

Notes to Consolidated Financial Statements

Years ended March 31, 2012 and 2011

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 the 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.

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 ¥82.19 to U.S.\$1, the rate of exchange at March 31, 2012 has been used in translation. The inclusion of such amounts is not intended to imply that Japanese yen amounts have been or could be readily converted, realized or settled in U.S. dollar amounts at this rate or any other rates.

2. Summary of significant accounting policies

(a) Principles of consolidation

The accompanying consolidated financial statements for the years ended March 31, 2012 and 2011 include the accounts of the Bank and 10 and 11 consolidated subsidiaries, respectively.

One consolidated subsidiary's fiscal period ends January 24 and 9 consolidated subsidiaries' fiscal period ends March 31 for the year ended March 31, 2012.

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 the 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 hedges

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. The hedging of certain assets and liabilities is accounted for by special treatment for interest rate swaps. Certain consolidated subsidiaries have adopted the special treatment for interest rate swaps.

ii. Currency exchange risk hedges

Regarding 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 to

reduce 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, 2012 and 2011 were ¥19,826 million (\$241,231 thousand) and ¥17,129 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 a 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 a special reserve in the equity section. The Bank adopted the former treatment and reduced the cost of the assets acquired by ¥3,905 million (\$47,516 thousand) and ¥3,974 million at March 31, 2012 and 2011, respectively.

(h) Long-lived assets

The Group reviews its long-lived assets for impairment whenever events or changes in circumstances 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 losses are 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 costs for internally used software are capitalized and depreciated using 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 the leased property to the lessee are 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 the 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 ¥28,505 million (\$346,828 thousand), and ¥29,524 million as of March 31, 2012 and 2011, 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 is provided for possible future losses on securities based on a 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. The Bank 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 benefits of directors and corporate auditors

Liability for retirement benefits of directors and corporate auditors is provided at the amount required if they all 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 possible losses on the future claims of withdrawal based on 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 the Bank 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 were deemed 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. 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. 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.

ii. As lessor

Under the previous accounting standard, finance leases that were deemed 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 are deemed to transfer ownership of the leased property to the lessee should be recognized as lease receivables and all finance leases that are deemed not to transfer ownership of the leased property to the lessee should be recognized as investments in leases.

(t) Income taxes

The provision for income taxes is computed based on 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

The consolidated statements of changes in equity reflect the appropriation resolved by the general 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 the consolidated statements of income are dividends applicable to the respective years including dividends to be paid after the end of the fiscal year.

(w) Accounting changes and error corrections

In December 2009, the 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 due to a 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 Presentation—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. 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, 2012 and 2011, is as follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Cash and due from banks	¥42,079	¥54,550	\$511,974
Time deposits due from banks ...	—	(63)	—
Other due from banks	(314)	(276)	(3,828)
Cash and cash equivalents...	¥41,764	¥54,211	\$508,146

4. Investment securities

Investment securities at March 31, 2012 and 2011 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Japanese government bonds.....	¥ 543,160	¥ 525,531	\$ 6,608,592
Japanese local government bonds.....	313,463	278,861	3,813,884
Japanese corporate bonds.....	376,347	316,443	4,578,993
Corporate stocks.....	105,847	113,954	1,287,838
Other securities.....	91,423	150,735	1,112,346
Total.....	¥1,430,242	¥1,385,525	\$17,401,665

Fair value and other information on securities at March 31, 2012 and 2011 is as follows:

Securities

(1) Trading securities

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
	Gain included in profits during the fiscal year	Gain included in profits during the fiscal year	Gain included in profits during the fiscal year
Trading securities	¥80	¥83	\$979

(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 that have fair value as of March 31, 2012 were as follows:

	Millions of yen			Thousands of U.S. dollars		
	2012			2012		
	Consolidated balance sheet amount	Cost	Unrealized gains (losses)	Consolidated balance sheet amount	Cost	Unrealized gains (losses)
Consolidated balance sheet amount exceeding cost:						
Stocks	¥ 92,230	¥ 51,443	¥40,787	\$ 1,122,162	\$ 625,907	\$496,255
Bonds:	1,157,521	1,133,876	23,644	14,083,483	13,795,800	287,682
Japanese government bonds	500,218	492,486	7,731	6,086,127	5,992,054	94,072
Japanese local government bonds	306,348	297,181	9,166	3,727,315	3,615,783	111,531
Japanese corporate bonds	350,954	344,208	6,746	4,270,040	4,187,961	82,078
Others	39,521	39,165	355	480,854	476,529	4,325
Subtotal	¥1,289,273	¥1,224,486	¥64,787	\$15,686,500	\$14,898,237	\$788,263
Consolidated balance sheet amount not exceeding cost:						
Stocks	¥ 10,554	¥ 11,942	¥ (1,388)	\$ 128,416	\$ 145,308	\$ (16,892)
Bonds:	74,449	75,627	(177)	917,987	920,149	(2,162)
Japanese government bonds	42,941	43,010	(69)	522,465	523,305	(840)
Japanese local government bonds	7,115	7,122	(7)	86,568	86,657	(88)
Japanese corporate bonds	25,392	25,494	(101)	308,953	310,186	(1,233)
Others	52,415	53,854	(1,438)	637,739	655,241	(17,501)
Subtotal	138,419	141,424	(3,004)	1,684,143	1,720,700	(36,557)
Total	¥1,427,693	¥1,365,910	¥61,782	\$17,370,643	\$16,618,938	\$751,705

Available-for-sale securities that have fair value as of March 31, 2011 were as follows:

	Millions of yen		
	2011		
	Consolidated balance sheet amount	Cost	Unrealized gains (losses)
Consolidated balance sheet amount exceeding cost:			
Stocks	¥ 105,347	¥ 57,496	¥47,851
Bonds:	834,908	819,319	15,589
Japanese government bonds	339,609	333,385	6,223
Japanese local government bonds	231,922	226,996	4,926
Japanese corporate bonds	263,377	258,937	4,440
Others	68,129	67,636	493
Subtotal	¥1,008,386	¥ 944,451	¥63,934
Consolidated balance sheet amount not exceeding cost:			
Stocks	¥ 5,438	¥ 6,345	¥ (906)
Bonds:	285,927	287,823	(1,895)
Japanese government bonds	185,921	187,032	(1,110)
Japanese local government bonds	46,939	47,402	(463)
Japanese corporate bonds	53,066	53,388	(321)
Others	83,800	85,065	(1,265)
Subtotal	¥ 375,166	¥ 379,234	¥ (4,067)
Total	¥1,383,552	¥1,323,685	¥59,866

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

(5) Available-for-sale securities sold

	Millions of yen			Thousands of U.S. dollars		
	2012			2012		
	Sales amount	Gains on sales	Losses on sales	Sales amount	Gains on sales	Losses on sales
Stocks	¥ 17	¥ 2	¥ 4	\$ 215	\$ 29	\$ 58
Bonds:	253,494	2,891	78	3,084,251	35,175	958
Japanese government bonds.....	233,461	2,492	78	2,840,505	30,322	958
Japanese local government bonds.....	14,799	316	—	180,060	3,847	—
Japanese corporate bonds.....	5,234	82	—	63,685	1,005	—
Others	27,412	998	353	333,529	12,154	4,304
Total	¥280,925	¥3,892	¥437	\$3,417,996	\$47,358	\$5,320

	Millions of yen		
	2011		
	Sales amount	Gains on sales	Losses on sales
Stocks	¥ 1,473	¥ 31	¥427
Bonds:	193,209	3,846	3
Japanese government bonds.....	144,891	2,810	—
Japanese local government bonds.....	39,702	868	—
Japanese corporate bonds.....	8,615	167	3
Others	37,509	720	21
Total	¥232,192	¥4,598	¥452

(6) Impairment losses 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 ¥435 million (\$5,292 thousand) of which equities accounted for the same amount for the year ended March 31, 2012.

Impairment losses amounted to ¥626 million of which equities accounted for ¥574 million and bonds for ¥51 million for the year ended March 31, 2011.

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.

5. Money held in trust

(1) Money held in trust classified as trading

	Millions of yen				Thousands of U.S. dollars	
	2012		2011		2012	
	Consolidated balance sheet amount	Gains included in profits during the fiscal year	Consolidated balance sheet amount	Gains included in profits during the fiscal year	Consolidated balance sheet amount	Gains included in profits during the fiscal year
Money held in trust classified as trading	¥7,799	¥54	¥7,876	¥30	\$94,898	\$663

(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).

6. 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
	2012	2011	2012
Net unrealized gains on investment securities.....	¥61,782	¥59,866	\$751,705
Other money held in trust.....	—	—	—
Deferred tax liabilities.....	(18,538)	(19,159)	(225,556)
Minority interests.....	(43)	(33)	(526)
Net unrealized gains on available-for-sale securities.....	¥43,200	¥40,673	\$525,622

7. Loans and bills discounted

Loans and bills discounted at March 31, 2012 and 2011 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Bills discounted.....	¥ 19,524	¥ 16,703	\$ 237,557
Loans on bills.....	134,562	147,242	1,637,209
Loans on deeds.....	2,249,811	2,252,857	27,373,302
Overdrafts.....	339,539	351,304	4,131,152
Total.....	¥2,743,438	¥2,768,107	\$33,379,221

Loans in legal bankruptcy totaled ¥1,320 million (\$16,069 thousand) and ¥2,119 million as of March 31, 2012 and 2011, respectively. Nonaccrual loans totaled ¥61,152 million (\$744,034 thousand) and ¥52,526 million as of March 31, 2012 and 2011, 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 ¥539 million (\$6,568 thousand) and ¥1,615 million as of March 31, 2012 and 2011, respectively. Loans classified as loans in legal bankruptcy and past due loans are excluded.

Restructured loans totaled ¥13,372 million (\$162,697 thousand) and ¥11,988 million as of March 31, 2012 and 2011, respectively. Such restructured loans are loans on which creditors grant concessions (e.g., reduction of the stated interest rate, deferral of interest payments, extension of maturity dates, waiver of the face amount, or other concessive measures) to the debtors to assist them to recover from financial difficulties and eventually be able to pay creditors. Loans classified as loans in legal bankruptcy, nonaccrual loans and accruing loans contractually past due three months or more are excluded.

8. Foreign exchanges

Foreign exchange assets and liabilities at March 31, 2012 and 2011 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Assets:			
Due from foreign correspondents.....	¥3,784	¥4,027	\$46,042
Foreign bills of exchange purchased.....	31	112	380
Foreign bills of exchange receivable.....	1,665	831	20,268
Total.....	¥5,481	¥4,970	\$66,691
Liabilities:			
Foreign bills of exchange sold.....	¥ 80	¥ 49	\$ 977
Accrued foreign bills of exchange.....	2	9	24
Total.....	¥ 82	¥ 59	\$ 1,001

9. Other assets

Other assets at March 31, 2012 and 2011 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Prepaid expenses	¥ 89	¥ 47	\$ 1,084
Accrued income.....	4,884	4,807	59,427
Derivatives	2,453	3,345	29,849
Other (Note 12).....	32,463	31,858	394,980
Total.....	¥39,890	¥40,059	\$485,341

10. Tangible fixed assets

Tangible fixed assets at March 31, 2012 and 2011 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Buildings.....	¥14,965	¥14,716	\$182,079
Land.....	40,005	39,444	486,743
Construction in progress.....	818	2	9,963
Other.....	3,450	3,874	41,982
Total.....	¥59,240	¥58,037	\$720,769

Accumulated depreciation on tangible fixed assets at March 31, 2012 and 2011 amounted to ¥45,515 million (\$553,788 thousand) and ¥45,126 million, respectively.

11. Long-lived assets

The Group recognized impairment losses for the year ended March 31, 2012 and 2011 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 ¥359 million (\$4,376 thousand) and ¥1,383 million for the years ended March 31, 2012 and 2011, 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
			2012	2011	2012
Shiga Prefecture	Branch offices and other	Land, buildings and equipment.....	¥171	¥ 226	\$2,084
Other	Branch offices and other	Land, buildings and equipment.....	188	1,157	2,291
Total.....			¥359	¥1,383	\$4,376

Impairment losses are included in other expenses (Note 24).

12. Assets pledged

Assets pledged as collateral and related liabilities at March 31, 2012 and 2011 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Investment securities	¥147,710	¥144,336	\$1,797,182
Other assets (investments in leases) (Note 9)	2,772	3,226	33,728

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Related liabilities			
Deposits	¥4,677	¥19,270	\$56,905
Payables under securities lending transactions	—	1,534	—
Borrowed money	2,213	2,558	26,934

In addition, investment securities totaling ¥36,212 million (\$440,594 thousand) and ¥76,201 million at March 31, 2012 and 2011, respectively, were pledged as collateral for settlement of exchange and as securities for futures transactions and others.

Other assets (Note 9) include guarantee deposits of ¥787 million (\$9,579 thousand) and ¥818 million at March 31, 2012 and 2011, respectively.

13. 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, 2012 and 2011 amounted to ¥798,650 million (\$9,717,124 thousand) and ¥811,020 million, respectively, and the amounts of unused commitments whose original contract terms are within one year or unconditionally cancelable at any time were ¥778,670 million (\$9,474,029 thousand) and ¥788,463 million at March 31, 2012 and 2011, 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 flows. 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.

14. 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 the 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, 2012 and 2011, the carrying amount of the land after the above one-time revaluation was more than the fair value by ¥12,716 million (\$154,723 thousand) and ¥10,745 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.

15. Deposits

Deposits at March 31, 2012 and 2011 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Current deposits.....	¥ 141,896	¥ 133,257	\$ 1,726,446
Ordinary deposits.....	1,593,778	1,484,368	19,391,394
Deposits at notice.....	16,831	12,223	204,781
Time deposits.....	2,143,951	2,149,252	26,085,306
Other deposits.....	89,002	112,307	1,082,884
Total.....	¥3,985,459	¥3,891,407	\$48,490,813

16. Borrowed money

At March 31, 2012 and 2011, the weighted average interest rates applicable to borrowed money were 1.29% and 1.21%, respectively.

Borrowed money at March 31, 2012 and 2011 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Subordinated loans.....	¥40,000	¥20,000	\$486,677
Borrowing from banks and other.....	37,567	27,158	457,082
Total.....	¥77,567	¥47,158	\$943,759

Annual maturities of borrowed money at March 31, 2012 were as follows:

Year Ending March 31	Millions of yen	Thousands of U.S. dollars
2013.....	¥32,486	\$395,257
2014.....	2,101	25,566
2015.....	1,625	19,771
2016.....	985	11,984
2017.....	370	4,501
2018 and thereafter.....	40,000	486,677
Total.....	¥77,567	\$943,759

17. Bonds

Bonds at March 31, 2012 and 2011 consisted of the following:

	Millions of yen		Thousands of U.S. dollars	Interest rate	Due
	2012	2011	2012		
Subordinated bonds.....	¥20,000	¥20,000	\$243,338	1.89%	July 26, 2019

18. Other liabilities

Other liabilities at March 31, 2012 and 2011 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Accrued income taxes.....	¥ 3,027	¥ 6,339	\$ 36,829
Accrued expenses.....	7,179	9,155	87,352
Unearned income.....	5,137	5,956	62,511
Derivatives.....	2,363	3,530	28,756
Other.....	20,869	16,263	253,917
Total.....	¥38,577	¥41,244	\$469,367

19. 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 ¥7,034 million (\$85,582 thousand) and ¥7,370 million as of March 31, 2012 and 2011, were set off because those which were relevant to corporate bonds and the guaranteed bonds were held by the Bank itself.

20. Equity

(1) Capital stock and capital surplus

Changes in the number of common stock of the years ended March 31, 2012 and 2011, consisted of the following:

	Thousands	
	Common stock	
	Issued number of shares	
	2012	2011
Beginning of the year	265,450	265,450
Increase	—	—
Decrease	—	—
End of the year	264,450	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 the aggregate amount of the legal reserve and additional paid-in capital equals 25% (100% for banks pursuant to the Banking Act) of 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

The following appropriation of retained earnings is proposed to the Bank's general shareholders' meeting held on June 26, 2012.

	Millions of yen	Thousands of U.S. dollars
Cash dividends (dividend amount per share: ¥3 or \$0.037)	¥791	\$9,632

21. Other operating income

Other operating income for the years ended March 31, 2012 and 2011 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Gains on foreign exchange transactions-net.....	¥ 685	¥ 839	\$ 8,340
Gains on sales of bonds.....	3,969	4,657	48,297
Other	9,060	8,605	110,240
Total.....	¥13,715	¥14,102	\$166,878

22. Other income

Other income for the years ended March 31, 2012 and 2011 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Recovery of claims previously charged-off	¥1,328	¥1,459	\$16,163
Other	2,357	1,748	28,681
Total.....	¥3,685	¥3,208	\$44,844

23. Other operating expenses

Other operating expenses for the years ended March 31, 2012 and 2011 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Losses on sales of government bonds.....	¥ 651	¥ 43	\$ 7,927
Losses on redemption of bonds.....	210	51	2,562
Losses on financial derivatives.....	330	59	4,021
Other	7,230	6,673	87,976
Total.....	¥8,423	¥6,827	\$102,487

24. Other expenses

Other expenses for the years ended March 31, 2012 and 2011 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Provision of allowance for possible loan losses.....	¥4,345	¥ 8,646	\$52,869
Change-off of loans and bills discounted	1,470	2,251	17,895
Losses on impairment of long-lived assets (Note 11).....	359	1,383	4,376
Valuation losses on investment in stocks.....	509	859	6,194
Other	1,010	2,245	12,292
Total.....	¥7,695	¥15,386	\$93,628

25. Leases

Lessee

The Group leases certain equipment. Total rental expense under finance leases for the years ended March 31, 2012 and 2011 was ¥3 million (\$46 thousand) and ¥5 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 leases, 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, 2012 and 2011 were as follows:

	Tangible fixed assets		
	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Acquisition cost.....	¥22	¥36	\$269
Accumulated depreciation.....	(18)	(29)	(230)
Net leased property.....	¥ 3	¥ 6	\$ 38

Obligations under finance leases at March 31, 2012 and 2011 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
	Due within one year.....	¥1	¥3
Due after one year.....	1	3	16
Total.....	¥3	¥6	\$38

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
	2012	2011	2012
	Lease payments.....	¥3	¥5
Depreciation expense.....	3	5	46

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 a similar manner to ordinary sales and transactions, effective from the year ended March 31, 2009.

Investments in leases included in other assets on the balance sheets as of March 31, 2012 and 2011 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
	Gross lease receivables.....	¥18,809	¥17,964
Unguaranteed residual values.....	771	783	9,389
Unearned interest income.....	(2,418)	(2,856)	(29,429)
Investments in leases.....	¥17,162	¥15,891	\$208,811

Maturities of lease receivables for finance leases that are deemed to transfer ownership of the leased property to the lessee are as of March 31, 2012 are as follows:

	Millions of yen	Thousands of U.S. dollars
	2013.....	¥ 3
2014.....	1	22
2015.....	1	21
2016.....	1	14
2017.....	0	3
2018 and thereafter.....	—	—

Maturities of gross lease receivables related to investments in leases as of March 31, 2012 are as follows:

	Millions of yen	Thousands of U.S. dollars
2013	¥5,961	\$72,538
2014	4,874	59,303
2015	3,595	43,746
2016	2,435	29,628
2017	1,387	16,882
2018 and thereafter.....	554	6,751

With regard to finance lease transactions entered into prior to April 1, 2008, that are not deemed 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, 2012 and 2011 increased by ¥513 million (\$6,246 thousand) and ¥774 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, 2012 and 2011 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Due within one year	¥ 7	¥ 5	\$ 96
Due after one year	16	10	203
Total.....	¥24	¥16	\$299

26. 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, 2012 and 2011 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Projected benefit obligation	¥(44,120)	¥(43,938)	\$(536,806)
Plan assets (fair value)	22,287	22,293	271,167
Unfunded projected benefit obligation	(21,832)	(21,645)	(265,639)
Unrecognized actuarial net loss	7,808	8,911	95,002
Unrecognized prior service cost	(37)	(54)	(462)
Liability for employees' retirement benefits	¥(14,062)	¥(12,788)	\$(171,098)

The components of net periodic benefit costs for the years ended March 31, 2012 and 2011 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Service cost	¥1,729	¥1,721	\$21,039
Interest cost.....	657	653	8,003
Expected return on plan assets	(229)	(266)	(2,789)
Amortization of prior service cost.....	(16)	(16)	(197)
Recognized actuarial net loss	1,833	2,251	22,311
Net periodic retirement benefit costs	¥3,975	¥4,343	\$48,367

Assumptions used for the years ended March 31, 2012 and 2011 were set forth as follows:

	2012	2011
Discount rate	1.50%	1.50%
Expected rate of return on plan assets	1.51%	1.76%
Amortization period of prior service cost.....	10 years	10 years
Recognition period of actuarial gain or loss.....	10 years	10 years

27. Income taxes

The tax effects of significant temporary differences which resulted in deferred tax assets and liabilities at March 31, 2012 and 2011 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Deferred tax assets:			
Allowance for possible loan losses	¥ 18,376	¥ 20,921	\$ 223,586
Liability for employees' retirement benefits	7,305	7,573	88,881
Accrued enterprise tax	235	501	2,866
Devaluation of stocks and other securities.....	6,186	7,046	75,267
Depreciation	1,609	1,716	19,577
Other.....	2,732	3,256	33,249
Less valuation allowance	(14,505)	(16,077)	(176,485)
Total	¥ 21,940	¥ 24,938	\$ 266,942
Deferred tax liabilities:			
Net unrealized gains on available-for-sale securities	(18,538)	(19,159)	(225,556)
Reserve for advanced depreciation of fixed assets	(182)	(208)	(2,223)
Other.....	(0)	(6)	(0)
Total	¥(18,721)	¥(19,374)	\$(227,780)
Net deferred tax assets	¥ 3,218	¥ 5,563	\$ 39,162

A reconciliation between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statements of income for the years ended March 31, 2012 and 2011 is as follows:

	2012	2011
Normal effective statutory tax rate.....	40.4%	40.4%
Permanent differences – mainly dividends received.....	(2.3)	(3.1)
Increase in valuation allowance for deferred tax assets.....	2.7	14.7
Tax rate difference in special purpose entities.....	(1.1)	(2.1)
Decrease in deferred tax assets due to changes in statutory tax rate.....	10.1	—
Other	(0.4)	0.3
Actual effective tax rate	49.4%	50.2%

“Act on Partial Amendment to the Income Tax Act, etc. in order to Create a Tax System Responding to Structural Changes of Economy and Society” (Act No.114, 2011) and “Act on Special Measures Concerning Securing Financial Resources Necessary for the Implementation of Measures to recover from the Great East Japan Earthquake” (Act No.117, 2011) were promulgated on December 2, 2011, and accordingly, the corporate income tax rate has been lowered and the special corporation tax for restoration has been imposed from the consolidated fiscal year beginning on or after April 1, 2012.

Due to these changes, the effective statutory tax rate used by the Group for the calculation of deferred tax assets and deferred tax liabilities has been revised from the previous rate of 40.43%. The rate of 37.75% has been applied to the temporary differences expected to be either deductible, taxable or expired from the fiscal year beginning on April 1, 2012 through the fiscal year beginning on April 1, 2014, while the rate of 35.38% has been applied to the temporary differences expected to be either deductible, taxable or expired on or after the fiscal year beginning April 1, 2015.

The effect of the changes in tax rates increased deferred tax assets by ¥819 million (\$9,964 thousand), deferred income taxes by ¥1,826 million (\$22,226 thousand), land revaluation surplus by ¥1,293 million (\$15,736 thousand) and net unrealized gains on available-for-sale securities by ¥2,642 million (\$32,154 thousand) and decreased deferred tax liabilities for land revaluation by ¥1,293 million (\$15,736 thousand).

28. 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 purposes, 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 risk, market price volatility risk, and the credit risk of the issuers. 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 derivative transactions, including interest rate swaps, currency swaps, currency options, and forward exchange contracts. For some of these transactions, the Group applies hedge accounting based on internal regulations that comply with the "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 limits 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 ratings at meetings such as the 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 a 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 complies with the established acceptable risk limit and other risk limits is monitored on a daily basis and is reported to 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 market risks

Regarding market risks, the Group measures the quantitative risk of interest-rate risks and stock price volatility risks through VaR, a statistical method. Principally by reporting these risk 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 derivative transactions.

The Group's interest-rate risk amounts stood at ¥5,074 million (\$61,741 thousand) as of March 31, 2012 and ¥10,380 million as of March 31, 2011.

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 an internal model.

Stock price volatility risks

The Group holds certain shares for policy investment purposes. The volatility risk amounts of the prices of such shares stood at ¥16,195 million (\$197,052 thousand) as of March 31, 2012 and ¥36,068 million as of March 31, 2011.

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 changes 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 the consolidated balance sheet amount of as of March 31, 2012 and 2011 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					
	2012			2011		
	Consolidated balance sheet amount	Fair value	Difference	Consolidated balance sheet amount	Fair value	Difference
Call loans and bills bought.....	¥ 183,565	¥ 183,565	¥ —	¥ 85,259	¥ 85,259	¥ —
Investment securities						
Trading securities.....	3,745	3,745	—	3,857	3,857	—
Available-for-sale securities.....	1,423,433	1,423,433	—	1,378,500	1,378,500	—
Loans and bills discounted.....	2,743,438	—	—	2,768,107	—	—
Allowance for possible loan losses (*1).....	(35,283)	—	—	(35,022)	—	—
	2,708,155	2,732,684	24,529	2,733,084	2,751,205	18,121
Assets total.....	4,318,899	4,343,428	24,529	4,200,701	4,218,823	18,121
Deposits.....	3,985,459	3,986,989	1,529	3,891,407	3,894,742	3,334
Negotiable certificates of deposit.....	104,524	104,546	21	109,679	109,709	30
Borrowed money.....	77,567	79,077	1,509	47,158	47,449	291
Bonds.....	20,000	20,385	385	20,000	20,545	545
Liabilities total.....	4,187,552	4,190,998	3,445	4,068,245	4,072,447	4,201
Derivative transactions (*2)						
Deferred hedge accounting is not applied.....	170	170	—	(13)	(13)	—
Deferred hedge accounting is applied.....	(80)	(80)	—	(171)	(171)	—
Derivative transactions total.....	¥ 89	¥ 89	¥ —	¥ (185)	¥ (185)	¥ —

Thousands of U.S. dollars			
2012			
	Consolidated balance sheet amount	Fair value	Difference
Call loans and bills bought.....	\$ 2,233,423	\$ 2,233,423	\$ —
Investment securities			
Trading securities.....	45,575	45,575	—
Available-for-sale securities.....	17,318,812	17,318,812	—
Loans and bills discounted.....	33,379,221	—	—
Allowance for possible loan losses (*1).....	(429,287)	—	—
	<u>32,949,933</u>	<u>33,248,377</u>	<u>298,443</u>
Assets total.....	52,547,745	52,846,188	298,443
Deposits.....	48,490,813	48,509,418	18,604
Negotiable certificates of deposit.....	1,271,743	1,272,004	261
Borrowed money.....	943,759	962,130	18,370
Bonds.....	243,338	248,027	4,688
Liabilities total.....	50,949,654	50,991,580	41,925
Derivative transactions (*2)			
Deferred hedge accounting is not applied.....	2,069	2,069	—
Deferred hedge accounting is applied.....	(977)	(977)	—
Derivative transactions total.....	<u>\$ 1,092</u>	<u>\$ 1,092</u>	<u>\$ —</u>

(*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) Derivative 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 deems 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 ¥1,025 million (\$12,482 thousand) and ¥3,138 million, to decrease deferred tax assets by ¥362 million (\$4,416 thousand) and ¥1,268 million and to increase net unrealized gains on available-for-sale securities by ¥662 million (\$8,065 thousand) and ¥1,869 million compared to the valuation based on the market price as of March 31, 2012 and 2011.

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 bill 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 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 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 4 "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 deems the book values to be fair values.

Regarding 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 the 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 uses 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 losses are 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.

Regarding 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 deems the book value to be the fair value. With respect to deposits with long deposit terms (i.e., one year or longer), the Group uses 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.

Regarding 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 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 or 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

Information on the fair value for derivatives is included in Note 29 "Fair value information on derivative transactions."

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

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

	Consolidated balance sheet amount		Thousands of U.S. dollars
	Millions of yen		
	2012	2011	2012
Unlisted stocks (*1)(*2).....	¥3,063	¥3,168	\$37,267

(*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, 2012 and 2011, impairment losses for unlisted stocks amounted to ¥74 million (\$901 thousand) and ¥284 million.

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

	Millions of yen					
	2012					
	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.....	¥ 183,565	¥ —	¥ —	¥ —	¥ —	¥ —
Investment securities (*1).....	138,615	333,979	295,870	182,492	261,838	81,416
Japanese government bonds.....	44,830	136,450	142,706	125,800	82,000	—
Japanese local government bonds.....	20,317	60,133	69,492	40,017	114,215	—
Japanese corporate bonds.....	47,991	103,752	68,664	16,510	63,980	68,460
Others.....	25,476	33,642	15,007	164	1,643	12,955
Loans and bills discounted (*2).....	813,642	509,632	397,081	217,766	208,894	507,627
Total	¥1,135,823	¥843,611	¥692,952	¥400,258	¥470,733	¥589,043

	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

	Thousands of U.S. dollars					
	2012					
	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.....	\$ 2,233,423	\$ —	\$ —	\$ —	\$ —	\$ —
Investment securities (*1).....	1,686,526	4,063,499	3,599,839	2,220,369	3,185,775	990,586
Japanese government bonds.....	545,443	1,660,177	1,736,293	1,530,599	997,688	—
Japanese local government bonds.....	247,206	731,643	845,513	486,895	1,389,647	—
Japanese corporate bonds.....	583,904	1,262,350	835,432	200,876	778,440	832,952
Others.....	309,971	409,328	182,599	1,998	20,000	157,633
Loans and bills discounted (*2).....	9,899,536	6,200,657	4,831,261	2,649,548	2,541,609	6,176,265
Total	\$13,819,486	\$10,264,157	\$8,431,100	\$4,869,918	\$5,727,385	\$7,166,851

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

(*2) Loans in legal bankruptcy, virtual bankruptcy and potential bankruptcy amounting to ¥62,472 million (\$760,104 thousand) and ¥54,646 million loans and bills discounted without contractual maturities amounting to ¥26,320 million (\$320,237 thousand) and ¥27,251 million are excluded from the table above as of March 31, 2012 and 2011.

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

	Millions of yen					
	2012					
	1 year or less	1 to 3 years	3 to 5 years	5 to 7 years	7 to 10 years	Over 10 years
Deposits (*)	¥3,470,818	¥498,831	¥15,810	¥ —	¥ —	¥ —
Negotiable certificates of deposit	104,524	—	—	—	—	—
Borrowed money	32,486	3,726	1,355	10,000	10,000	20,000
Bonds	—	—	—	—	20,000	—
Total	¥3,607,829	¥502,557	¥17,165	¥10,000	¥30,000	¥20,000

	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	¥ —

	Thousands of U.S. dollars					
	2012					
	1 year or less	1 to 3 years	3 to 5 years	5 to 7 years	7 to 10 years	Over 10 years
Deposits (*)	\$42,229,208	\$6,069,242	\$192,363	\$ —	\$ —	\$ —
Negotiable certificates of deposit	1,271,743	—	—	—	—	—
Borrowed money	395,257	45,338	16,486	121,669	121,669	243,338
Bonds	—	—	—	—	243,338	—
Total	\$43,896,209	\$6,114,580	\$208,849	\$121,669	\$365,007	\$243,338

(*) Demand deposits are included in "1 year or less."

29. 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, 2012.

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							
	2012				2011			
	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:	¥127,182	¥103,164	¥ 166	¥166	¥176,464	¥133,277	¥ (216)	¥(216)
Forward exchange contracts:								
Sold:	6,928	—	(220)	(220)	6,824	—	(52)	(52)
Bought:	6,106	—	224	224	6,443	—	97	97
Currency options:								
Sold:	30,495	16,095	(1,341)	180	33,597	20,279	(1,819)	(132)
Bought:	30,495	16,095	1,341	173	33,597	20,279	1,819	520
Total	¥ —	¥ —	¥ 170	¥524	¥ —	¥ —	¥ (171)	¥ 216

	Thousands of U.S. dollars			
	2012			
	Contractual value	Contractual value due after one year	Fair value	Net unrealized gains (losses)
Over-the-counter:				
Currency swap:	\$1,547,423	\$1,255,195	\$ 2,020	\$2,020
Forward exchange contracts:				
Sold:	84,304	—	(2,683)	(2,683)
Bought:	74,292	—	2,732	2,732
Currency options:				
Sold:	371,031	195,827	(16,318)	2,198
Bought:	371,031	195,827	16,318	2,111
Total	\$ —	\$ —	\$ 2,069	\$6,379

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

2. Fair value is calculated using discounted cash flows.

(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, 2012.

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

(1) Interest-rate-related transactions are as follows as of March 31, 2012.

	Millions of yen				Thousands of U.S. dollars			
	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.....	Borrowed money	¥270	¥270	Note 3	Borrowed money	\$3,285	\$3,285	Note 3
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 the above derivatives are principally based on quoted market prices, such as those of Tokyo Financial Exchange Inc., or discounted values of future cash flows.
3. Because the interest rate swaps are accounted for with long-term debt as the hedged item, the fair value of the swaps is included in the fair value of the borrowed money in Note 28-2.

(2) Currency-related transactions

	Millions of yen							
	2012				2011			
	Hedged items	Contractual value	Contractual value due after one year	Fair value	Hedged items	Contractual value	Contractual value due after one year	Fair value
Forward exchange contracts.....	Loans denominated in foreign currencies	¥1,540	¥—	¥(80)	Loans denominated in foreign currencies	¥1,870	¥—	¥(13)

	Thousands of U.S. dollars			
	2012			
	Hedged items	Contractual value	Contractual value due after one year	Fair value
Forward exchange contracts.....	Loans denominated in foreign currencies	\$18,746	\$—	\$(977)

- 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.

30. Comprehensive income

The components of other comprehensive income for the year ended March 31, 2012 were as follows:

	Millions of yen	Thousands of U.S. dollars
Unrealized gains on available-for-sale securities, net of taxes:		
The amount arising during the period.....	¥4,725	\$57,493
Reclassification adjustments to profit or loss.....	(2,809)	(34,182)
Before adjustments to tax effect.....	1,915	23,310
The amount of tax effect.....	621	7,559
Total	2,537	30,869
Deferred gain on derivatives under hedge accounting:		
The amount arising during the period.....	(1)	(13)
Reclassification adjustments to profit or loss.....	0	10
Before adjustments to tax effect.....	(0)	(2)
The amount of tax effect.....	0	1
Total	(0)	(1)
Land revaluation surplus:		
The amount arising during the period.....	—	—
Reclassification adjustments to profit or loss.....	—	—
Before adjustments to tax effect.....	—	—
The amount of tax effect.....	1,293	15,736
Total	1,293	15,736
Total other comprehensive income	¥3,830	\$46,603

The corresponding information for the year ended March 31, 2011 was not required under the accounting standard for presentation of comprehensive income due to an exemption for the first year of adopting that standard and not disclosed herein.

31. Net income per share

Calculation of net income per share ("EPS") for the years ended March 31, 2012 and 2011 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, 2012				
Basic EPS				
Net income available to common shareholders.....	¥8,228	263,923	¥31.17	\$0.379
For the year ended March 31, 2011				
Basic EPS				
Net income available to common shareholders.....	¥4,676	263,954	¥17.71	\$0.213

32. Segment information

For the years ended March 31, 2012 and 2011

Because the Group has only one segment, banking, the description is not presented.

Related Information

(1) Information about services

	Millions of Yen				
	2012				
	Lending services	Securities investment	Fees and commissions	Other	Total
Operating income from external customers.....	¥46,144	¥18,660	¥12,362	¥13,544	¥90,711
	Millions of Yen				
	2011				
	Lending services	Securities investment	Fees and commissions	Other	Total
Operating income from external customers.....	¥48,140	¥19,740	¥12,152	¥11,779	¥91,812

Thousands of U.S. Dollars

	2012				
	Lending services	Securities investment	Fees and commissions	Other	Total
Operating income from external customers.....	\$561,434	\$227,037	\$150,410	\$164,799	\$1,103,681

(2) Information about geographical areas

(a) Operating income

Operating income from external domestic customers exceeded 90% of total operating income on the consolidated statements of income for the fiscal years ended March 31, 2012 and 2011; therefore geographical operating income information is not presented.

(b) Tangible fixed assets

The balance of domestic tangible fixed assets exceeded 90% of the total balance of tangible fixed assets on the consolidated balance sheets as of March 31, 2012 and 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 income for the fiscal years ended March 31, 2012 and 2011; therefore major customer information is not presented.

33. Related party transactions

Transactions of the Bank with related parties for the year ended March 31, 2012 were as follows:

Related party	Category	Description of transactions	Millions of yen	Thousands of U.S. dollars
Yoshihisa Fujita	Director or relative	Lending operation loan.....	¥27	\$332

There were no related party transactions involving consolidated subsidiaries of the Bank for the year ended March 31, 2012.

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

Related party	Category	Description of transactions	Millions of yen
Yoshihisa Fujita	Director or relative	Lending operation loan.....	¥ 28
Nishikawa Sangyo Co., Ltd.	Companies majority held by auditor and relative	Lending operation loan.....	1,460
Nishikawa Living Co., Ltd.	Companies majority held by auditor and relative	Lending operation loan.....	1,283
		Customer's liabilities for acceptances and guarantees.....	79

Related party transaction involving consolidated subsidiaries of the Bank for the year ended March 31, 2011 was as follows:

Related party	Category	Description of transaction	Millions of yen
Nishikawa Living Co., Ltd.	Companies majority held by auditor or relative	Receiving lease payments.....	¥107