Notes to Consolidated Financial Statements

THE 77 BANK, LTD. AND SUBSIDIARIES
Years Ended March 31, 2010 and 2009

1. Basis Of Presenting Consolidated Financial Statements

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and the Enforcement Regulation for the Banking Law of Japan (the "Banking Law"), and in conformity with accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2009 consolidated financial statements to conform to the classifications used in 2010.

In conformity with the Companies Act of Japan (the "Companies Act") and other relevant regulations, all Japanese yen figures in the consolidated financial statements have been rounded down to the nearest million yen, except for per share data. Accordingly, the total of each account may not be equal to the combined total of individual items. Also, U.S. dollar amounts have been rounded down to the nearest thousand dollars.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which The 77 Bank, Ltd. (the "Bank") is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥93.04 to U.S.$1, the approximate rate of exchange at March 31, 2010. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. Summary of Significant Accounting Policies

***a. Consolidation*—**The consolidated financial statements include the accounts of the Bank and its subsidiaries (together, the "Companies"). There were seven consolidated subsidiaries as of March 31, 2010 and 2009.

Under the control or influence concept, those companies in which the Bank, directly or indirectly, is able to exercise control over operations are fully consolidated.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profits and losses resulting from transactions within the Companies are eliminated.

***b. Cash and Cash Equivalents*—**For the purpose of the consolidated statements of cash flows, cash and cash equivalents represent cash and amounts due from the Bank of Japan.

***c. Trading Account Securities, Investment Securities and Money Held in Trust*—**Securities other than investments in affiliates are classified into three categories, based principally on the Companies' intent, as follows: (1) trading account securities, which are held for the purpose of earning capital gains in the near term, are reported at fair value and the related unrealized gains and losses are included in earnings, (2) held-to-maturity debt securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity, are reported at amortized cost, and (3) available-for-sale securities, which are not classified as either of the aforementioned securities, are reported at fair value with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity.

The cost of trading account securities and available-for-sale securities sold is determined based on the moving-average method.

Available-for-sale securities for which fair value is extremely difficult to identify are reported at cost determined by the moving-average method.

For other than temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

Securities included in money held in trust are also classified and accounted for by the same method as above.

The components of trust assets are accounted for based on the standard appropriate for each asset type. Instruments held in trust for trading purposes are recorded at fair value and unrealized gains and losses are recorded in other income/expenses. Instruments held in trust classified as available-for-sale are recorded at fair value with the corresponding unrealized gains/losses recorded directly in a separate component of equity. Instruments held in trust classified as held to maturity are carried at amortized cost.

***d. Tangible Fixed Assets*—**Tangible fixed assets are stated at cost less accumulated depreciation and gains deferred on the sale and replacement of certain assets. Depreciation of tangible fixed assets, except for lease assets, is mainly computed by the declining- balance method at rates based on the estimated useful lives of the assets. The range of useful lives is principally from 5 to 31 years for buildings and from 4 to 20 years for equipment. Lease assets under finance lease transactions, in which substantial ownership is not deemed to transfer, are depreciated by the straight-line method over the lease term. The salvage value is zero or the guaranteed amounts if specified in the lease contracts. (See Note 2.m.)

***e. Intangible Fixed Assets*—**The amortization of intangible fixed assets is calculated by the straight-line method. Capitalized cost of computer software developed/obtained for internal use is amortized by the straight-line method over the estimated useful lives of five years.

***f. Long-Lived Assets*—**The Companies review their long lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

***g. Foreign Currency Items*—**Assets and liabilities denominated in foreign currencies held by the Bank at the year end are translated into Japanese yen at the current exchange rates in effect at each balance sheet date. Exchange gains and losses are recognized in the fiscal periods in which they occur.

***h. Reserve for Possible Loan Losses*—**The Bank determines the amount of the reserve for possible loan losses by means of management's judgment and assessment of future losses based on a self-assessment system. This system reflects past experience of credit losses, possible credit losses, business and economic conditions, the character, quality and performance of the portfolio, and other pertinent indicators.

The Bank implemented a self assessment system for its asset quality. The quality of all loans is assessed by branches and the credit supervisory division with a subsequent audit by the Bank's asset review and inspection division in accordance with the Bank's policy and rules for self-assessment of asset quality.

The Bank has established a credit rating system under which its customers are classified into five categories. The credit rating system is used for self-assessment of asset quality. All loans are classified into five categories for self-assessment purposes such as "normal," "caution," "possible bankruptcy," "virtual bankruptcy" and "legal bankruptcy."

The reserve for possible loan losses is calculated based on the specific actual past loss ratio for normal and caution categories, and the fair value of the collateral for collateral-dependent loans and other factors of solvency including value of future cash flows for other self assessment categories.

The subsidiaries determine the reserve for possible loan losses by a similar self-assessment system to that of the Bank.

***i. Reserve for Reimbursement of Deposits*—**Reserve for reimbursement of deposits which were derecognized as liabilities is provided for the future estimated payments for the reimbursement claims on the sleeping deposit accounts based on the historical reimbursement experience.

j. Reserve for Contingent Losses—Reserve for contingent losses is provided for the future estimated payments of burden money to the Credit Guarantee Corporations based on the historical experience of subrogation.

k. Retirement and Pension Plans—The Bank and certain subsidiaries have contributory funded pension plans and unfunded retirement benefit plans for employees which cover approximately 75% and 25%, respectively, of their benefits. Other subsidiaries have unfunded retirement benefit plans.

The liability for employees' retirement benefits is provided for the payment of employees' retirement benefits based on estimated amounts of the actuarial retirement benefit obligation and the related pension assets. Net actuarial gain (loss) is amortized using the straight-line method over 10 years commencing from the next fiscal year of incurrence.

On July 31, 2008, the Accounting Standards Board of Japan (the "ASBJ") issued ASBJ Statement No. 19 "Partial Amendments to Accounting Standard for Retirement Benefits (Part 3)," which requires the companies to use the discount rate determined by reference to market yields at the end of the fiscal year on high quality bonds such as long-term Japanese government bonds, government agency bonds and high quality corporate bonds. Effective the year ended March 31, 2010, the Bank adopted this amendment. There is no effect of the change on the consolidated financial statements, since the Bank has been using the same discount rate as required by the amended standard.

Retirement benefits to directors and corporate auditors are provided at the amount which would be required if all directors and corporate auditors retired at the balance sheet date.

The Bank resolved to abolish the system of retirement benefits to directors and corporate auditors at the close of the general meeting of stockholders held on June 26, 2009 at the Board of Directors meeting held on May 15, 2009 and the proposal to pay the retirement benefits was approved at the general meeting of stockholders held on that date. Accordingly, the reserve for retirement benefits to directors and corporate auditors, which was included in "Liability for retirement benefits" at March 31, 2009, was fully reversed and the total amount of ¥852 million ($9,161 thousand) to be paid upon their retirement is recorded under "Other liabilities" at March 31, 2010.

l. Stock Options—In December 2005, the ASBJ issued ASBJ Statement No. 8, "Accounting Standard for Stock Options" and related guidance. The new standard and guidance are applicable to stock options newly granted on and after May 1, 2006. This standard requires companies to recognize compensation expense for employee stock options based on the fair value at the date of grant and over the vesting period as consideration for receiving goods or services. The standard also requires companies to account for stock options granted to non-employees based on the fair value of either the stock option or the goods or services received. In the balance sheet, the stock option is presented as a stock acquisition right as a separate component of equity until exercised. The standard covers equity-settled, share-based payment transactions, but does not cover cash-settled, share-based payment transactions. The Bank has applied this accounting standard for stock options to those granted on and after May 1, 2006.

m. Leases—In March 2007, the ASBJ issued ASBJ Statement No.13, "Accounting Standard for Lease Transactions", which revised the previous accounting standard for lease transactions issued in June 1993. The revised accounting standard for lease transactions is effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted for fiscal years beginning on or after April 1, 2007.

As a lessee

Under the previous accounting standard, finance leases that were deemed to transfer ownership of the leased property to the lessee were to be capitalized. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the notes to the lessee's financial statements. The revised accounting standard requires that all finance lease transactions should be capitalized to recognize lease assets and lease obligations in the balance sheet. In addition, the revised accounting standard permits leases which existed at the transition date and do not transfer ownership of the leased property to the lessee to be accounted for as operating lease transactions with certain "as if capitalized" information disclosed in the notes to the lessee's financial statements.

The Bank applied the revised accounting standard effective April 1, 2008. In addition, the Bank accounted for leases which existed at the transition date and do not transfer ownership of the leased property to the lessee as operating lease transactions.

As a lessor

Under the previous accounting standard, finance leases that were deemed to transfer ownership of the leased property to the lessee were to be treated as sales.

However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if sold" information is disclosed in the notes to the lessor's financial statements. The revised accounting standard requires that all finance leases that are deemed to transfer ownership of the leased property to the lessee should be recognized as lease receivables, and all finance leases that are deemed not to transfer ownership of the leased property to the lessee should be recognized as investments in leases.

A consolidated subsidiary applied the revised accounting standard effective April 1, 2008.

n. Income Taxes—The provision for income taxes is computed based on the pretax income included in the consolidated statements of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

o. Derivatives and Hedging Activities—It is the Bank's policy to use derivative financial instruments ("derivatives") primarily for the purpose of reducing market risks associated with its assets and liabilities. The Bank also utilizes derivatives to meet the needs of its clients while entering into derivatives as a part of its trading activities. The Bank enters into interest rate swaps and interest rate caps as a means of hedging its interest rate risk on certain loans and investment securities. The Bank also enters into currency swaps, foreign exchange forward contracts and currency options to hedge exchange risk associated with its assets and liabilities denominated in foreign currencies and to meet the needs of its clients. Furthermore, the Bank enters into interest rate futures, bond futures, bond future options and foreign exchange forward contracts for a short term as part of its trading activities.

Derivatives are recognized as either assets or liabilities and measured at fair value. Gains or losses on derivative transactions are recognized in the consolidated statements of income. If derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, the gains or losses on derivatives are deferred until maturity of the hedged transactions.

The interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value, but the differential paid or received under the swap agreements is recognized and included in interest expenses or income.

p. Per Share Information—Basic net income per share is computed by dividing net income available to common stockholders by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits.

Diluted net income per share reflects the potential dilution that could occur if securities were exercised or converted into common stock. Diluted net income per share of common stock assumes full conversion of the outstanding convertible notes and bonds at the beginning of the year (or at the time of issuance) with an applicable adjustment for related interest expense, net of tax, and full exercise of outstanding warrants.

Cash dividends per share presented in the consolidated statements of income are dividends applicable to the respective years including dividends to be paid after the end of the year.

q. New Accounting Pronouncements

Asset Retirement Obligations—In March 2008, the ASBJ published a new accounting standard for asset retirement obligations, ASBJ Statement No.18 "Accounting Standard for Asset Retirement Obligations" and ASBJ Guidance No.21 "Guidance on Accounting Standard for Asset Retirement Obligations". Under this accounting standard, an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development and the normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset. The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of the asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an increase or a decrease in the carrying amount of the liability and the capitalized amount of the related asset retirement cost. This standard is effective for fiscal years beginning on or after April 1, 2010 with early adoption permitted for fiscal years beginning on or before March 31, 2010.

Accounting Changes and Error Corrections—In December 2009, the ASBJ issued ASBJ Statement No. 24 "Accounting Standard for Accounting Changes and Error Corrections" and ASBJ Guidance No. 24 "Guidance on Accounting Standard for Accounting Changes and Error Corrections." Accounting treatments under this standard and guidance are as follows:
(1) Changes in Accounting Policies
When a new accounting policy is applied with a revision of accounting standards, a new policy is applied retrospectively unless the revised accounting standards include specific transitional provisions. When the revised accounting standards include specific transitional provisions, an entity shall comply with the specific transitional provisions.
(2) Changes in Presentation
When the presentation of financial statements is changed, prior period financial statements are reclassified in accordance with the new presentation.
(3) Changes in Accounting Estimates
A change in an accounting estimate is accounted for in the period of the change if the change affects that period only and is accounted for prospectively if the change affects both the period of the change and future periods.
(4) Corrections of Prior Period Errors
When an error in prior period financial statements is discovered, those statements are restated.
This accounting standard and the guidance are applicable to accounting changes and corrections of prior period errors which are made from the beginning of the fiscal year that begins on or after April 1, 2011.

Segment Information Disclosures—In March 2008, the ASBJ revised ASBJ Statement No. 17 "Accounting Standard for Segment Information Disclosures" and issued ASBJ Guidance No. 20 "Guidance on Accounting Standard for Segment Information Disclosures." Under the standard and guidance, an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments. This accounting standard and the guidance are applicable to segment information disclosures for the fiscal years beginning on or after April 1, 2010.

3. Accounting Change

Prior to March 31, 2010, under Japanese accounting standards for financial instruments, available-for-sale securities for which fair value was not readily determinable were carried at moving average cost or amortized cost determined by the moving-average method.

In March 2008, the ASBJ revised ASBJ Statement No. 10 "Accounting Standard for Financial Instruments" and issued ASBJ Guidance No. 19 "Guidance on Accounting Standard for Financial Instruments and Related Disclosures." This revised accounting standard and guidance are applicable to financial instruments and related disclosures at the end of the fiscal years ending on or after March 31, 2010.

The revised accounting standard requires available-for-sale securities to be recorded at their fair value except for securities whose fair values cannot be reliably determined, such as non-marketable equity securities, etc.

The effect of this change on income was immaterial.

4. Cash and Cash Equivalents

The reconciliation of cash and cash equivalents at the end of the fiscal year and cash and due from banks in the consolidated balance sheets as of March 31, 2010 and 2009 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
Cash and due from banks	**¥324,624**	¥315,510	**$3,489,085**
Due from banks, excluding due from the Bank of Japan	**(1,727)**	(2,421)	**(18,566)**
Cash and cash equivalents at the end of year	**¥322,897**	¥313,089	**$3,470,518**

5. Trading Account Securities and Investment Securities

Trading account securities as of March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
National government bonds	**¥ 1,553**	¥ 1,723	**$ 16,700**
Local government bonds	**1,785**	1,760	**19,185**
Other securities	**24,995**	33,971	**268,653**
Total	**¥28,334**	¥37,455	**$304,539**

Investment securities as of March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
National government bonds	**¥ 770,695**	¥ 773,130	**$ 8,283,487**
Local government bonds	**122,535**	90,114	**1,317,021**
Corporate bonds	**687,108**	545,478	**7,385,085**
Equity securities	**107,035**	88,420	**1,150,419**
Other securities	**255,249**	215,790	**2,743,442**
Total	**¥1,942,624**	¥1,712,933	**$20,879,456**

The carrying amounts and aggregate fair values of securities at March 31, 2010 and 2009 were as follows:

Securities below include trading account securities, investment securities and other debt purchased:

	Millions of Yen			
	2010			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Trading				¥ 28,334
Available-for-sale:				
Equity securities	¥ 65,260	¥39,029	¥ 1,371	102,918
Debt securities	1,537,881	32,582	439	1,570,024
Other securities	267,474	1,782	14,222	255,034
Held-to-maturity	10,909	136	1	11,044

	Millions of Yen			
	2009			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Trading				¥ 37,455
Available-for-sale:				
Equity securities	¥ 69,407	¥24,572	¥ 8,851	85,134
Debt securities	1,371,075	17,502	3,112	1,385,465
Other securities	259,674	661	44,796	215,539
Held-to-maturity	10,012	87	1	10,097

	Thousands of U.S. Dollars			
	2010			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Trading				$ 304,539
Available-for-sale:				
Equity securities	$ 701,420	$419,492	$ 14,737	1,106,175
Debt securities	16,529,250	350,193	4,722	16,874,721
Other securities	2,874,834	19,160	152,862	2,741,132
Held-to-maturity	117,254	1,470	18	118,706

Available-for-sale securities with fair value, whose fair value significantly declined compared with the acquisition cost, and are not considered to recover to their acquisition cost, are written down to the respective fair value. The related losses on revaluation are charged to income for the fiscal year.

Losses on impairment were recognized for the above available-for-sale securities in the amounts of ¥319 million ($3,437 thousand) and ¥7,006 million for the years ended March 31, 2010 and 2009, respectively.

The criteria for determining whether the fair value has "significantly declined" are defined based on the asset classification of the issuer in the internal standards for asset quality self-assessment as follows:

(a) Normal issuer: Fair value declined by 50% or more of the acquisition cost or fair value declined between 30% and 50% and average fair value during the past one month declined by 50% or more (30% or more for issuers who have credit risk more than a certain level).
(b) Caution issures: Fair value declined by 30% or more of the acquisition cost.
(c) Legal bankrupt, virtually bankrupt and possibly bankrupt issuers: Fair value is lower than the acquisition cost.

Prior to April 1, 2009, other securities whose fair value is available, except for trading securities, were necessarily written down to the fair value if the fair value declined more than 50% of the acquisition cost. In addition, if the fair value declined between 30% and 50% of the acquisition cost, those securities considered to be unrecoverable considering the declining ratio during the past certain period were written down to the fair value as losses on impairment. However, effective April 1, 2009, the Bank changed its criteria for recognizing losses on impairment as above to account for impairment based on more reasonable judgment taking into account the credit risk of issuers.

As a result, losses on impairment decreased by ¥798 million ($8,581 thousand), consisting of ¥332 million ($3,573 thousand) for equity securities and ¥465 million ($5,007 thousand) for other securities, compared with those which would have been reported under the previous method.

Prior to April 1, 2008, floating rate Japanese government bonds included in available-for-sale securities had been reported at the value based on the market price. However, effective the year ended March 31, 2009, in accordance with Practical Issues Task Force No. 25, "Practical Solution on Measurement of Fair Value for Financial Assets" issued by the ASBJ on October 28, 2008, these government bonds are reported at the value computed by reasonable estimation methods when the Bank considers that the related market price does not reflect the fair value. As a result, investment securities increased by ¥20,236 million and unrealized losses on available-for-sale securities and deferred tax assets decreased by ¥12,020 million and ¥8,215 million as of March 31, 2009, respectively, compared with the corresponding amounts under the previous method.

The value of floating rate Japanese government bonds computed based on reasonable estimation is determined by discounting the future cash flows estimated using the yields of government bonds and volatility of interest rate swaptions by the discount rates based on the corresponding yields. Yields of Japanese government bonds and volatility of interest rate swaptions are used as major price decision parameters. The same information for 2010 is disclosed in Note 25.

Available-for-sale securities and held-to-maturity securities whose fair value is not readily determinable as of March 31, 2009 were as follows. Similar information for 2010 is disclosed in Note 25.

	Carrying Amount
	Millions of Yen
	2009
Available-for-sale:	
Equity securities	¥ 3,285
Debt securities	13,246
Other securities	250
Held-to-maturity	1,279
Total	¥18,062

Proceeds from sales of available-for-sale securities for the years ended March 31, 2010 and 2009 were ¥159,626 million ($1,715,674 thousand) and ¥345,221 million, respectively. Gross realized gains and losses on these sales, computed on the moving average cost basis, were ¥3,711 million ($39,892 thousand) and ¥55 million ($601 thousand), respectively, for the year ended March 31, 2010 and ¥20,464 million and ¥433 million, respectively, for the year ended March 31, 2009.

Unrealized gains (losses) on available-for-sale securities for the years ended March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Valuation differences:			
Available-for-sale securities	¥57,361	¥(14,024)	$616,524
Available-for-sale held in trust	714	(3,979)	7,680
Deferred tax (liabilities) assets	(22,541)	8,164	(242,273)
Minority interests	(49)	(9)	(527)
Unrealized gains (losses) on available-for-sale securities	¥35,485	¥ (9,848)	$381,404

6. Money Held in Trust

The carrying amounts and aggregate fair values of money held in trust at March 31, 2010 and 2009 were as follows:

	Millions of Yen			
	2010			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Money held in trust classified as:				
Trading				¥24,816
Available-for-sale	¥22,135	¥2,527	¥1,813	22,849
Total	¥22,135	¥2,527	¥1,813	¥47,666

	Millions of Yen			
	2009			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Money held in trust classified as:				
Trading				¥19,852
Available-for-sale	¥22,135		¥3,979	18,156
Total	¥22,135		¥3,979	¥38,008

	Thousands of U.S. Dollars			
	2010			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Money held in trust classified as:				
Trading				$266,728
Available-for-sale	$237,912	$27,170	$19,489	245,592
Total	$237,912	$27,170	$19,489	$512,321

Available-for-sale securities held in trust with fair value, whose fair value significantly declined compared with the acquisition cost, and are not considered to recover to their acquisition cost, are written down to the respective fair value. The related losses on revaluation are charged to income for the fiscal year.

Losses on impairment were recognized for equity securities held in trust classified as available-for-sale in the amount of ¥59 million for the year ended March 31, 2009.

The criteria for determining whether the fair value has “significantly declined” are the same as included in Note 5. Also, effective April 1, 2009, the Bank changed the its criteria for exactly the same reason as shown in Note 5.

As a result, losses on impairment decreased by ¥501 million ($5,385 thousand), compared with those which would have been reported under the previous method.

7. Loans and Bills Discounted

Loans and bills discounted at March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Bills discounted	¥ 15,242	¥ 18,362	$ 163,830
Loans on bills	200,532	193,903	2,155,335
Loans on deeds	2,728,419	2,648,560	29,325,233
Overdrafts	494,487	520,953	5,314,783
Total	¥3,438,682	¥3,381,779	$36,959,183

Bills discounted are accounted for as financial transactions in accordance with "Treatment of Accounting and Auditing of Application of Accounting Standard for Financial Instruments in the Banking Industry" (the Japanese Institute of Certified Public Accountants (the “JICPA”) Industry Audit Committee Report No. 24). The Bank has rights to sell or pledge these bills discounted. The total of the face value of bills discounted was ¥15,258 million ($163,999 thousand) and ¥18,362 million at March 31, 2010 and 2009, respectively.

Loans and bills discounted at March 31, 2010 and 2009 included the following loans:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Loans to borrowers in bankruptcy	¥ 5,711	¥ 6,447	$ 61,392
Past due loans	76,038	98,271	817,270
Past due loans (three months or more)	903	928	9,712
Restructured loans	25,207	26,231	270,926
Total	¥107,861	¥131,879	$1,159,302

Loans to borrowers in bankruptcy represent nonaccrual loans to debtors who are legally bankrupt, as defined in the Enforcement Ordinance for the Corporation Tax Law.

Past due loans are nonaccrual loans which include loans classified as "possible bankruptcy" and "virtual bankruptcy."

Nonaccrual loans are defined as loans (after the partial charge-off of claims deemed uncollectible) which the Bank has discontinued accruing interest income due to substantial doubt existing about the ultimate collection of principal and/or interest. Such loans are classified either as "possible bankruptcy" and "virtual bankruptcy" under the Bank's self assessment guidelines.

In addition to past due loans as defined, certain other loans classified as "caution" under the Bank's self-assessment guidelines include past due loans (three months or more) which consist of loans which the principal and/or interest is three months or more past due, but exclude loans to borrowers in bankruptcy and past due loans.

Restructured loans are loans where the Bank and its subsidiaries relax lending conditions, by reducing the original interest rate or by forbearing interest payments or principal repayments to support the borrower's reorganization, but restructured loans exclude loans to borrowers in bankruptcy, past due loans or past due loans (three months or more).

8. Foreign Exchanges

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

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Assets			
Foreign exchange bills bought	¥ 26	¥ 6	$ 289
Foreign exchange bills receivable	31	33	333
Due from foreign correspondent accounts	1,150	1,056	12,362
Total	¥1,208	¥1,096	$12,986
Liabilities			
Foreign exchange bills sold	¥48	¥ 24	$ 525
Foreign exchange bills payable	50	76	544
Total	¥99	¥101	$1,070

9. Tangible Fixed Assets

The accumulated depreciation of tangible fixed assets at March 31, 2010 and 2009 amounted to ¥73,622 million ($791,298 thousand) and ¥75,095 million, respectively.

As of March 31, 2010 and 2009, deferred gains for tax purposes of ¥7,861 million ($84,494 thousand) and ¥7,870 million on tangible fixed assets sold and replaced with similar assets have been deducted from the cost of newly acquired tangible fixed assets, respectively.

10. Long-lived Assets

The Bank and a certain subsidiary recognized impairment losses of ¥944 million ($10,148 thousand) and ¥637 million on certain operating branches, business premises, branches to be closed and unused facilities for the years ended March 31, 2010 and 2009, respectively. The impairment losses comprised ¥233 million ($2,511 thousand) on buildings, ¥666 million ($7,167 thousand) on land and ¥43 million ($469 thousand) on other fixed assets, respectively, for the year ended March 31, 2010 and ¥133 million on buildings, ¥420 million on land and ¥83 million on other fixed assets, respectively, for the year ended March 31, 2009.

For the purpose of testing for impairment, the Bank recognizes each individual branch office as a cash-generating unit for which it continues to manage and monitor identifiable cash flows. Branch offices to be closed and facilities not used in operation are individually assessed for impairment. Subsidiaries recognize each company as a cash-generating unit. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group.

The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition. The discounted cash flows were calculated using a discount rate of 3.6% and the net selling price was determined by quotation from a third-party vendor.

11. Customers' Liabilities for Acceptances and Guarantees

All contingent liabilities arising from acceptances and guarantees are reflected in "Acceptances and guarantees." "Customers' liabilities for acceptances and guarantees" are shown as contra assets, representing the Bank's right to receive indemnity from the applicants.

In accordance with the Cabinet Office Ordinance No. 38, "Customers' liabilities for acceptances and guarantees" and "Acceptances and guarantees" are offset.

The amount of guarantee obligations for privately-placed corporate bonds included in securities as of March 31, 2010 and 2009 was ¥12,158 million ($130,680 thousand) and ¥13,246 million, respectively.

12. Assets Pledged

Assets pledged as collateral and their relevant liabilities at March 31, 2010 and 2009 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Assets pledged as collateral:			
Investment securities	¥141,586	¥151,498	$1,521,786
Other assets	141	141	1,520
Investments in leases	314	700	3,382
Relevant liabilities to above assets:			
Deposits	48,554	35,236	521,868
Call money		20,628	
Payable under securities lending transactions	18,020	1,602	193,682
Borrowed money	225	441	2,418

Additionally, investment securities amounting to ¥139,028 million ($1,494,284 thousand) and ¥136,464 million are pledged as collateral for transactions such as exchange settlement transactions or as substitute securities for future transaction initial margin and others at March 31, 2010 and 2009, respectively.

Other assets include deposits for leased tangible fixed assets (lessee side) amounting to ¥99 million ($1,067 thousand) and ¥94 million at March 31, 2010 and 2009, respectively.

13. Loan Commitments

Contracts of overdraft facilities and loan commitments are contracts with customers to lend up to the prescribed limits in response to customers' application for a loan, as long as there is no violation of any condition within the contracts. As of March 31, 2010, the unused amount of such contracts totals ¥1,552,203 million ($16,683,185 thousand), of which the amounts with the original agreement terms of less than one year were ¥1,529,451 million ($16,438,641 thousand).

Since many of commitments expire without being drawn upon, the unused amount does not necessarily represent a future cash requirement. Most of these contracts have conditions allowing the Companies to refuse customers' application for a loan or decrease the contract limits with proper reasons (e.g., changes in financial situation, deterioration in customers' creditworthiness). At the inception of the contracts, the Companies obtain collateral real estate, securities, etc. if considered to be necessary. Subsequently, the Companies perform a periodic review of the customers' business results based on internal rules and take necessary measures to reconsider conditions in contracts and require additional collateral and guarantees.

14. Deposits

Deposits at March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Current deposits	¥ 150,789	¥ 159,418	$ 1,620,694
Ordinary deposits	2,477,370	2,354,191	26,626,940
Deposits at notice	17,378	15,289	186,783
Time deposits	2,171,504	2,110,272	23,339,471
Negotiable certificates of deposit	318,150	264,840	3,419,496
Other deposits	226,587	222,485	2,435,373
Total	¥5,361,779	¥5,126,497	$57,628,761

15. Borrowed Money

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

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Borrowings from banks and other	¥13,632	¥15,193	$146,525

Annual maturities of borrowed money as of March 31, 2010 were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2011	¥ 9,129	$ 98,124
2012	2,213	23,792
2013	1,397	15,019
2014	600	6,450
2015	187	2,013
2016 and thereafter	104	1,123
Total	¥13,632	$146,525

At March 31, 2010 and 2009, the weighted average annual interest rates applicable to borrowed money were 1.261% and 1.396%, respectively.

Investments in lease amounting to ¥11,842 million ($127,287 thousand) and ¥13,792 million are placed under quasi pledge arrangement for borrowings from banks and other amounting to ¥9,869 million ($106,072 thousand) and ¥11,494 million at March 31, 2010 and 2009, respectively.

16. Liability for Retirement Benefits

The Companies have severance payment plans for employees.

Under most circumstances, employees terminating their employment are entitled to retirement benefits based on the rate of pay at the time of termination, years of service and certain other factors. Such retirement benefits are made in the form of a lump-sum severance payment from the Companies and annuity payments from trustees. Employees are entitled to larger payments if the termination is involuntary, by retirement at the mandatory retirement age, by death or by voluntary retirement at certain specific ages prior to the mandatory retirement age.

The liabilities for retirement benefits for directors and corporate auditors at March 31, 2010 and 2009 were ¥66 million ($715 thousand) and ¥945 million, respectively. The retirement benefits for directors and corporate auditors are paid subject to the approval of the stockholders.

Effective June 26, 2009, the Bank terminated its retirement benefits plan for directors and corporate auditors. Meanwhile, subsidiaries have severance payment plans for directors and corporate auditors.

The liability (asset) for employees' retirement benefits at March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Projected benefit obligation	**¥100,363**	¥98,748	**$1,078,710**
Fair value of plan assets	**(37,934)**	(33,599)	**(407,717)**
Unrecognized net actuarial loss	**(16,829)**	(23,056)	**(180,888)**
Net liability	**¥ 45,599**	¥42,093	**$ 490,104**

The components of net periodic retirement benefit costs for the years ended March 31, 2010 and 2009 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Service cost	**¥2,021**	¥2,005	**$21,721**
Interest cost	**1,966**	1,943	**21,134**
Expected return on plan assets	**(1,175)**	(1,436)	**(12,639)**
Recognized actuarial loss	**3,812**	2,870	**40,977**
Net periodic retirement benefit costs	**¥6,623**	¥5,383	**$71,194**

Assumptions used for the years ended March 31, 2010 and 2009 were set forth as follows:

	2010	2009
Discount rate	**2.0%**	2.0%
Expected rate of return on plan assets	**3.5%**	3.5%
Recognition period of actuarial gain/loss	**Ten years**	Ten years

17. Equity

Japanese banks are subject to the Banking Law and to the Companies Act. The significant provisions in the Companies Act and the Banking Law that affect financial and accounting matters are summarized below:

a. Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the general meeting of stockholders. For companies that meet certain criteria such as: (1) having a Board of Directors, (2) having independent auditors, (3) having a Board of Corporate Auditors, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. The Bank meets all the above criteria. The Companies Act permits companies to distribute dividends-in-kind (non-cash assets) to stockholders subject to certain limitations and additional requirements. Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Bank can do so because it stipulates this in its articles of incorporation. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the stockholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

b. Increases/Decreases and Transfer of Common Stock, Reserve and Surplus

The Banking Law requires that an amount equal to 20% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of the aggregate amount of the legal reserve and additional paid in capital equals 100% of stated capital.

Under the Companies Act and the Banking Law, the aggregate amount of additional paid-in capital and the legal reserve that exceeds 100% of the stated capital may be made available for dividends by resolution of the stockholders after transferring such excess to retained earnings in accordance with the Companies Act. Under the Companies Act, the total amount of additional paid-in capital and the legal reserve may be reversed without limitation. The Companies Act also provides that stated capital, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the stockholders.

c. Treasury Stock and Treasury Stock Acquisition Rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the stockholders which is determined by specific formula. Under the Companies Act, stock acquisition rights are presented as a separate component of equity. The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

18. Stock Options

At the Board of Directors meeting held on June 26, 2009, the Bank resolved to grant stock acquisition rights to its directors as equity-settled share-based compensation type stock option plans pursuant to the Companies Act.

Expenses related to stock options in the amount of ¥110 million ($1,188 thousand) are recorded under general and administrative expenses for the year ended March 31, 2010.

The stock options outstanding as of March 31, 2010 are as follows:

Nature and extent of stock options:

	2009 Stock Option
Persons granted	16 directors of the Bank
Number of stock options by type of share*	281,800 shares of common stock of the Bank
Date of grant	August 3, 2009
Vesting conditions	Not defined
Eligible service period	Not defined
Exercise period	From August 4, 2009 to August 3, 2034

**Number of stock options is converted into number of shares.*

The stock option activity is as follows:

	2009 Stock Option (Shares)
Year ended March 31, 2010	
Non-vested	
March 31, 2009 – Outstanding	
Granted	281,800
Forfeited	
Vested	
March 31, 2010 – Outstanding	281,800
Vested	
March 31, 2009 – Outstanding	
Vested	
Exercised	
Forfeited	
March 31, 2010 – Outstanding	

Unit price information is as follows:

	2009 Stock Option
Exercise price	¥ 1
Average stock price at the time of exercise	
Fair value at the date of grant	523

The estimation method of the fair value of 2009 Stock Option granted in the year ended March 31, 2010 is as follows:

(1) The valuation technique used is the Black-Scholes Option pricing model.

(2) Major basic factors and estimation method:

	2009 Stock Option
Stock price volatility (see Note 1 below)	30.017%
Expected remaining service period (see Note 2 below)	5 years and 2 months
Expected cash dividend (see Note 3 below)	¥7 per share
Risk-free interest rate (see Note 4 below)	0.762%

(Notes) 1. Stock price volatility is computed based on the past stock prices during the period (from May 2004 to August 2009) corresponding to the expected remaining period (5 years and 2 months).

2. The expected remaining service period is estimated by deducting the current service period and age from the presumed remaining service period calculated from average terms of office and retirement ages of the directors who retired for the past 10 years.

3. Actual cash dividends for the fiscal year ended March 31, 2009

4. Risk-free interest rate refers to yields of Japanese government bonds corresponding to the expected remaining period.

Estimation method of the number of stock options to be vested: The Bank uses the method to reflect actual forfeited number, since it is difficult to estimate the number of stock options to be forfeited in future on a reasonable basis.

19. Other Operating Income

Other operating income for the years ended March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Gain on sales and redemption of bonds and other securities	¥ 2,404	¥ 7,896	$ 25,841
Lease receipts	11,172	11,643	120,083
Other	5,193	5,111	55,824
Total	¥18,770	¥24,651	$201,749

20. Other Income

Other income for the years ended March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Gains on sales of stocks and other securities	¥1,471	¥12,924	$15,812
Gains on sales of money held in trust	1,051	1,454	11,301
Gains on sales of tangible fixed assets	41	14	450
Other	1,333	841	14,327
Total	¥3,897	¥15,234	$41,891

21. Other Operating Expenses

Other operating expenses for the years ended March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Losses on sales, redemption and devaluation of bonds and other securities	¥ 6,420	¥15,524	$ 69,011
Lease costs	11,182	11,145	120,192
Other	2,073	3,245	22,287
Total	¥19,677	¥29,916	$211,491

22. Other Expenses

Other expenses for the years ended March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Losses on devaluation of stocks and other securities	¥ 70	¥2,470	$ 757
Bad debt losses	63	243	687
Losses on dispositions of money held in trust	54	423	585
Losses on sales of loans	1,923	4,752	20,673
Losses on impairment and disposal of fixed assets	1,064	731	11,439
Provision for reserve for reimbursement of deposits	182	62	1,964
Provision for reserve for contingent losses	99	367	1,065
Other	378	4	4,072
Total	¥3,837	¥9,056	$41,246

23. Income Taxes

The Companies are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 40.6% for the years ended March 31, 2010 and 2009.

The tax effects of significant temporary differences which resulted in deferred tax assets and liabilities at March 31, 2010 and 2009 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Deferred tax assets:			
Liability for retirement benefits	¥18,804	¥17,400	$202,115
Reserve for possible loan losses	18,022	20,772	193,710
Fixed assets (depreciation)	7,771	8,380	83,525
Unrealized losses on available-for-sale securities		8,164	
Losses on devaluation of stocks and other securities	2,101	2,702	22,583
Other	6,351	5,887	68,270
Less valuation allowance	(4,079)	(3,636)	(43,845)
Total	48,972	59,671	526,359
Deferred tax liabilities:			
Unrealized gains on available-for-sale securities	22,541		242,273
Fixed assets (deferral gain on sales and replacement)	561	583	6,034
Total	23,102	583	248,308
Net deferred tax assets	¥25,869	¥59,088	$278,051

A reconciliation between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statements of income for the year ended March 31, 2009 was as follows, whereas a reconciliation for the year ended March 31, 2010 is not required under Japanese accounting standards, since the difference is less than 5% of the normal effective statutory tax rate.

	2009
Normal effective statutory tax rate	40.6%
Expenses not deductible for income tax purposes	1.0
Non-taxable dividend income	(6.4)
Inhabitants taxes	0.5
Special corporate tax credit	(0.1)
Other—net	1.0
Actual effective tax rate	36.6%

24. Leases

Finance Leases

a. Lessee

The Companies lease certain machinery, computer equipment and other assets.

The Companies account for finance leases that existed prior to April 1, 2008 and do not transfer ownership of the leased property to the lessee as operating lease transactions as permitted by the revised accounting standard.

Total lease payments under finance leases for the years ended March 31, 2010 and 2009 were ¥1,565 million ($16,821 thousand) and ¥1,565 million, respectively.

Pro forma information of leased property such as acquisition cost, accumulated depreciation, obligations under finance leases, depreciation expense and interest expense of finance leases that do not transfer ownership of the leased property to the lessee on an "as if capitalized" basis for the years ended March 31, 2010 and 2009 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	Equipment and Other Assets		Equipment and Other Assets
	2010	2009	**2010**
Acquisition cost	**¥7,928**	¥7,928	**$85,215**
Accumulated depreciation	**(5,437)**	(4,007)	**(58,444)**
Net leased property	**¥2,490**	¥3,920	**$26,771**

Obligations under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
Due within one year	**¥1,334**	¥1,443	**$14,347**
Due after one year	**1,319**	2,654	**14,184**
Total	**¥2,654**	¥4,098	**$28,532**

Depreciation expense and interest expense under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
Depreciation expense	**¥1,429**	¥1,429	**$15,367**
Interest expense	**118**	163	**1,269**
Total	**¥1,547**	¥1,593	**$16,637**

Depreciation expense and interest expense, which are not reflected in the accompanying consolidated statements of income, are computed by the straight-line method and the interest method, respectively.

b. Lessor

A subsidiary leases certain equipment and other assets to various customers.

The net investments in leases at March 31, 2010 and 2009 are summarized as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
Gross lease receivables	**¥28,786**	¥31,033	**$309,400**
Estimated residual values	**1,885**	1,924	**20,261**
Unearned interest income	**(4,017)**	(4,480)	**(43,178)**
Investments in leases	**¥26,654**	¥28,477	**$286,483**

Maturities of gross leases receivables for finance leases that are deemed to transfer ownership of the leased property to the lessee as of March 31, 2010 are as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2011	**¥ 9**	**$ 101**
2012	**9**	**101**
2013	**9**	**101**
2014	**4**	**44**
2015	**1**	**12**
2016 and thereafter		
Total	**¥33**	**$361**

Maturities of investment in leases for finance leases that are deemed not to transfer ownership of the leased property to the lessee as of March 31, 2010 are as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2011	**¥ 9,435**	**$101,410**
2012	**7,424**	**79,794**
2013	**5,426**	**58,326**
2014	**3,458**	**37,175**
2015	**1,777**	**19,107**
2016 and thereafter	**1,264**	**13,586**
Total	**¥28,786**	**$309,400**

The net leased property under finance leases which do not transfer ownership to the lessee and existed at March 31, 2008 were recorded as the beginning book value of the investments in lease at April 1, 2008. Interest income equivalents on such leases are allocated to the remaining lease period by the straight-line method.

As a result, income before income taxes and minority interests decreased by ¥186 million ($2,008 thousand) and ¥1,145 million for the years ended March 31, 2010 and 2009, respectively, compared with the case where the revised accounting standard had been retroactively applied to the commencement date of such leases.

Operating Leases

As of March 31, 2010 and 2009, future lease payment receivables including interest receivables under non-cancelable operating leases were as follows:

Future Lease Payment Receivables

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
Due within one year	**¥17**	¥ 5	**$185**
Due after one year	**49**	19	**536**
Total	**¥67**	¥25	**$721**

25. Financial Instruments and Related Disclosures

On March 10, 2008, the ASBJ revised ASBJ Statement No.10 “Accounting Standard for Financial Instruments” and issued ASBJ Guidance No. 19 “Guidance on Accounting Standard for Financial Instruments and Related Disclosures”. This accounting standard and the guidance are applicable to financial instruments and related disclosures at the end of the fiscal years ending on or after March 31, 2010 with early adoption permitted from the beginning of the fiscal years ending before March 31 ,2010. The Companies applied the revised accounting standard and the new guidance effective March 31, 2010.

(1) Group policy for financial instruments

The Companies provide financial services such as credit card business and leasing operations in addition to banking operations. In the course of these operations, the Companies raise funds principally through deposit taking and invest funds in loans, securities and others. As such, the Bank holds financial assets and liabilities which are subject to fluctuation in interest rates and conducts comprehensive Asset and Liability Management (“ALM”) to avoid unfavorable effects from the fluctuation in interest rates. Derivatives are also employed by the Bank as part of ALM.

(2) Nature and extent of risks arising from financial instruments

Financial assets held by the Companies mainly consist of loans to domestic corporations, local government agencies and individual customers which are exposed to credit risk that the Companies may suffer from losses resulting from nonperformance of borrowers and interest rate risk that the Companies may suffer from losses resulting from fluctuations in interest rates.

Securities, mainly debt securities, equity securities and investment trusts are held to maturity and other purposes and also certain debt securities are held for the purpose of selling to customers. These securities are exposed to credit risk of issuers and market risks of fluctuations in interest rates and market prices. In addition, they are exposed to market liquidity risk that the Companies may suffer from losses resulting from difficulties in executing financial transactions in certain environments such as market turmoil.

Financial liabilities, mainly consisting of liquid deposits or time deposits taken from corporate and individual customers, are exposed to cash flow risk that the Bank may fall in the situation that unexpected cash flows may be incurred in certain environments where the credit rating of the Bank may be lowered and accordingly, necessary funding may become difficult.

Foreign currency denominated assets and liabilities are exposed to foreign exchange risk that the Bank may suffer from losses resulting from fluctuations in foreign exchange rates.

Derivatives mainly include interest rate swaps and bond futures, which are used to manage exposure to market risks from changes in interest rates of loans and debt securities, and foreign exchange forward contracts , which are used to hedge foreign exchange risk associated with foreign currency denominated assets and liabilities. Hedge accounting is applied to certain hedging activities related to loans as hedged items.

(3) Risk management for financial instruments

Credit Risk Management

The Bank has established the "Credit Risk Control Policy" as a basic policy for credit risk management and various rules concerning credit risk management. Based on these policies and rules, the Companies clarify fundamental approaches to secure the soundness of assets and control procedures for identifying, monitoring and controlling credit risk and utilize the "Credit Rating System" applied to counterparties granted with credit from the viewpoint of identifying credit risk objectively and enhancing credit risk control.

In addition, as an organization responsible for credit risk management, credit risk control functions and review functions have been established to secure the effectiveness of credit risk management.

The Risk Management Division as a credit risk control function is engaged in identifying the level of future possible credit risk and the status of credit concentration to major borrowers through measurement of the level of credit risk and analysis of credit portfolios.

The Credit Supervision Division as a review control function is engaged in reviewing lending operations based on strict examination standards, system development for strengthening daily control of loan receivables and appropriate maintenance of operational procedures.

Market Risk Management

The Bank has established the "Market Risk Control Policy" as a basic policy for market risk management and various rules concerning market risk management. Based on these policies and rules, the Bank clarifies fundamental approaches for appropriate market risk control operations and control procedures for identifying, monitoring and controlling market risk.

As an organization responsible for market risk management, market a risk control function (middle office) has been established and furthermore, an operating function (front office) and an administration function (back office) have been separated and market risk control function staff are assigned to the operating function to secure the effectiveness of market risk management.

The Risk Management Division as a market risk control function measures the level of market risk of the Bank as a whole using Value-at-Risk (VaR) approach models and other models and regularly monitors the compliance status with position limits and loss limits established according to the type and characteristics of transactions to control the level of market risk within a certain range.

In addition, the ALM Committee has been established for the purpose of forecasting future interest rates and market prices, preventing the risks resulting from fluctuations in interest rates and market prices and comprehensively studying asset and liability strategies to secure stable earnings.

Liquidity Risk Management

The Bank has established the "Liquidity Risk Control Policy" as a basic policy for liquidity risk management and various rules concerning liquidity risk management. Based on these policies and rules, the Bank clarifies fundamental approaches for stable funding operations and control procedures for identifying, monitoring and controlling liquidity risk. In addition, the Bank has established the "Contingency Plan for Liquidity" to enable it to make quick and correct responses to unexpected events.

Furthermore, as an organization responsible for liquidity risk management, the liquidity risk control function has been established and a cash management function and settlement control function have been established to control daily cash management and settlement related to cash and securities.

The Risk Management Division as a liquidity risk control function manages liquidity risk of the Bank as a whole by identifying, monitoring and controlling liquidity risk.

The Treasury Administration and International Division as a cash management control function and settlement control function prepares daily or monthly cash flow projections and conducts cash management by identifying possible funds and liquidity of assets and verifying the concentration of settlement of major account funds to certain date. The Division also controls settlement by identifying the status of settlement through systems such as the BOJ-NET and among financial institutions.

Risk Management System of Consolidated Subsidiaries

The consolidated subsidiaries have a similar risk management system with the Bank.

(4) Supplementary explanation about fair values of financial instruments

The fair values of financial instruments include, in addition to the value determined based on market prices, valuations calculated on a reasonable basis if no market prices are available. Since certain assumptions are used in calculating the value, the outcome of such calculation may vary if different assumptions are used.

(5) Fair values of financial instruments

The carrying amount, the fair value and their related differences as of March 31, 2010 are disclosed below. Note that unlisted equity securities for which fair value is extremely difficult to identify are not included in the following table (see Note 2 below) and insignificant accounts in terms of the carrying amount are omitted:

	Millions of Yen		
	Carrying amount	Fair value	Difference
(1) Cash and due from banks	¥ 324,624	¥ 324,624	
(2) Investment securities	1,938,293	1,938,428	¥ 135
Held-to-maturity securities	10,315	10,450	135
Available-for-sale securities	1,927,977	1,927,977	
(3) Loans and bills discounted	3,438,682		
Reserve for possible loan losses*	(49,013)		
	3,389,668	3,438,577	48,908
Total assets	¥5,652,586	¥5,701,630	¥49,043
Deposits	¥5,361,779	¥5,370,000	¥8,220

	Thousands of U.S. Dollars		
	Carrying amount	Fair value	Difference
(1) Cash and due from banks	$ 3,489,085	$ 3,489,085	
(2) Investment securities	20,832,902	20,834,354	$ 1,451
Held-to-maturity securities	110,872	112,324	1,451
Available-for-sale securities	20,722,030	20,722,030	
(3) Loans and bills discounted	36,959,183		
Reserve for possible loan losses*	(526,802)		
	36,432,380	36,958,054	525,673
Total assets	$60,754,369	$61,281,494	$527,125
Deposits	$57,628,761	$57,717,110	$ 88,349

*General and specific reserves for possible loan losses corresponding to loans and bills discounted are deducted.

Notes:

1. Calculation method for the fair value of financial instruments

Assets:

(1) Cash and due from banks

For due from banks, the carrying amount is presented as the fair value since the fair value approximates the carrying amount.

(2) Investment securities

The fair values of equity securities and debt securities are determined using the quoted price of the stock exchange, Japan

Securities Dealers Association or the price calculated by financial institutions. The fair value of investment trust is determined using the published standard quotation or the standard quotation offered by the securities investment advisors.

With respect to privately placed guaranteed bonds, the fair value is determined using the future cash flows (coupons, redemption of principal, guarantee fees) discounted at an interest rate considering the market interest rates and issuers' credit risk. For floating rate Japanese government bonds, the Bank values them at an amount calculated on a reasonable basis according to Practical Issues Task Force No. 25 "Practical Solution on Measurement of Fair Value for Financial Assets" issued by the ASBJ on October 28, 2008 if the market prices of these securities as of the balance sheet date cannot be regarded as the fair value. As a result, "Investment securities" and "Unrealized gains (losses) on available-for-sale securities" increased by ¥19,895 million ($213,835 thousand) and ¥11,817 million ($127,018 thousand), respectively, and "Deferred tax assets" decreased by ¥8,077 million ($86,817 thousand), compared with those which would have been valued based on the market price.

The value of floating rate Japanese government bonds calculated on a reasonable basis is determined by discounting the expected future cash flows, estimated based on factors such as the yield of government bonds and volatility of interest rate swaptions and, accordingly, the yield of government bonds and volatility of interest rate swaptions are major parameters determining the price.

(3) Loans and bills discounted

With respect to loans with floating interest rates, the carrying amount is presented as the fair value since the fair value approximates the carrying amount as they reflect the market interest rates in a short period, unless the creditworthiness of the borrower has changed significantly since the loan origination. With respect to loans with fixed interest rates, for each category of loans based on the type of loan, internal ratings and maturity length, the fair value is determined based on the present value of expected cash flows of aggregated principal and interest discounted at a rate which is the rate assumed if a new loan were made, or market interest rate, which is adjusted by the standard spread (including overhead ratio) by credit rating. The carrying amount is presented as the fair value if the maturity is within a short time period (less than one year) and the fair value approximates the carrying amount.

For receivables from "legal bankrupt," "virtually bankrupt" and "possibly bankrupt" borrowers, possible loan losses are estimated based on factors such as the expected amounts to be collected from collateral and guarantees. Since the fair value of these items approximates the carrying amount net of the currently expected loan losses, such carrying amount is presented as the fair value.

For loans for which the repayment due date is not defined because of the characteristics that the loan amount is limited within the pledged assets, the carrying amount is presented as the fair value since the fair value is assumed to approximate the carrying amount considering the expected repayment schedule and terms on the interest rates.

Liabilities:

Regarding demand deposits, the amount payable as of the balance sheet date (i.e., the carrying amount) is considered to be the fair value. Time deposits and negotiable certificates of deposit are grouped by maturity length and the fair value is determined using the present value of the aggregate amounts of principal and interest discounted at an interest rate that would be applied to newly accepted deposits. For deposits with maturities within a short time period (less than one year) and whose fair value approximates the carrying amount, the carrying amount is presented as the fair value.

2. The financial instruments whose fair value is extremely difficult to identify are as follows. These items are not included in (2) "Available-for-sale securities" under "Assets" in the aforementioned table of fair value information of financial instruments.

	Carrying Amount	
Category	Millions of Yen	Thousands of U.S. Dollars
Unlisted equity securities *1, *2	¥ 4,116	$44,243
Capital subscription in investment business partnerships *3	214	2,309
Total	¥4,331	$46,553

*1 *Unlisted equity securities are not treated as instruments whose fair value is required to be disclosed since there is no market price and it is extremely difficult to identify the fair value.*

*2 *Losses on impairment in an amount of ¥28 million ($301 thousand) was recognized for the unlisted equity securities for the year ended March 31, 2010.*

*3 *Capital subscription in investment business partnerships, whose assets (i.e., unlisted equity securities) consist of those whose fair values are extremely difficult to identify, are not treated as instruments whose fair value is required to be disclosed.*

3. Maturity analysis for financial assets and securities with contractual maturities

	Millions of Yen					
	Due in one year or less	Due after one year through three years	Due after three years through five years	Due after five years through seven years	Due after seven years through ten years	Due after ten years
Due from banks	¥ 278,566					
Investment securities	165,304	¥ 408,760	¥ 412,868	¥182,162	¥395,745	¥158,515
Held-to-maturity securities	1,700	4,900	3,700			
National government bonds	1,700	3,200	2,300			
Local government bonds		1,700	1,400			
Available-for-sale securities with contractual maturities	163,604	403,860	409,168	182,162	395,745	158,515
National government bonds	68,930	145,050	90,600	71,600	210,300	156,000
Local government bonds	5,581	33,890	56,395	21,084		
Corporate bonds	71,723	165,057	226,788	75,153	133,312	
Other	17,370	59,862	35,385	14,324	52,133	2,515
Loans and bills discounted (*)	990,133	682,700	664,260	287,089	217,134	440,918
Total	¥1,434,004	¥1,091,461	¥1,077,129	¥469,252	¥612,880	¥599,433

	Thousands of U.S. Dollars					
	Due in one year or less	Due after one year through three years	Due after three years through five years	Due after five years through seven years	Due after seven years through ten years	Due after ten years
Due from banks	$ 2,994,048					
Investment securities	1,776,705	$ 4,393,384	$ 4,437,542	$1,957,897	$4,253,498	$1,703,733
Held-to-maturity securities	18,271	52,665	39,767			
National government bonds	18,271	34,393	24,720			
Local govenment bonds		18,271	15,047			
Available-for-sale securities with contractual maturities	1,758,433	4,340,719	4,397,775	1,957,897	4,253,498	1,703,733
National government bonds	740,864	1,559,006	973,774	769,561	2,260,318	1,676,698
Local govenment bonds	59,984	364,251	606,137	226,616		
Corporate bonds	770,888	1,774,053	2,437,534	807,754	1,432,846	
Other	186,695	643,407	380,328	153,964	560,334	27,035
Loans and bills discounted (*)	10,642,019	7,337,712	7,139,514	3,085,658	2,333,778	4,739,015
Total	$15,412,773	$11,731,096	$11,577,056	$5,043,556	$6,587,276	$6,442,749

(*) Of loans and bills discounted, the portion whose timing of collection is unforeseeable, such as loans to "Legally bankrupt' borrowers, loans to "Virtually bankrupt" borrowers, loans to "Possibly bankrupt" borrowers, amounting to ¥81,750 million ($878,663 thousand) is not included in the above table. Loans that do not have contractual maturity, amounting to ¥74,694 million ($802,821 thousand), are not included either.

4. Repayment schedule of bonds, borrowed money and other interest bearing liabilities subsequent to March 31, 2010

	Millions of Yen					
	Due in one year or less	Due after one year through three years	Due after three years through five years	Due after five years through seven years	Due after seven years through ten years	Due after ten years
Deposits (*)	¥4,824,397	¥452,831	¥84,550			

	Thousands of U.S. Dollars					
	Due in one year or less	Due after one year through three years	Due after three years through five years	Due after five years through seven years	Due after seven years through ten years	Due after ten years
Deposits (*)	$51,852,944	$4,867,058	$908,757			

(*) Demand deposits included in deposits are presented under "Due in one year or less."

26. Derivatives

It is the Bank's policy to use derivatives primarily for the purpose of reducing market risks associated with its assets and liabilities. The Bank also utilizes derivatives to meet the needs of its clients while entering into derivatives as a part of its trading activities.

The Bank enters into interest rate swaps, interest rate swaptions, bond futures and bond future options as a means of hedging its interest rate risk on certain loans, deposits and investment securities while entering into interest rate swaps and interest rate caps to meet the needs of its clients.

The Bank also enters into foreign exchange forward contracts and currency options to hedge foreign exchange risk associated with its assets and liabilities denominated in foreign currencies and to meet the needs of its clients.

Furthermore, the Bank enters into bond futures, bond future options and foreign exchange forward contracts for a short term as part of its trading activities.

Derivatives are subject to market risk and credit risk. Market risk is the exposure created by potential fluctuations of market conditions, including interest or foreign exchange rates. Credit risk is the possibility that a loss may result from a counterparty's failure to perform its obligations under a contract.

The Bank sets limits to credit risk by limiting the counterparties to those derivatives to major financial institutions and securities companies and establishing maximum risk exposures to the counterparties.

The Bank has established a standard of risk management including management approaches for each type of risks. Derivative transactions entered into by the Bank have been made in accordance with internal policies which regulate trading activities and credit risk management including maximum risk exposures and loss-cutting rules. Concerning risk management associated with derivative transactions, the front and back offices of the trading divisions are clearly separated and risk managers are assigned to the trading divisions, while the Risk Management Division synthetically manages the Bank's market risks. In this manner, an internal control system is effectively secured.

The Bank's positions, gain-and-loss, risk amount and other conditions are periodically reported to the executive committee.

The Bank has the following derivatives contracts outstanding at March 31, 2010 and 2009:

Derivative transactions to which hedge accounting is not applied

With respect to derivatives to which hedge accounting is not applied, contract or notional amount, fair value and unrealized gains/losses and calculation method of fair value are as shown below. Note that the contracts or notional amounts of derivatives which are shown in the table do not represent the amounts of the Bank's exposure to credit or market risk.

	Millions of Yen						Thousands of U.S. Dollars		
	2010			2009			**2010**		
	Contract or Notional Amount	Fair Value	Unrealized Gains/Losses	Contract or Notional Amount	Fair Value	Unrealized Gains/Losses	Contract or Notional Amount	Fair Value	Unrealized Gains/Losses
Interest rate-related OTC transactions:									
Interest rate swaps:									
Floating rate receipt/ fixed rate payment	**¥13,637**	**¥(125)**	**¥(125)**	¥14,903	¥(113)	¥(113)	**$146,576**	**$(1,348)**	**$(1,348)**
Floating rate payment/ fixed rate receipt	**5,260**	**62**	**62**	5,260	61	61	**56,534**	**673**	**673**
Interest rate swaptions:									
Selling	**9,000**	**(15)**	**(15)**	7,010	(14)	(14)	**96,732**	**(170)**	**(170)**
Buying	**9,000**	**15**	**15**	7,010	14	14	**96,732**	**170**	**170**
Others:									
Selling	**224**		**3**	306		5	**2,407**		**36**
Buying	**224**		**(1)**	306		(2)	**2,407**		**(17)**
Currency-related OTC transactions:									
Currency swaps	**46,378**	**96**	**96**	46,091	103	103	**498,482**	**1,042**	**1,042**
Foreign exchange forward contracts:									
Selling	**25,315**	**(561)**	**(561)**	17,078	(475)	(475)	**272,089**	**(6,038)**	**(6,038)**
Buying	**749**	**10**	**10**	2,331	(12)	(12)	**8,060**	**107**	**107**
Currency option:									
Selling	**22,970**	**(1,615)**	**301**	14,450	(1,418)	(37)	**246,892**	**(17,366)**	**3,240**
Buying	**22,970**	**1,615**	**92**	14,450	1,418	291	**246,892**	**17,366**	**991**

Notes:

1. Above transactions are stated at fair value and unrealized gains (losses) for the years ended March 31, 2010 and 2009 were recognized in the consolidated statements of income.
2. The fair value of interest rate-related OTC transactions is determined using the discounted present value or option pricing models and the fair value of currency-related OTC transactions is determined using the discounted present value.

Derivative transactions to which hedge accounting is applied

As noted in Note 25, the Companies applied ASBJ Statement No. 10 "Accounting Standard for Financial Instruments" and ASBJ Guidance No.19 "Guidance on Accounting Standard for Financial Instruments and Related Disclosures." The accounting standard and the guidance are applicable to financial instruments and related disclosures at the end of the fiscal years ending on or after March 31, 2010; therefore, the required information is disclosed only for 2010.

With respect to derivatives to which hedge accounting is applied, contract amount, fair value and calculation method of fair value are as shown below. Note that the contract amount of derivatives which is shown in the table does not represent the amounts of the Bank's exposure to market risk.

At March 31, 2010

Hedge Accounting Method	Type of derivatives	Major hedged item	Millions of Yen Contract amount Total	Due after one year	Fair value
Normal method	Interest rate swaps– Floating rate receipt/ fixed rate payment	Loans	¥64,618	¥64,613	¥(1,083)
Special matching criteria	Interest rate swaps– Floating rate receipt/ fixed rate payment	Loans	192,389	174,276	(2,738)
Total					¥(3,822)

Hedge Accounting Method	Type of derivatives	Major hedge item	Thousands of U.S. Dollars Contract amount Total	Due after one year	Fair value
Normal method	Interest rate swaps– Floating rate receipt/ fixed rate payment	Loans	$694,522	694,468	$(11,643)
Special matching criteria	Interest rate swaps– Floating rate receipt/ fixed rate payment	Loans	2,067,816	1,873,133	(29,436)
Total					$(41,080)

Notes:
1. These are principally accounted for under the deferral hedge method in accordance with JICPA Industry Audit Committee Report No. 24 "Treatment of Accounting and Auditing of Application of Accounting Standard for Financial Instruments in the Banking Industry."
2. The fair value is determined using the discounted present value.

27. Related Party Transactions

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

a. Transactions between the Bank and Its Related Parties

		Transactions for the Year*6			Balance at End of Year		
		Millions of Yen		Thousands of U.S. Dollars	Millions of Yen		Thousands of U.S. Dollars
Related Party	Account Classification *5	2010	2009	2010	2010	2009	2010
Department Store Fujisaki Co., Ltd. *1	Loans and bills discounted	¥4,209	¥3,844	$45,244	¥4,549	¥4,485	$48,900
	Investment securities	282	381	3,033	252	350	2,718
	Customers' liabilities for acceptances and guarantees	183	83	1,969	200	100	2,149
Fuji Styling Co., Ltd. *1	Loans and bills discounted	307	322	3,305	300	315	3,224
Fujisaki Agency Co., Ltd. *1	Customers' liabilities for acceptances and guarantees	436	387	4,690	500	400	5,374
Ikijariten Co., Ltd. *1, *2	Loans and bills discounted		239			229	
	Customers' liabilities for acceptances and guarantees		70			70	
Medical Corp. Shoukeikai *1	Loans and bills discounted	27	32	295	25	29	270
Sendai Chamber of Commerce *3	Loans and bills discounted		12			12	
Mr. Junichi Matsuoka *4	Loans and bills discounted	18		196	17		189

Notes: *1 *Company whose voting rights are majority owned by a director or his close relatives (including subsidiaries of such company).*
*2 *A director of Ikijariten Co., Ltd. retired from his office as a director of the Bank on June 27, 2008 and accordingly, above transactions for the year ended March 31, 2009 and outstanding balance of transactions as of that date represent the amounts for the period until June 27, 2008 and as of that date, respectively.*
*3 *Sendai Chamber of Commerce of which a director of the Bank, Mr. Chugo Marumori, serves as chairman. Since he retired from his office of the Bank on June 27, 2008, above transactions for the year ended March 31, 2009 and outstanding balance of transactions as of that date represent the amounts for the period until June 27, 2008 and as of that date, respectively.*
*4 *Mr. Junichi Matsuoka is a close relative of a director.*
*5 *Terms are substantially the same as for similar transactions with third parties.*
*6 *Amounts of transactions were reported at the average balance for the period.*

b. Transactions between a Consolidated Subsidiary and Its Related Party

		Transactions for the Year			Balance at End of Year		
		Millions of Yen		Thousands of U.S. Dollars	Millions of Yen		Thousands of U.S. Dollars
Related Party	Account Classification *2	2010	2009	2010	2010	2009	2010
Department Store Fujisaki Co., Ltd. *1	Fees and commissions	¥15	¥21	$167			

*Notes: *1 Company whose voting rights are majority owned by a director or his close relatives (including subsidiaries of such company).*
**2 Terms are substantially the same as for similar transactions with third parties.*

28. Segment Information

(1) Business Segment Information

Information about operations in different business segments of the Companies for the years ended March 31, 2010 and 2009 was as follows:

a. Ordinary Income and Ordinary Profits (Loss)

	Millions of Yen					
	2010					
	Banking Operations	Lease Operations	Other Operations	Total	Eliminations	Consolidated
Ordinary income:						
Income from customers	¥102,695	¥14,374	¥3,363	¥120,432		¥120,432
Intersegment income	527	1,819	1,614	3,962	¥(3,962)	
Total	103,222	16,194	4,977	124,395	(3,962)	120,432
Ordinary expenses	83,269	15,099	5,378	103,746	(3,988)	99,757
Ordinary profits (loss)	¥ 19,953	¥ 1,095	¥(400)	¥ 20,648	¥ 26	¥ 20,675

b. Assets, Depreciation, Impairment Loss and Capital Expenditures

	Millions of Yen					
	2010					
	Banking Operations	Lease Operations	Other Operations	Total	Eliminations	Consolidated
Assets	¥5,874,491	¥34,792	¥20,802	¥5,930,086	¥(23,234)	¥5,906,852
Depreciation	3,951	149	43	4,144		4,144
Impairment loss	405		538	944		944
Capital expenditures	2,719	187	26	2,933	(1)	2,932

a. Ordinary Income and Ordinary Profits (Loss)

	Thousands of U.S. Dollars					
	2010					
	Banking Operations	Lease Operations	Other Operations	Total	Eliminations	Consolidated
Ordinary income:						
Income from customers	$1,103,773	$154,493	$36,153	$1,294,421		$1,294,421
Intersegment income	5,673	19,561	17,349	42,584	$(42,584)	
Total	1,109,447	174,055	53,503	1,337,005	(42,584)	1,294,421
Ordinary expenses	894,980	162,285	57,805	1,115,070	(42,868)	1,072,202
Ordinary profits (loss)	$ 214,466	$ 11,770	$(4,301)	$ 221,934	$ 283	$ 222,218

b. Assets, Depreciation, Impairment Loss and Capital Expenditures

	Thousands of U.S. Dollars					
	2010					
	Banking Operations	Lease Operations	Other Operations	Total	Eliminations	Consolidated
Assets	$63,139,421	$373,949	$223,587	$63,736,957	$(249,721)	$63,487,236
Depreciation	42,466	1,610	465	44,542		44,542
Impairment loss	4,357		5,791	10,148		10,148
Capital expenditures	29,230	2,013	286	31,530	(11)	31,519

a. Ordinary Income and Ordinary Profits (Loss)

	Millions of Yen					
	2009					
	Banking Operations	Lease Operations	Other Operations	Total	Eliminations	Consolidated
Ordinary income:						
Income from customers	¥129,811	¥15,033	¥3,423	¥148,268		¥148,268
Intersegment income	581	1,145	1,556	3,283	¥(3,283)	
Total	130,393	16,178	4,980	151,552	(3,283)	148,268
Ordinary expenses	117,621	16,208	5,278	139,108	(3,218)	135,889
Ordinary profits (loss)	¥12,772	¥(30)	¥(298)	¥12,443	¥(65)	¥12,378

b. Assets, Depreciation, Impairment Loss and Capital Expenditures

	Millions of Yen					
	2009					
	Banking Operations	Lease Operations	Other Operations	Total	Eliminations	Consolidated
Assets	¥5,609,375	¥37,390	¥21,583	¥5,668,349	¥(24,096)	¥5,644,253
Depreciation	4,241	166	45	4,452	(4)	4,448
Impairment loss	637			637		637
Capital expenditures	3,612	84	16	3,714	(20)	3,693

Notes: 1. Other operations consist of credit card transactions and others.
2. Ordinary income represents total income less certain special income included in other income in the accompanying consolidated statements of income.
3. Ordinary expenses represent total expenses less certain special expenses included in other expenses in the accompanying consolidated statements of income.

(2) Geographic Segment Information

Segment information by geographic area was not presented because the Companies conduct banking and other related activities in Japan without having foreign subsidiaries or foreign branches.

(3) Ordinary Income from International Operations

As the ordinary income from international operations was not significant compared to consolidated income, the information about ordinary income from international operations was not presented.

29. Net Income Per Share

Basic and diluted net income per share ("EPS") for the years ended March 31, 2010 and 2009 is as follows:

	Millions of Yen	Thousands of shares	Yen	U.S. Dollars
	Net income	Weighted-Average shares	EPS	
Year ended March 31, 2010				
Basic EPS–Net income available to common stockholders	¥11,646	379,302	¥30.70	$0.329
Effect of dilutive securities–Stock acquisition rights		184		
Diluted EPS–Net income for computation	¥11,646	379,487	¥30.69	$0.329
For the year ended March 31, 2009				
Basic EPS–Net income available to common stockholders	¥7,724	379,351	¥20.36	

Note: Diluted EPS for 2009 is not disclosed because the Bank had no shares that had a dilutive effect for the year ended March 31, 2009.

30. Subsequent Event

Appropriations of Retained Earnings

At the Bank's general meeting of stockholders held on June 29, 2010, the Bank's stockholders approved the following:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥3.50 ($0.037) per share	¥1,327	$14,268