

**The Aichi Bank, Ltd.**  
**Consolidated Financial Statements**  
March 31, 2009 and 2008



## Independent Auditors' Report

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

We have audited the accompanying consolidated balance sheets of The Aichi Bank, Ltd. and its consolidated subsidiaries (the "Group") as of March 31, 2009 and 2008 and the related consolidated statements of income, changes in net assets, and cash flows for the years then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Group'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 consolidated 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 Group as of March 31, 2009 and 2008 and the results of its operations and its 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, 2009 are presented solely for convenience. Our audit also included 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.*

Nagoya, Japan  
June 26, 2009

**The Aichi Bank, Ltd. and Subsidiaries**  
**Consolidated Balance Sheets**  
March 31, 2009 and 2008

	Millions of yen		Thousands of U.S. dollars	
	2009	2008	2009	2008
Assets:				
Cash and due from banks	¥ 61,199	¥ 41,879	\$ 623,020	\$ 426,341
Call loans and bills purchased	53,552	66,899	545,174	681,045
Trading securities (Note 3)	521	542	5,306	5,525
Investment securities (Notes 3 and 7)	805,898	840,092	8,204,203	8,552,301
Reserve for possible losses on investments	(27)	(9)	(284)	(101)
Loans and bills discounted (Note 4)	1,544,418	1,494,205	15,722,476	15,211,299
Foreign exchange (Note 5)	2,241	1,444	22,816	14,702
Other assets (Note 7)	36,180	24,455	368,325	248,965
Tangible fixed assets (Note 6)	33,744	49,470	343,528	503,622
Intangible fixed assets	191	1,054	1,950	10,732
Deferred tax assets (Note 15)	5,995	816	61,035	8,316
Customers' liabilities for acceptances and guarantees (Note 11)	28,662	32,435	291,794	330,203
Reserve for possible loan losses	(10,291)	(10,188)	(104,765)	(103,724)
Total assets	<u>¥ 2,562,288</u>	<u>¥ 2,543,098</u>	<u>\$ 26,084,578</u>	<u>\$ 25,889,226</u>

The accompanying notes are an integral part of these consolidated financial statements.

**The Aichi Bank, Ltd. and Subsidiaries**  
**Consolidated Balance Sheets**  
March 31, 2009 and 2008

	Millions of yen		Thousands of U.S. dollars	
	2009	2008	2009	2008
<b>Liabilities:</b>				
Deposits (Note 8)	¥ 2,303,184	¥ 2,252,728	\$ 23,446,858	\$ 22,933,204
Security deposits received relating to lending transactions	46,907	36,749	477,528	374,116
Borrowings (Notes 7 and 9)	9,935	11,248	101,140	114,507
Foreign exchange (Note 5)	308	413	3,139	4,211
Other liabilities	16,289	19,664	165,826	200,191
Reserve for employee bonuses	695	686	7,085	6,984
Reserve for bonuses for directors	27	33	278	338
Reserve for employee retirement benefits (Note 10)	3,127	2,952	31,843	30,059
Reserve for executive retirement benefits	505	449	5,147	4,579
Reserve for reimbursement of deposits	226	251	2,309	2,558
Reserve for contingencies	1,146	477	11,670	4,862
Deferred tax liabilities (Note 15)	-	10,303	-	104,888
Deferred tax liabilities for revaluation (Note 6)	6,733	6,758	68,552	68,800
Acceptances and guarantees (Note 11)	28,662	32,435	291,794	330,203
<b>Total liabilities</b>	<b>2,417,751</b>	<b>2,375,152</b>	<b>24,613,169</b>	<b>24,179,500</b>
<b>Net Assets (Note 12):</b>				
Common stock	18,000	18,000	183,243	183,243
Capital surplus	13,886	13,889	141,364	141,400
Retained earnings	100,283	98,982	1,020,901	1,007,663
Less treasury stock, at cost	(566)	(512)	(5,771)	(5,219)
<b>Total shareholders' equity</b>	<b>131,602</b>	<b>130,359</b>	<b>1,339,737</b>	<b>1,327,087</b>
Other components of net assets	10,105	34,833	102,875	354,617
Minority interests in subsidiaries	2,828	2,752	28,797	28,022
<b>Total net assets</b>	<b>144,536</b>	<b>167,946</b>	<b>1,471,409</b>	<b>1,709,726</b>
<b>Total liabilities and net assets</b>	<b>¥ 2,562,288</b>	<b>¥ 2,543,098</b>	<b>\$ 26,084,578</b>	<b>\$ 25,889,226</b>

The accompanying notes are an integral part of these consolidated financial statements.



**The Aichi Bank, Ltd. and Subsidiaries**  
**Consolidated Statements of Changes in Net Assets**  
For the Years Ended March 31, 2009 and 2008

	Millions of yen										
	Shareholders' equity					Other components of net assets					
	Number of shares of common stock issued	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains on other securities	Land revaluation increment	Total other components of net assets	Minority interests in subsidiaries	Total net assets
Balance at March 31, 2007	10,943,240	¥ 18,000	¥ 13,889	¥ 95,055	¥ (452)	¥ 126,492	¥ 56,800	¥ 7,550	¥ 64,350	¥ 2,869	¥ 193,713
Net income	-	-	-	4,526	-	4,526	-	-	-	-	4,526
Cash dividends	-	-	-	(762)	-	(762)	-	-	-	-	(762)
Reversal of land revaluation increment	-	-	-	162	-	162	-	-	-	-	162
Treasury stock acquired, net	-	-	0	-	(59)	(59)	-	-	-	-	(59)
Net changes for the year other than shareholders' equity	-	-	-	-	-	-	(29,374)	(142)	(29,517)	(117)	(29,634)
Balance at March 31, 2008	10,943,240	18,000	13,889	98,982	(512)	130,359	27,425	7,408	34,833	2,752	167,946
Net income	-	-	-	2,136	-	2,136	-	-	-	-	2,136
Cash dividends	-	-	-	(871)	-	(871)	-	-	-	-	(871)
Reversal of land revaluation increment	-	-	-	34	-	34	-	-	-	-	34
Treasury stock acquired, net	-	-	(3)	-	(54)	(57)	-	-	-	-	(57)
Net changes for the year other than shareholders' equity	-	-	-	-	-	-	(24,694)	(33)	(24,728)	76	(24,652)
Balance at March 31, 2009	10,943,240	¥ 18,000	¥ 13,886	¥ 100,283	¥ (566)	¥ 131,602	¥ 2,731	¥ 7,374	¥ 10,105	¥ 2,828	¥ 144,536

	Thousands of U.S. dollars										
	Shareholders' equity					Other components of net assets					
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains on other securities	Land revaluation increment	Total other components of net assets	Minority interests in subsidiaries	Total net assets	
Balance at March 31, 2007	\$ 183,243	\$ 141,397	\$ 967,684	\$ (4,609)	\$ 1,287,715	\$ 578,235	\$ 76,870	\$ 655,105	\$ 29,216	\$ 1,972,036	
Net income	-	-	46,086	-	46,086	-	-	-	-	46,086	
Cash dividends	-	-	(7,763)	-	(7,763)	-	-	-	-	(7,763)	
Reversal of land revaluation increment	-	-	1,656	-	1,656	-	-	-	-	1,656	
Treasury stock acquired, net	-	3	-	(610)	(607)	-	-	-	-	(607)	
Net changes for the year other than shareholders' equity for the year	-	-	-	-	-	(299,034)	(1,454)	(300,488)	(1,194)	(301,682)	
Balance at March 31, 2008	183,243	141,400	1,007,663	(5,219)	1,327,087	279,201	75,416	354,617	28,022	1,709,726	
Net income	-	-	21,754	-	21,754	-	-	-	-	21,754	
Cash dividends	-	-	(8,868)	-	(8,868)	-	-	-	-	(8,868)	
Reversal of land revaluation increment	-	-	352	-	352	-	-	-	-	352	
Treasury stock acquired, net	-	(36)	-	(552)	(588)	-	-	-	-	(588)	
Net changes for the year other than shareholders' equity for the year	-	-	-	-	-	(251,397)	(345)	(251,742)	775	(250,967)	
Balance at March 31, 2009	\$ 183,243	\$ 141,364	\$ 1,020,901	\$ (5,771)	\$ 1,339,737	\$ 27,804	\$ 75,071	\$ 102,875	\$ 28,797	\$ 1,471,409	

The accompanying notes are an integral part of these consolidated financial statements.

**The Aichi Bank, Ltd. and Subsidiaries**  
**Consolidated Statements of Cash Flows**  
For the Years Ended March 31, 2009 and 2008

	Millions of yen		Thousands of U.S. dollars	
	2009	2008	2009	2008
Cash flows from operating activities:				
Income before income taxes and minority interests	¥ 3,667	¥ 8,435	\$ 37,335	\$ 85,876
Adjustments for:				
Depreciation	1,731	7,088	17,625	72,161
Increase in reserve for possible loan losses	102	1,755	1,041	17,867
Interest and dividend income	(41,616)	(41,082)	(423,668)	(418,223)
Interest expense	6,422	5,561	65,385	56,621
Decrease (increase) in trading securities	21	(35)	219	(361)
Increase in loans and bills discounted	(50,212)	(18,559)	(511,177)	(188,939)
Decrease (increase) in call loans and bills purchased	13,346	(28,693)	135,872	(292,108)
Increase in deposits	50,456	42,295	513,655	430,574
Increase (decrease) in security deposits received relating to lending transactions	10,158	(1,139)	103,412	(11,605)
Losses (gains) on securities transactions	5,368	(1,341)	54,647	(13,652)
Losses on foreign currency transactions	404	3,416	4,122	34,780
Increase in reserve for contingencies	668	477	6,807	4,862
Interest and dividend income received	41,521	41,763	422,693	425,160
Interest expense paid	(5,470)	(4,115)	(55,687)	(41,892)
Other, net	432	5,312	4,406	54,080
Subtotal	37,001	21,139	376,687	215,201
Income taxes paid	(4,891)	(5,703)	(49,799)	(58,058)
Net cash provided by operating activities	32,110	15,436	326,888	157,143
Cash flows from investing activities:				
Purchases of securities	(257,644)	(137,731)	(2,622,865)	(1,402,130)
Proceeds from sales and maturities of securities	247,343	125,662	2,517,998	1,279,268
Purchases of tangible fixed assets	(1,403)	(5,386)	(14,283)	(54,833)
Proceeds from sales of tangible fixed assets	71	425	731	4,332
Purchases of intangible fixed assets	(59)	-	(609)	-
Net cash used in investing activities	(11,692)	(17,029)	(119,028)	(173,363)
Cash flows from financing activities:				
Dividends paid	(873)	(764)	(8,888)	(7,784)
Other, net	(57)	(59)	(589)	(606)
Net cash used in financing activities	(930)	(824)	(9,477)	(8,390)
Net increase (decrease) in cash and cash equivalents	19,487	(2,417)	198,383	(24,610)
Cash and cash equivalents at beginning of year	40,130	42,548	408,539	433,149
Cash and cash equivalents at end of year	¥ 59,617	¥ 40,130	\$ 606,922	\$ 408,539

The accompanying notes are an integral part of these consolidated financial statements.

**The Aichi Bank, Ltd. and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
For the Years Ended March 31, 2009 and 2008

**1. Basis of Financial Statements**

**(a) Basis of presentation**

The consolidated financial statements of The Aichi Bank, Ltd. (the "Bank") and its subsidiaries (collectively the "Group") have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Law and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to the application and disclosure requirements from International Financial Reporting Standards. The accompanying consolidated financial statements have been reformatted and translated into English (with some expanded descriptions) from the consolidated financial statements of the Company 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. Certain supplementary information included in the statutory Japanese language consolidated financial statements is not presented in the accompanying consolidated financial statements.

Yen amounts in the accompanying consolidated financial statements are expressed in millions of Japanese yen and have been rounded down. As a result, the sum of each yen amount appearing in the consolidated financial statements and the notes thereto may not be equal to the sum of the individual account balances.

Certain comparative figures have been reclassified to conform to the current year's presentation.

**(b) U.S. dollar amounts**

The translations of the Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2009, which was ¥98.23 to U.S. \$1.00. The translations should not be construed as representations of what the Japanese yen amounts have been, could have been, or could in the future be when converted into U.S. dollars at this or any other rate of exchange.

**2. Summary of Significant Accounting Policies**

**(a) Principles of consolidation**

The consolidated financial statements included the accounts of the Bank and all of its subsidiaries. The Bank had four subsidiaries, which engaged primarily in providing a wide range of financial services, and no affiliates at March 31, 2009 and 2008. All intercompany transactions and accounts have been eliminated. The difference between the cost of investments in subsidiaries and the underlying equity in their net assets adjusted based on the fair value at the time of acquisition is deferred as goodwill and amortized over five years using the straight-line method.

**(b) Cash and cash equivalents**

For the purpose of the consolidated statements of cash flows, cash and cash equivalents consisted of cash and demand deposits from The Bank of Japan as follows:

	Millions of yen		Thousands of U.S. dollars	
	2009	2008	2009	2008
Cash and due from banks	¥ 61,199	¥ 41,879	\$ 623,020	\$ 426,341
Less due from banks other than The Bank of Japan	(1,581)	(1,748)	(16,098)	(17,802)
Cash and cash equivalents	¥ 59,617	¥ 40,130	\$ 606,922	\$ 408,539

**(c) Trading securities**

Trading securities are stated at fair value at the end of the fiscal year. Related gain or loss, both realized and unrealized, are included in the consolidated statements of income. Accrued interest on trading securities is included in other assets.

**(d) Investment securities**

Debt securities for which the Group has both the intent and the ability to hold to maturity are classified as held-to-maturity securities and are stated at amortized cost. Marketable securities, other than those classified as held-to-maturity or trading, are carried at fair value as of the balance sheet date. Net unrealized gain and loss on these securities, net of tax, is reported as other components of net assets. Nonmarketable securities classified as available-for-sale securities are stated at moving average cost or amortized cost. Carrying values of individual investment securities are reduced, if necessary, through write-downs, when a decline in value is deemed other than temporary. Gain and loss on the disposal of investment securities are principally computed using the moving average method. Accrued interest on securities is included in other assets.

**(e) Derivatives**

Derivatives are recorded at fair value, if hedge accounting is not applied, and gain and loss on derivatives are recognized in the consolidated statements of income. The Bank's subsidiaries apply the special treatment of hedge accounting permitted under the accounting standard for financial instruments. Accordingly interest rate swaps, which qualify as hedging instruments, are accounted for on an accrual basis and are recorded net of interest expense generated from borrowings as hedged items if certain conditions are met.

**(f) Reserve for possible losses on investments**

A reserve for possible losses on investments is provided to absorb the future loss that may occur in relation to investments in debt securities issued by borrowers that have the weakest financial performance based on the internal rules of the Bank.

**(g) Loans and bills discounted and reserve for possible loan losses**

Loans and bills discounted are stated at the amount of unpaid principal. Unearned interest and discount are recorded as liabilities and recognized as income over the contract terms of the loans or bills.

A reserve for possible loan losses of the Bank is provided to cover future credit losses in accordance with the internal rules for self-assessment of asset quality. Loans written off are charged either to a reserve for possible loan losses and/or current income. Recoveries on loans that have been written off are recorded as other income. The reserve for possible loan losses is made based on the Bank's internal rules in accordance with Report No. 4 of the Ad Hoc Committee for Audits of Banks, "Practical

Guideline for Audits of Write-off of Bad Loans and Allowance for Doubtful Loans of Banks and Similar Financial Institutions,” issued by the Japanese Institute of Certified Public Accountants (“JICPA”). For loans to borrowers that are legally or substantially bankrupt, a reserve is provided based on the amount of claims, net of amounts expected to be collected through the disposal of collateral or the execution of guarantees. For loans to borrowers who are likely to become bankrupt, a reserve has been provided based on an overall solvency assessment, net of amounts expected to be collected through the disposal of collateral or the execution of guarantees. For loans to borrowers, except for those mentioned above, a reserve has been provided based on the historical loss experience of the Bank for a certain past period. All claims are assessed by the Bank's operating divisions based on the Bank's internal rules for the self-assessment of asset quality. The inspection division, which is independent from the operating divisions, conducts examinations of these assessments. The reserves described above are determined based on the examination results.

A reserve for possible loan losses of the subsidiaries is made for the aggregate amount of estimated credit loss based on an individual financial review of doubtful or troubled receivables and a general reserve based on historical loss experience for other receivables.

**(h) Tangible fixed assets and depreciation (except for leases)**

Tangible fixed assets of the Bank are stated at cost, less accumulated depreciation. Depreciation is computed using the declining balance method over the estimated useful life of the asset, except for buildings acquired on or after April 1, 1998, which are depreciated using the straight-line method. The useful life of tangible fixed assets ranges as follows:

Buildings	8 years to 50 years
Other	3 years to 20 years

Tangible fixed assets of the subsidiaries are principally depreciated by the straight-line method over the estimated useful life of the asset.

(Change in depreciation method)

In accordance with the amendment of the Corporate Tax Law of Japan, effective April 1, 2007, the Group changed the depreciation method for tangible fixed assets acquired on and after April 1, 2007 to the method based on the amended Corporate Tax Law of Japan. As a result, operating income and income before income taxes and minority interests for the year ended March 31, 2008 was ¥50 million (\$510 thousand) less than it would have been with the previous accounting method.

(Additional information)

From the year ended March 31, 2008, the residual value of tangible fixed assets acquired before April 1, 2007 is depreciated over five years using the straight-line method from the year following the fiscal year in which the depreciable limit is reached. As a result of this change, operating income and income before income taxes and minority interests for the year ended March 31, 2008 were ¥49 million (\$500 thousand) less than they would have been with the previous method.

**(i) Intangible fixed assets and amortization (except for leases)**

Intangible fixed assets are amortized using the straight-line method. Costs of computer software developed or obtained for internal use are deferred and amortized by the straight-line method principally over the estimated useful life of five years.

**(j) Leases**

Effective from the year ended March 31, 2009, the Group has adopted the Accounting Standards Board of Japan (“ASBJ”) Statement No. 13, “Accounting Standard for Lease Transactions” and the related Guidance No. 16, “Guidance on Accounting Standard for Lease Transactions” originally issued by the Business Accounting Counsel of Japan on June 17, 1993 and by JICPA on January 18, 1994, respectively, and both revised by ASBJ on March 30, 2007. The new accounting standards require that all finance

lease transactions be accounted for in a similar manner with ordinary sale or purchase transactions. Prior to April 1, 2008, the Group accounted for finance leases which did not transfer ownership of the leased assets to the lessee as the accounting treatment similar to that used to account for operating leases as permitted by the previous accounting standard. The effects of the adoption of the new standard were immaterial for the year ended March 31, 2009.

**(Accounting for leases as lessee)**

Prior to April 1, 2008, the Group accounted for finance leases which did not transfer ownership of the leased property to the lessee with accounting treatment similar to that used to account for operating leases. The leased assets were not capitalized, and the related rental and lease expenses were charged to income as incurred. Effective from the year ended March 31, 2009, the Group, as lessee, capitalizes the assets used under finance leases commencing on and after April 1, 2008, except for certain immaterial or short-term finance leases, which are accounted for as operating leases in accordance with the revised standard. Depreciation of the leased assets capitalized in finance lease transactions are computed by the straight-line method over the lease term as the useful life and with the assumption of no residual value.

**(Accounting for leases as lessor)**

Effective for the year ended March 31, 2009, a certain subsidiary engaged primarily in leasing operations as lessor recognizes ‘investments in leased assets’ for finance leases that do not transfer ownership of the leased assets to the lessee in a manner similar to the accounting treatment for ordinary sale transactions. An ‘Investment in leased assets’ account of ¥15,047 million (\$153,191 thousand) at March 31, 2009 was presented as other assets in the accompanying consolidated balance sheets. The total amount equivalent to interest is allocated over the lease term using the effective interest method, and the subsidiary recognizes the leasing income for lease payment received from customers and related costs, net of imputed interest, when the Group receives the lease payments as permitted by the new standard. Prior to April 1, 2008, the consolidated subsidiary accounted for all of the lease contracts by accounting treatment similar to that used to account for operating leases, as permitted by the previous accounting standard. The leased assets were recorded at cost as tangible fixed assets in the accompanying consolidated balance sheets, and were depreciated by the straight-line method over the term of the lease to the amount equivalent to the estimated disposal value at the lease termination date.

In relation to this accounting change, effective April 1, 2008, the Group changed the accounting method for certain transfers of lease payments to be received to the method used to account for sales transactions if the derecognition criteria under the accounting standard of financial instruments are met. Until the year ended March 31, 2008, certain transfers of lease payments to be received were accounted for as financial transactions. As a result of this change, for the year ended March 31, 2009, a gain on sales of lease receivables amounted to ¥130 million (\$1,328 thousand) and was recorded as other income in the accompanying consolidated statements of income.

**(k) Impairment of fixed assets**

Fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. 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 group of assets, impairment loss is recognized in the income statement by reducing the carrying amount of the impaired asset or group of assets to the recoverable amount, measured as the higher of net selling price or value in use. Fixed assets include land, buildings and other forms of property, as well as intangible assets, and are grouped at the lowest level for which there are cash flows identifiably different from other groups of assets. To recognize and measure impairment loss, fixed assets are grouped into cash-generating units, such as operating business branches, other than idle or unused property. Recoverable amounts of the assets are based on value in use calculated using the discounted future cash flows at interest rates principally of 5.5% and 7.0% at March 31, 2009 and 2008, respectively, or net selling prices based primarily on appraisal valuations, net of estimated costs of disposal.

For the years ended March 31, 2009 and 2008, the Group recognized impairment loss for the property of business branches and idle properties, which was included in other expenses in the accompanying statements of income, as follows:

	Land	Buildings and structures	Other properties	Total
Millions of yen				
For the year 2009:				
Operating assets:				
Located in area other than Aichi Prefecture	¥ 59	¥ 8	¥ 26	¥ 93
Idle assets:				
Aichi Prefecture	0	-	-	0
Total	<u>¥ 59</u>	<u>¥ 8</u>	<u>¥ 26</u>	<u>¥ 94</u>

For the year 2008:				
Operating assets:				
Aichi Prefecture	¥ 80	¥ 45	¥ 59	¥ 185
Other	257	25	54	338
Idle assets:				
Aichi Prefecture	9	0	0	10
Other	-	9	-	9
Total	<u>¥ 347</u>	<u>¥ 80</u>	<u>¥ 114</u>	<u>¥ 543</u>

	Thousands of U.S. dollars			
For the year 2009:				
Operating assets:				
Located in areas other than Aichi Prefecture	\$ 603	\$ 89	\$ 265	\$ 957
Idle assets:				
Aichi Prefecture	6	-	-	6
Total	<u>\$ 609</u>	<u>\$ 89</u>	<u>\$ 265</u>	<u>\$ 963</u>

For the year 2008:				
Operating assets:				
Aichi Prefecture	\$ 825	\$ 458	\$ 607	\$ 1,890
Other	2,624	265	559	3,448
Idle assets:				
Aichi Prefecture	92	10	3	105
Other	-	92	-	92
Total	<u>\$ 3,541</u>	<u>\$ 825</u>	<u>\$ 1,169</u>	<u>\$ 5,535</u>

#### (l) Foreign currency translation

Assets and liabilities denominated in foreign currencies are translated principally into Japanese yen at the exchange rate prevailing at the balance sheet date. Income and expenses are translated at the exchange rates in effect at the transaction date. Gain and loss resulting from foreign currency translation are included in the consolidated statements of income.

#### (m) Reserve for employee bonuses

A reserve for employee bonuses is provided based on the estimated amounts of future payments attributable to the respective fiscal year.

**(n) Reserve for bonuses to directors**

A reserve for bonuses to directors and corporate auditors is provided for future bonus payments to directors and corporate auditors reflecting an amount estimated to have accrued at the consolidated balance sheet date.

**(o) Employee retirement benefits**

Employees who terminate their service with the Group are entitled to retirement benefits generally determined with reference to the basic salary at the time of termination, years of service and conditions under which the termination occurs.

In accordance with the accounting standard for employee retirement benefits, the Group principally recognizes retirement benefits, including pension costs and related liabilities, based on the actuarial present value of the projected benefit obligation using an actuarial appraisal approach and the value of pension plan assets available for benefits at the fiscal year-end. Unrecognized actuarial differences include changes in the projected benefit obligation or value of pension plan assets resulting from outcomes which are different from those assumed and from changes in the assumptions themselves. Unrecognized actuarial differences are amortized on a straight-line basis, principally over thirteen to fourteen years, a period within the average remaining years of service of employees, from the next fiscal year after the year the differences arise.

**(p) Reserve for executive retirement benefits**

A reserve for executive retirement benefits is provided for payment of retirement benefits to directors, corporate auditors and other executive officers in the amount deemed to have accrued at the consolidated balance sheet date based on the internal rules of the Group.

(Change in accounting method)

In the past, a reserve for executive retirement benefits had been recognized as an expense upon payment. However, from the year ended March 31, 2008, the Group adopted the JICPA Auditing and Assurance Practice Committee report No. 42, "Auditing treatment related to reserve defined under the Special Tax Measurement Law, reserves defined under the Special Law and Reserve for Directors and Corporate Auditor Retirement Benefits," issued on April 13, 2007. As a result, income before income taxes and minority interests was ¥449 million (\$4,579 thousand) less for the year ended March 31, 2008 than it would have been with the previous accounting method.

**(q) Reserve for reimbursement of deposits**

A reserve for reimbursement of deposits is provided for possible losses on the future claims of withdrawal based on historical reimbursement experience.

(Change in accounting method)

Formerly, deposits which had not been recognized as liabilities were expensed when they were actually reimbursed. However, from the year ended March 31, 2008, reserve is provided in an estimated amount in accordance with the JICPA Audit and Assurance Practice Committee Report No. 42 "Auditing treatment related to reserve defined under the Special Taxation Measures Law, reserves defined under Special Laws and Reserve for Retirement Benefits to Directors and Corporate Auditors." As a result, income before income taxes and minority interests was ¥251 million (\$2,558 thousand) less for the year ended March 31, 2008 than it would have been with the previous accounting method.

**(r) Reserve for contingencies**

A provision is made in an amount deemed necessary to cover possible losses resulting from the default of loans under a responsibility sharing system with Credit Guarantee Corporation based primarily on historical default rates.

(Additional information)

On October 1, 2007, a responsibility sharing system was established for Credit Guarantee Corporation under which financial institutions share losses resulting from payments in subrogation by Credit Guarantee Corporation. For the year ended March 31, 2008, the Bank made an initial provision for possible losses under the responsibility sharing system in the amount of ¥477 million (\$4,862 thousand).

**(s) Income taxes**

Income taxes are accounted for using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities and their respective tax bases and operating loss carryforwards. Deferred tax assets and liabilities are measured using the enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the period that includes the enactment date.

**(t) Appropriation of retained earnings**

Cash dividends are recorded in the fiscal year when a proposed appropriation of retained earnings is approved by the shareholders.

**(u) Per share data**

Net income per share is computed by dividing income available to common stockholders by the weighted average number of shares of common stock outstanding during the respective year. Diluted net income per share is not disclosed as the Group had no diluted common shares for the years ended March 31, 2009 or 2008.

Cash dividends per share shown in the accompanying consolidated statements of income represent dividends declared by the Bank as applicable to the respective year.

**3. Trading Securities and Investment Securities**

At March 31, 2009 and 2008, trading securities consisted of the following:

	Millions of yen		Thousands of U.S. dollars	
	2009	2008	2009	2008
Japanese government bonds	¥ 517	¥ 507	\$ 5,270	\$ 5,171
Local government bonds	3	34	36	354
	<u>¥ 521</u>	<u>¥ 542</u>	<u>\$ 5,306</u>	<u>\$ 5,525</u>

At March 31, 2009 and 2008, investment securities consisted of the following:

	Millions of yen		Thousands of U.S. dollars	
	2009	2008	2009	2008
Japanese government bonds	¥ 263,025	¥ 256,773	\$ 2,677,645	\$ 2,614,004
Local government bonds	36,915	34,638	375,802	352,623
Bonds and debentures	288,635	274,756	2,938,362	2,797,071
Equity securities	65,841	100,406	670,282	1,022,160
Other	151,481	173,517	1,542,112	1,766,443
	<u>¥ 805,898</u>	<u>¥ 840,092</u>	<u>\$ 8,204,203</u>	<u>\$ 8,552,301</u>

At March 31, 2009 and 2008, investment securities included Japanese government bonds of ¥10,198 million (\$103,818 thousand) and ¥28,422 million (\$289,346 thousand), respectively, as unsecured securities loaned for which borrowers have a right to sell or pledge.

Securities are classified as trading, held-to-maturity or available-for-sale. The classification determines the respective accounting method that should be used, as stipulated by the accounting standard for financial instruments. At March 31, 2009 and 2008, the carrying values of trading securities and the related net unrealized losses and gains included in the consolidated statements of income were as follows:

	Millions of yen				Thousands of U.S. dollars			
	2009		2008		2009		2008	
	Carrying value	Unrealized gains	Carrying value	Unrealized gains	Carrying value	Unrealized gains	Carrying value	Unrealized gains
Trading securities	¥ 521	¥ 0	¥ 542	¥ 0	\$ 5,306	\$ 4	\$ 5,525	\$ 9

At March 31, 2009 and 2008, gross unrealized gains and losses for marketable held-to-maturity securities were as follows:

	Carrying value	Gross unrealized gains	Gross unrealized losses	Fair value
	Millions of yen			
Held-to-maturity debt securities with fair value at March 31, 2009:				
Local government bonds	¥ 102	¥ 0	¥ -	¥ 103
Bonds and debentures	7,353	116	-	7,469
	<u>¥ 7,455</u>	<u>¥ 117</u>	<u>¥ -</u>	<u>¥ 7,573</u>
Held-to-maturity debt securities with fair value at March 31, 2008:				
Local government bonds	¥ 198	¥ 2	¥ -	¥ 201
Bonds and debentures	9,191	211	(0)	9,402
	<u>¥ 9,390</u>	<u>¥ 213</u>	<u>¥ (0)</u>	<u>¥ 9,604</u>
	Thousands of U.S. dollars			
Held-to-maturity debt securities with fair value at March 31, 2009:				
Local government bonds	\$ 1,048	\$ 5	\$ -	\$ 1,053
Bonds and debentures	74,855	1,188	-	76,043
	<u>\$ 75,903</u>	<u>\$ 1,193</u>	<u>\$ -</u>	<u>\$ 77,096</u>
Held-to-maturity debt securities with fair value at March 31, 2008:				
Local government bonds	\$ 2,023	\$ 24	\$ -	\$ 2,047
Bonds and debentures	93,576	2,150	(2)	95,724
	<u>\$ 95,599</u>	<u>\$ 2,174</u>	<u>\$ (2)</u>	<u>\$ 97,771</u>

At March 31, 2009 and 2008, gross unrealized gains and losses for marketable available-for-sale securities were as follows:

	Costs	Gross unrealized gains	Gross unrealized losses	Fair and carrying value
Millions of yen				
Available-for-sale securities with fair value at March 31, 2009:				
Japanese government bonds	¥ 263,686	¥ 2,512	¥ (3,174)	¥ 263,025
Local government bonds	36,281	564	(34)	36,812
Bonds and debentures	263,969	2,057	(2,358)	263,667
Equity securities	52,774	15,006	(3,920)	63,860
Other	158,667	361	(7,547)	151,481
	<u>¥ 775,378</u>	<u>¥ 20,503</u>	<u>¥ (17,036)</u>	<u>¥ 778,846</u>

Available-for-sale securities with fair value at March 31, 2008:				
Japanese government bonds	¥ 256,791	¥ 3,434	¥ (3,452)	¥ 256,773
Local government bonds	33,691	757	(9)	34,439
Bonds and debentures	244,797	3,257	(329)	247,725
Equity securities	57,354	43,300	(2,323)	98,331
Other	175,961	1,443	(3,887)	173,517
	<u>¥ 768,596</u>	<u>¥ 52,192</u>	<u>¥ (10,001)</u>	<u>¥ 810,787</u>

Thousands of U.S. dollars

Available-for-sale securities with fair value at March 31, 2009:				
Japanese government bonds	\$ 2,684,379	\$ 25,581	\$ (32,315)	\$ 2,677,645
Local government bonds	369,356	5,751	(354)	374,753
Bonds and debentures	2,687,255	20,946	(24,012)	2,684,189
Equity securities	537,252	152,771	(39,916)	650,107
Other	1,615,262	3,683	(76,835)	1,542,110
	<u>\$ 7,893,504</u>	<u>\$ 208,732</u>	<u>\$ (173,432)</u>	<u>\$ 7,928,804</u>

Available-for-sale securities with fair value at March 31, 2008:				
Japanese government bonds	\$ 2,614,183	\$ 34,964	\$ (35,143)	\$ 2,614,004
Local government bonds	342,987	7,708	(96)	350,599
Bonds and debentures	2,492,081	33,160	(3,353)	2,521,888
Equity securities	583,882	440,809	(23,653)	1,001,038
Other	1,791,321	14,693	(39,575)	1,766,439
	<u>\$ 7,824,454</u>	<u>\$ 531,334</u>	<u>\$ (101,820)</u>	<u>\$ 8,253,968</u>

During the years ended March 31, 2009 and 2008, the Group recorded a loss on the write-down of marketable available-for-sale securities due to other than temporary diminution in value in the amount of ¥7,903 million (\$80,460 thousand) and ¥1,267 million (\$12,899 thousand), respectively.

	Millions of yen		Thousands of U.S. dollars	
	2009	2008	2009	2008
Bonds and debentures including Japanese government bonds	¥ 2,295	¥ -	\$ 23,372	\$ -
Equity securities	5,607	1,267	57,088	12,899
	<u>¥ 7,903</u>	<u>¥ 1,267</u>	<u>\$ 80,460</u>	<u>\$ 12,899</u>

The Group recognizes the write-down of marketable available-for-sale securities in the case of a decline in value by more than 50% below cost, or other than a temporary decline ranging from 30% to 50% below cost. Effective from the year ended March 31, 2009, the Group changed the criteria to determine whether the decline in value is other than temporary, taking into account recent turmoil in financial markets. As a result of this change, a loss on write-downs of marketable available-for-sale securities decreased by ¥1,065 million (\$10,844 thousand) for the year ended March 31, 2009.

At March 31, 2009 and 2008, net unrealized gains on available-for-sale securities, net of applicable income taxes and minority interests, recorded as other components of net assets on the consolidated balance sheets were as follows:

	Millions of yen		Thousands of U.S. dollars	
	2009	2008	2009	2008
Unrealized gains	¥ 3,467	¥ 42,191	\$ 35,299	\$ 429,514
Less applicable income taxes	(734)	(14,758)	(7,474)	(150,246)
Less minority interests portion	(2)	(6)	(21)	(67)
Net unrealized gains included in other components of net assets	<u>¥ 2,731</u>	<u>¥ 27,425</u>	<u>\$ 27,804</u>	<u>\$ 279,201</u>

During the years ended March 31, 2009 and 2008, the Group sold available-for-sale securities and recorded gains of ¥5,573 million (\$56,742 thousand) and ¥3,133 million (\$31,903 thousand), respectively, and losses of ¥3,038 million (\$30,930 thousand) and ¥525 million (\$5,351 thousand), respectively, on the consolidated statements of income.

Expected maturities of debt securities classified as held-to-maturity and available-for-sale at March 31, 2009 and 2008 were as follows:

	Millions of yen		Thousands of U.S. dollars	
	2009	2008	2009	2008
Due in one year or less	¥ 72,421	¥ 62,490	\$ 737,264	\$ 636,165
Due after one year through five years	393,298	409,159	4,003,856	4,165,323
Due after five years through ten years	192,256	159,031	1,957,210	1,618,972
Due after ten years	79,484	104,587	809,172	1,064,725
	<u>¥ 737,461</u>	<u>¥ 735,269</u>	<u>\$ 7,507,502</u>	<u>\$ 7,485,185</u>

#### 4. Loans and Bills Discounted

At March 31, 2009 and 2008, loans and bills discounted consisted of the following:

	Millions of yen		Thousands of U.S. dollars	
	2009	2008	2009	2008
Bills discounted	¥ 38,459	¥ 48,087	\$ 391,522	\$ 489,537
Loans on bills	86,892	96,195	884,581	979,292
Loans on deeds	1,216,805	1,150,231	12,387,314	11,709,570
Overdrafts	202,261	199,691	2,059,059	2,032,900
	<u>¥ 1,544,418</u>	<u>¥ 1,494,205</u>	<u>\$ 15,722,476</u>	<u>\$ 15,211,299</u>

Bills discounted are accounted for as financial transactions in accordance with JICPA Industry Audit Committee Report No. 24, "Accounting and Auditing Treatment of Accounting Standards for Financial Instruments in Banking Industry." The Group has rights to sell or pledge bankers' acceptances, commercial bills, documentary bills and foreign exchanges without restrictions. The total face value of these bills amounted to ¥38,938 million (\$396,399 thousand) and ¥48,122 million (\$489,892 thousand) at March 31, 2009 and 2008, respectively.

Claims to borrowers in bankruptcy and past due loans amounted to ¥50,085 million (\$509,885 thousand) and ¥50,362 million (\$512,699 thousand) at March 31, 2009 and 2008, respectively, and are included in loans and bills discounted. Loans are generally placed on non-accrual status when substantial doubt is judged to exist as to the ultimate collectability of either principal or interest if they are past due for a certain period or for other reasons. Claims to borrowers in bankruptcy represent non-accrual loans, after the charge-off of claims deemed uncollectible from borrowers who are legally bankrupt, which are defined in Article 96, Paragraph 1, Subparagraph 3 and 4 of the Enforcement Ordinance for the Corporation Tax Law of Japan. Past due loans are non-accrual loans other than claims for borrowers in bankruptcy and loans for which interest payments are deferred in order to assist the financial recovery of borrowers in financial difficulty.

At March 31, 2009 and 2008, delinquent loans for which the payment of principal and/or interest was contractually past due three months or more, excluding non-accrual loans, amounted to ¥635 million (\$6,470 thousand) and ¥374 million (\$3,812 thousand), respectively.

At March 31, 2009 and 2008, "restructured loans" of which the Bank had restructured the terms, such as a reduction of the original interest rate, forbearance of interest and/or principal payments, and/or an extension of the maturity date in order to support borrowers in their financial recovery or restructuring, excluding "claims to borrowers in bankruptcy," "past due loans" and "delinquent loans contractually past due three months or more" disclosed above, amounted to ¥4,685 million (\$47,703 thousand) and ¥7,548 million (\$76,849 thousand), respectively.

Total non-performing assets, net of charge-off of claims deemed uncollectible, which consisted of "claims to borrowers in bankruptcy," "past due loans," "delinquent loans contractually past due three months or more" and "restructured loans," aggregated ¥55,407 million (\$564,058 thousand) and ¥58,285 million (\$593,360 thousand) at March 31, 2009 and 2008, respectively.

## 5. Foreign Exchange

At March 31, 2009 and 2008, foreign exchange consisted of the following:

	Millions of yen		Thousands of U.S. dollars	
	2009	2008	2009	2008
Assets:				
Due from banks	¥ 1,110	¥ 835	\$ 11,301	\$ 8,506
Foreign bills of exchange purchased	479	34	4,877	355
Foreign bills of exchange receivable	652	573	6,638	5,841
	<u>¥ 2,241</u>	<u>¥ 1,444</u>	<u>\$ 22,816</u>	<u>\$ 14,702</u>

	Millions of yen		Thousands of U.S. dollars	
	2009	2008	2009	2008
Liabilities:				
Due to banks	¥ 0	¥ 1	\$ 9	\$ 10
Foreign bills of exchange sold	216	302	2,208	3,079
Foreign bills of exchange payable	90	110	922	1,122
	<u>¥ 308</u>	<u>¥ 413</u>	<u>\$ 3,139</u>	<u>\$ 4,211</u>

## 6. Tangible Fixed Assets

At March 31, 2009 and 2008, tangible fixed assets consisted of the following:

	Millions of yen		Thousands of U.S. dollars	
	2009	2008	2009	2008
Land	¥ 23,672	¥ 23,471	\$ 240,986	\$ 238,945
Buildings and structures	19,700	19,476	200,558	198,274
Equipment and furniture	10,106	10,537	102,882	107,276
Property held for lease	639	45,901	6,506	467,286
Construction in progress	9	11	95	122
Other tangible fixed assets	2,584	2,584	26,308	26,313
	<u>56,711</u>	<u>101,983</u>	<u>577,335</u>	<u>1,038,216</u>
Less accumulated depreciation	<u>(22,966)</u>	<u>(52,513)</u>	<u>(233,807)</u>	<u>(534,594)</u>
Tangible fixed assets	<u>¥ 33,744</u>	<u>¥ 49,470</u>	<u>\$ 343,528</u>	<u>\$ 503,622</u>

As permitted by the accounting principles and practices generally accepted in Japan, deferred capital gains on sales on real property are deducted from the original acquisition cost of property newly acquired for replacement purposes in the same line of business as the property sold by the Bank. At March 31, 2009 and 2008, respectively, the amount of ¥2,333 million (\$23,758 thousand) was directly reduced from the acquisition cost of land.

The Bank elected the one-time revaluation of land used for the banking business effective on March 31, 1998, reflecting appropriate adjustments for land shape and other factors, based on the appraisal values issued by the Japanese National Tax Agency under the Law Concerning Revaluation of Land (the "Law"). According to the Law, the amount equivalent to the tax effect on the excess of sound reassessed values over the original book value is stated as deferred tax liability for revaluation account, and the rest of the excess, net of the tax effect, is disclosed as a land revaluation increment account and included in other components of net assets on the consolidated balance sheets. At March 31, 2008, the differences in the carrying values of land used for the banking business after reassessment over the market value at March 31, 2008 amounted to ¥2,307 million (\$23,488 thousand). At March 31, 2009, the market value of land used for banking businesses exceeded the carrying values after reassessment.

## 7. Pledged Assets

At March 31, 2009 and 2008, investment securities totaling ¥46,567 million (\$474,065 thousand) and ¥36,755 million (\$374,175 thousand), respectively, were pledged as collateral for deposits received related to securities lending transactions of ¥46,907 million (\$477,528 thousand) and ¥36,749 million (\$374,116 thousand), respectively.

At March 31, 2009 and 2008, investment securities totaling ¥39,508 million (\$402,202 thousand) and ¥39,742 million (\$404,584 thousand), respectively, were pledged as collateral for the settlement of exchange, derivatives and other transactions.

At March 31, 2009 and 2008, future minimum lease payments to be received totaling ¥169 million (\$1,730 thousand) and ¥1,787 million (\$18,194 thousand), respectively, were pledged as collateral for borrowings of ¥25 million (\$255 thousand) and ¥730 million (\$7,432 thousand), respectively.

## 8. Deposits

At March 31, 2009 and 2008, deposits consisted of the following:

	Millions of yen		Thousands of U.S. dollars	
	2009	2008	2009	2008
Demand deposits	¥ 1,127,086	¥ 1,126,517	\$ 11,473,958	\$ 11,468,162
Time deposits	1,134,841	1,092,834	11,552,899	11,125,259
Other	39,986	29,336	407,072	298,655
Subtotal	2,301,914	2,248,688	23,433,929	22,892,076
Negotiable certificates of deposit	1,270	4,040	12,929	41,128
	<u>¥ 2,303,184</u>	<u>¥ 2,252,728</u>	<u>\$ 23,446,858</u>	<u>\$ 22,933,204</u>

## 9. Borrowings

At March 31, 2009, the annual maturities of borrowings due through February 2014 with an average interest rate of 1.41% per annum, including lease obligations with an average interest rate of 3.89% per annum, were as follows:

<u>Year ending March 31,</u>	<u>Millions of yen</u>	<u>Thousands of U.S. dollars</u>
2010	¥ 4,145	\$ 42,197
2011	2,395	24,381
2012	2,020	20,564
2013	1,130	11,504
2014	245	2,494
	<u>¥ 9,935</u>	<u>\$ 101,140</u>

## 10. Employee Retirement Benefits

The Group has qualified pension plans and lump-sum retirement benefit plans that cover substantially all employees.

The reserve for employee retirement benefits as of March 31, 2009 and 2008 was analyzed as follows:

	Millions of yen		Thousands of U.S dollars	
	2009	2008	2009	2008
Projected benefit obligation	¥ 19,792	¥ 19,904	\$ 201,488	\$ 202,636
Less fair value of pension plan assets at end of year	(17,006)	(23,242)	(173,133)	(236,616)
Funded status	2,785	(3,337)	28,355	(33,980)
Less unrecognized actuarial differences (loss)	(9,287)	(3,829)	(94,547)	(38,980)
Prepaid pension cost	9,629	10,119	98,035	103,019
Balance of reserve for employee retirement benefits recognized on the consolidated balance sheets	¥ 3,127	¥ 2,952	\$ 31,843	\$ 30,059

*Note: The projected benefit obligation of certain subsidiaries is calculated using a simplified calculation method as permitted by the accounting standard for employee retirement benefits.*

Net periodic retirement benefit expense for the years ended March 31, 2009 and 2008 was as follows:

	Millions of yen		Thousands of U.S dollars	
	2009	2008	2009	2008
Components of net periodic retirement benefit expense:				
Service cost	¥ 574	¥ 568	\$ 5,845	\$ 5,788
Interest cost	398	400	4,053	4,074
Expected return on pension plan assets	(403)	(463)	(4,103)	(4,715)
Amortization of actuarial differences	522	215	5,316	2,196
Other	22	30	225	308
Net periodic retirement benefit expense	¥ 1,113	¥ 751	\$ 11,336	\$ 7,651

Major assumptions used in the calculation of the above information for the years ended March 31, 2009 and 2008 were as follows:

	2009	2008
Method attributing the projected benefits to periods of services	Straight-line method	Straight-line method
Discount rate	2.0%	2.0%
Expected rate of return on pension plan assets	2.5%	2.5%
Amortization of actuarial differences	13~14 years	13~14 years
Amortization of prior service cost	1 year	1 year

## 11. Acceptances and Guarantees

The Bank provides guarantees for liabilities of its customers for payments of loans from other financial institutions. A contra account, customers' liabilities for acceptances and guarantees, is classified as an asset in the consolidated balance sheets, indicating the Bank's right of indemnity from customers.

At March 31, 2009 and 2008, liabilities for guarantees on corporate bonds included in investment

securities, which were issued by private placement (Article 2 Paragraph 3 of the Financial Instruments and Exchange Law) amounted to ¥17,614 million (\$179,318 thousand) and ¥17,839 million (\$181,607 thousand), respectively.

## 12. Net Assets

At March 31, 2009 and 2008, the authorized number of shares of common stock without par value was 30 million, and the number of shares of common stock issued was 10,943,240 shares. At March 31, 2009 and 2008, the number of shares of treasury stock held by the Group was 60,461 and 52,791 shares, respectively.

At March 31, 2009 and 2008, capital surplus consisted principally of additional paid-in capital. Included in retained earnings was the legal reserve of the Bank in the amount of ¥5,392 million (\$54,901 thousand) at March 31, 2009 and 2008. The Japanese Banking Law provides that an amount equivalent to at least 20% of the cash payments as appropriations of retained earnings shall be appropriated as the legal reserve until the total amount of additional paid-in capital and such reserve equals the common stock. The legal reserve is not available for distributions as dividends, but may be used to reduce a deficit or may be transferred to common stock by proper action of the Board of Directors and/or stockholders.

In November 14, 2008, the Board of Directors resolved to pay interim dividends of ¥381 million (\$3,879 thousand, ¥35 per share.) The shareholders of the Bank approved the following appropriation of retained earnings at the annual general meeting on June 26, 2009:

	<u>Millions of yen</u>	<u>Thousands of U.S. dollars</u>
Cash dividends (¥35 per share)	¥ 380	\$ 3,878

## 13. Commitments

### (a) Loan commitments

Contracts related to overdraft facilities and loan commitment lines are agreements that allow customers to extend overdrafts or loans up to prescribed limits as long as there is no violation of any condition in the contract. At March 31, 2009 and 2008, the unused amounts within the limits of these contracts, which expire within one year or are revocable by the Bank at any time without any conditions, aggregated ¥457,321 million (\$4,655,617 thousand) and ¥440,213 million (\$4,481,453 thousand), respectively.

Since many of these commitments expire without being drawn down, the unused amount does not necessarily represent a future cash flow. In addition, most of these contracts have conditions that the Bank can refuse customer applications or decrease the contract limits for appropriate reasons such as changes in the financial situation and deterioration in creditworthiness. At the inception of the contract, the Bank obtains real estate, securities, etc., as collateral, if considered necessary. Subsequently, the Bank performs periodic reviews of the customers' business performance in accordance with the Bank's internal rules and takes necessary measures, such as requiring additional collateral and/or guarantees, to prevent loss.

### (b) Lease commitments

The Group has entered into various lease agreements as a lessee, principally for land for office space. These leases are generally cancelable with a few months advance notice and are accounted for as operating leases. During the year ended March 31, 2009, the Group entered into finance lease agreements for furniture and fixtures. These agreements are capitalized, and the related assets are

included in tangible and intangible fixed assets and the related liabilities in borrowings. During the year ended March 31, 2009, the Group also entered into non-cancelable operating lease agreements. The future minimum lease payments under these non-cancellable operating leases as of March 31, 2009 were as follows:

	Millions of yen	Thousands of U.S. dollars
Due within one year	¥ 108	\$ 1,104
Due after one year	743	7,571
	<u>¥ 852</u>	<u>\$ 8,675</u>

In addition, a subsidiary engaged in the leasing business as a lessor entered into various long-term, non-cancelable lease agreements with third parties that were categorized as finance leases. Information in relation to future minimum lease payments to be received as of March 31, 2009 for the finance leases which do not transfer ownership of the leased assets to the lessee was as follows:

	Millions of yen	Thousands of U.S. dollars
Total future minimum lease payments to be received	¥ 16,017	\$ 163,065
Estimated residual value of leased assets	1,216	12,380
Imputed interest	(2,322)	(23,643)

The aggregate annual maturities of future minimum lease payments to be received as of March 31, 2009 were as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2010	¥ 4,866	\$ 49,541
2011	3,953	40,247
2012	2,970	30,237
2013	2,044	20,816
2014	1,226	12,486
2015 and thereafter	956	9,738
	<u>¥ 16,017</u>	<u>\$ 163,065</u>

As permitted by the new accounting standard for lease transactions with respect to finance leases entered into before April 1, 2008, the appropriate carrying value, net of accumulated depreciation, of the underlying assets at March 31, 2008 is recognized as the value of investment in leased assets, and the total amount equivalent to interest income on these transactions is allocated over the lease term using the straight-line method. If the new accounting standard had been retroactively adopted, income before income taxes and minority interests would have increased by ¥891 million (\$9,073 thousand) for the year ended March 31, 2009.

As of March 31, 2008, leased assets under finance lease contracts under which ownership of the leased assets were not recognized as transferred to the lessee were included in fixed assets in the amount of ¥9,784 million (\$99,611 thousand), and the corresponding minimum future lease payments to be received were as follows:

	Millions of yen	Thousands of U.S. dollars
Due within one year	¥ 4,487	\$ 45,681
Due after one year	10,939	111,370
	<u>¥ 15,427</u>	<u>\$ 157,051</u>

## 14. Derivative Instruments

The Bank has entered into various derivative transactions in the normal course of business to meet the needs of its customers and for risk management and asset-liability management purposes of the Bank. These derivatives involve, in various degrees, credit and market risks. The Bank is exposed to credit loss in the event of non-performance by the other parties. However, the Bank does not expect non-performance by its counterparties, as the counterparties of the derivative transactions are limited to major banks with relatively high credit ratings.

At March 31, 2009 and 2008, derivative instruments which were traded on the over-the-counter market, stated at fair value and recognized as valuation gains and losses in the consolidated statements of income, other than those to which hedge accounting was applied, were summarized as follows:

	Notional principal or contract amounts		Fair value	Valuation gains/(losses)
	Total	Over 1 year		
Millions of yen				
At March 31, 2009:				
Foreign exchange forward contracts	¥ 10,247	¥ 3,427	¥ 25	¥ 25
At March 31, 2008:				
Foreign exchange forward contracts	¥ 16,225	¥ 1,662	¥ 680	¥ 680
Currency swap contracts	19,122	-	-	-
Interest swap contracts	1,800	-	-	-
Thousands of U.S. dollars				
At March 31, 2009:				
Foreign exchange forward contracts	\$ 104,319	\$ 34,894	\$ 256	\$ 256
At March 31, 2008:				
Foreign exchange forward contracts	\$ 165,182	\$ 16,926	\$ 6,927	\$ 6,927
Currency swap contracts	194,666	-	-	-
Interest swap contracts	18,324	-	-	-

*Note: Fair value is based on the discounted cash flow method or option pricing calculation model.*

## 15. Income Taxes

Income taxes for the years ended March 31, 2009 and 2008 consisted of the following:

	Millions of yen		Thousands of U.S. dollars	
	2009	2008	2009	2008
Income taxes:				
Current	¥ 2,928	¥ 5,053	\$ 29,816	\$ 51,448
Deferred	(1,480)	(1,048)	(15,076)	(10,671)
	<u>¥ 1,447</u>	<u>¥ 4,005</u>	<u>\$ 14,740</u>	<u>\$ 40,777</u>

The tax effects of temporary differences that gave rise to a significant portion of deferred tax assets and liabilities at March 31, 2009 and 2008 were as follows:

	Millions of yen		Thousands of U.S. dollars	
	2009	2008	2009	2008
Deferred tax assets:				
Reserve for possible loan losses	¥ 3,273	¥ 3,250	\$ 33,322	\$ 33,090
Reserve for employee retirement benefits	2,568	2,474	26,150	25,187
Investment securities	5,243	3,566	53,383	36,311
Other	4,452	4,462	45,325	45,424
	<u>15,538</u>	<u>13,753</u>	<u>158,180</u>	<u>140,012</u>
Less valuation allowance	<u>(4,529)</u>	<u>(4,195)</u>	<u>(46,108)</u>	<u>(42,707)</u>
	11,008	9,558	112,072	97,305
Deferred tax liabilities:				
Unrealized gains on available-for-sale securities	727	14,758	7,411	150,246
Deferred gains on sale of property	245	245	2,494	2,495
Gains on transfer of investment securities for trusts for retirement benefit plans	4,040	4,040	41,132	41,136
	<u>5,013</u>	<u>19,044</u>	<u>51,037</u>	<u>193,877</u>
Net deferred tax assets (liabilities)	<u>¥ 5,995</u>	<u>¥ (9,486)</u>	<u>\$ 61,035</u>	<u>\$ (96,572)</u>

At March 31, 2009 and 2008, deferred tax assets and liabilities reported on the accompanying consolidated balance sheets were as follows:

	Millions of yen		Thousands of U.S. dollars	
	2009	2008	2009	2008
Deferred tax assets	¥ 5,995	¥ 816	\$ 61,035	\$ 8,316
Deferred tax liabilities	-	10,303	-	104,888

In assessing the realizability of deferred tax assets, management of the Group considers whether some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. At March 31, 2009 and 2008, a valuation allowance was provided to reduce deferred tax assets to the extent that the management believed that the deferred tax assets were realizable.

A reconciliation of the Japanese statutory effective tax rate and the actual effective income tax rate on pre-tax income reflected in the accompanying consolidated statements of income for the year ended March 31, 2008 was as follows:

	<u>Percentage of pre-tax income</u>
Japanese statutory effective tax rate	40.55%
Increase (decrease) due to:	
Permanently non-deductible expenses	0.75
Tax exempt income	(4.68)
Change in valuation allowance	10.44
Other	<u>0.41</u>
Actual effective income tax rate	<u><u>47.48%</u></u>

Reconciliation for the year ended March 31, 2009 was not disclosed as such difference was not material.

## 16. Segment Information

A summary of information classified by lines of business of the Group for the years ended March 31, 2009 and 2008 is as follows:

	Bank	Leasing	Other	Total	Elimination	Consolidated
Millions of yen						
For the year 2009:						
Ordinary income:						
External customers	¥ 54,470	¥ 6,796	¥ 2	¥ 61,269	¥ -	¥ 61,269
Intersegment	77	280	104	462	(462)	-
	<u>54,547</u>	<u>7,076</u>	<u>106</u>	<u>61,731</u>	<u>(462)</u>	<u>61,269</u>
Ordinary expenses	51,061	6,863	86	58,011	(460)	57,550
Ordinary profit	<u>¥ 3,486</u>	<u>¥ 213</u>	<u>¥ 20</u>	<u>¥ 3,720</u>	<u>¥ (1)</u>	<u>¥ 3,718</u>
Special expense, net						(51)
Income before income taxes and minority interests						<u>¥ 3,667</u>
Identifiable assets	¥ 2,549,937	¥ 18,472	¥ 168	¥ 2,568,578	¥ (6,290)	¥ 2,562,288
Depreciation	1,468	262	0	1,731	-	1,731
Impairment loss on fixed assets	94	-	-	94	-	94
Capital expenditures	<u>1,461</u>	<u>1</u>	<u>-</u>	<u>1,462</u>	<u>-</u>	<u>1,462</u>
For the year 2008:						
Ordinary income:						
External customers	¥ 51,781	¥ 7,836	¥ 2	¥ 59,619	¥ -	¥ 59,619
Intersegment	75	268	103	447	(447)	-
	<u>51,856</u>	<u>8,104</u>	<u>105</u>	<u>60,066</u>	<u>(447)</u>	<u>59,619</u>
Ordinary expenses	41,748	8,325	84	50,157	(445)	49,712
Ordinary profit (loss)	<u>¥ 10,108</u>	<u>¥ (220)</u>	<u>¥ 21</u>	<u>¥ 9,908</u>	<u>¥ (1)</u>	<u>¥ 9,907</u>
Special expense, net						(1,471)
Income before income taxes and minority interests						<u>¥ 8,435</u>
Identifiable assets	¥ 2,528,718	¥ 20,361	¥ 152	¥ 2,549,232	¥ (6,133)	¥ 2,543,098
Depreciation	1,427	5,660	0	7,088	-	7,088
Impairment loss on fixed assets	543	-	-	543	-	543
Capital expenditures	<u>997</u>	<u>4,388</u>	<u>-</u>	<u>5,385</u>	<u>-</u>	<u>5,385</u>
Thousands of U.S. dollars						
For the year 2009:						
Ordinary income:						
External customers	\$ 554,523	\$ 69,189	\$ 21	\$ 623,733	\$ -	\$ 623,733
Intersegment	785	2,854	1,067	4,706	(4,706)	-
	<u>555,308</u>	<u>72,043</u>	<u>1,088</u>	<u>628,439</u>	<u>(4,706)</u>	<u>623,733</u>
Ordinary expenses	519,818	69,866	882	590,566	(4,690)	585,876
Ordinary profit	<u>\$ 35,490</u>	<u>\$ 2,177</u>	<u>\$ 206</u>	<u>\$ 37,873</u>	<u>\$ (16)</u>	<u>\$ 37,857</u>
Special expense, net						(522)
Income before income taxes and minority interests						<u>\$ 37,335</u>
Identifiable assets	\$ 25,958,844	\$ 188,057	\$ 1,718	\$ 26,148,619	\$ (64,041)	\$ 26,084,578
Depreciation	14,950	2,672	3	17,625	-	17,625
Impairment loss on fixed assets	963	-	-	963	-	963
Capital expenditures	<u>14,874</u>	<u>18</u>	<u>-</u>	<u>14,892</u>	<u>-</u>	<u>14,892</u>
For the year 2008:						
Ordinary income:						
External customers	\$ 527,142	\$ 79,772	\$ 26	\$ 606,940	\$ -	\$ 606,940
Intersegment	766	2,733	1,052	4,551	(4,551)	-
	<u>527,908</u>	<u>82,505</u>	<u>1,078</u>	<u>611,491</u>	<u>(4,551)</u>	<u>606,940</u>
Ordinary expenses	425,006	84,753	858	510,617	(4,536)	506,081
Ordinary profit (loss)	<u>\$ 102,902</u>	<u>\$ (2,248)</u>	<u>\$ 220</u>	<u>\$ 100,874</u>	<u>\$ (15)</u>	<u>\$ 100,859</u>
Special expense, net						(14,983)
Income before income taxes and minority interests						<u>\$ 85,876</u>
Identifiable assets	\$ 25,742,835	\$ 207,283	\$ 1,553	\$ 25,951,671	\$ (62,445)	\$ 25,889,226
Depreciation	14,529	57,628	4	72,161	-	72,161
Impairment loss on fixed assets	5,535	-	-	5,535	-	5,535
Capital expenditures	<u>10,152</u>	<u>44,676</u>	<u>-</u>	<u>54,828</u>	<u>-</u>	<u>54,828</u>

Information for geographic segment and overseas sales is not shown as the Bank had no subsidiaries outside Japan and overseas sales were immaterial.

Notes: (1) "Ordinary income" represents total income less certain special income included in other income in the accompanying consolidated statements of income.

"Ordinary expenses" represents total expenses less certain special expenses included in other expenses. "Ordinary profit" represents ordinary income less ordinary expenses.

(2) The "Other" business segment includes information technology management operations.

## 17. Transactions with Related Parties

Significant transactions with related parties for the years ended March 31, 2009 and 2008 were as follows:

Name	Business	Description of the Bank's transaction	Transaction amount (millions of yen)	Transaction amount (thousands of U.S. dollars)	Account	Balances (millions of yen)	Balances (thousands of U.S. dollars)
<u>For the year ended March 31, 2009</u>							
Transactions with relatives of the Banks' directors:							
			(Average balance during period)				
Takashi Yokoi	Office worker	Loan lending	¥ 50	\$ 511	Loans and bills discounted	¥ 49	\$ 505
			(Interest on loans and bills discounted)				
			¥ 1	\$ 11			
Transactions with relatives of the directors of major subsidiaries:							
			(Average balance during period)				
Hiroaki Hasegawa	Office worker	Loan lending	¥ 12	\$ 130	Loans and bills discounted	¥ 12	\$ 128
			(Interest on loans and bills discounted)				
			¥ 0	\$ 1			
<u>For the year ended March 31, 2008</u>							
Transactions with relatives of the Bank's directors:							
			(Average balance during period)				
Takashi Yokoi	Office worker	Loan lending	¥ 51	\$ 522	Loans and bills discounted	¥ 50	\$ 517
			(Interest on loans and bills discounted)				
			¥ 1	\$ 11			

*Note: Effective for the year ended March 31, 2009, the Group adopted ASBJ Statement No. 11, "Accounting Standard for Related Party Disclosures," and its implementation guidance issued on October 17, 2006 and disclosed information on transactions with relatives of the directors of major subsidiaries.*