The Awa Bank, Ltd.

Consolidated Financial Statements

The Awa Bank, Ltd. and its Consolidated Subsidiaries

Years ended March 31, 2009 and 2010

Independent Auditors' Report

To the Board of Directors of The Awa Bank, Ltd.:

We have audited the accompanying consolidated balance sheets of The Awa Bank, Ltd. and consolidated subsidiaries as of March 31, 2010 and 2009, and the related consolidated statements of income, changes in net assets and cash flows for the years then ended expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to independently express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Awa Bank, Ltd. and subsidiaries as of March 31, 2010 and 2009, and the results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2010 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

KPMG AZSA & Co.

Osaka, Japan
June 29, 2010

Consolidated Balance Sheets
The Awa Bank, Ltd. and its Consolidated Subsidiaries
March 31, 2009 and 2010

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2010	2010
Assets			
Cash and due from banks (Note 3)	¥ 99,317	¥ 158,621	$ 1,704,867
Call loans and bills purchased	524	32,464	348,921
Commercial paper and other debt purchased	15,960	12,088	129,918
Trading account securities (Note 4)	1,516	1,085	11,663
Securities (Notes 4 and 8)	715,940	773,921	8,318,148
Loans and bills discounted (Notes 5, 6 and 7)	1,645,317	1,604,699	17,247,414
Foreign exchange	4,199	3,478	37,387
Lease receivables and investment assets	27,558	25,741	276,661
Other assets (Note 8)	24,877	26,496	284,780
Tangible fixed assets (Notes 9, 10 and 11)	34,094	33,343	358,376
Intangible fixed assets	2,254	2,007	21,573
Deferred tax assets (Note 13)	18,706	8,681	93,307
Customers' liabilities for acceptances and guarantees (Note 14)	7,034	7,089	76,190
Less: reserve for possible loan losses	(17,034)	(16,836)	(180,951)
Total assets	¥ 2,580,261	¥ 2,672,877	$ 28,728,254
Liabilities			
Deposits (Note 8)	¥ 2,236,688	¥ 2,292,532	$ 24,640,287
Certificates of deposit	79,979	90,698	974,829
Call money and bills sold	30,632	38,604	414,921
Borrowed money (Note 15)	32,091	20,382	219,071
Foreign exchange	4	1	6
Bonds (Note 16)	15,000	15,000	161,221
Other liabilities	21,122	29,523	317,313
Accrued employees' bonuses	22	25	270
Accrued directors' bonuses (Note 2(9))	21	29	311
Employees' severance and retirement benefits (Note 17)	6,621	6,438	69,197
Accrued directors' retirement benefits (Note 2(10))	603	607	6,519
Provision for claims on dormant accounts (Note 2(11))	481	416	4,466
Provision for contingent liabilities (Note 2(12))	137	139	1,495
Deferred tax liabilities (Note 13)	17	13	139
Deferred tax liabilities for land revaluation account (Note 11)	4,066	4,062	43,662
Acceptances and guarantees (Notes 4(5) and 14)	7,034	7,089	76,190
Total liabilities	2,434,518	2,505,558	26,929,897
Net Assets			
Common stock			
Authorized – 500,000,000 shares			
Issued – 236,000,000 shares	23,453	23,453	252,073
Capital surplus	16,232	16,233	174,471
Retained earnings	96,962	99,881	1,073,529
Less: treasury stock — 92,199 shares in 2008 and 1,143,434 shares in 2009	(680)	(103)	(1,107)
Total shareholders' equity	135,967	139,464	1,498,966
Net unrealized holding gains on securities (Note 4)	(2,857)	14,575	156,655
Net deferred gains (losses) on derivatives under hedge accounting	(35)	(42)	(446)
Land revaluation account (Note 11)	4,633	4,629	49,748
Total valuation and translation adjustments	1,741	19,162	205,957
Minority interests in consolidated subsidiaries	8,035	8,693	93,434
Total net assets	145,744	167,319	1,798,357
Total liabilites and net assets	¥ 2,580,262	¥ 2,672,877	$ 28,728,254

See notes to consolidated financial statements.

Consolidated Statements of Income
The Awa Bank, Ltd. and its Consolidated Subsidiaries
For the Years Ended March 31, 2009 and 2010

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2010	2010
Income:			
Interest and dividend income:			
Interest on loans and discounts	¥ 37,225	¥ 34,313	$ 368,796
Interest and dividends on securities	13,247	12,493	134,271
Other interest income	740	544	5,849
Trust fees	1	0	1
Fees and commissions	7,159	7,116	76,485
Other operating income	16,262	15,766	169,450
Other income	2,950	2,171	23,335
Total income	77,584	72,402	778,187
Expenses:			
Interest expense:			
Interest on deposits and certificates of deposit	7,049	5,136	55,205
Interest on borrowings, rediscounts and bonds	935	797	8,570
Other interest expense	1,872	346	3,721
Fees and commissions	1,349	1,379	14,822
Other operating expenses	16,781	14,753	158,569
General and administrative expenses	30,527	28,992	311,612
Other expenses:			
Provision for loan losses	10,555	9,959	107,036
Other expenses (Notes 10 and 12)	4,781	1,518	16,314
Total expenses	73,849	62,881	675,849
Income before income taxes	3,735	9,522	102,338
Income taxes (Note 13):			
Current	1,354	5,804	62,386
Deferred	287	(1,834)	(19,716)
Minority interests in income of consolidated subsidiaries	230	634	6,819
Net income	¥ 1,864	¥ 4,917	$ 52,849

Per share of common stock:

	Yen		U.S. dollars (Note 1)
	2009	2010	2010
Net income per share – basic	¥ 7.92	¥ 20.93	$ 0.225

For the years ended March 31, 2009 and 2010, diluted net income per share of common stock was not disclosed because no dilutive securities were outstanding.

See notes to consolidated financial statements.

Consolidated Statements of Changes in Net Assets
The Awa Bank, Ltd. and its Consolidated Subsidiaries
For the years ended March 31, 2009 and 2010

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2010	2010
STOCKHOLDERS' EQUITY			
Common stock			
Balance at end of previous fiscal year	¥ 23,453	¥ 23,453	$ 252,073
Changes during the accounting period			
Total changes during the accounting period	–	–	–
Balance at end of the accounting year	23,453	23,453	252,073
Capital surplus			
Balance at end of previous fiscal year	16,232	16,233	174,471
Changes during the accounting period			
Total changes during the accounting period	–	–	–
Balance at end of the accounting year	16,232	16,233	174,471
Retained earnings			
Balance at end of previous fiscal year	96,323	96,962	1,042,154
Changes during the accounting period			
Dividends	(1,648)	(1,409)	(15,145)
Net income	1,864	4,917	52,850
Disposal of treasury stock	(1)	(0)	(3)
Retirement of treasury stock	–	(593)	(6,378)
Increase due to change in ownership interest in consolidated subsaidiaries	273	–	–
Reversal of land revaluation account	151	5	51
Total changes during the accounting period	639	2,919	31,375
Balance at end of the accounting year	96,962	99,881	1,073,529
Treasury stock			
Balance at end of previous fiscal year	(52)	(680)	(7,310)
Changes during the accounting period			
Purchase of treasury stock	(677)	(20)	(213)
Disposal of treasury stock	49	4	38
Retirement of treasury stock	–	593	6,378
Total changes during the accounting period	(628)	577	6,203
Balance at end of the accounting year	(680)	(103)	(1,107)
Total stockholders' equity			
Balance at end of previous fiscal year	135,956	135,968	1,461,388
Changes during the accounting period			
Dividends	(1,648)	(1,409)	(15,145)
Net income	1,864	4,917	52,850
Purchase of treasury stock	(677)	(20)	(213)
Disposal of treasury stock	48	3	35
Increase due to change in ownership interest in consolidated subsaidiaries	273	–	–
Reversal of land revaluation	151	5	51
Total changes during the accounting period	11	3,496	37,578
Balance at end of the accounting year	135,967	139,464	1,498,966

See notes to consolidated financial statements.

Consolidated Statements of Changes in Net Assets
The Awa Bank, Ltd. and its Consolidated Subsidiaries
For the years ended March 31, 2009 and 2010

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2,009	2,010	2,010
VALUATION AND TRANSLATION ADJUSTMENTS			
Net unrealized holding gains			
Balance at end of previous fiscal year	¥ 17,147	¥ (2,857)	$ (30,706)
Changes during the accounting period			
Changes other than changes stockholders' equity (net)	(20,004)	17,432	187,361
Total changes during the accounting period	(20,004)	17,432	187,361
Balance at end of the accounting year	(2,857)	14,575	156,655
Net deferred gains (losses) on derivatives under hedge accounting			
Balance at end of previous fiscal year	(34)	(35)	(381)
Changes during the accounting period			
Changes other than changes stockholders' equity (net)	(1)	(6)	(64)
Total changes during the accounting period	(1)	(6)	(64)
Balance at end of the accounting year	(35)	(42)	(445)
Land revaluation account			
Balance at end of previous fiscal year	4,785	4,633	49,799
Changes during the accounting period			
Changes other than changes stockholders' equity (net)	(152)	(5)	(51)
Total changes during the accounting period	(152)	(5)	(51)
Balance at end of the accounting year	4,633	4,629	49,748
Total valuation and translation adjustments			
Balance at end of previous fiscal year	21,898	1,741	18,712
Changes during the accounting period			
Changes other than changes stockholders' equity (net)	(20,157)	17,421	187,245
Total changes during the accounting period	(20,157)	17,421	187,245
Balance at end of the accounting year	1,741	19,162	205,957
MINORITY INTERESTS IN CONSOLIDATED SUBSIDIARIES			
Balance at end of previous fiscal year	8,128	8,035	86,364
Changes during the accounting period			
Changes other than changes stockholders' equity (net)	(93)	658	7,071
Total changes during the accounting period	(93)	658	7,071
Balance at end of the accounting year	8,035	8,693	93,435
TOTAL NET ASSETS			
Balance at end of previous fiscal year	165,982	145,744	1,566,464
Changes during the accounting period			
Dividends	(1,648)	(1,409)	(15,145)
Net income	1,864	4,917	52,849
Purchase of treasury stock	(677)	(20)	(213)
Disposal of treasury stock	49	3	35
Increase due to change in ownership interest in consolidated subsaidiaries	273	–	–
Reversal of land revaluation account	151	5	51
Changes other than changes stockholders' equity (net)	(20,250)	18,079	194,316
Total changes during the accounting period	(20,238)	21,575	231,893
Balance at end of the accounting year	145,744	167,319	1,798,357

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows
The Awa Bank, Ltd. and its Consolidated Subsidiaries
For the years ended March 31, 2009 and 2010

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2010	2010
Cash flows from operating activities:			
Income before income taxes	¥ 3,735	¥ 9,522	$ 102,338
Depreciation	2,978	2,215	23,808
Impairment losses	300	33	352
Increase (decrease) in reserve for possible loan losses	(885)	(198)	(2,130)
Net change in provision for contingent liabilities	68	3	27
Increase (decrease) in accrued employees' bonuses	(2)	3	32
Increase (decrease) in accrued directors' bonuses	(25)	8	86
Increase (decrease) in employees' severance and retirement benefits	3	(183)	(1,962)
Net change in reserve for retirement payments to directors	(185)	4	40
Net change in reserve for claims on dormant accounts	160	(65)	(703)
Interest and dividend income	(51,212)	(47,350)	(508,916)
Interest expense	9,857	6,280	67,496
Securities losses (gains), net	5,006	1,228	13,201
Funds held in trust losses (gains), net	(0)	−	−
Foreign exchange losses (gains), net	6,576	4,708	50,601
Losses on disposal of tangible fixed assets, net	118	(318)	(3,418)
Net decrease (increase) in trading account securities	657	431	4,633
Net decrease (increase) in loans and bills discounted	(35,463)	40,618	436,561
Net increase (decrease) in deposits	104,298	55,844	600,218
Net increase (decrease) in certificates of deposit	(5,845)	10,719	115,206
Net increase (decrease) in borrowed money (except for subordinated borrowed money)	7,108	(11,708)	(125,843)
Net decrease (increase) in due from banks (except for deposits with the Bank of Japan)	227	64	692
Net decrease (increase) in call loans, bills purchased, commercial paper and other debt purchased	15,042	(28,042)	(301,394)
Net increase (decrease) in call money	25,216	7,972	85,684
Net decrease (increase) in foreign exchange (assets)	(2,958)	688	7,391
Net increase (decrease) in foreign exchange (liabilities)	(9)	(3)	(32)
Interest and dividends received	52,552	49,166	528,441
Interest paid	(8,450)	(6,140)	(65,990)
Other	(4,272)	450	4,835
Subtotal	124,595	95,948	1,031,254
Income taxes refunded	(8,809)	1,527	16,409
Net cash provided by operating activities	115,786	97,475	1,047,663
Cash flows from investing activities:			
Payments for purchases of securities	(257,372)	(281,401)	(3,024,516)
Proceeds from sales of securities	127,353	164,713	1,770,346
Proceeds from maturities of securities	80,753	80,393	864,068
Increase in funds held in trust	(1,150)	−	−
Decrease in funds held in trust	1,150	−	−
Payments for purchases of tangible fixed assets	(1,666)	(639)	(6,864)
Payments for disposal of tangible fixed assets	(34)	(16)	(172)
Proceeds from sales of tangible fixed assets	0	285	3,063
Net cash used investing activities	(50,966)	(36,665)	(394,075)
Cash flows from financing activities:			
Decrease in subordinated borrowed money	(1,600)	−	−
Dividends paid	(1,648)	(1,409)	(15,144)
Dividends paid to minority interests stockholders	(17)	(17)	(178)
Payments for purchases of treasury stock	(677)	(20)	(213)
Proceeds from sales of treasury stock	49	3	35
Net cash used in financing activities	(3,893)	(1,442)	(15,500)
Foreign currency translation adjustments	(7)	0	4
Net increase (decrease) in cash and cash equivalents	60,920	59,368	638,092
Cash and cash equivalents at beginning of year	37,940	98,860	1,062,557
Cash and cash equivalents at end of year (Note 3)	¥ 98,860	¥ 158,228	$ 1,700,649

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements
The Awa Bank, Ltd. and its Consolidated Subsidiaries
For the years ended March 31, 2009 and 2010

1. Basis of Presentation of Consolidated Financial Statements

The accompanying consolidated financial statements of The Awa Bank, Ltd. (the “Bank”) and its consolidated subsidiaries have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Law and the Japanese Banking Law, generally conform with the Japanese Uniform Rules for Bank Accounting and the guidelines of Japanese regulatory authorities and are in conformity with accounting principles generally accepted in Japan (“Japanese GAAP”), which are different in certain respects from the application and disclosure requirements of International Financial Reporting Standards.

The accompanying consolidated financial statements have been restructured and translated into English, with some expanded descriptions, from the consolidated financial statements of the Bank prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Law. Some supplementary information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

The translations of the Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of the readers outside Japan, using the prevailing exchange rate at March 31, 2010, which was ¥93.04 to U.S.$1.00. The translations should not be construed as representations that the Japanese yen amounts have been, could have been or could in the future be converted into U.S. dollars at this or any other rate of exchange.

2. Significant Accounting Policies

(1) Principles of consolidation

The consolidated financial statements for the years ended March 31, 2009 and 2010 include the accounts of the Bank and all four of its subsidiaries:

The Awagin Lease Company Limited
The Awagin Card Company Limited
The Awagin Guaranty Company Limited
The Awagin Business Service Company Limited

All significant intercompany balances, transactions and unrealized profits and losses included in assets and liabilities have been eliminated. In the elimination of investments in subsidiaries, the assets and liabilities of the subsidiaries, including the portion attributable to minority shareholders, are evaluated using the fair value at the time the Bank acquired control of the respective subsidiary.

(2) Trading account securities

Listed trading account securities of the Bank are stated at fair market value. Gains and losses realized on disposal and unrealized gains and losses from market value fluctuations of the securities are recognized as gains and losses in the period of the change. Cost is calculated by the moving average method.

2. Significant Accounting Policies (cont'd.)

(3) Securities

Held-to-maturity debt securities are stated at amortized cost. Available-for-sale securities with available fair market values are stated at fair market value, which is the average for the last month of the fiscal year. Unrealized gains and unrealized losses on these securities are reported, net of applicable income taxes, as a separate component of shareholders' equity or net assets. Realized gains and losses on the sale of such securities are computed using moving average cost. Available-for-sale securities whose fair values are extremely difficult to determine are stated at moving average cost. Debt securities with no available fair market values are stated at amortized cost, net of the amount considered not collectible.

(4) Tangible fixed assets

Buildings and equipment are generally stated at cost, less accumulated depreciation and deferred gains on the sale of real estate. Depreciation of buildings and equipment owned by the Bank and its consolidated subsidiaries is recorded using the declining balance method, except for buildings acquired after April 1, 1998 - which are depreciated using the straight-line method. At March 31, 2009 and 2010, estimated useful lives were as follows:

Buildings	19～50 years
Equipment	4～8 years

(5) Intangible fixed assets

Depreciation for intangible fixed assets of the Bank and its consolidated subsidiaries is recorded using the straight-line method. Internal use software costs of the Bank and its consolidated subsidiaries are depreciated using the straight-line method over the estimated useful life of five years.

2. Significant Accounting Policies (cont'd.)

(6) Reserve for possible loan losses

The Bank writes off loans and makes provisions for possible loan losses based on the financial circumstance of the borrower and the states at the loan. For loans to insolvent customers who are undergoing bankruptcy or other collection proceedings or who are in a similar financial condition, the reserve for possible loan losses for the portions of the loans that are neither secured nor guaranteed is provided in the full amount of such loans, excluding write-off amounts and the portion that is estimated to be recoverable due to the existence of security interests or guarantees. For loans to customers not presently in the above circumstances, but who have a high probability of becoming so, the reserve for possible loan losses for the portions of the loans that are neither secured nor guaranteed is provided for amounts estimated to be unrecoverable after an evaluation of the customer's overall financial condition. For other loans, such as normal loans and loans requiring special attention, the reserve for possible loan losses is provided based on the Bank's actual rate of loan losses in the past.

Assessments and classifications regarding possible loan losses are made by each business department and credit supervision department and are audited by the independent Credit Administration Department. The reserve for possible loan losses is provided based on such auditing results. The consolidated subsidiaries write off loans and make provisions for possible loan losses based on their actual rate of loan losses in the past. However, unrecoverable amounts of loans to customers who have a high probability of becoming bankrupt are estimated, and a reserve for possible loan losses is provided based on the estimation.

For the fiscal years ended March 31, 2009 and 2010, the Bank and some consolidated subsidiaries wrote off portions of loans that were estimated to be unrecoverable from insolvent customers who were undergoing bankruptcy or other collection proceedings. The estimated unrecoverable amounts were determined after excluding estimated recoverable amounts due to the existence of security interests or guarantees. As of March 31, 2009 and 2010, the write-off of the estimated unrecoverable amounts was ¥24,814 million and ¥29,232 million ($314,193 thousand), respectively.

(7) Accrued employees' bonuses

Accrued employees' bonuses were recorded to pay bonuses to employees of the consolidated subsidiaries for the fiscal years ended March 31, 2009 and 2010.

2. Significant Accounting Policies (cont'd.)

(8) Employees' severance and retirement benefits

The Bank and its consolidated subsidiaries provide two post-employment benefit plans, an unfunded lump-sum benefits plan and a funded contributory pension plan, under which all eligible employees are entitled to benefits based on the level of wages and salaries at the time of retirement or termination, length of service and certain other factors. The liabilities and expenses for severance and retirement benefits are determined based on the amounts actuarially calculated using certain assumptions.

The Bank and its consolidated subsidiaries provided the allowance for employees' severance and retirement benefits at March 31, 2009 and 2010 based on the estimated amounts of projected benefit obligation and the fair value of plan assets. Prior service costs are amortized using the straight-line method over 10 years. Actuarial differences are recognized as expenses using the straight-line method over the average of the estimated remaining service years commencing with the following period. Upon revision of retirement allowance provisions from this fiscal year, prior service costs and retirement benefits arose ¥1,060 million ($11,392 thousand) and ordinary profit and income before taxes and others are increased ¥9 million ($95 thousand) each.

(9) Bonuses to directors

Bonuses to directors are recorded as expenses in the current period, and the related liability recorded in other liabilities.

(10) Accrued directors' retirement benefits

A provision is made for accrued retirement benefits of directors and corporate auditors in the amount deemed accrued at the end of the reporting period.

(11) Reserve for losses on claims on dormant accounts

A provision is made for losses on future claims on dormant accounts in the future in an amount deemed necessary, taking into account the Bank's estimated refund amount.

(12) Reserve for contingent liabilities

A provision is made for the payment on loan-loss burden-sharing to credit guarantee associations in an estimated future payment amount.

(13) Translation of foreign currencies

Foreign currency denominated assets and liabilities held by the Bank at the year end are translated into Japanese yen at exchange rates prevailing at the end of the fiscal year.

2. Significant Accounting Policies (cont'd.)

(14) Accounting for leases

① As lessee

Finance lease transactions in which ownership of the lease assets is not transferred to the lessee and for which leasing contracts commenced prior to April 1, 2008 are treated in the same manner ordinary operating lease transactions.

② As lesser

Finance lease transactions in which ownership of the lease assets is not transferred to the lessee and for which the leasing contracts commenced prior to April 1, 2008 new accounting standard ASBJ Guidance No. 16, "Guidance on Accounting Standard for Lease Transactions" issued on March 30, 2007 was adopted and regarded as the book value for the accumulated depreciation lease investment assets at beginning of the year ended March 31, 2009 in accordance with Article 81 of Guidance No. 16, "Guidance on Accounting Standard for Lease Transactions." As a result, income before income taxes was ¥434 millions (US$4,659 thousands) more than the amount that would have been reported without change.

(15) Derivatives and hedge accounting

Derivative financial instruments are carried at market value.

① Hedge of interest risk

In order to hedge the interest rate risk associated with various financial assets and liabilities, the Bank applies the deferred hedge method stipulated in "Accounting and Auditing Treatment of Accounting Standards for Financial Instruments in Banking Industry" (JICPA Industry Audit Committee Report No. 24).

The effectiveness of hedging is assessed for each identified (i) group of hedged deposits, loans and similar instruments and (ii) the corresponding group of hedging instruments, such as interest rate swaps, in the same maturity bucket. In assessing the effectiveness of cash flow hedges, the correlation between the interest rate sensitivities of the hedged instruments and the hedging instruments is examined. Deferred hedge losses recorded on the consolidated balance sheet based on the previous macro-hedge approach are allocated as interest expense over the specified remaining term of nine years. Deferred hedge losses before any income tax effect, based on the macro-hedge approach at the consolidated balance sheet date were ¥2 million ($23 thousand) at March 31, 2010.

② Hedge of foreign currency risk

The Bank applies the deferred method of hedge accounting to hedge foreign exchange risks associated with various foreign currency denominated monetary assets and liabilities as stipulated in "Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in the Banking Industry" (JICPA Industry Audit Committee Report No. 25). Assessment of the effectiveness of these hedge transactions is conducted by confirming whether notional amounts of hedging foreign exchange swaps, etc. correspond to the hedged foreign currency denominated receivables or payables.

2. Significant Accounting Policies (cont'd.)

(16) Accounting for financial instruments.

From this fiscal year, the Bank and its consolidated subsidiaries apply revised "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, revised on March 10, 2008) and "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19, revised on March 10, 2010, effective as of March 31, 2010). Compared with the amounts that would have been recorded with the previous accounting method, this change in accounting policy had the following impacts: Monetary claims bought decreased by ¥52 million ($554 thousand), securities increased by ¥19 million ($204 thousand), deferred tax assets increased by ¥10 million ($103 thousand), allowance for uncollectible receivables decreased by ¥9 million (97 thousand), net unrealized holding losses on securities decreased by ¥16 million ($169 thousand) and ordinary profit and income before income taxes and minority interests increased by 27 million ($292 thousand) each.

(17) Additional information

The Bank and its consolidated subsidiaries apply ASBJ Statement No. 20, "Accounting Standard for Disclosures about Fair Value of Investment and Rental Property," issued on November 28, 2008, and ASBJ Guidance No. 23", Guidance on Accounting Standard for Disclosures about Fair Value of Investment and Rental Property," issued on November 28, 2008 and which became effective as of March 31, 2010.

(18) Cash flow statements

In preparing consolidated statements of cash flows, cash on hand and deposits with the Bank of Japan are considered to be cash and cash equivalents.

(19) Income taxes

The tax effects of loss carryforwards and the temporary differences between the carrying amounts of assets and liabilities for tax and financial reporting are recognized. 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 of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

3. Cash and Cash Equivalents

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

	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
Cash and due from banks	¥ 99,317	¥ 158,621	$ 1,704,868
Other	(456)	(392)	(4,219)
Cash and cash equivalents	¥ 98,860	¥ 158,228	$ 1,700,649

4. Financial Instruments

(1) Overview financial instruments

① Policy on financial instruments

The Group consist of the Bank and its four consolidated subsidiaries and provides mainly banking services and other financial services, including leasing. The Group holds financial assets such as loans or securities raised by deposits.
In order to effectively manage these assets and liabilities, the Bank works on asset and liability management (ALM) and conducts derivative transactions as part of this ALM.

② Descriptions and risk of financial instruments

The financial assets of the Bank consists mainly of loans to domestic customers, mainly which although are subject to credit risk, have brought about changes in domestic economy and the financial status of the borrowers. The Group credits are hedged in small lots, as not to focus on certain customers.
Also the Bank holds securities that consists mainly of stocks, bonds and mutual funds for investment and management purposes or trading purposes. They are subject to the issuer's credit risk, interest rate risk and market price risk. The Group's portfolio consists mainly of government bonds and municipal bonds which are very safe.

The financial liabilities of the Bank consist mainly of deposits from domestic customers, which are subject to liquidity risk due to the difficulty of raising necessary funds due to an unexpected capital outflows. The Group tries to maintain and improve soundness and reliability of its assets and to ensure stable cash management to avoid the constinction of its fund management.

Derivative transactions includes interest rate swaps, currency swaps, forward foreign exchange contracts and bond futures contracts. The Bank engages in derivative transactions principally to stabilize its earnings by hedging the risk of future fluctuations in interest, market price and exchange rates related to assets and liabilities. These transactions also provides various services to the customer to fulfill their needs.

For interest rate risk, the Bank applies hedge accounting based on "Accounting Standards and Auditing Treatment for Financial Instruments in Banking Industry"(JICPA Industry Audit Committee Report No. 24)." The Bank assesses the effectiveness of hedges in offsetting movement in the fair value from changes in interest rates by classifying the hedged items, such as deposits and loans, and the hedging instruments, such as interest rate swaps, by incidence and remaining period. For cash flow hedges, the Bank assesses the effectiveness by verifying the correlation of the interest-rate fluctuation between the hedged items and the hedging instruments.

For exchange rate risk, the Bank applies hedge accounting based on JICPA Industry Audit Committee Report No. 25, "Treatment of Accounting and Auditing concerning Accounting for Foreign Currency Transactions in the Banking Industry". The Bank uses currency swaps and other methods to hedge exchange rate risk and evaluates the effectiveness of the hedges by confirming that a foreign currency hedge position exists in an amount equivalent to the foreign-currency denominated monetary assets or liabilities being hedged.

The Bank does not conduct the derivative transactions whose structures are complicated or whose purpose is speculative.

4. Financial Instruments (cont'd.)

③ Risk management system for financial products
The Bank and its consolidated subsidiaries manage risk as follows;

(i) Credit risk management
The Bank prescribes "Credit Risk Management Standards" and carries out its credit risk management by division, maintains an appropriate portfolio and seeks to improve on the soundness of its assets. In addition, the Bank reviews the system for credit risk management periodically and tries to improve them. The Credit Division is independent from the Business Promotion Division to maintain and improve the soundness of assets. The Risk Managing Division verifies credit ratings, conducts self-assessment and administers the credit portfolio and exerts influence on the internal check system to branches and Credit Division, while trying to further enhance the credit rating and self-assessment.

(ii) Market risk management
The Bank has set the policy, "Taking adequate market risk within the Bank's management vitality, the Bank assesses management risk accurately and executes policy and control that corresponds to the Bank's management vitality, the scale and characteristic of the business to earn the profit." Then, the Bank enhances the system of management and optimizes market risk.
The Bank maintains the Trade Execution Section (front office), Administrative Processing Section to confirm and check the transactions of the Trade Execution Section (back office) and Market Risk Management Section (middle office). They set tolerance for risk and measure profits and losses on market risks and report the risk to the Board of Directors regularly.

The Risk Management Division which is independent from the divisions above, monitors risk and profit and loss and reports the information to the Risk Management Committee regularly. The Group tries to improve the risk management, discussing future measures.
The Bank uses the VaR (Value at Risk) method for calculations of interest rate risks, foreign exchange risks and market price risks.
For Japanese yen interest rate risks, the Bank analyzes the gap of risk including the deposits and loans of the entire Bank and uses the BPV (Basis Point Value) method and present value method for detailed management.

(iii) Liquidity risk management related to fund procurement
The Bank keeps the soundness and reliability of its assets and makes daily analysis of fund procurement and asset management for the stable supply of funds. The Bank keeps a sound level of highly negotiable debt securities such as government bonds. In addition, the Bank sets Risk-Management Policies, organizing liquidity risk management to make assurance doubly sure.

④ Supplementary explanation of the fair value financial instruments
The fair value of financial instruments includes, in addition to the value based on the market price, the value reasonably calculated if no market prices are available. Since certain assumptions are used in the calculation of such values, the results of such calculations may vary if different assumptions are used.

4. Financial Instruments (cont'd.)

(2) Fair value of financial instruments

The following table summarizes book values, fair values and any differences between them as of March 31, 2010. Unlisted stocks and others, the fair value of which is deemed to be extremely difficult to determine, are excluded from the table below (see Note 2).

	Millions of yen			Thousands of US dollars		
	Book value	Fair value	Difference	Book value	Fair value	Difference
(1) Cash and due from banks	¥158,621	¥158,621	¥−	$1,704,868	$1,704,868	$−
(2) Call loans and bills purchased	32,464	32,464	−	348,921	348,921	−
(3) Money held in trust	12,088	12,088	−	129,918	129,918	−
(4) Trading account securities						
Available-for-sale securities	1,085	1,085	−	11,663	11,663	−
(5) Securities						
Held-to-maturity debt securities	−	−	−	−	−	−
Available-for-sale securities	752,817	752,817	−	8,091,330	8,091,330	−
(6) Loans	1,604,699			17,247,414		
Reserve for possible loan losses (*1)	-15,989			-171,855		
	1,588,710	1,597,940	9,230	17,075,559	17,174,765	99,206
(7) Lease receivables and investment assets	25,741			276,661		
Reserve for lease losses (*2)	-561			-6029		
Reserve for lease losses (*3)	25,180	27,643	2,463	270,632	297,108	26,476
Total assets:	2,570,964	2,582,658	11,693	27,632,891	27,758,573	125,682
(1) Deposits	2,292,532	2,295,887	3,355	24,640,287	24,676,343	36,056
(2) Negotiable certificates of deposit	90,698	90,714	16	974,829	975,000	171
(3) Call money and bills sold	38,604	38,604	−	414,921	414,921	−
Total liabilities:	2,421,835	2,425,205	3,371	26,030,037	26,066,264	36,227
Derivative transactions (*4)						
Hedge accounting not applied	526	526	−	5,651	5,651	−
Hedge accounting applied	7,665	7,665	−	82,386	82,386	−
Total derivative transactions:	8,191	8,191	−	88,037	88,037	−

4. Financial Instruments (cont'd.)

(*1) General and specific reserves for loan losses related to loans and bills discounted are excluded.
(*2) General and specific reserves for loan losses related to lease receivables and investment assets are excluded.
(*3) Fair value amount after decrease for uncollectible receivables of lease receivables and investment assets was ¥23,187 million ($249,220 thousand).
(*4) Net claims and debts that arise from derivative transactions are presented on a net basis.

(Note 1) Calculation method of fair value of financial instruments

Assets

(1) Cash and due from banks

The fair value of due from banks with no maturity is considered to be equal to the book value because the fair value of these items approximates the book value.

(2) Call loans and bills purchased

Call loans and bills purchased have short contractual terms (within 1 year), and the fair value is considered to be equal to the book value because the fair value of these items approximates the book value.

(3) Money held in trust

The fair value of trustee beneficial rights in other debt purchased is based in the price quoted by corresponding securities. For factoring, these have short contractual terms (within 1 year) and the fair value is considered to be equal to the book value because the fair value of these items approximates the book value.

(4) Trading account securities

The fair value of securities such as bonds held for trading is based on the published market price or the price quoted by corresponding financial institutions.

(5) Securities

The fair value of stocks is based on the market price. The fair value of bonds is determined by over-the-counter market value or amounts quoted by corresponding financial institutions. The fair value of investment trusts is based on the publicly disclosed base value. The fair value of private placement bonds is calculated based on loans and bills discounted. Investments in partnerships are evaluated if partnership assets can be quoted on fair value and the posted equivalent value of net assets as fair value of investment in partnership.
Information on securities classified by the purpose for which they are held is disclosed in "Securities".

(6) Loans and bills discounted

The fair value of the loans and bills discounted with a floating rate are considered to be equal to the book value since the rate reflects the market rate in a short period, and the fair value of these items approximate the book value, unless the creditworthiness of the borrower changes significantly from the inception date. The fair value of loans and bills discounted with a fixed rate is calculated as the present value, discounting future cash flow at a rate that reflects the proper market rate corresponding to the remaining period and credit risk, based on the internal rating. The fair value of loans and bills discounted

4. Financial Instruments (cont'd.)

with short contractual terms (within 1 year) is considered to be equal to the book value because the fair value of these items approximates the book value.

In addition, the fair value of claims against bankrupt obligors, substantially bankrupt obligors and intensive control obligors, because the bad debt is calculated based on the present value of the expected future cash flow or the estimated collectable amount from collateral and/or guarantees, approximates the consolidated balance sheet amount as of the consolidated balance sheet date less the allowance for bad debts.

Out of the loans and bills discounted, the fair value of the loans and bills discounted with no maturity due to conditions such as limiting the loans to the value of pledged assets are deemed to be the book value since fair value is expected to approximate the book value considering the estimated loan period, interest rate and other conditions.

(7) Lease receivables and investment assets

The fair value of lease receivables and investment assets takes into consideration the loan loss ratio of each borrower's category and discounted the market interest rate on consolidated balance sheet date. In addition, the fair value of claims against bankrupt obligors, substantially bankrupt obligors and intensive control obligors, because the bad debt is calculated based on the present value of the expected future cash flow or the estimated collectable amount from collateral and/or guarantees, approximates the consolidated balance sheet amount as of the consolidated balance sheet date less the allowance for bad debts.

<u>Liabilities</u>

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

The fair value of demand deposits is considered to be the payable amount as of the consolidated balance sheet date (the book value). In addition, the fair value of fixed-term deposits and negotiable certificates of deposit are calculated as the present value, discounting the future cash flow at a rate that reflects when the Bank receive the new deposit. The fair value of floating interest-rate deposits, time deposits (matured), nonresident Japanese yen deposits, and foreign currency time deposits are considered less important and are expected to approximate the book value.

(3) Call money and bills sold

The fair value at call money and bills sold is to be equal to the book value because the contractual term is within 1 year and the fair value of these items approximates the book value.

<u>Derivative Transactions</u>

Derivative transactions consist of interest rate related contracts (interest rate options, interest rate swaps, etc.), currency related contracts (currency options, currency swaps, etc.), and bond related contracts (bond futures, bond futures options). These are calculated from market price, discount cash flow and option price calculation models, etc.

4. Financial Instruments (cont'd.)

(Note 2)
Financial instruments whose fair value is deemed to be extremely difficult to determine were as follows were not included in financial instrument fair value "Assets (5) Available-for-sale securities."

	Book value			
	Millions of yen		Thousands of U.S. dollars	
	2010		2010	
Unlisted stocks	¥	20,819	$	223,764
Investments in partnerships	¥	284	$	3,054
Total ------------	¥	21,103	$	226,818

(*1) Unlisted stocks are not included in the disclosure of fair value because the fair value is deemed extremely difficult to determine.
(*2) The amount of unlisted stocks impaired during the year ended March 31, 2010 was ¥92 million ($990 thousand).
(*3) Investments in partnerships in which the partnership assets comprise unlisted stocks are not included in the disclosure of fair value because the fair value is deemed extremely difficult to determine.

4. Financial Instruments (cont'd.)

(Note 3) Expected collection of monetary claims and securities with maturities.

	Millions of yen					
	Within 1 year	1-3 years	3-5 years	5-7 years	7-10 years	Over 10 years
Cash and due from banks	¥136,225	¥—	¥—	¥—	¥—	¥—
Call loans and bills purchased	32,464	—	—	—	—	—
Commercial paper and other debt purchased	838	3,713	7,192	464	—	—
Securities	65,702	155,638	138,284	126,346	145,097	37,412
Held-to-maturity debt securities	—	—	—	—	—	—
Japanese government bond	—	—	—	—	—	—
Municipal bonds	—	—	—	—	—	—
Short-term corporate bonds	—	—	—	—	—	—
Corporate bonds	—	—	—	—	—	—
Others	—	—	—	—	—	—
Securities with maturities	65,702	155,638	138,284	126,346	145,097	37,412
Japanese government bond	26,000	56,095	33,344	34,000	75,000	27,000
Municipal bonds	18,383	27,422	36,703	39,016	42,839	1,168
Short-term corporate bonds	—	—	—	—	—	—
Corporate bonds	12,817	36,529	26,836	15,559	14,814	9,244
Others	8,502	35,591	41,401	37,771	12,444	—
Loans and bills discounted (*1)	419,609	327,706	244,271	149,437	148,536	241,079
Lease receivables and investment assets (*2)	8,336	11,313	4,984	713	60	—
Total	¥663,173	¥498,369	¥394,731	¥276,960	¥293,694	¥278,491

4. Financial Instruments (cont'd.)

	Thousands of US dollars					
	Within 1 year	1-3 years	3-5 years	5-7 years	7-10 years	Over 10 years
Cash and due from banks	$1,464,154	$—	$—	$—	$—	$—
Call loans and bills purchased	348,921	—	—	—	—	—
Commercial paper and other debt purchased	9,002	39,907	77,303	4,988	—	—
Securities	706,172	1,672,803	1,486,281	1,357,978	1,559,517	402,106
Held-to-maturity debt securities	—	—	—	—	—	—
Japanese government bond	—	—	—	—	—	—
Municipal bonds	—	—	—	—	—	—
Short-term corporate bonds	—	—	—	—	—	—
Corporate bonds	—	—	—	—	—	—
Others	—	—	—	—	—	—
Securities with maturities	706,172	1,672,803	1,486,281	1,357,978	1,559,517	402,106
Japanese government bond	279,450	602,913	358,384	365,434	806,105	290,198
Municipal bonds	197,580	294,738	394,482	419,348	460,436	12,554
Short-term corporate bonds	—	—	—	—	—	—
Corporate bonds	137,762	392,615	288,435	167,226	159,226	99,354
Others	91,380	382,537	444,980	405,970	133,750	—
Loans and bills discounted (*1)	4,509,987	3,522,204	2,625,439	1,606,163	1,596,480	2,591,138
Lease receivables and investment assets (*2)	89,591	121,590	53,573	7,659	641	—
Total	$7,127,827	$5,356,504	$4,242,596	$2,976,788	$3,156,638	$2,993,244

(*1) Loans and bills discounted on which full repayments is not expected from debtors such as bankrupt obligors, substantially bankrupt obligors and intensively controlled obligors in the amount of ¥35,787 million ($384,634 thousand and those without terms in the amount of ¥38,274 million ($411,366 thousand) are not included.
(*2) Leasing receivables and investment assets on which full repayments is not expected from debtors such as bankrupt obligors, substantially bankrupt obligors and intensively controlled obligors in the amount of ¥336 million ($3,606 thousand) are not included.

4. Financial Instruments (cont'd.)

(Note 4)
Amount payable for borrowed money and other interest bearing liabilities.

	Millions of yen					
	Within 1 year	1–3 years	3–5 years	5–7 years	7–10 years	Over 10 years
Deposits (*)	2,018,134	226,561	45,648	757	1,432	—
Certificates of deposit	90,698	—	—	—	—	—
Call money and bills sold	38,604	—	—	—	—	—
Borrowed money	10,900	7,303	2,161	10	8	—
Corporate bonds	—	—	—	10,000	5,000	—
Total	2,158,336	233,864	47,809	10,768	6,441	—

	Thousands of US dollars					
	Within 1 year	1–3 years	3–5 years	5–7 years	7–10 years	Over 10 years
Deposits (*)	21,691,034	2,435,092	490,630	8,138	15,393	—
Certificates of deposit	974,829	—	—	—	—	—
Call money and bills sold	414,921	—	—	—	—	—
Borrowed money	117,149	78,496	23,224	112	90	—
Corporate bonds	—	—	—	107,480	53,740	—
Total	23,197,933	2,513,588	513,854	115,730	69,223	—

(*) Demand deposits are included in "Within 1 year."

5. Securities

Unsecured securities that have been loaned and that allow the borrowers to sell the borrowed securities amounted to ¥10,569 million and ¥52,614 million ($565,505 thousand) as of March 31, 2009 and 2010, respectively and are included in Japanese government bonds in Securities.

(1) The following tables summarize acquisition costs, book values and fair values of securities with available fair values as of March 31, 2009.

① Trading securities:

	Millions of yen
	2009
Book value (fair value)	¥ 1,516
Amount of net unrealized gains (losses) included in the statements of income	¥ 9

② Held-to-maturity debt securities:

	Millions of yen				
	2009				
				Unrecognized	
	Book value	Fair value	Difference	Gains	Losses
Other	¥ –	¥ –	¥ –	¥ –	¥ –

③ Available-for-sale securities:

	Millions of yen				
	2009				
	Acquisition cost	Book (fair) value	Difference	Unrealized Gains	Unrealized Losses
Equity securities	¥ 37,373	¥ 39,978	¥ 2,605	¥ 7,410	¥ 4,805
Bonds:					
Japanese government bonds	235,398	235,182	(216)	3,104	3,320
Municipal bonds	168,768	170,422	1,654	2,143	489
Corporate bonds	102,740	103,670	930	1,219	289
Other	164,898	155,158	(9,739)	1,464	11,203
Total	¥ 709,176	¥ 704,410	¥ (4,766)	¥ 15,340	¥ 20,106

5. Securities (cont'd.)

(2) The following table summarizes book values of available-for-sale securities with no available fair values as of March 31, 2009.

	Millions of yen	
	2009	
Non-listed Japanese bonds	¥	4,668
Non-listed equity securities		20,910
Total	¥	25,578

(3) Available-for-sale securities with maturities and held-to-maturity debt securities mature as follows:

	Millions of yen							
	2009							
	Within one year		Over one year but within five years		Over five years but within ten years		Over ten years	
Bonds:	¥		¥		¥		¥	
Japanese government bonds		19,148		101,160		79,958		34,916
Municipal bonds		15,453		58,238		96,731		–
Corporate bonds		15,956		55,784		30,087		6,510
Other		15,532		83,319		40,524		–
Total	¥	66,089	¥	298,501	¥	247,300	¥	41,426

5. Securities (cont'd.)

(4) The following tables summarize acquisition costs, book values and fair values of securities with available fair values as of March 31, 2010.

① Trading securities:

	Millions of yen 2010	Thousand of US dollars 2010
Amount of net unrealized gains (losses) included in the statements of income ---------	¥ 6	$ 70

② Held-to-maturity debt securities:

	Millions of yen				
	2010				
				Unrecognized	
	Book value	Fair value	Difference	Gains	Losses
Other---------	¥ –	¥ –	¥ –	¥ –	¥ –

	Thousands of U.S. dollars				
	2010				
				Unrecognized	
	Book value	Fair value	Difference	Gains	Losses
Other---------	$ –	$ –	$ –	$ –	$ –

5. Securities (cont'd.)

③ Available-for-sale securities:

※Book value exceeded the acquisition cost

	Millions of yen		
	2010		
	Acquisition cost	Book (fair) value	Difference
Equity securities ------------	¥ 34,421	¥ 20,991	¥ 13,430
Bonds:			
Japanese government bonds –	212,697	208,914	3,783
Municipal bonds -----------	160,364	155,163	5,200
Corporate bonds-----------	108,306	105,677	2,629
Other ----------------------	125,040	121,051	3,989
Total ----------------------	¥ 640,828	¥ 611,796	¥ 29,032

※ Book value did not exceed the acquisition cost

Equity securities ------------	¥ 13,533	¥ 15,815	¥ (2,282)
Bonds:			
Japanese government bonds –	45,997	46,206	(209)
Municipal bonds -----------	10,577	10,682	(105)
Corporate bonds-----------	9,962	9,999	(36)
Other ----------------------	43,444	45,281	(1,837)
Total ----------------------	¥ 123,513	¥ 127,983	¥ (4,470)
Grand Total ----------------	¥ 764,341	¥ 739,779	¥ 24,562

5. Securities (cont'd.)

※ Book value exceeded the acquisition cost

	Thousands of dollars		
	2010		
	Acquisition cost	Book (fair) value	Difference
Equity securities	$ 369,957	$ 225,607	$ 144,350
Bonds:			
Japanese government bonds	2,286,081	2,245,422	40,659
Municipal bonds	1,723,601	1,667,706	55,895
Corporate bonds	1,164,081	1,135,826	28,255
Other	1,343,940	1,301,063	42,877
Total	$ 6,887,660	$ 6,575,624	$ 312,036
※ Book value did not exceed the acquisition cost			
Equity securities	$ 145,449	$ 169,981	$ (24,532)
Bonds:			
Japanese government bonds	494,377	496,628	(2,251)
Municipal bonds	113,682	114,810	(1,127)
Corporate bonds	107,077	107,467	(390)
Other	466,939	486,683	(19,745)
Total	$ 1,327,524	$ 1,375,569	$ (48,045)
Grand Total	$ 8,215,184	$ 7,951,193	$ 263,991

④ Available-for-sale securities sold in the year ended March 31, 2010

	Millions of yen		
	2010		
	Amount sold	Gains	Losses
Equity securities	¥ 3,547	¥ 783	¥ 741
Bonds:			
Japanese government bonds	32,777	332	39
Municipal bonds	38,204	151	127
Corporate bonds	12,684	195	6
Other	81,212	781	987
Total	¥ 168,424	¥ 2,243	¥ 1,901

5. Securities (cont'd.)

	Millions of dollars		
	2010		
	Amount sold	Gains	Losses
Equity securities	$ 38,119	$ 8,421	$ 7,968
Bonds:			
Japanese government bonds	352,292	3,568	424
Municipal bonds	410,617	1,622	1,365
Corporate bonds	136,332	2,095	62
Other	872,867	8,397	10,610
Total	$ 1,810,227	$ 24,103	$ 20,429

⑤ Available-for-sale securities with market values are considered impaired if the market value decreases materially below the acquisition cost and the decline is not considered recoverable. The market value is used for the balance sheet amount and the amount of write-down is accounted for as an impairment loss for the fiscal year. Impairment loss for the fiscal year was ¥40 million ($428 thousand) (¥31 million ($331 thousand) for equity shares and ¥ 9 million ($97 thousand) for others).

The market value is deemed to have decreased materially when it has fallen by 50% or more from the acquisition cost. In such cases, impairment accounting is applied uniformly. In cases where the market value has fallen by 30% or more but less than 50%, historical price trends over a specific period and the recent business performance of the issuing company are taken into account to determine whether or not the acquisition cost could be recovered. Securities whose acquisition costs are deemed not to be recoverable are written down to the current market value.

(5) Net unrealized holding gains on securities that have been stated at market value at March 31, 2009 and 2010 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
Available-for-sale securities	¥ (4,766)	¥ 24,562	$ 263,991
Deferred tax assets	1,940	-	-
Deferred tax liabilities	-	9,915	106,567
Net unrealized holding gains on securities (before adjustment for minority interests)	(2,865)	14,647	157,424
Minority interests	32	72	769
Net unrealized holding gains on securities	¥ (2,857)	¥ 14,575	$ 156,655

6. Loans and Bills Discounted

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

	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
Loans to bankrupt customers	¥ 6,424	¥ 6,492	$ 69,776
Non-accrual loans	32,563	29,630	318,469
Loans past due three months or more	1,127	824	8,860
Restructured loans	1,434	1,102	11,844
Total	¥ 41,548	¥ 38,049	$ 408,949

Loans to bankrupt customers are loans to customers undergoing bankruptcy or similar proceedings or who are in similar financial condition. Interest is not being accrued on these loans as there is a strong likelihood that the principal and interest are uncollectible.

Non-accrual loans are loans on which accrued interest income is not recognized, excluding "Bankrupt loans" and loans on which interest payments are deferred in order to support the borrowers' recovery from financial difficulties.

Loans past due three months or more are loans not included in the above categories or in restructured loans for which payments are past due three months or more but less than six months.

Restructured loans are loans not included in the above categories for which the Bank has granted concessions such as reduced interest rates or the deferral or waiver of interest or principal payments to support customers in financial difficulties.

7. Commercial Bills

The total face value of commercial bills obtained as a result of discounting was ¥26,052 million and ¥19,358 million ($208,058 thousand) at March 31, 2009 and 2010, respectively.

8. Commitment Lines

Loan agreements and commitment line agreements related to loans are agreements which oblige the Bank and its consolidated subsidiaries to lend funds up to a certain limit agreed to in advance. The Bank and its consolidated subsidiaries lend the funds upon the request of the borrower to draw down funds under the agreement as long as there is no breach of the various terms and conditions stipulated in the agreement. The unused commitment balances related to these agreements at March 31, 2009 and 2010 amounted to ¥429,804 million and ¥408,159 million ($4,386,919 thousand), respectively. Of these amounts, ¥428,466 million and ¥406,096 million ($4,364,745 thousand) related to loans in which the term of the agreement was one year or less or in which unconditional cancellation of the agreement was allowed at any time.

8. Commitment Lines (cont'd.)

In many cases, the term of the agreement expires without the loan ever being drawn down. In these cases, the unused loan commitment does not necessarily affect future cash flows. Conditions are also included in certain loan agreements which allow the Bank and its consolidated subsidiaries either to decline the request for a loan draw down or to reduce the agreed to limit when there is cause to do so, such as when there is a change in financial condition or when it is necessary to protect the Bank or its consolidated subsidiaries' credit.

The Bank and its consolidated subsidiaries take various measures to protect their credit. Such measures include having the obligor pledge collateral such as real estate or securities on signing the loan agreement or confirming the obligor's financial condition at regular intervals in accordance with the Bank and its consolidated subsidiaries' established internal procedures.

9. Assets Pledged

At March 31, 2009 and 2010, assets and future receipts pledged as collateral were as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
Securities	¥ 35,128	¥ 35,831	$ 385,117

The above pledged amounts secure the following liabilities:

	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
Deposits	¥ 23,734	¥ 5,535	$ 59,492

As of March 31, 2009, certain investment securities amounting to ¥70,608 million and other assets of ¥27 million were pledged as collateral for settlement of exchange at The Bank of Japan and for other purposes. As of March 31, 2010, certain investment securities amounting to ¥57,388 million ($616,808 thousand) and other assets of ¥27 million ($286 thousand) were pledged as collateral for settlement of exchange at The Bank of Japan and for other purposes. At March 31, 2009, premises and equipment included guarantees of ¥268 million. At March 31, 2010, other assets included guarantees of ¥268 million ($2,880 thousand).

10. Tangible Fixed Assets

Accumulated depreciation of tangible fixed assets at March 31, 2009 and 2010 amounted to ¥33,159 million and ¥33,412 million ($359,115 thousand), respectively. Accumulated capital gains that directly offset acquisition costs of tangible fixed assets to obtain tax benefits at March 31, 2009 and 2010 amounted to ¥831 million and ¥831 million ($8,928 thousand).

11. Impairment Losses

Because of the decrease in both cash flow and operating profit and the continuous fall in land values, book values were reduced to recoverable amounts and impairment losses of ¥300 million ($3,059 thousand) for land and buildings were recognized at March 31, 2009. The losses were included in other expenses. Recoverable amounts are determined by net realizable value based on real estate appraisal values less estimated disposal costs.

The Bank recognized impairment losses in the year ended March 31, 2009 as follows:

	Millions of yen	
	2009	
	Land	Buildings
Operating assets		
Tokushima Prefecture	¥ 253	¥ 41
Other	–	–
Idle assets		
Tokushima Prefecture	6	–
Other	–	–
Total	¥ 259	¥ 41

The Bank grouped its assets based on place of business. The Bank treated each consolidated subsidiary as one unit of asset grouping.

12. Land Revaluation Account

In accordance with the Land Revaluation Law, the Bank revalued land used in the ordinary course of business as of March 31, 1999. The revaluation excess, net of deferred taxes, is shown as land revaluation account, a separate component of shareholders' equity. At March 31, 2009 and 2010, the current market values of the revalued land decreased from the revalued amount by ¥6,763 million and ¥7,882 million ($84,717 thousand), respectively.

13. Other Expenses

For the year ended March 31, 2009, other expenses included loans written off of ¥78 million, loss on sale of securities of ¥1,306 million and securities written off of ¥2,244 million. For the year ended March 31, 2010, other expenses included loans written off of ¥107 million ($1,154 thousand), loss on sale of securities of ¥790 million ($8,496 thousand) and securities written off of ¥132 million ($1,419 thousand).

14. Income Taxes

The Bank and its consolidated subsidiaries are subject to a number of income taxes, which, in the aggregate, indicated a statutory rate in Japan of approximately 40.4% for the years ended March 31, 2009 and 2010. The significant differences between the statutory tax rate and the Bank's effective tax rate for financial statement purposes for the year ended March 31, 2009 is set forth in the table below. A reconciliation of the difference for the year ended March 31, 2010 is not presented because the difference was less than 5% of the statutory tax rate.

	2009
Statutory tax rate	40.4%
Nondeductible expenses	1.5
Nontaxable dividend income	(0.7)
Per capita inhabitants tax	1.0
Increase in valuation allowance	(1.2)
Effect of sales of stock of a consolidated subsidiary	4.3
Other	(1.5)
The Bank's effective tax rate	43.9%

14. Income Taxes (cont'd.)

Significant components of deferred tax assets and liabilities as of March 31, 2009 and 2010 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
Deferred tax assets:			
Excess reserve for possible loan losses	¥ 11,949	¥ 13,214	$ 142,024
Excess employees' severance and retirement benefits	2,036	2,216	23,813
Excess depreciation	1,086	1,135	12,199
Unrealized losses on securities	1,940	–	–
Net deferred gains (losses) on derivatives under hedge accounting	24	28	303
Other	3,120	3,342	35,919
Valuation allowance	(975)	(1,018)	(10,947)
Total deferred tax assets	19,179	18,916	203,311
Deferred tax liabilities:			
Deferred gains on real property	(324)	(324)	(3,483)
Unrealized gains on securities	–	(9,915)	(106,567)
Other	(167)	(9)	(93)
Total deferred tax liabilities	(491)	(10,248)	(110,143)
Net deferred tax assets	¥ 18,689	¥ 8,668	$ 93,168

15. Acceptances and Guarantees

All commitments and contingent liabilities arising in connection with customers' needs in foreign trade and other transactions are included in "Acceptances and guarantees." A contra account, "Customers' liabilities for acceptances and guarantees" is shown on the asset side, representing the Bank's right of indemnity from customers.

16. Borrowed Money

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

	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
Borrowings from banks	¥ 32,091	¥ 20,382	$ 219,071
Lease liabilities	¥ 146	¥ 152	$ 1,638

The weighted average annual interest rate on outstanding borrowings from banks at March 31, 2009 and 2010 was 1.17% and 1.55%, respectively. Borrowings from banks at March 31, 2009 and 2010 included subordinated debt of ¥5,000 millions and ¥5,000 millions ($50,901 thousands), respectively.

The following is a summary of aggregate annual maturities of borrowings from banks and lease debt at March 31, 2010.

・Borrowings from banks

Year ending March 31:	Millions of yen	Thousands of U.S. dollars
2011	¥ 10,899	$ 117,149
2012	4,378	47,064
2013	2,924	31,431
2014	1,678	18,040
2015	482	5,185
2016 and thereafter	18	202
Total	¥ 20,382	$ 219,071

・Lease debt

Year ending March 31:	Millions of yen	Thousands of U.S. dollars
2011	¥ 51	$ 556
2012	36	397
2013	29	321
2014	20	218
2015	9	102
2016 and thereafter	4	44
Total	¥ 152	$ 1,638

17. Bonds

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

	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
1.26% bonds, due November 2, 2015[*1, 2]	¥ 10,000	¥ 10,000	$ 107,481
1.69% bonds, due November 2, 2017[*1, 3]	5,000	5,000	53,740
Total	¥ 15,000	¥ 15,000	$ 161,221

[*1] At March 31, 2009 and 2010, bonds included subordinated debt of ¥15,000 million and ¥15,000 million ($161,221 thousand), respectively.

[*2] There is a fixed interest rate of 1.26% up to November 2, 2010 and floating rate of LIBOR + 1.80% from November 3, 2010 to November 2, 2015.

[*3] There is a fixed interest rate of 1.69% up to November 2, 2012 and floating rate of LIBOR + 1.88% from November 3, 2012 to November 2, 2017.

18. Employees' Severance and Retirement Benefits

The following table sets forth the changes in benefit obligation, plan assets and funded status of the Bank's and its consolidated subsidiaries' retirement benefit plans at March 31, 2009 and 2010.

	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
Benefit obligation at end of year	¥ (29,821)	¥ (28,733)	$ (308,823)
Fair value of plan assets at end of year (including employees' retirement benefit trust)	19,531	22,180	238,392
Funded status:			
Benefit obligation in excess of plan assets	(10,290)	(6,553)	(70,431)
Unrecognized actuarial differences	12,308	8,601	92,440
Unrecognized prior service costs	(3,388)	(3,814)	(40,992)
Prepaid pension cost	5,250	4,672	50,214
Accrued retirement benefits in consolidated balance sheets	¥ (6,621)	¥ (6,438)	$ (69,197)

Note: The consolidated subsidiaries have adopted the alternative treatment allowed by the accounting standards for retirement benefits under an unfunded lump-sum payment plan.

18. Employees' Severance and Retirement Benefits (cont'd.)

Expenses for retirement benefits of the Bank and its consolidated subsidiaries included the following components for the years ended March 31, 2009 and 2010.

	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
Service cost	¥ 747	¥ 733	$ 7,880
Interest cost	421	415	4,465
Expected return on plan assets	(536)	(448)	(4,818)
Amortization of prior service costs	(626)	(634)	(6,818)
Amortization of actuarial differences	1,275	1,844	19,822
Other	153	144	1,551
Net benefit cost	¥ 1,435	¥ 2,055	$ 22,082

Note: Employee contributions to the funded contributory pension plan were not included in service cost.

Assumptions used in accounting for retirement plans for the years ended March 31, 2009 and 2010 were as follows:

	2009	2010
Discount rate	1.4%	1.4%
Long-term rates of return on fund assets		
A funded contributory pension plan	2.8%	2.8%
Employees' retirement benefit trust	0.0%	0.0%
Method of attributing benefits to periods of service	Straight-line basis	Straight-line basis
Amortization period for prior service benefits	10 years	10 years
Amortization period for actuarial differences	10 years	10 years

19. Finance Leases

As Lessee

Non-capitalized finance leases at March 31, 2009 and 2010 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
Equipment, at cost if capitalized	¥ 6	¥ 3	$ 32
Less estimated accumulated depreciation	(4)	(2)	(21)
Total	¥ 2	¥ 1	$ 11
Lease commitments			
Due within one year	¥ 62	¥ 42	$ 446
Due after one year	77	83	891
Total	¥ 139	¥ 124	$ 1,337
For the years ended March 31, 2009 and 2010			
Lease expense	¥ 1	¥ 1	$ 14
Depreciation expense, if capitalized	1	1	14

20. Derivative Transactions

The Bank enters into various contracts, including swaps, options, forwards and futures, that cover interest rates, foreign currencies, stocks and bonds in order to meet customers' needs and manage risk of market fluctuations related to the assets, liabilities and interest rates of the Bank and its consolidated subsidiaries. The Bank has established procedures and controls to minimize market and credit risk, including limits on transaction levels, hedging exposed positions, daily reporting to management and outside review of trading department activities. At March 31, 2009 and 2010, outstanding derivatives were as follows:

(1) Interest rate related transactions

	Millions of yen			
	2009			
	Contract amount	Portion maturing over one year	Market value	Recognized gain (loss)
Over-the-counter transactions:				
Swaps:				
Receive floating rate and pay fixed rate	¥ 12,492	¥ 9,357	¥ (291)	¥ (291)

	Millions of yen				Thousands of U.S. dollars
	2010				2010
	Contract amount	Portion maturing over one year	Market value	Recognized gain (loss)	Recognized gain (loss)
Over-the-counter transactions:					
Swaps:					
Receive floating rate and pay fixed rate	¥ 9,305	¥ 9,118	¥ (197)	¥ (197)	$ (2,117)

The above transactions were recorded at market values, and recognized gains (losses) were included in the consolidated statements of income. Market values for over-the-counter transactions are calculated at discounted present values and formulas for option prices. The derivative transactions for which hedge accounting was applied were excluded from the above tables in accordance with the treatment stipulated in the JICPA Industry Audit Committee Report No. 24.

20. Derivative Transactions (cont'd.)

(2) Currency and foreign exchange transactions

	Millions of yen			
	2009			
	Contract amount	Portion maturing over one year	Market value	Recognized gain (loss)
Over-the-counter transactions:				
Exchange contracts				
Sell	¥ 17,761	¥ 10,798	¥ 1,137	¥ 1,137
Buy	15,552	10,393	(445)	(445)

	Millions of yen				Thousands of U.S. dollars
	2010				2010
	Contract Amount	Portion maturing over one year	Market value	Recognized gain (loss)	Recognized gain (loss)
Over-the-counter transactions:					
Exchange contracts					
Sell	¥ 12,593	¥ 6,174	¥ 1,097	¥ 1,097	$ 11,787
Buy	9,924	4,838	(374)	(374)	(4,018)

The above transactions were recorded at market values, and recognized gains (losses) were included in the consolidated statements of income. Market values for over-the-counter transactions are calculated at discounted present values. The currency swaps for which hedge accounting was applied were excluded from the above transactions in accordance with the treatment stipulated in the JICPA Industry Audit Committee Report No. 25.

20. Derivative Transactions (cont'd.)

(3) Bond related transactions

	Millions of yen			
	2009			
	Contract amount	Portion maturing over one year	Market value	Recognized gain (loss)
Transactions listed on exchanges:				
Sell futures	¥ 2,000	¥ −	¥ 7	¥ 7
Buy futures	2,500	−	(15)	(15)

	Millions of yen				Thousands of U.S. dollars
	2010				2010
	Contract amount	Portion maturing over one year	Market value	Recognized gain (loss)	Recognized gain (loss)
Transactions listed on exchanges:					
Sell futures	¥ 2,000	¥ −	¥ 7	¥ 7	$ 71
Buy futures	2,500	−	(7)	(7)	(73)

The above transactions were recorded at market values, and recognized gains (losses) were included in the consolidated statements of income. The derivative transactions for which hedge accounting was applied were excluded from the above tables.

21. Segment Information

The Bank and its consolidated subsidiaries are engaged in the commercial banking and leasing businesses. Information by industry segment for the years ended March 31, 2009 and 2010 was as follows:

	Millions of yen				
	2009				
	Commercial banking	Leasing	Total	Elimination	Consolidated total
Recurring income					
Customers ------	¥ 63,562	¥ 12,824	¥ 76,386	¥ －	¥ 76,386
Intersegment ----	149	179	328	(328)	－
Total	63,711	13,003	76,714	(328)	76,386
Recurring expenses --	61,552	12,206	73,758	(328)	73,430
Recurring net income ----------	¥ 2,160	¥ 796	¥ 2,956	¥ (0)	¥ 2,956
Assets ------------	¥ 2,557,254	¥ 31,119	¥ 2,588,373	¥ (8,112)	¥ 2,580,261
Depreciation -------	2,850	128	2,978	－	2,978
Impairment losses ---	300	－	300	－	300
Capital expenditure --	2,328	27	2,354	－	2,354

	Millions of yen				
	2010				
	Commercial banking	Leasing	Total	Elimination	Consolidated total
Recurring income					
Customers ------	¥ 59,419	¥ 11,998	¥ 71,417	¥ －	¥ 71,417
Intersegment ----	142	201	343	(343)	－
Total	59,561	12,199	71,760	(343)	71,417
Recurring expenses --	52,167	10,954	63,121	(333)	62,788
Recurring net income ------ ----	¥ 7,394	¥ 1,245	¥ 8,639	¥ (10)	¥ 8,629
Assets ------------	¥ 2,650,839	¥ 29,300	¥ 2,680,138	¥ (7,262)	¥ 2,672,877
Depreciation -------	2,084	131	2,215	－	2,215
Impairment losses----	33	－	33	－	33
Capital expenditure --	1,102	40	1,142	－	1,142

21. Segment Information (cont'd.)

	Thousands of U.S. dollars				
	2010				
	Commercial banking	Leasing	Total	Elimination	Consolidated total
Recurring income					
Customers ------	$ 638,641	$ 128,952	$ 767,593	$ –	$ 767,593
Intersegment ----	1,525	2,163	3,688	(3,668)	–
Total	640,166	131,115	771,281	(3,668)	767,593
Recurring expenses --	560,696	117,731	678,427	(3,582)	674,845
Recurring net income ------------	$ 79,470	$ 13,384	$ 92,854	$ (106)	$ 92,748
Assets ------------	$ 28,491,387	$ 314,915	$ 28,806,302	$ (78,047)	$ 28,728,254
Depreciation -------	22,397	1,411	23,808	–	23,808
Impairment losses ---	352	–	352	–	352
Capital expenditure --	11,848	427	12,275	–	12,275

Recurring income represents total income excluding gains on dispositions of buildings and equipment and collection of written-off claims. Recurring expenses represent total expenses excluding losses on the disposition of buildings and equipment, impairment losses and losses on transfers to defined contribution pension plans.

22. Transactions with Related Parties

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

For the year ended March 31, 2009:

Related Party	Transactions	Transaction amount		Account	Balance at end of year	
		Millions of yen	Thousands of U.S. dollars		Millions of yen	Thousands of U.S. dollars
Nishino Kinryo Co., Ltd. *1	Lending for Nishino Kinryo Co., Ltd.	¥2	$20	Loans	¥3,419	$34,807
	Interest receiving from Nishino Kinryo Co., Ltd.	¥78	$796	Unearned income	¥0	$7
Kinryo Co., Ltd. *1	Lending for Kinryo Co., Ltd.	¥ (30)	$(305)	Loans	¥95	$968
	Interest receiving from Kinryo Co., Ltd.	¥2	$17	Unearned income	¥0	$1
Tachibana Syoten Co., Ltd. *2	Lending	¥3	$28	Loans	¥324	$3,299
	Interest receiving	¥8	$80	Unearned income	¥1	$12
Kagawa Syurui Hanbai Co., Ltd. *2	Lending	–	–	Loans	¥400	$4,072
	Interest receiving	¥9	$87	Unearned income	¥1	$14

*1 A corporate auditor of the Bank, Takeaki Nishino, serves as chairman of Nishino Kinryo Co., Ltd. and Kinryo Co., Ltd.
*2 Companies whose voting rights are owned entirely by Nishino Kinryo Co., Ltd.

For the year ended March 31, 2010:

Related Party	Transactions	Transaction amount		Account	Balance at end of year	
		Millions of yen	Thousands of U.S. dollars		Millions of yen	Thousands of U.S. dollars
Nishino Kinryo Co., Ltd. *1	Lending for Nishino Kinryo Co., Ltd.	¥130	$1,400	Loans	¥3,549	$38,149
	Interest receiving from Nishino Kinryo Co., Ltd.	¥66	$705	Unearned income	¥5	$51
Kinryo Co., Ltd. *1	Lending for Kinryo Co., Ltd.	¥ (15)	$(162)	Loans	¥80	$860
	Interest receiving from Kinryo Co., Ltd.	¥1	$14	Unearned income	¥0	$1
Tachibana Syoten Co., Ltd. *2	Lending	¥(13)	$(142)	Loans	¥311	$3,341
	Interest receiving	¥7	$74	Unearned income	¥1	$10
Kagawa Syurui Hanbai Co., Ltd. *2	Lending	¥470	5,052	Loans	¥870	$9,351
	Interest receiving	¥13	$140	Unearned income	¥1	$6

*1 A corporate auditor of the Bank, Takeaki Nishino, serves as chairman of Nishino Kinryo Co., Ltd. and Kinryo Co., Ltd.
*2 Companies whose voting rights are owned entirely by Nishino Kinryo Co., Ltd.

22. Transactions with Related Parties (cont'd)

Related party transactions involving consolidated subsidiaries of the Bank for the year ended March 31, 2010 was as follows:

Related Party	Transactions	Transaction amount	
		Millions of yen	Thousands of U.S. dollars
Nishino Kinryo Co., Ltd.	Lease commitments for Nishino Kinryo Co., Ltd.	¥54	$580
	Receiving lease payments from Nishino Kinryo Co., Ltd.	¥20	$213

A corporate auditor of the Bank, Takeaki Nishino, serves as chairman of Nishino Kinryo Co., Ltd.

23. Changes in Net Assets

(1) At March 31, 2010, the type and number of shares issued and treasury stocks were as follows:

	Number of shares as of the previous fiscal year end (thousands)	Increase in number of shares during the accounting period (thousands)	Decrease in number of shares during the accounting period (thousands)	Number of shares as of the fiscal year end (thousands)
Shares issued				
Common stock	236,000	–	1,000	(*1) 235,000
Total	236,000	–	1,000	235,000
Treasury stock				
Common stock	1,143	36	1,006	(*2) 173
Total	1,143	36	1,006	173

(*1) The decrease in number of shares of common stock was due to the retirement of treasury stock (1,000 thousand shares).

(*2) The increase in number of shares of treasury stock was due to the purchase of fractional shares (36 thousand shares). The decrease in number of shares of treasury stock (1,006 thousand shares) was due to the amortization of fractional shares (5,000 thousand shares) and retirement of treasury stock (1,000 thousand shares).

(2) Dividends

The following dividends were paid in the year ended March 31, 2010:

Date of resolution	Type of shares	Amounts of dividends		Cash dividends per share		Record date	Effective date
		Millions of yen	Thousands of U.S. dollars	Yen	U.S. dollars		
Annual meeting of stockholders held on June 26, 2009	Common stock	¥ 705	$ 7,573	¥ 3.00	$ 0.03	March 31, 2009	June 26, 2009
Directors' meeting held on November 13, 2009	Common stock	¥ 704	$ 7,572	¥ 3.00	$ 0.03	September 30, 2009	December 7 2009

23. Changes in Net Assets (cont'd.)

The following dividends were recorded during the fiscal year and become effective after March 31, 2010.

Date of resolution	Type of shares	Amounts of dividends		Source of dividends	Cash dividends per share		Record date	Effective date
		Millions of yen	Thousands of U.S. dollars		Yen	U.S. dollars		
Annual meeting of stockholders held on June 29, 2010	Common stock	¥ 704	$ 7,573	Retained earnings	¥ 3.00	$ 0.03	March 31, 2010	June 30, 2010

24. Subsequent event

The Bank announced that its Board of Directors at its meeting on April 23, 2010, approved "Employee Shareholding Incentive Plan" in order to provide employees with incentives to improve the corporate value of the Bank in the medium-to long-term.

This is an incentive program for employees who are members of The Awa Bank Employees Stock Holding Partnership (the "Partnership"). In the plan, the Bank sets up a Trust Fund for The Awa Bank Employee Stock Holding Partnership (the "Trust") through a trust bank. The Trust estimates the number of shares of common stock of the Bank for next 6 years and purchases the shares in advance.

The Partnership buys shares of the Bank from the Trust periodically.

At the end of the trust period, the Partnership's retained earnings, accumulation of net gains on sales of shares of the Bank, are to be distributed to the members, who fulfill the requirements for eligible beneficiaries.

Overview of the Trust is as follows;

(1) Trustor: The Bank
(2) Trustee: The Nomura Trust and Banking Co., Ltd.
(3) Beneficiaries: Those who fulfill the requirements for eligible beneficiaries (to be determined after beneficiary right arise and a certain set of procedures are made)
(4) Effective date of trust contract: April 26, 2010
(5) Contract term: From April 26, 2010 to April 28, 2016
(6) Purpose of the Trust: Stable and continuous provision of shares of common stock of the Bank to the Partnership and distribution of assets in the Trust to the beneficiaries.

Details of the Bank's acquisition by the Trust is as follows;

(1) Type of acquisition stock : The Bank's common stock
(2) Total amount of acquisition stock: ¥1,901 millions (US$20,427 thousands)
(3) Acquisition term: From May 5, 2010 to June 1, 2010
(4) Method of acquisition: From the exchange market

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