



Shinkin Central Bank
Annual Report 2012

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 ¥122 trillion (equivalent to \$1,490 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, 2012)

Name:	Shinkin Central Bank (SCB)
Establishment:	June 1, 1950
Number of Employees:	1,142
Domestic Network:	14
Overseas Network:	4
Total Assets:	¥31,126 billion (\$378 billion)
Total Funds:	¥29,607 billion (\$360 billion)
Paid-in Capital:	¥490 billion (\$5,971 million)
(Preferred Shares):	¥90 billion (\$1,106 million)
Capital Adequacy Ratio (Consolidated):	32.43%
Number of Member Shinkin Banks:	271
Long-term Credit Ratings:	A1 (Moody's) A+ (S&P) A+ (R&I) AA (JCR)

(As of July 31, 2012)

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, 2012.



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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 ¥82.22 per dollar; the prevailing rate on March 31, 2012.

Financial Highlights (Non-Consolidated Financial Summary)

Shinkin Central Bank For the years ended March 31,	Millions of Yen			Millions of U.S. Dollars		
	2012	2011	2010	2012	2011	2010
For the Fiscal Year						
Total Income	¥ 370,260	¥ 338,057	¥ 370,090	\$ 4,503	\$ 4,065	\$ 3,977
Total Expenses	334,957	299,982	352,862	4,073	3,607	3,792
Net Income (Loss)	29,007	27,387	28,365	352	329	304
Net Business Profit (Loss)	45,451	49,949	56,180	552	600	603
At the Year-end						
Total Assets	¥30,049,035	¥31,283,720	¥28,400,491	\$365,471	\$376,232	\$305,217
Loans and Bills Discounted	5,374,685	5,254,796	6,263,796	65,369	63,196	67,316
Securities	20,624,250	21,547,910	17,324,312	250,842	259,145	186,182
Total Liabilities	28,975,645	30,258,547	27,397,921	352,416	363,903	294,443
Deposits	21,609,051	21,581,162	19,736,289	262,819	259,544	212,104
Debentures	3,965,870	4,340,630	4,815,810	48,234	52,202	51,755
Net Assets	1,073,389	1,025,172	1,002,570	13,055	12,329	10,774

U.S. dollar amounts are converted for convenience only, at ¥93.05, ¥83.15 and 82.22 per dollar; the prevailing rate on March 31, 2010, 2011 and 2012 respectively.
Total assets and total funds amounted to ¥31,126 billion (\$378 billion) and ¥29,607 billion (\$360 billion) of the average balance at the year ended March 31, 2012.

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.

Earnings Performance for Fiscal 2011

The SCB launched its three-year Medium-Term Action Program 2010 in the fiscal year ended March 31, 2011 (fiscal 2010) with a view to building a stable and solid financial base. In fiscal 2011, we made progress with building our portfolio to improve net interest margin and maintain stable income. From the middle of the year, we made conservative investments in preparation for further deterioration in market conditions in response to growing concerns over the European sovereign debt crisis. As a result, in fiscal 2011, on a non-consolidated basis, the SCB achieved net income amounting to ¥29.0 billion, thereby ensuring a profit that was roughly in line with the initial performance forecast.

Post-Great East Japan Earthquake Assistance for Recovery and Reconstruction and Progress Report on Medium-Term Management Plan

Regarding the provision of post-Great East Japan Earthquake assistance for recovery and reconstruction as a top priority for fiscal 2011, the SCB provided business and financial support in response to the demands and needs that came from the shinkin banks in the disaster-affected areas. In addition, we made every effort to contribute to recovery and reconstruction as quickly as possible, for example by expanding the sales channels for providing assistance to shinkin bank customers and setting up reconstruction support funds, and mobilized the shinkin bank sector as a whole.

For the second year of the medium-term management plan, we enhanced our preparedness to assist shinkin bank customers that are expanding overseas, for example by deepening business alliances with local banks in other Asian countries. In addition, we improved our preparedness to provide assistance with regard to shinkin bank efforts aimed at resolving the problems faced by regional businesses and SMEs, such as working to make management improvements and revitalizing shinkin bank customers or providing local revitalization consultation in collaboration with shinkin banks.

Business Strategies for Fiscal 2012

The SCB has positioned fiscal 2012, the final year of the medium-term management plan, as “the year in which we aim for greater heights far into the future.” In addition to providing ongoing and timely assistance in response to the needs of the disaster-affected areas as they head toward recovery and reconstruction following the Great East Japan Earthquake, we will enhance and strengthen assistance covering management improvements and revitalization of shinkin bank customers as a Financing Facilitation Act exit strategy. Furthermore, we will further strengthen our preparedness to provide assistance to shinkin bank customers expanding overseas with, for example, the plan to set up a representative office in Bangkok in October 2012. We will also enhance and strengthen business models that take full advantage of the shinkin bank network—said to be the true source of the shinkin bank sector's strength—by such means as providing sales channel-expanding assistance via Internet sites.

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 2012

Mitsuo Tanabe
President and Chief Executive Officer

Corporate Management and Auditors

(As of July 31, 2012)

Chairman of the Board of Directors (Part-Time)

Koji Omae

President and Chief Executive Officer

Mitsuo Tanabe

Deputy President

Junichi Hattori

Senior Managing Director

Katsuo Akiyama

Managing Directors

Hiroyuki Shibata

Kazuyuki Okura

Mikio Ichianagi

Akira Ito

Directors

Hajime Hioki

Masami Fujita

Yasuhiko Hori

Norihiro Takano

Director and Senior Adviser

Shoji Mori

Directors (Part-Time)

Shinji Sugiyama

Takashi Ono

Tomio Makino

Shoichi Yokoyama

Kazumi Saito

Kazuhiko Jinbo

Koji Sato

Shigeharu Obayashi

Kenichiro Mimuro

Jiro Ogawa

Yukio Kashima

Masuo Kajita

Hiroyuki Hashimoto

Kazuyuki Takaki

Yasumasa Yamamoto

Hidetaka Nakamura

Tadatoshi Inaba

Auditor

Osamu Taniguchi

Auditors (Part-Time)

Yasuo Yamaguchi

Yutaka Nunogaki

Hiroshi Nakachi

Masamichi Narita



Koji Omae

Chairman of the Board of Directors



Mitsuo Tanabe

President and Chief Executive Officer



Junichi Hattori

Deputy President



Katsuo Akiyama

Senior Managing Director

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, 2012, of ¥29,607 billion (equivalent to \$360 billion), and total assets averaged ¥31,126 billion (equivalent to \$378 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, 2012)

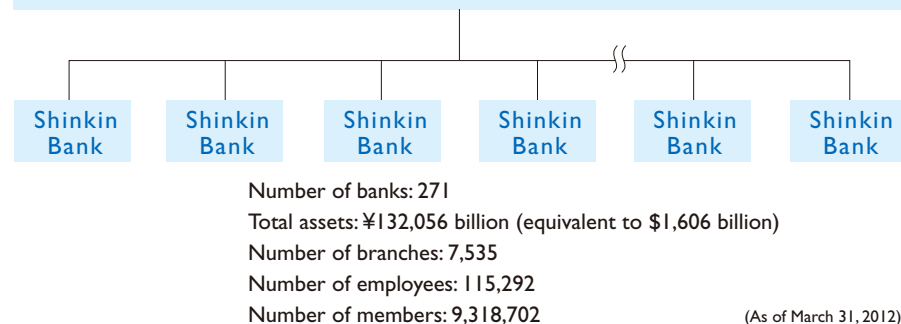
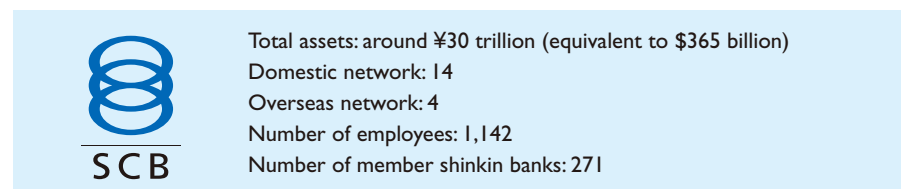
The number of our overseas correspondent banks amounts to 247, with main branches covering 50 countries worldwide, as of the end of March 2012.



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.



Roles

Central Bank for Shinkin Banks

(I) 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 ¥122 trillion (equivalent to \$1,490 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, 2012, the SCB settled domestic exchange transactions with a substantial total value of ¥221 trillion (equivalent to \$2,693 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, 2012, the SCB maintained assets under management of ¥30,467 billion (equivalent to \$370 billion). Of this total, the SCB invested ¥20,917 billion (equivalent to \$254 billion) in securities, in the form of government bonds, municipal bonds, corporate bonds and foreign securities and ¥3,575 billion (equivalent to \$43 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.

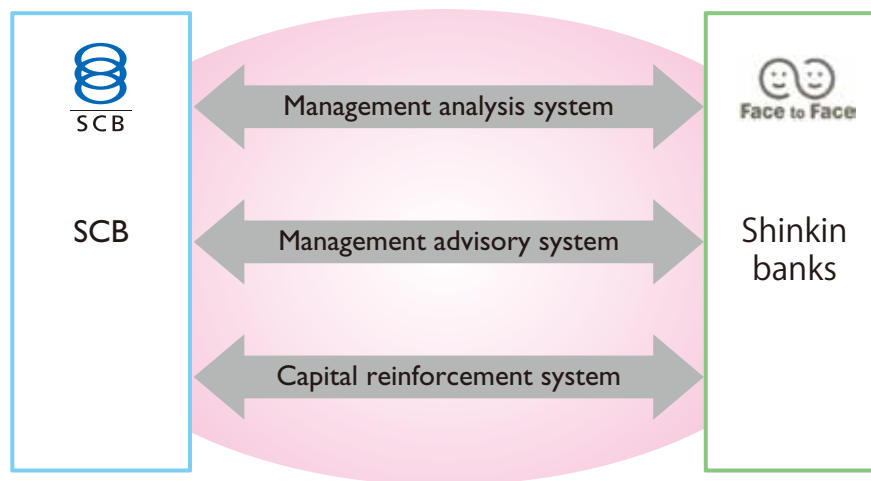
These operations are conducted either by the SCB itself or through its subsidiaries.

(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

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 \$364 million).

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

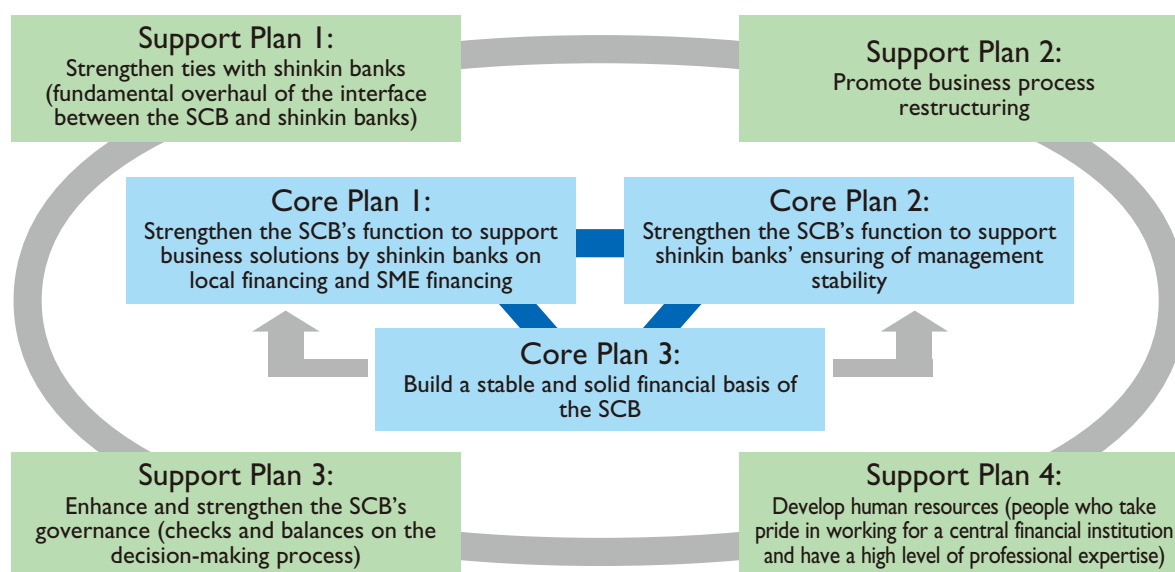
Progress in the SCB Medium-Term Action Program 2010

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 busi-

ness 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, Bank of China and Bank International Indonesia 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

Overall Framework of the Management Strategy



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 2011, the SCB achieved net income amounting to ¥29 billion (equivalent to \$352 million).

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.

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.

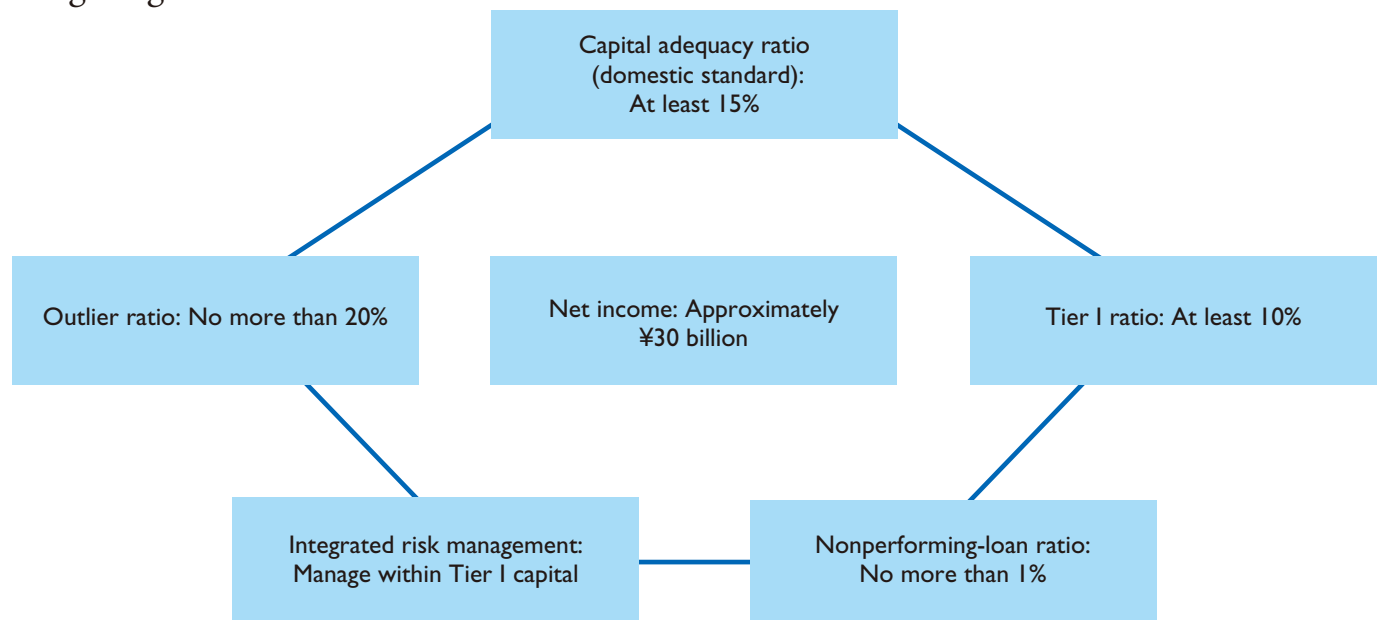
GUIDELINE OF ACTION

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

Target figures



Efforts Aimed at Recovery from the Great East Japan Earthquake

In fiscal 2011, the SCB committed to the following measures, which were regarded as priority assistance issues toward recovery and reconstruction following the Great East Japan Earthquake.

Provision of Products to Assist Those Affected by the Great East Japan Earthquake

As a result of the nationwide promotion at shinkin banks from May to December of “Shinkin Earthquake Reconstruction Assistance Fixed-Term Deposits,” which donated 0.25% of the total amount raised, shinkin banks accordingly raised a total of ¥162.8 billion, of which ¥407 million was donated to the welfare foundation, Central Community Chest of Japan.

In collaboration with our subsidiary Shinkin Asset Management Co., Ltd., we launched the “Shinkin Reconstruction Assistance Scholarship Fund” in June. This fund invests in government bonds and stocks related to reconstruction assistance in the disaster-affected areas and donates a portion of the trust fee with a view to supporting the education and lives of affected children. For the first round of donations approximately ¥4 million in relief money was given to the Ashinaga, the scholarship foundation in Japan, in January 2012.

Implementation of Volunteer Activities by Shinkin Bank Executives and Employees in Disaster-Hit Areas

In light of the importance of volunteer activities in the areas affected by the Great East Japan Earthquake, executives and employees from related organizations, including the SCB and shinkin banks throughout Japan, initiated volunteer activities.

Centered on the SCB's Disaster Recovery & Reconstruction Support Office, these activities included providing such assistance as providing means of transportation, making accommodation arrangements and coordinating with volunteer centers. In Iwate and Miyagi prefectures the work carried out by executives and employees included the removal of debris.

Assistance with Expanding Sales Channels for Shinkin Bank Customers in Tohoku Region

In order to assist shinkin bank customer SMEs in the Tohoku region in expanding their sales channels, we collaborated with the Tohoku Shinkin Bank Association and produced a catalogue, in which details of the customers' products were published.

Support for Shinkin Banks in Disaster-Affected Areas through Revised Act on Special Measures for Strengthening Financial Functions

In November, the National Association of Shinkin Banks (Zenshinkyo) and the SCB established a new support system to allow the use of the special measure—known as the Act on Special Measures for Strengthening Financial Functions (hereinafter “the Financial Functions Strengthening Act”)—toward recovery and reconstruction

of the disaster-affected areas and to enable the shinkin banks in the disaster-affected areas to perform smooth financial intermediary functions over the long term.

Four shinkin banks sustained heavy damage in the earthquake. In order for them to fulfill the role as a force for regional finance and contribute to the reconstruction of their local economies, shareholder equity was enhanced and the building up of robust financial bases deemed necessary. In February 2012, their capital was enhanced by a total of ¥63.0 billion, ¥54.7 billion of which was government capital participation, based on the Financial Functions Strengthening Act.

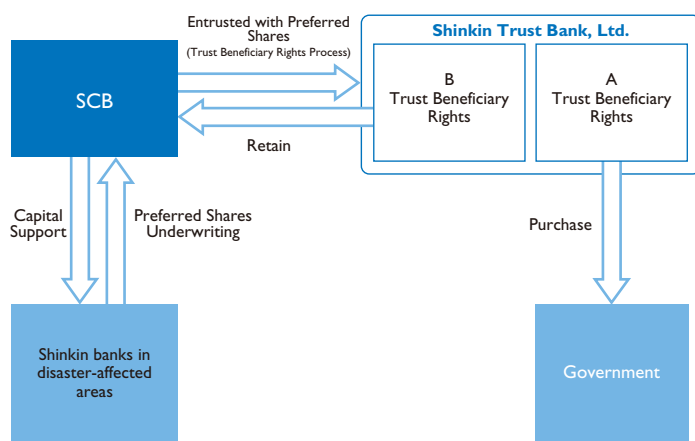
The SCB will endeavor to thoroughly support initiatives—such as personnel dispatch, giving advice covering shinkin bank policies and monitoring—enabling the four shinkin banks to demonstrate strong financial intermediary capabilities and to steadily implement measures that will contribute to the reconstruction of the disaster-affected regions.

Commencement of Shinkin no Kizuna Reconstruction Support Fund Operations

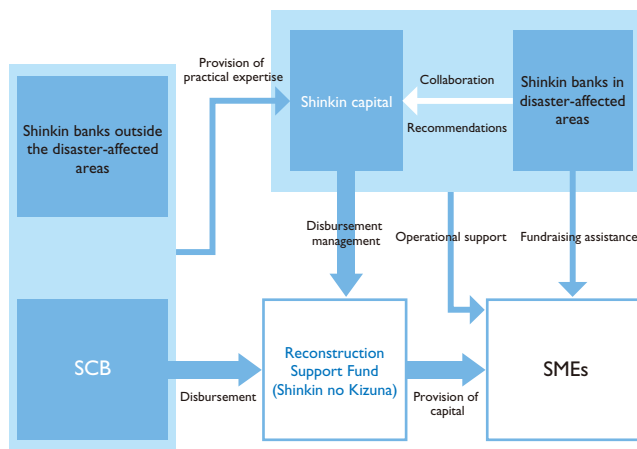
With regard to the SMEs working to rebuild and revitalize their businesses in the disaster-affected areas, in December 2011, the SCB set up the reconstruction support fund named “Shinkin no Kizuna” (“Kizuna” means bonds in English.). This scheme provides capital funds for SMEs directly in order to enable shinkin banks to maintain the same relationships as before with SMEs.

In March 2012, the decision was taken to invest in the first project, and in June new investments were made in four shinkin bank customer companies.

Capital Participation Scheme through Act on Special Measures for Strengthening Financial Functions



Reconstruction Support Fund Scheme



Overseas Network

The SCB has overseas offices in New York, Hong Kong, London and Shanghai. These offices actively gather and analyze information on local economy and financial markets and facilitate the SCB's support for shinkin banks.

Currently, preparations to set up a representative office in Bangkok, Thailand, in October 2012 are ongoing, and it is expected that the establishment of the new office will further enhance active expansion of shinkin bank customers in Asia.

New York Representative Office

Ever since Overseas Economic Institute of Shinkin Central Bank opened its New York office in November 1983, the New York Representative Office conducts research on U.S. markets and assists its Head Office to explore new investment opportunities. Taking advantage of its location in the center of the global financial activities, the New York Representative Office identifies the latest trends in the financial markets and obtains vital information for the SCB's treasury operations.

As a common U.S. infrastructure for the shinkin bank industry, the New York office enthusiastically provides shinkin banks with information on the fast-changing U.S. economy and financial market, offering a wide range of support including accepting trainee from shinkin banks.

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 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 office 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 eighth place in the 2010 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 2010, the SCB formed business alliance with Bangkok Bank, Thailand's largest bank and Bank of Communications, which is based in Shanghai, China. In May 2011, the SCB initiated a business alliance with Bank of China, which is headquartered in Beijing. In July 2012, the SCB entered into a business alliance with Bank International Indonesia which is based in Jakarta, Indonesia. 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 Channels

Supply of Information

With regard to shinkin banks and their customers, in addition to such printed materials as International Business Support Office Monthly and China Business Guidebook, we are supplying the up-to-date information in a variety of formats, for example by holding overseas investment seminars. From time to time we also provide investment climate survey reports that focus on Asia and the latest information from overseas network.

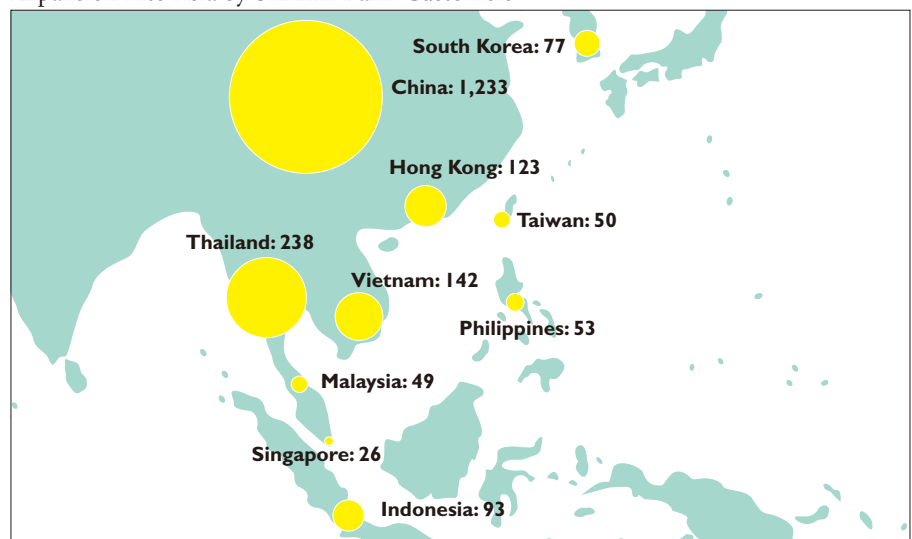
We use overseas network in Hong Kong and China as venues for holding information exchange meetings for shinkin bank customers that are expanding overseas.

Trade and Investment Consultation

Staff with expertise hold phone- or interview-format trade and investment consultations for the benefit of shinkin bank customers that are either expanding or conducting business transactions overseas or for shinkin bank customers examining the prospects for overseas business or new transactions.

In the case of the trade and investment consultations, staff with indispensable expertise in overseas business operations offer consultation support based on the individual needs of customers, such as by providing information on the local investment environment, local legal issues and domestic and overseas market trends. These are well received by shinkin bank customers that are working to eliminate the anxieties related to overseas expansion or to resolve local issues.

Expansion into Asia by Shinkin Bank Customers



Source: Ninth Survey on the Overseas Business of Shinkin Bank Customers (2012).

Business Overview

Earnings Performance

Reviewing the SCB's operating results for fiscal 2011, operating income increased by ¥33 billion (equivalent to \$411 million) or 10.0% to ¥370 billion (equivalent to \$4,502 million). This result was mainly attributable to such factors as an increase in gain on sales of such instruments as bonds thanks to lowering interest rate. Meanwhile, operating expenses increased by ¥34 billion (equivalent to \$425 million) or 11.6% to ¥334 billion (equivalent to \$4,069 million). This result was mainly attributable to such factors as a significant increase in loss on sales of bonds and expenses on derivatives other than for trading or hedging.

As a result, ordinary income decreased by ¥1 billion (equivalent to \$13 million) from the previous fiscal year to a profit of ¥35 billion (equivalent to \$432 million). Net income increased by ¥1.6 billion (equivalent to \$197 million) from the previous fiscal year to a net profit of ¥29 billion (equivalent to \$352 million).

Funding

During fiscal 2011, the total amount of funding decreased by ¥1,345 billion (equivalent to \$1,636 million) or 4.5% to ¥28,398 billion (equivalent to \$345,401 million) at the end of the fiscal year.

Deposits received during the fiscal year was ¥21,608 billion (equivalent to \$262,814 million), which was almost the same amount in fiscal year 2010.

The SCB issued ¥579 billion (equivalent to \$7,044 million) worth of debentures during the fiscal year. The outstanding amount of debentures decreased by ¥374 billion (equivalent to \$4,557 million) or 8.6% to ¥3,965 billion (equivalent to \$48,234 million).

Asset Management

The amount of assets under management in fiscal 2011 decreased by ¥1,095 billion (equivalent to \$13,321 million) or 3.5% to ¥29,652 billion (equivalent to \$360,650 million).

Owing to a decrease in foreign government bonds, the outstanding amount of invested securities decreased by ¥923 billion (equivalent to \$11,233 million), or 4.2%, during the fiscal year, to ¥20,624 billion (equivalent to \$250,841 million) at the end of the fiscal year.

Loans and bills discounted increased by ¥119 billion (equivalent to \$1,457 million) or 2.2% during the fiscal year to ¥5,374 billion (equivalent to \$65,368 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 ¥55 billion (equivalent to \$676 million) or 15.1% to ¥312 billion (equivalent to \$3,795 million).

Owing to an increase by national or governmental agencies and organizations, the amount of direct loans increased by ¥109 billion (equivalent to \$1,326 million) or 2.3%. The outstanding amount of direct loans was ¥4,717 billion (equivalent to \$57,378 million) at the end of the fiscal year.

The outstanding amount of short-term money market assets decreased by ¥265 billion (equivalent to \$3,230 million), or 7.9%, during the fiscal year, to ¥3,085 billion (equivalent to \$37,522 million). This decrease primarily reflected decreases in monetary claims and call loans.

Securities

As of March 31, 2012, the outstanding amount of securities was ¥20,624 billion (equivalent to \$250,841 million). Government bonds, corporate bonds and other domestic securities accounted for ¥16,089 billion (equivalent to \$195,693 million) while foreign securities accounted for ¥4,534 billion (equivalent to \$55,148 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.

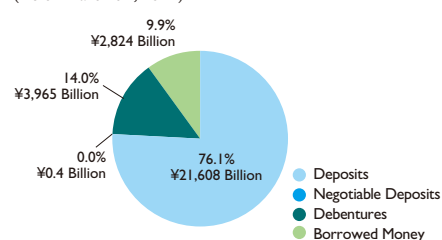
In order to advance its diversified investment portfolio, the SCB also invests risk assets such as stocks which are not related interest risk.

Loans and Bills Discounted

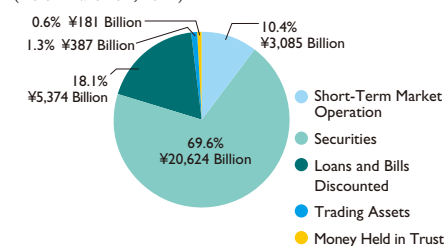
The SCB has conducted a variety of loan businesses. As of March 31, 2012, the outstanding amount of loans and bills discounted was ¥5,374 billion (equivalent to \$65,368 million).

Out of the total loans and bills discounted, agency loans to shinkin bank customers (small and medium-sized businesses) through shinkin banks accounted for ¥312 billion (equivalent to \$3,795 million), while direct loans to parties such as national or governmental agencies and organizations, regional public corporations and charitable organizations accounted for ¥2,319 billion (equivalent to \$28,212 million). Direct loans to business corporations accounted for ¥2,296 billion (equivalent to \$27,925 million).

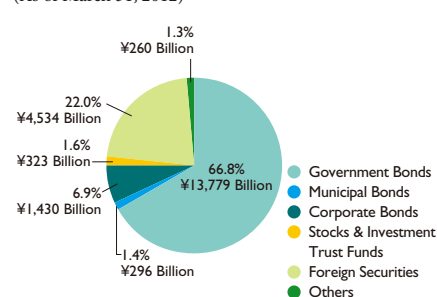
Breakdown of Funding
(As of March 31, 2012)



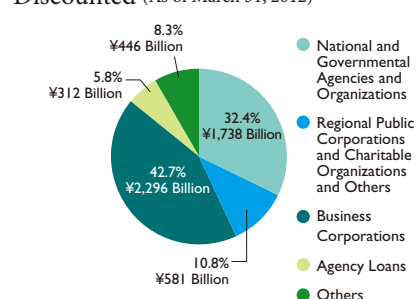
Breakdown of Asset Management
(As of March 31, 2012)



Breakdown of Securities
(As of March 31, 2012)



Breakdown of Loans and Bills Discounted
(As of March 31, 2012)



Ordinary Income and Net Income (Non-Consolidated)

(Millions of Yen)

	FY2007	FY2008	FY2009	FY2010	FY2011
Ordinary Income (Loss)	48,947	(220,090)	17,186	36,662	35,575
Net Income (Loss)	34,830	(183,812)	28,365	27,387	29,007

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. In June 2009 the SCB raised ¥200 billion (equivalent to \$2,432 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 0.67 percentage points year-on-year to 32.43% as of March 31, 2012, measured by the domestic standard. Calculated according to the BIS standard, the consolidated capital adequacy ratio was 30.36%.

The amount of capital, which is the numerator for calculating the capital adequacy ratio, increased by ¥34 billion (equivalent to \$419 million), or 2.5%, to ¥1,379 billion (equivalent to \$16,776 million).

Risk assets, which are the denominator for calculating the capital adequacy ratio, increased by ¥19 billion (equivalent to \$238 million), or 0.4%, to ¥4,253 billion (equivalent to \$51,729 million).

Risk Management and Capital Adequacy Assessment

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.

Capital Adequacy Ratio

(%, billions of yen)

			FY2007	FY2008	FY2009	FY2010	FY2011
Consolidated	Capital Adequacy Ratio	BIS Standard	15.84	—	—	—	—
		Domestic Standard	—	22.56	28.17	31.76	32.43
	Amount of Capital	BIS Standard	886	—	—	—	—
		Domestic Standard	—	1,137	1,312	1,344	1,379
	Amount of Risk-weighted Assets	BIS Standard	5,595	—	—	—	—
		Domestic Standard	—	5,041	4,659	4,233	4,253
Non-Consolidated	Capital Adequacy Ratio	BIS Standard	15.64	—	—	—	—
		Domestic Standard	—	22.43	28.06	31.78	32.54

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 30.36% and the non-consolidated capital adequacy ratio was 30.50% as of March 31, 2012.

Asset Quality

Risk-Monitored Loans

The amount of risk-monitored loans as of the end of March 2012 was ¥415 million (equivalent to \$5 million) for loans to bankrupt borrowers, ¥12,380 million (equivalent to \$150 million) for delinquent loans, ¥77 million (equivalent to \$0.9 million)

for loans past due three months or more, and ¥23,725 million (equivalent to \$288 million) for restructured loans. Total risk-monitored loans increased by ¥17,375 million (equivalent to \$211 million) to ¥36,599 million (equivalent to \$445 million) during the

fiscal year.

The ratio of total risk-monitored loans to total loans remained as low as 0.68%, and the soundness of the SCB's loan assets remained high.

Risk-Monitored Loans (Non-Consolidated)

(Million yen, %)

	End of March 2011	End of March 2012	Increase or decrease
Loans to Bankrupt Borrowers	599	415	(184)
Delinquent Loans	12,122	12,380	258
Loans Past Due Three Months or More	295	77	(218)
Restructured Loans	6,207	23,725	17,518
Total Risk-Monitored Loans (A)	19,224	36,599	17,375
Partial direct write-offs	659	1,022	363
Total Loans (B)	5,254,796	5,374,685	119,889
Ratio of Total Risk-Monitored Loans to Total Loans (%) (A/B)	0.36	0.68	0.32

Risk-Monitored Loans (Consolidated)

(Million yen, %)

	End of March 2011	End of March 2012	Increase or decrease
Loans to Bankrupt Borrowers	599	415	(184)
Delinquent Loans	12,122	12,380	258
Loans Past Due Three Months or More	295	77	(218)
Restructured Loans	6,207	23,725	17,518
Total Risk-Monitored Loans (A)	19,224	36,599	17,375
Partial direct write-offs	659	1,022	363
Total Loans (B)	5,254,813	5,374,701	119,888
Ratio of Total Risk-Monitored Loans to Total Loans (%) (A/B)	0.36	0.68	0.32

Asset Assessment under the Financial Reconstruction Law

As of the end of March, 2012, bankrupt and quasi-bankrupt assets amounted to ¥1,762 million (equivalent to \$21 million), doubtful assets were ¥11,033 million (equivalent to \$134 million), and substandard assets were ¥23,803 million (equivalent to \$289 million).

Accordingly, the total amount of bad debts under the Financial Reconstruction Law increased by ¥17,375 million (equivalent to \$211 million) to ¥36,599 million (equivalent to \$445 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 72.88%.

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, %)

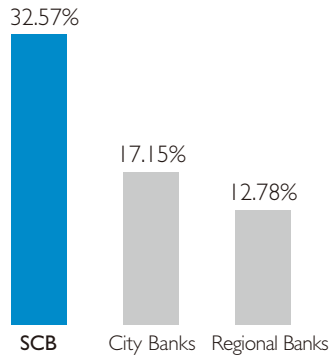
	End of March 2011	End of March 2012	Increase or decrease
Bankrupt and Quasi-Bankrupt Assets	1,356	1,762	406
Doubtful Assets	11,365	11,033	(332)
Substandard Assets	6,502	23,803	17,301
Total Claims under the FRL (A)	19,224	36,599	17,375
Normal Claims	5,280,703	5,395,073	114,370
Partial direct write-offs	659	1,022	363
Total Loans (B)	5,299,928	5,431,673	131,745
Ratio of Total Claims under the FRL to Total Loans (%) (A/B)	0.36	0.67	0.31
Total Coverage Amounts on Disclosed Claims under the FRL (C)	18,114	26,674	8,560
Coverage Ratio (%) (C/A)	94.22	72.88	(21.34)

Important Management Indices

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

Capital Adequacy Ratio (%)

(As of September 30, 2011)



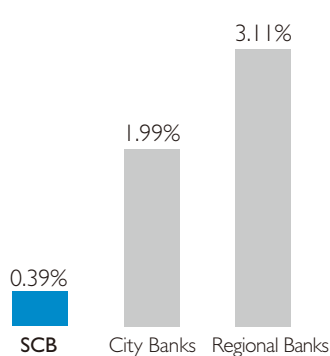
32.43%

(As of March 31, 2012)

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, 2011)



0.68%

(As of March 31, 2012)

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

Long-Term Credit Rating

(As of July 31, 2012)

A1	A ⁺	A ⁺	AA
Moody's	S&P	R&I	JCR

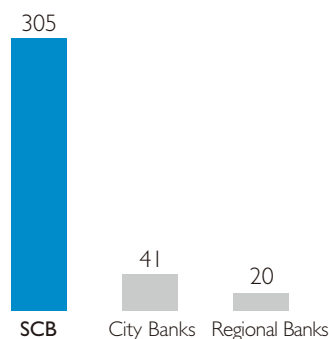
Note Symbols indicating credit rating are assigned by each rating agency.

The SCB promotes streamlining of management through continuous drastic restructuring.

Funds per Employee

(Millions of U.S. dollars)

(As of September 30, 2011)



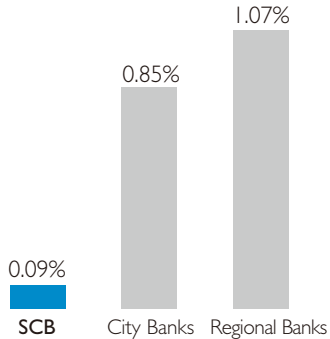
\$271 MILLION

(As of March 31, 2012)

Notes 1. Total funds = Deposits+CDs+Debentures
2. US dollar amounts are converted for convenience only, at ¥76.62 and ¥82.22 per dollar, the prevailing rate on September 30, 2011 and March 31, 2012, respectively.
Source Japanese Bankers Association

Ratio of Expenses (%)

(As of September 30, 2011)



0.09%

(As of March 31, 2012)

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, 2012) 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 30 members, 12 full-time directors and 18 part-time directors. It meets regularly nine 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 12 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 audi-

tors 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.

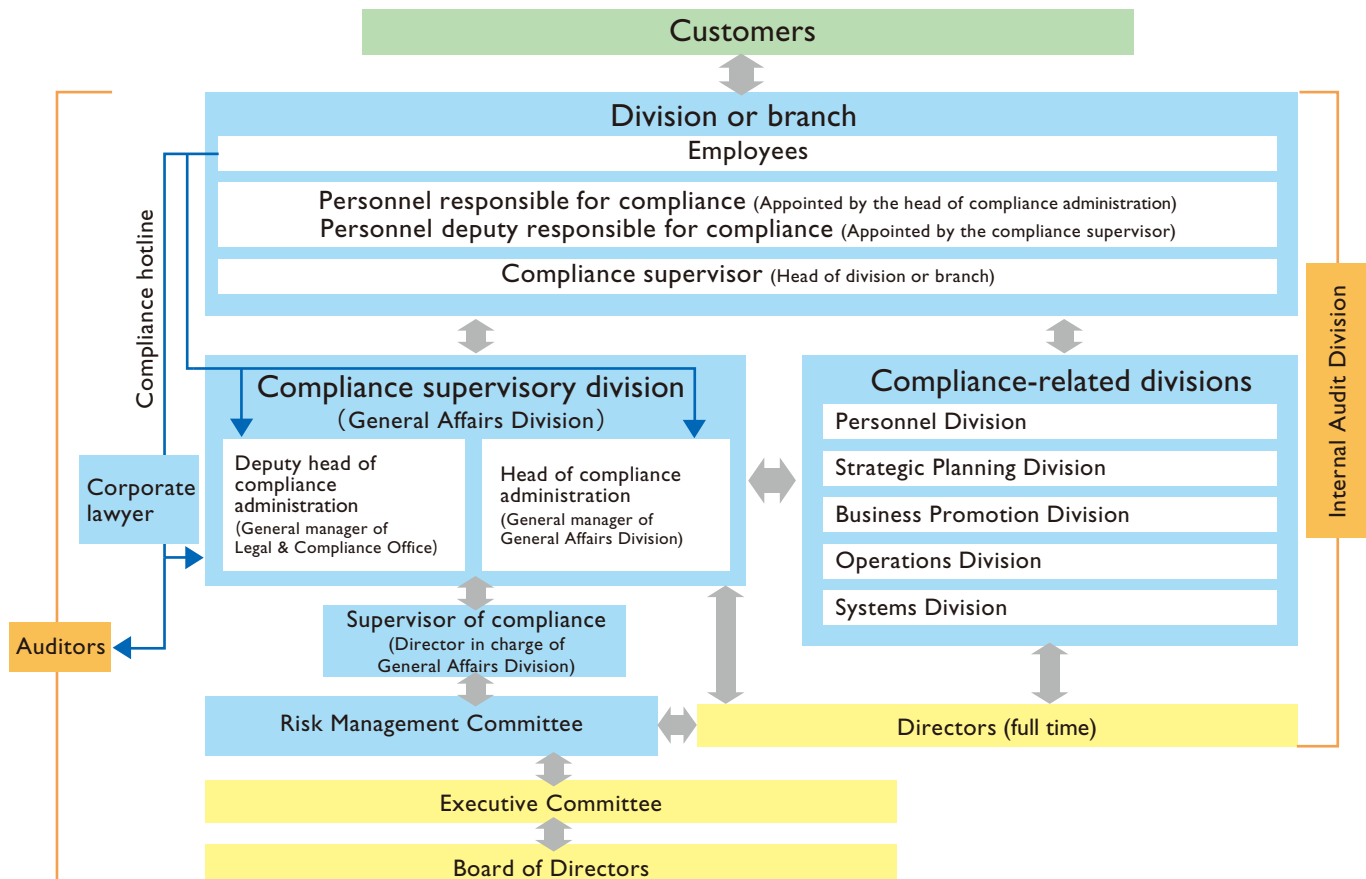
Compliance System

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.

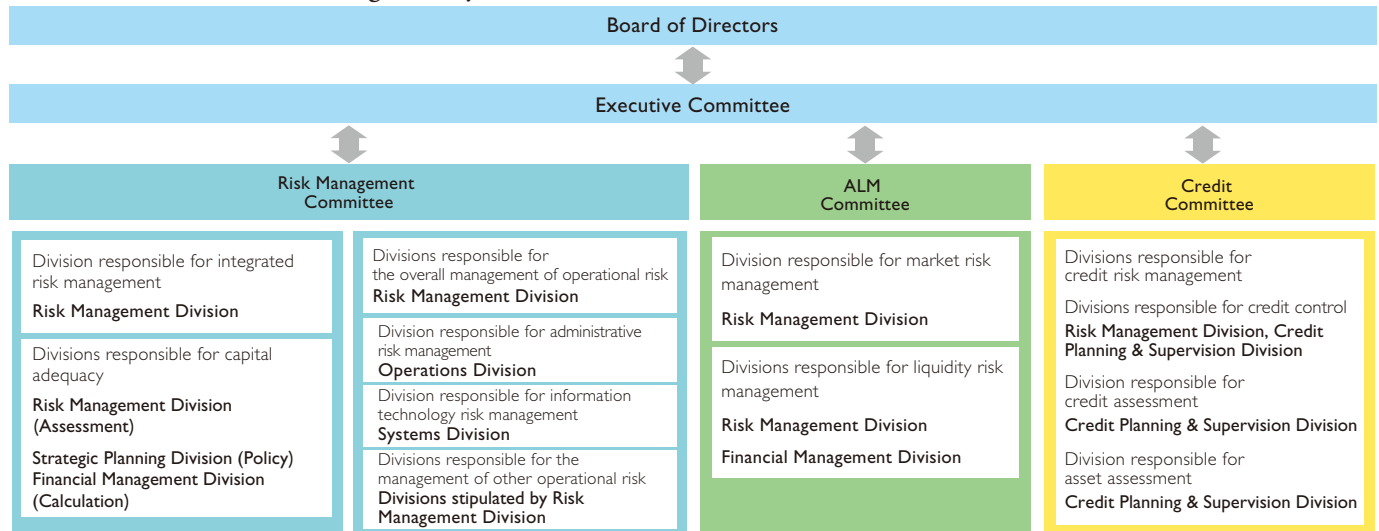
The quantitative risk limits and reserve amounts for each fiscal year are determined by the Executive Committee after deliberation by the Risk Management Committee. The Risk Management Division, which oversees integrated risk management, measures the amount of risk exposure both during and at the end 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.

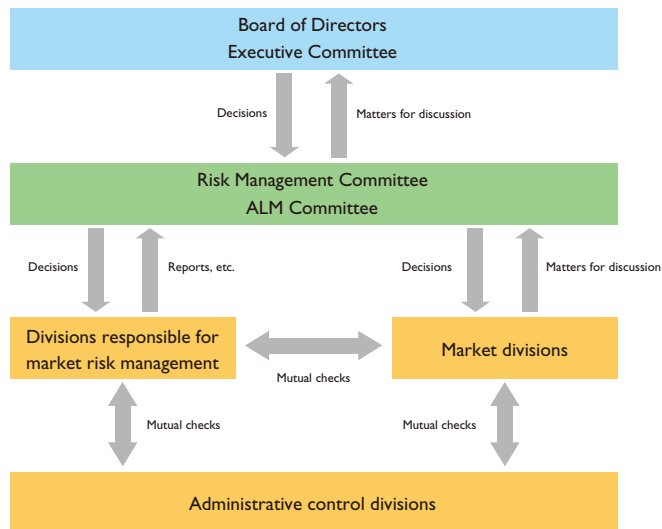
Risk Categories and Definitions

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.

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, 2012, reached approximately ¥122 trillion (equivalent to \$1,490 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.

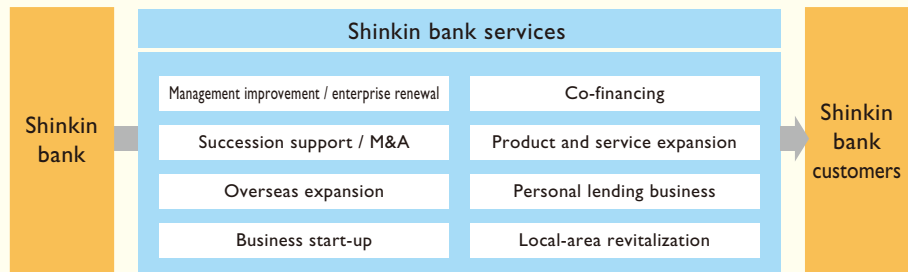
Shinkin banks continue to further deepen their presence and roles as important infrastructure for regional economies and communities.

Deposits Outstanding by Bank Segment (As of March 31, 2012)

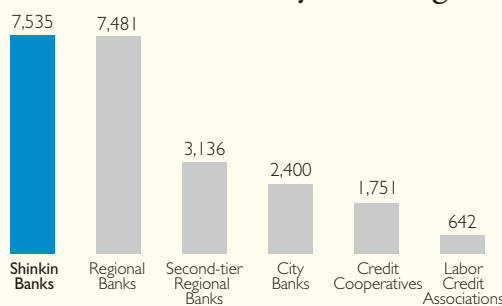
	(Billions of U.S. Dollars)
City Banks	\$3,326
Regional Banks	2,683
Shinkin Banks	1,490
Agricultural Cooperatives	1,072
Second-tier Regional Banks	725
Credit Cooperatives	216
Labor Credit Associations	212

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



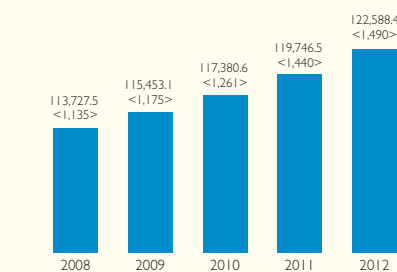
Domestic Branches by Bank Segment (Number of branches)



Note The number of shinkin banks is as of March 31, 2012. The numbers of regional banks, second-tier regional banks, city banks, credit cooperatives and labor credit associations are as of September 30, 2011.

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

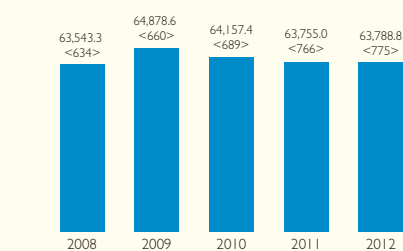
Deposit Outstanding at Shinkin Banks (Billions of Yen)



Note Items in angular brackets are U.S. dollar amounts. U.S. dollar amounts are converted for convenience only at ¥100.16, ¥98.20, ¥93.05 and ¥83.15, 82.22 per dollar; the prevailing rate on March 31, 2008, 2009, 2010, and 2011, 2012 respectively.

Source SCB

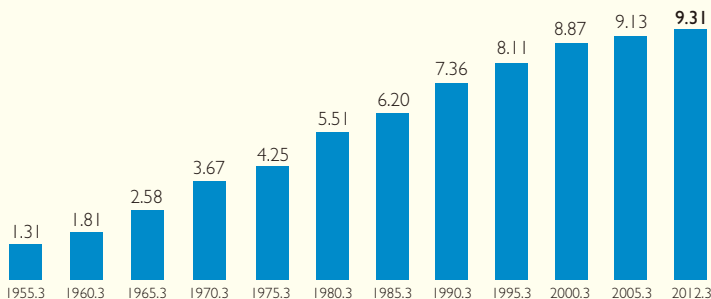
Loan and Bills Discounted Outstanding at Shinkin Banks (Billions of Yen)



Note Items in angular brackets are U.S. dollar amounts. U.S. dollar amounts are converted for convenience only at ¥100.16, ¥98.20, ¥93.05 and ¥83.15, 82.22 per dollar; the prevailing rate on March 31, 2008, 2009, 2010, and 2011, 2012 respectively.

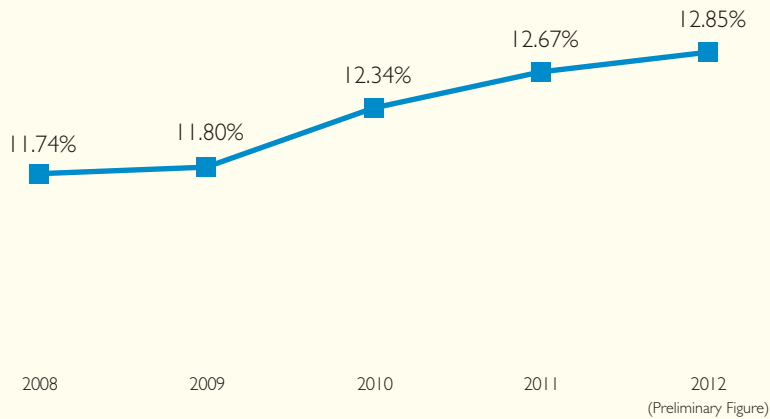
Source SCB

Growth of Number of Shareholders (Millions) (As of March 31, 2012)



Source SCB

Capital Adequacy Ratio of Shinkin Banks



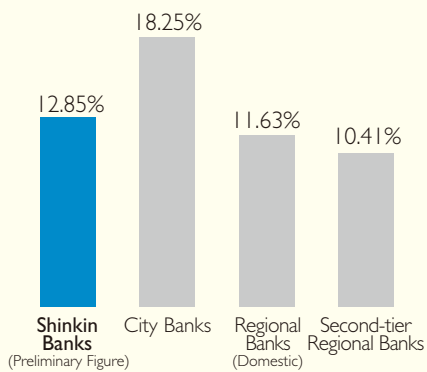
The capital adequacy ratio of shinkin banks as of the end of March 2012 increased by 0.18 percentage point over the previous fiscal period to 12.85% (preliminary figure).

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 domestic regional banks (11.63%) or second-tier regional banks (10.41%).

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

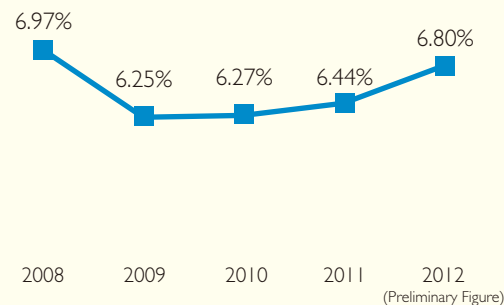
Source SCB

Non-Consolidated Capital Adequacy Ratio by Bank Segment (%) (as of March, 31, 2012)



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 Act	Banking Act
Organization	Cooperative organization	For-profit joint stock corporations
Membership Qualifications	<ul style="list-style-type: none"> 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.

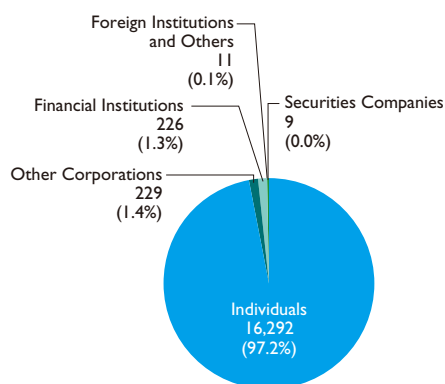
The SCB's preferred shares have the same treatment as stocks in the taxation system, and they are given the same preferential treatment concerning tax as stocks.

For fiscal 2011, a dividend for preferred share was ¥6,500 (equivalent to \$79) per

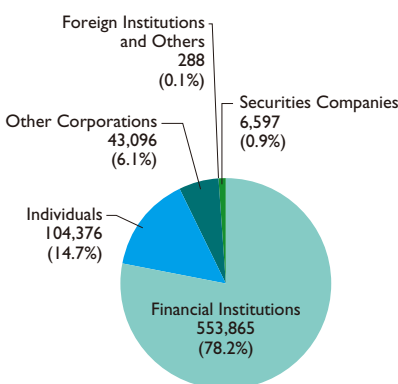
share, which comprised a preferred dividend of ¥3,000 (equivalent to \$36) and a participating dividend of ¥3,500 (equivalent to \$42). For fiscal 2012, a dividend for preferred share is expected to remain ¥6,500 (equivalent to \$79) per share.

Composition of Preferred Shares (March 31, 2012)

• Number of Investors (Total 16,767)



• 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 31, 2012)	162,500

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

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Five-Year Summary (Consolidated)

	(Millions of yen)				
	FY2007	FY2008	FY2009	FY2010	FY2011
Total Income	445,869	484,598	392,849	361,820	395,277
Total Expenses	392,579	701,720	373,135	322,361	357,662
Net Income (Loss)	38,727	(182,518)	29,206	27,887	29,805
Comprehensive Income	—	—	—	35,970	63,791
Net Assets	747,431	443,564	1,020,800	1,043,267	1,092,354
Total Assets	26,400,125	27,505,115	28,575,669	31,502,697	30,248,492
Net Assets per Share (yen)	313,698.61	185,280.93	214,698.35	219,425.69	229,768.12
Net Income (loss) per Share (yen)	15,548.57	(77,531.92)	6,425.11	5,471.96	5,879.26
Dividends	12,603	—	13,370	14,603	14,603
Common Shares	8,000	—	8,767	10,000	10,000
Preferred Shares	4,603	—	4,603	4,603	4,603
Capital Adequacy Ratio (International Standard) (%)	15.84	—	—	—	—
Capital Adequacy Ratio (Domestic Standard) (%)	—	22.56	28.17	31.76	32.43

Notes:

1. Consumption tax and local consumption tax incurred by the Bank and its domestic consolidated subsidiaries are excluded from transaction amounts.
2. Net assets per share was obtained by deducting preferred dividends from net assets and was divided by the number of shares at term-end. This calculation complies with ASBJ (Accounting Standards Board of Japan) statement No. 2, September 25, 2002 “Accounting Standards for Earnings Per Share” and ASBJ Guidance No. 4, September 25, 2002 “Guidance on Accounting Standards for Earnings Per Share”.
3. Net income per share was 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 for Earnings Per Share” and ASBJ Guidance No. 4, September 25, 2002 “Guidance on Accounting Standards for Earnings Per Share”.
4. The Bank’s capital adequacy ratio 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 international standard until fiscal 2007. However, the Bank has adopted domestic standard for fiscal 2008 since overseas branch was closed down in March 2009.
5. Beginning with fiscal 2010, the Bank had adopted the Accounting Standard for Presentation of Comprehensive Income (ASBJ Statement No.25; June 30, 2010).

Consolidated Balance Sheets

Shinkin Central Bank As of March 31,	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2012	2011	2012
Assets			
Cash and Due from Banks (Note 2 (2), 9, 23)	1,963,108	2,026,383	23,876
Bills Bought and Call Loans (Note 23)	663,867	750,984	8,074
Receivables under Resale Agreements (Note 23)	73,990	86,983	899
Receivables under Securities Borrowing Transactions (Note 23)	71,529	93,138	869
Monetary Debts Purchased (Note 23)	392,916	495,643	4,778
Trading Assets (Note 3, 9, 23, 24)	463,463	466,569	5,636
Money Held in Trust (Note 23, 24)	181,193	211,106	2,203
Securities (Note 4, 7, 9, 23, 24)	20,592,299	21,516,667	250,453
Loans and Bills Discounted (Note 5, 6, 9, 23)	5,374,701	5,254,813	65,369
Foreign Exchanges Assets	3,126	4,001	38
Other Assets (Note 9)	292,485	419,077	3,557
Tangible Fixed Assets (Note 8, 13, 22)	74,653	76,745	907
Intangible Fixed Assets (Note 22)	15,778	14,271	191
Deferred Tax Assets (Note 20)	10,853	28,823	132
Customers' Liabilities for Acceptances and Guarantees	102,672	81,515	1,248
Reserve for Possible Loan Losses	(28,069)	(23,811)	(341)
Reserve for Investment Losses	(78)	(215)	(0)
Total Assets	30,248,492	31,502,697	367,897
Liabilities and Net Assets			
Liabilities			
Deposits (Note 23)	21,595,878	21,569,331	262,659
Debentures (Note 12, 23)	3,953,960	4,323,600	48,090
Trading Liabilities (Note 10, 23)	136,023	139,458	1,654
Borrowed Money (Note 9, 11, 23)	792,410	630,950	9,637
Bills Sold and Call Money (Note 9, 23)	497,739	435,272	6,053
Payables under Securities Lending Transactions (Note 9, 23)	1,605,617	2,843,378	19,528
Foreign Exchanges Liabilities	162	144	1
Other Liabilities	441,464	406,050	5,369
Reserve for Employee Bonuses	1,476	1,413	17
Reserve for Directors' Bonuses	69	64	0
Reserve for Employee Retirement Benefits (Note 21)	21,609	20,363	262
Reserve for Directors' Retirement Allowances	529	498	6
Reserve under Specific Law	1	1	0
Deferred Tax Liabilities (Note 20)	23	22	0
Deferred Tax Liabilities for Land Revaluation (Note 13)	6,499	7,366	79
Acceptances and Guarantees	102,672	81,515	1,248
Total Liabilities	29,156,138	30,459,430	354,611
Net Assets			
Common Shares and Preferred Shares (Note 19)	490,998	490,998	5,971
Capital Surplus	100,678	100,678	1,224
Retained Earnings	410,621	395,280	4,994
Total Shareholders' Equity	1,002,298	986,957	12,190
Net Unrealized Gains on Other Securities (Note 20, 24)	156,850	35,783	1,907
Net Deferred Gains(Losses) on Hedging Instruments (Note 20, 25)	(85,557)	2,490	(1,040)
Land Revaluation Excess (Note 13)	14,495	13,875	176
Foreign Currency Translation Adjustments	(4,163)	(3,876)	(50)
Total Accumulated Other Comprehensive Income	81,625	48,272	992
Minority Interests	8,430	8,037	102
Total Net Assets	1,092,354	1,043,267	13,285
Total Liabilities and Net Assets	30,248,492	31,502,697	367,897

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		Millions of U.S. Dollars (Note 1)
	2012	2011	2012
Income			
Interest Income:	264,149	279,303	3,212
Interest on Loans and Discounts	45,247	52,480	550
Interest on Due from Banks	6,215	6,926	75
Interest on Bills Bought and Call Loans	2,639	2,322	32
Interest on Receivables under Resale Agreements	79	148	0
Interest on Receivables under Securities Borrowing Transactions	311	360	3
Interest and Dividends on Securities	206,445	212,809	2,510
Others	3,209	4,255	39
Fees and Commissions (Note 14)	31,861	31,111	387
Trading Income (Note 15)	15,363	12,919	186
Other Operating Income	79,449	29,610	966
Other Income	4,453	8,874	54
Total Income	395,277	361,820	4,807
Expenses			
Interest Expenses:	197,241	223,574	2,398
Interest on Deposits	81,916	116,112	996
Interest on Debentures	46,927	55,693	570
Interest on Borrowed Money	12,716	12,675	154
Interest on Bills Sold and Call Money	827	624	10
Interest on Payables under Repurchase Agreement	8	1	0
Interest on Payables under Securities Lending Transactions	4,415	5,249	53
Others	50,430	33,217	613
Fees and Commissions (Note 14)	10,483	10,808	127
Trading Losses (Note 16)	26	734	0
Other Operating Expenses	85,310	22,984	1,037
General and Administrative Expenses	46,148	45,606	561
Other Expenses (Note 17)	18,451	18,652	224
Total Expenses	357,662	322,361	4,350
Income before Income Taxes and Minority Interests	37,614	39,458	457
Income Taxes (Note 20):			
Current	1,251	790	15
Deferred	6,097	10,437	74
Total Income Taxes	7,349	11,228	89
Income before Minority Interests	30,265	28,230	368
Minority Interests in Net Income	459	342	5
Net Income	29,805	27,887	362

	2012	Yen	2011	U.S. Dollars
				2012
Net Income per Share (Note 28)	5,879.26		5,471.96	71.50
Dividend Declared per Share (Common Shares)	2,500.00		2,500.00	30.40
Dividend Declared per Share (Preferred Shares)	6,500.00		6,500.00	79.05

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)
	2012	2011	2012
Income before Minority Interests	30,265	28,230	368
Other Comprehensive Income (Note 18)	33,526	7,740	407
Net Unrealized Gains on Other Securities	121,067	25,006	1,472
Net Deferred Gains (Losses) on Hedging Instruments	(88,047)	(16,406)	(1,070)
Land Revaluation Excess	793	–	9
Foreign Currency Translation Adjustments	(286)	(860)	(3)
Comprehensive Income	63,791	35,970	775
Comprehensive Income attributable to owners of the parent	63,332	35,627	770
Comprehensive Income attributable to minority interests	459	342	5

Consolidated Statements of Changes in Net Assets

Shinkin Central Bank For the years ended March 31,	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2012	2011	2012
Shareholders' Equity			
Common Shares and Preferred Shares			
Balance at Beginning of Year	490,998	490,998	5,971
Fluctuation Amount during the Fiscal Year			
Total Fluctuation Amount during the Fiscal Year	—	—	—
Balance at End of Year	490,998	490,998	5,971
Capital Surplus			
Balance at Beginning of Year	100,678	100,678	1,224
Fluctuation Amount during the Fiscal Year			
Total Fluctuation Amount during the Fiscal Year	—	—	—
Balance at End of Year	100,678	100,678	1,224
Retained Earnings			
Balance at Beginning of Year	395,280	380,630	4,807
Fluctuation Amount during the Fiscal Year			
Surplus Dividends	(14,603)	(13,370)	(177)
Net Income	29,805	27,887	362
The reversal of Land Revaluation Excess	173	132	2
Decrease due to decrease in subsidiaries	(34)	—	(0)
Total Fluctuation Amount during the Fiscal Year	15,341	14,649	186
Balance at End of Year	410,621	395,280	4,994
Total Shareholders' Equity			
Balance at Beginning of Year	986,957	972,307	12,003
Fluctuation Amount during the Fiscal Year			
Surplus Dividends	(14,603)	(13,370)	(177)
Net Income	29,805	27,887	362
The reversal of Land Revaluation Excess	173	132	2
Decrease due to decrease in subsidiaries	(34)	—	(0)
Total Fluctuation Amount during the Fiscal Year	15,341	14,649	186
Balance at End of Year	1,002,298	986,957	12,190
Accumulated Other Comprehensive Income			
Net Unrealized Gains (Losses) on Other Securities			
Balance at Beginning of Year	35,783	10,776	435
Fluctuation Amount during the Fiscal Year			
Net Changes in Items Other Than Shareholders' Equity during the Fiscal Year	121,067	25,006	1,472
Total Fluctuation Amount during the Fiscal Year	121,067	25,006	1,472
Balance at End of Year	156,850	35,783	1,907
Net Deferred Gains (Losses) on Hedging Instruments			
Balance at Beginning of Year	2,490	18,896	30
Fluctuation Amount during the Fiscal Year			
Net Changes in Items Other Than Shareholders' Equity	(88,047)	(16,406)	(1,070)
Total Fluctuation Amount during the Fiscal Year	(88,047)	(16,406)	(1,070)
Balance at End of Year	(85,557)	2,490	(1,040)
Land Revaluation Excess			
Balance at Beginning of Year	13,875	14,007	168
Fluctuation Amount during the Fiscal Year			
Net Changes in Items Other Than Shareholders' Equity	619	(132)	7
Total Fluctuation Amount during the Fiscal Year	619	(132)	7
Balance at End of Year	14,495	13,875	176
Foreign Currency Translation Adjustments			
Balance at Beginning of Year	(3,876)	(3,016)	(47)
Fluctuation Amount during the Fiscal Year			
Net Changes in Items Other Than Shareholders' Equity	(286)	(860)	(3)
Total Fluctuation Amount during the Fiscal Year	(286)	(860)	(3)
Balance at End of Year	(4,163)	(3,876)	(50)
Total Accumulated Other Comprehensive Income			
Balance at Beginning of Year	48,272	40,664	587
Fluctuation Amount during the Fiscal Year			
Net Changes in Items Other Than Shareholders' Equity	33,353	7,607	405
Total Fluctuation Amount during the Fiscal Year	33,353	7,607	405
Balance at End of Year	81,625	48,272	992
Minority Interests			
Balance at Beginning of Year	8,037	7,828	97
Fluctuation Amount during the Fiscal Year			
Net Changes in Items Other Than Shareholders' Equity	392	209	4
Total Fluctuation Amount during the Fiscal Year	392	209	4
Balance at End of Year	8,430	8,037	102
Total Net Assets			
Balance at Beginning of Year	1,043,267	1,020,800	12,688
Fluctuation Amount during the Fiscal Year			
Surplus Dividends	(14,603)	(13,370)	(177)
Net Income	29,805	27,887	362
The reversal of Land Revaluation Excess	173	132	2
Decrease due to decrease in subsidiaries	(34)	—	(0)
Net Changes in Items Other Than Shareholders' Equity	33,746	7,816	410
Total Fluctuation Amount during the Fiscal Year	49,087	22,466	597
Balance at End of Year	1,092,354	1,043,267	13,285

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

Consolidated Statements of Cash Flows

Millions of
U.S. Dollars

Shinkin Central Bank For the years ended March 31,	Millions of Yen		(Note 1)
	2012	2011	2012
Cash Flows from Operating Activities:			
Income before Income Taxes and Minority Interests	37,614	39,458	457
Depreciation	8,089	8,278	98
Loss on Impairment of Fixed Assets	268	253	3
Increase (Decrease) in Reserve for Possible Loan Losses	4,258	(17,136)	51
Increase (Decrease) in Reserve for Investment Losses	(136)	(111)	(1)
Increase (Decrease) in Reserve for Employee Bonuses	62	147	0
Increase (Decrease) in Reserve for Directors' Bonuses	5	19	0
Increase (Decrease) in Reserve for Employee Retirement Benefits	1,245	1,374	15
Increase (Decrease) in Reserve for Directors' Retirement Allowances	31	14	0
Interest Income	(264,149)	(279,303)	(3,212)
Interest Expenses	197,241	223,574	2,398
Net Losses (Gains) on Securities	(39,083)	2,810	(475)
Net Losses (Gains) on Money Held in Trust	(1,005)	(22)	(12)
Net Losses (Gains) on Foreign Exchange	76,904	234,293	935
Net Losses (Gains) on Disposal of Fixed Assets	15	95	0
Net Decrease (Increase) in Trading Assets	3,106	(8,036)	37
Net Increase (Decrease) in Trading Liabilities	(3,435)	36,561	(41)
Net Increase (Decrease) in Trading Payables	(43,203)	44,188	(525)
Net Decrease (Increase) in Loans and Bills Discounted	(119,888)	1,009,010	(1,458)
Net Increase (Decrease) in Deposits	26,546	1,845,877	322
Net Increase (Decrease) in Debentures	(369,640)	(479,320)	(4,495)
Net Increase (Decrease) in Borrowed Money (Excluding Subordinated Borrowings)	153,310	2,000	1,864
Net Decrease (Increase) in Due from Banks (Excluding Due from Central Bank)	(78,794)	271,093	(958)
Net Decrease (Increase) in Call Loans and Others	100,110	(195,764)	1,217
Net Decrease (Increase) in Receivables under Securities Borrowing Transactions	21,608	(26,213)	262
Net Increase (Decrease) in Call Money and Others	62,466	(16,829)	759
Net Increase (Decrease) in Payables under Securities Lending Transactions	(1,237,760)	1,545,990	(15,054)
Net Decrease (Increase) in Monetary Debts Purchased	102,726	147,265	1,249
Net Decrease (Increase) in Foreign Exchanges (Assets)	874	928	10
Net Increase (Decrease) in Foreign Exchanges (Liabilities)	18	21	0
Net Increase (Decrease) in Due to Trust Accounts	(99)	(3,564)	(1)
Interest Received	406,810	414,723	4,947
Interest Paid	(361,810)	(334,926)	(4,400)
Other, Net	59,205	(98,901)	720
Sub-total	(1,256,483)	4,367,852	(15,281)
Income Taxes Refund (Paid)	717	(2,227)	8
Net Cash Provided by (Used in) Operating Activities	(1,255,766)	4,365,625	(15,273)
Cash Flows from Investing Activities:			
Acquisitions of Securities	(5,334,246)	(14,165,756)	(64,877)
Proceeds from Sales of Securities	3,010,246	4,250,791	36,612
Proceeds from Redemption of Securities	3,451,941	5,377,038	41,984
Acquisitions of Tangible Fixed Assets	(1,906)	(1,009)	(23)
Acquisitions of Intangible Fixed Assets	(5,857)	(1,221)	(71)
Proceeds from Sales of Tangible Fixed Assets	138	—	1
Net Cash Provided by (Used in) Investing Activities	1,120,316	(4,540,156)	13,625
Cash Flows from Financing Activities:			
Proceeds from Subordinated Borrowings	108,150	—	1,315
Repayment of Subordinated Borrowings	(100,000)	—	(1,216)
Dividends Paid	(14,603)	(13,370)	(177)
Dividends Paid to Minority Interests	(66)	(133)	(0)
Net Cash Provided by (Used in) Financing Activities	(6,520)	(13,504)	(79)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(0)	(0)	(0)
Net Increase (Decrease) in Cash and Cash Equivalents	(141,970)	(188,035)	(1,726)
Cash and Cash Equivalents at Beginning of Period	392,142	580,177	4,769
Cash and Cash Equivalents at End of Period (Note 2 (2))	250,171	392,142	3,042

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 ¥82.22 to U.S.\$1, the exchange rate prevailing as of March 31, 2012. 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 eight consolidated subsidiaries as of March 31, 2012 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 Guarantee Co., Ltd.	Tokyo	100%

(Change of the range of consolidated subsidiaries)

Shinkin Partners Co., Ltd. merged with Shinkin Central Business Co., Ltd. in October 2011, the surviving company retaining the latter's name.

Unconsolidated subsidiaries

Shinkin Capital No. 1 Limited Liability Investment Partnership
Shinkin Capital No. 2 Limited Liability Investment Partnership
Shinkin no Kizuna 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:

Shinkin Capital No. 1 Limited Liability Investment Partnership
Shinkin Capital No. 2 Limited Liability Investment Partnership
Shinkin no Kizuna 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, 2012 and 2011 is as follows:

	Millions of Yen		Millions of U.S. dollars
	2012	2011	2012
Cash and Due from Banks	1,963,108	2,026,383	23,876
Due from Banks (Excluding Due from Central Bank)	(1,712,936)	(1,634,240)	(20,833)
Cash and Cash Equivalents	250,171	392,142	3,042

(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.

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

(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 that 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, etc. 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.

(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 buildings), 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 amortized 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) Reserve 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 interests 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 assessments.

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 was ¥1,022 million (\$12 million) as of March 31, 2012 and ¥659 million as of March 31, 2011.

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.

(20) Additional information

For the accounting changes and corrections to past errors made after the beginning of the consolidated fiscal year ended March 31, 2012, the Bank has adopted Accounting Standard for Accounting Changes and Error Corrections (ASBJ Statement No. 24, dated December 4, 2009) and the Guidance on the Accounting Standard for Accounting Changes and Error Corrections (ASBJ Guidance No. 24, dated December 4, 2009).

3. Trading Assets:

The details of Trading Assets as of March 31, 2012 and 2011 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2012	2011	2012
Trading Account Securities	76,005	83,027	924
Trading Bonds-Related Financial Derivatives	18	—	0
Derivatives of Securities related to Trading Transactions	—	6	—
Trading-Related Financial Derivatives	61,699	63,578	750
Other Trading Assets	325,740	319,957	3,961
Total	463,463	466,569	5,636

4. Securities:

The details of Securities as of March 31, 2012 and 2011 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2012	2011	2012
Japanese Government Bonds	13,793,428	13,996,011	167,762
Municipal Government Bonds	296,803	370,446	3,609
Short-term Corporate Bonds	—	19,990	—
Corporate Bonds	1,430,556	1,307,145	17,399
Stocks	53,083	83,419	645
Others	5,018,427	5,739,654	61,036
Total	20,592,299	21,516,667	250,453

Notes:

1. Stocks include investments in affiliated companies totaling ¥189 million (\$2 million) as of March 31, 2012 and 2011.
2. Others include common shares and investment in unconsolidated subsidiaries totaling ¥6,901 million (\$83 million) as of March 31, 2012 and ¥2,382 million as of March 31, 2011. Others also include preferred shares issued by Shinkin Banks which were contributed in accordance with the Shinkin Bank Management Reinforcement System. The amount was ¥252,980 million (\$3,076 million) as of March 31, 2012 and ¥251,180 million as of March 31, 2011, respectively. Others also include foreign bonds and equities.

5. Loans and Bills Discounted:

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

	Millions of Yen		Millions of U.S. Dollars
	2012	2011	2012
Loans to Bankrupt Borrowers	415	599	5
Delinquent Loans	12,380	12,122	150
Loans Past Due Three Months or More	77	295	0
Restructured Loans	23,725	6,207	288
Total	36,599	19,224	445

The above amounts are the amounts before exclusion of 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 Loans to Bankrupt Borrowers and Restructured Loans.

Loans Past Due Three Months or More represent loans for which the principal and interests are past due three months or more other than Loans to Bankrupt Borrowers and 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 interests, the deferral of interest payments, the extension of maturity dates, and the renunciation of claims in order to assist or facilitate the business restructuring of borrowers under financial difficulties) other than Loans to Bankrupt Borrowers, Delinquent Loans and 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 ¥104,200 million (\$1,267 million) as of March 31, 2012 and ¥114,450 million as of March 31, 2011, respectively. Of these amounts, ¥27,400 million (\$333 million) as of March 31, 2012, and ¥34,800 million as of March 31, 2011, 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 ¥189 million (\$2 million) as of March 31, 2012 and ¥286 million as of March 31, 2011, respectively. The Bank has the right to freely dispose of, sell 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 ¥112,712 million (\$1,370 million) as of March 31, 2012 and ¥139,668 million as of March 31, 2011.

6. 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 ¥17,335,508 million (\$210,842 million) as of March 31, 2012 and ¥15,367,602 million as of March 31, 2011, 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 ¥17,257,824 million (\$209,898 million) as of March 31, 2012 and ¥15,301,753 million as of March 31, 2011, respectively.

7. 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 ¥97,988 million (\$1,191 million) as of March 31, 2012 and ¥99,665 million as of March 31, 2011.

Of cash-collateralized securities borrowings, those freely disposable for sale or re-collateralized, and pledged as collateral amounted to ¥8,872 million (\$107 million) as of March 31, 2012 and ¥7,487 million as of March 31, 2011. Those held by the Bank without being disposed of as of March 31, 2012 amounted to ¥319,304 million (\$3,883 million) and as of March 31, 2011 amounted to ¥394,339 million.

8. Tangible Fixed Assets:

	Millions of Yen		Millions of U.S. Dollars
	2012	2011	2012
Accumulated Depreciation on Tangible Fixed Assets	81,933	80,286	996
Accumulated Deferred Gains on Tangible Fixed Assets	1,764	1,822	21
(Deferred Gains recognized for the fiscal year)	(—)	(—)	(—)

9. Assets Pledged as Collateral and Associated Liabilities:

Assets pledged as collateral for the fiscal years ended March 31, 2012 and 2011 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2012	2011	2012
Assets Pledged as Collateral			
Trading Assets	24,894	32,019	302
Securities	4,591,392	5,313,521	55,842
Loans and Bills Discounted	1,415,656	1,022,941	17,217
Total	6,031,942	6,368,481	73,363
Liabilities associated with Assets Pledged as Collateral			
Borrowed Money	155,310	2,000	1,888
Bills Sold and Call Money	276,300	260,000	3,360
Payables under Securities Lending Transactions	1,596,740	2,835,860	19,420

Cash and Due from Banks of ¥10 million (\$0 million) as of March 31, 2012, Trading Assets of ¥835 million (\$10 million) as of March 31, 2012 and ¥816 million as of March 31, 2011 and Securities in the amount of ¥991,750 million (\$12,062 million) as of March 31, 2012 and ¥936,152 million as of March 31, 2011, respectively, were secured as collateral for exchange settlement transactions, etc. or futures or as substitute for margin money in futures transactions, etc.

Other Assets included margin money. The amount was ¥232 million (\$2 million) as of March 31, 2012, and ¥244 million as of March 31, 2011. Other Assets also included guarantee money amounting to ¥331 million (\$4 million) as of March 31, 2012, and ¥270 million as of March 31, 2011, respectively.

10. Trading Liabilities:

The details of Trading Liabilities as of March 31, 2012 and 2011 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2012	2011	2012
Trading Bonds Sold	61,394	78,873	746
Derivatives of Securities related to Trading Transaction	2	—	0
Trading-Related Financial Derivatives	74,626	60,584	907
Total	136,023	139,458	1,654

11. Borrowed Money and Lease Obligations:

Category	Balance as of April 1, 2011 (Millions of Yen)	Balance as of March 31, 2012 (Millions of Yen)	Balance as of March 31, 2012 (Millions of U.S. Dollars)	Average Interest Rate (%)	Maturity
Borrowings	630,950	792,410	9,637	1.54	—
Borrowed Money	630,950	792,410	9,637	1.54	Apr. 2012~ No maturity
Lease Obligations Due for Repayment within One Year	599	829	10	2.44	—
Lease Obligations (Excluding Those Due for Repayment within One Year)	3,597	4,370	53	2.34	Apr. 2013~ Nov. 2019

Notes:

1. Average interest rates were computed by the weighted average method using the interest rates and the balances at 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	155,310	—	—	—	—
Lease Obligations	829	839	840	846	851

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	1,888	—	—	—	—
Lease Obligations	10	10	10	10	10

12. Debentures:

Issuer	Name of Issue	Issuance Date	Balance as of April 1, 2011 (Millions of Yen)	Balance as of March 31, 2012 (Millions of Yen)	Balance as of March 31, 2012 (Millions of U.S. Dollars)	Interest Rate (%)	Collateral	Redemption Date
The Bank	No.197-268 5-year Interest-bearing debentures	Apr. 2006~ Mar. 2012	4,323,600	3,953,960	48,090	0.35~ 1.75	—	Apr. 2011~ Mar. 2017
Total		—	4,323,600	3,953,960	48,090	—	—	—

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
	997,050	1,007,980	798,160	573,810	576,960

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
	12,126	12,259	9,707	6,978	7,017

13. Land Revaluation:

Based on the Law on the Revaluation of Land (Law 34, promulgated on March 31, 1998), land used for business was revalued. Deferred tax on the revaluation of the land was recorded as “Deferred Tax Liabilities for Land Revaluation” under Liabilities, and unrealized gain on the revaluation of the land, net of deferred tax, was 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.

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.: 7,578 million (\$92 million) as of March 31, 2012, and ¥7,801 million as of March 31, 2011.

14. Fees and Commissions:

The details of Fees and Commissions for the fiscal years ended March 31, 2012 and 2011 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2012	2011	2012
Deposit, Fixed Income Securities and Lending	655	632	7
Exchange Business	454	497	5
Securities Related Business	5,904	6,147	71
Agency Business	2,191	2,132	26
Guarantee Business	3,876	3,349	47
Trustee Business	18,251	17,198	221
Others	528	1,153	6
Income on Fees and Commissions Businesses	31,861	31,111	387
Exchange	121	128	1
Others	10,361	10,680	126
Expenses on Fees and Commissions Businesses	10,483	10,808	127

15. Trading Income:

The details of Trading Income for the fiscal years ended March 31, 2012 and 2011 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2012	2011	2012
Income from Trading Account Securities	530	352	6
Income from Trading-Related Financial Derivatives	14,419	12,034	175
Other Trading Income	413	532	5
Total	15,363	12,919	186

16. Trading Losses:

The details of Trading Losses for the fiscal years ended March 31, 2012 and 2011 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2012	2011	2012
Expenses from Trading-Related Securities	26	734	0
Total	26	734	0

17. Other Expenses:

Other Expenses include Losses on sale of stocks and other securities and Losses on devaluation of stocks and other securities. The amount of Losses on sale of stocks and other securities was ¥12,179 million (\$148 million) and ¥10,056 million for the fiscal years ended March 31, 2012 and 2011, respectively. The amount of Losses on devaluation of stocks and other securities was ¥1,273 million (\$15 million) and ¥4,575 million for the fiscal years ended March 31, 2012 and 2011, respectively.

18. Consolidated Statements of Comprehensive Income

For the fiscal year ended March 31, 2012

Reclassification adjustment amount and tax effect amount related to Other Comprehensive Income

	Millions of Yen
Net Unrealized Gains on Other Securities:	
The Amount Arising during the Period	200,733
Reclassification Adjustment Amount	(33,681)
Prior to Tax Effect Adjustment	167,052
Tax Effect Amount	(45,984)
Net Unrealized Gains on Other Securities	121,067
Net Deferred Gains (Losses) on Hedging Instruments :	
The Amount Arising during the Period	(234,236)
Reclassification Adjustment Amount	111,998
Prior to Tax Effect Adjustment	(122,237)
Tax Effect Amount	34,190
Net Deferred Gains (Losses) on Hedging Instruments	(88,047)
Land Revaluation Excess:	
The Amount Arising during the Period	—
Reclassification Adjustment Amount	—
Prior to Tax Effect Adjustment	—
Tax Effect Amount	793
Land Revaluation Excess	793
Foreign Currency Translation Adjustments:	
The Amount Arising during the Period	(286)
Reclassification Adjustment Amount	—
Prior to Tax Effect Adjustment	—
Tax Effect Amount	—
Foreign Currency Translation Adjustments	(286)
Other Comprehensive Income	33,526

Millions of
U.S. Dollars

Net Unrealized Gains on Other Securities:	
The Amount Arising during the Period	2,441
Reclassification Adjustment Amount	(409)
Prior to Tax Effect Adjustment	2,031
Tax Effect Amount	(559)
Net Unrealized Gains on Other Securities	1,472
Net Deferred Gains (Losses) on Hedging Instruments :	
The Amount Arising during the Period	(2,848)
Reclassification Adjustment Amount	1,362
Prior to Tax Effect Adjustment	(1,486)
Tax Effect Amount	415
Net Deferred Gains (Losses) on Hedging Instruments	(1,070)
Land Revaluation Excess:	
The Amount Arising during the Period	—
Reclassification Adjustment Amount	—
Prior to Tax Effect Adjustment	—
Tax Effect Amount	9
Land Revaluation Excess	9
Foreign Currency Translation Adjustments:	
The Amount Arising during the Period	(3)
Reclassification Adjustment Amount	—
Prior to Tax Effect Adjustment	—
Tax Effect Amount	—
Foreign Currency Translation Adjustments	(3)
Other Comprehensive Income	407

19. 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 April 1, 2011 (Thousand Units)	Increase During the Fiscal Year (Thousand Units)	Decrease During the Fiscal Year (Thousand Units)	Number of Share Units at March 31, 2012 (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, 2012

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

In the case of dividends for which the record date falls in the fiscal year ended March 31, 2012, 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 20, 2012	Common shares	10,000	Retained Earnings	2,500	Mar 31, 2012	Jun 20, 2012
	Preferred shares	4,603	Retained Earnings	6,500	Mar 31, 2012	Jun 20, 2012

20. Income Taxes:

(1) Breakdown of Deferred Tax Assets and Liabilities is as follows:

	Millions of Yen		Millions of U.S. Dollars
	2012	2011	2012
Deferred Tax Assets:			
Depreciation	3,089	3,382	37
Reserve for Possible Loan Losses	2,178	1,583	26
Reserve for Employee Retirement Benefits	6,120	6,377	74
Write-Downs for Securities	11,183	17,019	136
Net Deferred Losses on Hedging Instruments	33,058	—	402
Tax Loss Carryforwards	25,455	32,082	309
Others	2,537	3,295	30
Valuation Allowances	(13,645)	(20,532)	(165)
Total Deferred Tax Assets	69,977	43,208	851
Deferred Tax Liabilities:			
Net Unrealized Gains on Other Securities	(58,742)	(12,756)	(714)
Net Deferred Gains on Hedging Instruments	—	(1,132)	—
Others	(406)	(519)	(4)
Total Deferred Tax Liabilities	(59,148)	(14,408)	(719)
Net Deferred Tax Assets	10,829	28,800	131

(2) Reconciliation between the effective statutory tax rate and the actual effective tax rate for the fiscal years ended March 31, 2012 and 2011:

	2012	2011
Statutory effective tax rate	31.26 %	31.26 %
(Adjustments)		
Change in valuation allowances	(15.36%)	(0.88%)
Dividends received, not taxable	(4.17%)	(3.15%)
Reduction and Adjustment of Deferred Tax Assets Due to Changes in Tax Rate	6.73 %	—
Others	<u>1.07 %</u>	<u>1.22 %</u>
Actual effective income tax rate after the application of tax effect accounting	<u>19.53 %</u>	<u>28.45 %</u>

(3) Adjustment to Deferred Tax Assets and Deferred Tax Liabilities Due to Changes in Corporate Income Tax Rate Following the promulgation of the Law for Partial Amendment

of the Income Tax Law, etc. for the Purpose of Creating a Taxation System Responding to Changes in Economic and Social Structures (Law No. 114 of 2011) and the Law on Special Measures for Securing Financial Resources Necessary to Implement Measures for Reconstruction following the Great East Japan Earthquake (Law No. 117 of 2011) on December 2, 2011, the reduction in the corporate income tax rate and the introduction of a new income tax (special corporate tax for reconstruction) became effective for fiscal years beginning on or after April 1, 2012.

In conjunction with these changes, the statutory tax rate used to measure deferred tax assets and liabilities for the temporary differences estimated to be resolved in or after the fiscal year beginning on April 1, 2012 was changed from the existing 31.26% to 29.65% and will be 27.87% beginning from April 1, 2015 onward. As a result of the change, deferred tax assets increased by ¥777 million (\$9 million), deferred tax liabilities edged down by ¥3 million (\$0 million), net unrealized gains on other securities increased by ¥7,334 million (\$89 million), deferred gains (losses) on hedging instruments decreased by ¥4,022 million (\$48 million), and income taxes-deferred increased by ¥2,532 million (\$30 million). The deferred tax liabilities related to land revaluations increased by ¥789 million (\$9 million) and land revaluations increasing by the same amount.

21. 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 of March 31, 2012 and 2011 is analyzed as follows:

	Millions of Yen		Millions of U.S. Dollars
	2012	2011	2012
Projected Benefit Obligations (A)	(41,086)	(40,059)	(499)
Plan Assets (B)	16,828	16,323	204
Unfunded Retirement Benefit Obligations (C) = (A) + (B)	(24,257)	(23,735)	(295)
Unrecognized Actuarial Differences (D)	3,415	4,735	41
Unrecognized Prior Service Cost (E)	(767)	(1,363)	(9)
Net Amounts Reported in the Consolidated Balance Sheet (F) = (C) + (D) + (E)	(21,609)	(20,363)	(262)
Prepaid Pension Cost (G)	—	—	—
Reserve for Employee Retirement Benefits (F) – (G)	(21,609)	(20,363)	(262)

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 fiscal years ended March 31, 2012 and 2011 is as follows:

	Millions of Yen		Millions of U.S. Dollars
	2012	2011	2012
Service Cost	1,332	1,243	16
Interest Cost	786	744	9
Expected Return on Plan Assets	(163)	(79)	(1)
Amortization of Prior Service Costs	(595)	(702)	(7)
Amortization of Actuarial Differences	1,403	1,569	17
Others (e.g., Extraordinary Retirement Benefits Paid Out of the Scope of the Retirement Benefit Scheme)	—	—	—
Net Pension Expenses	2,763	2,775	33

Notes:

1. The amounts paid by employees to the Employees' Pension Fund are excluded from Service Cost.
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:

	2012	2011
Discount Rate	2.0 %	2.0 %
Expected Rate of Return on Plan Assets	1.0 %	0.5 %

Method of Attributing the Projected Benefits to Periods of Services:
Straight-line basis

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)

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)

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.

22. Leases:

1. Finance Leases

(1) Finance leases that do not transfer ownership

(i) Outline of lease assets

(a) Tangible fixed assets

Hardware related to computer equipment

(b) Intangible fixed assets

Software related to computer equipment

(ii) Lease asset depreciation method

Depreciation method is described in the "Significant Accounting Policies".

(2) Finance leases that do not transfer ownership accounted for in accordance with the ordinary lease transaction method

(i) Leased property acquisition cost equivalents, accumulated depreciation equivalents, accumulated impairment loss equivalents, and net book value equivalents

As of March 31, 2012

	Millions of Yen			
	Acquisition Cost Equivalents	Accumulated Depreciation Equivalents	Accumulated Impairment Loss Equivalents	Net Book Value Equivalents
Tangible Fixed Assets	1,206	1,089	—	117
Intangible Fixed Assets	2,459	2,215	—	243
Total	3,665	3,304	—	361

	Millions of U.S. Dollars			
	Acquisition Cost Equivalents	Accumulated Depreciation Equivalents	Accumulated Impairment Loss Equivalents	Net Book Value Equivalents
Tangible Fixed Assets	14	13	—	1
Intangible Fixed Assets	29	26	—	2
Total	44	40	—	4

As of March 31, 2011

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

(ii) Future lease payments subsequent to the balance sheet dates are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2012	2011	2012
One year or less	367	699	4
More than one year	17	385	0
Total	385	1,084	4
Balance of accumulated impairment loss on leased assets	—	—	—

(iii) Lease payments, reversal of allowance for accumulated impairment loss on leased assets, depreciation equivalents, interest expense equivalents, and impairment loss for the fiscal years ended March 31, 2012 and 2011 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2012	2011	2012
Lease Payments	699	806	8
Reversal of Allowance for Accumulated Impairment Loss on Leased Assets	—	—	—
Depreciation Equivalents	656	757	7
Interest Expense Equivalents	12	25	0
Impairment Loss	—	—	—

(iv) Method for calculating depreciation equivalents

Depreciation equivalents are calculated using the straight-line method over the leasing periods for useful life and with a zero residual value.

(v) Method for calculating interest expense equivalents

Interest expense equivalents are regarded as the difference between the lease payments and the acquisition cost of the leased property, and the allocation method for each consolidated fiscal year calculated by the interest method.

2. Operating Leases

Future lease payments related to noncancelable operating leases: Not applicable

23. Financial Instruments:

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 debentures. 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.

Loans 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 debentures.

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 debenture issuer, the Group issues 5-year interest-bearing debentures each month.

These debentures 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. As for the hedge accounting, hedged items, hedging methods, 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.

Divisions responsible for credit management accurately monitor each borrower's financial condition, the purposes for which funds are used and repayment resources. In addition to appropriate assessment and post-transaction management, they continually check whether the client service division is conducting appropriate credit control, and provides guidance as necessary.

Divisions responsible for credit assessment undertake and manage 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 market risk management 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.

Divisions responsible for market risk management 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.

The market risk amount (estimated loss amount) of the Bank's trading operations was ¥251 million (\$3 million) as of March 31, 2012 and ¥416 million as of March 31, 2011 and the market risk amount (estimated loss amount) of the trading operations of the Bank's consolidated subsidiaries was ¥1,204 million (\$14 million) as of March 31, 2012 and ¥1,129 million as of March 31, 2011.

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, 2012, 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.

(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.

The Group's market risk amount (estimated loss amount) other than for trading purposes was ¥314,373 million (\$3,823 million) as of March 31, 2012 and ¥314,857 million as of March 31, 2011. The Bank conducts back testing to compare VaR calculated

using the model with actual loss amounts. 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 fair values of financial instruments

Fair 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, 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.

As of March 31, 2012

	Millions of Yen		
	Carrying Value	Fair Value	Difference
(1) Cash and Due from Banks	1,963,108	1,963,108	—
(2) Bills Bought and Call Loans	663,867	663,867	—
(3) Receivables under Resale Agreements	73,990	73,990	—
(4) Receivables under Securities Borrowing Transactions	71,529	71,529	—
(5) Monetary Debts Purchased (※1)	392,893	392,736	(157)
(6) Trading Assets			
Trading Securities	401,745	401,745	—
(7) Money Held in Trust	181,193	181,193	—
(8) Securities			
Held-to-Maturity Debt Securities	4,089,392	4,199,927	110,535
Other Securities	16,236,328	16,236,328	—
(9) Loans and Bills Discounted	5,374,701		
Reserve for Possible Loan Losses (※1)	(23,548)		
	5,351,153	5,404,185	53,032
Total Assets	29,425,203	29,588,614	163,410
(1) Deposits	21,595,878	21,613,518	17,640
(2) Debentures	3,953,960	3,996,691	42,731
(3) Trading Liabilities			
Trading Bonds Sold	61,394	61,394	—
(4) Borrowed Money	792,410	811,782	19,372
(5) Bills Sold and Call Money	497,739	497,739	—
(6) Payables under Securities Lending Transactions	1,605,617	1,605,617	—
Total Liabilities	28,506,999	28,586,744	79,744
Derivatives (※2)			
To which Hedge Accounting was not applied	(1,599)	(1,599)	—
To which Hedge Accounting was applied	79,078	56,270	(22,807)
Total Derivatives	77,479	54,671	(22,807)

Millions of U.S.Dollars			
	Carrying Value	Fair Value	Difference
(1) Cash and Due from Banks	23,876	23,876	—
(2) Bills Bought and Call Loans	8,074	8,074	—
(3) Receivables under Resale Agreements	899	899	—
(4) Receivables under Securities Borrowing Transactions	869	869	—
(5) Monetary Debts Purchased (※1)	4,778	4,776	(1)
(6) Trading Assets			
Trading Securities	4,886	4,886	—
(7) Money Held in Trust	2,203	2,203	—
(8) Securities			
Held-to-Maturity Debt Securities	49,737	51,081	1,344
Other Securities	197,474	197,474	—
(9) Loans and Bills Discounted	65,369		
Reserve for Possible Loan Losses (※1)	(286)		
	65,083	65,728	645
Total Assets	357,883	359,871	1,987
(1) Deposits	262,659	262,874	214
(2) Debentures	48,090	48,609	519
(3) Trading Liabilities			
Trading Bonds Sold	746	746	—
(4) Borrowed Money	9,637	9,873	235
(5) Bills Sold and Call Money	6,053	6,053	—
(6) Payables under Securities Lending Transactions	19,528	19,528	—
Total Liabilities	346,716	347,686	969
Derivatives (※2)			
To which Hedge Accounting was not applied	(19)	(19)	—
To which Hedge Accounting was applied	961	684	(277)
Total Derivatives	942	664	(277)

※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.

※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.

As of March 31, 2011

	Millions of Yen		
	Carrying Value	Fair Value	Difference
(1) Cash and Due from Banks	2,026,383	2,026,383	—
(2) Bills Bought and Call Loans	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 (※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 (※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) Bills Sold and Call Money	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 (※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

※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.

※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, present value is calculated by discounting based on the interest rate that would conceivably be applied to newly made deposits.

(2) Bills Bought and Call Loans, (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 by 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, etc.

(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 at the end of the fiscal year 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 ¥9,922 million (\$120 million) as of March 31, 2012 and ¥24,205 million as of March 31, 2011 with regard to the Held-to-Maturity Debt Securities, compared to amounts determined by using market prices as basis for the fair value. Moreover, the fair value increased by ¥20,907 million (\$254 million) as of March 31, 2012 and ¥39,562 million as of March 31, 2011, Net Unrealized Gains on Other Securities increased by ¥15,080 million (\$183 million) as of March 31, 2012 and ¥27,194 million as of March 31, 2011 and Deferred Tax Assets decreased by ¥5,826 million (\$70 million) as of March 31, 2012 and ¥12,367 million as of March 31, 2011 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 do 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 ¥26,543 million (\$322 million) as of March 31, 2012 and ¥22,385 million as of March 31, 2011 with regard to the Held-to-Maturity Debt Securities, compared to amounts determined by using price information received from brokers as basis for the fair value. Moreover, the fair value increased by ¥10,751 million (\$130 million) as of March 31, 2012 and ¥11,719 million as of March 31, 2011, Net Unrealized Gains on Other Securities increased by ¥7,755 million (\$94 million) as of March 31, 2012 and ¥8,056 million as of March 31, 2011 and Deferred Tax Assets decreased by ¥2,996 million (\$36 million) as of March 31, 2012 and ¥3,663 million as of March 31, 2011 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 and other similar investments with a stated value of ¥491,696 million (\$5,980 million) as of March 31, 2012 and ¥546,402 million as of March 31, 2011 on the consolidated balance sheets at the end of the 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 and internal credit rating, 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, in quasi-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, 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, 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) Bills Sold and Call Money, 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.

Category	Millions of Yen	Millions of Yen	Millions of U.S.Dollars
	2012	2011	2012
Unlisted stocks, etc.(※1)	258,400	255,600	3,142
Investment in investment partnerships(※2)	8,178	3,975	99
Total	266,578	259,575	3,242

※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

As of March 31, 2012

	Millions of Yen					
	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 (※1)	1,905,631	34,660	1,000	1,000	1,000	—
Bills Bought and Call Loan	663,867	—	—	—	—	—
Receivables under Resale Agreements	73,990	—	—	—	—	—
Receivables under Securities Borrowing Transactions	71,529	—	—	—	—	—
Monetary Debts Purchased	7,402	19,942	52,072	14,547	11,275	288,514
Securities						
Held-to-Maturity Debt Securities	810,410	1,374,982	386,306	738,018	270,612	517,210
Japanese Government Bonds	630,610	1,117,900	360,300	701,400	92,500	442,000
Municipal Government Bonds	52,062	29,355	—	200	200	—
Corporate Bonds	103,998	171,383	15,400	—	—	—
Other Securities with maturities	3,791,456	3,341,646	1,834,253	905,308	3,311,413	1,808,159
Japanese Government Bonds	2,672,500	1,590,000	1,046,400	672,100	2,745,000	1,415,000
Municipal Government Bonds	66,365	85,406	41,497	7,649	10,088	—
Corporate Bonds	331,508	400,234	244,577	127,027	11,360	3,500
Loans and Bills Discounted (※2)	2,715,014	1,316,565	562,073	274,879	291,764	205,785
Total	10,039,303	6,087,797	2,835,706	1,933,753	3,886,065	2,819,670

Millions of U.S.Dollars						
	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 (※1)	23,177	421	12	12	12	—
Bills Bought and Call Loan	8,074	—	—	—	—	—
Receivables under Resale Agreements	899	—	—	—	—	—
Receivables under Securities Borrowing Transactions	869	—	—	—	—	—
Monetary Debts Purchased	90	242	633	176	137	3,509
Securities						
Held-to-Maturity Debt Securities	9,856	16,723	4,698	8,976	3,291	6,290
Japanese Government Bonds	7,669	13,596	4,382	8,530	1,125	5,375
Municipal Government Bonds	633	357	—	2	2	—
Corporate Bonds	1,264	2,084	187	—	—	—
Other Securities with maturities	46,113	40,642	22,309	11,010	40,275	21,991
Japanese Government Bonds	32,504	19,338	12,726	8,174	33,386	17,209
Municipal Government Bonds	807	1,038	504	93	122	—
Corporate Bonds	4,031	4,867	2,974	1,544	138	42
Loans and Bills Discounted (※2)	33,021	16,012	6,836	3,343	3,548	2,502
Total	122,102	74,042	34,489	23,519	47,264	34,294

※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, claims of ¥8,972 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.

As of March 31, 2011

Millions of Yen						
	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 (※1)	1,954,786	54,890	6,000	1,000	1,000	—
Bills Bought and Call Loans	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 (※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

※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, claims of ¥9,096 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
As of March 31, 2012

	Millions of Yen					
	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 (※1)	11,998,156	8,288,612	1,286,920	4,690	17,498	—
Debentures	997,050	1,806,140	1,150,770	—	—	—
Borrowed Money (※2)	155,310	—	—	201,960	108,150	—
Bills Sold and Call Money	497,739	—	—	—	—	—
Payables under Securities Lending Transactions	1,605,617	—	—	—	—	—
Total	15,253,872	10,094,752	2,437,690	206,650	125,648	—

	Millions of U.S.Dollars					
	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 (※1)	145,927	100,810	15,652	57	212	—
Debentures	12,126	21,967	13,996	—	—	—
Borrowed Money (※2)	1,888	—	—	2,456	1,315	—
Bills Sold and Call Money	6,053	—	—	—	—	—
Payables under Securities Lending Transactions	19,528	—	—	—	—	—
Total	185,525	122,777	29,648	2,513	1,528	—

※1. Demand deposits, included in “Deposits,” are stated under amounts payable “Within 1 year.”

※2. Borrowed Money without maturity is not included.

As of March 31, 2011

	Millions of Yen					
	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 (※1)	12,143,484	8,925,981	488,063	—	11,802	—
Debentures	954,000	1,992,520	1,377,080	—	—	—
Borrowed Money (※2)	2,000	—	—	301,960	—	—
Bills Sold and Call Money	435,272	—	—	—	—	—
Payables under Securities Lending Transactions	2,843,378	—	—	—	—	—
Total	16,378,134	10,918,501	1,865,143	301,960	11,802	—

※1. Demand deposits, included in “Deposits,” are stated under amounts payable “Within 1 year.”

※2. Borrowed Money without maturity is not included.

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

1. Securities

The following tables contain information relating to Securities, Trading Assets (trading account securities and short-term corporate bonds), Cash and Due from Banks (negotiable certificates of deposit) and Monetary Debts Purchased (loaned claims in trust) in the consolidated balance sheets.

(1) Trading Securities

	Millions of Yen	Millions of Yen	Millions of U.S. Dollars
	2012	2011	2012
Net Unrealized Gains (Losses)			
Recognized as Income	71	24	0

(2) Held-to-Maturity Debt Securities

As of March 31, 2012

		Millions of Yen		
		Carrying Value	Fair Value	Unrealized Gains (Losses)
Items with Fair Value Exceeding Carrying Value	Japanese Government Bonds	3,284,427	3,362,337	77,910
	Municipal Government Bonds	81,825	82,365	540
	Short-Term Corporate Bonds	—	—	—
	Corporate Bonds	274,841	275,840	998
	Others	344,262	375,687	31,424
Total		3,985,357	4,096,231	110,873
Items with Fair Value not Exceeding Carrying Value	Japanese Government Bonds	85,263	85,208	(55)
	Municipal Government Bonds	100	100	(0)
	Short-Term Corporate Bonds	—	—	—
	Corporate Bonds	17,432	17,203	(229)
	Others	4,054	4,000	(53)
Total		106,850	106,511	(338)
Total		4,092,207	4,202,743	110,535

		Millions of U.S. Dollars		
		Carrying Value	Fair Value	Unrealized Gains (Losses)
Items with Fair Value Exceeding Carrying Value	Japanese Government Bonds	39,946	40,894	947
	Municipal Government Bonds	995	1,001	6
	Short-Term Corporate Bonds	—	—	—
	Corporate Bonds	3,342	3,354	12
	Others	4,187	4,569	382
Total		48,471	49,820	1,348
Items with Fair Value not Exceeding Carrying Value	Japanese Government Bonds	1,037	1,036	(0)
	Municipal Government Bonds	1	1	(0)
	Short-Term Corporate Bonds	—	—	—
	Corporate Bonds	212	209	(2)
	Others	49	48	(0)
Total		1,299	1,295	(4)
Total		49,771	51,115	1,344

As of March 31, 2011

		Millions of Yen		
		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

(3) Other Securities

As of March 31, 2012

		Millions of Yen		
		Carrying Value	Acquisition Cost	Unrealized Gains (Losses)
Items with Carrying Value Exceeding Acquisition Cost	Stocks	9,062	6,353	2,709
	Bonds	10,953,799	10,770,566	183,233
	Japanese Government Bonds	9,673,064	9,500,012	173,051
	Municipal Government Bonds	210,852	207,920	2,932
	Short-Term Corporate Bonds	—	—	—
	Corporate Bonds	1,069,882	1,062,632	7,250
	Others	3,292,151	3,213,353	78,797
	Total	14,255,014	13,990,273	264,740
Items with Carrying Value not Exceeding Acquisition Cost	Stocks	38,603	43,870	(5,267)
	Bonds	823,097	823,445	(347)
	Japanese Government Bonds	750,674	750,756	(82)
	Municipal Government Bonds	4,024	4,035	(10)
	Short-Term Corporate Bonds	—	—	—
	Corporate Bonds	68,399	68,653	(254)
	Others	1,652,180	1,672,356	(20,176)
	Total	2,513,881	2,539,673	(25,792)
Total		16,768,895	16,529,946	238,948

		Millions of U.S. Dollars		
		Carrying Value	Acquisition Cost	Unrealized Gains (Losses)
Items with Carrying Value Exceeding Acquisition Cost	Stocks	110	77	32
	Bonds	133,225	130,996	2,228
	Japanese Government Bonds	117,648	115,543	2,104
	Municipal Government Bonds	2,564	2,528	35
	Short-Term Corporate Bonds	—	—	—
	Corporate Bonds	13,012	12,924	88
	Others	40,040	39,082	958
Total		173,376	170,156	3,219
Items with Carrying Value not Exceeding Acquisition Cost	Stocks	469	533	(64)
	Bonds	10,010	10,015	(4)
	Japanese Government Bonds	9,130	9,131	(1)
	Municipal Government Bonds	48	49	(0)
	Short-Term Corporate Bonds	—	—	—
	Corporate Bonds	831	834	(3)
	Others	20,094	20,340	(245)
Total		30,575	30,888	(313)
Total		203,951	201,045	2,906

As of March 31, 2011

		Millions of Yen		
		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

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

Not applicable.

(5) Other Securities Sold during the Fiscal Year

For the Fiscal Year Ended March 31, 2012

	Millions of Yen		
	Amounts of Securities Sold	Aggregate Gains on Sales	Aggregate Losses on Sales
Stocks	41,713	2,815	8,629
Bonds	1,717,263	54,619	1,382
Japanese Government Bonds	1,688,405	53,373	1,382
Municipal Government Bonds	28,858	1,245	0
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	—	—	—
Others	918,147	23,016	23,265
Total	2,677,124	80,451	33,278

	Millions of U.S. Dollars		
	Amounts of Securities Sold	Aggregate Gains on Sales	Aggregate Losses on Sales
Stocks	507	34	104
Bonds	20,886	664	16
Japanese Government Bonds	20,535	649	16
Municipal Government Bonds	350	15	0
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	—	—	—
Others	11,166	279	282
Total	32,560	978	404

For the Fiscal Year Ended March 31, 2011

	Millions of Yen		
	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

(6) Impaired Securities

Securities (other than Trading 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 the fiscal year.

In this fiscal year ended March 31, 2012, impairment loss of ¥2,325 million (\$28 million) was recorded for stocks of ¥1,273 million (\$15 million) and others of ¥1,052 million (\$12 million).

In the previous fiscal year ended March 31, 2011, impairment loss of ¥4,575 million was recorded for stocks.

2. Money Held in Trust

(1) Money Held in Trust for Trading Purposes

As of March 31, 2012

	Millions of Yen	
	Carrying Value	Unrealized Gains (Losses) Recognized as Income
Money Held in Trust for Trading Purposes	181,193	(102)

	Millions of U.S. Dollars	
	Carrying Value	Unrealized Gains (Losses) Recognized as Income
Money Held in Trust for Trading Purposes	2,203	(1)

As of March 31, 2011

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

(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 or Held-to-Maturity)

Not applicable.

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

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

As of March 31, 2012

	Millions of Yen	Millions of U.S. Dollars
Other Securities	215,591	2,622
Other Money Held in Trust	—	—
Net Unrealized Gains	215,591	2,622
Deferred Tax Liabilities	58,741	714
Net Unrealized Gains (Prior to Equity Method Adjustment)	156,850	1,907
Minority Interests' Portion	—	—
Parent Company's Portion of Valuation Differential for Other Securities Held by Equity-Method-Applicable Companies	—	—
Net Unrealized Gains	156,850	1,907

Note:

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".

As of March 31, 2011

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

Note:

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".

25. Derivatives:

1. Derivative transactions to which hedge 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

As of March 31, 2012

	Millions of Yen			
	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 Forwards:				
Sold	—	—	—	—
Bought	—	—	—	—
Interest Rate Swaps:				
Fixed Rate Receivable/Variable Rate Payable	12,815,183	10,381,479	213,712	213,712
Variable Rate Receivable/Fixed Rate Payable	12,858,842	9,751,496	(185,397)	(185,397)
Variable Rate Receivable/Variable Rate Payable	40,000	25,000	23	23
Fixed Rate Receivable / Fixed Rate Payable	110,000	110,000	1,636	1,636
Interest Rate Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Others:				
Sold	3,542,400	1,955,400	(33,249)	(1,602)
Bought	3,083,703	2,093,270	1,223	(8,466)
Total	—	—	(2,052)	19,905

Millions of U.S. Dollars				
	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 Forwards:				
Sold	—	—	—	—
Bought	—	—	—	—
Interest Rate Swaps:				
Fixed Rate Receivable/Variable Rate Payable	155,864	126,264	2,599	2,599
Variable Rate Receivable/Fixed Rate Payable	156,395	118,602	(2,254)	(2,254)
Variable Rate Receivable/Variable Rate Payable	486	304	0	0
Fixed Rate Receivable/ Fixed Rate Payable	1,337	1,337	19	19
Interest Rate Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Others:				
Sold	43,084	23,782	(404)	(19)
Bought	37,505	25,459	14	(102)
Total	—	—	(24)	242

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 or calculation models for option prices, etc.

As of March 31, 2011

	Millions of Yen			
	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 Forwards:				
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

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 or calculation models for option prices, etc.

(2) Currency-Related Transactions
As of March 31, 2012

Millions of Yen				
	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:	80,851	49,633	1,535	1,535
Forward Foreign Exchange Contracts:				
Sold	32,866	—	(496)	(496)
Bought	52,666	—	532	532
Currency Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Others:				
Sold	—	—	—	—
Bought	—	—	—	—
Total	—	—	1,571	1,571

Millions of U.S. Dollars				
	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:	983	603	18	18
Forward Foreign Exchange Contracts:				
Sold	399	—	(6)	(6)
Bought	640	—	6	6
Currency Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Others:				
Sold	—	—	—	—
Bought	—	—	—	—
Total	—	—	19	19

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, etc.

As of March 31, 2011

	Millions of Yen			
	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

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, etc.

(3) Stock-Related Transactions

Not applicable.

(4) Bond-Related Transactions

As of March 31, 2012

Millions of Yen				
	Total Contract Value	Contract Value (Over 1 Year until Settlement or Expiry)	Fair Value	Net Unrealized Gains (Losses)
Exchange-Traded Transactions				
Bond Futures:				
Sold	7,659	—	(8)	(8)
Bought	5,678	—	1	1
Bond Futures Options:				
Sold	—	—	—	—
Bought	12,000	—	18	(3)
Over the Counter Transactions				
Bond Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Others:				
Sold	—	—	—	—
Bought	—	—	—	—
Total	—	—	11	(10)

Millions of U.S. Dollars				
	Total Contract Value	Contract Value (Over 1 Year until Settlement or Expiry)	Fair Value	Net Unrealized Gains (Losses)
Exchange-Traded Transactions				
Bond Futures:				
Sold	93	—	(0)	(0)
Bought	69	—	0	0
Bond Futures Options:				
Sold	—	—	—	—
Bought	145	—	0	(0)
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.

As of March 31, 2011

	Millions of Yen			
	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

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 hedge 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

As of March 31, 2012

		Millions of Yen		
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	2,385,000	1,300,000	9,896
	Variable Rate Receivable/Fixed Rate Payable	3,986,892	3,840,253	(141,553)
	Variable Rate Receivable/Variable Rate Payable	92,206	92,206	(4,937)
Exceptional Treatments for Interest Rate Swaps	Interest Rate Swaps			
	Fixed Rate Receivable/Variable Rate Payable	1,791,000	1,270,000	15,891
	Variable Rate Receivable/Fixed Rate Payable	885,000	885,000	(38,699)
	Total	—	—	(159,401)

		Millions of U.S.Dollars		
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	29,007	15,811	120
	Variable Rate Receivable/Fixed Rate Payable	48,490	46,707	(1,721)
	Variable Rate Receivable/Variable Rate Payable	1,121	1,121	(60)
Exceptional Treatments for Interest Rate Swaps	Interest Rate Swaps			
	Fixed Rate Receivable/Variable Rate Payable	21,783	15,446	193
	Variable Rate Receivable/Fixed Rate Payable	10,763	10,763	(470)
	Total	—	—	(1,938)

Notes:

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

As of March 31, 2011

		Millions of Yen		
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)

Notes:

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

(2) Currency-Related Transactions

As of March 31, 2012

		Millions of Yen		
Method for Hedge Accounting	Items	Total Contract Value	Contract Value (Over 1 Year until Settlement or Expiry)	Fair Value
Basic Treatment	Currency Swaps	1,037,908	623,860	4,349
	Forward Foreign Exchange Contracts:			
	Sold	641,535	—	(20,311)
	Bought	—	—	—
	Total	—	—	(15,962)

		Millions of U.S.Dollars		
Method for Hedge Accounting	Items	Total Contract Value	Contract Value (Over 1 Year until Settlement or Expiry)	Fair Value
Basic Treatment	Currency Swaps	12,623	7,587	52
	Forward Foreign Exchange Contracts:			
	Sold	7,802	—	(247)
	Bought	—	—	—
	Total	—	—	(194)

Notes:

1. Most of hedged items are foreign currency denominated securities, due from banks etc.
2. The deferred method of hedge accounting is primarily applied to the transactions mentioned above based on the 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, etc.

As of March 31, 2011

Millions of Yen				
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)

Notes:

1. Most of hedged items are foreign currency denominated securities, due from banks etc.
2. The deferred method of hedge accounting is primarily applied to the transactions mentioned above based on the 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, etc.

(3) Stock-Related Transactions

Not applicable.

(4) Bond-Related Transactions

Not applicable.

26. Related Party Transactions:

For the Fiscal Year Ended March 31, 2012

There were no significant related-party transactions.

For the Fiscal Year Ended March 31, 2011

There were no significant related-party transactions.

27. 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 complements the functions of the shinkin banks and operates the shinkin bank industry's own safety net, including the Shinkin Bank Management Reinforcement System.

(2) Method of Calculating Amounts by Reportable Segment

The accounting methods of the reportable segment are the same as those described in the "Significant Accounting Policies".

Reportable segment profit is based on net income.

(3) Amounts by Reportable Segment

For the Fiscal Year Ended March 31, 2012

(Millions of Yen)

	Reportable segment	Other	Total	Adjustment	Amount presented in the consolidated financial statements
	Shinkin Central Bank business				
Income					
External customers	368,461	27,008	395,469	(192)	395,277
Inter-segment	1,799	2,273	4,073	(4,073)	—
Total	370,260	29,282	399,543	(4,265)	395,277
Segment profit	29,007	1,840	30,848	(1,042)	29,805
Segment assets	30,049,035	276,698	30,325,733	(77,241)	30,248,492
Segment liabilities	28,975,645	201,869	29,177,515	(21,377)	29,156,138
Other items					
Depreciation	4,654	3,436	8,091	(1)	8,089
Interest Income	263,702	538	264,241	(91)	264,149
Interest Expenses	197,168	219	197,388	(146)	197,241
Income Taxes	6,296	1,081	7,377	(27)	7,349
Increase in Tangible and Intangible Fixed Assets	4,792	2,971	7,764	—	7,764

(Millions of U.S. Dollars)

	Reportable segment	Other	Total	Adjustment	Amount presented in the consolidated financial statements
	Shinkin Central Bank business				
Income					
External customers	4,481	328	4,809	(2)	4,807
Inter-segment	21	27	49	(49)	—
Total	4,503	356	4,859	(51)	4,807
Segment profit	352	22	375	(12)	362
Segment assets	365,471	3,365	368,836	(939)	367,897
Segment liabilities	352,416	2,455	354,871	(259)	354,611
Other items					
Depreciation	56	41	98	(0)	98
Interest Income	3,207	6	3,213	(1)	3,212
Interest Expenses	2,398	2	2,400	(1)	2,398
Income Taxes	76	13	89	(0)	89
Increase in Tangible and Intangible Fixed Assets	58	36	94	—	94

Notes:

- The “Other” classification comprises the Bank’s eight 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.
- Adjustment comprises the following.
 - Within adjustment of segment profit, reduction of ¥1,042 million (\$12 million) comprises reduction of ¥459 million (\$5 million) on minority interests and ¥582 million (\$7 million) on inter-segment eliminations, etc.
 - Within adjustment of segment assets, reduction of ¥77,241 million (\$939 million) comprises reduction of ¥53,114 million (\$646 millions) on eliminations relating to capital consolidation and ¥24,126 million (\$293 million) on inter-segment elimination, etc.
 - Reduction of ¥21,377 million (\$259 millions) on the adjustment of segment liabilities comprises inter-segment eliminations, etc.
 - The adjustment for other items comprises inter-segment eliminations, etc.
- Segment profit has been adjusted from Net Income presented in the Consolidated Statements of Income.

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

Notes:

- 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.
- Adjustment comprises the following.
 - Within adjustment of segment profit, reduction of ¥833 million comprises reduction of ¥342 million on minority interests and ¥490 million on inter-segment eliminations, etc.
 - Within adjustment of segment assets, reduction of ¥81,087 million comprises reduction of ¥53,144 million on eliminations relating to capital consolidation and ¥27,942 million on inter-segment elimination, etc.
 - Reduction of ¥25,676 million on the adjustment of segment liabilities comprises inter-segment eliminations, etc.
 - The adjustment for other items comprises inter-segment eliminations, etc.
- Segment profit has been adjusted from Net Income presented in the Consolidated Statements of Income.

(Related Information)

For the Fiscal Year Ended March 31, 2012

1. Information by service

(Millions of Yen)

	Securities investment operations	Lending operations	Other	Total
Ordinary Income from external customers	287,827	45,247	62,150	395,226

(Millions of U.S. Dollars)

	Securities investment operations	Lending operations	Other	Total
Ordinary Income from external customers	3,500	550	755	4,806

2. Information by geographic region

(1) Ordinary Income

(Millions of Yen)

Japan	Europe	United States	Other	Total
249,179	44,872	31,151	70,022	395,226

(Millions of U.S. Dollars)

Japan	Europe	United States	Other	Total
3,030	545	378	851	4,806

(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	108,936	Shinkin Central Bank business

(Millions of U.S. Dollars)

Name of customer	Ordinary Income	Related segment
The Government of Japan	1,324	Shinkin Central Bank business

For the Fiscal Year Ended March 31, 2011

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

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

(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

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

For the Fiscal Year Ended March 31, 2012

(Millions of Yen)

	Reportable segment	Other	Total
	Shinkin Central Bank business		
Impairment loss	268	—	268

(Millions of U.S. Dollars)

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

Note:

The “Other” classification comprises the Bank’s eight 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.

For the Fiscal Year Ended March 31, 2011

(Millions of Yen)

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

Note:

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.

(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.

28. Amounts per Share:

	Yen		U.S. Dollars
	2012	2011	2012
Net Assets per Share	229,768.12	219,425.69	2,794.55
Net Income per Share	5,879.26	5,471.96	71.50
Net Income per Share after Adjustment for Common Share equivalents	—	—	—

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:

		2012	2011	2012	
Total Net Assets	Millions of Yen	1,092,354	1,043,267	Millions of U.S. dollars	13,285
Amount Deducted from Total Net Assets	Millions of Yen	10,555	10,162	Millions of U.S. dollars	128
Minority Interests	Millions of Yen	8,430	8,037	Millions of U.S. dollars	102
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	1,081,799	1,033,104	Millions of U.S. dollars	13,157
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	—	—

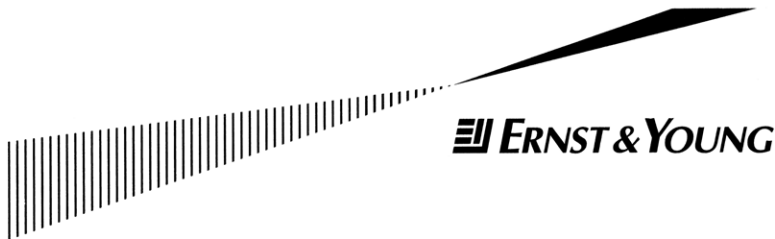
3. The basis for calculation of net income per share is as follows:

		2012	2011	2012	
Net Income	Millions of Yen	29,805	27,887	Millions of U.S. dollars	362
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	27,680	25,763	Millions of U.S. dollars	336
Average Number of Share Units for the fiscal year	Unit	4,708,222	4,708,222	—	—
Average Number of Common Share Units	Unit	4,000,000	4,000,000	—	—
Average Number of Preferred Share Units	Unit	708,222	708,222	—	—

4. Net income per Share after adjustment for Common share equivalents is not listed as there are no dilutive securities.

29. Subsequent Events:

Not applicable.



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Independent Auditor's Report

The Board of Directors
Shinkin Central Bank

We have audited the accompanying consolidated financial statements of Shinkin Central Bank and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2012, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Shinkin Central Bank and its consolidated subsidiaries as at March 31, 2012, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 1.

Ernst & Young ShinNihon LLC

June 21, 2012

Non-Consolidated Balance Sheets

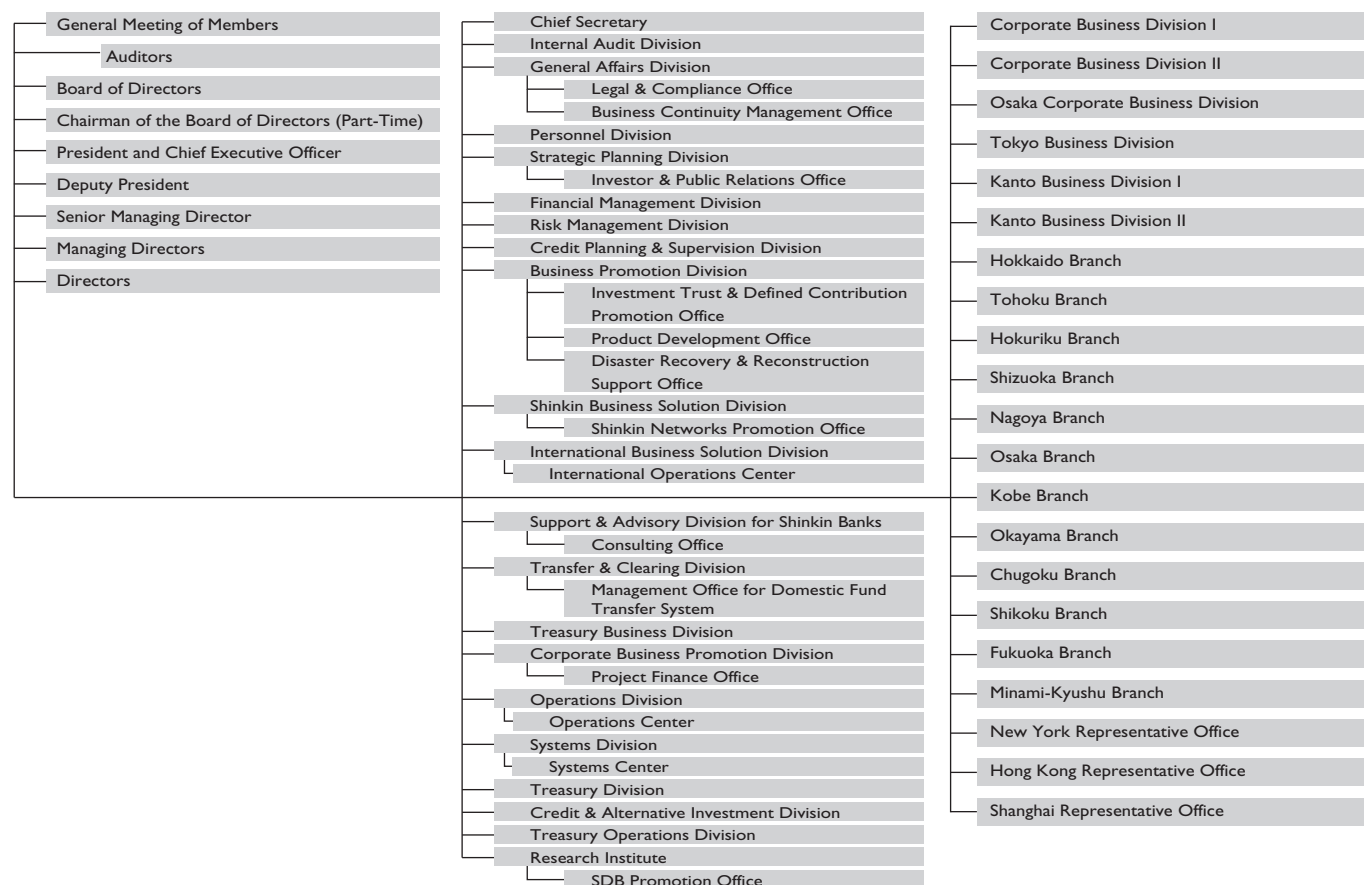
Shinkin Central Bank As of March 31,	Millions of Yen		Millions of U.S. Dollars
	2012	2011	2012
Assets			
Cash and Due from Banks	1,957,215	2,020,526	23,804
Call Loans	663,867	750,984	8,074
Receivables under Resale Agreements	73,990	86,983	899
Monetary Debts Purchased	390,101	492,290	4,744
Trading Assets	387,453	383,535	4,712
Money Held in Trust	181,193	211,106	2,203
Securities	20,624,250	21,547,910	250,842
Loans and Bills Discounted	5,374,685	5,254,796	65,369
Foreign Exchanges Assets	3,126	4,001	38
Other Assets	286,528	415,227	3,484
Tangible Fixed Assets	70,867	72,379	861
Intangible Fixed Assets	7,181	5,772	87
Deferred Tax Assets	9,071	27,177	110
Customers' Liabilities for Acceptances and Guarantees	47,496	34,828	577
Reserve for Possible Loan Losses	(27,915)	(23,586)	(339)
Allowance for Investment Losses	(78)	(215)	(0)
Total Assets	30,049,035	31,283,720	365,471
Liabilities and Net Assets			
Liabilities			
Deposits	21,609,051	21,581,162	262,819
Debentures	3,965,870	4,340,630	48,234
Trading Liabilities	74,623	60,584	907
Borrowed Money	792,410	630,950	9,637
Call Money	448,439	378,272	5,454
Payables under Securities Lending Transactions	1,583,194	2,813,644	19,255
Foreign Exchanges Liabilities	162	144	1
Other Liabilities	429,442	393,294	5,223
Reserve for Employee Bonuses	1,119	1,057	13
Reserve for Directors' Bonuses	69	64	0
Reserve for Employee Retirement Benefits	16,918	16,226	205
Reserve for Directors' Retirement Allowances	348	321	4
Deferred Tax Liabilities for Land Revaluation	6,499	7,366	79
Acceptances and Guarantees	47,496	34,828	577
Total Liabilities	28,975,645	30,258,547	352,416
Total Net Assets	1,073,389	1,025,172	13,055
Total Liabilities and Net Assets	30,049,035	31,283,720	365,471

Non-Consolidated Statements of Income

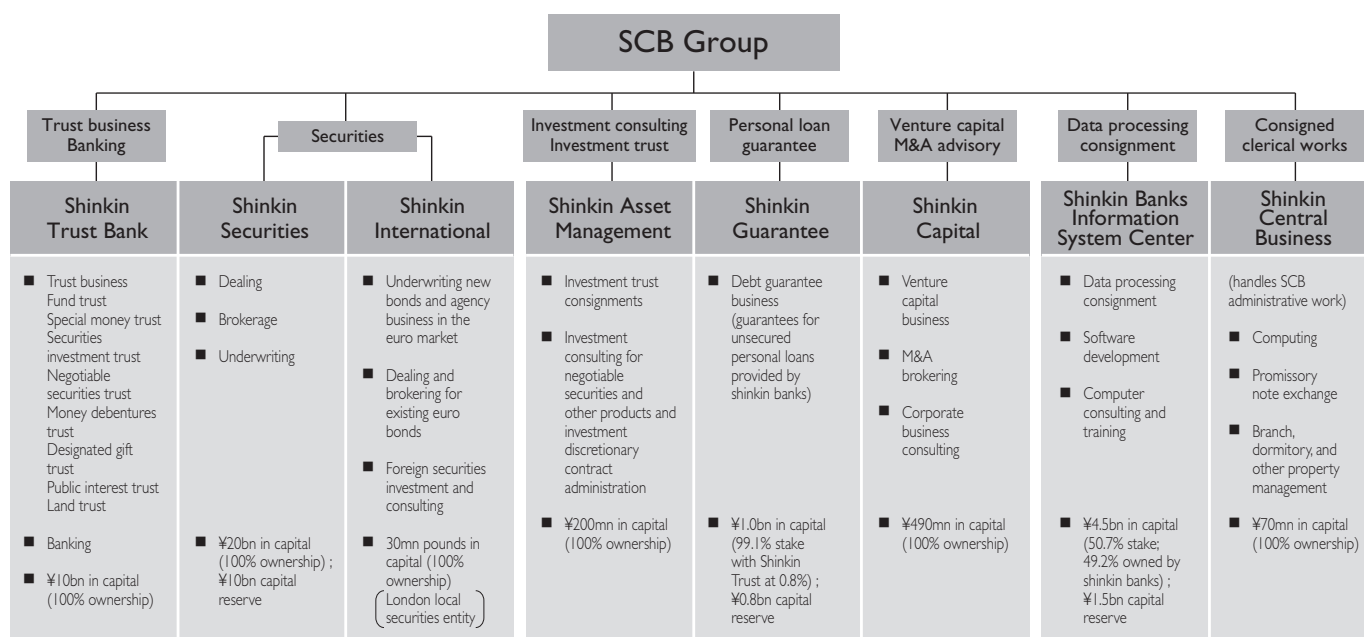
Shinkin Central Bank For the years ended March 31,	Millions of Yen		Millions of U.S. Dollars
	2012	2011	2012
Income			
Interest Income:	263,702	278,927	3,207
Interest on Loans and Discounts	45,247	52,480	550
Interest on Due from Banks	6,197	6,912	75
Interest on Call Loans	2,639	2,322	32
Interest on Receivables under Resale Agreements	79	148	0
Interest on Receivables under Securities Borrowing Transactions	134	232	1
Interest and Dividends on Securities	206,202	212,586	2,507
Others	3,201	4,244	38
Fees and Commissions	7,001	7,208	85
Trading Income	14,832	12,567	180
Other Operating Income	80,270	30,434	976
Other Income	4,453	8,899	54
Total Income	370,260	338,057	4,503
Expenses			
Interest Expenses:	197,168	223,479	2,398
Interest on Deposits	81,923	116,130	996
Interest on Debentures	47,067	55,777	572
Interest on Borrowed Money	12,607	12,571	153
Interest on Call Money	760	565	9
Interest on Payables under Repurchase Agreement	8	1	0
Interest on Payables under Securities Lending Transactions	4,371	5,214	53
Interest Payable on Interest Rate Swaps	44,790	29,909	544
Others	5,639	3,308	68
Fees and Commissions	7,322	7,841	89
Trading Losses	44	774	0
Other Operating Expenses	85,587	23,242	1,040
General and Administrative Expenses	26,325	26,080	320
Other Expenses	18,508	18,564	225
Total Expenses	334,957	299,982	4,073
Income before Income Taxes	35,303	38,074	429
Income Taxes			
Current	63	61	0
Deferred	6,232	10,625	75
Total Income Taxes	6,296	10,687	76
Net Income	29,007	27,387	352

	Yen		U.S. Dollars
	2012	2011	2012
Net Income Per Share	5,709.76	5,365.65	69.44
Dividend Declared per Share (Common Shares)	2,500.00	2,500.00	30.40
Dividend Declared per Share (Preferred Shares)	6,500.00	6,500.00	79.05

Organization (As of July 31, 2012)



SCB Group



International Directory (As of July 31, 2012)

Deputy President

(in charge of International Planning)
Junichi Hattori

Senior Managing Director

(in charge of International/
Treasury Operations)
Katsuo Akiyama

Managing Director

(in charge of Overseas Offices)
Kazuyuki Okura

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Facsimile: +852-2537-4002
Chief Representative: Tokuo Iwasaki

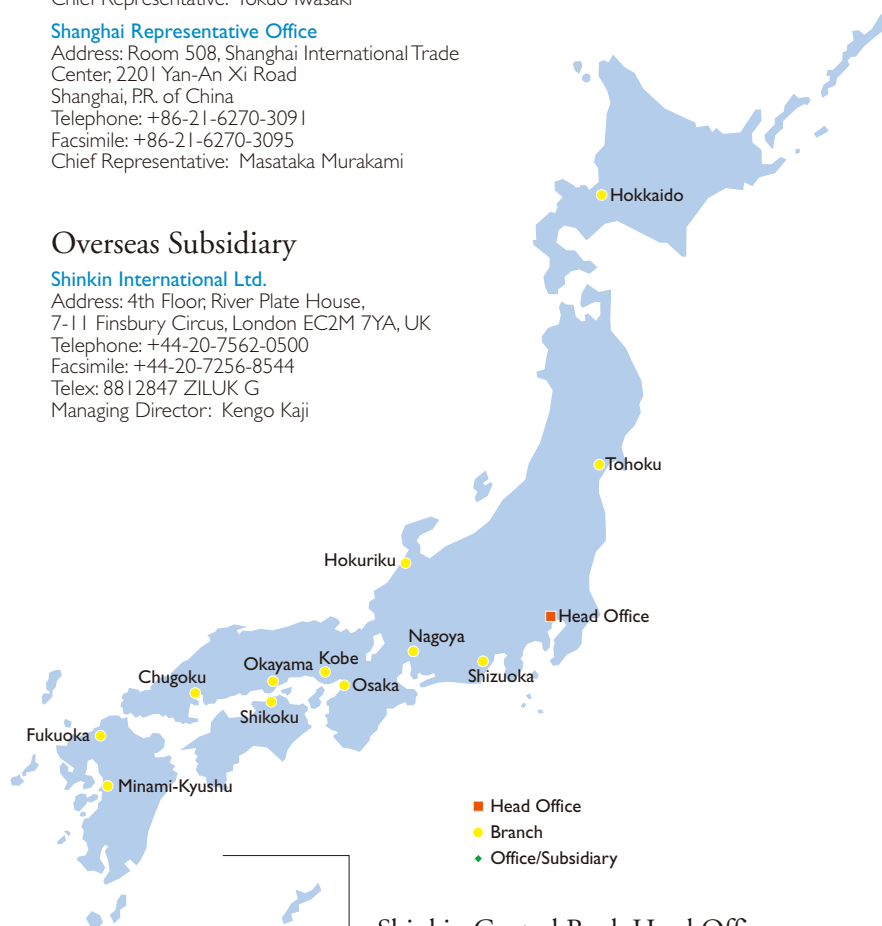
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