'11 ANNUAL REPORT

YEAR ENDED
March 31, 2011

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, 2011 and 2010

For the years ended March 31	Millions of Yen 2011	Millions of Yen 2010	Thousands of U.S. Dollars (Note 1) 2011
Total income	¥52,641	¥53,645	$633,084
Total expenses	46,815	47,957	563,018
Income before income taxes and minority interests	5,826	5,688	70,066
Net income	2,652	3,513	31,895

	Yen 2011	Yen 2010	U.S. Dollars 2011
Net income per share	¥13.72	¥18.17	$0.165

As of March 31	Millions of Yen 2011	Millions of Yen 2010	Thousands of U.S. Dollars (Note 1) 2011
Total assets	¥2,449,055	¥2,397,547	$29,453,459
Trading account securities and securities	873,844	834,655	10,509,251
Loans and bills discounted	1,394,597	1,374,985	16,772,057
Deposits	2,180,592	2,111,792	26,224,798
Total net assets	130,318	134,443	1,567,263

Notes: (1) U.S. dollar amounts are translated, for convenience only, at ¥83.15 = U.S.$1.00, the exchange rate prevailing as of March 31, 2011.
(2) Capital adequacy ratio stood at 12.27% and 12.36% as of March 31, 2011 and 2010, 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				
	2011	2010	2009	2008	2007
Total income	¥52,641	¥53,645	¥58,056	¥58,494	¥53,432
Net income (loss)	2,652	3,513	(2,103)	3,515	4,953

	Yen				
Net income (loss) per share	¥13.72	¥18.17	(¥10.87)	¥18.11	¥25.35

	Percent				
	2011	2010	2009	2008	2007
Income ratio					
Net income (loss) to total assets	0.11	0.15	(0.09)	0.15	0.22
Net income (loss) to owned capital	2.07	2.92	(1.76)	2.60	3.57
Capital adequacy ratio					
Domestic guidelines	12.27	12.36	11.72	12.43	12.34

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, 2011 and 2010

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2011	2010	2011
ASSETS			
Cash and due from banks (Note 35)	¥ 99,565	¥ 138,054	$1,197,415
Call loans and bills bought	16,725	465	201,142
Debt purchased	34,920	18,849	419,961
Trading account securities (Note 4)	3	31	36
Securities (Notes 5 and 11)	873,841	834,624	10,509,215
Loans and bills discounted (Note 6)	1,394,597	1,374,985	16,772,057
Foreign exchanges (Note 7)	607	421	7,299
Lease receivables and lease investment assets (Note 11)	7,441	7,747	89,495
Other assets (Notes 8 and 11)	13,888	16,333	167,020
Premises and equipment (Notes 9 and 29)	22,160	22,933	266,501
Intangible Fixed Assets (Note 10)	2,903	1,041	34,916
Deferred tax assets (Note 13)	5,930	2,724	71,315
Customers' liabilities for acceptances and guarantees (Note 12)	8,803	10,234	105,867
Reserve for possible loan losses	(32,230)	(30,881)	(387,607)
Reserve for investment losses	(98)	(13)	(1,173)
Total assets	¥2,449,055	¥2,397,547	$29,453,459

See notes to consolidated financial statements.

Consolidated Balance Sheets

The Akita Bank, Ltd. and subsidiaries
As of March 31, 2011 and 2010

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2011	2010	2011
LIABILITIES			
Deposits (Notes 11 and 14)	¥2,180,592	¥2,111,792	$26,224,798
Negotiable certificates of deposits	86,527	81,438	1,040,610
Call moneys and bills sold	748	930	9,000
Payables under securities lending transactions (Note 11)	8,684	—	104,437
Borrowed money (Notes 11 and 15)	8,735	32,382	105,049
Foreign exchanges (Note 16)	19	2	228
Other liabilities (Note 17)	15,089	16,747	181,466
Accrued bonuses to directors	20	20	241
Reserve for employees' retirement benefits (Note 18)	5,996	5,939	72,114
Reserve for retirement benefits to directors	42	36	506
Reserve for repayments on dormant deposits	362	377	4,354
Reserve for contingent losses	525	563	6,320
Deferred tax liability on land revaluation (Note 19)	2,595	2,644	31,206
Acceptances and guarantees (Note 12)	8,803	10,234	105,867
Total liabilities	2,318,737	2,263,104	27,886,196
NET ASSETS			
Common stock (Note 32)	14,101	14,101	169,583
Capital surplus	6,271	6,271	75,423
Retained earnings (Notes 34 and 39)	92,762	91,449	1,115,602
Treasury stock	(366)	(362)	(4,395)
Total stockholders' equity	112,769	111,459	1,356,213
Net unrealized holding gain on other securities (Note 20)	10,667	16,387	128,288
Deferred hedge losses	(906)	(891)	(10,894)
Land revaluation excess (Note 19)	2,936	2,951	35,310
Total accumulated other comprehensive income	12,697	18,447	152,704
Stock option rights (Note 33)	28	14	338
Minority interests in consolidated subsidiaries	4,824	4,523	58,008
Total net assets	130,318	134,443	1,567,263
Total liabilities and net assets	¥2,449,055	¥2,397,547	$29,453,459

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, 2011 and 2010

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2011	2010	2011
Income			
Interest income			
Interest on loans and discounts	¥24,504	¥26,153	$294,696
Interest and dividends on securities	11,378	11,530	136,841
Other interest income (Note 21)	212	213	2,545
Fees and commissions (Note 22)	6,294	6,358	75,692
Other operating income (Note 23)	7,930	6,589	95,370
Other income (Note 24)	2,323	2,802	27,940
Total income	52,641	53,645	633,084
Expenses			
Interest expenses			
Interest on deposits	2,691	3,823	32,363
Interest on borrowings and rediscounts	79	85	948
Other interest expenses (Note 25)	622	534	7,478
Fees and commissions (Note 26)	2,146	2,210	25,810
Other operating expenses (Note 27)	5,115	5,546	61,518
General and administrative expenses	29,070	28,717	349,612
Other expenses (Note 28)	7,092	7,042	85,289
Total expenses	46,815	47,957	563,018
Income before income taxes and minority interests	5,826	5,688	70,066
Income taxes (Note 13)			
Current	2,545	1,483	30,602
Deferred	319	181	3,840
Income before minority interests	2,962	—	35,624
Minority interests in net income	310	511	3,729
Net income	2,652	3,513	31,895
Income before minority interests	2,962	—	35,624
Other comprehensive income (losses)			
Net unrealized losses on other securities	(5,720)	—	(68,793)
Deferred hedge losses	(15)	—	(176)
Total of other comprehensive income (losses)	(5,735)	—	(68,969)
Comprehensive losses	(2,773)	—	(33,345)
Income (losses) attributable to:			
Owners of the parent company	(3,082)	—	(37,065)
Minority interests	¥ 309	¥ —	$ 3,720
	Yen		Dollars (Note 1)
Net income (loss) per share (Note 38)	¥ 13.72	¥ 18.17	$ 0.165

See notes to consolidated financial statements.

Consolidated Statements of Net Assets

The Akita Bank, Ltd. and subsidiaries
As of March 31, 2011 and 2010

	Millions of Yen				
	Stockholders' Equity				
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total
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 treasury stock	—	—	(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
Changes during the fiscal Year					
Dividends from surplus	—	—	(1,353)	—	(1,353)
Net income (loss)	—	—	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

	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, 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 treasury 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	17,380	(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
Changes during the fiscal year							
Dividends from surplus	—	—	—	—	—	—	(1,353)
Net income (loss)	—	—	—	—	—	—	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

Consolidated Statements of Net Assets

The Akita Bank, Ltd. and subsidiaries
As of March 31, 2011 and 2010

	Thousands of U.S. Dollars (Note 1)				
	Stockholders' Equity				
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total
Balance at March 31, 2010	$169,583	$75,423	$1,099,805	($4,350)	$1,340,461
Changes during the fiscal Year					
Dividends from surplus	—	—	(16,270)	—	(16,270)
Net income (loss)	—	—	31,895	—	31,895
Acquisition of treasury stock	—	—	—	(67)	(67)
Disposition of treasury stock	—	—	(10)	22	12
Reversal of land revaluation excess	—	—	182	—	182
Items other than changes in stockholders' equity (net)	—	—	—	—	—
Net changes during the Fiscal Year	—	—	15,797	(45)	15,752
Balance at March 31, 2011	$169,583	$75,423	$1,115,602	($4,395)	$1,356,213

	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, 2010	$197,072	$(10,717)	$35,491	$221,846	$170	$54,392	$1,616,869
Changes during the fiscal year							
Dividends from surplus	—	—	—	—	—	—	(16,270)
Net income (loss)	—	—	—	—	—	—	31,895
Acquisition of treasury stock	—	—	—	—	—	—	(67)
Disposition of treasury stock	—	—	—	—	—	—	12
Reversal of land revaluation excess	—	—	—	—	—	—	182
Items other than changes in stockholders' equity (net)	(68,784)	(177)	(181)	(69,142)	168	3,616	(65,358)
Net changes during the Fiscal Year	(68,784)	(177)	(181)	(69,142)	168	3,616	(49,606)
Balance at March 31, 2011	$128,288	$(10,894)	$35,310	$152,704	$338	$58,008	$1,567,263

Consolidated Statements of Cash Flows

The Akita Bank, Ltd. and subsidiaries
For the years ended March 31, 2011 and 2010

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2011	2010	2011
Cash flows from operating activities			
Income before income taxes and minority interests	¥ 5,826	¥ 5,688	$ 70,066
Depreciation and amortization	2,480	2,189	29,828
Losses on impairment of fixed assets	286	436	3,436
Net change in reserve for possible loan losses	1,349	(1,445)	16,223
Net change in reserve for investment losses	85	13	1,019
Net change in accrued bonuses to directors	—	20	—
Net change in reserve for employees' retirement benefits	58	97	692
Net change in reserve for retirement benefits to directors	6	(231)	72
Net change in reserve for repayments on dormant deposits	(15)	32	(180)
Net change in reserve for contingent losses	(37)	127	(450)
Interest income	(36,094)	(37,896)	(434,082)
Interest expenses	3,392	4,442	40,789
Net gain related to securities transactions	(3,196)	(1,818)	(38,435)
Net income from money held in trust	2	143	29
Net exchange gain	(33)	(264)	(393)
Net loss from disposition of premises and equipment	219	72	2,627
Net change in loans and bills discounted	(22,785)	(10,978)	(274,017)
Net change in deposits	68,800	99,428	827,424
Net change in negotiable certificates of deposit	5,089	4,454	61,197
Net change in borrowed money	(23,648)	(2,984)	(284,397)
Net change in due from banks (excluding due from Bank of Japan)	9	(215)	104
Net change in call loans, commercial paper and other dept purchased	(32,293)	10,181	(388,372)
Net change in call money and borrowed money	(182)	930	(2,189)
Net change in payable under securities lending transactions	8,684	—	104,437
Net change in foreign exchanges (assets)	(186)	70	(2,232)
Net change in foreign exchanges (liabilities)	49	254	595
Interest received	36,520	38,085	439,211
Interest paid	(3,773)	(4,555)	(45,373)
Net change in trading account securities	30	(7)	357
Other, net	4,102	7,494	49,337
Sub-total	14,744	113,762	177,323
Income taxes paid	(1,843)	(446)	(22,164)
Net cash provided by operating activities	12,901	113,316	155,159
Cash flows from investing activities			
Purchases of securities	(759,489)	(1,298,523)	(9,133,966)
Proceeds from sales of securities	194,783	173,957	2,342,545
Proceeds from maturity of securities	518,765	1,060,522	6,238,901
Proceeds from sales of money held in trust	—	4,958	—
Purchases of premises and equipment	(2,873)	(975)	(34,549)
Proceeds from sales of premises and equipment	1,357	167	16,322
Purchases of intangible fixed assets	(2,558)	(195)	(30,767)
Net cash used in investing activities	(50,015)	(60,089)	(601,514)
Cash flows from financing activities			
Dividends of paid	(1,353)	(1,160)	(16,270)
Dividends paid for minority	(9)	(8)	(104)
Purchases of treasury stock	(5)	(10)	(67)
Proceeds from sales of treasury stock	1	2	12
Net cash used in financing activities	(1,366)	(1,176)	(16,429)
Effect of currency rate exchanges on cash and cash equivalents	0	(5)	3
Net increase in cash and cash equivalents	(38,480)	52,046	(462,781)
Cash and cash equivalents at beginning of year	136,904	84,858	1,646,474
Cash and cash equivalents at end of year (Note 35)	¥ 98,424	¥ 136,904	$ 1,183,693

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

The Akita Bank, Ltd. and consolidated subsidiaries
March 31, 2011

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 ¥83.15 to $1.00, the rate of exchange prevailing on March 31, 2011. 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 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.

(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
Others :	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 investment losses

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

(j) Accrued bonuses to directors

Accrued bonuses to directors and corporate auditors 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 and corporate auditors 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 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 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 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

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 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) Adoption of accounting standard for asset retirement obligations

Effective from the year ended March 31, 2011, the Bank adopted "Accounting Standard for Asset Retirement Obligations" (ASBJ Statement No. 18, March 31, 2008) and "Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No.21, March 31, 2008). The effect of this change on income was negligible.

(v) Presentation of comprehensive income

Effective from the year ended March 31, 2011, the Bank adopted "Accounting Standard for Presentation of Comprehensive Income" (ASBJ Statement No.25). The corresponding figures for the year ended March 31, 2010 were as follows:

Other comprehensive income:	
Net unrealized gains on other securities	¥17,387
Deferred hedge losses	(124)
Total other comprehensive income	¥17,263
Comprehensive income attributable to:	
Owners of the parent company	¥20,769
Minority interests	519
Total comprehensive income	¥21,288

4. Trading Account Securities

Trading account securities as of March 31, 2011 and 2010 consisted of national government bonds as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	2011
Amount in the balance sheet	¥ 3	¥ 31	$36
Valuation gain (loss) included in income for the year	(0)	0	(0)

5. Securities

Securities as of March 31, 2011 and 2010 consisted of the followings:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	2011
National government bonds	¥338,250	¥287,863	$ 4,067,952
Local government bonds	158,990	167,548	1,912,090
Short term bonds	2,000	2,998	24,050
Corporate bonds	265,045	257,947	3,187,548
Share stocks	41,898	53,351	503,885
Other securities	67,658	64,917	813,690
Total	¥873,841	¥834,624	$10,509,215

Market value and valuation differences of securities as of March 31, 2011 and 2010 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, 2011 and 2010 were summarized as follows:

	Millions of yen				
	2011				
	Carrying value	Market value	Differences	Gain	Loss
National government bonds	¥594	¥ 590	¥(4)	¥—	¥4

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

	Thousands of U.S. dollars				
	2011				
	Carrying value	Market value	Differences	Gain	Loss
National government bonds	$7,143	$7,096	$(47)	$—	$47

(b) Other marketable securities

The Bank and consolidated subsidiaries' investments in other securities as of March 31, 2011 and 2010 were summarized as follows:

	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

	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
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)
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

	Thousands of U.S. dollars		
	2011		
	Carrying value	Cost	Gain (loss)
Carrying value exceeding cost:			
Stocks	$ 309,566	$ 221,407	$ 88,159
Bonds:			
National government bonds	2,999,023	2,912,410	86,613
Local government bonds	1,912,090	1,862,227	49,863
Corporate bonds	2,653,152	2,597,631	55,521
Bonds total	7,564,265	7,372,268	191,997
Other	436,547	422,198	14,349
Subtotal	$ 8,310,378	$ 8,015,873	$294,505
Carrying value not exceeding cost:			
Stocks	$ 164,053	$ 202,916	$ (38,863)
Bonds:			
National government bonds	1,061,787	1,070,818	(9,031)
Short-term bonds	24,050	24,051	(1)
Corporate bonds	534,395	539,605	(5,210)
Bonds total	1,620,232	1,634,474	(14,242)
Other	434,383	466,783	(32,400)
Subtotal	$ 2,218,668	$ 2,304,173	$ (85,505)
Total	$10,529,046	$10,320,046	$209,000

(c) Other securities sold

Other securities sold and gains and losses of those securities for the years ended March 31, 2011 and 2010 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	2011
Proceeds from sales	¥190,996	¥171,106	$2,297,016
Gains	4,103	3,155	49,350
Losses	(319)	(367)	(3,843)

6. Loans and Bills Discounted

(a) Loans and bills discounted as of March 31, 2011 and 2010 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	2011
Bills discounted	¥ 7,595	¥ 7,702	$ 91,340
Loans on notes	76,114	88,347	915,382
Loans on deeds	1,174,228	1,137,903	14,121,804
Overdrafts	136,660	141,033	1,643,531
Total	¥1,394,597	¥1,374,985	$16,772,057

(b) Loans and bills discounted at March 31, 2011 and 2010 included the following items:

Balance of loans to borrowers under bankruptcy procedures as of 31st March, 2011 and 2010 were ¥5,520 million (U.S.$66,390 thousand) and ¥6,601 million, respectively.

Balance of delinquent loans as of March 31, 2011 and 2010 were ¥56,565 million (U.S.$ 680,279 thousand) and ¥57,953 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, 2011 and 2010.

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, 2011 and 2010 were ¥526 million (U.S.$6,336 thousand) and ¥600 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, 2011 and 2010 were ¥62,612 million (U.S.$753,005 thousand) and ¥65,155million, 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, 2011 and 2010 were ¥7,595 million (U.S. $91,350 thousand) and ¥7,703 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 ¥520,550 million (U.S.$ 6,260,380 thousand) relating to these contracts, including ¥ 519,170 million (U.S.$ 6,243,778 thousand) of which the term of contracts is less than one year or revocable at any time as of March 31, 2011.

The respective amounts were ¥ 492,036 million and ¥489,218 million as of March 31, 2010.

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, 2011 and 2010 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	2011
Due from foreign banks	¥599	¥ 421	$7,202
Foreign exchange bills bought	1	0	10
Foreign exchange bills sold	7	—	87
Total	¥607	¥421	$7,299

8. Other Assets

Other assets as of March 31, 2011 and 2010 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	2011
Domestic exchange settlement	¥ —	¥ 1	$ —
Prepaid expenses	13	16	158
Accrued income	5,381	5,307	64,710
Others	8,494	11,009	102,152
Total	¥13,888	¥16,333	$167,020

Lease guarantee deposits of ¥291 million (U.S.$3,502 thousand) and ¥289 million are included in other assets as of March 31, 2011 and 2010, respectively.

9. Premises and Equipment

Premises and equipment as of March 31, 2011 and 2010 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	2011
Buildings	¥ 7,031	¥ 7,295	$ 84,558
Land	12,251	12,488	147,330
Construction in Progress	16	33	192
Other	2,862	3,117	34,421
Total	¥22,160	¥22,933	$266,501

The accumulated depreciation of premises and equipment as of March 31, 2011 and 2010 amounted to ¥35,639 million (U.S.$428,611 thousand) and ¥36,608 million, respectively.

The Bank has deducted acquisition cost (Asshuku-kicho) to defer recognition of capital gain by ¥2,321 million (U.S.$27,922 thousand) and ¥2,372 million as of March 31, 2011 and 2010, respectively.

10. Intangible Fixed Assets

Intangible fixed assets as of March 31, 2011 and 2010 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	2011
Software	¥2,610	¥ 330	$31,388
Leased assets	—	—	—
Other	293	710	3,528
Total	¥2,903	¥1,040	$34,916

11. Assets Pledged

Assets pledged as collateral as of March 31, 2011 and 2010 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	2011
Securities	¥30,685	¥27,011	$369,041
Lease receivable for future period	1,958	2,487	23,550
Other assets	50	51	612

Liabilities related to above pledged assets as of March 31, 2011 and 2010 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	2011
Deposits	¥5,673	¥15,266	$ 68,230
Payables under securities lending			
Transactions	8,684	—	104,437
Borrowed money	6,090	29,150	73,241

In addition, the following were pledged as collateral for settlements of exchange or margins for futures transactions as of March 31, 2011 and 2010, respectively.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	2011
Securities	¥81,585	¥84,130	$981,186

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, 2011 and 2010.

(a) Significant component of deferred tax assets and liabilities at March 31, 2011 and 2010 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	2011
Deferred tax assets:			
Reserve for employees' retirement benefits	¥ 4,067	¥ 4,049	$ 48,910
Reserve for possible loan losses	11,265	10,734	135,474
Securities	1,147	1,571	13,800
Depreciation	978	1,043	11,763
Others	2,679	2,436	32,220
Total deferred tax assets	20,136	19,833	242,167
Valuation allowance	(5,341)	(4,676)	(64,235)
Total deferred tax assets, net	14,795	15,157	177,932
Deferred tax liabilities:			
Profit from establishment of the trust for employees' retirement benefits	(2,005)	(2,006)	(24,119)
Net unrealized holding gain on other securities	(6,704)	(10,268)	(80,626)
Reserve for deduction of acquisition cost of fixed assets to defer recognition of capital gain	(156)	(159)	(1,872)
Total deferred tax liabilities	(8,865)	(12,433)	(106,617)
Net deferred tax assets	¥ 5,930	¥ 2,724	$ 71,315

(b) Reconciliations between the effective income tax rate applied to the consolidated financial statements and the statutory tax rate for the years ended March 31, 2011 and 2010 were as follows:

	2011	2010
Statutory tax rate	40.4 %	40.4 %
Expenses not deductible for income tax purposes	0.7	0.6
Dividend income deductible for income tax purpose	(4.1)	(3.7)
Inhabitant tax on per capital basis	0.7	0.7
Change in valuation allowance	12.6	(5.6)
Prior year's taxes	—	(3.5)
Others	(1.1)	(0.3)
Actual effective tax rate	49.2 %	29.2 %

14. Deposits

An analysis of deposits as of March 31, 2011 and 2010 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	2011
Current deposits	¥ 103,102	¥ 95,389	$ 1,239,951
Ordinary deposits	894,561	870,728	10,758,399
Deposits at notice	42,320	44,343	508,955
Time deposits	1,105,335	1,061,734	13,293,261
Other deposits	35,274	39,598	424,232
Sub-total	2,180,592	2,111,792	26,224,798
Negotiable certificates	86,527	81,438	1,040,610
Total	¥2,267,119	¥2,193,230	$27,265,408

15. Borrowed Money

Borrowed money as of March 31, 2011 and 2010 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	2011
Loans from banks	¥8,735	¥32,382	$105,049

The average interest rate of the loans was 0.695% as of March 31, 2011. The aggregate annual maturities of the loans from banks subsequent to March 31, 2011 are summarized as follows:

Years ending March 31,	Millions of yen	Thousands of U.S. dollars (Note 1)
2012	¥6,312	$75,918
2013	1,202	14,458
2014	685	8,238
2015	370	4,450
2016	165	1,984

16. Foreign Exchanges Liabilities

Foreign exchange liabilities as of March 31, 2011 and 2010 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	2011
Foreign exchange bills sold	¥18	¥ 2	$215
Foreign exchange bills payable	1	—	13
Total	¥19	¥ 2	$228

17. Other Liabilities

Other liabilities as of March 31, 2011 and 2010 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	2011
Domestic exchange settlement	¥ 69	¥ 129	$ 833
Income tax payable	1,841	1,140	22,145
Accrued expenses	4,288	4,473	51,574
Unearned income	3,929	4,072	47,256
Derivatives	2,182	1,848	26,236
Lease obligations	483	519	5,803
Others	2,297	4,566	27,619
Total	¥15,089	¥16,747	$181,466

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, 2011 and 2010 for the Bank and consolidated subsidiaries:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	2011
Projected benefit obligation	¥(22,650)	¥(22,256)	$(272,401)
Plan assets at fair value	13,787	14,655	165,803
Unfunded retirement benefit obligation	(8,863)	(7,601)	(106,598)
Unrecognized actuarial gain (loss)	5,636	4,580	67,790
Net retirement benefit	(3,227)	(3,021)	(38,808)
Prepaid pension cost	2,769	2,918	33,306
Reserve for employees' retirement benefits	¥ (5,996)	¥ (5,939)	$ (72,114)

(b) Retirement benefit cost

The components of employees' retirement benefit cost for the years ended March 31, 2011 and 2010 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	2011
Service cost	¥ 712	¥ 716	$ 8,560
Interest cost	443	441	5,340
Expected return on plan assets	(318)	(360)	(3,833)
Amortization of actuarial loss	778	946	9,352
Net periodic retirement benefit cost	¥1,615	¥1,743	$19,419

(c) Actuarial Assumptions used to determine retirement benefit cost and obligation for the years ended March 31, 2011 and 2010 were as follows:

	2011	2010
a. Discount rate	2.0%	2.0%
b. Expected rate of return on plan assets	2.5%	3.5%
Expected rate of return on retirement provision trust	1.8%	2.3%
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: ¥5,593 million (U.S.$67,268 thousand) and ¥5,191 million as of March 31, 2011 and 2010, respectively.

20. Net Unrealized Holding Gains on Other Securities

The components of net unrealized holding gain on other securities as of March 31, 2011 and 2010 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	2011
Valuation differences			
Other securities	¥17,378	¥26,663	$209,000
Deferred tax liabilities	(6,704)	(10,268)	(80,626)
Minority interests	(7)	(8)	(86)
Net unrealized holding gains on securities	¥10,667	¥16,387	$128,288

21. Other Interest Income

The composition of other interest income for the years ended March 31, 2011 and 2010 was as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	2011
Securities under repurchase agreements	¥ 35	¥ 8	$ 425
Interest on deposits with banks	5	8	57
Interest on interest swap	2	—	16
Others	170	197	2,047
Total	¥212	¥213	$2,545

22. Fees and Commissions—Income

The composition of fees and commission income for the years ended March 31, 2011 and 2010 was as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	2011
Domestic and foreign exchange	¥1,954	¥2,047	$23,496
Others	4,340	4,311	52,196
Total	¥6,294	¥6,358	$75,692

23. Other Operating Income

The composition of other operating income for the years ended March 31, 2011 and 2010 was as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	2011
Gains on trading account securities	¥ 1	¥ 2	$ 21
Gains on sales of bonds	2,282	981	27,445
Gains on foreign exchange transactions	33	264	393
Others	5,614	5,342	67,511
Total	¥7,930	¥6,589	$95,370

24. Other Income

The composition of other income for the years ended March 31, 2011 and 2010 was as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	2011
Gains on sales of stocks and other securities	¥1,821	¥2,229	$21,906
Gains on disposition of fixed assets	29	0	343
Others	473	573	5,691
Total	¥2,323	¥2,802	$27,940

25. Other Interest Expenses

The composition of other interest expenses for the years ended March 31, 2011 and 2010 was as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	2011
Interest swap	¥580	¥479	$6,970
Others	42	55	508
Total	¥622	¥534	$7,478

26. Fees and Commissions—Expenses

The composition of fees and commissions expenses for the years ended March 31, 2011 and 2010 was as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	2011
Domestic and foreign exchange	¥ 327	¥ 331	$ 3,930
Others	1,819	1,879	21,880
Total	¥2,146	¥2,210	$25,810

27. Other Operating Expenses

The composition of other operating expenses for the years ended March 31, 2011 and 2010was as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	2011
Losses on redemption of bonds	¥ 5	¥ 862	$ 63
Losses on sales of bonds	123	290	1,481
Others	4,987	4,394	59,974
Total	¥5,115	¥5,546	$61,518

28. Other Expenses

The composition of other expenses for the years ended March 31, 2011 and 2010 was as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	2011
Provision of reserve for possible loan losses	¥4,461	¥3,068	$53,653
Written-off claims	310	445	3,731
Losses on sales of stocks and other securities	196	77	2,362
Losses on devaluation of stocks and other securities	583	163	7,008
Losses on money held in trust	3	143	29
Losses on dispositions of premises and equipment	247	73	2,970
Others	1,292	3,073	15,536
Total	¥7,092	¥7,042	$85,289

29. Losses on Impairment of Fixed Assets

The Bank recognized losses on impairment of the following fixed assets, included in "other expenses", for the years ended March 31, 2011 and 2010.

For the year ended March 31, 2011

Area	Main purpose	Variety	(Millions of yen)	Thousands of U.S. dollars (Note 1)
Akita Prefecture	Branch Buildings	Land and Buildings; six Places	¥ 51	$ 612
	Idle Assets	Land and Buildings; nine Places	40	482
Out of Akita Prefecture	Branch Buildings	Land and Buildings; two Places	37	445
	Idle Assets	Land and Buildings; five Places	157	1,897
Total			¥285	$3,436
Components of impairment losses				
Building			¥136	$1,642
Land			149	1,794

For the year ended March 31, 2010

Area	Main purpose	Variety	(Millions of yen)
Akita Prefecture	Branch Buildings	Land and Buildings; six Places	¥190
	Idle Assets	Land and Buildings; 13 Places	36
Out of Akita Prefecture	Branch Buildings	Land and Buildings; two Places	204
	Idle Assets	Land and Buildings; one Place	6
Total			¥436
Components of impairment losses			
Land			¥ 12
Building			424

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.

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, (p) 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, 2011, the Group's interest rate risk volume (estimated decrease in economic value) was ¥3,918 million.

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, 2011, are shown below. The securities for which market value is not calculable are excluded from the table.

As of March 31, 2011	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	¥ 99,565	¥ 99,565	¥ —	$ 1,197,416	$ 1,197,416	$ —
(2) Call loans and bills bought	16,725	16,725	—	201,142	201,142	—
(3) Debt purchased	34,920	34,920	—	419,961	419,961	—
(4) Trading account securities	3	3	—	36	36	—
(5) Securities[1]						
Held-to-maturity marketable bonds	594	590	(4)	7,143	7,096	(47)
Other securities	870,605	870,605	—	10,470,288	10,470,288	—
(6) Loans and bills discounted	1,394,596			16,772,057		
Allowance for doubtful accounts[1]	(29,529)			(355,128)		
	1,365,067	1,391,044	25,977	16,416,929	16,729,336	312,407
(7) Foreign exchanges	606	606	—	7,299	7,299	—
Total assets	¥2,388,085	¥2,414,058	¥25,973	$28,720,214	$29,032,574	$312,360
(1) Deposits	¥2,180,592	¥2,182,072	¥ 1,480	$26,224,799	$26,242,597	$ 17,798
(2) Negotiable certificates of deposit	86,527	86,537	10	1,040,609	1,040,726	117
(3) Call money and bills sold	748	748	—	9,000	9,000	—
(4) Payables under securities lending transactions	8,684	8,684	—	104,437	104,437	—
(5) Borrowed money	8,735	8,735	—	105,049	105,049	—
(6) Foreign exchanges	18	18	—	228	228	—
Total liabilities	¥2,285,304	¥2,286,794	¥ 1,490	$27,484,122	$27,502,037	$ 17,915
Derivative transactions[2]						
Applying hedge accounting	¥ (313)	¥ (313)	¥ —	$ (3,769)	$ (3,769)	$ —
Not applying hedge accounting	(1,710)	(1,710)	—	(20,561)	(20,561)	—
Total derivative transactions	¥ (2,023)	¥ (2,023)	—	$ (24,330)	$ (24,330)	—

	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]	¥520,550	¥520,550	$6,260,380	$6,260,380
(2) Financial guarantee contract[4]	8,803	8,803	105,867	105,867

1 Amounts include general reserve for possible loan losses, and 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 and figures in parenthesis indicate negative amounts.

3 Contract amounts indicate balances of unused credits.

4 Contract amounts are the amount of Acceptances and guarantees on the 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) 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) 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 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 ¥4,458 million and ¥2,657 million, respectively, and "Deferred tax assets" decreased ¥1,801 million. There are no significant effects on the profit and loss.

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

(6) 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.

(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) 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).

(5) 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.

(6) 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, 2011 are as follows:

	Millions of Yen	Thousands of U.S. Dollars
Non-listed stocks (*1, *2)	¥2,516	$30,266
Other (*3)	29	345
Total	¥ 2,545	$30,611

*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 ¥3 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.

Redemption schedules for monetary claims and securities with maturity dates as of March 31, 2011 were as follows:

	Millions of yen					
	2011					
	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	¥ 50,855	¥ —	¥ —	¥ —	¥ —	¥ —
Call loans and bills bought	16,725	—	—	—	—	—
Debt purchased	30,132	—	—	—	—	4,788
Securities						
Securities held-to-maturity	—	—	—	—	594	—
Including:						
National government bonds	—	—	—	—	594	—
Other securities with maturity dates	58,470	214,702	186,921	185,643	148,230	27,787
Including:						
National government bonds	13,023	31,611	82,531	77,519	105,658	27,312
Local government bonds	9,385	66,251	28,774	48,698	5,879	—
Short-term bonds	1,999	—	—	—	—	—
Corporate bonds	22,480	98,344	62,307	50,944	30,967	—
Loans and bills discounted (*1)	146,559	207,200	229,049	78,748	165,013	372,991
Foreign exchanges	606	—	—	—	—	—
Total	¥303,347	¥421,902	¥415,970	¥264,391	¥313,837	¥405,566

*1. The above loans and bills discounted excluded ¥58,377 million of which the redemption is not expected such as loans for "Potentially Bankrupt", "Effectively Bankrupt" and "Bankrupt" borrowers, and ¥136,659 million of which matured date is not determined.

	Thousands of U.S. Dollars					
	2011					
	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	$611,601	$ —	$ —	$ —	$ —	$ —
Call loans and bills bought	201,142	—	—	—	—	—
Debt purchased	362,376	—	—	—	—	57,585
Securities						
Securities held-to-maturity	—	—	—	—	7,142	—
Including:						
National government bonds	—	—	—	—	7,142	—
Other securities with maturity dates	703,189	2,582,100	2,247,995	2,232,628	1,782,686	334,175
Including:						
National government bonds	156,624	380,174	992,561	932,286	1,270,698	328,467
Local government bonds	112,875	796,770	346,059	585,672	70,714	—
Short-term bonds	24,049	—	—	—	—	—
Corporate bonds	270,363	1,182,733	749,336	612,685	372,431	—
Loans and bills discounted (*)	1,762,583	2,491,882	2,754,651	947,061	1,984,519	4,485,757
Foreign exchanges	7,299	—	—	—	—	—
Total	$3,648,190	$5,073,982	$5,002,646	$3,179,689	$3,774,347	$4,877,517

Redemption schedules for borrowed money and interest-bearing debts as of March 31, 2011 were as follows:

	Millions of yen					
	2011					
	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)	¥1,958,607	¥107,155	¥12,530	—	—	—
Negotiable certificates of deposits	86,527	—	—	—	—	—
Call moneys and bills sold	748	—	—	—	—	—
Payables under securities lending transactions	8,684	—	—	—	—	—
Borrowed money	6,312	1,887	535	—	—	—
	¥2,060,878	¥109,042	¥13,065	—	—	—

*1. Of deposits, demand deposits are included in the "1 year or less". Cumulative time deposits of ¥102,300 million are not included in the above table.

	Thousands of U.S. Dollars					
	2011					
	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)	$23,555,101	$1,288,694	$150,697	—	—	—
Negotiable certificates of deposits	1,040,610	—	—	—	—	—
Call moneys and bills sold	9,000	—	—	—	—	—
Payables under securities lending transactions	104,437					
Borrowed money	75,918	22,696	6,434	—	—	—
	$24,785,066	$1,311,390	$157,131	—	—	—

31. Derivative Financial Instruments Transaction

(a) Derivative Transactions Which Do Not Apply Hedging Accounting

Contract amounts, fair value and valuation gains/losses of derivatives outstanding as of March 31, 2011 and 2010 were as follow:

(1) Interest Rate Related Transactions

	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)

	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)

	Thousands of U.S. dollars (Note 1)			
	2011			
As of March 31	Contract amounts	Due after one year	Fair value	Gain/ losses
Interest rate swaps				
Receipts floating payment fixed	$228,503	$228,503	$(3,107)	$(3,107)
Total	—	—	$(3,107)	$(3,107)

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

	Millions of yen			
	2010			
As of 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)

	Thousands of U.S. dollar (Note 1)			
	2011			
As of March 31	Contract amounts total	Due after one year	Fair value	Gain/ losses
Forward exchange contracts:				
Written	$1,732	$—	$ (23)	$ (23)
Purchased	1,351	—	22	22
Currency options:				
Written	$1,397	$—	$(732)	$(732)
Purchased	1,256	—	71	71
Total	—	—	$(662)	$(662)

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

(b) Derivative Transactions Which Apply Hedging Accounting

Contract amounts, and fair value of derivatives outstanding as of March 31, 2011 and 2010 were as follow:

(1) Interest Rate Related Transactions

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	Millions of yen			
	2010			
	Hedging Targets	Contract amounts	Due after one year	Fair value
Interest rate swaps Receipts floating payment fixed	Loans and bills discounted	¥37,000	¥37,000	¥(1,461)
Total		—	—	¥(1,461)

As of March 31	Thousands of U.S. dollars (Note 1)			
	2011			
	Hedging Targets	Contract amounts	Due after one year	Fair value
Interest rate swaps Receipts floating payment fixed	Loans and bills discounted	$444,979	$336,741	$(18,388)
Total		—	—	$(18,388)

(2) Foreign Exchange Related Transactions

As of 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		—	—	¥(180)

As of March 31	Thousands of U.S. dollars (Note 1)			
	2011			
	Hedging Targets	Contract amounts	Due after one year	Fair value
Currency swap	Foreign exchange	$158,400	$144,000	$ 417
Forward exchange contracts	Call loans	155,845	—	(2,590)
Total		—	—	$(2,173)

32. Common Stock

The number of the Bank's authorized shares was 687,455,000 both as of March 31, 2011 and 2010.

The number of shares in issue was 193,936,439 both as of March 31, 2011 and 2010.

The number of treasury shares held by the Bank was 688 thousand and 671 thousand as of March 31, 2011 and 2010, respectively.

33. Stock Option Rights

(a) Expenses on stock option plan

Expenses on stock option plan amounted to ¥14 million (U.S.$ 169 thousand) and ¥14 million, included in general and administrative expenses for the years ended March 31, 2011 and 2010, respectively.

(b) Details of stock option

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

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

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	2011
Cash and due from banks	¥99,565	¥138,054	$1,197,415
Due from banks without interest	(35)	(653)	(424)
Ordinary due from banks	(871)	(497)	(10,477)
Other	(235)	—	(2,821)
Cash and cash equivalents	¥98,424	¥136,904	$1,183,693

36. Segment Information

(a) Outline of reportable segment

Effective from the year ended March 31, 2011, the Bank and its consolidated subsidiaries (together, the "Group") adopted "Revised Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Statement No. 17, March 27, 2009) and "Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (Guidance No.20, March 21, 2008).

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, 2011 and 2010

	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

	Millions of yen					
	Reportable segment				Adjustment	Consollidated finacial statements
Year ended March 31, 2010	Banking	Leasing	Other	Total		
Ordinary income						
External customers	¥ 46,908	¥ 5,297	¥1,430	¥ 53,635	¥ —	¥ 53,635
Intersegment	270	493	1,105	1,868	(1,868)	—
Total	47,178	5,790	2,535	55,503	(1,868)	53,635
Ordinary profit	5,170	711	365	6,246	(59)	6,187
Segment assets	2,387,188	12,339	9,363	2,408,890	(11,343)	2,397,547
Segment liabilities	2,258,111	9,738	5,419	2,273,268	(10,163)	2,263,105
Other items:						
Depreciation	2,151	29	9	2,189	—	2,189
Interest income	37,743	56	479	38,278	(382)	37,896
Interest expenses	4,387	126	21	4,534	(92)	4,442
Extraordinary income	9	210	43	262	(252)	10
(Gain on collection of written-off loans)	8	—	1	9	—	9
Extraordinary losses	508	0	1	509	—	509
(Impairment losses)	436	—	—	436	—	436
Income taxes	1,050	374	240	1,664	(1)	1,663
Increase in premises & equipment and intangibles	544	20	10	574	(80)	494

Year ended March 31, 2011	Thousands of U.S.Dollars					
	Reportable segment				Adjustment	Consollidated finacial statements
	Banking	Leasing	Other	Total		
Ordinary income						
External customers	$ 550,615	$ 66,786	$ 15,254	$ 632,655	$ —	$ 632,655
Intersegment	1,053	2,842	8,128	12,023	(12,023)	—
Total	551,668	69,628	23,382	644,678	(12,023)	632,655
Ordinary profit	67,172	4,994	1,435	73,601	2,441	76,042
Segment assets	29,349,169	147,678	101,017	29,597,864	(144,405)	29,453,459
Segment liabilities	27,852,829	111,579	54,919	28,019,327	(133,131)	27,886,196
Other items:						
Depreciation	29,344	365	119	29,828	—	29,828
Interest income	430,802	83	4,122	435,007	(925)	434,082
Interest expenses	40,190	1,252	196	41,638	(849)	40,789
Extraordinary income	418	1,452	961	2,831	(2,401)	430
(Gain on disposition of premises and equipment)	343	—	—	343	—	343
Extraordinary losses	6,404	1	1	6,406	—	6,406
(Impairment losses)	3,436	—	—	3,436	—	3,436
Income taxes	30,979	2,652	811	34,442	—	34,442
Increase in premises & equipment and intangibles	65,168	56	122	65,346	(31)	65,315

37. Related Party Transactions

Related party transactions for the years ended March 31, 2011 and 2010 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	2011	2010	2011	2011	2010	2011
Yasuhiko Watanabe	Director	Loan	¥—	¥—	$—	¥32	¥37	$393

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

38. Net Income Per Share

Consolidated net income per share for the years ended March 31, 2011 and 2010 and related information were as follows:

	Yen		U.S. dollars (Note 1)
	2011	2010	2011
Net assets per share	¥649.24	¥672.16	$7,808
Net income per share	13.72	18.17	0.165

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	2011
Net income	¥ 2,652	¥ 3,513	$31,894
Net income not attributable to common stock holders	—	—	—
Net income attributable to common stockholders	2,652	3,513	31,894
Average number of common stock (thousand shares)	193,256 shares	193,277 shares	

39. Subsequent Events

(a) Appropriation of retained earnings

The following appropriation of retained earnings applicable to the year ended March 31, 2011 was approved at the stockholders' meeting of the Bank held on June 29, 2011

	Millions of yen
Year-end cash dividends (Three yen per share)	¥579

(b) Employee stock ownership plan

The Board of Directors of the Bank, held on March 22, 2011 resolved to adopt Trust-type Employee Stock Ownership Plan (the "Plan") to enhance employees' welfare by utilizing existing employee shareholding body. The Plan is an incentive plan for all employees joining Employee Shareholding Body of the Akita Bank (the "Employee Shareholding Body"). Under the Plan the trust is established, of which beneficiaries are employees satisfying certain conditions. The trust purchases in advance the shares of the Bank of which number is expected to be bought by the Employee Shareholding Body during certain period, with borrowing money from banks. Then the trust sells the shares to the Employee Shareholding Body.

The Board of Directors of the Bank, held on May 12, 2011 resolved the following matters:

(1) Details of the trust

Grantor	The Bank
Trustee	The Sumitomo Trust & Banking Co., Ltd. (Standby trust bank: Japan Trustee Services Bank, Ltd.
Beneficiary	Employees satisfying certain conditions
Date of trust agreement	May 13, 2011
Period of trust	From May 13, 2011 to June 30, 2015 (planned)
Purpose of trust	Constant and continuous provision to the Employee Shareholding Body with the shares

(2) Purchase of the shares by the trust

Type of purchased shares	Common stock
Total purchase amount of shares	¥896,634 thousand
Period of purchase	From May 13, 2011 to June 15, 2015
Manner of purchase	Through stock exchanges including ToSTNeT (planned)

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