SCB

Shinkin Central Bank

Annual Report 2011

Shinkin Central Bank, the Central Bank for Shinkin Banks

As the central financial institution of shinkin banks, Shinkin Central Bank (referred to as SCB hereafter) has occupied a well-established position in Japan's financial industry, with shinkin banks having a total of ¥119 trillion (equivalent to $1,431 billion) in funds.

Management Philosophy and Operational Policies

Management Philosophy

As the central bank for all shinkin banks, the SCB supports the growth of the shinkin bank sector and thus contributes to economic development throughout Japan.

Operational Policies

1. Strengthening the corporate base, broadening the operational functions, and enhancing the credit standing of shinkin banks
2. Stable fund-raising from shinkin banks as well as diversification of funding sources
3. Upgrading market operation and developing financial services
4. Actively pursuing new business in conformity with changes in financial circumstances
5. Contributing to regional development and revitalization hand in hand with shinkin banks
6. Achieving sound management through efficiency, capital adequacy, and strengthened risk management
7. Nurturing professionals and creating an attractive workplace
8. Enhancing public trust in the SCB

Corporate Data (as of March 31, 2011)

Name:	Shinkin Central Bank (SCB)
Establishment:	June 1, 1950
Number of Employees:	1,125
Domestic Network:	14
Overseas Network:	4
Total Assets:	¥31,277 billion ($376 billion)
Total Funds:	¥29,621 billion ($356 billion)
Paid-in Capital:	¥490 billion ($5,892 million)
(Preferred Shares):	¥90 billion ($1,082 million)
Capital Adequacy Ratio (Consolidated):	31.76%
Number of Member Shinkin Banks:	271
Long-term Credit Ratings:	Aa3 (Moody's)
	A+ (S&P)
	A+ (R&I)
	AA (JCR)
	(As of July 31, 2011)

Note: The number of employees includes full-time Directors and Auditor. The number of Overseas Network includes Shinkin International, Ltd., a subsidiary in London. The amounts of total assets and total funds are the average balances for the year ended March 31, 2011.

Contents

This material contains certain forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may materially differ from those contained in the forward-looking statements as a result of various factors.

U.S. dollar amounts are converted for convenience only, at ¥83.15 per dollar, the prevailing rate on March 31, 2011.

Financial Highlights (Non-Consolidated Financial Summary)

Shinkin Central Bank For the years ended March 31,	Millions of Yen			Millions of U.S. Dollars		
	2011	2010	2009	**2011**	2010	2009
For the Fiscal Year						
Total Income	**¥ 338,057**	¥ 370,090	¥ 462,491	**$ 4,065**	$ 3,977	$ 4,709
Total Expenses	**299,982**	352,862	682,736	**3,607**	3,792	6,952
Net Income (Loss)	**27,387**	28,365	(183,812)	**329**	304	(1,871)
Net Business Profit (Loss)	**49,949**	56,180	(89,492)	**600**	603	(911)
At the Year-end						
Total Assets	**¥31,283,720**	¥28,400,491	¥27,311,870	**$376,232**	$305,217	$278,124
Loans and Bills Discounted	**5,254,796**	6,263,796	5,437,196	**63,196**	67,316	55,368
Securities	**21,547,910**	17,324,312	16,202,812	**259,145**	186,182	164,998
Total Liabilities	**30,258,547**	27,397,921	26,884,624	**363,903**	294,443	273,774
Deposits	**21,581,162**	19,736,289	18,820,953	**259,544**	212,104	191,659
Debentures	**4,340,630**	4,815,810	4,728,880	**52,202**	51,755	48,155
Total Shareholders' Equity	**1,025,172**	1,002,570	427,245	**12,329**	10,774	4,350

U.S. dollar amounts are converted for convenience only, at ¥98.20, ¥93.05 and ¥83.15 per dollar, the prevailing rate on March 31, 2009, 2010 and 2011, respectively.
Total assets and total funds amounted to ¥31,277 billion ($376 billion) and ¥29,621 billion ($356 billion) of the average balance at the year ended March 31, 2011.

Message from the President and CEO

Shinkin Central Bank, or the SCB, serves as the central bank for Japan's 271 shinkin banks—regional financial institutions located throughout the country that specialize in operations with small and medium-sized enterprises.

Since its establishment in 1950, the SCB has provided a wide range of financial services in order to expand the potential of the shinkin bank sector as a whole.

Progress in the SCB Medium-Term Action Program 2010

In June 2010, the SCB celebrated the 60th anniversary of its establishment. To return to the SCB's founding roots and pursue fundamental management reforms, we launched a three-year plan called the "SCB Medium-Term Action Program 2010." In fiscal 2010, ended March 31, 2011—the initial year of the program—we strove to restructure our asset portfolio as we aimed to build a stable and solid financial base. In addition, we worked aggressively to generate income from sources other than market operations. As a result, in fiscal 2010, on a non-consolidated basis, the SCB achieved net income amounting to ¥27.3 billion, substantially similar to the level achieved in fiscal 2009.

During fiscal 2010, as the central financial institution for the shinkin bank sector, we vigorously strove to implement measures to maintain and enhance the creditworthiness of the shinkin bank sector and complement the business operations of shinkin banks. In particular, we formed business alliances with local banks in Thailand and China as a means of supporting the overseas expansion of shinkin bank customers. We also worked to support shinkin bank customers in strengthening their management and regenerating their businesses, and provided consulting services to assist in the revitalization of local communities. Through such initiatives, the SCB reinforced its capabilities for supporting shinkin bank activities directed toward solving problems faced by SMEs and local communities.

To ensure the maintenance of orderly credit conditions in the shinkin bank sector, we overhauled the method of operation of the industry's safety net, the "Shinkin Bank Management Reinforcement System," and implemented strengthening of precautionary measures, such as those to prevent the financial deterioration of individual shinkin banks.

In fiscal 2011, ending March 31, 2012, the SCB is supporting the efforts of shinkin banks toward recovery and reconstruction in regions affected by the Great East Japan Earthquake. In keeping with the fact that this is a milestone year for the shinkin bank sector—marking the 60th anniversary of the enactment of the Shinkin Bank Law—we have positioned the year as "a year in which the SCB takes the first step in a new journey together with shinkin banks." Based on this stance, we will steadily put into practice and implement a range of specific policies set out in the SCB Medium-Term Action Program 2010, which is now in its second year.

Strengthening Internal Management Systems

We will continue our efforts to carry out thorough compliance, strengthen corporate governance, and contribute to society, so as to become a distinguished financial institution well respected in the society.

Recognizing our crucial responsibilities as the central bank of the shinkin bank sector, we will strive with the utmost commitment to facilitate the continued development of the sector and thus contribute to development throughout Japan.

I would like to take this opportunity to express my sincere gratitude to all our shareholders and other stakeholders for their continued understanding and support.

July 2011

Mitsuo Tanabe
President and Chief Executive Officer

Mitsuo Tanabe

Corporate Management and Auditors

Koji Omae
Chairman of the Board of Directors

Mitsuo Tanabe
President and Chief Executive Officer

Junichi Hattori
Deputy President

Shoichi Ishiko
Senior Managing Director

Katsuo Akiyama
Senior Managing Director

(As of July 31, 2011)

Chairman of the Board of Directors (Part-Time)
Koji Omae

President and Chief Executive Officer
Mitsuo Tanabe

Deputy President
Junichi Hattori

Senior Managing Directors
Shoichi Ishiko
Katsuo Akiyama

Managing Directors
Hiroyuki Shibata
Kazuyuki Okura
Mikio Ichiyanagi

Directors
Akira Ito
Hajime Hioki
Masami Fujita

Director and Senior Adviser
Shoji Mori

Directors (Part-Time)
Nobuto Kitamura
Takashi Ono
Shoichi Yokoyama
Tetsu Komori
Ryosuke Sugino
Tetsuo Ishihara
Keishi Hasegawa
Kiyoshi Yamachi
Kenichiro Mimuro
Jiro Ogawa
Toshiyuki Masuda
Masuo Kajita
Hiroyuki Hashimoto
Kazuyuki Takaki
Yasumasa Yamamoto
Ikushi Furukawa
Hirosuke Yamagami

Auditor
Hirohisa Yabushita

Auditors (Part-Time)
Toshihisa Satou
Takamasa Nouda
Hiroshi Nakachi
Masamichi Narita

The SCB Is a Powerful Financial Institution in Japan, Which Is Listed on the Tokyo Stock Exchange

The SCB operates as a financial institution with the dual role of central bank for shinkin banks and an independent financial institution.

Founded in 1950, the SCB is the central bank for shinkin banks (See "What Are Shinkin Banks?" on page 20), operating as a cooperative financial institution whose membership consists of all shinkin banks nationwide.

The SCB plays the dual role of a central bank for shinkin banks and an independent financial institution. The SCB's total funds mainly comprising deposits from shinkin banks and funds acquired through the issuance of debentures had an average outstanding balance during the fiscal year ended March 31, 2011, of ¥29,621 billion (equivalent to $356 billion), and total assets averaged ¥31,277 billion (equivalent to $376 billion). The SCB is one of Japan's leading financial institutions.

Overseas Networks and Correspondent Banks of the SCB

(Number of banks with correspondent agreements by head branch; as of March 31, 2011)

The number of our overseas correspondent banks amounts to 247, with main branches covering 50 countries worldwide, as of the end of March 2011.

Note: Correspondent banks refer to those banks with whom the SCB has an agreement for foreign exchange trading in respective countries.

The SCB Is the Central Bank of the Shinkin Bank Sector

The SCB's funds are raised mostly through deposits mainly from shinkin banks and the issuance of debentures. The SCB invests these funds in securities and lends them out as loans, and uses the resulting profits to support the activities of shinkin banks.

SCB

Total assets: around ¥31 trillion (equivalent to $372 billion)
Domestic network: 14
Overseas network: 4
Number of employees: 1,125
Number of member shinkin banks: 271

Shinkin Bank | Shinkin Bank | Shinkin Bank | Shinkin Bank | Shinkin Bank | Shinkin Bank

Number of banks: 271
Total assets: ¥128,859 billion (equivalent to $1,549 billion)
Number of branches: 7,584
Number of employees: 115,964
Number of members: 9,318,366

(As of March 31, 2011)

Roles

Central Bank for Shinkin Banks

(1) Supplementing the Operational Capabilities of Shinkin Banks

Japan's 271 shinkin banks nationwide play a key role in supporting regional economies by lending to local organizations and SMEs. With total deposits held by shinkin banks reaching ¥119 trillion (equivalent to $1,431 billion), shinkin banks occupy a very important position within Japan's overall financial sector.

As the central financial institution for the shinkin bank sector, the SCB is promptly responding to changes in the operating environment of shinkin banks. Such changes include increasingly sophisticated and diverse customer needs, intensified competition with other types of institutions, and demands for very stringent management control systems. Specifically, the SCB provides support for shinkin banks' financial services utilizing shinkin banks' network, activities in support of regional development and the management of small and medium-sized businesses, and over-the-counter sales of investment trust fund products. Furthermore, the SCB provides support in such areas as asset-liability management (ALM) and marketable securities portfolio analysis to assist shinkin banks in raising profitability and strengthening risk management systems.

Just as the Bank of Japan acts as a clearing house for domestic exchange transactions between banks, the SCB performs the role of a clearing house for shinkin banks, and for the year ended March 31, 2011, the SCB settled domestic exchange transactions with a substantial total value of ¥218 trillion (equivalent to $2,621 billion). Moreover, the SCB acts as the intermediary in settlement of utility bills handled by shinkin banks.

The SCB also plays the role of supporting other operations of shinkin banks. In addition to supplementing international operations such as foreign exchange operations, the SCB has been supplementing the lending operations of shinkin banks, by commissioning shinkin banks to lend to local small and medium-sized businesses and business owners who are their customers.

In this way, the SCB is further reinforcing its capabilities to support shinkin banks in areas in which it is either difficult or inefficient for shinkin banks to provide services as individual institutions.

(2) Enhancing the Creditworthiness of the Shinkin Bank Sector

The SCB acts as a "consultant" or a "home doctor" for the shinkin bank sector as part of its measures to proactively support the management of shinkin banks. Shinkin banks play their part by operating such schemes as the "Shinkin Bank Management Reinforcement System" and the "Shinkin Bank Mutual Funding Support System." The SCB works to maintain and enhance the creditworthiness of the shinkin bank sector through such activities as management analysis, management consulting and capital reinforcement for shinkin banks.

In recent decades, Japanese financial institutions have experienced several major crises, including the collapse of the country's asset bubble in the 1990s, and more recently the global financial crisis triggered by the Lehman Brothers bankruptcy. However, amid such unsettling periods for the financial system, the SCB's financial functions have played a crucial role in maintaining confidence in the shinkin bank sector and contributed to the stability of regional economies.

Independent Financial Institution

(1) Institutional Investor

Looking at the average balance for the year ended March 31, 2011, the SCB maintained assets under management of ¥30,602 billion (equivalent to $368 billion). Of this total, the SCB invested ¥20,546 billion (equivalent to $247 billion) in securities, in the form of government bonds, municipal bonds, corporate bonds and foreign securities and ¥3,481 billion (equivalent to $41 billion) in short-term money markets.

The SCB manages a vast amount of money in both domestic and international markets, holding an important position in the financial industry as one of Japan's leading institutional investors.

(2) Comprehensive Financial Services Supplier

The SCB conducts deposit-taking and lending operations—the core functions of a financial institution—issues debentures, and conducts foreign exchange operations.

It also undertakes such auxiliary operations as underwriting public bonds, handling private placement bonds, and issuing personal loan guarantees, as well as peripheral operations of financial institutions, including trust, securities, financial advisory, investment trust funds, defined contribution pensions, venture capital, and M&A advisory.

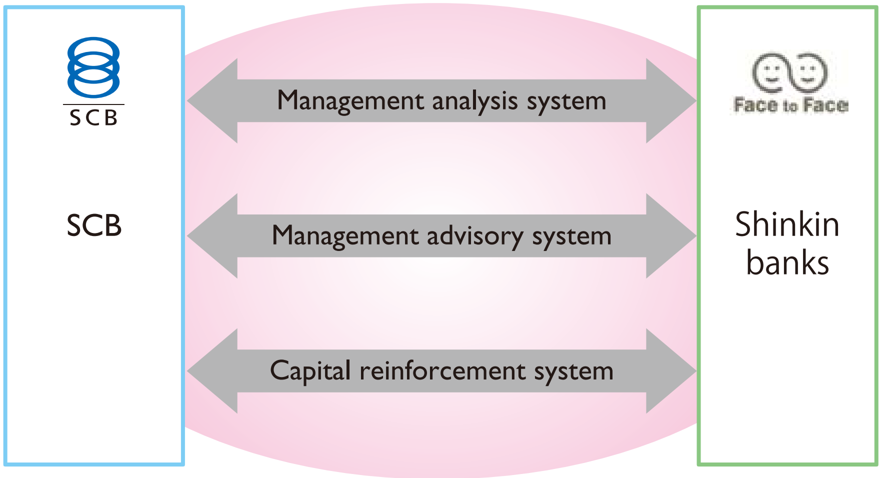
These operations are conducted either by the SCB itself or through its subsidiaries.

(3) Financial Institution Contributing to Regional Development

In order to contribute to the development of local economy, the SCB cooperates with shinkin banks, which work closely with local communities all around the country, and actively promotes direct lending to regional public bodies and local companies as well as investment in regional development projects and PFI entities through its nationwide network of branches.

In addition, the SCB has been actively supporting the revitalization of regional companies and invigoration of local communities in cooperation with shinkin banks from the perspective of relationship banking, and has been acting as a regional financial institution.

Shinkin bank management reinforcement system



Management analysis system	Shinkin banks submit materials on their operating and financial conditions. The SCB conducts management analyses based on those materials, and identifies shinkin banks for recommended management consultations. The SCB also conducts more detailed analyses on shinkin banks when certain standards apply.
Management advisory system	The SCB provides management consulting and follow-up to shinkin banks that accept consultations or meet certain standards. This consulting covers everything from overall management to individual issues toward. The consulting reinforces the shinkin banks' management capabilities by proposing various measures to resolve management problems and by sharing information on good examples, etc.
Capital reinforcement system	The SCB provides capital to shinkin banks that have received management consulting when analyses indicate this is necessary. To prevent moral hazard on the part of the shinkin banks, capital is only provided with the submission of a business revitalization plan, and the SCB provides subsequent management and operations guidance.

Management Issues and Strategies

To coincide with the 60th anniversary of SCB's founding, in April 2010 we launched the "SCB Medium-Term Action Program 2010"—a medium-term management plan—which comprises three core plans to be implemented over three years. As the central financial institution for the shinkin bank sector, we believe that it is essential to clearly articulate where we are headed. Hence, this action program recognizes the need to communicate the SCB's medium- to long-term management direction.

Overview of the Management Strategy

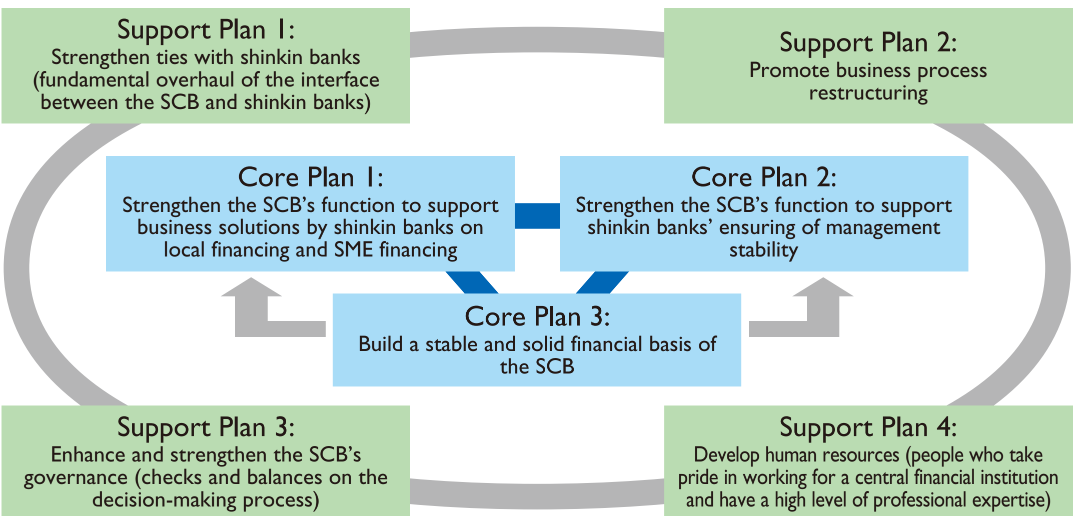
The management strategy comprises three core plans and four support plans. The core plans are to (1) strengthen the SCB's function to support business solutions by shinkin banks on local financing and SME financing, (2) strengthen the SCB's function to support shinkin banks' ensuring of management stability, and (3) build a stable and solid financial basis of the SCB. The four support plans, underpinning the three core plans, are to (1) strengthen ties with shinkin banks, (2) promote business process restructuring, (3) enhance and strengthen the SCB's governance, and (4) develop human resources.

By steadily implementing the strategies stipulated in the management strategy, the SCB aims to further increase the strength of our support for shinkin banks so that shinkin banks can exercise their role in facilitating SME financing and revitalizing regional economies.

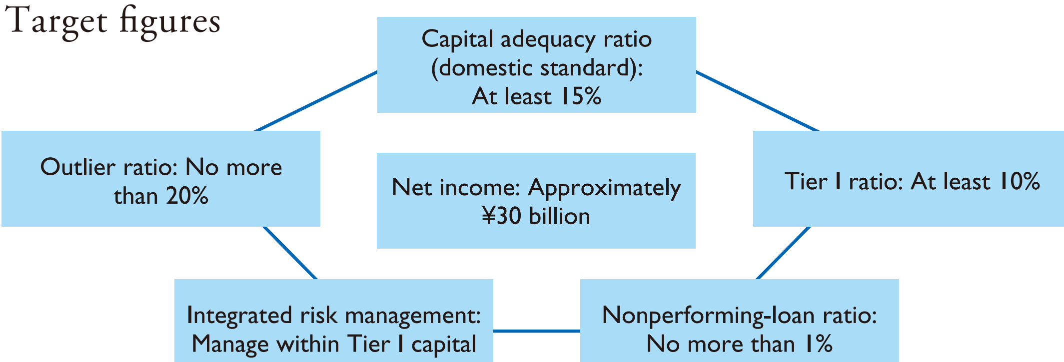
The strategy sets out six figures as medium-term target, including net income of approximately ¥30 billion (equivalent to $360 million).

All of the directors and employees are committed to working together to achieve the goals outlined above.

Overall Framework of the Management Strategy



Target figures



Progress in the SCB Medium-Term Action Program 2010

Under Core Plan 1, "strengthen the SCB's function to support business solutions by shinkin banks on local financing and SME financing," we strengthened our systems to support business operations that are difficult or inefficient for an individual shinkin bank to provide on its own. Specifically, we commenced services to support the management improvement and business regeneration of shinkin bank customers. We also formed business alliances with Bangkok Bank, Bank of Communications and Bank of China as a means of supporting the overseas expansion of shinkin bank customers. The SCB also provided a diverse array of new products and services to shinkin banks.

Under Core Plan 2, "strengthen the SCB's function to support shinkin bank's ensuring of management stability" within the industry's safety net, the "Shinkin Bank Management Reinforcement System," we reinforced precautionary measures to prevent the financial deterioration of shinkin banks. For further details, please refer to page 5 of this report.

Under Core Plan 3, "build a stable and solid financial basis of the SCB" while conducting investment and lending operations that appropriately responded to changes in the financial environment and focused more closely than in the past on risk–return efficiency, we implemented detailed and thorough risk management and worked to restructure our asset portfolio.

As a result, in fiscal 2010, the SCB achieved net income amounting to ¥27.3 billion (equivalent to $328 million), substantially similar to the level achieved in fiscal 2009.

In fiscal 2011, although the operating environment remains uncertain in the aftermath of the Great East Japan Earthquake, the SCB will work to achieve stable income and diversify its earning base, while aiming to achieve business results on par with those of fiscal 2010.

In fiscal 2011, the second year of the medium-term management plan, we will continue to steadily implement a range of policies.

Formulation of the "SCB PRINCIPLE OF ACTION"

The key to whether or not the SCB will be able to realize the policies set out in the medium-term management plan is human resources. One of the action program's support plans aims to "develop human resources—people who take pride in working for a central financial institution and have a high level of professional expertise." To cultivate pride and ambition among the SCB's directors and employees as members of the central financial institution for shinkin banks, we formulated the "SCB PRINCIPLE OF ACTION." All SCB directors and employees are expected to strongly heed the principles as our unified fundamental guidelines for decision-making and behavior during the conduct of business operations.

Response Measures to the Great East Japan Earthquake

Although several months have passed since the Great East Japan Earthquake struck on March 11, 2011, many thousands of people are still forced to live in evacuation centers and other temporary accommodations, and a resolution of the nuclear accident at the Fukushima Daiichi Nuclear Power Plant is still not in sight.

Under these conditions, shinkin banks in regions affected by the earthquake are working to fully utilize their limited management resources as they provide a wide range of consultation services and continue to offer the financial services needed by their local communities.

SCB PRINCIPLE OF ACTION

As directors and employees of the central financial institution for shinkin banks, we will always deal with our business under following guideline and style of action, with awareness of the fact and pride in it, and high spirit and strong sense of responsibility.

GUIDELINE OF ACTION

1. Be customer-oriented
   From the perspective of the customers, including shinkin banks, we try to provide optimum products, services, and functions.
2. Be innovative
   With awareness of the issues and cost-consciousness, regardless of precedent, we will improve our operations.
3. Be professional
   With tireless self-development, we will strive to improve our expertise and skills in our specialties.

STYLE OF ACTION

1. **S**peed
2. **C**hallenge
3. **B**asic

The SCB remains committed to providing support for recovery and reconstruction in areas affected by the Great East Japan Earthquake as its highest priority task in fiscal 2011. At the same time, to enable victims of the disaster to overcome their difficulties as rapidly as possible, we will utilize the nationwide network of shinkin banks and support shinkin banks in disaster-affected regions.

Current Status of Support for Shinkin Banks in Disaster-Affected Regions

Delivery of Relief goods

Immediately following the earthquake, we called on shinkin banks to create an action plan for the transportation of relief goods to shinkin banks in disaster-affected areas, and subsequently delivered supplies to these regions.

Substitute Payment Scheme for Shinkin Bank Deposits

The SCB implemented a variety of support measure, including the creation of a "Substitute Payment Scheme for Shinkin Bank Deposits," which enables depositors from disaster-affected areas who have been evacuated to regions far from their own communities to withdraw deposited funds over-the-counter from shinkin banks nationwide.

Special Low-Interest Loan Program Based on Agency Loans

To promote the disaster recovery of shinkin bank customers who have suffered damage from the earthquake, we are using a system of agency loans as part of a special low-interest loan program that we established in mid-March 2011. We have allocated a total lending amount of ¥100 billion to this program. In addition, we are implementing such measures as repayment moratoriums for customers who have already used the agency loans.

Overseas Bases

The SCB has overseas bases in New York, Hong Kong, London and Shanghai. These overseas bases actively undertake information gathering and analysis on current economy and financial market and facilitate the SCB's efforts to support shinkin banks.

New York Representative Office

Ever since Shinkin Central Bank opened its Overseas Economic Institute's New York office in November 1983, the New York Representative Office conducts research on U.S. markets and assists the Head Office to explore new investment opportunities. Taking advantage of its location in the center of the world finances, the New York Representative Office helps the head office identify the latest trends in the financial markets and obtain the vital information for its operation.

As a U.S. base for the shinkin bank industry, the office strives to provide shinkin banks with the fast-changing information on the U.S. economy and its financial market, provides assistance in human resource development by accommodating trainees and visitors, and offers a wide range of support services to shinkin banks in the U.S. market.

Hong Kong Representative Office

Ever since Shinkin Central Bank established a Hong Kong business office in November 1994, the Hong Kong Representative Office has been continuously supporting the activities of shinkin bank customers in Asian countries, particularly in the South China region, by providing information about the services of the local banks, legal systems, tax systems, employment, etc. The Hong Kong Representative Office is providing shinkin banks and their customers with the information relating to economic and financial situations, and the investment environment in Asian countries.

Furthermore, the Hong Kong Representative Office also accepts trainees and visitors/missions from various shinkin banks to assist the human resources development program.

Shanghai Representative Office

Since its inception in September 2004, the Shanghai Representative Office has been providing a variety of information relating to economic and financial conditions, the investment and loan environment, and the laws, taxation and employment of each region. The Shanghai Representative Office also has been offering detailed advice and a variety of of support to shinkin bank customers moving into China and those planning such a move in the future.

Shinkin International Ltd. (London)

Shinkin International Ltd., a wholly owned subsidiary of the SCB, was established in London in 1990 as an overseas base for securities business in order to expand investment opportunities for the shinkin bank sector.

The company arranges Eurobonds in a strong relationship with issuing bodies and offers these securities to the shinkin bank sector in close cooperation with Shinkin Securities Co. Ltd., another subsidiary of the SCB. The company also serves its customers' secondary market trading needs and provides necessary information about the market.

The company achieved seventh place in the 2009 JPY Vanilla EMTN Dealer Ranking—All Issuers (No size limit) published by MTN-i.

Supporting the Overseas Expansion of Shinkin Bank Customers

Business Alliances with Asian Banks

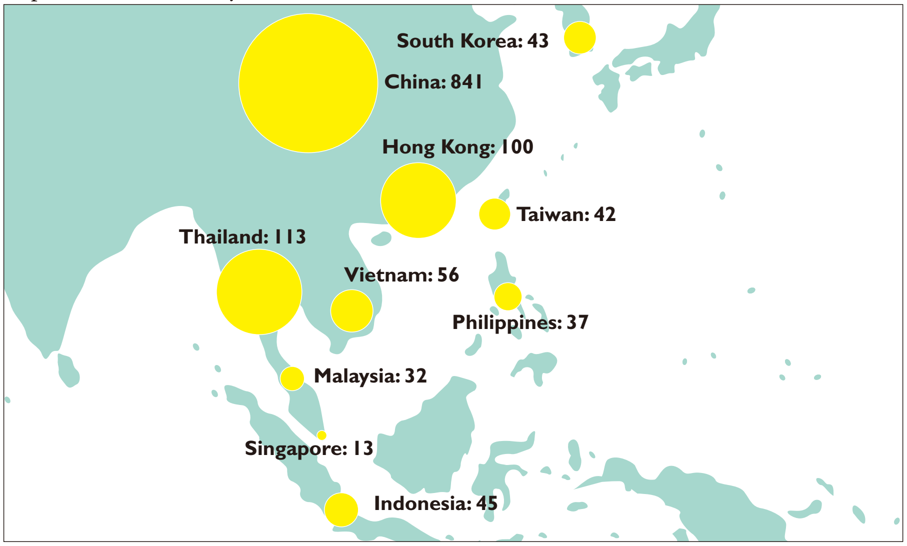
As globalization of the international economy advances, we anticipate that SMEs—customers of shinkin banks—will increasingly look to expand overseas and engage in trading activities, particularly centered on China and other countries in Asia.

For this reason, the SCB provides support to shinkin bank customers that are undertaking overseas expansion, specifically through SCB offices in such locations as Hong Kong and Shanghai. Furthermore, in October 2010, the SCB formed a business alliance with Bangkok Bank, Thailand's largest bank, and followed up two months later by establishing a business alliance with Bank of Communications, which is based in Shanghai, China. In May 2011, the SCB also initiated a business alliance with Bank of China, which is headquartered in Beijing. These relationships are part of the SCB's policy of strengthening its support infrastructure for shinkin bank customers undertaking overseas business expansion.

Support for the Expansion of Overseas Consumer Marketing Channels

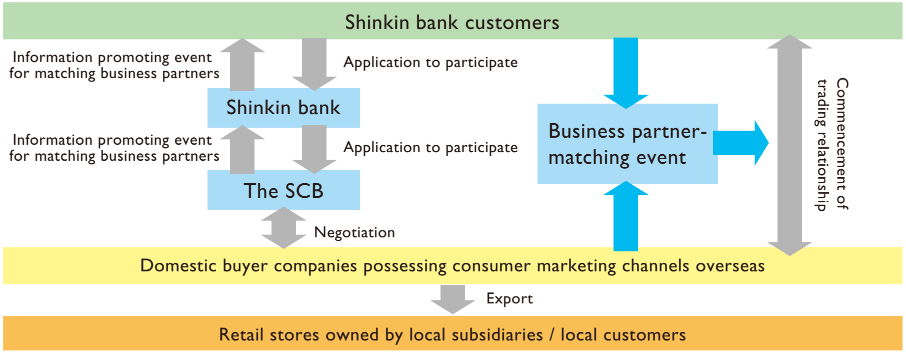
The SCB provides support to shinkin bank customers that are aiming to expand their marketing channels overseas. In February 2011, to provide an opportunity for matching potential business partners, we organized an event attended by six domestic buyer companies that possess overseas distribution channels and 43 shinkin bank customers. More than 100 meetings between potential business partners took place at the event.

Expansion into Asia by Shinkin Bank Customers



Source: Eighth Survey on the Overseas Advance of Shinkin Bank Customers (2010).

Support for the Expansion of Overseas Marketing Channels by Shinkin Bank Customers



Organization (As of July 31, 2011)

- General Meeting of Members
  - Auditors
- Board of Directors
- Chairman of the Board of Directors (Part-Time)
- President and Chief Executive Officer
- Deputy President
- Senior Managing Directors
- Managing Directors
- Directors

- Chief Secretary
- Internal Audit Division
- General Affairs Division
  - Legal & Compliance Office
- Personnel Division
- Strategic Planning Division
  - Investor & Public Relations Office
- Financial Management Division
  - Accounting Reseach & Planning Office
- Risk Management Division
- Credit Planning & Supervision Division
- Business Promotion Division
  - Investment Trust & Defined Contribution Promotion Office
  - Product Development Office
  - Disaster Recovery & Reconstruction Support Office
- Shinkin Business Solution Division
  - Shinkin Networks Promotion Office
  - International Business Support Center
- Support & Advisory Division for Shinkin Banks
  - Consulting Office
- Transfer & Clearing Division
  - Management Office for Domestic Fund Transfer System
- Treasury Business Division
- Corporate Business Promotion Division
  - Project Finance Office
- Operations Division
  - Operations Center
  - International Operations Center
- Systems Division
  - Systems Center
- Treasury Division
- Credit & Alternative Investment Division
- Treasury Operations Division
- Research Institute
  - SDB Promotion Office
  - Office for Strategic Research

- Corporate Business Division I
- Corporate Business Division II
- Osaka Corporate Business Division
- Tokyo Business Division
- Kanto Business Division I
- Kanto Business Division II
- Hokkaido Branch
- Tohoku Branch
- Hokuriku Branch
- Shizuoka Branch
- Nagoya Branch
- Osaka Branch
- Kobe Branch
- Okayama Branch
- Chugoku Branch
- Shikoku Branch
- Fukuoka Branch
- Minami-Kyushu Branch
- New York Representative Office
- Hong Kong Representative Office
- Shanghai Representative Office

SCB Group

SCB Group

Trust business Banking	Shinkin Trust Bank	■ Trust business: Fund trust, Special money trust, Securities investment trust, Negotiable securities trust, Money debentures trust, Designated gift trust, Public interest trust, Land trust ■ Banking ■ ¥10bn in capital (100% ownership)
Securities	Shinkin Securities	■ Dealing ■ Brokerage ■ Underwriting ■ ¥20bn in capital (100% ownership) ; ¥10bn capital reserve
Securities	Shinkin International	■ Underwriting new bonds and agency business in the euro market ■ Dealing and brokering for existing euro bonds ■ Foreign securities investment and consulting ■ 30mn pounds in capital (100% ownership) (London local securities entity)
Investment consulting Investment trust	Shinkin Asset Management	■ Investment trust consignments ■ Investment consulting for negotiable securities and other products and investment discretionary contract administration ■ ¥200mn in capital (100% ownership)
Personal loan guarantee	Shinkin Guarantee	■ Debt guarantee business (guarantees for unsecured personal loans provided by shinkin banks) ■ ¥1.0bn in capital (99.1% stake with Shinkin Trust at 0.8%) ; ¥0.8bn capital reserve
Venture capital M&A advisory	Shinkin Capital	■ Venture capital business ■ M&A brokering ■ Corporate business consulting ■ ¥490mn in capital (100% ownership)
Data processing consignment	Shinkin Banks Information System Center	■ Data processing consignment ■ Software development ■ Computer consulting and training ■ ¥4.5bn in capital (50.7% stake; 49.2% owned by shinkin banks) ; ¥1.5bn capital reserve
Consigned clerical works	Shinkin Central Business	(handles SCB administrative work) ■ Computing ■ Promissory note exchange ■ Branch, dormitory, and other property management ■ ¥70mn in capital (100% ownership)
Temporary staffing business	Shinkin Partners	■ Consumables and other item procurement and storage ■ Temporary staffing ■ ¥20mn in capital (100% owned by Shinkin Central Business) ; ¥10mn capital reserve

Business Overview

Earnings Performance

Reviewing the SCB's operating results for fiscal 2010, operating income decreased by ¥33 billion (equivalent to $396 million) or 9.1% to ¥336 billion (equivalent to $4,040 million). This result was mainly attributable to such factors as a decrease in gain on sales of such instruments as bonds and stocks. Meanwhile, operating expenses decreased by ¥53 billion (equivalent to $637 million) or 15.0% to ¥299 billion (equivalent to $3,595 million). This result was mainly attributable to such factors as a significant decrease in loss on sales of stock and other securities in the fiscal year under review owing to the substantial completion of a portfolio restructuring to restore soundness. In particular, this restructuring included a reduction, during the previous fiscal year, in holdings of assets with high price volatility. In addition, there was a large decrease in provision to the reserve for possible loan losses.

As a result, ordinary income increased by ¥19 billion (equivalent to $228 million) from the previous fiscal year to a profit of ¥36 billion (equivalent to $432 million). Net income decreased by ¥978 million (equivalent to $11 million) from the previous fiscal year to a net profit of ¥27 billion (equivalent to $324 million).

Funding

During fiscal 2010, the total amount of funding increased by ¥2,889 billion (equivalent to $34,744 million) or 10.7% to ¥29,744 billion (equivalent to $357,714 million) at the end of the fiscal year.

Deposits received during the fiscal year increased by ¥1,847 billion (equivalent to $22,212 million), or 9.3% to ¥21,580 billion (equivalent to $259,530 million), owing to an increase in term deposits.

The SCB issued ¥581 billion (equivalent to $6,987 million) worth of debentures during the fiscal year. The outstanding amount of debentures decreased by ¥475 billion (equivalent to $5,712 million) or 9.8% to ¥4,340 billion (equivalent to $52,194 million).

Asset Management

The amount of assets under management in fiscal 2010 increased by ¥2,800 billion (equivalent to $33,674 million) or 10.0% to ¥30,748 billion (equivalent to $369,789 million).

Owing to an increase in Japanese government bonds, the outstanding amount of invested securities increased by ¥4,223 billion (equivalent to $50,787 million), or 24.3%, during the fiscal year, to ¥21,547 billion (equivalent to $259,134 million) at the end of the fiscal year.

Loans and bills discounted decreased by ¥1,009 billion (equivalent to $12,134 million) or 16.1% during the fiscal year to ¥5,254 billion (equivalent to $63,187 million) at the end of the fiscal year.

Out of the total loans and bills discounted, agency loans to shinkin bank customers (small and medium-sized businesses) through shinkin banks decreased by ¥66 billion (equivalent to $793 million) or 15.2% to ¥367 billion (equivalent to $4,413 million).

Owing to an decrease by national or governmental agencies and organizations, the amount of direct loans decreased by ¥942 billion (equivalent to $11,328 million) or 16.1%. The outstanding amount of direct loans was ¥4,887 billion (equivalent to $58,773 million) at the end of the fiscal year.

The outstanding amount of short-term money market assets decreased by ¥402 billion (equivalent to $4,834 million), or 10.7%, during the fiscal year, to ¥3,350 billion (equivalent to $40,288 million). This decrease primarily reflected a shift toward securities within asset management.

Securities

As of March 31, 2011, the outstanding amount of securities was ¥21,547 billion (equivalent to $259,134 million). Government bonds, corporate bonds and other domestic securities accounted for ¥16,291 billion (equivalent to $195,923 million) while foreign securities accounted for ¥5,256 billion (equivalent to $63,211 million). In foreign securities, the SCB mainly invests in safe assets which include government-secured financial institution bonds and government-agency bonds in major developed countries.

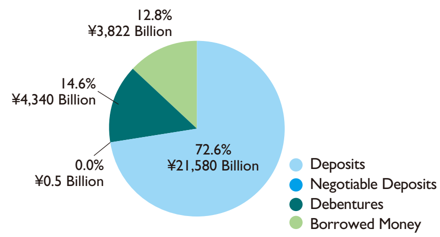
In order to advance its diversified investment portfolio, the SCB also gradually invests risk assets such as stocks which are not related interest risk.

Loans and Bills Discounted

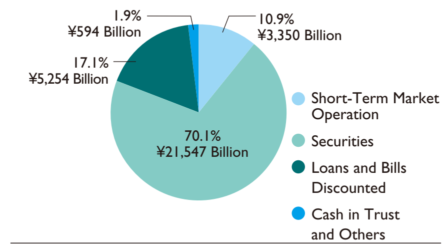
The SCB has conducted a variety of loan businesses. As of March 31, 2011, the outstanding amount of loans and bills discounted was ¥5,254 billion (equivalent to $63,187 million).

Out of the total loans and bills discounted, agency loans to shinkin bank customers (small and medium-sized businesses) through shinkin banks accounted for ¥367 billion (equivalent to $4,413 million), while direct loans to parties such as national or governmental agencies and organizations, regional public corporations and charitable organizations accounted for ¥2,143 billion (equivalent to $25,772 million). Direct loans to business corporations accounted for ¥2,356 billion (equivalent to $28,334 million).

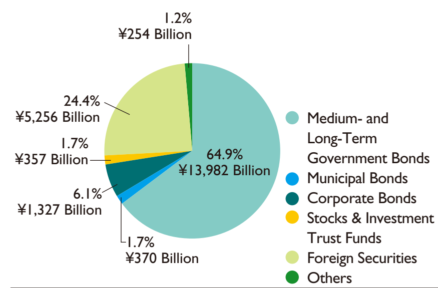
Breakdown of Funding
(As of March 31, 2011)



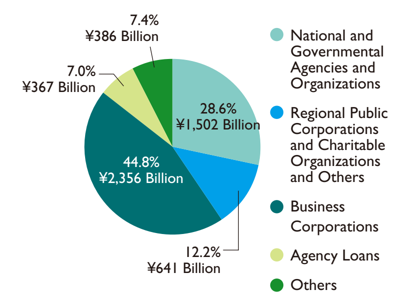
Breakdown of Asset Management
(As of March 31, 2011)



Breakdown of Securities
(As of March 31, 2011)



Breakdown of Loans and Bills Discounted (As of March 31, 2011)



Ordinary Income and Net Income (Non-Consolidated)

(Millions of Yen)

	FY2006	FY2007	FY2008	FY2009	FY2010
Ordinary Income (Loss)	47,494	48,947	(220,090)	17,186	36,662
Net Income (Loss)	36,288	34,830	(183,812)	28,365	27,387

Capital Adequacy

Outline

The SCB's equity capital mostly comprises basic (Tier I) and supplementary (Tier II) items. The Tier I items comprise common shares held by member shinkin banks nationwide, preferred shares issued in public which supplement the common shares and the internal reserves which the SCB has accumulated to date. The Tier II items comprise fixed-period subordinated loans from shinkin banks and institutional investors, perpetual subordinated debt and other instruments.

Measures to Enhance Capital Adequacy

Based on the recognition that increasing equity capital is the most important way to secure the sound management of financial institutions, the SCB has raised capital in phases while working to accumulate internal reserves. The SCB procured ¥226 billion (equivalent to $2,717 million) in perpetual subordinated loans (Tier II capital) from the shinkin bank sector in September 2008. Then in June 2009 the SCB raised ¥200 billion (equivalent to $2,405 million) in common shares (Tier I capital) from the shinkin bank sector in order to improve equity capital quality by increasing core capital, and thus strengthen the SCB's financial constitution, and to stably carry out functions as the central financial institution of the shinkin bank sector.

Consequently, the SCB's core capital increased and quality of the SCB's capital improved.

Consolidated Capital Adequacy Ratio

The SCB's consolidated capital adequacy ratio rose 3.59 percentage points year-on-year to 31.76% as of March 31, 2011, measured by the domestic standard. Calculated according to the BIS standard, the consolidated capital adequacy ratio was 29.75%.

The amount of capital, which is the numerator for calculating the capital adequacy ratio, increased by ¥32 billion (equivalent to $384 million), or 2.4%, to ¥1,344 billion (equivalent to $16,163 million).

Risk assets, which are the denominator for calculating the capital adequacy ratio, decreased by ¥426 billion (equivalent to $5,123 million), or 9.1%, to ¥4,233 billion (equivalent to $50,907 million) as industrial bonds—which have a high risk weight—reached maturity, we increased holdings of domestic and foreign government bonds.

Risk Management and Capital Replenishment

To maintain capital adequacy against the risk level, the SCB has implemented policies to manage its capital adequacy. As part of its integrated risk management, the capital assessment division evaluates the capital adequacy using a holistic approach, measuring various types of risks under the uniform criteria and comparing quantified risks with the SCB's capital.

By adopting integrated risk management as a method of assessing capital adequacy, the SCB sets limits on the amount of risks according to the amount of capital allocated to each category and thereby controls risks within these limits.

In order to monitor the potential impacts of shocks on its capital, the SCB further conducts stress testing to estimate losses under various scenarios, taking into account the gravity of each case and probability of its occurrence.

The situation regarding risk limits and the amount of risk exposure is reported to senior management at the Risk Management Committee and at other meetings. Furthermore, in principle, the Risk Management Committee deliberates on measures in response to the results of capital adequacy assessments and implements measures as deemed necessary.

Major Capital-Raising in Recent Years

Date	Contents	Reference
Feb. 2006	¥100 billion (equivalent to $1,202 million) perpetual subordinated loan, assuming securitization	Tier II
Mar. 2007	¥100 billion (equivalent to $1,202 million) fixed-period subordinated loan from insurance companies Existing fixed-period subordinated loans doubled to ¥60 billion (equivalent to $721 million)	Tier II
Sep. 2008	¥226 billion (equivalent to $2,717 million) perpetual subordinated loan from shinkin banks	Tier II
Jun. 2009	Common shares doubled from ¥200 billion (equivalent to $2,405 million) to ¥400 billion (equivalent to $4,810 million)	Tier I

Capital Adequacy Ratio

(%, billions of yen)

			FY2006	FY2007	FY2008	FY2009	FY2010
Consolidated	Capital Adequacy Ratio	BIS Standard	20.09	15.84	–	–	–
		Domestic Standard	–	–	22.56	28.17	31.76
	Amount of Capital	BIS Standard	1,081	886	–	–	–
		Domestic Standard	–	–	1,137	1,312	1,344
	Amount of Risk-weighted Assets	BIS Standard	5,383	5,595	–	–	–
		Domestic Standard	–	–	5,041	4,659	4,233
Non-Consolidated	Capital Adequacy Ratio	BIS Standard	19.93	15.64	–	–	–
		Domestic Standard	–	–	22.43	28.06	31.78

Note: As the SCB converted the New York Branch and Hong Kong Branch into representative offices in March 2009, the capital adequacy ratio of the SCB is based on the domestic standard since fiscal 2008. Calculated according to the BIS standard, the consolidated capital adequacy ratio was 29.75% and the non-consolidated capital adequacy ratio was 29.24% as of March 31, 2011.

Asset Quality

Risk-Monitored Loans

The amount of risk-monitored loans as of the end of March 2011 was ¥599 million (equivalent to $7 million) for loans to bankrupt borrowers, ¥12,122 million (equivalent to $145 million) for delinquent loans, ¥295 million (equivalent to $3 million) for loans past due three months or more, and ¥6,207 million (equivalent to $74 million) for restructured loans. Total risk-monitored loans decreased by ¥20,771 million (equivalent to $249 million) to ¥19,224 million (equivalent to $231 million) during the fiscal year.

The ratio of total risk-monitored loans to total loans remained as low as 0.36%, and the soundness of the SCB's loan assets remained extremely high.

Risk-Monitored Loans (Non-Consolidated) (Million yen, %)

	End of March 2010	**End of March 2011**	Increase or decrease
Loans to Bankrupt Borrowers	18,430	**599**	(17,831)
Delinquent Loans	14,744	**12,122**	(2,622)
Loans Past Due Three Months or More	291	**295**	4
Restructured Loans	6,529	**6,207**	(322)
Total Risk-Monitored Loans (A)	39,995	**19,224**	(20,771)
Partial direct write-offs	–	**659**	–
Total Loans (B)	6,263,796	**5,254,796**	(1,009,000)
Ratio of Total Risk-Monitored Loans to Total Loans (%) (A/B)	0.63	**0.36**	(0.27)

*The SCB is implementing partial direct write-offs from fiscal year 2010.

Risk-Monitored Loans (Consolidated) (Million yen, %)

	End of March 2010	**End of March 2011**	Increase or decrease
Loans to Bankrupt Borrowers	18,430	**599**	(17,831)
Delinquent Loans	14,744	**12,122**	(2,622)
Loans Past Due Three Months or More	291	**295**	4
Restructured Loans	6,529	**6,207**	(322)
Total Risk-Monitored Loans (A)	39,995	**19,224**	(20,771)
Partial direct write-offs	–	**659**	–
Total Loans (B)	6,263,824	**5,254,813**	(1,009,011)
Ratio of Total Risk-Monitored Loans to Total Loans (%) (A/B)	0.63	**0.36**	(0.27)

*The SCB is implementing partial direct write-offs from fiscal year 2010.

Asset Assessment under the Financial Reconstruction Law

As of the end of March, 2011, bankrupt and quasi-bankrupt assets amounted to ¥1,356 million (equivalent to $16 million), doubtful assets were ¥11,365 million (equivalent to $136 million), and substandard assets were ¥6,502 million (equivalent to $78 million).

Accordingly, the total amount of bad debts under the Financial Reconstruction Law decreased by ¥20,771 million (equivalent to $249 million) to ¥19,224 million (equivalent to $231 million).

The coverage ratio of bad debts (the total of claims deemed collectible with collateral and guarantees and the allowance for possible loan losses divided by total bad debts) was 94.22%.

Bankrupt and quasi-bankrupt assets are recorded for the remaining amount after deducting the amounts deemed collectible with collateral and guarantees, while doubtful assets are recorded for the loss-expected amount of the remaining amount after similarly deducting the amounts deemed collectible with collateral and guarantees, respectively, in the specific allowance for possible loan losses.

For substandard assets, the anticipated loss ratio is calculated based on the loan loss ratio and recorded in the general allowance for doubtful accounts.

Asset Assessment under the Financial Reconstruction Law (FRL) (Non-Consolidated) (Million yen, %)

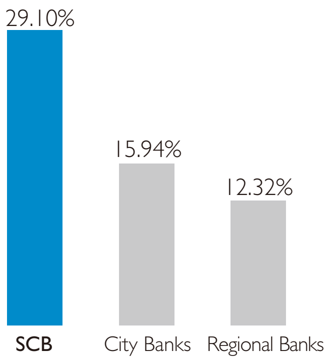
	End of March 2010	**End of March 2011**	Increase or decrease
Bankrupt and Quasi-Bankrupt Assets	18,974	**1,356**	(17,618)
Doubtful Assets	14,199	**11,365**	(2,834)
Substandard Assets	6,821	**6,502**	(319)
Total Claims under the FRL (A)	39,995	**19,224**	(20,771)
Normal Claims	6,279,914	**5,280,703**	(999,211)
Partial direct write-offs	–	**659**	–
Total Loans (B)	6,319,909	**5,299,928**	(1,019,981)
Ratio of Total Claims under the FRL to Total Loans (%) (A/B)	0.63	**0.36**	(0.27)
Total Coverage Amounts on Disclosed Claims under the FRL (C)	35,901	**18,114**	(17,787)
Coverage Ratio (%) (C/A)	89.76	**94.22**	4.46

*The SCB is implementing partial direct write-offs from fiscal year 2010.

Important Management Indices

As the central financial institution for shinkin banks, the SCB strives for sound management.

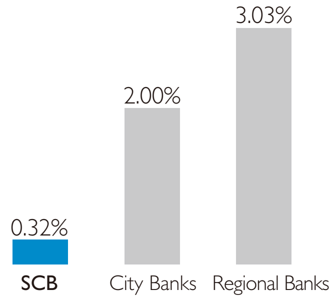
Capital Adequacy Ratio (%)
(As of September 30, 2010)



31.76%
(As of March 31, 2011)

Notes 1. City Banks: Average of 6 Banks
2. Regional Banks: Average of 63 Banks
Source Bank disclosure documents

NPL Ratio (%)
(As of September 30, 2010)



0.36%
(As of March 31, 2011)

Note NPL ratio = Total risk-monitored loans/Total loans
Source Financial Services Agency

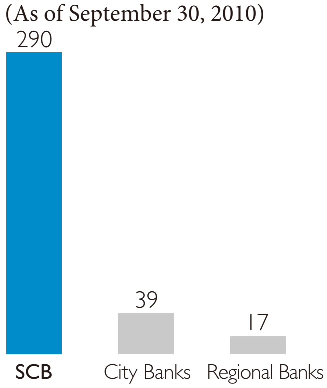
Long-Term Credit Rating
(As of July 31, 2011)

Aa3	A+	A+	AA
Moody's	S&P	R&I	JCR

Note Symbols indicating credit rating are assigned by each rating agency.

The SCB promotes streamlining of management through continuous drastic restructuring.

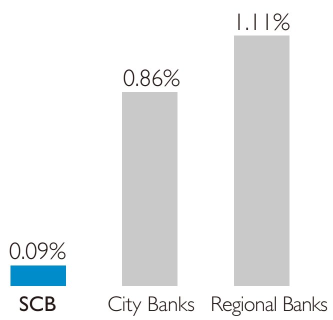
Funds per Employee
(Millions of U.S. dollars)
(As of September 30, 2010)



$276 Million
(As of March 31, 2011)

Notes 1. Total funds = Deposits+CDs+Debentures
2. US dollar amounts are converted for convenience only, at ¥83.79 and ¥83.15 per dollar, the prevailing rate on September 30, 2010 and March 31, 2011, respectively.
Source Japanese Bankers Association

Ratio of Expenses (%)
(As of September 30, 2010)



0.09%
(As of March 31, 2011)

Note Ratio of expenses = Total expenses/(Deposits+CDs+Debentures) Average outstanding balance
Source Japanese Bankers Association

Corporate Governance

The SCB strives to maintain fairness and transparency in its management by fortifying our corporate governance system as the SCB implements various operational strategies. The SCB's goal is to gain the trust of all the SCB's stakeholders by demonstrating the strong commitment to establishing a rigorous corporate governance system and to become a distinguished financial institution well respected in society.

Institutional Structure

General Assembly of Representatives (General Meeting)

The SCB is a cooperative financial institution consisting of 271 shinkin banks nationwide (as of March 31, 2011) as its members and investors. The General Assembly of Representatives is equivalent to the general meeting of shareholders in a joint-stock company, and is held annually to elect directors and resolve important issues.

Board of Directors

The SCB's Board of Directors currently comprises 29 members, 11 full-time directors and 18 part-time directors. It meets regularly eight times a year, making decisions about business matters vital to the SCB's management and operations. Part-time directors check the SCB's management from the perspective of outside directors. Part-time directors are selected from shinkin banks.

In addition to 11 full-time directors, the SCB's Articles of Incorporation stipulate that more than one-half of the total number of board members shall be executive officers of shinkin banks. In accordance with this stipulation, persons serving as president or board chair of a shinkin bank are chosen from each region throughout Japan as part-time directors of the SCB. In addition, an academic expert serves as a part-time director of the SCB.

Auditors

The auditors of the SCB currently comprise 5 members, one full-time auditor appointed from its employees, two part-time auditors elected from shinkin banks and two other part-time auditors from disinterested parties other than the SCB and shinkin banks.

Part-time auditors appointed carry out management checks in what might be called an outside auditor capacity, working to ensure transparency.

In addition, auditors hold regular reporting meetings to inform the directors of the audit situation. This is to ensure the effectiveness of the audit system.

General Meeting for Preferred Shares

The SCB's preferred shares are listed on the Tokyo Stock Exchange (see page 22).

Preferred shareholders have no voting rights at the General Assembly of Representatives. However, a general meeting for preferred shareholders may be held to protect their property rights under the Law Concerning Preferred Shares of Cooperative Financial Institutions.

Support System for Part-Time Directors and Part-Time Auditors

The General Affairs Division provides information and other support for part-time directors, and staff exclusively assisting the auditors provide the same for part-time auditors to facilitate timely and precise decision making by part-time directors and auditors.

Checks on the Execution of Business Operations

Execution of Business Operations

At the SCB, the Board of Directors makes decisions on important business operations. Based on those decisions, the President presides over the SCB's business operations and the Deputy President and other full-time directors assist the President.

In addition, the SCB has established the Executive Committee to deliberate and make decisions on important managerial matters, including ones to be resolved by the Board of Directors and ones to be reported to the Board of Directors.

The SCB has also established various committees of the Executive Committee to facilitate robust discussions on all aspects of its business operations. To ensure that deliberations and resolutions are carried out on a cross-organizational basis, each committee comprises several directors and general managers of divisions.

Supervision and Checks

At the SCB, the Board of Directors supervises the execution by the directors. More than half of the Board of Directors are executive officers of shinkin banks, thereby ensuring that the Board of Directors fulfills its check functions.

Audits by Auditors

At the SCB, to facilitate audits of the directors' execution of duties, the auditors attend meetings of the Board of Directors and other important meetings. The auditors also receive reports from directors regarding their execution of duties and inspect the minutes of the Executive Committee and other important documents. In addition, the auditors conduct regular meetings with the independent auditors to exchange opinions and information.

Exclusive staffs are assigned to assist the auditors in the execution of their duties so as to facilitate the timely and precise execution of duties by the auditors.

The Internal Audit System

The SCB is building an internal audit system that aims at the realization of efficient and effective business operations by utilizing the Internal Audit Division that is independent from operational divisions and branches. The Internal Audit Division examines and assesses the legal and regulatory compliance status, risk management status and operations management status of each division, branch and affiliated company of the SCB to make sure that they are functioning appropriately and effectively. Where deemed necessary, the Internal Audit Division issues guidance to undertake corrective measures.

In addition, each division and branch is required to undertake their own internal inspections for prevention and early detection of administrative errors.

The Use of Outside Specialists

The SCB utilizes the expertise of outside specialists, including independent auditors, attorneys and tax accountants. To effectively handle more sophisticated and diversified operational requirements, the SCB consults with and receives advice from such specialists on a regular basis and as the need arises.

Appropriate Disclosure of Corporate Information

The SCB's preferred shares are listed on the Tokyo Stock Exchange. The SCB strives to maintain appropriate disclosure of corporate information, pursuant to the Financial Instruments and Exchange Law, other related laws and the Securities Listing Regulations of the Tokyo Stock Exchange. The SCB also strives to maintain transparency in its management through appropriate disclosure.

Improving Internal Control Systems

The SCB regards compliance as basic premise of all business activities. The SCB continues to strengthen and operate the internal control systems, based upon policy to maintain reliability of financial reporting, to manage risks flexibly and effectively in response to those characteristics, and to implement internal audit by utilizing the Internal Audit Division, which is independent from the operational divisions and branches.

Strengthening the Compliance System

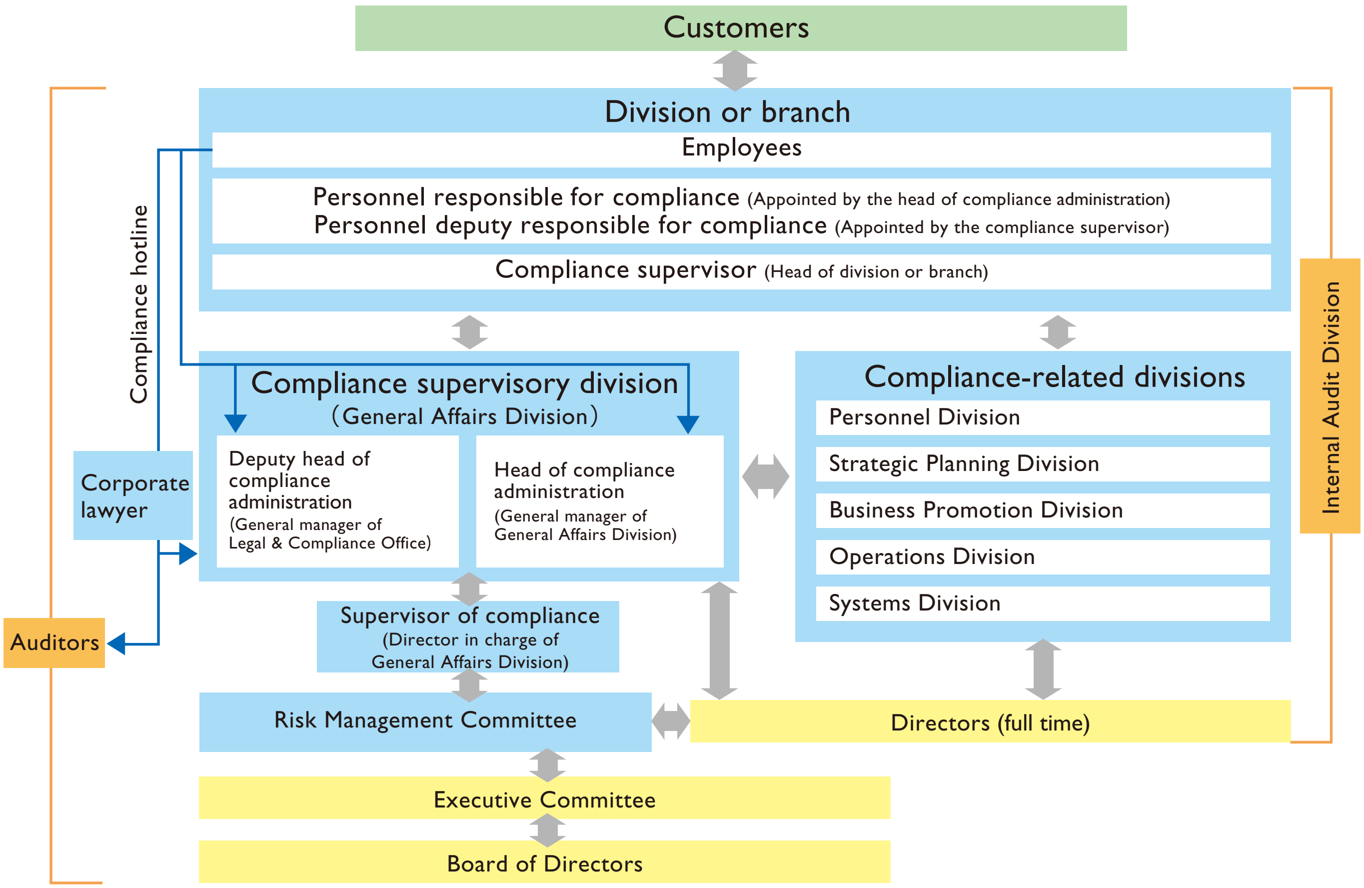
The SCB views compliance as one of the highest-priority management agendas. In line with this stance, the SCB is carrying out the measures outlined below as it strives to further strengthen its compliance system.

Compliance System

1. The SCB has formulated the Shinkin Central Bank Code of Ethics, which stipulates the ethical rules and behavior standards that must be upheld by all the SCB directors and employees.
2. In order to improve customer protection and satisfaction, the SCB formulates Customer Protection Control Policy.
3. The SCB formulates an annual Compliance Program, which lays out its specific compliance plan for each fiscal year.
4. To clarify the rules to be followed by directors and employees, the SCB has compiled a Compliance Manual as a practical compliance handbook.
5. A compliance supervisory division and compliance related divisions are established and their respective roles are clarified. A compliance supervisor, personnel responsible for compliance and personnel deputy responsible for compliance are appointed at every division and branch of the SCB.
6. In order to deliberate compliance issues, customer protection issues and serious accidents, the SCB has established the Compliance Committee.
7. In addition to conducting regular lectures and training seminars for directors and employees, each division and branch also carries out its own training programs as part of the SCB's efforts to strengthen compliance education.
8. The list of audit items used by the Internal Audit Division includes compliance-related items, and internal audits include investigation on whether or not the compliance system is functioning adequately.
9. In cases of compliance violation, reports from the heads of concerned divisions or branches are promptly called for and appropriate actions are taken to prevent recurrence.
10. The SCB operates a hotline system to facilitate reporting of compliance breaches by directors or employees. The SCB also has in place strict measures to protect whistle-blowers.
11. Pursuant to the Law on Sales of Financial Products, the SCB has formulated and made public its Financial Products Solicitation Policy. To ensure that solicitation is carried out fairly, important points regarding a product must be explained to the customer at the time of sale.
12. Pursuant to the Law on Protection of Personal Information, the SCB has published its Personal Information Protection Policy on its Internet web site. The SCB takes necessary and appropriate safety measures to protect personal information.
13. In addition to publishing its "Outline for Managing Conflicts of Interest" on its Internet web site pursuant to the Shinkin Bank Law and the Financial Instruments and Exchange Law, the SCB is implementing appropriate management to ensure that customers' interests are not wrongfully violated.
14. Based on the financial Alternative Dispute Resolution (ADR) system, to respond expeditiously, fairly and appropriately to customers' enquiries, complaints, disputes and other issues, the SCB has overhauled its internal management system and is striving to enhance its reliability.

The SCB intends to review and update the content of its Compliance Manual and other policies on an ongoing basis. All directors and employees of the SCB are working to maintain strict compliance through coordination among related divisions and by strengthening internal education programs.

Compliance System Overview



Risk Management

Learning from the experience of the recent financial crisis, the SCB is exhaustively implementing more highly detailed and thorough risk management by pursuing more sophisticated integrated risk management, market risk management, credit risk management and other measures while also advancing predictor and interim management for credit control.

Basic Policy on Risk Management

In the wake of the global financial crisis, financial institutions face significant changes in economic and financial market conditions and other aspects of their operating environment. To respond promptly and appropriately to these changes, financial institutions require very finely tuned risk management.

The SCB believes that its future depends on risk management and that a strong risk management system is a prerequisite for maintaining sound management and securing adequate profits.

The SCB classifies "risk" into two broad categories—risk that must be controlled and risk that must be absolutely minimized—and manages these risks accordingly. The types of risk that must be controlled are market risk, liquidity risk and credit risk. The type of risk that must be minimized is operational risk. Risk is managed by divisions which are independent from divisions involved in business operations. The Risk Management Division coordinates management of differing risks to provide comprehensive risk management.

The SCB has also established five cross-organizational bodies—the Risk Management Committee, ALM Committee, and Credit Committee, —to manage risk from a Bank-wide perspective. These committees deliberate and make decisions on specific issues relating to their respective risk management functions based on the policies determined by the Board of Directors and the Executive Committee.

To ensure the effectiveness of its risk management systems, the SCB has also established the Internal Audit Division—a body independent from its risk management systems—to monitor the SCB's risk management activities.

Integrated Risk Management

To manage risk in a comprehensive manner, the SCB employs the integrated risk management method to cope with quantifiable risk.

Integrated risk management is a way to manage its diverse risks by calculating them with uniform criteria such as the Value-at-Risk (VaR) method and comparing their aggregated value to the institution's overall financial strength (i.e., capital adequacy).

For market risk and credit risk, the SCB calculates Value-at-Risk. For the calculation of operational risk capital requirements, the SCB employs the basic indicator approach proposed under the Basel II Capital Accord.

The SCB defines capital under its integrated risk management system and allocates risk limit amounts for operational risk and other types of risk (note). Separately, the SCB estimates losses under various stress scenarios as part of its efforts to monitor potential impacts on capital.

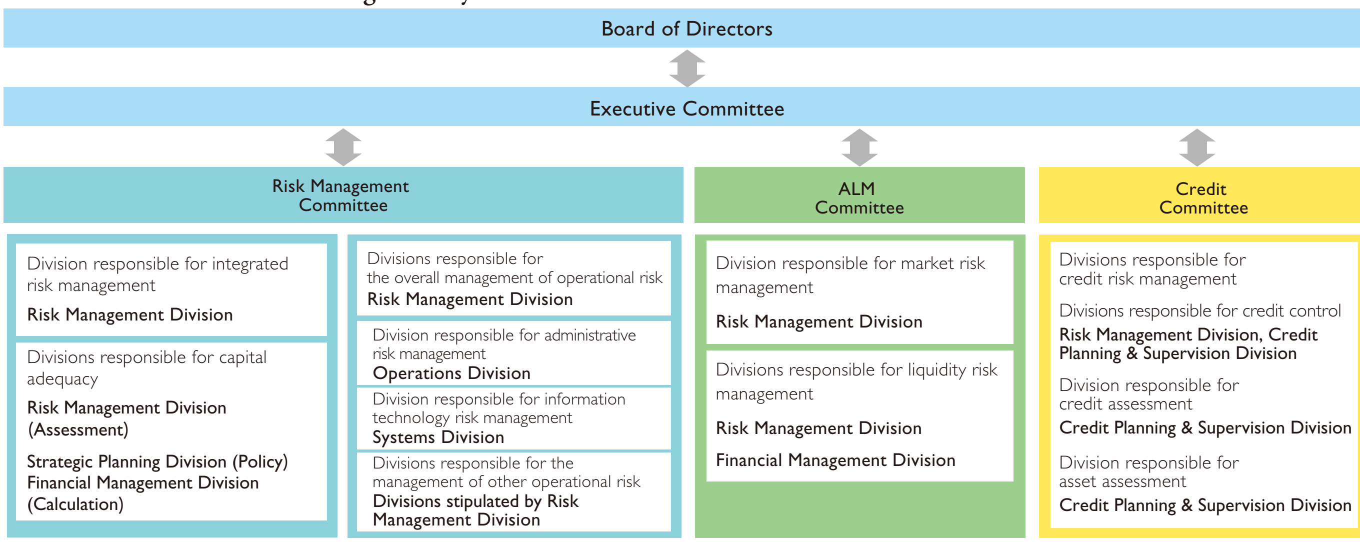
The quantitative risk limits and reserve amounts for each fiscal year are determined by the Executive Committee after deliberation by the Risk Management Committee. The Risk Management Division, which oversees integrated risk management, measures the amount of risk exposure both during and at the end of each month to ensure that quantitative limits for each type of risk are not exceeded. The Risk Management Division provides reports on risk status to senior management and related divisions through the Risk Management Committee.

Note: With regard to subsidiaries within the SCB's scope of consolidation, the SCB monitors risk exposure at each subsidiary and allocates capital commensurate with the amount of risk. These allocations provide for risk taking by subsidiaries.

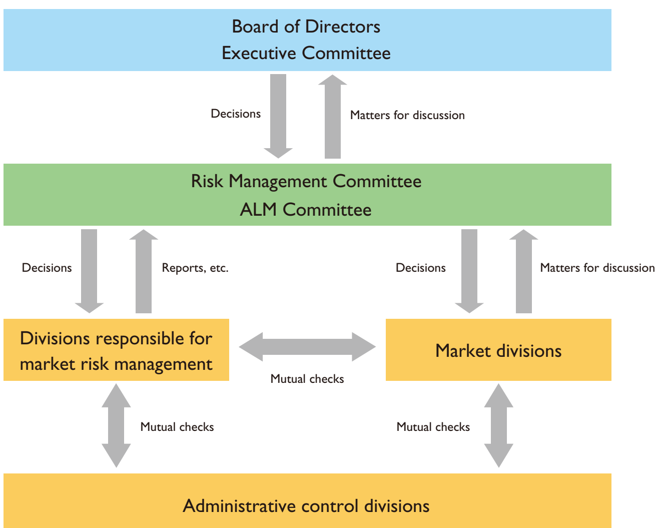
Risk Categories and Definitions

Risk categories			Risk Definitions
Risks That Must Be Controlled	Market Risk		Market risk is the risk of loss resulting from fluctuations in asset or liability values (including off-balance-sheet items) due to changes in such market risk factors as interest rates, stock prices or exchange rates. This includes the risk of loss due to changes in earnings generated by assets and liabilities.
	Liquidity Risk		Liquidity risk is the risk that a financial institution will be unable to generate sufficient cash inflow to meet required cash outflows and the risk of loss resulting from the unavoidable need to procure funds at much higher interest rates than normal (cash flow risk); and the risk that market transactions will become either impossible or transactions must be carried out at very unfavorable prices due to market disruptions (market liquidity risk).
	Credit Risk		Credit risk is the risk of loss due to the partial or complete loss of asset value (including off-balance-sheet assets), owing to such factors that borrower or counterparty will fail to perform on an obligation.
Risks That Must Be Minimized	Operational Risk		Operational risk is the risk of unexpected loss resulting from inadequacies in operational processes, breaches in internal controls, employee actions, or computer systems, as well as the risk of loss resulting from external events.
		Administrative Risk	Administrative risk is the risk of loss resulting from administrative failures, accidents or management or staff fraud.
		Information Technology Risk	Information technology risk is the risk of loss due to computer system failures, errors, or inadequacies and the risk of loss due to the fraudulent use of computer systems.
		Other Operational Risk	Other operational risks are risks other than those mentioned above that may be defined, as necessary, by the divisions responsible for the overall management of operational risk (excluding market risk, liquidity risk and credit risk).

Overview of the SCB's Risk Management System



The SCB's Market Risk Management Framework



Market Risk Management

To maintain an accurate understanding of market risk and rigorously manage this risk, the SCB has issued a market risk management policy. Furthermore, divisions responsible for market risk management are clearly separated from divisions involved in market operations, providing a risk management structure in which internal checks are maintained through the independent functions.

The SCB has established the ALM Committee as the body responsible for deliberating and making decisions on matters relating to market risk management. The ALM Committee comprises senior management and heads of divisions related to market risk. Based on risk status information—obtained via reports from divisions responsible for managing market risk and other sources—the ALM Committee deliberates widely and expeditiously on policy relating to fund-raising and management as well as proposed market transactions.

For banking operations and trading activities, the divisions responsible for managing market risk quantify and manage market risk by VaR within the limit set by the Executive Committee. In addition, market risk is further divided into several categories and managed according to risk limits allocated to each category.

Note: Market risk includes interest rate risk and such equity-related risk as stock price fluctuation risk.

In addition, the SCB manages market risk by monitoring a wide range of measures under various scenarios. These include the interest rate risk amount calculated using outlier standards; the possible stress loss during a period of very high market volatility; the basis-point-value (BPV) indicator, which measures the potential change in portfolio market value for every 0.01 percentage point fluctuation in interest rates; and the market risk equivalent amount.

The status of these risk management activities is reported to senior management at biweekly meetings of the ALM Committee.

Liquidity Risk Management

As the central financial institution for shinkin banks, the SCB maintains a rigorous system for managing liquidity risk to respond to the needs of shinkin banks for daily working capital and emergency funds.

To maintain an accurate understanding of liquidity risk and rigorously manage this risk, the SCB has formulated a liquidity risk management policy. Divisions responsible for liquidity risk management are clearly separated from divisions involved in cash management and market operations, allowing internal checks to be maintained through the independent functions. In addition, the ALM Committee deliberates and makes decisions on matters relating to liquidity risk management.

Methods used for managing liquidity risk include the daily setting and monitoring of risk limit amounts relating to the gap between cash receipts and payments. This is carried out for individual currencies and periods. In the event that a significant liquidity risk arises, the SCB has preparations to respond rapidly, including the securing of funding sources.

Credit Risk Management

To maintain an accurate understanding of credit risk and rigorously manage this risk, the SCB has formulated a credit risk management policy. Furthermore, the SCB has formulated a Credit Policy, which sets out the SCB's fundamental philosophy. The SCB requires strict adherence to the Credit Policy on the part of all directors and employees involved in credit operations. The SCB conducts ongoing internal communications emphasizing the importance of sound ethics in all behavior and decision making.

At the SCB, divisions responsible for credit control, credit assessment and asset assessment are clearly separated from divisions involved in client services. In this way, we are building a structure in which internal checks are maintained through the independent functions given to each part of the system.

The SCB has established the Credit Committee as the body responsible for deliberating and making decisions on matters relating to credit risk management. The Credit Committee is comprised of senior management and general managers of related divisions. The Credit Committee deliberates widely and thoroughly on credit transactions that exceed a designated amount.

The Executive Committee deliberates on, and makes decisions regarding, the results of self-assessment of assets and matters relating to self-assessment of asset write-offs and asset reserve provisions.

Divisions responsible for credit control manage the credit risk for each borrower relating to loans and market trading activities. An overall credit limit is set for each borrower according to the credit rating of the borrower.

Credit ratings are based on quantitative criteria set by evaluating the borrower's financial statements and qualitative criteria set by evaluating the borrower's competitive strength within the particular industry it operates in. Based on these assessments of credit strength, each borrower is given a credit rating on the SCB's 10-step scale. The credit ratings given to borrowers are reviewed regularly and flexibly revised as necessary.

Divisions responsible for credit control analyze the SCB's overall credit portfolio according to credit rating, industry, country and other criteria. These analyses are used to monitor the diversification of credit risk as well as changes in portfolio credit risk. Furthermore, credit risk is quantified and managed within the risk limit set by the Executive Committee.

The credit risk amount is measured using VaR as well as the Monte Carlo simulation method.

The Credit Planning & Supervision Division—responsible for credit assessment—accurately monitors each borrower's financial condition, the purposes for which funds are used and repayment resources. In addition to appropriate assessment and post-transaction management, the Credit Planning & Supervision Division continually checks whether the client service division is conducting appropriate credit control, and provides guidance as necessary. In the case of any problem on the side of borrowers, the Credit Planning & Supervision Division rapidly makes assessments of the borrower's management situation and provides supervision. Where necessary, an action is taken to recover the loan.

The Credit Planning & Supervision Division is also responsible for asset assessment. The division undertakes and manages operations relating to asset self-assessments, and the calculation of asset write-offs and asset reserve provisions.

Note: Credit risk includes such risk as counterparty risk for derivative transactions and securitization transaction risk.

Operational Risk Management

To provide comprehensive management of operational risk, the SCB has issued a policy that governs operational risk management. In addition, the SCB has separate policies to manage two major types of operational risk: administrative risk and information technology risk. The Risk Management Division is responsible for overall operational risk management, the Operations Division oversees administrative risk management, and the Systems Division is responsible for information technology risk management. The SCB may also create new divisions to cope with other types of operational risk as necessity arises. With this structure, the SCB comprehensively manages operational risk.

The SCB has established the Risk Management Committee to deliberate and make decisions on matters relating to operational risk management. The Risk Management Committee, comprising senior management and heads of related divisions, deliberates and makes decisions on comprehensive methods for managing operational risk, including administrative risk and systems risk.

To calculate its operational risk capital requirements, the SCB uses the basic indicator approach proposed under the Basel II Standards.

Administrative Risk Management

The Operations Division oversees administrative risk management and administrative instruction. In addition to developing and maintaining the administrative processing system and administrative rules and undertaking reviews of administrative procedures, the Operations Division conducts administrative instruction programs for divisions involved in administrative processing. With this system, the SCB appropriately manages administrative risk.

Furthermore, the SCB is undertaking a range of measures to ensure accurate and efficient administrative processing. These include further automation of administrative processing, training programs tailored for each staff and management level, and programs to encourage staff to submit proposals to improve administrative processes. The SCB also controls the entire process of administrative risk management from the identification of risk to the implementation of corrective measures.

Information Technology Risk Management

The Systems Division takes charge of information technology risk management. It provides control and guidance to divisions involved in system development, operation and utilization.

In the event of a system failure that seriously affects the execution of business operations, a Bank-wide response is triggered based on crisis management procedures (contingency plan). The SCB also conducts crisis response drills periodically based on system-failure crisis scenarios.

To prevent damage caused by system failure, the SCB has issued a security policy and undertakes internal communications programs to ensure that all directors and employees have a thorough understanding of the SCB's security policy.

Corporate Social Responsibility (CSR) Activities

The SCB aims to be a financial institution highly valued throughout society.

Activities as a Regional Financial Institution

Since the SCB's funds are principally deposits received from many local shinkin banks, we believe that it is ideal to contribute to the social and economic development of local communities with its funds.

For this reason, in cooperation with shinkin banks, the SCB actively provides financing to local governments, public interest corporations, and locally based business enterprises.

Furthermore, in collaboration with shinkin banks, the SCB contributes to the development and revitalization of local communities with a very extensive variety of activities, including syndicated loans, private finance initiatives (PFI), support for the improvement of SME managements, regional industry research, and the implementation of local contribution programs.

Activities Implemented through the Provision of Financial Products

Charitable Trusts

Shinkin Trust Bank Ltd., a wholly owned subsidiary of the SCB, sets up and manages charitable trusts on behalf of individuals and companies in order to contribute to activities for the public good, such as environmental conservation, scholarships, academic research and subsidies for social welfare.

Socially Responsible Investing (SRI) Funds

Shinkin Asset Management Co. Ltd., a wholly owned subsidiary of the SCB, offers the Shinkin SRI Fund, in which it focuses on the social responsibility of the companies and invests.

SRI is based on the philosophy according to which "companies with the best potential for steady growth are those that maintain sustainable economic growth by fulfilling their corporate social responsibilities." Consequently, SRI funds carry out investments based on research and analysis from a broad range of perspectives, including financial, environmental, social and ethical.

Revitalizing Local Communities and Pursuing Activities to Promote Environmental Sustainability

As part of its efforts to contribute to local communities, the SCB sponsors Metrolink Nihonbashi, to realize human- and environment-friendly transportation set in the Tokyo metropolitan government's urban planning vision.

Metrolink Nihonbashi uses low-emission, low-noise electric buses that provide a high degree of accessibility through a low-floor design. The buses serve a circular route that runs through Nihonbashi and Yaesu, near to the SCB's head office, providing shoppers and people working in the area with a transportation option that is convenient and free of charge. This service aims to revitalize the local area by helping to improve the environment and by attracting shoppers and sightseers.

Activities That Aim to Contribute to Society

With branches and offices throughout Japan and overseas, the SCB aims to contribute not only to local communities but also to society in the broadest possible way.

Recently, the SCB has become a supporter of the "Table For Two" program, a social contribution project that began in Japan. Table For Two enables consumers to contribute to famine relief efforts in developing countries while enhancing their health. When a customer purchases an item on the "healthy menu" offered at the SCB head office cafeteria, part of the price of the meal (¥20) is donated to a developing country.

Shinkin Bank Contributions to Local Society

The shinkin bank sector has established the Shinkin Bank Social Contribution Award to recognize local social contribution activities that can only be made by shinkin banks, which are established and grow together with local communities. The award honors local economic promotion, social welfare, arts and cultural support activities advanced by shinkin banks nationwide.

Shinkin banks have also initiated the "High School and Technical College Student Our Town Business Idea Contest – Creating Work that Benefits Society" as an opportunity for students, who will be responsible for the future of their communities, to create new business ideas, new jobs and new frameworks to solve local problems.

Metrolink Nihonbashi

What Are Shinkin Banks?

Shinkin banks are cooperative financial institutions. Their membership is composed of local residents and small and medium-sized companies. Shinkin banks' distinctive characteristics are (1) they are close and convenient, (2) they offer fine-tuned and personalized services and (3) they have a strong relationship of mutual trust with their customers and communities.

Cooperative financial institutions are organizations that operate under the fundamental principle of mutual support.

Shinkin banks limit their lending, in principle, to members. However, their functions are almost the same as those of commercial banks, and they also deal with many people who are not members, accepting deposits, providing exchange services, accepting various payments including those for public utilities, and engaging in over-the-counter sales of public bonds, investment trust funds, and insurance.

Shinkin banks not only provide deposit, lending and exchange services, but also offer a diverse range of services to customers and other members of the local community in such areas as support for management improvement and enterprise renewal, business succession support, business start-up support and local-area revitalization.

Outline of Shinkin Banks

Shinkin banks dedicate themselves to providing high-quality services to local residents, as financial institutions that are deeply rooted in their respective regions and contribute to regional development.

Total deposits outstanding at 271 shinkin banks as of March 31, 2011, reached approximately ¥119 trillion (equivalent to $1,431 billion), which ranks after Japan's city and regional banks, and gives shinkin banks an important position in Japanese financial markets. The number of shareholders at shinkin banks is 9.31 million.

Shinkin banks also possess one of the largest branch networks among the financial business categories, forming a strong network throughout Japan.

Shinkin banks continue to further deepen their presence and roles as important infrastructure for regional economies and communities.

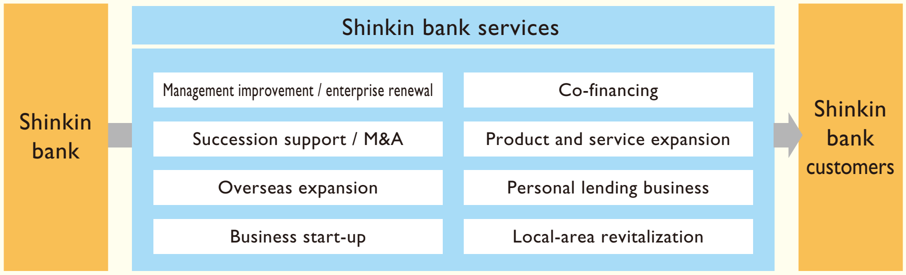
Deposits Outstanding by Bank Segment (As of March 31, 2011)

(Billions of U.S. Dollars)

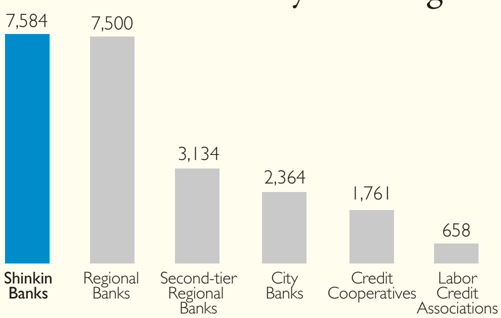
City Banks	$3,463
Regional Banks	2,549
Shinkin Banks	**1,431**
Agricultural Cooperatives	1,022
Second-tier Regional Banks	685
Credit Cooperatives	204
Labor Credit Associations	204

Notes 1. Deposit includes domestic operations.
2. City banks, regional banks and second-tier regional banks do not include the special international financial transactions account.

Sources Japanese Bankers Association, Norinchukin Bank, National Central Society of Credit Cooperatives, National Association of Labour Banks and SCB



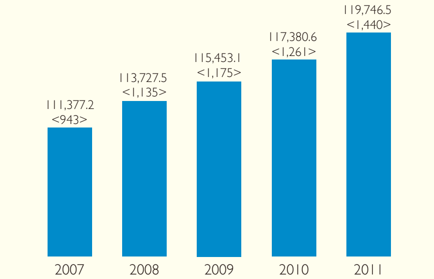
Domestic Branches by Bank Segment (Number of branches)



Note The number of shinkin banks is as of March 31, 2011. The numbers of regional banks, second-tier regional banks, city banks, credit cooperatives and labor credit associations are as of September 30, 2010.

Sources Japanese Bankers Association, National Central Society of Credit Cooperatives, National Association of Labour Banks and SCB

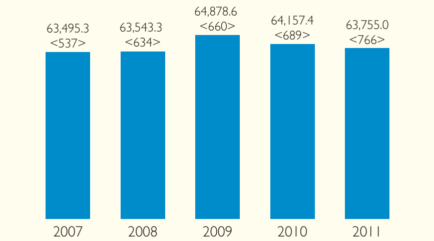
Deposit Outstanding at Shinkin Banks (Billions of Yen)



Note Items in angular brackets are U.S. dollar amounts. U.S. dollar amounts are converted for convenience only at ¥118.06, ¥100.16, ¥98.20, ¥93.05 and ¥83.15 per dollar, the prevailing rate on March 31, 2007, 2008, 2009, 2010, and 2011 respectively.

Source SCB

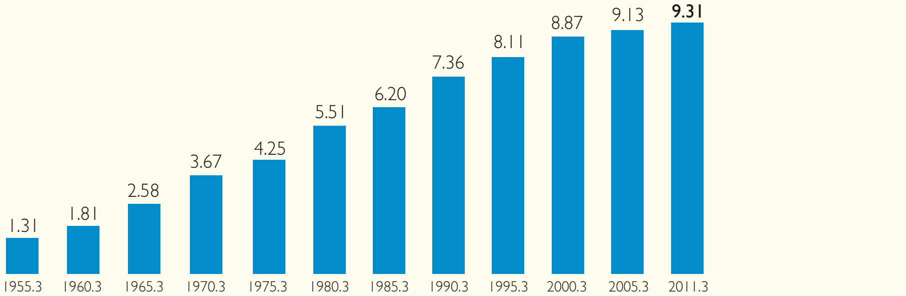
Loan and Bills Discounted Outstanding at Shinkin Banks (Billions of Yen)



Note Items in angular brackets are U.S. dollar amounts. U.S. dollar amounts are converted for convenience only at ¥118.06, ¥100.16, ¥98.20, ¥93.05 and ¥83.15 per dollar, the prevailing rate on March 31, 2007, 2008, 2009, 2010, and 2011 respectively.

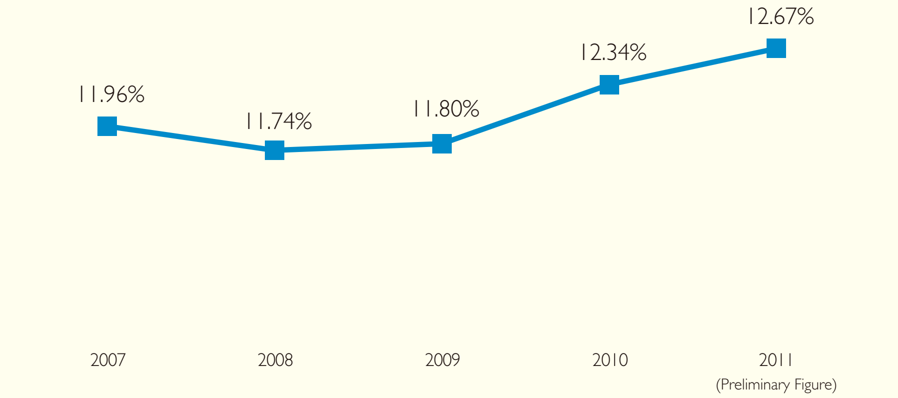
Source SCB

Growth of Number of Shareholders (Millions) (As of March 31, 2011)



Source SCB

Capital Adequacy Ratio of Shinkin Banks

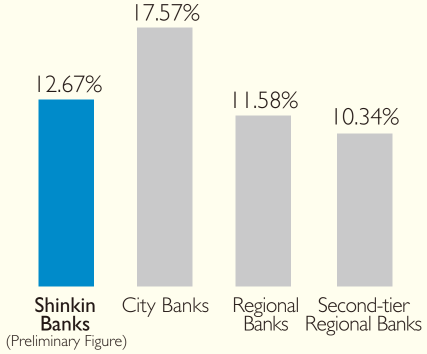


Note Capital adequacy requirements with flexibility measures are not applied before 2008.
Source SCB

The capital adequacy ratio of shinkin banks as of the end of March 2011 increased by 0.33 percentage point over the previous fiscal period to 12.67% (preliminary figure).

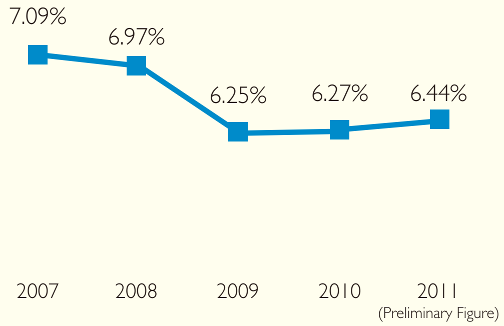
The capital adequacy ratio of shinkin banks maintains a standard which is by no means inferior even compared to other business categories, and is outperforming the standards of other regional banks (11.58%) or second-tier regional banks (10.34%).

Non-Consolidated Capital Adequacy Ratio by Bank Segment (%)
(as of March, 31, 2011)



Sources Bank disclosure document
Regional Banks Association of Japan
The Second Association of Regional Banks

Nonperforming-Loan Ratio of Shinkin Banks (%)



Source SCB

Reference:
The Difference between Shinkin Banks and Commercial Banks

Category	Shinkin Banks	Commercial Banks
Legal Foundation	Shinkin Bank Law	Banking Act
Organization	Cooperative organization	For-profit joint stock corporations
Membership Qualifications	• Those who have an address or location in the region. • Those who have a business office in the region. • Those who work in the region.	None

Preferred Shares

The SCB's Preferred Shares

The SCB issues preferred shares under the Law Concerning Preferred Shares of Cooperative Financial Institutions. The preferred shares, which are regulated by the Financial Instruments and Exchange Law, are issued to complement members' (shinkin banks') common shares and offered publicly to increase the net worth of cooperative financial institutions.

Although the preferred shares do not carry the voting rights that holders of common shares receive, the preferred shares have certain advantages over common shares, such as the guarantee of priority in the payment of dividends.

Listing of Preferred Shares

The SCB has issued preferred shares since fiscal 1995, and the preferred shares were listed on the Tokyo Stock Exchange on December 22, 2000 (Securities Identification Code 8421) for the first time in Japan. The SCB's preferred shares are marketable securities that are very similar to preferred stocks, and basically apply the same listing criteria and disclosure rules with them.

Trading of Preferred Shares

Like listed stocks, the SCB's preferred shares can be traded anytime during trading hours of the Tokyo Stock Exchange through a securities company. Credit transactions are also possible for preferred shares just as they are for stocks.

Dividends of Preferred Shares

The SCB's basic policy is to pay stable dividends while securing sound management, enhancing internal reserves, and boosting earnings power.

The SCB's preferred shares pay a dividend to the holders at the end of March of every fiscal year. As the rule of interim dividends is not provided at the Law Concerning Preferred Shares of Cooperative Financial Institutions, the SCB does not pay interim dividends.

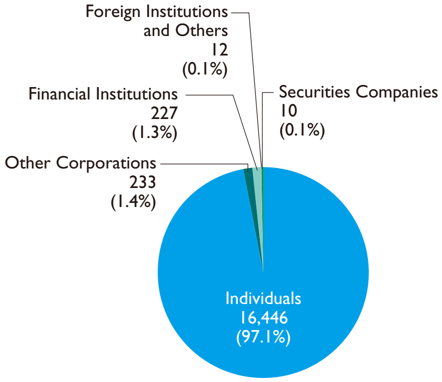
Dividends of preferred shares are comprised of preferred dividends and participating dividends. Preferred dividends are paid before any dividends are paid to common stock holders (shinkin banks). Participating dividends are paid from retained earnings after preferred dividends. They may vary depending on profits of the SCB.

The SCB's preferred shares have the same treatment as stocks in the taxation system, and they are given the same preferential treatment concerning tax as stocks.

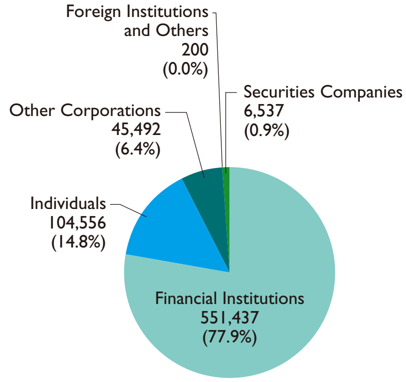
For fiscal 2010, a dividend for preferred share was ¥6,500 (equivalent to $78) per share, which comprised a preferred dividend of ¥3,000 (equivalent to $36) and a participating dividend of ¥3,500 (equivalent to $42). For fiscal 2011, a dividend for preferred share is expected to remain ¥6,500 (equivalent to $78) per share.

Composition of Preferred Shares (March 31, 2011)

• Number of Investors (Total 17,449)



• Number of Subscription (Total 708,222)



Price of Preferred Shares

	Price (closing price, in yen)
First Day of Listing (December 22, 2000)	200,500
Highest Price (March 15, 2006)	311,500
Lowest Price (April 14, 2009)	102,400
Closing Price (July 29, 2011)	150,900

Note: Prices of preferred share are split-adjusted, reflecting the stock split of preferred shares with a record date of July 31, 2009.

Financial Section

Contents

Five-Year Summary (Consolidated)

(Millions of yen)

	FY2006	FY2007	FY2008	FY2009	FY2010
Total Income	371,427	445,869	484,598	392,849	361,820
Total Expenses	316,633	392,579	701,720	373,135	322,361
Net Income(Loss)	38,238	38,727	(182,518)	29,206	27,887
Comprehensive Income	–	–	–	–	35,970
Shareholders' Equity / Net Assets	938,534	747,431	443,564	1,020,800	1,043,267
Total Assets	26,081,465	26,400,125	27,505,115	28,575,669	31,502,697
Shareholders' Equity / Net Assets per Share(yen)	395,199.46	313,698.61	185,280.93	214,698.35	219,425.69
Earnings(Loss) per Share(yen)	15,340.75	15,548.57	(77,531.92)	6,425.11	5,471.96
Dividends	12,603	12,603	–	13,370	14,603
Common Shares	8,000	8,000	–	8,767	10,000
Preferred Shares	4,603	4,603	–	4,603	4,603
Capital Adequacy Ratio (International Standard) (%)	20.09	15.84	–	–	–
Capital Adequacy Ratio (Domestic Standard) (%)	–	–	22.56	28.17	31.76

Notes:

1. Consumption tax and local consumption tax incurred by the Bank and its domestic consolidated subsidiaries are excluded from transaction amounts.
2. Beginning with this fiscal year, the Bank had adopted the Accounting Standard for Presentation of Comprehensive Income (ASBJ Statement No. 25; June 30, 2010).
3. Shareholders' equity per share was obtained by deducting preferred dividends from shareholders' equity and was divided by the number of shares at term-end. This calculation complies with ASBJ statement No. 2, September 25, 2002 "Accounting Standards of Net Profit per Share" and ASBJ Guidance No. 4, September 25, 2002 "Application Guideline of Accounting Standards of Net Profit per Share". Accompanying the revision of ASBJ Guidance No. 4, from fiscal 2006, the calculation of net assets per share includes net deferred gains (losses) on hedging instruments.
4. Earnings per share were obtained by dividing the value obtained by deducting preferred dividends from current profit. This calculation complies with ASBJ statement No. 2, September 25, 2002 "Accounting Standards of Net Profit per Share" and ASBJ Guidance No. 4, September 25, 2002 "Application Guideline of Accounting Standards of Net Profit per Share".
5. From fiscal 2006, the Bank's capital ratio on a consolidated basis is calculated using the formula stipulated in "Financial Services Agency Notification No. 21 (2006)." This notification is pursuant to the standards set forth in Article 14-2 of the Banking Law, which is stipulated for application by Article 89-1 of the Shinkin Bank Law. In addition, the Bank adopted BIS standard up until fiscal 2007. However, the Bank has adopted domestic standard for fiscal 2008 since overseas branch was closed down in March 2009.

Consolidated Balance Sheets

Shinkin Central Bank As of March 31,	Millions of Yen 2011	Millions of Yen 2010	Millions of U.S. Dollars (Note 1) 2011
Assets			
Cash and Due from Banks (Note 2 (2), 24)	**2,026,383**	2,485,776	**24,370**
Call Loans and Bills Bought (Note 24)	**750,984**	612,207	**9,031**
Receivables under Resale Agreements (Note 24)	**86,983**	29,997	**1,046**
Receivables under Securities Borrowing Transactions (Note 24)	**93,138**	66,925	**1,120**
Monetary Debts Purchased (Note 24)	**495,643**	642,908	**5,960**
Trading Assets (Note 4, 10, 24, 25)	**466,569**	458,532	**5,611**
Money Held in Trust (Note 24, 25)	**211,106**	211,677	**2,538**
Securities (Note 5, 8, 10, 24, 25)	**21,516,667**	17,295,991	**258,769**
Loans and Bills Discounted (Note 6, 7, 10, 24)	**5,254,813**	6,263,824	**63,196**
Foreign Exchanges Assets	**4,001**	4,929	**48**
Other Assets	**419,077**	324,854	**5,040**
Tangible Fixed Assets (Note 9, 14, 23)	**76,745**	77,196	**922**
Intangible Fixed Assets (Note 23)	**14,271**	13,348	**171**
Deferred Tax Assets (Note 21)	**28,823**	45,732	**346**
Customers' Liabilities for Acceptances and Guarantees	**81,515**	83,039	**980**
Reserve for Possible Loan Losses	**(23,811)**	(40,947)	**(286)**
Reserve for Investment Losses	**(215)**	(326)	**(2)**
Total Assets	**31,502,697**	28,575,669	**378,865**
Liabilities and Net Assets			
Liabilities			
Deposits (Note 24)	**21,569,331**	19,723,454	**259,402**
Debentures (Note 13, 24)	**4,323,600**	4,802,920	**51,997**
Trading Liabilities (Note 11, 24)	**139,458**	102,896	**1,677**
Borrowed Money (Note 10, 12, 24)	**630,950**	628,950	**7,588**
Call Money and Bills Sold (Note 10, 24)	**435,272**	452,101	**5,234**
Payables under Securities Lending Transactions (Note 10, 24)	**2,843,378**	1,297,387	**34,195**
Foreign Exchanges Liabilities	**144**	122	**1**
Other Liabilities	**406,050**	435,776	**4,883**
Reserve for Employee Bonuses	**1,413**	1,266	**17**
Reserve for Directors' Bonuses	**64**	45	**0**
Reserve for Employee Retirement Benefits (Note 22)	**20,363**	18,988	**244**
Reserve for Directors' Retirement Allowances	**498**	483	**5**
Reserve under Specific Law	**1**	1	**0**
Deferred Tax Liabilities (Note 21)	**22**	7	**0**
Deferred Tax Liabilities for Land Revaluation (Note 14)	**7,366**	7,426	**88**
Acceptances and Guarantees	**81,515**	83,039	**980**
Total Liabilities	**30,459,430**	27,554,868	**366,319**
Net Assets			
Common Shares and Preferred Shares (Note 20)	**490,998**	490,998	**5,904**
Capital Surplus	**100,678**	100,678	**1,210**
Retained Earnings	**395,280**	380,630	**4,753**
Total Shareholders' Equity	**986,957**	972,307	**11,869**
Net Unrealized Gains on Other Securities (Note 21, 25)	**35,783**	10,776	**430**
Net Deferred Gains on Hedging Instruments (Note 26)	**2,490**	18,896	**29**
Land Revaluation Excess (Note 14)	**13,875**	14,007	**166**
Foreign Currency Translation Adjustments	**(3,876)**	(3,016)	**(46)**
Total Accumulated Other Comprehensive Income	**48,272**	40,664	**580**
Minority Interests	**8,037**	7,828	**96**
Total Net Assets	**1,043,267**	1,020,800	**12,546**
Total Liabilities and Net Assets	**31,502,697**	28,575,669	**378,865**

The accompanying notes are an integral part of these financial statements.

Consolidated Statements of Income

Shinkin Central Bank For the years ended March 31,	Millions of Yen 2011	2010	Millions of U.S. Dollars (Note 1) 2011
Income			
Interest Income:	**279,303**	292,334	**3,359**
Interest on Loans and Discounts	**52,480**	65,438	**631**
Interest on Due from Banks	**6,926**	12,237	**83**
Interest on Call Loans and Bills Bought	**2,322**	2,683	**27**
Interest on Receivables under Resale Agreements	**148**	105	**1**
Interest on Receivables under Securities Borrowing Transactions	**360**	583	**4**
Interest and Dividends on Securities	**212,809**	194,599	**2,559**
Others	**4,255**	16,687	**51**
Fees and Commissions (Note 15)	**31,111**	29,768	**374**
Trading Income (Note 16)	**12,919**	9,942	**155**
Other Operating Income	**29,610**	37,583	**356**
Other Income	**8,874**	23,221	**106**
Total Income	**361,820**	392,849	**4,351**
Expenses			
Interest Expenses:	**223,574**	227,349	**2,688**
Interest on Deposits	**116,112**	149,479	**1,396**
Interest on Debentures	**55,693**	56,988	**669**
Interest on Borrowed Money	**12,675**	13,259	**152**
Interest on Call Money and Bills Sold	**624**	712	**7**
Interest on Payables under Repurchase Agreement	**1**	62	**0**
Interest on Payables under Securities Lending Transactions	**5,249**	2,851	**63**
Others	**33,217**	3,995	**399**
Fees and Commissions (Note 15)	**10,808**	10,539	**129**
Trading Losses (Note 17)	**734**	470	**8**
Other Operating Expenses	**22,984**	30,075	**276**
General and Administrative Expenses	**45,606**	43,486	**548**
Other Expenses (Note 18)	**18,652**	61,214	**224**
Total Expenses	**322,361**	373,135	**3,876**
Income before Income Taxes and Minority Interests	**39,458**	19,714	**474**
Income Taxes (Note 21):			
Current	**790**	1,244	**9**
Deferred	**10,437**	(11,240)	**125**
Total Income Taxes	**11,228**	(9,995)	**135**
Income before Minority Interests	**28,230**	−	**339**
Minority Interests in Net Income	**342**	503	**4**
Net Income	**27,887**	29,206	**335**

	Yen 2011	2010	U.S. Dollars 2011
Net Income per Share	**5,471.96**	6,425.11	**65.80**
Dividend Declared per Share (Common Shares)	**2,500.00**	2,500.00	**30.06**
Dividend Declared per Share (Preferred Shares)	**6,500.00**	6,500.00	**78.17**

The accompanying notes are an integral part of these financial statements

Consolidated Statements of Comprehensive Income

Shinkin Central Bank For the years ended March 31,	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2011	2010	**2011**
Income before Minority Interests	**28,230**	–	**339**
Other Comprehensive Income	**7,740**	–	**93**
Net Unrealized Gains on Other Securities (Note 21, 25)	**25,006**	–	**300**
Net Deferred Gains (Losses) on Hedging Instruments (Note 26)	**(16,406)**	–	**(197)**
Foreign Currency Translation Adjustments	**(860)**	–	**(10)**
Comprehensive Income	**35,970**	–	**432**
Comprehensive Income attributable to owners of the parent	**35,627**	–	**428**
Comprehensive Income attributable to minority interests	**342**	–	**4**

Consolidated Statements of Changes in Net Assets

Shinkin Central Bank For the years ended March 31,	Millions of Yen 2011	Millions of Yen 2010	Millions of U.S. Dollars (Note 1) 2011
Shareholders' Equity			
Common Shares and Preferred Shares			
Balance at End of Previous Year	**490,998**	290,998	**5,904**
Fluctuation Amount during the Fiscal Year			
Increase of Common Shares	**—**	200,000	**—**
Total Fluctuation Amount during the Fiscal Year	**—**	200,000	**—**
Balance at End of Year	**490,998**	490,998	**5,904**
Capital Surplus			
Balance at End of Previous Year	**100,678**	100,678	**1,210**
Fluctuation Amount during the Fiscal Year			
Total Fluctuation Amount during the Fiscal Year	**—**	—	**—**
Balance at End of Year	**100,678**	100,678	**1,210**
Retained Earnings			
Balance at End of Previous Year	**380,630**	351,423	**4,577**
Fluctuation Amount during the Fiscal Year			
Surplus Dividends	**(13,370)**	—	**(160)**
Net Income	**27,887**	29,206	**335**
The revarsal of Land Revaluation Excess (Note 14)	**132**	—	**1**
Total Fluctuation Amount during the Fiscal Year	**14,649**	29,206	**176**
Balance at End of Year	**395,280**	380,630	**4,753**
Total Shareholders' Equity			
Balance at End of Previous Year	**972,307**	743,100	**11,693**
Fluctuation Amount during the Fiscal Year			
Increase of Common Shares	**—**	200,000	**—**
Surplus Dividends	**(13,370)**	—	**(160)**
Net Income	**27,887**	29,206	**335**
The revarsal of Land Revaluation Excess (Note 14)	**132**	—	**1**
Total Fluctuation Amount during the Fiscal Year	**14,649**	229,206	**176**
Balance at End of Year	**986,957**	972,307	**11,869**
Accumulated Other Comprehensive Income			
Net Unrealized Gains (Losses) on Other Securities			
Balance at End of Previous Year	**10,776**	(339,204)	**129**
Fluctuation Amount during the Fiscal Year			
Net Changes in Items Other Than Shareholders' Equity during the Fiscal Year	**25,006**	349,980	**300**
Total Fluctuation Amount during the Fiscal Year	**25,006**	349,980	**300**
Balance at End of Year	**35,783**	10,776	**430**
Net Deferred Gains on Hedging Instruments			
Balance at End of Previous Year	**18,896**	21,906	**227**
Fluctuation Amount during the Fiscal Year			
Net Changes in Items Other Than Shareholders' Equity during the Fiscal Year	**(16,406)**	(3,009)	**(197)**
Total Fluctuation Amount during the Fiscal Year	**(16,406)**	(3,009)	**(197)**
Balance at End of Year	**2,490**	18,896	**29**
Land Revaluation Excess			
Balance at End of Previous Year	**14,007**	14,007	**168**
Fluctuation Amount during the Fiscal Year			
Net Changes in Items Other Than Shareholders' Equity during the Fiscal Year	(132)	—	(1)
Total Fluctuation Amount during the Fiscal Year	(132)	—	(1)
Balance at End of Year	**13,875**	14,007	**166**
Foreign Currency Translation Adjustments			
Balance at End of Previous Year	**(3,016)**	(3,638)	**(36)**
Fluctuation Amount during the Fiscal Year			
Net Changes in Items Other Than Shareholders' Equity during the Fiscal Year	**(860)**	622	**(10)**
Total Fluctuation Amount during the Fiscal Year	**(860)**	622	**(10)**
Balance at End of Year	**(3,876)**	(3,016)	**(46)**
Total Accumulated Other Comprehensive Income			
Balance at End of Previous Year	**40,664**	(306,928)	**489**
Fluctuation Amount during the Fiscal Year			
Net Changes in Items Other Than Shareholders' Equity during the Fiscal Year	**7,607**	347,593	**91**
Total Fluctuation Amount during the Fiscal Year	**7,607**	347,593	**91**
Balance at End of Year	**48,272**	40,664	**580**
Minority Interests			
Balance at End of Previous Year	**7,828**	7,392	**94**
Fluctuation Amount during the Fiscal Year			
Net Changes in Items Other Than Shareholders' Equity during the Fiscal Year	**209**	436	**2**
Total Fluctuation Amount during the Fiscal Year	**209**	436	**2**
Balance at End of Year	**8,037**	7,828	**96**
Total Net Assets			
Balance at End of Previous Year	**1,020,800**	443,564	**12,276**
Fluctuation Amount during the Fiscal Year			
Increase of Common Shares	**—**	200,000	**—**
Surplus Dividends	**(13,370)**	—	**(160)**
Net Income	**27,887**	29,206	**335**
The revarsal of Land Revaluation Excess (Note 14)	**132**	—	**1**
Net Changes in Items Other Than Shareholders' Equity during the Fiscal Year	**7,816**	348,029	**94**
Total Fluctuation Amount during the Fiscal Year	**22,466**	577,236	**270**
Balance at End of Year	**1,043,267**	1,020,800	**12,546**

The accompanying notes are an integral part of these financial statements

Consolidated Statements of Cash Flows

Shinkin Central Bank For the years ended March 31,	Millions of Yen 2011	Millions of Yen 2010	Millions of U.S. Dollars (Note 1) 2011
Cash Flows from Operating Activities:			
Income before Income Taxes and Minority Interests	**39,458**	19,714	**474**
Depreciation	**8,278**	8,149	**99**
Loss on Impairment of Fixed Assets	**253**	—	**3**
Amortization of Goodwill	—	(146)	—
Increase (Decrease) in Reserve for Possible Loan Losses	**(17,136)**	12,305	**(206)**
Increase (Decrease) in Reserve for Possible Losses on Investments	**(111)**	(50)	**(1)**
Increase (Decrease) in Reserve for Employee Bonuses	**147**	(202)	**1**
Increase (Decrease) in Reserve for Directors' Bonuses	**19**	45	**0**
Increase (Decrease) in Reserve for Employee Retirement Benefits	**1,374**	1,229	**16**
Increase (Decrease) in Reserve for Directors' Retirement Allowances	**14**	120	**0**
Interest Income	**(279,303)**	(292,334)	**(3,359)**
Interest Expenses	**223,574**	227,349	**2,688**
Net Losses (Gains) on Securities	**2,810**	13,538	**33**
Net Losses (Gains) on Money Held in Trust	**(22)**	(1,232)	**(0)**
Net Losses (Gains) on Foreign Exchange	**234,293**	125,082	**2,817**
Net Losses (Gains) on Disposal of Fixed Assets	**95**	25	**1**
Net Decrease (Increase) in Trading Assets	**(8,036)**	(181,208)	**(96)**
Net Increase (Decrease) in Trading Liabilities	**36,561**	2,885	**439**
Net Increase (Decrease) in Trading Payables	**44,188**	3,411	**531**
Net Decrease (Increase) in Loans and Bills Discounted	**1,009,010**	(826,598)	**12,134**
Net Increase (Decrease) in Deposits	**1,845,877**	918,552	**22,199**
Net Increase (Decrease) in Debentures	**(479,320)**	85,260	**(5,764)**
Net Increase (Decrease) in Borrowed Money (Excluding Subordinated Borrowings)	**2,000**	(1,308,460)	**24**
Net Decrease (Increase) in Due from Banks (Excluding Due from Central Bank)	**271,093**	210,146	**3,260**
Net Decrease (Increase) in Call Loans and Others	**(195,764)**	(1,991)	**(2,354)**
Net Decrease (Increase) in Receivables under Securities Borrowing Transactions	**(26,213)**	16,988	**(315)**
Net Increase (Decrease) in Call Money and Others	**(16,829)**	(97,862)	**(202)**
Net Increase (Decrease) in Payables under Securities Lending Transactions	**1,545,990**	996,318	**18,592**
Net Decrease (Increase) in Monetary Debts Purchased	**147,265**	240,773	**1,771**
Net Decrease (Increase) in Foreign Exchanges (Assets)	**928**	(2,175)	**11**
Net Increase (Decrease) in Foreign Exchanges (Liabilities)	**21**	(52)	**0**
Net Increase (Decrease) in Due to Trust Accounts	**(3,564)**	3,249	**(42)**
Interest Received	**414,723**	418,174	**4,987**
Interest Paid	**(334,926)**	(345,973)	**(4,027)**
Other, Net	**(98,901)**	(86,907)	**(1,189)**
Sub-total	**4,367,852**	158,127	**52,529**
Income Taxes Refund (Paid)	**(2,227)**	16,493	**(26)**
Net Cash Provided by (Used in) Operating Activities	**4,365,625**	174,620	**52,503**
Cash Flows from Investing Activities:			
Acquisitions of Securities	**(14,165,756)**	(19,520,395)	**(170,363)**
Proceeds from Sales of Securities	**4,250,791**	4,340,990	**51,121**
Proceeds from Redemption of Securities	**5,377,038**	14,330,997	**64,666**
Increase in Money Held in Trust	—	(140,000)	—
Acquisitions of Tangible Fixed Assets	**(1,009)**	(396)	**(12)**
Acquisitions of Intangible Fixed Assets	**(1,221)**	(3,176)	**(14)**
Proceeds from Sales of Tangible Fixed Assets	—	0	—
Payments for Purchase of Stocks of Subsidiaries (affecting the scope of consolidation)	—	(889)	—
Net Cash Provided by (Used in) Investing Activities	**(4,540,156)**	(992,867)	**(54,602)**
Cash Flows from Financing Activities:			
Repayment of Subordinated Loans	—	(950)	—
Proceeds from increase of shares	—	200,000	—
Dividends Paid	**(13,370)**	—	**(160)**
Dividends Paid to Minority Interests	**(133)**	(66)	**(1)**
Net Cash Provided by (Used in) Financing Activities	**(13,504)**	198,983	**(162)**
Effect of Exchange Rate Changes on Cash and Cash Equivalents	**(0)**	(0)	**(0)**
Net Increase (Decrease) in Cash and Cash Equivalents	**(188,035)**	(619,263)	**(2,261)**
Cash and Cash Equivalents at Beginning of Period	**580,177**	1,199,441	**6,977**
Cash and Cash Equivalents at End of Period (Note 2 (2))	**392,142**	580,177	**4,716**

The accompanying notes are an integral part of these financial statements.

Notes to Consolidated Financial Statements

1. Basis of Presentation:

The accompanying consolidated financial statements have been prepared from the accounts maintained by Shinkin Central Bank (the "Bank") and its consolidated subsidiaries in accordance with accounting principles and practices generally accepted in Japan that are different in certain respects from the application and disclosure requirements of International Financial Reporting Standards.

Certain items presented in the consolidated financial statements have been reclassified for the convenience of readers outside Japan. The amounts in Japanese yen are presented in millions of yen by rounding down figures. As a result, the totals in yen shown in the consolidated financial statements do not necessarily agree with the sums of the individual account balances.

U.S. dollar amounts represent the arithmetical results of translating original Japanese yen amounts of the respective account balances to U.S. dollars on a basis of ¥83.15 to U.S.$1, the exchange rate prevailing as of March 31, 2011. The amounts in U.S. dollars are presented in millions of U.S. dollars by rounding down figures. As a result, the totals in U.S. dollars shown in the consolidated financial statements do not necessarily agree with the sums of the individual account balances. The U.S. dollars amounts are included solely for the convenience of readers outside Japan and this translation should not be construed as representation that Japanese yen amounts have been or could be readily converted, realized or settled in U.S. dollars at that or at any other rates.

2. Significant Accounting Policies:

(1) Principles of Consolidation

The consolidated financial statements include the accounts of the Bank and its nine consolidated subsidiaries as of March 31, 2011 listed below:

Name	Location	Ownership Percentage
The Shinkin Banks Information System Center Co., Ltd.	Tokyo	50.7%
Shinkin International Ltd.	London	100%
Shinkin Central Business Co., Ltd.	Tokyo	100%
Shinkin Asset Management Co., Ltd.	Tokyo	100%
Shinkin Trust Bank, Ltd.	Tokyo	100%
Shinkin Securities Co., Ltd.	Tokyo	100%
Shinkin Capital Co., Ltd.	Tokyo	100%
Shinkin Partners Co., Ltd.	Tokyo	100%
Shinkin Guarantee Co., Ltd.	Tokyo	100%

Unconsolidated subsidiaries: 2 companies
Shinkin Capital No. 1 Limited Liability Investment Partnership
Shinkin Capital No. 2 Limited Liability Investment Partnership

Unconsolidated subsidiaries are excluded from the scope of consolidation because their total assets, ordinary income, net income (amount based on the equity method) and retained earnings (amount based on the equity method) are immaterial and do not hinder a rational judgment of the Bank's financial position and results of operation when excluded from the scope of consolidation.

The fiscal year and the closing date thereof for the financial statements of the consolidated subsidiaries are in agreement with those of the Bank, except for Shinkin International Ltd., which has a fiscal year ended on December 31. For the consolidation of the subsidiary, the Bank makes appropriate adjustments for any material transactions subsequent to December 31.

All significant intercompany accounts and transactions have been eliminated in consolidation. The Bank's share of net assets of subsidiaries is valued at fair value on acquisition. Minority interests in net assets of subsidiaries are valued at fair value on acquisition in the consolidated financial statements. The excess of the cost over the fair value of the underlying net equity in subsidiaries on acquisition is expensed when incurred.

The application of equity-method to unconsolidated subsidiaries and affiliates is as follows:

Non-consolidated equity-method subsidiaries: N/A
Affiliated equity-method companies: N/A
Unconsolidated subsidiaries that are not accounted for by the equity method: 2 companies
Shinkin Capital No. 1 Limited Liability Investment Partnership
Shinkin Capital No. 2 Limited Liability Investment Partnership

Unconsolidated subsidiaries that are not accounted for by the equity method are excluded from the scope of equity method because their effect on the accompanying consolidated financial statements, in terms of net income (amount based on the equity method) and retained earnings (amount based on the equity method), would not be material.

Affiliated companies to which the equity method is not applied due to immateriality: Aozora Loan Services Co., Ltd.

(2) Cash and Cash Equivalents

In the consolidated statements of cash flows, "Cash and Cash Equivalents" consist of Cash and Due from Central Bank.

Reconciliation of Cash and Cash Equivalents with the amounts disclosed in the consolidated balance sheets at March 31, 2011 and 2010 is as follows:

	Millions of Yen		Millions of U.S. dollars
	2011	2010	2011
Cash and Due from Banks	2,026,383	2,485,776	24,370
Due from Banks (Excluding Due from Central Bank)	(1,634,240)	(1,905,598)	(19,654)
Cash and Cash Equivalents	392,142	580,177	4,716

(3) Trading Assets & Liabilities

Transactions for "Trading Purposes" (for purposes of seeking to capture gains arising from short-term changes in interest rates, currency exchange rates or market prices of financial instruments and other market related indices or from gaps among markets) are included in "Trading Assets" and "Trading Liabilities" on the consolidated balance sheets on a trade date basis. In addition, gains and losses from "Trading Assets" and "Trading Liabilities" are recorded as "Trading Income" and "Trading Losses" on the consolidated statements of income on a trade date basis.

Securities and monetary debts purchased for trading purposes are stated at fair value at the fiscal year end. Trading-related financial derivatives such as swaps, futures and options are stated at the deemed amounts that would be received or paid for settlement if such transactions were terminated at the fiscal year end.

(4) Financial Instruments

(i) Securities

The Bank and its consolidated subsidiaries classify securities into three categories: held-to-maturity debt securities, investments in affiliates that are not accounted for by the equity method, and other securities. Held-to-maturity debt securities are stated at cost and are amortized by the straight-line depreciation method using the weighted-average method. Investments in affiliates that are not accounted for by the equity method are stated at cost using the weighted-average method. Among other securities, stocks and investment trusts with quoted market prices are stated based on the average quoted market price over the month preceding the balance sheet date. Other securities with quoted market prices other than stocks and investment trusts are stated at fair value based on quoted market prices and other applicable information at the balance sheet date (and the cost of securities sold is mainly determined using the weighted-average method). Other securities where there is significant difficulty in determining fair value are stated at cost using the weighted-average method.

The full amount of net unrealized gains or losses on other securities is recorded directly within Net Assets.

Securities included as trust property in "Money Held in Trust" are stated in the same manner as above.

(ii) Derivative Transactions

Derivative transactions are stated at fair value.

(iii) Hedge Accounting

(a) Hedge of Interest Rate Risk

The Bank applies the deferred method of hedge accounting described in the Japanese Institute of Certified Public Accountants (JICPA) Industry Audit Committee Report No. 24 "Accounting and Auditing Treatment of Accounting Standards for Financial Instruments in Banking Industry" to transactions to hedge against interest rate risk arising from the financial assets and liabilities.

Effectiveness of a fair value hedge is assessed for each of the identified group of hedged items such as loans and deposits, and corresponding group of hedging instruments such as interest rate swaps with the same maturity bucket. Effectiveness of a cash flow hedge is assessed based on the correlation between an interest rate risk factor of the hedged items and that of the hedging instruments.

(b) Hedge of Foreign Exchange Fluctuation Risk

The deferred method of hedge accounting is applied to transactions to hedge against foreign exchange fluctuation risks associated with monetary assets and liabilities denominated in foreign currencies in accordance with the regulations set forth in JICPA Industry Audit Committee Report No. 25 "Accounting and Auditing Treatment of Accounting Standards for Foreign Currency Transactions in the Banking Industry".

To minimize foreign exchange fluctuation risk on monetary assets and liabilities, the Bank has engaged in currency swaps, foreign exchange swaps, and similar transactions. Effectiveness of these transactions in the hedging of foreign exchange risks of monetary assets and liabilities denominated in foreign currencies is assessed through comparison of the foreign currency position of the hedged monetary assets and liabilities and of the hedging instruments.

The Bank has also applied fair value hedge accounting to the foreign exchange risk of other securities in foreign currency (other than bonds) when the hedged foreign currency securities are specified prior to the commencement of transactions, and there exists spot and forward liabilities exceeding the acquisition costs of the foreign currency securities designated as hedged items on a foreign currency basis.

(c) Internal Derivative Transactions

Internal derivative transactions between trading accounts and other accounts, which are designated as hedges, are not eliminated and related gains and losses are recognized in the consolidated statement of income or deferred under hedge accounting because the internal interest rate swaps and currency swaps transactions designated as hedging instruments are conducted in a manner without any subjection and are appropriately covered by third party transactions conducted in accordance with the standard articulated by JICPA Industry Audit Committee Reports No. 24 and No. 25.

For certain asset and liabilities, the exceptional treatment for interest rate swaps is applied.

(5) Tangible Fixed Assets (excluding Leased Assets)

Tangible fixed assets of the Bank are depreciated by the declining balance method, except for buildings acquired on or after April 1, 1998 (excluding facilities installed in building (s)), which are depreciated by the straight-line method.

The estimated useful lives of major items are as follows:

Buildings .... 5 to 50 years
Others .... 3 to 20 years

Tangible fixed assets of consolidated subsidiaries are, in principle, depreciated using the declining balance method, based on their estimated useful lives.

(6) Intangible Fixed Assets (excluding Leased Assets)

Intangible fixed assets are depreciated by the straight-line method. The costs of software for internal use are amortized by the straight-line method, mainly over a 5 year period (the estimated useful life of the software).

(7) Leased Assets

Leased assets of Tangible Fixed Assets and Intangible Fixed Assets related to finance leases that do not transfer ownership are depreciated using the straight-line method with estimated useful lives equal to lease terms, and zero residual values.

(8) Deferred Debenture Charges

Debenture charges are expensed in the fiscal year of issuance.

(9) Reserves for Possible Loan Losses

Reserve for possible loan losses of the Bank is provided in accordance with the Bank's predetermined internal rules for write-offs and provisions as follows:

The reserve for loans to borrowers who are classified as substantially bankrupt or who are bankrupt in the legal sense is provided at 100% of the amount remaining after write-offs and deduction of expected collection from the disposal of collateral and the execution of guarantees. In addition, a reserve is provided for loans to borrowers who, although not actually bankrupt in the legal sense, are experiencing serious financial difficulties and whose failure is imminent. In such cases, the reserve is provided at the amount deemed necessary based on the borrower's capability of repayment after deduction of expected collection from the disposal of collateral and the execution of guarantees.

For all other loans, a reserve is provided based on the ratio of actual defaults for a certain period in the past.

The Bank calculates the reserve by the cash flow estimate method to those borrowers who owe the debts classified as Loans to Probably Bankrupt Borrowers and Restructured Loans by the Bank, whose total credit exceeds a certain amount and also the cash flow related to collection of the principal and interest from whom can be estimated. The cash flow estimate method is to determine the gap between the amounts calculated by discounting the cash flow by the contracted interest rate prior to relaxation of terms and conditions of loans and their book values.

All claims are assessed by the Operating Related Division based on internal rules for self-assessment of asset quality. Subsequently, the Asset Auditing Division, that is independent from the Operating Related Division, audits these self-assessments. The reserve is provided based on the results of the assessment.

For loans to bankrupt and substantially bankrupt borrowers, amounts deemed uncollectible, which are calculated after deduction of expected collection from the disposal of collateral and the execution of guarantees, are written off. The amount written off for this fiscal year was ¥659 million ($7 million).

Reserve for possible loan losses of the consolidated subsidiaries for general claims is provided as the amounts deemed necessary based on the default rate calculated from actual default during a certain period in the past, and for doubtful claims as the amounts deemed uncollectible based on the assessment of each claim.

(10) Reserve for Investment Losses

An investment loss reserve is allocated in an amount considered necessary to provide against possible future losses from investments, taking into consideration the financial position of the company issuing the securities and other factors.

(11) Reserve for Employee Bonuses

Reserve for employee bonuses is set aside to pay employee bonuses with respect to the portion of estimated bonus payments to employees that correspond to this fiscal year.

(12) Reserve for Directors' Bonuses

Reserve for Directors' Bonuses is set aside to pay directors and corporate auditors bonuses with respect to the portion of estimated bonus payments to directors and corporate auditors that correspond to this fiscal year.

(13) Reserve for Employee Retirement Benefits

Reserve for employee retirement benefits represents the estimated projected retirement benefit obligations in excess of the fair value of related pension plan assets at the end of the fiscal year. Prior service costs and actuarial differences are charged to income as follows:

Prior service costs: Prior service costs are amortized, using the straight-line method over 10 years within the average remaining service years of the current employees.

Actuarial differences: Actuarial differences will be amortized from the following fiscal year, using the straight-line method over 10 years within the average remaining service years of the current employees.

(14) Reserve for Directors' Retirement Allowances

Reserve for directors' retirement allowances provided for by the Bank is calculated based on the estimated allowances to be paid up to the end of this fiscal year.

(15) Reserve under Specific Law

This reserve amount is calculated pursuant to Article 46-5, Paragraph 1 of the Financial Instruments and Exchange Law and Article 175 of the Cabinet Office Ordinance on Financial Instruments Business to indemnify any losses incurred from accidents in the conduct of market derivative transactions on behalf of clients.

(16) Translation of Foreign Currencies

Foreign currency-denominated assets and liabilities are translated into Japanese yen at exchange rates prevailing at the end of the fiscal year.

Foreign currency-denominated assets and liabilities of consolidated subsidiaries are translated into Japanese yen at exchange rates prevailing at the end of the fiscal year.

(17) Leases

Finance leases for the Bank and its domestic consolidated subsidiaries that do not transfer ownership and contracted for before the fiscal year beginning April 1, 2008 are accounted for as operating leases.

(18) Consumption Tax

Consumption tax and local consumption tax incurred by the Bank and its domestic consolidated subsidiaries are excluded from transaction amounts. However, consumption tax and local consumption tax paid on purchases of tangible fixed assets and intangible fixed assets, which are not deductible as a tax credit, are charged to income at the end of the fiscal year.

(19) Amortization of Goodwill

Goodwill is fully amortized in the fiscal year incurred.

3. Changes in Significant Accounting Policies:

(Accounting Standard for Asset Retirement obligations)

Beginning with this fiscal year, the Bank has adopted the Accounting Standard for Asset Retirement Obligations (ASBJ Statement No. 18; March 31, 2008) and the Guidance on Accounting Standard for Asset Retirement Obligations (ASBJ Guidance No.21, March 31, 2008). The impact of this change on the consolidated financial statements was immaterial.

(Consolidated Statements of Income)

"Income before minority interests" is newly presented from this fiscal year pursuant to the Cabinet Office Ordinance Partially Revising Regulation on Terminology, Forms and Preparation of Financial Statements (Cabinet Office Ordinance No. 5; March 24 2009), which is based on the Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22; December 26, 2008).

(Additional information)

Beginning with this fiscal year, the Bank has adopted the Accounting Standard for Presentation of Comprehensive Income (ASBJ Statement No. 25; June 30, 2010). However, for the previous fiscal year, the amounts for "Valuation and translation adjustments" and "Total valuation and translation adjustments" were presented instead of "Accumulated other comprehensive income" and "Total accumulated other comprehensive income."

4. Trading Assets:

The details of Trading Assets as of March 31, 2011 and 2010 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2011	2010	2011
Trading Securities	83,027	88,990	998
Trading Bonds-Related Financial Derivatives	—	18	—
Derivatives of Securities related to Trading Transactions	6	0	0
Trading-Related Financial Derivatives	63,578	52,975	764
Other Trading Assets	319,957	316,548	3,847
Total	466,569	458,532	5,611

5. Securities:

The details of Securities as of March 31, 2011 and 2010 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2011	2010	2011
Japanese Government Bonds	13,996,011	10,005,448	168,322
Municipal Government Bonds	370,446	458,480	4,455
Short-term Corporate Bonds	19,990	49,979	240
Corporate Bonds	1,307,145	898,836	15,720
Stocks	83,419	121,649	1,003
Others	5,739,654	5,761,596	69,027
Total	21,516,667	17,295,991	258,769

Notes:

1. Stocks include investments in affiliated companies totaling ¥189 million ($2 million) as of March 31, 2011 and 2010.
2. Others include common shares and investment in unconsolidated subsidiaries totaling ¥2,382 million ($28 million) as of March 31, 2011 and ¥3,050 million as of March 31, 2010. Others also include preferred shares issued by Shinkin Banks which were contributed in accordance with the Shinkin Bank Management Reinforcement System. The amount was ¥251,180 million ($3,020 million) as of March 31, 2011 and ¥248,180 million as of March 31, 2010, respectively. Others also include foreign bonds and equities.

6. Loans and Bills Discounted:

Loans and Bills Discounted include the following non-performing loans:

	Millions of Yen		Millions of U.S. Dollars
	2011	2010	2011
Loans to Bankrupt Borrowers	599	18,430	7
Delinquent Loans	12,122	14,744	145
Loans Past Due Three Months or More	295	291	3
Restructured Loans	6,207	6,529	74
Total	19,224	39,995	231

The above amounts are the amounts before exclusion of specific reserves for possible loan losses.

Loans to Bankrupt Borrowers represent non-accrual loans to borrowers who are legally bankrupt as defined in Article 96-1-3 or 4 of the Japanese Tax Law Enforcement Regulations (Article 97 of 1965 Cabinet Order).

Delinquent Loans represent non-accrual loans other than (i) Loans to Bankrupt Borrowers and (ii) Restructured Loans.

Loans Past Due Three Months or More represent Loans for which the principal and interest is past due three months or more other than (i) Loans to Bankrupt Borrowers and (ii) Delinquent Loans.

Restructured Loans represent loans on which contracts were amended in favor of the borrowers (e.g. the reduction of or exemption from stated interest, the deferral of interest payments, the extension of maturity dates, renunciation of claims in order to assist or facilitate the business restructuring of borrowers under financial difficulties) other than (i) Loans to Bankrupt Borrowers, (ii) Delinquent Loans and (iii) Loans Past Due Three Months or More.

Loans include subordinated loans with a covenant stipulating that repayment of principal is preceded by that of general credits. The amount was ¥114,450 million ($1,376 million) as of March 31, 2011 and ¥116,510 million as of March 31, 2010, respectively. Of these amounts, ¥34,800 million ($418 million) as of March 31, 2011, and ¥51,860 million as of March 31, 2010, respectively, were provided to Shinkin Banks in accordance with the Shinkin Bank Management Reinforcement System.

Bills discounted are accounted for as financial transactions in accordance with JICPA Industry Audit Committee Report No.24 “Accounting and Auditing Treatment of Accounting Standards for Financial Instruments in Banking Industry”. The face value of bills of lading amounted to ¥286 million ($3 million) as of March 31, 2011 and ¥167 million as of March 31, 2010, respectively. The Bank has the right to freely dispose of, sells or re-collateralize such bills.

With respect to loan participation, in accordance with the JICPA Accounting Committee Report No. 3, dated June 1, 1995, the amount of the participation principal is accounted for as capital loaned to the original debtor, and this amounted to ¥139,668 million ($1,679 million) as of March 31, 2011 and ¥164,307 million as of March 31, 2010.

7. Commitments to Overdrafts and Loans:

Commitments related to overdrafts and loans represent agreements to extend overdrafts or loans up to a pre-agreed amount at the customer’s request as long as there is no violation of the conditions stipulated in commitment agreements.

The amount of unused commitment lines does not necessarily have a significant effect on the future cash flows of the Bank because most of these commitment lines are terminated without being exercised. Most of these agreements have provisions which stipulate that the Bank may not extend the loan or may decrease the commitment when there are certain changes in the financial conditions, certain issues relating to collateral and other reasons. The Bank limits the commitment line to an amount below the amount of the related customer’s time deposit. The Bank periodically checks the financial condition of its customers based on its internal rules and performs certain actions to secure loans or revises the contracts, as necessary.

The amounts of unused commitment lines under such agreements are ¥15,367,602 million ($184,817 million) as of March 31, 2011 and ¥13,728,865 million as of March 31, 2010, respectively.

The amounts which the Bank could cancel at any time without penalty or the period of the original contract is less than one year are ¥15,301,753 million ($184,025 million) as of March 31, 2011 and

¥13,599,616 million as of March 31, 2010, respectively.

8. Special Contracts for Securities and Cash-Collateralized Securities Lending and Borrowings:

Securities lending based on non-collateralized special contracts (securities lending and borrowings) are stated as Japanese Government Bonds and Others in "Securities." The amount in total was ¥99,665 million ($1,198 million) as of March 31, 2011 and ¥94,056 million as of March 31, 2010.

Of cash-collateralized securities borrowings, those freely disposable for sale or re-collateralized, and pledged as collateral amounted to ¥7,487 million ($90 million) as of March 31, 2011 and ¥3,256 million as of March 31, 2010. Those held by the Bank without being disposed of as of March 31, 2011 amounted to ¥394,339 million ($4,742 million) and as of March 31, 2010 amounted to ¥170,890 million.

9. Tangible Fixed Assets:

	Millions of Yen		Millions of U.S. Dollars
	2011	2010	2011
Accumulated Depreciation on Tangible Fixed Assets	80,286	77,421	965
Accumulated Deferred Gains on Tangible Fixed Assets	1,822	1,822	21

10. Assets Pledged as Collateral and Associated Liabilities:

Assets pledged as collateral for the fiscal years ended March 31, 2011 and 2010 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2011	2010	2011
Assets Pledged as Collateral			
Trading Assets	32,019	33,202	385
Securities	5,313,521	3,859,188	63,902
Loans and Bills Discounted	1,022,941	1,536,564	12,302
Liabilities associated with Assets Pledged as Collateral			
Borrowed Money	2,000	—	24
Call Money and Bills Sold	260,000	280,000	3,126
Payables under Securities Lending Transactions	2,835,860	1,294,115	34,105

Securities in the amount of ¥936,152 million ($11,258 million) as of March 31, 2011 and ¥412,582 million as of March 31, 2010, and Trading Assets of ¥816 million ($9 million) as of March 31, 2011 and ¥814 million as of March 31, 2010, respectively, were secured as collateral for exchange settlement transactions or futures or as substitute for margin money in futures transactions.

Other Assets included margin money. The amount was ¥244 million ($2 million) as of March 31, 2011, and ¥345 million as of March 31, 2010. Other Assets also included guarantee money amounting to ¥270 million ($3 million) as of March 31, 2011, and ¥253 million as of March 31, 2010, respectively.

11. Trading Liabilities:

The details of Trading Liabilities as of March 31, 2011 and 2010 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2011	2010	2011
Trading Bonds Sold	78,873	55,070	948
Trading Bonds-Related Financial Derivatives	—	—	—
Derivatives of Securities related to Trading Transactions	—	—	—
Trading-Related Financial Derivatives	60,584	47,826	728
Total	139,458	102,896	1,677

12. Borrowed Money and Lease Obligations:

Category	Balance as of March 31, 2011 (Millions of Yen)	Balance as of March 31, 2010 (Millions of Yen)	Balance as of March 31, 2011 (Millions of U.S. Dollars)	Average Interest Rate (%)	Maturity
Borrowings	630,950	628,950	7,588	1.96	—
Borrowed Money	630,950	628,950	7,588	1.96	Mar. 2012～No maturity
Lease Obligations Due for Repayment within One Year	599	88	7	2.67	—
Lease Obligations (Excluding Those Due for Repayment within One Year)	3,597	470	43	2.67	Apr. 2012～May. 2018

Notes:

1. Average interest rates were computed by the weighted average method using the interest rates and the balances at each year-end.
2. The repayment schedule within 5 years after the balance sheet date is as follows:

	Millions of Yen				
	One year or less	Over 1 year, up to 2 years	Over 2 years, up to 3 years	Over 3 years, up to 4 years	Over 4 years, up to 5 years
Borrowed Money	2,000	—	—	—	—
Lease Obligations	599	615	621	619	619

	Millions of U.S. Dollars				
	One year or less	Over 1 year, up to 2 years	Over 2 years, up to 3 years	Over 3 years, up to 4 years	Over 4 years, up to 5 years
Borrowed Money	24	—	—	—	—
Lease Obligations	7	7	7	7	7

13. Debentures:

Issuer	Name of Issue	Issuance Date	Balance as of March 31, 2011 (Millions of Yen)	Balance as of March 31, 2010 (Millions of Yen)	Balance as of March 31, 2011 (Millions of U.S. Dollars)	Interest Rate (%)	Collateral	Redemption
The Bank	No.185-256 5-year coupon debentures	Apr. 2005～ Mar. 2011	4,323,600	4,782,920	51,997	0.35～ 1.75	—	Apr. 2010～ Mar. 2016
	No. 1 10-year coupon debenture	Dec. 20, 2000	—	20,000	—	1.98	—	Dec. 20, 2010
Total		—	4,323,600	4,802,920	51,997	—	—	—

Note:

The redemption schedule within 5 years after the balance sheet date is as follows:

Millions of Yen				
One year or less	Over 1 year, up to 2 years	Over 2 years, up to 3 years	Over 3 years, up to 4 years	Over 4 years, up to 5 years
954,000	995,250	997,270	796,860	580,220

Millions of U.S. Dollars				
One year or less	Over 1 year, up to 2 years	Over 2 years, up to 3 years	Over 3 years, up to 4 years	Over 4 years, up to 5 years
11,473	11,969	11,993	9,583	6,977

14. Land Revaluation:

Based on the Law on the Revaluation of Land (Law 34, promulgated on March 31, 1998), land used for business is to be revalued. Deferred tax on the revaluation of the land is recorded as "Deferred Tax Liabilities for Land Revaluation" under Liabilities, and unrealized gain on the revaluation of land, net of deferred tax, is recorded as "Land Revaluation Excess" under Net Assets.

Date of Revaluation: March 31, 1999

Revaluation method in accordance with Article 3-3 of Law 34:

Revaluations were made based on the method, determined by the Commissioner of the National Tax Administration, which formed the basis for calculating land value taxes (prescribed by the Land Value Tax Law), as set forth in Article 2-4 of the Ordinance Implementing the Law Concerning Land Revaluation (Government Ordinance No. 119, dated March 31, 1998), with appropriate adjustments made for the depth of the land and the timing of the assessment.

The difference between the total fair value at the end of this fiscal year and the total post-revaluation book value of land that is used for business and has been revalued pursuant to Article 10 of Law 34.: 7,801 million ($93 million) as of March 31, 2011, and ¥7,023 million as of March 31, 2010.

15. Fees and Commissions:

The details of Fees and Commissions for the years ended March 31, 2011 and 2010 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2011	2010	2011
Deposit, Fixed Income Securities and Lending	632	933	7
Exchange Business	497	501	5
Securities Related Business	6,147	6,094	73
Agency Business	2,132	2,109	25
Guarantee Business	3,349	2,987	40
Trustee Business	17,198	16,127	206
Others	1,153	1,014	13
Profit on Fees and Commissions Businesses	31,111	29,768	374
Exchange	128	106	1
Others	10,680	10,432	128
Expenses on Fees and Commissions Businesses	10,808	10,539	129

16. Trading Income:

The details of Trading Income for the years ended March 31, 2011 and 2010 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2011	2010	2011
Income from Trading Securities	352	615	4
Income from Trading-Related Securities	—	—	—
Income from Trading-Related Financial Derivatives	12,034	8,966	144
Other Trading Income	532	361	6
Total	12,919	9,942	155

17. Trading Losses:

The details of Trading Losses for the years ended March 31, 2011 and 2010 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2011	2010	2011
Expenses from Trading-Related Securities	734	470	8
Total	734	470	8

18. Other Expenses:

Other Expenses include Loss on Sales of Securities and Loss on Write-Downs for Securities. The amount of Loss on Sales of Securities was ¥10,056 million ($120 million) and ¥36,057 million for the year ended March 31, 2011 and 2010, respectively. The amount of Loss on Write-Downs for Securities was ¥4,575 million ($55 million) and ¥5,606 million for the year ended March 31, 2011 and 2010, respectively. The amount of Loss on Sales of Loans was ¥2,349 million for the year ended March 31, 2010.

19. Comprehensive Income:

The details of Other Comprehensive Income for the year ended March 31, 2010 are as follows:

	Millions of Yen
	2010
Other Comprehensive Income	347,593
Net Unrealized Gains on Other Securities	349,980
Net Deferred Gains (Losses) on Hedging Instruments	(3,009)
Foreign Currency Translation Adjustments	622

The details of Comprehensive Income for the year ended March 31, 2010 are as follows:

	Millions of Yen
	2010
Comprehensive Income	377,303
Comprehensive Income attributable to owners of the parent	376,800
Comprehensive Income attributable to minority interests	503

20. Changes in Net Assets:

(1) Class and Number of Shares Outstanding, and Class and Number of Shares of Treasury Shares

	Number of Share Units at March 31, 2010 (Thousand Units)	Increase During the Fiscal Year (Thousand Units)	Decrease During the Fiscal Year (Thousand Units)	Number of Share Units at March 31, 2011 (Thousand Units)
Shares Outstanding				
General Common Shares	4,000	—	—	4,000
Preferred Shares (Type-A)	708	—	—	708
Total	4,708	—	—	4,708
Treasury Shares				
General Common Shares	—	—	—	—
Preferred Shares (Type-A)	—	—	—	—
Total	—	—	—	—

(2) Dividends

Dividends paid during the fiscal year ended March 31, 2011

Resolution	Class of share	Total Dividend Amount (Million Yen)	Amount Per Share (Yen)	Record Date	Effective Date
Annual General Meeting of Shareholders, June 23, 2010	Common shares	8,767	2,500	March 31, 2010	June 23, 2010
	Preferred shares	4,603	6,500	March 31, 2010	June 23, 2010

In the case of dividends for which the record date falls in the year ended March 31, 2011, the effective date of the dividend falls in the following fiscal year:

Resolution	Class of share	Total Dividend Amount (Million Yen)	Resource of Dividends	Amount Per Share (Yen)	Record Date	Effective Date
Annual General Meeting of Shareholders, June 22, 2011	Common shares	10,000	Retained Earnings	2,500	March 31, 2011	June 22, 2011
	Preferred shares	4,603	Retained Earnings	6,500	March 31, 2011	June 22, 2011

21. Income Taxes:

A breakdown of Deferred Tax Assets and Liabilities is as follows:

	Millions of Yen		Millions of U.S. Dollars
	2011	2010	2011
Deferred Tax Assets:			
Depreciation	3,382	3,430	40
Reserve for Possible Loan Losses	1,583	3,935	19
Reserve for Retirement Benefits	6,377	5,894	76
Write-Downs for Securities	17,019	17,678	204
Net Unrealized Gains on Other Securities	—	1,156	—
Tax Loss Carryforwards	32,082	39,971	385
Others	3,295	2,586	39
Valuation Allowances	(20,532)	(19,723)	(246)
Total Deferred Tax Assets	43,208	54,930	519
Deferred Tax Liabilities:			
Net Unrealized Gains on Other Securities	12,756	—	153
Net Deferred Gains on Hedging Instruments	1,132	8,593	13
Others	519	611	6
Total Deferred Tax Liabilities	14,408	9,205	173
Net Deferred Tax Assets	28,800	45,725	346

Balances Reported on the consolidated balance sheets are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2011	2010	2011
Deferred Tax Assets	28,823	45,732	346
Deferred Tax Liabilities	22	7	0

Reconciliation between the effective statutory tax rate and the actual effective tax rate for the year ended March 31, 2011:

Statutory effective tax rate	31.26 %
(Adjustments)	
Change in valuation allowance	(0.88) %
Dividends received, not taxable	(3.15) %
Others	1.22 %
Actual effective income tax rate after the application of tax effect accounting	28.45 %

22. Reserve for Employee Retirement Benefits:

(1) Retirement Benefit Scheme

The Bank and some of its consolidated domestic subsidiaries have a defined benefit plan that offers lump-sum payments upon retirement and contributes to the Employees' Pension Fund for all Shinkin Banks nationwide.

(2) Reserve for Employee Retirement Benefits as at March 31, 2011 and 2010 is analyzed as follows:

	Millions of Yen		Millions of U.S. Dollars
	2011	2010	2011
Projected Benefit Obligations (A)	(40,059)	(37,885)	(481)
Plan Assets (B)	16,323	15,877	196
Unfunded Retirement Benefit Obligations (C) = (A) + (B)	(23,735)	(22,008)	(285)
Unrecognized Actuarial Differences (D)	4,735	5,084	56
Unrecognized Prior Service Cost (E)	(1,363)	(2,065)	(16)
Net Amounts Reported in the Consolidated Balance Sheet (F) = (C) + (D) + (E)	(20,363)	(18,988)	(244)
Prepaid Pension Cost (G)	—	—	—
Reserve for Employee Retirement Benefits (F) – (G)	(20,363)	(18,988)	(244)

Notes:

1. The above projected benefit obligations included the governmental welfare program.
2. The above projected benefit obligations on the lump-sum payment of retirement benefit included amounts measured by consolidated subsidiaries under the non-actuarial method.

(3) The breakdown of Pension Expenses for the years ended March 31, 2011 and 2010 is as follows:

	Millions of Yen		Millions of U.S. Dollars
	2011	2010	2011
Service Cost	1,243	1,236	14
Interest Cost	744	704	8
Expected Return on Plan Assets	(79)	(70)	(0)
Amortization of Prior Service Costs	(702)	(794)	(8)
Amortization of Actuarial Differences	1,569	1,579	18
Others (e.g., Extraordinary Retirement Benefits Paid Out of the Scope of the Retirement Benefit Scheme)	—	—	—
Net Pension Expenses	2,775	2,654	33

Notes:

1. The amounts paid by employees to the Employees' Pension Fund are excluded.
2. The retirement benefit costs on the lump-sum payment of retirement benefit for consolidated subsidiaries are included in "Service Cost".

(4) Assumptions used in the calculation of the above information were as follows:

	2011	2010
1) Discount Rate	2.0%	2.0%
2) Expected Rate of Return on Plan Assets	0.5%	0.5%
3) Method of Attributing the Projected Benefits to Periods of Services	Straight-line basis	Straight-line basis
4) Amortization of Unrecognized Prior Service Costs	10 years (Unrecognized prior service costs are amortized, using the straight-line method within the average remaining service years of the current employees)	10 years (Unrecognized prior service costs are amortized, using the straight-line method within the average remaining service years of the current employees)
5) Amortization of Unrecognized Actuarial Differences	10 years (Unrecognized actuarial differences will be amortized from the following fiscal year, using the straight-line method within the average remaining service years of the current employees)	10 years (Unrecognized actuarial differences will be amortized from the following fiscal year, using the straight-line method within the average remaining service years of the current employees)

Note:

The rate of retirement, the mortality rate and the rate of increase in future compensation levels used in calculating the retirement benefit obligations on the Employees' Pension Fund are identical to the figures used in the formula for the calculation of the Employees' Pension Fund itself.

23. Leases:

(1) Finance leases

In terms of leased assets under finance leases that do not transfer ownership of the leased assets to the lessee, Tangible Fixed Assets is Hardware concerning computer equipment, and Intangible Fixed Assets is Software concerning computer equipment.

Leased assets of Tangible Fixed Assets and Intangible Fixed Assets related to finance leases that do not transfer ownership are depreciated using the straight-line method with estimated useful lives equal to lease terms, and zero residual values.

In terms of leased assets under finance leases that do not transfer ownership of the leased assets to the lessee, that are accounted for under accounting principles applicable to operating leases, acquisition costs, accumulated depreciation, and net book value of the leased assets for the years ended March 31, 2011 and 2010 are as follows:

	Millions of Yen		
2011	Tangible Fixed Assets	Intangible Fixed Assets	Total
Acquisition Costs	1,228	2,936	4,164
Accumulated Depreciation	909	2,238	3,147
Net Book Value	319	698	1,017

	Millions of Yen		
2010	Tangible Fixed Assets	Intangible Fixed Assets	Total
Acquisition Costs	1,468	3,037	4,505
Accumulated Depreciation	898	1,831	2,729
Net Book Value	569	1,205	1,775

	Millions of U.S. Dollars		
2011	Tangible Fixed Assets	Intangible Fixed Assets	Total
Acquisition Costs	14	35	50
Accumulated Depreciation	10	26	37
Net Book Value	3	8	12

Future minimum lease payments subsequent to the balance sheet dates are as follows:

	Millions of Yen		
2011	One year or less	More than one year	Total
	699	385	1,084

	Millions of Yen		
2010	One year or less	More than one year	Total
	791	1,100	1,891

	Millions of U.S. Dollars		
2011	One year or less	More than one year	Total
	8	4	13

Lease payments, depreciation, and interest receipt equivalents for the years ended March 31, 2011 and 2010 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2011	2010	2011
Lease Payments	806	970	9
Depreciation	757	915	9
Interest Receipt Equivalents	25	39	0

Depreciation is calculated using the straight-line method over the leasing periods for useful life and with a zero residual value. The interest amount is assumed to be the equivalent of the sum of the aggregate total rent and the estimated residual value, reduced by the acquisition costs, with periodic allocation over the respective accounting periods pursuant to the interest method.

(2) Operating Leases

Not applicable.

24. Financial Instruments:

For the fiscal year ended March 31, 2011

1. Matters concerning financial instruments

(1) Policies on financial instruments

Shinkin Central Bank Group (the "Group") works to ensure the stable procurement of funds through the acceptance of deposits mainly from its Shinkin Bank members and through the issuance of bonds. Additionally, the Group takes steps to diversify its funding methods by procuring funds from short-term money markets depending on market conditions.

Procured funds are invested in short-term money market instruments, marketable securities, and loans.

Moreover, the Group uses derivative transactions for the purpose of risk-hedging in ALM (asset liability management) activities and engages in short-term trading of securities and derivatives.

To appropriately manage the various risks that result from these financial instruments, the Group engages in ALM activities including the above-mentioned derivative transactions. For its trading activities the Group establishes risk limit and loss limit amounts and engages in transactions within the scopes of these risk limits, and in this way works to preserve a sound management and to ensure stable earnings.

(2) Types and related risks of financial instruments

Financial assets held by the Group consist mainly of short term funds, securities, and loans assets.

Short-term funds are invested in the call loan and bills markets and euro-yen deposits.

These investments are exposed to market risks such as the counterparty credit risk, interest rate risk, and foreign currency risk.

Securities portfolios of the Group consist of domestic securities including Japanese government, corporate bonds and others as well as foreign securities such as government, government-guaranteed, and government related institutional bonds issued in the major industrialized countries. In addition, for investment diversification the Group also invests in equity securities and investment funds.

These investments are exposed to market risks such as the individual issuers' credit risk, interest rate risk, price fluctuation risk, and foreign currency risk, as well as market liquidity risk.

Loan assets consist of direct loans to low-risk borrowers including Shinkin Banks, central and local governments, public service corporations, blue chip private-sector corporations, and agency loans performed through Shinkin Banks.

These loans are exposed to counterparty credit risk and interest rate risk.

Meanwhile, financial liabilities of the Group consist mainly of deposits and bonds.

Deposits include current deposits, ordinary deposits, deposits at notice, term deposits, and foreign denominated deposits, most of which are deposits from Shinkin Bank members.

These deposits are exposed to market risks such as interest rate risk and foreign currency risk, as well as liquidity risk.

As a bond issuer, the Group issues 5-year interest-bearing bonds each month.

These bonds are exposed to interest rate risk and liquidity risk.

Furthermore, the Group engages in derivative transactions.

Specifically, the Group trades interest rate derivatives (interest swaps, interest futures, and interest options), currency derivatives (foreign currency forwards, currency swaps, and currency options) and bond derivatives (bond futures and bond futures options).

These transactions are exposed to market risks such as counterparty credit risk, interest rate risk, and foreign currency risk.

The Bank hedges market risks of its financial assets and liabilities through ALM activities.

The Group partially avoids market risks by mitigating (i) interest rate risk through interest rate swaps and (ii) foreign currency risk of foreign denominated assets through foreign-denominated funds procurement, currency swaps, and forex swaps.

Hedge accounting is applied to risk hedges through ALM activities including the use of derivatives. Hedge accounting methods, hedging objects, policies, and methods of hedge effectiveness assessment, etc. are described in the "Significant Accounting Policies."

(3) Risk management frameworks for financial instruments

The basic policies for risk management of the Bank are broadly distinguished between "risks to be minimized" and "risks to be controlled". Credit risk, market risks, and liquidity risks fall into the latter category. Both categorized risks are managed by risk management divisions that are independent of the market divisions. For the comprehensive management of these risks, Risk Management Division has been established.

<Integrated risk management>

For the integrated management of risks, the Bank has introduced integrated risk management for quantifiable risks. Integrated risk management is a risk management method by measuring various risks using a uniform risk measure such as Value at Risk (VaR), aggregating the measurements, and comparing the aggregated amounts with the strength of the Bank's capital. The Bank measures credit risks and market risks using VaR methodology, and monitors on a daily basis to prevent risk limits from being breached.

These risk limit amounts are reviewed each fiscal year by the Risk Management Committee and determined at the Executive committee. The values of risk, on the other hand, are measured at the middle and end of each month by the Risk Management Division, which takes steps to prevent any of the various risk limits from being breached and, through an ALM Committee, reports regularly to the management and relevant divisions.

The values of risk managed at consolidated subsidiaries are aggregated and managed through the integrated risk management framework.

(i) Credit risk management

For the accurate identification and strict management of credit risk, the Bank has established credit risk management policies. Moreover, the Bank has created a structure in which divisions responsible for credit control, credit management and credit assessment are clearly segregated from divisions involved in client services, with mutually independent tasks to ensure effective internal checking functions.

The Credit Committee has been established as an organ for reviewing and determining matters related to credit risk management. The Credit Committee is comprised of senior management and general managers of related divisions and deliberates on credit transactions that exceed a designated amount. The Executive Committee deliberates on the results of asset self-assessments, asset write-offs and asset reserve provisions.

Divisions responsible for credit control manage the credit risk for each borrower relating to loans and market trading activities. An overall credit limit is set for each borrower according to the credit rating of the borrower. They analyze the Bank's overall credit portfolio according to credit rating, industry, country and other criteria. These analyses are used to monitor the diversification of credit risk as well as changes in portfolio credit risk. Additionally, divisions responsible for credit control quantify credit risk in VaR methodology using Monte Carlo simulation methods and manage credit risks based on the limits set at the Executive committee.

The Credit Planning & Supervision Division—responsible for credit management—accurately monitors each borrower's financial condition, the purposes for which funds are used and repayment resources. In addition to appropriate assessment and post-transaction management, the Credit Planning & Supervision Division continually checks whether the client service division is conducting appropriate credit control, and provides guidance as necessary.

The Credit Planning & Supervision Division is also responsible for asset self-assessments. The division undertakes and manages operations relating to asset self-assessments, and the calculation of asset write-offs and asset reserve provisions.

Credit risks of consolidated subsidiaries are by individual borrower added to the credit risk of the Bank and monitored.

(ii) Market risk management

To maintain an accurate understanding of market risk and rigorously manage this risk, the Bank has issued a market risk management policy. Furthermore, divisions responsible for market risk management are clearly separated from divisions involved in market operations, providing a risk management structure in which internal checks are maintained through independent functions.

The Bank has established the ALM Committee as the body responsible for deliberating and making decisions on matters relating to market risk management. The ALM Committee is comprised of senior management and heads of divisions related to market risk. Based on risk status information—obtained via reports from divisions responsible for managing market risk and other sources—the ALM Committee reviews broadly and in a timely manner ALM related policies and market transactions for the Bank's fund-raising and management as well as the usage of hedging transactions involving derivatives such as interest rate swaps.

The divisions responsible for managing market risk quantify and manage market risk by VaR within the limit set by the Executive Committee. In addition, market risk is further divided into several categories and managed according to risk limits allocated to each category. Market risk management at the Bank not only uses VaR methodology but takes multi-faceted approaches, that is, monitoring sensitivity to change in individual risk factors such as the interest rate risk based on outlier standard and the basis point value (BPV; the amount of the change in a portfolio's market value from a specific change in the interest rate), stress loss amounts from unexpected market changes, and appraisal losses from financial instruments. For stress loss amounts, in particular, a supplementary framework has been incorporated into the integrated risk management, in addition to the above monitoring system. In this way, market risks including those that cannot be captured through VaR methods alone are managed.

Moreover, for trading operations, clear regulations are in place concerning the trading instruments and trading management methods, enabling appropriate trading operations by setting a specific loss limit amount.

Market risks of consolidated subsidiaries are not directly added to the values of market risk of the parent operations but are managed separately under integrated risk management.

<Quantitative information on market risk>

(a) Financial instruments held for trading purposes

The Bank uses VaR analysis for quantifying market risk of trading securities held within securities and interest-rate and foreign-exchange instruments held for trading purposes within derivative transactions. The VaR model is based on the delta method and uses a 99.0% confidence interval, a holding period of five business days and an observation period of one year. In addition, with regard to market risk related to trading operations at consolidated subsidiaries, which is managed separately within the integrated risk management framework, the Bank uses a market risk-equivalent amount under the regulations on banks' capital ratio.

At March 31, 2011, the market risk amount (estimated loss amount) of the Bank's trading operations was ¥416 million ($5 million), and the market risk amount (estimated loss amount) of the trading operations of the Bank's consolidated subsidiaries was ¥1,129 million ($13 million).

The Bank conducts back testing to compare VaR calculated using the model with actual loss amounts. Based on the results of back testing covering the fiscal year ended March 31, 2011, the actual loss amount exceeded the VaR model on three occasions, and the Bank believes that the measurement model it uses has an adequate level of accuracy to capture market risk. However, it should be noted that VaR measures the amount of market risk at certain probability levels statistically calculated based on historical market fluctuation. Hence, there may be cases where market risk cannot be captured in situations where market conditions change unprecedentedly.

(b) Financial instruments other than those held for trading purposes

The Bank uses VaR analysis for quantifying market risk of due from banks, securities not held for trading purposes, loans and bills discounted, deposits, debentures, receivables under securities borrowing transactions and, within derivative transactions, interest-rate and foreign-exchange instruments not held for trading purposes. The VaR model is based on the delta method and uses a 99.0% confidence interval, a holding period of one year and an observation period of five years. In addition, with regard to market risk at consolidated subsidiaries related to operations other than trading operations, which is managed separately within the integrated risk management framework, such risk is calculated in accordance with methods used by the Bank.

At March 31, 2011, the Group's market risk amount (estimated loss amount) other than for trading purposes was ¥314,857 million ($3,786 million).

The Bank conducts back testing to compare VaR calculated using the model with actual loss amounts. Based on the results of back testing covering the fiscal year ended March 31, 2011, the actual loss amount exceeded the VaR model on one occasion, and the Bank believes that the measurement model it uses has an adequate level of accuracy to capture market risk. However, it should be noted that VaR measures the amount of market risk at certain probability levels statistically calculated based on historical market fluctuation. Hence, there may be cases where market risk cannot be captured in situations where market conditions change unprecedentedly.

(iii) Liquidity risk management related to fund-raising

For the accurate identification and strict management of liquidity risk, the Bank has established liquidity risk management policies. Divisions responsible for liquidity risk management are clearly separated from divisions involved in cash management and market operations, allowing internal checks to be maintained through the independent functions. In addition, the ALM Committee deliberates and makes decisions on matters relating to liquidity risk management.

Methods used for managing liquidity risk include the daily setting and monitoring of risk limit amounts relating to the gap between cash receipts and payments. This is carried out for individual currencies and periods. In the event that a significant liquidity risk arises, the Bank has preparations to respond rapidly, including the securing of funding sources.

The liquidity risk management frameworks created by the Bank include subsidiaries as well, by providing overdraft facilities for consolidated subsidiaries with operations involving fund movements in relatively large amounts.

(4) Supplementary explanation concerning the market value of financial instruments

Market values of financial instruments, in addition to values based on market prices, also include values based on reasonable estimates if market prices are unavailable. Since value estimates are predicated on certain assumptions, values may vary if the underlying assumptions change.

2. Matters concerning fair value and others of financial instruments

Carrying values stated on the consolidated balance sheet as of March 31, 2011, fair value and differences between them are as follows. Unlisted stocks and similar items with significant difficulty in determining fair value are not included in the table below. (See Note 2.)

Immaterial items have been omitted.

	Millions of Yen		
	2011		
	Carrying Value	Fair Value	Difference
(1) Cash and Due from Banks	2,026,383	2,026,383	—
(2) Call Loans and Bills Bought	750,984	750,984	—
(3) Receivables under Resale Agreements	86,983	86,983	—
(4) Receivables under Securities Borrowing Transactions	93,138	93,138	—
(5) Monetary Debts Purchased (Note 1)	495,572	495,277	(294)
(6) Trading Assets			
Trading Securities	402,984	402,984	—
(7) Money Held in Trust	211,106	211,106	—
(8) Securities			
Held-to-Maturity Debt Securities	4,271,910	4,359,087	87,176
Other Securities	16,985,180	16,985,180	—
(9) Loans and Bills Discounted	5,254,813		
Reserve for Possible Loan Losses (Note 1)	(17,892)		
	5,236,920	5,286,425	49,504
Total Assets	30,561,166	30,697,553	136,387
(1) Deposits	21,569,331	21,597,846	28,515
(2) Debentures	4,323,600	4,377,850	54,250
(3) Trading Liabilities			
Trading Bonds Sold	78,873	78,873	—
(4) Borrowed Money	630,950	657,681	26,731
(5) Call Money and Bills Sold	435,272	435,272	—
(6) Payables under Securities Lending Transactions	2,843,378	2,843,378	—
Total Liabilities	29,881,405	29,990,901	109,496
Derivatives (Note 2)			
To which Hedge Accounting was not applied	2,921	2,921	—
To which Hedge Accounting was applied	284,174	301,466	17,291
Total Derivatives	287,096	304,388	17,291

	Millions of U.S.Dollars		
	2011		
	Carrying Value	Fair Value	Difference
(1) Cash and Due from Banks	24,370	24,370	—
(2) Call Loans and Bills Bought	9,031	9,031	—
(3) Receivables under Resale Agreements	1,046	1,046	—
(4) Receivables under Securities Borrowing Transactions	1,120	1,120	—
(5) Monetary Debts Purchased (Note 1)	5,959	5,956	(3)
(6) Trading Assets			
Trading Securities	4,846	4,846	—
(7) Money Held in Trust	2,538	2,538	—
(8) Securities			
Held-to-Maturity Debt Securities	51,375	52,424	1,048
Other Securities	204,271	204,271	—
(9) Loans and Bills Discounted	63,196		
Reserve for Possible Loan Losses (Note 1)	(215)		
	62,981	63,576	595
Total Assets	367,542	369,182	1,640
(1) Deposits	259,402	259,745	342
(2) Debentures	51,997	52,650	652
(3) Trading Liabilities			
Trading Bonds Sold	948	948	—
(4) Borrowed Money	7,588	7,909	321
(5) Call Money and Bills Sold	5,234	5,234	—
(6) Payables under Securities Lending Transactions	34,195	34,195	—
Total Liabilities	359,367	360,684	1,316
Derivatives (Note 2)			
To which Hedge Accounting was not applied	35	35	—
To which Hedge Accounting was applied	3,417	3,625	207
Total Derivatives	3,452	3,660	207

Notes:

1. General and specific reserves for possible loan losses of Loans and Bills Discounted have been deducted. Loss reserves for Monetary Debts Purchased are immaterial and have therefore been deducted directly from the carrying value stated on the consolidated balance sheet.
2. Derivative transactions stated in trading assets and liabilities, and other assets and liabilities are shown as a single amount. For net claims and obligations derived from derivative transactions, net amounts are stated. Sums that represent net obligations are shown in parenthesis.

Note1: Calculation method of fair value for financial instruments

Assets

(1) Cash and Due from Banks

For deposits without maturities, since fair value approximates carrying value, carrying value is used as fair value. For deposits with maturities, categorized by residual maturities, present value is calculated by discounting based on the interest rate that would conceivably be applied to newly made deposits.

(2) Call Loans and Bills Bought, (3) Receivables under Resale Agreements and (4) Receivables under Securities Borrowing Transactions

Since contract durations are short-term and fair value approximates carrying value, carrying value is used as fair value.

(5) Monetary Debts Purchased

Monetary debt purchased is stated at amounts obtained from brokers or at reasonably calculated amounts as fair value.

Reasonably calculated amounts are determined using the discounted cash flow method using the discount rates of comparable assets as the main variable input for price determination.

(6) Trading Assets

Securities including bonds held for trading are stated at market prices..

(7) Money Held in Trust

Securities managed as trust assets of money held in trust whose main purpose is securities investment are valued at the prices quoted by the exchanges in the case of listed equity shares and at market prices in the case of bonds.

(8) Securities

Stocks are valued at the price quoted by the exchanges. Investment trusts are valued at the announced standard price. Bonds are valued at the quoted market prices and other applicable information at the balance sheet date.

Floating-Rate Japanese Government Bonds

The Bank believes that current market prices may not accurately reflect fair value due to very limited volume of actual transactions continuously. The Bank used a valuation technique in fiscal year 2011 which management believes provided a reasonable estimate of the bond's fair value. As a result of this change, the fair value and the net unrealized gains of Securities increased by ¥24,205 million ($291 million) with regard to the Held-to-Maturity Debt Securities, compared to amounts determined by using market prices as basis for fair value. Moreover, the fair value increased by ¥39,562 million ($475 million), Net Unrealized Gains on Other Securities increased by ¥27,194 million ($327 million) and Deferred Tax Assets decreased by ¥12,367 million ($148 million) with regard to the Other Securities, compared to amounts determined by using market prices as basis for fair value.

Fair value based on management's reasonable estimates for Floating-Rate Japanese Government Bonds was calculated using the discounted cash flow approach and others, with the primary price variables including government bond yields and swaption volatility and others.

Securitized Products

Fair values for overseas Collateralized Loan Obligations (CLOs) and some other securitized products were previously determined based on price information received from brokers. However, the bank believes that broker quotes does not accurately reflect fair values continuously because of the very low frequency with which these products are traded and the significant gap in prices desired by sellers and buyers. Fair values for these securities, therefore, have been determined using a valuation technique which management believes provided a reasonable estimate of securities' fair value at the end of the fiscal year.

As a result of this change, the fair value and the net unrealized gains of Securities increased by ¥22,385 million ($269 million) with regard to the Held-to-Maturity Debt Securities, compared to amounts determined by using price information received from brokers as basis for fair value. Moreover, the fair value increased by ¥11,719 million ($140 million), Net Unrealized Gains on Other Securities increased by ¥8,056 million ($96 million) and Deferred Tax Assets decreased by ¥3,663 million ($44 million) with regard to the Other Securities.

The securitized products for which fair values are stated based on management's estimates include CLOs with secured loans to overseas companies as underlying assets, Asset-Backed Securities (ABSs) with receivables held by overseas credit card companies as underlying assets, and other similar investments with a stated value of ¥546,402 million ($6,571 million) on the consolidated balance sheets at the end of this fiscal year.

Fair values based on management’s reasonable estimates for these products were calculated using the discounted cash flow approach with the primary price variables including default rates for similar assets, recovery rates, early redemption rates, and discount rates.

Notes concerning securities categorized by holding purpose are stated in “Securities (Information related to securities).”

(9) Loans and Bills Discounted

For floating rate loans, since market interest is reflected in fair value in short term and fair value approximates carrying value unless the borrower’s credit standing after the lending undergoes significant change, carrying value is used as fair value. For fixed rate loans, categorized by type of loan, internal credit rating, and maturity, fair value is determined by discounting loans to present value using the interest rate that would conceivably be applied in case of a newly made loan of the same principal and interest total.

For loans with short contractual maturities, since fair value approximates carrying value, carrying value is used as fair value.

With regard to loans to borrowers in bankruptcy, de facto bankruptcy, or at risk of bankruptcy, the Bank estimates loan loss based on the present value of estimated future cash flows or the estimated recoverable value from collateral and guarantees. Since fair value therefore approximates the balance sheet carrying value as of the balance sheet date less the current estimated loan loss, carrying value reduced by the estimated loan loss is used as fair value of loans.

Liabilities

(1) Deposits

For demand deposits, the amount payable upon demand on the balance sheet date (carrying value) is used as fair value. For term deposits, categorized by specific maturities, fair value is calculated by discounting future cash flows to present value. The discount rate is the interest rate that would be applicable to newly made deposits. For term deposits with short contractual maturities, since fair value approximates carrying value, carrying value is used as fair value.

(2) Debentures

For debentures issued by the Bank, market prices are used as fair value.

(3) Trading Liabilities

For trading bonds sold, market prices, etc. are used as fair value.

(4) Borrowed Money

For borrowed money, categorized by types of loans and maturities, fair value is calculated by discounting borrowed money to present value using the interest rate that would conceivably be applied in case of a newly made loan of the same principal and interest total.

In instances with short contractual maturities, since fair value approximates carrying value, the carrying value is used as fair value.

(5) Call Money and Bills Sold, and (6) Payables under Securities Lending Transactions

Since contract durations are short-term and fair value approximates carrying value, carrying value is used as fair value.

Derivative Transactions

Derivative transactions consist of interest-rate-related transactions (interest rate futures, interest rate options, interest rate swaps, etc.), currency-related transactions (currency futures, currency options, currency swaps, etc.), and bond-related transactions (bond futures, bond future options, etc.), and are stated at exchange-traded transaction prices, discounted present value, and amounts calculated using option pricing models, etc.

Note 2: The following financial instruments have significant difficulty in determining fair value and are not included in fair value information of financial instruments.

	Millions of Yen	Millions of U.S.Dollars
Category	2011	2011
Unlisted stocks, etc.	255,600	3,073
Investment in investment partnerships	3,975	47
Total	259,575	3,121

Notes:
1. Unlisted stocks, etc. means unlisted common shares and preferred shares held by the Bank. Since unlisted stocks, etc. have no market prices and therefore are with significant difficulty in determining fair value, unlisted stocks, etc. are not included in fair value disclosure information.
2. Investment in investment partnerships is not included in fair value disclosure information given that investment partnership assets include items such as unlisted stocks, etc., which are with significant difficulty in determining fair value.

Note 3: Amounts of monetary claims and securities with maturities scheduled for redemption after the consolidated balance sheet date

	Millions of Yen					
	2011					
	Within 1 year	Over 1 year, within 3 years	Over 3 years, within 5 years	Over 5 years, within 7 years	Over 7 years, within 10 years	Over 10 years
Due from Banks (Note 1)	1,954,786	54,890	6,000	1,000	1,000	—
Call Loans and Bills Bought	750,984	—	—	—	—	—
Receivables under Resale Agreements	86,983	—	—	—	—	—
Receivables under Securities Borrowing Transactions	93,138	—	—	—	—	—
Monetary Debts Purchased	13,028	25,346	48,391	5,417	24,041	380,747
Securities						
Held-to-Maturity Debt Securities	157,421	1,936,582	345,793	648,695	591,098	595,114
Japanese Government Bonds	100,700	1,542,810	282,300	619,400	457,000	442,000
Municipal Government Bonds	11,267	81,417	—	—	400	—
Short-term Corporate Bonds	20,000	—	—	—	—	—
Corporate Bonds	20,405	246,938	43,843	—	—	—
Other Securities with maturities	1,970,048	5,807,692	1,852,123	601,898	3,305,682	2,361,271
Japanese Government Bonds	900,000	3,482,500	910,000	385,000	2,842,000	1,800,000
Municipal Government Bonds	57,553	112,576	62,498	10,741	29,193	—
Corporate Bonds	184,692	533,337	234,920	3,075	23,568	3,500
Loans and Bills Discounted (Note 2)	2,414,196	1,401,208	683,332	228,671	289,125	228,379
Total	7,440,589	9,225,719	2,935,641	1,485,683	4,210,947	3,565,513

	Millions of U.S.Dollars					
	2011					
	Within 1 year	Over 1 year, within 3 years	Over 3 years, within 5 years	Over 5 years, within 7 years	Over 7 years, within 10 years	Over 10 years
Due from Banks (Note 1)	23,509	660	72	12	12	—
Call Loans and Bills Bought	9,031	—	—	—	—	—
Receivables under Resale Agreements	1,046	—	—	—	—	—
Receivables under Securities Borrowing Transactions	1,120	—	—	—	—	—
Monetary Debts Purchased	156	304	581	65	289	4,579
Securities						
Held-to-Maturity Debt Securities	1,893	23,290	4,158	7,801	7,108	7,157
Japanese Government Bonds	1,211	18,554	3,395	7,449	5,496	5,315
Municipal Government Bonds	135	979	—	—	4	—
Short-term Corporate Bonds	240	—	—	—	—	—
Corporate Bonds	245	2,969	527	—	—	—
Other Securities with maturities	23,692	69,845	22,274	7,238	39,755	28,397
Japanese Government Bonds	10,823	41,882	10,944	4,630	34,179	21,647
Municipal Government Bonds	692	1,353	751	129	351	—
Corporate Bonds	2,221	6,414	2,825	36	283	42
Loans and Bills Discounted (Note 2)	29,034	16,851	8,218	2,750	3,477	2,746
Total	89,483	110,952	35,305	17,867	50,642	42,880

Notes:
1. Current deposits, ordinary deposit, deposits at notice, and transfer deposits, included in "Due from banks," are stated under amounts redeemable "Within 1 year."
2. Of Loans and bills discounted, claimes of ¥9,096 million ($109 million) to borrowers in bankruptcy, borrowers in quasi-bankruptcy, and borrowers at risk of bankruptcy, etc, are excluded since their redemption cannot be expected.

Note 4: Amounts of deposits, debentures and other interest bearing debt scheduled for repayment after the consolidated balance sheet date

	Millions of Yen					
	2011					
	Within 1 year	Over 1 year, within 3 years	Over 3 years, within 5 years	Over 5 years, within 7 years	Over 7 years, within 10 years	Over 10 years
Deposits	12,143,484	8,925,981	488,063	—	11,802	—
Debentures	954,000	1,992,520	1,377,080	—	—	—
Borrowed Money	2,000	—	—	301,960	—	—
Call Money and Bills Sold	435,272	—	—	—	—	—
Payables under Securities Lending Transactions	2,843,378	—	—	—	—	—
Total	16,378,134	10,918,501	1,865,143	301,960	11,802	—

	Millions of U.S.Dollars					
	2011					
	Within 1 year	Over 1 year, within 3 years	Over 3 years, within 5 years	Over 5 years, within 7 years	Over 7 years, within 10 years	Over 10 years
Deposits	146,043	107,347	5,869	—	141	—
Debentures	11,473	23,962	16,561	—	—	—
Borrowed Money	24	—	—	3,631	—	—
Call Money and Bills Sold	5,234	—	—	—	—	—
Payables under Securities Lending Transactions	34,195	—	—	—	—	—
Total	196,970	131,310	22,431	3,631	141	—

Note: Demand deposits, included in "Deposits," are stated under amounts payable "Within 1 year."

For the fiscal year ended March 31, 2010

1. Matters concerning financial instruments

(1) Policies on financial instruments

Shinkin Central Bank Group (the "Group") works to ensure the stable procurement of funds through the acceptance of deposits mainly from its Shinkin Bank members and through the issuance of bonds. Additionally, the Group takes steps to diversify its funding methods by procuring funds from short-term money markets depending on market conditions.

Procured funds are invested in short-term money market instruments, marketable securities, and loans.

Moreover, the Group uses derivative transactions for the purpose of risk-hedging in ALM (asset liability management) activities and engages in short-term trading of securities and derivatives.

To appropriately manage the various risks that result from these financial instruments, the Group engages in ALM activities including the above-mentioned derivative transactions. For its trading activities the Group establishes risk limit and loss limit amounts and engages in transactions within the scopes of these risk limits, and in this way works to preserve a sound management and to ensure stable earnings.

(2) Types and related risks of financial instruments

Financial assets held by the Group consist mainly of short term funds, securities, and loans assets.

Short-term funds are invested in the call loan and bills markets and euro-yen deposits.

These investments are exposed to market risks such as the counterparty credit risk, interest rate risk, and foreign currency risk.

Securities portfolios of the Group consist of domestic securities including Japanese government, corporate bonds and others as well as foreign securities such as government, government-guaranteed, and government related institutional bonds issued in the major industrialized countries. In addition, for investment diversification the Group also invests in equity securities and investment funds.

These investments are exposed to market risks such as the individual issuers' credit risk, interest rate risk, price fluctuation risk, and foreign currency risk, as well as market liquidity risk.

Loan assets consist of direct loans to low-risk borrowers including Shinkin Banks, central and local governments, public service corporations, blue chip private-sector corporations, and agency loans performed through Shinkin Banks.

These loans are exposed to counterparty credit risk and interest rate risk.

Meanwhile, financial liabilities of the Group consist mainly of deposits and bonds.

Deposits include current deposits, ordinary deposits, deposits at notice, term deposits, and foreign denominated deposits, most of which are deposits from Shinkin Bank members.

These deposits are exposed to market risks such as interest rate risk and foreign currency risk, as well as liquidity risk.

As a bond issuer, the Group issues 5-year interest-bearing bonds each month.

These bonds are exposed to interest rate risk and liquidity risk.

Furthermore, the Group engages in derivative transactions.

Specifically, the Group trades interest rate derivatives (interest swaps, interest futures, and interest options), currency derivatives (foreign currency forwards, currency swaps, and currency options) and bond derivatives (bond futures and bond futures options).

These transactions are exposed to market risks such as counterparty credit risk, interest rate risk, and foreign currency risk.

The Bank hedges market risks of its financial assets and liabilities through ALM activities.

The Group partially avoids market risks by mitigating (i) interest rate risk through interest rate swaps and (ii) foreign currency risk of foreign denominated assets through foreign-denominated funds procurement, currency swaps, and forex swaps.

Hedge accounting is applied to risk hedges through ALM activities including the use of derivatives. Hedge accounting methods, hedging objects, policies, and methods of hedge effectiveness assessment, etc. are described in the "Significant Accounting Policies."

(3) Risk management frameworks for financial instruments

The basic policies for risk management of the Bank are broadly distinguished between "risks to be minimized" and "risks to be controlled". Credit risk, market risks, and liquidity risks fall into the latter category. Both categorized risks are managed by risk management divisions that are independent of the market divisions. For the comprehensive management of these risks, Risk Management Division has been established.

<Integrated risk management>

For the integrated management of risks, the Bank has introduced integrated risk management for quantifiable risks. Integrated risk management is a risk management method by measuring various risks using a uniform risk measure such as Value at Risk (VaR), aggregating the measurements, and comparing the aggregated amounts with the strength of the Bank's capital. The Bank measures credit risks and market risks using VaR methodology, and monitors on a daily basis to prevent risk limits from being breached.

These risk limit amounts are reviewed each fiscal year by the Risk Management Committee and determined at the senior management meeting. The values of risk, on the other hand, are measured at the middle and end of each month by the Risk Management Division, which takes steps to prevent any of the various risk limits from being breached and, through an ALM Committee, reports regularly to the management and relevant divisions.

The values of risk managed at consolidated subsidiaries are aggregated and managed through the integrated risk management framework.

(i) Credit risk management

For the accurate identification and strict management of credit risk, the Bank has established credit risk management policies. Moreover, the Bank has created a structure in which divisions responsible for credit control, credit assessment and asset management are clearly segregated from divisions involved in client services, with mutually independent tasks to ensure effective internal checking functions.

The Credit Committee has been established as an organ for reviewing and determining matters related to credit risk management, and the Asset Assessment Committee has been established as an organ for reviewing and determining matters related to asset self-assessment. The Credit Committee and the Asset Assessment Committee are comprised of senior management and general managers of related divisions. The Credit Committee deliberates on credit transactions that exceed a designated amount. The Asset Assessment Committee deliberates on the results of asset self-assessments, asset write-offs and asset reserve provisions.

Divisions responsible for credit control manage the credit risk for each borrower relating to loans and market trading activities. An overall credit limit is set for each borrower according to the credit rating of the borrower. They analyze the Bank's overall credit portfolio according to credit rating, industry, country and other criteria. These analyses are used to monitor the diversification of credit risk as well as changes in portfolio credit risk. Additionally, divisions responsible for credit control quantify credit risk in VaR methodology using Monte Carlo simulation methods and manage credit risks based on the limits set at the management meeting.

The Credit Planning & Supervision Division—responsible for credit assessment—accurately monitors each borrower's financial condition, the purposes for which funds are used and repayment resources. In addition to appropriate assessment and post-transaction management, the Credit Planning & Supervision Division continually checks whether the client service division is conducting appropriate credit control, and provides guidance as necessary.

The Credit Planning & Supervision Division is also responsible for asset assessment. The division undertakes and manages operations relating to asset self-assessments, and the calculation of asset write-offs and asset reserve provisions.

Credit risks of consolidated subsidiaries are by individual borrower added to the credit risk of the Bank and monitored.

(ii) Market risk management

To maintain an accurate understanding of market risk and rigorously manage this risk, the Bank has issued a market risk management policy. Furthermore, divisions responsible for market risk management are clearly separated from divisions involved in market operations, providing a risk management structure in which internal checks are maintained through independent functions.

The Bank has established the ALM Committee as the body responsible for deliberating and making decisions on matters relating to market risk management. The ALM Committee is comprised of senior management and heads of divisions related to market risk. Based on risk status information—obtained via reports from divisions responsible for managing market risk and other sources—the ALM Committee reviews broadly and in a timely manner ALM related policies and market transactions for the Bank's fund-raising and management as well as the usage of hedging transactions involving derivatives such as interest rate swaps.

For banking operations and trading activities, the divisions responsible for managing market risk quantify and manage market risk by VaR within the limit set by the Executive Committee. In addition, market risk is further divided into several categories and managed according to risk limits allocated to each category. Market risk management at the Bank not only uses VaR methodology but takes multi-faceted approaches, that is, monitoring sensitivity to change in individual risk factors such as the interest rate risk based on outlier standard and the basis point value (BPV; the amount of the change in a portfolio's market value from a specific change in the interest rate), stress loss amounts from unexpected market changes, and appraisal losses from financial instruments. For stress loss amounts, in particular, a supplementary framework has been incorporated into the integrated risk management, in addition to the above monitoring system. In this way, market risks including those that cannot be captured through VaR methods alone are managed.

Moreover, for trading operations, clear regulations are in place concerning the trading instruments and trading management methods, enabling appropriate trading operations by setting a specific loss limit amount.

Market risks of consolidated subsidiaries are not directly added to the values of market risk of the parent operations but are managed separately under integrated risk management.

(iii) Liquidity risk management related to fund-raising

For the accurate identification and strict management of liquidity risk, the Bank has established liquidity risk management policies. Divisions responsible for liquidity risk management are clearly separated from divisions involved in cash management and market operations, allowing internal checks to be maintained through the independent functions. In addition, the ALM Committee deliberates and makes decisions on matters relating to liquidity risk management.

Methods used for managing liquidity risk include the daily setting and monitoring of risk limit amounts relating to the gap between cash receipts and payments. This is carried out for individual currencies and periods. In the event that a significant liquidity risk arises, the Bank has preparations to respond rapidly, including the securing of funding sources.

The liquidity risk management frameworks created by the Bank include subsidiaries as well, by providing overdraft facilities for consolidated subsidiaries with operations involving fund movements in relatively large amounts.

(4) Supplementary explanation concerning the market value of financial instruments

Market values of financial instruments, in addition to values based on market prices, also include values based on reasonable estimates if market prices are unavailable. Since value estimates are predicated on certain assumptions, values may vary if the underlying assumptions change.

2. Matters concerning fair value of financial instruments

Carrying values stated on the consolidated balance sheet as of March 31, 2010, fair value and differences between them are as follows. Unlisted stocks and similar items. with significant difficulty in determining fair value are not included in the table below. (See Note 2.)

Immaterial items have been omitted.

	Millions of Yen		
	2010		
	Carrying Value	Fair Value	Difference
(1) Cash and Due from Banks	2,485,776	2,485,776	—
(2) Call Loans and Bills Bought	612,207	612,207	—
(3) Receivables under Resale Agreements	29,997	29,997	—
(4) Receivables under Securities Borrowing Transactions	66,925	66,925	—
(5) Monetary Debts Purchased (Note 1)	642,835	642,236	(599)
(6) Trading Assets			
Trading Securities	405,538	405,538	—
(7) Money Held in Trust	211,677	211,677	—
(8) Securities			—
Held-to-Maturity Debt Securities	4,817,007	4,900,011	83,004
Other Securities	12,221,276	12,221,276	—
(9) Loans and Bills Discounted	6,263,824		
Reserve for Possible Loan Losses (Note 1)	(36,731)		
	6,227,092	6,280,031	52,939
Total Assets	27,720,335	27,855,678	135,343
(1) Deposits	19,723,454	19,765,922	42,468
(2) Debentures	4,802,920	4,882,695	79,775
(3) Trading Liabilities			
Trading Bonds Sold	55,070	55,070	—
(4) Borrowed Money	628,950	656,630	27,680
(5) Call Money and Bills Sold	452,101	452,101	—
(6) Payables under Securities Lending Transactions	1,297,387	1,297,387	—
Total Liabilities	26,959,883	27,109,808	149,925
Derivatives (Note 2)			
To which Hedge Accounting was not applied	2,644	2,644	—
To which Hedge Accounting was applied	234,107	280,765	46,658
Total Derivatives	236,752	283,410	46,658

Notes:

1. General and specific reserves for possible loan losses of Loans and Bills Discounted have been deducted. Loss reserves for Monetary Debts Purchased are immaterial and have therefore been deducted directly from the carrying value stated on the consolidated balance sheet.
2. Derivative transactions stated in trading assets and liabilities, and other assets and liabilities are shown as a single amount.
   For net claims and obligations derived from derivative transactions, net amounts are stated. Sums that represent net obligations are shown in parenthesis.

Note1: Calculation method of fair value for financial instruments

Assets

(1) Cash and Due from Banks

For deposits without maturities, since fair value approximates carrying value, carrying value is used as fair value. For deposits with maturities, categorized by residual maturities, present value is calculated by discounting based on the interest rate that would conceivably be applied to newly made deposits.

(2) Call Loans and Bills Bought, (3) Receivables under Resale Agreements and (4) Receivables under Securities Borrowing Transactions

Since contract durations are short-term and fair value approximates carrying value, carrying value is used as fair value.

(5) Monetary Debts Purchased

Monetary debt purchased is stated at amounts obtained from brokers or at reasonably calculated amounts as fair value.

Reasonably calculated amounts are determined using the discounted cash flow method using the discount rates of comparable assets as the main variable input for price determination.

(6) Trading Assets

Securities including bonds held for trading are stated at market prices.

(7) Money Held in Trust

Securities managed as trust assets of money held in trust whose main purpose is securities investment are valued at the prices quoted by the exchanges in the case of listed equity shares and at market prices in the case of bonds.

(8) Securities

Stocks are valued at the price quoted by the exchanges. Investment trusts are valued at the announced standard price. Bonds are valued at the quoted market prices and other applicable information at the balance sheet date.

Floating-Rate Japanese Government Bonds

In prior periods, the Bank used market prices to determine the fair value of Floating-Rate Japanese Government Bonds. However, the bank believes that current market prices may not accurately reflect fair value due to very limited volume of actual transactions continuously. The Bank used a valuation technique in fiscal year 2010 which management believes provided a reasonable estimate of the bond's fair value. As a result of this change, the fair value and the net unrealized gains of Securities increased by ¥31,993 million with regard to the Held-to-Maturity Debt Securities, compared to amounts determined by using market prices as basis for fair value. Moreover, the fair value increased by ¥47,805 million, Net Unrealized Gains (Losses) on Other Securities increased by ¥32,861 million and Deferred Tax Assets decreased by ¥14,943 million with regard to the Other Securities, compared to amounts determined by using market prices as basis for fair value.

Fair value based on management's reasonable estimates for Floating-Rate Japanese Government Bonds was calculated using the discounted cash flow approach and others, with the primary price variables including government bond yields and swaption volatility and others.

Securitized Products

Fair values for overseas Collateralized Loan Obligations (CLOs) and some other securitized products were previously determined based on price information received from brokers. However, management believes that broker quotes does not accurately reflect fair values continuously because of the very low frequency with which these products are traded and the significant gap in prices desired by sellers and buyers. Fair values for these securities, therefore, have been determined using a valuation technique which management believes provided a reasonable estimate of securities' fair value at the end of the fiscal year.

As a result of this change, the fair value and the net unrealized gains of Securities increased by ¥38,264 million with regard to the Held-to-Maturity Debt Securities, compared to amounts determined by using price information received from brokers as basis for fair value. Moreover, the fair value increased by ¥22,314 million, Net Unrealized Gains (Losses) on Other Securities increased by ¥15,339 million and Deferred Tax Assets decreased by ¥6,975 million with regard to the Other Securities.

The securitized products for which fair values are stated based on management's estimates include CLOs with secured loans to overseas companies as underlying assets, Asset-Backed Securities (ABSs) with receivables held by overseas credit card companies as underlying assets, and other similar investments with a stated value of ¥638,429 million on the consolidated balance sheets at the end of this fiscal year.

Fair values based on management’s reasonable estimates for these products were calculated using the discounted cash flow approach with the primary price variables including default rates for similar assets, recovery rates, early redemption rates, and discount rates.

Notes concerning securities categorized by holding purpose are stated in “Securities (Information related to securities).”

(9) Loans and Bills Discounted

For floating rate loans, since market interest is reflected in fair value in short term and fair value approximates carrying value unless the borrower’s credit standing after the lending undergoes significant change, carrying value is used as fair value. For fixed rate loans, categorized by type of loan, internal credit rating, and maturity, fair value is determined by discounting loans to present value using the interest rate that would conceivably be applied in case of a newly made loan of the same principal and interest total.

For loans with short contractual maturities, since fair value approximates carrying value, carrying value is used as fair value.

With regard to loans to borrowers in bankruptcy, de facto bankruptcy, or at risk of bankruptcy, the Bank estimates loan loss based on the present value of estimated future cash flows or the estimated recoverable value from collateral and guarantees. Since fair value therefore approximates the balance sheet carrying value as of the balance sheet date less the current estimated loan loss, carrying value reduced by the estimated loan loss is used as fair value of loans.

Liabilities

(1) Deposits

For demand deposits, the amount payable upon demand on the balance sheet date (carrying value) is used as fair value. For term deposits, categorized by specific maturities, fair value is calculated by discounting future cash flows to present value. The discount rate is the interest rate that would be applicable to newly made deposits. For term deposits with short contractual maturities, since fair value approximates carrying value, carrying value is used as fair value.

(2) Debentures

For debentures issued by the Bank, market prices are used as fair value.

(3) Trading Liabilities

For trading bonds sold, market prices, etc. are used as fair value.

(4) Borrowed Money

For borrowed money, categorized by types of loans and maturities, fair value is calculated by discounting borrowed money to present value using the interest rate that would conceivably be applied in case of a newly made loan of the same principal and interest total.

In instances with short contractual maturities, since fair value approximates carrying value, the carrying value is used as fair value.

(5) Call Money and Bills Sold, and (6) Payables under Securities Lending Transactions

Since contract durations are short-term and fair value approximates carrying value, carrying value is used as fair value.

Derivative Transactions

Derivative transactions consist of interest-rate-related transactions (interest rate futures, interest rate options, interest rate swaps, etc.), currency-related transactions (currency futures, currency options, currency swaps, etc.), and bond-related transactions (bond futures, bond future options, etc.), and are stated at exchange-traded transaction prices, discounted present value, and amounts calculated using option pricing models, etc.

Note 2: The following financial instruments have significant difficulty in determining fair value and are not included in fair value information of financial instruments.

	Millions of Yen
Category	2010
Unlisted stocks, etc.	252,601
Investment in investment partnerships	5,105
Total	257,706

Notes:

1. Unlisted stocks, etc. means unlisted common shares and preferred shares held by the Bank. Since unlisted stocks, etc. have no market prices and therefore are with significant difficulty in determining fair value, unlisted stocks, etc. are not included in fair value disclosure information.
2. In this fiscal year, an impairment loss of ¥2,883 million was charged for unlisted stocks.
3. Investment in investment partnerships is not included in fair value disclosure information given that investment partnership assets include items such as unlisted stocks, etc., which are with significant difficulty in determining fair value.

Note 3: Amounts of monetary claims and securities with maturities scheduled for redemption after the consolidated balance sheet date

	Millions of Yen					
	2010					
	Within 1 year	Over 1 year, within 3 years	Over 3 years, within 5 years	Over 5 years, within 7 years	Over 7 years, within 10 years	Over 10 years
Cash and Due from Banks (Note 1)	2,417,646	37,220	28,610	1,000	—	—
Call Loans and Bills Bought	612,207	—	—	—	—	—
Receivables under Resale Agreements	29,997	—	—	—	—	—
Receivables under Securities Borrowing Transactions	66,925	—	—	—	—	—
Monetary Debts Purchased	18,473	21,657	42,040	43,355	6,982	513,076
Securities						
Held-to-Maturity Debt Securities	1,283,947	507,198	1,082,631	379,706	884,878	690,812
Japanese Government Bonds	1,010,000	338,110	922,900	360,300	791,900	442,000
Municipal Government Bonds	130,811	61,739	29,130	—	400	—
Short-term Corporate Bonds	50,000	—	—	—	—	—
Corporate Bonds	3,900	81,750	50,225	—	—	—
Other Securities with maturities	2,203,342	2,729,127	1,744,749	702,886	1,539,763	2,215,320
Japanese Government Bonds	1,123,000	942,100	705,000	405,000	1,260,000	1,555,000
Municipal Government Bonds	15,698	118,400	59,532	11,777	25,853	—
Corporate Bonds	212,793	353,749	153,979	5,485	23,253	3,500
Loans and Bills Discounted (Note 2)	3,031,317	1,473,123	914,702	305,933	232,726	273,756
Total	9,663,857	4,768,327	3,812,733	1,432,881	2,664,351	3,692,966

Notes:
1. Cash, current deposits, ordinary deposit, deposits at notice, and transfer deposits, included in “Cash and Due from banks,” are stated under amounts redeemable “Within 1 year.”
2. Of Loans and bills discounted, claimes of ¥31,284 million to borrowers in bankruptcy, borrowers in quasi-bankruptcy, and borrowers at risk of bankruptcy, etc, are excluded since their redemption cannot be expected.

Note 4: Amounts of deposits, debentures and other interest bearing debt scheduled for repayment after the consolidated balance sheet date

	Millions of Yen					
	2010					
	Within 1 year	Over 1 year, within 3 years	Over 3 years, within 5 years	Over 5 years, within 7 years	Over 7 years, within 10 years	Over 10 years
Deposits	11,217,486	8,323,238	177,624	—	5,105	—
Debentures	1,056,550	1,947,540	1,798,830	—	—	—
Borrowed Money	—	—	—	100,000	201,960	—
Call Money and Bills Sold	452,101	—	—	—	—	—
Payables under Securities Lending Transactions	1,297,387	—	—	—	—	—
Total	14,023,524	10,270,778	1,976,454	100,000	207,065	—

Note: Demand deposits, included in "Deposits," are stated under amounts payable "Within 1 year."

25. Fair Value of Securities and Money Held in Trust:

1. Securities

For the Fiscal Year Ended March 31, 2011

The following tables contain information relating to Securities, Trading Assets (trading securities, commercial papers and Short-Term Corporate Bonds), Cash and Due from Banks (negotiable certificates of deposit), Monetary Receivables Purchased (commercial paper and loaned claims in trust) in the consolidated balance sheets.

(1) Trading Securities

	Millions of Yen	Millions of U.S. Dollars
	2011	2011
	Net Unrealized Gains (Losses) Recognized as Income	Net Unrealized Gains (Losses) Recognized as Income
Trading Securities	24	0

(2) Held-to-Maturity Debt Securities

		Millions of Yen		
		2011		
		Carrying Value	Fair Value	Unrealized Gains (Losses)
Items with Fair Value Exceeding Carrying Value	Japanese Government Bonds	3,007,115	3,063,732	56,617
	Municipal Government Bonds	92,100	92,945	844
	Short-Term Corporate Bonds	19,990	19,992	2
	Corporate Bonds	145,369	146,229	859
	Others	353,554	383,811	30,256
	Total	3,618,129	3,706,710	88,580
Items with Fair Value not Exceeding Carrying Value	Japanese Government Bonds	475,296	474,484	(812)
	Municipal Government Bonds	1,286	1,284	(1)
	Short-Term Corporate Bonds	—	—	—
	Corporate Bonds	168,470	168,070	(400)
	Others	12,080	11,890	(190)
	Total	657,134	655,730	(1,403)
	Total	4,275,263	4,362,440	87,176

		Millions of U.S. Dollars		
		2011		
		Carrying Value	Fair Value	Unrealized Gains (Losses)
Items with Fair Value Exceeding Carrying Value	Japanese Government Bonds	36,164	36,845	680
	Municipal Government Bonds	1,107	1,117	10
	Short-Term Corporate Bonds	240	240	0
	Corporate Bonds	1,748	1,758	10
	Others	4,252	4,615	363
	Total	43,513	44,578	1,065
Items with Fair Value not Exceeding Carrying Value	Japanese Government Bonds	5,716	5,706	(9)
	Municipal Government Bonds	15	15	(0)
	Short-Term Corporate Bonds	—	—	—
	Corporate Bonds	2,026	2,021	(4)
	Others	145	142	(2)
	Total	7,902	7,886	(16)
Total		51,416	52,464	1,048

Note: The fair value is based on quoted market prices as at March 31, 2011.

(3) Other Securities

		Millions of Yen		
		2011		
		Carrying Value	Acquisition Cost	Unrealized Gains (Losses)
Items with Carrying Value Exceeding Acquisition Cost	Stocks	21,995	17,352	4,643
	Bonds	7,198,947	7,095,812	103,135
	Japanese Government Bonds	6,343,337	6,249,867	93,469
	Municipal Government Bonds	241,918	238,395	3,522
	Short-Term Corporate Bonds	—	—	—
	Corporate Bonds	613,692	607,550	6,142
	Others	3,172,839	3,122,706	50,132
	Total	10,393,783	10,235,872	157,911
Items with Carrying Value not Exceeding Acquisition Cost	Stocks	57,006	65,436	(8,429)
	Bonds	4,585,016	4,609,943	(24,926)
	Japanese Government Bonds	4,170,262	4,193,543	(23,281)
	Municipal Government Bonds	35,141	35,358	(216)
	Short-Term Corporate Bonds	—	—	—
	Corporate Bonds	379,612	381,042	(1,429)
	Others	2,649,307	2,696,624	(47,316)
	Total	7,291,330	7,372,004	(80,673)
Total		17,685,114	17,607,876	77,238

		Millions of U.S. Dollars		
		2011		
		Carrying Value	Acquisition Cost	Unrealized Gains (Losses)
Items with Carrying Value Exceeding Acquisition Cost	Stocks	264	208	55
	Bonds	86,577	85,337	1,240
	Japanese Government Bonds	76,287	75,163	1,124
	Municipal Government Bonds	2,909	2,867	42
	Short-Term Corporate Bonds	—	—	—
	Corporate Bonds	7,380	7,306	73
	Others	38,158	37,555	602
	Total	125,000	123,101	1,899
Items with Carrying Value not Exceeding Acquisition Cost	Stocks	685	786	(101)
	Bonds	55,141	55,441	(299)
	Japanese Government Bonds	50,153	50,433	(279)
	Municipal Government Bonds	422	425	(2)
	Short-Term Corporate Bonds	—	—	—
	Corporate Bonds	4,565	4,582	(17)
	Others	31,861	32,430	(569)
	Total	87,688	88,659	(970)
Total		212,689	211,760	928

Note: In terms of carrying values of Securities recorded on the consolidated balance sheets, stocks and investment trusts are stated on the average quoted market price over the month preceding the consolidated balance sheet date, and securities excluding stocks and investment trusts are stated at fair value based on the quoted market prices as at March 31, 2011.

(4) Held-to-Maturity Debt Securities Sold during this Fiscal Year

No held-to-maturity debt securities were sold during the fiscal year ended March 31, 2011.

(5) Other Securities Sold during the Fiscal Year

	Millions of Yen		
	2011		
	Amounts of Securities Sold	Aggregate Gains on Sales	Aggregate Losses on Sales
Stocks	64,162	6,782	10,056
Bonds	2,682,226	17,470	7,726
Japanese Government Bonds	2,682,226	17,470	7,726
Municipal Government Bonds	—	—	—
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	—	—	—
Others	1,380,896	9,893	8,653
Total	4,127,284	34,146	26,436

	Millions of U.S. Dollars		
	2011		
	Amounts of Securities Sold	Aggregate Gains on Sales	Aggregate Losses on Sales
Stocks	771	81	120
Bonds	32,257	210	92
Japanese Government Bonds	32,257	210	92
Municipal Government Bonds	—	—	—
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	—	—	—
Others	16,607	118	104
Total	49,636	410	317

(6) Impaired Securities

Among Held-to-Maturity Debt Securities and Other Securities with a quoted market price, if the market price of certain security falls by 30% or more of the book value, and with the percentage of decline over a certain past period taken into account, its market price is not expected to recover to the acquisition price, the value of the security presented in the consolidated balance sheets is revised to the amount of the market price. In addition, valuation differences are recorded as impairment loss in this fiscal year.

In the fiscal year ended March 31, 2011, impairment loss of ¥4,575 million ($55 million) was recorded for stocks in Other Securities.

For the Fiscal Year Ended March 31, 2010

The following tables contain information relating to Securities, Trading Assets (trading securities, commercial papers and Short-Term Corporate Bonds), Cash and Due from Banks (negotiable certificates of deposit), Monetary Receivables Purchased (commercial paper and loaned claims in trust) in the consolidated balance sheets.

(1) Trading Securities

	Millions of Yen
	2010
	Net Unrealized Gains (Losses) Recognized as Income
Trading Securities	(27)

(2) Held-to-Maturity Debt Securities

		Millions of Yen		
		2010		
		Carrying Value	Fair Value	Unrealized Gains (Losses)
Items with Fair Value Exceeding Carrying Value	Japanese Government Bonds	3,470,047	3,517,046	46,998
	Municipal Government Bonds	222,467	224,062	1,595
	Short-Term Corporate Bonds	49,979	49,993	13
	Corporate Bonds	119,854	121,042	1,187
	Others	495,533	533,671	38,138
	Total	4,357,882	4,445,816	87,933
Items with Fair Value not Exceeding Carrying Value	Japanese Government Bonds	431,828	427,186	(4,641)
	Municipal Government Bonds	—	—	—
	Short-Term Corporate Bonds	—	—	—
	Corporate Bonds	17,159	17,144	(15)
	Others	10,836	10,564	(272)
	Total	459,824	454,894	(4,929)
Total		4,817,707	4,900,711	83,003

Note: The fair value is based on quoted market prices as at March 31, 2010.

(3) Other Securities

		Millions of Yen		
		2010		
		Carrying Value	Acquisition Cost	Unrealized Gains (Losses)
Items with Carrying Value Exceeding Acquisition Cost	Stocks	47,658	38,897	8,760
	Bonds	4,492,293	4,424,621	67,671
	Japanese Government Bonds	3,616,442	3,560,349	56,093
	Municipal Government Bonds	225,132	221,115	4,016
	Corporate Bonds	650,719	643,156	7,562
	Others	3,384,692	3,316,167	68,524
	Total	7,924,644	7,779,687	144,957
Items with Carrying Value not Exceeding Acquisition Cost	Stocks	69,572	83,934	(14,361)
	Bonds	2,609,114	2,621,697	(12,583)
	Japanese Government Bonds	2,487,130	2,498,679	(11,548)
	Municipal Government Bonds	10,880	10,925	(44)
	Corporate Bonds	111,103	112,093	(990)
	Others	2,626,332	2,697,405	(71,072)
	Total	5,305,019	5,403,036	(98,017)
Total		13,229,663	13,182,724	46,939

Note: In terms of carrying values of Securities recorded on the consolidated balance sheets, stocks and investment trusts are stated on the average quoted market price over the month preceding the consolidated balance sheet date, and securities excluding stocks and investment trusts are stated at fair value based on the quoted market prices as at March 31, 2010.

(4) Held-to-Maturity Debt Securities Sold during this Fiscal Year

No held-to-maturity debt securities were sold during the fiscal year ended March 31, 2010.

(5) Other Securities Sold during the Fiscal Year

	Millions of Yen		
	2010		
	Amounts of Securities Sold	Aggregate Gains on Sales	Aggregate Losses on Sales
Stocks	121,140	17,720	20,796
Bonds	2,614,138	22,955	3,087
Japanese Government Bonds	2,440,295	19,266	3,087
Municipal Government Bonds	53,107	1,133	—
Corporate Bonds	120,735	2,555	—
Others	1,327,743	16,898	16,253
Total	4,063,023	57,574	40,138

(6) Reclassification of Securities

Securities reclassified from Other Securities to Held-to-Maturity Debt Securities (as of March 31, 2010):

	Millions of Yen		
	2010		
	Fair Value	Carrying Value	Net Unrealized Gains (Losses) for Other Securities Recorded on the Consolidated Balance Sheets
Japanese Government Bonds	588,245	570,725	1,928
Others	444,865	407,660	(27,565)

(7) Impaired Securities

Among Held-to-Maturity Debt Securities and Other Securities with a quoted market price, if the market price of certain security falls by 30% or more of the book value, and with the percentage of decline over a certain past period taken into account, its market price is not expected to recover to the acquisition price, the value of the security presented in the consolidated balance sheets is revised to the amount of the market price. In addition, valuation differences are recorded as impairment loss in this fiscal year.

In the fiscal year ended March 31, 2010, impairment loss of ¥603 million was recorded for foreign securities in Held-to-Maturity securities, and ¥3,292 million was recorded for stocks and foreign securities in Other Securities.

2. Money Held in Trust

For the Fiscal Year Ended March 31, 2011

(1) Money Held in Trust for Investment

	Millions of Yen	
	2011	
	Carrying Value	Unrealized Gains (Losses) Recognized as Income
Money Held in Trust for Trading Purposes	211,106	(350)

	Millions of U.S. Dollars	
	2011	
	Carrying Value	Unrealized Gains (Losses) Recognized as Income
Money Held in Trust for Trading Purposes	2,538	(4)

(2) Held-to-Maturity Money Held in Trust

Not applicable.

(3) Other Money Held in Trusts (Money Held in Trust other than Held for Trading Purposes)

Not applicable.

For the Fiscal Year Ended March 31, 2010

(1) Money Held in Trust for Investment

	Millions of Yen	
	2010	
	Carrying Value	Unrealized Gains (Losses) Recognized as Income
Money Held in Trust for Trading Purposes	211,677	31

(2) Held-to-Maturity Money Held in Trust

Not applicable.

(3) Other Money Held in Trusts (Money Held in Trust other than Held for Trading Purposes)

Not applicable.

3. Net Unrealized Gains on Other Securities and Other Money Held in Trust

For the Fiscal Year Ended March 31, 2011

Components of Net Unrealized Gains on Other Securities in the consolidated balance sheets are as follows:

	Millions of Yen	Millions of U.S. Dollars
	2011	2011
Other Securities	48,539	583
Other Money Held in Trust	—	—
Net Unrealized Gains	48,539	583
Deferred Tax Liabilities	12,756	153
Net Unrealized Gains (Prior to Equity Method Adjustment)	35,783	430
Minority Interests' Portion	—	—
Parent Company's Portion of Valuation Differential for Other Securities Held by Equity-Method-Applicable Companies	—	—
Net Unrealized Gains	35,783	430

Notes:

1. Unrealized Gains on foreign currency translations of foreign currency-denominated other securities without fair market value are included in "Other Securities" under "Net Unrealized Gains".
2. Any Net Unrealized Gains on other securities that are stated in the consolidated statements of income are excluded from the above table.

For the Fiscal Year Ended March 31, 2010

Components of Net Unrealized Gains on Securities are as follows:

	Millions of Yen
	2010
Other Securities	9,645
Other Money Held in Trust	—
Net Unrealized Gains	9,645
Deferred Tax Assets	1,131
Net Unrealized Gains (Prior to Equity Method Adjustment)	10,776
Minority Interests' Portion	—
Parent Company's Portion of Valuation Differential for Other Securities Held by Equity-Method-Applicable Companies	—
Net Unrealized Gains	10,776

Notes:

1. Unrealized Gains on foreign currency translations of foreign currency-denominated other securities without fair market value (except those stated in the consolidated statements of income) are included in "Other Securities" under "Net Unrealized Gains".
2. Any Net Unrealized Gains on other securities that are stated in the consolidated statements of income are excluded from the above table.

26. Derivatives:

For the Fiscal Year Ended March 31, 2011

1. Derivative transactions to which hedging accounting was not applied

The following summarizes the contract values or the contracted principal equivalents, fair values, net unrealized gains (losses) and the valuation methods of the fair values of the Bank's derivative transactions that do not qualify for hedge accounting as of the consolidated balance sheet date, which were classified by types of financial instruments. Please note that the contract values in themselves do not reflect the market risk associated with the Bank's Derivative Transactions.

(1) Interest-Rate-Related Transactions

	Millions of Yen			
	2011			
	Total Contract Value	Contract Value (Over 1 Year until Settlement or Expiry)	Fair Value	Net Unrealized Gains (Losses)
Exchange-Traded Transactions				
Interest Rate Futures:				
Sold	—	—	—	—
Bought	—	—	—	—
Interest Rate Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Over the Counter Transactions				
Interest Rate Futures:				
Sold	—	—	—	—
Bought	—	—	—	—
Interest Rate Swaps:				
Fixed Rate Receivable/Variable Rate Payable	14,086,667	10,187,357	169,893	169,893
Variable Rate Receivable/Fixed Rate Payable	14,883,739	9,547,704	(157,031)	(157,031)
Variable Rate Receivable/Variable Rate Payable	62,000	40,000	63	63
Fixed Rate Receivable / Fixed Rate Payable	110,000	110,000	2,721	2,721
Interest Rate Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Others:				
Sold	3,187,400	1,640,400	(25,157)	(3,057)
Bought	2,316,938	1,702,620	12,346	3,760
Total	—	—	2,836	16,350

	Millions of U.S. Dollars			
	2011			
	Total Contract Value	Contract Value (Over 1 Year until Settlement or Expiry)	Fair Value	Net Unrealized Gains (Losses)
Exchange-Traded Transactions				
Interest Rate Futures:				
Sold	—	—	—	—
Bought	—	—	—	—
Interest Rate Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Over the Counter Transactions				
Interest Rate Futures:				
Sold	—	—	—	—
Bought	—	—	—	—
Interest Rate Swaps:				
Fixed Rate Receivable/Variable Rate Payable	169,412	122,517	2,043	2,043
Variable Rate Receivable/Fixed Rate Payable	178,998	114,825	(1,888)	(1,888)
Variable Rate Receivable/Variable Rate Payable	745	481	0	0
Fixed Rate Receivable/ Fixed Rate Payable	1,322	1,322	32	32
Interest Rate Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Others:				
Sold	38,333	19,728	(302)	(36)
Bought	27,864	20,476	148	45
Total	—	—	34	196

Notes:

1. Transactions mentioned above were valued at fair value, and Net Unrealized Gains (Losses) were accounted for in the consolidated statements of income.
2. Fair value calculation: Transactions on exchanges were valued on the basis of closing prices, mainly on the Tokyo Financial Exchange. Over the counter transactions were valued using discounted present value or calculation models for option prices.

(2) Currency-Related Transactions

	Millions of Yen			
	2011			
	Total Contract Value	Contract Value (Over 1 Year until Settlement or Expiry)	Fair Value	Net Unrealized Gains (Losses)
Exchange-Traded Transactions				
Currency Futures:				
Sold	—	—	—	—
Bought	—	—	—	—
Currency Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Over the Counter Transactions				
Currency Swaps:	101,487	81,794	2,263	2,263
Forward Foreign Exchange Contracts:				
Sold	54,128	—	(1,251)	(1,251)
Bought	40,490	—	553	553
Currency Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Others:				
Sold	—	—	—	—
Bought	—	—	—	—
Total	—	—	1,565	1,565

	Millions of U.S. Dollars			
	2011			
	Total Contract Value	Contract Value (Over 1 Year until Settlement or Expiry)	Fair Value	Net Unrealized Gains (Losses)
Exchange-Traded Transactions				
Currency Futures:				
Sold	—	—	—	—
Bought	—	—	—	—
Currency Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Over the Counter Transactions				
Currency Swaps:	1,220	983	27	27
Forward Foreign Exchange Contracts:				
Sold	650	—	(15)	(15)
Bought	486	—	6	6
Currency Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Others:				
Sold	—	—	—	—
Bought	—	—	—	—
Total	—	—	18	18

Notes:
1. Transactions mentioned above were valued at fair value, and Net Unrealized Gains (Losses) were accounted for in the consolidated statements of income.
2. Fair value calculation: Over the counter transactions were valued using discounted present value.

(3) Stock-Related Transactions

Not applicable.

(4) Bond-Related Transactions

	Millions of Yen			
	2011			
	Total Contract Value	Contract Value (Over 1 Year until Settlement or Expiry)	Fair Value	Net Unrealized Gains (Losses)
Exchange-Traded Transactions				
Bond Futures:				
Sold	17,315	—	11	11
Bought	—	—	—	—
Bond Futures Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Over the Counter Transactions				
Bond Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Others:				
Sold	—	—	—	—
Bought	—	—	—	—
Total	—	—	11	11

	Millions of U.S. Dollars			
	2011			
	Total Contract Value	Contract Value (Over 1 Year until Settlement or Expiry)	Fair Value	Net Unrealized Gains (Losses)
Exchange-Traded Transactions				
Bond Futures:				
Sold	208	—	0	0
Bought	—	—	—	—
Bond Futures Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Over the Counter Transactions				
Bond Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Others:				
Sold	—	—	—	—
Bought	—	—	—	—
Total	—	—	0	0

Notes:

1. Transactions mentioned above were valued at fair value, and Net Unrealized Gains (Losses) were accounted for in the consolidated statements of income.
2. Fair value calculation: Transactions on exchanges were valued on the basis of closing prices, mainly on the Tokyo Stock Exchange.

(5) Commodity-Related Derivative Transactions

Not applicable.

(6) Credit Derivative Transactions

Not applicable.

2. Derivative transactions to which hedging accounting was applied

The following summarizes the contract values or the contracted principal equivalents, fair values and the valuation methods of the Bank's derivative transactions that qualify for hedge accounting as of the consolidated balance sheet date, which were classified by types of financial instruments. Please note that the contract values in themselves do not reflect the market risk associated with the Bank's Derivative Transactions.

(1) Interest-Rate-Related Transactions

		Millions of Yen		
		2011		
Method for Hedge Accounting	Items	Total Contract Value	Contract Value (Over 1 Year until Settlement or Expiry)	Fair Value
Basic Treatment	Interest Rate Swaps			
	Fixed Rate Receivable/Variable Rate Payable	2,725,000	1,770,000	13,831
	Variable Rate Receivable/Fixed Rate Payable	4,761,302	4,586,568	(35,366)
	Variable Rate Receivable/Variable Rate Payable	97,725	97,725	848
Exceptional Treatments for Interest Rate Swaps	Interest Rate Swaps			
	Fixed Rate Receivable/Variable Rate Payable	2,021,000	1,431,000	25,845
	Variable Rate Receivable/Fixed Rate Payable	885,000	885,000	(8,554)
	Total	—	—	(3,395)

		Millions of U.S.Dollars		
		2011		
Method for Hedge Accounting	Items	Total Contract Value	Contract Value (Over 1 Year until Settlement or Expiry)	Fair Value
Basic Treatment	Interest Rate Swaps			
	Fixed Rate Receivable/Variable Rate Payable	32,772	21,286	166
	Variable Rate Receivable/Fixed Rate Payable	57,261	55,160	(425)
	Variable Rate Receivable/Variable Rate Payable	1,175	1,175	10
Exceptional Treatments for Interest Rate Swaps	Interest Rate Swaps			
	Fixed Rate Receivable/Variable Rate Payable	24,305	17,209	310
	Variable Rate Receivable/Fixed Rate Payable	10,643	10,643	(102)
	Total	—	—	(40)

Notes:

1. Most of hedged items with respect to Basic Treatment are Interest-bearing assets and liabilities such as Loans, Other Securities (Bonds) and deposits, including negotiable certificate of deposit.
2. Hedged items with respect to Exceptional Treatments for Interest Rate Swaps are Held-to-Maturity Debt Securities and Debenture.
3. The deferred method of hedge accounting is primarily applied to the transactions mentioned above based on the Japanese Institute of Certified Public Accountants ("JICPA") Industry Audit Committee Report No.24, "Treatment of Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry"
4. Fair value calculation for these transactions was carried out using discounted present value.

(2) Currency-Related Transactions

		Millions of Yen		
		2011		
Method for Hedge Accounting	Items	Total Contract Value	Contract Value (Over 1 Year until Settlement or Expiry)	Fair Value
Basic Treatment	Currency Swaps	1,304,853	752,639	9,904
	Forward Foreign Exchange Contracts:			
	Sold	819,970	—	(21,523)
	Bought	—	—	—
	Total	—	—	(11,618)

		Millions of U.S.Dollars		
		2011		
Method for Hedge Accounting	Items	Total Contract Value	Contract Value (Over 1 Year until Settlement or Expiry)	Fair Value
Basic Treatment	Currency Swaps	15,692	9,051	119
	Forward Foreign Exchange Contracts:			
	Sold	9,861	—	(258)
	Bought	—	—	—
	Total	—	—	(139)

Notes:
1. Most of hedged items are foreign currency denominated securities, deposits etc.
2. The deferred method of hedge accounting is primarily applied to the transactions mentioned above based on the Japanese Institute of Certified Public Accountants (“JICPA”) Industry Audit Committee Report No.25, “Accounting and Auditing Treatment of Accounting Standards for Foreign Currency Transactions in the Banking Industry”
3. Fair value calculation for these transactions was carried out using discounted present value.

(3) Stock-Related Transactions
Not applicable.

(4) Bond-Related Transactions
Not applicable.

For the Fiscal Year Ended March 31, 2010

1. Derivative transactions to which hedging accounting was not applied

The following summarizes the contract values or the contracted principal equivalents, fair values, net unrealized gains (losses) and the valuation methods of the fair values of the Bank's derivative transactions that do not qualify for hedge accounting as of the consolidated balance sheet date, which were classified by types of financial instruments. Please note that the contract values in themselves do not reflect the market risk associated with the Bank's Derivative Transactions.

(1) Interest-Rate-Related Transactions

	Millions of Yen			
	2010			
	Total Contract Value	Contract Value (Over 1 Year until Settlement or Expiry)	Fair Value	Net Unrealized Gains (Losses)
Exchange-Traded Transactions				
Interest Rate Futures:				
Sold	—	—	—	—
Bought	49,809	—	(1)	(1)
Interest Rate Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Over the Counter Transactions				
Interest Rate Futures:				
Sold	—	—	—	—
Bought	—	—	—	—
Interest Rate Swaps:				
Fixed Rate Receivable/Variable Rate Payable	12,255,851	10,350,719	159,104	159,104
Variable Rate Receivable/Fixed Rate Payable	12,334,400	9,624,178	(145,688)	(145,688)
Variable Rate Receivable/Variable Rate Payable	52,000	47,000	1	1
Fixed Rate Receivable / Fixed Rate Payable	160,628	30,000	280	280
Interest Rate Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Others:				
Sold	4,524,100	1,045,000	(16,574)	(334)
Bought	2,270,767	734,070	4,801	(4,511)
Total	—	—	1,923	8,850

Notes:

1. Transactions mentioned above were valued at fair value, and Net Unrealized Gains (Losses)were accounted for in the consolidated statements of income.
2. Fair value calculation: Transactions on exchanges were valued on the basis of closing prices, mainly on the Tokyo Financial Exchange. Over the counter transactions were valued using discounted present value or calculation models for option prices.

(2) Currency-Related Transactions

	Millions of Yen			
	2010			
	Total Contract Value	Contract Value (Over 1 Year until Settlement or Expiry)	Fair Value	Net Unrealized Gains (Losses)
Exchange-Traded Transactions				
Currency Futures:				
Sold	—	—	—	—
Bought	—	—	—	—
Currency Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Over the Counter Transactions				
Currency Swaps:	112,881	103,111	1,668	1,668
Forward Foreign Exchange Contracts:				
Sold	37,528	—	(778)	(778)
Bought	49,449	—	1,080	1,080
Currency Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Others:				
Sold	—	—	—	—
Bought	—	—	—	—
Total	—	—	1,970	1,970

Notes:
1. Transactions mentioned above were valued at fair value, and Net Unrealized Gains (Losses) were accounted for in the consolidated statements of income.
2. Fair value calculation: Over the counter transactions were valued out using discounted present value.

(3) Stock-Related Transactions

Not applicable.

(4) Bond-Related Transactions

	Millions of Yen			
	2010			
	Total Contract Value	Contract Value (Over 1 Year until Settlement or Expiry)	Fair Value	Net Unrealized Gains (Losses)
Exchange-Traded Transactions				
Bond Futures:				
Sold	10,648	—	5	5
Bought	—	—	—	—
Bond Futures Options:				
Sold	—	—	—	—
Bought	10,000	—	18	(1)
Over the Counter Transactions				
Bond Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Others:				
Sold	—	—	—	—
Bought	—	—	—	—
Total	—	—	23	4

Notes:

1. Transactions mentioned above were valued at fair value, and Net Unrealized Gains (Losses) were accounted for in the consolidated statements of income.
2. Fair value calculation: Transactions on exchanges were valued on the basis of closing prices, mainly on the Tokyo Stock Exchange.

(5) Commodity-Related Derivative Transactions

Not applicable.

(6) Credit Derivative Transactions

Not applicable.

2. Derivative transactions to which hedging accounting was applied

The following summarizes the contract values or the contracted principal equivalents, fair values and the valuation methods of the Bank's derivative transactions that qualify for hedge accounting as of the consolidated balance sheet date, which were classified by types of financial instruments. Please note that the contract values in themselves do not reflect the market risk associated with the Bank's Derivative Transactions.

(1) Interest-Rate-Related Transactions

		Millions of Yen		
		2010		
Method for Hedge Accounting	Items	Total Contract Value	Contract Value (Over 1 Year until Settlement or Expiry)	Fair Value
Basic Treatment	Interest Rate Swaps			
	Fixed Rate Receivable/Variable Rate Payable	3,715,000	1,780,000	28,226
	Variable Rate Receivable/Fixed Rate Payable	2,540,215	2,361,399	(15,085)
	Variable Rate Receivable/Variable Rate Payable	68,301	68,301	(413)
Exceptional Treatments for Interest Rate Swaps	Interest Rate Swaps			
	Fixed Rate Receivable/Variable Rate Payable	1,741,000	1,741,000	34,053
	Variable Rate Receivable/Fixed Rate Payable	885,000	885,000	12,605
	Total	—	—	59,385

Notes:
1. Most of hedged items with respect to Basic Treatment are Interest-bearing assets and liabilities such as Loans, Other Securities (Bonds) and deposits, including negotiable certificate of deposit.
2. Hedged items with respect to Exceptional Treatments for Interest Rate Swaps are Held-to-Maturity Debt Securities and Debenture.
3. The deferred method of hedge accounting is primarily applied to the transactions mentioned above based on the Japanese Institute of Certified Public Accountants (“JICPA”) Industry Audit Committee Report No.24, “Treatment of Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry”
4. Fair value calculation for these transactions was carried out using discounted present value.

(2) Currency-Related Transactions

		Millions of Yen		
		2010		
Method for Hedge Accounting	Items	Total Contract Value	Contract Value (Over 1 Year until Settlement or Expiry)	Fair Value
Basic Treatment	Currency Swaps	1,834,406	1,412,480	10,025
	Forward Foreign Exchange Contracts:			
	Sold	997,859	—	(17,673)
	Bought	71,755	—	—
	Total	—	—	(7,647)

Notes:
1. Most of hedged items are foreign currency denominated securities, deposits etc.
2. The deferred method of hedge accounting is primarily applied to the transactions mentioned above based on the Japanese Institute of Certified Public Accountants (“JICPA”) Industry Audit Committee Report No.25, “Accounting and Auditing Treatment of Accounting Standards for Foreign Currency Transactions in the Banking Industry”
3. Fair value calculation for these transactions was carried out using discounted present value.

(3) Stock-Related Transactions
Not applicable.

(4) Bond-Related Transactions
Not applicable.

27. Related Party Transactions:

For the Fiscal Year Ended March 31, 2011

There were no significant related-party transactions.

For the Fiscal Year Ended March 31, 2010

There were no significant related-party transactions.

28. Segment Information:

(1) Description of Reportable Segments

The Group classifies the businesses of the Bank and its consolidated subsidiaries as individual business segments. Among those business segments, the business of the Bank is deemed as the reportable segment.

The Bank, as an individual financial institution, provides such financial services as deposits, debentures, lending, market fund management, securities and clearing. As the central financial institution for shinkin banks, the Bank provides services to support the operations and complement the functions of shinkin banks as well as maintain and enhance their creditworthiness.

(2) Method of Calculating Amounts by Reportable Segment

The accounting methods of the reportable segment are the same as those described in note 2, "Significant Accounting Policies." Reportable segment profit is based on net income.

(3) Amounts by Reportable Segment

For the Fiscal Year Ended March 31, 2011 **(Millions of Yen)**

	Reportable segment	Other	Total	Adjustment	Amount presented in the consolidated financial statements
	Shinkin Central Bank business				
Income					
External customers	336,119	25,839	361,959	(139)	361,820
Inter-segment	1,937	2,202	4,139	(4,139)	—
Total	338,057	28,042	366,099	(4,278)	361,820
Segment profit	27,387	1,333	28,720	(833)	27,887
Segment assets	31,283,720	300,064	31,583,785	(81,087)	31,502,697
Segment liabilities	30,258,547	226,558	30,485,106	(25,676)	30,459,430
Other items					
Depreciation	5,129	3,150	8,280	(1)	8,278
Interest Income	278,927	545	279,473	(169)	279,303
Interest Expenses	223,479	197	223,676	(102)	223,574
Income Taxes	10,687	698	11,386	(158)	11,228
Increase in Tangible and Intangible Fixed Assets	1,361	868	2,230	—	2,230

For the Fiscal Year Ended March 31, 2011 **(Millions of U.S. Dollars)**

	Reportable segment	Other	Total	Adjustment	Amount presented in the consolidated financial statements
	Shinkin Central Bank business				
Income					
External customers	4,042	310	4,353	(1)	4,351
Inter-segment	23	26	49	(49)	—
Total	4,065	337	4,402	(51)	4,351
Segment profit	329	16	345	(10)	335
Segment assets	376,232	3,608	379,841	(975)	378,865
Segment liabilities	363,903	2,724	366,627	(308)	366,319
Other items					
Depreciation	61	37	99	(0)	99
Interest Income	3,354	6	3,361	(2)	3,359
Interest Expenses	2,687	2	2,690	(1)	2,688
Income Taxes	128	8	136	(1)	135
Increase in Tangible and Intangible Fixed Assets	16	10	26	—	26

Notes:
1. The “Other” classification comprises the Bank’s nine consolidated subsidiaries which are not included within the reportable segment.
The Bank’s consolidated subsidiaries provide such financial services as trust and banking, securities, investment advisory and investment trust, guarantees, venture capital and M&A intermediary, and data processing outsourcing.
2. Adjustment comprises the following.
(i)Within adjustment of segment profit, reduction of ¥833 million ($10 million) comprises reduction of ¥342 million ($4 million) on minority interests and ¥490 million ($5 million) on inter-segment eliminations, etc.
(ii)Within adjustment of segment assets, reduction of ¥81,087 million ($975 million) comprises reduction of ¥53,144 million($639 millions) on eliminations relating to capital consolidation and ¥27,942 million($336 million) on inter-segment elimination, etc.
(iii) Reduction of ¥25,676 million ($308 millions) on the adjustment of segment liabilities comprises inter-segment eliminations, etc.
(iv)The adjustment for other items comprises inter-segment eliminations, etc.
3. Segment profit has been adjusted from Net Income presented in the Consolidated Statements of Income.

For the Fiscal Year Ended March 31, 2010 **(Millions of Yen)**

	Reportable segment Shinkin Central Bank business	Other	Total	Adjustment	Amount presented in the consolidated financial statements
Income					
External customers	368,308	24,633	392,942	(92)	392,849
Inter-segment	1,782	2,273	4,055	(4,055)	―
Total	370,090	26,907	396,997	(4,147)	392,849
Segment profit	28,365	1,547	29,912	(705)	29,206
Segment assets	28,400,491	253,378	28,653,870	(78,200)	28,575,669
Segment liabilities	27,397,921	180,088	27,578,010	(23,141)	27,554,868
Other items					
Depreciation	5,922	2,227	8,149	―	8,149
Interest Income	291,793	665	292,458	(124)	292,334
Interest Expenses	227,347	119	227,466	(117)	227,349
Income Taxes	(11,137)	1,268	(9,868)	(127)	(9,995)
Increase in Tangible and Intangible Fixed Assets	1,849	1,723	3,572	―	3,572

Notes:

1. The “Other” classification comprises the business segment that is not included within the reportable segment. This business segment comprises the Bank’s nine consolidated subsidiaries.
   The Bank’s consolidated subsidiaries provide such financial services as trust and banking, securities, investment advisory and investment trust, guarantees, venture capital and M&A intermediary, and data processing outsourcing.
2. Adjustment comprises the following.
   (i)Within adjustment of segment profit, reduction of ¥705 million comprises reduction of ¥503 million on minority interests and ¥202 million on inter-segment eliminations, etc.
   (ii)Within adjustment of segment assets, reduction of ¥78,200 million comprises reduction of ¥53,144 million on eliminations relating to capital consolidation and ¥25,056 million on inter-segment eliminations, etc.
   (iii) Reduction of ¥23,141 million on the adjustment of segment liabilities comprises inter-segment eliminations, etc.
   (iv)The adjustment for other items comprises inter-segment eliminations, etc.
3. Segment profit has been adjusted from Net Income presented in the Consolidated Statements of Income.

(Additional Information)

Beginning with this fiscal year, the Bank has adopted the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (ASBJ Statement No. 17; March 27, 2009) and the Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (ASBJ Guidance No. 20; March 21, 2008).

(Related Information)

1. Information by service

(Millions of Yen)

	Securities investment operations	Lending operations	Other	Total
Ordinary Income from external customers	246,755	52,480	60,905	360,140

(Millions of U.S. Dollars)

	Securities investment operations	Lending operations	Other	Total
Ordinary Income from external customers	2,967	631	732	4,331

2. Information by geographic region

(1) Ordinary Income

(Millions of Yen)

Japan	Europe	United States	Other	Total
228,659	46,868	31,116	53,496	360,140

(Millions of U.S. Dollars)

Japan	Europe	United States	Other	Total
2,749	563	374	643	4,331

(2) Tangible fixed assets

The Group’s tangible fixed assets located in Japan account for over 90% of the tangible fixed assets presented in the Consolidated Balance Sheets. Consequently, this information is omitted.

3. Information by principal customer

(Millions of Yen)

Name of customer	Ordinary Income	Related segment
The Government of Japan	108,935	Shinkin Central Bank business

(Millions of U.S. Dollars)

Name of customer	Ordinary Income	Related segment
The Government of Japan	1,310	Shinkin Central Bank business

(Information related to Impairment of Fixed Assets by Reportable Segment)

(Millions of Yen)

	Reportable segment	Other	Total
	Shinkin Central Bank business		
Impairment loss	253	—	253

(Millions of U.S. Dollars)

	Reportable segment	Other	Total
	Shinkin Central Bank business		
Impairment loss	3	—	3

(Information related to Amortization of Goodwill and Balance of Unamortized Goodwill by Reportable Segment)

Not applicable.

(Information related to Accrual of Income from Negative Goodwill by Reportable Segment)

Not applicable.

29. Amounts per Share:

	Yen		U.S. Dollars
	2011	2010	2011
Net Assets per Share on a Consolidated Basis	219,425.69	214,698.35	2,638.91
Net Income per Share on a Consolidated Basis	5,471.96	6,425.11	65.80
Net Income per Share after Adjustment for Common Share equivalents on a Consolidated Basis	—	—	—

Notes:

1. In the calculation of net assets per share and net income per share, preferred dividends were deducted from current net income. However, participating dividends were not deducted from current net income.
2. The basis for calculation of net assets per share is as follows:

		2011	2010	2011	
Total Net Assets	Millions of Yen	1,043,267	1,020,800	Millions of U.S. dollars	12,546
Amount Deducted from Total Net Assets	Millions of Yen	10,162	9,953	Millions of U.S. dollars	122
Minority Interests	Millions of Yen	8,037	7,828	Millions of U.S. dollars	96
Preferred Dividends	Millions of Yen	2,124	2,124	Millions of U.S. dollars	25
Net Assets at Fiscal Year-end Used to Calculate Net Assets per Share	Millions of Yen	1,033,104	1,010,847	Millions of U.S. dollars	12,424
Number of Share Units at Fiscal Year-end	Unit	4,708,222	4,708,222	—	—
Number of Common Share Units	Unit	4,000,000	4,000,000	—	—
Number of Preferred Share Units	Unit	708,222	708,222	—	—

3. The basis for calculation of net income per share is as follows:

		2011	2010	2011	
Net Income	Millions of Yen	27,887	29,206	Millions of U.S. dollars	335
Amount Deducted from Net Income	Millions of Yen	2,124	2,124	Millions of U.S. dollars	25
Preferred Dividend	Millions of Yen	2,124	2,124	Millions of U.S. dollars	25
Net Income Used to Calculate Net Income per share	Millions of Yen	25,763	27,082	Millions of U.S. dollars	309
Average Number of Share Units for the fiscal year	Unit	4,708,222	4,215,071	—	—
Average Number of Common Share Units	Unit	4,000,000	3,506,849	—	—
Average Number of Preferred Share Units	Unit	708,222	708,222	—	—

4. Net income per Share after adjustment for Common share equivalent is not listed as there are no dilutive securities.
5. As of August 1, 2009, the Bank implemented a 2-for-1 share split of preferred share units held by shareholders of preferred shares. In addition the Bank implemented the increase in common share units held by share holders of common share on June 30, 2009 by 2 million share units for a total of ¥200 billion.

30. Subsequent Events:

For the Fiscal Year Ended March 31, 2011

Not applicable.

For the Fiscal Year Ended March 31, 2010

Not applicable.

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Report of Independent Auditors

The Board of Directors
Shinkin Central Bank

We have audited the accompanying consolidated balance sheets of Shinkin Central Bank(the "Bank") and consolidated subsidiaries as of March 31, 2011 and 2010, and the related consolidated statements of income, changes in net assets, and cash flows for the years then ended and consolidated statement of comprehensive income for the year ended March 31,2011, all expressed in yen. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Shinkin Central Bank and consolidated subsidiaries at March 31, 2011 and 2010, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2011 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1.

Ernst & Young ShinNihon LLC

June 23, 2011

Non-Consolidated Balance Sheets

Shinkin Central Bank As of March 31,	Millions of Yen 2011	Millions of Yen 2010	Millions of U.S. Dollars 2011
Assets			
Cash and Due from Banks	**2,020,526**	2,469,177	**24,299**
Call Loans	**750,984**	612,207	**9,031**
Receivables under Resale Agreements	**86,983**	29,997	**1,046**
Monetary Debts Purchased	**492,290**	642,208	**5,920**
Trading Assets	**383,535**	394,533	**4,612**
Money Held in Trust	**211,106**	211,677	**2,538**
Securities	**21,547,910**	17,324,312	**259,145**
Loans and Bills Discounted	**5,254,796**	6,263,796	**63,196**
Foreign Exchanges Assets	**4,001**	4,929	**48**
Other Assets	**415,227**	319,543	**4,993**
Tangible Fixed Assets	**72,379**	74,799	**870**
Intangible Fixed Assets	**5,772**	7,314	**69**
Deferred Tax Assets	**27,177**	44,279	**326**
Customers' Liabilities for Acceptances and Guarantees	**34,828**	42,791	**418**
Reserve for Possible Loan Losses	**(23,586)**	(40,749)	**(283)**
Allowance for Investment Losses	**(215)**	(326)	**(2)**
Total Assets	**31,283,720**	28,400,491	**376,232**
Liabilities and Net Assets			
Liabilities			
Deposits	**21,581,162**	19,736,289	**259,544**
Debentures	**4,340,630**	4,815,810	**52,202**
Trading Liabilities	**60,584**	47,826	**728**
Borrowed Money	**630,950**	628,950	**7,588**
Call Money	**378,272**	401,901	**4,549**
Payables under Securities Lending Transactions	**2,813,644**	1,272,652	**33,838**
Foreign Exchanges Liabilities	**144**	122	**1**
Other Liabilities	**393,294**	427,375	**4,729**
Reserve for Employee Bonuses	**1,057**	916	**12**
Reserve for Directors' Bonuses	**64**	45	**0**
Reserve for Employee Retirement Benefits	**16,226**	15,469	**195**
Reserve for Directors' Retirement Allowances	**321**	344	**3**
Deferred Tax Liabilities for Land Revaluation	**7,366**	7,426	**88**
Acceptances and Guarantees	**34,828**	42,791	**418**
Total Liabilities	**30,258,547**	27,397,921	**363,903**
Total Net Assets	**1,025,172**	1,002,570	**12,329**
Total Liabilities and Net Assets	**31,283,720**	28,400,491	**376,232**

Non-Consolidated Statements of Income

Shinkin Central Bank For the years ended March 31,	Millions of Yen 2011	2010	Millions of U.S. Dollars 2011
Income			
Interest Income:	**278,927**	291,793	**3,354**
Interest on Loans and Discounts	**52,480**	65,437	**631**
Interest on Due from Banks	**6,912**	12,207	**83**
Interest on Call Loans	**2,322**	2,683	**27**
Interest on Receivables under Resale Agreements	**148**	105	**1**
Interest on Receivables under Securities Borrowing Transactions	**232**	463	**2**
Interest and Dividends on Securities	**212,586**	194,230	**2,556**
Interest Receivable on Interest Rate Swaps	**–**	9,876	**–**
Others	**4,244**	6,787	**51**
Fees and Commissions	**7,208**	7,532	**86**
Trading Income	**12,567**	9,327	**151**
Other Operating Income	**30,454**	38,365	**366**
Other Income	**8,899**	23,071	**107**
Total Income	**338,057**	370,090	**4,065**
Expenses			
Interest Expenses:	**223,479**	227,347	**2,687**
Interest on Deposits	**116,130**	149,523	**1,396**
Interest on Debentures	**55,777**	57,062	**670**
Interest on Borrowed Money	**12,571**	13,242	**151**
Interest on Call Money	**565**	633	**6**
Interest on Payables under Repurchase Agreement	**1**	62	**0**
Interest on Payables under Securities Lending Transactions	**5,214**	2,827	**62**
Interest Payable on Interest Rate Swaps	**29,909**	–	**359**
Others	**3,308**	3,994	**39**
Fees and Commissions	**7,841**	8,070	**94**
Trading Losses	**774**	595	**9**
Other Operating Expenses	**23,242**	30,420	**279**
General and Administrative Expenses	**26,080**	25,355	**313**
Other Expenses	**18,564**	61,073	**223**
Total Expenses	**299,982**	352,862	**3,607**
Income before Income Taxes	**38,074**	17,228	**457**
Income Taxes			
Current	**61**	106	**0**
Deferred	**10,625**	(11,244)	**127**
Total Income Taxes	**10,687**	(11,137)	**128**
Net Income	**27,387**	28,365	**329**

	Yen 2011	2010	U.S. Dollars 2011
Net Income Per Share	**5,365.65**	6,225.46	**64.52**
Dividend Declared per Share (Common Shares)	**2,500.00**	2,500.00	**30.06**
Dividend Declared per Share (Preferred Shares)	**6,500.00**	6,500.00	**78.17**

International Directory (As of July 31, 2011)

Deputy President
(in charge of International Planning)
Junichi Hattori

Senior Managing Director
(in charge of International/ Treasury Operations)
Katsuo Akiyama

Managing Director
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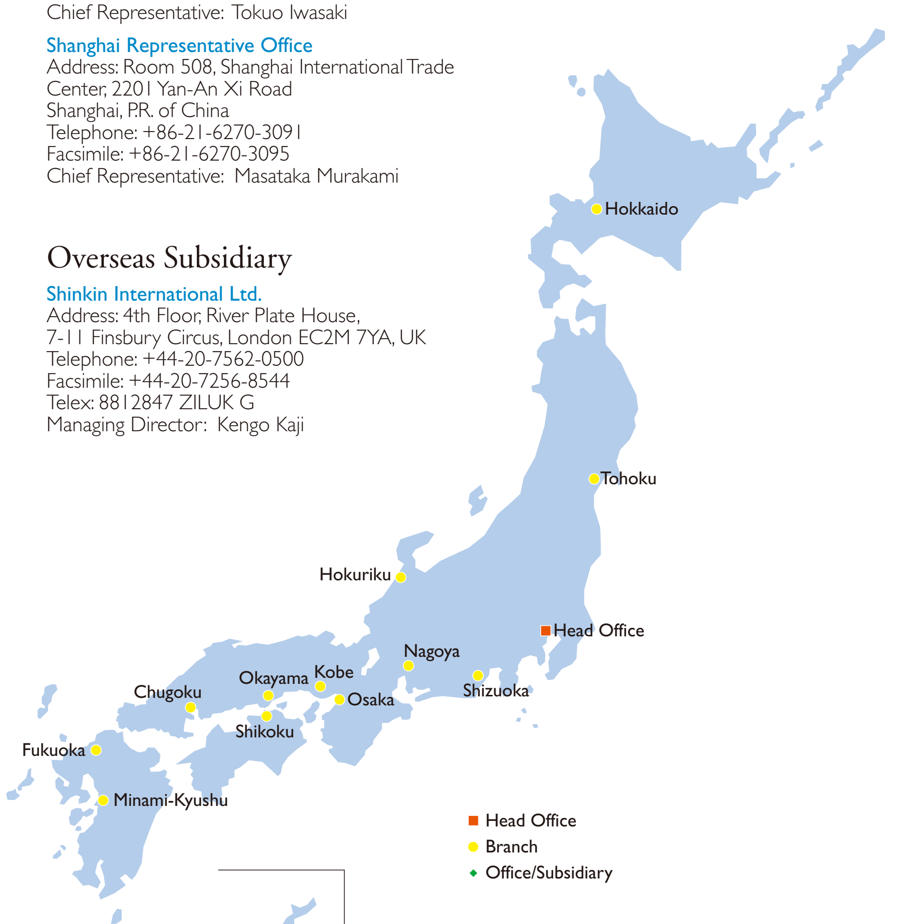

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