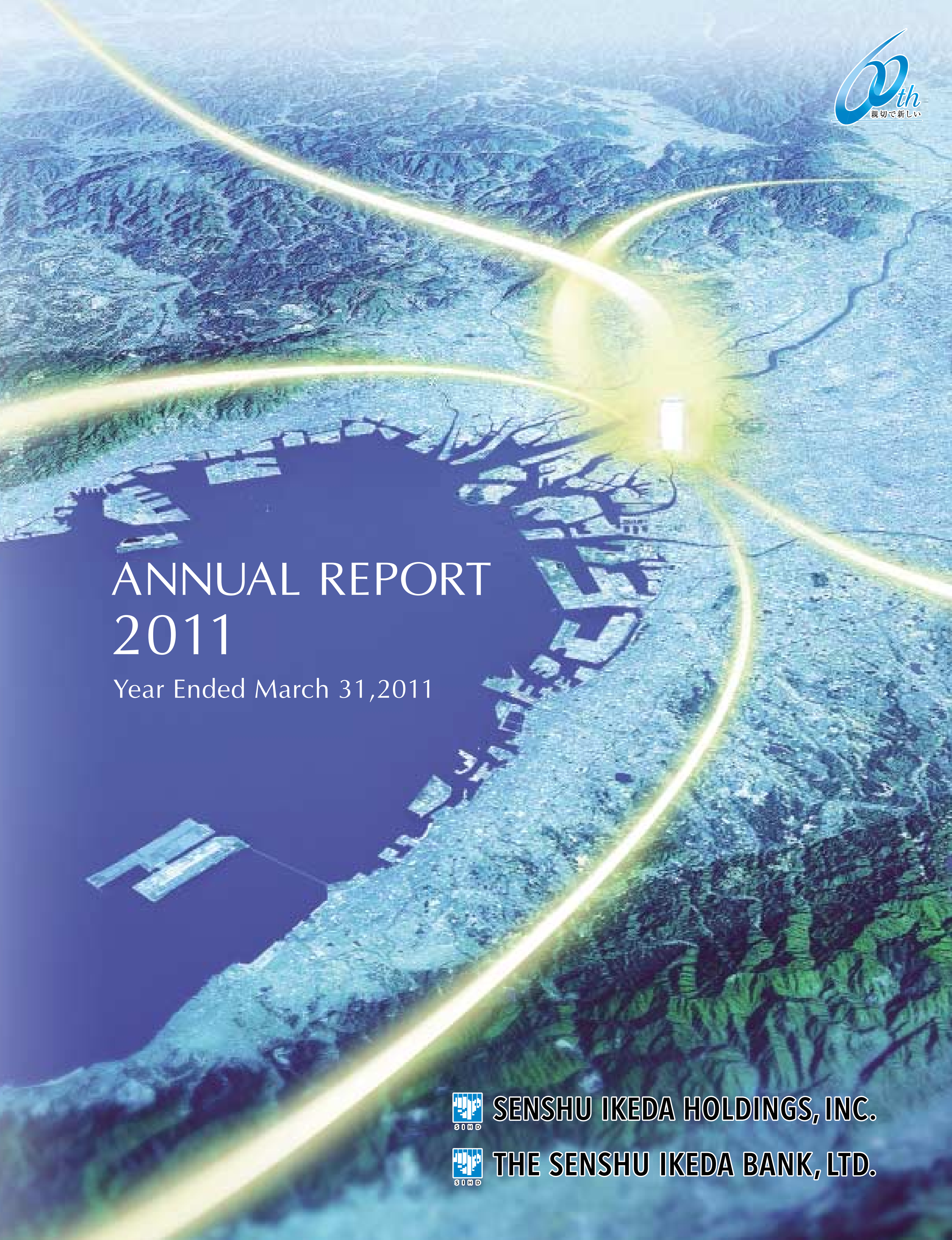


ANNUAL REPORT 2011

Year Ended March 31,2011

SENSHU IKEDA HOLDINGS, INC.

THE SENSHU IKEDA BANK, LTD.

S I H D

> This symbol in the shape of Kansai's six prefectures is suitable for the new financial group, leading the Kansai region characterized by a spirit of openness. The vertical lines stretching upward express the spread of the various networks linking the Kansai area that were created with the birth of the new financial group.
> The brand color is associated with water, a clear blue that symbolizes the growth potential of the new financial group and the corporate culture of unrestricted freedom.

Management Principle

Strive to become a financial group that is "loved" by the regional community by providing services tailored to customers' needs, while valuing "broad networks of relationships" and "an enterprising spirit."

Management Policy

1. Create a "most trusted by customers" financial group which respects personal relationships and promotes honest and approachable banking.
2. Create a financial group with a commanding regional presence by researching and predicting trends to provide advanced, high-quality services.
3. Pursue transparent operations and live up to the trust of the shareholders, while maintaining a competitive edge through strong financial standing, high profitability and management efficiency.
4. Promote "coexistence with the region" by utilizing industrial, academic and management networks for business matching.
5. Focus on gaining the trust of the community through compliance with laws and regulations and corporate activities that are considerate of the environment.
6. Provide a workplace for employees of the financial group which encourages employees to exercise talents and develop skills, with an emphasis on proactive self improvement, thereby contributing to the development of upstanding citizens.

Profile

Senshu Ikeda Holdings, Inc.

(As of March 31, 2011)

Establishment:	October 1, 2009
Location:	18-14 Chayamachi, Kita-ku, Osaka-City, Osaka
Share Capital:	¥72.3 billion
Business Activities:	Management and other related operations of banks and affiliates whose shares can be held in accordance with the Banking Act and other related operations.
Number of Employees:	187
Stock Listing:	Tokyo Stock Exchange, Osaka Securities Exchange

The Senshu Ikeda Bank, Ltd.

(As of March 31, 2011)

Establishment:	September 1, 1951
Location:	18-14 Chayamachi, Kita-ku, Osaka-City, Osaka
Share Capital:	¥50.7 billion
Deposits:	¥4.3570 trillion
Loans:	¥3.5123 trillion
Number of Branches:	141
Number of Employees:	2,885

CONTENTS

To be the "No.1 Reliable Bank for the Regional Communities and Customers"

We would first like to express our gratitude for your ongoing support and patronage.
We would also like to extend our heartfelt sympathy to those suffered from the Great East Japan Earthquake and wish for the earliest reconstruction.

I hope you will take the opportunity to read through the business performance report of Senshu Ikeda Holdings for the fiscal year ended March 2011 (fiscal year 2010).
Banking profit was ¥22.0 billion, and net income for the fiscal year 2010 was ¥6.3 billion.
Deposit balance increased by ¥90.2 billion over the year, mainly due to an increase in deposits held by individuals, reaching ¥4,357.0 billion.
Sales figures for assets in custody increased steadily, reaching ¥169.0 billion for the fiscal year ended March 2011.
Loan balance increased by ¥48.8 billion over the year to ¥3,512.3 billion.
A capital adequacy (consolidated Senshu Ikeda Holdings) was 10.80%.
Furthermore, the NPLs ratio for the fiscal year 2010 dropped from 2.02% to 1.76%, which is one of the lowest levels for any other regional banks in Japan.

One year has passed since the founding of the Senshu Ikeda Bank.
We have been striving to take full advantage of effect from the merger, while developing three challenging strategies as follows.
(1) Reinforce “Asia and China Business” through utilizing the local benefits and advantages of the region.
(2) Put into practice “Advanced Technologies” cultivated through “the business-academia-government collaboration.”
(3) Promote “Private Banking Business” which meets various needs of our customers.

As part of the “business-academia-government collaboration” stated above, we concluded the “Collaborative Agreement for Industrial Promotion” with Sakai-city in March 2011. On this occasion, we set up the “Sakai-city Industrial Promotion Fund”, and in April, we also established the “Sakai Emergency Loan Scheme for Earthquake Disasters” based on the aforementioned Agreement. In addition, we held the “Symposium Celebrating the Conclusion of Collaborative Agreement” on May 27 in collaboration with Sakai-city.
We concluded “Basic Agreements for Business-Academia Collaboration” with Kinki University in February, Ryukoku University in March, and Wakayama University in May, 2010. Thus we have built the collaboration networks with 10 Kansai’s leading universities.
We will continue to promote cooperation among business, academia and government and to contribute to the regional economic development.

On March 28, 2011, we have relocated the Kyoto branch to a larger and more convenient area in Karasuma Oike.
We are planning to open new branches at Hanshin Area, and will continue striving to offer an enhanced branches network.
In January 2012, we will integrate our computer systems as a mop-up of the integration and merger.
There may be some inconvenience in the meantime, but after the system integration, we will be able to provide our customers with better services.

This year also marks the 60th anniversary of the founding of the former Bank of Ikeda and the former Senshu Bank.
On this landmark year, our “mission” is to be the No.1 bank in terms of “being there anytime for our customers,” “actively taking the new challenges,” as a result, the “No.1 reliable bank for the regional communities and customers.”
We would appreciate your continued support.

July 2011

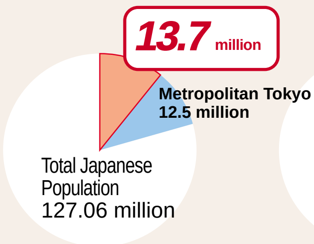
Moritaka Hattori
Senshu Ikeda Holdings Representative Director, President and CEO
Senshu Ikeda Bank Representative Director, President and CEO

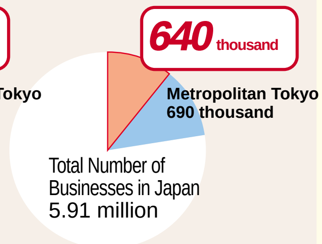
Thanks to your support, we are celebrating the first anniversary of our merger, and the 60th anniversary of our founding.

"Celebration of the 60th anniversary" Logo

The Senshu Ikeda Bank, Ltd. marked the first anniversary of its merger in May 2011.
It has been 60 years since the founding of the two former banks, and we have designed a celebration logo.
The logo is to express our gratitude for the loyal patronage of our customers over the years, and to convey our desire to be "the bank that serves all of the regional communities and customers."
The number "60" in the logo consists of two "jointing circles," which symbolize the "linkage and incidental bond" between the "customers" and "The Senshu Ikeda Bank," as well as the various networks that we have.
In pursuit of our mission to be the "No.1 Reliable Bank for the Regional Communities and Customers," we keep the basic principles, "kindness and innovation."

We aim to be the "No.1 Reliable Bank for the Regional Communities and Customers" in Japan's leading market area.

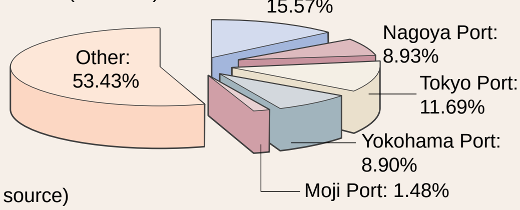




[Population and businesses of a high density equivalent to that in Metropolitan Tokyo]

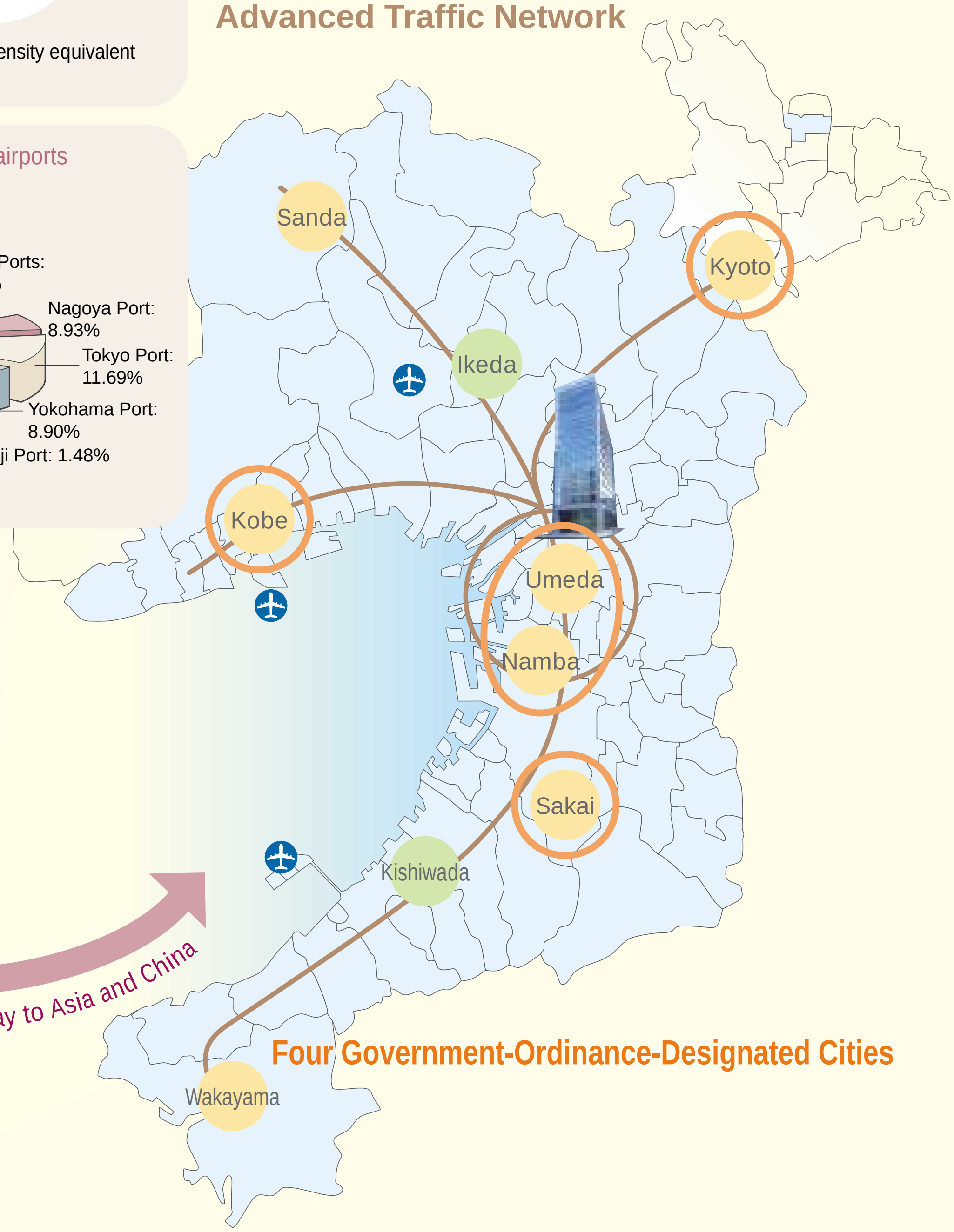
Ports of Osaka and Kobe, and three airports in the area
No. 1 in Japan for Asia trade

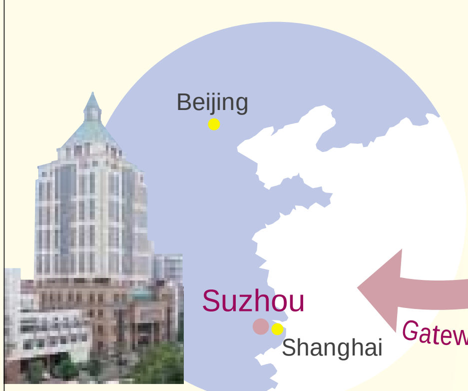
Export/Import
Volume Share (with Asia)



(Data source)
"Trade Statistics of Japan (2010)"
by the Ministry of Finance

Advanced Traffic Network

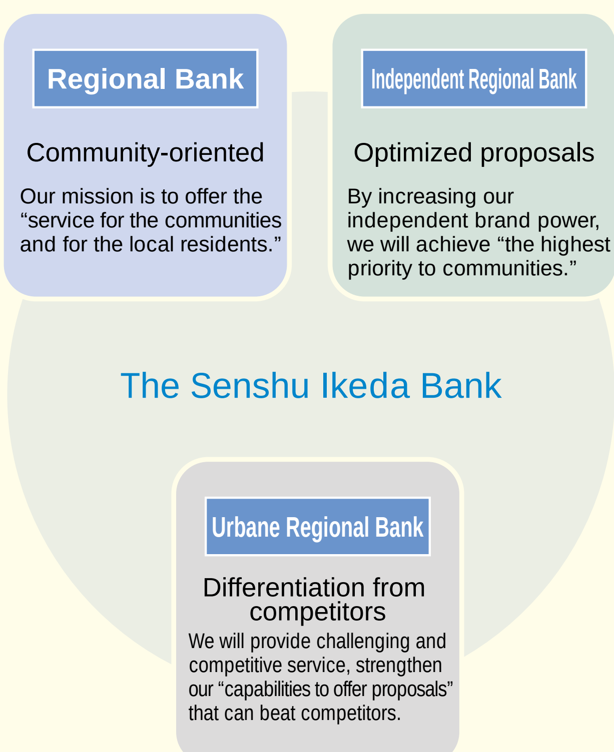




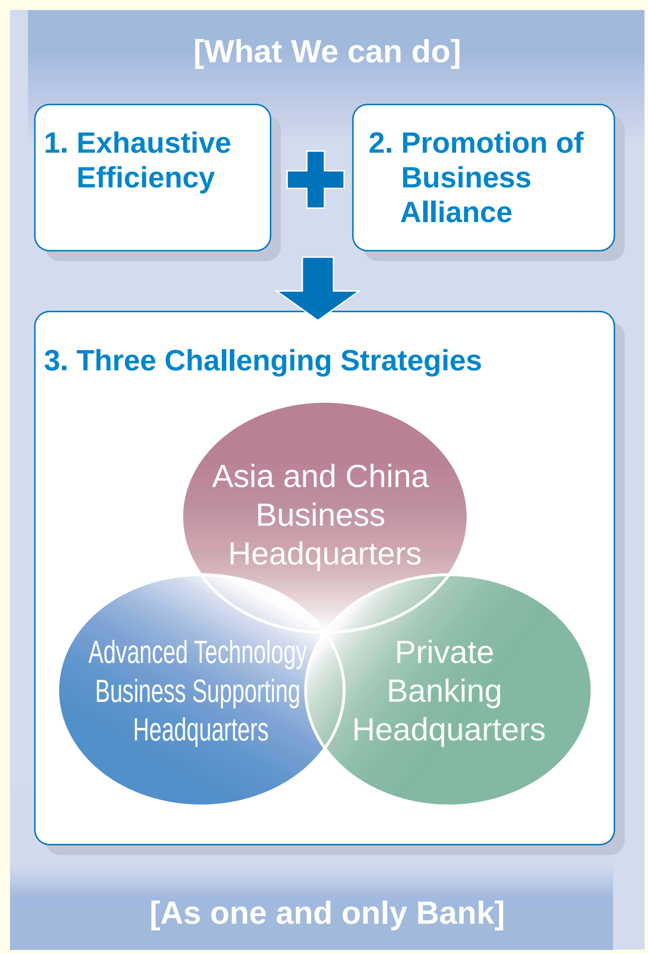
The business area we cover comprises an advanced traffic network and includes four government-ordinance-designated cities. The number of business offices within this area along with the population is comparable with that of Metropolitan Tokyo, with the Ports of Osaka and Kobe and its three airports which themselves provide a gateway into Asia and China, regarded as Japan's leading market area.
Furthermore, in addition to the existing well-balanced industrial structure, new large-scale projects are underway, including the JR Osaka Station, Umekita, Kintetsu Abenobashi Terminal Building, Panel Bay, Saito Life Science Park, and Kobe Medical Industry Development Project. The area is expected to grow further and has extremely high potential, so-called "Regional Power."

In this environment, we will use its signature strategies, "Three Survival Strategies" and "Three Challenging Strategies," to create a "new regional bank model," to be the "No.1 Reliable Bank for the Regional Communities and Customers," and becoming as Japan's leading regional bank.

Strengths of the Senshu Ikeda Bank



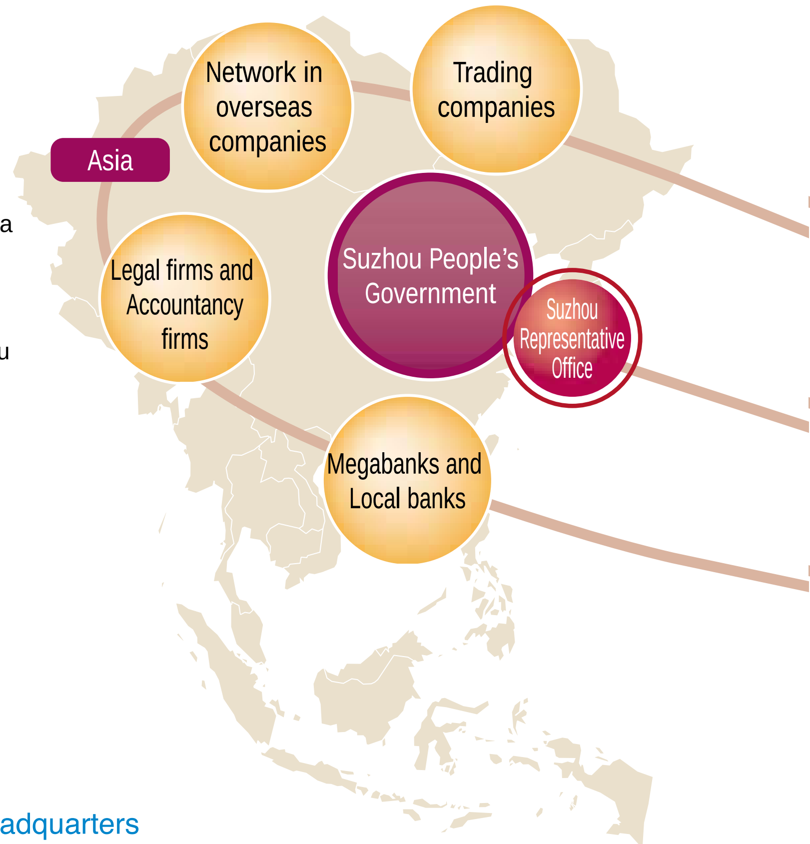
Three Survival Strategies



Management Strategies of the Senshu Ikeda Bank

Three Challenging Strategies

1 Asia and China Business Headquarters



Reinforce "Asia and China Business" through utilizing the local benefits and advantages of the region

In order to strengthen our functions in the "gateway to Asia and China" utilizing the local benefits and advantages of the region including the Kansai Bay Area, the Ports of Osaka and Kobe, and the region's three airports, the network with clients with whom we have lose ties will be utilized such as the regional bank's sole expatriate Suzhou Representative Office. We will significantly strengthen our capability to respond and support Asia and China businesses.

Enthusiastic Support for New Advances into Foreign Markets and Business

- Providing information and mediation of business matching between companies and governments
- Supporting overseas visits
- Making various proposals related to overseas business
- Further expansion of our challenging network capitalizing on the strength of an independent financial institution
- Capable to offer proposals at branches
- Personnel training

2 Advanced Technology Business Supporting Headquarters

Put into practice "Advanced Technologies" cultivated through "the business-academia-government collaboration."

Through the employment of hitherto established close-knit business-academia-government network with Kansai's leading universities and public organizations and so on, and support for the next generation of industry and technology, the Advanced Technology Business Supporting Headquarters will work enthusiastically to utilize advanced technologies to provide new products and services such as a new and more convenient multi-functional IC cash cards.

Advanced Technology Business Supporting Headquarters

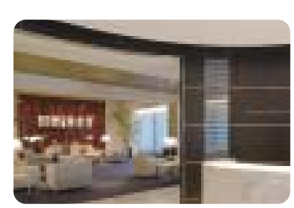
Our advanced technology business network is made up of more than 1000 companies.

- Accumulation of information about the "companies with excellent technologies and/or business models" that apply for our New Business Grant Program or Consortium-based R&D Grant Program
- Network of the appraisers including universities, institutions, municipalities, trading companies, and media that evaluate the above applications

- Supporting the growing companies with advanced technologies
- Mediation of businesses concerning advanced technologies between governments and companies, as well as those between companies
- Providing new products and services capitalizing on innovative technologies
- Expansion of business-academia-government collaborative networks

3 Private Banking Headquarters

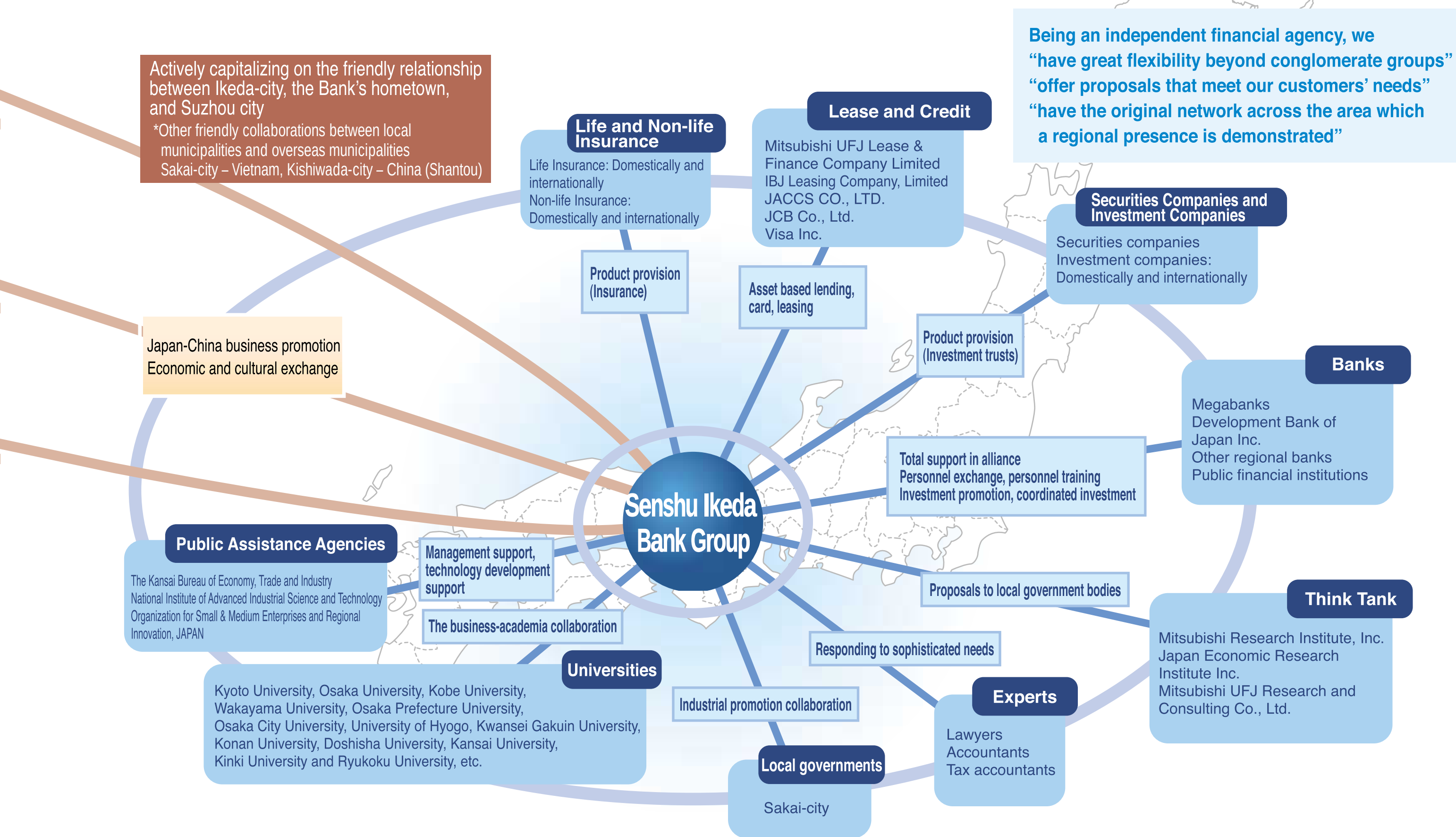
Promote "Private Banking Business" which meets various needs of our customers



The Private Banking Headquarters will provide advanced corporate and individual integrated services, which in addition to the provision of asset management advice to individual customer, comprise the utilization of our broad network of experts to extensively fulfill the diversity of advanced needs of company owners pertaining to, for example, business succession, inheritance measures, fund procurement associated therewith, and M&A (mergers and acquisitions).

Alliance Strategies

As an independent regional bank, we are building the "original business network that possesses great flexibility beyond conglomerate groups," and we offer our customers improved and superior products and services without any restriction. This allows us to provide customer-oriented products and services meeting the various different needs of our customers.



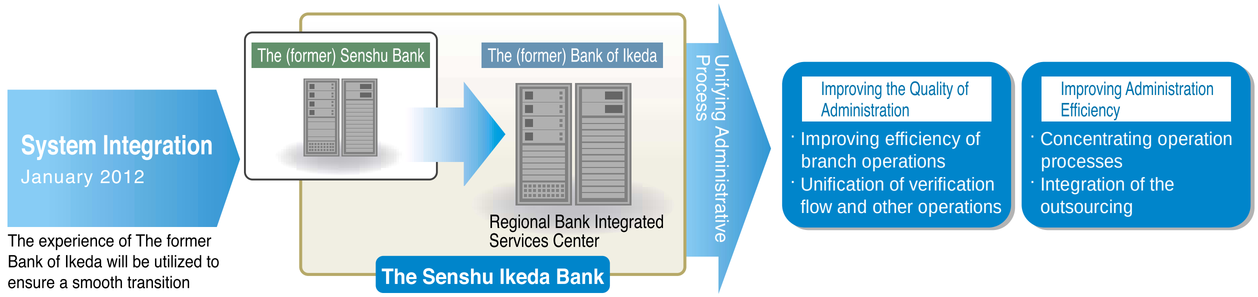
Improved Efficiency Strategies

Demonstration of Synergistic Effect

A synergistic effect will be swiftly demonstrated and will be evidenced in low-cost operations.
Specifically, the individual strengths of the two banks will be mutually expanded across a shared mother market, and this will additionally reinforce our operational strength.

System Integration

The improved efficiency in business branch operations, together with the credit screening flow and the integration of other operations afforded by the system integration (scheduled for January 2012) will give rise to improved operational quality. Moreover, the implementation of integrated operations processing and the centralization of outsourcing will ensure even further improvements in administration efficiency.



Celebrating the 60th Anniversary

"Business Networking Event" Celebrating the 60th Anniversary of Our Founding

Our mission is "above all else, we would like to support the revitalization of the Kansai region" and to that end, we have continued our contribution to the goal of "a vibrant future of Kansai region" through the implementation of various policies.
Thanks to your support, this year we are celebrating the first anniversary of our merger, and the 60th anniversary of our founding.
Our basic principle remains unchanged, and we will strive to support further revitalization of Kansai region with an increasingly global perspective.
On May 9, 2011, we held a "Business Networking Event" celebrating the 60th anniversary of our founding.
In the first session, we announced the chosen plans of the "2010 Consortium-based Research & Development Grant." At this time we received record-high 71 plans, of which 15 selected after comprehensive assessment by the Evaluation Committee, and awarded grant a total of ¥30 million.
The total number of plans submitted over the seven years since the establishment of this system in 2004 is 347, of which a total of 99 were selected, and the total amount of grant awarded is over ¥210 million.
The second session, we hosted a lecture meeting on "Global Economics – Future Scenarios" by Noriko Hama, Professor and Economist of Doshisha Business School.

The third session, we had a social gathering attended by guests from approximately 500 of the Bank's corporate customers, as well as 40 organizations essential to the "revitalization of Kansai region," including the Kansai Bureau of Economy, Trade, and Industry, the Bank of Japan, local governments, research institutions from our region and 16 leading regional universities. The gathering provided an opportunity for an active exchange of information and dialogue among representatives of business, academia, and government across various industries.

Practicing a Campaign of Time Deposit Celebrating the 60th Anniversary

As we mark 60th anniversary of its founding this year, we are holding a "Campaign for Time Deposit Celebrating the 60th Anniversary" to show our appreciation to the customers for their loyal patronage over the years. The first 100,000 customers to make a new and eligible fixed-term deposit of ¥300,000 or over at our branches during the campaign will receive "familiar's cooler bag" designed exclusively for us.
Furthermore, 4,000 winners selected in a drawing will receive magnificent prizes including the Grand Prize and the 60th Anniversary Prize.
The campaign ends on September 30, 2011. For details, please see the brochure available at any branch, or check our website.

familiar's "cooler bag" designed exclusively for the Senshu Ikeda Bank

Business Overview of Senshu Ikeda Holdings

Consolidated

Summary of Profit and Loss

(¥ million)

Items	Fiscal year 2009	Fiscal year 2010
Ordinary revenue	118,332	117,255
Ordinary expenses	112,274	109,723
Ordinary income	6,057	7,532
Net income (loss)	(2,845)	7,690

Non-consolidated

Summary of Profit and Loss

(¥ million)

Items	Fiscal year 2009	Fiscal year 2010
Operating revenue	6,971	6,793
Operating expenses	543	881
Operating income	6,428	5,912
Ordinary income	5,944	5,806
Net income	5,955	5,802

Business Environment

The Japanese economy was picking up in the consolidated fiscal year 2010, due to a recovery tendency in exports and production as well as an improvement in corporate earnings. However, autonomy was weak, and the Great East Japan Earthquake has generated concern about the economic impact.

With respect to prices, the forecast for consumer prices is expected to fall two years in a row, although the drop was getting smaller due to the shrinking GDP gap and other factors, resulting in continued mild deflation.

In the financial markets, the unsecured overnight call rate generally stayed at a level slightly below 0.1% because the Bank of Japan continued to provide sufficient funds to the market. A pessimistic economic forecast mixed with concern over the deteriorating supply-demand situation of government bonds and other worrisome factors meant that the rate of return on 10-year Japanese government bonds fluctuated from the mid 0.8% range to around 1.4%.

Although overall stock prices sagged in the first half of the fiscal year due to a rising yen and financial problems in European countries, additional monetary easing by Japan and the U.S. spurred an increase in stock prices towards the latter half of the fiscal year.

However, stock prices tumbled rapidly at the end of the fiscal year due to the Great East Japan Earthquake, resulting in a drop in the Nikkei Stock Average to approximately 12% for the year.

Business Performance

With regard to consolidated performance of Senshu Ikeda Holdings Group ("the Group"), consolidated ordinary revenue for the fiscal year under review decreased ¥1,077 million from the fiscal year 2009 to ¥117,255 million, mainly due to a decrease in interest income resulting from lower yields on loans. On the other hand, consolidated ordinary expenses decreased ¥2,551 million from the year-earlier levels to ¥109,723 million. This was because of decreasing interest expenses resulting from lower yields on funding.

As a result of the preceding factors, ordinary income for the fiscal year under review increased ¥1,475 million from the fiscal year 2009 to ¥7,532 million. In addition, net income for the fiscal year increased ¥10,535 million from the fiscal year 2009 to ¥7,690 million, due to the absence of special factors, namely the reversal of deferred tax assets at the subsidiary bank in fiscal year 2009.

On a non-consolidated basis, Senshu Ikeda Holdings ("the Company") posted operating revenue of ¥6,793 million, mainly due to dividends from its subsidiary bank. At the same time, the Company recorded operating expenses, including selling, general and administrative expenses of ¥881 million, resulting in operating income of ¥5,912 million. Furthermore, non-operating expenses reached ¥114 million mainly due to costs related to integration, consequently posting net income of ¥5,802 million for the fiscal year 2010.

Matters to Be Addressed

The Group's operating bases are located in the densely populated Kansai Bay area, encompassing highly integrated industries. The Group is aware that its most fundamental mission is to "strengthen the relationship banking" and "carefully-crafted services." In consideration of the mission, the Group is striving to conduct its business by addressing to "enhance relationship networks" as the important matters of the financial group, which contributes to regional customers and evolves together with the region.

The Group also intends to "contribute to the revitalization of the Kansai economy" through the creation of business networks from a broad viewpoint and the introduction of high-quality financial products and services, as well as contributing to the regional customers as the "No.1 reliable bank for the regional communities and customers."

Dividend Policy

With a view to its highly public nature as a bank's holding company, the Company has a basic policy of positively returning profits to our shareholders, whilst sustaining a sound financial standing through the enhancement of an adequate retained earnings base and keeping up the policy of stable dividends.

In respect of the dividend of retained earnings for the fiscal year under review, based on the basic policy and in consideration of its overall business performance and the current management environment, the Company decided to pay dividend of ¥3.00 per common stock. With regard to first-class preferred stock and second-class preferred stock, the Company plans to pay the amount of ¥196.00 divided by 18.5 and ¥204.00 divided by 18.5 for each stock respectively, in accordance with the provisions of the Articles of Incorporation.

Meanwhile, the Company intends to utilize its retained earnings for future business developments or improve its financial strength.

Business Overview of The Senshu Ikeda Bank

*Results for fiscal year 2008 and 2009 as well as results at the end of March 2009 and 2010 were the sum simply combining the figure for the former Bank of Ikeda and that for the former Senshu Bank.

Consolidated

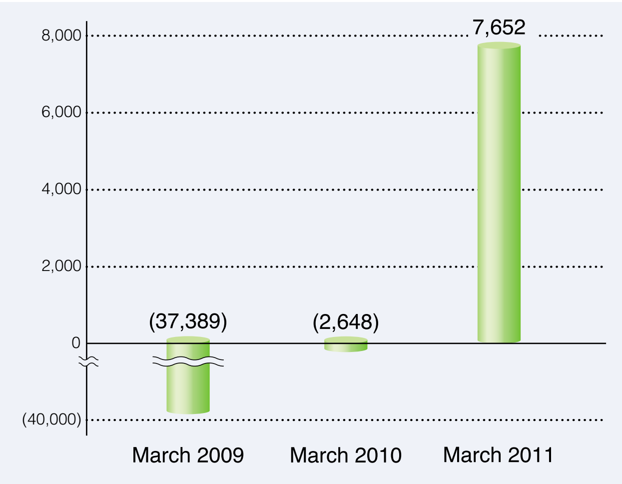
Summary of Profit and Loss

(¥ million)

Items	Fiscal year 2009	Fiscal year 2010
Ordinary revenue	118,430	117,308
Ordinary expenses	110,727	109,827
Ordinary income	7,702	7,481
Net credit costs	18,795	15,937
Net income (loss)	(2,648)	7,652

Net income (loss)

(¥ million)



Non-consolidated

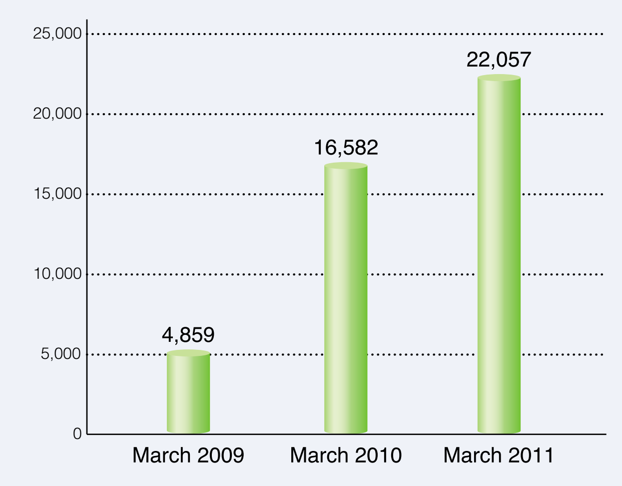
Summary of Profit and Loss

(¥ million)

Items	Fiscal year 2009	Fiscal year 2010
Gross profit	72,782	74,439
Net interest income	61,937	60,823
Net fees and commissions income	2,141	3,515
Net other operation income	8,703	10,100
Expenses	50,380	48,972
Personnel expenses	23,094	23,511
Non-personnel expenses	24,799	22,959
Core banking profit	14,002	16,472
Banking profit	16,582	22,057
Ordinary income	3,943	5,786
Net credit costs	11,407	13,201
Net income (loss)	(4,636)	6,343

Banking profit

(¥ million)



Core banking profit

(¥ million)

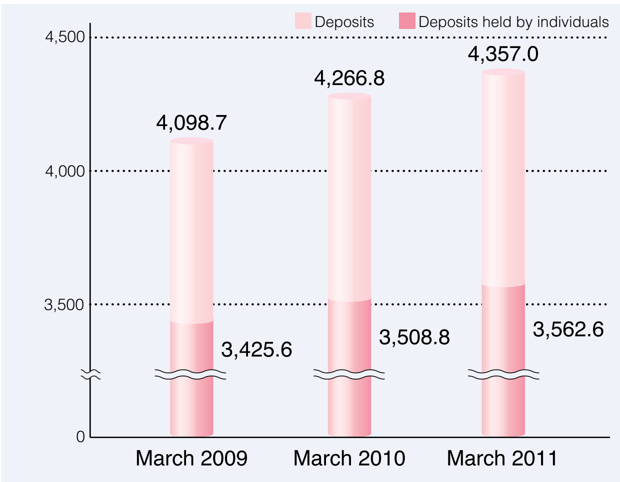
Net income (loss)

(¥ million)

Non-consolidated

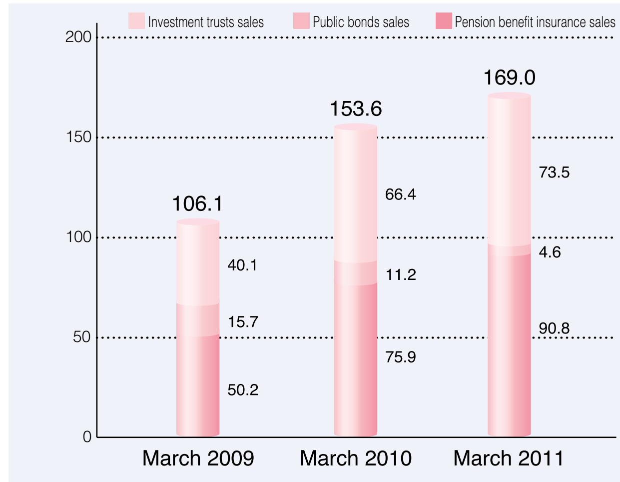
■ Deposits

(¥ billion)



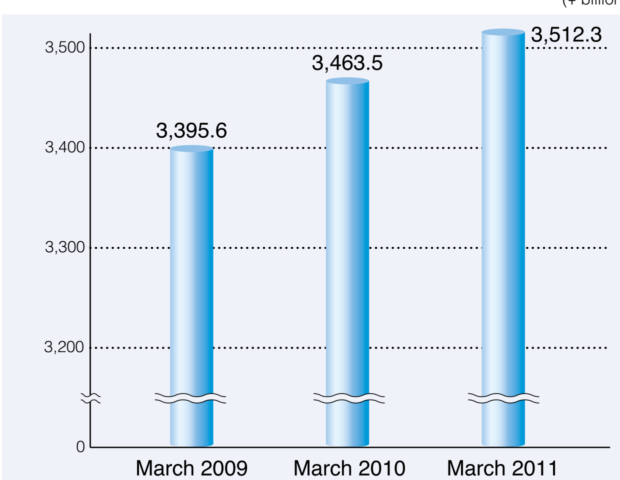
■ Assets in custody sales

(¥ billion)



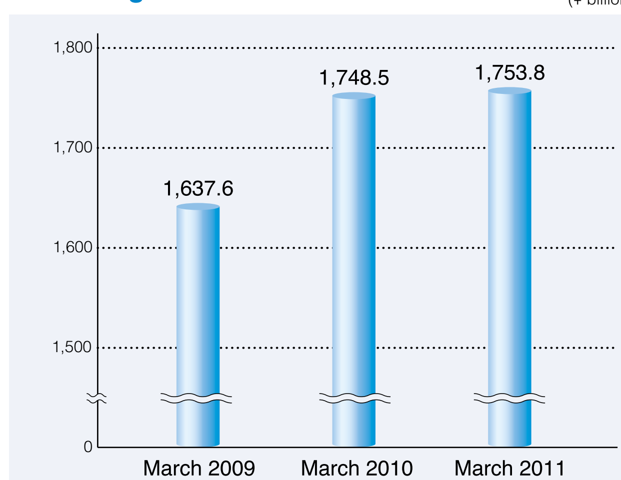
■ Loans and bills discounted

(¥ billion)



■ Housing loans

(¥ billion)



Business Performance

(Summary of Profit and Loss)

With regard to consolidated performance of the Senshu Ikeda Bank Group ("the Bank Group"), ordinary revenue for the consolidated fiscal year under review was ¥117,308 million, including interest income of ¥76,281 million, fees and commissions of ¥17,440 million, other operating income of ¥12,556 million, and other ordinary revenue of ¥11,030 million. Ordinary expenses were ¥109,827 million, including interest expenses of ¥12,999 million, fees and commissions expenses of ¥6,295 million, other operating expenses of ¥2,070 million, general and administrative expenses of ¥56,278 million, and other ordinary expenses of ¥32,183 million.

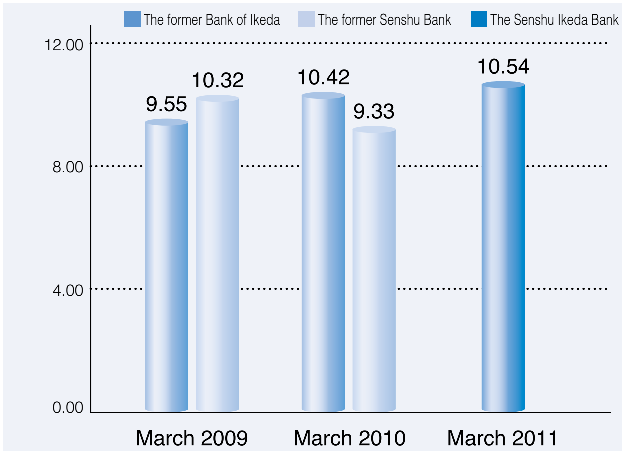
As a result of the factors above, the Bank Group posted ordinary income of ¥7,481 million, and income before income taxes and minority interests was ¥8,947 million after recording extraordinary income or loss such as recoveries of written-off claims. Net income for the fiscal year was ¥7,652 million after allocated total income taxes of ¥1,217 million and minority interests in income of ¥77 million.

On a non-consolidated basis, gross profit was ¥74,439 million, including net interest income of ¥60,823 million, net fees and commissions income of ¥3,515 million, and net other operation income of ¥10,100 million. After deducting personnel expenses and non-personnel expenses, as well as provision for general reserve for

Soundness of The Senshu Ikeda Bank's Operation

Capital ratio (domestic standard, non-consolidated)

(%)

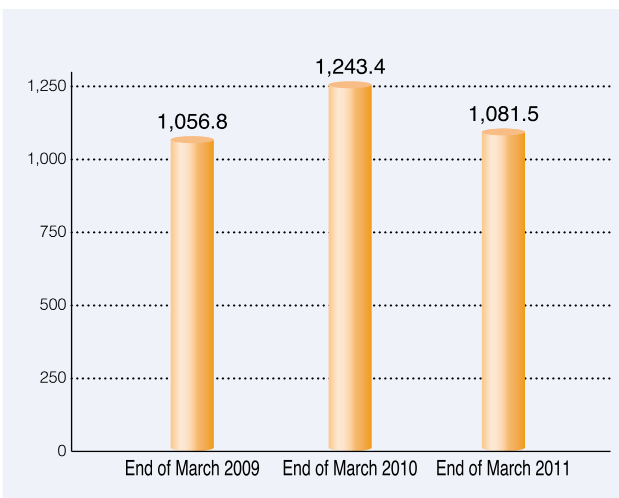


* Method of Calculating the Capital Ratio (domestic standard)

$$\frac{\text{Basic components (Capital, retained earnings, etc.)} + \text{Supplemental components (General reserve for possible loan losses, subordinated debt, etc.)}}{\text{Risk-weighted assets, etc. (Credit risk-weighted equivalent amount)}} \times 100$$

Balance of Securities

(¥ billion)



Securities a sound asset

● Disclosure under the Financial Revitalization Law

(¥ billion)

● Coverage of credits (End of March 2011)

(¥ billion)

	Amount of loans	Secured amount	Coverage ratio
Bankruptcy and quasi-bankrupt credit	13.9	13.9	100.00%
Doubtful credit	41.5	38.2	92.12%
Substandard credit	7.4	5.6	75.99%
Total	63.0	57.9	91.96%
Normal credit	3,504.7	Coverage amount: Amount of coverage by collaterals, etc. + Reserve for possible loan losses	

Bankruptcy and quasi-bankrupt credit
Bankruptcy and quasi-bankrupt credits represent the credits held by borrowers who have been declared insolvent, on the grounds of the commencement of bankruptcy or rehabilitation proceedings, filing for the proceedings of rehabilitation or other similar legal proceedings.

Doubtful credit
Doubtful credits represent the credits held by borrowers who have not yet failed but their financial conditions and business performances have deteriorated, with a high possibility that the principal and interest on these credits are not received as per agreement.

Substandard credit
Substandard credits represent the credits that are past due three months or more, and considered as restructured loans among the credits requiring special caution. (Borrowers requiring special caution: Borrowers who have concerns in lending conditions, exercising their obligations and financial situation, requiring special caution on their future situations.)

Normal credit
Normal credits represent the credits held by borrowers who show no particular problems regarding financial conditions and business performances; therefore they are classified other than the aforementioned credits.

possible loan losses, banking profit was ¥22,057 million.

The Bank posted ordinary income of ¥5,786 million after moderated NPL write-offs and nonrecurring income or loss, such as gains or losses on stock to banking profit. After allocating extraordinary income or loss and income taxes, net income for the fiscal year under review was ¥6,343 million.

(Assets and Liabilities)

The balance of deposits at the end of the consolidated fiscal year under review was ¥4,349.3 billion.

The balance of loans and bills discounted at the end of the consolidated fiscal year under review was ¥3,501.0 billion.

The balance of securities at the end of the consolidated fiscal year under review was ¥1,077.3 billion.

On a non-consolidated basis, the balance of deposits increased ¥90.2 billion from the end of the previous fiscal year to ¥4,357.0 billion due mainly to an increase of the deposits held by individuals. The balance of loans and bills discounted increased ¥48.8 billion from the end of the previous fiscal year to ¥3,512.3 billion mainly due to an increase of the corporate lending, while the balance of securities decreased ¥161.9 billion to ¥1,081.5 billion.

■ Disclosure of Risk-Monitored Loans

Risk-monitored loans are stipulated in the Banking Law and classified into the four subcategories of “Loans to bankrupt borrowers,” “Delinquent loans,” “Loans past due three months or more,” and “Restructured loans.” Risk-monitored loans are subject to mandatory disclosure on both a consolidated and non-consolidated basis.

It should be noted that not all of the disclosed amount of risk-monitored loans are irrecoverable. The majority of such loans are secured by collaterals and guarantees, and the reserves for possible loan losses have been set aside for the portion deemed irrecoverable.

● Consolidated

(¥ billion)

Subcategories	March 2010	March 2011
Loans to bankrupt borrowers	12.1	4.7
Delinquent loans	52.7	53.6
Loans past due three months or more	0.6	—
Restructured loans	7.5	7.4
Total	73.1	65.8
Ratio of total risk-monitored loans	2.12%	1.88%

● Non-consolidated

(¥ billion)

Subcategories	March 2010	March 2011
Loans to bankrupt borrowers	11.0	3.3
Delinquent loans	50.8	51.7
Loans past due three months or more	0.5	—
Restructured loans	7.1	7.4
Total	69.5	62.4
Ratio of total risk-monitored loans	2.00%	1.77%

Loans to bankrupt borrowers	Loans with high possibility of their principals becoming irrecoverable. Specifically, among the loans and bills discounted on which accrued interest is not recorded as accrued revenues, they are the loans to borrowers who have been declared failed on grounds of the commencement of legal bankruptcy or special liquidation proceedings under applicable laws such as Corporate Reorganization Act or Bankruptcy Act, or whose notes have been dishonored and suspended from processing through clearing houses.
Delinquent loans	Among the loans and bills discounted on which accrued interest is not recorded as accrued revenues, they are the loans excluding those on which interest payments are reprieved with a view to recovery, reconstructing or supporting of the loans to bankrupt borrowers and borrowers.
Loans past due three months or more	Among the loans and bills discounted on which the principal or interest is in arrears of payment for three months or more after the contracted payment due date. These are not classified into the loans to bankrupt borrowers or delinquent loans.
Restructured loans	These are loans which have been restructured in favor of the borrower (such as by reducing or suspending the rate of interest, suspending the capital, loan forgiveness, cash donation, acceptance of substitute payment, etc.) with the aim of restructuring and supporting financially distressed obligators and facilitating the recovery of relevant loans.

■ Self-assessment results, and categories and coverage by disclosure standard (Non-consolidated) (End of March 2011)

(¥ billion)

Borrower classification under self-assessment guidelines (Credit exposures)

Classification Outstanding loans	No asset classification	Category II	Category III	Category IV
Bankrupt 3.3	1.3	2.0	– (0)	– (–)
Effectively bankrupt 10.6	2.0	8.6	– (0.1)	– (0.1)
Potentially bankrupt 41.5	15.8	22.4	3.2 (9.4)	
Watch list: Requiring special caution 8.8	1.1	7.6		
Watch list: Other borrowers requiring caution 281.3	100.2	181.0		
Normal 3,222.0	3,222.0			
Total 3,567.7	3,342.6	221.7	3.2 (9.6)	– (0.1)

Claims disclosed under the Financial Revitalization Law (Credit exposures)

Classification Outstanding loans	Secured or guaranteed	Reserve	Coverage ratio
Bankruptcy and quasi-bankrupt 13.9	13.6	0.2	100.00%
Doubtful 41.5	28.8	9.4	92.12%
Substandard 7.4	2.6	3.0	75.99%
Subtotal 63.0	45.2	12.7	91.96%
Normal 3,504.7			
Total 3,567.7			

Ratio of NPLs (subtotal) pursuant to the disclosure standards of the Financial Revitalization Law to total credit: 1.76%

Risk monitored loans under the Banking Law

Classification	Outstanding balance of loans
Loans to bankrupt borrowers	3.3
Delinquent loans	51.7
Loans past due three months or more	–
Restructured loans	7.4
Total	62.4

Ratio of risk managed loans to total loans: 1.77%

[Definition of Borrower Classification]

- Bankrupt: Borrowers who are in bankrupt legally and formally.
- Effectively bankrupt: Borrowers who are not yet in bankrupt legally or formally, but are recognized that they have no prospect of reconstruction or rehabilitation of their business.
- Potentially bankrupt: Borrowers who are not yet in bankrupt, but are in financial difficulties and the progress of management improvement plans is not good so that the future bankruptcy possibility is highly concerned.
- Requiring special caution: Borrowers whose lending conditions is concerned, and repayment of principal or payment for interest is not according to the schedule as contracted, or financial situation is not prosperous that their situation requires to be addressed and managed.
- Normal: Borrowers whose business is prosperous and their financial situation has no particular concerns.

Notes
1. Credits include: Corporate Bonds (when financial institutions holding the bonds guarantee all or part of the repayment of principal and payments of interest, when such bonds are issued through private placement in accordance with the Article 2, paragraph 3 of the Financial Instruments and Exchange Act (No.25 in 1948)); Loans and bills discounted; Foreign exchanges; Accrued income and Suspense payment account under Other assets; and Customers' liabilities for acceptances and guarantees in the Balance Sheet; as well as the lended securities (limited for use agreements or lease contracts,) which are required to be stated in a note to the Balance Sheet.
2. The figures in the parentheses under Borrower classification under self-assessment guidelines represent reserved amounts for classified loans. All amounts for Categories III and IV for borrowers in bankrupt and effectively bankruptcy are reserved.

Corporate Governance

In light of the public nature of our operation as a regional financial institutions group, the Group is focused on an adequate development and maintenance of corporate governance structure, which is one of the crucial management tasks.

Under the policy, the Company aims to be the trustworthy and indispensable institution for all of our stakeholders including customers and employees, as well as shareholders and investors. To this end, the Company adopts the basic management policies focused on compliance (with laws and regulations) risk management and management transparency through emphasizing contribution to the regional communities, and sustaining management soundness and independence.

Outline of Corporate Governance Structure

The Company has adopted a corporate governance structure for sustainable enhancement of its corporate value through reinforcing supervision of management by electing the outside directors and cooperating with the Board of Corporate Auditors.

Specifically, directors who are familiar with banking business - involving complex and sophisticated management decisions - supervise business execution of representative directors, while corporate auditors audit business execution of directors through attendance to important meetings and inspection of critical documents. The Company reinforces its corporate governance structure through outside directors and outside corporate auditors who possess well-seasoned characters and insights presenting meetings including the Board of Directors and expressing their opinions actively.

Furthermore, with the purpose to enhance transparency and objectivity of management, the Company has established an Advisory Board as consultative body to the Management Committee, for advice from outside experts on the issues including critical management strategies and agenda, latest issues in the financial industry and other matters concerning general management of the Company.

The Company has concluded liability limitation agreement with outside directors and outside corporate auditors. Under this agreement, their liabilities to the Company are restricted to the minimum level as required by the applicable laws and regulations.

Corporate governance functions within the Company

- The Board of Directors

  The Board of Directors that comprises twelve directors (including two outside director) is responsible for making decisions on critical management issues while receiving relevant reports from within the company, and supervising the business execution of directors and executive officers under the rules of the Board of Directors. The Board of Directors is held once a month in principle, attended also by corporate auditors, to make decisions in due consideration of compliance and risk management.

- The Board of Corporate Auditors

  The Company has adopted a corporate auditor system. Under this system, the Company ensures transparency through appointing two outside corporate auditors of the four corporate auditors in all. Each corporate auditor audits business execution of directors through attendance to important meetings including the Board of Directors and the Management Committee, inspection of critical documents and other means, according to the auditing guidelines and audit schedule decided by the Board of Corporate Auditors. Outside corporate auditors are qualified with high degree of integrity along with superior insight and capability, as well as expertise and hands-on experience in respective area of specialty, providing advice on management from diversified points of view.

- Management Committee

  With the purpose to make more adequate and prompt management decisions in the execution of company business, the Management Committee has been established under the Board of Directors, which makes decisions on critical management matters based on the authorities delegated from the Board of Directors while receiving relevant reports from within the company. The Management Committee is held once a week in principle inviting corporate auditors, to make decisions in due consideration of compliance and risk management.

- Internal control, management and auditing functions

  For the purpose of internal control, management and auditing functions, the Company has established Corporate Planning Division, General Risk Management Division and Internal Audit Division.

  The Corporate Planning Division is the department responsible for the coordination of internal control, for the purpose of Companies Act and Financial Instruments and Exchange Act. The General Risk Management Division is responsible for compliance management that serves as a linchpin for internal management. Measures for compliance are planned and their implementation status is managed under the compliance program approved by the Board of Directors. Furthermore, the General Risk Management Division, as an overall supervisory function of risk management, is responsible for regular review and reform of the risk management structure, referring to the financial inspection rating system by the Financial Services Agency.

  On the other hand, the Internal Audit Division is responsible for coordinated management of the overall internal audit work across the Group according to the annual audit plan approved by the Board of Directors, while it audits subsidiaries on its own or on a joint basis with the internal audit department of each subsidiary as appropriate, and provides specific instruction and advice to improve business operation at concerned subsidiary.

- Accounting auditors

  Mr. Tamon Tsuda, Mr. Hisashi Tsurumori and Ms. Mayumi Ikai are the certified public accountants that conducted the latest accounting audit of the Company, while accounting auditors that conduct audits of the Company for the purpose of Companies Act as well as for the purpose of Financial Instruments and Exchange Act, belong to Ernst & Young ShinNihon LLC. None of them have been engaged in the audit of the Company for longer than seven years on continuous basis, hence no statement in respect of the number of continuous years of service engaged in the audit of the Company.

  Assistants for the accounting audit of the Company are five certified public accountants and fourteen others.

Basic approach to the internal control system and its status of development

The Company as well as the Group is developing a structure necessary to ensure the adequacy of operation based on the following concepts through aiming to be a financial group which respects personal relationship, sincerity and friendliness and become the most "trustworthy" for customers.

(1) Structure to ensure that directors and employees execute business in compliance with laws and regulations as well as the articles of incorporation

The Company and the Group focus on compliance with laws and regulations (hereinafter "compliance") as one of the most critical management task. The Company and the Group also set out the code of ethics along with the code of conduct to ensure that directors and employees behave in compliance with laws and regulations as well as the articles of incorporation and other company rules, while setting out basic rules of compliance under which overall compliance policies and specific measures are discussed at the Compliance Committee.

To ensure the above compliance implementation, the Company and the Group appoint directors who are responsible for compliance. In addition, the General Risk Management Division coordinates compliance arrangement across the Company and the Group, while conducting education and training for directors and employees by developing compliance program and compliance manual, and arranging compliance seminars.

Furthermore, a hot line has been set up and managed in order to allow employees to directly provide information about any questionable conducts in light of laws and regulations.

Basic rules that directors and employees must abide by are set out for the prevention of insider trading.

Besides, the Company and the Group have taken uncompromising stance against anti-social forces and organizations that threaten the order and safety of the community, while making every effort to eliminate their involvement in any trading activities. The Company and the Group have also taken every measure to eliminate money laundering in consideration of the possibility that funds transferred via financial institutions could be used for criminal purposes including terrorism.

Moreover, the Company and the Group provide effective customer management including customer protection, with the purpose to reassure our customers of their security and to promote their convenience in an effort to implement a thorough 'customer first policy.'

(2) Structure for the preservation and management of information concerning the directors' business execution

The Company and the Group have prepared and kept documents such as minutes of important meetings including the Board of Directors and the Management Committee, as records of directors' execution of duties.

The Company and the Group have also prepared and kept documents and attachment sanctioned by directors as appropriate.

(3) Arrangement including the rules to manage risk of potential loss

With the purpose to ensure soundness of management and stable corporate earnings, the Company and the Group has set out basic rules of risk management. The Company and the Group have also classified risks into credit risk, market risk, funding liquidity risk and operational risk, and defined the department responsible for the management of each category of risk, while establishing the Risk Management Committee to monitor the status of management of each such category.

Meanwhile, the Company and the Group have set out rules of risk management are, with the purpose to minimize the financial loss along with loss of confidence resulting from the crisis event, and to ensure business continuity through prompt restoration of normal operational functions.

(4) Structure to ensure efficient business execution of directors

The Board of Directors establishes the Management Committee with the purpose to enable directors to efficiently execute their business, while setting out management objectives and developing management plans.

The Management Committee discusses beforehand the agenda of the Board of Directors, to facilitate decision-making process at the board meeting, while discussing the critical issues in implementing the basic management policies decided by the Board of Directors on the basis of such policies.

The Management Committee also defines the headquarters under the command of each director, along with the authority and responsibility involved, while developing and maintaining a structure for efficient business execution by utilizing IT.

(5) Structure to ensure adequacy of operation at the Group that comprises the Company and the Group companies

The Company regards all subsidiaries and affiliated companies as one group under the flag of Senshu Ikeda Holdings. Thus each member company of the Group runs its operation through developing an adequate internal management structure according to its scale and nature of operation under the adequate guidance of, and in coordination with the Company.

The Company, as a responsible party for the management of the Group, develops a structure in which it receives necessary reports from, and consults business with its subsidiaries and affiliates.

(6) Arrangement for employing staff at the request of corporate auditors as their assistants, as well as the arrangement to ensure such assistants' independence from executive officers

In order to support corporate auditors' business execution, the Company and the Group employ corporate auditors' staff as secretariat for the Board of Corporate Auditors. Such corporate auditors' staff receive instructions from the Board of Corporate Auditors for their business execution, while their personnel change and evaluation duly reflect the opinions of the Board of Corporate Auditors.

Thus the Company and the Group ensure their independence from directors.

(7) Structure to facilitate reporting from directors and employees to corporate auditors and other arrangement to ensure that corporate auditors are adequately informed

Directors and employees shall immediately report to corporate auditors on matters that could have significant impact on the Company as well as the Group, or any other matters as necessary, in addition to matters legally required to be reported.

To reinforce this arrangement, the Company and the Group develop a structure that corporate auditors are allowed to attend important meetings such as the Board of

Directors, the Management Committee, the Compliance Committee, the Risk Management Committee and the ALM Committee.

(8) Other structure to ensure that corporate auditors conduct effective audits

Corporate auditors hold meetings to exchange opinions with representative directors, internal audit division and accounting auditors.

Corporate auditors attend important meetings such as the Board of Directors, the Management Committee, the Compliance Committee, the Risk Management Committee and the ALM Committee, in an effort to find out various problems they need to address in the execution of their duties.

Status of Internal Audits and Audits by Corporate Auditors

- Internal audits

The Company has established the Internal Audit Division that conducts internal audits based on the basic rules of intra-group audits, set out to provide objectives and guidelines of internal audits. The Company develops effective internal audit structure that has independence and expertise in order to ensure soundness and adequacy of operation. The Company also inspects and evaluates adequacy and effectiveness of the risk management and internal control practices, and makes recommendations as appropriate to the senior management of the Company on ways to improve and rectify questionable areas. Thus the Company's internal audit guidelines facilitate effective achievement of management objectives including the improvement of the Group's internal management structure and the enhancement of its enterprise value.

The Internal Audit Division of the Company currently comprises ten staff (three full-time staff and seven concurrent staff), and they are all transferred from subsidiary banks. They conduct internal audits of all departments within the Company according to the audit plan approved by the Board of Directors, as well as internal audits of subsidiary banks as appropriate under the relevant auditing contracts. Results of these audits are regularly reported to the Board of Directors and so on.

- Audits by corporate auditors

Each corporate auditor audits the business execution of directors through attendance to important meetings such as the Board of Directors and the Management Committee, as well as inspection of critical documents, according to guidelines such as the guidelines for audits by corporate auditors and the guidelines for implementing audits of internal control system, generally subject to the auditing guidelines and audit plan decided by the Board of Corporate Auditors.

Corporate auditors and accounting auditors are performing their audit duties efficiently and effectively through establishing close mutual cooperation by exchanging opinions about various auditing issues. In addition, working together with subsidiary bank corporate auditors, corporate auditors and internal audit division are also performing their audit duties efficiently and effectively through establishing close mutual cooperation by corporate auditors' attendance to internal audits and exchanging opinions about various auditing issues.

The Company has made every effort for efficient and effective implementation of all audits including internal divisions, corporate auditors, and accounting auditors through close cooperation and communication between the departments and functions concerned. The Company has also made effort to audit efficiently and effectively through receiving various reports from the internal control division.

Outside directors and outside corporate auditors

The Company has two outside directors and two outside corporate auditors.

Outside director, Nobuo Kuroyanagi, is from major shareholder of the Company, Mitsubishi UFJ Financial Group, Inc. and The Bank of Tokyo-Mitsubishi UFJ, Ltd., and has no interest in the Company in terms of personnel, capital, trading or other relationship. He performs his duties by supervising the business execution as a director of the Company, which is based on his wealth of experience over the years as senior management of financial institutions. He serves concurrently as an outside director of the Company's wholly-owned subsidiary, The Senshu Ikeda Bank.

Outside director, Kazuo Hiramatsu, has no interest in the Company in terms of personnel, capital, trading or other relationship. As a director of the Company, he is expected to fulfill the role of supervising the execution of business, based on his extensive experience in educational corporations and in business. He serves concurrently as outside director of the Company's wholly-owned subsidiary, The Senshu Ikeda Bank.

Outside corporate auditor, Toshiaki Imanaka, is an independent officer without any potential conflict of interest with general shareholders, as required to be designated by Tokyo Stock Exchange and Osaka Securities Exchange, and has no interest in the Company in terms of personnel, capital, trading or other relationship. Qualified as an attorney, he has good deal of knowledge in finance and accounting as has been earned through his hands-on experience in corporate accounting as reorganization trustee, and is performing his duties as corporate auditor from his professional standpoint.

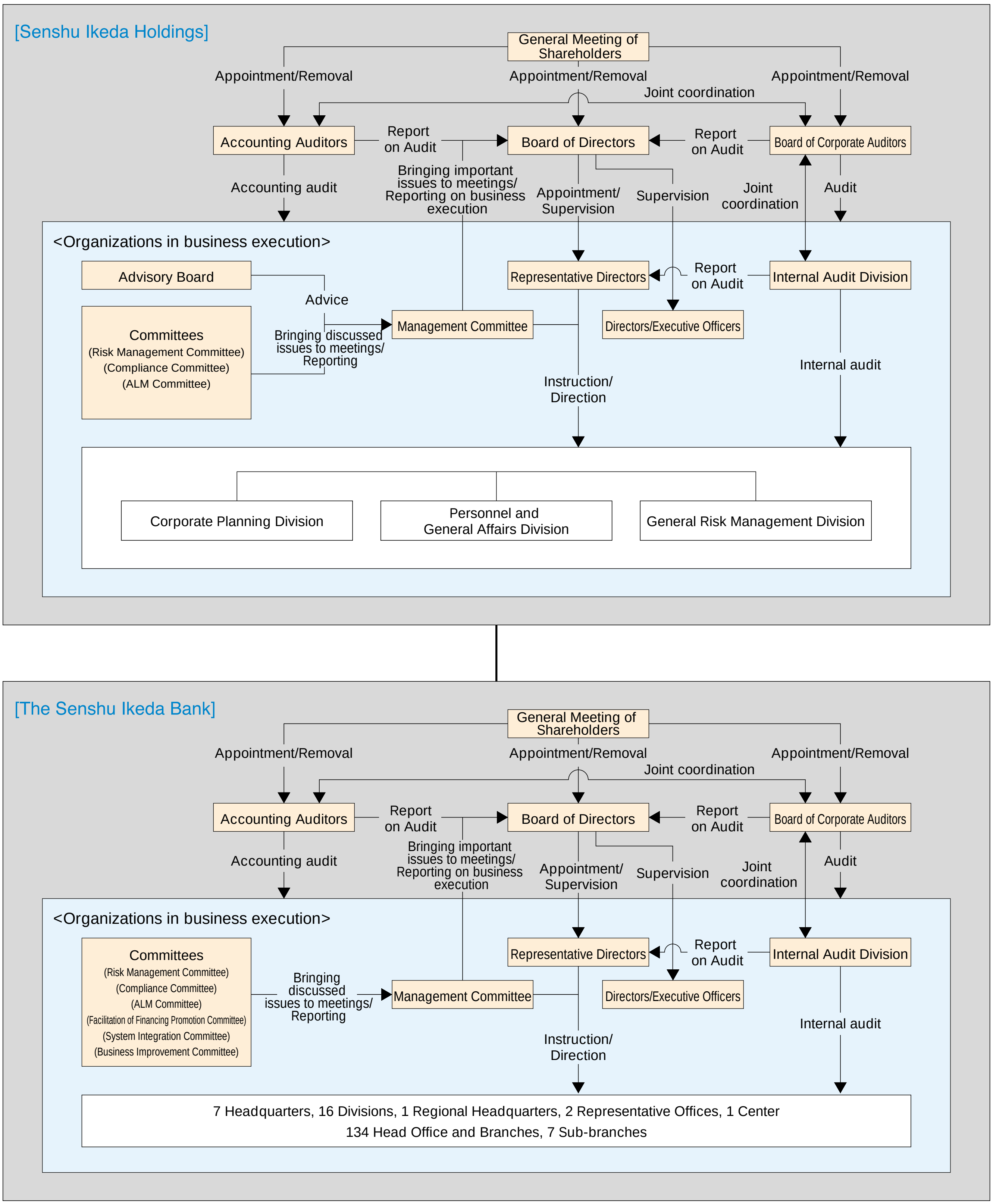
Outside corporate auditor, Toshiaki Sasaki, has no interest in the Company in terms of personnel, capital, trading or other relationship. He performs his duties as corporate auditor based on his wealth of experience and broad insight earned over the years as corporate auditor in financial institutions.

The Company has appointed two outside directors out of twelve directors while two outside corporate auditors out of four. Thus the Company has developed a structure sufficient to continuously enhance its enterprise value through such appointment of outside directors and outside corporate auditors.

Outside directors receive reports about the status of audits by corporate auditors, internal audits and accounting audits, as well as the status of internal control from the internal control division through Board of Directors. On the other hand, outside corporate auditors receive reports about the status of audits by corporate auditors, internal audits and accounting audits, as well as the status of internal control from the corporate auditors. Both outside directors and outside corporate auditors give recommendations and advice in return for these reports.

Corporate governance structure of the Group

(As of July 1, 2011)



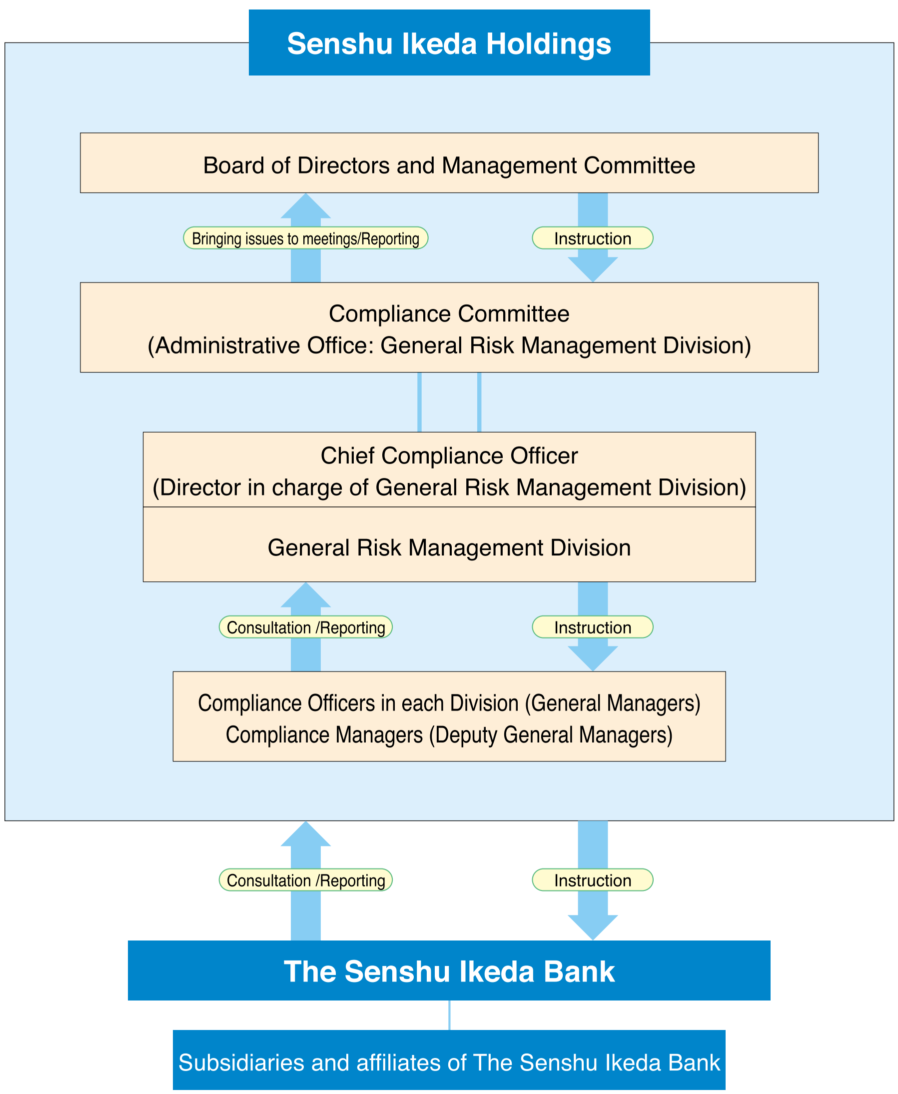
Compliance Structure

The Company and the Group sets “compliance” as one of the most important management priority. We are coping with it in order to fulfill our social responsibility and public duties, and to earn the trust of our customers and regional communities.

The Company has set up a “Compliance Committee” to deliberate important matters regarding group compliance. We have also formed the General Risk Management Division under the director in charge of compliance to manage matters regarding compliance unitarily.

The General Risk Management Division ensures compliance by creating, reviewing, and following up the “Compliance Program,” which is a practical plan for reinforcement of compliance, by creating, updating, and distributing the “Compliance Manual,” which stipulates basics regarding compliance, and by conducting compliance education activities though various training programs.

We assign “Compliance Officers” and “Compliance Managers” to each division and branch in order to implement



and penetration of compliance. In addition, we check the operations from compliance point of view and facilitate the conduction of training programs to ensure compliance.

We also set up an internal hotline including external contact point in order to find compliance problems in early stages and take corrective actions.

Compliance has become an increasingly important issue for financial institutions in recent years. The Company and the Group are committed to strict observance of the Banking Law, Financial Instruments and Exchange Act, and related laws and regulations. We also work toward the elimination of anti-social forces, and strive to strengthen an appropriate protection system for our customers.

We intend to enrich and enhance our compliance structure through improving various regulations and giving training to our employees continuously so that customers can deal with us "reliably."

Code of Ethics

The Group sets up Code of Ethics as follows that our directors and employees must abide by. The directors and employees will regard the observance of the Code of Ethics as a fundamental part of routine operations and will conduct fair and honest corporate activities, while complying with laws and rules strictly to implement the Group's management philosophy and policies.

1. Winning the trust from our customers
   Taking its social responsibility and public duties into consideration, we will intend to become the most reliable financial group for the customers through conducting sound and appropriate operations, including information management and proper disclosure.

2. Implementing "customer first policy"
   We will always consider any matters on customer first basis and will contribute to the development of the regional economy and community through providing high-quality financial services that are both original and innovative.

3. Strict compliance
   We will strictly comply with all laws and rules, and will conduct fair and honest corporate activities that are consistent with social code.

4. Respecting human rights and the environment
   We will respect personal relationship, characters and personalities of the others, and conduct environment-friendly corporate activities.

5. Eliminating anti-social forces
   We will take an uncompromising stance against anti-social forces and organizations, and resolutely eliminate all undue intervention by such forces and organizations which threaten the order and safety of the community.

Risk Management Structure

■ Basic Approach to Risk Management

While business opportunities for financial institutions multiply as a result of deregulation, sophistication and globalization of financial operations, and the significant development in ICT, the risks that financial institutions face are becoming more complicated and diverse qualitatively.

Moreover, it has been more important for banks to monitor, assess and manage risks properly, and to respond to the changes quickly in the environment in order to earn the stable and continuous profits, while serving various needs of customers. Under such circumstances, the Group regards enhancing and strengthening risk-management structure as a high-priority management task in order to maintain and enhance the soundness of its business execution.

Specifically, the Group determines the structure and various rules regarding risk management and the departments in charge of each risk category at the Board of Director. The group has also set up the risk management division to oversee the departments regarding risk management. Furthermore, the Risk Management Committee and the ALM Committee, consisting principally of management personnel have been established, with the purpose to identify the risk situation within the Group as well as the subsidiary bank, and to discuss the relevant agenda and countermeasures which shall subsequently be reported and further discussed at the Board of Directors. Thus the Group ensures effective risk management structure at management level.

Meanwhile, as action plans for risk management based on the Group strategies, basic risk management principles are set out semi-annually and reviewed continually in order to deal with the risks newly emerging as a result of changes in environment for timely and adequate way.

With the purpose to objectively examine the adequacy and effectiveness of the risk management structure, the internal audit division which independents from the audited departments conducts an audit. Thus the Group ensures appropriate administrative processing and sound business operations through finding out and improving the matters on risk management.

■ Integrated Risk Management

- Integrated risk management

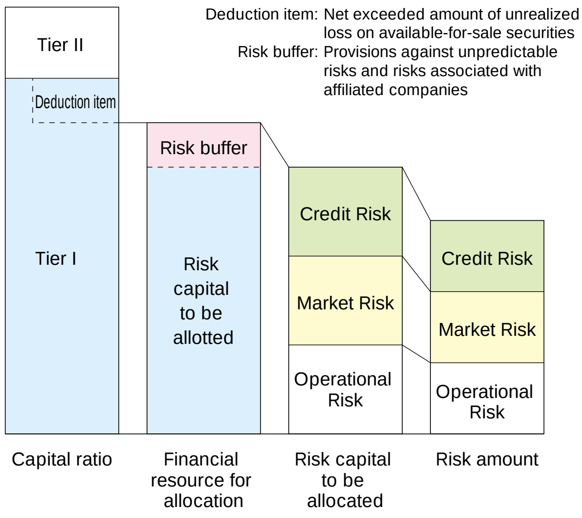
Integrated risk management refers to the process to adequately manage the risks that financial institutions face. The Company evaluates the risks divided into categories of credit risk, credit concentration risk outside the calculation of capital ratio, interest rate risk in banking accounts, market risk and operational risk, and compares them with its management strength (capital ratio).

The Group regards development and reinforcement of risk management structure as its crucial management task. Furthermore, the Group has developed an integrated risk management structure that the risk management division manages all risks in order to comprehensively identify and appreciate various risks associated with the Company's operations by as uniform as possible measurement, and to earn the stable revenue, realize appropriate capital composition and allot management resources properly.

- Risk capital management system

The Group is running its operation based on the risk capital management system that controls all risks within certain proportion of capital base, under the integrated risk management structure.

Specifically, the Company allocates risk capital that sourced from Tier I capital base to credit risk, market risk and operational risk, based on the calculated risk amount in each category. The Company has also monitored risk amount continuously to ensure that it is kept within the tolerable limit from management point of view. Thus the Company ensures smooth operations and management soundness across the Group.



- Dealing with Basel II

In respect of capital ratio calculation for the purpose of the new capital ratio regulation (Basel II) enforced in Japan from the end of March 2007, the Group's current status is as follows:

Credit Risk	Operational Risk
Standard method	Gross profit allocation method
Senshu Ikeda Holdings	Senshu Ikeda Holdings
The Senshu Ikeda Bank	The Senshu Ikeda Bank

Credit Risk Management

Credit risk, as identified by the Group, is the risk that the interest and principal of loans and other amounts payable by the borrower may not be able to be collected, due to deterioration of the financial condition of the borrower.

The Group has set up "Credit Policy" in the subsidiary bank that clarifies its policy for extending credit, based on its management policy in order to maintain and enhance the soundness of its business execution.

Under this policy, the responsible division for the management of credit risk, the Loan Planning Division at subsidiary bank, in accordance with the management methods stipulated in the Credit Management Regulations, administers finely-tuned responses to risks for the purpose of building up an optimum portfolio. Specifically, the division analyzes and manages the credit portfolio from various aspects including credit concentration risk, type of business, borrower classification and credit ratings.

As for the credit analysis and management of each loan at the subsidiary bank, the Group makes efforts to ensure the independence of the audit division (Loan Division and Loan Business Division) from the business promotion division. The Board of Directors and other appropriate body review each loan for large obligor as well as the credit policy. Thus the Group has focused on the development and improvement of its credit analysis system. Meanwhile, Loan Business Division established within the Loan Headquarters, is managing housing loans receivable.

The subsidiary bank has also established the Internal Audit Division, to manage auditing of the self-assessment of assets, in order to maintain and enhance the soundness of its asset base.

Market Risk Management

Market risk, as identified by the Group, points to "market risk" and "market liquidity risk." Market risk is the risk of suffering losses through changes in the prices of assets and liabilities held by the Group due to the fluctuations of market risk factors, such as interest rates, foreign exchange rates, stock prices and so on. Market liquidity risk is the risk of suffering losses arising from the inability to execute sufficient transactions under appropriate conditions, due to market confusion or an insufficient trading base. The Group has established the Risk Management Committee and the ALM Committee, consisting principally of management personnel, and discussed appropriate and timely measures to address the risks in order to earn the stable and continuous profit through managing its assets and liabilities in a comprehensive way.

Funding Liquidity Risk Management

Funding liquidity risk, as identified by the Group, is the risk of suffering funding difficulties from being unable to raise necessary funds due to market conditions or deterioration in the Group's financial condition, as well as the risk of suffering losses from being forced to raise funds at higher interest rates than usual.

The Group takes control of its funding situation through careful monitoring of the fund management and fundraising. The Group also ensures liquidation of its assets and diversifies the sources of fundraising. Thus the Group has taken every possible measure to manage funding liquidity risk.

Operational Risk Management

Operational risk, as identified by the Group, is the risk of suffering losses from the inappropriate business activity of the Group - including its employees-, systems, or external premises.

The Group has set a rule for operational risk management and classified the risks into the six categories as follows; (1) administrative risk, (2) information asset (system) risk, (3) tangible fixed asset risk, (4) personnel risk, (5) legal risk, and (6) reputation risk.

Furthermore, the Group identifies and evaluates all risks associated with new products and services before they are actually developed and provided, for the purpose of adequate risk management. Besides, the Group manages customer information sufficiently and ensures management soundness when outsources certain business operation.

- Administrative risk management

  Administrative risk, as identified by the Group, is the risk of suffering losses from administration, fraud, accidents and other risks that the Group's operations will not be carried out as intended.

  The Group prescribes detailed rules on administrative procedures and strives to prevent accidents through doing the administration promptly and accurately, so that the customer can enter into transactions with the Group without any concern. Meanwhile, the Group makes every effort to eliminate administrative risk by measures such as review of the administrative procedure from identification of potential risks through the analysis of administrative processes.

- Information asset (system) risk management

  Information asset (system) risk, as identified by the Group, is the risk of suffering losses due to loss, alteration, unauthorized use, leakage of information, as well as to system defects caused by natural disasters or breakdowns.

  In consideration of the fact that its business operations are supported by various computer systems, the Group ensures the reliability and security of systems and has established back-up systems and structures in case of emergency.

  The Group is also working to establish appropriate operation and management systems to prevent the leakage of information and unauthorized access to its systems through encoding of data and strengthening of access authority management.

- Tangible fixed asset risk

  Tangible fixed asset risk, as identified by the Group, is the risk of suffering losses associated with damage of building and equipment or deterioration of working environment as a result of disasters or poor asset management.

  The Group is preparing for disaster through conducting quake resistance tests and implementing countermeasures against power failures in order to ensure business continuity in the event of emergencies.

- Personnel risk

  Personnel risk, as identified by the Group, is the risk of suffering losses associated with the delay of failing in succession of expertise within the Group, as a result of drain or loss of key staff, or degradation of morale.

  The Group is striving to develop working environment to enable each employee to fully exert ability, while helping him or her to improve their skills.

- Legal risk management

  Legal risk, as identified by the Group, is the risk of suffering losses from violations of laws and regulations, as well as inappropriate responses to changes in various systems.

  The Group strives to prevent the occurrence of legal risk and to reduce the risk itself. To this end, the Group has established the General Risk Management Division to collect information concerning legal matters, and to manage legal risk identified from such information, as well as appropriately responds to the legal risk.

- Reputation risk management

  Reputation risk, as identified by the Group, is the risk of suffering losses arising from deterioration of the Group's reputation due to circulation of unfounded rumors or due to inadequate responses of the Group concerning the facts.

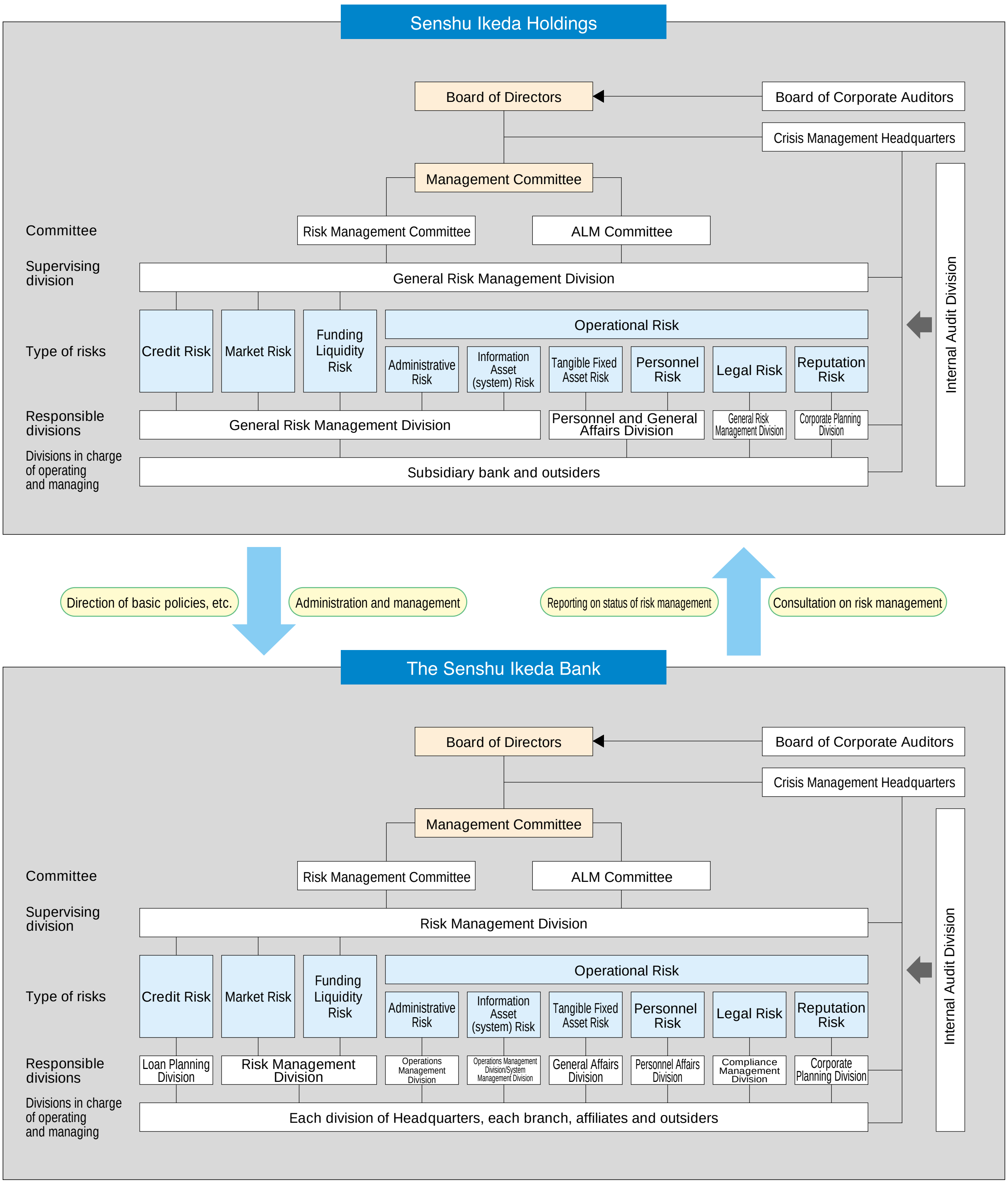
  The Group works to avoid reputation risk by disclosing information proactively thorough increases the transparency of its management, taking into consideration the crucial influence on the management of the Group.

■ Crisis Management

The Group has established the “Crisis Management Rules,” which set out the basic policies in responding to emergencies including large-scale disasters and system failures. In the event of large-scale crisis, the Group sets up a “Crisis Management Headquarters” take charge of company-wide response. Specific action programs are set out in a “Contingency Plan,” with the purpose to ensure safety of customers and employees, as well asset up business continuity structure of the financial system.

The risk management structure of the Group

(As of July 1, 2011)



Approach to Facilitation of Financing

The Senshu Ikeda Bank (hereinafter the "Bank") is focused on providing adequate and sufficient financial intermediary function to customers in need of business loans or housing loans, as one of the crucial management priorities. The Bank has formulated basic policy for facilitation of financing (hereinafter the "Policy") in order to promote facilitation of financing to those in need particularly under the current tight economic environment.

The Bank intends to communicate with our customers and promote facilitation of financing positively.

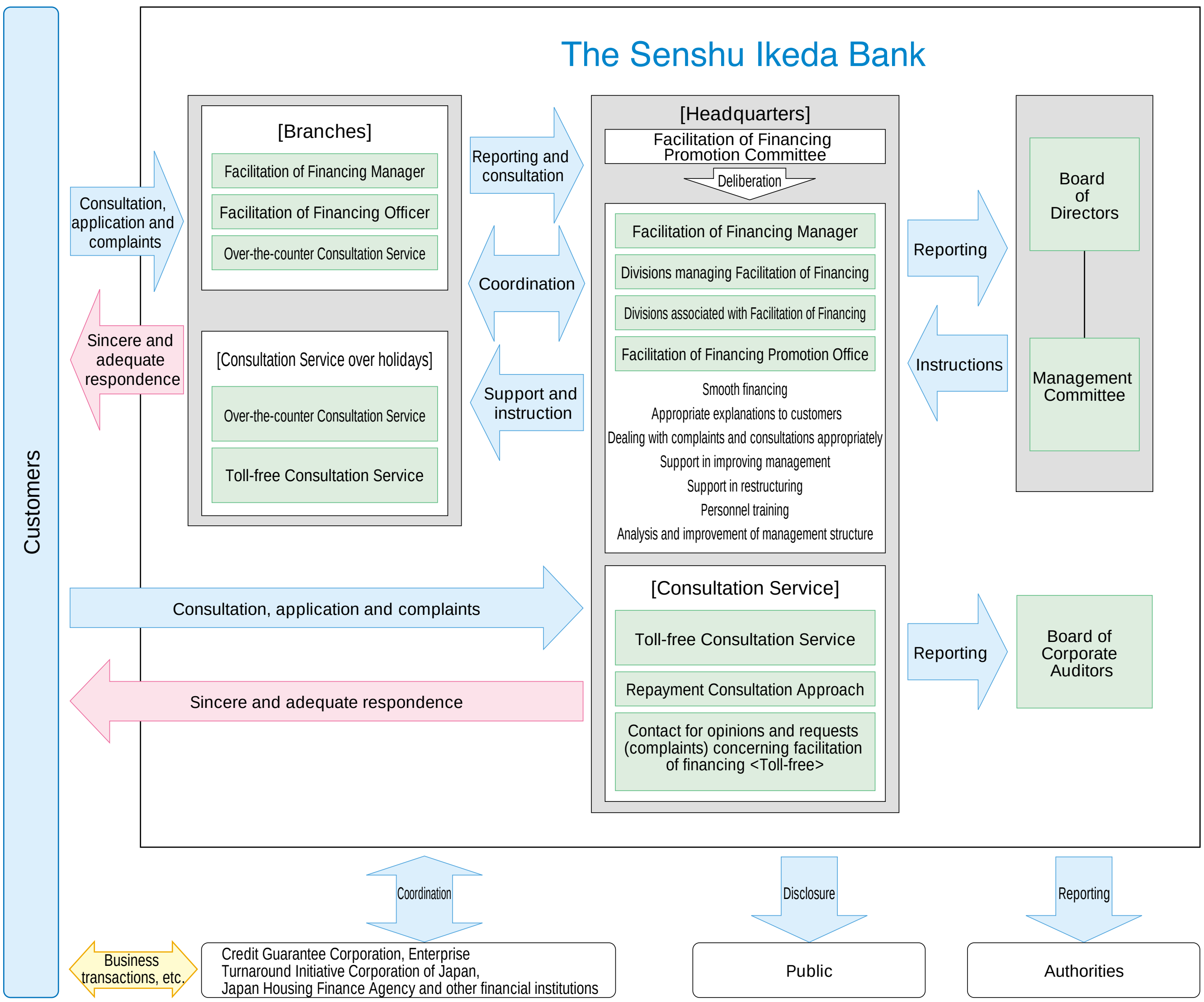
● Organizational structure

(1) With the purpose to develop a management structure necessary to supply facilitation of financing (hereinafter "Facilitation of Financing Management") under the Policy, the Bank establishes the Facilitation of Financing Promotion Committee along with the Facilitation of Financing Manager to check whether Facilitation of Financing Management is effectively working.

(2) The Facilitation of Financing Promotion Committee will engage in the development and reinforcement of the structure for Facilitation of Financing Management through checking the progress in respect of Facilitation of Financing Management.

(3) The Bank appoints the director in charge of the Compliance Management Division to the Facilitation of

System for accepting consultation of facilitation of financing



Financing Manager. Under the Facilitation of Financing Promotion Committee, the Manager coordinates the overall business in respect of Facilitation of Financing Management such as instructions to the division responsible for Facilitation of Financing Management, and drawing up of the rules governing facilitation of financing, with the purpose to ensure adequacy, sufficiency and effectiveness of Facilitation of Financing Management.

(4) The Facilitation of Financing Promotion Office within the Loan Planning Division is responsible for Facilitation of Financing Management. The Facilitation of Financing Promotion Office engages in the adequate operation, examination and improvement of Facilitation of Financing Management under the command of the Facilitation of Financing Manager through gathering information necessary for Facilitation of Financing Management.

● Basic Policies

(1) On receiving consultations or applications for new loans, or changes in loan terms from customers, the Bank intends to make sincere effort to conduct adequate and prompt credit screening through considering customers' recent financial results, assets and income as well as future potential and prospect. The Bank also deals with the applications for new loans, after changes in loan terms in a similar way as referred to above.

(2) On receiving consultations or applications for new loans, or changes in loan terms from customers, the Bank intends to provide sufficient explanation in order to gain customers' understanding and satisfaction, on the basis of past trading records, customers' knowledge, experience and assets situation. If the Bank has to decline customers' application, we will explain the reason background of the decision as concretely and courteously as possible.

(3) The Bank intends to improve capability of directors and employees about facilitation of financing by giving internal training, to enable them to make appropriate decisions based on good understanding of customers' situations.

(4) The Bank intends to respond to any comments, requests, consultations and complaints from customers in respect of facilitation of financing promptly and sincerely.

● Policies for handling of application for loans from small and medium enterprises and sole proprietors

(1) On receiving applications for changes in business terms such as loan terms from small and medium enterprises and sole proprietors, the Bank intends to accommodate such application and offer adequate changes in terms adequately as far as possible, taking into consideration of the specialty and the circumstance of customers' businesses.

(2) The Bank intends to provide small and medium enterprises and sole proprietors with management consultation, guidance and other adequate assistance in support of their effort for management improvement, taking into consideration the operational circumstance of customers.

(3) In the cases that customers borrow from other financial institutions as well as the Bank, we will, upon customers' approval, strive to make arrangements in coordination with the other financial institutions in order to help to reduce the burden of repayment.

(4) On receiving request for the corporate rehabilitation procedure through Alternative Dispute Resolution (ADR) for corporate rehabilitation (*) or Enterprise Turnaround Initiative Corporation of Japan, the Bank makes utmost effort to respond adequately to such request as far as possible, in full consideration of the prospect of improvement or rehabilitation of the business.

(Note) This refers to certified dispute resolution procedure set out in Article 2, Paragraph 26 of the Law on Special Measures for Industrial Revitalization, in which a private third party organization formulates a rehabilitation plan, as coordinator of the interests of creditors.

● Policies for handling of application for housing loan

(1) On receiving applications for changes in housing loan terms from housing loan customers, the Bank intends to accommodate such application and offer adequate changes in terms adequately as far as possible, taking into consideration of circumstances including customers' assets and income and transactions with other financial institutions.

(2) In the cases that customers have transaction with other financial institutions as well as the Bank or with Japan Housing Finance Agency, we will, upon customers' approval, strive to make arrangements in coordination with the other financial institutions in order to help to reduce the burden of repayment.

Approach to "Community-based Financing (Fiscal Year 2010)"

We place a high priority on “living together with the regional communities,” and therefore intends to further promote the community-based financing more positively thorough dealing with the following three fields:

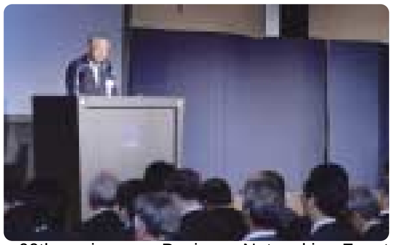
1. Enhancing support for corporate customers based on their life cycle
2. Developing appropriate methods to provide funds to small and medium enterprises, including financing methods to grasp business value
3. Contribute to a sustainable local economy by utilizing collected information about the region

Specific measures include:

- We held a “Fair for revitalization of Kansai economy collaborating with the business-academia-government” on November 17 and 18, 2010. With the support of the Kinki Bureau of Economy, Trade and Industry and other groups, 33 organizations presented “Research, Technology, and Industrial Revitalization Measures to Support the Kansai of Tomorrow,” and conducted various individual consultations. A number of lectures were held, as well as a “seminar for investment promotion” by Suzhou City, China.

- We concluded a “Collaborative Agreement for Industrial Promotion” with Sakai-city on March 11, 2011 in order to focus on revitalization of small and medium enterprises and to aim at sustainable development of the Sakai-city economy. On this occasion, we also established the “Sakai-city Industrial Promotion Fund”. In addition, we held the “Symposium Celebrating the Conclusion of Collaborative Agreement” on May 27 in collaboration with Sakai-city. It was the first time for both Sakai-city and us to sign such a comprehensive agreement.

- On May 9, 2011, we held the “Business Networking Event” celebrating the 60th anniversary of our founding. Attended by guests from approximately 500 of our corporate customers, as well as 40 organizations essential to the “revitalization of Kansai region.” The event provided an opportunity for a active exchange of information and dialogue among representatives of business, academia, and government across various industries.



60th anniversary Business Networking Event

- We established the “Consortium-based Research & Development Grant Program” with the aim of further “improving the competitiveness” of local small and medium enterprises and leading to the “new job creation.” 2010 marked the seventh year for the Consortium, and we announced the selected plans at the Business Networking event on May 9. We selected 15 plans and awarded grant, totaling ¥30 million.

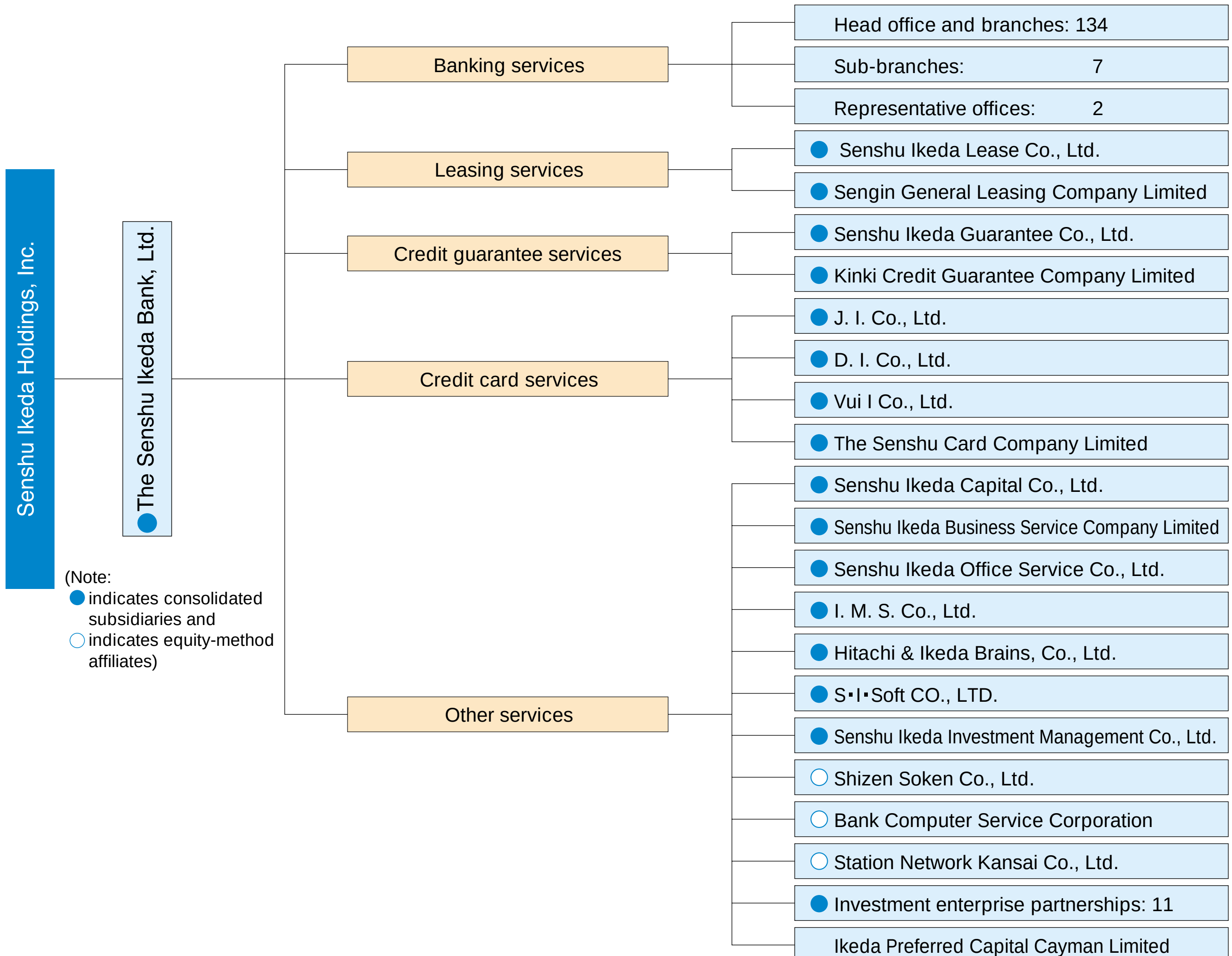
- As part of the business-academia collaboration, we concluded “Agreements for Business-Academia Collaboration” with Kansai University on August 27, 2010, Kinki University on February 24, 2011, Ryukoku University on March 8, 2011, and Wakayama University on May 24, 2011, making a total of 10 universities that have signed Collaboration Agreements.

Consortium-based Research & Development Grant award ceremony

We will work hard in order to stimulate the regional power, and to be able to contribute to revitalization of the regional community, bearing in mind our commitment to being the “bank that serves all of the regional communities and customers.” To that end, our directors and employees will make every effort to ensure our standing as the “No.1 Reliable Bank for the Regional Communities and Customers.”

Business Description of the Group

Organizational Chart of the Group (As of July 1, 2011)



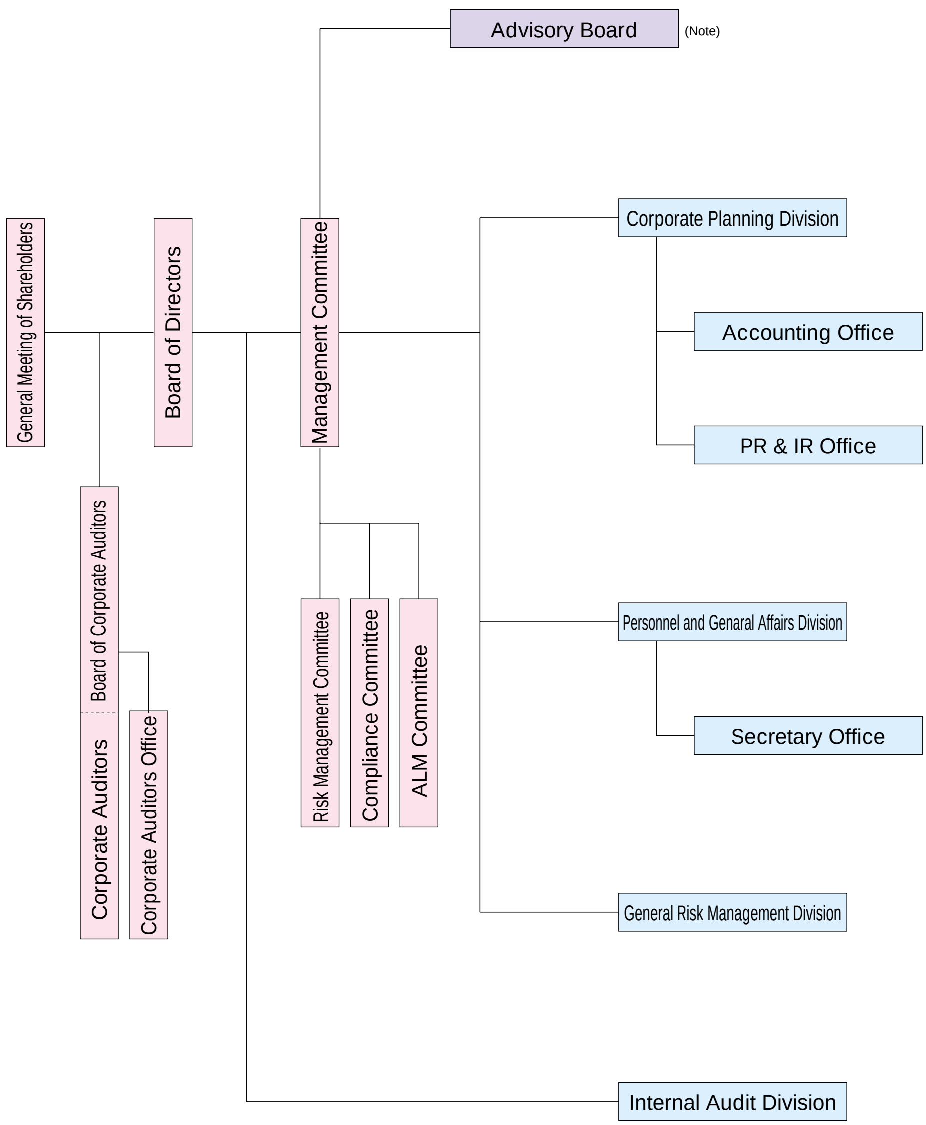
Subsidiaries and Affiliates (As of July 1, 2011)

	Name	Address	Major Business	Date of establishment	Share Capital (millions of Japanese yen)	Investment ratio (%) The Company	Investment ratio (%) Subsidiaries and affiliates
Subsidiaries	The Senshu Ikeda Bank, Ltd.	18-14, Chayamachi, Kita-ku, Osaka-city	Banking services	September 1, 1951	50,710	100.0	-
	Senshu Ikeda Lease Co., Ltd.	3-3-6, Kyutaromachi, Chuo-ku, Osaka-city	Leasing services	April 1, 1986	50	-	81.0
	Sengin General Leasing Company Limited	27-1, Miyamotocho, Kishiwada-city	Leasing services	October 23, 1985	120	-	95.6
	Senshu Ikeda Guarantee Co., Ltd.	2-1-11, Jonan, Ikeda-city	Credit guarantee services	July 20, 1973	180	-	58.7
	Kinki Credit Guarantee Company Limited	2-1-1, Nishiki, Kaizuka-city	Credit guarantee services	April 1, 1975	6,400	-	100.0
	J. I. Co., Ltd.	8-10, Kurehacho, Ikeda-city	Credit card services	February 1, 1983	30	-	90.0
	D. I. Co., Ltd.	8-10, Kurehacho, Ikeda-city	Credit card services	September 5, 1990	30	-	90.0
	Vui I Co., Ltd.	8-10, Kurehacho, Ikeda-city	Credit card services	November 2, 1990	40	-	100.0
	The Senshu Card Company Limited	27-1, Miyamotocho, Kishiwada-city	Credit card services	August 28, 1987	30	-	85.0
	Senshu Ikeda Capital Co., Ltd.	18-14, Chayamachi, Kita-ku, Osaka-city	Venture capital services	March 6, 1989	426	-	65.9
	Senshu Ikeda Business Service Company Limited	18-14, Chayamachi, Kita-ku, Osaka-city	Back-office administration	April 1, 1983	30	-	100.0
	Senshu Ikeda Office Service Co., Ltd.	2-1-11, Jonan, Ikeda-city	Personnel services	July 11, 1988	20	-	100.0
	I. M. S. Co., Ltd.	6-2-5-301, Mino, Mino-city	Appraisal of real-estate collateral and real-estate research services	October 28, 1991	20	-	100.0
	Hitachi & Ikeda Brains, Co., Ltd.	2-1-11, Jonan, Ikeda-city	Development of computer software	June 10, 1985	50	-	63.1
	S•I•Soft Company Limited	1-5, Rinku Oraikita, Izumisano-city	Computer software development and sale	October 6, 1986	30	-	85.0
	Senshu Ikeda Investment Management Co.,Ltd.	3-3-6, Kyutaromachi, Chuo-ku, Osaka-city	Investment advisory and discretionary investment services	April 1, 1987	120	-	100.0
Affiliates	Shizen Soken Co., Ltd.	2-1-11, Jonan, Ikeda-city	Information offering services	November 1, 1996	80	-	15.0
	Bank Computer Service Corporation	1-5, Rinku Oraikita, Izumisano-city	Development and sale of computer programs used for operations at financial institutions	December 27, 2000	400	-	45.0
	Station Network Kansai Co., Ltd.	1-4-8, Shibata, Kita-ku, Osaka-city	Planning and operation of ATM at station	June 29, 2000	100	-	40.0

Organization and Board of Directors

Senshu Ikeda Holdings

Organization (As of July 1, 2011)



(Note) The Advisory Board was established as a consultative body for Management Committee to seek external advice from experts and specialists in academic circle and various fields. The Company intends to enhance corporate governance through the transparent management while developing deep relationship with local communities.

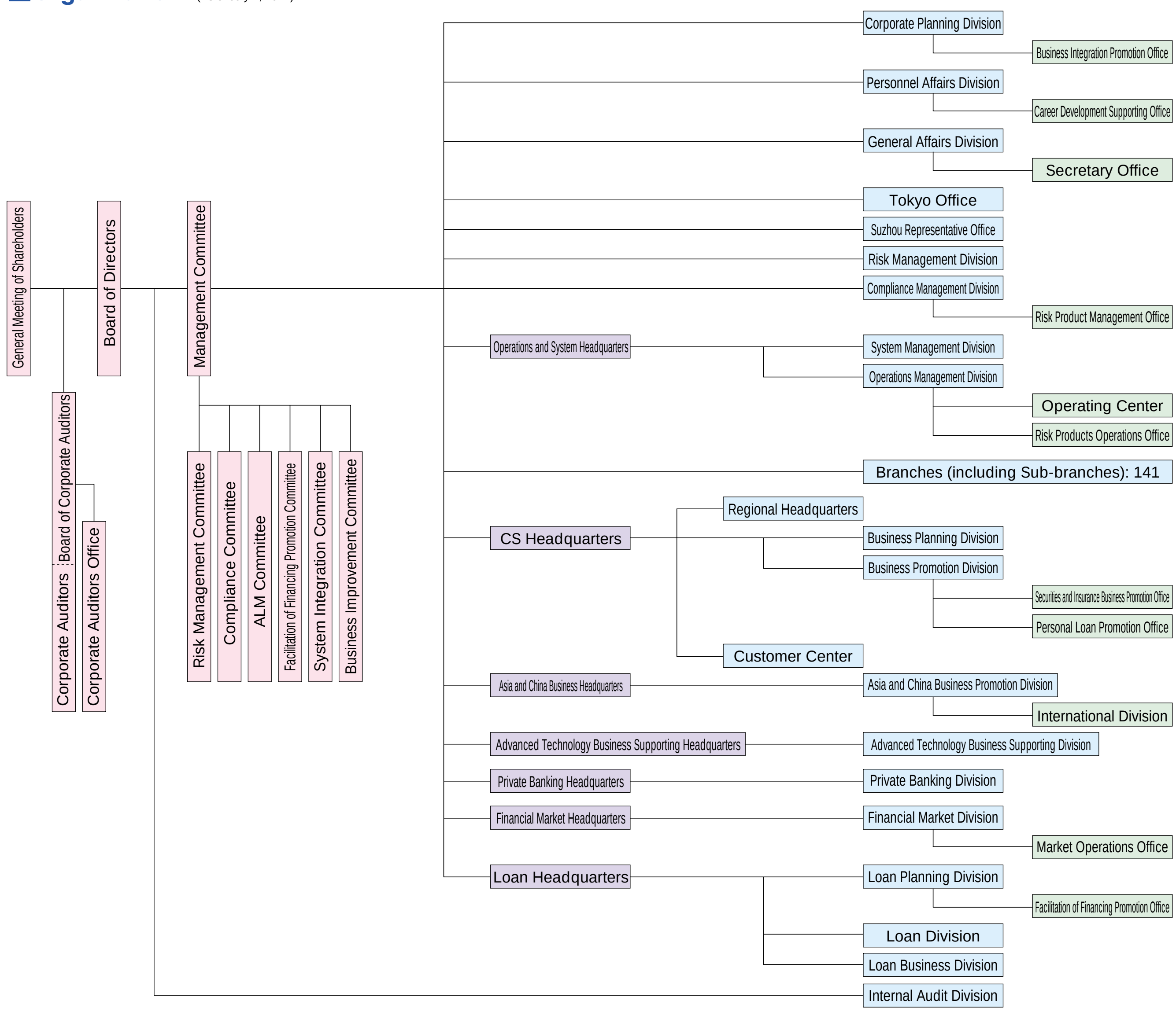
Members: (In the order of the Japanese syllabary)
- ·Noriyuki Inoue (Chairman of the Board and CEO of Daikin Industries, Ltd.)
- ·Masahiro Shima (President of SHIMA SEIKI Mfg., Ltd.)
- ·Motohiro Sugai (Former president of Hankyu Corporation)
- ·Hidenobu Hiraoka (Chairman of the Board of Trustee of Seifu Gakuen Junior and Senior High School)
- ·Makoto Yamanaka (Chairman and CEO of Nankai Electric Railway Co., Ltd.)

Board of Directors (as of June 29, 2011)

Representative Director, President and CEO	Moritaka Hattori	Director	Kiyotsugu Ito	Director	Hirohisa Fujita	Corporate Auditor (Full-time)	Katsutoshi Horii
		Director	Kazuhiro Masao	Director	Naoya Fukuchi	Corporate Auditor (Full-time)	Motoyasu Tsuji
Representative Director and Chairman	Norimasa Yoshida	Director	Akihide Takigawa	Director	Kazuhiro Isumi	Corporate Auditor (Outside)	Toshiaki Imanaka
		Director	Kazuyuki Kataoka	Director (Outside)	Nobuo Kuroyanagi (Chairman of The Bank of Tokyo-Mitsubishi UFJ, Ltd.)	Corporate Auditor (Outside)	Toshiaki Sasaki
		Director	Noboru Komiya	Director (Outside)	Kazuo Hiramatsu (Professor, School of Business Administration, Kwansei Gakuin University, Trustee of Kwansei Gakuin)		

The Senshu Ikeda Bank

Organization (As of July 1, 2011)



Board of Directors (As of June 29, 2011)

Representative Director, President and CEO	Moritaka Hattori
Representative Director and Chairman	Norimasa Yoshida
Representative Director and Deputy President	Kiyotsugu Ito
Representative Director and Deputy President	Kazuhiro Masao
Senior Managing Director	Kazuyuki Kataoka
Senior Managing Director	Noboru Komiya
Senior Managing Director	Akihide Takigawa
Senior Managing Director	Hirohisa Fujita
Senior Managing Director	Naoya Fukuchi
Managing Director	Kazuhiro Isumi
Managing Director	Takashi Nishi
Managing Director	Hiroshi Kubota
Managing Director	Hiroaki Kobayashi
Director	Hirokazu Morihata
Director	Akira Tahara
Director	Atsushi Ukawa
Director (Outside)	Nobuo Kuroyanagi (Chairman of The Bank of Tokyo-Mitsubishi UFJ, Ltd.)
Director (Outside)	Kazuo Hiramatsu (Professor, School of Business Administration, Kwansei Gakuin University, Trustee of Kwansei Gakuin)
Corporate Auditor (Full-time)	Hironobu Sugita
Corporate Auditor (Full-time)	Masanori Ueki
Corporate Auditor (Outside)	Taro Ohashi
Corporate Auditor (Outside)	Hisanori Uzawa

Consolidated Balance Sheets

Senshu Ikeda Holdings, Inc. and Consolidated Subsidiaries
As of 31st March, 2011 and 2010

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	**2011**
Assets			
Cash and due from banks (Notes 28 and 34)	**¥ 144,348**	¥ 111,817	**$ 1,735,995**
Call loans and bills bought (Note 34)	**–**	10,000	**–**
Monetary claims bought (Note 34)	**1,311**	1,250	**15,766**
Trading account securities (Notes 5 and 34)	**36**	9	**432**
Money held in trust (Notes 7 and 34)	**19,000**	19,000	**228,502**
Securities (Notes 6, 8, 13, 21 and 34)	**1,077,342**	1,239,135	**12,956,608**
Loans and bills discounted (Notes 9, 13, 33 and 34)	**3,501,016**	3,448,581	**42,104,822**
Foreign exchange assets (Notes 10 and 34)	**6,210**	5,064	**74,684**
Other assets (Notes 11 and 13)	**62,426**	69,268	**750,763**
Tangible fixed assets (Notes12 and 13)	**38,142**	37,270	**458,713**
Intangible fixed assets (Note 13)	**5,606**	3,874	**67,420**
Deferred tax assets (Note 30)	**38,999**	39,940	**469,019**
Customers' liabilities for acceptances and guarantees	**29,459**	37,796	**354,287**
Reserve for possible loan losses	**(42,748)**	(45,352)	**(514,107)**
Total assets	**¥ 4,881,152**	¥ 4,977,656	**$ 58,702,970**
Liabilities and net assets			
Liabilities			
Deposits (Notes 13, 14 and 34)	**¥ 4,348,871**	¥ 4,252,016	**$ 52,301,515**
Negotiable certificates of deposit (Note 34)	**–**	12,500	**–**
Call money and bills sold (Notes 13 and 34)	**–**	45,000	**–**
Payables under securities lending transactions (Notes 13 and 34)	**172,725**	255,324	**2,077,269**
Borrowed money (Notes 13, 15, 34 and 35)	**44,417**	101,887	**534,179**
Foreign exchange liabilities (Notes 16 and 34)	**480**	394	**5,772**
Corporate bonds and notes (Notes 17 and 34)	**48,000**	33,300	**577,269**
Other liabilities (Note 18)	**50,184**	56,544	**603,535**
Provision for employees' bonuses	**1,778**	968	**21,383**
Accrued retirement benefits for employees (Note 19)	**6,525**	6,072	**78,472**
Accrued retirement benefits for directors and corporate auditors	**386**	446	**4,642**
Reserve for reimbursement of deposits	**309**	321	**3,716**
Reserve for point services	**135**	–	**1,623**
Reserve for contingent losses	**465**	793	**5,592**
Reserve for loss on integration	**717**	–	**8,622**
Negative goodwill	**10**	13	**120**
Acceptances and guarantees (Note 21)	**29,459**	37,796	**354,287**
Total liabilities	**4,704,468**	4,803,380	**56,578,087**
Net assets			
Shareholders' equity (Note 22):			
Common stock	**72,311**	72,311	**869,645**
Capital surplus	**83,063**	83,063	**998,953**
Retained earnings	**33,125**	31,107	**398,376**
Treasury stock	**(116)**	(1)	**(1,395)**
Total shareholders' equity	**188,383**	186,480	**2,265,580**
Accumulated other comprehensive income:			
Net unrealized loss on available-for-sale securities (Note 8)	**(12,884)**	(13,110)	**(154,948)**
Net unrealized loss on deferred hedges (Note 35)	**(19)**	(0)	**(228)**
Total accumulated other comprehensive income	**(12,904)**	(13,111)	**(155,189)**
Stock subscription rights (Note 22)	**6**	–	**72**
Minority interests	**1,197**	907	**14,395**
Total net assets	**176,684**	174,276	**2,124,882**
Total liabilities and net assets	**¥ 4,881,152**	¥ 4,977,656	**$ 58,702,970**

See accompanying notes to consolidated financial statements

Consolidated Statements of Operations

Senshu Ikeda Holdings, Inc. and Consolidated Subsidiaries
For the years ended 31st March, 2011 and 2010

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	**2011**
Income			
Interest income:			
Interest on loans and bills discounted (Note 33)	**¥ 59,699**	¥ 62,635	**$ 717,967**
Interest and dividends on securities	**16,463**	15,973	**197,991**
Other interest income	**122**	149	**1,467**
Fees and commissions	**17,429**	16,936	**209,609**
Other operating income (Note 23)	**12,556**	10,578	**151,004**
Gain on sales of fixed assets	**–**	0	**–**
Recoveries of written-off claims	**1,863**	1,471	**22,405**
Other income (Note 24)	**11,002**	12,059	**132,315**
Total income	**119,136**	119,804	**1,432,784**
Expenses			
Interest expenses:			
Interest on deposits	**10,681**	14,184	**128,454**
Interest on borrowings and rediscounts	**752**	757	**9,043**
Other interest expenses	**1,563**	1,817	**18,797**
Fees and commissions	**5,269**	5,665	**63,367**
Other operating expenses (Note 25)	**2,070**	1,550	**24,894**
General and administrative expenses	**57,089**	55,926	**686,578**
Loss on sales or disposal of fixed assets	**155**	107	**1,864**
Loss on impairment of fixed assets	**189**	10	**2,273**
Other expenses (Note 26)	**32,371**	32,373	**389,308**
Total expenses	**110,144**	112,392	**1,324,642**
Income before income taxes and minority interests	**8,991**	7,412	**108,129**
Income taxes (Note 30)			
Current	**347**	687	**4,173**
Deferred	**874**	9,662	**10,511**
Total income taxes	**1,222**	10,350	**14,696**
Income before minority interests	**7,769**		**93,433**
Minority interests	**78**	(92)	**938**
Net income (loss)	**¥ 7,690**	¥ (2,845)	**$ 92,483**

See accompanying notes to consolidated financial statements

Consolidated Statement of Comprehensive Income

Senshu Ikeda Holdings, Inc. and Consolidated Subsidiaries
For the year ended 31st March, 2011

	Millions of yen	Thousands of U.S. dollars (Note 1)
	2011	**2011**
Income before minority interests	**¥ 7,769**	**$ 93,433**
Other comprehensive income (Note 31)		
Net unrealized gain on available-for-sale securities	**227**	**2,730**
Net unrealized loss on deferred hedges	**(19)**	**(228)**
Total other comprehensive income	**208**	**2,501**
Comprehensive income (Note 31)	**¥ 7,977**	**$ 95,935**
Total comprehensive income attributable to (Note 31):		
Owners of the parent	**7,898**	**94,984**
Minority interests	**79**	**950**

Consolidated Statements of Changes in Net Assets

Senshu Ikeda Holdings, Inc. and Consolidated Subsidiaries
For the years ended 31st March, 2011 and 2010

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	**2011**
Shareholders' equity			
Common stock			
Balance at beginning of the year	**¥ 72,311**	¥ 50,000	**$ 869,645**
Changes during the year:			
Issuance of common stock	**–**	22,311	**–**
Total changes during the year	**–**	22,311	**–**
Balance at end of the year	**72,311**	72,311	**869,645**
Capital surplus			
Balance at beginning of the year	**83,063**	98,201	**998,953**
Changes during the year:			
Issuance of common stock	**–**	22,311	**–**
Transfer from capital surplus to retained earnings	**–**	(37,234)	**–**
Disposition of treasury stock	**–**	(1)	**–**
Retirement of treasury stock	**–**	(213)	**–**
Total changes during the year	**–**	(15,138)	**–**
Balance at end of the year	**83,063**	83,063	**998,953**
Retained earnings			
Balance at beginning of the year	**31,107**	(792)	**374,107**
Changes during the year:			
Transfer from capital surplus to retained earnings	**–**	37,234	**–**
Cash dividends	**(5,673)**	(2,286)	**(68,226)**
Net income (loss)	**7,690**	(2,845)	**92,483**
Change in scope of consolidation	**–**	(117)	**–**
Retirement of treasury stock	**–**	(85)	**–**
Total changes during the year	**2,017**	31,900	**24,257**
Balance at end of the year	**33,125**	31,107	**398,376**
Treasury stock			
Balance at beginning of the year	**(1)**	(327)	**(12)**
Changes during the year:			
Acquisition of treasury stock	**(114)**	(9)	**(1,371)**
Disposition of treasury stock	**–**	36	**–**
Retirement of treasury stock	**–**	298	**–**
Total changes during the year	**(114)**	325	**(1,371)**
Balance at end of the year	**(116)**	(1)	**(1,395)**
Total shareholders' equity			
Balance at beginning of the year	**186,480**	147,081	**2,242,693**
Changes during the year:			
Issuance of common stock	**–**	44,623	**–**
Transfer from capital surplus to retained earnings	**–**	–	**–**
Cash dividends	**(5,673)**	(2,286)	**(68,226)**
Net income (loss)	**7,690**	(2,845)	**92,483**
Change in scope of consolidation	**–**	(117)	**–**
Acquisition of treasury stock	**(114)**	(9)	**(1,371)**
Disposition of treasury stock	**–**	34	**–**
Retirement of treasury stock	**–**	–	**–**
Total changes during the year	**1,902**	39,399	**22,874**
Balance at end of the year	**¥ 188,383**	¥ 186,480	**$ 2,265,580**

Consolidated Statements of Changes in Net Assets

Senshu Ikeda Holdings, Inc. and Consolidated Subsidiaries
For the years ended 31st March, 2011 and 2010

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	**2011**
Accumulated other comprehensive income			
Net unrealized loss on available-for-sale securities			
Balance at beginning of the year	**¥ (13,110)**	¥ (16,457)	**$ (157,666)**
Net changes in items other than shareholders' equity	**226**	3,346	**2,717**
Balance at end of the year	**(12,884)**	(13,110)	**(154,948)**
Net unrealized loss on deferred hedges			
Balance at beginning of the year	**(0)**	(0)	**0**
Net changes in items other than shareholders' equity	**(19)**	(0)	**(228)**
Balance at end of the year	**(19)**	(0)	**(228)**
Total accumulated other comprehensive income			
Balance at beginning of the year	**(13,111)**	(16,458)	**(157,678)**
Net changes in items other than shareholders' equity	**207**	3,346	**2,489**
Balance at end of the year	**(12,904)**	(13,111)	**(155,189)**
Stock subscription rights			
Balance at beginning of the year	**–**	–	**–**
Net changes in items other than shareholders' equity	**6**	–	**72**
Balance at end of the year	**6**	–	**72**
Minority interests			
Balance at beginning of the year	**907**	1,020	**10,907**
Net changes in items other than shareholders' equity	**290**	(113)	**3,487**
Balance at end of the year	**1,197**	907	**14,395**
Total net assets			
Balance at beginning of the year	**174,276**	131,643	**2,095,923**
Changes during the year:			
Issuance of common stock	**–**	44,623	**–**
Cash dividends	**(5,673)**	(2,286)	**(68,226)**
Net income (loss)	**7,690**	(2,845)	**92,483**
Change in scope of consolidation	**–**	(117)	**–**
Acquisition of treasury stock	**(114)**	(9)	**(1,371)**
Disposition of treasury stock	**–**	34	**–**
Net changes in items other than shareholders' equity	**505**	3,233	**6,073**
Total changes during the year	**2,407**	42,632	**28,947**
Balance at end of the year	**¥ 176,684**	¥ 174,276	**$ 2,124,882**

See accompanying notes to consolidated financial statements

Consolidated Statements of Cash Flows

Senshu Ikeda Holdings, Inc. and Consolidated Subsidiaries
For the years ended 31st March, 2011 and 2010

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	**2011**
Cash flows from operating activities			
Income before income taxes and minority interests	**¥ 8,991**	¥ 7,412	**$ 108,129**
Depreciation	**4,172**	4,776	**50,174**
Loss on impairment of fixed assets	**189**	10	**2,273**
Amortization of goodwill	**111**	2	**1,334**
Amortization of negative goodwill	**(2)**	(2)	**(24)**
Gains on negative goodwill incurred	**(4)**	–	**(48)**
(Decrease) increase in reserve for possible loan losses	**(2,603)**	6,772	**(31,304)**
(Decrease) increase in accrued bonuses	**(13)**	100	**(156)**
Earnings from investments under the equity method	**(155)**	(161)	**(1,864)**
Increase in accrued retirement benefits for employees	**452**	477	**5,435**
Decrease in accrued retirement benefits for directors and corporate auditors	**(59)**	(110)	**(709)**
(Decrease) increase in reserve for reimbursement of deposits	**(12)**	19	**(144)**
Increase in reserve for point services	**36**	–	**432**
(Decrease) increase in reserve for contingent losses	**(83)**	492	**(998)**
Increase in reserve for loss on integration	**473**	–	**5,688**
Interest income	**(76,285)**	(78,758)	**(917,438)**
Interest expenses	**12,998**	16,759	**156,319**
Gain on securities	**(7,659)**	(10,615)	**(92,110)**
Loss (gain) on money held in trust	**25**	(134)	**300**
Loss on foreign exchange	**21,428**	3,046	**257,702**
Loss on sales or disposal of fixed assets, net	**155**	106	**1,864**
Effect of applying the accounting standard for asset retirement obligation	**74**		**889**
Net increase in loans and bills discounted	**(52,435)**	(66,417)	**(630,607)**
Net increase in deposits	**96,855**	160,682	**1,164,822**
Net decrease in negotiable certificates of deposits	**(12,500)**	(8,000)	**(150,330)**
Net (decrease) increase in borrowed money (excluding subordinated borrowings)	**(57,470)**	36,919	**(691,160)**
Net decrease (increase) in due from banks (excluding due from the Bank of Japan)	**2,906**	(2,538)	**34,948**
Net (increase) decrease in trading account securities	**(27)**	510	**(324)**
Net decrease in call loans and bills bought	**9,939**	20,182	**119,530**
Net decrease in call money and bills sold	**(45,000)**	(50,000)	**(541,190)**
Net (decrease) increase in payables under securities lending transactions	**(82,598)**	75,526	**(993,361)**
Net increase in foreign exchange (assets)	**(1,146)**	(1,113)	**(13,782)**
Net increase in foreign exchange (liabilities)	**85**	150	**1,022**
Decrease in bonds	**(300)**	–	**(3,607)**
Interest received	**77,243**	77,989	**928,959**
Interest paid	**(13,998)**	(16,527)	**(168,346)**
Other	**3,210**	6,435	**38,604**
Subtotal	**(113,004)**	183,993	**(1,359,037)**
Income taxes paid	**(1,063)**	(450)	**(12,784)**
Net cash (used in) provided by operating activities	**¥ (114,068)**	¥ 183,543	**$ (1,371,834)**

Consolidated Statements of Cash Flows

Senshu Ikeda Holdings, Inc. and Consolidated Subsidiaries
For the years ended 31st March, 2011 and 2010

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	**2011**
Cash flows from investing activities			
Purchases of securities	**¥ (1,111,068)**	¥ (1,771,223)	**$ (13,362,212)**
Proceeds from sales of securities	**949,870**	1,319,860	**11,423,571**
Proceeds from maturity of securities	**308,731**	270,717	**3,712,940**
Purchases of tangible fixed assets	**(4,069)**	(1,613)	**(48,935)**
Purchases of intangible fixed assets	**(3,324)**	(1,019)	**(39,975)**
Proceeds from sales of tangible fixed assets	**17**	9	**204**
Net cash provided by (used in) investing activities	**140,156**	(183,269)	**1,685,580**
Cash flows from financing activities			
Increase in subordinated borrowings	**–**	8,000	**–**
Decrease in subordinated borrowings	**–**	(8,000)	**–**
Increase in subordinated bonds and bonds with stock subscription rights	**15,000**	–	**180,396**
Decrease in subordinated bonds and bonds with stock subscription rights	**–**	(32,342)	**–**
Proceeds from issuance of common stock	**–**	44,623	**–**
Cash dividends paid	**(5,673)**	(2,286)	**(68,226)**
Payment for minority shareholders	**(0)**	–	**(0)**
Purchases of treasury stock	**(114)**	(9)	**(1,371)**
Proceeds from disposal of treasury stock	**–**	79	**–**
Net cash provided by financing activities	**9,212**	10,065	**110,787**
Effect of exchange rate changes on cash and cash equivalents	**138**	(73)	**1,659**
Net increase in cash and cash equivalents	**35,438**	10,265	**426,193**
Cash and cash equivalents at beginning of year	**105,897**	95,631	**1,273,565**
Net increase in cash and cash equivalents resulting from consolidation	**–**	0	**–**
Cash and cash equivalents at end of year (Note 28)	**¥ 141,335**	¥ 105,897	**$ 1,699,759**

See accompanying notes to consolidated financial statements

Notes to Consolidated Financial Statements

Senshu Ikeda Holdings, Inc. and Consolidated Subsidiaries
For the Years Ended 31st March, 2011 and 2010

1. Basis of Presentation

Senshu Ikeda Holdings, Inc. (the “Company”) is a holding company and conducts its operations through its subsidiaries and affiliates. The Company was established as a joint holding company between The Bank of Ikeda, Ltd. (“Ikeda”) and The Senshu Bank, Ltd. (“Senshu”) on 1st October, 2009 by way of a transfer of shares.

The Company accounted for the transfer of shares under the pooling of interest method in accordance with “Accounting Standard for Business Combinations” (issued on 31st October, 2003 by the Business Accounting Council of Japan) and “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (Accounting Standards Board of Japan (“ASBJ”) Guidance No. 10 issued on 15th November, 2007). These standards require the Company to prepare its consolidated financial statements as if the transfer of shares were made at the beginning of the fiscal year. As a result, the accompanying consolidated financial statements include financial positions and operating results of Ikeda and Senshu as of 31st March, 2010 and for the year then ended.

The Company and its subsidiaries (collectively, the “Group”) maintain their books of account in accordance with the provisions set forth in the Corporation Law of Japan (the “Law”) and in conformity with accounting principles and practices generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

The accompanying consolidated financial statements have been compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Act of Japan. Certain accounts have been reclassified for the convenience of readers outside Japan.

As discussed in Note 3 (20), a consolidated statement of comprehensive income is required from the fiscal year ended 31st March, 2011 and has been presented herein. Accordingly, accumulated other comprehensive income is presented in the consolidated balance sheets and the consolidated statements of changes in net assets. Information with respect to other comprehensive income for the year ended 31st March, 2010 is disclosed in Note 31. In addition, “income before minority interests” is disclosed in the consolidated statements of operations.

In preparing the accompanying consolidated financial statements, Japanese yen amounts are presented in millions of yen by rounding down figures below one million. As a result, the totals in yen in the accompanying consolidated financial statements do not necessarily agree with the sums of the individual amounts.

The translation of yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan and has been made at ¥83.15 = U.S.$1.00, the exchange rate prevailing on 31st March, 2011. This translation should not be construed as a representation that yen can be converted into U.S. dollars at the above or any other rate.

2. Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and the 28 (29 in 2010) significant subsidiaries which it controls directly or indirectly. Affiliates over which the Company exercises significant influence in terms of their operating and financial policies have been included in the accompanying consolidated financial statements on an equity basis.

Ikeda and Senshu, both of which are wholly owned subsidiaries of the Company, were merged effective 1st May, 2010 in accordance with the resolution approving the merger agreement between Ikeda and Senshu at the extraordinary shareholders’ meeting of each subsidiary held on 13th January, 2010. As a result, Ikeda changed its name to “The Senshu Ikeda Bank, Ltd.” and took over all the assets, liabilities, rights and obligations of Senshu.

The Company has applied the equity method to its investment in three and two affiliates for the years ended 31st March, 2011 and 2010, respectively. The consolidated financial statements do not include the accounts of Ikeda Preferred Capital Cayman Limited, since its total assets, operating income, ownership percentage of net profits and losses, retained earnings and net unrealized gain or loss on deferred hedges do not have a material impact on the consolidated financial statements of the Company.

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

The difference between the cost and the underlying equity in the net assets of the consolidated subsidiaries measured at fair value at their respective dates of acquisition is presented as “goodwill” or “negative goodwill”, and is amortized by the straight-line method over a period of five years. However, goodwill recognized in the year ended 31st March, 2011 is amortized over a year.
The balance sheet date of 11 subsidiaries is 31st December. Appropriate adjustments have been made for significant intervening transactions occurring during the period from 31st December to 31st March.

3. Significant Accounting Policies

(1) Trading account securities
Trading account securities are stated at fair value as of the balance sheet date. Cost of trading account securities sold is determined using the moving average method.

(2) Securities
Non-trading securities are classified into three categories: held-to-maturity debt securities, equity securities of an unconsolidated subsidiary and available-for-sale securities. Held-to-maturity debt securities are carried at amortized cost, and the cost being determined by the moving average method. Equity securities of an unconsolidated subsidiary are stated at cost determined by the moving-average method. Equity securities and investment trusts classified as available-for-sale securities whose fair values are available are stated at fair value determined by the monthly average market price during one month preceding the balance sheet date and other securities are stated at fair value determined based on the quoted market price and other information at the balance sheet date. Cost of sales of these available-for sale securities is determined using the moving average method. Other securities, whose fair value is extremely difficult to determine, are stated at cost determined by the moving-average method.
Unrealized gain or loss on available-for-sale securities is included in net assets, net of income taxes.

(3) Investment securities held in money trusts
Investment securities that are part of trust assets in independently managed money trusts with the primary purpose to manage securities are stated at the fair value as of the balance sheet date.

(4) Derivatives
Derivatives are stated at fair value.

(5) Tangible fixed assets
Depreciation of tangible fixed assets of the Group, except for leased assets, is calculated principally by the straight-line method. The principal useful lives are as follows:
Buildings··················3 to 50 years
Other························2 to 20 years

(6) Intangible fixed assets
Intangible fixed assets, except for leased assets, are amortized by the straight-line method. Amortization of the cost of software intended for internal use is calculated by the straight-line method based on a useful life (5 years) determined by the Company and its consolidated subsidiaries.

(7) Reserve for possible loan losses
A reserve for possible loan losses is provided by consolidated subsidiaries engaged in the banking business (the “banking subsidiaries”) in accordance with the prescribed standards. For claims on borrowers who have declared bankruptcy or have commenced special liquidation proceedings or similar legal proceedings (“bankrupt borrowers”), or borrowers who are not legally or formally insolvent but are regarded as substantially in the same situation (“effectively bankrupt borrowers”), a reserve is provided based on the book value of the claims, after the write-off stated below, net of the expected amount recoverable from collateral and guarantees.

For claims on borrowers who are not currently bankrupt but are likely to become bankrupt (“potentially bankrupt borrowers”), a reserve is provided at the amount deemed necessary based on the overall solvency assessment of the borrowers and the amount of the claims, net of the expected amount recoverable from collateral and guarantees.

For other claims, a reserve is provided based on the historical loan-loss ratio.

The Group conducts self-assessments of asset quality at its loan offices. The assessments are audited by the independent credit audit section in accordance with the Group’s policy and guidelines for the self-assessment of asset quality. Based on the results of these assessments, an appropriate reserve is provided for the resulting losses and for write-offs of doubtful assets.

For consolidated subsidiaries other than the banking subsidiaries, a specific reserve for possible loan losses at the total amount of loans deemed to be uncollectible based on a solvency analysis of each loan, in addition to a general reserve at an amount calculated based on historical experience, is provided.

For collateralized or guaranteed claims on bankrupt borrowers and effectively bankrupt borrowers, the amount of the claims exceeding the estimated value of collateral and guarantees is deemed to be uncollectible and is written off against the total amount of the outstanding claims. These write-offs amounted to ¥61,041 million ($734,107 thousand) and ¥55,546 million for the years ended 31st March, 2011 and 2010, respectively.

(8) Provision for employees’ bonuses
Provision for employees’ bonuses is calculated based on an estimated payment amount, which is attributable to the fiscal year.
Certain consolidated subsidiaries included the amount

of accrued bonuses in "Other liabilities" as of 31st March, 2010, but the Group included it in "Provision for employees' bonuses" from the year ended 31st March, 2011 as a result of having reviewed calculation of the employees' bonuses after the business combination.

(9) Accrued retirement benefits for employees
Accrued retirement benefits for employees are provided at an estimated amount based on an actuarial calculation of the retirement benefit obligation and the pension plan assets at the balance sheet date. Certain consolidated subsidiaries estimate the retirement benefit obligation using the simplified method whereby the amount that would be payable if the eligible employees terminate at the balance sheet date.

Prior service cost is amortized by the straight-line method over a period of 11 to 12 years, which is within the average estimated remaining years of service of the eligible employees.

Actuarial gain or loss is amortized commencing the year following the year in which the gain or loss is recognized by the straight-line method principally over a period of 11 to 12 years, which is within the average estimated remaining years of service of the eligible employees.

Unrecognized transitional obligation incurred at the time of the accounting change in the amount of ¥9,894 million ($118,989 thousand) is amortized over a period of 15 years.

(10) Accrued retirement benefits for directors and corporate auditors
Accrued retirement benefits for directors and corporate auditors are provided at an amount that would be required if all directors and corporate auditors retired at the balance sheet date.

(11) Reserve for reimbursements of deposits
Reserve for reimbursements of deposits is provided at an estimate of the future payments to be made for reimbursement claims on deposits which were derecognized and credited from liability to income based on the Group's historical experience.

(12) Reserve for point services
Reserve for point services, which is provided to meet future use of credits granted to customers, is recorded in the amount deemed necessary based on the estimated future use of unused credits.
Reserve for point services, which was included in "Other liabilities" previously (¥99 million at 31st March, 2010), was presented as a separate account from the year ended 31st March, 2011 due to increase in materiality.

(13) Reserve for loss on system integration
Reserve for loss on integration is provided for possible future losses on systems integration, based on a reasonable estimate of possible future losses.

(14) Reserve for contingent losses
Reserve for contingent losses is provided at an estimate of the future loss on contingencies other than those covered by other reserves or provisions.

(15) Foreign currency transactions
Assets and liabilities of consolidated subsidiaries denominated in foreign currencies are translated into Japanese yen at the exchange rates in effect at the balance sheet date.

(16) Leases
Leased assets under finance lease arrangements which do not transfer ownership of the leased assets to the lessee are depreciated over the respective lease contract periods using the straight-line method with residual values defined in the lease contracts, otherwise the residual values is zero.

As lessee:
Finance leases which commenced prior to 1st April, 2008, except for those substantially requiring the transfer of ownership of the leased assets to the lessee, are accounted for as operating leases.

As lessor:
Finance lease income and related cost are recognized when lease payment is received. Finance leases which do not transfer ownership of the leased assets to the lessee and commenced prior to 1st April, 2008 are deemed to have been entered into contracts at the amount of the cost less accumulated depreciation at 31st March, 2008.

(17) Hedge accounting
Interest rate risk hedging
With respect to hedge accounting for the interest rate risk arising from financial assets and liabilities of the banking subsidiaries, the Group applies deferral hedge accounting, under which gains or losses on derivatives are deferred until maturity of the hedged transactions, as stipulated in the Japanese Institute of Certified Public Accountants (JICPA) Industry Audit Committee Report No. 24. Interest rate swap contracts entered into by certain consolidated subsidiaries which qualify for hedge accounting are accounted for as if the interest rate for the swap contract is applied to the underlying debt.

Foreign exchange rate risk hedging
With respect to hedge accounting for derivative transactions used to hedge the risk of financial assets

and liabilities denominated in foreign currencies of the banking subsidiaries, the Group applies deferral hedge accounting, under which gains or losses on derivatives are deferred until maturity of the hedged transactions, as stipulated in the JICPA Industry Audit Committee Report No. 25. The Group assesses the effectiveness of its currency swaps and foreign exchange swaps entered into in order to hedge the risk of fluctuation in foreign exchange rates by comparing the foreign-currency amount of each underlying hedged item with the corresponding foreign-currency amount of the respective hedging instruments.

(18) Cash flows
In preparing the consolidated statement of cash flows, cash and deposits with the Bank of Japan are considered to be cash and cash equivalents.

(19) Consumption taxes
Transactions are principally stated exclusive of national and municipal consumption taxes.

(20) Presentation of comprehensive income
On 30th June, 2010, the Accounting Standards Board of Japan (“ASBJ”) issued ASBJ Statement No. 25 “Accounting Standard for Presentation of Comprehensive Income”. This standard requires the entities to present comprehensive income which refers to the change in net assets in an entity’s financial statements for a period, other than those changes resulting from direct transactions with equity holders in the entity’s net assets in either of a format composed of the statement of income that presents net income and the statement of comprehensive income that presents calculation of comprehensive income (two-statement format) or a format using one statement (statement of income and comprehensive income) that presents net income and comprehensive income (one-statement format). Calculation of comprehensive income for consolidated financial statements shall present net income before adjusting minority interests and additions or deductions of other comprehensive income consisting of net unrealized gain or loss on available-for-sale securities, net unrealized loss on deferred hedges and translation adjustments. Effective 31st March, 2011, the Company adopted this standard.

4. Accounting change

Asset retirement obligations
On 31st March, 2008, the ASBJ published the accounting standard for asset retirement obligations, ASBJ Statement No.18 “Accounting Standard for Asset Retirement Obligations” and ASBJ Guidance No.21 “Guidance on Accounting Standard for Asset Retirement Obligations”. Under this accounting standard, an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development and the normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset. The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an increase or a decrease in the carrying amount of the liability and the capitalized amount of the related asset retirement cost. This standard was effective for fiscal years beginning on or after 1st April, 2010. The Group applied this accounting standard effective 1st April, 2010.
The effect of applying this accounting standard was to decrease “Income before income taxes and minority interests” and “Net income” for the year ended 31st March, 2011 by ¥125 million ($1,503 thousand) and ¥74 million ($889 thousand), respectively.

5. Trading account securities

Valuation gain or loss on trading account securities included in income before income taxes and minority interests was ¥ (0) million ($ (0) thousand) and ¥0 million for the years ended 31st March, 2011 and 2010, respectively.

6. Securities

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

	Millions of yen		Thousands of U.S. dollars
	2011	2010	**2011**
Stocks	¥ **63,105**	¥ 71,410	$ **758,929**
Bonds:			
Government bonds	**347,558**	535,905	**4,179,891**
Local government bonds	**84,323**	78,978	**1,014,107**
Corporate bonds	**210,792**	174,134	**2,535,081**
Other	**371,561**	378,705	**4,468,562**
Total	¥ **1,077,342**	¥ 1,239,135	$ **12,956,608**

Stocks in the above table include investments in affiliates of ¥272 million ($3,271 thousand) and ¥79 million at 31st March, 2011 and 2010, respectively.

Held-to-maturity debt securities with fair value at 31st March, 2011 and 2010 were as follows:

	Millions of yen	
31st March, 2011	Carrying value	Fair value
Corporate bonds	¥ 49,198	¥ 49,793
Total	¥ 49,198	¥ 49,793

	Millions of yen		
31st March, 2011	Difference	Unrealized gain	Unrealized loss
Corporate bonds	¥ 594	¥ 612	¥ (17)
Total	¥ 594	¥ 612	¥ (17)

	Millions of yen	
31st March, 2010	Carrying value	Fair value
Government bonds	¥ 54,664	¥ 54,383
Corporate bonds	38,454	38,866
Other	5,000	4,630
Total	¥ 98,119	¥ 97,880

	Millions of yen		
31st March, 2010	Difference	Unrealized gain	Unrealized loss
Government bonds	¥ (280)	¥ 739	¥ (1,020)
Corporate bonds	411	435	(23)
Other	(369)	22	(391)
Total	¥ (238)	¥ 1,197	¥ (1,435)

	Thousands of U.S. dollars	
31st March, 2011	Carrying value	Fair value
Corporate bonds	$ 591,677	$ 598,833
Total	$ 591,677	$ 598,833

	Thousands of U.S. dollars		
31st March, 2011	Difference	Unrealized gain	Unrealized loss
Corporate bonds	$ 7,143	$ 7,360	$ (204)
Total	$ 7,143	$ 7,360	$ (204)

Available-for-sale securities with fair value at 31st March, 2011 and 2010 were as follows:

	Millions of yen	
31st March, 2011	Carrying value	Acquisition cost
Equity securities	¥ 56,970	¥ 63,580
Bonds:		
Government bonds	347,558	338,404
Local government bonds	84,323	83,696
Corporate bonds	161,594	160,518
Subtotal	593,476	582,619
Other	370,154	387,165
Total	¥ 1,020,601	¥ 1,033,365

	Millions of yen		
31st March, 2011	Difference	Unrealized gain	Unrealized loss
Equity securities	¥ (6,609)	¥ 3,699	¥ (10,309)
Bonds:			
Government bonds	9,154	9,352	(198)
Local government bonds	626	638	(12)
Corporate bonds	1,075	1,440	(364)
Subtotal	10,856	11,432	(575)
Other	(17,010)	2,286	(19,296)
Total	¥(12,763)	¥ 17,418	¥ (30,182)

	Millions of yen	
31st March, 2010	Carrying value	Acquisition cost
Equity securities	¥ 64,981	¥ 66,963
Bonds:		
Government bonds	481,241	476,193
Local government bonds	78,978	78,175
Corporate bonds	135,679	134,307
Subtotal	695,899	688,676
Other	371,250	389,540
Total	¥ 1,132,131	¥ 1,145,181

	Millions of yen		
31st March, 2010	Difference	Unrealized gain	Unrealized loss
Equity securities	¥ (1,982)	¥ 5,633	¥ (7,616)
Bonds:			
Government bonds	5,048	5,950	(902)
Local government bonds	802	827	(24)
Corporate bonds	1,372	1,405	(33)
Subtotal	7,223	8,184	(960)
Other	(18,289)	3,658	(21,948)
Total	¥(13,049)	¥ 17,476	¥ (30,525)

31st March, 2011	Thousands of U.S. dollars Carrying amount	Acquisition cost
Equity securities	$ 685,147	$ 764,642
Bonds:		
Government bonds	4,179,891	4,069,801
Local government bonds	1,014,107	1,006,566
Corporate bonds	1,943,403	1,930,463
Subtotal	7,137,414	7,006,843
Other	4,451,641	4,656,223
Total	$ 12,274,215	$ 12,427,720

31st March, 2011	Thousands of U.S. dollars Difference	Unrealized gain	Unrealized loss
Equity securities	$ (79,482)	$ 44,485	$ (123,980)
Bonds:			
Government bonds	110,090	112,471	(2,381)
Local government bonds	7,528	7,672	(144)
Corporate bonds	12,928	17,318	(4,377)
Subtotal	130,559	137,486	(6,915)
Other	(204,570)	27,492	(232,062)
Total	$(153,493)	$ 209,476	$ (362,982)

There were no held-to-maturity debt securities sold during the years ended 31st March, 2011 and 2010.

Available-for-sale securities sold during the years ended 31st March, 2011 and 2010 were as follows:

2011	Millions of yen Proceeds from sales	Gain	Loss
Equity securities	¥ 2,862	¥ 504	¥ (675)
Bonds:			
Government bonds	329,692	3,842	(132)
Corporate bonds	7,698	64	(1)
Subtotal	337,390	3,906	(133)
Other	604,470	6,936	(2,352)
Total	¥ 944,723	¥ 11,347	¥ (3,162)

2010	Millions of yen Proceeds from sales	Gain	Loss
Equity securities	¥ 10,148	¥ 2,568	¥ (131)
Bonds:			
Government bonds	765,900	4,835	(46)
Municipal bonds	23,742	298	–
Corporate bonds	24,707	253	(1)
Subtotal	814,350	5,387	(47)
Other	475,118	4,395	(422)
Total	¥1,299,618	¥ 12,351	¥ (602)

2011	Thousands of U.S. dollars Proceeds from sales	Gain	Loss
Equity securities	$ 34,419	$ 6,061	$ (8,117)
Bonds:			
Government bonds	3,965,027	46,205	(1,587)
Corporate bonds	92,579	769	(12)
Subtotal	4,057,606	46,975	(1,599)
Other	7,269,633	83,415	(28,286)
Total	$11,361,671	$ 136,464	$ (38,027)

Securities for which the holding purpose were changed during the year ended 31st March, 2011
¥59,666 million ($717,570 thousand) securities formerly held by Senshu were reclassified from “held-to-maturity securities” to “available-for-sale securities” during the year ended 31st March, 2011, as Ikeda and Senshu consummated a merger, under which Ikeda became the surviving entity and Senshu became the absorbed entity. This change had no effect on income before income taxes and minority interests and net income for the year ended 31st March, 2011.

In addition, investment securities in amount of ¥40 million ($481 thousand), which had been classified as “available-for-sale securities”, was reclassified to “investments in affiliates” during the year ended 31st March, 2011, as the investee became an affiliate accounted for by the equity method. This change had no effect on income before income taxes and minority interests and net income for the year ended 31st March, 2011.

Impairment losses on securities
Available-for-sale securities whose fair value significantly declined from the acquisition cost are valued at fair value and losses on devaluation of those securities are recognized in the consolidated statements of operations unless the value is considered recoverable.

Losses on devaluation of securities for the years ended 31st March, 2011 and 2010 were ¥725 million ($8,719 thousand) and ¥218 million, which consisted of ¥716 million ($8,610 thousand) and ¥210 million on equity securities and ¥8 million ($96 thousand) and ¥8 million on corporate bonds, respectively.

Determining whether the fair value is “significantly declined” is based on the fair value declining by more than 50% or the criteria considering the trend of the fair value during a certain past period and credit risks of the issuers when the fair value declined between 30% and 50% of the acquisition cost.

7. Money Held in Trust

Money held in trust at 31st March, 2011 and 2010 consisted of the following:
Money held in trust for trading purposes

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Carrying value	¥ 19,000	¥ 19,000	$ 228,502
Valuation gain included in consolidated statements of operations	¥ 20	¥ 10	$ 240

There were no money held in trust owned for other purposes at 31st March, 2011 and 2010.

8. Net Unrealized Loss on Available-for-Sale Securities

Net unrealized loss on available-for-sale securities at 31st March, 2011 and 2010 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Differences between acquisition cost and fair value:			
Available-for-sale securities	¥ (12,763)	¥ (13,049)	$ (153,493)
Deferred tax liabilities	(92)	(34)	(1,106)
Differences between acquisition cost and fair value, net of taxes	(12,856)	(13,084)	(154,612)
Amounts corresponding to minority interests	(27)	(26)	(324)
Net unrealized loss on available-for-sale securities, net of taxes	¥ (12,884)	¥ (13,110)	$ (154,948)

9. Loans and Bills Discounted and Risk Monitored Loans

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

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Bills discounted	¥ 20,696	¥ 18,541	$ 248,899
Loans on bills	113,170	134,887	1,361,034
Loans on deeds	3,146,883	3,088,137	37,845,856
Overdrafts	219,343	205,842	2,637,919
Other	922	1,172	11,088
Total	¥ 3,501,016	¥ 3,448,581	$ 42,104,822

Discounting of bills is accounted for as finance transactions rather than as purchasing of bills in accordance with the JICPA Industry Audit Committee Report No. 24. The Group has the right to sell or pledge such bills without any restrictions. These include bankers acceptances bought, commercial bills discounted, documentary bills and foreign exchange bills. The total face value of such outstanding bills at 31st March, 2011 and 2010 totaled ¥21,118 million ($253,974 thousand) and ¥18,865 million, respectively.
At 31st March, 2011 and 2010, loans and bills discounted included the portion of loans extended to original borrowers based on loan participation agreements, as permitted by the JICPA Accounting Committee Report No. 3, in the amount of ¥21,700 million ($260,974 thousand) and ¥23,620 million, respectively.

Contracts for overdraft facilities and loan commitments are contracts under which the Group lends money to customers up to their prescribed limits at the customers' request as long as there are no violations of any of the conditions in the contracts. The aggregate unutilized balances within the limits of these contracts totaled ¥603,581 million ($7,258,941 thousand) and ¥613,893 million at 31st March, 2011 and 2010, respectively, including the contracts whose contractual periods were either less than one year or revocable at any time, in the amount of ¥603,224 million ($7,254,648 thousand) and ¥613,356 million, respectively.

Since many of these commitments expire without being fully utilized, the unutilized amounts do not necessarily represent future cash commitments. Most of these contracts include provisions which stipulate that the consolidated subsidiaries can reject customers' requests or decrease the contract limits for an appropriate reason, (for example, a change in financial situation or a deterioration in customers' creditworthiness).

At the inception of the contracts, the Group obtains collateral in the form of real estate, securities, and so forth, if deemed necessary. Subsequently, the Group, based on its internal rules, performs periodic reviews of the customers' business results and may take necessary measures such as reconsidering the terms of the contracts and/or requiring additional collateral or guarantees.

Risk monitored loans:
Risk monitored loans which were included in loans and bills discounted at 31st March, 2011 and 2010 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Loans to bankrupt borrowers	¥ 4,733	¥ 12,199	$ 56,921
Delinquent loans	53,653	52,709	645,255
Loans past due for 3 months or more	–	619	–
Restructured loans	7,460	7,590	89,717
Total	¥ 65,847	¥ 73,119	$ 791,906

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

Delinquent loans represent non-accrual loans other than (i) loans to bankrupt borrowers and (ii) loans on which interest payments have been suspended in order to assist or facilitate the restructuring of borrowers who are experiencing financial difficulties.

Loans past due for 3 months or more represent loans on which the payment of principal and/or interest has not been received for three months or more from the due date, and which are not classified as "loans to bankrupt borrowers" or "delinquent loans."

Restructured loans are loans which have been restructured to support the rehabilitation of borrowers who are encountering financial difficulties, with the intention of ensuring the recovery of the loans by providing more flexible repayment terms for the borrowers (such as reducing the rate of interest or suspending the payment of principal/interest, etc.) or loans which are not classified in any of the above categories.

The amounts presented in the table above are stated before the provision of specific loan loss reserves.

10. Foreign Exchange Assets

Foreign exchange assets at 31st March, 2011 and 2010 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	**2011**
Due from foreign correspondent banks	**¥ 5,061**	¥ 4,097	**$ 60,865**
Foreign bills of exchange bought	**248**	225	**2,982**
Foreign bills of exchange receivable	**900**	741	**10,823**
Total	**¥ 6,210**	¥ 5,064	**$ 74,684**

11. Other Assets

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

	Millions of yen		Thousands of U.S. dollars
	2011	2010	**2011**
Investments in leased assets	**¥ 15,937**	¥ 15,823	**$ 191,665**
Other receivables	**11,001**	13,297	**132,303**
Accrued income	**7,982**	9,145	**95,995**
Prepaid expenses	**253**	106	**3,042**
Other	**27,251**	30,894	**327,733**
Total	**¥ 62,426**	¥ 69,268	**$ 750,763**

12. Tangible Fixed Assets

At 31st March, 2011 and 2010, accumulated depreciation of tangible fixed assets was ¥41,382 million ($497,678 thousand) and ¥40,927 million, respectively.
Under the Tax Law, capital gains arising from the exchange or replacement of assets under certain conditions are permitted to be deducted from the cost of tangible fixed assets in order to obtain certain tax benefits. The amount deducted from the cost of tangible fixed assets at 31st March, 2011 and 2010 was ¥517 million ($6,217 thousand) and ¥517 million, respectively.

13. Assets Pledged

Assets pledged as collateral at 31st March, 2011 and 2010 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	**2011**
Securities	**¥ 257,709**	¥ 436,175	**$ 3,099,326**
Loans	**–**	60,000	**–**
Other assets	**3,339**	4,272	**40,156**
Tangible fixed assets	**178**	391	**2,140**
Software which is included in intangible fixed assets	**349**	606	**4,197**

The liabilities secured by the above pledged assets at 31st March, 2011 and 2010 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	**2011**
Deposits	**¥ 15,586**	¥ 6,384	**$ 187,444**
Call money and bills sold	**–**	20,000	**–**
Payables under securities lending transactions	**172,725**	255,324	**2,077,269**
Borrowed money	**17,965**	76,368	**216,055**

In addition to the pledged assets listed above, certain other securities were pledged as collateral for domestic exchange transactions or as margins on futures contracts. These amounted to ¥76,639 million ($921,695 thousand) and ¥74,742 million at 31st March, 2011 and 2010, respectively.

At 31st March, 2011 and 2010, margins on futures contracts in the amounts of ¥2,017 million ($24,257 thousand) and ¥2,307 million, guarantee deposits of ¥5,515 million ($66,325 thousand) and ¥5,474 million, deposits for futures transactions of ¥503 million ($6,049 thousand) and ¥503 million and guarantee deposits pledged for derivative transactions of ¥500 million ($6,013 thousand) and ¥500 million were included in "Other assets", respectively.

14. Deposits

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

	Millions of yen		Thousands of U.S. dollars
	2011	2010	**2011**
Current deposits	**¥ 154,345**	¥ 152,036	**$ 1,856,223**
Ordinary deposits	**1,499,858**	1,439,752	**18,037,979**
Savings deposits	**30,311**	32,079	**364,533**
Deposits at notice	**13,232**	16,818	**159,134**
Time deposits	**2,600,084**	2,566,644	**31,269,801**
Other deposits	**51,038**	44,685	**613,806**
Total	**¥ 4,348,871**	¥ 4,252,016	**$ 52,301,515**

15. Borrowed Money

Borrowed money at 31st March, 2011 and 2010 consisted of borrowings from the Bank of Japan and certain other financial institutions.

Subordinated borrowings of ¥21,500 million ($258,568 thousand) and ¥21,500 million were included in borrowed money at 31st March, 2011 and 2010, respectively.

The average interest rate applicable to borrowed money at 31st March, 2011 and 2010 was 1.65% and 0.78%, respectively.

The aggregate annual maturities of borrowed money subsequent to 31st March, 2011 were summarized as follows:

Year ending 31st March,	Millions of yen	Thousands of U.S. dollars
2012	**¥ 21,349**	**$ 256,752**
2013	**922**	**11,088**
2014	**415**	**4,990**
2015	**130**	**1,563**
2016	**100**	**1,202**
2017 and thereafter	**21,500**	**258,568**
Total	**¥ 44,417**	**$ 534,179**

16. Foreign Exchange Liabilities

Foreign exchange liabilities at 31st March, 2011 and 2010 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	**2011**
Foreign bills sold	**¥ 428**	¥ 373	**$ 5,147**
Foreign bills of exchange payable	**52**	21	**625**
Total	**¥ 480**	¥ 394	**$ 5,772**

17. Corporate Bonds and Notes

Short-term and long-term bonds payable at 31st March, 2011 and 2010 consisted of the following:

Issuer	Description	Issued	Millions of yen 2011
The Senshu Ikeda Bank, Ltd.	7th subordinated bonds	29th Sep., 2006	**¥ 15,000**
	8th subordinated bonds	20th Mar., 2007	**5,000**
	9th subordinated bonds	28th Dec., 2007	**3,000**
	2nd subordinated bonds	27th Feb., 2007	**10,000**
	1st subordinated bonds	17th Dec., 2010	**15,000**
Sengin General Leasing Company Limited	2nd unsecured bonds	28th Mar., 2008	**–**
Total			**¥ 48,000**

Issuer	Millions of yen 2010	Thousands of U.S. dollars **2011**	Interest rates (%)	Secured/ Unsecured	Due
The Senshu Ikeda Bank, Ltd.	¥ 15,000	**$ 180,396**	1.78	Unsecured	29th Sep., 2016
	5,000	**60,132**	1.79	Unsecured	17th Mar. 2017
	3,000	**36,079**	3.06	Unsecured	–
	10,000	**120,264**	1.97	Unsecured	27th Feb., 2017
	–	**180,396**	1.67	Unsecured	17th Dec., 2020
Sengin General Leasing Company Limited	300	**–**	1.16	Unsecured	28th Mar., 2011
Total	¥ 33,300	**$ 577,269**			

The aggregate annual maturities of short-term and long-term bonds payable subsequent to 31st March, 2011 were summarized as follows:

Year ending 31st March,	Millions of yen	Thousands of U.S. dollars
2012	**¥ –**	**$ –**
2021	**48,000**	**577,269**
Total	**¥ 48,000**	**$ 577,269**

18. Other Liabilities

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

	Millions of yen		Thousands of U.S. dollars
	2011	2010	**2011**
Accrued expenses	**¥ 11,993**	¥ 13,324	**$ 144,233**
Unearned income	**14,199**	15,086	**170,763**
Accrued income taxes	**456**	889	**5,484**
Other	**23,535**	27,244	**283,042**
Total	**¥ 50,184**	¥ 56,544	**$ 603,535**

The amounts of lease obligations included in “Other” were ¥26 million ($312 thousand) and ¥33 million at 31st March, 2011 and 2010, respectively. The average interest rates on lease obligations at 31st March, 2011 with maturity dates on or before and subsequent to 31st March, 2012 were 3.30% and 3.16%, respectively. The average interest rates on lease obligations at 31st March, 2010 with maturity dates on or before and subsequent to 31st March, 2011 were 3.29% and 3.20%, respectively.

The aggregate annual maturities of lease obligations subsequent to 31st March, 2011 were summarized as follows:

Year ending 31st March,	Millions of yen	Thousands of U.S. dollars
2012	¥ 6	$ 72
2013	6	72
2014	6	72
2015	3	36
2016	2	24
2017 and thereafter	0	0
	¥ 26	$ 312

19. Retirement Benefit Plans

Certain consolidated subsidiaries have defined benefit pension plans consisting of corporate pension plans, tax-qualified pension plans and lump-sum payment plans.

(1) The assets and liabilities of the employees' retirement benefit plans at 31st March, 2011 and 2010 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	**2011**
Retirement benefit obligation	**¥ (33,154)**	¥ (33,088)	**$ (398,725)**
Pension plan assets at fair value	**24,115**	25,307	**290,018**
Unfunded benefit obligation	**(9,038)**	(7,781)	**(108,695)**
Unrecognized net retirement benefit obligation at transition	**2,638**	3,298	**31,725**
Unrecognized actuarial loss	**9,041**	7,838	**108,731**
Unrecognized prior service cost	**(687)**	(913)	**(8,262)**
Net retirement benefit obligation	**1,953**	2,442	**23,487**
Prepaid pension cost	**8,478**	8,514	**101,960**
Accrued retirement benefits for employees	**¥ (6,525)**	¥ (6,072)	**$ (78,472)**

(2) Retirement benefit expenses for the years ended 31st March, 2011 and 2010 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	**2011**
Service cost	**¥ 1,168**	¥ 1,208	**$ 14,046**
Interest cost	**576**	520	**6,927**
Expected return on plan assets	**(542)**	(445)	**(6,518)**
Amortization of prior service cost	**(225)**	(225)	**(2,705)**
Amortization of actuarial loss	**1,201**	1,538	**14,443**
Amortization of transitional obligation	**659**	659	**7,925**
Additional retirement benefits and other	**–**	28	**–**
Net periodic retirement benefit expenses	**¥ 2,837**	¥ 3,283	**$ 34,119**

(3) The assumptions used in accounting for the above plans for the year ended 31st March, 2011 and 2010 were as follows:

	2011	2010
Discount rates	**1.4%-2.1%**	1.3%-2.2%
Expected rates of return on plan assets	**2.1%-3.0%**	2.1%-3.0%

20. Asset Retirement Obligations

As explained in Note 4, the Company applied the new accounting standard for asset retirement obligations effective 1st April, 2010.

(1) Outline of asset retirement obligation
The Group recognizes asset retirement obligations associated with leasehold contracts of certain subsidiaries' branches and offices and removal costs of certain branches for hazardous substances such as asbestos.

(2) Method of determining the amount of asset retirement obligation
The Group recognizes asset retirement obligations using a discount rate of 2.3% with the useful life estimated to be 37 years after acquisition.

(3) Changes in asset retirement obligations for the year ended 31st March, 2011 were as follows:

	Millions of yen	Thousands of U.S. dollars
Balance at beginning of the year (Note)	**¥ 104**	**$ 1,250**
Additional provisions associated with the acquisition of tangible fixed assets	**96**	**1,154**
Other	**(9)**	**(108)**
Balance at end of the year	**¥ 192**	**$ 2,309**

(Note): Balance at beginning of the year is recognized based on the adoption of "Accounting Standards for Asset Retirement Obligations" (ASBJ Statement

No.18 issued on 31st March, 2008) and "Guidance on Accounting Standards for Asset Retirement Obligations" (ASBJ Guidance No.21 issued on 31st March, 2008).

21. Contingent Liabilities

Contingent liabilities for guarantee of corporate bonds included in "Securities," which were issued by private placement (Article 2, Paragraph 3 of the Financial Instruments and Exchange Law) amounted to ¥27,054 million ($325,363 thousand) and ¥33,796 million at 31st March, 2011 and 2010, respectively.

22. Shareholders' Equity

Japanese banks, including the Company, are required to comply with the Banking Law and the Law. The Law stipulates that neither additional paid-in capital nor the legal reserve is available for dividends, but that both may be used to reduce or eliminate a deficit. Under the Banking Law, an amount which is at least equal to 20% of the aggregate amount of cash dividends and certain appropriations of retained earnings associated with cash outlays applicable to each fiscal period is to be appropriated to the legal reserve until the aggregate amount of the legal reserve and the capital surplus account equals 100% of the amount of share capital. The Law also provides that if the aggregate amount of additional paid-in capital and the legal reserve exceeds 100% of the amount of share capital, the excess may be distributed to the shareholders either as a return of capital or as dividends subject to the approval of the shareholders.

The maximum amount which the Company can distribute as dividends is calculated based on the non-consolidated financial statements of the Company and in accordance with the Law.

(1) Class and number of shares issued and treasury stock
Movements in common stock, first-class preferred stock, second-class preferred stock and treasury stock during the years ended 31st March, 2011 and 2010 were summarized as follows:

Number of shares (in thousands)

Year ended 31st March, 2011	1st April, 2010	Increase	Decrease	31st March, 2011	Note
Outstanding shares:					
Common stock	1,192,293	–	–	**1,192,293**	
First-class preferred stock	111,000	–	–	**111,000**	
Second-class preferred stock	115,625	–	–	**115,625**	
Total	1,418,918	–	–	**1,418,918**	
Treasury stock:					
Common stock	5	1,002	–	**1,008**	1
Total	5	1,002	–	**1,008**	

Notes:

1. Increase in treasury stock of common stock (1,002 thousand shares) consisted of purchase of treasury stock based on resolution of the Board of Directors (1,000 thousand shares) and issuance request from the shareholders who owned fractional shares less than one voting right (2 thousand shares).

Number of shares (in thousands)

Year ended 31st March, 2010	1st April, 2009	Increase	Decrease	31st March, 2010	Note
Outstanding shares:					
Common stock	940,231	253,134	1,073	1,192,293	1 and 2
First-class preferred stock	111,000	–	–	111,000	
Second-class preferred stock	115,625	–	–	115,625	
First series preferred stock	7,530	–	7,530	–	3
Total	1,174,386	253,134	8,603	1,418,918	
Treasury stock:					
Common stock	1,203	40	1,238	5	4 and 5
First series preferred stock	1,250	6,280	7,530	–	6 and 7
Total	2,453	6,320	8,768	5	

Notes:

1. Increase in common stock (253,134 thousand shares) consisted of issuance due to the exercise of right of claim for acquisition by first series preferred stock shareholders (20,382 thousand shares), issuance by public offering (210,000 thousand shares) and issuance by allotment to third parties (22,751 thousand shares).
2. Decrease in common stock (1,073 thousand shares) was due to disposal of treasury stock pursuant to Article 178 of the Law.
3. Decrease in first series preferred stock (7,530 thousand shares) was due to disposal of treasury stock pursuant to Article 178 of the Law.
4. Increase in treasury stock of common stock (40 thousand shares) was due to issuance request from the shareholders who owned fractional shares less than one voting right.
5. Decrease in treasury stock of common stock (1,238 thousand shares) consisted of decrease (1,073 thousand shares) due to disposal of treasury stock pursuant to Article 178 of the Law, sales of common stock (160 thousand shares) owned by a subsidiary and disposition (5 thousand shares) by purchase request from the shareholders who owned fractional shares less than one voting right.
6. Increase in treasury stock of first series preferred stock (6,280 thousand shares) is due to the exercise of right of claim for acquisition by first series preferred stock shareholders.
7. Decrease in treasury stock of first series preferred stock (7,530 thousand shares) is due to disposal of treasury stock pursuant to Article 178 of the Law.

(2) Stock subscription rights
The Company resolved to grant stock subscription rights (stock option) to certain directors and executive officers of its subsidiaries at the Board of Directors' meeting held on 24th February, 2011.
The balance of stock subscription rights granted for stock option program at 31st March, 2011 is ¥6 million ($72 thousand).
Stock option related expenses for the year ended 31st March, 2011 amounted to ¥6 million ($72 thousand).
The stock option outstanding at 31st March, 2011 is as follows:

Date of resolution	24th February, 2011	
Persons granted	Directors of the subsidiaries:	22
	Executive officers of the subsidiaries:	19
Number of stock option by type of shares (*)	Common stock:	423,900
Date of grant	15th March, 2011	
Vesting conditions	To exercise within 10 days after retirement	
Applicable service period	From 15th March, 2011 to the date of retirement	
Exercise period	From 16th March, 2011 to 31st July, 2041	

(*) The number of stock option is converted into the number of shares.

The stock option activity is as follows:

Date of resolution	24th February, 2011
Non-vested:	
31st March, 2010-Outstanding	–
Granted	423,900
Forfeited	–
Vested	–
31st March, 2011-Outstanding	423,900
Vested:	
31st March, 2010-Outstanding	–
Vested	–
Exercised	–
Forfeited	–
31st March, 2011-Outstanding	–

Price information is as follows:

Date of resolution	24th February, 2011
Exercise price	¥ 1
Average stock price at exercise	–
Fair value price at grant date	¥ 98

The method for estimating the fair value price of 2010 stock option granted in the year ended 31st March, 2011 was as follows:
Measurement method: Black-Scholes model
Major fundamental factors and assumptions used to measure fair value

Date of resolution	24th February, 2011
Volatility of stock price *1	39.78%
Estimated remaining outstanding period *2	Half a year
Estimated dividend *3	2.7%
Interest rate with risk free *4	0.129%

*1 Actual stock price during the period (from 13th September, 2010 to 15th March, 2011) corresponding to the estimated remaining outstanding period
*2 Half of the term of office of the applicable directors
*3 ¥2.70 of latest annual dividend/¥100 of stock price on the base date
*4 Yield of Japanese government bonds approximating the estimated remaining outstanding period

In estimating the vested number of stock options, the Company basically reflects only the actual forfeited number, since it is difficult to make a reasonable estimate on the future forfeited number.

23. Other Operating Income

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

	Millions of yen		Thousands of U.S. dollars
	2011	2010	**2011**
Gain on sales of securities and trading account securities	¥ **10,857**	¥ 9,762	$ **130,571**
Other	**1,698**	815	**20,420**
Total	¥ **12,556**	¥ 10,578	$ **151,004**

24. Other Income

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

	Millions of yen		Thousands of U.S. dollars
	2011	2010	**2011**
Gain on sales of equity securities	¥ **506**	¥ 2,590	$ **6,085**
Gain on money held in trust	**220**	173	**2,645**
Other	**10,274**	9,294	**123,559**
Total	¥ **11,002**	¥ 12,059	$ **132,315**

25. Other Operating Expenses

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

	Millions of yen				Thousands of U.S. dollars	
	2011		2010		2011	
Loss on sales of debt securities	¥	2,011	¥	367	$	24,185
Loss on redemption of debt securities		–		483		–
Loss on devaluation of debt securities		8		194		96
Other		49		505		589
Total	¥	2,070	¥	1,550	$	24,894

26. Other Expenses

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

	Millions of yen				Thousands of U.S. dollars	
	2011		2010		2011	
Provision for possible loan losses	¥	4,126	¥	9,749	$	49,621
Write-offs of loans and bills discounted		11,952		9,035		143,740
Loss on sales of equity securities		1,168		243		14,046
Loss on devaluation of equity securities		1,079		454		12,976
Loss on money held in trust		246		38		2,958
Other		13,798		12,851		165,941
Total	¥	32,371	¥	32,373	$	389,308

27. Dividends

Cash dividends paid during the fiscal year ended 31st March, 2011

Resolution by annual shareholders' meeting on 29th June, 2010

			Dividend amount				Dividends per share			
Type of stock	Record date	Effective date	Millions of yen		Thousands of U.S. dollars		Yen		U.S. dollars	
Common stock	31st March, 2010	30th June, 2010	¥	3,219	$	38,713	¥	2.70	$	0.03
First-class preferred stock	31st March, 2010	30th June, 2010	¥	1,176	$	14,143	¥	196 divided by 18.5	$	2.35 divided by 18.5
Second-class preferred stock	31st March, 2010	30th June, 2010	¥	1,278	$	15,369	¥	204.5 divided by 18.5	$	2.45 divided by 18.5

Cash dividends with record dates falling in the fiscal year ended 31st March, 2011 and effective dates coming after the end of the fiscal year

Types of stock	Source of dividends	Record date	Effective date
Common stock	Retained earnings	31st March, 2011	30th June, 2011
First-class preferred stock	Retained earnings	31st March, 2011	30th June, 2011
Second-class preferred stock	Retained earnings	31st March, 2011	30th June, 2011

	Dividend amount				Dividends per share			
Types of stock	Millions of yen		Thousands of U.S. dollars		Yen		U.S. dollars	
Common stock	¥	3,573	$	42,970	¥	3	$	0.03
First-class preferred stock	¥	1,176	$	14,143		¥196 divided by 18.5		$2.35 divided by 18.5
Second-class preferred stock	¥	1,275	$	15,333		¥204.5 divided by 18.5		$2.45 divided by 18.5

Cash dividends paid during the fiscal year ended 31st March, 2010

The Company was established as a joint holding company between Ikeda and Senshu on 1st October, 2009 by way of a transfer of shares. Accordingly, cash dividends presented in the table below were resolved by the annual shareholders' meeting and the Board of Directors' meeting of Senshu, a wholly owned subsidiary of the Company.

(a) Resolution by annual shareholders' meeting on 26th June, 2009

			Dividend amount		Dividends per share	
Types of stock	Record date	Effective date	Millions of yen		Yen	
Common stock	31st Mar., 2009	29th June, 2009	¥	1,149	¥	2.50
First series preferred stock	31st Mar., 2009	29th June, 2009	¥	31	¥	5.00

(b) Resolution by Board of Directors' meeting on 13th November, 2009

			Dividend amount		Dividends per share	
Types of stock	Record date	Effective date	Millions of yen		Yen	
Common stock	30th Sep., 2009	9th Dec.,2009	¥	1,105	¥	2.30

Cash dividends with record dates falling in the fiscal year ended 31st March, 2010 and effective dates coming after the end of the fiscal year

				Cash dividends		Cash dividends per share	
Types of stock	Source of dividends	Record date	Effective date	Millions of yen		Yen	
Common stock	Retained earnings	31st Mar., 2010	30th June, 2010	¥	3,219	¥	2.70
First-class preferred stock	Retained earnings	31st Mar., 2010	30th June, 2010	¥	1,176	¥	196 divided by 18.5
Second-class preferred stock	Retained earnings	31st Mar., 2010	30th June, 2010	¥	1,278		¥204.5 divided by 18.5

28. Cash and Cash Equivalents

A reconciliation of cash and due from banks in the accompanying consolidated balance sheets to cash and cash equivalents in the accompanying consolidated statements of cash flows at 31st March, 2011 and 2010 is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	**2011**
Cash and due from banks	**¥ 144,348**	¥ 111,817	**$ 1,735,995**
Deposits other than deposits with the Bank of Japan	**(3,013)**	(5,919)	**(36,235)**
Cash and cash equivalents	**¥ 141,335**	¥ 105,897	**$ 1,699,759**

29. Leases

a. Finance leases

As Lessee

The Group leases vehicles under finance lease arrangements, which do not transfer ownership of the lease assets to the lessee.
The Group accounts for finance leases commencing prior to 1st April, 2008 that do not transfer ownership of the leased assets to the lessee as operating lease transactions as permitted by the accounting standard.
The following pro forma amounts represent the acquisition costs, accumulated depreciation and net book value of the leased tangible fixed assets as of 31st March, 2011 and 2010, which would have been reflected in the accompanying consolidated balance sheet if finance lease accounting had been applied to the finance leases for which the Group is a lessee and which are currently accounted for in a manner similar to the accounting treatment for operating lease transactions:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	**2011**
Acquisition costs	**¥ 49**	¥ 70	**$ 589**
Accumulated depreciation	**41**	53	**493**
Net book value	**¥ 7**	¥ 16	**$ 84**

The above acquisition costs include amounts corresponding to interest expense not presented separately because the total balance of the future minimum lease payments was immaterial to the net book value of tangible fixed assets.

Future minimum lease payments subsequent to 31st March, 2011 for finance leases accounted for in a manner similar to the accounting treatment for operating lease transactions are summarized as follows:

Year ending 31st March,	Millions of yen	Thousands of U.S. dollars
2012	**¥ 5**	**$ 60**
2013 and thereafter	**2**	**24**
Total	**¥ 7**	**$ 84**

The above future minimum lease payments include amounts corresponding to interest expense not presented separately because the total balance of the future minimum lease payments was immaterial to the net book value of tangible fixed assets.

Total lease payments related to finance leases accounted for as operating leases and depreciation expense, which have not been reflected in the accompanying consolidated statement of operations for the years ended 31st March, 2011 and 2010, are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	**2011**
Total lease payments	**¥ 9**	¥ 12	**$ 108**
Depreciation expense	**9**	12	**108**

Depreciation expense has been computed by the straight-line method assuming the lease periods to be the useful lives of the respective assets and a nil residual value.

There was no loss on impairment of fixed assets allocated to leased assets or reversal of the reserve for impairment of tangible fixed assets under finance leases for the years ended 31st March, 2011 and 2010.

b. Operating leases

As Lessee

Future minimum lease payments under non-cancellable operating leases subsequent to 31st March, 2011 were as follows:

Year ending 31st March,	Millions of yen	Thousands of U.S. dollars
2012	**¥ 665**	**$ 7,997**
2013 and thereafter	**5,250**	**63,138**
Total	**¥ 5,915**	**$ 71,136**

30. Income Taxes

Income taxes applicable to the Company and its domestic subsidiaries comprise corporate tax, inhabitants' taxes and enterprise tax which, in the aggregate, resulted in a statutory tax rate of 40.6% for the years ended 31st March, 2011 and 2010.

The tax effect of temporary differences which gave rise to significant portions of the deferred tax assets and liabilities at 31st March, 2011 and 2010 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	**2011**
Deferred tax assets:			
Reserve for possible loan losses	**¥ 35,495**	¥ 33,808	**$ 426,879**
Provision for employees' bonuses	**724**	729	**8,707**
Accrued retirement benefits for employees	**3,254**	3,006	**39,134**
Loss on devaluation of securities	**14,204**	15,083	**170,823**
Tax loss carryforwards	**26,364**	31,842	**317,065**
Depreciation	**702**	633	**8,442**
Net unrealized loss on available-for-sale securities	**5,429**	5,431	**65,291**
Other	**5,121**	3,586	**61,587**
Gross deferred tax assets	**91,294**	94,122	**1,097,943**
Valuation allowance	**(51,669)**	(53,784)	**(621,395)**
Total deferred tax assets	**39,625**	40,338	**476,548**
Deferred tax liabilities:			
Non-taxable accrued dividend income	**(345)**	(371)	**(4,149)**
Net unrealized gain on available-for-sale securities	**(244)**	(26)	**(2,934)**
Other	**(36)**	(0)	**(432)**
Total deferred tax liabilities	**(626)**	(398)	**(7,528)**
Net deferred tax assets	**¥ 38,999**	¥ 39,940	**$ 469,019**

A reconciliation of the statutory tax rate to the effective tax rate for the years ended 31st March, 2011 and 2010 was as follows:

	2011	2010
Statutory tax rate	**40.6%**	40.6%
Permanently non-deductible expenses	**1.2**	–
Valuation allowance	**(50.2)**	88.1
Per capita portion of inhabitants' taxes	**1.1**	1.2
Unused tax loss carryforwards that had expired	**18.9**	4.4
Other	**2.0**	5.3
Effective tax rate	**13.6%**	139.6%

31. Comprehensive Income

For the year ended March 31, 2010
Other comprehensive income for the year ended 31st March, 2010 consisted of the following:

	Millions of yen
Other comprehensive income:	
Net unrealized gain on available-for-sale securities	¥ 3,376
Net unrealized loss on deferred hedges	(0)
Total other comprehensive income	¥ 3,376

Total comprehensive income for the year ended 31st March, 2010 was the following:

	Millions of yen
Total comprehensive income attributable to:	
Owners of the parent	¥ 500
Minority interests	(62)
Total comprehensive income	¥ 438

32. Segment Information and Related Information

For the year ended 31st March, 2011
The company has adopted the ASBJ Statement No.17 "Accounting Standard for Segment Information Disclosures" revised on 27th March, 2009 and ASBJ Guidance No.20 "Guidance on Accounting Standard for Segment Information Disclosures" issued on 21st March, 2008. Under the standard and guidance, an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments. This accounting standard and the guidance are applicable to segment information disclosures for the fiscal years beginning on or after 1st April, 2010.

Effective from the year ended 31st March, 2011, the Group adopted this revised accounting standard and guidance.

Segment information
Reportable segment information is omitted because the Group is engaged only in banking business and "other" in our operating results, including leasing business, was immaterial.

(1) Related information

a. Information about services

	Millions of yen			
	Lending	Securities trading and investment	Other	Total
Income from external customers	¥ 59,699	¥ 29,561	¥ 27,995	¥ 117,255

Note: “Income” is presented in lieu of net sales presented by non-financial companies.

	Thousands of U.S. dollars			
	Lending	Securities trading and investment	Other	Total
Income from external customers	$ 717,96	$ 355,514	¥ 336,680	$ 1,410,162

b. Information about geographical areas

(i) Income

Information about income has not been presented as income from external customers inside Japan accounts for more than 90% of the consolidated income.

(ii) Tangible fixed assets

Information about tangible fixed assets has not been presented as tangible fixed assets inside Japan accounts for more than 90% of the consolidated tangible fixed assets.

c. Information about main customers

Information about main customers has not been presented as there is no income from particular customer which accounts for more than 10% of the consolidated income.

(2) Other information about reportable segments

Other information about reportable segments has not been presented as the Group is engaged in only banking business.

For the year ended 31st March, 2010

(1) Business segment information

The Group has leasing and other businesses in addition to its principal commercial banking business. Segment information by type of business has been omitted as such other businesses constitute only an immaterial portion of the whole business segments of the Company and its consolidated subsidiaries.

(2) Geographic segment information

Segment information by geographic area has not been presented as the Group had no overseas subsidiaries or branches.

(3) Ordinary income from international operations

Ordinary income from international operations has not been presented as it accounts for less than 10% of the consolidated ordinary income.

33. Related Party Transactions

Transactions between a consolidated subsidiary and related parties:

HIMENO GIKEN CO., LTD.

An executive officer of the Company, Yutaka Himeno directly owns 5% shares and his relatives directly own 95% shares in HIMENO GIKEN Co., Ltd. (“HIMENO GIKEN”) HIMENO GIKEN is located in Higashiyodogawa-ku, Osaka, records share capital of ¥20 million ($240 thousand) and is engaged in the construction business.
Transactions and balances with HIMENO GIKEN as of 31st March, 2011 and 2010 and for the years then ended were summarized as follows.

2011

Transactions			Balances		
Type of transaction	Millions of yen	Thousands of U.S. dollars	Account name	Millions of yen	Thousands of U.S. dollars
Loan	¥ –	$ –	Loans and bills discounted	¥ –	$ –
Interest income	¥ 0	$ 0	Other assets	¥ –	$ –
			Other liabilities	¥ –	$ –

Yutaka Himeno had been a director of the Company's subsidiary until 30th April, 2010, and accordingly, above table presents the transaction between the consolidated subsidiary and HIMENO GIKEN during the period from 1st April, 2010 to 30th April, 2010 and the balance at 31st March, 2011 is not presented since the company does not meet the definition of the related party of the Company at 31st March, 2011.

2010

Transactions		Balances	
Type of transaction	Millions of yen	Account name	Millions of yen
Loan	¥ 114	Loans and bills discounted	¥ 117
Interest income	¥ 1	Other assets	¥ 0
		Other liabilities	¥ 0

Setsuko Sasaki

Transaction and balances with Setsuko Sasaki who was a relative of a director and engaged in the property leasing business, Transactions and balances with Setsuko Sasaki as of 31st March, 2011 and 2010 and for the years then ended were summarized as follows:

2011

Transactions			Balances		
Type of transaction	Millions of yen	Thousands of U.S. dollars	Account name	Millions of yen	Thousands of U.S. dollars
Loan	¥ –	$ –	Loans and bills discounted	¥ 73	$ 877
			Other assets	¥ 0	$ 0
Interest income	¥ 2	$ 24	Other liabilities	¥ 0	$ 0

2010

Transactions		Balances	
Type of transaction	Millions of yen	Account name	Millions of yen
Interest income	¥ 2	Loans and bills Discounted	¥ 80

The conditions of the loan transactions are determined based on the general conditions of similar transactions with third parties.

34. Financial Instruments and Related Disclosures

1. General Information

(1) Policy for financial instruments
The Group, whose core operation is The Senshu Ikeda Bank, Ltd., is engaged in the various financial services as a regional financial institution. The Group holds financial assets and liabilities which are subject to fluctuations in the interest rates and market prices in the principal businesses such as deposit-taking and lending services and market activities including securities investment. In order to serve for setting up strategic targets in response to the changes in market environments, the Group conducts integrated asset and liability management ("ALM") and utilizes derivative contracts as a part of ALM.

(2) Contents of financial instruments and their risks
Financial assets held by the Group mainly consist of loans to domestic corporate and individual customers, which are exposed to credit risk arising from customers' nonperformance of contractual obligations and interest rate movement risk. Securities held by the Group principally consist of equity securities, debt securities and investment trusts, which are held for pure investment purpose and strategic investment purpose as available-for-sale securities and partially, for holding to maturity and trading purposes. These financial assets are exposed to credit risk of issuers and market risk associated with interest rates, stock prices and foreign exchanges.
Deposits which are major financial liabilities are exposed to liquidity risk that unexpected cash flow might arise. In addition, other fund raising sources are exposed to the liquidity risk that necessary fund might not be secured when the Group fails to utilize the market under certain circumstances, or that the Group might be obliged to fund at more unfavorable interest rates than normal. In addition, these financial liabilities are exposed to the risk of fluctuations in interest rates as well as financial assets.
The Group uses derivative contracts to meet the customers' needs and principally as a means of risk control over the assets and liabilities. In addition, as a part of trading activities (to earn short-term trading gains), futures instruments including equity and debt securities are utilized. These derivatives are exposed to the credit risk (counterparty risk) arising from customers' nonperformance of contractual obligations and market risk arising from the fluctuations in interest rates, stock prices, foreign exchanges, etc.

(3) Risk management system for financial instruments
The Group has established the risk control department independent from front offices and defines basic risk management policies. Specifically, the risk management system and various rules including the basic policy on risk control are determined by the Board of Directors, and the responsible functions by risk categories and the integrated risk control function are clearly defined. In addition, the "Risk Management Committee" and the "ALM Committee" have been established to monitor the risk profiles of the Group and discuss management issues as well as risk control measures. And such matters are reported to the Board of Directors and accordingly, effective risk management system at the management level is structured.

a. Integrated risk management
The Group conducts integrated risk management in accordance with the basic policy on risk control and various integrated risk control rules. Specifically, the Group conducts integrated control by identifying the risks assessed by risk categories such as credit risk, market risk and others including credit concentration risk not considered in the computation process of the capital ratio and interest rate risk of banking accounts and compares them with management capacity (capital).

b. Credit risk management
The Group analyzes and controls the credit portfolio in accordance with the Company's policy on credit risk control and various credit risk control rules. The Group maintains and operates a system of investigation, internal rating, asset self-assessment in monitoring individual transactions.

These credit control procedures are performed by each operating office, credit investigation department and risk control departments of the consolidated banking subsidiaries. With respect to credit risk of issuers of securities and counterparty risk of derivative transactions, the risk control departments of the banking subsidiaries monitor the identification of credit information and fair values. In addition, the risk control department of the Company reports on a regular basis to the Board of Directors of the Company. Furthermore the internal audit departments audit the status of credit control.

c. Market risk management
(i) Market risk management
The Group controls market risk arising from fluctuations in interest rates, stock prices, foreign exchanges, etc. in accordance with the Company's policy on market risk control and various market risk control rules. Specifically, the risk control department of the Company identifies the volume of market risk using the Value-at-Risk (VaR) method and monitors compliance with the risk limits resolved by the Board of Directors through continuous monitoring system. For securities, in addition to above risk limit control policy, the Group has established and managed loss cut rules. The relevant information is periodically reported by the risk control department to the Risk Management Committee and the Board of Directors.

The ALM Committee identifies and confirms the make-up of assets and liabilities and interest rate risk and discusses future measures. Specifically, the responsible department of the Company for ALM identifies comprehensively interest rates and periods of financial assets and liabilities and monitors using gap analysis and interest rate sensitivity analysis to secure stable and continuous earnings.

The banking subsidiaries execute foreign exchange transactions and foreign currency bond investments, which are exposed to foreign exchange risk, but the subsidiaries strive to minimize foreign exchange risk by balancing the foreign exchange positions where possible.

(ii) Derivative transactions
With respect to derivative transactions, the Company has established an internal control system including segregation of duties of the departments responsible for execution of transactions, risk control and operation administration and complies with the various market risk control rules.

(iii)Quantitative information of market risk
The Group monitors the value at market risk which is measured with VaR everyday as the change in market risk is larger than other risks.
The Group calculates the value at market risk according to the variance-covariance approach (holding period-120 business days, confidence interval-99%, and observation period-240 business days).
The value of market risk on the banking activities was ¥32,700 million ($393,265 thousand) which consisted of ¥27,800 million ($334,335 thousand) interest rate and ¥9,900 million ($119,061 thousand) stocks at 31st March, 2011.
The Group carries out back-testing to compare the model-calculating VaR of securities on the banking activities which influenced by market fluctuation (holding period-one business day) with real gain and loss in order to verify their accuracy. As real loss exceeded the model-calculating VaR only one time for the year ended 31st March, 2011, the Group considers that the model calculates the value of market risk with sufficient confidence revel.
However, VaR, which calculates the value of market risk based on past exchange rate changes, sometimes cannot calculate the value of market risk accurately under the condition that market environment changes abruptly.

d. Liquidity risk management associated with fund raising
The Group conducts liquidity risk control for funding activities in accordance with the Company's policy on liquidity risk control and various liquidity risk control rules. Specifically, the department responsible for ALM and the treasury department of the banking subsidiaries identify the investment and funding status of the whole Group on a timely basis and control liquidity risk by securing liquidity of the assets, diversifying the funding instruments and adjusting the short-term and long-term funding balances considering the market environments to secure stable fund management.

The risk control department identifies its response capability if liquidity risk is revealed through monitoring periodically the amount of liquid reserve assets that can be readily converted into cash, monitors the appropriateness of its fund management and reports it to the Risk Management Committee and the Board of Directors.

(4) Supplementary explanation about fair value of financial instruments
The fair value of financial instruments include, in addition to the value determined based on the market price, a valuation calculated on a reasonable basis if no market price is available. Since certain assumptions are used in calculating the value, the result of such calculation may vary if different assumptions are used.

2. Fair value of financial instruments

The carrying value, the fair value and the difference as of 31st March, 2011 and 2010 are summarized in the following tables: Note that securities such as unlisted equity securities for which fair value is extremely difficult to determine were not included in the following tables (See (Note 2) below):

	Millions of yen		
31st March, 2011	Carrying value	Fair value	Difference
Cash and due from banks	¥ 144,348	¥ 144,348	¥ –
Monetary claims bought (*1)	1,271	1,271	–
Trading account securities:			
Trading securities	36	36	–
Money held in trust	19,000	19,000	–
Securities:			
Held-to-maturity debt securities	49,198	49,793	594
Available-for-sale securities	1,020,601	1,020,601	–
Loans and bills discounted	3,501,016		
Reserve for possible loan losses	(40,991)		
	3,460,024	3,487,598	27,573
Foreign exchange assets (*1)	6,203	6,210	7
Total assets	¥ 4,700,685	¥ 4,728,861	¥ 28,176
Deposits	¥ 4,348,871	¥ 4,353,519	¥ 4,647
Payables under securities lending transactions	172,725	172,725	–
Borrowed money	44,417	44,277	(139)
Foreign exchange liabilities	480	480	–
Corporate bonds and notes	48,000	47,548	(451)
Total liabilities	¥ 4,614,495	¥ 4,618,551	¥ 4,056
Derivative transactions (*2)			
To which hedge accounting is not applied	¥ 26	¥ 26	¥ –
To which hedge accounting is applied	(1,129)	(1,129)	–
Total derivative transactions	¥ (1,103)	¥ (1,103)	¥ –

	Millions of yen		
31st March, 2010	Carrying value	Fair value	Difference
Cash and due from banks	¥ 111,817	¥ 111,817	¥ –
Call loans and bills bought	10,000	10,000	–
Monetary claims bought (*1)	1,173	1,173	–
Trading account securities:			
Trading securities	9	9	–
Money held in trust	19,000	19,000	–
Securities:			
Held-to-maturity debt securities	98,119	97,880	(238)
Available-for-sale securities	1,132,131	1,132,131	–
Loans and bills discounted	3,448,581		
Reserve for possible loan losses	(41,688)		
	3,406,892	3,434,271	27,378
Foreign exchange assets (*1)	5,058	5,064	6
Total assets	¥ 4,784,202	¥ 4,811,348	¥ 27,146
Deposits	¥ 4,252,016	¥ 4,258,251	¥ 6,235
Negotiable certificates of deposit	12,500	12,500	–
Call money and bills sold	45,000	45,000	–
Payables under securities lending transactions	255,324	255,324	–
Borrowed money	101,887	102,267	380
Foreign exchange liabilities	394	394	–
Corporate bonds and notes	33,300	32,486	(813)
Total liabilities	¥ 4,700,423	¥ 4,706,226	¥ 5,803
Derivative transactions (*2)			
To which hedge accounting is not applied	¥ 121	¥ 121	¥ –
To which hedge accounting is applied	(93)	(93)	–
Total derivative transactions	¥ 28	¥ 28	¥ –

31st March, 2011	Carrying value	Fair value	Difference
	Thousands of U.S. dollars		
Cash and due from banks	$ 1,735,995	$ 1,735,995	$ –
Monetary claims bought (*1)	15,285	15,285	–
Trading account securities:			
Trading securities	432	432	–
Monetary held in trust	228,502	228,502	–
Securities:			
Held-to-maturity debt securities	591,677	598,833	7,143
Available-for-sale securities	12,274,215	12,274,215	–
Loans and bills discounted	42,104,822		
Reserve for possible loan losses	(492,976)		
	41,611,834	41,943,451	331,605
Foreign exchange assets (*1)	74,600	74,684	84
Total assets	$ 56,532,591	$ 56,871,449	$ 338,857
Deposits	$ 52,301,515	$ 52,357,414	$ 55,886
Payables under securities lending transactions	2,077,269	2,077,269	–
Borrowed money	534,179	532,495	(1,671)
Foreign exchange liabilities	5,772	5,772	–
Corporate bonds and notes	577,269	571,834	(5,423)
Total liabilities	$ 55,496,031	$ 55,544,810	$ 48,779
Derivative transactions (*2)			
To which hedge accounting is not applied	$ 312	$ 312	$ –
To which hedge accounting is applied	(13,577)	(13,577)	–
Total derivative transactions	$ (13,265)	$ (13,265)	$ –

(*1) General and specific reserves for loan losses corresponding to loans are deducted. With respect to reserve for loan losses related to monetary claims bought and foreign exchange assets, carrying value is shown, net of reserve, since the amount is insignificant.

(*2) Derivative transactions include all derivatives recorded in other assets and other liabilities. Assets and liabilities arising from derivative transactions are shown on a net basis.

(Note 1) Valuation method for the fair value of financial instruments

Assets:

Cash and due from banks
The carrying value of due from banks without maturities is presented as the fair value since the fair value approximates the carrying value. The carrying value of due from banks with maturities is presented as the fair value since the fair value approximates the carrying value due to remaining maturities of less than one year.

Call loans and bills bought
The carrying amount is presented as the fair value since the fair value approximates the carrying amount because the contractual term is short (less than one year).

Monetary claims bought
Receivables related to factoring business are computed in the same manner as loans.

Trading account securities
The fair value of securities such as debt securities held for trading is determined using the quoted market price or the price provided by counterparty financial institutions.

Money held in trust
For securities that are invested as part of trust assets in an independently managed money trust with securities management as the primary purpose, the fair value of equity securities is determined using quoted market prices and the fair value of debt securities is determined using quoted market prices or the prices provided by counterparty financial institutions. Note that information on money held in trust by holding purpose is disclosed in Note 7.

Securities
The fair value of equity securities is determined using the quoted market prices and the fair value of debt securities is determined using the quoted market prices or the prices provided by counterparty financial institutions. The fair value of investment trusts is determined based on the published net assets value. The fair value of privately placed guaranteed bonds issued by the banking subsidiaries is determined in the same manner as loans.

(Valuation of fair value of financial assets)
For floating rate Japanese government bonds, if there is a wide spread between the offer price and the bid price, their fair value is determined using a value calculated on a reasonable basis based on the management's estimates, since the market price cannot be deemed as the fair value.

The carrying value of "Securities" and "Net unrealized loss on available-for-sale securities" as of 31st March, 2011 and 2010 increased by ¥7,366 million ($88,586 thousand) and ¥3,455 million, respectively, from the corresponding amounts that would have been reported using the market prices.

The fair value of floating rate Japanese government bonds computed on a reasonable basis is determined using the prices obtained from reliable and independent external brokers. The value computed on a reasonable basis is computed based on the discounted present value assuming future cash flows that are derived from the model of future interest rate trends based on the discount rates consisting of the price of fixed rate Japanese government bonds and a diversification of interest rates corresponding to swaption volatility quoted in the market.

Major pricing parameters adopted in above computation are discounted short-term government bonds, 10-year government bonds, 20-year government bonds and 30-year government bonds for discount rates, one month to ten years for the period of swaption volatility and one year to ten years for the period of swaps.

Note that information on securities by holding purposes is disclosed in Note 6.

Loans and bills discounted
The carrying value of the loans with floating interest rates, which reflect short-term market interest rates, is presented as the fair value since the fair value approximates the carrying value as long as the creditworthiness of the borrower has not changed significantly since the loan origination. The fair value of the loans with fixed interest rates is determined based on the aggregated value of principal and interest by categories of types of loans, internal ratings and maturities discounted using the interest rate assumed if the same loans were newly originated. The carrying value of the loans with short contractual terms (less than one year) is presented as the fair value since the fair value approximates the carrying value.

Loan losses on receivables from bankrupt, effectively bankrupt or likely to become bankrupt borrowers are estimated based on factors such as the present value of expected future cash flows or the expected amount to be collected from collateral and guarantees. Since the fair value of these items approximates the carrying value, net of the currently expected loan losses, such carrying value is presented as the fair value. The carrying value of the loans which do not have defined repayment due dates because the loans are limited to within the amount of pledged assets is presented as the fair value since the fair value approximates the carrying value considering the expected repayment schedule and interest rate conditions.

Foreign exchange assets
Foreign exchange assets consist of foreign currency deposits with other banks (due from other foreign banks), export bills and traveler's checks, etc, (purchased foreign bills) and loans on notes using import bills (foreign bills receivables). The carrying value of these items is presented as the fair value, since the fair value approximates the carrying value due to being deposits without maturity or having short contract terms (less than one year).

Liabilities:

Deposits
The amount payable on demand as of the balance sheet date (i.e., the carrying value) is considered to be the fair value of the demand deposit. The fair value of time deposits is determined using the discounted present value of future cash flows, grouped by certain maturity lengths. The discount rate used is the interest rate that would be applied to newly accepted deposits. The carrying value of deposits whose remaining maturity is within the short-term period (less than one year) is presented as the fair value since the fair value approximates the carrying value.

Payables under securities lending transactions
The carrying value is presented as the fair value since the fair value approximates the carrying value due to remaining maturities of less than one year.

Borrowed money
The carrying value of floating rate borrowed money is presented as fair value. This is because it reflects the market interest rate in the short-term period, also the creditworthiness of the consolidated subsidiaries which are engaged in banking business has not significantly changed since the borrowed money was originated and accordingly fair value approximates the carrying value. The fair value of fixed rate borrowed money is calculated as the present value of expected future cash flows from the aggregated value of principal and interest (the aggregated value of principal and interest using the interest rate swap rate, in case of borrowings subject to special treatment of hedge accounting for interest rate swaps) on these borrowings grouped by certain maturity lengths, which is discounted at an interest rate applicable to similar borrowings. The carrying value of borrowed money whose remaining maturity is due within the short-term period (less than one year) is presented as the fair value since the fair value approximates the carrying value.

Foreign exchange liabilities
Foreign exchange liabilities consist of foreign bills sold and foreign bills payable. The carrying value is presented as the fair value since the fair value approximates the carrying value due to remaining maturities of less than one year.

Corporate bonds and notes
The fair value of bonds and notes issued by the Group is determined using the market price.

Derivative transactions:

See Note 35.

(Note 2) Financial instruments whose fair value is extremely difficult to determine are as follows: These securities are not included in "Securities" under "Assets" as part of the fair value information of financial instruments.

	Millions of yen		Thousands of U.S. dollars
	2011	2010	**2011**
Unlisted equity securities (*1) (*2)	**¥ 5,862**	¥ 6,349	**$ 70,499**
Investment in partnerships (*3)	**1,406**	2,454	**16,909**
Other	**0**	0	**0**
Total	**¥ 7,269**	¥ 8,804	**$ 87,420**

(*1) No market price is available for unlisted equity securities and the fair value is not disclosed since it is extremely difficult to determine the fair value.

(*2) The Company recognized impairment losses on unlisted equity securities in the amount of ¥362 million ($4,353 thousand) and ¥244 million for the years ended 31st March, 2011 and 2010, respectively.

(*3) The fair value of investments in partnerships, whose assets consist of securities such as unlisted equity securities for which fair value is extremely difficult to determine, is not disclosed.

(Note 3) Repayment schedule of monetary receivables and securities with contractual maturities

	Millions of yen		
31st March, 2011	Due in one year or less	Due after one year through three years	Due after three years through five years
Due from banks	¥ 93,053	¥ –	¥ –
Monetary claims bought (*1)	1,270	–	–
Securities:	68,796	153,294	382,067
Held-to maturity debt securities:	3,200	21,600	24,500
Corporate bonds	3,200	21,600	24,500
Available-for-sale securities with maturities:	65,596	131,694	357,567
Government bonds	30,012	18,000	108,000
Local government bonds	12,728	37,582	31,292
Corporate bonds	22,683	50,422	31,450
Other	172	25,690	186,824
Loans and bills discounted (*1, 2)	695,662	489,372	411,520
Foreign exchanges assets	6,210	–	–
Total	¥ 864,993	¥ 642,666	¥ 793,588

	Millions of yen		
31st March, 2011	Due after five years through seven years	Due after seven years through ten years	Due after ten years
Due from banks	¥ –	¥ –	¥ –
Monetary claims bought (*1)	–	–	–
Securities:	81,590	99,304	140,360
Held-to maturity debt securities:	–	–	–
Corporate bonds	–	–	–
Available-for-sale securities with maturities:	81,590	99,304	140,360
Government bonds	59,700	86,000	39,500
Local government bonds	770	1,210	–
Corporate bonds	6,206	3,004	46,738
Other	14,914	9,090	54,121
Loans and bills discounted (*1, 2)	247,521	325,491	1,273,030
Foreign exchanges assets	–	–	–
Total	¥ 329,111	¥ 424,795	¥ 1,413,390

	Millions of yen		
31st March, 2010	Due in one year or less	Due after one year through three years	Due after three years through five years
Due from banks	¥ 63,130	¥ –	¥ –
Call loans and bills bought	10,000	–	–
Monetary claims bought (*1)	1,173	–	–
Securities:	128,749	213,325	300,890
Held-to maturity debt securities:	4,400	17,800	20,400
Government bonds	–	–	–
Corporate bonds	400	17,800	20,400
Other	4,000	–	–
Available-for-sale securities with maturities:	124,349	195,525	280,490
Government bonds	100,000	25,012	103,000
Local government bonds	6,282	32,093	37,812
Corporate bonds (*1)	15,681	53,855	37,629
Other	2,385	84,564	102,047
Loans and bills discounted (*1, 2)	691,232	498,581	362,748
Foreign exchange assets	5,064	–	–
Total	¥ 899,349	¥ 711,907	¥ 663,639

	Millions of yen		
31st March, 2010	Due after five years through seven years	Due after seven years through ten years	Due after ten years
Due from banks	¥ –	¥ –	¥ –
Call loans and bills bought	–	–	–
Monetary claims bought (*1)	–	–	–
Securities:	87,217	228,899	105,762
Held-to maturity debt securities:	11,000	16,000	29,000
Government bonds	10,000	16,000	29,000
Corporate bonds	–	–	–
Other	1,000	–	–
Available-for-sale securities with maturities:	76,217	212,899	76,762
Government bonds	46,200	143,600	58,500
Local government bonds	965	830	–
Corporate bonds (*1)	10,128	8,223	8,666
Other	18,924	60,246	9,595
Loans and bills discounted (*1, 2)	259,542	322,908	1,249,952
Foreign exchange assets	–	–	–
Total	¥ 346,760	¥ 551,808	¥ 1,355,714

(*1) Loans and bills discounted, monetary claims bought and corporate bonds do not include ¥63,764 million of receivables such as those due from bankrupt, effectively bankrupt or likely to become bankrupt borrowers, since it is not certain when they can be collected or redeemed.

(*2) Overdraft accounts of loans are shown under “Due in one year or less.”

31st March, 2011	Thousands of U.S. dollars Due in one year or less	Due after one year through three years	Due after three years through five years
Due from banks	$ 1,119,098	$ –	$ –
Monetary claims bought (*1)	15,273	–	–
Securities:	827,372	1,843,583	4,594,912
Held-to maturity debt securities:	38,484	259,771	294,648
Corporate bonds	38,484	259,771	294,648
Available-for-sale securities with maturities:	788,887	1,583,812	4,300,264
Government bonds	360,938	216,476	1,298,857
Local government bonds	153,072	451,978	376,331
Corporate bonds	272,796	606,398	378,232
Other	2,068	308,959	2,246,831
Loans and bills discounted (*1, 2)	8,366,349	5,885,411	4,949,128
Foreign exchanges assets	74,684	–	–
Total	$10,402,802	$ 7,728,995	$ 9,544,052

31st March, 2011	Thousands of U.S. dollars Due after five years through seven years	Due after seven years through ten years	Due after ten years
Due from banks	$ –	$ –	$ –
Monetary claims bought (*1)	–	–	–
Securities:	981,238	1,194,275	1,688,033
Held-to maturity debt securities:	–	–	–
Corporate bonds	–	–	–
Available-for-sale securities with maturities:	981,238	1,194,275	1,688,033
Government bonds	717,979	1,034,275	475,045
Local government bonds	9,260	14,552	–
Corporate bonds	74,636	36,127	562,092
Other	179,362	109,320	650,883
Loans and bills discounted (*1, 2)	2,976,800	3,914,503	15,310,042
Foreign exchanges assets	–	–	–
Total	$ 3,958,039	$ 5,108,779	$ 16,998,075

(*1) Loans and bills discounted and monetary claims bought do not include ¥58,459million ($703,054 thousand) of receivables such as those due from bankrupt, effectively bankrupt or likely to become bankrupt borrowers, since it is not certain when they can be collected or redeemed.

(*2) Overdraft accounts of loans are shown under "Due in one year or less."

(Note 4) Repayment schedule of bonds, borrowed money and other interest bearing liabilities.

31st March, 2011	Millions of yen Due in one year or less	Due after one year through three years	Due after three years through five years
Deposits (*1)	¥ 3,965,277	¥ 328,742	¥ 52,748
Payables under securities lending transactions	172,725	–	–
Borrowed money (*2)	21,349	1,337	230
Corporate bonds (*3)	–	–	–
Total	¥ 4,159,352	¥ 330,080	¥ 52,978

31st March, 2011	Millions of yen Due after five years through seven years	Due after seven years through ten years	Due after ten years
Deposits (*1)	¥ 788	¥ 1,314	¥ –
Payables under securities lending transactions	–	–	–
Borrowed money (*2)	1,500	8,000	–
Corporate bonds (*3)	30,000	15,000	–
Total	¥ 32,288	¥ 24,314	¥ –

31st March, 2010	Millions of yen Due in one year or less	Due after one year through three years	Due after three years through five years
Deposits (*1)	¥ 3,720,118	¥ 452,006	¥ 78,176
Negotiable certificates of deposits	12,500	–	–
Call money and bills sold	45,000	–	–
Payables under securities lending transactions	255,324	–	–
Borrowed money (*2)	78,787	1,421	178
Corporate bonds (*3)	300	–	–
Total	¥ 4,112,030	¥ 453,427	¥ 78,355

31st March, 2010	Millions of yen Due after five years through seven years	Due after seven years through ten years	Due after ten years
Deposits (*1)	¥ 725	¥ 989	¥ –
Negotiable certificates of deposits	–	–	–
Call money and bills sold	–	–	–
Payables under securities lending transactions	–	–	–
Borrowed money (*2)	–	9,500	–
Corporate bonds (*3)	30,000	–	–
Total	¥ 30,725	¥ 10,489	¥ –

(*1) Demand deposits are disclosed under “Due in one year or less” of deposits.
(*2) Borrowed money whose repayment schedule is not determined in the amount of ¥12,000 million is not included.
(*3) Corporate bonds whose repayment schedule is not determined in the amount of ¥3,000 million are not included.

Thousands of U.S. dollars

31st March, 2011	Due in one year or less	Due after one year through three years	Due after three years through five years
Deposits (*1)	$ 47,688,238	$ 3,953,601	$ 634,371
Payables under securities lending transactions	2,077,269	–	–
Borrowed money (*2)	256,752	16,079	2,766
Corporate bonds (*3)	–	–	–
Total	$ 50,022,273	$ 3,969,693	$ 637,137

Thousands of U.S. dollars

31st March, 2011	Due after five years through seven years	Due after seven years through ten years	Due after ten years
Deposits (*1)	$ 9,476	$ 15,802	$ –
Payables under securities lending transactions	–	–	–
Borrowed money (*2)	18,039	96,211	–
Corporate bonds (*3)	360,793	180,396	–
Total	$ 388,310	$ 292,411	$ –

(*1) Demand deposits are disclosed under “Due in one year or less” of deposits.
(*2) Borrowed money whose repayment schedule is not determined in the amount of ¥12,000 million ($144,317 thousand) is not included.
(*3) Corporate bonds whose repayment schedule is not determined in the amount of ¥3,000 million ($ 36,079 thousand) are not included.

35. Derivatives

1. Derivative transactions to which hedge accounting is not applied

With respect to derivatives to which hedge accounting is not applied, contract amount or notional principal, fair value and related valuation gain or loss and computation method of fair value are as follows: Note that contract amounts do not represent the market risk exposure of derivative transactions.

(1) Interest related derivatives at 31st March, 2011 and 2010

31st March, 2011

There were no interest related derivatives at 31st March, 2011.

Millions of yen

31st March, 2010		Contract amount /notional principal: Total	Contract amount /notional principal: Over one year	Fair value	Valuation gain (loss)
Over-the-counter transactions:					
Interest rate swaps	Receivable fixed rate/ Payable floating rate	¥ 7	¥ –	¥ 0	¥ 0
	Receivable floating rate/ Payable fixed rate	¥ 4,007	¥ 4,000	(84)	(84)
Total				¥ (84)	¥ (84)

Notes:
1. Transactions in the table above are stated at the fair value and the related valuation gain (loss) is reported in the consolidated statements of operations.
2. The fair value of transactions listed on exchanges is determined using the last quoted market price at the Tokyo Financial Exchange Inc. or others. The fair value of over-the-counter transactions is determined by using the discounted cash flow method, option pricing models or others.

(2) Currency related derivatives at 31st March, 2011 and 2010

Millions of yen

31st March, 2011		Contract amount /notional principal: Total	Contract amount /notional principal: Over one year	Fair value	Valuation gain (loss)
Over-the-counter transactions:					
Currency swaps		¥ 98,138	¥ 75,626	¥ 159	¥ 159
Forward foreign exchange contracts:					
	Selling	¥ 3,573	–	(28)	(28)
	Buying	¥ 2,632	–	34	34
Currency options:					
	Selling	¥ 15,254	¥ 10,531	(1,653)	(440)
	Buying	¥ 15,254	¥ 10,531	1,641	621
Total				¥ 153	¥ 345

Millions of yen				
	Contract amount /notional principal			
31st March, 2010	Total	Over one year	Fair value	Valuation gain (loss)
Over-the-counter transactions:				
Currency swaps	¥122,397	¥100,371	¥ 208	¥ 208
Forward foreign exchange contracts:				
Selling	¥ 2,185	–	(53)	(53)
Buying	¥ 3,611	–	50	50
Currency options:				
Selling	¥ 19,121	¥ 14,174	(1,518)	(73)
Buying	¥ 19,121	¥ 14,174	1,518	310
Total			¥ 206	¥ 443

Notes:
1. Transactions in the table above are stated at the fair value and the related valuation gain (loss) is reported in the consolidated statements of operations.
2. The fair value is determined by using the discounted cash flow method or others.

Thousands of U.S. dollars				
	Contract amount /notional principal			
31st March, 2011	Total	Over one year	Fair value	Valuation gain (loss)
Over-the-counter transactions:				
Currency swaps	$1,180,252	$ 909,512	$ 1,912	$ 1,912
Forward foreign exchange contracts:				
Selling	$ 42,970	–	(336)	(336)
Buying	$ 31,653	–	408	408
Currency options:				
Selling	$ 183,451	$ 126,650	(19,879)	(5,291)
Buying	$ 183,451	$ 126,650	19,735	7,468
Total			$ 1,840	$ 4,149

Notes:
1. Transactions in the table above are stated at the fair value and the related valuation gain (loss) is reported in the consolidated statements of operations.
2. The fair value is determined by using the discounted cash flow method or others.

(3) Equity related derivatives at 31st March, 2011

Millions of yen				
	Contract amount /notional principal			
31st March, 2011	Total	Over one year	Fair value	Valuation gain (loss)
Transactions listed on the exchange:				
Equity index futures:				
Selling	¥ 2,801	¥ –	¥ (127)	¥ (127)
Buying	¥ –	–	–	–
Total			¥ (127)	¥ (127)

Thousands of U.S. dollars				
	Contract amount /notional principal			
31st March, 2011	Total	Over one year	Fair value	Valuation gain (loss)
Transactions listed on the exchange:				
Equity index futures:				
Selling	$ 33,686	$ –	$ (1,527)	$ (1,527)
Buying	$ –	–	–	–
Total			$ (1,527)	$ (1,527)

Notes:
1. Transactions in the table above are stated at the fair value and the related valuation gain (loss) is reported in the consolidated statement of operations.
2. The fair value of transactions listed on exchanges is determined using the last quoted market price at the Tokyo Stock Exchange, Inc. or others. The fair value of over-the-counter transactions is determined by using the discounted cash flow method, option pricing models or others.

There were no transactions of equity related derivatives at 31st March, 2010.

2. Derivative transactions to which hedge accounting is applied

With respect to derivatives to which hedge accounting is applied, contract amount or notional principal and fair value at the balance sheet date by transaction type and hedge accounting method and computation method of the fair value are as follows. Note that contract amount or notional principal does not represent the market risk exposure of derivative transactions.

(1) Interest related derivatives at 31st March, 2011 and 2010

31st March, 2011			Millions of yen		
			Contract amount /notional principal		
Hedge accounting method	Transaction type	Major hedged item	Total	Over one year	Fair value (*1)
Swap rate applied to underlying debt	Interest rate swaps Receivable floating rate/ Payable fixed rate	Borrowed money	¥ 1,050	¥ 450	*2

31st March, 2010			Millions of yen		
			Contract amount /notional principal		
Hedge accounting method	Transaction type	Major hedged item	Total	Over one year	Fair value (*1)
Swap rate applied to underlying debt	Interest rate swaps Receivable floating rate/ Payable fixed rate	Borrowed money	¥ 1,800	¥ 1,050	*2

31st March, 2011			Thousands of U.S. dollars		
			Contract amount /notional principal		
Hedge accounting method	Transaction type	Major hedged item	Total	Over one year	Fair value (*1)
Swap rate applied to underlying debt	Interest rate swaps Receivable floating rate/ Payable fixed rate	Borrowed money	$ 12,627	$ 5,411	*2

*1 The fair value of transactions listed on exchanges is determined using the last quoted market price at the Tokyo Financial Exchange, Inc. or others. The fair value of over-the-counter transactions is determined by using the discounted cash flow method, option pricing models or others.

*2 The interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not valued at the fair value, but the differential paid or received under the swap agreements is recognized and included in interest expenses or income on the borrowed money as hedged items. Accordingly, the fair value of interest rate swaps is considered to be included in the fair value of the borrowed money disclosed in Note 34.

(2) Currency related derivatives at 31st March, 2011 and 2010

31st March, 2011			Millions of yen		
			Contract amount /notional principal		
Hedge accounting method	Transaction type	Major hedged item	Total	Over one year	Fair value
Deferral hedge accounting	Currency swaps	Securities denominated in foreign currencies	¥ 23,683	¥ –	¥ (1,129)

31st March, 2010			Millions of yen		
			Contract amount /notional principal		
Hedge accounting method	Transaction type	Major hedged item	Total	Over one year	Fair value
Deferral hedge accounting	Currency swaps	Securities denominated in foreign currencies	¥ 6,245	¥ –	¥ (93)

Derivatives in the table above are mainly accounted for hedge accounting (deferral hedge accounting) in accordance with JICPA Industry Audit Committee Report No.25 “Accounting and Auditing Treatment Relating to the Adoption of the Accounting Standard for Foreign Currency Transactions for Banks.” The fair value is determined by using the discounted cash flow method.

31st March, 2011			Thousands of U.S. dollars		
			Contract amount /notional principal		
Hedge accounting method	Transaction type	Major hedged item	Total	Over one year	Fair value
Deferral hedge accounting	Currency swaps	Securities denominated in foreign currencies	$284,822	$ –	$ (13,577)

Derivatives in the table above are mainly accounted for hedge accounting (deferral hedge accounting) in accordance with JICPA Industry Audit Committee Report No.25 “Accounting and Auditing Treatment Relating to the Adoption of the Accounting Standard for Foreign Currency Transactions for Banks.” The fair value is determined by using the discounted cash flow method.

36. Business Combination

The year ended 31st March, 2011

Ikeda and Senshu, both of which are wholly owned subsidiaries of the Company, were merged effective 1st May, 2010 in accordance with the resolution approving the merger agreement between Ikeda and Senshu at the extraordinary shareholders' meeting of each subsidiary held on 13th January, 2010. As a result, Ikeda changed its name to “The Senshu Ikeda Bank, Ltd.” and took over all the assets, liabilities, rights and obligations of Senshu.

1. Summary of the business combination is as follows:

(1) The companies which were the parties of business combinations and their business
Ikeda: Ordinary banking business
Senshu: Ordinary banking business

(2) Legal form of the business combination
Absorption type merger under which Ikeda was the surviving company and Senshu was an acquiree based on the equality policy.

(3) Name of the company after the business combination
The Senshu Ikeda Bank, Ltd.

(4) Outline of the transactions including the objectives of the business combination
Ikeda and Senshu established the Company on 1st October, 2009 achieving management integration aiming to become the best regional financial institution as an independent financial group representing the Kansai area. Ikeda and Senshu merged to maximize the integration effect under the objective of the management integration.

2. Accounting method
   The Company accounted for the business combination as a transaction under the common control in accordance with "Accounting Standard for Business Combinations" (ASBJ Statement No. 21 issued on 26th December, 2008) and "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10 issued on 26th December, 2008).

The year ended 31st March, 2010

Ikeda and Senshu achieved a business integration through the incorporation of a joint-holding company on 1st October, 2009. This business combination is accounted for under the pooling-of-interest method. The summary of the business combination is as follows:

1. Names of the companies involved, their businesses, purpose of the business combination, date of the business combination, legal form of the business combination and name of the company after business combination

   (1) Name of the companies involved and their businesses
   Ikeda: ordinary banking business
   Senshu: ordinary banking business

   (2) Purpose of the business combination
   The aim of the integration of Ikeda and Senshu is to become the best regional financial institution as an independent financial group representing the Kansai area. The new financial group consisting of Ikeda, Senshu and the joint holding company plans to promote regional financial stability and sound development of the regional economy through an expansion of its operating structure considering its public mission as a regional financial institution. In addition, the new financial group also plans to enhance convenience for regional customers, its quality of service and internal control system, maintaining its independence of management.

   (3) Date of the business combination
   1st October, 2009

   (4) Legal form of the business combination
   Transfer of shares

   (5) Name of the company after the business combination
   Senshu Ikeda Holdings, Inc.

2. Share transfer ratio, number of shares issued, computation method of share transfer ratio and the reason why this business combination was determined to be a combination of interest.

   (1) Share transfer ratio and number of shares issued
   a. Share transfer ratio
   –Allotment of 18.5 shares of common stock of the joint-holding company for one share of common stock of Ikeda
   –Allotment of one share of common stock of the joint-holding company for one share of common stock of Senshu
   –Allotment of 18.5 shares of first-class preferred stock of the joint-holding company for one share of the first-class preferred stock of Ikeda
   –Allotment of 18.5 shares of second-class preferred stock of the joint-holding company for one share of the second-class preferred stock of Ikeda

   The Company paid to the holders of shares of less than one unit in cash for the shares less than one unit of common stock, of first-class preferred stock and of second-class preferred stock of the joint-holding company to be issued to the shareholders of Ikeda and Senshu as a result of the share transfer in accordance with Article 234 of the Law and other related laws and regulations.

   b. Number of shares to be issued by the joint-holding company

Common stock:	959,541,463 shares
First-class preferred stock:	111,000,000 shares
Second-class preferred stock:	115,625,000 shares

   (2) Computation method of share transfer ratio
   a. Common stock
   To ensure the fairness in computing the share transfer ratio to be used for the share transfer, Ikeda designated Nomura Securities Co., Ltd. and Senshu designated Morgan Stanley Securities Co., Ltd. and American Appraisal Japan Co., Ltd. as their respective advisors to perform the calculation of the share transfer ratio.

   b. Preferred stock
   Both parties agreed that with respect to first-class preferred stock and the second-class preferred stock issued by Ikeda, the same conditions through the share transfer ratio be defined in the issue terms as the respective issue terms of the corresponding preferred stock to be newly issued by the joint-holding company, considering the share transfer ratio of common stock, since their market prices are not available unlike those for common stock. Consequently, 18.5 shares of the first-class preferred

stock of the joint-holding company were issued for one share of the first-class preferred stock issued by Ikeda and 18.5 shares of the second-class preferred stock of the joint-holding company were issued for one share of the second-class preferred stock issued by Ikeda.

(3) Reason why this business combination was determined to be a combination of interest

With respect to the ownerships of voting rights of Senshu Ikeda Holdings, Inc. owned by the former shareholders of Ikeda and Senshu as a result of the business combination, which is the base to distinguish whether the business combination should be accounted for by the purchase method or the pooling-of-interest method, 55% are owned by shareholders of Ikeda and 45% by Senshu.

Accordingly, either company is not deemed to have control over the other and risks and benefits after the business combination will be successfully and continuously shared between both parties.

3. Operating results for the year from 1st April, 2009 to 31st March, 2010 of the combined entities are included in the accompanying consolidated financial statements.

4. Assets, liabilities and net assets succeeded from the combined entities are as follows:

Ikeda:

Total assets	¥2,529,655 million
Total liabilities	¥2,473,088 million
Total net assets	¥ 56,567 million

Senshu:

Total assets	¥2,226,858 million
Total liabilities	¥2,150,983 million
Total net assets	¥ 75,874 million

5. Unification of accounting policies, details of elimination of transactions before the business combination and expenditures and nature of expenses required for the business combination

a. Unification of accounting policies
Prior to the business combination, certain consolidated subsidiaries stated stocks and investment trusts with market value classified as available-for-sale securities at fair value determined based on the quoted market prices as of the balance sheet date. However, effective the year ended 31st March, 2010, these securities are stated at fair value based on the average quoted market price during the month before the balance sheet date.

b. There was no transaction to be eliminated before the business combination.

c. Expenditures and their nature of expenses required for the business combination

	Millions of yen
Stock issuance expenses	¥ 4
Incorporation expenses	175
Initial public offering expenses	13
Total	¥ 192

6. There was no significant business to be disposed as a result of the business combination.

37. Amounts per Share

Amounts per share at 31st March, 2011 and 2010 and for the years then ended are summarized as follows:

	Yen		U.S. dollars
	2011	2010	**2011**
Net assets	**¥ 99.07**	¥ 97.22	**$ 1.19**
Net income (loss):			
Basic	**4.39**	(5.47)	**0.05**
Diluted	**4.39**	–	**0.05**
Cash dividends			
Common stock	**¥ 3**	¥ 2.7	**$ 0.03**
First-class preferred stock	**¥ 196 divided by 18.5**	¥ 196 divided by 18.5	**$ 2.35 divided by 18.5**
Second-class preferred stock	**¥ 204 divided by 18.5**	¥ 204.5 divided by 18.5	**$ 2.45 divided by 18.5**

Net assets per share as of 31st March, 2011 and 2010 are computed based on the following information:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	**2011**
Total net assets	**¥ 176,684**	¥ 174,276	**$ 2,124,882**
Payment for First class preferred stock	**(30,000)**	(30,000)	**(360,793)**
Dividends for First class preferred stock	**(1,176)**	(1,176)	**(14,143)**
Payment for Second class preferred stock	**(25,000)**	(25,000)	**(300,661)**
Dividends for Second class preferred stock	**(1,275)**	(1,278)	**(15,333)**
Stock subscription rights	**(6)**	–	**(72)**
Minority interests	**(1,197)**	(907)	**(14,395)**
Amounts to be deducted from total net assets	**(58,655)**	(58,361)	**(705,411)**
Net assets attributable to common stock as of 31st March, 2011 and 2010	**¥ 118,028**	¥ 115,915	**$ 1,419,458**
Number of shares of common stock as of 31st March, 2011 and 2010 used to compute net asset per share (Unit: thousand shares)	**1,191,285**	1,192,287	**14,326,939**

Net income (loss) per share for the years ended 31st March, 2011 and 2010 are computed based on the following information:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Net income (loss) for the year	¥ 7,690	¥ (2,845)	$ 92,483
Dividends for first-class preferred stock based on the resolution at the regular general shareholders' meeting	(1,176)	(1,176)	(14,143)
Dividends for second-class preferred stock based on the resolution at the regular general shareholders' meeting	(1,275)	(1,278)	(15,333)
Amounts not attributed to common stock shareholders	(2,451)	(2,454)	(29,476)
Net income (loss) attributable to common stock	¥ 5,239	¥ (5,299)	$ 63,006
Average outstanding number of shares of common stock (Unit: thousand shares)	1,192,267	967,232	14,338,749
Diluted net income (loss) per share			
Adjustment to net income	¥ –	¥ –	$ –
Number of increased common stock (Unit: thousand shares)	19	–	
Of which, stock subscription rights	19	–	

Outline of potential shares not included in computing diluted earnings per share by potential shares since there is no dilutive effect for the year ended 31st March, 2010 were as follows:

Ikeda:
3rd unsecured subordinated convertible bonds with subscription rights to shares
Number of potential shares: 473 thousand
Balance of convertible bonds: ¥5,342 million
Conversion price: ¥5,043
These bonds were fully redeemed before the maturity on 11th September, 2009.

Senshu:
First series preferred stock
Number of potential shares: 6,618 thousand
Conversion price: ¥308.10
All the stocks were claimed for conversion by 31st July, 2009.
Although potential shares exist, diluted earnings per share are not presented, since the Company recorded net loss per share.

Diluted net income per share is computed based on the net income available for distribution to the shareholders and the weighted-average number of shares of common stock outstanding during each year after giving effect to the dilutive potential of shares of common stock to be issued upon the conversion of convertible bonds or the exercise of stock subscription rights. Diluted net income per share for the year ended 31st March, 2010 is not disclosed because net loss was recorded for the year then ended.

Cash dividends per share represent the cash dividends proposed by the Board of Directors as applicable to the fiscal year.

Report of Independent Auditors

Senshu Ikeda Holdings, Inc.

ERNST & YOUNG

Ernst & Young ShinNihon LLC

Report of Independent Auditors

The Board of Directors
Senshu Ikeda Holdings, Inc.

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

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

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

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

Ernst & Young ShinNihon

Osaka, Japan
29th June, 2011

Non-consolidated Balance Sheets (Unaudited)

The Senshu Ikeda Bank, Ltd.
As of 31st March, 2011 and 2010

	Millions of yen			Thousands of U.S. dollars
		The Bank of Ikeda, Ltd.	The Senshu Bank, Ltd.	
	2011	2010	2010	**2011**
Assets				
Cash and due from banks	**¥ 143,728**	¥ 72,737	¥ 38,877	**$ 1,728,538**
Call loans and bills bought	**–**	10,000	–	**–**
Monetary claims bought	**1,270**	1,173	0	**15,273**
Trading account securities	**36**	6	2	**432**
Money held in trust	**19,000**	19,000	–	**228,502**
Securities	**1,081,565**	830,784	412,633	**13,007,396**
Loans and bills discounted	**3,512,391**	1,670,505	1,793,040	**42,241,623**
Foreign exchange assets	**6,210**	2,751	2,312	**74,684**
Other assets	**34,321**	27,927	12,855	**412,760**
Tangible fixed assets	**37,452**	21,861	13,848	**450,414**
Intangible fixed assets	**5,629**	3,116	282	**67,696**
Deferred tax assets	**36,017**	21,875	14,347	**433,156**
Customers' liabilities for acceptances and guarantees	**23,487**	17,465	12,532	**282,465**
Reserve for possible loan losses	**(32,088)**	(24,457)	(8,466)	**(385,904)**
Total assets	**¥ 4,869,023**	¥ 2,674,747	¥ 2,292,266	**$ 58,557,101**
Liabilities and net assets				
Liabilities				
Deposits	**4,357,005**	2,314,245	1,952,575	**52,399,338**
Negotiable certificates of deposit	**24,300**	–	33,020	**292,242**
Call money and bills sold	**–**	–	45,000	**–**
Payables under securities lending transactions	**172,725**	204,670	50,654	**2,077,269**
Borrowed money	**36,352**	13,793	80,300	**437,185**
Foreign exchange liabilities	**480**	42	352	**5,772**
Corporate bonds and notes	**48,000**	23,000	10,000	**577,269**
Other liabilities	**28,948**	16,233	17,744	**348,141**
Provision for employees' bonuses	**1,593**	–	813	**19,158**
Accrued retirement benefits for employees	**6,440**	377	5,619	**77,450**
Accrued retirement benefits for directors and corporate auditors	**372**	435	–	**4,473**
Reserve for reimbursement of deposits	**309**	51	269	**3,716**
Reserve for point services	**41**	–	–	**493**
Reserve for loss on integration	**717**	–	–	**8,622**
Reserve for contingent losses	**465**	386	407	**5,592**
Acceptances and guarantees	**23,487**	17,465	12,532	**282,465**
Total liabilities	**4,701,241**	2,590,701	2,209,288	**56,539,278**
Net assets				
Shareholders' equity:				
Common stock	**50,710**	50,710	55,655	**609,861**
Capital surplus	**104,361**	33,651	15,054	**1,255,093**
Retained earnings	**25,625**	7,104	17,963	**308,177**
Total shareholders' equity	**180,698**	91,466	88,673	**2,173,156**
Net unrealized loss on available-for-sale securities	**(12,895)**	(7,420)	(5,696)	**(155,081)**
Net unrealized loss on deferred hedges	**(19)**	(0)	–	**(228)**
Total valuation and translation adjustments	**(12,915)**	(7,421)	(5,696)	**(155,321)**
Total net assets	**167,782**	84,045	82,977	**2,017,823**
Total liabilities and net assets	**¥ 4,869,023**	¥ 2,674,747	¥ 2,292,266	**$ 58,557,101**

Non-consolidated Statements of Operations (Unaudited)

The Senshu Ikeda Bank, Ltd.
For the years ended 31st March, 2011 and 2010

	Millions of yen			Thousands of U.S. dollars
		The Bank of Ikeda, Ltd.	The Senshu Bank, Ltd.	
	2011	2010	2010	**2011**
Income				
Interest income:				
Interest on loans and bills discounted	**¥ 56,861**	¥ 28,021	¥ 34,450	**$ 683,836**
Interest and dividends on securities	**16,084**	11,577	4,395	**193,433**
Other interest income	**90**	78	41	**1,082**
Fees and commissions	**12,866**	8,021	5,115	**154,732**
Other operating income	**12,465**	7,974	2,603	**149,909**
Gain on sale of fixed assets	**–**	–	0	**–**
Gain on reversal of reserve for possible loan losses	**–**	–	844	**–**
Recoveries of written-off claims	**1,169**	584	436	**14,058**
Gain on reversal of reserve for possible losses on investment securities	**–**	–	128	**–**
Other income	**2,635**	3,048	824	**31,689**
Total income	**102,173**	59,306	48,840	**1,228,779**
Expenses				
Interest expenses:				
Interest on deposits	**10,056**	6,675	7,448	**120,938**
Interest on borrowings and rediscounts	**582**	337	270	**6,999**
Other interest expenses	**1,624**	1,324	631	**19,530**
Fees and commissions	**9,351**	3,953	7,042	**112,459**
Other operating expenses	**2,364**	1,551	322	**28,430**
General and administrative expenses	**50,536**	26,404	26,259	**607,769**
Loss on disposal of fixed assets	**143**	29	52	**1,719**
Loss on impairment of fixed assets	**189**	1	8	**2,273**
Expense for business integration	**–**	–	1,550	**–**
Other expenses	**20,755**	12,540	7,447	**249,609**
Total expenses	**95,605**	52,818	51,034	**1,149,789**
Income (loss) before income taxes	**6,568**	6,488	(2,193)	**78,989**
Income taxes				
Current	**82**	45	(84)	**986**
Deferred	**141**	(661)	9,632	**1,695**
Total income taxes	**224**	(615)	(9,547)	**2,693**
Net income (loss)	**¥ 6,343**	¥ 7,104	¥ (11,741)	**$ 76,283**

Corporate Data (As of July 1, 2011)

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Major Shareholders (As of March 31, 2011)

1. Common stock

Name	Number of Shares Owned (Thousands)	Proportion of Total Shares (%)
Japan Trustee Services Bank, Ltd. (Trust Account)*1	154,221	12.94
The Master Trust Bank of Japan, Ltd. (Trust Account)*1	138,560	11.63
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	59,597	5.00
Mitsubishi UFJ Financial Group, Inc.	29,799	2.50
Mitsubishi UFJ Trust and Banking Corporation	28,607	2.40
ITAMI SANGYO CO., LTD.	17,668	1.48
Mizuho Corporate Bank, Ltd.	17,282	1.45
OBAYASHI CORPORATION	16,594	1.39
Tokio Marine & Nichido Fire Insurance Co., Ltd.	14,059	1.18
The Senshu Ikeda Bank Employees' Shareholders Association	13,996	1.17

*1: These shares do not disclose the names of beneficiaries.

2. First-class preferred stock

Name	Number of Shares Owned (Thousands)	Proportion of Total Shares (%)
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	111,000	100.00

3. Second-class preferred stock

Name	Number of Shares Owned (Thousands)	Proportion of Total Shares (%)
OC FINANCE CORPORATION	32,375	28.00
Daikin Industries, Ltd.	23,125	20.00
Fukoku Mutual Life Insurance Company	9,250	8.00
ITAMI SANGYO CO., LTD.	9,250	8.00
NICHIA STEEL WORKS, LTD.	9,250	8.00
ROHTO Pharmaceutical Co., Ltd.	9,250	8.00
DAINIHON JOCHUGIKU CO., LTD.	4,625	4.00
Hankyu Hanshin Holdings, Inc.	4,625	4.00
T.T CO., LTD.	4,625	4.00
Non-Destructive Inspection Company Limited.	4,625	4.00
Shionogi & Co., Ltd.	2,312	2.00
Nippon Paper Core Industrial Co., Ltd.	2,312	2.00

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