

Notes to Consolidated Financial Statements

Years ended March 31, 2010 and 2009

1. Basis of presenting consolidated financial statements

The accompanying consolidated financial statements have been prepared based on the accounts maintained by THE SHIGA BANK, LTD. ("the Bank") and its subsidiaries (together "the Group") in accordance with the provisions set forth in the Companies Act of Japan, the Japanese Financial Instruments and Exchange Act, and the Japanese Banking Act and in conformity with accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

Certain items presented in the consolidated financial statements submitted to the Director of Kanto Finance Bureau in Japan have been reclassified in these accounts for the convenience of readers outside Japan.

2. Summary of significant accounting policies

(a) Principles of consolidation

The accompanying consolidated financial statements for the years ended March 31, 2010 and 2009 include the accounts of the Bank and the 11 consolidated subsidiaries, respectively.

One consolidated subsidiary's fiscal period ends January 24 and 10 consolidated subsidiaries' fiscal period end March 31 for the year ended March 31, 2010. 11 consolidated subsidiaries' fiscal period end March 31 for the year ended March 31, 2009.

One consolidated subsidiary, Shiga Preferred Capital Cayman Limited changed its fiscal year end to January 24 in 2010 and its financial statements are consolidated based on the provisional financial statements closed as of March 31.

Assets and liabilities of the consolidated subsidiaries at the time of investment are all valued at fair value. The goodwill or negative goodwill is amortized evenly over a five-year period. The Bank has three other non-consolidated subsidiaries, in which investments are not accounted for by equity method, because their net income (the portion corresponding to the Bank's equity) and retained earnings (as above) have no material impact on the Bank's financial position or business performance.

All significant intercompany transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is eliminated.

(b) Cash equivalents

For the purpose of reporting cash flows, cash and cash equivalents are defined as cash and due from the Bank of Japan.

(c) Trading securities

Trading securities held by the Bank are stated at fair value at the fiscal year-end (cost of sales, in principle, is computed by the moving-average method).

(d) Investment securities

i. Marketable securities held for trading purposes are stated at fair

Amounts in yen of respective accounts included in the accompanying consolidated financial statements and notes thereto are stated in millions of yen by discarding fractional amounts less than ¥1 million. Therefore, total or subtotal amounts do not necessarily tie in with the aggregation of such account balances.

Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥93.04 to U.S.\$1, the rate of exchange at March 31, 2010 has been used in translation. The inclusion of such amounts are not intended to imply that Japanese yen have been or could be readily converted, realized or settled in U.S. dollars at this rate or any other rates.

Certain reclassifications have been made in the 2009 consolidated financial statements to conform to the classifications used in 2010.

value (cost of sales, in principle, is computed by the moving-average method).

Securities held to maturity are stated at amortized cost (straight-line method) using the moving-average method. Securities available for sale for which current value can be estimated are stated at fair value at fiscal year-end. Securities whose fair value cannot be reliably determined are stated at cost using the moving-average method. Valuation gains/losses on securities available for sale are included in net assets, net of income taxes (cost of sales, in principle, is computed by the moving-average method).

ii. Marketable securities included in money held in trust by the Bank are treated as trust assets and are stated at fair value at fiscal year-end.

iii. Beneficiary rights included in "call loans and bills bought" are stated using the same methods described in (i) above.

(e) Derivatives and hedging activities

Under the Accounting Standards for Financial Instruments, derivatives are stated at fair value unless derivatives are used for hedging purposes.

i. Interest rate risk hedge

The Bank applies deferred hedge accounting to hedge transactions against interest rate risk arising from financial assets and liabilities. The Bank assesses the effectiveness of the hedges in offsetting the fluctuations of fair value caused by changes in interest rates by grouping the hedged items, such as deposits and loans, and the hedging instruments, such as interest rate swaps, by their maturity. As to cash flow fixing hedges, the Bank assesses their effectiveness by verifying the correlation between the hedged items and the hedging instruments.

ii. Currency exchange risk hedge

As for the hedge accounting method applied to hedging transactions against currency exchange risk arising from assets and liabilities in foreign currencies, the Bank applies deferred hedge accounting

stipulated in "Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in Banking Industry" (JICPA Industry Audit Committee Report No.25).

The Bank assesses the effectiveness of exchange swaps executed for reducing the risk of changes in currency exchange rates with fund swap transactions by verifying that there exist foreign currency positions of the hedging instruments corresponding to the foreign currency monetary claims and debts to be hedged.

Fund swap transactions are foreign exchange transactions that are contracted for the purpose of lending or borrowing funds in different currencies. These transactions consist of spot foreign exchange either bought or sold and forward foreign exchange either bought or sold.

(f) Bills discounted

Bills discounted are accounted for as financial transactions in accordance with JICPA Industry Audit Committee Report No.24, "Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry." The Bank has rights to sell or pledge bank acceptance bought, commercial bills discounted, documentary bills and foreign exchanges bought without restrictions. The total face values at March 31, 2010 and 2009 were ¥17,977 million (\$193,223 thousand) and ¥23,485 million, respectively.

(g) Tangible fixed assets (except for lease assets)

Tangible fixed assets are stated at cost less accumulated depreciation.

Depreciation for buildings and equipment of the Bank is computed using the declining-balance method at rate principally based on the estimated useful lives of the assets. However, buildings purchased on or after April 1, 1998, excluding fittings and equipment, are depreciated using the straight-line method.

The range of useful lives is principally from 3 to 50 years for buildings and from 3 to 20 years for equipment.

Depreciation of tangible fixed assets owned by subsidiaries is computed principally using the declining-balance method over the estimated useful lives of the assets.

Under certain conditions such as exchanges of fixed assets of similar kinds and sales and purchases resulting from expropriation, Japanese tax acts permit companies to defer the profit arising from such transactions by reducing the cost of the assets acquired or by providing special reserve in the equity section. The Bank adopted the former treatment and reduced the cost of the assets acquired by ¥4,140 million (\$44,501 thousand) and ¥4,144 million at March 31, 2010 and 2009, respectively.

(h) Long-lived assets

The Group reviews its long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is

the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

Accumulated impairment loss is directly deducted from the respective fixed assets.

(i) Intangible fixed assets (except for lease assets)

Depreciation for intangible fixed assets is computed under the straight-line method. Development cost for internally used software are capitalized and depreciated under the straight-line method over the estimated useful lives of 5 years.

(j) Lease assets

Lease assets in "Tangible fixed assets" or "Intangible fixed assets" of the finance leases other than those that were deemed to transfer the ownership of leased property to the lessee is computed under the straight-line method over the lease term with zero residual value unless residual value is guaranteed by the corresponding lease contracts.

(k) Allowance for possible loan losses

Allowance for possible loan losses and other credits of the Bank is provided as detailed below, pursuant to internal rules for write-offs and an allowance.

For debtors who are legally bankrupt (bankrupt, under special liquidation, or subject to legal bankruptcy proceedings) or virtually bankrupt (in a similar situation), an allowance is provided based on the amount of claims, after the write-off stated below, net of amounts expected to be collected through disposal of collateral or execution of guarantees. For loans to debtors who are likely to go bankrupt, an allowance is provided for the amount considered to be necessary based on an overall solvency assessment performed for the amount of such loans, net of amounts deemed collectible through disposal of collateral or execution of guarantees. For other loans, an allowance is provided based on historical loan loss experience over a certain period of time.

All loans are assessed by the branches and the operating divisions based on the Bank's internal rules for self-assessment of assets. The Asset Assessment Division, which is independent from the branches and the operating divisions, subsequently conducts audits of their assessments, and an allowance is provided based on audit results.

For collateralized or guaranteed claims to debtors who are legally bankrupt or virtually bankrupt, the amount deemed unrecoverable, that is the amount of claims exceeding the estimated value of collateral or guarantees, has been written off and amounted to ¥30,333 million (\$326,027 thousand), ¥26,142 million as of March 31, 2010 and 2009, respectively.

Allowance for possible loan losses and other credits of the Bank's consolidated subsidiaries is provided based on historical loan loss experience in addition to amounts deemed necessary based on estimation of the collectibility of specific claims.

(l) Allowance for possible losses on investment securities

Allowance for possible losses on investment securities is provided for possible future losses on securities based on self-assessment by the Bank.

(m) Liability for employees' retirement benefits

The Bank has a contributory funded pension plan and an unfunded lump-sum severance payment plan. They may grant additional benefits in cases where certain requirements are met when employees retire. In addition, the Bank contributed some of its marketable equity securities to employee retirement benefit trusts.

The Bank provides for the liability for employees' retirement benefits based on projected benefit obligations and plan assets at the balance sheet date.

Prior service cost is amortized using the straight-line method over the employees' average remaining service period (mainly 10 years) at incurrence. Actuarial gain and loss is amortized using the straight-line method over a period within the employees' average remaining service period (mainly 10 years) commencing from the next fiscal year after incurrence.

In July 2008, the ASBJ issued ASBJ Statement No.19, "Partial Amendments to Accounting Standard for Retirement Benefits (Part3)." The Bank applied this partial amendment to the standard from the year ended March 31, 2010. The effect of this change was to increase unrecognized actuarial net loss by ¥2,661 million (\$28,601 thousand), and nil to consolidated financial statements because unrecognized actuarial net loss will be charged to income from next fiscal year.

(n) Liability for retirement of directors and corporate auditors

Liability for retirement of directors and corporate auditors are provided at the amount required if all of them retired at fiscal year-end, calculated based on the internal rules of the Group.

(o) Liability for reimbursement of deposits

Liability for reimbursement of deposits which were derecognized as liabilities under certain conditions is provided for the possible losses on the future claims of withdrawal based on the historical reimbursement experience.

(p) Allowance for repayment of excess interest

Allowance for repayment of excess interest is provided at the estimated amount based on payment experience, required to refund upon customers' claims.

(q) Reserve for other contingent losses

The Bank provides reserve for contingent liabilities not covered by other reserves in an amount deemed necessary based on estimated losses in the future.

(r) Foreign currency transactions

Receivables and payables in foreign currencies and foreign branch accounts are translated into Japanese yen principally at the rates prevailing at the balance sheet dates.

(s) Accounting for lease

In March 2007, the ASBJ issued ASBJ Statement No.13, "Accounting Standard for Lease Transactions," and ASBJ Practical Solutions Report

No.16, "Practical Solutions for the Accounting standard for Lease Transactions" which revised the previous accounting standard for lease transactions issued in June 1993. The revised accounting standard for lease transactions is effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted for fiscal years beginning on or after April 1, 2007.

i. As lessee

Under the previous accounting standard, finance leases that deem to transfer ownership of the leased property to the lessee were to be capitalized. However, other finance-leases were permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the note to the lessee's financial statements. The revised accounting standard requires that all finance lease transactions should be capitalized to recognize lease assets and lease obligations in the balance sheet. In addition, the revised accounting standard permits leases which existed at the transition date and do not transfer ownership of the leased property to the lessee to be accounted for as operating lease transactions.

The Group applied the revised accounting standard effective April 1, 2008. In addition, the Group accounted for leases which existed at the transition date and do not transfer ownership of the leased property to the lessee as operating lease transactions. The effect of this change to consolidated financial statements was nil.

ii. As lessor

Under the previous accounting standard, finance leases that deem to transfer ownership of the leased property to the lessee were to be treated as sales. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if sold" information is disclosed in the note to the lessor's financial statements. The revised accounting standard requires that all finance leases that deem to transfer ownership of the leased property to the lessee should be recognized as lease receivables, and all finance leases that deem not to transfer ownership of the leased property to the lessee should be recognized as investments in lease.

The Group applied the revised accounting standard effective April 1, 2008. The effect of this change was to decrease total income by ¥1,063 million, total expenses by ¥2,188 million and loss before income taxes and minority interests by ¥931 million, which included a cumulative effect of ¥193 million at March 31, 2008. The cumulative effect was included in other expenses in the 2009 consolidated statements of operations.

	Millions of yen
Income from sales of lease receivables	¥ 701
Valuation loss of supplies in lease	(895)
Net loss	¥(193)

(t) Income taxes

The provision for income taxes is computed based on the pretax income included in the consolidated statements of operations. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary

differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax acts to the temporary differences.

(u) Appropriations of retained earnings

Consolidated Statements of Net Assets reflect the appropriation resolved by the Shareholders' Meeting when duly resolved and paid.

(v) Per share information

Basic net income per share is computed by dividing net income available to common stockholders by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits.

Diluted net income per share is not disclosed because no dilutive securities are outstanding.

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

(w) New Accounting Pronouncements

Business Combinations — In December 2008, the ASBJ issued a revised accounting standard for business combinations, ASBJ Statement No.21, "Accounting Standard for Business Combinations." Major accounting changes under the revised accounting standard are as follows:

(1) The current accounting standard for business combinations allows companies to apply the pooling of interests method of accounting when certain specific criteria are met such that the business combination is essentially regarded as a uniting-of-interests. The revised standard requires to account for such business combination by the purchase method and the pooling of interests method of accounting is no longer allowed.

(2) The current accounting standard accounts for the research and development costs to be charged to income as incurred. Under the revised standard, an in-process research and development (IPR&D) acquired by the business combination is capitalized as an intangible asset.

(3) The current accounting standard accounts for a bargain purchase gain (negative goodwill) to be systematically amortized within 20 years. Under the revised standard, the acquirer recognizes a bargain purchase gain in profit or loss on the acquisition date after reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed with a review of such procedures used.

This standard is applicable to business combinations undertaken on or after April 1, 2010 with early adoption permitted for fiscal years beginning on or after April 1, 2009.

Asset Retirement Obligations — In March 2008, the ASBJ published a new accounting standard for asset retirement obligations, ASBJ Statement No.18 "Accounting Standard for Asset Retirement Obligations" and ASBJ Guidance No.21 "Guidance on Accounting

Standard for Asset Retirement Obligations." Under this accounting standard, an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development and the normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset.

The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an increase or a decrease in the carrying amount of the liability and the capitalized amount of the related asset retirement cost. This standard is effective for fiscal years beginning on or after April 1, 2010 with early adoption permitted for fiscal years beginning on or before March 31, 2010.

Accounting Changes and Error Corrections — In December 2009, ASBJ issued ASBJ Statement No.24 "Accounting Standard for Accounting Changes and Error Corrections" and ASBJ Guidance No.24 "Guidance on Accounting Standard for Accounting Changes and Error Corrections." Accounting treatments under this standard and guidance are as follows:

(1) Changes Accounting Policies

When a new accounting policy is applied with revision of accounting standards, a new policy is applied retrospectively unless the revised accounting standards include specific transitional provisions. When the revised accounting standards include specific transitional provisions, an entity shall comply with the specific transitional provisions.

(2) Changes in Presentations

When the presentation of financial statements is changed, prior period financial statements are reclassified in accordance with the new presentation.

(3) Changes in Accounting Estimates

A change in an accounting estimate is accounted for in the period of the change if the change affects that period only, and is accounted for prospectively if the change affects both the period of the change and future periods.

(4) Corrections of Prior Period Errors

When an error in prior period financial statements is discovered, those statements are restated.

This accounting standard and the guidance are applicable to accounting changes and corrections of prior period errors which are made from the beginning of the fiscal year that begins on or after April 1, 2011.

Segment Information Disclosures — In March 2008, the ASBJ revised ASBJ Statement No.17 “Accounting Standard for Segment Information Disclosures” and issued ASBJ Guidance No.20 “Guidance on Accounting Standard for Segment Information Disclosures.” Under the standard and guidance, an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such

information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments. This accounting standard and the guidance are applicable to segment information disclosures for the fiscal years beginning on or after April 1, 2010.

3. Accounting change

The ASBJ revised ASBJ Statement No.10 “Accounting Standard for Financial Instruments” and issued ASBJ Guidance No.19 “Guidance on Accounting Standard for Financial Instruments and Related Disclosures.” The Group applied the revised accounting standard and the new guidance from the year ended March 31, 2010.

The effect of the accounting change was to increase investment securities by ¥57 million (\$619 thousand), to increase deferred tax liabilities by ¥23 million (\$250 thousand), and to increase net unrealized gains on available-for-sale securities by ¥34 million (\$369 thousand), and as a result to increase income before income taxes and minority interest by ¥101 million (\$1,090 thousand), respectively, in comparison to previous treatments.

4. Cash and cash equivalents

The reconciliation of “Cash and cash equivalents” and “Cash and due from banks” in the consolidated balance sheets at March 31, 2010 and 2009, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Cash and due from banks	¥50,063	¥56,807	\$538,086
Time deposits due from banks	(132)	(166)	(1,420)
Other due from banks	(265)	(268)	(2,851)
Cash and cash equivalents	¥49,666	¥56,373	\$533,814

5. Investment securities

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

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Japanese government bonds.....	¥ 493,194	¥ 347,268	\$ 5,300,883
Japanese local government bonds.....	223,177	157,507	2,398,721
Japanese corporate bonds.....	293,272	261,438	3,152,108
Corporate stocks.....	126,543	102,082	1,360,101
Other securities.....	202,867	245,514	2,180,429
Total.....	¥1,339,054	¥1,113,812	\$14,392,244

Fair value and other information on securities at March 31, 2010 and 2009 were as follows:

Securities

(1) Trading securities

	Millions of yen			Thousands of U.S. dollars
	2010	2009		2010
	Gain (losses) included in profit/(loss) during the fiscal year	Consolidated balance sheet amount	Losses included in profit/(loss) during the fiscal year	Gain (losses) included in profit/(loss) during the fiscal year
Trading securities	¥170	¥5,579	¥(128)	\$1,835

(2) No bonds classified as held-to-maturity securities that have fair value were held by the Group.

(3) Available-for-sale securities

Available-for-sale securities as of March 31, 2010, were as follows:

	Millions of yen			Thousands of U.S. dollars		
	2010			2010		
	Consolidated balance sheet amount	Cost	Unrealized gains (losses)	Consolidated balance sheet amount	Cost	Unrealized gains (losses)
Consolidated balance sheet amount exceeding cost:						
Stocks	¥ 118,147	¥ 60,233	¥57,913	\$ 1,269,852	\$ 647,390	\$622,461
Bonds:	829,203	815,653	13,550	8,912,334	8,766,692	145,641
Japanese government bonds	416,173	409,806	6,367	4,473,063	4,404,621	68,441
Japanese local government bonds	157,903	154,515	3,388	1,697,161	1,660,740	36,420
Japanese corporate bonds.....	255,125	251,331	3,794	2,742,110	2,701,330	40,779
Other.....	85,829	84,915	914	922,500	912,672	9,827
Subtotal.....	¥1,033,180	¥ 960,801	¥72,378	\$11,104,686	\$10,326,755	\$777,931
Consolidated balance sheet amount not exceeding cost:						
Stocks	¥ 5,047	¥ 6,048	¥ (1,001)	\$ 54,253	\$ 65,012	\$ (10,759)
Bonds:	180,439	181,209	(769)	1,939,378	1,947,652	(8,273)
Japanese government bonds	77,020	77,268	(248)	827,820	830,485	(2,665)
Japanese local government bonds	65,273	65,613	(340)	701,560	705,215	(3,654)
Japanese corporate bonds.....	38,146	38,327	(181)	409,997	411,951	(1,953)
Other.....	119,309	121,961	(2,652)	1,282,349	1,310,854	(28,505)
Subtotal.....	¥ 304,797	¥ 309,220	¥ (4,422)	\$ 3,275,981	\$ 3,323,519	\$ (47,537)
Total	¥1,337,977	¥1,270,021	¥67,955	\$14,380,668	\$13,650,274	\$730,393

Available-for-sale securities that have fair value as of March 31, 2009, were as follows:

	Millions of yen				
	2009				
	Cost	Consolidated balance sheet amount	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Stocks.....	¥ 73,697	¥ 98,701	¥25,004	¥27,074	¥ (2,070)
Bonds:	753,882	756,063	2,181	4,543	(2,362)
Japanese government bonds.....	344,919	347,268	2,349	2,646	(296)
Japanese local government bonds.....	156,894	157,507	612	789	(177)
Japanese corporate bonds.....	252,068	251,287	(780)	1,107	(1,888)
Other.....	262,327	247,971	(14,356)	891	(15,248)
Total.....	¥1,089,907	¥1,102,736	¥12,829	¥32,509	¥(19,680)

Note: Fair value is calculated by using the market prices at the fiscal year end for bonds and other except that of stocks which is calculated by average market prices for previous month of the fiscal year end.

(4) Bonds classified as held-to-maturity were not sold.

(5) Available-for-sale securities sold

	Millions of yen			Thousands of U.S. dollars		
	2010			2010		
	Sales amount	Gains on sales	Losses on sales	Sales amount	Gains on sales	Losses on sales
Stocks	¥ 9,505	¥2,730	¥ 177	\$ 102,164	\$29,344	\$ 1,904
Bonds:	139,924	3,828	104	1,503,913	41,154	1,127
Japanese government bonds.....	43,595	895		468,567	9,622	
Japanese local government bonds.....	81,660	2,682		877,696	28,831	
Japanese corporate bonds.....	14,667	251	104	157,650	2,700	1,127
Other	61,061	1,018	763	656,291	10,945	8,204
Total	¥210,490	¥7,577	¥1,045	\$2,262,369	\$81,444	\$11,236

	Millions of yen		
	2009		
	Sales amount	Gains on sales	Losses on sales
Available-for-sale securities.....	¥124,999	¥2,324	¥1,693

(6) Impairment loss on securities

For available-for-sale securities with market quotations, in cases where the fair value has fallen substantially from the acquisition cost and there is believed to be little likelihood of a recovery to the acquisition cost level, said securities are shown on the balance sheets at fair value and the difference between the fair value and the acquisition cost is posted as a loss (hereinafter "impairment loss").

Impairment losses amounted to ¥788 million (\$8,478 thousand) of which equities accounted for the same amount for the year ended March 31, 2010. Impairment losses amounted to ¥18,975 million of which equities accounted for ¥13,517 million and others for ¥5,458 million for the year ended March 31, 2009.

The Bank recognized impairment losses on available-for-sale securities whose fair value on the balance sheet date had declined by 50% or more compared with the acquisition cost, and also recognized losses on securities whose fair value had declined by 30% or more, taking into consideration price movements of the securities in question, and the business performance and creditworthiness of the companies that issued the said securities.

6. Money held in trust

(1) Money held in trust classified as trading

	Millions of yen				Thousands of U.S. dollars	
	2010		2009		2010	
	Consolidated balance sheet amount	Gains included in profit/(loss) during the fiscal year	Consolidated balance sheet amount	Gains included in profit/(loss) during the fiscal year	Consolidated balance sheet amount	Gains included in profit/(loss) during the fiscal year
Money held in trust classified as trading	¥4,880	¥11	¥8,488	¥(457)	\$52,455	\$125

(2) No money held in trust was classified as held-to-maturity.

(3) Other money held in trust (other than money held in trust for trading purposes and money in trust held-to-maturity)

	Millions of yen									
	2010					2009				
	Cost	Consolidated balance sheet amount	Net unrealized gains (losses)	Unrealized gains	Unrealized losses	Cost	Consolidated balance sheet amount	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Money held in trust	¥900	¥895	¥(4)		¥(4)	¥900	¥891	¥(8)		¥(8)

	Thousands of U.S. dollars				
	2010				
	Cost	Consolidated balance sheet amount	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Money held in trust	\$9,673	\$9,625	\$(47)		\$(47)

7. Net unrealized gains/losses on available-for-sale securities

Available-for-sale securities were valued at market and net unrealized gains/losses on valuation were as follows:

	Consolidated balance sheet amount		
	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Net unrealized gains on investment securities	¥67,955	¥12,829	\$730,393
Other money held in trust	(4)	(8)	(47)
Deferred tax liabilities	(23,369)	(4,030)	(251,173)
Minority interests	31	8	343
Net unrealized gains on available-for-sale securities	¥44,550	¥ 8,782	\$478,829

8. Loans and bills discounted

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

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Bills discounted.....	¥ 17,627	¥ 23,147	\$ 189,459
Loans on bills	156,562	159,971	1,682,748
Loans on deeds	2,182,841	2,094,112	23,461,327
Overdrafts.....	357,335	433,717	3,840,668
Total.....	¥2,714,367	¥2,710,948	\$29,174,204

Loans in legal bankruptcy totaled ¥3,862 million (\$41,516 thousand) and ¥6,148 million as of March 31, 2010 and 2009, respectively. Nonaccrual loans totaled ¥46,139 million (\$495,905 thousand) and ¥40,005 million as of March 31, 2010 and 2009, respectively. Loans in legal bankruptcy are loans in which the interest accrual is discontinued (excluding the portion recognized as bad debts), based on management's judgement as to the collectibility of principal or interest resulting from the delay in payments of interest or principal for a considerable period of time and other factors. Nonaccrual loans are loans in which the interest accrual is discontinued, other than loans in legal bankruptcy and loans granting deferral of interest payment to the debtors in financial difficulties to assist them in their recovery.

Accruing loans contractually past due three months or more as to principal or interest payments totaled ¥2,109 million (\$22,671 thousand) and ¥2,355 million as of March 31, 2010 and 2009, respectively. Loans classified as loans in legal bankruptcy and past due loans are excluded.

Restructured loans totaled ¥11,981 million (\$128,773 thousand) and ¥12,234 million as of March 31, 2010 and 2009, respectively. Such restructured loans are loans on which creditors grant concessions (e.g., reduction of the stated interest rate, deferral of interest payment, extension of maturity date, waiver of the face amount, or other concessive measures) to the debtors to assist them to recover from the financial difficulties and eventually be able to pay creditors. Loans classified as loans in legal bankruptcy, nonaccrual loans and accruing contractually past due three months or more are excluded.

9. Foreign exchanges

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

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Assets:			
Due from foreign correspondents.....	¥3,128	¥2,608	\$33,625
Foreign bills of exchange purchased.....	58	63	630
Foreign bills of exchange receivable.....	482	631	5,189
Total.....	¥3,669	¥3,303	\$39,445
Liabilities:			
Foreign bills of exchange sold.....	¥ 38	¥ 63	\$ 411
Accrued foreign bills of exchange.....	5	5	61
Total.....	¥ 43	¥ 69	\$ 472

10. Other assets

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

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Prepaid expenses.....	¥ 52	¥ 61	\$ 561
Accrued income.....	5,326	5,343	57,247
Derivatives	7,145	9,867	76,804
Other (Note 13).....	30,816	38,492	331,220
Total.....	¥43,341	¥53,765	\$465,834

11. Tangible fixed assets

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

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Buildings.....	¥14,863	¥14,577	\$159,748
Land.....	40,178	40,347	431,838
Construction in progress.....	58	459	633
Other.....	4,059	4,502	43,629
Total.....	¥59,159	¥59,885	\$635,850

Accumulated depreciation on tangible fixed assets at March 31, 2010 and 2009 amounted to ¥44,801 million (\$481,533 thousand) and ¥44,083 million, respectively.

12. Long-lived assets

The Group recognized impairment losses for the year ended March 31, 2010 and 2009 as follows:

The Bank groups assets by branch, which are the minimum unit for management accounting. Subsidiaries group their assets by unit, which periodically manages profit and loss. The Bank wrote down the carrying amounts to the recoverable amounts, and recognized impairment losses of ¥459 million (\$4,938 thousand) and ¥1,080 million for the years ended March 31, 2010 and 2009, respectively, since the carrying amounts of the assets held by the above branches and other exceeded the sum of the undiscounted future cash flows. The recoverable amounts of these assets were measured at their net realizable selling prices, which were determined by quotations from real estate appraisal information, less estimated costs to dispose.

Location	Description	Classification	Impairment losses		Thousands of U.S. dollars
			Millions of yen		2010
			2010	2009	
Shiga Prefecture	Branch offices and other	Land, buildings and equipment.....	¥157	¥ 288	\$1,694
Other	Branch offices and other	Land, buildings and equipment.....	301	792	3,243
Total.....			¥459	¥1,080	\$4,938

Impairment losses are included in other expenses (Note 25).

13. Assets pledged

Assets pledged as collateral and related liabilities at March 31, 2010 and 2009 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Investment securities.....	¥148,345	¥140,709	\$1,594,429
Other assets (investments in lease).....	3,533	2,801	37,974

Related liabilities	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Deposits.....	¥14,376	¥12,742	\$154,522
Payables under securities lending transactions.....	16,332	4,116	175,538
Borrowed money.....	3,087	3,010	33,186

In addition, investment securities totaling ¥67,486 million (\$725,348 thousand) and ¥65,460 million at March 31, 2010 and 2009, respectively were pledged as collateral for settlement of exchange and as securities for futures transactions and others.

Other assets (Note 10) include guarantee deposits of ¥916 million (\$9,855 thousand) and ¥921 million at March 31, 2010 and 2009, respectively.

14. Overdrafts and commitment lines

Overdraft agreements and commitment line agreements are agreements that oblige the Bank to lend funds up to a certain limit agreed in advance. The Bank makes the loans upon the request of an obligor to draw down funds under such loan agreements as long as there is no breach of the various terms and conditions stipulated in the relevant loan agreements. The unused commitment balance relating to these loan agreements at March 31, 2010 and 2009 amounted to ¥835,741 million (\$8,982,603 thousand) and ¥769,249 million, respectively, and the amounts of unused commitments, whose original contract terms are within one year or unconditionally cancelable at any time, were ¥814,363 million (\$8,752,827 thousand) and ¥751,541 million at March 31, 2010 and 2009, respectively. In many cases, the term of the agreement runs its course without the loan ever being drawn down. Therefore, the unused loan commitment will not necessarily affect future cash flow. Conditions are included in certain loan agreements which allow the Bank to decline the request for a loan draw down or to reduce the agreed limit amount where there is due cause to do so, such as when there is a change in financial conditions or when it is necessary to do so in order to protect the Bank's credit. The Bank takes various measures to protect its credit. Such measures include having the obligor pledge collateral to the Bank in the form of real estate, securities, etc. on signing the loan agreements or, in accordance with the Bank's established internal procedures, confirming the obligor's financial condition etc. at regular intervals.

15. Land revaluation

Under the "Act of Land Revaluation," promulgated on March 31, 1998 (final revised on May 30, 2003), the Bank elected a one-time revaluation of its own-use land to a value based on real estate appraisal information as of March 31, 2002. The resulting land revaluation surplus represented unrealized appreciation of land and was stated, net of income taxes, as a component of equity. There was no effect on consolidated statement of operations. Continuous readjustment is not permitted unless the land value subsequently declines significantly such that the amount of the decline in value should be removed from the land revaluation surplus account and related deferred tax liabilities. At March 31, 2010 and 2009, the carrying amount of the land after the above one-time revaluation was more than the fair value by ¥9,259 million (\$99,516 thousand) and ¥16,742 million, respectively.

Method of revaluation

The fair values were determined by applying appropriate adjustments for land shape and analysis on the appraisal specified in Article 2-4 of the Enforcement Ordinance of the Act of Land Revaluation effective March 31, 1998.

16. Deposits

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

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Current deposits.....	¥ 120,175	¥ 113,404	\$ 1,291,658
Ordinary deposits.....	1,425,009	1,398,684	15,316,091
Deposits at notice.....	13,440	12,790	144,458
Time deposits.....	2,114,937	2,029,130	22,731,486
Other deposits.....	107,462	100,771	1,155,013
Total.....	¥3,781,025	¥3,654,781	\$40,638,707

17. Borrowed money

At March 31, 2010 and 2009, the weighted average interest rates applicable to the borrowed money were 1.88% and 1.92%, respectively.

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

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Subordinated loans.....	¥20,000	¥28,000	\$214,961
Borrowing from banks and other.....	10,388	17,527	111,654
Total.....	¥30,388	¥45,527	\$326,615

Annual maturities of borrowed money at March 31, 2010, were as follows:

Year Ending March 31	Millions of yen	Thousands of U.S. dollars
2011	¥ 5,075	\$ 54,556
2012	2,295	24,675
2013	1,689	18,163
2014	896	9,638
2015	405	4,352
2016 and thereafter.....	20,025	215,230
Total	¥30,388	\$326,615

18. Bonds

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

	Millions of yen		Thousands of U.S. dollars	Interest rate	Due
	2010	2009	2010		
Subordinated bonds	¥20,000	—	\$214,961	1.89%	July 27, 2019

19. Other liabilities

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

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Accrued income taxes.....	¥ 638	¥ 582	\$ 6,859
Accrued expenses.....	10,729	9,711	115,317
Unearned income	5,549	5,052	59,648
Derivatives	2,288	1,857	24,599
Other	20,551	16,399	220,889
Total	¥39,756	¥33,604	\$427,310

20. Acceptances and guarantees

All contingent liabilities arising from acceptances and guarantees are reflected in "Acceptances and guarantees." As a contra account, "Customers' liabilities for acceptances and guarantees," is shown as an asset representing the Bank's right of indemnity from the applicants.

The amounts "Acceptances and guarantees" and "Customers' liabilities for acceptances and guarantees," amounting to ¥9,224 million (\$99,140 thousand) and ¥9,897 million as of March 31, 2010 and 2009, were set off because those which were relevant to corporate bonds, and the guaranteed bonds were held by the Bank itself.

21. Equity

(1) Capital stock and capital surplus

Changes in the number of common shares of the years ended March 31, 2010 and 2009, consisted of the following:

	Thousands	
	Common stock	
	Issued number of shares	
	2010	2009
Beginning of the year	265,450	265,450
Increase		
Decrease		
End of the year	265,450	265,450

(2) Companies Act and Banking Act of Japan

Through May 1, 2006, Japanese banks were subject to the Commercial Code of Japan (the "Code") and the Banking Act of Japan (the "Banking Act").

On and after May 1, 2006, Japanese companies are subject to a new companies act of Japan (the "Companies Act"), which reformed and replaced the Code with various revisions that are, for the most part, applicable to events or transactions which occur on or after May 1, 2006 and for the fiscal years ending on or after May 1, 2006. The significant changes in the Companies Act that affect financial and accounting matters are summarized below:

(a) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders meeting. For companies that meet certain criteria such as; (1) having the Board of Directors, (2) having independent auditors, (3) having the Board of Corporate Auditors, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends in kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. However, the Bank cannot do so because it does not meet all the above criteria.

The Companies Act permits companies to distribute dividends-in-kind (non-cash assets) to shareholders subject to a certain limitation and additional requirements.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

(b) Increases/decreases and transfer of common stock, reserve and surplus

The Companies Act requires that an amount equal to 10% (20% for banks pursuant to the Banking Act) of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of aggregate amount of legal reserve and additional paid-in capital equals 25% (100% for banks pursuant to the Banking Act) of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

(c) Treasury stock and treasury stock acquisition rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by specific formula.

Under the Companies Act, stock acquisition rights, which were previously presented as a liability, are now presented as a separate component of equity. The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

(3) Appropriations of retained earnings

On June 25, 2010, the Bank's general stockholders' meeting will approve the payments of cash dividends to stockholders of record at March 31, 2010 of ¥3.00 (\$0.032) per share or a total of ¥791 million (\$8,510 thousand).

22. Other operating income

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

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Gains on foreign exchange transactions-net.....	¥ 592	¥ 692	\$ 6,369
Gains on sales of bonds.....	5,155	1,424	55,414
Other	8,372	8,181	89,987
Total.....	¥14,120	¥10,298	\$151,771

23. Other income

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

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Gains on sales of securities.....	¥2,730	¥ 904	\$29,344
Recovery of claims previously charged-off.....	874	1,300	9,399
Other	2,197	1,184	23,616
Total.....	¥5,802	¥3,389	\$62,360

24. Other operating expenses

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

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Losses on sales of government bonds.....	¥ 990	¥ 424	\$10,649
Losses on redemption of bonds.....		2,309	
Losses on write-down of bonds and other securities		5,458	
Losses on financial derivatives	56	1,147	610
Other	6,347	6,040	68,223
Total.....	¥7,395	¥15,379	\$79,483

25. Other expenses

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

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Provision of allowance for possible loan losses.....	¥ 9,045	¥ 8,560	\$ 97,226
Write-off of loans and bills discounted.....	6,324	5,192	67,972
Losses on impairment of long-lived assets (Note 12).....	459	1,080	4,938
Valuation loss of investment in stocks	802	13,577	8,623
Net loss on adjustment for changes of accounting standard (Note 2 (s) ii).....		193	
Other	1,865	3,486	20,053
Total.....	¥18,497	¥32,088	\$198,814

26. Leases

Lessee

The Group leases certain equipment. Total rental expense under the finance leases for the years ended March 31, 2010 and 2009, was ¥6 million (\$73 thousand) and ¥7 million, respectively.

Finance lease transactions which commenced prior to April 1, 2008 are accounted for based on the former accounting standard.

Pro forma Information of leased property such as acquisition cost, accumulated depreciation, obligations, under financial lease, depreciation expense and interest expense under finance leases that do not transfer ownership of the leased property to the lessee on a 'as if capitalized' basis for the years ended March 31, 2010 and 2009 were as follows:

	Tangible fixed assets		
	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Acquisition cost.....	¥46	¥51	\$498
Accumulated depreciation.....	(33)	(31)	(362)
Net leased property.....	¥12	¥19	\$135

Obligations under finance leases at March 31, 2010 and 2009 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
	Due within one year.....	¥ 5	¥ 6
Due after one year.....	6	12	75
Total.....	¥12	¥19	\$135

The amounts of acquisition cost and obligations include the imputed interest expense portion.

Lease payments and depreciation expense under finance leases:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
	Lease payments.....	¥6	¥7
Depreciation expense.....	6	7	73

Lessor

One subsidiary leases certain equipment and other assets.

As stated in Note 2 (s) ii, finance lease transactions other than those of which ownership is fully transferred to the lessee are accounted for in the similar manner to ordinary sales and transactions, effective from the year ended March 31, 2009.

Investments in lease included in other assets on the balance sheets as of March 31, 2010 and 2009 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
	Gross lease receivables.....	¥16,954	¥15,988
Unguaranteed residual values.....	788	781	8,477
Unearned interest income.....	(3,415)	(4,171)	(36,706)
Investments in lease.....	¥14,327	¥12,596	\$153,994

Maturities of lease receivables for finance leases that deem to transfer ownership of the leased property to the lessee are as of March 31, 2010 are as follows:

	Millions of yen	Thousands of U.S. dollars
2011	¥4	\$43
2012	3	36
2013	1	14
2014	0	1
2015	0	0
2016 and thereafter.....		

Maturities of gross lease receivables related to investments in lease as of March 31, 2010 are as follows:

	Millions of yen	Thousands of U.S. dollars
2011	¥5,284	\$56,798
2012	4,464	47,987
2013	3,458	37,173
2014	2,289	24,612
2015	1,086	11,677
2016 and thereafter.....	369	3,973

With regard to finance lease transactions entered into prior to April 1, 2008, that do not deem to transfer ownership of the property to the lessee, leased investment assets are recognized at the book value of leased assets as of March 31, 2008.

As a result, loss before income taxes and minority interests for the fiscal year ended March 31, 2010 and 2009 was increased by ¥970 million (\$10,427 thousand) and ¥2,145 million more than it would have been if the revised accounting standard was applied retroactively to all the finance lease transactions.

The minimum rental commitments under noncancelable operating leases as of March 31, 2010 and 2009, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Due within one year.....	¥ 4	¥1	\$ 45
Due after one year.....	10	4	114
Total	¥14	¥5	\$159

27. Employees' retirement benefits

The Bank has a contributory funded pension plan and an unfunded lump-sum severance payment plan. Subsidiaries have unfunded lump-sum severance payment plans.

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

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Projected benefit obligation	¥(43,644)	¥(40,590)	\$(469,096)
Plan assets (fair value).....	22,642	19,774	243,362
Unfunded projected benefit obligation	(21,002)	(20,816)	(225,733)
Unrecognized actuarial net loss.....	9,979	11,924	107,263
Unrecognized prior service cost.....	(70)	(86)	(757)
Liability for employees' retirement benefits	¥(11,092)	¥ (8,978)	\$(119,228)

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

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Service cost	¥1,594	¥1,522	\$17,135
Interest cost.....	810	795	8,709
Expected return on plan assets	(179)	(306)	(1,934)
Amortization of prior service cost.....	(16)	(16)	(174)
Recognized actuarial net loss	2,454	1,952	26,379
Net periodic retirements benefit costs.....	¥4,662	¥3,948	\$50,116

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

	2010	2009
Discount rate.....	1.50%	2.0%
Expected rate of return on plan assets	1.25%	2.0%
Amortization period of prior service cost.....	10 years	10 years
Recognition period of actuarial gain or loss.....	10 years	10 years

28. Income taxes

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

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Deferred tax assets:			
Allowance for possible loan losses	¥ 19,356	¥16,647	\$ 208,040
Liability for employees' retirement benefits	6,856	5,970	73,694
Accrued enterprise tax	85		922
Devaluation of stocks and other securities.....	7,200	12,457	77,390
Depreciation	1,629	1,642	17,513
Tax loss carryforwards.....	946	1,607	10,176
Other.....	2,988	3,952	32,124
Less valuation allowance	(14,340)	(13,335)	(154,129)
Total	¥ 24,723	¥28,941	\$ 265,733
Deferred tax liabilities:			
Net unrealized gains on available-for-sale securities	(23,369)	(4,030)	(251,173)
Enterprise tax refundable		(417)	
Reserve for advanced depreciation of fixed assets	(208)	(208)	(2,244)
Other.....	(52)	(152)	(564)
Total	¥(23,630)	¥ (4,809)	\$(253,981)
Net deferred tax assets	1,244	24,131	13,373
Net deferred tax liabilities	¥ (150)	¥ —	\$ (1,622)

A reconciliation between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statements of operations for the years ended March 31, 2010 and 2009 is as follows:

	2010	2009
Normal effective statutory tax rate.....	40.4%	40.4%
Permanent differences - income	(4.1)	3.1
Permanent differences - expenses.....	0.8	(0.4)
Corporate inhabitant tax per capita	0.6	(0.4)
Change in valuation allowance for deferred tax assets.....	10.3	(32.7)
Tax rate difference in special purpose company.....	(2.5)	
Other		1.9
Actual effective tax rate	45.5%	11.9%

29. Financial instruments and related disclosures

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

1. Overall situation concerning financial instruments

(1) Basic policy for financial instruments

As a regional financial institution, the Group provides financial services, principally with loans to corporations and individuals within its business area. To raise funds for its business, not only does the Group accept deposits and negotiable certificates of deposit from local customers, it uses borrows from other financial institutions and by issuing corporate bonds, while adjusting to market conditions and regulating the balance between long- and short-terms. The majority of the Group's transactions are denominated in yen, but a portion of the funds that it raises and manages is denominated in foreign currencies. Most of the foreign-denominated funds that it raises are from foreign currency deposits, while the funds are mainly used for loans and for foreign exchange credit (import usance and export letters of credit) associated with import transactions.

In order to gain stable earnings while emphasizing liquidity, the Group—as a part of its fund management—invests in securities, especially yen-denominated bonds and other financial instruments.

Because the Group has financial assets and liabilities that are largely subject to interest rate volatility, it conducts Asset Liability Management (ALM) so that no harm is incurred from interest-rate volatility.

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

The financial assets held by the Group are primarily loans to corporation and individuals within its business area and are subject to credit risk caused by the contractual default of its customers. The Group's domestic loan portfolio attempts to distribute risk by industry sector to eliminate its exposure to credit risk caused by changes in the business environment in certain industries.

The Group holds investment securities for the following purposes: to sell them to customers, for investment and for policy investment. Japanese government bonds and Japanese local government bonds are held for the purpose of selling them to customers. Bonds, especially Japanese government bonds and Japanese local government bonds and investment-grade corporate bonds as well as investment trusts, are held as investment while corporate stocks are held as policy investment. These are subject to interest-rate volatility risks, market price volatility risks and the credit risks of the issuer. Foreign currency-denominated bonds held as investments are managed so as to reduce foreign exchange risk. This is done by procuring foreign currency funds through currency swaps, repurchase transactions, or call transactions.

Borrowed money and corporate bonds are—under certain conditions such as when the Group is unable to access the market—subject to losses incurred due to an inability to secure required funds, or being forced to raise funds at unusually higher than normal interest rates. Moreover, some of the Group's borrowings are extended at variable interest rates and are subject to losses from increasing fund procurement costs associated with rising interest rates.

In order to respond to customer needs and hedge market risks for assets and liabilities, the Group uses derivative transactions including interest-rate swaps, currency swaps, currency options, and forward exchange contracts. To a portion of these transactions the Group applies hedge accounting based on internal regulations that comply with "Practical Guidelines for Financial Instruments" of the Japanese Institute of Certified Public Accountants and our hedging policies.

To obtain short swing profits, the Group transacts bond futures contracts, bond options and stock price index futures trading after setting position limit and loss limit amounts.

These derivative transactions include the market risk of incurring potential losses due to market fluctuation, such as for interest rates and exchange rates, as well as the credit risk of incurring potential losses when the party to the transaction defaults on contract.

(3) Risk management for financial instruments

(i) Credit risk management

Recognizing credit risk as the most important risk to business management from the standpoint of its size and scope, the Group has established regulations and standards for credit risk. It has also developed a borrower rating system based on Foundation Internal Ratings Based-approach and has built a risk management system appropriate to its needs.

Notably, the Group has developed a rating system that conducts proper rating self-assessments. Under this system, for example, the Assets & Liabilities Managing Department reports the results of its verification of the operating effectiveness of the rating system to the Meeting of Managing Directors.

With respect to individual credit management, the Group has instituted "Basic Rules of Loan Business" in which it has clearly defined the way of

thinking and code of conduct that all employees involved in the loan business should adhere to. It has also established basic procedures to follow when making credit decisions or managing credit and has put in place a system that enables executives and employees to make credit decisions in accordance with the principles of public utility, security, profitability, liquidity and growth potential. More specifically, the Group has developed and is operating a credit management system that handles credit assessment, credit limits, credit information management, internal ratings, sets guarantees and collateral, and deals with problem debts of companies (or corporate groups) or individual projects. This credit management system is being implemented in every bank branch and Credit Supervision Department. When extending credit to overseas borrowers, the Group sets a credit limit each fiscal year for each country at the Meeting of Managing Directors, after taking into account the foreign currency conditions and the political and economic situation of the country in which the borrower resides. The Financial Markets Department is in charge of the day-to-day management of this function.

When conducting market transactions for securities or other instruments, a limit is set semiannually at the Meeting of Managing Directors for bond issuer credit risk for financial institutions and counterparty risk for derivative and financial transactions, and this is managed on a daily basis. The Financial Markets Department and the Assets & Liabilities Managing Department monitor credit status and market prices. In addition, a limit is set for bond issuer credit risk for business corporations by internal rating at the Meeting of Manager Directors semiannually. A system is in place whereby the Financial Markets Department routinely reports about those risks to the Meeting of Managing Directors.

(ii) Market risk management

From the standpoint of bank management, market risk is viewed as a major risk, and due to its nature it must be immediately dealt with, therefore a system needs to be built to properly manage it.

The Group has established risk management rules with the goal of upgrading market risk management, strengthening internal controls and ensuring sound management. To achieve stable profits, the Group institutes an asset and liability plan (ALM) and risk management policy semiannually, and is working to build an appropriate risk management system.

1) Interest-rate risk management

As interest-rate risk inevitably arises in the Group's business operations, it manages all assets and liabilities (including off-balance transactions), such as deposits, loans and securities, in a comprehensive manner through ALM.

The Group has established market risk management rules and standards for risk management methods and reporting procedures. It monitors risk management using such models as Value at Risk (VaR) and the maturity ladder approach, and reports to the ALM Committee on a regular basis.

2) Exchange rate risk management

In order to manage positions that are subject to foreign currency risk, the Group sets position limits at the Meeting of Managing Directors. The Group controls positions by using derivative transactions including foreign currency transactions and currency swaps.

At the Board of Directors, the Group establishes an acceptable level of risk using VaR, and the Financial Markets Department manages the level of risk so that it stays within an acceptable range.

3) Price volatility risk management

In order to rigorously manage price volatility risk for transactions including securities, the Group has divided the market sector organization into front office, (market transaction sector), back office (business management sector) and mid office (risk management sector).

After taking into account overall Group risk and return, the Group has formulated a business management plan in the market sector for market transactions including securities based on an ALM plan drawn up by the Board of Directors and a risk management policy.

When making investments, the Group calculates position amounts, gains and losses, as well as VaR and BPV based on the above-mentioned policy and plan. The Financial Markets Department and the Assets & Liabilities Managing Department manage the extent to which the Group is complying with the established acceptable risk limit on a daily basis. The Financial Markets Department reports position amounts, profits and losses and risk levels to management and the Asset & Liabilities Managing Department, which is in charge of risk. In addition, the operational status, such as position amounts and profits and losses, is reported to the Board of Directors on a monthly basis.

4) Derivative transaction management

With respect to derivative transactions, the divisions concerned with the execution of transactions, the evaluation of hedge effectiveness, and business management have been separated and internal checks and balances established. Because a majority of the Group's derivative transactions are for hedging purposes, market risks are managed so that derivative transaction risks and asset and liability risks offset each other.

(4) Supplementary explanation on fair value of financial instruments

The fair value of financial instruments includes a value based on market price as well as a reasonable estimate fair value in case there is no market price. Because specific preconditions are used in the calculation of said fair value, said value may vary when differing preconditions are used.

2. Fair value of financial instruments

Fair value and Consolidated balance sheet amount of as of March 31, 2010 are shown below. Immaterial accounts on the consolidated balance sheet are not included in the table below. Some instruments, such as unlisted stocks, whose fair value cannot be reliably determined, are not included in the table below (see note 2).

	Millions of yen			Thousands of U.S. dollars		
	2010			2010		
	Consolidated balance sheet amount	Fair value	Difference	Consolidated balance sheet amount	Fair value	Difference
Call loans and bills bought.....	¥ 64,523	¥ 64,523		\$ 693,507	\$ 693,507	
Investment securities						
Trading securities.....	3,768	3,768		40,505	40,505	
Available-for-sale securities.....	1,331,935	1,331,935		14,315,734	14,315,734	
Loans and bills discounted.....	2,714,367			29,174,204		
Allowance for possible loan losses (*1).....	(31,183)			(335,165)		
	2,683,184	2,698,166	¥14,982	28,839,038	29,000,068	\$161,029
Assets total.....	4,083,412	4,098,394	14,982	43,888,786	44,049,816	161,029
Deposits.....	3,781,025	3,786,596	5,571	40,638,707	40,698,589	59,881
Negotiable certificate of deposits.....	102,904	102,948	43	1,106,028	1,106,500	472
Borrowed money.....	30,388	30,672	284	326,615	329,669	3,053
Bonds.....	20,000	20,391	391	214,961	219,165	4,203
Liabilities total.....	3,934,318	3,940,609	¥ 6,290	42,286,312	42,353,924	\$ 67,611
Derivative transactions (*2)						
Deferred hedge accounting is not applied.....	4,947	4,947		53,172	53,172	
Deferred hedge accounting is applied.....	(32)	(32)		(351)	(351)	
Derivative transactions total.....	¥ 4,914	¥ 4,914		\$ 52,821	\$ 52,821	

(*1) General allowance for loan losses and specific allowance for loan losses provided to "Loans and bills discounted" are separately presented in the above table.

(*2) Derivatives transactions recorded in "Other assets" and "Other liabilities" are aggregated and shown herein. Assets and liabilities attributable to the derivative transactions are totally offset and the net liability position as a consequence of offsetting would be represented with brackets.

(Note 1) Valuation method of financial instruments

Assets

(1) Call loans and bills bought

Since contractual terms of these instruments are short (i.e., less than one year) and fair values of these instruments approximate book values, the Group deem the book values to be fair values.

(2) Investment securities

Fair values of securities that have market prices are based on their market prices. However, taking into account recent market conditions, a judgement has been made by management that current market prices of floating Japanese government bonds are not indicative of fair value. The fair values of these bonds were determined based on the values reasonably estimated by a broker dealer. The effect of the decision was to increase investment securities by ¥5,387 million (\$57,908 thousand), to decrease deferred tax assets by ¥2,178 million (\$23,412 thousand) and to increase net unrealized gains on available-for-sale securities by ¥3,209 million (\$34,495 thousand) compared to the valuation based on the market price as of March 31, 2010. As of March 31, 2009, the effect was to increase investment securities by ¥7,086 million, to decrease deferred tax assets by ¥2,864 million and to increase net unrealized gains on available-for-sale securities by ¥4,221 million.

As the rationally calculated amounts cannot be estimated by the Group, those are obtained from a broker dealer.

It is difficult for the Group to reasonably estimate fair values of the floating rate Japanese government bonds by itself. Accordingly, the Group employs theoretical floating rate Japanese government bonds prices based on values reasonably estimated by a securities broker for the determination of fair values of the floating rate Japanese government bonds. The simulation model used for the calculation of reasonably estimated fair values and the price decision variables are summarized below.

i. Simulation model

The model enables the calculation of present values of the floating rate Japanese government bonds based on future cash flows. Future cash flows, in turn, are estimated using an interest fluctuation model, which is primarily based on discount rates that are compatible with price movements of the government bonds and dispersion of interest rates that are consistent with the implied volatility of swaptions.

ii. Price decision variables

The principal price decision variables are yields on and prices of Japan's treasury bills, and the government bonds with maturities of 10 years, 20 years, and 30 years. Swaption volatility is calculated on the assumption of maturities from 1 month to 10 years and swap periods ranging from 1 to 10 years.

With respect to market prices of securities that do not have market prices, the Group use the present value calculated by discounting the future cash flows of the principal based on contracts, using an interest rate obtained by adjusting interest rates available in the interbank market in accordance with categories of internal ratings and terms, taking into account the credit risk premium and the liquidity risk premium.

The information for investment securities by classification is included in Note 5 (Investment securities).

(3) Loans and bills discounted

As fair values of loans and bills discounted with short contractual terms (i.e., less than one year) approximate book values, the Group deem the book values to be fair values.

Of loans with long contract terms (i.e., 1 year or longer), those with floating interest rates reflect the market rate in the short term. Consequently, unless the credit conditions of borrowers have not significantly changed after the execution of loans, the book value of the loans is presented as the fair value, as the fair value approximates the book value. With respect to fair values of loans with long contract terms with fixed interest rates, the Group use the present value that is calculated by discounting the future cash flows of the principal based on contracts, using an interest rate obtained by adjusting interest rates available in the interbank market in accordance with categories of internal ratings and terms, taking into account the credit risk premium and the liquidity risk premium. Meanwhile, the fair value of certain loans (including consumer loans) is calculated by discounting the future cash flows of the principal based on contracts, using an interest rate considered to be applicable in cases when similar loans are executed.

With respect to claims against legally bankrupt debtors, virtually bankrupt debtors and debtors who are likely to go bankrupt (potentially bankrupt debtors), since credit loss is calculated based on the present value of the expected future cash flows or the estimated amounts that the Group would be able to collect from collateral and guarantees, fair values approximate the consolidated balance sheet amount net of the currently expected credit loss amount, and the Group thus deem such amounts to be fair values.

Of loans, for those without a fixed maturity due to loan characteristics such as limiting loans to within the value of collaterals, the Group deem the book value to be the fair value, since the fair value is expected to approximate the book value based on the estimated repayment period, interest rate, and other conditions.

Liabilities

(1) Deposits and (2) Negotiable certificate of deposits

For demand deposits, the Group deem the payment amounts required on the consolidated balance sheet date (i.e., book values) to be the fair value.

The fair value of time deposits and negotiable certificate of deposits with short deposit terms (i.e., less than one year) approximate the book value, and the Group deem the book value to be the fair value. With respect to deposits with long deposit terms (i.e., one year or longer), the Group use the present value calculated by discounting future cash flows of the principal based on contracts, using the interest rate that would apply to newly accepted deposits in accordance with the categories of deposit terms.

(3) Borrowed money

As the fair value of borrowed money with short contractual terms (i.e., less than one year) approximates the book value, the Group deem the book value to be the fair value.

Of borrowed money with long contractual terms (i.e., one year or longer), for floating rate borrowings, the book value is presented as the fair value, because the fair value approximates book value. This is because the basis that floating rate borrowings reflect the market interest rate in a short period and that there has been no significant change in our credit conditions or in the credit conditions of our consolidated subsidiaries before and after the borrowings were made. With respect to fixed rate borrowings, the Group use the present value calculated by discounting the future cash flows of the principal based on contracts, using an interest rate obtained by adjusting interest rates available in the interbank market in accordance with categories of terms, taking into account the Bank's credit risk premium.

Meanwhile, fair values of borrowings of consolidated subsidiaries are calculated by discounting the future cash flows of the principal based on contracts, using interest rates considered to be applicable in cases when the similar borrowings are made.

(4) Bonds

The fair value of corporate bonds issued by the Group is determined based on their market price.

Derivatives

The information of the fair value for derivatives is included in Note 30 (Fair value information on derivative transactions).

(Note 2) Financial instruments whose fair value cannot be reliably determined

The following instruments are not included in "Assets Available-for-sales securities" in the above table showing the fair value of financial instruments.

	Consolidated balance sheet amount	
	Millions of yen	Thousands of U.S. dollars
	2010	2010
Unlisted stocks (*1)(*2).....	¥3,349	\$35,995

(*1) Fair value of unlisted stocks is exempt from disclosure because they do not have a market price and their fair value cannot be reliably determined.

(*2) For the year ended March 31, 2010, impairment losses for unlisted stocks amounted to ¥14 million (\$151 thousand).

(Note 3) Maturity analysis for financial assets and securities with contractual maturities

	Millions of yen					
	2010					
	1 year or less	1 to 3 years	3 to 5 years	5 to 7 years	7 to 10 years	Over 10 years
Call loans and bills bought.....	¥ 64,523					
Investment securities (*1).....	112,191	¥268,389	¥213,365	¥140,804	¥353,183	¥ 99,865
Japanese government bonds.....	58,000	61,830	66,450	87,706	189,800	21,000
Japanese local government bonds.....	8,599	34,863	53,107	27,439	95,775	
Japanese corporate bonds.....	31,531	75,056	57,819	14,267	49,695	60,604
Loans and bills discounted (*2).....	839,167	545,391	330,674	208,347	218,776	493,616
Total.....	¥1,015,882	¥813,780	¥544,040	¥349,152	¥571,960	¥593,482

	Thousands of U.S. dollars					
	2010					
	1 year or less	1 to 3 years	3 to 5 years	5 to 7 years	7 to 10 years	Over 10 years
Call loans and bills bought.....	\$ 693,507					
Investment securities (*1).....	1,205,841	\$2,884,672	\$2,293,271	\$1,513,376	\$3,796,040	\$1,073,362
Japanese government bonds.....	623,387	664,552	714,208	942,669	2,039,982	225,709
Japanese local government bonds.....	92,424	374,713	570,802	294,919	1,029,404	
Japanese corporate bonds.....	338,899	806,711	621,448	153,342	534,125	651,384
Loans and bills discounted (*2).....	9,019,423	5,861,898	3,554,114	2,239,334	2,351,426	5,305,425
Total.....	\$10,918,773	\$8,746,571	\$5,847,385	\$3,752,710	\$6,147,466	\$6,378,787

(*1) Bonds classified as held-to-maturity are not included in securities.

(*2) Loans in legal bankruptcy, virtual bankruptcy and potential bankruptcy amounting to ¥50,001 million (\$537,422 thousand) and loans and bills discounted without contractual maturities amounting to ¥28,391 million (\$305,158 thousand) are excluded from the table above.

(Note 4) Maturity analysis for bonds, borrowed money and other interesting bearing liabilities

	Millions of yen					
	2010					
	1 year or less	1 to 3 years	3 to 5 years	5 to 7 years	7 to 10 years	Over 10 years
Deposits (*).....	¥3,180,021	¥567,839	¥33,164			
Negotiable certificate of deposits.....	102,904					
Borrowed money.....	5,075	3,985	1,301	¥25	¥20,000	
Bonds.....					20,000	
Total.....	¥3,288,002	¥571,824	¥34,466	¥25	¥40,000	

	Thousands of U.S. dollars					
	2010					
	1 year or less	1 to 3 years	3 to 5 years	5 to 7 years	7 to 10 years	Over 10 years
Deposits (*).....	\$34,179,078	\$6,103,172	\$356,457			
Negotiable certificate of deposits.....	1,106,028					
Borrowed money.....	54,556	42,838	13,991	\$268	\$214,961	
Bonds.....					214,961	
Total.....	\$35,339,662	\$6,146,010	\$370,448	\$268	\$429,922	

(*) Demand deposits are included in "1 Year or Less."

30. Fair value information on derivative transactions

Derivative transactions to which hedge accounting is not applied

The following is the fair value information for derivative transactions to which hedge accounting is not applied at March 31, 2010.

The contractual value of swap agreements and the contract amounts of forward exchange contracts, option agreements and other derivatives do not necessarily measure the Bank's exposure to market risk.

(1) Interest-rate-related transactions are not performed.

(2) Currency-related transactions

	Millions of yen				Thousands of U.S. dollars			
	2010				2010			
	Contractual value	Contractual value due after one year	Fair value	Net unrealized gains (losses)	Contractual value	Contractual value due after one year	Fair value	Net unrealized gains (losses)
Over-the-counter:								
Currency swap:	¥236,520	¥146,000	¥4,955	¥4,955	\$2,542,133	\$1,569,244	\$53,257	\$53,257
Forward exchange contracts:								
Sold:								
.....	3,528		(84)	(84)	37,923		(903)	(903)
Bought:								
.....	3,893		76	76	41,850		818	818
Currency options:								
Sold:								
.....	30,692	17,250	(1,235)	31	329,889	185,413	(13,279)	337
Bought:								
.....	30,692	17,250	1,235	278	329,889	185,413	13,279	2,996
Total			¥4,947	¥5,257			\$53,172	\$56,507

Notes: 1. The above transactions were revalued at the end of each of the years and the related gain and loss are reflected in the accompanying consolidated statements of operations.

2. Fair value is calculated using discounted cash flow.

(3) Stock-related transactions are not performed.

(4) Bond-related transactions are not performed.

(5) Financial product-related transactions are not performed.

(6) Credit derivative transactions are not performed.

Derivative transactions to which hedge accounting is applied

The following is the fair value information for derivative transactions to which hedge accounting is applied at March 31, 2010.

The contract amounts do not necessarily measure the Bank's exposure to market risk:

(1) Interest-rate-related transactions

	Millions of yen				Thousands of U.S. dollars			
	2010				2010			
	Hedged items	Contractual value	Contractual value due after one year	Fair value	Hedged items	Contractual value	Contractual value due after one year	Fair value
Interest rate swaps:								
Receive floating rate/pay fixed rate:								
.....	Deposits	¥174		¥(1)	Deposits	\$1,880		\$(13)
Other								

Notes: 1. Deferred hedge accounting is mainly applied in accordance with the JICPA Industry Audit Committee Report No.24.

2. The fair values of above derivatives are principally based on quoted market prices, such as those of Tokyo Financial Exchange Inc., or discounted values of future cash flows.

(2) Currency-related transactions

	Millions of yen				Thousands of U.S. dollars			
	2010				2010			
	Hedged items	Contractual value	Contractual value due after one year	Fair value	Hedged items	Contractual value	Contractual value due after one year	Fair value
Forwards exchange contract.....	Loans denominated in foreign currencies	¥2,085		¥(31)	Loans denominated in foreign currencies	\$22,415		\$(338)

Notes: 1. Deferred hedge accounting is mainly applied in accordance with the JICPA Industry Audit Committee Report No.25.
2. Fair value is calculated using discounted cash flow.

(3) Stock-related transactions are not performed.

(4) Bond-related transactions are not performed.

Derivative information for the year ended March 31, 2009:

(1) Interest-rate-related transactions

Interest-rate-related transactions as of March 31, 2009 are excluded from disclosure because all the interest-rate-related transactions entered into by the Bank qualified for hedge-accounting.

(2) Currency-related transactions

Fair value information on revalued currency-related derivatives as of March 31, 2009 were as follows:

	Millions of yen			
	2009			
	Contractual value	Contractual value due after one year	Fair value	Net unrealized gains (losses)
Over-the-counter:				
Currency swap:	¥265,170	¥233,113	¥8,113	¥8,113
Forward exchange contracts:				
Sold.....	3,326		(61)	(61)
Bought.....	2,712		108	108
Currency options:				
Sold.....	21,730	16,843	(881)	119
Bought.....	21,730	16,843	881	78
Total.....			¥8,160	¥8,358

Notes: 1. The above transactions were revalued at the end of each of the years and the related gain and loss are reflected in the accompanying consolidated statements of operations.
2. Derivative transactions under hedge accounting, transactions reflected in financial assets and liabilities denominated in currencies and recognized in the consolidated balance sheets, or transactions denominated in foreign currencies which have been eliminated in the consolidation have been excluded from the above table.

(3) Stock-related transactions are not performed.

(4) Bond-related transactions are not performed.

(5) Financial product-related transactions are not performed.

(6) Credit derivative transactions are not performed.

31. Net income per share

Calculation of net income per share ("EPS") for the years ended March 31, 2010 and 2009 are as follows:

	Millions of yen	Thousands of shares	Yen	U.S. dollars
	Net income (loss)	Weighted average shares	EPS	
For the year ended March 31, 2010				
Basic EPS				
Net income available to common stockholders.....	¥ 4,322	263,994	¥ 16.37	\$ 0.175
For the year ended March 31, 2009				
Basic EPS				
Net income available to common stockholders.....	¥(16,218)	264,138	¥(61.40)	\$(0.625)

32. Segment information

i) Business Segment Information

Information about industry segments of the Group as of and for the years ended March 31, 2010 and 2009 are as follows:

a. Operating Income

	Millions of yen					
	2010					
	Banking	Leasing	Other	Total	Eliminations/ Corporate	Consolidated
Operating income:						
Outside customers.....	¥86,002	¥8,074	¥2,584	¥ 96,662		¥96,662
Intersegment income.....	336	739	2,424	3,500	¥(3,500)	
Total.....	86,339	8,813	5,009	100,162	(3,500)	96,662
Operating expenses.....	79,446	7,308	4,479	91,234	(3,453)	87,781
Net operating income	¥ 6,893	¥1,505	¥ 529	¥ 8,927	¥ (46)	¥ 8,881

b. Total Assets, Depreciation, Impairment Loss and Capital Expenditures

	Millions of yen					
	2010					
	Banking	Leasing	Other	Total	Eliminations/ Corporate	Consolidated
Total assets.....	¥4,285,699	¥42,235	¥13,795	¥4,341,730	¥(39,469)	¥4,302,261
Depreciation.....	4,384	27	39	4,451		4,451
Impairment loss.....	459			459		459
Capital expenditures.....	2,761	17	76	2,855		2,855

a. Operating Income

	Millions of yen					
	2009					
	Banking	Leasing	Other	Total	Eliminations/ Corporate	Consolidated
Operating income:						
Outside customers.....	¥ 84,670	¥7,431	¥2,700	¥ 94,802		¥ 94,802
Intersegment income.....	343	840	2,135	3,319	¥(3,319)	
Total.....	85,013	8,272	4,836	98,122	(3,319)	94,802
Operating expenses.....	103,896	7,056	4,277	115,230	(3,354)	111,876
Net operating income (loss)	¥ (18,882)	¥1,215	¥ 559	¥ (17,107)	¥ 34	¥ (17,073)

b. Total Assets, Depreciation, Impairment Loss and Capital Expenditures

	Millions of yen					
	2009					
	Banking	Leasing	Other	Total	Eliminations/ Corporate	Consolidated
Total assets.....	¥4,107,786	¥41,305	¥13,343	¥4,162,435	¥(39,409)	¥4,123,026
Depreciation.....	5,215	27	27	5,271		5,271
Impairment loss.....	1,080			1,080		1,080
Capital expenditures.....	4,375	56	17	4,449		4,449

a. Operating Income

Thousands of U.S. dollars						
2010						
	Banking	Leasing	Other	Total	Eliminations/ Corporate	Consolidated
Operating income:						
Outside customers.....	\$924,362	\$86,790	\$27,782	\$1,038,934		\$1,038,934
Intersegment income.....	3,618	7,943	26,057	37,618	\$(37,618)	
Total.....	927,980	94,733	53,839	1,076,553	(37,618)	1,038,934
Operating expenses.....	853,893	78,557	48,145	980,596	(37,118)	943,478
Net operating income	\$ 74,087	\$16,176	\$ 5,694	\$ 95,957	\$ (500)	\$ 95,456

b. Total Assets, Depreciation, Impairment Loss and Capital Expenditures

Thousands of U.S. dollars						
2010						
	Banking	Leasing	Other	Total	Eliminations/ Corporate	Consolidated
Total assets.....	\$46,062,977	\$453,951	\$148,270	\$46,665,199	\$(424,216)	\$46,240,982
Depreciation.....	47,125	300	419	47,845		47,845
Impairment loss.....	4,938			4,938		4,938
Capital expenditures.....	29,675	192	818	30,686		30,686

Notes: 1. "Other" consists of other banking related activities such as credit guarantee, venture capital and entrusted account.

2. Operating income means total income less certain special income included in other income in the accompanying consolidated statements of operations.

3. Operating expenses mean total expenses less certain special expenses included in other expenses in the accompanying consolidated statements of operations.

ii) Segment Information by Geographic Area

Segment information by geographic area is not presented herein for the years ended March 31, 2010 and 2009, as such information is permitted not to be disclosed if domestic share of both total income and total assets exceeds 90%.

iii) Operating Income from International Operations

Disclosure of operating income arising from international operations for the years ended March 31, 2010 and 2009 are not presented herein, as such information is permitted not to be disclosed if operating income arising from international operations is less than 10% of consolidated operating income.

33. Related party transactions

The Bank and related party transactions for the years ended March 31, 2010 and 2009 were as follows:

Related party	Category	Description of transactions	Millions of yen		Thousands of U.S. dollars
			2010	2009	2010
Yoshihisa Fujita	Director and relative	Lending operation loan.....	¥ 29	¥ 30	\$ 312
Nishikawa Sangyo Co., Ltd.	Companies, majority held by auditor and relative	Lending operation loan.....	1,270	1,310	13,650
Nishikawa Living Co., Ltd.	Companies, majority held by auditor and relative	Lending operation loan.....	1,183	1,183	12,718
		Customer's liabilities for acceptances and guarantees	25	59	268

Related party transactions involving consolidated subsidiaries of the Bank for the years ended March 31, 2010 and 2009 were as follows:

Related party	Category	Description of transactions	Millions of yen		Thousands of U.S. dollars
			2010	2009	2010
Nishikawa Living Co., Ltd.	Companies, majority held by auditor or relative	Receiving lease payments.....	¥128	¥148	\$1,386