

Annual Report **2009**

NISHI-NIPPON CITY BANK



THE NISHI-NIPPON CITY BANK, LTD.

Profile

Headquartered in the city of Fukuoka (population 1.4 million), the largest urban center in Kyushu, the Nishi-Nippon City Bank Group comprises the parent bank, 11 consolidated subsidiaries, and one affiliate. While banking services are its prime focus, the Group also provides a full range of financial services, including credit guarantees and credit card services, as well as credit management and business consulting services.

As of the end of March 2009 the Bank had a network of 209 branches in Japan, and 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 Vietnam, Thailand, and Indonesia.

We are making top-level services available to our customers in Kyushu, with the aim of prospering together with our customers as Kyushu's No. 1 bank. For this purpose, in April 2008 we launched New Stage 2008, our new medium-term management plan, and have steadily implemented a mix of initiatives aimed at putting top priority on meeting customer expectations and expanding our profitability.

Consolidated Financial Highlights

The Nishi-Nippon City Bank, Ltd. and its consolidated subsidiaries Years ended March 31, 2009 and 2008

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	2009
Total income	¥181,770	¥184,269	\$1,850,456
Total expenses	162,377	154,480	1,653,031
Income before income taxes and minority interests	19,393	29,789	197,424
Net income	14,616	14,316	148,795
	Yen		U.S. dollars
Net income per share	¥17.84	¥17.46	\$0.18

The Nishi-Nippon City Bank, Ltd. and its consolidated subsidiaries March 31, 2009 and 2008

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	2009
Total assets	¥7,208,363	¥6,980,635	\$7,382,501
Deposits	6,314,328	6,168,481	64,281,058
Loans and bills discounted	5,073,132	4,911,346	51,645,449
Securities	1,570,882	1,525,026	15,991,883
Capital stock	85,745	85,745	872,906
Net assets * (after deduction of minority interests)	289,733	299,538	2,949,540

Notes: 1. Translation into U.S. dollars (solely for the convenience of readers outside Japan) has been made at the exchange rate of ¥98.23 to U.S.\$1.
2. In this report, Japanese yen figures are rounded down to the nearest million yen.

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Message from the President

Aiming for the position of Kyushu's No. 1 bank, highly trusted by both our customers and our shareholders

We have been steadily implementing initiatives under New Stage 2008, the new medium-term management plan launched in April 2008, and have been focusing on business reforms and the development of priority business fields. Below, we summarize our business results for the year ended March 2009, the progress we have made under our new medium-term management plan, and the management policies we plan to implement in the current period.

Business Conditions in the Year Ended March 2009

The financial market turmoil that started in the US in September had an enormous impact on the real economies of major countries, and eventually evolved into a full-fledged global recession. Business conditions in Japan remain bleak. Corporate earnings — especially among the export-oriented firms that had driven the economy — deteriorated significantly, and curbs on private-sector capital investment and payroll adjustments gained momentum. Consumer spending also weakened.

In the second half of the period, domestic stock prices plunged and long-term interest rates remained low in response to this weakness in the stock market, as well as to the steps taken by the Bank of Japan to cut its policy rates. In the foreign currency market, a series of interest rate cuts by the US Federal Reserve Board had the effect of driving the yen up sharply against the US dollar and the euro, although some correctional movements in the exchange rates of the yen were observed toward the end of the fiscal year.

Against this backdrop, the Nishi-Nippon City Bank Group has worked to enhance the scope of its operations and boost earnings.

As a result, total income on a consolidated basis totaled ¥181,770 million (\$1,850 million), down ¥2,499 million from the year before, due chiefly to a decline in fees and commissions on the sale of assets in custody. Income before income taxes and minority interests totaled ¥19,393 million (\$197 million), down ¥10,396 million year-on-year. This was attributable to an increase in credit costs under the increasingly strained business environment, together with increased impairment losses on securities holdings. As tax expenses decreased in line with a decline in income before income taxes, however, net income for the year totaled ¥14,616 million (\$148 million), up ¥299 million year-on-year.



Isao Kubota,
President

Growth in Loan and Deposit Balances

To boost its presence as a regional bank, Nishi-Nippon City Bank has consistently pursued community-oriented financial services, which are tailored to the needs of local customers.

As of the end of March 2009, the Bank had total loan assets of ¥4,849.4 billion (\$49,367 million) on a non-consolidated basis, up ¥172.2 billion year-on-year. Of that total, loans to customers located in Kyushu amounted to ¥4,472.2 billion, accounting for 92.2 percent of the total. Furthermore, 81.7 percent of total loans were provided to small and medium-sized enterprises (SMEs) and individuals, underlining our commitment to actively accommodating the diverse financing needs of local customers in the communities we serve.

The corresponding year-end balance of deposits, including certificates of deposit, reached ¥6,070 billion (\$61,794 million), for an increase of ¥152.9 billion, led primarily by growth in time deposits from individuals. Kyushu-area customers accounted for ¥5,862.3 billion in deposits, or 96.5% of the total balance.

Steady Implementation of New Medium-Term Management Plan

Under New Stage 2008, the Bank has been focusing on a range of business fields, including loans to corporate customers, mortgage loans, consumer loans, the assets-in-custody business, and the solutions business.

To expand our asset management consulting services for retail customers, we have assigned asset management advisors who are specialized in the asset-in-custody business to key branches. Additionally, at our head office we set up a Private Banking Office that handles the training of asset-in-custody business officers as well as direct marketing. In the years ahead, we plan to

continue expanding our business scale, and to create marketing systems for insurance products and investment trusts, among others, as new categories in our assets-in-custody business.

In the mortgage loan business we took various steps to improve customer convenience. In fiscal 2008 we began accepting online mortgage loan applications, and expanded the operations of our specialized Mortgage Loan Business Center.

Additionally, for SMEs and sole proprietors we set up the International Business Department to provide support for overseas business operations by local Japanese enterprises. We also established service alliances enabling us to strengthen our financial and information service offerings through banks in Vietnam and Thailand, both countries in which Japanese companies have exhibited strong interests in business operations.

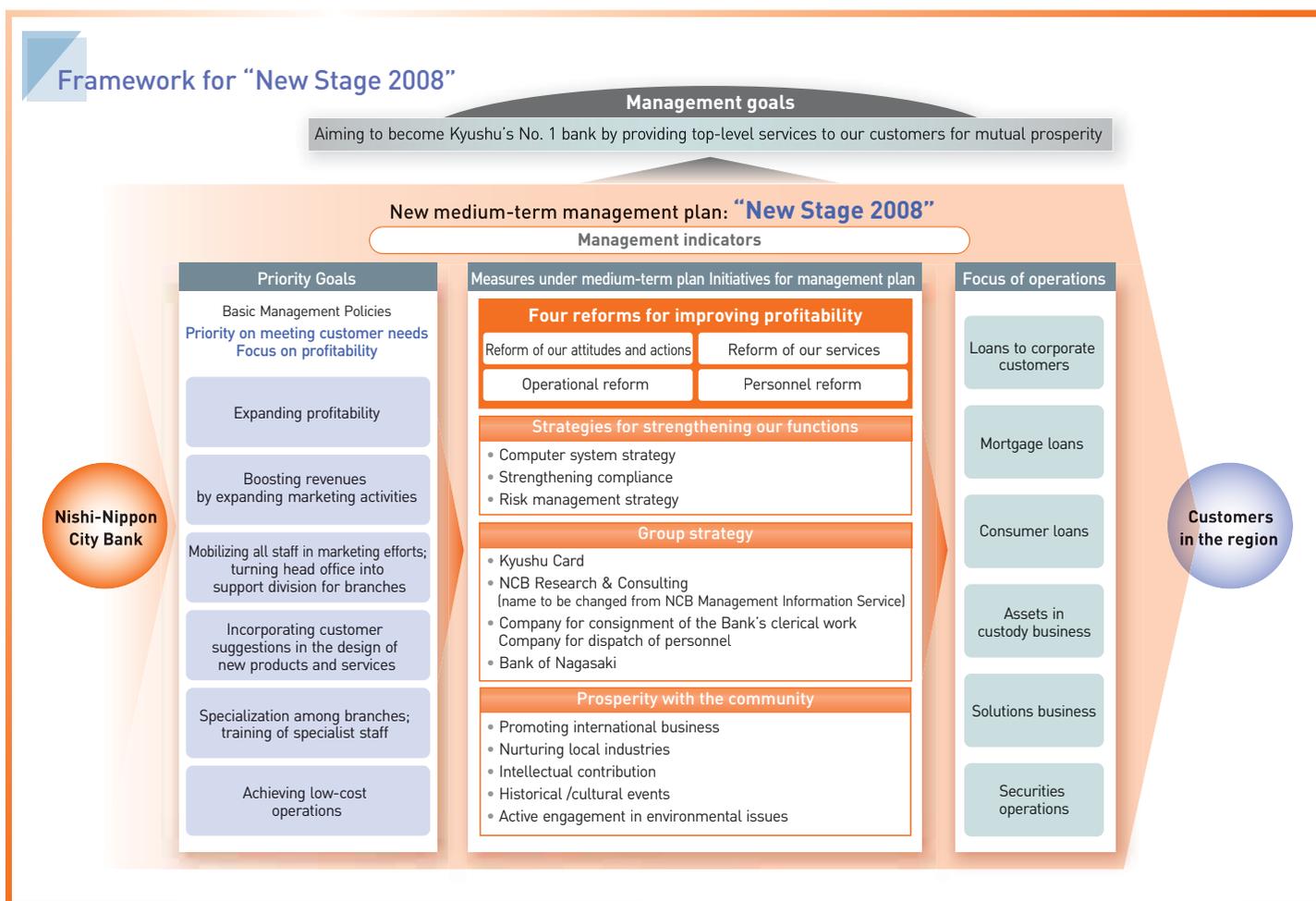
We actively accommodated growing corporate customer needs for financing through the use of such facilities as the government's emergency guarantee framework.

For our solutions business, we set up an Environmental Office within our General Planning Department to strengthen our undertakings in the environmental business field.

Additionally, we engaged in efforts to develop our frameworks for the advanced solutions business, for example, by commencing sale of currency derivative products at branches.

Nishi-Nippon City Bank also fulfills its responsibilities and role as a regional banking institution. For instance, we host business meetings and seminars that benefit the business activities of our customers, we disseminate business and financial information of value to the community, we assist in making financial and economic education programs available to students, and we cooperate with undertakings in environmental protection.

At the same time, we have also made a start in the area of personnel reform, one of four reform goals declared under our new medium-term management plan. More specifically, we have established a "Regional Generalist" career course for bank employees who are not to be transferred to other areas, and have created a new framework for employee re-employment as well. Further, to support female employees developing their career path while simultaneously meeting the demands of family life, we have initiated new programs for the extension of childcare leave and the utilization of shortened working hours.



In Pursuit of a Sounder Financial Position

Since last autumn, when global financial markets were being shaken by forces of unprecedented turmoil, the Nishi-Nippon City Bank Group has endeavored to solidify its position of financial health.

The capital ratio is the primary indicator of a bank's financial health. As of the end of March 2009, Nishi-Nippon City Bank's capital ratio stood at 9.87% on a consolidated basis and at 9.91% on a nonconsolidated basis. These figures are significantly higher than the minimum level (4%) required for banks operating solely in Japan.

Furthermore, the Bank's Non-Performing Loan Ratio (subject to disclosure under the Financial Reconstruction Law, including assets held by a subsidiary newly established for asset management purposes) improved from 4.52% to 3.29%. Assuming a total coverage ratio of 100 percent for non-performing loans and corresponding forms of bad debt, the Bank has made substantial progress in improving the soundness of the Bank's loan portfolio.

Additionally, we continue to focus efforts on improved levels of corporate governance, and are striving to develop, refine, and ensure the effectiveness of our systems of internal control. Legal compliance has been given top priority as an 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 putting energy into the creation of a compliance-oriented corporate culture.

Aiming for Status as the Region's Most-Trusted Bank

The competitive climate in the financial services sector has grown even more intense as Japan Post Bank moves to widen the scope of its operations, and as other banks enter the market and expand their service lines. With uncertainty still clouding the outlook for

the domestic economy and the business climate, and corporate earnings still showing signs of deterioration, regional banks face strong social pressure to exercise their financial intermediary and consulting functions and to contribute to the advancement of the regional economies they serve.

Against the backdrop of these developments, Nishi-Nippon City Bank has been positioning itself to steadily implement an assortment of initiatives aimed at helping it achieve one of the key goals of the New Stage 2008 medium-term management plan it launched in April 2008: namely, becoming the leading regional bank in Kyushu by providing top-level services to, and prospering together with, its customers. Needless to say, we look forward to seeing these efforts translate into results.

On October 1, 2009, Nishi-Nippon City Bank will mark the fifth anniversary of its new start through merger. To celebrate that anniversary and show our gratitude for the patronage and support our customers have shown us, and also to promote closer ties of unity with the Kyushu community, we plan to hold a variety of commemorative events. These will include commemorative campaigns, business fairs, the opening of new eco-friendly branches, and the handling of commemorative time deposit products solely for our shareholders.

The future growth of Nishi-Nippon City Bank will be inseparable from the future prosperity of Kyushu, and thus we are determined to contribute to regional economic advancement and to boost our own presence as a regional bank by ensuring smooth access to financing and offering a range of quality financial services. At the same time, we will strive to boost our profitability — one of the goals of our current medium-term management plan — to satisfy the expectations of all our shareholders and investors.

We urge 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 Management 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

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%

* Non-consolidated basis

Towards a Sounder Financial Position

As management priorities in the creation of a sounder financial position, we worked to reduce non-performing loans (NPLs) and improve the Bank's capital adequacy. As a result, we achieved improvement in both these indicators compared with the previous year.

NPL ratio

We took a stricter stance on bad debt write-offs and provisions to reserves to more faithfully reflect the Bank's self-assessment of assets.

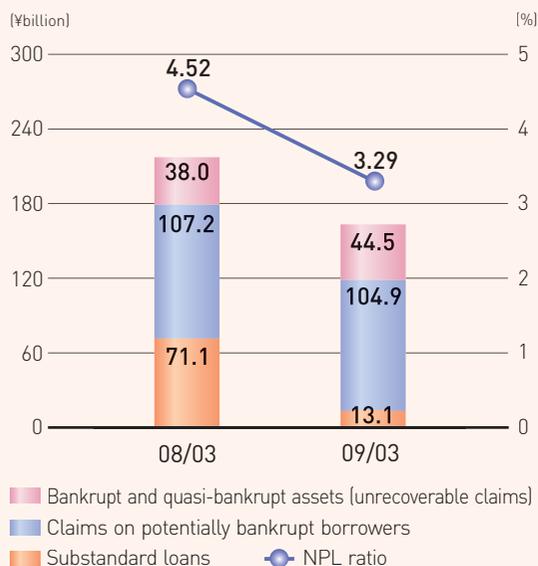
As of the end of March 2009, the Bank's NPL balance (subject to mandatory disclosure of claims under the Financial Reconstruction Law) declined by ¥53.8 billion year-on-year, to ¥162.6 billion. The Bank's NPL balance includes assets held by a subsidiary established for asset management purposes (NCB Turnaround Co., Ltd.). As a result, the Bank's NPL ratio declined to 3.29%, down 1.23 percentage points year-on-year. The coverage ratio for loans subject to mandatory disclosure of claims is 87.5%, through collateral, guarantees, and the reserve for possible loan losses. Coverage for bankrupt and quasi-bankrupt assets is 100%.

Capital ratio

The capital ratio at the end of March 2009 stood at 9.87% on a consolidated basis and 9.91% on a non-consolidated basis. These figures represent increases of 0.64 and 0.68 of a percentage point, respectively, over the previous year-end, and both were well over the 4.0% domestic standard for banks doing business solely in Japan. This means the Bank has already achieved its target of 9-10% or over, set for the end of the current three-year business plan.

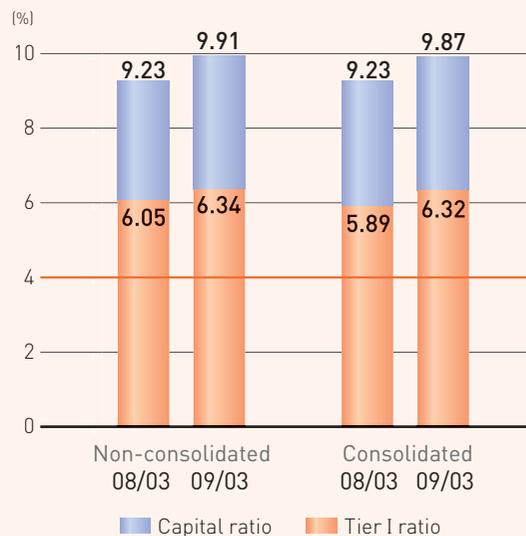
The core Tier I ratio stood at 6.34% on a non-consolidated basis and 6.32% on a consolidated basis, with both figures marking improvements over the previous fiscal year. We will be taking steps to further improve the Bank's capital adequacy and raise the capital ratio.

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



*Including claims held by new subsidiaries created to undertake the disposal of bad debt

Capital ratios



Risk Management

Against the background of increasing complexity and diversity in the risks attendant on financial operations, we constantly work to further strengthen the Bank's risk management system so as to ensure financial soundness and make possible solid earnings on a long-term basis.

Integrated Risk Management

The Management Administration Department is responsible for handling risk management across the Bank's entire operations. We classify risk inherent in financial operations into four categories: credit, market, liquidity and operational risk. We tailor our measures to each risk category, and 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 allocation of economic capital to cover potential risk. Earnings are measured and valued on a risk-adjusted basis, and risks that are difficult to quantify are subject to precautionary measures to minimize their realization.

Credit Risk Management

Credit risk is positioned as the top-priority risk category, and we work to exert even more strict control over the Bank's credit risk in accordance with the stipulations of the Bank's credit risk management policy and credit policy. We apply strict standards to the screening of each individual case, and cases that exceed a certain specified standard are screened again by specialized staff in our Credit Examination Department. In this way, we are working to maintain the soundness of our assets.

In our loan portfolio, we also try to diversify risk and ensure there is no concentration on any particular industrial sector or customer, through our systems of credit risk quantification and portfolio management by sector, underpinned by our credit rating system. We also carry out asset self-assessment and constantly

monitor asset self-assessment procedures, enabling us to evaluate the correctness of the Bank's policies on write-offs and on making provisions to loan-loss reserves.

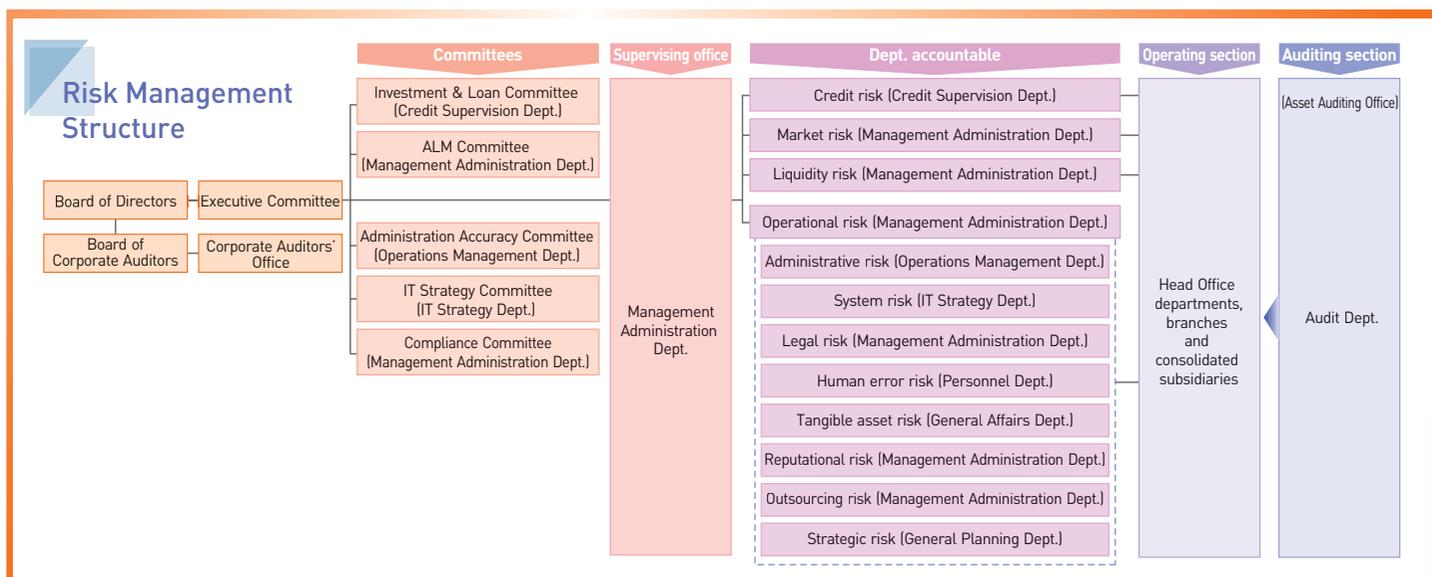
*In addition to the above measures, we rigorously manage market liquidity and operational risk through a system that facilitates cross-checking

The ALM System

The ALM committee, consisting of top management members, meets monthly to decide on fund investment and procurement policy based on projections of economic trends and capital market interest rates. It also quantifies risk in areas such as deposits and loans, bonds, stocks and investment trusts using the VaR (Value at Risk) method, and conducts strategic management through measures such as deciding important policy on market risk after analysis of gaps generated by the difference in contract periods for fund investment and fund raising, to ascertain the relationship between risk and profit.

Internal Audit System

The Audit Department, directly under the control of management, carries out internal audits as an independent entity without involvement in banking operations. The Audit Department undertakes audits of the head office departments, branches and subsidiaries in line with our Basic Policy on Internal Audits, which is decided on for each fiscal year at a meeting of the Board of Directors. Audit findings and problems are reported directly to the top management by audit department staff members. In addition, the Audit Department is authorized to give instructions for implementing remedial measures.



Board of Directors and Corporate Auditors



Masahiro Honda
Chairman



Isao Kubota
President



Katsumi Sasaki
Deputy President

❖ Chairman Masahiro Honda

❖ President Isao Kubota

❖ Deputy President Katsumi Sasaki

❖ Executive Directors Hirofumi Fujimoto
Kazushige Higuchi
Seiji Isoyama

❖ Managing Directors Akira Mitsutomi
Shigeru Urayama

❖ Directors Sadamasa Okamura
Kiyota Takata
Soichi Kawamoto
Mitsuru Kawatani
Yasuyuki Ishida
Kyosuke Koga
Tsuyoshi Ooba
Yasumichi Hinago

❖ Corporate Auditors Ryoichi Ozawa
Tomoaki Kawakami
Masahiro Sakata
Hiroki Ogawa
Susumu Ishihara

(as of June 30, 2009)

Financial Section

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Consolidated Balance Sheets

The Nishi-Nippon City Bank, Ltd. and Subsidiaries 31st March, 2009 and 2008

	Millions of yen		Thousands of U.S. dollars(Note 1)
	2009	2008	2009
Assets:			
Cash and due from banks (Notes 8 and 35)	¥253,344	¥217,719	\$2,579,092
Call loans and bills bought	687	6,184	7,000
Commercial paper and other debt purchased (Note 8)	37,931	35,613	386,153
Trading account assets (Notes 5 and 28)	1,451	4,115	14,780
Money held in trust (Note 28)	1,991	7,872	20,277
Securities (Notes 6, 8 and 28)	1,570,882	1,525,026	15,991,883
Loans and bills discounted (Notes 7 and 9)	5,073,132	4,911,346	51,645,449
Foreign exchange assets (Note 10)	2,467	1,262	25,119
Other assets (Notes 8 and 11)	41,703	40,800	424,549
Tangible fixed assets (Notes 12 and 19)	122,430	122,228	1,246,365
Intangible fixed assets	3,164	4,077	32,212
Deferred tax assets (Note 32)	76,643	69,323	780,249
Customers' liabilities for acceptances and guarantees	90,600	110,734	922,332
Reserve for possible loan losses	(66,677)	(75,025)	(678,793)
Reserve for devaluation of securities	(1,392)	(642)	(14,171)
Total assets	¥7,208,363	¥6,980,635	\$73,382,501
Liabilities and net assets:			
Liabilities:			
Deposits (Notes 8 and 13)	¥6,314,328	¥6,168,481	\$64,281,058
Call money and bills sold (Note 8)	109,386	101,960	1,113,571
Guarantee deposits received under securities lending transactions (Note 8)	48,066	76,586	489,322
Borrowed money (Notes 8 and 15)	167,488	37,825	1,705,063
Foreign exchange liabilities (Note 10)	68	117	702
Bonds (Note 14)	93,500	97,000	951,847
Other liabilities (Notes 8 and 16)	58,101	51,222	591,480
Reserve for employee retirement benefits (Note 31)	11,575	12,165	117,840
Reserve for retirement benefits for directors and corporate auditors	1,016	962	10,343
Reserve for reimbursement of deposits	719	793	7,326
Reserve for other contingent losses	1,166	419	11,873
Deferred tax liabilities on revaluation of premises (Note 19)	22,612	22,826	230,198
Acceptances and guarantees	90,600	110,734	922,332
Total liabilities	6,918,629	6,681,096	70,432,960
Net assets:			
Capital stock (Note 17)	85,745	85,745	872,906
Capital surplus	90,301	90,301	919,283
Earned surplus	82,349	71,033	838,332
Treasury stock (Note 18)	(615)	(597)	(6,264)
Total shareholders' equity	257,780	246,482	2,624,257
Net unrealized losses on securities available for sale, net of taxes (Note 28)	(21,411)	(986)	(217,970)
Net deferred losses on hedging instruments, net of taxes	(2)	(2)	(25)
Revaluation of premises, net of taxes (Note 19)	28,112	28,428	286,194
Cumulative translation adjustments	(0)	(0)	(2)
Total valuation and translation adjustments	6,698	27,440	68,195
Minority interests	25,253	25,615	257,087
Total net assets	289,733	299,538	2,949,540
Total liabilities and net assets	¥7,208,363	¥6,980,635	\$73,382,501

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Income

The Nishi-Nippon City Bank, Ltd. and Subsidiaries Years ended 31st March, 2009 and 2008

	Millions of yen		Thousands of U.S. dollars(Note 1)
	2009	2008	2009
Income:			
Interest and dividend income:			
Interest on loans and discounts	¥117,761	¥118,193	\$1,198,831
Interest and dividends on securities	21,911	22,577	223,059
Other interest income (Note 20)	1,282	1,470	13,057
Fees and commissions	29,511	30,761	300,431
Trading income	130	118	1,329
Other operating income (Note 21)	6,165	3,167	62,765
Other income (Note 22)	5,007	7,982	50,982
Total income	181,770	184,269	1,850,456
Expenses:			
Interest expenses:			
Interest on deposits	19,327	17,983	196,760
Interest on call money and bills sold	973	1,509	9,911
Interest on borrowings	504	439	5,133
Other interest expenses (Note 23)	4,411	6,496	44,909
Fees and commissions	9,697	9,876	98,723
Other operating expenses (Note 24)	8,566	2,881	87,210
General and administrative expenses (Note 25)	83,629	83,609	851,369
Other expenses (Note 26)	35,265	31,683	359,013
Total expenses	162,377	154,480	1,653,031
Income before income taxes and minority interests	19,393	29,789	197,424
Income taxes (Note 32)			
Current	179	334	1,829
Deferred	4,408	14,449	44,874
Total income taxes	4,587	14,783	46,704
Minority interests in net income	189	688	1,925
Net income (Note 36)	¥14,616	¥14,316	\$148,795

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, 2009 and 2008

	Millions of yen		Thousands of U.S. dollars(Note 1)
	2009	2008	2009
Shareholders' equity			
Capital stock (Note 17)			
Balance at end of the previous year	¥85,745	¥85,745	\$872,906
Changes during the year			
Total changes during the year	—	—	—
Balance at end of the current year	¥85,745	¥85,745	\$872,906
Capital surplus			
Balance at end of the previous year	¥90,301	¥90,301	\$919,283
Changes during the year			
Total changes during the year	—	—	—
Balance at end of the current year	¥90,301	¥90,301	\$919,283
Earned surplus			
Balance at end of the previous year	¥71,033	¥59,733	\$723,133
Changes during the year			
Cash dividends paid (Note 37)	(3,601)	(3,602)	(36,668)
Net income	14,616	14,316	148,795
Sale of treasury stock	(14)	(3)	(144)
Reversal of revaluation of premises	316	589	3,217
Total changes during the year	11,316	11,300	115,199
Balance at end of the current year	¥82,349	¥71,033	\$838,332
Treasury stock (Note 18)			
Balance at end of the previous year	(¥597)	(¥540)	(\$6,083)
Changes during the year			
Acquisition of treasury stock	(46)	(69)	(475)
Sale of treasury stock	28	13	294
Total changes during the year	(17)	(56)	(181)
Balance at end of the current year	(¥615)	(¥597)	(\$6,264)
Total shareholders' equity			
Balance at end of the previous year	¥246,482	¥235,239	\$2,509,239
Changes during the year			
Cash dividends paid (Note 37)	(3,601)	(3,602)	(36,668)
Net income	14,616	14,316	148,795
Acquisition of treasury stock	(46)	(69)	(475)
Sale of treasury stock	14	9	149
Reversal of revaluation of premises	316	589	3,217
Total changes during the year	11,298	11,243	115,017
Balance at end of the current year	¥257,780	¥246,482	\$2,624,257

	Millions of yen		Thousands of U.S. dollars(Note 1)
	2009	2008	2009
Valuation and translation adjustments			
Net unrealized gains (losses) on securities available for sale, net of taxes			
Balance at end of the previous year	(¥986)	¥25,926	(\$10,039)
Changes during the year			
Net changes in items other than shareholders' equity	(20,425)	(26,913)	(207,930)
Total changes during the year	(20,425)	(26,913)	(207,930)
Balance at end of the current year	(¥21,411)	(¥986)	(\$217,970)
Net deferred losses on hedging instruments, net of taxes			
Balance at end of the previous year	(¥2)	(¥43)	(\$21)
Changes during the year			
Net changes in items other than shareholders' equity	(0)	41	(4)
Total changes during the year	(0)	41	(4)
Balance at end of the current year	(¥2)	(¥2)	(\$25)
Revaluation of premises, net of taxes			
Balance at end of the previous year	¥28,428	¥29,018	\$289,412
Changes during the year			
Net changes in items other than shareholders' equity	(316)	(589)	(3,217)
Total changes during the year	(316)	(589)	(3,217)
Balance at end of the current year	¥28,112	¥28,428	\$286,194
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)	(\$2)
Total valuation and translation adjustments			
Balance at end of the previous year	¥27,440	¥54,901	\$279,348
Changes during the year			
Net changes in items other than shareholders' equity	(20,741)	(27,461)	(211,152)
Total changes during the year	(20,741)	(27,461)	(211,152)
Balance at end of the current year	¥6,698	¥27,440	\$68,195
Minority interests			
Balance at end of the previous year	¥25,615	¥30,597	\$260,775
Changes during the year			
Net changes in items other than shareholders' equity	(362)	(4,981)	(3,687)
Total changes during the year	(362)	(4,981)	(3,687)
Balance at end of the current year	¥25,253	¥25,615	\$257,087
Total net assets			
Balance at end of the previous year	¥299,538	¥320,738	\$3,049,363
Changes during the year			
Cash dividends paid (Note 37)	(3,601)	(3,602)	(36,668)
Net income	14,616	14,316	148,795
Acquisition of treasury stock	(46)	(69)	(475)
Sale of treasury stock	14	9	149
Reversal of revaluation of premises	316	589	3,217
Net changes in items other than shareholders' equity	(21,103)	(32,442)	(214,840)
Total changes during the year	(9,805)	(21,199)	(99,822)
Balance at end of the current year	¥289,733	¥299,538	\$2,949,540

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Cash Flows

The Nishi-Nippon City Bank, Ltd. and Subsidiaries Years ended 31st March, 2009 and 2008

	Millions of yen		Thousands of U.S. dollars(Note 1)
	2009	2008	2009
I .Cash flows from operating activities:			
Income before income taxes and minority interests	¥19,393	¥29,789	\$197,424
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:			
Depreciation	5,284	5,376	53,800
Losses on impairment of fixed assets	377	2,938	3,844
Amortization of goodwill	199	359	2,029
Equity in losses (earnings) of nonconsolidated subsidiaries and affiliate	45	(44)	464
(Decrease) increase in reserve for possible loan losses	(6,692)	1,222	(68,130)
Increase (decrease) in reserve for devaluation of securities	749	(9)	7,634
Decrease in reserve for employee retirement benefits	(599)	(1,085)	(6,104)
Increase (decrease) in reserve for retirement benefits for directors and corporate auditors	47	(72)	481
(Decrease) increase in reserve for reimbursement of deposits	(73)	793	(752)
Increase in reserve for other contingent losses	746	419	7,604
Income from lending activities	(140,954)	(142,241)	(1,434,948)
Funding costs	25,217	26,429	256,714
Losses on securities	14,558	1,265	148,212
Losses on money held in trust	243	572	2,476
Net foreign exchange gains	(1,027)	(841)	(10,457)
Losses on sale of tangible fixed assets	732	1,010	7,455
Net decrease (increase) in trading account assets	2,663	(2,862)	27,112
Net increase in loans and bills discounted	(165,796)	(115,672)	(1,687,839)
Net increase in deposits	108,861	152,242	1,108,230
Net increase (decrease) in certificates of deposit	37,373	(29,806)	380,466
Net increase (decrease) in borrowed money, exclusive of subordinated borrowings	120,245	(9,909)	1,224,124
Net decrease in due from banks, exclusive of central bank	23,328	3,500	237,485
Net decrease (increase) in call loans	7,200	(211)	73,304
Net increase in call money	8,182	72,710	83,298
Net decrease in guarantee deposits received under securities lending transactions	(27,047)	(102,335)	(275,353)
Net increase in foreign exchange assets	(1,261)	(87)	(12,837)
Net (decrease) increase in foreign exchange liabilities	(48)	31	(494)
Interest and dividends received	141,004	144,054	1,435,450
Interest paid	(22,671)	(21,888)	(230,803)
Others	3,112	2,766	31,685
Subtotal	153,393	18,413	1,561,579
Income taxes paid	(188)	(590)	(1,919)
Net cash provided by operating activities	¥153,205	¥17,823	\$1,559,660

	Millions of yen		Thousands of U.S. dollars(Note 1)
	2009	2008	2009
II. Cash flows from investing activities:			
Payments for purchase of securities	(¥768,872)	(¥540,047)	(\$7,827,267)
Proceeds from sale of securities	243,274	205,166	2,476,580
Proceeds from redemption of securities	430,224	261,612	4,379,767
Payments for purchase of money held in trust	(127)	(1,274)	(1,296)
Proceeds from sale of money held in trust	5,783	12,555	58,874
Payments for purchase of tangible fixed assets	(5,016)	(6,449)	(51,071)
Proceeds from sale of tangible fixed assets	587	1,190	5,979
Payments for purchase of intangible fixed assets	(400)	(1,029)	(4,079)
Payments for purchase of stock of subsidiaries (affecting the scope of consolidation)	(574)	—	(5,848)
Net cash used in investing activities	(95,122)	(68,276)	(968,361)
III. Cash flows from financing activities			
Increase in subordinated borrowed money	13,000	—	132,342
Repayments of subordinated borrowed money	(5,500)	(5,000)	(55,991)
Redemption of subordinated bonds and bonds with stock subscription rights	(2,411)	—	(24,549)
Proceeds from issuance of stock to minority shareholders	—	4,003	—
Payments for acquisition of stock from minority shareholders	—	(7,199)	—
Issuance of preferred capital certificates	—	17,000	—
Redemption of preferred stock	—	(20,800)	—
Dividends paid	(3,599)	(3,602)	(36,643)
Dividends paid to minority shareholders	(673)	(837)	(6,851)
Payments for acquisition of treasury stock	(46)	(69)	(475)
Proceeds from sale of treasury stock	14	9	149
Net cash provided by (used in) financing activities	783	(16,497)	7,980
IV. Effects of changes in exchange rates on cash and cash equivalents	(8)	(24)	(87)
V. Net increase (decrease) in cash and cash equivalents	58,858	(66,975)	599,191
VI. Cash and cash equivalents at beginning of year	167,654	234,630	1,706,756
VII. Cash and cash equivalents at end of year (Note 35)	¥226,513	¥167,654	\$2,305,948

See accompanying Notes to Consolidated Financial Statements.

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 ¥98.23= U.S.\$ 1.00, the exchange rate on 31st March, 2009, 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, 2009 and 2008 is as follows:

	2009	2008
i) Number of consolidated subsidiaries:	11	11
ii) Number of non-consolidated subsidiaries:	2	1

i) Nishigin Turnaround Partners Co.,Ltd., a former consolidated subsidiary, merged with City Turnaround Support Co.,Ltd., another consolidated subsidiary, to form NCB Turnaround Co.,Ltd. in 2009.

Kyushu Servicer Co.,Ltd. was included in consolidation as a result of the Bank's investment in the company in September 2008. However, income and expenses recorded by the company prior to October 2008 were excluded from the consolidated statement of income for 2009.

ii) The Nishi-Nippon Challenge 1, Limited Partnership was excluded from consolidation due to its insignificance in 2008 and 2009.

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

(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, 2009 and 2008 is as follows:

	2009	2008
i) Number of non-consolidated subsidiaries 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	1
iv) Number of affiliates not accounted for by the equity method:	0	0

(c) *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.

(d) *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. Securities available for sale with market value are carried at market value with cost of sales determined by the moving average method and those with no market value are valued at cost determined by the moving average method or at amortized cost.

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 market value.

(e) *Derivatives*

Derivatives held or written are stated at market value.

(f) *Tangible fixed 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.

(g) *Intangible Fixed 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).

(h) *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 Accounting Policies for further detail.

(i) 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, 2009 and 2008 were ¥35,585 million (\$362,270 thousand), and ¥36,579 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.

(j) 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.

(k) 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 incurred in each fiscal year is amortized from the following fiscal year using the straight-line method mainly over a period of 10 years, which is within the average remaining years of service of the current employees.

(l) 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.

(m) 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.

(n) *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.

(o) *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.

(p) *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.

(q) *Hedge Accounting*

① Hedge accounting for interest rate risk

The Bank applies the deferred hedge method as hedge accounting for the interest rate risk of various financial assets and liabilities. The effectiveness of a hedge is assessed by grouping hedged deposits, loans and similar instruments as well as hedging instruments into certain time buckets and thus identifying them in accordance with "Accounting and Auditing Treatment for Application of Accounting Standard for Financial Instruments in Banking Industry" (Japanese Institute of Certified Public Accountants ("JICPA") Industry Audit Committee Report No. 24).

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.

(r) *Valuation of Assets and Liabilities of Consolidated Subsidiaries*

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

(s) *Amortization of Goodwill*

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

(t) *Per Share Information*

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

(u) *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 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 has no material effect on the consolidated finance statements.

(b) New Accounting Standards for Financial Instruments

The provisions regarding the definition of securities stipulated in "Accounting Standards for Financial Instruments" (Business Accounting Standard No. 10) and "Practical Guidelines for Accounting for Financial Instruments" (JICPA Accounting Practice Committee Report No. 14) were partially revised on 15th June and 4th July, 2007, respectively, which became effective for the years ending on or after the implementation date of the Financial Instruments and Exchange Law. Accordingly, the Bank has adopted the revised standards and guidelines effective the year ended 31st March, 2008.

(c) Practical Guidelines for Tax-effect Accounting in Consolidated Financial Statements

Effective the year ended 31st March, 2008, the Bank has applied Article 30-2 of "Practical Guidelines for Tax-effect Accounting in Consolidated Financial Statements" (JICPA Accounting Practice Committee Report No.6, 29th March, 2007) to sale of investments (such as shares of subsidiaries) within the Bank and its affiliates. The effect of this change on the consolidated balance sheet is immaterial.

(d) Reserve for Reimbursement of Deposits

Until the year ended 31st March, 2007, expenses were recognized when reimbursement of deposits which had been derecognized from liabilities as the statute of limitations runs out was claimed in later years. In accordance with "Auditing Treatment for Reserve under Special Taxation Measures Law, Reserve under Special Laws, and Reserve for Retirement Benefits for Directors and Corporate Auditors" (JICPA Auditing and Assurance Committee Report No. 42, 13rd April, 2007), effective the year ended 31st March, 2008, reserve for reimbursement of deposits is provided at the amount estimated based on the historical experiences of such reimbursement.

The effect of this change is to decrease income before income taxes and minority interests by ¥793 million for the year ended 31st March, 2008.

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 are not deemed reasonable fair value considering various current market factors, they are valued and stated at the prices the Bank estimated reasonably as of 31st March, 2009. The effect of this change is to increase securities and minority interests by ¥8,695 million (\$88,520 thousand) and ¥74 million (\$762 thousand), respectively, and to decrease net unrealized losses on available-for-sale securities and deferred tax assets by ¥5,303 million (\$53,995 thousand) and ¥3,316 million (\$33,763 thousand), respectively, compared with amounts calculated using the previous method. 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, 2009 and 2008 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Trading securities	¥1,451	¥1,120	\$14,780
Other trading assets*	—	2,994	—
Total	¥1,451	¥4,115	\$14,780

* Other trading assets consisted of commercial papers.

6. Securities Securities at 31st March, 2009 and 2008 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Japanese government bonds	¥493,875	¥525,529	\$5,027,741
Japanese municipal bonds	130,675	79,369	1,330,300
Corporate bonds (including government-guaranteed bonds)*	523,550	493,406	5,329,840
Stock**	117,616	132,378	1,197,356
Other securities***	305,165	294,342	3,106,645
Total	¥1,570,882	¥1,525,026	\$15,991,883

* Corporate bonds included bonds offered through private placement. The Bank's guarantee obligation for such private placement bonds at 31st March, 2009 and 2008 were ¥16,656 million (\$169,561 thousand), and ¥19,190 million, respectively.

** Stock included stock of affiliates of ¥263 million (\$2,678 thousand) and ¥310 million at 31st March, 2009 and 2008, respectively.

*** Other securities included investments in non-consolidated subsidiaries of ¥369 million (\$3,757 thousand) and ¥254 million at 31st March, 2009 and 2008, respectively.

7. Loans and Bills Discounted Loans and bills discounted at 31st March, 2009 and 2008 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Bills discounted*	¥50,211	¥64,239	\$511,164
Loans on notes	220,802	253,846	2,247,813
Loans on deed	4,264,556	3,996,843	43,413,996
Overdraft	537,561	596,418	5,472,473
Total	¥5,073,132	¥4,911,346	\$51,645,449

* 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 ¥50,262 million (\$511,680 thousand) and ¥64,395 million at 31st March, 2009 and 2008, respectively.

Non-performing loans included in the loans at 31st March, 2009 and 2008 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Loans to legally bankrupt entities**	¥16,291	¥15,854	\$165,854
Delinquent loans***	149,696	144,523	1,523,941
Loans past due for three months or more****	99	50	1,008
Loans with altered lending conditions*****	14,781	74,488	150,476
Total	¥180,869	¥234,916	\$1,841,280

** 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, 2009 and 2008 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Assets pledged as collateral			
Due from banks	¥58	¥59	\$596
Commercial paper and other debt purchased	2,168	—	22,078
Securities	407,514	352,072	4,148,572
Liabilities secured by the above assets			
Deposits	¥20,564	¥21,200	\$209,345
Call money and bills sold	85,669	78,100	872,135
Guarantee deposits received under securities lending transactions	48,066	76,586	489,322
Borrowed money	139,833	22,650	1,423,526
Others	—	30	—

Other than the items shown above, due from banks of ¥2 million (\$20 thousand) and securities of ¥182,637 million (\$1,859,281 thousand) were pledged as collateral for foreign exchange transactions and/or as substitutes for initial margin on futures at 31st March, 2009. Cash of ¥2 million and securities of ¥175,200 million were pledged for the same purpose at 31st March, 2008.

Other assets included deposits of ¥3,830 million (\$38,993 thousand) and ¥4,294 million at 31st March, 2009 and 2008, 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, 2009, the aggregate amount under commitment contracts not yet drawn down was ¥1,675,998 million (\$17,061,982 thousand). Of this amount, those with original maturity of less than one year or cancellable at any time without penalty amounted to ¥1,663,505 million (\$16,934,800 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, 2009 and 2008 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Assets:			
Foreign exchange bills bought	¥50	¥156	\$515
Foreign exchange bills receivable	460	309	4,686
Due from foreign banks	1,956	796	19,918
Total	¥2,467	¥1,262	\$25,119
Liabilities:			
Foreign exchange bills sold	¥9	¥9	\$94
Foreign exchange bills payable	59	108	607
Total	¥68	¥117	\$702

11. Other Assets

Other assets at 31st March, 2009 and 2008 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Domestic exchange settlement account*	¥990	¥1,105	\$10,085
Accrued income	8,790	8,476	89,493
Prepaid expenses	71	59	728
Financial derivative products	7,650	5,876	77,888
Other	24,199	25,282	246,353
Total	¥41,703	¥40,800	\$424,549

* 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, 2009 and 2008 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Land	¥84,170	¥84,119	\$856,868
Buildings	71,955	71,132	732,519
Construction in progress	1,091	620	11,113
Leased assets	336	—	3,430
Other tangible fixed assets	34,608	36,811	352,322
	192,162	192,684	1,956,253
Less accumulated depreciation	(69,732)	(70,455)	(709,888)
Total	¥122,430	¥122,228	\$1,246,365

Note: The accelerated depreciation entry for tangible fixed assets amounted to ¥8,380 million (\$85,313 thousand) and ¥8,468 million at 31st March, 2009 and 2008, respectively.

13. Deposits

Deposits at 31st March, 2009 and 2008 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Current deposits	¥230,047	¥242,973	\$2,341,929
Ordinary deposits	2,655,943	2,687,216	27,038,009
Deposits at notice	25,463	16,677	259,227
Time deposits	3,126,707	2,988,655	31,830,473
Negotiable certificates of deposit	109,590	72,217	1,115,654
Other deposits	166,574	160,741	1,695,762
Total	¥6,314,328	¥6,168,481	\$64,281,058

14. Bonds

Bonds at 31st March, 2009 and 2008 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Bonds:			
3.20% Japanese yen subordinated bonds due 2014	¥15,000	¥15,000	\$152,702
6 month Yen LIBOR + 1.30% Japanese yen callable subordinated bonds due 2014	5,000	5,000	50,900
2.78% Japanese yen subordinated bonds due 2015	14,500	14,500	147,612
1.78% Japanese yen callable subordinated bonds due 2015	12,500	12,500	127,252
1.71% Japanese yen callable subordinated bonds due 2015	10,000	10,000	101,801
2.10% Japanese yen callable subordinated bonds due 2017	15,000	15,000	152,702
2.70% Japanese yen subordinated bonds due 2017	10,000	10,000	101,801
6 month Yen LIBOR + 1.95% Euro yen undated subordinated bonds with subordinated guarantee, issued by Nishi-Nippon Finance (Cayman) Ltd.	11,500	15,000	117,072
Total	¥93,500	¥97,000	\$951,847

15. Borrowed Money

Borrowed money included subordinated borrowings of ¥16,000 million (\$162,883 thousand) and ¥8,500 million at 31st March, 2009 and 2008, respectively.

The weighted average interest rates on borrowed money at 31st March, 2009 and 2008 are 0.60 % and 1.32 %, respectively.

The aggregate annual maturity amounts within five years of borrowed money after 31st March, 2009 are as follows:

	Millions of yen	Thousands of U.S. dollars
Year ending 31st March		
2010	¥147,835	\$1,504,995
2011	1,321	13,449
2012	976	9,943
2013	568	5,782
2014	448	4,564

16. Other Liabilities

Other liabilities at 31st March, 2009 and 2008 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Domestic exchange settlement account	¥1,332	¥1,542	\$13,568
Accrued income taxes	305	383	3,114
Accrued expenses	17,541	15,048	178,577
Unearned income	4,841	5,779	49,282
Due to trust accounts	5	5	52
Financial derivative products	7,780	5,654	79,211
lease obligations	319	—	3,250
Others	25,974	22,808	264,422
Total	¥58,101	¥51,222	\$591,480

17. Capital Stock

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

	Common stock		Preferred stock*		Capital stock	
	Authorized	Issued	Authorized	Issued	Millions of	Thousands of
	shares	shares	shares	shares	yen	U.S. dollars
31st March, 2008	1,500,000,000	796,732,552	300,000,000	35,000,000	¥85,745	\$872,906
Increase	—	—	—	—	—	—
Decrease	—	—	—	—	—	—
31st March, 2009	1,500,000,000	796,732,552	300,000,000	35,000,000	¥85,745	\$872,906

* 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, 2008 consisted of the following:

	Common stock		Preferred stock		Capital stock
	Authorized	Issued	Authorized	Issued	Millions of
	shares	shares	shares	shares	yen
31st March, 2007	1,500,000,000	796,732,552	300,000,000	35,000,000	¥85,745
Increase	—	—	—	—	—
Decrease	—	—	—	—	—
31st March, 2008	1,500,000,000	796,732,552	300,000,000	35,000,000	¥85,745

18. Treasury stock

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

	Common stock*		Preferred stock	Treasury stock	
				Millions of	Thousands of
				yen	U.S. dollars
31st March, 2008	1,236,642	—	—	(¥597)	(\$6,083)
Increase	182,477	—	—	(46)	(475)
Decrease	61,581	—	—	28	294
31st March, 2009	1,357,538	—	—	(¥615)	(\$6,264)

* 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.

Treasury stock at 31st March, 2008 consisted of the following:

	Common stock**		Preferred stock	Treasury stock
				Millions of
				yen
31st March, 2007	1,085,821	—	—	(¥540)
Increase	177,359	—	—	(69)
Decrease	26,538	—	—	13
31st March, 2008	1,236,642	—	—	(¥597)

** Common stock

Increase for the year ended 31st March, 2008 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, 2009, 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 ¥29,094 million (\$296,188 thousand).

20. Other Interest Income	Other interest income for the years ended 31st March, 2009 and 2008 consisted of the following:		
	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Interest on call loans and bills bought	¥181	¥399	\$1,842
Interest on deposits with banks	323	322	3,297
Others	777	748	7,916
Total	¥1,282	¥1,470	\$13,057

21. Other Operating Income	Other operating income for the years ended 31st March, 2009 and 2008 consisted of the following:		
	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Gains on foreign exchange transactions	¥1,027	¥841	\$10,457
Gains on sale of bonds	3,181	2,079	32,385
Gains on redemption of bonds	3	24	31
Trust fees	10	10	104
Income from derivatives other than trading derivatives	853	87	8,686
Others	1,090	124	11,099
Total	¥6,165	¥3,167	\$62,765

22. Other Income	Other income for the years ended 31st March, 2009 and 2008 consisted of the following:		
	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Gains on sale of stock and other securities	¥285	¥2,157	\$2,910
Gains on money held in trust	6	96	62
Gains on disposition of fixed assets	3	27	35
Reversal of reserve for possible loan losses	1,375	—	14,000
Recoveries of written-off claims	1,302	3,325	13,263
Rental income on land and buildings	386	711	3,938
Others	1,647	1,663	16,771
Total	¥5,007	¥7,982	\$50,982

23. Other Interest Expenses	Other interest expenses for the years ended 31st March, 2009 and 2008 consisted of the following:		
	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Bonds	¥2,415	¥2,413	\$24,587
Securities lending transactions	1,183	2,352	12,045
Others	813	1,730	8,276
Total	¥4,411	¥6,496	\$44,909

24. Other Operating Expenses	Other operating expenses for the years ended 31st March, 2009 and 2008 consisted of the following:		
	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Losses on sale of bonds	¥2,442	¥1,907	\$24,861
Losses on redemption of bonds	113	92	1,155
Losses on devaluation of bonds	5,275	880	53,703
Others	735	0	7,489
Total	¥8,566	¥2,881	\$87,210

25. General and Administrative Expenses General and administrative expenses for the years ended 31st March, 2009 and 2008 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Salaries and allowances	¥34,950	¥35,162	\$355,806
Employee retirement benefits	2,581	1,485	26,281
Retirement benefits for directors and corporate auditors	331	154	3,371
Depreciation	5,284	5,376	53,800
Rental expenses	5,159	5,663	52,524
Amortization of goodwill	199	359	2,029
Taxes	4,563	4,850	46,452
Others	30,559	30,557	311,103
Total	¥83,629	¥83,609	\$851,369

26. Other Expenses Other expenses for the years ended 31st March, 2009 and 2008 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Provision for possible loan losses	¥ —	¥9,132	\$ —
Losses on write-offs of claims	20,658	8,461	210,305
Losses on sale of stock and other securities	92	3	938
Losses on devaluation of stock and other securities	10,106	2,642	102,881
Equity in losses of affiliates	45	—	464
Losses on money held in trust	249	668	2,538
Losses on disposition of tangible fixed assets	735	1,038	7,491
Impairment losses	377	2,938	3,844
Losses on sale of loans	597	3,888	6,081
Others	2,403	2,909	24,467
Total	¥35,265	¥31,683	\$359,013

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 were summarized as follows:

<At 31st March, 2009>

	Millions of yen		Thousands of U.S. dollars
Amounts equivalent to acquisition cost			
Tangible fixed assets	¥8,000		\$81,442
Intangible fixed assets	26		269
Others	—		—
Total	¥8,026		\$81,711
Amounts equivalent to accumulated depreciation			
Tangible fixed assets	¥5,031		\$51,223
Intangible fixed assets	14		152
Others	—		—
Total	¥5,046		\$51,376
Amounts equivalent to carrying value			
Tangible fixed assets	¥2,968		\$30,218
Intangible fixed assets	11		116
Others	—		—
Total	¥2,979		\$30,335

<At 31st March, 2008>

	Millions of yen
Amounts equivalent to acquisition cost	
Equipment	¥1,942
Others	—
Total	¥1,942
Amounts equivalent to accumulated depreciation	
Equipment	¥1,346
Others	—
Total	¥1,346
Amounts equivalent to carrying value	
Equipment	¥596
Others	—
Total	¥596

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, 2009 and 2008 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Future finance lease payments			
Due within one year	¥572	¥266	\$5,823
Due after one year	2,407	329	24,512
Total	¥2,979	¥596	\$30,335

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 ¥768 million (\$7,827 thousand) for the year ended 31st March, 2009 and ¥376 million for the year ended 31st March, 2008.

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, 2009 and 2008 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Future operating lease payments			
Due within one year	¥331	¥ —	\$3,370
Due after one year	1,110	—	11,309
Total	¥1,441	¥ —	\$14,679

28. Market Value of Securities (1) Trading securities and commercial papers (including those included in "Trading account assets")

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Carrying value	¥1,451	¥4,115	\$14,780
Holding losses recognized in income	17	18	177

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

	Millions of yen		
	31st March, 2009		
	Cost	Market 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

	Thousands of U.S. dollars		
	31st March, 2009		
	Cost	Market value	Valuation differences
Bonds:			
Government bonds	\$378,250	\$385,025	\$6,775
Municipal bonds	31,422	31,987	565
	409,673	417,013	7,340
Others	122,162	122,123	(38)
Total	\$531,835	\$539,137	\$7,302

	Millions of yen		
	31st March, 2008		
	Cost	Market value	Valuation differences
Bonds:			
Government bonds	¥ —	¥ —	¥ —
Municipal bonds	3,089	3,147	58
	3,089	3,147	58
Others	19,000	19,244	244
Total	¥22,089	¥22,391	¥302

(2) Available-for-sale securities with market value

	Millions of yen		
	31st March, 2009		
	Cost	Market 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)

	Thousands of U.S. dollars		
	31st March, 2009		
	Cost	Market value	Valuation differences
Stocks	\$1,099,775	\$1,019,409	(\$80,366)
Bonds:			
Government bonds	4,646,631	4,649,490	2,858
Municipal bonds	1,294,186	1,298,878	4,691
Corporate bonds	5,204,744	5,128,405	(76,338)
	11,145,562	11,076,774	(68,788)
Others	3,180,687	2,959,554	(221,133)
Total	\$15,426,025	\$15,055,737	(\$370,288)

	Millions of yen		
	31st March, 2008		
	Cost	Market value	Valuation differences
Stocks	¥102,427	¥115,595	¥13,167
Bonds:			
Government bonds	533,736	525,529	(8,206)
Municipal bonds	76,105	76,280	175
Corporate bonds	473,248	472,959	(288)
	1,083,089	1,074,770	(8,319)
Others	282,038	273,344	(8,691)
Total	¥1,467,555	¥1,463,710	(¥3,843)

Valuation differences do not include unrealized losses of ¥1 million on hybrid instruments, which are charged to income at 31st March, 2008.

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* (\$147,198 thousand) and ¥2,340 million at 31st March, 2009 and 2008, respectively.

* stocks ¥9,183 million (\$93,494 thousand)
 others ¥5,275 million (\$53,703 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 acquisition 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.

(3) Held-to-maturity securities sold for the years ended 31st March, 2009 and 2008 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Cost	¥ —	¥10,000	\$ —
Proceeds from sale	—	10,211	—
Gains	—	211	—

(4) Available-for-sale securities sold for the years ended 31st March, 2009 and 2008 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Proceeds from sale	¥244,867	¥195,339	\$2,492,798
Gains	3,467	4,049	35,296
Losses	2,534	1,911	25,799

(5) Securities whose market value is not readily determinable

Principal items of securities whose market value is not readily determinable at 31st March, 2009 and 2008 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Securities available for sale			
Non-listed stocks	¥17,216	¥16,473	\$175,268
Privately placed bonds	19,786	20,446	201,435
Others	2,079	1,742	21,170

(6) Repayment schedule of securities available for sale with maturity and held-to-maturity securities is as follows:

At 31st March, 2009	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

At 31st March, 2009	Millions of U.S. dollars			
	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	\$550,741	\$2,040,683	\$871,070	\$1,565,246
Municipal bonds	124,645	1,190,015	15,639	—
Corporate bonds	865,319	2,798,228	1,596,229	38,111
	1,540,705	6,028,927	2,482,939	1,603,358
Others	139,929	1,373,557	924,607	79,919
Total	\$1,680,635	\$7,402,484	\$3,407,546	\$1,683,277

(7) Money held in trust at 31st March, 2009 and 2008 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Money held in trust for investment purposes:			
Carrying value	¥991	¥6,872	\$10,097
Unrealized gains included in income before income taxes and minority interests	—	—	—
	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Money held in trust for other purposes than investment purposes and held-to-maturity purposes:			
Cost	¥1,000	¥1,000	\$10,180
Carrying value	1,000	1,000	10,180
Unrealized gains/losses	—	—	—

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

The components of the unrealized gains/losses on securities available for sale at 31st March, 2009 and 2008 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Revaluation difference	(¥36,373)	(¥3,843)	(\$370,288)
Deferred tax asset/liability	14,087	2,328	143,411
Revaluation difference (before minority interest adjustment), net of taxes	(22,286)	(1,515)	(226,876)
Amount corresponding to minority interests	876	529	8,921
Amount corresponding to the parent's share of net unrealized losses on available-for-sale securities owned by affiliates	(1)	(0)	(16)
Unrealized losses on securities available for sale, net of taxes	(¥21,411)	(¥986)	(¥217,970)

29. Derivatives

(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 market 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 "Market value"

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

(2) Market value

1. Interest related transactions

<At 31st March, 2009>

Type of transactions	Millions of yen			
	Contract value		Market value	Unrealized gain (loss)
	Total	Over one year		
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

<At 31st March, 2009>

Type of transactions	Thousands of U.S. dollars			
	Contract value		Market value	Unrealized gain (loss)
	Total	Over one year		
Over-the-counter transactions:				
Interest rate swaps				
Receive-fixed and pay-floating	\$36,139	\$36,139	\$279	\$279
Receive-floating and pay-fixed	36,139	36,139	66	66
Total	\$ -	\$ -	\$345	\$345

<At 31st March, 2008>

Type of transactions	Millions of yen			
	Contract value		Market value	Unrealized gain (loss)
	Total	Over one year		
Over-the-counter transactions:				
Interest rate swaps				
Receive-fixed and pay-floating	¥ —	¥ —	¥ —	¥ —
Receive-floating and pay-fixed	—	—	—	—
Total	¥ —	¥ —	¥ —	¥ —

- 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.

2. Currency related transactions

<At 31st March, 2009>

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

<At 31st March, 2009>

Type of transactions	Thousands of U.S. dollars			
	Contract value		Market value	Unrealized gain (loss)
	Total	Over one year		
Over-the-counter transactions:				
Currency swaps	\$2,639,843	\$2,183,967	\$5,382	\$5,382
Forward foreign:				
sold	27,667	—	(74)	(74)
bought	22,882	—	228	228
Currency option:				
sold	684,462	548,963	(44,833)	(9,073)
bought	684,462	548,963	44,833	18,780
Total	\$ —	\$ —	\$5,536	\$15,243

<At 31st March, 2008>

Type of transactions	Millions of yen			
	Contract value		Market value	Unrealized gain (loss)
	Total	Over one year		
Over-the-counter transactions:				
Currency swaps	¥195,965	¥182,803	¥392	¥392
Forward foreign:				
sold	3,256	—	94	94
bought	2,955	—	(17)	(17)
Currency option:				
sold	36,714	30,169	(2,802)	(940)
bought	36,714	30,169	2,802	1,396
Total	¥ —	¥ —	¥468	¥924

- 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.

30. Impairment of Fixed Assets

The Bank and its consolidated subsidiaries recognized loss on impairment of fixed assets which are summarized for the year ended 31st March, 2008 as follows:

(1) Assets or assets group for which impairment is recognized

1. Outside of Fukuoka prefecture

① Major use

	2009	2008
i) Number of idle assets, etc:	—	1
ii) Number of Branches used in business operations:	—	1

② Type

Land and buildings

③ Loss on impairment

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Idle assets, etc	¥ —	¥7	\$ —
Land thereof	—	4	—
Buildings thereof	—	2	—

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Branches used in business operations	¥ —	¥233	\$ —
Land thereof	—	186	—
Buildings thereof	—	47	—

2. Other

① Major use

Goodwill

② Type

Goodwill related to consolidated subsidiaries

③ Loss on impairment is ¥2,697 million for the year ended 31st March, 2008.

As the fixed assets are deemed uncollectible due to decrease in cash flows attributable to decrease in operating income, the book value is reduced to the realizable value and the reduction totaling ¥241 million was recognized as other expenses for the year ended 31st March, 2008. Goodwill which arises from a subsidiary's acquisition of treasury stock was written off and thus an impairment loss of ¥2,697 million was recognized for the years ended 31st March, 2008.

(2) Summary of Asset Group and Method of Grouping

1. Summary of Asset Group

① Idle assets, etc.

Branches and corporate dormitories no longer used

② Branches used in business operations

Assets used in business operations

③ Goodwill

Goodwill related to consolidated subsidiaries

2. Method of Grouping

① Idle assets, etc.

Individual assets

② Branches used in business operations

In principal individual branches (in case a branch is operated in association with other branches, an asset group is such a group of branches)

③ Goodwill

Individual assets

(3) Realizable Value

Realizable value used in measurement of loss on impairment is the higher of the value in use or the net selling value which is the value determined based on the Real Estate Appraisal Standard (Ministry of Land, Infrastructure and Transport Japan), less estimated selling costs.

31. 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, 2009, the lump-sum payment plans are adopted by eight group companies including the Bank and its domestic considered subsidiaries while the occupational pension fund plans are adopted by the Bank and one consolidated subsidiary, and the qualified pension plan is adopted by one consolidated subsidiary.

(2) The funded status and amounts recognized in the consolidated balance sheets at 31st March, 2009 and 2008

	Millions of yen		Thousands of
	2009	2008	U.S. dollars
Projected benefit obligation	(¥54,604)	(¥54,019)	(\$555,889)
Plan assets	35,907	44,483	365,543
Projected benefit obligation in excess of plan assets	(18,697)	(9,535)	(190,345)
Unrecognized actuarial loss	15,602	5,419	158,840
Unrecognized prior service cost	—	—	—
Net liability recognized	(3,094)	(4,115)	(31,505)
Prepaid pension cost	8,480	8,049	86,334
Reserve for employees' retirement benefits	(¥11,575)	(¥12,165)	(\$117,840)

(3) Pension cost for the years ended 31st March, 2009 and 2008

	Millions of yen		Thousands of
	2009	2008	U.S. dollars
Service cost	¥1,708	¥1,797	\$17,394
Interest cost	1,334	1,330	13,587
Expected return on plan assets for the year	(1,986)	(2,229)	(20,220)
Amortization of unrecognized prior service cost	—	(116)	—
Amortization of unrecognized actuarial loss	1,184	342	12,053
Others (additional retirement benefit payments)	357	453	3,636
Net pension benefit expense	¥2,598	¥1,577	\$26,452

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

	2009	2008
(1) Discount rate	2.5%(principally)	2.5%(principally)
(2) Expected rate of return on plan assets	4.5%(principally)	4.5%(principally)
(3) Method of attribution of projected benefit obligation	Straight-line method	Straight-line method
(4) Number of years over which prior service cost is amortized	—	3 years*
(5) Number of years over which actuarial gains/losses are amortized	10 years(principally)**	10 years(principally)**

* Using the straight-line method over a 3-year period within the average remaining years of service of employees.

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

32. 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, 2009 and 2008 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Deferred tax assets			
Reserve for possible loan losses	¥31,447	¥34,242	\$320,145
Reserve for retirement benefits	4,335	4,595	44,139
Accumulated depreciation	1,961	2,080	19,964
Unrealized losses on securities available for sale, net	15,147	2,855	154,200
Loss carryforwards for tax purposes	46,192	47,289	470,252
Others	9,879	8,618	100,578
Sub-total	108,964	99,682	1,109,280
Valuation allowance	(32,318)	(30,356)	(329,003)
Total deferred tax assets	76,646	69,325	780,276
Deferred tax liabilities			
Reserve fund for deferred income of fixed assets	(2)	(2)	(26)
Total deferred tax liabilities	(2)	(2)	(26)
Net deferred tax assets	¥76,643	¥69,323	\$780,249

The effective tax rates reflected in the consolidated statements of income for the years ended 31st March, 2009 and 2008 differ from the statutory tax rates for the following reasons:

	2009	2008
Statutory tax rate	40.4%	40.4%
Adjustments:		
Expenses permanently nondeductible for income tax purposes	0.9	0.8
Dividend income deductible for income tax purposes	(2.6)	(1.4)
Inhabitant's per capita taxes	0.5	0.3
Increase in valuation allowance	7.4	7.9
Tax effects attributable to investment in a subsidiary	(20.1)	—
Others, net	(2.9)	1.6
Effective tax rate	23.6%	49.6%

33. Business Segment Information

For the years ended 31st March, 2009 and 2008, the Bank and its consolidated subsidiaries have two business segments, as summarized below:

Millions of yen					
<In 2009>	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	¥10,116	¥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	—	377	—	377
Capital expenditures	5,260	157	5,417	—	5,417

Thousands of U.S. dollars					
<In 2009>	Banking	Other	Total	Elimination	Consolidated
I . Ordinary income					
Ordinary income from third party customers	\$1,729,830	\$93,327	\$1,823,157	\$ —	\$1,823,157
Internal ordinary income among segments	17,686	105,799	123,486	(123,486)	—
Total ordinary income	1,747,516	199,126	1,946,643	(123,486)	1,823,157
Ordinary expenses	1,663,511	180,148	1,843,660	(202,263)	1,641,396
Ordinary profit	\$84,005	\$18,977	\$102,983	\$78,777	\$181,760
II . Identifiable assets, depreciation, impairment losses and capital expenditures:					
Identifiable assets	\$72,908,290	\$1,248,960	\$74,157,251	(\$774,750)	\$73,382,501
Depreciation	51,759	2,041	53,800	—	53,800
Impairment losses	3,844	—	3,437	—	3,437
Capital expenditures	53,549	1,600	55,150	—	55,150

Millions of yen					
<In 2008>	Banking	Other	Total	Elimination	Consolidated
I . Ordinary income					
Ordinary income from third party customers	¥172,733	¥8,180	¥180,914	¥ —	¥180,914
Internal ordinary income among segments	651	9,603	10,254	(10,254)	—
Total ordinary income	173,384	17,783	191,168	(10,254)	180,914
Ordinary expenses	145,779	15,076	160,856	(11,114)	149,741
Ordinary profit	¥27,605	¥2,707	¥30,312	¥860	¥31,172
II . Identifiable assets, depreciation, impairment losses and capital expenditures:					
Identifiable assets	¥6,935,322	¥124,518	¥7,059,840	(¥79,205)	¥6,980,635
Depreciation	5,230	145	5,376	—	5,376
Impairment losses	241	—	241	2,697	2,938
Capital expenditures	7,533	139	7,673	—	7,673

34. Related Party Transactions

(1) 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 Guarantee	¥241 (million)	Loans Customer's liabilities for acceptances and guarantees	¥263 (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 with directors and principal individual shareholders for the year ended 31st March, 2008 is as follows:

Attribute	Name	Address	Common stock	Business/occupation	Equity ownership	Relationship	Transactions	Transaction amount	Account	Balance at end of year
Director (close family)	Sadako Isoyama	—	—	Real estate rental business	—	—	Loan	¥9 (million)	Loans	¥15 (million)

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

35. 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
	2009	2008	2009
Cash and due from banks on the consolidated balance sheets	¥253,344	¥217,719	\$2,579,092
Ordinary deposits (due from banks)	(804)	(803)	(8,186)
Time deposits (due from banks)	(24,560)	(47,561)	(250,031)
Postal savings	(1,342)	(1,432)	(13,663)
Other deposits (due from banks)	(124)	(266)	(1,263)
Cash and cash equivalents on the consolidated statements of cash flows	¥226,513	¥167,654	\$2,305,948

36. Per Share Information

	Yen		U.S. dollars
	2009	2008	2009
Net assets per share at end of year	¥287.98	¥299.81	\$2.931
Net income per share:			
Basic	17.84	17.46	0.181
Diluted	16.51	16.58	0.168

Basis for net assets per share as of 31st March, 2009 and 2008 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Net assets	¥289,733	¥299,538	\$2,949,540
Items to be deducted from net assets	60,673	61,035	617,669
Minority interests	25,253	25,615	257,087
Issue price of preferred stock	35,000	35,000	356,306
Preference dividend on preferred stock	420	420	4,275
Net assets attributable to common stock	229,059	238,502	2,331,870
	Shares		
	2009	2008	
Number of shares of common stock outstanding at end of the year	795,375,014	795,495,910	

Basis for net income per share for the years ended 31st March, 2009 and 2008 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Basic:			
Net income	¥14,616	¥14,316	\$148,795
Items not attributable to common stock	420	420	4,275
Preference dividend on preferred stock	420	420	4,275
Net income attribute to common stock	14,196	13,896	144,519
	Shares		
	2009	2008	
Average number of shares of common stock outstanding during the year	795,437,803	795,552,500	
<hr/>			
	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Diluted:			
Net income	420	420	4,275
Preference dividend on preferred stock	420	420	4,275
	Shares		
	2009	2008	
Number of shares of common stock to increase	89,697,590	67,829,457	
Preferred stock thereof	89,697,590	67,829,457	

37. Cash Dividends

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

Resolution	Types	Millions of yen	Thousands of U.S. dollars
June 27, 2008	Cash dividends (¥4 per share)	¥3,181	\$32,393
Ordinary General Meeting of Shareholders	Preference dividends (¥12 per share)	¥420	4,275

Cash dividends paid during the year ended 31st March, 2008, which were distribution of earned surplus on 31st March, 2007, are as follows:

Resolution	Types	Millions of yen
June 28, 2007	Cash dividends (¥4 per share)	¥3,182
Ordinary General Meeting of Shareholders	Preference dividends (¥12 per share)	¥420

38. Subsequent Event

The following appropriation of earned surplus for the year ended 31st March, 2009 was approved at the shareholders' meeting held on 26th June, 2009:

Resolution	Types	Millions of yen	Thousands of U.S. dollars
June 26, 2009	Cash dividends (¥4 per share)	¥3,181	\$32,388
Ordinary General Meeting of Shareholders	Preference dividends (¥12 per share)	¥420	4,275

Quarterly Information (Unaudited)

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

	Millions of yen			
	Fist Quarter	Second Quarter	Third Quarter	Fourth Quarter
	from 1st April, 2008 to 30th June, 2008	from 1st July, 2008 to 30th September, 2008	from 1st October, 2008 to 31st December, 2008	from 1st January, 2009 to 31st March, 2009
Ordinary income	¥44,731	¥45,478	¥45,293	¥43,585
Income (loss) before income taxes and minority interests	10,508	(2,481)	247	11,119
Net income (loss)	6,008	1,623	(929)	7,914

	Yen			
	Fist Quarter	Second Quarter	Third Quarter	Fourth Quarter
	from 1st April, 2008 to 30th June, 2008	from 1st July, 2008 to 30th September, 2008	from 1st October, 2008 to 31st December, 2008	from 1st January, 2009 to 31st March, 2009
Net income (loss) per share	¥7.55	¥2.04	(¥1.16)	¥9.94

	Thousands of U.S. dollars			
	Fist Quarter	Second Quarter	Third Quarter	Fourth Quarter
	from 1st April, 2008 to 30th June, 2008	from 1st July, 2008 to 30th September, 2008	from 1st October, 2008 to 31st December, 2008	from 1st January, 2009 to 31st March, 2009
Ordinary income	\$455,371	\$462,983	\$461,093	\$443,708
Income (loss) before income taxes and minority interests	106,973	(25,265)	2,518	113,197
Net income (loss)	61,168	16,528	(9,467)	80,566

	U.S. dollars			
	Fist Quarter	Second Quarter	Third Quarter	Fourth Quarter
	from 1st April, 2008 to 30th June, 2008	from 1st July, 2008 to 30th September, 2008	from 1st October, 2008 to 31st December, 2008	from 1st January, 2009 to 31st March, 2009
Net income (loss) per share	\$0.07	\$0.02	(\$0.01)	\$0.10

Non-Consolidated Balance Sheets (Unaudited)

The Nishi-Nippon City Bank, Ltd. 31st March, 2009 and 2008

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Assets:			
Cash and due from banks	¥222,076	¥185,030	\$2,260,784
Call loans and bills bought	687	6,184	7,000
Commercial paper and other debt purchased	13,985	15,666	142,373
Trading account assets	1,448	4,113	14,749
Money held in trust	1,991	7,872	20,277
Securities	1,566,358	1,529,225	15,945,828
Loans and bills discounted	4,849,415	4,677,165	49,367,971
Foreign exchange assets	2,467	1,262	25,119
Other assets	38,855	38,054	395,556
Tangible fixed assets	117,626	117,521	1,197,459
Intangible fixed assets	2,407	3,158	24,509
Deferred tax assets	71,531	64,236	728,207
Customers' liabilities for acceptances and guarantees	58,666	71,548	597,231
Reserve for possible loan losses	(48,182)	(57,092)	(490,507)
Reserve for devaluation of securities	(12,696)	(12,400)	(129,254)
Total assets	¥6,886,640	¥6,651,546	\$70,107,305
Liabilities and Net assets:			
Liabilities:			
Deposits	¥6,070,056	¥5,917,085	\$61,794,329
Call money and bills sold	109,386	101,960	1,113,571
Guarantee deposits received under securities lending transactions	48,066	76,586	489,322
Borrowed money	184,537	62,017	1,878,625
Foreign exchange liabilities	68	117	702
Bonds	82,000	82,000	834,775
Other liabilities	34,646	27,554	352,711
Reserve for employee retirement benefits	10,487	11,165	106,762
Reserve for retirement benefits for directors and corporate auditors	782	720	7,965
Reserve for reimbursement of deposits	686	759	6,988
Reserve for other contingent losses	1,130	405	11,506
Deferred tax liabilities on revaluation of premises	22,065	22,279	224,627
Acceptances and guarantees	58,666	71,548	597,231
Total liabilities	6,622,580	6,374,200	67,419,120
Net assets:			
Capital stock	85,745	85,745	872,906
Capital surplus	85,684	85,684	872,279
Earned surplus			
Legal reserve	61	61	626
Voluntary reserves	76,043	59,697	774,138
Unappropriated retained earnings	8,984	19,948	91,460
Treasury stock	(615)	(597)	(6,264)
Total shareholders' equity	255,903	250,539	2,605,146
Net unrealized losses on securities available for sale, net of taxes	(19,953)	(1,620)	(203,129)
Net deferred losses on hedging instruments, net of taxes	(2)	(2)	(25)
Revaluation of premises, net of taxes	28,112	28,428	286,194
Total valuation and translation adjustments	8,156	26,806	83,039
Total net assets	264,060	277,346	2,688,185
Total liabilities and net assets	¥6,886,640	¥6,651,546	\$70,107,305

See accompanying Notes to Non-Consolidated Financial Statements.

Non-Consolidated Statements of Income (Unaudited)

The Nishi-Nippon City Bank, Ltd. Years ended 31st March, 2009 and 2008

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Income:			
Interest income:			
Interest on loans and discounts	¥109,546	¥109,413	\$1,115,200
Interest and dividends on securities	22,308	21,760	227,106
Other interest income	727	967	7,406
Fees and commissions	24,501	26,382	249,430
Trading income	130	118	1,327
Other operating income	5,009	2,919	50,995
Other income	5,607	7,126	57,086
Total income	167,831	168,687	1,708,555
Expenses:			
Interest expenses:			
Interest on deposits	18,285	17,026	186,146
Interest on call money and bills sold	975	1,509	9,933
Interest on borrowings	1,461	1,510	14,879
Other interest expenses	3,973	6,058	40,447
Fees and commissions	11,363	11,419	115,679
Other operating expenses	8,327	2,831	84,779
General and administrative expenses	74,818	74,490	761,664
Other expenses	35,746	21,198	363,907
Total expenses	154,951	136,044	1,577,439
Income before income taxes	12,879	32,642	131,116
Income taxes			
Current	75	66	769
Deferred	4,121	13,214	41,961
Total income taxes	4,197	13,281	42,730
Net income	¥8,682	¥19,361	\$88,385

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, 2009 and 2008

	Millions of yen		Thousands of U.S. dollars(Note 1)
	2009	2008	2009
Shareholders' equity			
Capital stock			
Balance at end of the previous year	¥85,745	¥85,745	\$872,906
Changes during the year			
Total changes during the year	—	—	—
Balance at end of the current year	¥85,745	¥85,745	\$872,906
Capital surplus:			
Capital reserve			
Balance at end of the previous year	¥85,684	¥85,684	\$872,279
Changes during the year			
Total changes during the year	—	—	—
Balance at end of the current year	¥85,684	¥85,684	\$872,279
Earned surplus:			
Legal reserve			
Balance at end of the previous year	¥61	¥6	\$626
Changes during the year			
Transfer to legal reserve	—	55	—
Total changes during the year	—	55	—
Balance at end of the current year	¥61	¥61	\$626
Other earned surplus:			
Reserve for deferred capital gains			
Balance at end of the previous year	¥4	¥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	¥4	\$39
Other voluntary reserves			
Balance at end of the previous year	¥59,693	¥43,255	\$607,693
Changes during the year			
Transfer to other voluntary reserves	16,346	16,438	166,406
Total changes during the year	16,346	16,438	166,406
Balance at end of the current year	¥76,039	¥59,693	\$774,099
Unappropriated retained earnings			
Balance at end of the previous year	¥19,948	¥20,096	\$203,075
Changes during the year			
Cash dividends paid	(3,601)	(3,602)	(36,668)
Transfer to legal reserve	—	(55)	—
Transfer from reserve for deferred capital gains	0	0	1
Transfer to other voluntary reserves	(16,346)	(16,438)	(166,406)
Net income	8,682	19,361	88,385
Sale of treasury stock	(14)	(3)	(144)
Reversal of revaluation of premises	316	589	3,217
Total changes during the year	(10,963)	(148)	(111,614)
Balance at end of the current year	¥8,984	¥19,948	\$91,460
Total earned surplus			
Balance at end of the previous year	¥79,707	¥63,362	\$811,435
Changes during the year			
Cash dividends paid	(3,601)	(3,602)	(36,668)
Transfer to legal reserve	—	—	—
Transfer from reserve for deferred capital gains	—	—	—
Transfer to other voluntary reserves	—	—	—
Net income	8,682	19,361	88,385
Sale of treasury stock	(14)	(3)	(144)
Reversal of revaluation of premises	316	589	3,217
Total changes during the year	5,381	16,345	54,789
Balance at end of the current year	¥85,089	¥79,707	\$866,225

	Millions of yen		Thousands of U.S. dollars(Note 1)
	2009	2008	2009
Treasury stock			
Balance at end of the previous year	(¥597)	(¥540)	(\$6,083)
Changes during the year			
Acquisition of treasury stock	(46)	(69)	(475)
Sale of treasury stock	28	13	294
Total changes during the year	(17)	(56)	(181)
Balance at end of the current year	(¥615)	(¥597)	(\$6,264)
Total shareholders' equity			
Balance at end of the previous year	¥250,539	¥234,250	\$2,550,538
Changes during the year			
Cash dividends paid	(3,601)	(3,602)	(36,668)
Net income	8,682	19,361	88,385
Acquisition of treasury stock	(46)	(69)	(475)
Sale of treasury stock	14	9	149
Reversal of revaluation of premises	316	589	3,217
Total changes during the year	5,364	16,288	54,607
Balance at end of the current year	¥255,903	¥250,539	\$2,605,146
Valuation and translation adjustments			
Net unrealized gains (losses) on securities available for sale, net of taxes			
Balance at end of the previous year	(¥1,620)	¥24,293	(\$16,493)
Changes during the year			
Net changes in items other than shareholders' equity	(18,333)	(25,913)	(186,635)
Total changes during the year	(18,333)	(25,913)	(186,635)
Balance at end of the current year	(¥19,953)	(¥1,620)	(\$203,129)
Net deferred losses on hedging instruments, net of taxes			
Balance at end of the previous year	(¥2)	(¥43)	(\$21)
Changes during the year			
Net changes in items other than shareholders' equity	(0)	41	(4)
Total changes during the year	(0)	41	(4)
Balance at end of the current year	(¥2)	(¥2)	(\$25)
Revaluation of premises, net of taxes			
Balance at end of the previous year	¥28,428	¥29,018	\$289,412
Changes during the year			
Net changes in items other than shareholders' equity	(316)	(589)	(3,217)
Total changes during the year	(316)	(589)	(3,217)
Balance at end of the current year	¥28,112	¥28,428	\$286,194
Total valuation and translation adjustments			
Balance at end of the previous year	¥26,806	¥53,268	\$272,897
Changes during the year			
Net changes in items other than shareholders' equity	(18,649)	(26,461)	(189,857)
Total changes during the year	(18,649)	(26,461)	(189,857)
Balance at end of the current year	¥8,156	¥26,806	\$83,039
Total net assets			
Balance at end of the previous year	¥277,346	¥287,519	\$2,823,435
Changes during the year			
Cash dividends paid	(3,601)	(3,602)	(36,668)
Net income	8,682	19,361	88,385
Acquisition of treasury stock	(46)	(69)	(475)
Sale of treasury stock	14	9	149
Reversal of revaluation of premises	316	589	3,217
Net changes in items other than shareholders' equity	(18,649)	(26,461)	(189,857)
Total changes during the year	(13,285)	(10,173)	(135,250)
Balance at end of the current year	¥264,060	¥277,346	\$2,688,185

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, 2009 and 2008

- 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.

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, 2009 and 2008, and the related consolidated statements of income, changes in net assets, and cash flows for the years then ended, all expressed in 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, 2009 and 2008, 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.

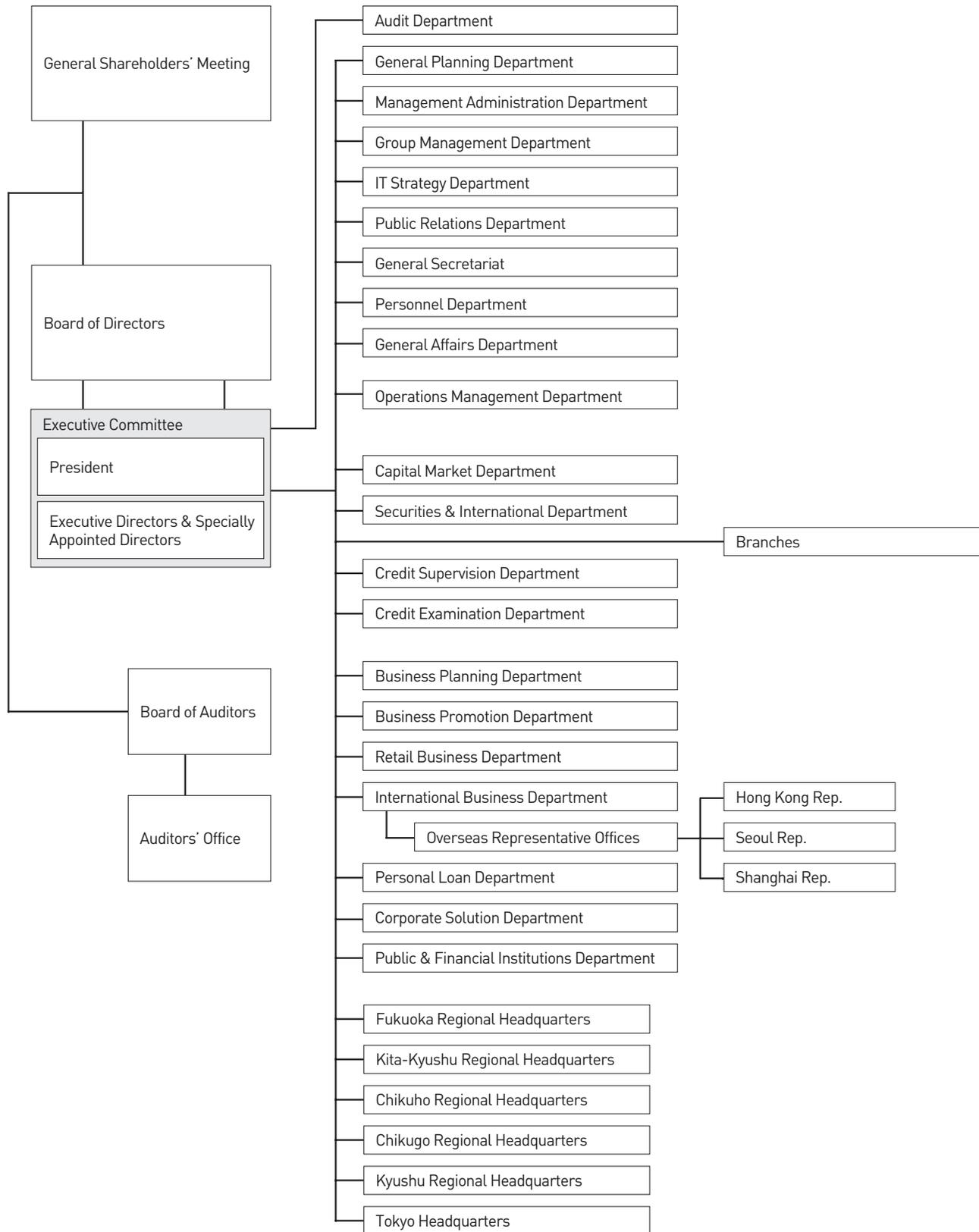
The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2009 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1.

Ernst & Young ShinNihon LLC

June 26, 2009



Organization Chart



(as of June 30, 2009)

Head Office:

1-1, Hakata-ekimae 3-chome, Hakata-ku,
Fukuoka 812-0011, Japan
Phone: (092) 476-2501

Established:

December 1, 1944

Paid-up Capital:

¥85,745 million

Number of Shareholders:

Ordinary shares: 23,757
1st-issue preferred shares: 1

Number of Employees:

4,029

Number of Domestic Offices:

209

Number of Correspondent Banks:

136

Major Shareholders:

Name	Shares held (thousands)	(%)
Japan Trustee Services Bank, Ltd. (Trust Account)	81,586	10.24
Japan Trustee Service Bank, Ltd. (Trust Account No. 4)	53,201	6.67
Japan Trustee Service Bank, Ltd. (Trust Account No. 4G)	39,543	4.96
The Master Trust Bank of Japan, Ltd. (Trust Account)	34,140	4.28
Nippon Life Insurance Company	20,477	2.57
The Fuji Fire & Marine Insurance Co., Ltd.	18,746	2.35
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, 2009)

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