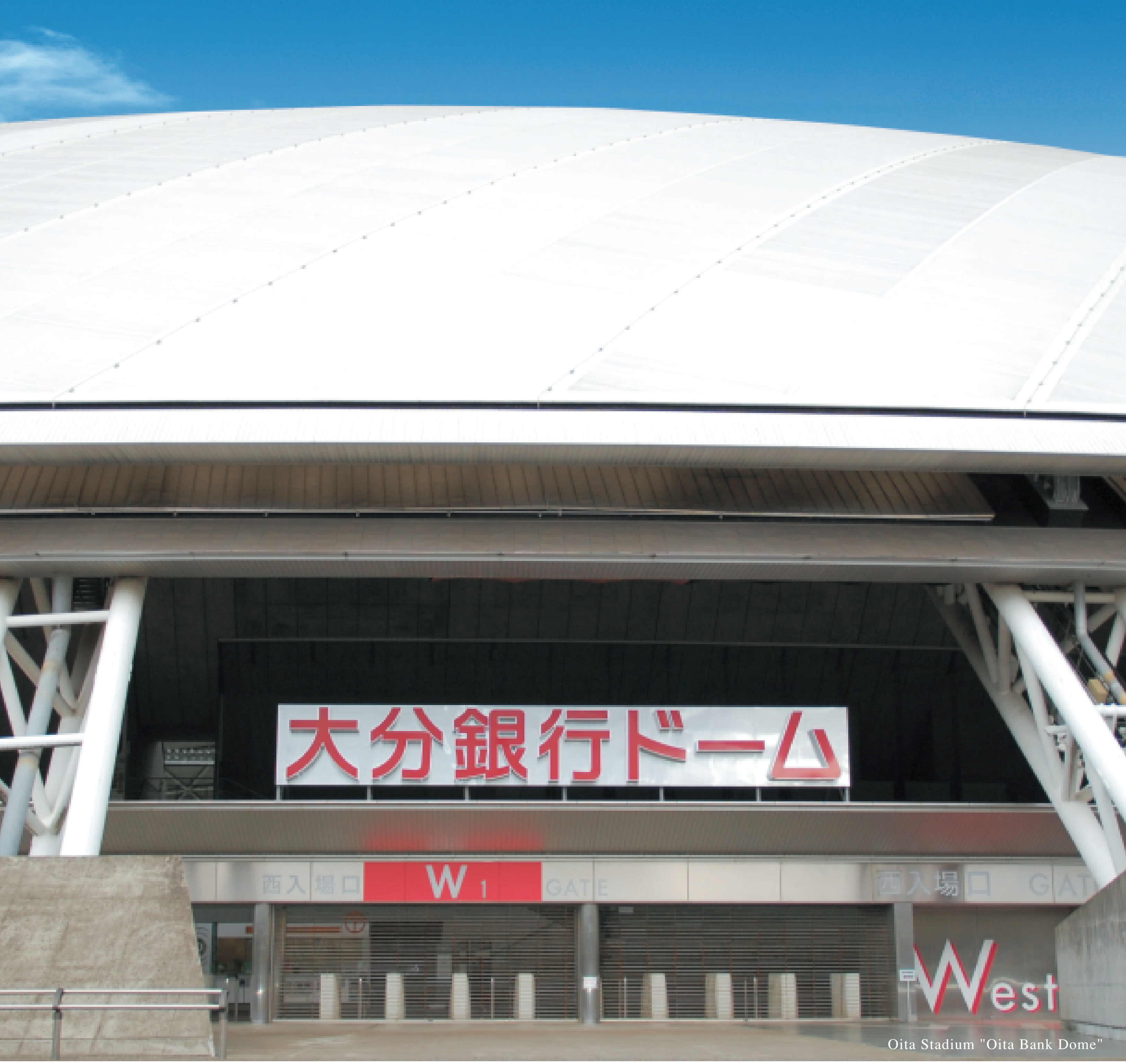

Oita Stadium "Oita Bank Dome"

ANNUAL REPORT 2010

THE OITA BANK,LTD.

OITA BANK PROFILE

The Oita Bank, Ltd., was founded 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 individual and corporate clients, contributing significantly to the economic growth and prosperity of Oita Prefecture and the greater Kyushu region.

Oita Prefecture attracts a steady stream of capital investment from some of the world's most prominent enterprises in the high-tech and automotive industries, which have a major impact on the local economy. At the same time, the prefecture continues to create and infrastructure to support its emergence as a hub of international business.

As the leading bank native to Oita Prefecture, Oita Bank strives to enhance its management structure and extend its menu of financial services. In these ways, we seek to contribute to the region's prosperity.

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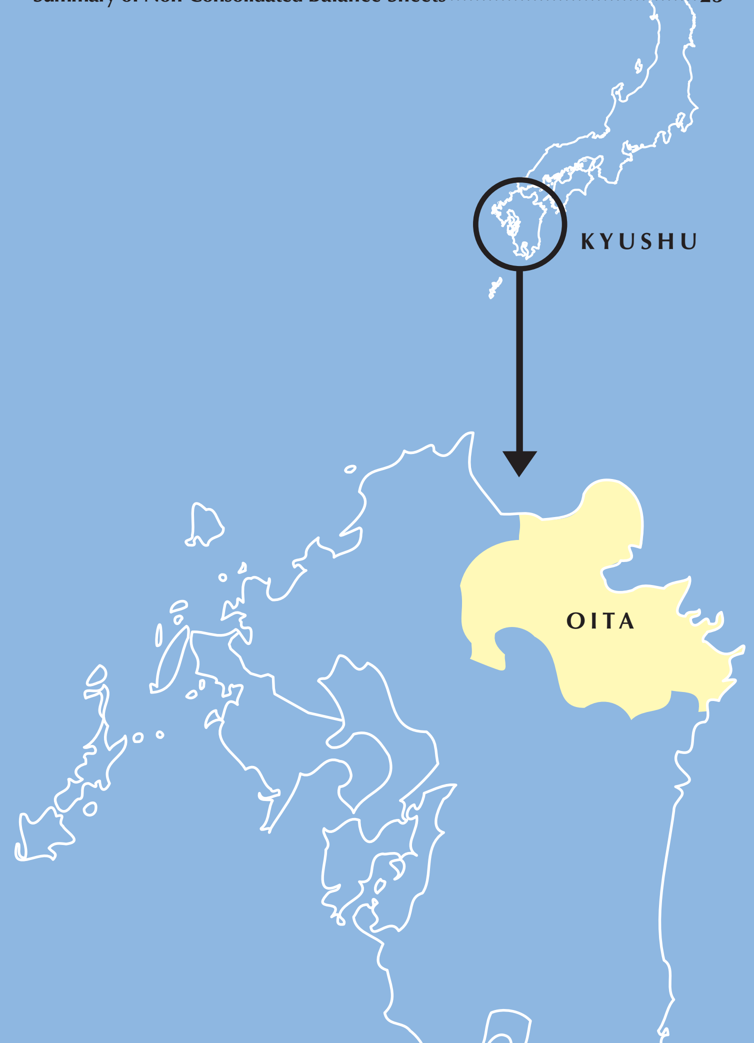
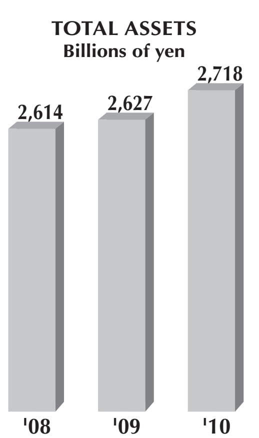
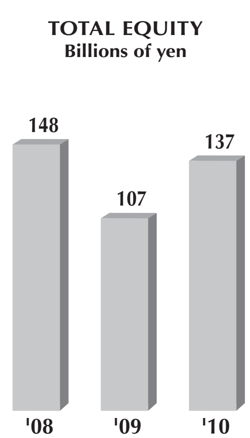


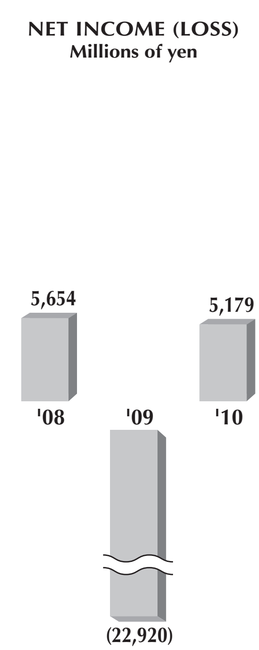
CONSOLIDATED FINANCIAL HIGHLIGHTS

THE OITA BANK, LTD. and Subsidiaries
Years Ended March 31, 2010, 2009 and 2008

	Millions of Yen		
	2010	2009	2008
Deposits	**¥2,464,152**	¥2,369,177	¥2,327,067
Loans and bills discounted	**1,660,342**	1,659,842	1,617,927
Investment securities	**826,150**	752,120	768,212
Common stock	**19,598**	15,000	15,000
Total equity	**137,792**	107,659	148,564
Total assets	**2,718,925**	2,627,947	2,614,580
Net income(loss)	**5,179**	(22,920)	5,654
Number of branches	**103**	103	103
Number of employees	**1,623**	1,562	1,501







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

Introduction

We heartily thank you for the warm encouragement you have given Oita Bank since its establishment in 1893. This support has allowed the Bank to establish a solid foundation as a regional financial institution.

We are pleased to announce that on April 1, 2010, Yoshito Ogura assumed the office of chairman and Shoji Himeno became president of the Bank.

We have created this publication, Annual Report 2010, to outline our management policies and foster an understanding of our recent operating performance and the status of our activities.

In FY2009, ended March 31, 2010, the worldwide recession bottomed out in the spring, and exports and consumer spending continued to drive a slight recovery. Although exports grew substantially owing to major government spending in China and personal consumption improved as a result of such economic stimulus measures as tax breaks on eco-cars and the eco-points system, the Japanese economy failed to demonstrate an autonomous recovery. Although real GDP grew 0.9% year on year (3.8% on an annualized basis) during the October–December quarter, industrial production reached only slightly above 80% of its recent peak. This situation evinces the sense of overcapacity and over-employment that persists in the corporate sector. The pace of improvement in capital expenditure and employment was weak, and prices continued to fall, as the supply–demand gap continued to expand.

In the financial arena, in December 2009, the "Temporary Law Concerning the Aim to Facilitate Financing for SMEs" (Law for the Facilitation of SME Financing) went into effect. This act is intended for SMEs that are experiencing cash-flow problems on account of worsening economic conditions and financial institutions that receive applications from individual customers who are having difficulty making housing-loan repayments because of reduced income. Financial institutions are actively responding to the legislation by reviewing loan repayment terms, among other things.

Looking at the economy of Oita Prefecture, manufacturing activity is increasing in key sectors, thanks to progress in inventory adjustments and a recovery in exports to Asia, as well as the effects of economic measures, and we see signs of a recovery. For consumer spending, stimulus measures, such as cash handouts to individuals, the eco-point system and tax breaks on eco-cars had some impact, but the trend was generally sluggish given lower summer and winter bonuses and a rising sense of over-employment, within the context of a harsh earnings and hiring environment. The housing market was sluggish, with a dramatic fall in rental and residential investment accompanying slack demand and a cooling attitude to residential purchases. Capital investment also declined due to worsening earnings and a heightened sense of excess capacity amid the economic slump. The prefecture's economy is showing signs of recovery on the production front, but due to factors such as consumer spending, the recovery's ability to sustain itself appears weak and severe economic conditions continue.

Yoshito Ogura, Chairman

Under these circumstances, in FY2009 the Bank made efforts across the board to restore profitability. As a result, we were able to report a profit of ¥4.8 billion for the fiscal year. We recognize that our challenge going forward is to build a stable business base upon which we can continue to deliver consistent results.

Beyond the fact that compliance is mandatory throughout our business, all executives and regular employees of the Bank work hard to carry out its management philosophy: "to do our best through our banking services to contribute to the prosperity of the local community."

We believe we can establish a solid business foundation and strengthen our own profitability by returning to the starting point of community-based finance by reinforcing relationships with our customers, making every effort to help develop businesses and supporting the lives of our customers.

We thank you for your continued support of these endeavors.

Shoji Himeno, President

FY 2009 Operating Performance

In FY 2009, Oita Bank's executives and regular employees worked together in a challenging operating environment to deliver the following business results.

Deposits

As of March 31, 2010, total deposits, including negotiable certificates of deposit, came to ¥2,468.9 billion, up ¥93.8 billion from one year earlier. Despite our efforts to promote sales to individual customers by responding to their diverse investment needs, the balance of public bonds, mutual funds, foreign currency deposits and pension insurance funds for individuals was ¥388.1 billion, up ¥26.1 billion.

Loans

Total loans outstanding totaled ¥1,666.4 billion on March 31, 2010, down ¥1.4 billion from one year earlier. However, owing to the Bank's aggressive sales efforts, in the area of housing loans, the fiscal year-end balance of consumer loans to individuals, to ¥419.4 billion as of March 31, 2010.

Marketable Securities

The Bank endeavored to build a portfolio designed to earn a stable rate of return. Owing to the upturn in stock prices the balance of marketable securities rose ¥73.1 billion during the year, to ¥823.3 billion as of March 31, 2010.

Foreign Exchange

Foreign exchange transactions, including international trade transactions, overseas remittances and foreign currency deposits, totaled US$17.94 million, $588 million lower than at the previous fiscal year-end, owing to reduced international trade transactions in shipbuilding.

Earnings

Total income fell, mainly as a result of reduced interest on loans and discounts, but we also significantly brought down ordinary expenses and transfers to the provision for possible loan losses, raising ordinary income for the year to ¥9,015 million, an increase of ¥33,277 million compared with the preceding year. Net income also grew year on year, rising ¥28,022 million, to ¥4,815 million.

Dividend Policy

In due consideration of its responsibility to the public as a financial institution, the Bank's fundamental policy is to strengthen the long-term stability of its management base, improve management efficiency, build sufficient reserves and deliver consistent dividends. In FY 2009, the Bank's annual dividend was ¥6.00, (including an interim dividend of ¥3.00).

New Medium-Term Management Plan

- Themes: "dynamic, accessible banking: restructuring sales and operations"
- Period: April 2008 to March 2011 (three years)
- Goal: Evolve into a bank in which customers are confident, that is highly profitable and that is rewarding to its employees

The environment surrounding regional financial institutions is an increasingly fierce fight for survival as growing cross-regional competition intensifies. We are responding quickly and appropriately to this rapidly changing business environment, and to become a strongly profitable bank we are pushing forward with our New Medium-Term Management Plan.

In this plan, we aim to "evolve into a bank in which customers are confident, that is highly profitable and that is rewarding to its employees." Following on from our efforts in the first year of the plan to "strengthen internal control systems," "strengthen sales capabilities," "strengthen human resources" and "strengthen the foundations for sustainable growth," from the second year we have added "raising the soundness of assets" to bring the basic policies to five. We are making every effort to achieve our plans based on these policies.

Management Target Indices

	FY 2009 Target	FY 2009 Actual	FY 2010 Forecast
Core operating income	¥11.9 billion	¥13.6 billion	¥11.6 billion
Net income	¥ 2.3 billion	¥4.8 billion	¥ 3.6 billion
ROE	2.56%	4.86%	3.32%
OHR	71.1%	67.7%	71.9%
Capital adequacy ratio	8.85%	10.94%	10.91%

Basic Policies

■**Basic policy 1: "Strengthening internal control systems"**

We will work to raise the level of service to our customers by continuing to enhance office functions and streamline operations, and establish strict internal control systems.

■**Basic policy 2: "Strengthening sales capabilities"**

As a regional financial institution, we will maintain a sales structure that can fully support customers' business and lifestyle needs. We will make this possible by increasing the number of sales staff and strengthening relations with customers, while aiming to augment income from interest on loans and discounts, as well as fees and commissions.

■**Basic policy 3: "Raising the soundness of assets"**

We will enhance our credit portfolio management structure while strengthening our grasp of the true condition that our customers are in. Furthermore, we aim to reinforce the support structure for management improvement by advising on management improvement plans and creating specific revitalization schemes.

■**Basic policy 4: "Strengthening human resources"**

In line with proactive investment in our employees through our "human resources development program" we will strive to promote employees' efforts toward self-improvement and offer support, while from a medium- to long-term perspective aim to raise development of talent to foster a culture that embraces challenges. Further, by working toward the realization of a good work-life balance, we aim to improve the productivity as well as the mental and physical well-being of our employees.

■**Basic policy 5: "Strengthening the foundations for sustainable growth"**

This policy incorporates several initiatives: promoting community-based finance, enhancing management of earnings and income, encouraging corporate social responsibility (CSR) and furthering our IT strategy. Through this policy, we proactively promote community-based financing on an ongoing basis to offer high-quality financing services for the convenience of our customers.

Promotion of Community-Based Finance

As Oita Prefecture's leading bank, we believe it is the duty of our whole organization to work for the promotion of community-based finance. Amid the slowdown in the regional economy, we believe that by grasping the true needs of customers and the community beyond our role as a provider of funds, we can be the driving force in the revitalization of the regional economy and win the overwhelming support of the region and a high market share to strengthen profitability.

Review of the Profit Management Structure

By means of implementing a review of the cost-accounting system and strategic asset-liability management (ALM), we aim to further strengthen our profit management structure.

Promoting CSR

A part of our management strategy, we are making proactive efforts to meet our corporate social responsibility (CSR). In particular, with the serious problem of global warming in mind, we are focusing on CSR activity that contributes to environmental conservation.

IT Strategies

Regarding deliberations over the renewal of our accounting system, with promotion of operational efficiency as the highest priority, among all available options we will select that which will be most beneficial for the Bank.

Additionally, we will use information systems for the further upgrade and expansion of proposal-based business to provide useful and high-quality financial services for our customers.

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. Accordingly, 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. Specifically, the 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 type in accordance with its General Risk Management Regulations and specific sets of risk management regulations.

Oita Bank discloses the amount of its risk-managed loans in accordance with the Banking Act. As of March 31, 2010, such loans totaled ¥77.8 billion, ¥8.9 billion lower than one year earlier. The ratio of risk-managed loans to total loans of ¥1,666.4 billion was 4.67%.

Turning to the assessment of assets under the Financial Reconstruction Act, total credit assets including loans at March 31, 2010, were ¥1,712.9 billion, 95.12% of which were normal loans that were collectible. The Bank has sufficient treasury stock, reserves for possible loan losses, collateral and guarantees to cover total bad loans.

Capital Adequacy Ratio

As of March 31, 2010, the Bank's capital adequacy ratio was 10.94% on a non-consolidated basis and 11.49% on a consolidated basis. These figures easily exceed the national standard of 4%. In the future, 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 4, 2010, JCR reaffirmed the Bank's A+ rating. The JCR rating attests to the stability and soundness of the Bank's management by according it the highest of the "A" rankings. However, JCR has revised the Bank's rating outlook from Negative to Stable.

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, the Companies Act, the Personal Information Protection Law, the Consumer Contract Law and the Financial Instruments and Exchange Law, as well as various others.

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 lasting trust of customers, investors and members of the community.

Conclusion

With the influx of some of the world's leading high-tech and automotive companies, Oita Prefecture is developing into an important business hub. In addition, since the opening of Ritsumeikan Asia Pacific University in April 2000 an increasing number of exchange students have begun flocking to this prefecture. a process that will drive the region's internationalization 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 2010

Yoshito Ogura
Chairman

Shoji Himeno
President

Consolidated Balance Sheets

THE OITA BANK, LTD. and Consolidated Subsidiaries
March 31, 2010 and 2009

	Millions of Yen		Thousands of U.S. Dollars(Note 1)
	2010	2009	**2010**
ASSETS:			
Cash and due from banks (Note 27)	**¥ 40,585**	¥ 38,655	**$ 436,398**
Call loans (Note 27)	**112,000**	82,000	**1,204,301**
Commercial paper and other debt purchased (Note 4)	**5,243**	4,988	**56,377**
Trading account securities (Note 4)	**155**	181	**1,666**
Money held in trust (Note 5)	**5,766**	6,114	**61,996**
Investment securities (Notes 4,12 and 27)	**826,150**	752,120	**8,883,335**
Loans and bills discounted (Notes 6, 13 and 27)	**1,660,342**	1,659,842	**17,853,135**
Foreign exchange assets (Note 7)	**3,887**	4,345	**41,791**
Lease receivables and leased investment assets (Note 26)	**15,358**	16,453	**165,137**
Other assets (Note 8)	**21,591**	24,741	**232,161**
Premises and equipment (Note 9)	**39,555**	40,645	**425,328**
Intangible assets (Note 10)	**3,238**	4,085	**34,819**
Deferred tax assets (Note 23)	**12,909**	20,676	**138,810**
Customers' liabilities for acceptances and guarantees (Note 11)	**25,479**	31,343	**273,971**
Reserve for possible loan losses (Note 27)	**(53,333)**	(58,241)	**(573,477)**
TOTAL	**¥2,718,925**	¥2,627,947	**$ 29,235,748**
LIABILITIES:			
Deposits (Notes 12, 14 and 27)	**¥2,464,152**	¥2,369,177	**$26,496,260**
Call money (Note 12)	**23,260**	62,416	**250,108**
Borrowed money (Notes 12, 15 and 27)	**26,103**	16,451	**280,672**
Foreign exchange liabilities	**108**	27	**1,164**
Other liabilities (Note 16)	**21,870**	21,456	**235,155**
Liability for retirement benefits (Note 17)	**10,642**	10,498	**114,435**
Reserve for reimbursement of deposits	**1,482**	543	**15,938**
Deferred tax liabilities for land revaluation excess	**7,969**	8,295	**85,689**
Negative goodwill	**68**	82	**726**
Acceptances and guarantees (Note 11)	**25,479**	31,343	**273,971**
Total liabilities	**2,581,133**	2,520,288	**27,754,118**
EQUITY (Notes 18 and 30):			
Common stock, authorized, 300,000,000 shares in 2010 and 2009; issued, 171,436,342 shares in 2010 and 144,486,342 shares in 2009	**19,598**	15,000	**210,736**
Capital surplus	**10,745**	5,984	**115,539**
Retained earnings	**79,868**	75,155	**858,801**
Unrealized gain (loss) on available-for-sale securities (Note 4)	**11,240**	(3,284)	**120,850**
Deferred loss on derivatives under hedge accounting	**(479)**	(608)	**(5,151)**
Land revaluation excess	**9,865**	10,344	**106,069**
Treasury stock-at cost, 40,876 shares in 2010 and 1,822,394 shares in 2009	**(29)**	(974)	**(315)**
Total	**130,808**	101,617	**1,406,529**
Minority interests	**6,984**	6,042	**75,101**
Total equity	**137,792**	107,659	**1,481,630**
TOTAL	**¥2,718,925**	¥2,627,947	**$29,235,748**

See notes to consolidated financial statements.

Consolidated Statements of Operations

THE OITA BANK, LTD. and Consolidated Subsidiaries   Years Ended March 31, 2010 and 2009

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009	**2010**
INCOME:			
Interest on:			
Loans and discounts	**¥ 31,410**	¥ 34,207	**$ 337,737**
Securities	**10,988**	11,557	**118,150**
Other	**30**	67	**328**
Total interest income	**42,428**	45,831	**456,215**
Fees and commissions	**7,803**	7,932	**83,906**
Other operating income (Note 19)	**8,639**	9,122	**92,887**
Other income (Note 20)	**2,784**	1,785	**29,938**
Total income	**61,654**	64,670	**662,946**
EXPENSES:			
Interest on:			
Deposits	**4,095**	5,835	**44,032**
Borrowings and rediscounts	**462**	885	**4,974**
Other	**427**	565	**4,588**
Total interest expenses	**4,984**	7,285	**53,594**
Fees and commissions	**1,659**	1,815	**17,835**
Other operating expenses (Note 21)	**7,460**	9,980	**80,219**
General and administrative expenses	**30,947**	30,928	**332,766**
Provision for possible loan losses	**3,016**	32,979	**32,425**
Other expenses (Note 22)	**3,828**	4,969	**41,159**
Total expenses	**51,894**	87,956	**557,998**
INCOME (LOSS) BEFORE INCOME TAXES AND MINORITY INTERESTS	**9,760**	(23,286)	**104,948**
INCOME TAXES (Note 23):			
Current	**3,903**	2,441	**41,972**
Deferred	**105**	(3,120)	**1,135**
Total income taxes	**4,008**	(679)	**43,107**
MINORITY INTERESTS IN NET INCOME	**573**	313	**6,150**
NET INCOME (LOSS)	**¥ 5,179**	¥(22,920)	**$ 55,691**

	Yen		U.S. Dollars
PER SHARE OF COMMON STOCK (Note 2.o):	**2010**	2009	**2010**
Basic net income (loss)	**¥ 32.56**	¥(160.61)	**$ 0.350**
Cash dividends applicable to the year	**6.00**	6.00	**0.065**

See notes to consolidated financial statements

Consolidated Statements of Changes in Equity

THE OITA BANK, LTD. and Consolidated Subsidiaries   Years Ended March 31, 2010 and 2009

	Thousands	Millions of Yen									
	Outstanding Number of Shares of Common Stock	Common Stock	Capital Surplus	Retained Earnings	Unrealized Gain (Loss) 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, 2008	142,729	¥ 15,000	¥ 5,984	¥ 98,948	¥ 13,796	¥ (332)	¥ 10,333	¥ (942)	¥ 142,787	¥ 5,777	¥ 148,564
Net loss				(22,920)					(22,920)		(22,920)
Cash dividends, ¥6.00 per share				(856)					(856)		(856)
Purchase of treasury stock	(88)							(52)	(52)		(52)
Disposal of treasury stock	23		(6)					20	14		14
Transfer from land revaluation excess				(11)			11				
Transfer to capital surplus from retained earnings			6	(6)							
Net change in the year					(17,080)	(276)			(17,356)	265	(17,091)
BALANCE, MARCH 31, 2009	142,664	¥ 15,000	¥ 5,984	¥ 75,155	¥ (3,284)	¥ (608)	¥ 10,344	¥ (974)	¥ 101,617	¥ 6,042	¥ 107,659
Issuance of new shares of common stock with disposal of treasury stock (Note 18)	28,750	4,598	4,761					951	10,310	351	10,661
Net income				5,179					5,179		5,179
Cash dividends, ¥6.00 per share				(943)					(943)		(943)
Purchase of treasury stock	(23)							(10)	(10)		(10)
Disposal of treasury stock	5		(2)					4	2		2
Transfer from land revaluation excess				479			(479)				
Transfer to capital surplus from retained earnings			2	(2)							
Net change in the year					14,524	129			14,653	591	15,244
BALANCE, MARCH 31, 2010	171,396	¥ 19,598	¥ 10,745	¥ 79,868	¥ 11,240	¥ (479)	¥ 9,865	¥ (29)	¥ 130,808	¥ 6,984	¥ 137,792

	Thousands of U.S. Dollars (Note 1)									
	Common Stock	Capital Surplus	Retained Earnings	Unrealized Gain (Loss) on Available-for-sale securities	Deferred Loss on Derivatives under Hedge Accounting	Land Revaluation Excess	Treasury Stock	Total	Minority Interests	Total Equity
BALANCE, MARCH 31, 2009	$ 161,290	$ 64,342	$ 808,113	$(35,308)	$ (6,538)	$ 111,221	$(10,467)	$1,092,653	$ 64,967	$1,157,620
Issuance of new shares of common stock with disposal of treasury stock (Note 18)	49,446	51,197					10,222	110,865	3,771	114,636
Net Income			55,691					55,691		55,691
Cash dividends, $0.065 per share			(10,131)					(10,131)		(10,131)
Purchase of treasury stock							(115)	(115)		(115)
Disposal of treasury stock		(24)					45	21		21
Transfer from land revaluation excess			5,152			(5,152)				
Transfer to capital surplus from retained earnings		24	(24)							
Net change in the year				156,158	1,387			157,545	6,363	163,908
BALANCE, MARCH 31, 2010	$ 210,736	$ 115,539	$ 858,801	$120,850	$ (5,151)	$ 106,069	$ (315)	$1,406,529	$ 75,101	$1,481,630

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

THE OITA BANK, LTD. and Consolidated Subsidiaries
Years Ended March 31, 2010 and 2009

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009	2010
OPERATING ACTIVITIES:			
Income (loss) before income taxes and minority interests	¥ 9,760	¥ (23,286)	$ 104,948
Adjustments for:			
Income taxes paid	(3,485)	(338)	(37,477)
Depreciation and amortization	3,665	3,688	39,414
Impairment losses	816	9	8,775
Accumulation of negative goodwill	(15)	(45)	(161)
Increase (Decrease) in reserve for possible loan losses	(4,908)	29,875	(52,772)
Increase (Decrease) in liability for retirement benefits	144	(58)	1,549
Increase in reserve for reimbursement of deposits	939	38	10,097
Interest income-accrued basis	(42,428)	(45,831)	(456,215)
Interest expenses-accrued basis	4,984	7,285	53,594
Net loss on investment securities	1,409	5,022	15,148
Net (gain) loss on money held in trust	(73)	171	(785)
Foreign exchange losses	4	12	47
Net loss on disposal of fixed assets	59	103	630
Net decrease in trading account securities	26	24	281
Net increase in loans and bills discounted	(500)	(41,915)	(5,376)
Net increase in deposits	94,975	42,110	1,021,239
Net increase (decrease) in borrowed money	(349)	1,196	(3,750)
Net increase in due from banks (excluding due from The Bank of Japan)	(282)	(657)	(3,029)
Net increase in call loans	(30,255)	(13,044)	(325,323)
Net increase (decrease) in call money	(39,156)	11,376	(421,031)
Net (increase) decrease in lease receivables and leased investment assets	1,096	(16,453)	11,781
Net (increase) decrease in foreign exchanges assets	458	(2,279)	4,929
Net increase (decrease) in foreign exchanges liabilities	82	(15)	878
Interest income-cash basis	42,442	45,427	456,369
Interest expenses-cash basis	(4,956)	(6,996)	(53,294)
Other-net	2,068	18,979	22,238
Total adjustments	26,760	37,684	287,756
Net cash provided by operating activities	36,520	14,398	392,704
INVESTING ACTIVITIES:			
Purchases of investment securities	(157,284)	(157,221)	(1,691,227)
Proceeds from sales of investment securities	10,969	34,303	117,943
Proceeds from maturities of investment securities	93,815	108,778	1,008,763
Purchase of money held in trust	(1,000)	(1)	(10,753)
Proceeds from sales of money held in trust	1,365	2,343	14,678
Purchases of premises and equipment	(2,089)	(2,032)	(22,465)
Purchases of intangible assets	(607)	(1,401)	(6,526)
Proceeds from sales of premises and equipment	312	211	3,357
Proceeds from sales of intangible assets	1	2	12
Net cash used in investing activities	(54,518)	(15,018)	(586,218)
FORWARD	¥ (17,998)	¥ (620)	$ (193,514)
FINANCING ACTIVITIES:			
Proceeds from subordinated debt	10,000		107,526
Proceeds from issuance of new shares of common stock with disposal of treasury stock (Note 18)	10,611		114,092
Dividends paid by the parent	(943)	(856)	(10,131)
Dividends paid by consolidated subsidiaries to minority shareholders	(7)	(7)	(79)
Repayment of lease obligations	(2)	(1)	(26)
Purchases of treasury stock	(10)	(52)	(115)
Proceeds from sales of treasury stock	2	14	21
Net cash provided by (used in) financing activities	19,651	(902)	211,288
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	(4)	(12)	(46)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,649	(1,534)	17,728
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	35,919	37,453	386,225
CASH AND CASH EQUIVALENTS, END OF YEAR (Note 24)	¥ 37,568	¥ 35,919	$ 403,953

See notes to consolidated financial statements.

THE OITA BANK, LTD. and Consolidated Subsidiaries
Years Ended March 31, 2010 and 2009

1 BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of THE OITA BANK, LTD. (the "Bank") and its nine consolidated subsidiaries have been prepared in accordance with the provisions set forth in the Japanese Financial Instrument and Exchange Act and its related accounting regulations and the Enforcement Regulation for the Banking Law of Japan (the "Banking Law"), and in conformity with accounting principles generally accepted in Japan, which are different in certain respects as to 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 2009 consolidated financial statements to conform to the classifications and presentations used in 2010.

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 ¥93 to $1, the approximate exchange rate prevailing on March 31, 2010. 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.

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 amotized 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 either of trading account securities or held-to-maturity debt 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 stated 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 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. ***Long lived Assets*** - The Companies review their long lived 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", 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 equity. There was 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, 2010, the carrying amount of the land after the above one-time revaluation exceeded the market value by ¥12,927 million ($139,005 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 the 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 6 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 as the Bank.

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. 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.

l. ***Reserve for reimbursement of deposits*** - Reserve for repayment for reimbursement of deposits is provided for the deposits derecognized from the liabilities at the estimated amount of future claims for withdrawal.

m. ***Leases*** - As Lessor, lease revenue is recognized at the date of each lease payment according to the lease contracts. As Lessee, all finance lease transactions are capitalized to recognize lease assets and lease obligations in the balance sheet. However, the Bank accounted for leases which existed at March 31, 2008 and do not transfer ownership of the leased property to the lessee as operating lease transactions according to the transition rule.

n. ***Derivatives and Method of Hedge accounting*** - The Bank's policy is 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 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.

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" (the Japanese Institute of Certified Public Accountants (the "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.

o. ***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 159,039 thousand shares and 142,702 thousand shares for the years ended March 31, 2010 and 2009, respectively.

Diluted net income per share is not disclosed for the years ended March 31, 2010 and 2009 because there are no dilutive securities.

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

p. ***New Accounting Pronouncements***

Asset Retirement Obligations - On March 31, 2008, the ASBJ published a new accounting standard for asset retirement obligations, (ASBJ Statement No.18 "Accounting Standard for Asset Retirement Obligations" and ASBJ Guidance No.21 "Guidance on Accounting Standard for Asset Retirement Obligations"). Under this accounting standard, an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development and the normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset. The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of 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 revision 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.

3 ACCOUNTING CHANGE

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

The effect of this change was to increase income before income taxes and minority interests for the year ended March 31, 2010 by ¥160 million ($1,721 thousand).

4 TRADING ACCOUNT SECURITIES AND INVESTMENT SECURITIES

Trading account securities at March 31, 2010 and 2009 consisted of Japanese government bonds and local government bonds.

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

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Japanese government bonds	¥ 250,761	¥ 257,584	$ 2,696,358
Local government bonds	130,822	123,808	1,406,691
Debentures	229,540	199,681	2,468,171
Equity securities	46,282	40,657	497,660
Other securities	168,745	130,390	1,814,455
Total	¥ 826,150	¥ 752,120	$ 8,883,335

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

	Millions of Yen			
March 31, 2010	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Trading:				¥ 155
Available-for-sale:				
Equity securities	¥ 34,195	¥ 11,364	¥ 1,672	43,887
Debt securities	598,550	10,014	1,029	607,535
Other	166,843	1,545	1,738	166,650
Held-to-maturity:				
Debt securities	3,590	18		3,608

	Millions of Yen			
March 31, 2009	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Trading:				¥ 181
Available-for-sale:				
Equity securities	¥ 36,120	¥ 6,049	¥ 4,018	38,151
Debt securities	565,448	5,072	3,832	566,688
Other	134,861	866	7,451	128,276
Held-to-maturity:				
Debt securities	3,117	23		3,140

	Thousands of U.S. Dollars			
March 31, 2010	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Trading:				$ 1,666
Available-for-sale:				
Equity securities	$ 367,688	$ 122,191	$ 17,984	$ 471,895
Debt securities	6,436,017	107,673	11,064	6,532,626
Other	1,794,008	16,614	18,689	1,791,933
Held-to-maturity:				
Debt securities	38,594	199		38,793

Available-for-sale securities and held-to-maturity securities whose fair value is not readily determinable as of March 31, 2009 were as follows. The similar information for 2010 is disclosed in Note 27(4)(b).

	Carrying amount
March 31, 2009	Millions of Yen
Available-for-sale:	
Equity securities	¥ 2,506
Debt securities	11,268
Other	765

Proceeds from sales of available-for-sale securities for the years ended March 31, 2009 were ¥34,174 million. Gross realized gains and losses on these sales, computed on the moving average cost basis, were ¥956 million and ¥1,338 million, respectively, for the year ended March 31, 2009.

The information of available-for-sale securities which were sold during the year ended March 31, 2010 was as follows:

	Millions of Yen		
March 31, 2010	Proceeds	Realized Gains	Realized Loss
Available-for-sale:			
Equity securities	¥ 1,860	¥ 300	¥ 482
Debt securities	3,889	20	
Other	4,037	22	305
Total	¥ 9,786	¥ 342	¥ 787

	Thousands of U.S. Dollars		
March 31, 2010	Proceeds	Realized Gains	Realized Loss
Available-for-sale:			
Equity securities	$ 20,001	$ 3,223	$ 5,178
Debt securities	41,814	216	
Other	43,406	236	3,282
Total	$ 105,221	$ 3,675	$ 8,460

The impairment losses on available-for-sale securities for the years ended March 31, 2010 and 2009 were ¥544 million ($5,848 thousand) and ¥2,162 million, respectively.

Net unrealized gain (loss) on available-for-sale securities for the years ended March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Valuation differences:			
Available-for-sale securities	¥ 18,484	¥ (3,315)	$ 198,743
Deferred tax liabilities	(7,247)	1	(77,927)
Minority interests	3	30	34
Net unrealized gain (loss) on available-for sale securities	¥ 11,240	¥ (3,284)	$ 120,850

5 MONEY HELD IN TRUST

Money held in trust was all classified as trading, whose net unrealized gains of ¥23 million ($243 thousand) and losses of ¥25 million for the years ended March 31, 2010 and 2009, respectively, were recognized in the consolidated statements of operations.

6 LOANS AND BILLS DISCOUNTED

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

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
Bills discounted	**¥ 11,875**	¥ 17,182	**$ 127,691**
Loans on notes	**96,709**	101,803	**1,039,885**
Loans on deeds	**1,375,998**	1,331,860	**14,795,675**
Overdrafts	**175,760**	208,997	**1,889,884**
Total	**¥ 1,660,342**	¥ 1,659,842	**$ 17,853,135**

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 ¥11,893 million ($127,887 thousand) and ¥17,202 million at March 31, 2010 and 2009, respectively.

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

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
Loans to obligor in bankruptcy	**¥ 5,531**	¥ 9,611	**$ 59,483**
Past due loans	**70,058**	67,528	**753,309**
Accruing loans contractually past due three months or more			
Restructured loans	**4,975**	12,224	**53,492**
Total	**¥ 80,564**	¥ 89,363	**$ 866,284**

Loans to obligor 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 Companies discontinue 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.

7 FOREIGN EXCHANGES

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

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
Due from foreign banks	**¥ 3,826**	¥ 4,248	**$ 41,133**
Foreign exchange bills bought	**18**	20	**196**
Foreign exchange bills receivable	**43**	77	**462**
Total	**¥ 3,887**	¥ 4,345	**$ 41,791**

8 OTHER ASSETS

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

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
Accrued income	**¥ 5,458**	¥ 5,561	**$ 58,689**
Prepaid expenses	**31**	27	**337**
Derivatives	**475**	1,973	**5,113**
Other	**15,627**	17,180	**168,022**
Total	**¥ 21,591**	¥ 24,741	**$ 232,161**

9 PREMISES AND EQUIPMENT

Premises and equipment as of March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
Buildings	**¥ 6,943**	¥ 6,946	**$ 74,655**
Land	**27,791**	28,600	**298,826**
Leased assets	**11**	4	**120**
Construction in progress	**44**	76	**474**
Other	**4,766**	5,019	**51,253**
Total	**¥ 39,555**	¥ 40,645	**$ 425,328**

Accumulated depreciation at March 31, 2010 and 2009 amounted to ¥36,164 million ($388,866 thousand) and ¥36,130 million, respectively.

As of March 31, 2010 and 2009, deferred gains for tax purposes of ¥2,054 million ($22,082 thousand), on premises and equipment sold and replaced with similar assets have been deducted from the cost of newly acquired premises and equipment.

The Companies review their long-lived assets for impairment continuously. As a result, the Bank recognized impairment losses of ¥816 million ($8,775 thousand) for the year ended March 31, 2010, for certain branches and idle fixed assets due to the carrying amount of the assets exceeds its recoverable amount and the carrying amount of the relevant assets was written down to the recoverable amount. The Companies principally group operating assets by branch office,which are minimum unit for management accounting and idle fixed assets are individually assessed for impairment. The recoverable amount of operating assets is measured at the discounted cash flows from the continued use and eventual disposition of the asset. The discounted cash flows are calculated using a discount rate of 5.1%.
The recoverable amount of idle assets is measured at its net selling price determined by quotation from a third-party vendor.

10 INTANGIBLE ASSETS

Intangible assets as of March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Software	¥ 3,120	¥ 3,966	$ 33,548
Other	118	119	1,271
Total	¥ 3,238	¥ 4,085	$ 34,819

11 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.

12 ASSETS PLEDGED

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

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Assets pledged as collateral:			
Investment securities	¥ 37,321	¥ 103,833	$ 401,302
Lease payment receivable	9,606	9,994	103,288
Relevant liabilities to above assets:			
Call money		59,469	
Deposits	28,940	33,307	311,184
Borrowed money	7,704	7,907	82,839

In addition, investment securities and others totaling ¥71,489 million ($768,696 thousand) and ¥70,207 million were pledged as collateral or security deposits, for exchange settlement and futures contracts at March 31, 2010 and 2009, respectively.

Guarantee deposits on office space amounting to ¥459 million ($4,940 thousand) and ¥409 million were included in other assets at March 31, 2010 and 2009, respectively.

13 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 ¥555,364 million ($5,971,658 thousand) at March 31, 2010 and ¥539,721 million at March 31, 2009 for these contracts. Of the above, the amounts for which the original agreement period was within a year or agreements which the Companies could cancel at any time without penalty totaled ¥543,117 million ($5,839,966 thousand) at March 31, 2010 and ¥532,034 million at March 31, 2009.

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.

14 DEPOSITS

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

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Current deposits	¥ 73,841	¥ 68,129	$ 793,984
Ordinary deposits	1,206,716	1,145,821	12,975,439
Savings at notice	36,236	38,869	389,638
Deposits at notice	2,615	3,947	28,118
Time deposits	954,856	946,478	10,267,266
Installment savings	9,420	9,938	101,292
Negotiable certificates of deposit	122,201	95,946	1,313,994
Other deposits	58,267	60,049	626,529
Total	¥ 2,464,152	¥ 2,369,177	$ 26,496,260

15 BORROWED MONEY

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

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Borrowings from financial institutions	¥ 16,103	¥ 16,451	$ 173,145
Subordinated debt	10,000		107,527
Total	¥ 26,103	¥ 16,451	$ 280,672

The weighted average interest rate of Borrowings from financial institutions and Subordinated debt as of March 31, 2010 are 0.25% and 2.29%, respectively.

Annual maturities of long-term debt as of March 31, 2010 for the next five years and thereafter were as follows:

Year Ending March 31	Million of Yen	Thousands of U.S. Dollars
2011	¥ 3,919	$ 42,133
2012	2,629	28,272
2013	2,286	24,584
2014	1,713	18,422
2015	10,722	115,285
2016 and thereafter	4,834	51,976
Total	¥ 26,103	$ 280,672

Please see Note 12 for assets as collateral and their relevant borrowed money.

16 OTHER LIABILITIES

Other liabilities as of March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Domestic exchange unsettled	¥ 49	¥ 21	$ 522
Income taxes payable	2,011	1,606	21,625
Accrued expenses	4,414	4,470	47,459
Unearned income	3,064	3,308	32,944
Derivatives	2,107	2,426	22,657
Other	10,225	9,625	109,948
Total	¥ 21,870	¥ 21,456	$ 235,155

17 LIABILITY FOR RETIREMENT BENEFITS

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

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
Projected benefit obligation	**¥ 27,209**	¥ 27,101	**$ 292,566**
Fair value of plan assets	**(21,257)**	(18,558)	**(228,568)**
Unrecognized actuarial loss	**(3,905)**	(6,483)	**(41,992)**
Unrecognized prior service cost	**1,067**	1,310	**11,472**
Net liability	**3,114**	3,370	**33,478**
Prepaid pension expense	**7,015**	6,626	**75,439**
Liability for employees' retirement benefits	**¥ 10,129**	¥ 9,996	**$ 108,917**

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

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
Service cost	**¥ 929**	¥ 921	**$ 9,987**
Interest cost	**539**	537	**5,798**
Expected return on plan assets	**(286)**	(324)	**(3,070)**
Amortization of prior service cost	**(243)**	(243)	**(2,608)**
Recognized actuarial loss	**1,231**	764	**13,236**
Net periodic retirement benefit costs	**¥ 2,170**	¥ 1,655	**$ 23,343**

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

	2010	2009
Discount rate	2.0%	2.0%
Expected rate of return on plan assets	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, 2010 and 2009 for directors and corporate auditors is ¥513 million ($5,521 thousand) and ¥502 million, respectively. The retirement benefits for directors and corporate auditors are paid subject to the approval of the shareholders.

18 EQUITY

On September 2, 2009, the Bank issued 23,200 thousands new common shares by Public offering and disposed 1,800 thousands shares of treasury stock at ¥389 (¥370.82 net of expenses) per common share. Cash in-flow of this transaction was composed on proceeds from issuance of new shares of common stock and disposal of treasury stock. The Bank raised its capital by ¥7,969 million. The amount of increased capital was net of total incoming amount of issuance of new shares of common stock and loss on disposal of treasury stock of ¥634 million. Such accounting is according to the Companies Act of Japan (the "Companies Act"). The reason for the increase of Minority Interests is that a part of treasury stock disposed in this transaction had been purchased by the Bank from consolidated subsidiaries in the past.

On September 25, 2009, the Bank issued 3,750 thousands new common shares by third-party allotment to Nomura Securities CO., Ltd at ¥370.82 per common share. The Bank raised its capital by ¥1,390 million.

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

(a) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the 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 Companies Act 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 Companies Act 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 Companies Act also provides that stated capital, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

(c) Treasury stock and treasury stock acquisition rights

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

19 OTHER OPERATING INCOME

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

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
Gain on sales and redemption of bonds and other securities	**¥ 45**	¥ 410	**$ 479**
Lease revenue	**6,702**	6,884	**72,066**
Other	**1,892**	1,828	**20,342**
Total	**¥ 8,639**	¥ 9,122	**$ 92,887**

20 OTHER INCOME

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

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
Gain on sales of stock and other securities	**¥ 323**	¥ 565	**$ 3,474**
Gain on money held in trust	**104**	283	**1,122**
Other	**2,357**	937	**25,342**
Total	**¥ 2,784**	¥ 1,785	**$ 29,938**

21 OTHER OPERATING EXPENSES

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

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
Loss on foreign exchange transactions		¥ 536	
Loss on sales and redemption of bonds and other securities	**¥ 305**	2,190	**$ 3,282**
Cost of lease	**6,082**	6,356	**65,400**
Other	**1,073**	898	**11,537**
Total	**¥ 7,460**	¥ 9,980	**$ 80,219**

22 OTHER EXPENSES

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

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
Loss on sales of stocks and other securities	**¥ 482**	¥ 711	**$ 5,178**
Loss on devaluation of stocks and other securities	**801**	2,553	**8,616**
Write-down of loans	**46**	70	**491**
Loss on money held in trust	**31**	451	**332**
Loss on disposal of fixed assets	**60**	108	**646**
Impairment losses (Note 9)	**816**	9	**8,775**
Provision for reimbursement of deposits	**1,233**	38	**13,258**
Other	**359**	1,029	**3,863**
Total	**¥ 3,828**	¥ 4,969	**$ 41,159**

23 INCOME TAXES

The Companies are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 40.4% for the years ended March 31, 2010 and 2009.

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

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
Deferred tax assets:			
Reserve for possible loan losses	**¥ 20,657**	¥ 21,799	**$ 222,117**
Liability for employees' retirement benefits	**4,337**	4,278	**46,631**
Depreciation	**2,244**	2,159	**24,131**
Other	**5,072**	4,544	**54,545**
Less valuation allowance	**(9,965)**	(9,916)	**(107,153)**
Total	**22,345**	22,864	**240,271**
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities	7,247		77,927
Unrealized gain on Employees' retirement benefit trust	**2,124**	2,124	**22,833**
Other	**65**	64	**701**
Total	**9,436**	2,188	**101,461**
Net deferred tax assets	**¥ 12,909**	¥ 20,676	**$ 138,810**

A reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statements of operations for the year ended March 31, 2010 is not disclosed due to immaterial difference, and a reconciliation for the year ended March 31, 2009 is not discosed due to loss before income taxes and minority interests.

24 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
	2010	2009	**2010**
Cash and due from banks	**¥ 40,585**	¥ 38,655	**$ 436,398**
Less deposits in other banks except for the Bank of Japan	**(3,017)**	(2,736)	**(32,445)**
Cash and cash equivalents, end of year	**¥ 37,568**	¥ 35,919	**$ 403,953**

25 RELATED PARTY TRANSACTIONS

Related party transactions for the year ended March 31, 2010 and 2009 are not disclosed due to the immaterial amount.

26 LEASES

Pro forma information of leased property whose lease inception was before March 31, 2008.

ASBJ Statement No.13, "Accounting Standard for Lease Transactions" requires that all finance lease transactions should be capitalized to recognize lease assets and lease obligations in the balance sheet. However, the ASBJ Statement No.13 permits leases without ownership transfer of the leased property to the lessee whose lease inception was before March 31, 2008 to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the note to the financial statements. The Bank accounted for such leases as operating lease transactions. Pro forma information of leased property whose lease inception was before March 31, 2008 such as acquisition cost, accumulated depreciation, obligations under finance leases, depreciation expense, interest expense and other information of finance leases that do not transfer ownership of the leased property to the lessee on an "as if capitalized" basis was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
Acquisition cost	**¥ 76**	¥ 77	**$ 824**
Accumulated depreciation	**48**	34	**513**
Net leased property	**¥ 28**	¥ 43	**$ 311**

Obligations under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
Due within one year	**¥ 15**	¥ 14	**$ 156**
Due after one year	**15**	30	**168**
Total	**¥ 30**	¥ 44	**$ 324**

Depreciation expense and interest expense under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
Depreciation expense	**¥ 14**	¥ 14	**$ 152**
Interest expense	**1**	1	**10**

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.

27 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

As discussed in Note 3, the Companies applied the revised accounting standard "Accounting Standard for Financial Instruments" and the new guidance "Guidance on Accounting Standard for Finacial Instruments and Related Disclosures" effective March 31, 2010.

(1) Bank policy for financial instruments

The Bank's operations mainly include accepting deposits, providing loans, discounting bills,and buying and selling marketable securities and other financial instruments. Through these activities, the Bank holds substantial financial assets and financial liabilities that are subject to fluctuations in interest rates. To protect itself from the negative effects of interest rate fluctuations, the Bank conducts derivative transactions as part of its asset and liability management (ALM) activities. In addition, the consolidated subsidiaries that engage in leasing and credit card businesses handle financial instruments as their principal business.

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

Of the principal financial assets held by the Companies, loans are subject to credit risk, or default on the part of the customer. The Companies hold trading account securities and investment securities for holding to maturity and for purely trading purposes, as well as to promote business activities. These securities are subject to issuer credit risk, interest rate fluctuation risk and market price fluctuation risk. Of financial liabilities, deposits and borrowed money are subject to liquidity risk, or the possibility that the Companies may become unable to meet payment obligations when due in the event that they become unable to utilize markets in certain circumstances.
Among derivative transactions, the Bank employs interest rate swap transactions to hedge risk using ALM. To offset the risk of interest rate increases, the Bank employs variable receipt/fixed payment interest rate swap transactions on loans bearing long-term, fixed rates of interest, deposits and securities. With respect to currencies, the Bank employs currency swap transactions, forward exchange forward contracts and coupon swap transactions, primarily to hedge the exchange rate fluctuation risks on foreign currency assets and liabilities. The Bank engages in bond futures transactions, mainly as part of its dealing operations.
With regard to the methods of hedge accounting for interest risks on financial assets and liabilities, the Bank employs deferred hedge accounting, as provided in "Accounting and Auditing Treatment of Accounting Standards for Financial Instruments in the Banking Industry" (JICPA Industry Audit Committee Report No.24). To evaluate hedging effectiveness, for hedges designed to offset market fluctuations the Bank performs specified evaluations of hedged deposits and loans at individual hedge stages grouped by (remaining) term. With regard to hedges placed to fix cash flows, the Bank evaluates effectiveness by determining the correlations of interest rate fluctuation components between the headging instruments and the hedged items. The consolidated subsidiaries do not conduct derivative transactions.

(3) Risk management for financial instruments

Credit Risk Management

The Bank has in place various provisions, including a Credit Risk Management Policy and Credit Risk Management Provisions. These provisions, which extent beyond lending activities and include market transactions and off-balance-sheet assets, are in place to manage credit risks related to all manner of banking operations. For each activity, the Bank conducts credit screenings, manages credit limits, manages credit information and employs an internal rating system. The Bank also has in place a credit management system to support management improvements and handle loans that have become delinquent or present collection difficulties. The consolidated subsidiaries also have in place various credit risk management and other provisions. They act in accordance with these provisions to manage credit risks appropriately. To manage these credit risks, the Companies have established credit risk management divisions, including screening divisions, credit management divisions and problem loan management divisions. The Bank's Credit Risk Management Division takes overall responsibility for credit risk management, including the status of credit risk and accompanying problems. With regard to credit screening, the Bank's Audit Division checks the Credit Risk Management Division and consolidated subsidiaries' risk management divisions to ascertain the appropriateness of credit risk management.

Market risk management

The Bank has in place a system for managing market risk. All items that require market risk management, including deposit and loan transactions, market transactions and off-balance-sheet transactions, are managed in accordance with the Bank's Market Risk Management Policy and Market Risk Management Provisions. The ALM divisions manage market risk related to deposits and loans, while market-related divisions manage market risk related to market transactions. The Bank's Risk Management Division, provides comprehensive reports to the Risk Management Committee indicating risk amounts, stress test results and other information. Market Risk Management Policies and Provisions are also in place at consolidated subsidiaries, in line with each company's risk profile. In this manner, systems are in place to ensure the appropriate management of market risk.
The market risk management divisions of the Companies manage market risks in this way, and the Bank's Risk Management Division serves as the central division for the management of market risk and addressing related problems.
With regard to audits of market risk management, the Audit Division performs checks to determine the appropriateness of market risk management .

Liquidity risk management

The Bank manages liquidity risk in accordance with its Liquidity Risk Management Policy and Liquidity Risk Management Provisions. The International and Securities Division manages cash on a daily basis, and the Risk Management Division, which serves as the management division, monitors this risk, providing comprehensive reports to the Risk Management Committee including the status of risks, the status of assets available for payment, the results of stress tests and other information.
With regard to audits of liquidity risk management, the Audit Division checks to determine the appropriateness of liquidity risk management at the International and Securities Division and Risk Management Division.

(4) Fair values of financial instruments

Fair values of financial instruments are based on quoted price in active markets. If quoted price is not available, other rational valuation techniques are used instead. Also please see Note 28 for the detail of fair value for derivatives.

(a) Fair values of financial instruments

	Millions of yen		
March 31, 2010	Carrying Amount	Fair value	Unrealized gain (loss)
Cash and due from banks..........	¥ 40,585	¥ 40,585	
Call loans...............................	112,000	112,000	
Investment Securities			
Held-to-maturity securities........	3,589	3,607	¥ 18
Available-for-sale securities	818,070	818,070	
Loans and bills discounted.........	1,660,342		
Reserve for possible loan losses..	(48,600)		
	1,611,742	1,625,482	13,740
Total......................................	¥ 2,585,986	¥ 2,599,744	¥ 13,758
Deposits.................................	¥ 2,464,152	¥ 2,466,706	¥ (2,554)
Borrowed money......................	26,103	26,221	(118)
Total......................................	¥ 2,490,255	¥ 2,492,927	¥ (2,672)

	Thousands of U.S.Dollars		
March 31, 2010	Carrying amount	Fair value	Unrealized gain(loss)
Cash and due from banks..........	$ 436,398	$ 436,398	
Call loans...............................	1,204,301	1,204,301	
Investment Securities			
Held-to-maturity securities........	38,594	38,791	$ 197
Available-for-sale securities	8,796,455	8,796,455	
Loans and bills discounted.........	17,853,135		
Reserve for possible loan losses..	(522,579)		
	17,330,556	17,478,302	147,746
Total......................................	$27,806,304	$27,954,247	$ 147,943
Deposits.................................	$26,496,260	$26,523,723	$ (27,463)
Borrowed money......................	280,672	281,949	(1,277)
Total......................................	$26,776,932	$26,805,672	$ (28,740)

Cash and due from banks

With regard to amounts due from banks that have not matured and short-term due from banks, as these instruments are settled within a short term and their fair value and book value are nearly identical, their book value is assumed as their fair value. Long-term due from banks with maturities are segmented according to deposit period, and fair value is calculated by discounting them to their present value, using an assumed rate of interest on new borrowings of the same type.

Call loans

For items with a short commitment term (within three months), as their fair value and book value are nearly identical, their book value is assumed as their fair value.

Investment securities

The fair value of equity securities is determined by their prices on stock exchanges. The fair value of bonds is determined by their prices on exchanges or at rates indicated by financial institutions handling these transactions for the Bank. Privately placed bonds guaranteed by the Bank are segmented according to internal rating and term, and fair value is determined by discounting the total amount of principal and interest by the assumed interest rate on new borrowings of the same type. For information pertaining to investment securities by holding purpose, please refer to Note 4.

Loans and bills discounted

As loans bearing floating rates of interest reflect market rates of interest in the short term, unless credit conditions of the lending entity have changed significantly after lending the loans, their fair value and book value are nearly identical, so their book value is assumed as their fair value. Fixed-rate loans are segmented by loan type, internal rating and period, and their fair value is determined by discounting the total amount of principal and interest by the assumed interest rate on new lendings of the same type. However, for items with a short commitment term (within three months), as their fair value and book value are nearly identical, their book value is assumed as their fair value. The fair value of loans lended to entities that are bankrupt, substantially bankrupt or in danger of bankruptcy are determined according to the current value of expected future cash flows or the amount of collateral that is expected to be recoverable and guarantee amounts that are determined to be recoverable. As these amounts are nearly identical to the book value after deducting the allowance for doubtful accounts, these amounts are assumed as their fair value. For loans that are fully secured by collateral and that have no specified repayment term, as in terms of their expected repayment periods and interest conditions their fair value and book value are nearly identical, their book value is assumed as their fair value.

Deposits

For demand deposits, fair value is assumed as amount to be paid when demanded on the balance sheet date (i.e., the book value). The fair value of time deposits is determined by segmenting such deposits by term and discounting future cash flows to their current value. The discount rate used is the rate of interest on new borrowings of the same type. As the term on deposits is short (within three months), their fair value and book value are nearly identical, so their book value is assumed as their fair value.

Borrowed money

Of borrowed money, interest rates on floating-rate borrowings reflect market interest rates in the short term. Assuming that credit conditions of the Companies have not changed significantly since the time of borrowing, their fair value and book value are nearly identical, so their book value is assumed as their fair value. Such borrowings with fixed interest rates are segmented by term, the total amount of principal and interest on the borrowed money is divided by time period, and their present value is calculated by discounting according to the assumed interest rate. For items with a short commitment term (within three months), as their fair value and book value are nearly identical, their book value is assumed as their fair value.

Derivatives

The information of the fair value for derivatives is included in Note 28.

(b)Financial instruments whose fair value cannot be reliably determined

	Carrying amount	
March 31, 2010	Millions of Yen	Thousands of U.S.Dollars
Equity securities…………	¥ 2,396	$ 25,764
Other……………………..	966	10,383
Total……………………..	¥ 3,362	$ 36,147

(5) Maturity analysis for financial assets and securities with contractual maturities

	Millions of Yen			
March 31, 2010	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Due from banks………………	¥ 11,188			
Call loans……………………..	112,000			
Investment Securities………..				
Held-to-maturity securities…..	2,254	¥ 1,329		
Available-for-sale securities…..	115,213	427,840	¥ 205,846	¥ 8,000
Loans and bills discounted(*1)	444,783	608,391	273,325	259,011
Total…………………………..	¥ 685,438	¥1,037,560	¥ 479,171	¥ 267,011

(*1) Of loans and bills discounted exclude loans to obligor that are in danger of bankruptcy amount to ¥74,832 million.

	Thousands of U.S.Dollars			
March 31, 2010	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Due from banks………………	$ 120,305			
Call loans……………………..	1,204,301			
Investment Securities………..				
Held-to-maturity securities…..	24,237	$ 14,290		
Available-for-sale securities…..	1,238,848	4,600,626	$ 2,213,398	$ 86,022
Loans and bills discounted(*1)	4,782,609	6,541,841	2,938,975	2,785,060
Total…………………………..	$ 7,370,300	$11,156,757	$ 5,152,373	$ 2,871,082

(*1) Of loans and bills discounted exclude loans to entities that are in danger of bankruptcy amount to $804,615 million.

(6) Maturity analysis for deposits with contractual maturities

	Millions of Yen			
March 31, 2010	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Deposits…………………	¥ 2,224,804	¥ 236,774	¥ 2,574	
Total…………………….	¥ 2,224,804	¥ 236,774	¥ 2,574	

	Thousands of U.S.Dollars			
March 31, 2010	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Deposits…………………	$23,922,622	$ 2,545,957	$ 27,681	
Total…………………….	$23,922,622	$ 2,545,957	$ 27,681	

Please see Note 15 for maturities of borrowed money.

28 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 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 to hedge exchange risk associated with its assets and liabilities denominated in foreign currencies.

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 counterpart'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 (the 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.

As noted in Note 27, the Companies applied ASBJ Statement No.10 "Accounting Standard for Financial Instruments" and ASBJ Guidance No.19 "Guidance on Accounting Standard for Financial Instruments and Related Disclosures". The accounting standard and the guidance are applicable to financial instruments and related disclosures at the end of the fiscal years ending on or after March 31, 2010; therefore, the required information is disclosed only for 2010.

Derivative transactions to which hedge accounting is not applied at March 31, 2010

	Millions of Yen			
March 31, 2010	Contract Amount	Contract Amount due after One Year	Fair Value	Unrealized Gain (Loss)
Currency swaps	¥ 16,773		¥ (172)	¥ (172)
Coupon swaps	11,026	¥ 11,026	22	22
Foreign currency forward contracts:				
Selling	42,357	9	(682)	(682)
Buying	114		4	4

	Thousands of U.S. Dollars			
March 31, 2010	Contract Amount	Contract Amount due after One Year	Fair Value	Unrealized Gain (Loss)
Currency swaps	$ 180,357		$ (1,851)	$ (1,851)
Coupon swaps	118,560	$ 118,560	240	240
Foreign currency forward contracts:				
Selling	455,456	100	(7,329)	(7,329)
Buying	1,231		44	44

Derivative transactions to which hedge accounting is applied at March 31, 2010

	Millions of Yen			
March 31, 2010	Hedged item	Contract Amount	Contract Amount due after One Year	Fair Value
Interest rate swaps: (fixed rate payment, floating rate receipt)	Loans and bills discounted	¥ 39,370	¥ 39,370	¥ (804)

	Thousands of U.S. Dollars			
March 31, 2010	Hedged item	Contract Amount	Contract Amount due after One Year	Fair Value
Interest rate swaps: (fixed rate payment, floating rate receipt)	Loans and bills discounted	$ 423,330	$ 423,330	$ (8,649)

The following is the fair value information for foreign currency forward contracts to which hedge accounting is not applied at March 31, 2009. Foreign currency forward contracts which qualify for hedge accounting are excluded from the information below.

	Millions of Yen		
	2009		
For the year ended March 31, 2009	Contract Amount	Fair Value	Unrealized Gain (Loss)
Currency swaps	¥ 11,788	¥ 1,939	¥ 1,939
Foreign exchange forward contracts:			
Selling	25,151	(1,378)	(1,378)
Buying	55	(1)	(1)

The fair value of derivative transactions is calculated by discounting them to their present value.

The contract or notional amounts of derivatives which are shown in the above table do not represent the amounts exchanged by the parties and do not measure the Bank's exposure to credit or market risk.

29 SEGMENT INFORMATION

(1) Business Segment Information

Information about operations by business segments for the years ended March 31, 2010 and 2009 is as follows:

For the year ended March 31, 2010 — Millions of Yen

	Banking	Lease	Other	Total	Elimination/ Corporate	Consolidated
(a) Ordinary income:						
Ordinary income from outside customers	¥ 51,672	¥ 8,066	¥ 1,912	¥ 61,650		¥ 61,650
Inter segment ordinary income	260	761	730	1,751	¥ (1,751)	
Total	51,932	8,827	2,642	63,401	(1,751)	61,650
Ordinary expenses	42,797	8,361	2,220	53,378	(2,360)	51,018
Ordinary income	¥ 9,135	¥ 466	¥ 422	¥ 10,023	¥ 609	¥ 10,632
(b) Assets, depreciation, impairment losses and capital expenditures:						
Assets	¥ 2,697,227	¥ 23,765	¥ 12,121	¥2,733,113	¥ (14,188)	¥ 2,718,925
Depreciation	3,227	399	39	3,665		3,665
Impairment losses	816			816		816
Capital expenditures	2,554	97	42	2,693		2,693

For the year ended March 31, 2009 — Millions of Yen

	Banking	Lease	Other	Total	Elimination/ Corporate	Consolidated
(a) Ordinary income:						
Ordinary income from outside customers	¥ 54,245	¥ 8,393	¥ 2,026	¥ 64,664		¥ 64,664
Inter segment ordinary income	285	884	706	1,875	¥ (1,875)	
Total	54,530	9,277	2,732	66,539	(1,875)	64,664
Ordinary expenses	78,703	9,085	2,335	90,123	(2,284)	87,839
Ordinary income (loss)	¥ (24,173)	¥ 192	¥ 397	¥ (23,584)	¥ 409	¥ (23,175)
(b) Assets, depreciation, impairment losses and capital expenditures:						
Assets	¥2,608,596	¥ 24,731	¥ 12,416	¥2,645,743	¥ (17,796)	¥2,627,947
Depreciation	3,010	645	33	3,688		3,688
Impairment losses	9			9		9
Capital expenditures	3,032	184	226	3,442		3,442

For the year ended March 31, 2010 — Thousands of U.S. Dollars

	Banking	Lease	Other	Total	Elimination/ Corporate	Consolidated
(a) Ordinary income:						
Ordinary income from outside customers	$ 555,612	$ 86,733	$ 20,550	$ 662,895		$ 662,895
Inter segment ordinary income	2,801	8,180	7,854	18,835	$ (18,835)	
Total	558,413	94,913	28,404	681,730	(18,835)	662,895
Ordinary expenses	460,184	89,898	23,876	573,958	(25,382)	548,576
Ordinary income	$ 98,229	$ 5,015	$ 4,528	$ 107,772	$ 6,547	$ 114,319
(b) Assets, depreciation, impairment losses and capital expenditures:						
Assets	$ 29,002,440	$ 255,542	$130,330	$ 29,388,312	$(152,564)	$ 29,235,748
Depreciation	34,696	4,295	423	39,414		39,414
Impairment losses	8,775			8,775		8,775
Capital expenditures	27,466	1,038	456	28,960		28,960

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

(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.

30 SUBSEQUENT EVENT

At the Bank's general shareholders meeting held on June 25, 2010, 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	¥ 514	$ 5,529

Deloitte.

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated balance sheets of THE OITA BANK, LTD. (the "Company") and consolidated subsidiaries as of March 31, 2010 and 2009, and the related consolidated statements of operations, 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, 2010 and 2009, 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.

Deloitte Touche Tohmatsu LLC

June 25, 2010

CORPORATE DATA

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SECURITIES & INTERNATIONAL DIVISION
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Swift: OITA JPJT

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FOREIGN EXCHANGE OFFICES

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Telephone: (097) 534-1111

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4-6, Dosyoumachi 1-chome,
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Saiki, Oita 876-0847
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Chuo-ku, Tokyo 103-0027
Telephone: (03) 3273-0081

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Hakata-ku, Fukuoka 810-0801
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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, 2010)

BOARD OF DIRECTORS AND AUDITORS

Chairman
Yoshito Ogura

President
Shoji Himeno

Senior Managing Director
Shigenari Koganemaru

Managing Directors
Tetsunori Goto
Youichi Miura
Takayuki Suzuki

Director and senior adviser
Yasuchika Takahashi

Directors
Ikuo Nonoshita
Issei Takahara
Nobuhide Shimizu
Tomohiro Watanabe

Standing Auditors
Mitsumasa Nakamura
Tomiichirou Goto

Auditors
Hiroshi Kawano
Taichirou Nishi
Kunio Toyama

(As of June 30, 2010)

Summary of Non-Consolidated Balance Sheets (Unaudited)

THE OITA BANK, LTD.
March 31, 2010 and 2009

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
ASSETS:			
Cash and due from banks	¥ 38,469	¥ 36,982	$ 413,642
Call loans	112,000	82,000	1,204,301
Commercial paper and other debt purchased	5,243	4,988	56,377
Trading account securities	155	181	1,666
Money held in trust	5,766	6,115	61,996
Investment securities	823,276	750,180	8,852,432
Loans and bills discounted	1,666,433	1,667,897	17,918,629
Foreign exchange assets	3,887	4,345	41,791
Other assets	15,696	18,394	168,790
Premises and equipment	37,200	38,480	400,003
Intangible assets	3,139	3,944	33,748
Deferred tax assets	11,314	18,892	121,660
Customers' liabilities for acceptances and guarantees	25,262	31,078	271,636
Reserve for possible loan losses	(49,996)	(54,232)	(537,591)
TOTAL	¥ 2,697,844	¥ 2,609,244	$ 29,009,080
LIABILITIES AND EQUITY			
LIABILITIES:			
Deposits	¥2,468,890	¥ 2,375,083	$ 26,547,207
Call money	23,260	62,416	250,108
Borrowed money	16,206	6,858	174,253
Foreign exchange liabilities	108	27	1,164
Other liabilities	16,528	16,114	177,717
Liability for retirement benefits	10,456	10,315	112,434
Reserve for reimbursement of deposits	1,482	543	15,938
Deferred tax liabilities for land revaluation excess	7,969	8,294	85,689
Acceptances and guarantees	25,262	31,078	271,636
Total liabilities	2,570,161	2,510,728	27,636,146
EQUITY:			
Common stock	19,598	15,000	210,736
Capital surplus	10,582	5,984	113,788
Retained earnings:			
Legal reserve	10,431	10,431	112,162
Unappropriated	66,475	62,124	714,776
Total retained earnings	76,906	72,555	826,938
Unrealized gain on available-for-sale securities	11,240	(3,272)	120,869
Deferred loss on derivatives under hedge accounting	(479)	(608)	(5,151)
Land revaluation excess	9,865	10,344	106,069
Treasury stock-at cost	(29)	(1,487)	(315)
Total equity	127,683	98,516	1,372,934
TOTAL	¥ 2,697,844	¥ 2,609,244	$ 29,009,080

Note:1: Amounts stated in U.S. dollars are translated from Japanese yen, solely for convenience, at the rate of ¥93=U.S. $1, the approximate exchange rate prevailing at March 31, 2010.
2: Certain reclassifications have been made in the 2009 summary of non-consolidated balance sheet to conform to the classifications in 2010.

Summary of Non-Consolidated Statements of Operations (Unaudited)

THE OITA BANK, LTD.
Years Ended March 31, 2010 and 2009

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
INCOME:			
Interest on:			
Loans and discounts	**¥ 30,637**	¥ 33,345	**$ 329,434**
Securities	**10,958**	11,517	**117,827**
Other	**29**	70	**310**
Total interest income	**41,624**	44,932	**447,571**
Fees and commissions	**7,275**	7,376	**78,224**
Other operating income	**121**	414	**1,305**
Other income	**2,803**	1,702	**30,137**
Total income	**51,823**	54,424	**557,237**
EXPENSES:			
Interest on:			
Deposits	**4,099**	5,842	**44,079**
Borrowings and rediscounts	**318**	714	**3,413**
Other	**426**	564	**4,580**
Total interest expenses	**4,843**	7,120	**52,072**
Fees and commissions	**1,924**	2,053	**20,689**
Other operating expenses	**312**	2,864	**3,354**
General and administrative expenses	**29,741**	29,723	**319,796**
Provision for possible loan losses	**3,150**	32,356	**33,873**
Other expenses	**3,709**	4,681	**39,884**
Total expenses	**43,679**	78,797	**469,668**
INCOME (LOSS) BEFORE INCOME TAXES	**8,144**	(24,373)	**87,569**
INCOME TAXES:			
Current	**3,415**	2,005	**36,718**
Deferred	**(87)**	(3,171)	**(932)**
Total income taxes	**3,328**	(1,166)	**35,786**
NET INCOME (LOSS)	**¥4,816**	¥ (23,207)	**$ 51,783**

PER SHARE OF COMMON STOCK:	Yen		U.S. Dollars
Basic net income (loss)	**¥ 30.28**	¥ (162.62)	**$ 0.326**
Cash dividends applicable to the year	**6.00**	6.00	**0.065**

Note: Amounts stated in U.S. dollars are translated from Japanese yen, solely for convenience, at the rate of ¥93=U.S. $1, the approximate exchange rate prevailing at March 31, 2010.

Summary of Non-Consolidated Statements of Changes in Equity (Unaudited)

THE OITA BANK, LTD.
Years Ended March 31, 2010 and 2009

	Thousands	Millions of Yen								
				Retained Earnings						
	Outstanding Number of Shares of Common Stock	Common Stock	Capital Surplus	Legal Reserve	Unappropriated	Unrealized Gain on Available-for-sale Securities	Deferred Loss on Derivatives under Hedge Accounting	Land Revaluation Excess	Treasury Stock	Total Equity
BALANCE, APRIL 1,2008	142,729	¥ 15,000	¥ 5,984	¥ 10,431	¥ 86,204	¥13,791	¥ (332)	¥ 10,333	¥ (1,455)	¥139,956
Net loss					(23,207)					(23,207)
Cash dividends, ¥6.00 per share					(856)					(856)
Purchase of treasury stock	(88)								(52)	(52)
Disposal of treasury stock	23		(6)						20	14
Transfer from land revaluation excess					(11)			11		
Transfer to capital surplus from retained earnings			6		(6)					
Net change in the year						(17,063)	(276)			(17,339)
BALANCE, MARCH 31, 2009	142,664	¥ 15,000	¥ 5,984	¥ 10,431	¥ 62,124	¥(3,272)	¥ (608)	¥ 10,344	¥ (1,487)	¥ 98,516
Issuance of new shares of common stock with disposal of treasury stock	26,950	4,598	4,598						1,464	10,660
Net income					4,816					4,816
Cash dividends, ¥6.00 per share					(942)					(942)
Purchase of treasury stock	(23)								(10)	(10)
Disposal of treasury stock	1,805		(2)						4	2
Transfer from land revaluation excess					479					479
Transfer to capital surplus from retained earnings			2		(2)					
Net change in the year						14,512	129	(479)		14,162
BALANCE, MARCH 31, 2010	171,396	¥ 19,598	¥ 10,582	¥ 10,431	¥ 66,475	¥11,240	¥ (479)	¥ 9,865	¥ (29)	¥127,683

	Thousands of U.S. Dollars								
			Retained Earnings						
	Common Stock	Capital Surplus	Legal Reserve	Unappropriated	Unrealized Gain on Available-for-sale Securities	Deferred Loss on Derivatives under Hedge Accounting	Land Revaluation Excess	Treasury Stock	Total Equity
BALANCE, MARCH 31, 2009	$161,290	$ 64,342	$112,162	$667,996	$(35,177)	$(6,538)	$111,221	$(15,989)	$1,059,307
Issuance of new shares of common stock with disposal of treasury stock	49,446	49,446						15,744	114,636
Net income				51,783					51,783
Cash dividends, $0.065 per share				(10,131)					(10,131)
Purchase of treasury stock								(115)	(115)
Disposal of treasury stock		(24)						45	21
Transfer from land revaluation excess				5,152					5,152
Transfer to capital surplus from retained earnings		24		(24)					
Net change in the year					156,046	1,387	(5,152)		152,281
BALANCE, MARCH 31, 2010	$210,736	$113,788	$112,162	$714,776	$120,869	$(5,151)	$106,069	$ (315)	$1,372,934

Note: Amounts stated in U.S. dollars are translated from Japanese yen, solely for convenience, at the rate of ¥93=U.S. $1, the approximate exchange rate prevailing at March 31, 2010.

THE OITA BANK, LTD.

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