

Financial Review (consolidated basis)

The Shiga Bank, Ltd. and Consolidated Subsidiaries

Consolidated Five-Year Summary

March 31, 2007, 2006, 2005, 2004 and 2003

	Millions of yen				
	2007	2006	2005	2004	2003
As of March 31					
Total assets	¥4,179,335	¥4,082,911	¥4,006,137	¥3,881,599	¥3,826,324
Securities	1,355,021	1,426,683	1,403,630	1,309,334	1,240,423
Loans and bills discounted	2,473,464	2,378,949	2,318,503	2,242,745	2,236,812
Deposits	3,705,751	3,624,279	3,579,204	3,503,759	3,488,676
Total shareholders' equity	283,997	247,333	221,701	207,687	171,447
Years ended March 31					
Total income	99,356	99,914	90,974	85,385	85,754
Total expenses	83,956	77,892	71,544	74,345	79,145
Net income before income taxes and minority interests	15,399	22,021	19,429	11,039	6,609
Net income	8,839	10,209	11,483	6,191	2,346
Cash dividends					
	1,587	1,323	1,320	1,271	1,215
Net income per share (in yen)	¥33.41	¥38.43	¥43.31	¥24.14	¥9.54
Capital ratio	12.20%	11.25%	11.18%	10.99%	10.20%

In fiscal 2006, ended March 31, 2007, Shiga Bank worked to enhance the efficiency of its asset management and fund-raising activities while rationalizing overall business processes. To ensure the soundness of our asset portfolio, we also wrote off bad debts and provided reserves to cover possible losses on non-performing loans. The results of these measures are detailed below.

Balance Sheets

The year-end balance of deposits, including negotiable certificates of deposit, stood at ¥3,705,751 million (US\$31,391 million), an increase of ¥81,471 million driven mainly by individual customers.

The balance of loans and bills discounted rose ¥94,514 million, to ¥2,473,464 million (US\$20,952

million), reflecting increased demand for loans from consumer borrowers and signs of recovery in corporate demand for funds.

Securities holdings declined ¥71,661 million to end the term at ¥1,355,021 million (US\$11,478 million).

Total assets at fiscal year-end stood at ¥4,179,335 million (US\$35,403 million), an increase of ¥96,424 million from previous term. Total net assets under new accounting standards at the end of the term was ¥283,997 million (US\$2,405 million), an increase of ¥36,663 million.

Statements of Income

Total income for the year declined ¥558 million to ¥99,356 million (US\$841 million), as increases in fees and commissions and other operating income were outweighed by a fall in extraordinary gains. At the

same time, total expenses increased by ¥6,064 million from the previous term to ¥83,956 million (US\$711 million), due to rising fund procurement and credit costs (consisting mainly of provisions to the reserve for possible loan losses, and write-offs of bad debt). As a result, income before income taxes and minority interests declined ¥6,622 million from the previous year to ¥15,399 million (US\$130 million). Net income declined ¥1,369 million from the previous year to ¥8,839 million (US\$74 million).

Cash Flows

Cash and cash equivalents at year-end, on a consolidated basis, declined ¥3,766 million from the end of the previous term, to ¥48,420 million (US\$410 million) at the term-end.

■ Cash flow from operating activities

Net cash used in operating activities during the term totaled ¥78,100 million (US\$661 million). The main reason for this increase was a significant rise in loans and bills discounted, driven by robust corporate

demand, combined with growth in loans for consumer borrowers.

■ Cash flow from investing activities

Net cash provided by investing activities totaled ¥74,206 million (US\$628 million), a year-on-year increase of ¥43,468 million, due to reduced purchases of securities and higher proceeds from the sale of securities.

■ Cash flow from financing activities

Net cash provided by financing activities totaled ¥125 million (US\$1 million). The proceeds of an issue of preferred securities were used to fund repayment of subordinated loans and dividend payment.

