Annual Report 2010

NISHI-NIPPON CITY BANK

THE NISHI-NIPPON CITY BANK, LTD.

Profile

Headquartered in the city of Fukuoka (population 1.45 million), the largest urban center in Kyushu, the Nishi-Nippon City Bank Group comprises the parent bank, 12 consolidated subsidiaries, and one affiliate. While banking services are its prime focus, the Group also provides a full range of financial services, including securities brokerage, credit guarantees and credit card services, as well as credit management and business consulting services.

In our core banking services, we have been promoting community-oriented financial services to our customer base mainly consisting of individuals and small and medium-sized enterprises (SME) in the Kyushu region. As of March 31, 2010, the Bank has a network of 208 branches in Japan. It also maintains representative offices in Hong Kong, Seoul, and Shanghai. The Bank supports the overseas business expansion of local companies through its service alliances with overseas financial institutions, mainly in China, South Korea, Vietnam, Thailand, and Indonesia.

Consolidated Financial Highlights

The Nishi-Nippon City Bank, Ltd. and its consolidated subsidiaries Years ended March 31, 2010 and 2009

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	2010
Total income	¥173,537	¥181,770	$1,865,191
Total expenses	135,702	162,377	1,458,544
Income before income taxes and minority interests	37,834	19,393	406,647
Net income	21,800	14,616	234,317
	Yen		U.S. dollars
Net income per share	¥26.88	¥17.84	$0.28

The Nishi-Nippon City Bank, Ltd. and its consolidated subsidiaries March 31, 2010 and 2009

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	2010
Total assets	¥7,287,892	¥7,208,363	$78,330,749
Deposits	6,469,642	6,314,328	69,536,138
Loans and bills discounted	5,147,505	5,073,132	55,325,721
Securities	1,597,140	1,570,882	17,166,174
Capital stock	85,745	85,745	921,599
Net assets (after deduction of minority interests)	336,661	289,733	3,618,460

Notes: 1. Translation into U.S. dollars (solely for the convenience of readers outside Japan) has been made at the exchange rate of ¥93.04 to U.S.$1.
2. In this report, Japanese yen figures are rounded down to the nearest million yen.

Contents

Message from the President

Seeking to provide the highest-level services to our customers in Kyushu, and prospering together with our customers as the No. 1 bank in the Kyushu region, we have undertaken a wide range of initiatives. Below are summarized our business results for the fiscal year ended March 31, 2010. The progress made under our new medium-term (three-year) business plan, "New Stage 2008", and the management policies to be implemented in the current period are also described.

Isao Kubota, *President*

Aiming to be the No. 1 bank in Kyushu

Business Conditions in the Fiscal Year Ended March 31, 2010

Although the Japanese economy experienced tough times in fiscal 2009, with unemployment rates temporarily soaring to the 5% range, exports and production started to recover supported by Asian economic growth driven mainly by China as well as the Japanese government's economic stimulus plans. As a result, corporate performance improved in the second half of the period, indicating that the economy was on the road to recovery.

We saw seesawing Japanese share prices during this period. However, toward the end of the fiscal year the stock market began to rise and remained steady. With the domestic economy depressed by low economic growth and deflationary pressures, long-term interest rates hovered in the low 1.0% range. In the foreign currency market, the yen's appreciation continued. At one point, the Japanese yen breached 90 yen against US dollar, however, it could not maintain that level to the end of the fiscal year.

Against this backdrop, the Group has been working to strengthen its business base and improve performance. Dragged down by the decline in revenue from funds management caused by falling market interest rates, consolidated operating income fell ¥8,232 million year on year, to ¥173,537 million ($1,865 million). Income before income taxes and minority interests rose to ¥37,834 million ($406 million), an increase of ¥18,441 million from the previous fiscal year. Net income grew by ¥7,184 million, to ¥21,800 million ($234 million) year on year.

Increase in the Size of Loans and Deposits

To boost its presence as a regional financial institution, Nishi-Nippon City Bank has consistently pursued community-oriented financial services which are aimed at achieving integrated growth with the community.

At the end of fiscal 2010, the Bank had total loan assets of ¥4,931.5 billion ($53,004 million) on a non-consolidated basis, up ¥82.1 billion year on year. Loans to customers located in Kyushu accounted for ¥4,538.8 billion, or 92.0% of the total. Furthermore, 80.3% of loans were provided to SMEs and individuals, underlining our commitment to actively accommodate the diverse financing needs of local customers.

The corresponding year-end balance of deposits, including certificates of deposit, increased by ¥223.7 billion, to ¥6,303.8 billion ($67,753 million). The primary driving factor was growth in deposits from individuals. Kyushu-area customers accounted for ¥6,056.9 billion in deposits, or 96.0% of the total balance.

Activities to Commemorate the 5th Anniversary of our New Start through Merger

Thanks to the support of all of our shareholders, customers and the local community, the Bank celebrated the fifth anniversary of its new start through the merger in October 2009. On behalf of our management and all employees, I would like to express my heartfelt gratitude to our shareholders, customers and the local community for their patronage and support.

To express our gratitude, we held a variety of commemorative events under the concept of "prospering with the community." These include the sale of combined five-year commemorative time deposits exclusively for shareholders and, convening the NCB Business Fair symposium for revitalizing the local economy for our customers. For the local community, we also put on a charity concert in which the local orchestra performed together with a choral ensemble composed of citizens and bank employees.

Strengthening Services to Meet the Needs of our Customers

In order to meet the diverse needs of its local customers, the Group seeks to provide top-level services. As part of this mission, in May 2010, we launched a securities brokerage subsidiary called “Nishi-Nippon City Tokai Tokyo Securities” for responding to the diverse asset management requirements of our customers. In the future, we will offer enhanced professional consultation services for asset management to all of our customers, regardless of the type of clients, whether they are individual or corporate customers.

Meanwhile, we reorganized our International Business Unit to create the new “International Business Division.” The aim of this initiative is to strengthen our support capabilities for local companies wishing to break into high-growth Asian markets. Our mission is to provide cutting-edge products and services swiftly, including trade settlement services and foreign exchange risk hedging tools, which preempt changes in the international business environment. We also strengthened our comprehensive support systems by establishing the International Business Support Office, which provides trade consulting services and support business expansion into overseas markets, among other services.

In June 2010, the Group launched “NCB Foreign Exchange Super Direct,” a functionally enhanced version of “NCB Foreign Exchange Direct,” the service previously accessed by our customers. Customer convenience has been enhanced through changes that include extended access hours and same-day processing of international money transfers.

Meanwhile, in response to increased social demand for banks to facilitate access to financing, the Group established the “Financing Consultation Desk” so that it is able to respond more closely to its customers’ needs by providing consultation services on reviewing loan repayments and other matters.

We have also been concentrating on strengthening business areas such as loans, the sales of investment trusts and insurance and solutions business, the main areas of focus of the medium-term business plan.

Framework for “New Stage 2008”

In the area of consumer loans, we established two loan business centers to act as dedicated loan hubs by June 2010. We also enhanced the functions of our Holiday Opening Consultation Desk to enable customers who lead diverse lifestyles to readily discuss their loans with us even on holidays. In our solutions business, we are employing a range of methods for offering business solutions to our customers, and have increased the number of corporate advisory staff with special skills from 8 to 18. We are also actively engaged in convening business fairs for business matching and seminars by providing advice on business succession, M&As and other areas.

In Pursuit of a Sounder Financial Position

The Group is taking steps to further strengthen its financial position. The capital ratio is the primary indicator of a bank's financial health. As of March 31, 2010, Nishi-Nippon City Bank's capital ratio stood at 10.42% on a consolidated basis and 10.40% on a non-consolidated basis. These high figures exceed medium-term business plan targets and are significantly higher than the minimum level of 4% required for banks operating only in Japan.

Furthermore, the Bank's Non-Performing Loan Ratio (subject to mandatory disclosure of claims under the Financial Reconstruction Law, including claims held by a subsidiary established for asset management purposes) increased from 3.29% to 3.58%. The Bank currently has a total coverage ratio of 100% for non-performing loans and corresponding forms of bad debt.

Additionally, we are continuing to focus our efforts on improving levels of corporate governance in management, and working to develop, refine, and ensure the effectiveness of our internal control systems. Legal compliance is a top-priority issue for management. The Bank's top management has made it clear to all employees that decisive measures will be implemented in this area, and is now investing our energy into the creation of a compliance-oriented corporate culture.

Achieving the Objectives of the New Medium-Term Business Plan

With future uncertainty still clouding the economic situation, fiscal 2010 will mark the final year of the Group's medium-term business plan. We do more than merely providing financial intermediary services to our customers. By providing consultation services tailored to our customers' business challenges, we seek to leverage our function as a value creation-oriented financial intermediary. These functions add value to local companies and assist our corporate and individual customers in building their wealth. Developing a solid management foundation for supporting these activities is not only the role but also the social responsibility of regional financial institutions.

In order to achieve all the objectives of fiscal 2010, the final fiscal term of the medium-term business plan, the Group will further strengthen its systems for providing top-level financial services that meet the expectations of our customers. We recognize that our growth as a bank is inseparable from the prosperity of the region. Therefore, our mission is to further contribute to the expansion of the regional economy. In our quest to satisfy the expectations of our shareholders and investors, we also remain committed to making management profit focused, one of the key objectives of our business plan.

I would like to take this opportunity to thank you for your continued understanding and support of the Nishi-Nippon City Bank Group in its future endeavors.

Isao Kubota,
President

Numerical targets of the Medium-Term Business Plan

Earnings	Year ending March 2011
Gross business profit	¥134 billion
Expenses	¥74 billion
Core banking profit	¥60.0 billion
Net income	¥30.0 billion

* Non-consolidated basis

Management indicators	Year ending March 2011
ROE (net income basis)	approx. 9%
OHR (Core gross business profit basis)	approx. 55%
Capital ratio (consolidated)	approx. 9.5%
Tier I ratio (consolidated)	approx. 6.5%

Toward a Sounder Financial Position

As the pursuit of a sounder financial position is ranked as one of the Bank's key priorities, we are strengthening our capital adequacy and reducing non-performing loans (NPL).

NPL Ratio of 3.58%

We have taken a stricter stance on bad debt write-offs and allowances in order to reflect the Bank's self-assessment of assets more faithfully. As of March 31, 2010, the Bank's NPL balance (subject to mandatory disclosure of claims under the Financial Reconstruction Law, including claims held by a subsidiary established for asset management purposes) increased by ¥16.8 billion year on year, to ¥179.4 billion. As a result, the NPL ratio increased to 3.58%, up 0.29 percentage points year on year.

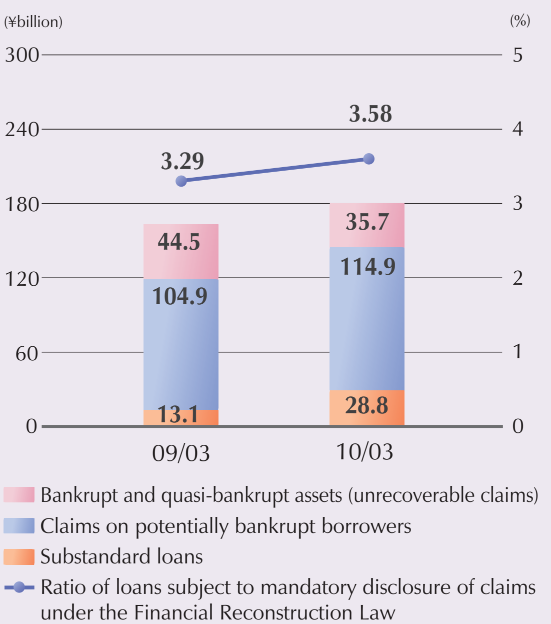
The coverage ratio for loans subject to mandatory disclosure of claims is 84.79% through collateral, guarantees, and the reserve for possible loan losses. Coverage for bankrupt and quasi-bankrupt assets is 100%.

Capital Ratio (consolidated) is 10.42%

The capital ratio as of March 31, 2010 stood at 10.40% on a non-consolidated basis and 10.42% on a consolidated basis. This was due to an increase in retained earnings, among other factors. Non-consolidated and consolidated capital ratios grew by 0.49 and 0.55 percentage points respectively, year-on-year. These high figures met the new medium-term business plan target of the 9.5% level ahead of schedule, and are significantly higher than the minimum level of 4% required for banks operating only in Japan.

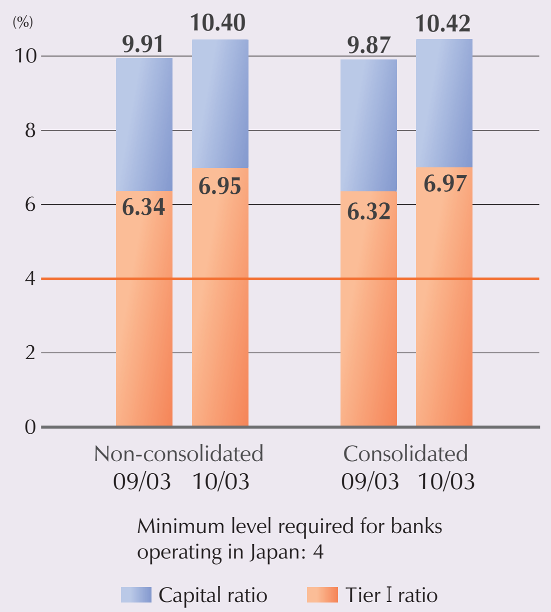
The core Tier I ratio stood at 6.95% on a non-consolidated basis and 6.97% on a consolidated basis, with both figures exceeding the levels of the previous fiscal year. We will be implementing measures to further strengthen our capital adequacy and raise the capital ratio.

Balance of NPLs and ratio of loans subject to mandatory disclosure of claims under the Financial Reconstruction Law



*"NPL including claims held by a subsidiary established for asset management purposes" = the Bank (parent) + NCB Turnaround Co., Ltd.

Capital ratio



Risk Management Systems

While business opportunities are increasing with financial deregulation, globalization and the development of financial technologies, the risks attendant on financial services are becoming more complex and diverse. Against this backdrop, the Bank is strengthening its risk management systems with the goal of establishing a sound management foundation and ensuring stable revenues.

■ Integrated Risk Management: The Risk Management Regulations were established pursuant to our Basic Policy on Risk Management. Additionally, we have developed a risk management system in which the Corporate Risk Management & Compliance Division is responsible for handling risk management across the Bank's entire operations. We classify the risk inherent in financial operations into four categories — credit, market, liquidity and operational risk and properly manage each risk category. Quantifiable risk is kept within certain parameters. To ensure that an appropriate balance is struck between earnings and risk, risk is quantified using a statistical approach employing the VaR (Value at Risk) method, with economic capital allocated to cover potential risk. Earnings are measured and valued on a risk-adjusted basis. Risks that are difficult to quantify are subject to precautionary measures to minimize their realization.

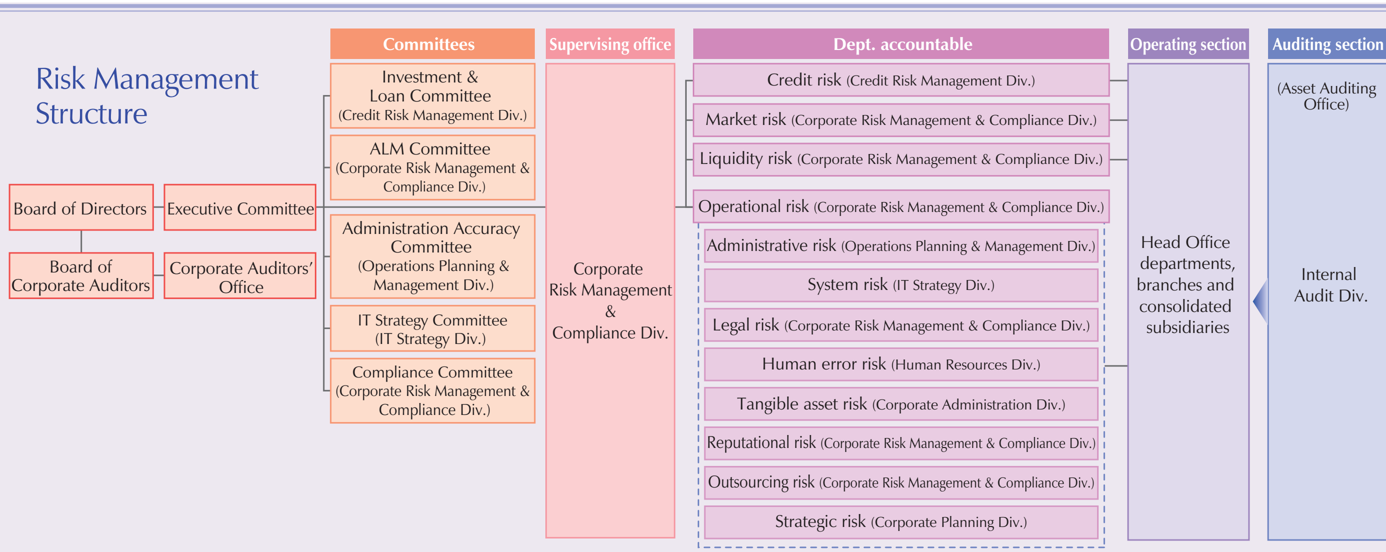
■ Credit Risk Management: Credit risk is viewed as the top-priority risk category, and we are working to exert even tighter control over the Bank's credit risk. This is done in accordance with the Bank's Credit Risk Management Policy and Credit Policy. Strict standards are applied to the screening of each individual case, and cases that exceed a certain specified standard are screened again by specialized staff in our Credit Supervision Division. In this way, we are working hard to maintain the soundness of our assets. In our loan portfolio, we also try to diversify risk and ensure there is no concentration of any particular industrial sector or customer. Therefore, we use system of sector-based credit risk quantification and portfolio management, based on our credit rating system. We also carry out asset self-assessment and constantly monitor the procedures. Based on the outcomes, we monitor write-offs and provisions for loan-loss reserves.

*In addition to the above, we rigorously manage market, liquidity, operational and other risks through a cross-checking system.

■ The ALM System: The ALM committee, consisting of top management members, meets monthly to decide on funds placement and procurement policy based on projections of economic trends and capital market interest rates. The committee also quantifies risk in areas such as deposits and loans, bonds, stocks and investment trusts using the VaR (Value at Risk) method. It also conducts strategic management by determining key policies on market risk and by other means. This is done after maturity gaps generated by the difference in contract terms for funds placement and procurement are analyzed to ascertain the relationship between risk and its return.

■ The Internal Audit System: The Internal Audit Division, which is directly under management control, carries out internal audits as a fully independent entity that has no involvement in banking operations. The division undertakes audits of the head office divisions, branches and subsidiaries in line with our Basic Policy on Internal Audits. This policy is determined for each fiscal year at a meeting of the Board of Directors. Audit findings and problems are reported directly to top management by audit division staff members at the monthly Board of Directors' Meeting and at other opportunities. The Internal Audit Division also issues instructions for implementing remedial measures.

Risk Management Structure



Board of Directors and Corporate Auditors

Masahiro Honda
Chairman

Isao Kubota
President

Kazushige Higuchi
Deputy President

Chairman	Masahiro Honda
President	Isao Kubota
Deputy President	Kazushige Higuchi
Executive Directors	Hirofumi Fujimoto
	Seiji Isoyama
	Akira Mitsutomi
Managing Directors	Shigeru Urayama
	Sadamasa Okamura
	Kiyota Takata
	Soichi Kawamoto

Directors	Yasuyuki Ishida
	Kyosuke Koga
	Hiroyuki Irie
	Tsuyoshi Ooba
	Mitsuru Kawatani
(outside)	Yasumichi Hinago
Corporate Auditors	Ryoichi Ozawa
	Tomoaki Kawakami
(outside)	Masahiro Sakata
(outside)	Hiroki Ogawa
(outside)	Susumu Ishihara

(as of June 30, 2010)

Financial Section

Contents

Consolidated Balance Sheets

The Nishi-Nippon City Bank, Ltd. and Subsidiaries 31st March, 2010 and 2009

	Millions of yen		Thousands of U.S. dollars(Note 1)
	2010	2009	**2010**
Assets:			
Cash and due from banks (Notes 8, 28 and 37)	**¥275,718**	¥253,344	**$2,963,439**
Call loans and bills bought	**1,193**	687	**12,832**
Commercial paper and other debt purchased (Notes 8 and 28)	**36,050**	37,931	**387,476**
Trading account assets (Notes 5 and 29)	**863**	1,451	**9,278**
Money held in trust (Note 30)	**3,000**	1,991	**32,244**
Securities (Notes 6, 8, 28 and 29)	**1,597,140**	1,570,882	**17,166,174**
Loans and bills discounted (Notes 7, 9 and 28)	**5,147,505**	5,073,132	**55,325,721**
Foreign exchange assets (Note 10)	**2,972**	2,467	**31,953**
Other assets (Notes 8 and 11)	**43,375**	41,703	**466,201**
Tangible fixed assets (Notes 12 and 19)	**121,689**	122,430	**1,307,922**
Intangible fixed assets	**3,150**	3,164	**33,856**
Deferred tax assets (Note 33)	**44,878**	76,643	**482,355**
Customers' liabilities for acceptances and guarantees	**74,781**	90,600	**803,758**
Reserve for possible loan losses (Note 28)	**(63,756)**	(66,677)	**(685,254)**
Reserve for devaluation of securities	**(671)**	(1,392)	**(7,212)**
Total assets	**¥7,287,892**	¥7,208,363	**$78,330,749**
Liabilities and net assets:			
Liabilities:			
Deposits (Notes 8, 13 and 28)	**¥6,469,642**	¥6,314,328	**$69,536,138**
Call money and bills sold (Notes 8 and 28)	**100,341**	109,386	**1,078,478**
Guarantee deposits received under securities lending transactions (Note 8)	**29,554**	48,066	**317,654**
Borrowed money (Notes 8, 15 and 28)	**80,410**	167,488	**864,256**
Foreign exchange liabilities (Note 10)	**241**	68	**2,592**
Bonds (Notes 14 and 28)	**103,500**	93,500	**1,112,424**
Other liabilities (Note 16)	**55,029**	58,101	**591,455**
Reserve for employee retirement benefits (Note 32)	**11,558**	11,575	**124,232**
Reserve for retirement benefits for directors and corporate auditors	**1,104**	1,016	**11,872**
Reserve for reimbursement of deposits	**1,034**	719	**11,123**
Reserve for other contingent losses	**1,524**	1,166	**16,385**
Deferred tax liabilities on revaluation of premises (Note 19)	**22,507**	22,612	**241,915**
Acceptances and guarantees	**74,781**	90,600	**803,758**
Total liabilities	**6,951,231**	6,918,629	**74,712,288**
Net assets:			
Capital stock (Note 17)	**85,745**	85,745	**921,599**
Capital surplus	**90,301**	90,301	**970,562**
Earned surplus	**100,681**	82,349	**1,082,132**
Treasury stock (Note 18)	**(643)**	(615)	**(6,911)**
Total shareholders' equity	**276,085**	257,780	**2,967,383**
Net unrealized gains (losses) on securities available for sale, net of taxes (Note 29)	**5,720**	(21,411)	**61,483**
Net deferred losses on hedging instruments, net of taxes	**(1)**	(2)	**(17)**
Revaluation of premises, net of taxes (Note 19)	**27,970**	28,112	**300,627**
Cumulative translation adjustments	**(0)**	(0)	**(3)**
Total valuation and translation adjustments	**33,688**	6,698	**362,090**
Minority interests	**26,887**	25,253	**288,986**
Total net assets	**336,661**	289,733	**3,618,460**
Total liabilities and net assets	**¥7,287,892**	¥7,208,363	**$78,330,749**

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Income

The Nishi-Nippon City Bank, Ltd. and Subsidiaries Years ended 31st March, 2010 and 2009

	Millions of yen		Thousands of U.S. dollars(Note 1)
	2010	2009	**2010**
Income:			
Interest and dividend income:			
Interest on loans and discounts	**¥112,743**	¥117,761	**$1,211,776**
Interest and dividends on securities	**19,035**	21,911	**204,593**
Other interest income (Note 20)	**869**	1,282	**9,347**
Fees and commissions	**29,186**	29,511	**313,702**
Trading income	**67**	130	**721**
Other operating income (Note 21)	**4,904**	6,165	**52,716**
Other income (Note 22)	**6,729**	5,007	**72,332**
Total income	**173,537**	181,770	**1,865,191**
Expenses:			
Interest expenses:			
Interest on deposits	**14,852**	19,327	**159,634**
Interest on call money and bills sold	**260**	973	**2,796**
Interest on borrowings	**702**	504	**7,547**
Other interest expenses (Note 23)	**2,423**	4,411	**26,046**
Fees and commissions	**9,590**	9,697	**103,079**
Other operating expenses (Note 24)	**3,268**	8,566	**35,129**
General and administrative expenses (Note 25)	**84,835**	83,629	**911,818**
Other expenses (Note 26)	**19,770**	35,265	**212,492**
Total expenses	**135,702**	162,377	**1,458,544**
Income before income taxes and minority interests	**37,834**	19,393	**406,647**
Income taxes (Note 33):			
Current	**159**	179	**1,718**
Deferred	**14,230**	4,408	**152,948**
Total income taxes	**14,390**	4,587	**154,667**
Minority interests in net income	**1,643**	189	**17,661**
Net income (Note 38)	**¥21,800**	¥14,616	**$234,317**

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Changes in Net Assets

The Nishi-Nippon City Bank, Ltd. and Subsidiaries Years ended 31st March, 2010 and 2009

	Millions of yen		Thousands of U.S. dollars(Note 1)
	2010	2009	2010
Shareholders' equity			
Capital stock (Note 17)			
Balance at end of the previous year	**¥85,745**	¥85,745	**$921,599**
Changes during the year			
Total changes during the year	**—**	—	**—**
Balance at end of the current year	**¥85,745**	¥85,745	**$921,599**
Capital surplus			
Balance at end of the previous year	**¥90,301**	¥90,301	**$970,562**
Changes during the year			
Total changes during the year	**—**	—	**—**
Balance at end of the current year	**¥90,301**	¥90,301	**$970,562**
Earned surplus			
Balance at end of the previous year	**¥82,349**	¥71,033	**$885,097**
Changes during the year			
Cash dividends paid (Note 39)	**(3,601)**	(3,601)	**(38,709)**
Net income	**21,800**	14,616	**234,317**
Sale of treasury stock	**(9)**	(14)	**(104)**
Reversal of revaluation of premises	**142**	316	**1,531**
Total changes during the year	**18,332**	11,316	**197,035**
Balance at end of the current year	**¥100,681**	¥82,349	**$1,082,132**
Treasury stock (Note 18)			
Balance at end of the previous year	**(¥615)**	(¥597)	**($6,614)**
Changes during the year			
Acquisition of treasury stock	**(49)**	(46)	**(527)**
Sale of treasury stock	**21**	28	**231**
Total changes during the year	**(27)**	(17)	**(296)**
Balance at end of the current year	**(¥643)**	(¥615)	**($6,911)**
Total shareholders' equity			
Balance at end of the previous year	**¥257,780**	¥246,482	**$2,770,644**
Changes during the year			
Cash dividends paid (Note 39)	**(3,601)**	(3,601)	**(38,709)**
Net income	**21,800**	14,616	**234,317**
Acquisition of treasury stock	**(49)**	(46)	**(527)**
Sale of treasury stock	**11**	14	**126**
Reversal of revaluation of premises	**142**	316	**1,531**
Total changes during the year	**18,304**	11,298	**196,739**
Balance at end of the current year	**¥276,085**	¥257,780	**$2,967,383**

	Millions of yen		Thousands of U.S. dollars(Note 1)
	2010	2009	**2010**
Valuation and translation adjustments			
Net unrealized gains (losses) on securities available for sale, net of taxes			
Balance at end of the previous year	**(¥21,411)**	(¥986)	**($230,129)**
Changes during the year			
Net changes in items other than shareholders' equity	**27,131**	(20,425)	**291,613**
Total changes during the year	**27,131**	(20,425)	**291,613**
Balance at end of the current year	**¥5,720**	(¥21,411)	**$61,483**
Net deferred losses on hedging instruments, net of taxes			
Balance at end of the previous year	**(¥2)**	(¥2)	**($26)**
Changes during the year			
Net changes in items other than shareholders' equity	**(0)**	(0)	**9**
Total changes during the year	**(0)**	(0)	**9**
Balance at end of the current year	**(¥1)**	(¥2)	**($17)**
Revaluation of premises, net of taxes			
Balance at end of the previous year	**¥28,112**	¥28,428	**$302,159**
Changes during the year			
Net changes in items other than shareholders' equity	**(142)**	(316)	**(1,531)**
Total changes during the year	**(142)**	(316)	**(1,531)**
Balance at end of the current year	**¥27,970**	¥28,112	**$300,627**
Cumulative translation adjustments			
Balance at end of the previous year	**(¥0)**	(¥0)	**($2)**
Changes during the year			
Net changes in items other than shareholders' equity	**(0)**	(0)	**(0)**
Total changes during the year	**(0)**	(0)	**(0)**
Balance at end of the current year	**(¥0)**	(¥0)	**($3)**
Total valuation and translation adjustments			
Balance at end of the previous year	**¥6,698**	¥27,440	**$72,000**
Changes during the year			
Net changes in items other than shareholders' equity	**26,990**	(20,741)	**290,090**
Total changes during the year	**26,990**	(20,741)	**290,090**
Balance at end of the current year	**¥33,688**	¥6,698	**$362,090**
Minority interests			
Balance at end of the previous year	**¥25,253**	¥25,615	**$271,428**
Changes during the year			
Net changes in items other than shareholders' equity	**1,633**	(362)	**17,557**
Total changes during the year	**1,633**	(362)	**17,557**
Balance at end of the current year	**¥26,887**	¥25,253	**$288,986**
Total net assets			
Balance at end of the previous year	**¥289,733**	¥299,538	**$3,114,073**
Changes during the year			
Cash dividends paid (Note 39)	**(3,601)**	(3,601)	**(38,709)**
Net income	**21,800**	14,616	**234,317**
Acquisition of treasury stock	**(49)**	(46)	**(527)**
Sale of treasury stock	**11**	14	**126**
Reversal of revaluation of premises	**142**	316	**1,531**
Net changes in items other than shareholders' equity	**28,623**	(21,103)	**307,648**
Total changes during the year	**46,928**	(9,805)	**504,387**
Balance at end of the current year	**¥336,661**	¥289,733	**$3,618,460**

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Cash Flows

The Nishi-Nippon City Bank, Ltd. and Subsidiaries Years ended 31st March, 2010 and 2009

	Millions of yen		Thousands of U.S. dollars(Note 1)
	2010	2009	**2010**
Ⅰ.Cash flows from operating activities:			
Income before income taxes and minority interests	**¥37,834**	¥19,393	**$406,647**
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:			
Depreciation	**5,110**	5,284	**54,926**
Losses on impairment of fixed assets	**387**	377	**4,165**
Amortization of goodwill	**9**	199	**100**
Equity in losses of nonconsolidated subsidiaries and affiliate	**103**	45	**1,114**
Decrease in reserve for possible loan losses	**(2,671)**	(6,692)	**(28,716)**
(Decrease) increase in reserve for devaluation of securities	**(721)**	749	**(7,749)**
Decrease in reserve for employee retirement benefits	**(16)**	(599)	**(181)**
Increase in reserve for retirement benefits for directors and corporate auditors	**88**	47	**951**
Increase (decrease) in reserve for reimbursement of deposits	**315**	(73)	**3,388**
Increase in reserve for other contingent losses	**358**	746	**3,849**
Income from lending activities	**(132,648)**	(140,954)	**(1,425,717)**
Funding costs	**18,238**	25,217	**196,025**
Losses on securities	**3,603**	14,558	**38,734**
(Gains) losses on money held in trust	**(10)**	243	**(114)**
Net foreign exchange gains	**(858)**	(1,027)	**(9,229)**
Losses on sale of tangible fixed assets	**653**	732	**7,024**
Net decrease in trading account assets	**588**	2,663	**6,326**
Net increase in loans and bills discounted	**(74,642)**	(165,796)	**(802,263)**
Net increase in deposits	**116,117**	108,861	**1,248,035**
Net increase in certificates of deposit	**39,196**	37,373	**421,289**
Net (decrease) increase in borrowed money, exclusive of subordinated borrowings	**(87,078)**	120,245	**(935,920)**
Net decrease in due from banks, exclusive of central bank	**19,009**	23,328	**204,315**
Net decrease in call loans	**1,291**	7,200	**13,880**
Net (decrease) increase in call money	**(9,044)**	8,182	**(97,211)**
Net decrease in guarantee deposits received under securities lending transactions	**(18,511)**	(27,047)	**(198,963)**
Net increase in foreign exchange assets	**(505)**	(1,261)	**(5,432)**
Net increase (decrease) in foreign exchange liabilities	**172**	(48)	**1,851**
Interest and dividends received	**134,523**	141,004	**1,445,867**
Interest paid	**(19,313)**	(22,671)	**(207,579)**
Others	**6,468**	3,112	**69,524**
Subtotal	**38,047**	153,393	**408,937**
Income taxes paid	**(173)**	(188)	**(1,861)**
Net cash provided by operating activities	**¥37,874**	¥153,205	**$407,075**

	Millions of yen		Thousands of U.S. dollars(Note 1)
	2010	2009	**2010**
Ⅱ.Cash flows from investing activities:			
Payments for purchase of securities	**(¥537,727)**	(¥768,872)	**($5,779,532)**
Proceeds from sale of securities	**310,753**	243,274	**3,339,997**
Proceeds from redemption of securities	**231,218**	430,224	**2,485,156**
Payments for purchase of money held in trust	**(1,008)**	(127)	**(10,835)**
Proceeds from sale of money held in trust	**—**	5,783	**—**
Payments for purchase of tangible fixed assets	**(3,908)**	(5,016)	**(42,008)**
Proceeds from sale of tangible fixed assets	**422**	587	**4,539**
Payments for purchase of intangible fixed assets	**(1,905)**	(400)	**(20,482)**
Payments for purchase of stock of subsidiaries (affecting the scope of consolidation)	**—**	(574)	**—**
Net cash used in investing activities	**(2,155)**	(95,122)	**(23,164)**
Ⅲ.Cash flows from financing activities:			
Increase in subordinated borrowed money	**—**	13,000	**—**
Repayments of subordinated borrowed money	**—**	(5,500)	**—**
Issuance of subordinated bonds and bonds with stock subscription rights	**15,000**	—	**161,220**
Redemption of subordinated bonds and bonds with stock subscription rights	**(5,000)**	(2,411)	**(53,740)**
Dividends paid	**(3,600)**	(3,599)	**(38,698)**
Dividends paid to monority shareholders	**(690)**	(673)	**(7,424)**
Payments for acquisition of treasury stock	**(49)**	(46)	**(527)**
Proceeds from sale of treasury stock	**11**	14	**126**
Net cash provided by financing activities	**5,671**	783	**60,956**
Ⅳ.Effects of changes in exchange rates on cash and cash equivalents	**(6)**	(8)	**(71)**
Ⅴ.Net increase in cash and cash equivalents	**41,383**	58,858	**444,795**
Ⅵ.Cash and cash equivalents at beginning of year	**226,513**	167,654	**2,434,580**
Ⅶ.Cash and cash equivalents at end of year (Note 37)	**¥267,897**	¥226,513	**$2,879,375**

See accompanying Notes to Consolidated Financial Statements.

The Nishi-Nippon City Bank, Ltd. and Subsidiaries

1. Basis of Presentation of Consolidated Financial Statements

The accompanying consolidated financial statements of The Nishi-Nippon City Bank, Ltd. (the “Bank”), formerly The Nishi-Nippon Bank, Ltd., and its consolidated subsidiaries have been prepared in conformity with accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Bank as required by the Financial Instruments and Exchange Law of Japan.

In addition, the notes to the consolidated financial statements include information which is not required under accounting principles generally accepted in Japan but is presented herein as additional information.

Solely for the convenience of readers outside Japan, certain items in the original financial statements have been reclassified for presentation.

As permitted by the Financial Instruments and Exchange Law, amounts of less than one million yen have been omitted by the Bank.

Consequently, the totals shown in the accompanying consolidated financial statements (both in yen and U.S. dollars) do not necessarily agree with the sum of the individual amounts.

The amounts in U.S. dollars are included solely for the convenience of readers outside Japan. A rate of ¥93.04= U.S.$ 1.00, the exchange rate on 31st March, 2010, has been used in translation.

2. Summary of Significant Accounting Policies

(a) Scope of Consolidation

The consolidated financial statements include the accounts of the Bank and its consolidated subsidiaries.

The number of consolidated and non-consolidated subsidiaries for the years ended 31st March, 2010 and 2009 is as follows:

	2010	2009
i) Number of consolidated subsidiaries:	**11**	11
ii) Number of non-consolidated subsidiaries:	**2**	2

i) NCB Management & Information Service Co.,Ltd. changed its name to NCB Research & Consulting Co., Ltd. in 2010.

ii) The Nishi-Nippon Challenge 1, Limited Partnership was excluded from consolidation due to its insignificance in 2009 and 2010.

The Nishi-Nippon Challenge 2, Limited Partnership was excluded from consolidation due to its insignificance in 2009 and 2010.

(b) Application of Equity Method

The number of non-consolidated subsidiaries and affiliates, which are accounted for by the equity method, for the years ended 31st March, 2010 and 2009 is as follows:

	2010	2009
i) Number of non-consolidated subsidiaies accounted for by the equity method:	**0**	0
ii) Number of affiliates accounted for by the equity method:	**1**	1
iii) Number of non-consolidated subsidiaries not accounted for by the equity method:	**2**	2
iv) Number of affiliates not accounted for by the equity method:	**0**	0

(c) Fiscal Years of Consolidated Subsiduaries

The closing dates of consolidated subsidiaries in 2010 and 2009 are as follows:

	2010	2009
January 14 *	**1**	0
March 31	**10**	11

*A subsidiary with the closing date of January 14 is consolidated based on the financial statements at the provisional closing of accounts performed as of March 31. Other subsidiaries are consolidated based on the financial statements at their respective closing dates.

(d) Trading Account Assets and Liabilities

Transactions that seek gains on short-term fluctuations and arbitrage in interest rates, currency prices, market prices of financial instruments (trading transactions) are recognized on a trade date basis. They are recorded as trading assets or trading liabilities on the consolidated balance sheets and gains or losses on these transactions are recorded in trading income or trading expenses on the consolidated statements of income.

The Bank values securities, monetary claims, etc. held for trading purpose at the market price prevailing at the balance sheet date. Derivatives, such as futures and option transactions, are stated at the amount assuming that they were terminated or settled at the balance sheet date.

Trading income and expenses include interest income or expenses as well as changes in unrealized gains or losses on securities, monetary claims and derivative financial products during the fiscal year.

(e) Securities

Securities held to maturity are carried at amortized cost using the straight-line method with cost determined by the moving average method. Investments in non-consolidated subsidiaries not accounted for by the equity method are valued at cost determined by the moving average method. Marketable securities available for sale are carried at fair value with cost of sales determined by the moving average method, and those, for which it is extremely difficult to determine the fair value, are valued at cost determined by the moving average method.

The difference between the acquisition cost and the carrying amount of securities available for sale, representing unrealized gains and losses, is recognized as unrealized gains (losses) on securities available for sale, net of taxes, and included directly in net assets.

Securities held as components of individually managed money trusts whose principal objective is investments in securities are stated at fair value.

(f) Derivatives

Derivatives held or written are stated at fair value.

(g) Tangible fixed assets (excluding leased assets)

The Bank uses the declining-balance method for depreciation of tangible fixed assets other than buildings acquired on and after 1st April, 1998 which are depreciated by the straight-line method. The useful lives for buildings and equipment are as follows:

Buildings:	3 to 60 years
Equipment:	2 to 20 years

Tangible fixed assets of consolidated subsidiaries are depreciated mainly using the declining-balance method.

(h) Intangible Fixed Assets (excluding leased assets)

Intangible fixed assets are amortized using the straight-line method. Software for internal use is amortized based on the estimated useful life determined by the Bank and its consolidated subsidiaries (generally 5 years).

(i) Leased Assets

The tangible and intangible fixed assets capitalized under the finance lease transactions entered into on and after 1st April, 2008 where ownership of leased assets is not transferred to lessees are depreciated by the straight-line method over the lease term with their residual value of zero.

Until the year ended 31st March, 2008 such assets were not capitalized. See note 3. Changes in Accouting Policies for further detail.

(j) Reserve for Possible Loan Losses

For loans to insolvent customers who are undergoing bankruptcy or special liquidation, etc. (hereinafter, “borrowers under bankruptcy proceedings”) or who are in a similar financial condition although not yet in bankruptcy (hereinafter, “borrowers substantially in bankruptcy”), the reserve for possible loan losses is provided at the full amount of the book value of such loans after deducting the amount of direct write-offs (as defined below), and excluding the amounts deemed collectible from sale of the collateral pledged and the guarantees that are deemed recoverable.

For the unsecured and unguaranteed portion of loans to customers not presently in the above circumstances, but with a high probability of becoming so (hereinafter “customers with high probability of becoming insolvent”), the reserve for possible loan losses is provided at the amounts deemed necessary after deduction of the estimated realizable value of collateral and guarantees based on the customer's overall financial condition.

For other loans, the reserve for possible loan losses is provided at an amount based on the anticipated loss rates calculated from the actual losses for a certain period.

Regarding each loan, the Credit Review Office, which is independent of the operating divisions, reviews the operating divisions' evaluation of each loan for collectibility based on self-assessment standards. The provision for possible loan losses is based on the results of these reviews.

For loans to borrowers under bankruptcy proceedings and borrowers substantially in bankruptcy that are secured by collateral and guarantees, the unrecoverable portion of such loans is determined by subtracting the estimated recoverable amounts from the disposal of the collateral and the amounts deemed recoverable from the guarantors. The unrecoverable amount is written off directly against the value of the loan (“direct write-off”). The amounts of such direct write-offs at 31st March, 2010 and 2009 were ¥34,148 million ($367,030 thousand), and ¥35,585 million, respectively.

For loans to borrowers with a rescheduled or restructuring plan, which exceed a certain amount, the discounted cash flow (DCF) method is applied to provide for doubtful accounts, if cash flows from collection of principal and receipts of interest can be reasonably estimated. Under the DCF method a reserve for possible loan losses is provided at the difference between the cash flows discounted by the original interest rate and the carrying value of the loan.

Consolidated subsidiaries record a general reserve for possible loan losses by applying the historical loan-loss ratio observed over specific periods, and record a specific reserve for certain loans at the estimated uncollectible amount based on assessment of each borrower’s ability to repay.

(k) Reserve for Devaluation of Securities

In order to provide for a loss on investments, the Bank estimates the amount deemed necessary based on a review of financial position, etc. of the companies issuing securities or golf club membership.

(l) Reserve for Employee Retirement Benefits

Reserve for employee retirement benefits is provided based on the projected retirement benefit obligation and the pension plan assets at the balance sheet date.

Actuarial gain/loss is amortized from the following fiscal year using the straight-line method mainly over a period of 10 years following the year it arises, which is within the average remaining years of service of the current employees.

(m) Reserve for Retirement Benefits for Directors and Corporate Auditors

Reserve for retirement benefits for directors and corporate auditors is provided at the amount that would be paid in accordance with the internally established rule at the balance sheet date if they were retired on that date.

(n) Reserve for Reimbursement of Deposits

Reserve for reimbursement of deposits is provided for possible losses on the future claims for withdrawal of the deposits, which was derecognized, at an amount deemed necessary based on the estimates of the Bank.

(o) Reserve for Other Contingent Losses

Reserve for other contingent losses are provided for possible losses on loans under the shared responsibility system with the Credit Guarantee Corporation as well as for possible losses resulting from other contingencies not covered by the other reserves, at an amount deemed necessary based on the estimates of the future possible payments by the Bank.

(p) Foreign Currency Translation

Foreign currency-denominated assets and liabilities are translated into Japanese yen primarily at the exchange rate prevailing at the balance sheet date.

(q) Accounting for Leases

Finance lease transactions which were initially engaged by the Bank and its consolidated subsidiaries prior to 1st April, 2008 where there is no transfer of ownership are accounted for by the same method as applicable to ordinary operating lease contracts.

(r) Hedge Accounting

① Hedge accounting for interest rate risk

The effective hedge of interest rate risk of assets and liabilities of the Bank is accounted for by the deferral method in accordance with "Accounting and Auditing Treatment for Application of Accounting Standard for Financial Instruments in Banking Industry" (JICPA Industry Audit Committee Report No.24). The effectiveness of hedge to mitigate market variability is assessed by grouping and identifying hedged loans and hedging derivatives, such as interest rate swaps, into certain time buckets.

② Hedge accounting for foreign exchange rate risk

The Bank applies the deferred method as hedge accounting for foreign exchange risks of various foreign currency-denominated financial assets and liabilities in accordance with "Accounting and Auditing Treatment for Accounting for Foreign Currency Transactions in Banking Industry" (JICPA Industry Audit Committee Report No. 25).

The Bank treats foreign exchange swap transactions as hedging instruments for the purpose of the hedge of foreign currency-denominated financial assets and liabilities, and the Bank tests hedge effectiveness by matching the foreign currency swap position as hedging instruments with the related foreign currency-denominated financial assets and liabilities as hedged items.

③ Internal contract

For internal contracts, the Bank manages the foreign currency swaps that are designated as hedging instruments in accordance with the strict criteria for external transactions stipulated in the JICPA Industry Audit Committee Report No. 25. Therefore, the Bank either recognizes gains or losses that arise from such currency swaps as earnings or defers them, rather than eliminating them.

Special treatments for interest rate swaps are applied to certain assets and liabilities.

(s) Valuation of Assets and Liabilities of Consolidated Subsidiaries

All the assets and liabilities of entities acquired are valuated at their fair value at the time of acquisition.

(t) Amortization of Goodwill

Goodwill is amortized using the straight-line method over five years.

(u) Per Share Information

Net income per share is computed based on the weighted average number of shares of common stock outstanding during each year.

(v) Cash and Cash Equivalents in the Consolidated Statements of Cash Flows

Cash and Cash Equivalents in the consolidated statements of cash flows are composed of cash and due from central bank.

3.	**Changes in Accounting Policies**	*(a) Accounting Standard for Retirement Benefits* Effective the year ended 31st March, 2010, the Bank has applied "Partial Amendments to Accounting Standard for Retirement Benefits (Part 3)" (ASBJ Statement No. 19, issued on 31st July, 2008). This change has no material effect on the consolidated financial statements for the year ended 31st March, 2010, as the same discount rate has been used as was previously used. *(b) Accounting Standard for Financial Instruments* Effective the year ended 31st March, 2010, the Bank has applied "Accounting Standared for Financial Instruments" (ASBJ Statement No. 10, issued on 10th March, 2008) and "Guidance on Disclosure of Fair Value of Financial Instruments" (ASBJ Guidance No. 19, issued on 10th March, 2008). As a result, compared with the corresponding amounts calculated using the previous method, commercial paper and other debt purchased decreased by ¥83 million ($894 thousand), securities increased by ¥252 million ($2,708 thousand), deferred tax assets decreased by ¥68 million ($732 thousand), net unrealized gains on securities available for sale increased by ¥100 million ($1,081 thousand) and income before income taxes and minority interests increased by ¥35 million ($377 thousand). *(c) Accounting Standard for Lease Transactions* Until the year ended 31st March, 2008, finance lease transactions in which ownership of leased assets was not transferred were accounted for as operating leases. As "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13, issued on 30th March, 2007) and "Guidance on Application of Accounting Standard for Lease Transactions" (ASBJ Guidance No. 16, issued on 30th March, 2007) became effective for the years beginning on or after 1st April, 2008, the Bank and its consolidated subsidiaries have applied the new accounting standard and guidance for the transactions entered into on and after 1st April, 2008. This change had no material effect on the consolidated finance statements for the year ended 31st March, 2009.
4.	**Additional Information**	*(a) Partial Revision of Methods of Valuation for Available-for-sale Securities* Until the year ended 31st March, 2008, floating-rate Japanese government bonds ("JGB") held as available-for-sale securities were valued and stated at the market prices at the balance sheet date. Since the current market prices of such bonds were not deemed reasonable fair value considering various current market factors, they were valued and stated at the prices the Bank estimated reasonably as of 31st March, 2009. The effect of this change was to increase securities and minority interests by ¥8,695 million and ¥74 million, respectively, and to decrease net unrealized losses on available-for-sale securities and deferred tax assets by ¥5,303 million and ¥3,316 million, respectively, compared with the corresponding amounts calculated using the previous method for the year ended 31st March, 2009. The estimated prices are calculated by discounting by the respective JGB yield future cash flows of a bond derived from JGB yield and volatilities of 10-year interest rate swaptions. *(b) Accounting Standard for Related Party Disclosures* Effective the year ended 31st March, 2009, the Bank has applied "Accounting Standard for Related Party Disclosures" (ASBJ Statement No. 11, issued on 17th October, 2006) and "Guidance on Application of Accounting Standard for Related Party Disclosures" (ASBJ Guidance No. 13, issued on 17th October, 2006).

5. Trading Account Assets

Trading account assets at 31st March, 2010 and 2009 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Trading securities	**¥863**	¥1,451	**$9,278**
Total	**¥863**	¥1,451	**$9,278**

6. Securities

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

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Japanese government bonds	**¥538,613**	¥493,875	**$5,789,057**
Japanese municipal bonds	**192,372**	130,675	**2,067,637**
Corporate bonds (including government-guaranteed bonds)*	**466,414**	523,550	**5,013,057**
Stock**	**115,004**	117,616	**1,236,071**
Other securities***	**284,735**	305,165	**3,060,351**
Total	**¥1,597,140**	¥1,570,882	**$17,166,174**

* Corporate bonds included bonds offered through private placement. The Bank's guarantee obligation for such private placement bonds at 31st March, 2010 and 2009 were ¥13,774 million ($148,049 thousand), and ¥16,656 million, respectively.

** Stock included stock of affiliates of ¥160 million ($1,722 thousand) and ¥263 million at 31st March, 2010 and 2009, respectively.

*** Other securities included investments in non-consolidated subsidiaries of ¥498 million ($5,353 thousand) and ¥369 million at 31st March, 2010 and 2009, respectively.

7. Loans and Bills Discounted

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

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Bills discounted*	**¥41,979**	¥50,211	**$451,196**
Loans on notes	**209,085**	220,802	**2,247,268**
Loans on deed	**4,395,723**	4,264,556	**47,245,525**
Overdraft	**500,716**	537,561	**5,381,730**
Total	**¥5,147,505**	¥5,073,132	**$55,325,721**

* Bills discounted are recorded as cash lending / borrowing transactions in accordance with "Accounting and Auditing Treatments for Application of Accounting Standard for Financial Instruments in Banking Industry" (JICPA Industry Audit Committee Report No. 24). The Bank has a right to sell or collateralize such bills at its discretion. Total face value of commercial bills and bills of exchange acquired through discounting amounted to ¥42,190 million ($453,468 thousand) and ¥50,262 million at 31st March, 2010 and 2009, respectively.

Non-performing loans included in the loans at 31st March, 2010 and 2009 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Loans to legally bankrupt entities**	**¥11,615**	¥16,291	**$124,844**
Delinquent loans***	**154,837**	149,696	**1,664,202**
Loans past due for three months or more****	**109**	99	**1,173**
Loans with altered lending conditions*****	**28,819**	14,781	**309,756**
Total	**¥195,381**	¥180,869	**$2,099,976**

** Loans to legally bankrupt entities are loans on which interest is placed on a non-accrual status ("non-accrual loans"), excluding loans written off, as principal or interest has not been paid for a substantial period or for other reasons and there are no prospects for recovery or repayment of principal or interest, and to which certain circumstances apply as stated in the Implementation Ordinances for the Corporation Tax Law.

*** Delinquent loans are non-accrual loans other than (i) loans to legally bankrupt entities and (ii) loans for which interest payments have been rescheduled in order to assist the restructuring of these borrowers.

**** Loans past due for three months or more are loans for which principal or interest has not been paid for a period of three months or more from the next business day of the last due date, and that are not included in loans to legally bankrupt entities or delinquent loans.

***** Loans with altered lending conditions are loans restructured to provide relief to borrowers, such as reducing interest rates, rescheduling interest and principal payment, or waiving the claims, in order to assist the restructuring of these borrowers. Such loans exclude loans to legally bankrupt entities, delinquent loans, and loans past due for three months or more.

8. Assets Pledged as Collateral

Assets pledged as collateral by the Bank and its consolidated subsidiaries at 31st March, 2010 and 2009 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Assets pledged as collateral			
Due from banks	**¥48**	¥58	**$519**
Commercial paper and other debt purchased	**1,839**	2,168	**19,766**
Securities	**328,230**	407,514	**3,527,846**
Liabilities secured by the above assets			
Deposits	**¥19,676**	¥20,564	**$211,481**
Call money and bills sold	**50,100**	85,669	**538,478**
Guarantee deposits received under securities lending transactions	**29,554**	48,066	**317,654**
Borrowed money	**52,996**	139,833	**569,608**

Other than the items shown above, due from banks of ¥2 million ($21 thousand) and securities of ¥176,082 million ($1,892,541 thousand) were pledged as collateral for foreign exchange transactions and/or as substitutes for initial margin on futures at 31st March, 2010. Cash of ¥2 million and securities of ¥182,637 million were pledged for the same purpose at 31st March, 2009.

Other assets included deposits of ¥3,683 million ($39,590 thousand) and ¥3,830 million at 31st March, 2010 and 2009, respectively.

9. Contracts for Commitment Lines of Credit

Contracts for commitment lines of credit related to overdraft agreements and loan credit facilities represent a promise on a lending bank at a specified credit limit, to a customer upon request for funds, unless there is a violation of the contractual conditions. At 31st March, 2010, the aggregate amount under commitment contracts not yet drawn down was ¥1,694,997 million ($18,217,939 thousand). Of this amount, those with original maturity of less than one year or cancellable at any time without penalty amounted to ¥1,682,665 million ($18,085,395 thousand).

As many of these contracts expire without the right to extend the loans being exercised, the aggregate total of the undrawn amount does not necessarily affect the future cash flows of the Bank and its consolidated subsidiaries. Many of these contracts have stipulations that allow the Bank and its consolidated subsidiaries to turn down a loan request or reduce the amount of the credit line if there is a change in financial conditions, a need to secure their credit, or other similar reasons. In addition to obtaining necessary collateral (real estate, securities, etc.) at the time the contract is entered into, the Bank and its consolidated subsidiaries assess the condition of the customer's business operations, and analyze other information, based on internal procedures and standards.
If necessary, the contract is reviewed and revised, or additional steps are taken to secure the credit extended to the customer.

10. Foreign Exchange

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

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Assets:			
Foreign exchange bills bought	**¥211**	¥50	**$2,271**
Foreign exchange bills receivable	**442**	460	**4,752**
Due from foreign banks	**2,319**	1,956	**24,928**
Total	**¥2,972**	¥2,467	**$31,953**
Liabilities:			
Foreign exchange bills sold	**¥5**	¥9	**$61**
Foreign exchange bills payable	**235**	59	**2,531**
Total	**¥241**	¥68	**$2,592**

11. Other Assets

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

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Domestic exchange settlement account*	**¥944**	¥990	**$10,153**
Accrued income	**8,539**	8,790	**91,782**
Prepaid expenses	**75**	71	**813**
Financial derivative products	**8,494**	7,650	**91,300**
Other	**25,320**	24,199	**272,151**
Total	**¥43,375**	¥41,703	**$466,201**

* Domestic exchange settlement account represents unsettled debit balances arising from inter-bank domestic exchange transfers.

12. Tangible Fixed Assets

Tangible fixed assets at 31st March, 2010 and 2009 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Land	**¥83,934**	¥84,170	**$902,134**
Buildings	**72,376**	71,955	**777,908**
Construction in progress	**82**	1,091	**889**
Leased assets	**564**	336	**6,069**
Other tangible fixed assets	**34,594**	34,608	**371,822**
	191,553	192,162	**2,058,824**
Less accumulated depreciation	**(69,863)**	(69,732)	**(750,901)**
Total	**¥121,689**	¥122,430	**$1,307,922**

Note: The accelerated depreciation entry for tangible fixed assets amounted to ¥8,323 million ($89,456 thousand) and ¥8,380 million at 31st March, 2010 and 2009, respectively.

13. Deposits

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

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Current deposits	**¥240,265**	¥230,047	**$2,582,387**
Ordinary deposits	**2,746,195**	2,655,943	**29,516,284**
Deposits at notice	**20,906**	25,463	**224,709**
Time deposits	**3,145,586**	3,126,707	**33,808,971**
Negotiable certificates of deposit	**148,787**	109,590	**1,599,178**
Other deposits	**167,900**	166,574	**1,804,607**
Total	**¥6,469,642**	¥6,314,328	**$69,536,138**

14. Bonds

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

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Bonds:			
3.20% Japanese yen subordinated bonds due 2014	**¥15,000**	¥15,000	**$161,220**
6 month Yen LIBOR + 1.30% Japanese yen callable subordinated bonds due 2014	**—**	5,000	**—**
2.78% Japanese yen subordinated bonds due 2015	**14,500**	14,500	**155,846**
1.78% Japanese yen callable subordinated bonds due 2015	**12,500**	12,500	**134,350**
1.71% Japanese yen callable subordinated bonds due 2015	**10,000**	10,000	**107,480**
2.10% Japanese yen callable subordinated bonds due 2017	**15,000**	15,000	**161,220**
2.70% Japanese yen subordinated bonds due 2017	**10,000**	10,000	**107,480**
1.70% Japanese yen callable subordinated bonds due 2020	**15,000**	—	**161,220**
6 month Yen LIBOR + 1.95% Euro yen undated subordinated bonds with subordinated guarantee, issued by Nishi-Nippon Finance (Cayman) Ltd.	**11,500**	11,500	**123,602**
Total	**¥103,500**	¥93,500	**$1,112,424**

15. Borrowed Money

Borrowed money included subordinated borrowings of ¥16,000 million ($171,969 thousand) and ¥16,000 million at 31st March, 2010 and 2009, respectively.

The weighted average interest rates on borrowed money at 31st March, 2010 and 2009 are 0.90 % and 0.60 %, respectively.

The aggregate annual maturity amounts within five years of borrowed money after 31st March, 2010 are as follows:

	Millions of yen	Thousands of U.S. dollars
Year ending 31st March		
2011	¥61,429	$660,242
2012	1,021	10,975
2013	775	8,338
2014	706	7,590
2015	248	2,667

16. Other Liabilities

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

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Domestic exchange settlement account	**¥1,313**	¥1,332	**$14,112**
Accrued income taxes	**499**	305	**5,365**
Accrued expenses	**16,458**	17,541	**176,895**
Unearned income	**4,285**	4,841	**46,059**
Due to trust accounts	**15**	5	**168**
Financial derivative products	**8,543**	7,780	**91,828**
lease obligations	**496**	319	**5,335**
Others	**23,417**	25,974	**251,689**
Total	**¥55,029**	¥58,101	**$591,455**

17. Capital Stock

Capital stock during the year ended 31st March, 2010 consisted of the following:

	Common stock		Preferred stock*		Capital stock	
	Authorized shares	Issued shares	Authorized shares	Issued shares	Millions of yen	Thousands of U.S. dollars
31st March, 2009	1,500,000,000	796,732,552	300,000,000	35,000,000	¥85,745	$921,599
Increase	—	—	—	—	—	—
Decrease	—	—	—	—	—	—
31st March, 2010	1,500,000,000	796,732,552	300,000,000	35,000,000	¥85,745	$921,599

* Preferred stock

A holder of preferred stock, wholly held by The Resolution and Collection Corporation, is entitled to receive cash dividends of ¥12 per year in priority to holders of common stock. The holder has no voting rights as far as the dividends are paid. The holder is entitled to convert its preferred stock to common stock at the market price prevailing on 31st January, 2007, during the period from that date to 31st January, 2012.

Capital stock during the year ended 31st March, 2009 consisted of the following:

	Common stock		Preferred stock		Capital stock
	Authorized shares	Issued shares	Authorized shares	Issued shares	Millions of yen
31st March, 2008	1,500,000,000	796,732,552	300,000,000	35,000,000	¥85,745
Increase	—	—	—	—	—
Decrease	—	—	—	—	—
31st March, 2009	1,500,000,000	796,732,552	300,000,000	35,000,000	¥85,745

18. Treasury Stock

Treasury stock at 31st March, 2010 consisted of the following:

			Treasury stock	
	Common stock*	Preferred stock	Millions of yen	Thousands of U.S. dollars
31st March, 2009	1,357,538	—	(¥615)	($6,614)
Increase	209,497	—	(49)	(527)
Decrease	49,631	—	21	231
31st March, 2010	1,517,404	—	(¥643)	($6,911)

* Common stock

Increase for the year ended 31st March, 2010 was caused by purchase of fractional shares and purchase of shares from dissenting shareholders in accordance with the Corporation Law, and decrease was caused by sale of fractional shares.

Treasury stock at 31st March, 2009 consisted of the following:

			Treasury stock
	Common stock**	Preferred stock	Millions of yen
31st March, 2008	1,236,642	—	(¥597)
Increase	182,477	—	(46)
Decrease	61,581	—	28
31st March, 2009	1,357,538	—	(¥615)

** Common stock

Increase for the year ended 31st March, 2009 was caused by purchase of fractional shares, and decrease was caused by sale of fractional shares.

19. Revaluation of Premises Account

Based on the Law Concerning Land Revaluation (Law No. 34, promulgated on 31st March, 1998), the Bank has revalued its land used for business purposes. The deferred taxes on revaluation differences are presented in the account, "Deferred tax liabilities on revaluation of premises" in the liabilities of the consolidated balance sheet. The amount of revaluation differences, net of tax, is presented as "Revaluation of premises, net of taxes" in net assets.

At 31st March, 2010, the excess of the aggregate market value of land for business use revalued in accordance with Article 10 of the Law Concerning Land Revaluation over the book value after revaluation is ¥33,595 million ($361,086 thousand).

20. Other Interest Income

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

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Interest on call loans and bills bought	**¥67**	¥181	**$725**
Interest on deposits with banks	**85**	323	**922**
Others	**716**	777	**7,699**
Total	**¥869**	¥1,282	**$9,347**

21. Other Operating Income

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

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Gains on foeign exchange transactions	**¥863**	¥1,027	**$9,279**
Gains on sale of bonds	**3,200**	3,181	**34,397**
Gains on redemption of bonds	**1**	3	**12**
Trust fees	**8**	10	**95**
Income from derivatives other than trading derivatives	**447**	853	**4,809**
Others	**383**	1,090	**4,121**
Total	**¥4,904**	¥6,165	**$52,716**

22. Other Income

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

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Gains on sale of stock and other securities	**¥1,624**	¥285	**$17,460**
Gains on money held in trust	**10**	6	**114**
Gains on disposition of fixed assets	**29**	3	**316**
Reversal of reserve for possible loan losses	**—**	1,375	**—**
Recoveries of written-off claims	**1,935**	1,302	**20,803**
Rental income on land and buildings	**382**	386	**4,108**
Others	**2,747**	1,647	**29,528**
Total	**¥6,729**	¥5,007	**$72,332**

23. Other Interest Expenses

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

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Bonds	**¥2,227**	¥2,415	**$23,944**
Securities lending transactions	**95**	1,183	**1,025**
Others	**100**	813	**1,076**
Total	**¥2,423**	¥4,411	**$26,046**

24. Other Operating Expenses

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

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Losses on sale of bonds	**¥2,131**	¥2,442	**$22,910**
Losses on redemption of bonds	**1,136**	113	**12,218**
Losses on devaluation of bonds	**—**	5,275	**—**
Others	**0**	735	**0**
Total	**¥3,268**	¥8,566	**$35,129**

25. General and Administrative Expenses

General and administrative expenses for the years ended 31st March, 2010 and 2009 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Salaries and allowances	**¥35,006**	¥34,950	**$376,248**
Employee retirement benefits	**4,345**	2,581	**46,703**
Retirement benefits for directors and corporate auditors	**169**	331	**1,825**
Depreciation	**5,110**	5,284	**54,926**
Rental expenses	**4,788**	5,159	**51,467**
Amortization of goodwill	**9**	199	**100**
Taxes	**4,672**	4,563	**50,220**
Others	**30,733**	30,559	**330,326**
Total	**¥84,835**	¥83,629	**$911,818**

26. Other Expenses

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

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Provision for possible loan losses	**¥1,681**	¥ —	**$18,077**
Losses on write-offs of claims	**9,077**	20,658	**97,563**
Losses on sale of stock and other securities	**1,775**	92	**19,083**
Losses on devaluation of stock and other securities	**3,385**	10,106	**36,392**
Equity in losses of affiliates	**103**	45	**1,114**
Losses on money held in trust	**—**	249	**—**
Losses on disposition of tangible fixed assets	**682**	735	**7,340**
Impairment losses	**387**	377	**4,165**
Losses on sale of loans	**452**	597	**4,865**
Others	**2,222**	2,403	**23,888**
Total	**¥19,770**	¥35,265	**$212,492**

27. Lease Transactions

(1)Finance leases

Finance lease transactions entered into prior to 1st April, 2008 where ownership of leased assets is not transferred are accounted for as operating leases. Information on such finance lease transactions at 31st March, 2010 and 2009 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Amounts equivalent to acquisition cost			
Tangible fixed assets	**¥7,411**	¥8,000	**$79,655**
Intangible fixed assets	**26**	26	**284**
Others	**—**	—	**—**
Total	**¥7,437**	¥8,026	**$79,940**
Amounts equivalent to accumulated depreciation			
Tangible fixed assets	**¥5,011**	¥5,031	**$53,864**
Intangible fixed assets	**20**	14	**218**
Others	**—**	—	**—**
Total	**¥5,031**	¥5,046	**$54,082**
Amounts equivalent to carrying value			
Tangible fixed assets	**¥2,399**	¥2,968	**$25,791**
Intangible fixed assets	**6**	11	**66**
Others	**—**	—	**—**
Total	**¥2,405**	¥2,979	**$25,857**

Note: The amount equivalent to acquisition cost includes an interest element in the determination of the total future finance lease payments as the total future finance lease payments are not significant to the balance of tangible fixed assets at the end of the year.

Future lease payments of finance leases which are accounted for operating leases at 31st March, 2010 and 2009 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Future finance lease payments			
Due within one year	**¥521**	¥572	**$5,610**
Due after one year	**1,883**	2,407	**20,247**
Total	**¥2,405**	¥2,979	**$25,857**

Note: The amount of the future finance lease payments at the end of the year includes an interest element as the total future finance lease payments are not significant to the balance of tangible fixed assets at the end of the year.

Total lease payments during the year and the amount equivalent to depreciation expenses were ¥569 million ($6,120 thousand) for the year ended 31st March, 2010 and ¥768 million for the year ended 31st March, 2009.

The amount equivalent to depreciation expenses was calculated using the straight-line method with no residual value over the lease term.

(2)Operating leases

Future lease payments required under operating leases that are non-cancelable at 31st March, 2010 and 2009 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Future operating lease payments			
Due within one year	**¥324**	¥331	**$3,483**
Due after one year	**720**	1,110	**7,740**
Total	**¥1,044**	¥1,441	**$11,224**

28. Financial Instruments

Information on financial instruments at 31st March, 2010 is as follows:

(1) Matters related to status of financial instruments

1. Policies for financial instruments

The Nishi-Nippon City Bank Group (the "Group") is engaged in the financial service business, with a primary focus on banking businesses such as deposits, loans, securities, and domestic and foreign currency exchange businesses. The Group manages and raises funds, taking into account market conditions and balancing duration. To conduct these businesses, the Bank comprehends the risks arising from all of its assets and liabilities, including off-balance-sheet transactions, through the proper controls over these risks, and builds reasonable and effective portfolios. Thus the Bank operates a comprehensive asset and liabilitiy management (ALM) system with the aim of maximizing and stabilizing its profits.

In addition, some of the Bank's consolidated subsidiaries are engaged in banking, credit card, credit guarantee services, credit management and restructuring support services and claims servicing businesses.

2. Types of financial instruments and related risks

Loans, which comprise 70% of the Group's total assets, are primarily made to domestic corporations and individuals and are exposed to credit risks resulting from contractual default. Should the creditworthiness of major borrowers deteriorate, the value of collateral sharply decline, or other unanticipated problems arise, it could cause an increase in the cost of credit such as an unexpected depreciation or rise in reserve for possible loan losses. Moreover, considering the relative weight of the invested assets, the impact of any such problems could be substantial and could have a negative effect on the financial position and performance of the Group.

Securities are mainly stocks, debt securities, and investment trusts and are exposed to the credit risk of each issuer and the risk of interest rate fluctuation. Stocks that are marketable are exposed to price volatility risks that a decline in their market prices cause impairment losses and valuation losses on the stocks. Debt securities are also subject to price volatility risks that an increase in the market interest rates following economic recovery may cause valuation losses on the securities.

Borrowed money and bonds are exposed to liquidity risks that, if some problems arise in cash management due to deterioration in financial positions at the Group, the Group is forced to raise funds at higher interest rates than usual, market transactions are suspended as a result of market turmoil, or it is forced to make transactions at a drastically unfavorable price than usual, it could impact future operations of the Group.

Derivative transactions include interest rate swaps, forward exchange transactions, currency swaps, and currency options. These derivatives are utilized primarily as hedging instruments to manage and mitigat the market risks of on-balance-sheet assets and liabilities. In addition, some of the derivative transactions in trading operations are used for the purpose of making profits through short-term fluctuations in the market rates, arbitrage transactions and others. Hedge transactions consist mainly of interest rate swaps as a hedge against interest rate fluctuation risks arising from loans with fixed interest rates and callable time deposits, and forward exchange transactions and currency options as a hedge against exchange rate fluctuation risks arising from foreign currency-denominated assets and liabilities. The Bank assesses the hedge effectiveness based on the difference between accumulated changes in cash flows of hedged items and hedging instruments. However, no evaluation is performed for the hedge effectiveness of qualifying interest rate swaps accounted for by the special treatment under the Accounting Standard for Financial Instruments, as it is reviewed that such derivatives continually meet the criteria for special treatment. Risks related to these derivatives transactions include the market risk of a potential loss in the fair value of financial instruments or portfolios resulting from fluctuations in interest rates, foreign exchange rates, stock prices and other factors as well as the credit risk of a potential loss in the value of a transaction due to default by counterparties to the contracts.

3. Risk management system for financial instruments

① Credit risk management

Recognizing the credit risk as our highest priority, the Group is workikg on strengthening controls over the credit risk in accordance with the Group's credit risk management policy and credit policy.

The Group applies its strict standards to the screening of individual credit extention, and credits that exeed certain thresholds are reviewed further by specialized staff in its Credit Supervision Division. In this way, the Group is working to maintain the soundness of its assets.

Regarding its loan portfolios, the Group tries to diversify risks to ensure that there is no concentration on any particular industrial sectors or customers, through its systems of credit risk quantification and portfolio management by sector based on the credit rating system.

In addition, each related division carries out self-assessment of its assets for calculating the appropriate level of write-offs and provisions. The asset audit office in the Internal Audit Division of the Bank constantly monitors the status of the self-assessment procedures and adequacy of the write-offs and provisions.

② Market risk management

The Group clearly separates the department responsible for conducting market transactions (front office) from the department responsible for business administration (back office). Furthermore, the Corporate Risk Management & Compliance Division of the Bank, which is independent from the market divisions, has been put in charge of risk management (middle office) to monitor conditions of the market transactions and their compliance with the market risk-related regulations. The Group thus has a system of mutual controls among offices.

In addition, the Group is working to achieve stable profits by improving its management methods through a variety of techniques for measuring risks such as VaR (Value at Risk) and BPV(Basis Point Value) methods, and by establishing a maximum acceptable level for market risks and controlling the risks within the certain acceptable range.

③ Liquidity risk management

The Group recognizes the liquidity risk as one of the most significant risks, because there are concerns over potential business failures and systemic risks when the liquidity risk rises. The Group provides against the liquidity risks by ensuring an adequate reserve for outstanding claims and developing a contingency plan that assumes various scenarios.

As for the day-to-day cash management of the Bank, a system of mutual controls among divisions has been put into place. As a part of this system, the Treasury & Securities Transaction Division and Treasury & Portfolio Investment Division, which are responsible for the Bank's day-to-day cash management, raise and manage marketable funds, while the Corporate Risk Management & Compliance Division, which is responsible for managing the liquidity risk, monitors the Bank's cash position. In this way, the Bank maintains a fluid and stable cash position.

④ Risk management for derivative transactions

The Bank's derivative transactions are entered into using operational rules prepared in accordance with the Bank's internal regulations. The rules stipulate the scope of derivative usage, authorization, responsibility, procedure, credit line, loss-cut rule, and reporting system. Each business line is responsible for each relevant risk management and for reporting to management, including the ALM Committee, on a monthly basis.

4. Supplementary explanation of the estimated fair value of financial instruments

The fair value of financial instruments includes the value based on the market price as well as a reasonably estimated value in case there is no market price. Because various assumptions are used in the estimation of the fair value, the fair value may vary when different assumptions are used.

(2) Estimated fair value of financial instruments

Carrying value of financial instruments in the consolidated balance sheet at 31st March, 2010 and their fair values and valuation differences are as follows. Non-listed stocks and others whose fair value is extremely difficult to be estimated are excluded from the table below (refer to Note 2).

	Millions of yen		
	Carrying value	Fair value	Valuation differences
Assets:			
(1) Cash and due from banks	**¥275,718**	**¥275,718**	**¥ —**
(2) Commercial paper and other debt purchased	**32,758**	**32,974**	**216**
(3) Securities:			
Held-to-maturity securities	**69,926**	**71,843**	**1,916**
Available-for-sale securities	**1,507,134**	**1,507,134**	**—**
(4) Loans and bills discounted	**5,147,505**	**5,198,892**	**111,031**
Reserve for possible loan losses*	**(59,643)**	**—**	**—**
Total assets	**¥6,973,398**	**¥7,086,563**	**¥113,165**
Liabilities:			
(1) Deposits	**¥6,469,642**	**¥6,472,539**	**¥2,896**
(2) Call money and bills sold	**100,341**	**100,341**	**—**
(3) Borrowed money	**80,410**	**81,226**	**815**
(4) Bonds	**103,500**	**104,885**	**1,385**
Total liabilities	**¥6,753,894**	**¥6,758,992**	**¥5,098**
Derivatives**:			
Hedge accounting not applied	**¥496**	**¥496**	**¥ —**
Hedge accounting applied	**(545)**	**(545)**	**—**
Total derivatives	**(¥49)**	**(¥49)**	**¥ —**

	Thousands of U.S. dollars		
	Carrying value	Fair value	Valuation differences
Assets:			
(1) Cash and due from banks	**$2,963,439**	**$2,963,439**	**$ —**
(2) Commercial paper and other debt purchased	**352,089**	**354,415**	**2,326**
(3) Securities:			
Held-to-maturity securities	**751,571**	**772,174**	**20,603**
Available-for-sale securities	**16,198,779**	**16,198,779**	**—**
(4) Loans and bills discounted	**55,325,721**	**55,878,041**	**1,193,375**
Reserve for possible loan losses*	**(641,055)**	**—**	**—**
Total assets	**$74,950,546**	**$76,166,850**	**$1,216,304**
Liabilities:			
(1) Deposits	**$69,536,138**	**$69,567,274**	**$31,135**
(2) Call money and bills sold	**1,078,478**	**1,078,478**	**—**
(3) Borrowed money	**864,256**	**873,022**	**8,766**
(4) Bonds	**1,112,424**	**1,127,317**	**14,893**
Total liabilities	**$72,591,297**	**$72,646,093**	**$54,795**
Derivatives**:			
Hedge accounting not applied	**$5,340**	**$5,340**	**$ —**
Hedge accounting applied	**(5,868)**	**(5,868)**	**—**
Total derivatives	**($528)**	**($528)**	**$ —**

* The general reserve for possible loan losses and the specific reserve for possible loan losses, which cprrespond to loans and bills discounted, have been deducted. Due to its immateriality, the reserve for possible losses on commercial paper and other debt purchased has been directly deducted from the carrying value of commercial paper and other debt parchased.

** Derivative transactions recorded in Other assets and Other liabilities are presented in total. The value of assets and liabilities arising from derivative transactions is shown at net value. The amount in parentheses represents net liability position.

(Note 1) Methods for estimating the market value of financial instruments

Assets:

(1) Cash and due from banks

Because the fair value of due from banks that does not have stated maturity approximates its carrying value, the carrying value is treated as the fair value. The fair value of due from banks that has stated maturity is based on the present value of the totals by maturity bucket discounted by the interest rate that would be applied if similar deposits were placed. As the fair value of due from banks with a short-term original contractual maturity (one year or less) approximates its carrying value, its carrying value is treated as the fair value.

(2) Commercial paper and other debt purchased

Of commercial paper and other debt purchased, the fair value of the beneficiary certificates of real estate investment trust is based on the value quoted by the correspondent financial institutions. Since the fair value of purchased loans approximates the carring value after deducting the reserve for possible loan losses, which is calculated based on the estimated amounts collectible from collateral and guarantees, the carrying value is treated as the fair value.

(3) Securities

The fair value of stocks is based on their market price on the stock exchange, while the fair value of debt securities is based on the Reference Prices (Yields) for OTC Bond Transactions published by the Japan Securities Dealers Association, the price quoted by the correspondent financial institutions or the value reasonably calculated by the banks. The fair value of investment trusts is based on the announced reference price or the price quoted by the correspondent financial institutions. The fair value of foreign securities is based on the price quoted by the correspondent financial institutions or the financial information vendors.

The fair value of private placement bonds with the Bank's own guarantee is based on the present value of future cash flows discounted by the market interest rate adjusted for credit risk.

Previously, the fair value of floating-rate Japanese government bonds ("JGB") was stated at the market price at the balance sheet date. Since the current market prices of such bonds are not deemed reasonable fair value considering various current market factors, they are valued and stated at the amounts the Bank estimated reasonably as of 31st March, 2010. The effect of this change was to increase securities by ¥7,666 million ($82,401 thousand) and to decrease net unrealized losses on securities available for sale and deferred tax assets by ¥4,595 million ($49,397 thousand) and ¥3,070 million ($33,003 thousand), respectively, compared with the corresponding amounts calculated using the previous method.

The reasonably estimated fair value of floating-rate JGBs is based on future cash flows derived from JGB yield and volatilities of the underlying assets of 10-year interest rate swaptions, discounted by the respective JGB yield.

(4) Loans and bills discount

Because loans and bills discounted with floating interest rates reflect market interest rates in a short period of time, the fair value of such loans approximates their carrying value as long as the credit standing of the borrower has not changed significantly since origination. Thus, the carrying value of such loans is treated as the fair value. The fair value of loans and bills discounted with fixed interest rates is based on the present value of the total amount of principal and interest categorized by the type of loans, internal rating and term, discounted by the market interest rate adjusted for credit risk. Because the fair value of loans with a short-term contractual maturity (one year or less) approximates their carrying value, the carrying value is treated as the fair value.

Regarding loans to borrowers under bankruptcy proceedings, borrowers substantially in bankruptcy and customers with high probability of becoming insolvent, since the fair value of such loans approximates their carrying value after deducting the reserve for possible loan losses, which is calculated based on the present value of estimated future cash flows or the estimated amounts collectible from the sale of collateral and guarantees, the carrying value is treated as the fair value.

With respect to loans and bills discounted that have no due date because of special attributes such as limiting the borrowings to the amounts secured by collateral, because it is assumed that the fair value approximates the carrying value from the estimated repayment period and interest rate conditions, the carrying value is treated as the fair value.

Liabilities:

(1) Deposits

For demand deposits, the amount which would be paid if its repayment were demanded on the consolidated balance sheet date (carrying value) is deemed to be the fair value. The fair value of time deposits is based on the discounted present value of the future cash flows categorized by term. The discount rate is the interest rate that would be applied when new deposits were taken. Because the fair value of those with a short-term original contractual maturity (one year or less) approximates their carrying value, the carrying value is treated as the fair value.

(2) Call money and bills sold

Since call money and bills sold have short-term original contractual maturity (one year or less) and their fair value approximates the carrying value, the carrying value is treated as the fair value.

(3) Borrowed money

Because borrowed money with floating interest rates reflects market interest rates in a short period of time and the credit standing of the Bank and its consolidated subsidiaries has not changed significantly since the borrowing, the fair value of such borrowed money is deemed to approximate the carrying value. Therefore, the carrying value is treated as the fair value. The fair value of borrowed money with fixed interest rates is based on the present value of the total amount of principal and interest of the borrowed money categorized by term, discounted by the market interest rate adjusted for credit risk. Because the fair value of borrowed money with a short-term original contractual maturity (one year or less) approximate its carrying value, the carrying value is treated as the fair value.

(4) Bonds

The fair value of bonds is based on the Reference Pricce (Yields) for OTC Bond Transactions published by the Japan Securities Dealers Association or the price quoted by the securities company. Since bonds with floating interest rates reflect market interest rates in a short period of time and the credit standing of the issuers has not changed significantly since the issuance, the fair value of such bonds is deemed to approximate their carrying value. Thus, the carrying value is treated as the fair value.

Derivative transactions:

Derivative transactions are presented in "31. Derivatives" of "Notes to Consolidated Finance Statements."

(Note 2) Financial instruments whose fair value is extremely difficult to be estimated are as stated below. They are not included in "Assets: (3) Available-for-sale securities" presented in "Estimated fair value of financial instruments."

	Millions of yen	Thousands of U.S. dollars
	Carrying value	
Non-listed stocks	**¥17,316**	**$186,114**
Investments in partnerships	**2,764**	**29,708**
Total	**¥20,080**	**$215,823**

Notes:
1. Because non-listed stocks have no market price and because it is extremely difficult to estimate their fair value, they are not subject to the fair value disclosure.
2. In the year ended 31st March, 2010, impairment losses of ¥99 million ($1,068 thousand) were recorded for non-listed stocks.
3. Of investments in partnerships whose fair value is extremely difficult to be estimated because the partnership's assets are non-listed stocks, etc. are not subject to the fair value disclosure.

(Note 3) Repayment schedule for monetary claims and securities with maturity at 31st March, 2010

	Millions of yen					
	Due in 1 year or less	Due from 1 year to 3 years	Due from 3 years to 5 years	Due from 5 years to 7 years	Due from 7 years to 10 years	Due after 10 years
Due from banks	¥168,885	¥ —	¥ —	¥ —	¥ —	¥ —
Commercial paper and other debt purchased	27,938	—	—	—	—	—
Securities:						
Held-to-maturity securities	—	3,080	—	7,000	30,736	31,000
Government bonds	—	—	—	—	10,000	31,000
Municipal bonds	—	3,080	—	5,000	7,089	—
Corporate bonds	—	—	—	2,000	10,647	—
Others	—	—	—	—	3,000	—
Securities available for sale with maturity	162,318	316,386	347,384	312,603	144,084	54,000
Government bonds	60,700	49,690	86,000	145,394	91,200	54,000
Municipal bonds	17,280	69,112	57,623	26,488	2,900	—
Corporate bonds	69,935	146,970	91,685	117,401	21,182	—
Others	14,403	50,613	112,075	23,319	28,801	—
Loans and bills discounted	1,102,393	872,106	787,262	525,967	517,548	1,062,191
Total	¥1,461,535	¥1,191,572	¥1,134,647	¥845,571	¥692,369	¥1,147,191

	Millions of U.S. dollars					
	Due in 1 year or less	Due from 1 year to 3 years	Due from 3 years to 5 years	Due from 5 years to 7 years	Due from 7 years to 10 years	Due after 10 years
Due from banks	$1,815,187	$ —	$ —	$ —	$ —	$ —
Commercial paper and other debt purchased	300,284	—	—	—	—	—
Securities:						
Held-to-maturity securities	—	33,104	—	75,236	330,352	333,190
Government bonds	—	—	—	—	107,480	333,190
Municipal bonds	—	33,104	—	53,740	76,193	—
Corporate bonds	—	—	—	21,496	114,434	—
Others	—	—	—	—	32,244	—
Securities available for sale with maturity	1,744,613	3,400,543	3,733,711	3,359,883	1,548,629	580,395
Government bonds	652,407	534,071	924,333	1,562,709	980,223	580,395
Municipal bonds	185,726	742,822	619,335	284,697	31,169	—
Corporate bonds	751,665	1,579,648	985,442	1,261,835	227,672	—
Others	154,813	544,000	1,204,599	250,641	309,563	—
Loans and bills discounted	11,848,596	9,373,452	8,461,548	5,653,136	5,562,648	11,416,501
Total	$15,708,682	$12,807,099	$12,195,260	$9,088,256	$7,441,629	$12,330,087

Note: Excluded from Loans and bills discounted and Commercial paper and other debt purchased are ¥174,909 million ($1,879,937 thousand) relating to those whose repayment is not reasonably estimable because the debtors are borrowers under bankruptcy proceedings, borrowers substantially in bankruptcy, or customers with high probability of becoming insolvent and ¥114,275 million ($1,228,237 thousand) relating to those that do not have contractual maturity.

(Note 4) Repayment schedule for bonds, borrowed money and other interest-bearing debts at 31st March, 2010

	Millions of yen					
	Due in 1 year or less	Due from 1 year to 3 years	Due from 3 years to 5 years	Due from 5 years to 7 years	Due from 7 years to 10 years	Due after 10 years
Deposits	**¥5,722,804**	**¥650,121**	**¥62,429**	**¥5,103**	**¥3,745**	**¥0**
Call money and bills sold	**100,341**	**—**	**—**	**—**	**—**	**—**
Borrowed money	**61,429**	**1,797**	**954**	**3,152**	**13,071**	**6**
Bonds	**—**	**—**	**15,000**	**37,000**	**25,000**	**26,500**
Total	**¥5,884,575**	**¥651,918**	**¥78,383**	**¥45,255**	**¥41,816**	**¥26,506**

	Millions of U.S. dollars					
	Due in 1 year or less	Due from 1 year to 3 years	Due from 3 years to 5 years	Due from 5 years to 7 years	Due from 7 years to 10 years	Due after 10 years
Deposits	**$61,509,075**	**$6,987,552**	**$670,997**	**$54,853**	**$40,256**	**$0**
Call money and bills sold	**1,078,478**	**—**	**—**	**—**	**—**	**—**
Borrowed money	**660,242**	**19,314**	**10,257**	**33,877**	**140,492**	**70**
Bonds	**—**	**—**	**161,220**	**397,678**	**268,701**	**284,823**
Total	**$63,247,796**	**$7,006,866**	**$842,476**	**$486,409**	**$449,450**	**$284,894**

Note: Demand deposits are included under "Due in 1 year or less".

29. Securities

<At 31st March, 2010>

(1) Trading securities and commercial papers (including those included in "Trading account assets")

	Millions of yen	Thousands of U.S. dollars
Holding losses recognized in income	**¥9**	**$99**

(2) Held-to-maturity securities

1. Securities whose fair value exeeds their carrying value

	Millions of yen		
	Carrying value	Fair value	Valuation differences
Bonds:			
Government bonds	**¥38,416**	**¥40,186**	**¥1,770**
Municipal bonds	**8,194**	**8,348**	**153**
Corporate bonds	**9,247**	**9,352**	**104**
	55,858	**57,887**	**2,029**
Others	**—**	**—**	**—**
Total	**¥55,858**	**¥57,887**	**¥2,029**

	Thousands of U.S. dollars		
	Carrying value	Fair value	Valuation differences
Bonds:			
Government bonds	**$412,898**	**$431,927**	**$19,028**
Municipal bonds	**88,077**	**89,731**	**1,653**
Corporate bonds	**99,398**	**100,525**	**1,127**
	600,374	**622,183**	**21,808**
Others	**—**	**—**	**—**
Total	**$600,374**	**$622,183**	**$21,808**

2. Securities whose carrying value exceeds their fair value

	Millions of yen		
	Carrying value	Fair value	Valuation differences
Bonds:			
Government bonds	**¥ —**	**¥ —**	**¥ —**
Municipal bonds	**7,387**	**7,357**	**(29)**
Corporate bonds	**3,679**	**3,670**	**(8)**
	11,067	**11,028**	**(38)**
Others	**3,000**	**2,926**	**(73)**
Total	**¥14,067**	**¥13,955**	**(¥112)**

	Thousands of U.S. dollars		
	Carrying value	Fair value	Valuation differences
Bonds:			
Government bonds	**$ —**	**$ —**	**$ —**
Municipal bonds	**79,405**	**79,083**	**(321)**
Corporate bonds	**39,547**	**39,451**	**(95)**
	118,952	**118,535**	**(417)**
Others	**32,244**	**31,456**	**(787)**
Total	**$151,196**	**$149,991**	**($1,205)**

(3) Available-for-sale securities

1. Securities whose carrying value exceeds their acquisition cost

	Millions of yen		
	Carrying value	Acquisition cost	Valuation differences
Stocks	**¥52,311**	**¥38,367**	**¥13,943**
Bonds:			
Government bonds	**457,987**	**451,416**	**6,570**
Municipal bonds	**166,655**	**164,654**	**2,001**
Corporate bonds	**399,886**	**395,105**	**4,781**
	1,024,529	**1,011,176**	**13,352**
Others	**155,256**	**152,117**	**3,138**
Total	**¥1,232,097**	**¥1,201,661**	**¥30,435**

	Thousands of U.S. dollars		
	Carrying value	Acquisition cost	Valuation differences
Stocks	**$562,250**	**$412,380**	**$149,869**
Bonds:			
Government bonds	**4,922,475**	**4,851,859**	**70,616**
Municipal bonds	**1,791,221**	**1,769,711**	**21,509**
Corporate bonds	**4,298,010**	**4,246,621**	**51,389**
	11,011,707	**10,868,192**	**143,514**
Others	**1,668,702**	**1,634,965**	**33,736**
Total	**$13,242,659**	**$12,915,538**	**$327,120**

2. Securities whose acquisition cost exceeds their carrying value

	Millions of yen		
	Carrying value	Acquisition cost	Valuation differences
Stocks	**¥45,376**	**¥56,889**	**(¥11,513)**
Bonds:			
Government bonds	**42,210**	**42,881**	**(671)**
Municipal bonds	**10,135**	**10,170**	**(35)**
Corporate bonds	**53,600**	**54,528**	**(928)**
	105,946	**107,581**	**(1,634)**
Others	**135,916**	**144,295**	**(8,379)**
Total	**¥287,238**	**¥308,766**	**(¥21,527)**

	Thousands of U.S. dollars		
	Carrying value	Acquisition cost	Valuation differences
Stocks	**$487,706**	**$611,454**	**($123,747)**
Bonds:			
Government bonds	**453,683**	**460,898**	**(7,215)**
Municipal bonds	**108,932**	**109,311**	**(378)**
Corporate bonds	**576,101**	**586,078**	**(9,976)**
	1,138,717	**1,156,287**	**(17,570)**
Others	**1,460,834**	**1,550,896**	**(90,062)**
Total	**$3,087,258**	**$3,318,639**	**($231,380)**

(4) Available-for-sale securities sold for the year ended 31st March, 2010 are as follows:

	Millions of yen		
	Proceeds from sale	Gains	Losses
Stocks	**¥11,071**	**¥1,059**	**¥1,775**
Bonds:			
Government bonds	**110,062**	**1,102**	**—**
Municipal bonds	**8,392**	**51**	**0**
Corporate bonds	**90,847**	**691**	**857**
	209,302	**1,845**	**857**
Others	**68,062**	**1,920**	**1,274**
Total	**¥288,436**	**¥4,824**	**¥3,907**

	Thousands of U.S. dollars		
	Proceeds from sale	Gains	Losses
Stocks	**$118,995**	**$11,389**	**$19,083**
Bonds:			
Government bonds	**1,182,956**	**11,844**	**—**
Municipal bonds	**90,201**	**558**	**0**
Corporate bonds	**976,438**	**7,426**	**9,212**
	2,249,596	**19,830**	**9,213**
Others	**731,540**	**20,638**	**13,697**
Total	**$3,100,132**	**$51,857**	**$41,994**

(5) Devaluation of securities

Available-for-sale securities which have readily determinable fair value are devalued to the fair value, and the difference between the acquisition cost and the fair value is treated as the loss for the fiscal year ("devaluation"), if the fair value (primarily the closing market price at the consolidated balance sheet date) has significantly deteriorated compared with the acquisition cost (including amortized cost) unless it is deemed that there is a possibility of a recovery in the fair value. The amount of devaluation was ¥3,286 million* ($35,323 thousand) for the year ended 31st March, 2010.

* stocks …… ¥3,286 million ($35,323 thousand)

The criteria for determining whether the fair value of a security has "significantly deteriorated" are outlined as follows:

1. The fair value is 50% or less of the acqisition cost.
2. The fair value exceeds 50% but is 70% or less of the acquisition cost and the quoted market price maintains a certain level or lower.

(6) Unrealized gains/losses on securities available for sale

The components of the unrealized gains/losses on securities available for sale at 31st March, 2010 are as follows:

	Millions of yen	Thousands of U.S. dollars
Revaluation difference	**¥8,907**	**$95,740**
Deferred tax liability	**(3,342)**	**(35,927)**
Revaluation difference (before minority interest adjustment), net of taxes	**5,564**	**59,812**
Amount corresponding to minority interests	**156**	**1,678**
Amount corresponding to the parent's share of net unrealized losses on available-for-sale securities owned by affiliates	**(0)**	**(7)**
Unrealized gains on securities available for sale, net of taxes	**¥5,720**	**¥61,483**

<At 31st March, 2009>

(1) Trading securities and commercial papers (including those included in "Trading account assets")

	Millions of yen
Carrying value	¥1,451
Holding losses recognized in income	17

(2) Held-to-maturity securities with fair value

	Millions of yen		
	Carrying value	Fair value	Valuation differences
Bonds:			
Government bonds	¥37,155	¥37,821	¥665
Municipal bonds	3,086	3,142	55
	40,242	40,963	721
Others	12,000	11,996	(3)
Total	¥52,242	¥52,959	¥717

(3) Available-for-sale securities with fair value

	Millions of yen		
	Acquisition cost	Carrying value	Valuation differences
Stocks	¥108,030	¥100,136	(¥7,894)
Bonds:			
Government bonds	456,438	456,719	280
Municipal bonds	127,127	127,588	460
Corporate bonds	511,262	503,763	(7,498)
	1,094,828	1,088,071	(6,757)
Others	312,438	290,717	(21,721)
Total	¥1,515,298	¥1,478,925	(¥36,373)

Available-for-sale securities which have readily determinable fair value are devalued to the fair value, and the difference between the acquisition cost and the fair value is treated as the loss for the fiscal year ("devaluation"), if the fair value (primarily the closing market price at the consolidated balance sheet date) has significantly deteriorated compared with the acquisition cost (including amortized cost) unless it is deemed that there is a possibility of a recovery in the fair value. The amount of devaluation was ¥14,459 million* for the year ended 31st March, 2009.

* stocks …… ¥9,183 million
others …… ¥5,275 million

The criteria for determining whether the fair value of a security has "significantly deteriorated" are outlined as follows:

1. The fair value is 50% or less of the acqisition cost.
2. The fair value exceeds 50% but is 70% or less of the acquisition cost and the quoted market price maintains a certain level or lower.

(4) Available-for-sale securities sold for the year ended 31st March, 2009 are as follows:

	Millions of yen
Proceeds from sale	¥244,867
Gains	3,467
Losses	2,534

(5) Securities whose fair value is not readily determinable

Principal items of securities whose fair value is not readily determinable at 31st March, 2009 are as follows:

	Millions of yen
Securities available for sale	
Non-listed stocks	¥17,216
Privately placed bonds	19,786
Others	2,079

(6) Repayment schedule of securities available for sale with maturity and held-to-maturity securities at 31st March, 2009 is as follows:

	Millions of yen			
	Due in 1 year or less	Due from 1 year to 5 years	Due from 5 years to 10 years	Due after 10 years
Bonds:				
Government bonds	¥54,099	¥200,456	¥85,565	¥153,754
Municipal bonds	12,243	116,895	1,536	—
Corporate bonds	85,000	274,870	156,797	3,743
	151,343	592,221	243,899	157,497
Others	13,745	134,924	90,824	7,850
Total	¥165,088	¥727,146	¥334,723	¥165,348

(7) Unrealized gains/losses on securities available for sale

The components of the unrealized gains/losses on securities available for sale at 31st March, 2009 are as follows:

	Millions of yen
Revaluation difference	(¥36,373)
Deferred tax asset	14,087
Revaluation difference (before minority interest adjustment), net of taxes	(22,286)
Amount corresponding to minority interests	876
Amount corresponding to the parent's share of net unrealized losses on available-for-sale securities owned by affiliates	(1)
Unrealized losses on securities available for sale, net of taxes	(¥21,411)

30. Money Held in Trust

Money held in trust at 31st March, 2010 and 2009 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Money held in trust for investment purposes:			
Carrying value	**¥2,000**	¥991	**$21,496**
Unrealized gains included in income before income taxes and minority interests	**—**	—	**—**

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Money held in trust for other purposes than investment purposes and held-to-maturity purposes:			
Acquisition Cost	**¥1,000**	¥1,000	**$10,748**
Carrying value	**1,000**	1,000	**10,748**
Unrealized gains/losses	**—**	—	**—**

31. Derivatives **<At 31st March, 2010>**

(1) Derivative transactions to which hedge accounting is not applied

Summarized below are the contract value or the notioned principal and the fair value of the derivative transactions at 31st March, 2010, to which hedge accounting is not applied. The amounts of the contract value are not necessarily indicative of the actual market risk of derivative transactions.

1. Interest related transactions

	Millions of yen			
	Contract value			Unrealized
Type of transactions	Total	Over one year	Fair value	gain(loss)
Over-the-counter transactions:				
Interest rate swaps				
Receive-fixed and pay-floating	**¥9,295**	**¥9,295**	**¥110**	**¥110**
Receive-floating and pay-fixed	**9,295**	**9,295**	**(41)**	**(41)**
Total	**—**	**—**	**¥69**	**¥69**

	Thousands of U.S. dollars			
	Contract value			Unrealized
Type of transactions	Total	Over one year	Fair value	gain(loss)
Over-the-counter transactions:				
Interest rate swaps				
Receive-fixed and pay-floating	**$99,910**	**$99,910**	**$1,189**	**$1,189**
Receive-floating and pay-fixed	**99,910**	**99,910**	**(446)**	**(446)**
Total	**—**	**—**	**$743**	**$743**

Notes: 1. The above transactions are marked to market and unrealized gains/losses are included in the consolidated statements of income.
2. Calculation of fair value is based on the discounted cash flows and others.

2. Currency related transactions

	Millions of yen			
	Contract value			Unrealized
Type of transactions	Total	Over one year	Fair value	gain(loss)
Over-the-counter transactions:				
Currency swaps	**¥215,921**	**¥200,994**	**¥456**	**¥456**
Forward foreign:				
Sell	**2,228**	**—**	**(52)**	**(52)**
Buy	**1,553**	**—**	**26**	**26**
Currency option:				
Sell	**78,234**	**58,620**	**(4,580)**	**(467)**
Buy	**78,234**	**58,620**	**4,580**	**1,712**
Total	**—**	**—**	**¥430**	**¥1,674**

	Thousands of U.S. dollars			
	Contract value			Unrealized
Type of transactions	Total	Over one year	Fair value	gain(loss)
Over-the-counter transactions:				
Currency swaps	**$2,320,740**	**$2,160,298**	**$4,908**	**$4,908**
Forward foreign:				
Sell	**23,947**	**—**	**(567)**	**(567)**
Buy	**16,696**	**—**	**284**	**284**
Currency option:				
Sell	**840,864**	**630,059**	**(49,234)**	**(5,027)**
Buy	**840,864**	**630,059**	**49,234**	**18,403**
Total	**—**	**—**	**$4,625**	**$18,001**

Notes: 1. The above transactions are marked to market and unrealized gains/losses are included in the consolidated statements of income.
2. Calculation of fair value is based on the discounted cash flows and others.

(2) Derivative transactions to which hedge accounting is applied

Summarized below are the contract value or the notioned principal and the fair value of the derivative transactions at 31st March, 2010, to which hedge accounting is applied. The amounts of the contract value are not necessarily indicative of the actual market risk of derivative transactions.

1. Interest related transactions

			Millions of yen		
Hedge accounting			Contract value		
method	Type of transactions	Hedged item	Total	Over one year	Fair value
Special treatment	Interest rate swaps	Loans and bills			
for interest rate	Receive-fixed and pay-floating	discounted,	**¥56,302**	**¥11,056**	
swaps	Receive-floating and pay-fixed	and deposits	**107,252**	**107,252**	**(Note 2)**
	Interest rate options		**10,000**	**10,000**	
Total			**—**	**—**	

			Thousands of U.S. dollars		
Hedge accounting			Contract value		
method	Type of transactions	Hedged item	Total	Over one year	Fair value
Special treatment	Interest rate swaps	Loans and bills			
for interest rate	Receive-fixed and pay-floating	discounted,	**$605,139**	**$118,834**	
swaps	Receive-floating and pay-fixed	and deposits	**1,152,760**	**1,152,760**	**(Note 2)**
	Interest rate options		**107,480**	**107,480**	
Total			**—**	**—**	

Notes: 1. Calculation of fair value is based on the discounted cash flows and others.

2. Since the interest rate swaps, to which the special treatments are applied, are accounted for as one unit with loans and bills discounted and deposits, their fair value is included in the fair value of the said loans and bills discounted and deposits which are disclosed in "Financial Instruments (Note 28)."

2. Currency related transactions

			Millions of yen		
Hedge accounting			Contract value		
method	Type of transactions	Hedged item	Total	Over one year	Fair value
Principle hedge accounting method	Forward foreign	Securities denominated in foreign currencies	**¥34,772**	**¥ —**	**(¥727)**
Total			**—**	**—**	**(¥727)**

			Thousands of U.S. dollars		
Hedge accounting			Contract value		
method	Type of transactions	Hedged item	Total	Over one year	Fair value
Principle hedge accounting method	Forward foreign	Securities denominated in foreign currencies	**$373,740**	**$ —**	**($7,823)**
Total			**—**	**—**	**($7,823)**

Notes: 1. The Bank applies the deferred method as hedge accounting in accordance primarily with "Accounting and Auditing Treatment for Accounting for Foreign Currency Transactions in Banking Industry" (JICPA Industry Audit Committee Report No. 25).

2. Calculation of fair value is based on the discounted cash flows and others.

<At 31st March, 2009>

(1) Information on derivatives is as follows:

1. Details of transactions

   Derivative transactions include interest rate-related transactions, such as interest rate swaps, currency related transactions, such as currency futures, currency swaps and currency options, and securities related transactions, such as bond futures and options and stock index futures and options.

2. Transaction policy

   The Bank has been using derivatives primarily for the purpose of risk management for its own assets and liabilities. The Bank also uses derivatives in trading activities to maximize earnings.

3. Objectives of transaction

   The Bank utilizes derivatives in its banking account as a hedge to manage and reduce risks of on-balance-sheet assets and liabilities, and in its trading account to benefit from short-term price fluctuations and arbitrage transactions.

   In principle, derivatives are valued at fair value. When qualified, however, the Bank applies the hedge accounting for derivative transactions as follows:

   ① Hedging instrument and hedged item

   The Bank uses mainly interest rate swaps as hedging instruments to reduce interest rate risks arising from loans with fixed interest rates, callable deposits, and foreign currency futures and others to reduce foreign exchange risks arising from foreign currency-denominated financial assets and liabilities.

   ② Hedge policy

   Based on “Operation rules related to hedge accounting,” the Bank adopts individual hedges, and hedges interest rate and foreign exchange risks at a certain level.

   ③ Evaluation of hedge effectiveness

   In principle, the Bank assesses the hedge effectiveness based on the difference between accumulated market value or cash flow fluctuations of hedged items and those of hedging instruments. Under the portfolio-hedge, the Bank assesses the effectiveness by grouping the hedged items (such as loans) and the hedging instruments (such as interest swaps) into certain time buckets and thus identifying them. No evaluation is performed for the hedge effectiveness of qualifying interest rate swaps accounted for by the special treatment under the Accounting Standard for Financial Instruments, as it is reviewed that such derivatives continually meet the criteria for the special treatment.

4. Risks for derivative transactions

   ① Market risk

   Market risk is a potential loss in the fair value of financial instruments or portfolios resulting from fluctuations in interest rates, foreign exchange rates and stock prices.

   ② Credit risk

   Credit risk is a potential loss in the value of a transaction due to default by counterparties to the contracts.

   ③ Special transaction risks

   The Bank does not have derivative transactions that contain special transaction risks.

5. Risk management system for derivative transactions

   The Bank’s derivative transactions are entered into using operational rules prepared in accordance with the Bank’s internal regulations.

   The rules stipulate the scope of derivative usage, authorization, responsibility, procedure, credit line, loss-cut rule, and reporting system. Each business line is responsible for each relevant risk management and for reporting to management, including the ALM Committee, on a monthly basis.

6. Explanation about “Fair value”

   “Contract value” presented in the following “Fair value” section does not represent market risk or credit risk of derivatives but is nominal contract value or notional principal.

(2) Fair value

1. Interest related transactions

	Millions of yen			
	Contract value			Unrealized
Type of transactions	Total	Over one year	Fair value	gain(loss)
Over-the-counter transactions:				
Interest rate swaps				
Receive-fixed and pay-floating	**¥3,550**	**¥3,550**	**¥27**	**¥27**
Receive-floating and pay-fixed	**3,550**	**3,550**	**6**	**6**
Total	**—**	**—**	**¥33**	**¥33**

Notes: 1. The above transactions are marked to market and unrealized gains/losses are included in the consolidated statements of income.
2. Interest rate swaps to which hedge accounting is applied in accordance with "Accounting and Auditing Treatment for Application of Accounting Standard for Financial Instruments in Banking Industry" (JICPA Industry Audit Committee Report No. 24) are excluded from the above table.
3. Calculation of fair value is based on the discounted cash flows and others.

2. Currency related transactions

	Millions of yen			
	Contract value			Unrealized
Type of transactions	Total	Over one year	Fair value	gain(loss)
Over-the-counter transactions:				
Currency swaps	**¥259,311**	**¥214,531**	**¥528**	**¥528**
Forward foreign:				
Sell	**2,717**	**—**	**(7)**	**(7)**
Buy	**2,247**	**—**	**22**	**22**
Currency option:				
Sell	**67,234**	**53,924**	**(4,403)**	**(891)**
Buy	**67,234**	**53,924**	**4,403**	**1,844**
Total	**—**	**—**	**¥543**	**¥1,497**

Notes: 1. The above transactions are marked to market and unrealized gains/losses are included in the consolidated statements of income.
2. Currency swaps to which hedge accounting is applied in accordance with "Accounting and Auditing Treatment for Accounting for Foreign Currency Transactions in Banking Industry" (JICPA Industry Audit Committee Report No. 25) are excluded from the above table.
3. Calculation of fair value is based on the discounted cash flows and others.

32. Reserve for Employee Retirement Benefits

(1) Description of the retirement benefit plan

The Bank and its domestic consolidated subsidiaries adopt defined benefit plans such as occupational pension fund plans, qualified pension plans, and lump-sum payment plans. The Bank may also pay additional retirement benefits which are not subject to actuarial calculation.

The Bank has established a retirement benefit trust.

As of 31st March, 2010, the lump-sum payment plans are adopted by eight group companies including the Bank and its domestic considerated subsidiaries while the corporate pension fund plans are adopted by the Bank and one consolidated subsidiary, and the tax-qualified pension plan is adopted by one consolidated subsidiary.

(2) The funded status and amounts recognized in the consolidated balance sheets at 31st March, 2010 and 2009

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Projected benefit obligation	**(¥55,568)**	(¥54,604)	**($597,251)**
Plan assets	**42,379**	35,907	**455,496**
Projected benefit obligation in excess of plan assets	**(13,188)**	(18,697)	**(141,754)**
Unrecognized actuarial loss	**10,232**	15,602	**109,980**
Unrecognized prior service cost	**—**	—	**—**
Net liability recognized	**(2,956)**	(3,094)	**(31,774)**
Prepaid pension cost	**8,602**	8,480	**92,457**
Reserve for employees' retirement benefits	**(¥11,558)**	(¥11,575)	**($124,232)**

(3) Pension cost for the years ended 31st March, 2010 and 2009

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Service cost	**¥1,681**	¥1,708	**$18,069**
Interest cost	**1,348**	1,334	**14,494**
Expected return on plan assets for the year	**(1,178)**	(1,986)	**(12,671)**
Amortization of unrecognized prior service cost	**—**	—	**—**
Amortization of unrecognized actuarial loss	**2,227**	1,184	**23,942**
Others (additional retirement benefit payments)	**264**	357	**2,838**
Net pension benefit expense	**¥4,342**	¥2,598	**$46,673**

(4) Basic information used for calculation of the retirement benefit obligation

	2010	2009
(1) Discount rate	**2.5%(principally)**	2.5%(principally)
(2) Expected rate of return on plan assets	**3.3%(principally)**	4.5%(principally)
(3) Method of attribution of projected benefit obligation	**Straight-line method**	Straight-line method
(4) Number of years over which actuarial gains/losses are amortized	**10 years(principally)***	10 years(principally)*

* Using the straight-line method from the following fiscal year over a 10-year period within the average remaining years of service of employees.

33. Income Taxes

The tax effect of temporary differences and tax loss carryforwards that give rise to the deferred tax assets and liabilities at 31st March, 2010 and 2009 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Deferred tax assets			
Reserve for possible loan losses	**¥30,932**	¥31,447	**$332,459**
Reserve for retirement benefits	**4,432**	4,335	**47,637**
Accumulated depreciation	**2,338**	1,961	**25,138**
Unrealized losses on securities available for sale, net	**—**	15,147	**—**
Loss carryforwards for tax purposes	**31,089**	46,192	**334,154**
Others	**9,981**	9,879	**107,277**
Sub-total	**78,773**	108,964	**846,667**
Valuation allowance	**(30,220)**	(32,318)	**(324,807)**
Total deferred tax assets	**48,553**	76,646	**521,859**
Deferred tax liabilities			
Reserve fund for deferred income of fixed assets	**(2)**	(2)	**(26)**
Unrealized losses on securities attributable to partition of corporation, net	**(330)**	—	**(3,549)**
Unrealized gains on securities available for sale, net	**(3,342)**	—	**(35,927)**
Total deferred tax liabilities	**(3,675)**	(2)	**(39,503)**
Net deferred tax assets	**¥44,878**	¥76,643	**$482,355**

The effective tax rates reflected in the consolidated statements of income for the years ended 31st March, 2010 and 2009 differ from the statutory tax rates for the following reasons:

	2010	2009
Statutory tax rate	**40.4%**	40.4%
Adjustments:		
Expenses permanently nondeductible for income tax purposes	**1.0**	0.9
Dividend income deductible for income tax purposes	**(1.3)**	(2.6)
Inhabitant's per capita taxes	**0.3**	0.5
Increase in valuation allowance	**(2.7)**	7.4
Tax effects attributable to investment in a subsidiary	**—**	(20.1)
Others, net	**0.3**	2.9
Effective tax rate	**38.0%**	23.6%

34. Business Combinations

Effective as of 6th November, 2009, the Bank took over via corporate split the securities investment business from The Bank of Nagasaki, Ltd., a consolidated subsidiary of the Bank.

Transactions under common control

(1) Name of constituent companies and outline of business

① Name of acquiring company

The Nishi-Nippon City Bank, Ltd.

② Name of split company

The Bank of Nagasaki, Ltd.

③ Outline of business

Securities investment business of The Bank of Nagasaki, Ltd.

(2) Legal form of business combination

Corporate split wherein The Bank of Nagasaki, Ltd. split off its securities investment business and The Nishi-Nippon City Bank, Ltd. took over that business and became the acquiring company.

(3) Name of the company after business combination

The Nishi-Nippon City Bank, Ltd.

(4) Outline of transaction including objective

① Objective

Achieve greater efficiency through the consolidation of the Nishi-Nippon City Bank Group businesses. Moreover, the Group's competitiveness is expected to be strengthened as The Bank of Nagasaki, Ltd. is further contributing to regional economic growth through its financial intermediary function as a regional financial institution.

② Transaction outline

At the boad of directors' meeting held on 28th September, 2009, The Nishi-Nippon City Bank, Ltd. and The Bank of Nagasaki, Ltd., a consolidated subsidiary of the Bank, resolved to split the securities investment business owned by The Bank of Nagasaki, Ltd. and to have The Nishi-Nippon City Bank, Ltd. take it over and become the acquiring company. On that date, the corporate split agreement was made between the two banks. On 6th November, 2009, the corporate split took effective.

(5) Outline of accounting treatment for transaction

The corporate split transaction described above was treated as a transaction under common control based on "Accounting Standard for Business Combinations" (Business Accounting Council, issued on 31th October, 2003) and "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No.10, revised on 15th November, 2007).

35. Business Segment Information

For the years ended 31st March, 2010 and 2009, the Bank and its consolidated subsidiaries have two business segments, as summarized below:

<In 2010>	Millions of yen Banking	Other	Total	Elimination	Consolidated
Ⅰ. Ordinary income					
Ordinary income from third party customers	**¥162,868**	**¥7,997**	**¥170,865**	**¥ —**	**¥170,865**
Internal ordinary income among segments	**585**	**10,586**	**11,171**	**(11,171)**	**—**
Total ordinary income	**163,453**	**18,584**	**182,037**	**(11,171)**	**170,865**
Ordinary expenses	**129,898**	**16,241**	**146,140**	**(11,508)**	**134,632**
Ordinary profit	**¥33,554**	**¥2,342**	**¥35,897**	**¥336**	**¥36,233**
Ⅱ. Identifiable assets, depreciation, impairment losses and capital expenditures:					
Identifiable assets	**¥7,251,502**	**¥122,702**	**¥7,374,204**	**(¥86,311)**	**¥7,287,892**
Depreciation	**4,887**	**222**	**5,110**	**—**	**5,110**
Impairment losses	**387**	**—**	**387**	**—**	**387**
Capital expenditures	**5,694**	**119**	**5,814**	**—**	**5,814**

<In 2010>	Thousands of U.S. dollars Banking	Other	Total	Elimination	Consolidated
Ⅰ. Ordinary income					
Ordinary income from third party customers	**$1,750,522**	**$85,956**	**$1,836,478**	**$ —**	**$1,836,478**
Internal ordinary income among segments	**6,288**	**113,786**	**120,075**	**(120,075)**	**—**
Total ordinary income	**1,756,811**	**199,743**	**1,956,554**	**(120,075)**	**1,836,478**
Ordinary expenses	**1,396,161**	**174,568**	**1,570,729**	**(123,691)**	**1,447,038**
Ordinary profit	**$360,650**	**$25,174**	**$385,824**	**$3,615**	**$389,440**
Ⅱ. Identifiable assets, depreciation, impairment losses and capital expenditures:					
Identifiable assets	**$77,939,621**	**$1,318,809**	**$79,258,431**	**($927,682)**	**$78,330,749**
Depreciation	**52,532**	**2,394**	**54,926**	**—**	**54,926**
Impairment losses	**4,165**	**—**	**4,165**	**—**	**4,165**
Capital expenditures	**61,203**	**1,287**	**62,491**	**—**	**62,491**

<In 2009>	Millions of yen Banking	Other	Total	Elimination	Consolidated
Ⅰ. Ordinary income					
Ordinary income from third party customers	¥169,921	¥9,167	¥179,088	¥ —	¥179,088
Internal ordinary income among segments	1,737	10,392	12,130	(12,130)	—
Total ordinary income	171,658	19,560	191,218	(12,130)	179,088
Ordinary expenses	163,406	17,696	181,102	(19,868)	161,234
Ordinary profit	¥8,251	¥1,864	¥10,166	¥7,738	¥17,854
Ⅱ. Identifiable assets, depreciation, impairment losses and capital expenditures:					
Identifiable assets	¥7,161,781	¥122,685	¥7,284,466	(¥76,103)	¥7,208,363
Depreciation	5,084	200	5,284	—	5,284
Impairment losses	377	—	337	—	337
Capital expenditures	5,260	157	5,417	—	5,417

36. Related Party Transactions

(1) Related party transactions for the year ended 31st March, 2010 is as follows:

1. Transactions of the Bank with related individuals, including shareholders and directors

Attribute	Name	Address	Common stock	Business/ occupation	Equity ownership	Relationship	Transactions	Transaction amount	Account	Balance at end of year
Companies owned by the Bank's directors and their close relatives	Yamada Shoji Co., Ltd.	Chikushino Fukuoka	¥10 (million)	Hotel business	—	Companies owned by close relatives of Bank's director (Yasuyuki Ishida)	Loan	—	Loans	¥240
							Guarantee	—	Customer's liabilities for acceptances and guarantee	¥42 (million)

* Terms and conditions of the transactions are similar to those with unrelated parties.

2. There are no relevant transactions of the Bank's consolidated subsidiaries with related parties to report.

(2) Related party transactions for the year ended 31st March, 2009 is as follows:

1. Transactions of the Bank with related individuals, including shareholders and directors

Attribute	Name	Address	Common stock	Business/ occupation	Equity ownership	Relationship	Transactions	Transaction amount	Account	Balance at end of year
Companies owned by the Bank's directors and their close relatives	Yamada Shoji Co., Ltd.	Chikushino Fukuoka	¥10 (million)	Hotel business	—	Companies owned by close relatives of Bank's director (Yasuyuki Ishida)	Loan	¥241	Loans	¥263
							Guarantee	— (million)	Customer's liabilities for acceptances and guarantee	¥47 (million)

* Terms and conditions of the transactions are similar to those with unrelated parties.

2. There are no relevant transactions of the Bank's consolidated subsidiaries with related parties to report.

37. Reconciliation of Cash and Cash Equivalents

The reconciliation between "Cash and cash equivalents" in the consolidated statements of cash flows and each account in the consolidated balance sheets is as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Cash and due from banks on the consolidated balance sheets	**¥275,718**	¥253,344	**$2,963,439**
Ordinary deposits (due from banks)	**(664)**	(804)	**(7,141)**
Time deposits (due from banks)	**(5,564)**	(24,560)	**(59,805)**
Postal savings	**(1,255)**	(1,342)	**(13,490)**
Other deposits (due from banks)	**(337)**	(124)	**(3,626)**
Cash and cash equivalents on the consolidated statements of cash flows	**¥267,897**	¥226,513	**$2,879,375**

38. Per Share Information

	Yen		U.S. dollars
	2010	2009	**2010**
Net assets per share at end of year	**¥345.00**	¥287.98	**$3.708**
Net income per share:			
Basic	**26.88**	17.84	**0.288**
Diluted	**24.63**	16.51	**0.264**

Basis for net assets per share as of 31st March, 2010 and 2009 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Net assets	**¥336,661**	¥289,733	**$3,618,460**
Items to be deducted from net assets	**62,307**	60,673	**669,682**
Minority interests	**26,887**	25,253	**288,986**
Issue price of preferred stock	**35,000**	35,000	**376,182**
Preference dividend on preferred stock	**420**	420	**4,514**
Net assets attributable to common stock	**274,354**	229,059	**2,948,778**

	Shares	
	2010	2009
Number of shares of common stock outstanding at end of the year	**795,215,148**	795,375,014

Basis for net income per share for the years ended 31st March, 2010 and 2009 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Basic:			
Net income	**¥21,800**	¥14,616	**$234,317**
Items not attributable to common stock	**420**	420	**4,514**
Preference dividend on preferred stock	**420**	420	**4,514**
Net income attribute to common stock	**21,380**	14,196	**229,803**

	Shares	
	2010	2009
Average number of shares of common stock outstanding during the year	**795,321,921**	795,437,803

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Diluted:			
Net income	**¥420**	¥420	**$4,514**
Preference dividend on preferred stock	**420**	420	**4,514**

	Shares	
	2010	2009
Number of shares of common stock to increase	**89,697,590**	89,697,590
Preferred stock thereof	**89,697,590**	89,697,590

39. Cash Dividends

Cash dividends paid during the year ended 31st March, 2010, which were distribution of earned surplus at 31st March, 2009, are as follows:

Resolution	Types	Millioms of yen	Thousands of U.S. dollars
June 26, 2009	Cash dividends (¥4 per share)	**¥3,181**	**$34,194**
Ordinary General Meeting of Shareholders	Preference dividends (¥12 per share)	**¥420**	**$4,514**

Cash dividends paid during the year ended 31st March, 2009, which were distribution of earned surplus at 31st March, 2008, are as follows:

Resolution	Types	Millioms of yen
June 27, 2008	Cash dividends (¥4 per share)	¥3,181
Ordinary General Meeting of Shareholders	Preference dividends (¥12 per share)	¥420

40. Subsequent Event

The following appropriation of earned surplus for the year ended 31st March, 2010 was approved at the shareholders' meeting held on 29th June, 2010:

Resolution	Types	Millions of yen	Thousands of U.S. dollars
June 29, 2010	Cash dividends (¥4 per share)	**¥3,180**	**$34,188**
Ordinary General Meeting of Shareholders	Preference dividends (¥12 per share)	**¥420**	**$4,514**

Quarterly Information (Unaudited)

The Nishi-Nippon City Bank, Ltd. and Subsidiaries Year ended 31st March, 2010

	Milloms of yen			
	Fist Quarter	Second Quarter	Third Quarter	Fourth Quarter
	from 1st April, 2009 to 30th June, 2009	from 1st July, 2009 to 30th September, 2009	from 1st October, 2009 to 31st December, 2009	from 1st January, 2010 to 31st March, 2010
Ordinary income	**¥43,070**	**¥42,710**	**¥43,535**	**¥41,549**
Income before income taxes and minority interests	**7,173**	**8,075**	**11,283**	**11,302**
Net income	**4,197**	**4,885**	**6,184**	**6,532**

	yen			
	Fist Quarter	Second Quarter	Third Quarter	Fourth Quarter
	from 1st April, 2009 to 30th June, 2009	from 1st July, 2009 to 30th September, 2009	from 1st October, 2009 to 31st December, 2009	from 1st January, 2010 to 31st March, 2010
Net income per share	**¥5.27**	**¥6.14**	**¥7.77**	**¥7.68**

	Thousands of U.S. dollars			
	Fist Quarter	Second Quarter	Third Quarter	Fourth Quarter
	from 1st April, 2009 to 30th June, 2009	from 1st July, 2009 to 30th September, 2009	from 1st October, 2009 to 31st December, 2009	from 1st January, 2010 to 31st March, 2010
Ordinary income	**$462,921**	**$459,052**	**$467,927**	**$446,577**
Income before income taxes and minority interests	**77,099**	**86,792**	**121,276**	**121,478**
Net income	**45,116**	**52,508**	**66,476**	**70,216**

	U.S. dollars			
	Fist Quarter	Second Quarter	Third Quarter	Fourth Quarter
	from 1st April, 2009 to 30th June, 2009	from 1st July, 2009 to 30th September, 2009	from 1st October, 2009 to 31st December, 2009	from 1st January, 2010 to 31st March, 2010
Net income per share	**$0.05**	**$0.06**	**$0.08**	**$0.08**

Non-Consolidated Balance Sheets (Unaudited)

The Nishi-Nippon City Bank, Ltd. 31st March, 2010 and 2009

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Assets:			
Cash and due from banks	**¥261,590**	¥222,076	**$2,811,591**
Call loans and bills bought	**1,193**	687	**12,832**
Commercial paper and other debt purchased	**12,201**	13,985	**131,138**
Trading account assets	**860**	1,448	**9,244**
Money held in trust	**3,000**	1,991	**32,244**
Securities	**1,642,514**	1,566,358	**17,653,851**
Loans and bills discounted	**4,931,582**	4,849,415	**53,004,975**
Foreign exchange assets	**2,972**	2,467	**31,953**
Other assets	**40,738**	38,855	**437,865**
Tangible fixed assets	**117,042**	117,626	**1,257,984**
Intangible fixed assets	**2,534**	2,407	**27,243**
Deferred tax assets	**40,532**	71,531	**435,648**
Customers' liabilities for acceptances and guarantees	**51,260**	58,666	**550,950**
Reserve for possible loan losses	**(47,451)**	(48,182)	**(510,016)**
Reserve for devaluation of securities	**(12,139)**	(12,696)	**(130,474)**
Total assets	**¥7,048,434**	¥6,886,640	**$75,757,033**
Liabilities and Net assets:			
Liabilities:			
Deposits	**¥6,303,800**	¥6,070,056	**$67,753,656**
Call money and bills sold	**100,341**	109,386	**1,078,478**
Guarantee deposits received under securities lending transactions	**29,554**	48,066	**317,654**
Borrowed money	**97,857**	184,537	**1,051,773**
Foreign exchange liabilities	**241**	68	**2,592**
Bonds	**92,000**	82,000	**988,822**
Other liabilities	**31,476**	34,646	**338,306**
Reserve for employee retirement benefits	**10,444**	10,487	**112,256**
Reserve for retirement benefits for directors and corporate auditors	**863**	782	**9,282**
Reserve for reimbursement of deposits	**1,003**	686	**10,790**
Reserve for other contingent losses	**1,455**	1,130	**15,648**
Deferred tax liabilities on revaluation of premises	**21,960**	22,065	**236,034**
Acceptances and guarantees	**51,260**	58,666	**550,950**
Total liabilities	**6,742,259**	6,622,580	**72,466,248**
Net assets:			
Capital stock	**85,745**	85,745	**921,599**
Capital surplus	**85,684**	85,684	**920,937**
Earned surplus			
Legal reserve	**61**	61	**661**
Voluntary reserves	**81,426**	76,043	**875,173**
Unapporopriated retained earnings	**20,478**	8,984	**220,105**
Treasury stock	**(643)**	(615)	**(6,911)**
Total shareholders' equity	**272,752**	255,903	**2,931,566**
Net unrealized gains (losses) on securities available for sale, net of taxes	**5,452**	(19,953)	**58,608**
Net deferred losses on hedging instruments, net of taxes	**(1)**	(2)	**(17)**
Revaluation of premises, net of taxes	**27,970**	28,112	**300,627**
Total valuation and translation adjustments	**33,421**	8,156	**359,219**
Total net assets	**306,174**	264,060	**3,290,785**
Total liabilities and net assets	**¥7,048,434**	¥6,886,640	**$75,757,033**

See accompanying Notes to Non-Consolidated Financial Statements.

Non-Consolidated Statements of Income (Unaudited)

The Nishi-Nippon City Bank, Ltd. Years ended 31st March, 2010 and 2009

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Income:			
Interest income:			
Interest on loans and discounts	**¥105,135**	¥109,546	**$1,130,001**
Interest and dividends on securities	**18,654**	22,308	**200,498**
Other interest income	**364**	727	**3,914**
Fees and commissions	**24,265**	24,501	**260,805**
Trading income	**67**	130	**721**
Other operating income	**4,503**	5,009	**48,404**
Other income	**5,995**	5,607	**64,438**
Total income	**158,985**	167,831	**1,708,784**
Expenses:			
Interest expenses:			
Interest on deposits	**14,160**	18,285	**152,201**
Interest on call money and bills sold	**262**	975	**2,825**
Interest on borrowings	**1,489**	1,461	**16,005**
Other interest expenses	**2,118**	3,973	**22,764**
Fees and commissions	**11,043**	11,363	**118,696**
Other operating expenses	**3,149**	8,327	**33,852**
General and administrative expenses	**76,244**	74,818	**819,483**
Other expenses	**16,308**	35,746	**175,279**
Total expenses	**124,776**	154,951	**1,341,109**
Income before income taxes	**34,208**	12,879	**367,675**
Income taxes:			
Current	**74**	75	**805**
Deferred	**13,787**	4,121	**148,193**
Total income taxes	**13,862**	4,197	**148,999**
Net income	**¥20,345**	¥8,682	**$218,676**

See accompanying Notes to Non-Consolidated Financial Statements.

Non-Consolidated Statements of Changes in Net Assets (Unaudited)

The Nishi-Nippon City Bank, Ltd. Years ended 31st March, 2010 and 2009

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Shareholders' equity			
Capital stock:			
Balance at end of the previous year	**¥85,745**	¥85,745	**$921,599**
Changes during the year			
Total changes during the year	**—**	—	**—**
Balance at end of the current year	**¥85,745**	¥85,745	**$921,599**
Capital surplus:			
Capital reserve			
Balance at end of the previous year	**¥85,684**	¥85,684	**$920,937**
Changes during the year			
Total changes during the year	**—**	—	**—**
Balance at end of the current year	**¥85,684**	¥85,684	**$920,937**
Eaned surplus:			
Legal reserve			
Balance at end of the previous year	**¥61**	¥61	**$661**
Changes during the year			
Total changes during the year	**—**	—	**—**
Balance at end of the current year	**¥61**	¥61	**$661**
Other earned surplus:			
Reserve for deffered capital gains			
Balance at end of the previous year	**¥3**	¥4	**$41**
Changes during the year			
Transfer from reserve for deferred capital gains	**(0)**	(0)	**(1)**
Total changes during the year	**(0)**	(0)	**(1)**
Balance at end of the current year	**¥3**	¥3	**$39**
Other voluntary reserves:			
Balance at end of the previous year	**¥76,039**	¥59,693	**$817,280**
Changes during the year			
Transfer to other voluntary reserves	**5,382**	16,346	**57,852**
Total changes during the year	**5,382**	16,346	**57,852**
Balance at end of the current year	**¥81,422**	¥76,039	**$875,133**
Unappropriated retained earnings:			
Balance at end of the previous year	**¥8,984**	¥19,948	**$96,562**
Changes during the year			
Cash dividends paid	**(3,601)**	(3,601)	**(38,709)**
Transfer from reserve for deferred capital gains	**0**	0	**1**
Transfer to other voluntary reserves	**(5,382)**	(16,346)	**(57,852)**
Net income	**20,345**	8,682	**218,676**
Sale of treasury stock	**(9)**	(14)	**(104)**
Reversal of revaluation of premises	**142**	316	**1,531**
Total changes during the year	**11,494**	(10,963)	**123,543**
Balance at end of the current year	**¥20,478**	¥8,984	**$220,105**
Total earned surplus:			
Balance at end of the previous year	**¥85,089**	¥79,707	**$914,545**
Changes during the year			
Cash dividends paid	**(3,601)**	(3,601)	**(38,709)**
Net income	**20,345**	8,682	**218,676**
Sale of treasury stock	**(9)**	(14)	**(104)**
Reversal of revaluation of premises	**142**	316	**1,531**
Total changes during the year	**16,876**	5,381	**181,394**
Balance at end of the current year	**¥101,966**	¥85,089	**$1,095,940**

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Treasury stock			
Balance at end of the previous year	**(¥615)**	(¥597)	**($6,614)**
Changes during the year			
Acquisition of treasury stock	**(49)**	(46)	**(527)**
Sale of treasury stock	**21**	28	**231**
Total changes during the year	**(27)**	(17)	**(296)**
Balance at end of the current year	**(¥643)**	(¥615)	**($6,911)**
Total shareholders' equity			
Balance at end of the previous year	**¥255,903**	¥250,539	**$2,750,467**
Changes during the year			
Cash dividends paid	**(3,601)**	(3,601)	**(38,709)**
Net income	**20,345**	8,682	**218,676**
Acquisition of treasury stock	**(49)**	(46)	**(527)**
Sale of treasury stock	**11**	14	**126**
Reversal of revaluation of premises	**142**	316	**1,531**
Total changes during the year	**16,849**	5,364	**181,098**
Balance at end of the current year	**¥272,752**	¥255,903	**$2,931,566**
Valuation and translation adjustments			
Net unrealized gains (losses) on securities available for sale, net of taxes			
Balance at end of the previous year	**(¥19,953)**	(¥1,620)	**($214,460)**
Changes during the year			
Net changes in items other than shareholders' equity	**25,406**	(18,333)	**273,069**
Total changes during the year	**25,406**	(18,333)	**273,069**
Balance at end of the current year	**¥5,452**	(¥19,953)	**$58,608**
Net deferred losses on hedging instruments, net of taxes			
Balance at end of the previous year	**(¥2)**	(¥2)	**($26)**
Changes during the year			
Net changes in items other than shareholders' equity	**0**	(0)	**9**
Total changes during the year	**0**	(0)	**9**
Balance at end of the current year	**(¥1)**	(¥2)	**($17)**
Revaluation of premises, net of taxes			
Balance at end of the previous year	**¥28,112**	¥28,428	**$302,159**
Changes during the year			
Net changes in items other than shareholders' equity	**(142)**	(316)	**(1,531)**
Total changes during the year	**(142)**	(316)	**(1,531)**
Balance at end of the current year	**¥27,970**	¥28,112	**$300,627**
Total valuation and translation adjustments			
Balance at end of the previous year	**¥8,156**	¥26,806	**$87,671**
Changes during the year			
Net changes in items other than shareholders' equity	**25,264**	(18,649)	**271,547**
Total changes during the year	**25,264**	(18,649)	**271,547**
Balance at end of the current year	**¥33,421**	¥8,156	**$359,219**
Total net assets			
Balance at end of the previous year	**¥264,060**	¥277,346	**$2,838,139**
Changes during the year			
Cash dividends paid	**(3,601)**	(3,601)	**(38,709)**
Net income	**20,345**	8,682	**218,676**
Acquisition of treasury stock	**(49)**	(46)	**(527)**
Sale of treasury stock	**11**	14	**126**
Reversal of revaluation of premises	**142**	316	**1,531**
Net changes in items other than shareholders' equity	**25,264**	(18,649)	**271,547**
Total changes during the year	**42,114**	(13,285)	**452,645**
Balance at end of the current year	**¥306,174**	¥264,060	**$3,290,785**

See accompanying Notes to Non-Consolidated Financial Statements.

Notes to Non-Consolidated Financial Statements (Unaudited)

The Nishi-Nippon City Bank, Ltd. Years ended 31st March, 2010 and 2009

1. Basis of Presentation of Financial Statements	The accompanying non-consolidated financial statements of The Nishi-Nippon City Bank, Ltd. (the Bank) have been prepared from the accounts maintained by the Bank in accordance with the provisions set forth in the Japanese Corporation Law, the Banking Law, and accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standard.
2. Other Accounting Principles and Practices Employed by the Bank	Accounting principles employed by the Bank in preparing the accompanying non-consolidated financial statements which have significant effects thereon, are explained in Note 2 of the Notes to Consolidated Financial Statements.

Ernst & Young ShinNihon LLC

Report of Independent Auditors

The Board of Directors
The Nishi-Nippon City Bank, Ltd.

We have audited the accompanying consolidated balance sheets of The Nishi-Nippon City Bank, Ltd. and consolidated subsidiaries as of March 31, 2010 and 2009, and the related consolidated statements of income , changes in net assets, and cash flows for the years then ended, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these 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 financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Nishi-Nippon City Bank, Ltd. and consolidated subsidiaries at 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.

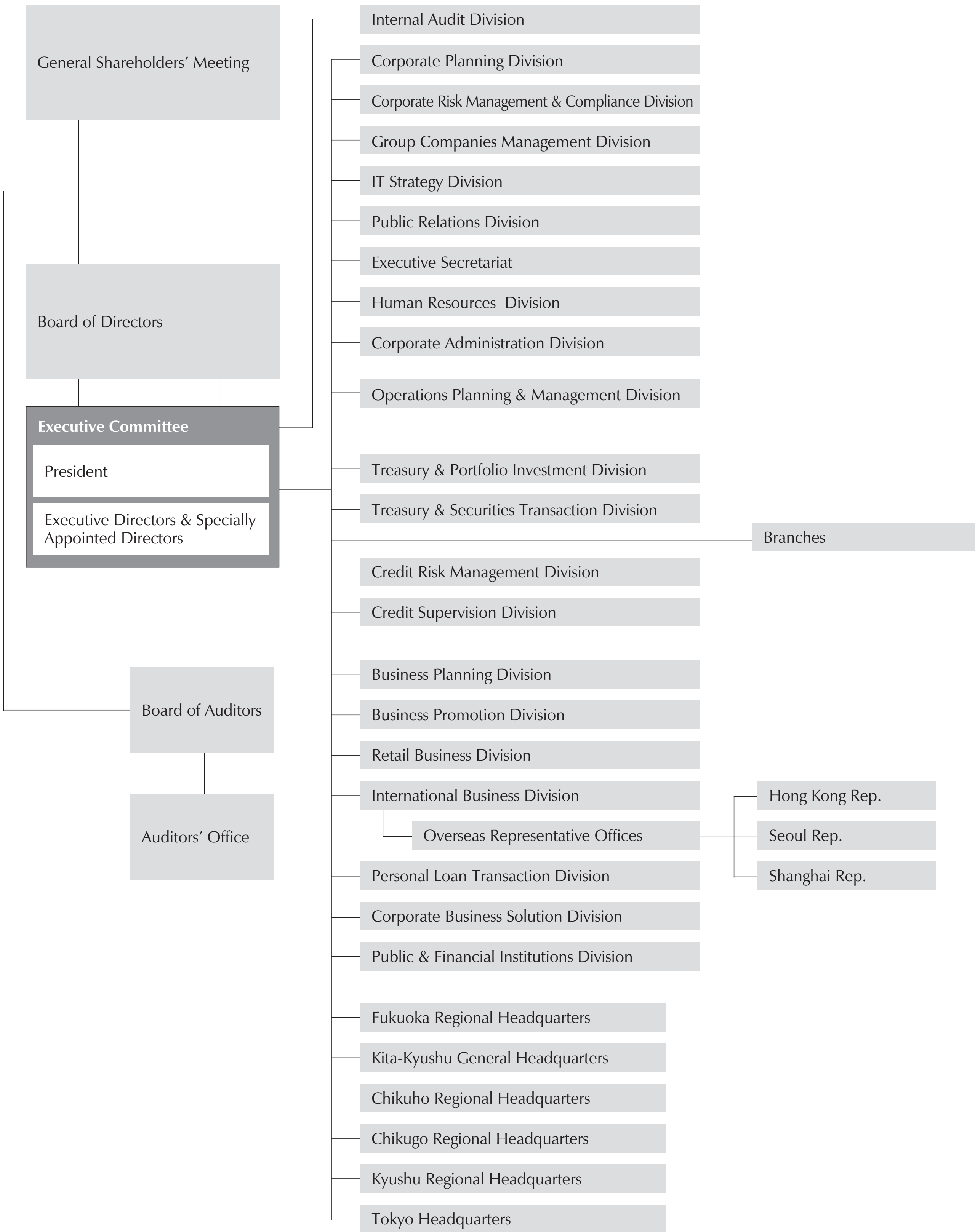
The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2010 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the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

Ernst & Young ShinNihon LLC

June 29, 2010

Ernst & Young ShinNihon LLC

Organization Chart



(as of June 30, 2010)

Corporate Data

Head Office:
1-1, Hakata-ekimae 3-chome, Hakata-ku,
Fukuoka 812-0011, Japan
Phone: (092) 476-2481

Established:
December 1, 1944

Paid-up Capital:
¥85,745 million

Number of Shareholders:
Ordinary shares: 13,786
1st-issue preferred shares: 1

Number of Employees:
4,016

Number of Domestic Offices:
208

Number of Correspondent Banks:
132

Major Shareholders (common stock):

Name	Shares held (thousands)	(%)
Japan Trustee Services Bank, Ltd. (Trust Account)	81,935	10.28
Japan Trustee Service Bank, Ltd. (Trust Account No. 4)	48,485	6.08
The Master Trust Bank of Japan, Ltd. (Trust Account)	37,891	4.75
Nippon Life Insurance Company	20,477	2.57
The Fuji Fire & Marine Insurance Co., Ltd.	18,746	2.35
Japan Trustee Service Bank, Ltd. (Trust Account No. 9)	14,519	1.82
Tokyo Marine & Nichido Fire Insurance Co., Ltd.	14,099	1.76
Mizuho Corporate Bank, Ltd.	13,507	1.69
Resona Bank, Ltd.	11,000	1.38
Meiji Yasuda Life Insurance Company	10,945	1.37

(as of March 31, 2010)

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