

Notes to Consolidated Financial Statements

Years ended March 31, 2011 and 2010

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.

Under Japanese GAAP, a consolidated statement of income and comprehensive income is required from the fiscal year ended March 31, 2011 and has been presented herein. Accordingly, accumulated other comprehensive income is presented in the consolidated balance sheet and the consolidated statement of changes in equity. Information with respect to other comprehensive income for the year ended March 31, 2010 is disclosed in Note 31. In addition, "net income before minority interests" is disclosed in the consolidated statement of income from the year ended March 31, 2011.

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.

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 ¥83.15 to U.S.\$1, the rate of exchange at March 31, 2011 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 2010 consolidated financial statements to conform to the classifications used in 2011.

2. Summary of significant accounting policies

(a) Principles of consolidation

The accompanying consolidated financial statements for the years ended March 31, 2011 and 2010 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 ends March 31 for the year ended March 31, 2011 and 2010.

Shiga Preferred Capital Cayman Limited financial statements are consolidated based on the provisional financial statements closed as of March 31.

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 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 the 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 the 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, 2011 and 2010 were ¥17,129 million (\$206,008 thousand) and ¥17,977 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 ¥3,974 million (\$47,803 thousand) and ¥4,140 million at March 31, 2011 and 2010, 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 allowances.

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 ¥29,524 million (\$355,075 thousand), ¥30,333 million as of March 31, 2011 and 2010, 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 investments

Allowance for possible losses on investments 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.

(n) Liability for retirement of directors and corporate auditors

Liability for retirement of directors and corporate auditors is 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 that we may be required to refund upon customers' claims.

(q) Reserve for other contingent losses

The Bank provides reserves 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 leases

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 notes 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 notes 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.

(t) Income taxes

The provision for income taxes is computed based on the pretax income included in the consolidated statements of income. 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

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 in Accounting Policies — When a new accounting policy is applied with revision of accounting standards, the 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.

3. Accounting change

Asset retirement obligations

In March 2008, the Accounting Standards Board of Japan (the “ASBJ”) published the 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 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 was effective for fiscal years beginning on or after April 1, 2010. The Group applied this accounting standard effective April 1, 2010. The effect of this change was to decrease income before income taxes and minority interests by ¥15 million (\$181 thousand).

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, 2011 and 2010, is as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Cash and due from banks	¥54,550	¥50,063	\$656,052
Time deposits due from banks	(63)	(132)	(762)
Other due from banks	(276)	(265)	(3,323)
Cash and cash equivalents...	¥54,211	¥49,666	\$651,966

5. Investment securities

Investment securities at March 31, 2011 and 2010 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Japanese government bonds.....	¥ 525,531	¥ 493,194	\$ 6,320,276
Japanese local government bonds.....	278,861	223,177	3,353,719
Japanese corporate bonds.....	316,443	293,272	3,805,692
Corporate stocks.....	113,954	126,543	1,370,464
Other securities.....	150,735	202,867	1,812,816
Total.....	¥1,385,525	¥1,339,054	\$16,662,969

Fair value and other information on securities at March 31, 2011 and 2010 is as follows:

Securities

(1) Trading securities

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
	Gain included in profit/(loss) during the fiscal year	Gain included in profits/(loss) during the fiscal year	Gain included in profit/(loss) during the fiscal year
Trading securities	¥83	¥170	\$1,002

(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, 2011, were as follows:

	Millions of yen			Thousands of U.S. dollars		
	2011			2011		
	Consolidated balance sheet amount	Cost	Unrealized gains (losses)	Consolidated balance sheet amount	Cost	Unrealized gains (losses)
Consolidated balance sheet amount exceeding cost:						
Stocks	¥ 105,347	¥ 57,496	¥47,851	\$ 1,266,958	\$ 691,473	\$575,485
Bonds:	834,908	819,319	15,589	10,040,995	9,853,507	187,487
Japanese government bonds	339,609	333,385	6,223	4,084,295	4,009,451	74,843
Japanese local government bonds	231,922	226,996	4,926	2,789,206	2,729,960	59,246
Japanese corporate bonds	263,377	258,937	4,440	3,167,493	3,114,095	53,397
Others	68,129	67,636	493	819,357	813,426	5,931
Subtotal	¥1,008,386	¥ 944,451	¥63,934	\$12,127,312	\$11,358,407	\$768,904
Consolidated balance sheet amount not exceeding cost:						
Stocks	¥ 5,438	¥ 6,345	¥ (906)	\$ 65,408	\$ 76,312	\$ (10,903)
Bonds:	285,927	287,823	(1,895)	3,438,693	3,461,493	(22,800)
Japanese government bonds	185,921	187,032	(1,110)	2,235,981	2,249,336	(13,355)
Japanese local government bonds	46,939	47,402	(463)	564,513	570,086	(5,572)
Japanese corporate bonds	53,066	53,388	(321)	638,198	642,070	(3,872)
Others	83,800	85,065	(1,265)	1,007,823	1,023,038	(15,215)
Subtotal	¥ 375,166	¥ 379,234	¥ (4,067)	\$ 4,511,926	\$ 4,560,844	\$ (48,918)
Total	¥1,383,552	¥1,323,685	¥59,866	\$16,639,238	\$15,919,252	\$719,985

Available-for-sale securities that have fair value as of March 31, 2010, were as follows:

	Millions of yen		
	2010		
	Consolidated balance sheet amount	Cost	Unrealized gains (losses)
Consolidated balance sheet amount exceeding cost:			
Stocks	¥ 118,147	¥ 60,233	¥57,913
Bonds:	829,203	815,653	13,550
Japanese government bonds	416,173	409,806	6,367
Japanese local government bonds	157,903	154,515	3,388
Japanese corporate bonds	255,125	251,331	3,794
Others	85,829	84,915	914
Subtotal	¥1,033,180	¥ 960,801	¥72,378
Consolidated balance sheet amount not exceeding cost:			
Stocks	¥ 5,047	¥ 6,048	¥ (1,001)
Bonds:	180,439	181,209	(769)
Japanese government bonds	77,020	77,268	(248)
Japanese local government bonds	65,273	65,613	(340)
Japanese corporate bonds	38,146	38,327	(181)
Others	119,309	121,961	(2,652)
Subtotal	¥ 304,797	¥ 309,220	¥ (4,422)
Total	¥1,337,977	¥1,270,021	¥67,955

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

(5) Available-for-sale securities sold

	Millions of yen			Thousands of U.S. dollars		
	2011			2011		
	Sales amount	Gains on sales	Losses on sales	Sales amount	Gains on sales	Losses on sales
Stocks.....	¥ 1,473	¥ 31	¥427	\$ 17,725	\$ 377	\$5,135
Bonds:	193,209	3,846	3	2,323,621	46,263	38
Japanese government bonds.....	144,891	2,810	—	1,742,526	33,804	—
Japanese local government bonds.....	39,702	868	—	477,474	10,439	—
Japanese corporate bonds.....	8,615	167	3	103,619	2,020	38
Others.....	37,509	720	21	451,108	8,664	263
Total.....	¥232,192	¥4,598	¥452	\$2,792,455	\$55,306	\$5,437

	Millions of yen		
	2010		
	Sales amount	Gains on sales	Losses on sales
Stocks.....	¥ 9,505	¥2,730	¥ 177
Bonds:	139,924	3,828	104
Japanese government bonds.....	43,595	895	—
Japanese local government bonds.....	81,660	2,682	—
Japanese corporate bonds.....	14,667	251	104
Others.....	61,061	1,018	763
Total.....	¥210,490	¥7,577	¥1,045

(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 ¥626 million (\$7,535 thousand) of which equities accounted for ¥574 million (\$6,911 thousand) and bonds for ¥51 million (\$623 thousand) for the year ended March 31, 2011.

Impairment losses amounted to ¥788 million of which equities accounted for the same amount for the year ended March 31, 2010.

In addition, the Bank recognizes that fair value has fallen significantly based on standards that have been set out in the self-assessment standards for assets by the issuing companies of securities. The details are as follows.

The Bank recognizes that the fair value of available-for-sale securities of legally bankrupt debtors, virtually bankrupt debtors, or debtors who are likely to go bankrupt, has fallen significantly when the fair value of such instruments as of the consolidated balance sheet date has decreased from the acquisition cost. For debtors on close watch, the Bank recognizes that the fair value has fallen significantly when the fair value as of the consolidated balance sheet date has decreased 30% or more from the acquisition cost. For normal debtors, it recognizes this when the fair value as of the consolidated balance sheet date has fallen 50% or more from the acquisition cost or when the fair value as of the consolidated balance sheet date has fallen 30% or more from the acquisition cost and the market prices remain below certain levels.

Debtors on close watch are defined as those who will require close monitoring in the future, and normal debtors are defined as those other than legally bankrupt debtors, virtually bankrupt debtors, debtors who are likely to go bankrupt, or debtors on close watch.

6. Money held in trust

(1) Money held in trust classified as trading

	Millions of yen				Thousands of U.S. dollars	
	2011		2010		2011	
	Consolidated balance sheet amount	Gains included in profits/(loss) during the fiscal year	Consolidated balance sheet amount	Gains included in profits/(loss) during the fiscal year	Consolidated balance sheet amount	Gains included in profits/(loss) during the fiscal year
Money held in trust classified as trading.....	¥7,876	¥30	¥4,880	¥11	\$94,722	\$371

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

(3) No other money held in trust (other than money held in trust for trading purposes and money in trust held-to-maturity) as of March 31, 2011.

Other money held in trust (other than money held in trust for trading purposes and money in trust held-to-maturity) as of March 31, 2010 was as follows:

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

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:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Net unrealized gains on investment securities.....	¥59,866	¥67,955	\$719,985
Other money held in trust.....	—	(4)	—
Deferred tax liabilities.....	(19,159)	(23,369)	(230,424)
Minority interests.....	(33)	(31)	(406)
Net unrealized gains on available-for-sale securities.....	¥40,673	¥44,550	\$489,154

8. Loans and bills discounted

Loans and bills discounted at March 31, 2011 and 2010 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Bills discounted.....	¥ 16,703	¥ 17,627	\$ 200,884
Loans on bills.....	147,242	156,562	1,770,803
Loans on deeds.....	2,252,857	2,182,841	27,093,893
Overdrafts.....	351,304	357,335	4,224,943
Total.....	¥2,768,107	¥2,714,367	\$33,290,525

Loans in legal bankruptcy totaled ¥2,119 million (\$25,495 thousand) and ¥3,862 million as of March 31, 2011 and 2010, respectively. Nonaccrual loans totaled ¥52,526 million (\$631,711 thousand) and ¥46,139 million as of March 31, 2011 and 2010, 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 ¥1,615 million (\$19,427 thousand) and ¥2,109 million as of March 31, 2011 and 2010, respectively. Loans classified as loans in legal bankruptcy and past due loans are excluded.

Restructured loans totaled ¥11,988 million (\$144,184 thousand) and ¥11,981 million as of March 31, 2011 and 2010, 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, 2011 and 2010 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Assets:			
Due from foreign correspondents.....	¥4,027	¥3,128	\$48,433
Foreign bills of exchange purchased.....	112	58	1,342
Foreign bills of exchange receivable.....	831	482	10,004
Total	¥4,970	¥3,669	\$59,780
Liabilities:			
Foreign bills of exchange sold.....	¥ 49	¥ 38	\$ 599
Accrued foreign bills of exchange.....	9	5	113
Total	¥ 59	¥ 43	\$ 713

10. Other assets

Other assets at March 31, 2011 and 2010 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Prepaid expenses.....	¥ 47	¥ 52	\$ 576
Accrued income.....	4,807	5,326	57,815
Derivatives.....	3,345	7,145	40,229
Other (Note 13).....	31,858	30,816	383,149
Total	¥40,059	¥43,341	\$481,770

11. Tangible fixed assets

Tangible fixed assets at March 31, 2011 and 2010 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Buildings.....	¥14,716	¥14,863	\$176,991
Land.....	39,444	40,178	474,373
Construction in progress.....	2	58	25
Other.....	3,874	4,059	46,597
Total	¥58,037	¥59,159	\$697,987

Accumulated depreciation on tangible fixed assets at March 31, 2011 and 2010 amounted to ¥45,126 million (\$542,712 thousand) and ¥44,801 million, respectively.

12. Long-lived assets

The Group recognized impairment losses for the year ended March 31, 2011 and 2010 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 ¥1,383 million (\$16,643 thousand) and ¥459 million for the years ended March 31, 2011 and 2010, 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		
			Millions of yen		Thousands of U.S. dollars
			2011	2010	2011
Shiga Prefecture	Branch offices and other	Land, buildings and equipment.....	¥ 226	¥157	\$ 2,729
Other	Branch offices and other	Land, buildings and equipment.....	1,157	301	13,914
Total			¥1,383	¥459	\$16,643

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

13. Assets pledged

Assets pledged as collateral and related liabilities at March 31, 2011 and 2010 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
	Investment securities.....	¥144,336	¥148,345
Other assets (investments in lease).....	3,226	3,533	38,803

Related liabilities	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
	Deposits.....	¥19,270	¥14,376
Payables under securities lending transactions.....	1,534	16,332	18,454
Borrowed money.....	2,558	3,087	30,771

In addition, investment securities totaling ¥76,201 million (\$916,438 thousand) and ¥67,486 million at March 31, 2011 and 2010, 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 ¥818 million (\$9,846 thousand) and ¥916 million at March 31, 2011 and 2010, 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, 2011 and 2010 amounted to ¥811,020 million (\$9,753,701 thousand) and ¥835,741 million, respectively, and the amounts of unused commitments, whose original contract terms are within one year or unconditionally cancelable at any time, were ¥788,463 million (\$9,482,426 thousand) and ¥814,363 million at March 31, 2011 and 2010, 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 income. 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, 2011 and 2010, the carrying amount of the land after the above one-time revaluation was more than the fair value by ¥10,745 million (\$129,226 thousand) and ¥9,259 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, 2011 and 2010 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Current deposits.....	¥ 133,257	¥ 120,175	\$ 1,602,613
Ordinary deposits.....	1,484,368	1,425,009	17,851,691
Deposits at notice.....	12,223	13,440	146,999
Time deposits.....	2,149,252	2,114,937	25,847,893
Other deposits.....	112,307	107,462	1,350,655
Total.....	¥3,891,407	¥3,781,025	\$46,799,853

17. Borrowed money

At March 31, 2011 and 2010, the weighted average interest rates applicable to the borrowed money were 1.21% and 1.88%, respectively.

Borrowed money at March 31, 2011 and 2010 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Subordinated loans.....	¥20,000	¥20,000	\$240,529
Borrowing from banks and other.....	27,158	10,388	326,620
Total.....	¥47,158	¥30,388	\$567,149

Annual maturities of borrowed money at March 31, 2011, were as follows:

Year Ending March 31	Millions of yen	Thousands of U.S. dollars
2012.....	¥22,011	\$264,722
2013.....	2,295	27,603
2014.....	1,481	17,818
2015.....	1,005	12,086
2016.....	365	4,389
2017 and thereafter.....	20,000	240,529
Total.....	¥47,158	\$567,149

18. Bonds

Bonds at March 31, 2011 and 2010 consisted of the following:

	Millions of yen		Thousands of U.S. dollars	Interest rate	Due
	2011	2010	2011		
Subordinated bonds	¥20,000	¥20,000	\$240,529	1.89%	July 27, 2019

19. Other liabilities

Other liabilities at March 31, 2011 and 2010 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Accrued income taxes.....	¥ 6,339	¥ 638	\$ 76,239
Accrued expenses.....	9,155	10,729	110,108
Unearned income	5,956	5,549	71,630
Derivatives	3,530	2,288	42,455
Other	16,263	20,551	195,588
Total.....	¥41,244	¥39,756	\$496,022

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 ¥7,370 million (\$88,634 thousand) and ¥9,224 million as of March 31, 2011 and 2010, 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, 2011 and 2010, consisted of the following:

	Thousands	
	Common stock	
	Issued number of shares	
	2011	2010
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 24, 2011, the Bank's general stockholders' meeting will approve the payments of cash dividends to stockholders of record at March 31, 2011 of ¥3.00 (\$0.036) per share or a total of ¥791 million (\$9,522 thousand).

22. Other operating income

Other operating income for the years ended March 31, 2011 and 2010 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Gains on foreign exchange transactions-net.....	¥ 839	¥ 592	\$ 10,101
Gains on sales of bonds.....	4,657	5,155	56,013
Other	8,605	8,372	103,490
Total.....	¥14,102	¥14,120	\$169,606

23. Other income

Other income for the years ended March 31, 2011 and 2010 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Gains on sales of securities.....	¥ 33	¥2,730	\$ 400
Recovery of claims previously charged-off	1,459	874	17,557
Other	1,715	2,197	20,627
Total.....	¥3,208	¥5,802	\$38,585

24. Other operating expenses

Other operating expenses for the years ended March 31, 2011 and 2010 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Losses on sales of government bonds.....	¥ 43	¥ 990	\$ 527
Losses on redemption of bonds.....	51	—	623
Losses on financial derivatives.....	59	56	709
Other.....	6,673	6,347	80,253
Total.....	¥6,827	¥7,395	\$82,114

25. Other expenses

Other expenses for the years ended March 31, 2011 and 2010 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Provision of allowance for possible loan losses.....	¥ 8,646	¥ 9,045	\$103,981
Write-off of loans and bills discounted.....	2,251	6,324	27,072
Losses on impairment of long-lived assets (Note 12).....	1,383	459	16,643
Valuation loss of investment in stocks.....	859	802	10,337
Other.....	2,245	1,865	27,007
Total.....	¥15,386	¥18,497	\$185,042

26. Leases

Lessee

The Group leases certain equipment. Total rental expense under the finance leases for the years ended March 31, 2011 and 2010, was ¥5 million (\$67 thousand) and ¥6 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, 2011 and 2010 were as follows:

	Tangible fixed assets		Thousands of U.S. dollars
	Millions of yen		2011
	2011	2010	
Acquisition cost.....	¥36	¥46	\$443
Accumulated depreciation.....	(29)	(33)	(359)
Net leased property.....	¥ 6	¥12	\$ 84

Obligations under finance leases at March 31, 2011 and 2010 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Due within one year.....	¥3	¥ 5	\$45
Due after one year.....	3	6	38
Total.....	¥6	¥12	\$84

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
	2011	2010	2011
Lease payments.....	¥5	¥6	\$67
Depreciation expense	5	6	67

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, 2011 and 2010 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Gross lease receivables	¥17,964	¥16,954	\$216,046
Unguaranteed residual values	783	788	9,424
Unearned interest income.....	(2,856)	(3,415)	(34,353)
Investments in lease	¥15,891	¥14,327	\$191,117

Maturities of lease receivables for finance leases that deem to transfer ownership of the leased property to the lessee are as of March 31, 2011 are as follows:

	Millions of yen	Thousands of U.S. dollars
2012	¥ 3	\$47
2013	1	23
2014	0	8
2015	0	7
2016	0	0
2017 and thereafter.....	—	—

Maturities of gross lease receivables related to investments in lease as of March 31, 2011 are as follows:

	Millions of yen	Thousands of U.S. dollars
2012	¥5,645	\$67,897
2013	4,680	56,284
2014	3,563	42,852
2015	2,280	27,421
2016	1,138	13,692
2017 and thereafter.....	656	7,896

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, income before income taxes and minority interests for the fiscal years ended March 31, 2011 and 2010 was increased by ¥774 million (\$9,319 thousand) and ¥970 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, 2011 and 2010, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Due within one year	¥ 5	¥ 4	\$ 68
Due after one year	10	10	124
Total	¥16	¥14	\$193

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, 2011 and 2010 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Projected benefit obligation	¥(43,938)	¥(43,644)	\$(528,430)
Plan assets (fair value)	22,293	22,642	268,116
Unfunded projected benefit obligation	(21,645)	(21,002)	(260,313)
Unrecognized actuarial net loss	8,911	9,979	107,170
Unrecognized prior service cost	(54)	(70)	(652)
Liability for employees' retirement benefits	¥(12,788)	¥(11,092)	\$(153,794)

The components of net periodic benefit costs for the years ended March 31, 2011 and 2010 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Service cost	¥1,721	¥1,594	\$20,704
Interest cost	653	810	7,858
Expected return on plan assets	(266)	(179)	(3,205)
Amortization of prior service cost	(16)	(16)	(195)
Recognized actuarial net loss	2,251	2,454	27,079
Net periodic retirements benefit costs	¥4,343	¥4,662	\$52,240

Assumptions used for the years ended March 31, 2011 and 2010 were set forth as follows:

	2011	2010
Discount rate	1.50%	1.50%
Expected rate of return on plan assets	1.76%	1.25%
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, 2011 and 2010 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Deferred tax assets:			
Allowance for possible loan losses	¥ 20,921	¥ 19,356	\$ 251,611
Liability for employees' retirement benefits	7,573	6,856	91,083
Accrued enterprise tax	501	85	6,033
Devaluation of stocks and other securities	7,046	7,200	84,738
Depreciation	1,716	1,629	20,640
Tax loss carryforwards	—	946	—
Other	3,256	2,988	39,167
Less valuation allowance	(16,077)	(14,340)	(193,352)
Total	¥ 24,938	¥ 24,723	\$ 299,922
Deferred tax liabilities:			
Net unrealized gains on available-for-sale securities	(19,159)	(23,369)	(230,426)
Reserve for advanced depreciation of fixed assets	(208)	(208)	(2,511)
Other	(6)	(52)	(73)
Total	¥(19,374)	¥(23,630)	\$(233,011)
Net deferred tax assets	¥ 5,563	1,244	\$ 66,911
Net deferred tax liabilities	—	¥ (150)	—

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, 2011 and 2010 is as follows:

	2011	2010
Normal effective statutory tax rate.....	40.4%	40.4%
Permanent differences - income.....	(3.1)	(4.1)
Increase in valuation allowance for deferred tax assets.....	14.7	10.3
Tax rate difference in special purpose entities.....	(2.1)	(2.5)
Other	0.3	1.4
Actual effective tax rate	50.2%	45.5%

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 centered on banking operations within its main business base of Shiga Prefecture.

The Group's main operations are to extend loans to customers, including corporations and individuals in its business area, and make investments in securities by mainly using funds that are received as deposits from local customers and those that are obtained through the financial market.

To carry out these operations, the Group has financial assets and financial liabilities that are largely subject to interest rate volatility. To prevent adverse effects from such interest rate volatility, the Group conducts Asset Liability Management (ALM), the comprehensive management of assets and liabilities.

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

The financial assets held by the Group are primarily loans to corporations 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. For the purpose of selling them to customers the Group holds Japanese government bonds and Japanese local government bonds. For investment, the Group holds bonds, especially Japanese government bonds, Japanese local government bonds, and highly-rated corporate bonds as well as investment trusts, while the Group holds corporate stocks 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 risks that losses are incurred due to an inability to secure required funds or being forced to raise funds at significantly higher than normal interest rates. Moreover, some of the Group's borrowings are made at variable interest rates and are subject to risks of losses from increasing fund procurement costs associated with rising interest rates.

To respond to customer needs and hedge market risks for assets and liabilities, the Group uses derivatives transactions, including interest rate swaps, currency swaps, currency options, and forward exchange contracts. To some 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 the Group's own 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 from market fluctuations, such as fluctuations in interest rates and exchange rates, as well as the credit risk of incurring potential losses when the counterparty to the transaction defaults on a 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 pertaining to such risk. It has also developed a borrower rating system based on a Foundation Internal Ratings Based-approach and has built a credit risk management system appropriate to its needs.

Notably, the Group has developed a rating system that involves asset self-assessments. Under this system, for example, the Business Management Department reports the results of its own asset rating to meetings such as Meeting of Managing Directors.

With respect to individual credit management, the Group has instituted its "Basic Rules of Loan Business," in which it has clearly defined the way of thinking and a code of conduct to which all employees involved in the loan business should adhere. It has also established basic procedures to follow when making credit decisions or managing credit, along with putting in place a system that enables executives and employees to make credit decisions in accordance with the principles of public benefit, 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, and 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 the Credit Supervision Department.

When extending credit to overseas borrowers, the Group sets a credit limit for each country at the Meeting of Managing Directors each fiscal year, after taking into account the foreign currency conditions and the political and economic situation of the country in which the borrower resides. The Group manages this credit limit on a day-to-day basis.

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 and counterparty risk for derivative and financial transactions, and the credit status and the market prices are managed on a daily basis. The Group has established a system in which reports about those risks are routinely given to the Meeting of Managing Directors.

(ii) Market risk management

The Group has compiled a set of Market 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 ALM plan 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 banking business operations, the Group manages all assets and liabilities (including off-balance transactions), such as deposits, loans, and securities, in a comprehensive manner through ALM.

Along with the aforementioned Market Risk Management Rules, the Group has established standards for risk management methods and reporting procedures. The Group conducts monitoring through 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

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

The Group establishes an acceptable level of risk using VaR and manages the level of risk on a daily basis so that it stays within an acceptable range.

3) Price volatility risk management

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 middle office (risk management sector).

For market transactions including securities, the Group takes into account overall Group risk and return, based on an ALM plan drawn up by the Board of Directors and a risk management policy, and formulates a business management plan in the market sector.

When making investments, the Group calculates position amounts, gains, and losses as well as VaR and Basis Point Value (BPV) based on the above-mentioned policy and plan. The extent to which the Group is complying with the established acceptable risk limit and other risk limits is monitored on a daily basis and is reported to the management.

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 an internal checking system has been 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.

5) Quantitative information regarding the market risks

Of the market risks, the Group measures the quantitative risk amounts of interest-rate risks and stock price volatility risks through VaR, a statistical method. Principally by reporting these risk amounts to the ALM Committee and other organizations on a regular basis, the Group ensures appropriate monitoring and management. In calculating the risk amounts, the Group adopts a historical simulation method (a holding period of one year, a confidence interval of 99%, and an observing period of two years).

Interest-rate risks

The Group measures interest-rate risks of all its assets and liabilities, including loans, securities and deposits, and derivatives transactions.

The Group's interest-rate risk amounts as of March 31, 2011, stood at ¥10,380 million (\$124,842 thousand).

Regarding liquid deposits, such as ordinary deposits, the Group handles some as deposits that remain with the Group for an extended period and manages them by allocating them to each period category based on the internal model.

Stock price volatility risks

The Group holds certain shares for the policy investment purpose. The volatility risk amounts of the prices of such shares as of March 31, 2011, stood at ¥36,068 million (\$433,782 thousand).

Back-testing

To verify the appropriateness of the risk amounts that are measured through VaR, the Group carries out back-testing in which VaR is compared with gains and losses. In this way, the Group analyzes the effectiveness of the risk measurement method. However, because VaR statistically measures the amounts based on the historical market volatility, results may vary due to assumptions, measuring methods, and other factors. In addition, risks may not be able to be appropriately captured when the market environment is changing drastically.

Interest-rate risks and stock price volatility risks that are held by the Bank's consolidated subsidiaries are excluded from the calculation of the market risk amount, as the impact from such risks on the Group is limited.

(iii) Liquidity risk management related to financing

The Group has compiled a set of Liquidity Risk Management Rules, under a basic policy of clearly understanding its cash position and ensuring stable financing. In this way, it strives to establish an appropriate risk management system.

With respect to daily financing, the Group monitors and manages the financial environment, the balance of realizable current assets, the expected amount of cash outflows, and other such factors. The Group reports the financing situation and other related matters to the ALM Committee on a regular basis.

2. Fair value of financial instruments

Fair value and Consolidated balance sheet amount of as of March 31, 2011 and 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					
	2011			2010		
	Consolidated balance sheet amount	Fair value	Difference	Consolidated balance sheet amount	Fair value	Difference
Call loans and bills bought	¥ 85,259	¥ 85,259	¥ —	¥ 64,523	¥ 64,523	¥ —
Investment securities						
Trading securities.....	3,857	3,857	—	3,768	3,768	—
Available-for-sale securities.....	1,378,500	1,378,500	—	1,331,935	1,331,935	—
Loans and bills discounted.....	2,768,107	—	—	2,714,367	—	—
Allowance for possible loan losses (*1).....	(35,022)	—	—	(31,183)	—	—
	2,733,084	2,751,205	18,121	2,683,184	2,698,166	14,982
Assets total.....	4,200,701	4,218,823	18,121	4,083,412	4,098,394	14,982
Deposits.....	3,891,407	3,894,742	3,334	3,781,025	3,786,596	5,571
Negotiable certificates of deposit.....	109,679	109,709	30	102,904	102,948	43
Borrowed money.....	47,158	47,449	291	30,388	30,672	284
Bonds	20,000	20,545	545	20,000	20,391	391
Liabilities total.....	4,068,245	4,072,447	4,201	3,934,318	3,940,609	¥ 6,290
Derivative transactions (*2)						
Deferred hedge accounting is not applied.....	(13)	(13)	—	(32)	(32)	—
Deferred hedge accounting is applied.....	(171)	(171)	—	4,947	4,947	—
Derivative transactions total.....	¥ (185)	¥ (185)	¥ —	¥ 4,914	¥ 4,914	¥ —

Thousands of U.S. dollars			
2011			
	Consolidated balance sheet amount	Fair value	Difference
Call loans and bills bought.....	\$ 1,025,374	\$ 1,025,374	\$ —
Investment securities			
Trading securities.....	46,392	46,392	—
Available-for-sale securities.....	16,578,473	16,578,473	—
Loans and bills discounted.....	33,290,525	—	—
Allowance for possible loan losses (*1).....	(421,200)	—	—
	32,869,325	33,087,262	217,936
Assets total.....	50,519,564	50,737,501	217,936
Deposits.....	46,799,853	46,839,952	40,098
Negotiable certificates of deposit.....	1,319,054	1,319,418	363
Borrowed money.....	567,149	570,655	3,505
Bonds.....	240,529	247,090	6,561
Liabilities total.....	48,926,587	48,977,116	50,529
Derivative transactions (*2)			
Deferred hedge accounting is not applied.....	(163)	(163)	—
Deferred hedge accounting is applied.....	(2,062)	(2,062)	—
Derivative transactions total.....	\$ (2,226)	\$ (2,226)	\$ —

(*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 ¥3,138 million (\$37,746 thousand) and ¥ 5,387 million, to decrease deferred tax assets by ¥1,268 million (\$15,260 thousand) and ¥2,178 million and to increase net unrealized gains on available-for-sale securities by ¥1,869 million (\$22,485 thousand) and ¥ 3,209 million compared to the valuation based on the market price as of March 31, 2011 and 2010.

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 deems 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 deems 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 certificates of deposit

For demand deposits, the Group deems 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 certificates of deposit 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 deems 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 uses 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
	2011	2010	2011
Unlisted stocks (*1)(*2).....	¥3,168	¥3,349	\$38,104

(*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, 2011 and 2010, impairment losses for unlisted stocks amounted to ¥284 million (\$3,425 thousand) and ¥14 million.

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

	Millions of yen					
	2011					
	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.....	¥ 85,259	¥ —	¥ —	¥ —	¥ —	¥ —
Investment securities (*1).....	165,615	226,327	252,449	198,344	336,342	67,297
Japanese government bonds.....	53,000	68,280	82,206	148,300	164,000	—
Japanese local government bonds.....	15,146	41,727	84,028	19,775	113,508	—
Japanese corporate bonds.....	49,329	72,138	60,193	30,091	49,143	51,029
Others.....	48,140	44,181	26,021	177	9,691	16,268
Loans and bills discounted (*2).....	876,693	513,179	350,491	218,574	225,583	501,686
Total	¥1,127,569	¥739,506	¥602,940	¥416,918	¥561,926	¥568,983

	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					
	2011					
	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.....	\$ 1,025,374	\$ —	\$ —	\$ —	\$ —	\$ —
Investment securities (*1).....	1,991,771	2,721,917	3,036,070	2,385,376	4,045,014	809,350
Japanese government bonds.....	637,402	821,166	988,647	1,783,523	1,972,339	—
Japanese local government bonds.....	182,152	501,832	1,010,568	237,831	1,365,101	—
Japanese corporate bonds.....	593,256	867,571	723,908	361,888	591,016	613,704
Others.....	578,959	531,346	312,946	2,133	116,558	195,646
Loans and bills discounted (*2).....	10,543,522	6,171,732	4,215,172	2,628,674	2,712,971	6,033,505
Total	\$13,560,667	\$8,893,649	\$7,251,242	\$5,014,050	\$6,757,985	\$6,842,856

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

(*2) Loans in legal bankruptcy, virtual bankruptcy and potential bankruptcy amounting to ¥54,646 million (\$657,206 thousand) and ¥50,001 million loans and bills discounted without contractual maturities amounting to ¥27,251 million (\$327,740 thousand) and ¥28,391 million are excluded from the table above as of March 31, 2011 and 2010.

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

	Millions of yen					
	2011					
	1 year or less	1 to 3 years	3 to 5 years	5 to 7 years	7 to 10 years	Over 10 years
Deposits (*).....	¥3,308,472	¥562,311	¥20,624	¥—	¥ —	¥—
Negotiable certificates of deposit.....	109,679	—	—	—	—	—
Borrowed money.....	22,011	3,776	1,370	—	20,000	—
Bonds.....	—	—	—	—	20,000	—
Total.....	¥3,440,163	¥566,087	¥21,994	¥—	¥40,000	¥—

	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 certificates of deposit.....	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					
	2011					
	1 year or less	1 to 3 years	3 to 5 years	5 to 7 years	7 to 10 years	Over 10 years
Deposits (*).....	\$39,789,205	\$6,762,612	\$248,035	\$—	\$ —	\$—
Negotiable certificates of deposit.....	1,319,054	—	—	—	—	—
Borrowed money.....	264,722	45,421	16,476	—	240,529	—
Bonds.....	—	—	—	—	240,529	—
Total.....	\$41,372,983	\$6,808,033	\$264,512	\$—	\$481,058	\$—

(*) 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, 2011.

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							
	2011				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:	¥176,464	¥133,277	¥ (216)	¥(216)	¥236,520	¥146,000	¥4,955	¥4,955
Forward exchange contracts:								
Sold.....	6,824	—	(52)	(52)	3,528	—	(84)	(84)
Bought.....	6,443	—	97	97	3,893	—	76	76
Currency options:								
Sold.....	33,597	20,279	(1,819)	(132)	30,692	17,250	(1,235)	31
Bought.....	33,597	20,279	1,819	520	30,692	17,250	1,235	278
Total	¥ —	¥ —	¥ (171)	¥ 216	¥ —	¥ —	¥4,947	¥5,257

	Thousands of U.S. dollars			
	2011			
	Contractual value	Contractual value due after one year	Fair value	Net unrealized gains (losses)
Over-the-counter:				
Currency swap:	\$2,122,247	\$1,602,854	\$ (2,606)	\$(2,606)
Forward exchange contracts:				
Sold.....	82,076	—	(633)	(633)
Bought.....	77,492	—	1,178	1,178
Currency options:				
Sold.....	404,064	243,893	(21,879)	(1,588)
Bought.....	404,064	243,893	21,879	6,260
Total	\$ —	\$ —	\$ (2,062)	\$ 2,609

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, 2011.

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

(1) Interest-rate-related transactions are not performed as of March 31, 2011.

Interest-rate-related transactions are as follows as of March 31, 2010.

Millions of yen				
2010				
Hedged items	Contractual value	Contractual value due after one year	Fair value	
Interest rate swaps:				
Receive floating rate/pay fixed rate.....	Deposits	¥174	—	¥(1)
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								
2011				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	¥1,870	—	¥(13)	Loans denominated in foreign currencies	¥2,085	—	¥(31)

Thousands of U.S. dollars				
2011				
Hedged items	Contractual value	Contractual value due after one year	Fair value	
Forwards exchange contract.....	Loans denominated in foreign currencies	\$22,495	—	\$(163)

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.

31. Comprehensive income

(1) Other comprehensive income for the fiscal year ended March 31, 2010 was the following:

Millions of yen	
2010	
Net unrealized gains on available-for-sale securities.....	¥35,791
Deferred gain or loss on derivatives under hedge accounting.....	1
Total	¥35,793

(2) Total comprehensive income for the fiscal year ended March 31, 2010 was the following:

Millions of yen	
2010	
Comprehensive income attributable to owners of the parent.....	¥40,090
Comprehensive income attributable to minority shareholders.....	1,035
Total	¥41,125

32. Net income per share

Calculation of net income per share ("EPS") for the years ended March 31, 2011 and 2010 is as follows:

	Millions of yen	Thousands of shares	Yen	U.S. dollars
	Net income	Weighted average shares	EPS	
For the year ended March 31, 2011				
Basic EPS				
Net income available to common stockholders.....	¥4,676	263,954	¥17.71	\$0.213
For the year ended March 31, 2010				
Basic EPS				
Net income available to common stockholders.....	¥4,322	263,994	¥16.37	\$0.175

33. Segment information

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.

For the year ended March 31, 2011

Because the Shiga Bank Group has only one segment, banking, the description has been omitted.

Related Information

(1) Information about services

	Millions of Yen				
	2011				
	Lending services	Securities investment	Fee and commissions	Other	Total
Operating income from outside customers.....	¥48,140	¥19,740	¥12,152	¥11,779	¥91,812

	Thousands of U.S. Dollars				
	2011				
	Lending services	Securities investment	Fee and commissions	Other	Total
Operating income from outside customers.....	\$578,956	\$237,403	\$146,152	\$141,670	\$1,104,183

(2) Information about geographical areas

(a) Operating income

Operating income from outside domestic customers exceeded 90% of total operating income on the consolidated statements of operation for the fiscal year ended March 31, 2011, therefore geographical operating income information is not presented.

(b) Tangible fixed assets

The balance of domestic tangible fixed assets exceeded 90% of total balance of tangible fixed assets on the consolidated balance sheet as of March 31, 2011, therefore geographical tangible fixed assets information is not presented.

(3) Information about major customers

Operating income to a specific customer did not reach 10% of total operating income on the consolidated statements of operation for the fiscal year ended March 31, 2011, therefore major customer information is not presented.

For the year ended March 31, 2010

(1) Business segment information

Information about industry segments of the Group as of and for the year ended March 31, 2010 is 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

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.

(2) Segment information by geographic area

Segment information by geographic area is not presented herein for the years ended March 31, 2011 and 2010, as such information is permitted not to be disclosed if domestic share of both total income and total assets exceeds 90%.

(3) Operating income from international operations

Disclosure of operating income arising from international operations for the years ended March 31, 2011 and 2010 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.

34. Related party transactions

Transactions of the Bank with related parties for the years ended March 31, 2011 and 2010 were as follows:

Related party	Category	Description of transactions	Millions of yen		Thousands of U.S. dollars
			2011	2010	2011
Yoshihisa Fujita	Director and relative	Lending operation loan.....	¥ 28	¥ 29	\$ 339
Nishikawa Sangyo Co., Ltd.	Companies majority held by auditor and relative	Lending operation loan.....	1,460	1,270	17,572
Nishikawa Living Co., Ltd.	Companies majority held by auditor and relative	Lending operation loan.....	1,283	1,183	15,446
		Customer's liabilities for acceptances and guarantees.....	79	25	961

Related party transactions involving consolidated subsidiaries of the Bank for the years ended March 31, 2011 and 2010 were as follows:

Related party	Category	Description of transactions	Millions of yen		Thousands of U.S. dollars
			2011	2010	2011
Nishikawa Living Co., Ltd.	Companies, majority held by auditor or relative	Receiving lease payments.....	¥107	¥128	\$1,290