

Financial Statements 2009

Year ended March 31, 2009



BANK OF KOCHI

Profile

Since its establishment in 1930, the Bank of Kochi, Ltd., has strived to develop the regional economy through its basic policy of working with the regional customers to contribute to prosperity.

The Bank of Kochi, as financial institution deeply rooted in the regional society, will continue to make contributions to the region, providing flexible financial services for the needs of all our customers.

In fiscal 2008, the Bank's gross business profit from core operations (net operating profit + provision for possible loan losses – gains/losses on government bonds) totaled ¥2,765 million (US\$ 28,148 thousand). As of March 2009, the Bank had a network comprising 71 branches and 121 automated teller machines (ATMs) located outside branches.

In the Kochi Bank Group, including consolidated subsidiaries, the capital adequacy ratio stood at 7.79% according to domestic standards.

The Kochi Bank Group consists of the Kochi Bank, which provides basic banking services, and three subsidiaries – Ocean Lease Co., Ltd., which provides comprehensive leasing services, Kochi Card Co., Ltd., which handles credit-card services, and Kogin Business Co., Ltd., which supports the Bank's operations efficiently and rationally.

Message from the Management

We deeply appreciate your continued support for the Bank of Kochi, Ltd.

We issued this Financial Statements 2009 so that our customers, associates, and shareholders, could gain clearer understanding of our operating conditions and where we stand today. We hope this Statement will be helpful for you.

Since its establishment, the Bank has maintained close ties to the regional economy based on its management principle of working with the regional customers and contributing to the prosperity of the region.

The Bank celebrates the 80th anniversary of its founding in January 2010. To mark this occasion, we intend to redouble our effort to improve our business performance, along with strengthening compliance and establishing our risk management systems. In this way, we aim to secure the trust of our customers.

We look forward to your continued support in the future.



President
Shigeakira Inobe

Business Performance

(Financial figures in this section are stated on a non-consolidated basis.)

In the fiscal year ended March 2009, global financial instability caused by the subprime loan crisis in the United States led to sluggish stock market and worse business performance. And furthermore such severe economic climate led to poor employment and low consumption. In this exceedingly harsh economic climate, all the board members and staff united in developing activities in close touch with the region. These activities were designed to improve our performance and management, and we were encouraged by the strong support of our stockholders and clients.

Deposits decreased ¥23.1 billion, however, to a term-end balance of ¥820.2 billion (US\$8,350,718 thousand).

In lending, although the Bank worked to meet the diverse needs of customers, demand for funds from small and midsize companies in the regional community was weak. As a result, loans and bills discounted decreased ¥30.5 billion during the year, to a year-end balance of ¥647.0 billion (US\$6,586,908 thousand).

Securities increased ¥0.3 billion and outstanding securities amounted to ¥170.5 billion (US\$1,736,028 thousand).

Meanwhile, from an earnings perspective, we strove to improve management efficiency by enhancing effective fund management and procurement while reducing expenses. To further secure our sound asset base, we recognized impairment losses on held-to-maturity securities, allocated reserves for non-performing loans and we drew down deferred tax assets, which resulted in a recurring loss of ¥5,678million (US\$57,803 thousand) for the period, and a net loss of ¥8,505 million (US\$86,583 thousand).

As a result, the capital adequacy ratio of 7.46% exceeds the domestic standard of 4.0%, which proves sound management.

Consolidated Balance Sheets

THE BANK OF KOCHI, LTD.
Years ended March 31, 2009 and 2008

	Millions of yen		Thousand of U.S. dollars
	2009	2008	2009
ASSETS			
Cash and due from banks	¥ 51,828	¥ 30,025	\$ 527,619
Call loans and bills purchased	—	10,000	—
Trading account securities	1,297	874	13,204
Money held in trust	1,120	1,267	11,402
Securities	170,328	170,009	1,733,971
Loans and bills discounted	644,321	674,556	6,559,310
Foreign exchanges	1,360	1,616	13,845
Lease receivables and investment assets	6,956	—	70,813
Other assets	7,773	8,476	79,131
Tangible fixed assets	17,787	25,728	181,075
Buildings	3,582	4,002	36,465
Land	12,146	12,552	123,649
Construction in progress	38	—	387
Other tangible fixed assets	2,019	9,172	20,554
Intangible fixed assets	2,080	1,262	21,175
Software	780	174	7,941
Other intangible fixed assets	1,299	1,088	13,224
Deferred tax assets	4,924	7,305	50,127
Customers' liabilities for acceptances and guarantees	4,496	4,977	45,770
Reserve for possible loan losses	(25,806)	(25,068)	(262,710)
Total assets	¥888,467	¥911,032	\$ 9,044,762
LIABILITIES, MINORITY INTERESTS AND STOCKHOLDERS' EQUITY			
Liabilities:			
Deposits	¥819,729	¥842,736	\$ 8,344,996
Borrowed money	14,664	7,727	149,282
Foreign exchanges	0	2	0
Bonds	4,300	4,300	43,775
Other liabilities	9,181	5,097	93,464
Reserve for employees' bonuses	251	436	2,555
Liability for severance and retirement benefits	5,115	5,254	52,072
Reserve for directors' retirement and severance benefits	12	415	122
Reserve for reimbursement of deposits	162	173	1,649
Deferred tax liabilities for revaluation reserve for land	2,822	2,916	28,728
Negative goodwill	273	290	2,779
Acceptances and guarantees	4,496	4,977	45,770
Total liabilities	861,009	874,328	8,765,235
Net assets:			
Common stock	12,044	12,044	122,610
Capital surplus	9,251	9,251	94,177
Retained earnings	4,747	13,305	48,325
Common stock in treasury	(227)	(225)	(2,311)
Total stockholders' equity	25,815	34,375	262,802
Net unrealized holding gains on securities	(3,509)	(2,845)	(35,722)
Net deferred gains on hedging instruments	—	0	—
Revaluation reserve for land, net of tax	3,608	3,699	36,730
Total valuation and translation adjustments	99	854	1,008
Subscription rights to shares	12	—	122
Minority interests	1,531	1,474	15,586
Total net assets	27,458	36,704	279,528
Total liabilities, and net assets	¥888,467	¥911,032	\$ 9,044,762

Consolidated Statements of Income

THE BANK OF KOCHI, LTD.
Years ended March 31, 2009 and 2008

	Millions of yen		Thousand of U.S. dollars
	2009	2008	2009
INCOME			
Interest income:			
Interest on loans and discounts	¥ 17,113	¥ 17,569	\$ 174,214
Interest and dividends on securities	2,410	2,241	24,534
Interest on call loans and bills purchased	73	117	743
Interest on deposits	11	53	112
Other interest income	56	96	570
Fees and commissions	2,203	2,640	22,427
Other operating income	5,754	6,403	58,577
Other income	173	589	1,761
Total income	27,795	29,710	282,958
EXPENSES			
Interest expenses:			
Interest on deposits	2,996	2,743	30,500
Interest on negotiable certificates of deposit	19	0	0
Interest on call money and bills sold	0	0	0
Interest on payables under securities lending transactions	1	8	10
Interest on borrowings and rediscounts	101	109	1,028
Interest on bonds	144	73	1,466
Other interest expenses	1	6	10
Fees and commissions	1,995	2,169	20,309
Other operating expenses	5,781	7,406	58,852
General and administrative expenses	14,053	14,484	143,062
Other expenses	8,048	6,625	81,930
Transfer to reserve for possible loan losses	2,890	4,941	29,421
Others	5,158	1,683	52,509
Total expenses	33,143	33,628	337,402
Ordinary loss	(5,347)	(3,917)	(54,433)
Extraordinary profits:			
Gains on disposals of fixed assets	8	41	81
Collection of written-off claims	4	4	41
Compensation for transfer of property	125	—	1,273
Reversal of reserve for directors' retirement and severance benefits	31	—	316
Total Extraordinary profits	170	46	1,731
Extraordinary losses:			
Losses on disposals of fixed assets	28	52	285
Impairment losses on fixed assets	631	626	6,424
Transfer to reserve for directors' retirement and severance benefits	—	355	—
Transfer to reserve for reimbursement of deposits	—	145	—
Total Extraordinary losses	660	1,179	6,719
Loss before income taxes and minority interests	(5,837)	(5,051)	(59,422)
Income taxes-current	190	158	1,934
Income taxes-deferred	2,296	1,368	23,374
Total income taxes	2,486	—	25,308
Minority interests in net income	70	211	713
Net loss	¥ (8,395)	¥ (6,789)	\$ (85,463)

Notes: 1. U.S. dollar amounts are converted, for convenience only, at ¥98.23 per US\$1.00, the prevailing rate of exchange on March 31, 2009.
2. Japanese yen figures are expressed with amounts under one million omitted. Accordingly, breakdown figures may not add up to the sum totals given.
3. These financial statements were prepared in accordance with Japanese accounting standards.
4. From fiscal 2008, we are displaying "total income taxes."

Consolidated Statements of Changes in Net Assets

THE BANK OF KOCHI, LTD.
Years ended March 31, 2009 and 2008

	Millions of yen		Thousand of U.S. dollars
	2009	2008	2009
Stockholders' equity			
Common stock			
Balance at the end of previous period	¥ 12,044	\$ 12,044	\$ 122,610
Changes of items during the period			
Total changes of items during the period	—	—	—
Balance at the end of current period	12,044	12,044	122,610
Capital surplus			
Balance at the end of previous period	9,251	9,251	94,177
Changes of items during the period			
Total changes of items during the period	—	—	—
Balance at the end of current period	9,251	9,251	94,177
Retained earnings			
Balance at the end of previous period	13,305	20,313	135,447
Changes of items during the period			
Cash dividends	(252)	(511)	(2,565)
Net loss	(8,395)	(6,789)	(85,463)
Disposal of common stock in treasury	(1)	(0)	(10)
Reversal of revaluation reserve for land, net of tax	91	292	926
Total changes of items during the period	(8,558)	(7,008)	(87,122)
Balance at the end of current period	4,747	13,305	48,325
Common stock in treasury			
Balance at the end of previous period	(225)	(54)	(2,291)
Changes of items during the period			
Purchase of common stock in treasury	(4)	(172)	(41)
Disposal of common stock in treasury	2	1	20
Total changes of items during the period	(2)	(170)	(20)
Balance at the end of current period	(227)	(225)	(2,311)
Total stockholders' equity			
Balance at the end of previous period	34,375	41,554	349,944
Changes of items during the period			
Cash dividends	(252)	(511)	(2,565)
Net loss	(8,395)	(6,789)	(85,463)
Purchase of common stock in treasury	(4)	(172)	(41)
Disposal of common stock in treasury	1	1	10
Reversal of revaluation reserve for land, net of tax	91	292	926
Total changes of items during the period	(8,560)	(7,178)	(87,142)
Balance at the end of current period	25,815	34,375	262,802
Valuation and translation adjustments			
Net unrealized holding gains on securities			
Balance at the end of previous period	(2,845)	(674)	(28,963)
Changes of items during the period			
Net changes of items other than stockholders' equity	(664)	(2,170)	(6,760)
Total changes of items during the period	(664)	(2,170)	(6,760)
Balance at the end of current period	(3,509)	(2,845)	(35,722)
Net deferred gains on hedging instruments			
Balance at the end of previous period	0	0	0
Changes of items during the period			
Net changes of items other than stockholders' equity	(0)	(0)	(0)
Total changes of items during the period	(0)	(0)	(0)
Balance at the end of current period	—	0	—
Revaluation reserve for land, net of tax			
Balance at the end of previous period	3,699	3,992	37,657
Changes of items during the period			
Net changes of items other than stockholders' equity	(91)	(292)	(926)
Total changes of items during the period	(91)	(292)	(926)
Balance at the end of current period	3,608	3,699	36,730
Total valuation and translation adjustments			
Balance at the end of previous period	854	3,318	8,694
Changes of items during the period			
Net changes of items other than stockholders' equity	(755)	(2,463)	(7,686)
Total changes of items during the period	(755)	(2,463)	(7,686)
Balance at the end of current period	99	854	1,008

Consolidated Statements of Changes in Net Assets (cont'd)

THE BANK OF KOCHI, LTD.
Years ended March 31, 2009 and 2008

	Millions of yen		Thousand of U.S. dollars
	2009	2008	2009
Subscription rights to shares			
Balance at the end of previous period	—	—	—
Changes of items during the period			
Net changes of items other than stockholders' equity	12	—	122
Total changes of items during the period	12	—	122
Balance at the end of current period	12	—	122
Minority interests			
Balance at the end of previous period	1,474	1,280	15,006
Changes of items during the period			
Net changes of items other than stockholders' equity	57	193	580
Total changes of items during the period	57	193	580
Balance at the end of current period	1,531	1,474	15,586
Total net assets			
Balance at the end of previous period	36,704	46,152	373,654
Changes of items during the period			
Cash dividends	(252)	(511)	(2,565)
Net loss	(8,395)	(6,789)	(85,463)
Purchase of common stock in treasury	(4)	(172)	(41)
Disposal of common stock in treasury	1	1	10
Reversal of revaluation reserve for land, net of tax	91	292	926
Net changes of items other than stockholders' equity	(685)	(2,270)	(6,973)
Total changes of items during the period	(9,245)	(9,448)	(94,116)
Balance at the end of current period	¥ 27,458	\$ 36,704	\$ 279,528

Consolidated Non-Performing Loans

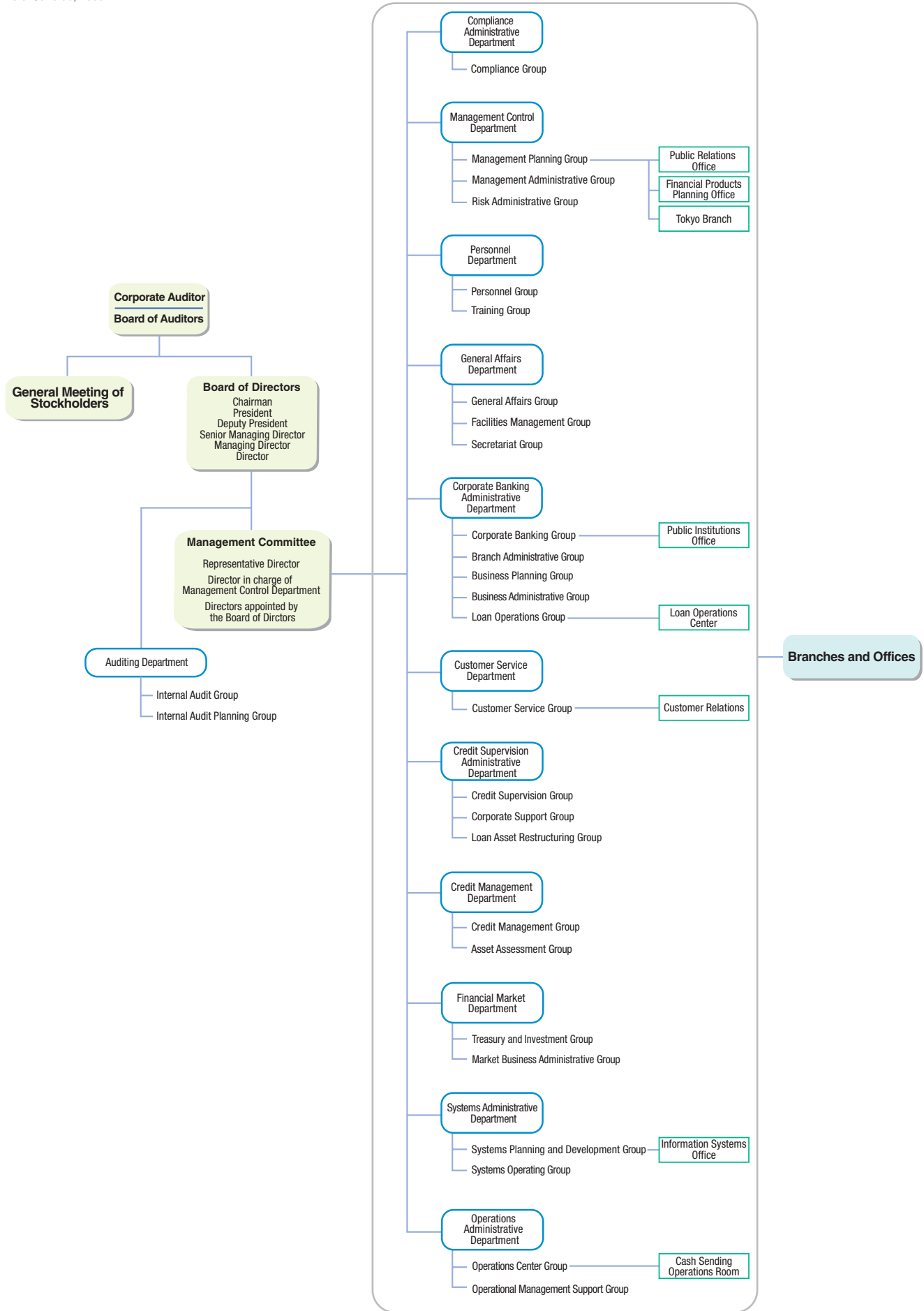
THE BANK OF KOCHI, LTD.
Years ended March 31, 2009 and 2008

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Loans to customers in bankruptcy proceedings	¥ 4,820	¥ 3,032	\$ 49,069
Past due loans	42,352	49,743	431,151
Loans past due for three months or more	—	—	—
Restructured loans	3,310	6,468	33,696
total	¥ 50,483	¥ 59,244	\$ 513,926

- Notes:
1. *Loans to customers in bankruptcy proceedings: Loans to borrowers under bankruptcy proceedings are nonaccrual loans for which events defined in Articles 96-1, Subparagraphs 3 (i-v) and 4 of the Enforcement Regulations of the Corporate Income Tax Law (the Ordinance No. 97, 1965) have taken place. Accrued interest is not recorded as income due to substantial doubt over the ability to collect interest or principal because of delay in payment for extended periods.*
 2. *Past due loans: Past due loans are nonaccrual loans, other than loans to bankrupt borrowers, and loans whose interest payments are postponed to support the reconstruction efforts of borrowers.*
 3. *Loans past due for three months or more: Loans past due for three months or more are loans for which interest or principal payments are delinquent for three months or more under terms of the respective loans but not classified as loans to borrowers under bankruptcy proceedings or past due loans.*
 4. *Restructured loans: Restructured loans are those subject to certain favorable concessions, including reduced interest rates or moratorium on interest payments, moratorium on repayments, or release of credit, which are made to support the reconstruction efforts of borrowers, but not classified as loans to borrowers under bankruptcy proceedings, past due loans, or loans past due for three months or more.*

Organization

THE BANK OF KOCHI, LTD.
As of June 30, 2009



Board of Directors and Corporate Auditors

THE BANK OF KOCHI, LTD.
As of June 30, 2009

President
Shigeakira Inobe

Senior Managing Director
Katsuhiko Morishita

Managing Directors
Takashi Watanabe
Toshiharu Tsutsumi

Directors
Yutaka Okabayashi
Satoshi Yamamoto
Katsunori Tanaka

Standing Corporate Auditors
Kouji Tateiwa*
Tateshi Matsumura

Corporate Auditors
Hidemasa Matsumoto*
Masaaki Nakazawa*

* External Corporate Auditors

Corporate Data

THE BANK OF KOCHI, LTD.
March 31, 2009

SERVICE NETWORK

Head Office

2-24, Sakai-machi, Kochi 780-0834, Japan
Telephone: (088) 822-9311

Financial Market Department

6th Floor, 2-24, Sakai-machi, Kochi 780-0834, Japan
Telephone: (088) 871-7105
Facsimile: (088) 871-3996 / 3997
SWIFT CODE: KOTI JP JT

Foreign Exchange Offices

Head Office

2-24, Sakai-machi, Kochi 780-0834, Japan
Telephone: (088) 871-1011

Osaka Branch

1-1-21, Kitahorie, Nishi-ku, Osaka 550-0014, Japan
Telephone: (06) 6531-2782

Imabari Branch

2-4-14, Taisho-cho, Imabari, Ehime 794-0025, Japan
Telephone: (0898) 32-4540

Takamatsu Branch

16-17, Tsukiji-cho, Takamatsu, Kagawa 760-0061, Japan
Telephone: (087) 834-0111

OUTLINE OF THE BANK

Date of Incorporation: January 20, 1930

Common Stock (Paid-in Capital):

¥12,044 million (U.S.\$122.61 million)

Issued Shares: 102.44 million shares

Number of Stockholders: 8,066

Number of Offices: 71

Number of Employees: 940

Number of Offices by Prefecture

Kochi	58
Tokushima	3
Ehime	6
Kagawa	1
Okayama	1
Osaka	1
Tokyo	1
Total	71

STOCKHOLDER INFORMATION

Major Stockholders

Japan Trustee Services Bank, Ltd.

The Bank of Kochi, Ltd., Employee Stockholding Organization

Sompo Japan Insurance Inc.

Mizuho Corporate Bank, Ltd.

The Bank of Tokyo-Mitsubishi UFJ, Ltd.

The Howa Bank, Ltd.

THE BANK OF KOCHI, LTD.

The Sumitomo Trust & Banking Co., Ltd.

Yodogawa Steel Works, Ltd.

The Ibaraki Bank, Ltd.

Breakdown by Stockholder Category
102,448 thousand shares

