



Kokonoe "Yume" Otsuribashi (Kokonoe)

ANNUAL REPORT 2008

THE OITA BANK, LTD.

OITA BANK PROFILE

The Oita Bank, Ltd., was established in 1893 in Oita Prefecture, Kyushu, in the southwest of the Japanese archipelago. For more than a century, the Bank has provided outstanding financial services to personal and corporate clients alike and contributed significantly to the economic growth and prosperity of Oita Prefecture and the greater Kyushu region.

The bank is implementing its New Medium-term Management Plan, which covers the three-year period from April 1, 2008 to March 31, 2011. The entire bank is making every effort to achieve the objectives of this plan, guided by the theme “dynamic, accessible banking: restructuring sales and operations.”

Oita prefecture is attracting a steady stream of capital investment from the world’s most prominent high-technology and automobile-related enterprises, which is expected to have a large impact on the local economy. At the same time, Oita Prefecture is vigorously developing the infrastructure that will support its emergence as an international business hub.

In the months and years ahead, Oita Bank will continue to strengthen its management structure and enhance its menu of financial services. As always, we are proud to contribute to local growth and development as the region’s leading bank.

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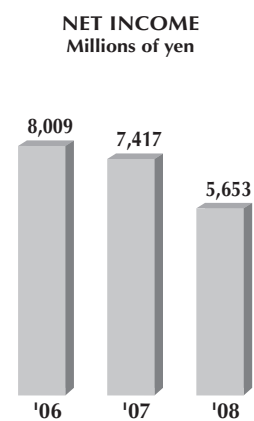
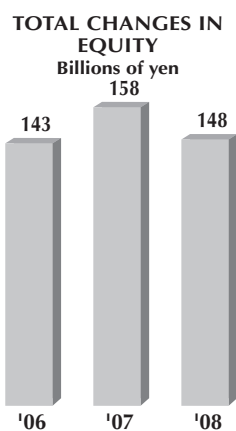
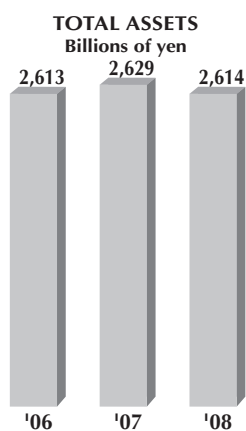
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CONSOLIDATED FINANCIAL HIGHLIGHTS

THE OITA BANK, LTD. and Subsidiaries
Years Ended March 31, 2008, 2007 and 2006

	Millions of Yen		
	2008	2007	2006
Deposits.....	¥2,327,066	¥2,329,049	¥2,299,512
Loans and bills discounted.....	1,617,926	1,604,680	1,588,299
Investment securities.....	768,212	769,206	798,080
Common stock.....	15,000	15,000	15,000
Total shareholders' equity.....	148,564	158,813	143,777
Total assets.....	2,614,580	2,629,212	2,613,015
Net income(loss).....	5,653	7,417	8,009
Number of branches.....	103	103	107
Number of employees.....	1,501	1,445	1,529



Note: All graph figures are for the years ended March 31.

We heartily thank you for the warm support you have given to the bank since its foundation in 1893, which has enabled us to establish a solid foundation as a local financial institution.

We hereby present you with the Annual Report for 2008, which we hope will help you appreciate the recent results and activities of the bank.

In fiscal 2007, while Japan's economy continued on a path to recovery, it nevertheless slowed down because of a slump in housing investment due to the coming into force of the revised Building Standards Act, the continuation of the fiscal austerity program and a reduction in public investment, in spite of three consecutive quarterly rises in real GDP since the July-September quarter. Foreign stock markets were sluggish due to subprime loan problems. The economic slowdown, especially in the U.S., and the yen's sharp appreciation are also causes for concern over the Japanese economy, which is dependent on exports.

In the financial arena, Financial Instruments and Exchange Law was brought in force on September 30, 2007 to protect individual investors by setting rules for the sale of financial products. On October 1, Japan Post, the financial institution with the largest amount of assets in Japan, was privatized.

As for the economy of Oita prefecture, production activities and capital investments, especially in larger companies in the manufacturing industry, remained at a high level, but a decrease in housing construction due to the coming into force of the revised Building Standards Act and high prices of raw materials including oil put pressure on local company profits. Thus, in general, the economy slowed and differences widened among companies of different sizes and in different industries.

Under these circumstances, the bank has been implementing the New Medium-term Management Plan (Fiscal 2008 to 2010) since April 1, 2008. The basic theme of the plan is "dynamic, accessible banking: restructuring sales and operations." This is the same theme as that adopted for the Sixth Medium-term Management Plan (Fiscal 2006 to 2007). During

the period covered by the sixth plan, the bank received a business improvement order because of an adverse event and the theme remained unfulfilled. For this reason, we are committed to pursuing the same theme again in the New Medium-term Management Plan.

The New Medium-term Management Plan identifies four basic policies.

Strengthening internal control systems is the first and foremost management imperative. We will faithfully implement the business improvement plan and reinforce our compliance systems to prevent a recurrence of adverse events.

Strengthening the bank's sales capability is our second basic policy. We will improve the bank's profitability by offering financial services that meet customer needs and establishing high-quality proposal-oriented sales solutions.

Strengthening human resources is the third basic policy and is a new policy of ours. In order to prevent a recurrence of adverse events and improve our profitability by offering better services to attain a higher level of customer satisfaction, it is necessary that we develop personnel who are well-versed in internal controls and can offer high-quality services. For this reason, we are actively investing in human resources to raise the standards of our employees.

Strengthening our foundations for sustainable growth is the fourth basic policy. In following this policy, we are actively and continuously promoting community-based finance to allow us to offer high-quality financing services for the convenience of our customers. We are also engaged in company-wide efforts to meet our corporate social responsibilities and gain the confidence of all our stakeholders, including shareholders, investors, customers, local people and employees.

We thank you in advance for your continued support.



Yasuchika Takahashi, Chairman



Yoshito Ogura, President

Fiscal 2007 (Year Ended March 2008) Results

Striving to improve business performance amid a difficult operating environment, Oita Bank recorded the following business results for fiscal 2007.

Deposits

Total deposits at the fiscal year-end, including negotiable certificates of deposit, decreased ¥2.9 billion from the previous fiscal year-end to ¥2,331 billion.

The balance at fiscal year-end of public bonds, mutual funds, foreign currency deposits and pension insurance funds for individuals grew ¥30.7 billion from the previous fiscal year-end to ¥376.7 billion, due to the bank's efforts to focus on selling such products to individual customers in response to diversifying fund management needs.

Loans

Total loans outstanding at fiscal year-end increased ¥12.4 billion from the previous fiscal year-end to ¥1,625.5 billion. As a result of the bank's active sales efforts, especially for housing loans, the balance of consumer loans to individuals including housing loans increased ¥7.1 billion from the previous fiscal year-end to ¥410.4 billion.

Marketable securities

As a result of the bank's efforts to build a portfolio designed to earn a stable rate of return, the balance of marketable securities at fiscal year-end decreased ¥1.1 billion from the previous fiscal year-end to ¥764.7 billion.

Foreign exchange

Foreign exchange transactions, including international trade transactions, overseas remittances and foreign currency deposits, totaled US\$2,035 million, \$30 million higher than at the previous fiscal year-end.

Earnings

The bank continued to strive to invest funds effectively, reduce various expenses and increase fee receipts. Ordinary income declined ¥3,374 million against the previous fiscal year to ¥9,815 million, and net income decreased ¥1,480 million to ¥5,645 million.

Dividend Policy

In due consideration of its responsibility to the public as a financial institution, the Bank has long been committed to maintaining and strengthening the long-term stability of its management base, improving management efficiency, building sufficient reserves and delivering consistent dividends.

In FY 2007, the bank's annual dividend was ¥6.00 (including an interim dividend of ¥3.00). This dividend was determined in response to the support of our shareholders after careful overall consideration of our business results in FY 2007 and prevailing business conditions.

The New Medium-term Management Plan

Theme: "dynamic, accessible banking; restructuring sales and operations"

Implementation period: April 2008 to March 2011 (three years)

Goal: Evolve into a bank in which customers can have the utmost confidence, with a high level of profitability, and is rewarding to its employees

Management target indices (FY 2010 plan)

	FY 2010 Plan
Core Operating Income.....	¥16.2 billion
Net Income.....	¥ 7.4 billion
ROE.....	5.86%
OHR.....	65.3%
Capital Adequacy Ratio.....	11.42%

Basic Policies and Key Measures

■ Basic policy 1: “strengthening internal control systems”

The bank, which has adopted "strengthening internal control systems" as its most important policy, is steadily implementing the business improvement plan and enhancing its compliance system to prevent a recurrence of adverse events.

(Key Measures)

- ① Compliance
 - Enhancement of the compliance system
 - Steady implementation of the business improvement plan
- ② Risk management
 - Enhancement of Basel II compliance
- ③ Customer protection
 - Enhancement of customer accountability and management systems
 - Enhancement of customer support and management systems
- ④ Improvement of operational reliability and efficiency
 - Strict compliance with prescribed procedures and enhancement of checking functions
 - Greater efficiency in operations

■ Basic policy 2: “strengthening sales capability”

The bank will enhance its profitability by offering financial services that meet customer needs and establishing high-quality proposal-oriented sales solutions.

(Key Measures)

- ① Raising the level of customer satisfaction
 - Raising the level of CS and enhancing hospitality
 - Enhancement of our ability to provide proposal-oriented sales solutions
- ② Asset business strategies
 - Increasing corporate loans
 - Increasing personal loans
- ③ Fee business strategies
 - Increasing household financial assets
 - Enhancement of syndicate loans, privately placed loans and other new types of loans
- ④ Area strategies
 - Enhancement of the block sales system
 - Study of broader area strategies
- ⑤ Enhancement of organizational strength
 - Cooperation with other financial institutions

■ Basic policy 3: “strengthening human resources”

In order to prevent a recurrence of adverse events and improve profitability by offering better services to attain a higher level of customer satisfaction, it is necessary to develop personnel who are well-versed in internal controls and are capable of offering high-quality services. For this reason, we are actively investing in human resources to raise the standards of our employees.

(Key Measures)

- ① Human resources development

- Basic concept
 - To develop human resources that are self-sustaining and capable of responding to changes in the environment
- Basic principles
 - To flesh out the basic concept, the bank must adopt a long-term perspective in developing human resources (from recruitment to retirement).
 - The bank will give opportunities to and actively support highly motivated employees.
- Human resources development programs based on a consistent policy
 - The bank identifies what kinds of skills are required for each career stage from recruitment to retirement and gives support to employee training and self-development programs. This will raise the level of employees' capabilities and improve the bank's customer services.
- Personnel reinforcement
 - Securing adequate staff
 - Steady recruitment of new staff
 - Mid-career recruitment and promotion of part-timers to full-timers
 - Effective deployment of personnel
 - More strategic deployment of personnel
 - Deployment of personnel according to employees' capabilities
- Personnel system
 - Systems changes
 - Review of qualification systems
 - Review of compensation systems
 - Review of personnel evaluation systems
 - Review of capability development systems
 - Other matters to be reviewed
 - Expanding the range of jobs suitable for women
 - Promotion of more part-timers to full-timers
 - Dealing with employees' health problems

■ Basic policy 4: “strengthening the foundations for sustainable growth”

In following this policy, we are actively and continuously promoting community-based finance to allow us to offer high-quality financing services for the convenience of our customers. We are also engaged in company-wide efforts to meet our corporate social responsibilities and gain the confidence of all our stakeholders including shareholders, investors, customers, local people and employees.

(Key Measures)

- ① Promoting community-based financing
 - Diversification of methods for lending to small and medium-sized enterprises
 - Contributing to the local economy
- ② Meeting our corporate social responsibilities
 - Company-wide CSR efforts
 - Enhancement of PR activities
- ③ IT strategies
 - Enhancement of IT management
 - Expansion of information systems

Risk Management

With the increasing liberalization and internationalization of Japan's financial sector and continuing advances in information technology, the environment in which banks operate is changing dramatically. The risks affecting financial institutions are growing in both diversity and magnitude. For banks today, the accurate assessment and management of a wide variety of risks is more vital than ever.

Oita Bank fully recognizes these challenging conditions. To ensure sound financial management, stable earnings, and lasting growth, the Bank is enhancing and reinforcing its risk management framework. The Bank's Risk Supervisory Division manages a wide range of risks in each of the Bank's areas of operation. In addition, the Risk Management Committee works to strengthen centralized oversight and the comprehensive management of risk.

The bank manages risk according to risk type in accordance with its General Risk Management Regulations and specific sets of risk management regulations.

In accordance with the Banking Act, the bank has disclosed the amount of its risk-managed loans. The amount at the end of March 2008 decreased ¥1.2 billion from the previous fiscal year-end to ¥53.3 billion. The ratio of risk-managed loans to total loans (¥1,625.5 billion) was 3.28%, well below the 3.70% average for local banks.

Turning to the assessment of assets under the Financial Reconstruction Act, total credit assets including loans at the end of March 2008 was ¥1,668.7 billion, 96.79% of which were normal loans that were collectible. This shows that the bank is financially sound. We also possess sufficient treasury stock, reserves for possible loan losses, collateral and guarantees to cover total bad loans.

Capital Adequacy Ratio

As of March 31, 2008, the bank's capital adequacy ratio was 10.42% on a non-consolidated basis and 10.79% on a consolidated basis. The non-consolidated figure easily exceeds the national standard of 4%. In the months and years ahead, we will strive to further increase our capital adequacy and strengthen our management structure.

Credit Rating

On September 29, 2000, the Bank attained an A+ long-term preferred liabilities rating from the Japan Credit Rating Agency, Ltd. (JCR). In its review of February 5, 2008, JCR reaffirmed the bank's A+ rating. The JCR rating attests to the soundness of the Bank's management as appraised by a respected rating organization.

Compliance

Compliance means abiding by laws, social codes and all other regulations whose observance is expected of a corporation as an active member of society. For a bank whose most important asset is trust, compliance is an absolute requirement for soundness of business and the confidence of society.

In the banking business, we must follow the Bank Law, Civil Code, Commercial Law, Personal Information Protection Law, Consumer Contract Law, Financial Products Transaction Law, and various other laws.

Accordingly, we believe that as a financial institution we are required to comply with such laws, codes and regulations and to act on the principle of self-discipline in management.

Compliance is the bedrock on which all of our operations are built, as we strive to strengthen our sound operational base and continue to uphold the enduring trust of customers, investors and members of the community.

Conclusion

With the recent influx of some of the world's leading high technology and automobile-related companies, Oita prefecture is rapidly developing into an important business hub. The increasing number of exchange students who are flocking to this prefecture from every part of Asia following the opening of APU (Ritsumeikan Asia Pacific University) will drive the region's internationalization forward through an ongoing process of economic and cultural exchange.

As a bank firmly rooted in Oita Prefecture, Oita Bank is solidly committed to its role as an organization with the interests of the region at heart. In the exciting times that lie ahead, we will continue at all times to weigh our every action in terms of its contribution to the development of the local community.

The corporate philosophy of Oita Bank is "To make every effort to contribute to the prosperity of the local community through banking operations." This promise is the goal of all employees of Oita Bank and will always remain foremost in our thoughts.

August 2008

Yasuchika Takahashi
Chairman



Yoshito Ogura
President



Consolidated Balance Sheets

THE OITA BANK, LTD. and Consolidated Subsidiaries
March 31, 2008 and 2007

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2008	2007	2008
ASSETS:			
Cash and due from banks.....	¥ 39,532	¥ 48,754	\$ 395,319
Call loans.....	67,799	98,088	677,991
Commercial paper and other debt purchased (Note 3).....	6,145	5,814	61,448
Trading account securities (Note 3).....	204	190	2,045
Money held in trust (Note 4).....	8,646	10,611	86,459
Investment securities (Notes 3 and 11).....	768,212	769,207	7,682,120
Loans and bills discounted (Notes 5 and 12).....	1,617,927	1,604,681	16,179,266
Foreign exchange assets (Note 6).....	2,066	1,635	20,656
Other assets (Notes 7 and 11).....	28,869	22,283	288,690
Premises and equipment (Note 8).....	56,958	57,978	569,582
Intangible assets (Note 9).....	5,619	6,152	56,189
Deferred tax assets (Note 21).....	9,279	1,446	92,795
Customers' liabilities for acceptances and guarantees (Note 10).....	31,690	34,812	316,902
Reserve for possible loan losses.....	(28,366)	(32,439)	(283,660)
TOTAL	¥2,614,580	¥2,629,212	\$ 26,145,802
LIABILITIES:			
Deposits (Notes 11 and 13).....	¥2,327,067	¥2,329,049	\$23,270,669
Call money (Note 11).....	51,040	25,971	510,399
Payables under securities lending transaction (Note 11).....		26,315	
Borrowed money (Note 11).....	15,256	11,387	152,558
Foreign exchange liabilities.....	41	24	413
Other liabilities (Note 14).....	21,438	23,615	214,377
Liability for retirement benefits (Note 15).....	10,556	10,720	105,562
Reserve for repayment for prescribed deposits (Note 2.o).....	505		5,055
Deferred tax liabilities for land revaluation excess (Note 2.h).....	8,295	8,332	82,951
Negative goodwill.....	128	173	1,272
Acceptances and guarantees (Note 10).....	31,690	34,812	316,902
Total liabilities.....	2,466,016	2,470,398	24,660,158
EQUITY (Notes 16 and 27):			
Common stock, authorized, 300,000,000 shares in 2008 and 2007; issued, 144,486,342 shares in 2008 and 2007.....	15,000	15,000	150,000
Capital surplus.....	5,984	5,986	59,838
Retained earnings.....	98,948	94,106	989,476
Unrealized gain on available-for-sale securities (Note 3).....	13,796	28,820	137,960
Deferred loss on derivatives under hedge accounting.....	(332)	(465)	(3,321)
Land revaluation excess.....	10,333	10,378	103,329
Treasury stock-at cost, 1,757,513 shares in 2008 and 1,707,191 shares in 2007.....	(942)	(907)	(9,410)
Total.....	142,787	152,918	1,427,872
Minority interests.....	5,777	5,896	57,772
Total equity.....	148,564	158,814	1,485,644
TOTAL	¥2,614,580	¥2,629,212	\$26,145,802

See notes to consolidated financial statements.

Consolidated Statements of Income

THE OITA BANK, LTD. and Consolidated Subsidiaries
Years Ended March 31, 2008 and 2007

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2008	2007	2008
INCOME:			
Interest on:			
Loans and discounts.....	¥ 34,422	¥ 32,039	\$ 344,225
Securities.....	12,166	12,274	121,655
Other.....	60	50	601
Total interest income.....	46,648	44,363	466,481
Fees and commissions.....	8,809	9,632	88,085
Other operating income (Note 17).....	9,727	10,031	97,274
Other income (Note 18).....	3,577	1,232	35,770
Total income.....	68,761	65,258	687,610
EXPENSES:			
Interest on:			
Deposits.....	5,607	2,356	56,065
Borrowings and rediscounts.....	1,308	1,541	13,085
Other.....	1,760	2,148	17,598
Total interest expenses.....	8,675	6,045	86,748
Fees and commissions.....	1,747	1,529	17,472
Other operating expenses (Note 19).....	9,830	10,731	98,298
General and administrative expenses.....	30,279	30,277	302,787
Provision for possible loan losses.....	7,299	1,330	72,988
Other expenses (Note 20).....	1,902	1,661	19,023
Total expenses.....	59,732	51,573	597,316
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS.....	9,029	13,685	90,294
INCOME TAXES (Note 21):			
Current.....	1,331	4,542	13,305
Deferred.....	2,118	1,347	21,185
Total income taxes.....	3,449	5,889	34,490
MINORITY INTERESTS IN NET (LOSS) INCOME.....	(74)	378	(735)
NET INCOME.....	¥ 5,654	¥ 7,418	\$ 56,539
PER SHARE OF COMMON STOCK (Note 2.r):			
	Yen		U.S. dollars
	2008	2007	2008
Basic net income.....	¥ 39.61	¥ 51.66	\$ 0.396
Cash dividends applicable to the year.....	6.00	6.00	0.060

See notes to consolidated financial statements

Consolidated Statements of Changes in Equity

THE OITA BANK, LTD. and Consolidated Subsidiaries
Years Ended March 31, 2008 and 2007

	Thousands	Millions of Yen									
	Outstanding Number of Shares of Common Stock	Common Stock	Capital Surplus	Retained Earnings	Unrealized Gain on Available-for-sale Securities	Deferred Loss on Derivatives under Hedge Accounting	Land Revaluation Excess	Treasury Stock	Total	Minority Interests	Total Equity
BALANCE, APRIL 1, 2006	¥ 143,752	¥ 15,000	¥ 5,985	¥ 87,657	¥ 25,145		¥ 10,387	¥ (397)	¥ 143,777		¥ 143,777
Reclassified balance as of March 31, 2006 (note 2.1)										¥ 5,086	5,086
Net income				7,418					7,418		7,418
Cash dividends, ¥6.50 per share				(928)					(928)		(928)
Bonuses to directors and corporate auditors				(50)					(50)		(50)
Purchase of treasury stock	(977)							(512)	(512)		(512)
Disposal of treasury stock	4		1					2	3		3
Transfer from land revaluation excess				9			(9)				
Net change in the year					3,675	¥ (465)			3,210	810	4,020
BALANCE, MARCH 31, 2007	142,779	15,000	5,986	94,106	28,820	(465)	10,378	(907)	152,918	5,896	158,814
Net income				5,654					5,654		5,654
Cash dividends, ¥6.00 per share				(857)					(857)		(857)
Purchase of treasury stock	(66)							(48)	(48)		(48)
Disposal of treasury stock	16		(2)					13	11		11
Transfer from land revaluation excess				45			(45)				
Transfer to capital surplus			0	(0)							
Net change in the year					(15,024)	133			(14,891)	(119)	(15,010)
BALANCE, MARCH 31, 2008	¥ 142,729	¥ 15,000	¥ 5,984	¥ 98,948	¥ 13,796	¥ (332)	¥ 10,333	¥ (942)	¥ 142,787	¥ 5,777	¥ 148,564
Thousands of U.S. Dollars (Note 1)											
BALANCE, MARCH 31, 2007		\$ 150,000	\$ 59,859	\$ 941,057	\$ 288,203	\$ (4,655)	\$ 103,777	\$ (9,063)	\$ 1,529,178	\$ 58,962	\$ 1,588,140
Net income				56,539					56,539		56,539
Cash dividends, \$0.06 per share				(8,566)					(8,566)		(8,566)
Purchase of treasury stock								(482)	(482)		(482)
Disposal of treasury stock			(23)					135	112		112
Transfer from land revaluation excess				448			(448)				
Transfer to capital surplus			2	(2)							
Net change in the year					(150,243)	1,334			(148,909)	(1,190)	(150,099)
BALANCE, MARCH 31, 2008		\$ 150,000	\$ 59,838	\$ 989,476	\$ 137,960	\$ (3,321)	\$ 103,329	\$ (9,410)	\$ 1,427,872	\$ 57,772	\$ 1,485,644

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

THE OITA BANK, LTD. and Consolidated Subsidiaries
Years Ended March 31, 2008 and 2007

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2008	2007	2008
OPERATING ACTIVITIES:			
Income before income taxes and minority interests.....	¥ 9,029	¥ 13,685	\$ 90,294
Adjustments for:			
Income taxes paid.....	(3,205)	(4,273)	(32,051)
Depreciation and amortization.....	10,201	10,068	102,006
Impairment losses.....	37	23	374
Accumulation of negative goodwill.....	(45)	(45)	(448)
Decrease in reserve for possible loan losses.....	(4,073)	(2,890)	(40,729)
(Decrease) Increase in liability for retirement benefits.....	(164)	520	(1,638)
Increase in reserve for repayment for prescribed deposits.....	505		5,055
Interest income-accrued basis.....	(46,648)	(44,363)	(466,481)
Interest expenses-accrued basis.....	8,675	6,045	86,748
Net (gain) loss on investment securities.....	(1,287)	984	(12,869)
Net loss on money held in trust.....	196	145	1,957
Foreign exchange losses (gains).....	19	(2)	194
Net loss on disposal of fixed assets.....	113	338	1,129
Net increase in trading account securities.....	(14)	(13)	(143)
Net increase in loans and bills discounted.....	(13,246)	(16,381)	(132,458)
Net (decrease) increase in deposits.....	(1,982)	29,537	(19,824)
Net increase in borrowed money.....	3,869	2,164	38,691
Net increase in due from banks (excluding due from The Bank of Japan).....	(673)	(76)	(6,734)
Net decrease (increase) in call loans.....	29,959	(21,909)	299,585
Net increase (decrease) in call money.....	25,069	(5,092)	250,689
Net decrease in payables under securities lending transaction.....	(26,315)	(14,693)	(263,151)
Net (increase) decrease in foreign exchanges assets.....	(430)	855	(4,303)
Net increase (decrease) in foreign exchanges liabilities.....	18	(10)	176
Interest income-cash basis.....	46,950	43,137	469,503
Interest expenses-cash basis.....	(7,925)	(5,230)	(79,247)
Other-net.....	(7,453)	(4,443)	(74,526)
Total adjustments.....	12,151	(25,604)	121,505
Net cash provided by (used in) operating activities.....	21,180	(11,919)	211,799
INVESTING ACTIVITIES:			
Purchase of investment securities.....	(165,086)	(115,995)	(1,650,864)
Proceeds from sales of investment securities.....	33,729	54,039	337,285
Proceeds from maturities of investment securities.....	108,496	96,060	1,084,966
Purchases of money held in trust.....		(500)	
Proceeds from sales of money held in trust.....	1,474	500	14,743
Purchases of premises and equipment.....	(7,717)	(9,180)	(77,171)
Purchases of intangible assets.....	(1,481)	(2,475)	(14,805)
Proceeds from sales of premises and equipment.....	429	375	4,294
Proceeds from sales of intangible assets.....	0	12	4
Net cash (used in) provided by investing activities.....	(30,156)	22,836	(301,548)
FORWARD.....	¥ (8,976)	¥ 10,917	\$ (89,749)
FINANCING ACTIVITIES:			
Dividends paid by the parent.....	(857)	(928)	(8,566)
Dividends paid by consolidated subsidiaries to minority shareholders.....	(7)	(8)	(73)
Purchases of treasury stock.....	(48)	(83)	(482)
Proceeds from disposal of treasury stock.....	11	2	112
Net cash used in financing activities.....	(901)	(1,017)	(9,009)
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON			
CASH AND CASH EQUIVALENTS.....	(19)	2	(194)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS.....	(9,896)	9,902	(98,952)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR.....	47,349	37,447	473,486
CASH AND CASH EQUIVALENTS, END OF YEAR (Note 23).....	¥ 37,453	¥ 47,349	\$ 374,534

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

THE OITA BANK, LTD. and Consolidated Subsidiaries
Years Ended March 31, 2008 and 2007

1 BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

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

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

Certain reclassifications and rearrangements have been made in the 2007 consolidated financial statements to conform to the classifications and presentations used in 2008.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Bank is incorporated and operates. The translation of Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan and has been made at the rate of ¥100 to \$1, the approximate exchange rate prevailing on March 31, 2008. Such translation should not be construed as representation that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Consolidation - The consolidated financial statements include the accounts of the Bank and its nine significant subsidiaries (together, "the Companies"). The fiscal periods of all consolidated subsidiaries end on March 31.

Under the control or influence concept, those companies in which the Bank, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Companies have the ability to exercise significant influence are accounted for by the equity method.

Investments in the remaining unconsolidated subsidiaries are stated at cost. If the equity method of accounting had been applied to the investments in these companies, the effect on the accompanying consolidated financial statements would not be material.

Any material deficiency of the cost of the Bank's investments in subsidiaries over its equity in the net assets at the respective dates of acquisition is being amortized over a period of ten years. Other deficiencies or excesses are credited or charged to income when incurred.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Companies is eliminated.

b. Cash and Cash Equivalents - For the purpose of reporting cash flows, cash and cash equivalents represent cash and amounts due from the Bank of Japan.

c. Trading Account Securities - Trading account securities, which are held for the purpose of earning capital gains in the near term, are reported at fair value, and the related unrealized gains and losses are included in earnings. The cost of trading account securities sold is determined by the moving-average method.

d. Investment Securities and Money Held in Trust - All applicable securities are classified and accounted for, depending on management's intent, as follows:

(i) held-to-maturity debt securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity are reported at amortized cost, and (ii) available-for-sale securities, which are not classified as the aforementioned securities, are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity. The cost of available-for-sale securities sold is determined based on the moving-average method.

Non-marketable available-for-sale securities are reported at cost or amortized cost determined by the moving-average method.

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

Securities managed through money held in trust accounts are reported at fair value, and the related unrealized gains and losses are included in earnings.

e. Premises and Equipment - Premises and equipment are stated at cost less accumulated depreciation. Depreciation of premises and equipment owned by the Bank is computed by the declining-balance method at rates based on the estimated useful lives of the assets. The range of useful lives is principally from 5 to 31 years for buildings and from 5 to 20 years for equipment and furniture.

Depreciation of premises and equipment owned by consolidated subsidiaries is principally computed using the declining-balance method over the estimated useful lives of the assets and depreciation of leased property and equipment is provided on the straight-line method over the lease periods.

f. Software - Cost of computer software obtained for internal use is amortized using the straight-line method over the estimated useful lives of five years.

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

h. Land Revaluation - Under the "Law of Land Revaluation", promulgated on March 31, 1998 and revised on March 31, 1999 and 2001, the Bank elected a one-time revaluation of its own-use land to a value based on real estate appraisal information as of March 31, 1998.

The resulting land revaluation excess represents unrealized appreciation of land and is stated, net of income taxes, as a component of shareholders' equity. There is no effect on the statement of income. Continuous readjustment is not permitted unless the land value subsequently declines significantly such that the amount of the decline in value should be removed from the land revaluation excess account and related deferred tax liabilities.

As at March 31, 2008, the carrying amount of the land after the above one-time revaluation exceeded the market value by ¥12,831 million (\$128,314 thousand).

i. Foreign Currency Items - All assets and liabilities denominated in foreign currencies are translated into Japanese yen at the current exchange rates at each balance sheet date.

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

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

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

Reserve for possible loan losses is calculated based on the actual past loss ratio for normal and caution categories, and the fair value of the collateral for collateral-dependent loans and other factors of solvency including value of future cash flows for other self assessment categories. For loans such as possible bankruptcy, the reserve for possible loan losses is provided for in an amount deemed necessary to cover possible losses on loans considering the customer's solvency and other factors, after the estimated fair value of the collateral real estate or guaranteed amount has been deducted. For loans such as virtual bankruptcy or legal bankruptcy, the reserve for possible loan losses is provided based upon the loan amount, after the estimated fair value of the collateral real estate or guaranteed amount has been deducted.

In addition, for loans which were mainly classified into possible bankruptcy and restructured loans as defined in Note 5 below, if the exposure to an obligor exceeds a certain specific amount and if future cash flows of the principal and interest can be reasonably estimated, the discounted cash flow method is used to calculate the reserve for possible loan losses, under which method the reserve is determined as the difference between the book value of the loan and the present value of future cash flows discounted using the contractual interest rate before the loan was classified as one of the above loans.

The consolidated subsidiaries determine the amount of the reserve for possible loan losses by a comparable self-assessment system.

- k. **Retirement and Pension Plans** - The Bank has a contributory funded pension plan and an unfunded retirement benefit plan. Consolidated subsidiaries have unfunded retirement benefit plans. Under most circumstances, employees terminating their employment are entitled to certain severance payments based on their rate of pay at the time of termination, years of service, and certain other factors. The amount of liability for employees' retirement benefit is determined based on the projected benefit obligations and the pension assets at the balance sheet date. Prior service cost is amortized using the straight-line method over ten years. Net actuarial gain or loss is amortized using the straight-line method over ten years commencing from the next fiscal year of incurrence.

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

Prior to April 1, 2006, no provision was recorded for retirement benefits to be paid to the Bank's directors and corporate auditors. Effective April 1, 2006, however, the Bank changed its method of accounting for such retirement benefits to an accrual basis to reflect periodic income and expenses more appropriately and for financial soundness.

- l. **Presentation of Equity** - On December 9, 2005, the Accounting Standards Board of Japan ("the ASBJ") published a new accounting standard for presentation of equity. Under this accounting standard, certain items which were previously presented as liabilities or assets are now presented as components of equity. Such items include minority interests and deferred gain or loss on derivatives accounted for under hedge accounting. This standard was effective

for fiscal years ending on or after May 1, 2006. The balances of such items as of March 31, 2006 were reclassified as separate components of equity as of April 1, 2006 in the consolidated statement of changes in equity.

- m. **Leases** - Under Japanese accounting standards for leases, finance leases that deem to transfer ownership of the leased property to the lessee are to be capitalized, while other finance leases are permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the notes to the consolidated financial statements. All other leases are accounted for as operating leases.
- n. **Bonuses to directors and corporate auditors** - Bonuses to directors and corporate auditors are accrued at the year end to which such bonuses are attributable.
- o. **Reserve for repayment for prescribed deposits** - Reserve for repayment for prescribed deposits is provided for the deposits derecognized from the liabilities at the estimated amount of future claims for withdrawal.

Formerly, dormant accounts satisfying certain conditions were transferred to income as prescribed deposits, while repayments at depositors' claim were charged to income. In accordance with "Auditing Treatment relating to Reserve defined under the Special Tax Measurement Law, Reserves defined under the Special Law and Reserve for Directors and Corporate Auditor Retirement Benefits" (The Japanese Institute of Certified Public Accountants ("JICPA") Auditing and Assurance Practice Committee report No. #42, April 13, 2007) effective from the fiscal year 2007, The Bank has adopted the report from this fiscal year. As a result, income before income taxes and minority interests decreased by ¥505 million (\$5,055 thousand) compared with the corresponding amounts under the previously applied method.

- p. **Income Taxes** - The provision for income taxes is computed based on the pretax income included in the consolidated statements of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.
- q. **Derivatives and Method of Hedge accounting** - It is the Bank's policy to use derivative financial instruments ("derivatives") primarily for the purpose of reducing market risks associated with its assets and liabilities. The Bank also utilizes derivatives as a part of its trading activities. Consolidated subsidiaries do not utilize any derivatives.

The Bank enters into interest rate swaps and interest rate caps as a means of hedging its interest rate risk on certain loans and investment securities. The Bank also enters into foreign exchange forward contracts and currency swaps, futures and options to hedge exchange risk associated with its assets and liabilities denominated in foreign currencies. Furthermore, the Bank enters into futures and options as a part of its trading activities.

The Bank applies deferred hedge accounting, which is stipulated in the "Treatment of Accounting and Auditing of Application of Accounting Standard for Financial Instruments in the Banking Industry" (JICPA Industry Audit Committee Report No. #24), to the interest risk caused by its financial assets and liabilities.

In evaluating the effectiveness of a hedge, the hedged item, such as loans and deposits, and the hedge instruments, such as interest rate swaps are specified and evaluated regarding the hedging approach. Effectiveness of the hedging approach is evaluated by verifying the correlation of the interest fluctuation factor of the hedged item and the hedge instruments.

- r. **Per Share Information** - The computation of basic net income per share is based on the weighted average number of shares of common stock outstanding during the year. The average number of common

shares used in the computation was 142,752 thousand shares and 143,577 thousand shares for the years ended March 31, 2008 and 2007, respectively.

Diluted net income per share is not disclosed for the years ended March 31, 2008 and 2007 because there are no dilutive securities.

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

s. New Accounting Pronouncements

Lease Accounting - On March 30, 2007, the ASBJ issued ASBJ Statement No.13, "Accounting Standard for Lease Transactions," which revised the existing accounting standard for lease transactions issued on June 17, 1993. The revised accounting standard for lease transaction is effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted for fiscal years beginning on or after April 1, 2007.

Lessee - Under the existing accounting standard, finance leases that deem to transfer ownership of the leased property to the lessee are to be capitalized, however, other finance leases are permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the note to the lessee's financial statements. The revised accounting standard requires that all finance lease transactions shall be capitalized recognizing lease assets and lease obligations in the balance sheet.

Lessor - Under the existing accounting standard, finance leases that deem to transfer ownership of the leased property to the lessee are to be capitalized, however, other finance leases are permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the note to the lessor's financial statements. The revised accounting standard requires that all finance leases that deem to transfer ownership of the leased property to the lessee shall be recognized as lease receivables, and all finance leases that deem not to transfer ownership of the leased property to the lessee shall be recognized as investments in lease.

Asset Retirement Obligations - On March 31, 2008, the ASBJ published a new accounting standard for asset retirement obligations. Under this accounting standard, an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development and the normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset. The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an increase or a decrease in the carrying amount of the liability and the capitalized amount of the related asset retirement cost. This standard is effective for fiscal years beginning on or after April 1, 2010 with early adoption permitted for fiscal years beginning on or before March 31, 2010.

Investment securities at March 31, 2008 and 2007 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
National government bonds..	¥ 281,120	¥ 284,147	\$ 2,811,199
Local government bonds.....	133,811	116,700	1,338,106
Debentures.....	176,654	173,147	1,766,539
Equity securities.....	61,503	84,368	615,030
Other securities.....	115,124	110,845	1,151,246
Total.....	¥ 768,212	¥ 769,207	\$ 7,682,120

The carrying amounts and aggregate fair values of securities at March 31, 2008 and 2007 were as shown in the table below.

Securities below include trading account securities, investment securities and commercial paper within "Commercial paper and other debt purchased":

March 31, 2008	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Trading:				¥ 204
Available-for-sale:				
Equity securities.....	¥ 38,255	¥ 21,935	¥ 1,614	58,576
Debt securities.....	570,603	6,269	3,162	573,710
Other.....	114,079	1,871	3,403	112,547
Held-to-maturity:				
Debt securities.....	8,423	46	0	8,469

March 31, 2007	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Trading:				¥ 190
Available-for-sale:				
Equity securities.....	¥ 35,069	¥ 47,087	¥ 485	81,671
Debt securities.....	557,934	1,637	3,658	555,913
Other.....	105,745	3,135	677	108,203
Held-to-maturity:				
Debt securities.....	9,580	90	2	9,668

March 31, 2008	Thousands of U.S. Dollars			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Trading:				\$ 2,045
Available-for-sale:				
Equity securities.....	\$ 382,554	\$ 219,352	\$ 16,147	585,759
Debt securities.....	5,706,031	62,687	31,617	5,737,101
Other.....	1,140,795	18,712	34,033	1,125,474
Held-to-maturity:				
Debt securities.....	84,223	461	1	84,683

Available-for-sale securities and held-to-maturity securities whose fair value was not readily determinable as of March 31, 2008 and 2007 were as follows:

Available-for-sale:	Carrying amount		
	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Debt securities.....	¥ 9,452	¥ 8,501	\$ 94,520
Equity securities.....	2,927	2,697	29,271
Other.....	775	815	7,750

3 TRADING ACCOUNT SECURITIES AND INVESTMENT SECURITIES

Trading account securities at March 31, 2008 and 2007 consisted of national government bonds.

Proceeds from sales of available-for-sale securities for the years ended March 31, 2008 and 2007 were ¥33,680 million (\$336,805 thousand) and ¥53,871 million, respectively. Gross realized gains and losses on these sales, computed on the moving average cost basis, were ¥2,480 million (\$24,795 thousand) and ¥597 million (\$5,965 thousand), for the year ended March 31, 2008 and ¥387 million and ¥452 million, for the year ended March 31, 2007.

The carrying values of debt securities and other by contractual maturities for securities classified as available-for-sale and held-to-maturity at March 31, 2008 and 2007 were as follows:

	Millions of Yen		Thousands of U.S. Dollars	
	Debt Securities	Other	Debt Securities	Other
March 31, 2008				
Due in one year or less.....	¥ 77,501	¥ 7,596	\$ 775,009	\$ 75,958
Due after one year through five years...	350,056	72,373	3,500,558	723,731
Due after five years through ten years..	134,185	17,600	1,341,845	175,998
Due after ten years.....	29,843	3,846	298,432	38,463
Total.....	¥ 591,585	¥ 101,415	\$ 5,915,844	\$ 1,014,150

	Millions of Yen		Thousands of U.S. Dollars	
	Debt Securities	Other	Debt Securities	Other
March 31, 2007				
Due in one year or less.....	¥ 60,292	¥ 18,495		
Due after one year through five years.....	327,206	66,939		
Due after five years through ten years.....	127,991	8,588		
Due after ten years.....	58,505			
Total.....	¥ 573,994	¥ 94,022		

Net unrealized gain on available-for-sale securities for the years ended March 31, 2008 and 2007 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Valuation differences:			
Available-for-sale securities.....	¥ 21,895	¥ 47,038	\$ 218,954
Deferred tax liabilities.....	(8,088)	(18,169)	(80,884)
Minority interests.....	(11)	(49)	(110)
Net unrealized gain on available-for-sale securities.....	¥ 13,796	¥ 28,820	\$ 137,960

4 MONEY HELD IN TRUST

Net unrealized losses of ¥265 million (\$2,655 thousand) and ¥214 million on money held in trust classified as trading for the years ended March 31, 2008 and 2007, respectively, were recognized in the consolidated statements of income.

5 LOANS AND BILLS DISCOUNTED

Loans and bills discounted as of March 31, 2008 and 2007 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Bills discounted.....	¥ 20,960	¥ 29,034	\$ 209,602
Loans on notes.....	107,210	123,320	1,072,100
Loans on deeds.....	1,273,274	1,227,265	12,732,741
Overdrafts.....	216,483	225,062	2,164,823
Total.....	¥ 1,617,927	¥ 1,604,681	\$ 16,179,266

Bills discounted are accounted for as financial transactions in accordance with "Treatment of Accounting and Auditing of Application of Accounting Standard for Financial Instruments in the Banking Industry" (JICPA Industry Audit Committee Report No. #24). The Bank has rights

to sell or pledge these bills discounted. The total of the face value of bills discounted was ¥20,995 million (\$209,948 thousand) and ¥29,076 million at March 31, 2008 and 2007, respectively.

Loans and bills discounted as of March 31, 2008 and 2007 included the following loans:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Loans to customers in bankruptcy.....	¥ 5,560	¥ 2,708	\$ 55,595
Past due loans.....	37,896	48,073	378,965
Accruing loans contractually past due three months or more			
Restructured loans.....	12,203	5,652	122,027
Total.....	¥ 55,659	¥ 56,433	\$ 556,587

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

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

Nonaccrual loans are defined as loans (after the partial charge-off of claims deemed uncollectible) in which the Bank discontinues the accruing of interest income when substantial doubt is judged to exist as to the ultimate collectibility of either principal or interest if they are past due for a certain period or for other reasons.

Accruing loans contractually past due three months or more are loans in which the principal or interest is three months or more past due. The Companies do not have any such loans and bills discounted.

Restructured loans, designed to assist in the recovery of the financial health of debtors, are loans on which the Companies granted concessions (e.g., reduction of the stated interest rate, deferral of interest payment, extension of maturity date, reduction of the face amount). Loans classified as nonaccrual loans or accruing loans contractually past due three months or more are excluded.

6 FOREIGN EXCHANGES

Foreign exchange assets at March 31, 2008 and 2007 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Due from foreign banks.....	¥ 1,892	¥ 1,449	\$ 18,921
Foreign exchange bills bought...	35	42	346
Foreign exchange bills receivable.....	139	144	1,389
Total.....	¥ 2,066	¥ 1,635	\$ 20,656

7 OTHER ASSETS

Other assets at March 31, 2008 and 2007 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Accrued income.....	¥ 5,629	¥ 5,715	\$ 56,292
Prepaid expenses.....	31	34	305
Derivatives.....	5,514	429	55,138
Other.....	17,695	16,105	176,955
Total.....	¥ 28,869	¥ 22,283	\$ 288,690

8 PREMISES AND EQUIPMENT

Premises and equipment as of March 31, 2008 and 2007 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Buildings.....	¥ 7,705	¥ 8,243	\$ 77,055
Land.....	28,517	28,213	285,168
Construction in progress.....	188	91	1,880
Other.....	20,548	21,431	205,479
Total.....	¥ 56,958	¥ 57,978	\$ 569,582

Accumulated depreciation at March 31, 2008 and 2007 amounted to ¥66,913 million (\$669,127 thousand) and ¥64,942 million, respectively.

As of March 31, 2008 and 2007, deferred gains for tax purposes of ¥2,054 million (\$20,537 thousand) and ¥2,077 million, respectively, on premises and equipment sold and replaced with similar assets have been deducted from the cost of newly acquired premises and equipment.

9 INTANGIBLE ASSETS

Intangible assets as of March 31, 2008 and 2007 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Software.....	¥ 5,494	¥ 6,023	\$ 54,941
Other.....	125	129	1,248
Total.....	¥ 5,619	¥ 6,152	\$ 56,189

10 CUSTOMERS' LIABILITIES FOR ACCEPTANCES AND GUARANTEES

All contingent liabilities arising from acceptances and guarantees are reflected in "Acceptances and guarantees". As a contra account, "Customers' liabilities for acceptances and guarantees" are shown on the asset side representing the Bank's right of indemnity from the applicants.

11 ASSETS PLEDGED

Assets as collateral and their relevant liabilities at March 31, 2008 and 2007 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Assets pledged as collateral:			
Investment securities.....	¥ 68,042	¥ 62,880	\$ 680,418
Rights under finance leases....	9,377	7,376	93,775
Relevant liabilities to above assets:			
Call money	30,000		300,000
Deposits.....	26,572	27,661	265,725
Payables under securities lending transaction.....		26,315	
Borrowed money.....	7,769	5,636	77,693

In addition, investment securities and others totaling ¥66,911 million (\$669,110 thousand) and ¥67,409 million were pledged as collateral for exchange settlement transactions or as substitute securities for future transaction initial margin and others at March 31, 2008 and 2007, respectively.

Security deposits amounting to ¥366 million (\$3,665 thousand) and ¥383 million were included in other assets at March 31, 2008 and 2007, respectively.

12 LOAN COMMITMENTS

Contracts of overdraft facilities and loan commitment limits are

contracts where the Companies lend to customers up to the prescribed limits in response to customers' applications for loans as long as there is no violation of any conditions in the contracts. The unused amounts within the limits totaled ¥553,639 million (\$5,536,388 thousand) at March 31, 2008 and ¥575,454 million at March 31, 2007 for these contracts. Of the above, the amounts for which the original agreement period was within a year or agreements which the Bank and certain consolidated subsidiaries could cancel at any time without penalty totaled ¥546,444 million (\$5,464,438 thousand) at March 31, 2008 and ¥572,705 million at March 31, 2007.

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

13 DEPOSITS

Deposits at March 31, 2008 and 2007 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Current deposits.....	¥ 78,225	¥ 90,574	\$ 782,245
Ordinary deposits.....	1,146,048	1,157,667	11,460,479
Savings at notice.....	42,330	45,888	423,305
Deposits at notice.....	4,480	13,013	44,797
Time deposits.....	907,633	883,057	9,076,327
Installment savings.....	10,786	11,695	107,863
Negotiable certificates of deposit..	83,374	71,852	833,742
Other deposits.....	54,191	55,303	541,911
Total.....	¥ 2,327,067	¥ 2,329,049	\$ 23,270,669

14 OTHER LIABILITIES

Other liabilities as of March 31, 2008 and 2007 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Domestic exchange unsettled.....	¥ 28	¥ 23	\$ 279
Income taxes payable.....	470	2,375	4,703
Accrued expenses.....	4,150	3,428	41,503
Unearned income.....	3,582	3,383	35,817
Derivatives.....	765	2,212	7,653
Other.....	12,443	12,194	124,422
Total.....	¥ 21,438	¥ 23,615	\$ 214,377

15 LIABILITY FOR RETIREMENT BENEFITS

The Bank and consolidated subsidiaries have severance payment plans for employees, directors and corporate auditors.

Under most circumstances, employees whose service with the Companies is terminated are entitled to retirement and pension benefits determined by reference to base rates of pay at the time of termination, length of service and conditions under which the termination occurs. If the termination is involuntary, caused by retirement at the mandatory retirement age or caused by death, the employee is entitled to greater payment than in the case of voluntary termination.

The contributory funded defined benefit pension plan, established under the Japanese Welfare Pension Insurance Law, covers a substitutional portion of the governmental pension program managed by the Bank on behalf of the government and a corporate portion established at the discretion of the Bank. In accordance with the Defined Benefit Pension Plan Law enacted in April 2002, the Bank applied for an exemption from obligation to pay benefits for future employee services related to the substitutional portion which would result in the transfer of the pension obligations and related assets to the government upon approval.

The liability for the employees' retirement benefits at March 31, 2008 and 2007 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Projected benefit obligation...	¥ 26,965	¥ 27,032	\$ 269,648
Fair value of plan assets.....	(21,662)	(25,499)	(216,620)
Unrecognized net actuarial (loss) gain	(2,582)	2,273	(25,819)
Unrecognized prior service cost	1,552	1,795	15,521
Net liability.....	4,273	5,601	42,730
Prepaid pension expense.....	5,810	4,536	58,105
Liability for employees' retirement benefits.....	¥ 10,083	¥ 10,137	\$ 100,835

The components of net periodic retirement benefit costs for the years ended March 31, 2008 and 2007 were follows:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Service cost.....	¥ 947	¥ 993	\$ 9,470
Interest cost.....	538	548	5,381
Expected return on plan assets	(341)	(305)	(3,410)
Amortization of prior service cost	(243)	(243)	(2,426)
Recognized actuarial loss.....	254	545	2,536
Net periodic retirement benefit costs.....	¥ 1,155	¥ 1,538	\$ 11,551

Assumptions used for the years ended March 31, 2008 and 2007 are set forth as follows:

	2008	2007
Discount rate	2.0%	2.0%
Expected rate of return on plan assets (Employees' retirement benefit trust)	3.0%	3.0%
Amortization period of prior service cost	10years	10years
Recognition period of actuarial gain / loss	10years	10years

The liability for retirement benefits at March 31, 2008 and 2007 for directors and corporate auditors is ¥473 million (\$4,727 thousand) and ¥583 million, respectively. The retirement benefits for directors and corporate auditors are paid subject to the approval of the shareholders.

16 EQUITY

Since May 1, 2006, Japanese companies have been subject to the Corporate Law of Japan (the "Corporate Law"), which reformed and replaced the Commercial Code of Japan. The significant provisions in the Corporate Law that affect financial and accounting matters are summarized below:

(a) Dividends

Under the Corporate Law, companies can pay dividends at any time

during the fiscal year in addition to the year-end dividend upon resolution at the shareholders meeting. For companies that meet certain criteria such as; (1) having the Board of Directors, (2) having independent auditors, (3) having the Board of Corporate Auditors, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends in kind) at anytime during the fiscal year if the company has prescribed so in its articles of incorporation. However, the Bank cannot do so because it does not meet all the above criteria. The Corporate Law permits companies to distribute dividends-in-kind (non-cash assets) to shareholders subject to a certain limitation and additional requirements. Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Corporate Law and the Banking Law provides certain limitations on the amounts available for dividends or the purchase of treasury stock.

(b) Increases/decreases and transfer of common stock, reserve and surplus

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

The Corporate Law also provides that stated capital, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

(c) Treasury stock and treasury stock acquisition rights

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

17 OTHER OPERATING INCOME

Other operating income for the years ended March 31, 2008 and 2007 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Gain on sales and redemption of bonds and other securities	¥ 113	¥ 280	\$ 1,132
Lease receipts.....	7,604	7,711	76,038
Other.....	2,010	2,040	20,104
Total.....	¥ 9,727	¥ 10,031	\$ 97,274

18 OTHER INCOME

Other income for the years ended March 31, 2008 and 2007 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Gain on sales of stock and other securities.....	¥ 2,396	¥ 132	\$ 23,955
Gain on money held in trust	295	153	2,954
Other.....	886	947	8,861
Total.....	¥ 3,577	¥ 1,232	\$ 35,770

19 OTHER OPERATING EXPENSES

Other operating expenses for the years ended March 31, 2008 and 2007 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Loss on foreign exchange transactions.....	¥ 1,051	¥ 1,760	\$ 10,512
Loss on sales and redemption of bonds and other securities	449	452	4,490
Lease costs.....	7,026	7,251	70,262
Other.....	1,304	1,268	13,034
Total.....	¥ 9,830	¥ 10,731	\$ 98,298

20 OTHER EXPENSES

Other expenses for the years ended March 31, 2008 and 2007 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Loss on sales of stocks and other securities.....	¥ 148		\$ 1,475
Loss on devaluation of stocks and other securities.....	113	¥ 268	1,131
Loss on write-down of loans.....	77	123	771
Loss on money held in trust.....	488	296	4,883
Loss on disposal of fixed assets...	127	263	1,274
Impairment losses.....	37	23	374
Provision for repayment for prescribed deposits.....	505		5,055
Cumulative effect of accounting change for retirement benefits to directors and corporate auditors..		471	
Other.....	407	217	4,060
Total.....	¥ 1,902	¥ 1,661	\$ 19,023

21 INCOME TAXES

The Companies are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 40.4% for the years ended March 31, 2008 and 2007.

The tax effects of significant temporary differences which resulted in deferred tax assets and liabilities at March 31, 2008 and 2007 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Deferred tax assets:			
Reserve for possible loan losses	¥ 10,671	¥ 12,581	\$ 106,707
Liability for employees' retirement benefits.....	4,643	5,179	46,426
Premises and equipment.....	2,306	2,292	23,060
Other.....	3,221	3,083	32,215
Less valuation allowance.....	(1,284)	(1,332)	(12,837)
Total.....	19,557	21,803	195,571

Deferred tax liabilities:

Unrealized gain on available -for-sale securities.....	8,088	18,169	80,884
Employees' retirement benefit trust.....	2,124	2,123	21,235
Other.....	66	65	657
Total	10,278	20,357	102,776
Net deferred tax assets.....	¥ 9,279	¥ 1,446	\$ 92,795

A reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statements of income for the years ended March 31, 2008 and 2007 is as follows:

	2008	2007
Normal effective statutory tax rate.....	40.4%	40.4%
Expenses not deductible for income tax purposes	1.1	0.8
Income not taxable for income tax purposes.....	(2.3)	(1.3)
Valuation allowance.....		1.9
Other-net.....	(1.0)	1.2
Actual effective tax rate.....	38.2%	43.0%

22 RELATED PARTY TRANSACTIONS

The Bank disbursed legal advisory fees to one of its external corporate auditors, the amounts of which were ¥2 million (\$24 thousand) for the years ended March 31, 2008 and 2007.

23 CASH AND CASH EQUIVALENTS

The reconciliation of cash and due from banks in the consolidated balance sheets to cash and cash equivalents, end of year was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Cash and due from banks.....	¥ 39,532	¥ 48,754	\$ 395,319
Less deposits in other banks except for the Bank of Japan....	(2,079)	(1,405)	(20,785)
Cash and cash equivalents, end of year.....	¥ 37,453	¥ 47,349	\$ 374,534

24 LEASES

Lessee

The Bank and consolidated subsidiaries lease certain software and other assets.

Total lease payments under finance leases for the years ended March 31, 2008 and 2007 were ¥14 million (\$137 thousand) and ¥2 million, respectively.

Pro forma information of leased property such as acquisition cost, accumulated depreciation, obligations under finance leases, depreciation expense, interest expense of finance leases that do not transfer ownership of the leased property to the lessee on an "as if capitalized" basis for the years ended March 31, 2008 and 2007 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Acquisition cost.....	¥ 76	¥ 16	\$ 767
Accumulated depreciation.....	19	7	194
Net leased property.....	¥ 57	¥ 9	\$ 573

Obligations under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Due within one year.....	¥ 14	¥ 2	\$ 138
Due after one year.....	44	7	443
Total.....	¥ 58	¥ 9	\$ 581

Depreciation expense and interest expense under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Depreciation expense.....	¥ 13	¥ 2	\$ 128
Interest expense.....	2	0	15

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

Lessor

The subsidiary leases certain equipment and other assets.

Total lease receipts under finance leases for the years ended March 31, 2008 and 2007 were ¥7,687 million (\$76,873 thousand) and ¥7,921 million, respectively.

Acquisition cost, accumulated depreciation, rights under finance leases and depreciation expense of finance leases that do not transfer ownership of the leased property to the lessee for the years ended March 31, 2008 and 2007 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Acquisition cost.....	¥ 51,764	¥ 52,527	\$ 517,635
Accumulated depreciation....	34,233	34,010	342,327
Net leased property.....	¥ 17,531	¥ 18,517	\$ 175,308

Rights under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Due within one year.....	¥ 6,716	¥ 6,993	\$ 67,155
Due after one year.....	14,098	14,987	140,983
Total.....	¥ 20,814	¥ 21,980	\$ 208,138

Depreciation expense under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Depreciation expense.....	¥6,357	¥6,530	\$63,570

The amounts of rights under finance leases include the imputed interest income portion.

25 DERIVATIVES

It is the Bank's policy to use derivative financial instruments ("derivatives") primarily for the purpose of reducing market risks associated with its assets and liabilities. The Bank also utilizes derivatives as a part of its trading activities.

The Bank enters into interest rate swaps and interest rate caps as a means of hedging its interest rate risk on certain loans and investment securities. The Bank also enters into foreign exchange forward contracts, currency swaps, futures and options to hedge exchange risk associated with its assets and liabilities denominated in foreign currencies. Furthermore, the Bank enters into interest rate futures, bond futures and bond options as a part of its trading activities.

Derivatives are subject to market risk and credit risk. Market risk is the exposure created by potential fluctuations of market conditions, including interest and foreign exchange rates. Credit risk is the possibility that a loss may result from a counterparty's failure to perform under a contract. Because the counterparties to those derivatives are limited to major financial institutions and securities companies, the Bank does not anticipate material losses arising from credit risk.

Concerning risk management associated with derivative transactions, the front and back offices of the trading divisions (International and Securities Division) are clearly separated, while the Asset and Liabilities Management Office synthetically manages the Bank's market risks. In this manner, an internal monitoring system is effectively secured. Derivative transactions entered into by the Bank have been made in accordance with internal policies which regulate the trading activities, and credit risk management has formal risk limits and credit lines. The Bank's positions, gains-and-losses and other conditions are periodically reported to management.

The Bank has the following derivatives contracts, which are not quoted on listed exchanges, outstanding at March 31, 2008 and 2007.

For the year ended March 31, 2008	Millions of Yen		Thousands of U.S. Dollars	
	Contract or Notional Amount	Fair Value	Contract or Notional Amount	Fair Value
Currency swaps.....	¥ 24,046	¥ 4,083	\$ 240,456	\$ 40,833
Foreign exchange forward contracts:				
Selling.....	30,762	1,193	307,621	11,933
Buying.....	1,008	(44)	10,076	(445)

For the year ended March 31, 2007	Millions of Yen	
	Contract or Notional Amount	Fair Value
Currency swaps.....	¥ 31,874	¥ (1,004)
Foreign exchange forward contracts:		
Selling.....	38,190	(179)
Buying.....	1,413	(16)

Valuation gains (losses) for the years ended March 31, 2008 and 2007 were recognized in the consolidated statements of income.

Derivatives which qualify for hedge accounting for the years ended March 31, 2008 and 2007 were not included in the above table.

26 SEGMENT INFORMATION

(1) Business Segment Information

Information about operations in different business segments for the years ended March 31, 2008 and 2007 is as follows:

For the Year Ended March 31, 2008						
Millions of Yen						
	Banking	Lease	Other	Total	Elimination/ Corporate	Consolidated
(a) Ordinary income:						
Ordinary income from						
outside customers.....	¥ 57,488	¥ 9,129	¥ 2,137	¥ 68,754		¥ 68,754
Inter segment ordinary						
income.....	303	912	672	1,887	¥ (1,887)	
Total.....	57,791	10,041	2,809	70,641	(1,887)	68,754
Ordinary expenses.....	47,900	9,768	3,466	61,134	(1,969)	59,165
Ordinary income (loss).....	¥ 9,891	¥ 273	¥ (657)	¥ 9,507	¥ 82	¥ 9,589
(b) Assets, depreciation, impairment losses and capital expenditures:						
Assets.....	¥ 2,590,880	¥ 24,577	¥ 13,336	¥ 2,628,793	¥ (14,213)	¥ 2,614,580
Depreciation.....	3,100	7,078	23	10,201		10,201
Impairment losses.....	37			37		37
Capital expenditures.....	2,704	6,469	33	9,206		9,206

Thousands of U.S. Dollars						
	Banking	Lease	Other	Total	Elimination/ Corporate	Consolidated
(a) Ordinary income:						
Ordinary income from						
outside customers.....	\$ 574,883	\$ 91,287	\$ 21,368	\$ 687,538		\$ 687,538
Inter segment ordinary						
income.....	3,025	9,125	6,717	18,867	\$(18,867)	
Total.....	577,908	100,412	28,085	706,405	(18,867)	687,538
Ordinary expenses.....	478,999	97,684	34,659	611,342	(19,690)	591,652
Ordinary income (loss).....	\$ 98,909	\$ 2,728	\$(6,574)	\$ 95,063	\$ 823	\$ 95,886
(b) Assets, depreciation, impairment losses and capital expenditures:						
Assets.....	\$ 25,908,804	\$ 245,766	\$ 133,356	\$ 26,287,926	\$(142,124)	\$ 26,145,802
Depreciation.....	31,004	70,777	225	102,006		102,006
Impairment losses.....	374			374		374
Capital expenditures.....	27,044	64,689	332	92,065		92,065

For the Year Ended March 31, 2007						
Millions of Yen						
	Banking	Lease	Other	Total	Elimination/ Corporate	Consolidated
(a) Ordinary income:						
Ordinary income from						
outside customers.....	¥ 53,677	¥ 9,266	¥ 2,295	¥ 65,238		¥ 65,238
Inter segment ordinary						
income.....	286	928	603	1,817	¥ (1,817)	
Total.....	53,963	10,194	2,898	67,055	(1,817)	65,238
Ordinary expenses.....	40,692	9,787	2,345	52,824	(2,009)	50,815
Ordinary income.....	¥ 13,271	¥ 407	¥ 553	¥ 14,231	¥ 192	¥ 14,423
(b) Assets, depreciation, impairment losses and capital expenditures:						
Assets.....	¥ 2,607,185	¥ 25,448	¥ 12,780	¥ 2,645,413	¥ (16,201)	¥ 2,629,212
Depreciation.....	2,870	7,167	31	10,068		10,068
Impairment losses.....	23			23		23
Capital expenditures.....	3,642	8,016	12	11,670		11,670

Note: 1. Other includes business segments of the credit card business and others.

- Ordinary income represents total income less certain special income included in other income in the accompanying consolidated statements of income.
- Ordinary expenses represent total expenses less certain special expenses included in other expenses in the accompanying consolidated statements of income.

(2) Geographic Segment Information

As the Bank has neither branch offices nor subsidiaries in foreign countries, geographic segment information has not been provided.

(3) Operating Income from International Operations

As the operating income from international operations is not significant compared to the consolidated operating income, information about the operating income from international operations has not been provided.

27 SUBSEQUENT EVENT

At the Bank's general shareholders meeting held on June 26, 2008, the Bank's shareholders approved the following.

Appropriations of Retained Earnings

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥3.00 (\$0.03) per share.....	¥ 428	\$ 4,282



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**To the Board of Directors of
THE OITA BANK, LTD:**

We have audited the accompanying consolidated balance sheets of THE OITA BANK, LTD. and consolidated subsidiaries as of March 31, 2008 and 2007, and the related consolidated statements of income, changes in equity, and cash flows for the years then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to 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 consolidated financial position of THE OITA BANK, LTD. and consolidated subsidiaries as of March 31, 2008 and 2007, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

Our audits also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 1. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

A handwritten signature in black ink that reads "Deloitte Touche Tohmatsu". The signature is written in a cursive, flowing style.

June 26, 2008

Summary of Non-Consolidated Balance Sheets

THE OITA BANK, LTD.
March 31, 2008 and 2007

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
ASSETS:			
Cash and due from banks.....	¥ 38,516	¥ 48,442	\$ 385,159
Call loans.....	67,799	98,088	677,991
Commercial paper and other debt purchased.....	6,145	5,814	61,448
Trading account securities.....	204	190	2,045
Money held in trust.....	8,646	10,611	86,459
Investment securities.....	764,748	765,890	7,647,476
Loans and bills discounted.....	1,625,572	1,613,110	16,255,724
Foreign exchange assets.....	2,066	1,635	20,656
Other assets.....	21,261	16,381	212,608
Premises and equipment.....	38,492	38,825	384,920
Intangible assets.....	3,883	4,153	38,832
Deferred tax assets.....	7,450	238	74,499
Customers' liabilities for acceptances and guarantees.....	31,384	34,461	313,844
Reserve for possible loan losses.....	(24,616)	(29,977)	(246,159)
TOTAL.....	¥ 2,591,550	¥ 2,607,861	\$ 25,915,502
LIABILITIES AND EQUITY			
LIABILITIES:			
Deposits.....	¥2,331,043	¥ 2,333,998	\$ 23,310,432
Payables under securities lending transaction.....		26,315	
Call money.....	51,040	25,971	510,399
Borrowed money.....	6,080	3,226	60,795
Foreign exchange liabilities.....	41	24	413
Other liabilities.....	12,823	14,892	128,218
Liability for retirement benefits.....	10,383	10,562	103,833
Reserve for repayment for prescribed deposits.....	505		5,055
Deferred tax liabilities for land revaluation excess.....	8,295	8,332	82,951
Acceptances and guarantees.....	31,384	34,461	313,844
Total liabilities.....	2,451,594	2,457,781	24,515,940
EQUITY:			
Common stock.....	15,000	15,000	150,000
Capital surplus.....	5,984	5,986	59,838
Retained Earnings:			
Legal reserve.....	10,431	10,431	104,311
Unappropriated.....	86,204	81,370	862,036
Total retained earnings.....	96,635	91,801	966,347
Unrealized gain on available-for-sale securities.....	13,791	28,800	137,914
Deferred loss on derivatives under hedge accounting.....	(332)	(465)	(3,321)
Land revaluation excess.....	10,333	10,378	103,329
Treasury stock-at cost.....	(1,455)	(1,420)	(14,545)
Total equity.....	139,956	150,080	1,399,562
TOTAL.....	¥2,591,550	¥ 2,607,861	\$ 25,915,502

Note: 1: Figures stated in U.S. dollars are translated from Japanese yen, solely for convenience, at the rate of ¥100=U.S. \$1, the approximate exchange rate prevailing at March 31, 2008.

2: Certain reclassifications have been made in the 2007 summary of non-consolidated balance sheet to conform to the classifications in 2008.

Summary of Non-Consolidated Statements of Income

THE OITA BANK, LTD.
Years Ended March 31, 2008 and 2007

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
INCOME:			
Interest on:			
Loans and discounts.....	¥ 33,515	¥ 31,021	\$ 335,149
Securities.....	12,130	12,255	121,303
Other.....	58	50	582
Total interest income.....	45,703	43,326	457,034
Fees and commissions.....	8,195	8,989	81,949
Other operating income.....	188	281	1,877
Other income.....	3,598	1,252	35,978
Total income.....	57,684	53,848	576,838
EXPENSES:			
Interest on:			
Deposits.....	5,614	2,358	56,137
Borrowings and rediscounts.....	1,177	1,423	11,769
Other.....	1,759	2,146	17,589
Total interest expenses.....	8,550	5,927	85,495
Fees and commissions.....	1,959	1,704	19,593
Other operating expenses.....	1,500	2,235	15,003
General and administrative expenses.....	29,060	29,019	290,603
Provision for possible loan losses.....	5,606	1,039	56,061
Other expenses.....	1,750	1,486	17,492
Total expenses.....	48,425	41,410	484,247
INCOME BEFORE INCOME TAXES.....	9,259	12,438	92,591
INCOME TAXES:			
Current.....	910	4,093	9,099
Deferred.....	2,704	1,219	27,039
Total income taxes.....	3,614	5,312	36,138
NET INCOME.....	¥ 5,645	¥ 7,126	\$ 56,453
PER SHARE OF COMMON STOCK:			
	Yen	U.S. Dollars	
Basic net income.....	¥ 39.55	¥ 49.51	\$ 0.395
Cash dividends applicable to the year.....	6.00	6.00	0.060

Note: Figures stated in U.S. dollars are translated from Japanese yen, solely for convenience, at the rate of ¥100=U.S. \$1, the approximate exchange rate prevailing at March 31, 2008.

Summary of Non-Consolidated Statements of Changes in Equity

THE OITA BANK, LTD.
Years Ended March 31, 2008 and 2007

	Thousands	Millions of Yen								
	Outstanding Number of Shares of Common Stock	Common Stock	Capital Surplus	Retained Earnings		Unrealized Gain on Available- for-sale Securities	Deferred Loss on Derivatives under Hedge Accounting	Land Revaluation Excess	Treasury Stock	Total Equity
				Legal Reserve	Unappropriated					
BALANCE, APRIL 1, 2006	¥ 144,162	¥ 15,000	¥ 5,985	¥ 10,431	¥ 75,221	¥ 25,129		¥ 10,387	¥ (198)	¥ 141,955
Net income					7,126					7,126
Cash dividends, ¥6.50 per share					(936)					(936)
Bonuses to directors and corporate auditors					(50)					(50)
Purchase of treasury stock	(1,387)								(1,224)	(1,224)
Disposal of treasury stock	4		1						2	3
Transfer from land revaluation excess					9			(9)		
Net change in the year						3,671	(465)			3,206
BALANCE, MARCH 31, 2007	142,779	15,000	5,986	10,431	81,370	28,800	(465)	10,378	(1,420)	150,080
Net income					5,645					5,645
Cash dividends, ¥6.00 per share					(856)					(856)
Purchase of treasury stock	(66)								(48)	(48)
Disposal of treasury stock	16		(2)						13	11
Transfer from land revaluation excess					45			(45)		
Transfer to capital surplus			0		(0)					
Net change in the year						(15,009)	133			(14,876)
BALANCE, MARCH 31, 2008	¥ 142,729	¥ 15,000	¥ 5,984	¥ 10,431	¥ 86,204	¥ 13,791	¥ (332)	¥ 10,333	¥ (1,455)	¥ 139,956
		Thousands of U.S. Dollars								
BALANCE, MARCH 31, 2007		\$ 150,000	\$ 59,859	\$ 104,311	\$ 813,703	\$ 288,001	\$(4,655)	\$ 103,777	\$(14,198)	\$ 1,500,798
Net income					56,453					56,453
Cash dividends, \$0.06 per share					(8,566)					(8,566)
Purchase of treasury stock									(482)	(482)
Disposal of treasury stock			(23)						135	112
Transfer from land revaluation excess					448			(448)		
Transfer to capital surplus			2		(2)					
Net change in the year						(150,087)	1,334			(148,753)
BALANCE, MARCH 31, 2008		\$ 150,000	\$ 59,838	\$ 104,311	\$ 862,036	\$ 137,914	\$(3,321)	\$ 103,329	\$(14,545)	\$ 1,399,562

Note: Figures stated in U.S. dollars are translated from Japanese yen, solely for convenience, at the rate of ¥100=U.S. \$1, the approximate exchange rate prevailing at March 31, 2008.

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Osaka Branch

8-7, Hiranomachi 1-chome,

Chuo-ku, Osaka 541-0046

Telephone: (06) 6231-6067

Saiki Branch

2-7, Jyokanishimachi,

Saiki, Oita 876-0847

Telephone: (0972) 22-3311

Tokyo Branch

3-4, Nihonbashi 2-chome,

Chuo-ku, Tokyo 103-0027

Telephone: (03) 3273-0081

Fukuoka Branch

6-20, Nakasu 5-chome,

Hakata-ku, Fukuoka 810-0801

Telephone: (092) 281-4381

Kokura Branch

1-21, Komemachi 1-chome,

Kokurakita-ku, Kita-Kyusyu 802-0003

Telephone: (093) 521-8336

Beppu Branch

18-21, Noguchinakamachi,

Beppu, Oita 874-0932

Telephone: (0977) 21-2121

Nakatsu Branch

2-10, Toyodamachi,

Nakatsu, Oita 871-0058

Telephone: (0979) 24-2211

Tsurusaki Branch

1-12, Minami-Tsurusaki 3-chome,

Oita 870-0104

Telephone: (097) 527-2121

Hita Branch

1-2, Sanbonmatsu 1-chome,

Hita, Oita 877-0016

Telephone: (0973) 23-2101

NUMBER OF MONEY

EXCHANGE OFFICES

37

NUMBER OF OFFICES BY DISTRICT

Oita Prefecture.....	92
Miyazaki Prefecture.....	2
Kumamoto Prefecture.....	1
Fukuoka Prefecture.....	6
Osaka.....	1
Tokyo.....	1
Total.....	103

(As of June 30, 2008)

BOARD OF DIRECTORS AND AUDITORS

Chairman

Yasuchika Takahashi

President

Yoshito Ogura

Senior Managing Director

Kimihide Eto

Shoji Himeno

Managing Directors

Shigenari Koganemaru

Tetsunori Goto

Youichi Miura

Directors

Ikuo Nonoshita

Issei Takahara

Takayuki Suzuki

Standing Auditors

Masatoshi Hino

Mitsumasa Nakamura

Auditors

Hiroshi Kawano

Taichirou Nishi

Kunio Toyama

(As of July 31, 2008)

