$30,558

*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 ¥4 million (U.S.$49 thousand).

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

Redemption schedules for monetary claims and securities with maturity dates as of March 31, 2012 were as follows:

	Millions of yen					
	2012					
	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	¥ 96,300	¥ —	¥ —	¥ —	¥ —	¥ —
Call loans and bills bought	15,770	—	—	—	—	—
Debt purchased	36,471	—	—	—	—	4,040
Securities						
Securities held-to-maturity	—	—	—	—	595	—
Including:						
National government bonds	—	—	—	—	595	—
Other securities with maturity dates	110,312	191,545	264,610	116,126	189,988	5,817
Including:						
National government bonds	9,104	62,121	145,490	40,888	146,813	5,343
Local government bonds	27,037	55,832	39,042	21,808	—	—
Short-term bonds	3,000	—	—	—	—	—
Corporate bonds	61,540	61,549	66,081	47,425	38,424	—
Loans and bills discounted (*1)	151,523	227,493	208,337	95,150	187,548	380,049
Total	¥410,376	¥419,038	¥472,947	¥211,276	¥378,131	¥389,906

*1. The above loans and bills discounted excluded ¥59,737 million (U.S.$726,813 thousand)of which the redemption is not expected such as loans for "Potentially Bankrupt" , "Effectively Bankrupt" and "Bankrupt" borrowers, and ¥134,835 million (U.S.$1,640,524 thousand) of which matured date is not determined.

	Thousands of U.S. Dollars					
	2012					
	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	$1,171,671	$ —	$ —	$ —	$ —	$ —
Call loans and bills bought	191,878	—	—	—	—	—
Debt purchased	443,739	—	—	—	—	49,152
Securities						
Securities held-to-maturity	—	—	—	—	7,233	—
Including:						
National government bonds	—	—	—	—	7,233	—
Other securities with maturity dates	1,342,154	2,330,510	3,219,489	1,412,904	2,311,572	70,773
Including:						
National government bonds	110,773	755,822	1,770,169	497,483	1,786,261	65,007
Local government bonds	328,958	679,302	475,017	265,333	—	—
Short-term bonds	36,498	—	—	—	—	—
Corporate bonds	748,749	748,863	804,000	577,013	467,506	—
Loans and bills discounted (*1)	1,843,571	2,767,895	2,534,821	1,157,680	2,281,884	4,624,027
Total	$4,993,013	$5,098,405	$5,754,310	$2,570,584	$4,600,689	$4,743,952

Redemption schedules for borrowed money and interest-bearing debts as of March 31, 2012 were as follows:

	Millions of yen			Thousands of U.S. dollars (Note 1)		
	2012					
	Due in 1 year or less	Due from 1 year to 3 years	Due from 3 years to 5 years	Due in 1 year or less	Due from 1 year to 3 years	Due from 3 years to 5 years
Deposits (*1)	¥2,100,108	¥65,261	¥11,440	$25,551,872	$794,027	$139,190
Negotiable certificates of deposits	99,024	—	—	1,204,817	—	—
Payable under securities lending transactions	27,919	—	—	339,681	—	—
Borrowed money	15,510	2,096	625	188,711	25,502	7,600
	¥2,242,561	¥67,357	¥12,065	$27,285,081	$819,529	$146,790

*1. Of deposits, demand deposits are included in the "1 year or less". Cumulative time deposits of ¥106,130 (U.S.$1,291,276) are not included in the above table.

31. Derivative Financial Instruments Transaction

(a) Derivative Transactions Which Do Not Apply Hedge Accounting

Contract amounts, fair value and valuation gains/losses of derivatives outstanding as of March 31, 2012 and 2011 were as follows:

(1) Interest Rate Related Transactions (over the counter)

	Millions of yen			
	2012			
As of March 31	Contract amounts	Due after one year	Fair value	Gain/ losses
Interest rate swaps				
Receipts floating payment fixed	¥15,000	¥10,000	¥(158)	¥(158)
Total	—	—	¥(158)	¥(158)

	Millions of yen			
	2011			
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	¥(258)	¥(258)
Total	—	—	¥(258)	¥(258)

	Thousands of U.S. dollars (Note 1)			
	2012			
As of March 31	Contract amounts	Due after one year	Fair value	Gain/ losses
Interest rate swaps				
Receipts floating payment fixed	$182,504	$121,669	$(1,922)	$(1,922)
Total	—	—	$(1,922)	$(1,922)

Changes in fair value of the above interest related derivatives are recognized through the consolidated statements of income. Fair value over the counter is calculated at discounted present value.

(2) Foreign Exchange Related Transactions (over the counter)

	Millions of yen			
	2012			
As of March 31	Contract amounts total	Due after one year	Fair value	Gain/ losses
Forward exchange contracts:				
Sold	¥482	¥—	¥(11)	¥(11)
Purchased	381	—	10	10
Currency options:				
Sold	¥229	¥—	¥(42)	¥(42)
Purchased	199	—	18	18
Total	—	—	¥(25)	¥(25)

	Millions of yen			
	2011			
As of March 31	Contract amounts total	Due after one year	Fair value	Gain/ losses
Forward exchange contracts:				
Sold	¥143	¥—	¥ (1)	¥ (1)
Purchased	112	—	1	1
Currency options:				
Sold	¥116	¥—	¥(60)	¥(60)
Purchased	104	—	5	5
Total	—	—	¥(55)	¥(55)

	Thousands of U.S. dollar (Note 1)			
	2012			
As of March 31	Contract amounts total	Due after one year	Fair value	Gain/ losses
Forward exchange contracts:				
Sold	$5,868	$—	$(139)	$(139)
Purchased	4,632	—	121	121
Currency options:				
Sold	$2,787	$—	$(515)	$(515)
Purchased	2,425	—	223	223
Total	—	—	$(310)	$(310)

Changes in fair value of the above foreign exchange related derivatives are recognized through the consolidated statements of income. Fair value is calculated at discounted present value or by option price computation model.

(b) Derivative Transactions Which Apply Hedge Accounting

Contract amounts, and fair value of derivatives outstanding as of March 31, 2012 and 2011 were as follows:

(1) Interest Rate Related Transactions

As of March 31	Millions of yen			
	2012			
	Hedging Targets	Contract amounts	Due after one year	Fair value
Interest rate swaps Receipts floating payment fixed	Loans and bills discounted	¥28,000	¥21,000	¥(1,454)
Total		—	—	¥(1,454)

As of March 31	Millions of yen			
	2011			
	Hedging Targets	Contract amounts	Due after one year	Fair value
Interest rate swaps Receipts floating payment fixed	Loans and bills discounted	¥37,000	¥28,000	¥(1,528)
Total		—	—	¥(1,528)

As of March 31	Thousands of U.S. dollars (Note 1)			
	2012			
	Hedging Targets	Contract amounts	Due after one year	Fair value
Interest rate swaps Receipts floating payment fixed	Loans and bills discounted	$340,674	$255,506	$(17,692)
Total		—	—	$(17,692)

Fair value is calculated at discounted present value or by other method.

(2) Foreign Exchange Related Transactions

For the year ended March 31	Millions of yen			
	2012			
	Hedging Targets	Contract amounts	Due after one year	Fair value
Currency swap	Foreign exchange	¥29,161	¥29,161	¥ 63
Forward exchange contracts	Call loans	3,852	—	(263)
Total		—	—	¥(200)

For the year ended March 31	Millions of yen			
	2011			
	Hedging Targets	Contract amounts	Due after one year	Fair value
Currency swap	Foreign exchange	¥13,170	¥11,973	¥ 34
Forward exchange contracts	Call loans	12,958	—	(215)
Total		—	—	¥(181)

For the year ended March 31	Thousands of U.S. dollars (Note 1)			
	2012			
	Hedging Targets	Contract amounts	Due after one year	Fair value
Currency swap	Foreign exchange	$354,800	$354,800	$ 765
Forward exchange contracts	Call loans	46,866	—	(3,197)
Total		—	—	$(2,432)

Fair value is calculated at discounted present value or by other method.

32. Common Stock

The number of the Bank's authorized shares was 687,455,000 both as of March 31, 2012 and 2011.

The number of shares in issue was 193,936,439 both as of March 31, 2012 and 2011.

The number of treasury shares held by the Bank, not including shares held by the trust of Employee Stock Ownership Plan was 1,662 thousand and 688 thousand as of March 31, 2012 and 2011, respectively.

33. Stock Option Rights

(a) Expenses on stock option plan

Expenses on stock option plan amounted to ¥15 million (U.S.$ 185 thousand) and ¥14 million, included in general and administrative expenses for the years ended March 31, 2012 and 2011, respectively.

(b) Details of stock option

The details of stock option plan adopted in 2011, 2010 and 2009 are as follows:

	2009	2010	2011
Title and number of recipients	Full-time nine directors	Full-time ten directors	Full-time nine directors
Number of stock options	42,200 shares of common stock	52,300 shares of common stock	68,500 shares of common stock
Grant date	July 31, 2009	July 30, 2010	July 29, 2011
Conditions of exercise	None	None	None
Defined working period	None	None	None
Exercise period	August 1, 2009 to July 31, 2039	July 31, 2010 to July 30, 2040	July 30, 2011 to July 29, 2041
Remaining stock option	32,500shares	41,600 shares	68,500 shares
Stock issue price	¥1 per share	¥1 per share	¥1 per share
Fair value at grant date*	¥334 per share	¥268 per share	¥222 per share

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

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, 2012 and 2011 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Cash and due from banks	¥130,718	¥99,565	$1,590,440
Due from banks without interest	(137)	(35)	(1,668)
Ordinary due from banks	(517)	(871)	(6,294)
Other	(926)	(235)	(11,261)
Cash and cash equivalents	¥129,138	¥98,424	$1,571,217

36. Segment Information

(a) Outline of reportable segment

A reportable segment is a component of the Group for which discrete financial information is available and whose operating results are regularly reviewed by the Board of Directors to make decisions about resources to be allocated to the segment and assess its performance

The Group offers total financial services mainly through operating branches with a philosophy that seeks to contribute to regional prosperity. Reportable segments are composed of banking business, leasing business and other businesses including guarantee and credit card.

(b) Computation of net sales, income (or loss), assets, liabilities and other items by reporting segment

Accounting procedures applied to operating segments are equal to those applied to preparation of consolidated financial statements.

Ordinary income and ordinary profit of reportable segments do not include extraordinary income (or losses).

c) Ordinary income, ordinary profit, assets, liabilities and other items by reportable segment for the years ended March 31, 2012 and 2011

	Millions of yen					
	Reportable segment				Adjustment	Consollidated finacial statements
Year ended March 31, 2012	Banking	Leasing	Other	Total		
Ordinary income						
External customers	¥ 43,764	¥ 5,528	¥1,608	¥ 50,900	¥ —	¥ 50,900
Intersegment	95	185	660	940	(940)	—
Total	43,859	5,713	2,268	51,840	(940)	50,900
Ordinary profit	7,088	513	643	8,244	(13)	8,231
Segment assets	2,589,639	12,282	8,788	2,610,709	(11,868)	2,598,841
Segment liabilities	2,460,586	9,000	4,517	2,474,103	(10,927)	2,463,176
Other items:						
Depreciation	2,144	30	9	2,183	—	2,183
Interest income	34,718	8	265	34,991	(59)	34,932
Interest expenses	3,041	92	10	3,143	(53)	3,090
Extraordinary income	10	—	—	10	—	10
(Gain on disposition of premises and equipment)	10	—	—	10	—	10
Extraordinary losses	347	0	1	348	—	348
(Impairment losses)	209	—	—	209	—	209
Income taxes	3,403	219	213	3,835	(3)	3,832
Increase in premises & equipment and intangibles	2,349	10	2	2,361	2	2,363

	Millions of yen					
	Reportable segment				Adjustment	Consollidated finacial statements
Year ended March 31, 2011	Banking	Leasing	Other	Total		
Ordinary income						
External customers	¥ 45,784	¥ 5,553	¥1,268	¥ 52,605	¥ —	¥ 52,605
Intersegment	87	237	676	1,000	(1,000)	—
Total	45,871	5,790	1,944	53,605	(1,000)	52,605
Ordinary profit	5,586	415	119	6,120	203	6,323
Segment assets	2,440,383	12,279	8,400	2,461,062	(12,007)	2,449,055
Segment liabilities	2,315,963	9,278	4,566	2,329,807	(11,070)	2,318,737
Other items:						
Depreciation	2,440	30	10	2,480	—	2,480
Interest income	35,821	7	343	36,171	(77)	36,094
Interest expenses	3,342	104	16	3,462	(70)	3,392
Extraordinary income	35	121	80	236	(200)	36
(Gain on disposition of premises and equipment)	29	—	—	29	—	29
Extraordinary losses	532	0	0	533	—	533
(Impairment losses)	286	—	—	286	—	286
Income taxes	2,576	220	68	2,864	—	2,864
Increase in premises & equipment and intangibles	5,419	5	10	5,434	(3)	5,431

Year ended March 31, 2012	Thousands of U.S.Dollars					
	Reportable segment				Adjustment	Consollidated finacial statements
	Banking	Leasing	Other	Total		
Ordinary income						
External customers	$ 532,472	$ 67,262	$ 19,560	$ 619,294	$ —	$ 619,294
Intersegment	1,157	2,253	8,031	11,441	(11,441)	—
Total	533,629	69,515	27,591	630,735	(11,441)	619,294
Ordinary profit	86,245	6,244	7,819	100,308	(163)	100,145
Segment assets	31,507,963	149,433	106,921	31,764,317	(144,406)	31,619,911
Segment liabilities	29,937,779	109,501	54,958	30,102,238	(132,952)	29,969,286
Other items:						
Depreciation	26,094	365	105	26,564	—	26,564
Interest income	422,418	92	3,225	425,735	(720)	425,015
Interest expenses	37,002	1,121	114	38,237	(642)	37,595
Extraordinary income	116	—	—	116	—	116
(Gain on disposition of premises and equipment)	116	—	—	116	—	116
Extraordinary losses	4,223	3	9	4,235	—	4,235
(Impairment losses)	2,545	—	—	2,545	—	2,545
Income taxes	41,407	2,669	2,589	46,665	(36)	46,629
Increase in premises & equipment and intangibles	28,583	125	15	28,723	28	28,751

37. Related Party Transactions

Related party transactions for the years ended March 31, 2012 and 2011 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	2012	2011	2012	2012	2011	2012
Yasuhiko Watanabe	Director	Loan	¥—	¥—	$—	¥29	¥32	$358

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

38. Per Share Information

Consolidated net assets and income per share and related information for the years ended March 31, 2012 and 2011were as follows:

	Yen		U.S. dollars (Note 1)
	2012	2011	2012
Net assets per share	¥689.39	¥649.24	$8.388
Net income per share	19.73	13.72	0.240

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Net income	¥3,756	¥2,652	$45,696
Net income not attributable to common stock holders	—	—	—
Net income attributable to common stockholders	3,756	2,652	45,696
Average number of common stock (thousand shares)	190,317	193,256	—

39. Subsequent Event

The following appropriation of retained earnings applicable to the year ended March 31, 2012 was approved at the stockholders' meeting of the Bank held on June 28, 2012.

	Millions of yen	Thousands of U.S. dollars (Note 1)
Year-end cash dividends (Three yen per share)	¥568	$6,909

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