ANNUAL REPORT 2013

Year Ended March 31,2013

SENSHU IKEDA HOLDINGS, INC.

THE SENSHU IKEDA BANK, LTD.

S I H D

Profile

(As of March 31, 2013)

Senshu Ikeda Holdings, Inc.

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:	117
Stock Listing:	Tokyo Stock Exchange, Osaka Securities Exchange

The Senshu Ikeda Bank, Ltd.

Establishment:	September 1, 1951
Location:	18-14 Chayamachi, Kita-ku, Osaka-City, Osaka
Share Capital:	¥50.7 billion
Deposits:	¥4.5128 trillion
Loans:	¥3.5630 trillion
Number of Branches:	138
Number of Employees:	2,727

CONTENTS

Message from the President 4

To be the "No.1 Reliable Bank
for the Regional Communities and Customers" 5

Management Strategies of The Senshu Ikeda Bank 7

Starting The Senshu Ikeda Bank's
"New Three-Year Plan" 9

CSR Activities 11

Business Overview of Senshu Ikeda Holdings 12

Business Overview of The Senshu Ikeda Bank 13

Soundness of The Senshu Ikeda Bank's Operation 16

Corporate Governance 19

Compliance Structure 23

Risk Management Structure 25

Approach to Facilitation of Financing 29

Corporate Data 31

Business Description of the Group 32

Organization and Board of Directors 33

Consolidated Financial Information
of Senshu Ikeda Holdings 35

Non-consolidated Financial Information
of The Senshu Ikeda Bank (Unaudited) 69

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.

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

I sincerely thank you for your continued support and patronage of Senshu Ikeda Holdings and the Senshu Ikeda Bank.

In March of this year, Senshu Ikeda Holdings was no longer an equity-method affiliate of the Mitsubishi UFJ Financial Group, and this has substantially clarified our "independence."

Furthermore, three years have passed since the foundation of the Senshu Ikeda Bank by the merger.
We completed system integration in January of last year, and expanded the "Patsat" train station ATM network from the Hankyu/Hanshin Line to the South Osaka area along the Nankai Line as "NBANK" Patsat.
Collaboration with local governments has been expanded to a total of 16 municipalities. As for financial institutions overseas, in addition to three major banks in China, we have tied up with the KASIKORNBANK (Thailand), Bank Negara Indonesia, and the Korea Exchange Bank.
The basic management strategies, consists of the "improved efficiency strategies," "alliance strategies" and "growth strategies," have gone well.

Thus we have reached the step to move up to the "rapid progress phase" from the "integration phase" implemented so far, and the Senshu Ikeda Bank has started the "New Three-Year Plan" from this April to faithfully respond to changes in the external environment,.
The "New Three-Year Plan" aims to enhance our corporate value and contribute to all stakeholders by continuing with the "basic management strategies" while working to "expand market share" and fundamentally strengthen "group strategies."

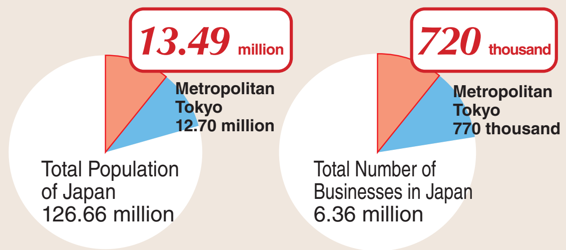
Based on our unwavering "community-oriented" and "customer-oriented" principles, we will make every effort to be the No. 1 Relational Regional Financial Group in the Kansai Area and to ensure our standing as the "No. 1 Reliable Bank for the Regional Communities and Customers."
We look forward to serving you with the best services for many years to come.

July 2013

Hirohisa Fujita
Representative Director and President of Senshu Ikeda Holdings, Inc.
Representative Director and President of the Senshu Ikeda Bank, Ltd.

H. Fujita

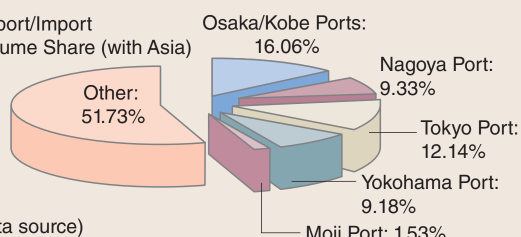
We aim to be the "No. 1 Reliable Bank for the Regional Communities and Customers" in Japan's leading market area.



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

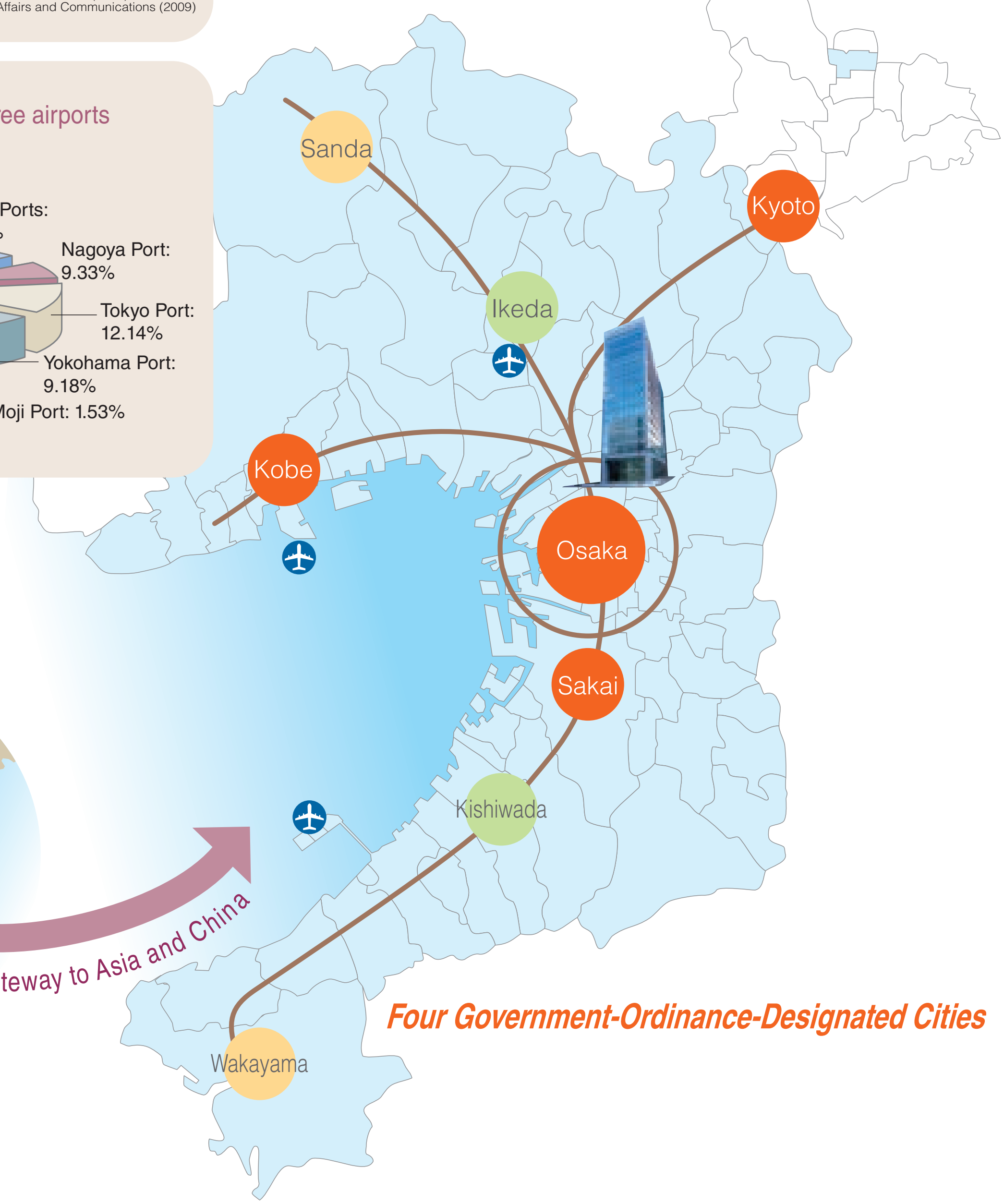
(Data Source)
Population = Statistics from the Ministry of Internal Affairs and Communications (2012)
Number of businesses = Statistics from the Ministry of Internal Affairs and Communications (2009)

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



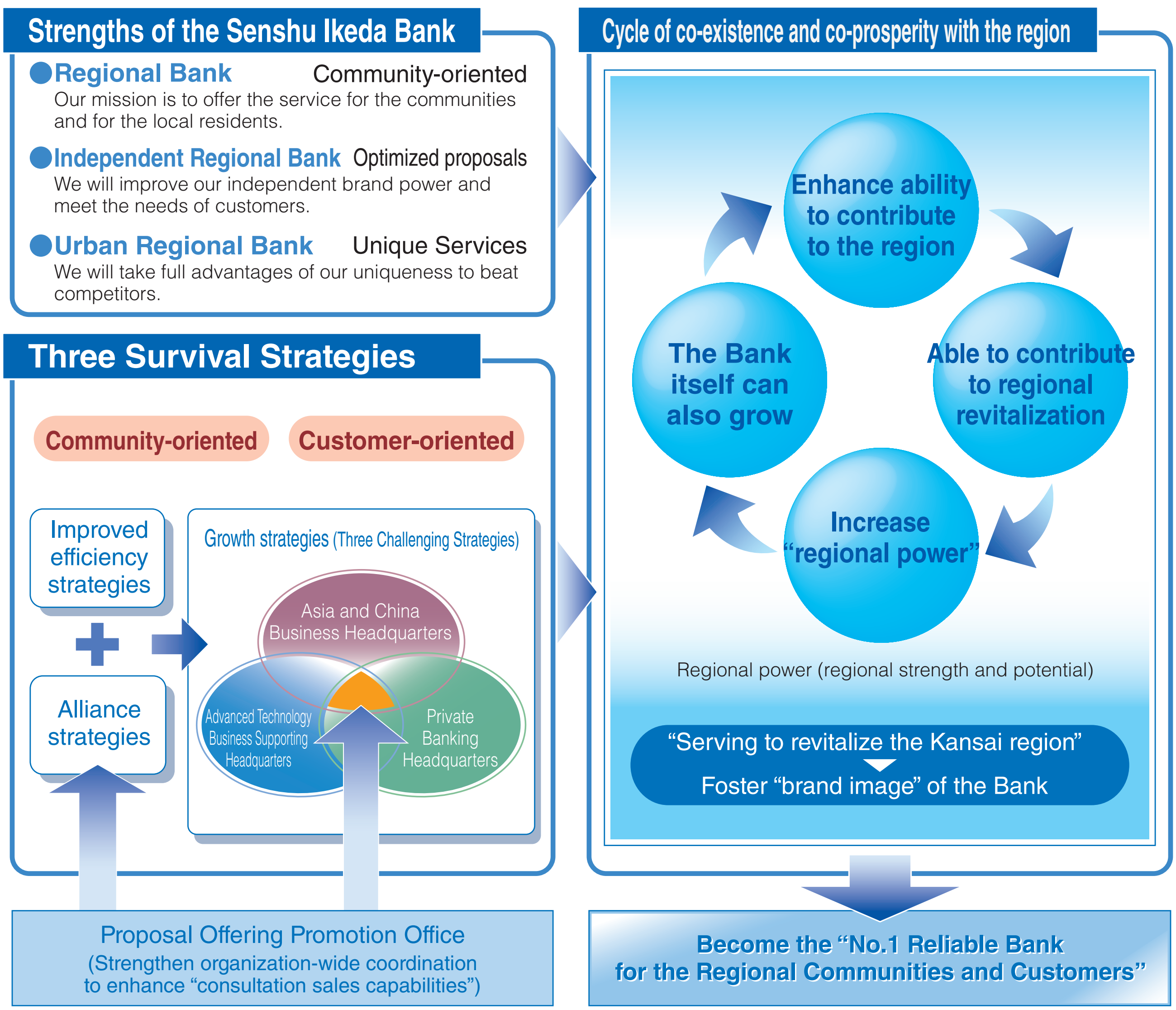
(Data source)
Trade Statistics of Japan (2011)
by the Ministry of Finance

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, large-scale projects are currently underway in the region, such as the opening of the "GRAND FRONT OSAKA" as a first stage project in the "Umekita" area surrounding Osaka Station in April, and the partial launch of Osaka's new leading landmark "ABENO HARUKAS" in June. As such, the market is expected to grow further and has extremely high potential, or what we call "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 for many years to come.



Management Strategies of The Senshu Ikeda Bank

Improved efficiency Strategies

Achieving merger synergies and improving administrative efficiencies

- Realize merger synergies at an early stage and aim for low-cost operations.
- Aim for additional enhancement in operational efficiency through system integration to provide products and services on a common platform.

Alliance Strategies

As an independent regional bank, we are building the “original business network that possesses great flexibility beyond conglomerate groups.”
(Local governments, domestic and overseas financial institutions, universities and research institutions, government agencies, etc.)
In addition, to meet the various needs of customers, we will utilize these high-quality collaborative networks to introduce excellent products and services.

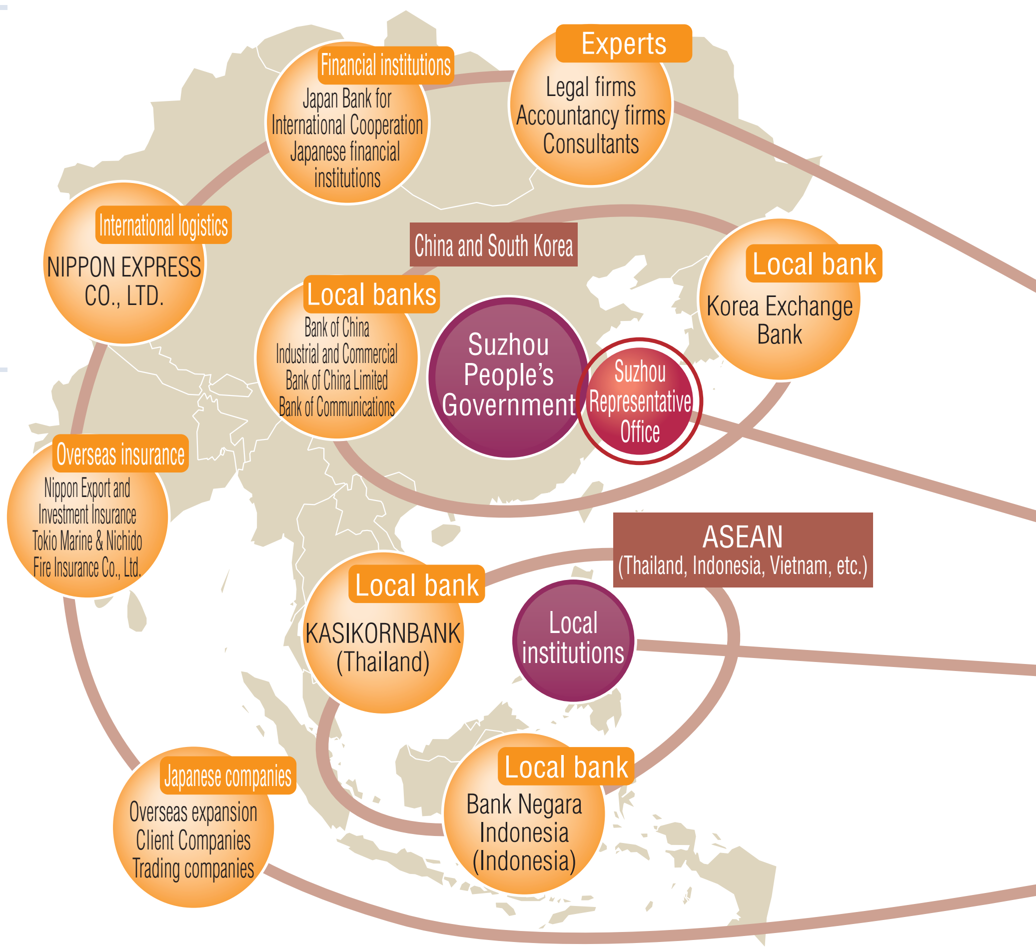
Coordination with Local Governments

Beginning with the conclusion of an agreement with Sakai City in March 2011, we have concluded “Collaborative Agreements for Regional Industrial Promotion” with a total of 16 municipalities. In addition, we have established “Industrial Promotion Funds” in conjunction with these agreements.
We aim to revitalize region communities and improve customer service through providing local businesses with funds, developing “regional brands” and communicating these brands throughout Japan.

Collaboration with Universities

Through efforts such as “Basic Agreements for Business-Academia Collaboration,” we have entered partnerships with a total of 14 leading universities in the Kansai region.
We will contribute to the development of local communities through mutual interchange and revitalization in various fields including financial support for university-launched venture companies, industries, business-academia research, human resources development, and community building.

Conclusion of agreement with Ritsumeikan University



Collaboration with Overseas Banks

In addition to three major banks in China, we entered partnerships with local banks in the ASEAN region (Thailand and Indonesia) last year. In April of this year, we concluded a “Business Cooperation Agreement” with Korea Exchange Bank, one of South Korea’s major banks.
We will continue to actively support the Asia and China business of our local companies by expanding our network in the Asia and China region.

Three Challenging Strategies

1 Asia and China Business Headquarters: Enhance support capabilities for the Asia and China business

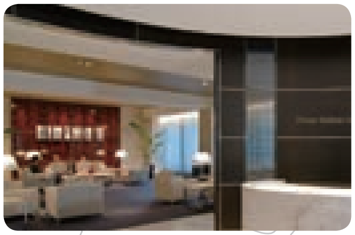
- We will provide detailed, broad and concrete support for the overseas expansion and trade of local companies through utilizing the collaborative networks between business enterprises, banks, and legal firms.
- We will work to provide our customers with useful information and services such as seminars with local governments and chambers of commerce and industry, overseas missions, and import product expositions.

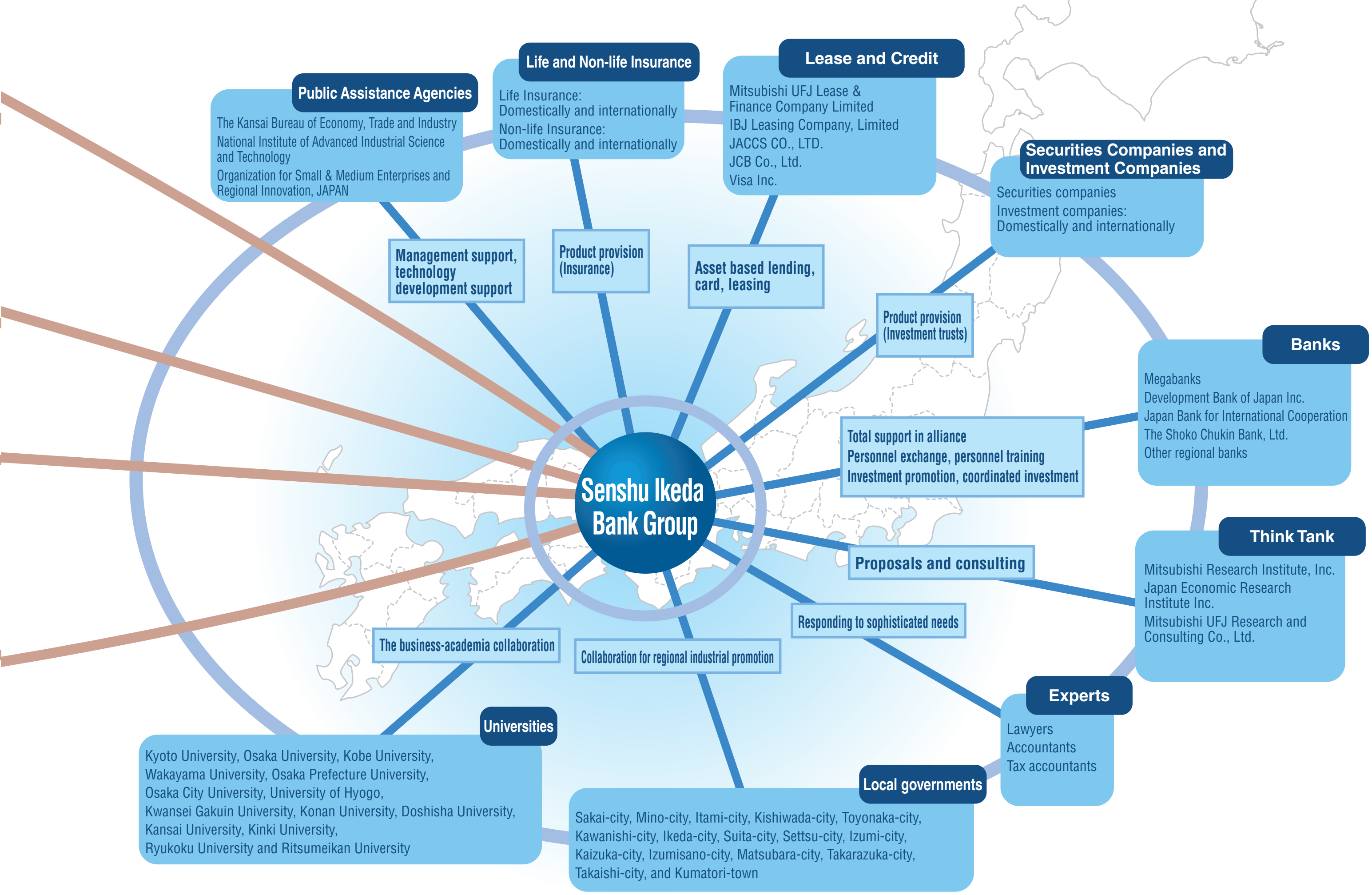
2 Advanced Technology Business Supporting Headquarters: Promotion of industrial-academia-government collaboration and support for advanced technology companies

We will work to support growing companies with advanced technologies, start-up business, and the creation of new industries by means such as utilizing and expanding close networks between countries, local governments, universities, and public research (support) organizations, etc. and operating grant program systems (New Business Grant Program, Consortium-based Research & Development Grant Program) and technology matching to companies applying for our grants.

3 Private Banking Headquarters: Promote private banking business

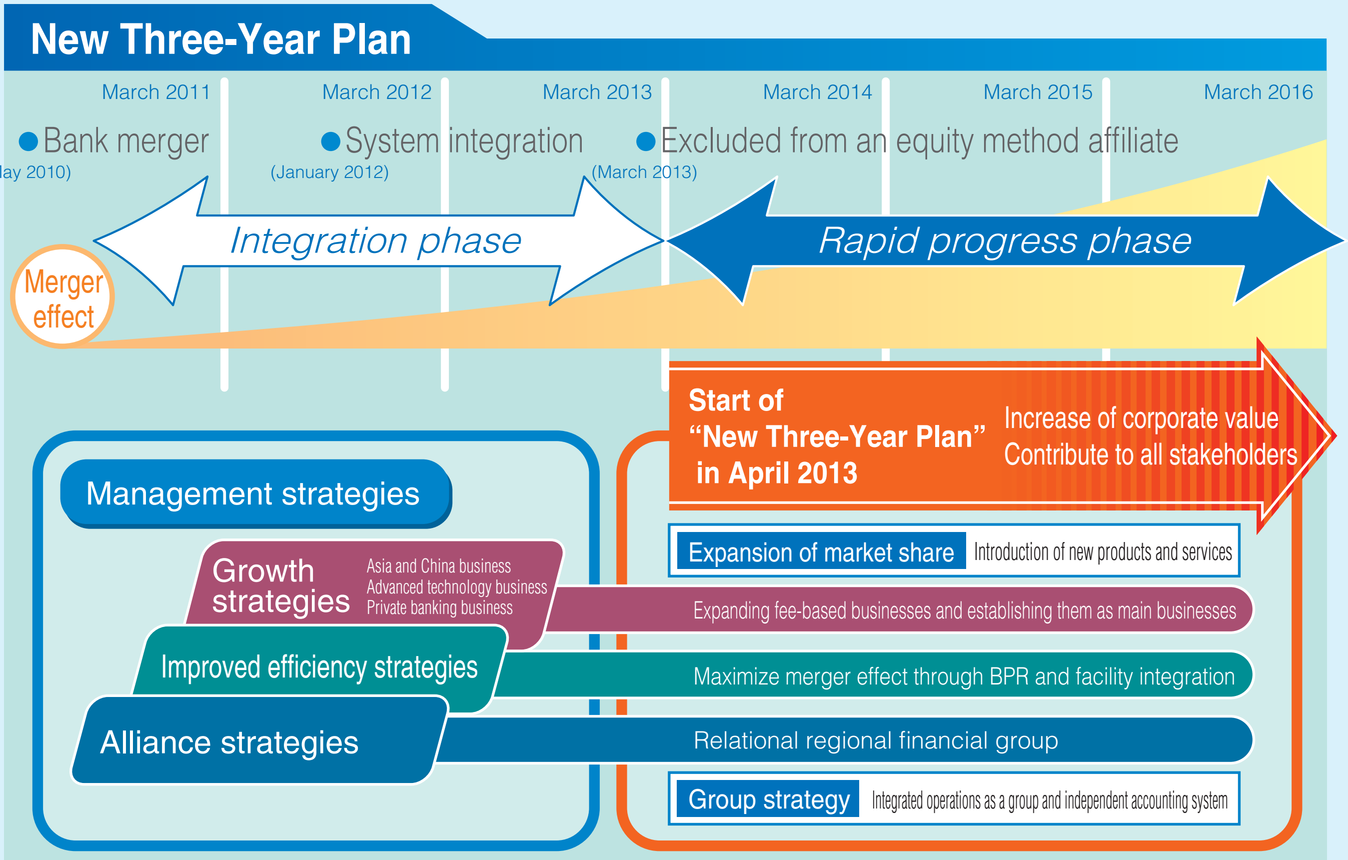
Our experienced "private bankers" provide our customers with "custom-made" services in order to meet the various needs such as business succession, asset succession, fund management, M&As, loan arrangement and investment trust agent operations from a "professional" "long-term" and "wide-range" perspective.





New Three-Year Plan

Starting the Senshu Ikeda Bank's "New Three-Year Plan" to become the "No. 1 Relational Regional Financial Group in the Kansai Area"



The basic management strategies, consists of the "improved efficiency strategies," "alliance strategies" and "growth strategies," have gone well. We will inherit these basic management strategies, as well as work to "expand market share" and fundamentally strengthen "group strategies."

We have worked to improve local brands in order to realize "co-existence and co-prosperity with the region," while providing the regional customers with our "unique products and services" and "original proposals."
Through these activities, local brands and the "Senshu Ikeda brand" have steadily become widespread through the region and customers, and we have received recognition that our presence have been increasing.
Based on the above, we intend to expand the Group's market share in the region through the implementation of the "New Three-Year Plan."

Expansion of Market Share

- We have expanded the "Patsat train station ATM" and "multi-functional integrated IC card" from the Hankyu/Hanshin Line to the "South Osaka area" on the Nankai Line. We will work towards expanding partner train lines in the future.
- We will strive to further expand our business base and become the main bank for family finances through utilizing the Basic Agreements for Business-Academia Collaboration with leading universities in the Kansai region and Collaborative Agreements for Regional Industrial Promotion with the local governments, etc.
- We aim to acquire new financing clients by means such as promoting "the Bank's capabilities to offer original proposals" using our three strategic headquarters and the function of the Group, and focused investments on the growth fields of medical treatment and nursing care, environment and special international strategic areas.

Strengthen Group Strategy

For the purpose of regional revitalization and supporting business revitalization, we formed business alliance with ORIX Corporation and J-Will Partners, Co., Ltd., and established two business revitalization subsidiaries in January of this year. In addition, through a joint investment with Tokai Tokyo Financial Holdings, Inc., we plan to establish a "securities subsidiary" in this fall which will be affiliated with the Senshu Ikeda Holdings, Inc. We will be the first regional bank in the Kansai region that establish a "securities subsidiary." We will work towards enhancing its proposal capabilities, product development capabilities and profitability on a consolidated basis through strengthening the Group companies functions such as leasing subsidiaries and system development companies,.

A goal to reach for in three years

Through these efforts, under the "New Three-Year Plan," we aim to become the "No. 1 Relational Regional Financial Group in the Kansai Area" that is indispensable for the region, based on its strong "regional relations," its original "Group functions" and variety of "alliances." In addition, the Group will work to enhance its corporate value and make concrete contributions by living up to the expectations of all stakeholders including customers, regional communities, shareholders, investors and employees.

A goal to reach for	No. 1 Relational Regional Financial Group in the Kansai Area No. 1 Reliable Bank for the Regional Communities and Customers
High quality product service network in order to contribute to the region	Original "Group functions" Strong "regional relations" — Variety of "alliances"
Strengthen profitability in order to contribute to the region	Core banking profit: ¥21.0 billion or more Net income: ¥15.0 billion or more Core OHR: 60% level Core equity capital ratio: 10% or higher
SIHD Group's corporate social responsibility (CSR)	To become a financial group that is loved and the most trusted by the regional customers Customers: Exercise its financial intermediary function Regional communities: Contribute to the region Shareholders and investors: Improve corporate value Employees: Improve job satisfaction

The Senshu Ikeda Bank's Management Targets in Three Years

	As of the end of March, 2013	As of the end of March, 2016
Deposits	¥4.5 trillion	¥4.8 trillion
Loans and bills discounted	¥3.6 trillion	¥3.8 trillion
Balance of securities	¥1.2 trillion	¥1.3 trillion
Investment trust sales	¥111.8 billion	¥170.0 billion
Insurance sales	¥90.7 billion	¥90.0 billion
Core banking profit	¥13.1 billion	¥21.0 billion or more
Net income	¥8.0 billion	¥15.0 billion or more
Core OHR	78%	60% level
Personnel	3,850 persons	3,600 persons
Capital ratio	10.39%	10% or higher

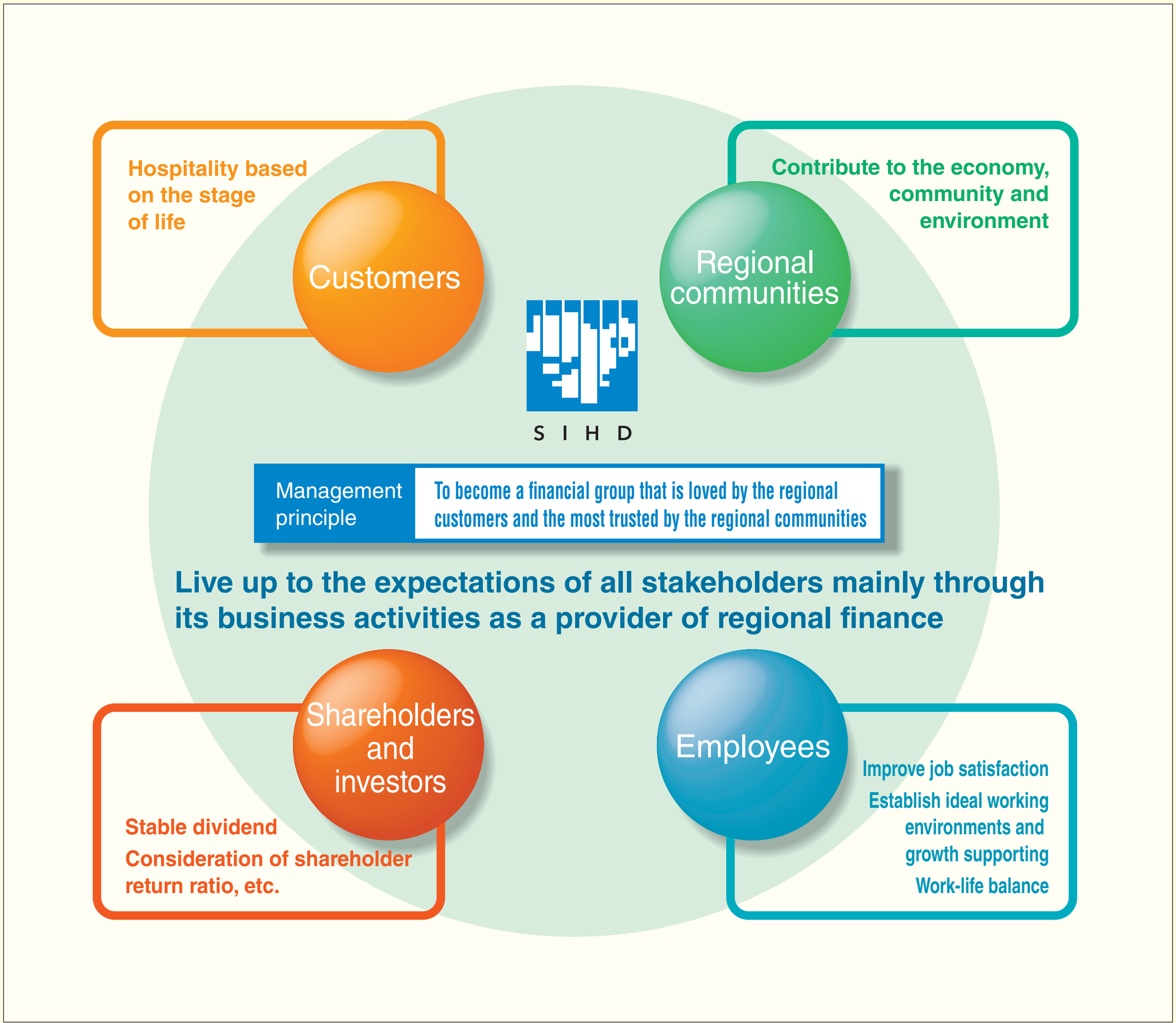
CSR Activities

The Stance of Senshu Ikeda Holdings towards CSR Activities

The Group strives to become "a financial group that is loved by the regional customers and the most trusted by the regional communities" based on its management principle. The Group also considers its CSR activities to be living up to the expectations of all stakeholders including customers, regional communities, shareholders and employees mainly through its business activities.

We will continue to aggressively conduct CSR activities through carrying out the activities done until now "permanently" and "more deepening."

CSR: Corporate Social Responsibility



Business Overview of Senshu Ikeda Holdings

Consolidated

■ Summary of Profit and Loss

(¥ million)

Items	Fiscal year 2011	Fiscal year 2012
Ordinary revenue	115,952	111,558
Ordinary expenses	105,047	98,752
Ordinary income	10,905	12,806
Net income	3,810	10,102

Non-consolidated

■ Summary of Profit and Loss

(¥ million)

Items	Fiscal year 2011	Fiscal year 2012
Operating revenue	7,206	6,434
Operating expenses	808	738
Operating income	6,397	5,695
Ordinary income	6,340	5,664
Net income	6,334	5,649

Business Environment

Although the Japanese economy in the first half of the consolidated fiscal year 2012 showed signs of a strong upturn in terms of domestic demand supported by increasing restoration demand both in the public and private sectors, it began to soften in the second half of the year due to the decrease in exports and in mining and manufacturing production in the wake of the economic slowdown overseas.

With respect to prices, consumer prices (excluding fresh food) have turned to a negative figure compared to the previous fiscal year since July.

In the financial markets, the unsecured overnight call rate generally stayed at a level below 0.1% because the Bank of Japan continued to provide sufficient funds to the market.

Meanwhile, mounting concerns over the re-election in Greece and problems with the financial system in Spain once again forced investors to resort to risk-hedging behavior, dragging down the rate of return on 10-year Japanese government bonds from early spring to the end of the year. Subsequently, it dropped even further to the 0.5% level by the end of March, amid anticipation of the implementation of bold monetary easing policies by the Bank of Japan in order to lead the economy out of deflation.

Stock prices had hovered below the 9,000 yen mark due to the sustained soaring yen until the beginning of fall. However, with the inauguration of the new administration, the market bounced back and shifted toward cheaper yen and bolstered stock market, and by the end of March, prices had recovered and closed above the 12,000 yen mark.

Business Performance

With regard to consolidated performance of Senshu Ikeda Holdings Group ("the Group"), consolidated ordinary revenue for the fiscal year under review decreased ¥4.4 billion from the fiscal year 2011 to ¥111.5 billion as a result of an increase in fees and commissions reflecting an increase in sales commission for assets in custody, surpassed by a decrease in interest income due primarily to decline in yields on loans and gain on securities. On the other hand, consolidated ordinary expenses decreased ¥6.3 billion from the fiscal year 2011 to ¥98.7 billion, mainly due to a decrease in interest expenses resulting from lower yields on funding, primarily deposits and negotiable certificates of deposit, along with a decrease in general and administrative expenses due primarily to a decrease in costs related to system integration.

As a result of the preceding factors, consolidated ordinary income for the fiscal year under review increased ¥1.9 billion from the fiscal year 2011 to ¥12.8 billion, and net income for the fiscal year after recording a total of ¥2.7 billion in extraordinary income or loss and income taxes increased ¥6.3 billion from the fiscal year 2011 to ¥10.1 billion.

On a non-consolidated basis, Senshu Ikeda Holdings ("the Company") posted operating revenue of ¥6,434 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 ¥738 million, resulting in operating income of ¥5,695 million. Furthermore, non-operating expenses reached ¥52 million mainly due to amortization of deferred organization expenses, consequently posting net income of ¥5,649 million for the fiscal year 2012.

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 ¥15.00 per common stock. With regard to first-class preferred stock and second-class preferred stock, the Company plans to pay the amount of ¥980.00 divided by 18.5 and ¥1,020.00 divided by 18.5 for each stock respectively, in accordance with the provisions of the Articles of Incorporation.

Matters to Be Addressed

The Group's operating bases called the Osaka Bay area are regarded as Japan's leading market area, with the Ports of Osaka and Kobe and three airports, and the population and businesses of a high density equivalent to that in Metropolitan Tokyo.

Our mission is to facilitate regional revitalization as a regional financial institution group through fulfilling "Regional Power (economic potential)" and to that end, we have committed to pursuing our "business model (community-based financing)" through actively taking the initiative in enhancing the "Regional Power," and thereby we will be able to grow up with the region.

In order to put this business model into practice, we set up the Group's management strategies; "Exhaustive Efficiency," "Promotion of Business Alliances" and "the Three Challenging Strategies to Enhance Competitiveness (Growth Strategies)."

As for "Exhaustive Efficiency," we intend to realize low-cost operation by an integrated review of the administrative framework and personnel strategy, along with operational streamlining including elimination of duplicate process through reviewing the work process.

With regard to "Promotion of Business Alliance," we will provide high quality products and services meeting needs of our customers through capitalizing on our original network that possesses great flexibility beyond conglomerate groups, as an independent financial institution.

In pursuit of "the Three Challenging Strategies to Enhance our Competitiveness (Growth Strategies)," we are committed to enhancing our customer services by focusing on our challenging strategies of "community-oriented" and "capabilities to offer original proposals" through the efforts of the three strategic headquarters (Asia and China Business Headquarters, Private Banking Headquarters and Advanced Technology Business Supporting Headquarters), under the motto of "Kindness and Innovation."

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 ¥15.00 per common stock. With regard to first-class preferred stock and second-class preferred stock, the Company plans to pay the amount of ¥980.00 divided by 18.5 and ¥1,020 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

Consolidated

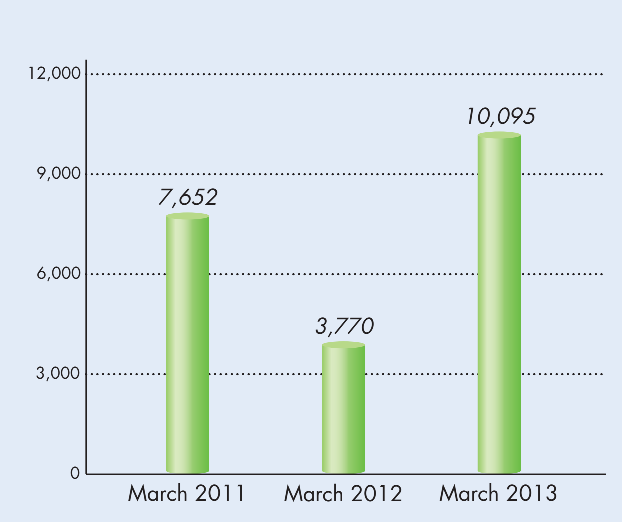
Summary of Profit and Loss

(¥ million)

Items	Fiscal year 2011	Fiscal year 2012
Ordinary revenue	116,007	111,597
Ordinary expenses	105,214	98,848
Ordinary income	10,792	12,749
Net credit costs	12,189	12,261
Net income	3,770	10,095

Net income

(¥ million)



Non-consolidated

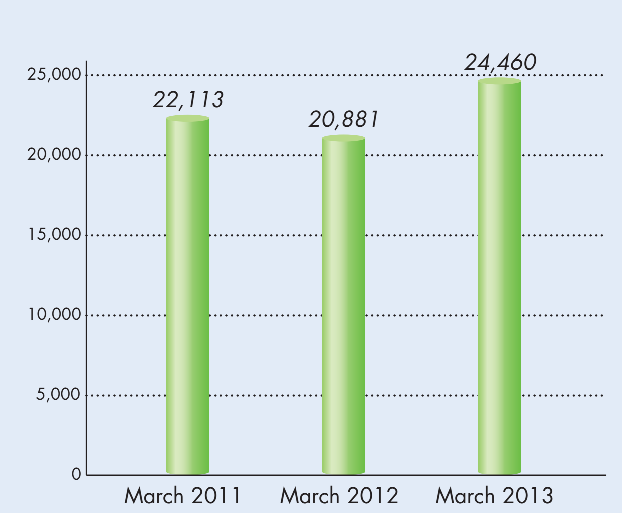
Summary of Profit and Loss

(¥ million)

Items	Fiscal year 2011	Fiscal year 2012
Gross profit	74,051	69,022
Net interest income	60,143	55,109
Net fees and commissions income	2,911	4,662
Net other operation income	10,995	9,251
Expenses	50,759	47,642
Personnel expenses	24,760	23,821
Non-personnel expenses	23,252	21,670
Core banking profit	14,031	13,163
Banking profit	20,881	24,460
Ordinary income	7,716	9,492
Net credit costs	9,379	9,255
Net income	2,050	8,075

Banking profit

(¥ million)

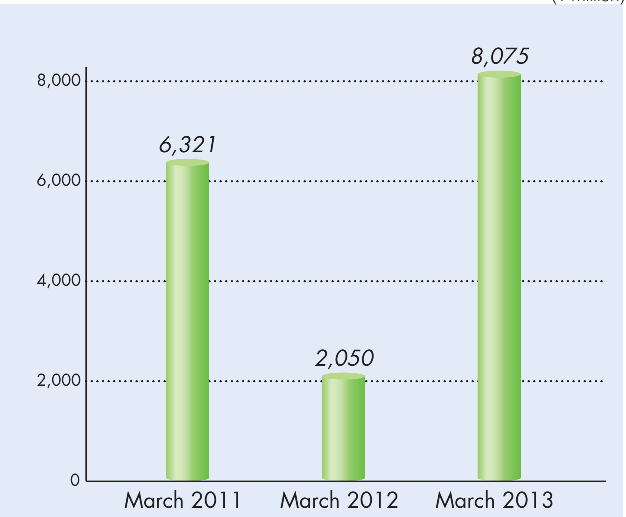


Core banking profit

(¥ million)

Net income

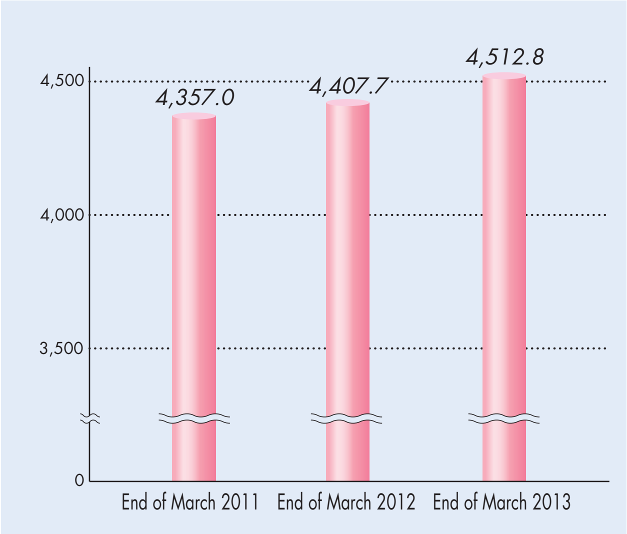
(¥ million)



Non-consolidated

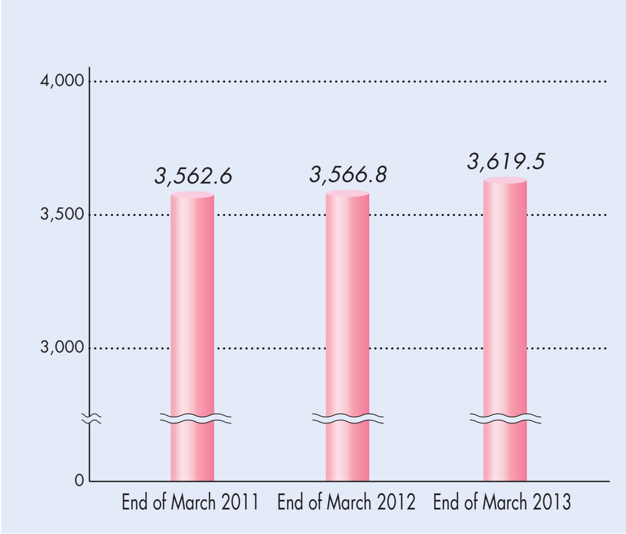
Deposits

(¥ billion)



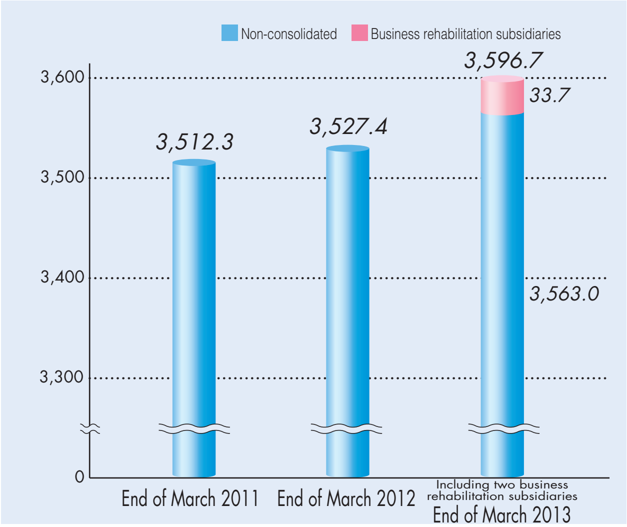
Deposits held by individuals

(¥ billion)



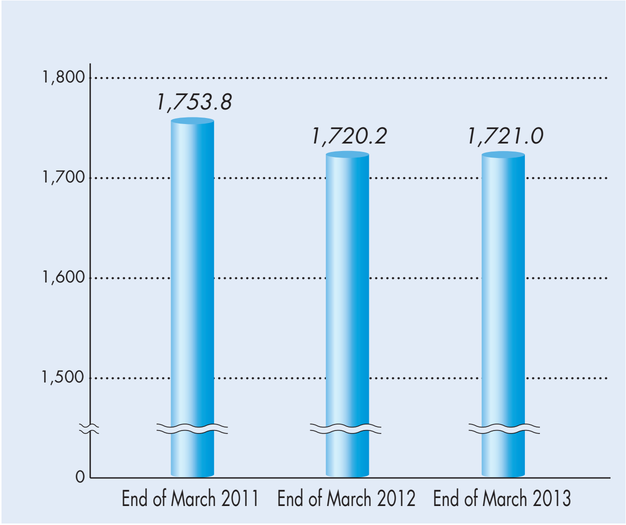
Loans and bills discounted

(¥ billion)



Housing loans

(¥ billion)



Business Performance

(Summary of Profit and Loss)

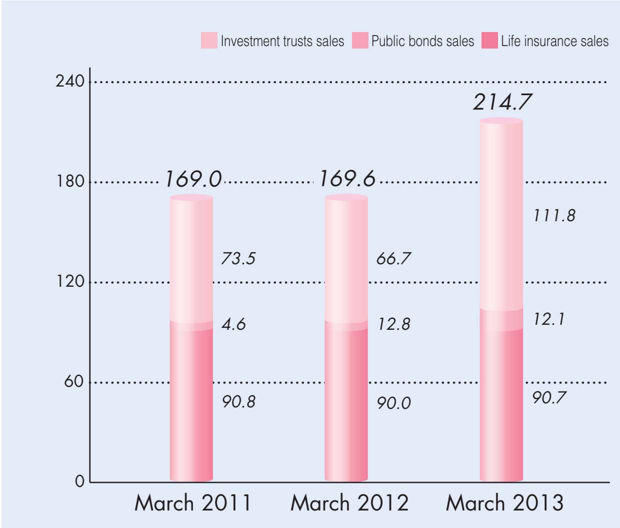
With regard to consolidated performance of the Senshu Ikeda Bank Group (“the Bank Group”), ordinary revenue for the consolidated fiscal year under review was ¥111,597 million, including interest income of ¥64,387 million, fees and commissions of ¥17,914 million, other operating income of ¥16,543 million, and other income of ¥12,752 million. Ordinary expenses were ¥98,848 million, including interest expenses of ¥9,382 million, fees and commissions expenses of ¥6,095 million, other operating expenses of ¥7,290 million, general and administrative expenses of ¥53,814 million, and other expenses of ¥22,264 million.

As a result of the factors above, the Bank Group posted ordinary income of ¥12,749 million, and income before income taxes and minority interests was ¥13,173 million after recording extraordinary income or loss. Net income for the fiscal year was ¥10,095 million after allocated total income taxes of ¥2,769 million and minority interests in income of ¥308 million.

On a non-consolidated basis, gross profit was ¥69,022 million. After deducting personnel expenses and non-personnel expenses, as well as provision for general reserve for possible loan losses, banking profit was ¥24,460 million.

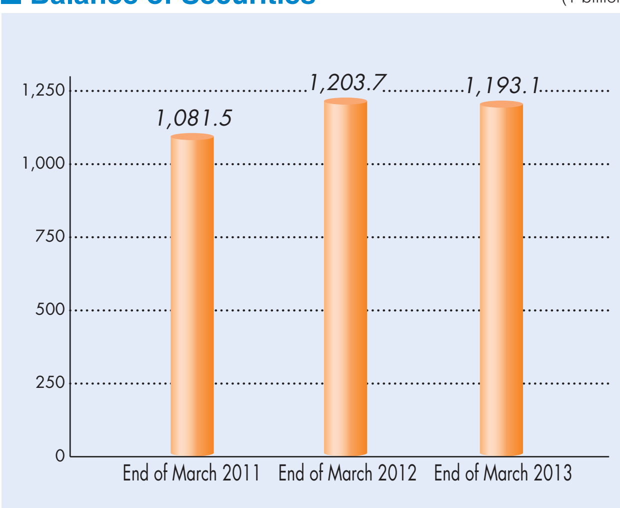
Assets in custody sales

(¥ billion)



Balance of Securities

(¥ billion)



The Bank posted ordinary income of ¥9,492 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 ¥8,075 million.

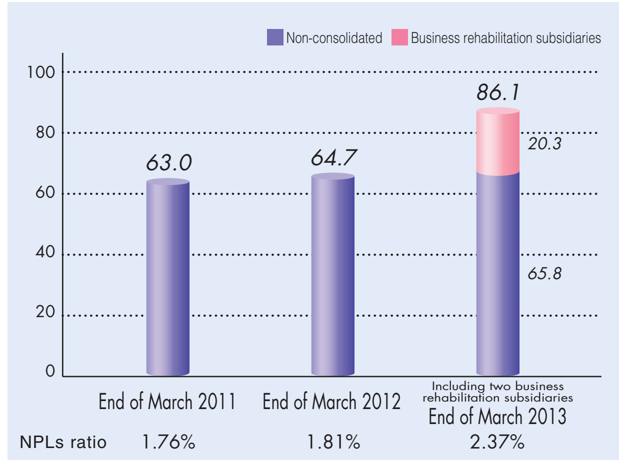
(Assets and Liabilities)

The balance of deposits at the end of the consolidated fiscal year under review was ¥4,495.9 billion.

Soundness of the assets

Status of credits disclosed under the Financial Revitalization Law

(¥ billion)



Coverage of credits disclosed under the Financial Revitalization Law (End of March 2013)

Non-consolidated

(¥ billion)

	Amount of loans	Secured amount	Coverage ratio
Bankruptcy and quasi-bankrupt credit	11.2	11.2	100.00%
Doubtful credit	42.7	39.5	92.54%
Substandard credit	11.8	6.1	51.92%
Total	65.8	56.9	86.52%
Normal credit	3,532.7	Coverage amount: Amount of coverage by collaterals, etc. + Reserve for possible loan losses	

(Reference)

(Aggregated including business rehabilitation subsidiaries)

(¥ billion)

	Amount of loans	Secured amount	Coverage ratio
Bankruptcy and quasi-bankrupt credit	11.7	11.7	100.00%
Doubtful credit	60.0	54.3	90.56%
Substandard credit	14.3	7.3	50.99%
Total	86.1	73.4	85.25%
Normal credit	3,546.2	Coverage amount: Amount of coverage by collaterals, etc. + Reserve for possible loan losses	

The balance of loans and bills discounted at the end of the consolidated fiscal year under review was ¥3,588.2 billion.

The balance of securities at the end of the consolidated fiscal year under review was ¥1,169.2 billion.

On a non-consolidated basis, the balance of deposits increased ¥105.1 billion from the end of the previous fiscal year to ¥4,512.8 billion. The balance of loans and bills discounted increased ¥35.6 billion from the end of the previous fiscal year to ¥3,563.0 billion, and the balance of securities decreased ¥10.6 billion to ¥1,193.1 billion.

Soundness of The Senshu Ikeda Bank's Operation

■ Self-assessment results, and categories and coverage by disclosure standard

(1) Self-assessment

In order to ensure soundness of the operation, the Bank classifies its claims according to its in-house rule based on the "Financial Inspection Manual" prepared by the Financial Services Agency. This process is called "self-assessment".

At first part of the self-assessment, the Bank classifies borrowers into five classifications of "bankrupt borrowers," "effectively bankrupt borrowers," "potentially bankrupt borrowers," "borrowers requiring caution (including borrowers requiring special caution and others)" and "normal borrowers" (See Table 1) according to their financial standing and management condition. Then the claims held by the Bank are classified into four categories of "No asset classification," "Category II," "Category III" and "Category IV," in reference to the above five classifications of borrowers but also based on the probability of recovery through security and/or guarantee (See Table 2).

The Bank can grasp the value of its claims by such classification/category of claims according to its own standards.

● Five classifications of borrowers (Table 1)

Classification	Description
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.
Watch list	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.
Requiring special caution	Loans past due three months or more, or restructured loans.
Others	Other borrowers requiring caution.
Normal	Borrowers whose business is prosperous and their financial situation has no particular concerns.

● Four categories of assets (Table 2)

Category	Definition	Description
No asset classification	Assets with no risk of becoming irrecoverable or of its asset value impaired	Claims provided to "normal borrowers," or Claims provided to borrowers other than "normal borrowers" that are backed up by superior security or guarantee including deposits as collateral
Category II	Assets such as claims with higher than normal perceived risk of becoming irrecoverable due primarily to the reasons such as the conditions for ensuring the recovery of claim not fully met, or quality of credit being questionable	Claims provided to "watch list borrowers" classified as other than No asset classification, or Claims provided to "potentially bankrupt borrowers," "effectively bankrupt borrowers" and "bankrupt borrowers" secured by general collateral or guarantee such as mortgage collateral
Category III	Assets with high risk of involving loan loss because of serious concerns about its eventual collectability or value, and that such loss is not reasonably estimable	Claims provided to "potentially bankrupt borrowers" that fall into neither of No asset classification nor Category II, or Difference between estimated collateral value and estimated disposable value, of the claims provided to "effectively bankrupt borrowers" and "bankrupt borrowers"
Category IV	Assets determined as irrecoverable or of no value	Claims provided to "effectively bankrupt borrowers" and "bankrupt borrowers" that fall into neither of No asset classification, Category II nor Category III

● Relationship between borrower classification and asset category

<table>
<tr><th colspan="2" rowspan="2">Classification</th><th colspan="4">Category</th></tr>
<tr><th>No asset classification</th><th>Category II</th><th>Category III</th><th>Category IV</th></tr>
<tr><td colspan="2">Bankrupt</td><td rowspan="5">Claims provided to borrowers other than “normal borrowers” that are backed up by superior security or guarantee including deposits as collateral</td><td rowspan="3">Claims provided to “bankrupt borrowers,” “effectively bankrupt borrowers” and “potentially bankrupt borrowers” secured by general collateral or guarantee such as mortgage collateral</td><td rowspan="2">Difference between estimated collateral value and estimated disposable value, of the claims provided to “bankrupt borrowers” and “effectively bankrupt borrowers”</td><td rowspan="2">Claims provided to “bankrupt borrowers” and “effectively bankrupt borrowers” that fall into neither of No asset classification, Category II nor Category III</td></tr>
<tr><td colspan="2">Effectively bankrupt</td></tr>
<tr><td colspan="2">Potentially bankrupt</td><td>Claims that fall into neither of No asset classification nor Category II</td><td rowspan="4"></td></tr>
<tr><td rowspan="2">Watch list</td><td>Requiring special caution</td><td rowspan="2">Claims classified as other than No asset classification</td><td rowspan="3"></td></tr>
<tr><td>Other borrowers requiring caution</td></tr>
<tr><td colspan="2">Normal</td><td>Claims provided to “normal borrowers”</td><td></td></tr>
</table>

(2) Reserves and write-offs based on the results of self-assessment

Reserves are set aside based on the results of the self-assessment (reserves for possible loan losses are set aside in the event the loan goes irrecoverable).

“Specific reserves for possible loan losses” are provided for bankrupt borrowers, effectively bankrupt borrowers and potentially bankrupt borrowers, while “general reserves for possible loan losses” are provided to watch list borrowers and normal borrowers.

Meanwhile, the Bank may need write-off (reduction of balance sheet assets which is posted as loss). Results of self-assessments as well as reserves and write-offs, are subject to internal audit by the independent Internal Audit Division as well as external audit by the audit corporation, in order to ensure objectivity.

● Standard for reserves and write-offs

<table>
<tr><th colspan="2" rowspan="2">Classification</th><th colspan="4">Category</th></tr>
<tr><th>No asset classification</th><th>Category II</th><th>Category III</th><th>Category IV</th></tr>
<tr><td colspan="2">Bankrupt</td><td colspan="2" rowspan="3">Secured by collateral and/or guarantee</td><td colspan="2" rowspan="2">Amount equivalent to the expected loss which is assumed by the size of whole claim for each borrower, can be set aside as specific reserves for possible loan losses, or can be directly written off.</td></tr>
<tr><td colspan="2">Effectively bankrupt</td></tr>
<tr><td colspan="2">Potentially bankrupt</td><td>Estimating expected loss for the next three years for each borrower, based on the information including the historical loan-loss ratio, amount equivalent to which is posted as specific reserves for possible loan losses.</td><td rowspan="4"></td></tr>
<tr><td rowspan="2">Watch list</td><td>Requiring special caution</td><td colspan="2">Estimating expected loss for the next three years, or the average remaining outstanding period based on the information including the historical loan-loss ratio, amount equivalent to which is posted as general reserves for possible loan losses.</td><td rowspan="3"></td></tr>
<tr><td>Other borrowers requiring caution</td><td colspan="2">Estimating expected loss for the next one year, or the average remaining outstanding period based on the information including the historical loan-loss ratio, amount equivalent to which is posted as general reserves for possible loan losses.</td></tr>
<tr><td colspan="2">Normal</td><td>Estimating expected loss for the next one year based on the information including the historical loan-loss ratio, amount equivalent to which is posted as general reserves for possible loan losses.</td><td></td></tr>
</table>

(3) Relationship between self-assessment and the disclosed claims

Claims disclosed under the Financial Revitalization Law (claims disclosed according to Financial Revitalization Law), risk-monitored loans (claims disclosed under the Banking Law) and the claim corresponding to the borrower classification under the Bank's self-assessment, are different from one another in their scopes of claims and classification methods. Their trilateral relationship is as follows.

● Relationships between self-assessment, claims disclosed under the Financial Revitalization Law and Risk-Monitored Loans (End of March 2013)

(¥ billion)

Borrower classification under self-assessment guidelines (Credit exposures)

Classification Outstanding loans		Category: No asset classification	Category II	Category III	Category IV
Bankrupt 4.6		0.7	3.9	— (0.1)	— (—)
Effectively bankrupt 6.5		1.8	4.6	— (0.8)	— (0)
Potentially bankrupt 42.7		23.6	15.9	3.1 (14.1)	
Watch list	Requiring special caution 24.9	1.4	23.4		
	Other borrowers requiring caution 212.9	89.3	123.5		
Normal 3,306.7		3,306.7			
Total 3,598.6		3,423.8	171.5	3.1 (15.1)	— (0)

Claims disclosed under the Financial Revitalization Law (Credit exposures)

Classification Outstanding loans	Secured or guaranteed	Reserve	Coverage ratio
Bankruptcy and quasi-bankrupt 11.2	10.1	1.1	100.00%
Doubtful 42.7	25.4	14.1	92.54%
Substandard 11.8	2.6	3.5	51.92%
Subtotal 65.8	38.2	18.7	86.52%
Normal 3,532.7			
Total 3,598.6			

Risk monitored loans under the Banking Law

Classification	Outstanding balance of loans
Loans to bankrupt borrowers	4.6
Delinquent loans	48.8
Loans past due three months or more	0
Restructured loans	11.8
Total	65.3

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.

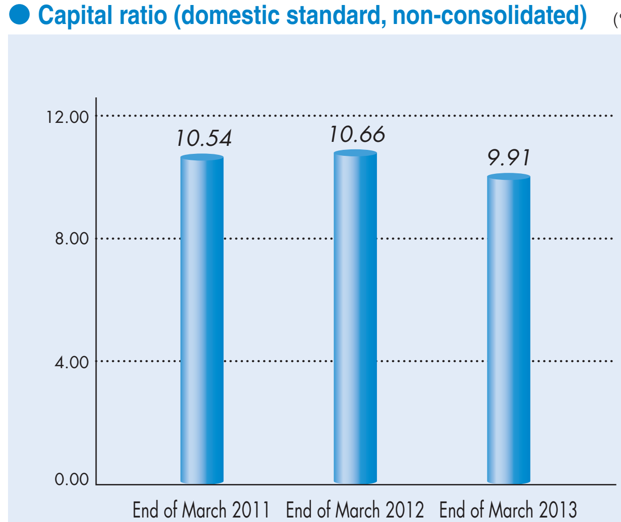
■ Capital ratio

Capital ratio -calculated as the ratio of capital (common stock, etc.) against the risk assets (assets including loans)- is one of the important measures indicating the reliability and soundness of a bank's management.

The Bank's capital ratio was 9.91% as of March 31, 2013,which is beyond 8% required under the uniform international standard, let alone the 4% required under the domestic standard.

● Capital ratio (domestic standard, non-consolidated)

(%)



Corporate Governance

The Company is a holding company which has subsidiaries such as the Senshu Ikeda Bank. In light of the public nature of our operation as a regional financial institutions group, the Company 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 Audit & Supervisory Board.

Specifically, directors who are familiar with banking business - involving complex and sophisticated management decisions - supervise business execution of representative directors, while audit & supervisory board members 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 audit & supervisory board members 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 audit & supervisory board members. 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 eleven directors (including one 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 audit & supervisory board members, to make decisions in due consideration of compliance and risk management.
- The Audit & Supervisory Board

  The Company has adopted a audit & supervisory board member system. Under this system, the Company ensures transparency through appointing two outside audit & supervisory board members of the four audit & supervisory board members in all. Each audit & supervisory board member 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 Audit & Supervisory Board. Outside audit & supervisory board members 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 audit & supervisory board members, 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. Kenichiro Arai, 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 fourteen certified public accountants and four others.

  (Certified public accountant Kenichiro Arai replaced Tamon Tsuda on July 2.)

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, 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 audit & supervisory board members as their assistants, as well as the arrangement to ensure such assistants' independence from directors
In order to support audit & supervisory board members' business execution, the Company and the Group employ audit & supervisory board members' staffs as secretariat for the Audit & Supervisory Board. Such audit & supervisory board members' staffs receive instructions from the Audit & Supervisory Board for their business execution, while their personnel change and evaluation duly reflect the opinions of the Audit & Supervisory Board.

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

(7) Structure to facilitate reporting from directors and employees to audit & supervisory board members and other arrangement to ensure that audit & supervisory board members are adequately informed
Directors and employees shall immediately report to audit & supervisory board members 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 audit & supervisory board members 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 audit & supervisory board members conduct effective audits
Audit & supervisory board members hold meetings to exchange opinions with representative directors, internal audit division and accounting auditors.

Audit & supervisory board members 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 Audit & Supervisory Board Members

- 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, which comprises eleven members who have been seconded from banking subsidiary (three full-time members and eight members serving concurrently with other posts; as of March 31, 2013), conducts 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 the banking subsidiary as appropriate under the relevant auditing contracts. Results of these audits are regularly reported to the Board of Directors and so on.

- Audits by audit & supervisory board members

Each audit & supervisory board member 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 audit & supervisory board members" and the "guidelines for implementing audits of internal control system," generally subject to the auditing guidelines and audit plan decided by the Audit & Supervisory Board, as an independent body mandated by shareholders.

Audit & supervisory board members 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 audit & supervisory board members of banking subsidiary, audit & supervisory board members and internal audit division are also performing their audit duties efficiently and effectively through establishing close mutual cooperation by audit & supervisory board members' 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, audit & supervisory board members, 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 Audit & Supervisory Board Members

The Company has one outside director and two outside audit & supervisory board members. Although we have no specific appointment criteria or policies to evaluate the independence of outside directors and outside audit & supervisory board members, appointment is made in reference to each candidate's business relationship with the Company or its subsidiaries, along with the assessment criteria of the independence of independent officers provided by exchanges.

Outside director, Kazuo Hiramatsu, serves as a trustee of Kwansei Gakuin.

Between he or Kwansei Gakuin, and the Company or the Group, there is no interest in terms of personnel, capital or other relationship, except ordinary banking transactions with the Senshu Ikeda Bank, Ltd. Also, the Bank made a donation to Kwansei Gakuin in fiscal year 2011. He also concurrently serves as an officer at Sumitomo Electric Industries, Ltd. and ShinMaywa Industries, Ltd. as well as DAIDO LIFE INSURANCE COMPANY. The Senshu Ikeda Bank has ordinary banking transactions with the first two, while capital relationship and insurance agency relationship on top of ordinary banking transactions with the last. As a director of the Company, he performs his duties by supervising the execution of business, based on his extensive experience in educational corporations and in business. He serves concurrently as an outside director of the Company's wholly-owned subsidiary, The Senshu Ikeda Bank.

Outside audit & supervisory board member, 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 or the Group in terms of personnel, capital or other relationship, except ordinary banking transactions with the Senshu Ikeda Bank, Ltd. He also concurrently serves as a farm member of Kansai Law and Patent Office, which is in contractual relationship with the Senshu Ikeda Bank as the bank's legal advisor.

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 an audit & supervisory board member from his professional standpoint.

Outside audit & supervisory board member, Toshiaki Sasaki, serves as a president of Senshu Gakuen.

Between he or Senshu Gakuen, and the Company or the Group, there is no interest in terms of personnel or other relationship, except ordinary banking transactions with the Senshu Ikeda Bank, Ltd. Also, he holds 24,660 shares of the common stock of the Company.

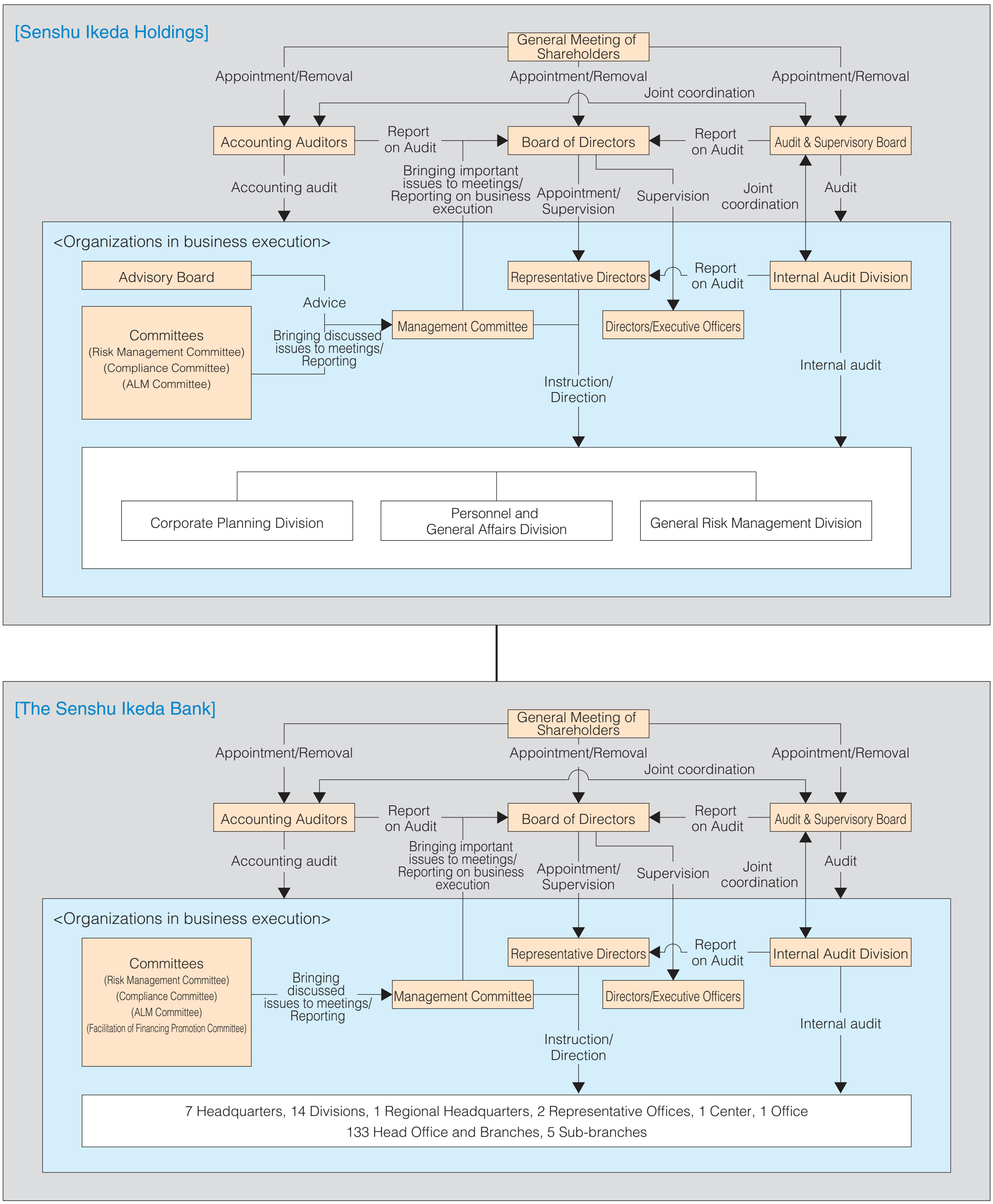
He performs his duties as an audit & supervisory board member based on his wealth of experience and broad insight earned over the years as an audit & supervisory board member in financial institutions.

The Company has appointed one outside director out of eleven directors while two outside audit & supervisory board members 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 audit & supervisory board members.

Outside directors receive reports about the status of audits by audit & supervisory board members, 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 audit & supervisory board members receive reports from full-time audit & supervisory board members about the status of audits by audit & supervisory board members, internal audits and accounting audits, as well as the status of internal control from the internal control division. Both outside directors and outside audit & supervisory board members give recommendations and advice in return for these reports.

Corporate governance structure of the Group

(As of the end of July, 2013)



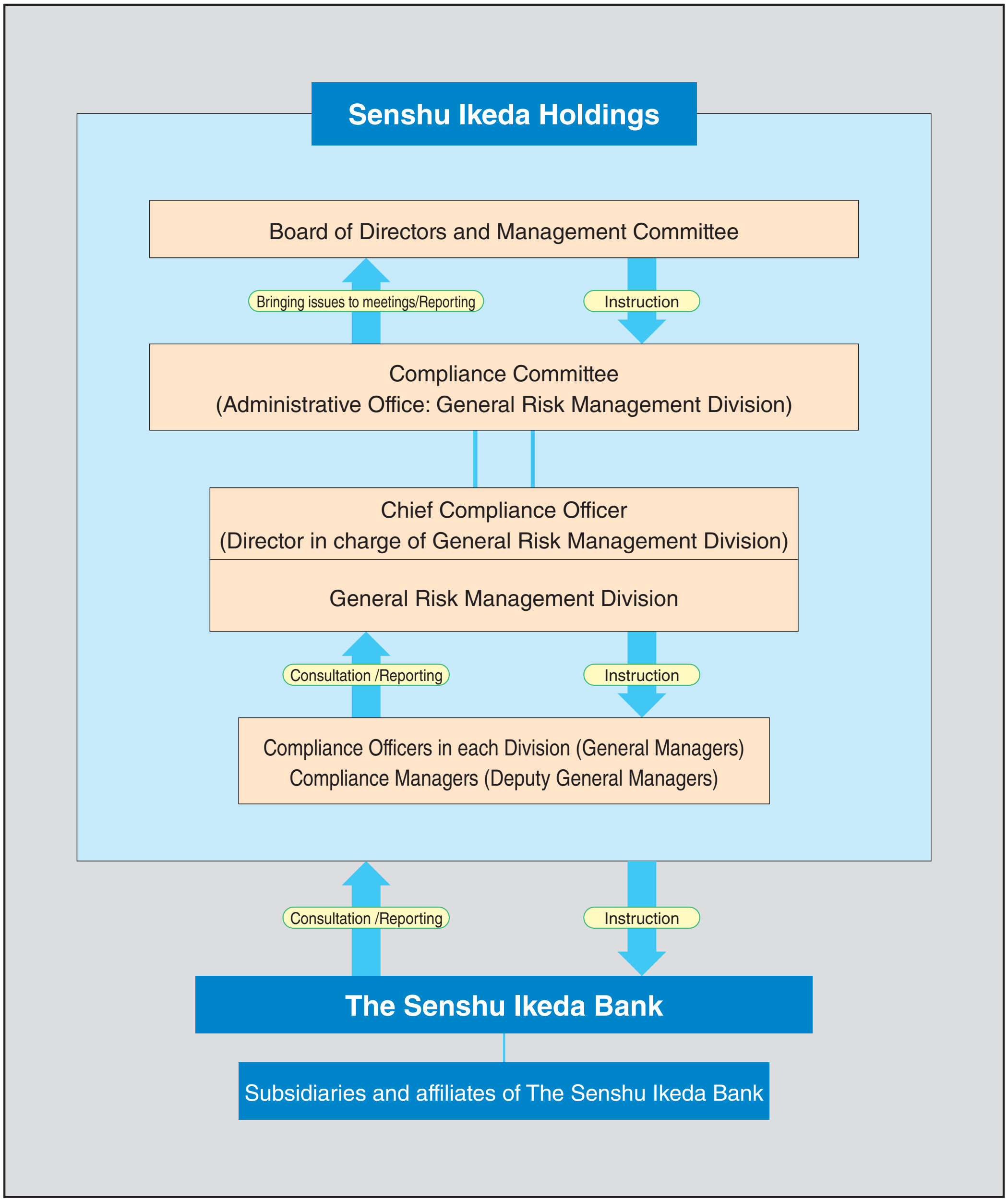
Compliance Structure

The Company and the Group sets "compliance" as one of the most important management priorities. 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 "Chief Compliance Officer" 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 through 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 and operate a 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. The Company and the Group are committed to strict observance of the Banking Act, 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 banking subsidiary, 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

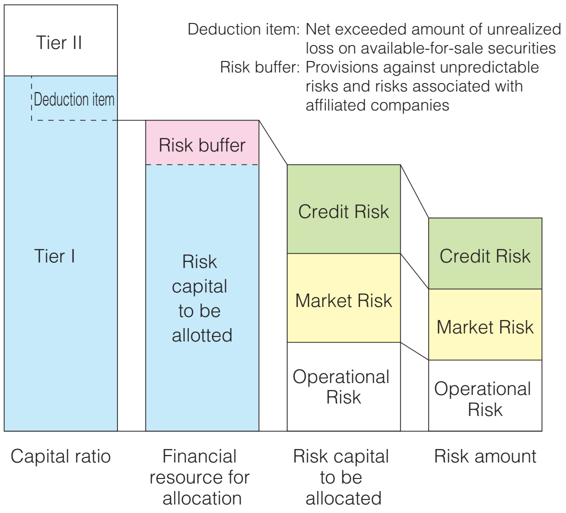
Integrated risk management refers to the process to adequately manage the risks that financial institutions face. The Company evaluates the risks divided into categories of credit risk, credit concentration risk outside the calculation of capital ratio, interest rate risk in banking accounts, market 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 capital ratio regulation (Basel II), which has been enforced in Japan from the end of March 2007, the Group currently applies the standard method to credit risk and the gross profit allocation method to operational risk.

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 banking subsidiary 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 Risk Management Division at banking subsidiary, 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 banking subsidiary, the Group makes efforts to ensure the independence of the audit division (Loan Division, Solutions 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 banking subsidiary 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.

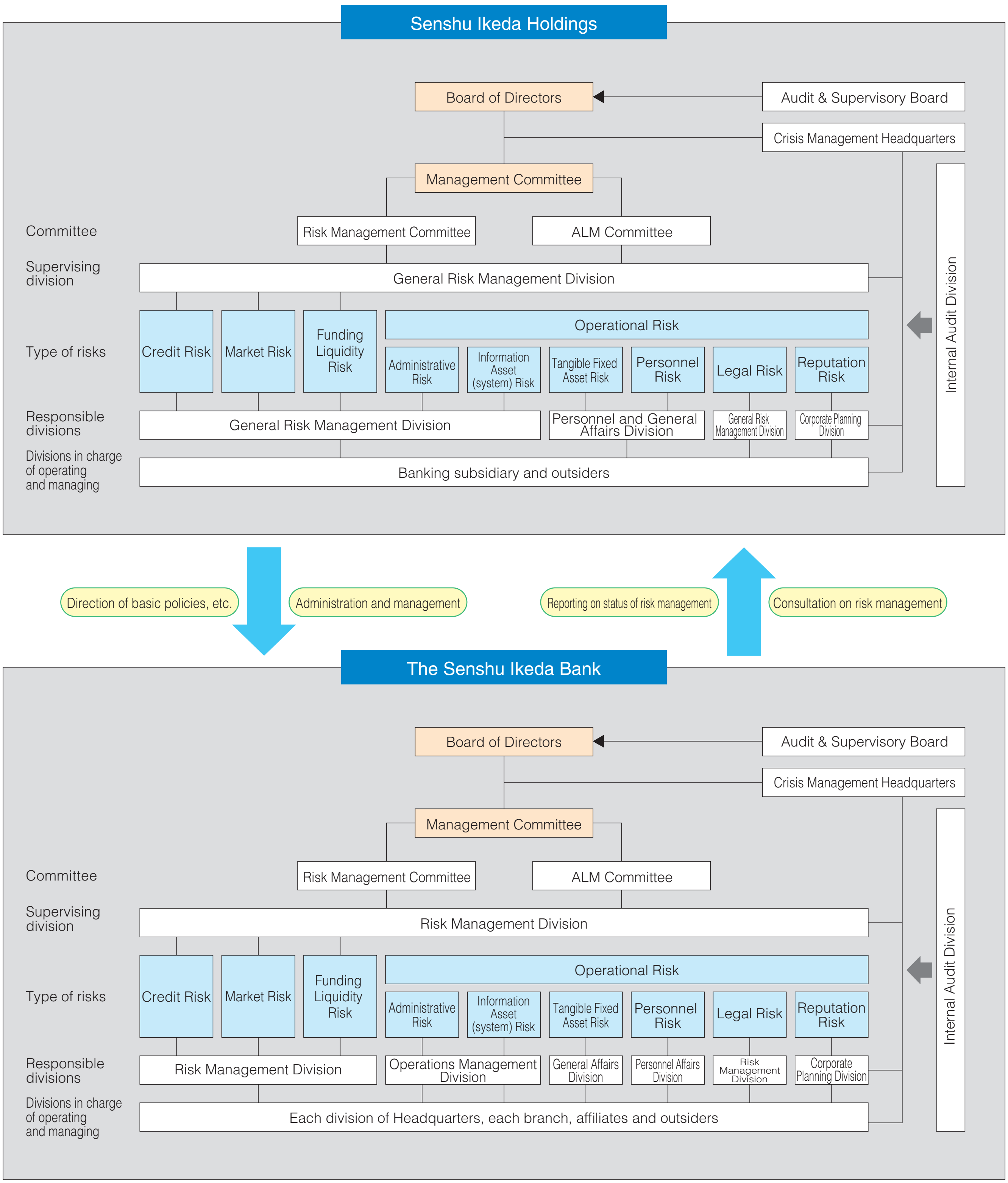
The Group works to avoid reputation risk by disclosing information proactively thorough increases the transparency of its management, taking into consideration the crucial influence on the management of the Group.

■ 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 as set up business continuity structure of the financial system.

The risk management structure of the Group

(As of the end of July, 2013)



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

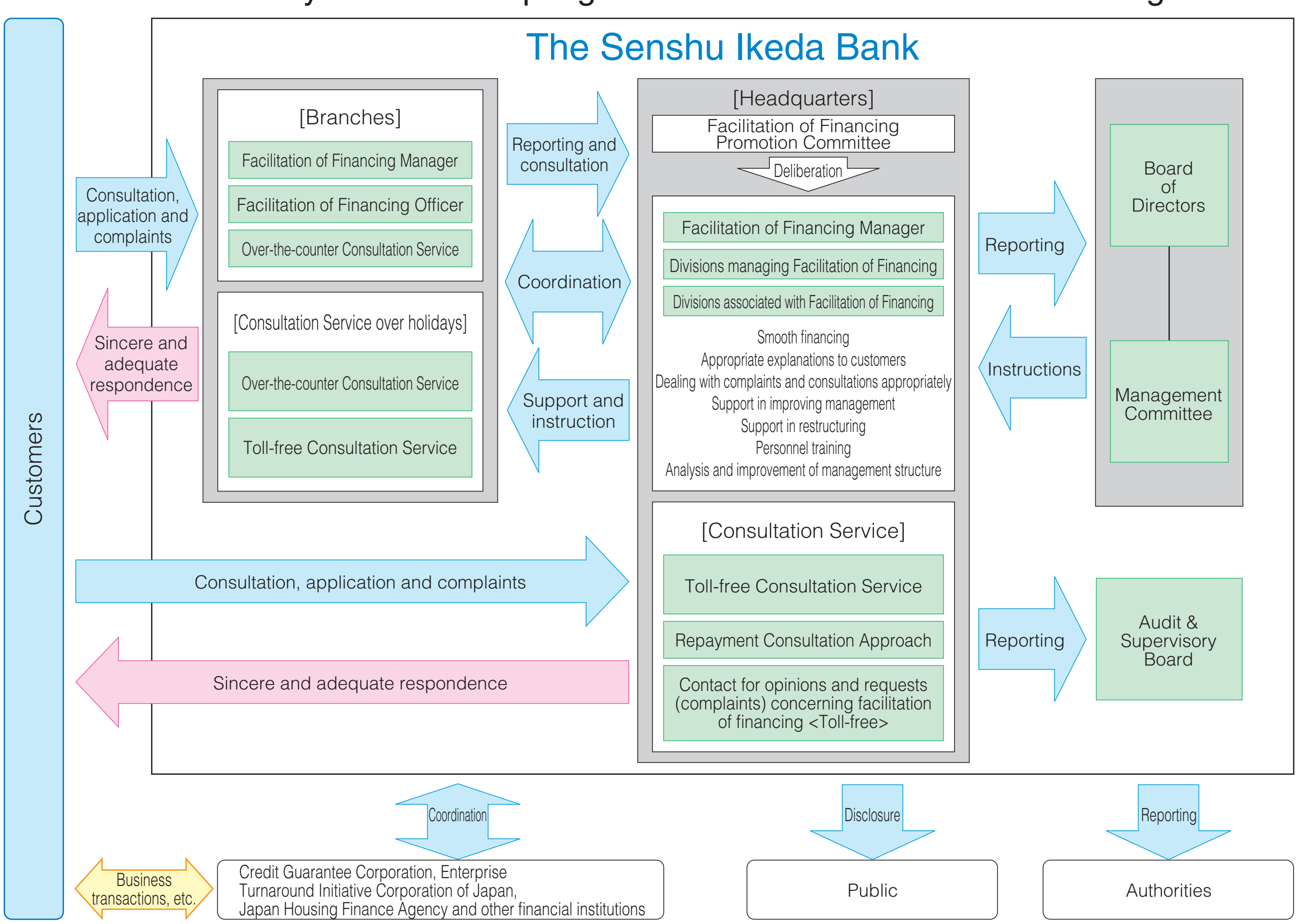
(1) With the purpose to develop a management structure necessary to supply facilitation of financing (hereinafter “Facilitation of Financing Management”) under the Policy, the Bank establishes the Facilitation of Financing Promotion Committee along with the Facilitation of Financing Manager to check 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 Risk Management Division to the Facilitation of 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 Solutions Division is responsible for Facilitation of Financing Management. The Solutions Division 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.

System for accepting consultation of facilitation of financing



● 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) The Bank intends to make efforts to supply funds (including new credit granting) smoothly as well as to make changes in loan terms by monitoring the conditions of the customers carefully and fully coordinating with other related financial institutions including other business categories.

(3) Additionally, keeping in mind the purpose of the provisions of Article 64 of the Act on Regional Economy Vitalization Corporation of Japan (Law No. 63, 2009) (*), the Bank intends to appropriately and proactively engage in the vitalization of the regional economy and the facilitation of regional financing.

(Note) The provision sets forth, "The Corporation and financial institutions, when providing support to business activities that contribute to the business rehabilitation of business operators and the vitalization of the regional economy, shall strive to mutually cooperate with each other in order to vitalize the regional economy and facilitate regional financing through the enhancement of overall economic capabilities of the region."

(4) Consequently, the Bank intends to provide maximum support to the business improvement efforts of its customers not only through its role as a provider of financing but also through various customer services including business consultation and guidance.

(5) 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.

(6) 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.

(7) 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 25 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 new loans or changes in housing loan terms from housing loan customers, the Bank intends to accommodate such application and offer adequate new loans or 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.

Corporate Data (As of July 1, 2013)

Senshu Ikeda Holdings,Inc
18-14, Chayamachi, Kita-ku,
Osaka 530-0013, Japan
Phone: 81-(0)6-4802-0181
URL: http://www.senshuikeda-hd.co.jp

The Senshu Ikeda Bank, Ltd.
Head Office:
18-14, Chayamachi, Kita-ku,
Osaka 530-0013, Japan
Phone: 81-(0)6-6375-1005
URL: http://www.sihd-bk.jp

Asia and China Business Promotion Division (International Division)
18-14, Chayamachi, Kita-ku,
Osaka 530-0013, Japan
Phone : 81-(0)6-6375-3484
Facsimile : 81-(0)6-6375-3492
SWIFT Address : BIKEJPJS

Financial Market Division:
18-14, Chayamachi, Kita-ku,
Osaka 530-0013, Japan
Phone : 81-(0)6-6375-3879
Facsimile : 81-(0)6-6375-3998

Suzhou Representative Office:
110 North Dongwu Road,
Wuzhong District, Suzhou,
Jiangsu, China
Phone : 86-(0)512-6585-1791
Facsimile : 86-(0)512-6585-2312

Major Shareholders (As of March 31, 2013)

1. Common stock

Name	Number of Shares Owned (Thousands)	Proportion of Total Shares (%)
Japan Trustee Services Bank, Ltd. (Trust Account) *1	50,131	21.02
The Master Trust Bank of Japan, Ltd. (Trust Account)*1	23,142	9.70
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	11,919	4.99
The Senshu Ikeda Bank Employees' Shareholders Association	4,088	1.71
ITAMI SANGYO CO., LTD.	3,692	1.54
Mizuho Corporate Bank, Ltd.	3,456	1.44
OBAYASHI CORPORATION	3,318	1.39
Tokio Marine & Nichido Fire Insurance Co., Ltd.	2,811	1.17
Japan Trustee Services Bank, Ltd.(Trust Account 4G)*1	2,473	1.03
The Nomura Trust and Banking Co., Ltd. Trust Account of The Senshu Ikeda Bank Employees' Shareholders Association	2,218	0.93

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

2. First-class preferred stock

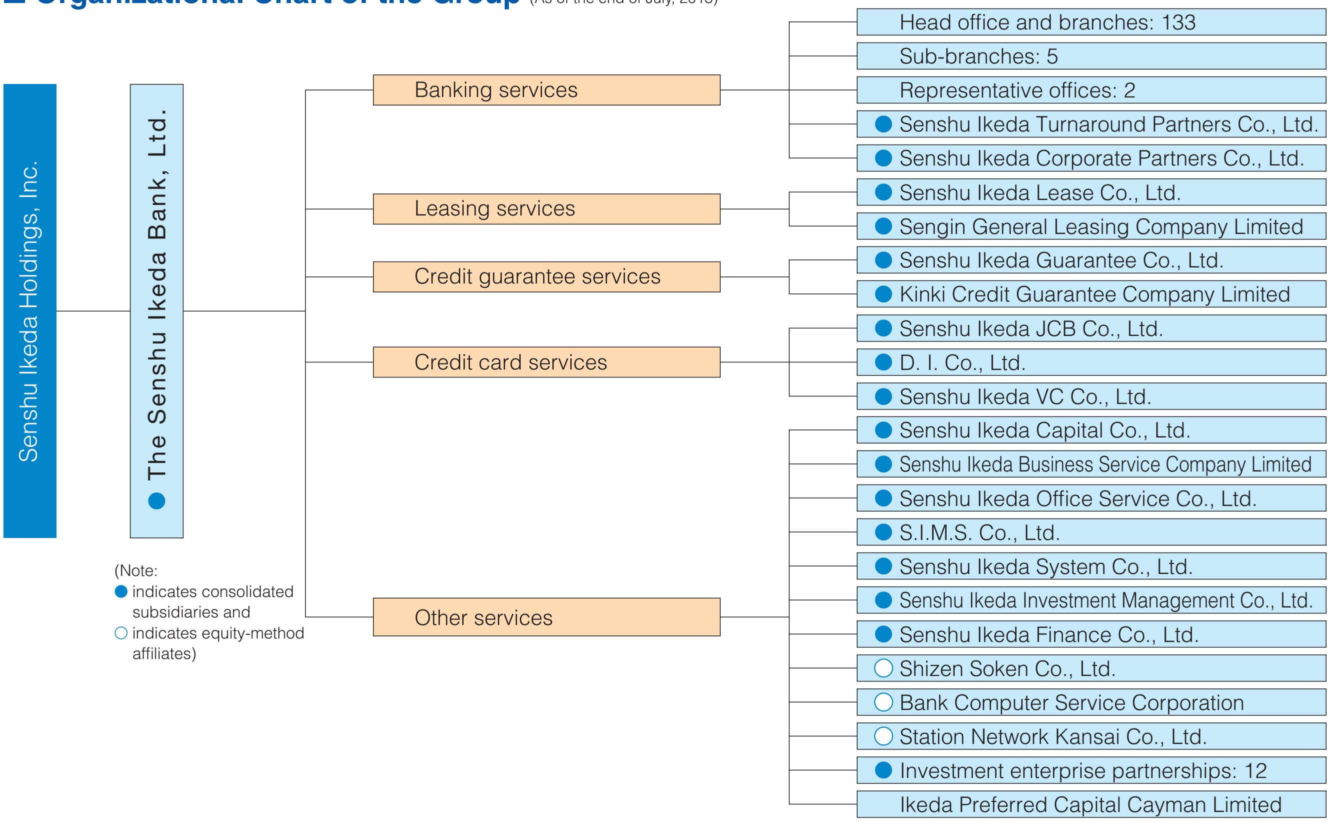
Name	Number of Shares Owned (Thousands)	Proportion of Total Shares (%)
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	7,400	100.00

3. Second-class preferred stock

Name	Number of Shares Owned (Thousands)	Proportion of Total Shares (%)
OC FINANCE CORPORATION	6,475	28.00
Daikin Industries, Ltd.	4,625	20.00
Fukoku Mutual Life Insurance Company	1,850	8.00
ITAMI SANGYO CO., LTD.	1,850	8.00
NICHIA STEEL WORKS, LTD.	1,850	8.00
ROHTO Pharmaceutical Co., Ltd.	1,850	8.00
DAINIHON JOCHUGIKU CO., LTD.	925	4.00
Hankyu Hanshin Holdings, Inc.	925	4.00
T.T CO., LTD.	925	4.00
Non-Destructive Inspection Company Limited.	925	4.00
Shionogi & Co., Ltd.	462	2.00
Nippon Paper Core Industrial Co., Ltd.	462	2.00

Business Description of the Group

Organizational Chart of the Group (As of the end of July, 2013)



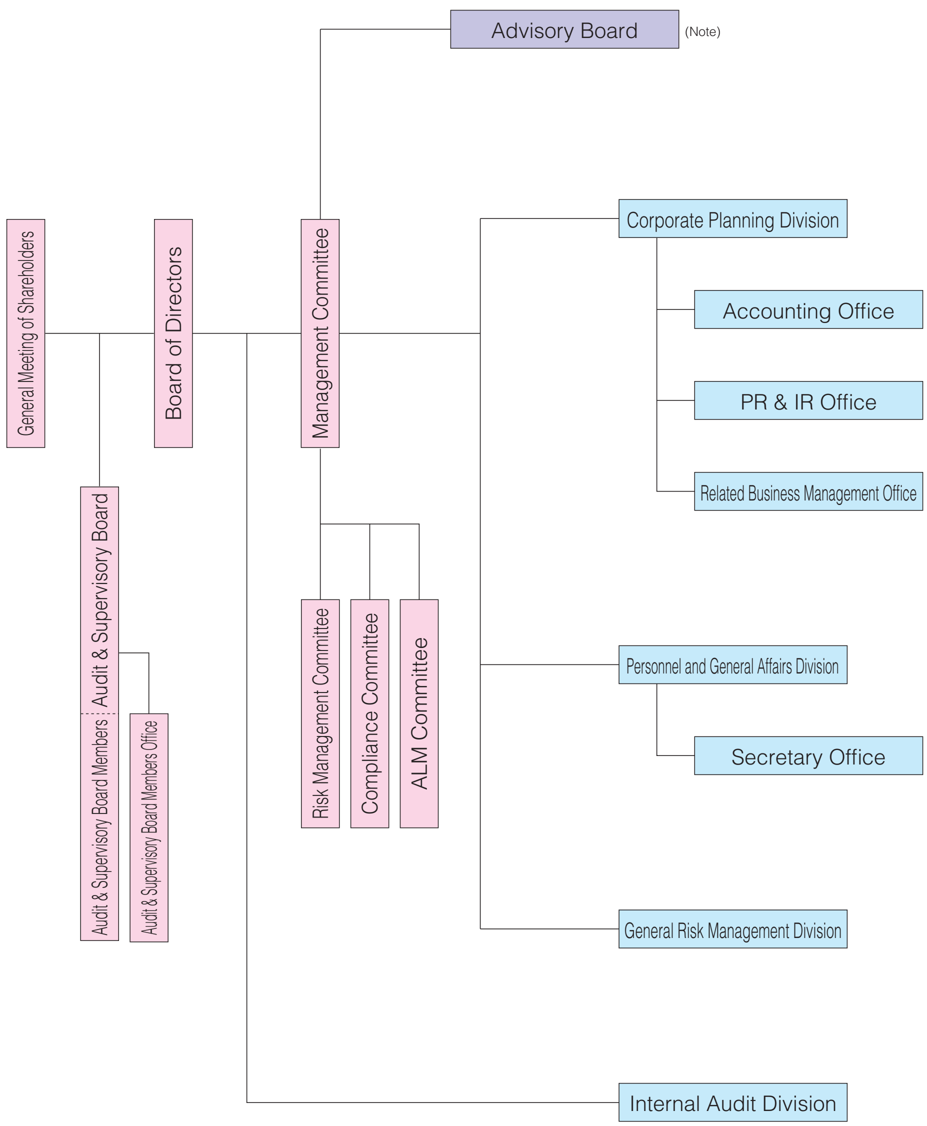
Subsidiaries and Affiliates (As of the end of July, 2013)

	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 Turnaround Partners Co., Ltd.	3-2-1, Toyosaki, Kita-ku, Osaka-city	Banking services (Business rehabilitation services)	January 4, 2013	2,025	–	100.0
	Senshu Ikeda Corporate Partners Co., Ltd.	3-2-1, Toyosaki, Kita-ku, Osaka-city	Banking services (Business rehabilitation services)	January 4, 2013	2,025	–	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	100	–	100.0
	Senshu Ikeda JCB Co., Ltd.	8-10, Kurehacho, Ikeda-city	Credit card services	February 1, 1983	60	–	88.4
	D. I. Co., Ltd.	8-10, Kurehacho, Ikeda-city	Credit card services	September 5, 1990	30	–	90.0
	Senshu Ikeda VC Co., Ltd.	8-10, Kurehacho, Ikeda-city	Credit card services	November 2, 1990	40	–	100.0
	Senshu Ikeda Capital Co., Ltd.	18-14, Chayamachi, Kita-ku, Osaka-city	Venture capital services	March 6, 1989	90	–	100.0
	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
	S.I.M.S. Co., Ltd.	6-2-5-301, Minoh, Minoh-city	Appraisal of real-estate collateral and real-estate research services	October 28, 1991	20	–	100.0
	Senshu Ikeda System Co., Ltd.	18-14, Chayamachi, Kita-ku, Osaka-city	Computer software development and sale services	June 10, 1985	50	–	63.1
	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
	Senshu Ikeda Finance Co., Ltd.	18-14, Chayamachi, Kita-ku, Osaka-city	Money-lending services	March 15, 2013	10	–	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 the end of July, 2013)



(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.

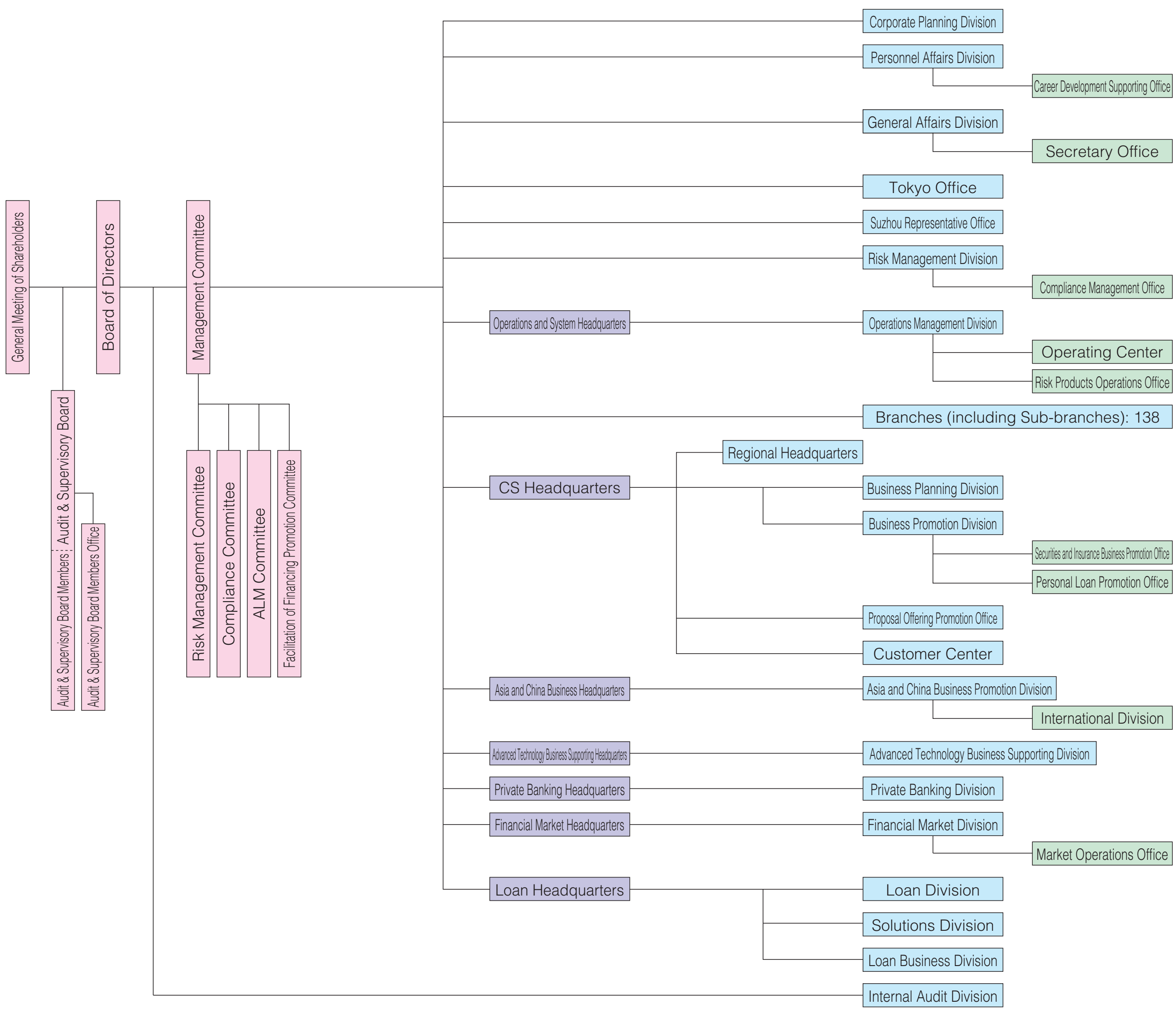
Members: (In the order of the Japanese syllabary)
·Noriyuki Inoue
(Chairman of the Board and CEO of Daikin Industries, Ltd.)
·Masahiro Shima
(President of SHIMA SEIKI Mfg., Ltd.)
·Motohiro Sugai
(Former president of Hankyu Corporation)
·Hidenobu Hiraoka
(Chairman of the Board of Trustee of Seifu Gakuen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

Board of Directors (As of June 26, 2013)

Representative Director and President	Hirohisa Fujita	Director	Hiroshi Kubota	Director	Masahiro Saito	Audit & Supervisory Board Member (Full-time)	Kazuhiro Masao
Representative Director and Chairman	Kazuyuki Kataoka	Director	Akira Tahara	Director	Nobuaki Nanchi	Audit & Supervisory Board Member (Full-time)	Takashi Nishi
Representative Director	Naoya Fukuchi	Director	Jiro Tsuji	Director (Outside)	Kazuo Hiramatsu (Professor, School of Business Administration, Kwansei Gakuin University Trustee of Kwansei Gakuin)	Audit & Supervisory Board Member (Outside)	Toshiaki Imanaka
Representative Director	Kazuhiro Isumi	Director	Atsushi Ukawa			Audit & Supervisory Board Member (Outside)	Toshiaki Sasaki

The Senshu Ikeda Bank

■ Organization (As of the end of July, 2013)



■ Board of Directors (As of June 26, 2013)

Representative Director and President	Hirohisa Fujita	Managing Director	Hiroshi Kubota	Director	Masahiro Saito	Audit & Supervisory Board Member (Full-time)	Masanori Ueki
Representative Director and Chairman	Kazuyuki Kataoka	Managing Director	Akira Tahara	Director	Nobuaki Nanchi	Audit & Supervisory Board Member (Full-time)	Satoshi Kitagawa
Representative Senior Managing Director	Naoya Fukuchi	Managing Director	Jiro Tsuji	Director (Outside)	Kazuo Hiramatsu (Professor, School of Business Administration, Kwansei Gakuin University Trustee of Kwansei Gakuin)	Audit & Supervisory Board Member (Outside)	Taro Ohashi
Representative Senior Managing Director	Kazuhiro Isumi	Director	Atsushi Ukawa			Audit & Supervisory Board Member (Outside)	Jiro Yoshida

Consolidated Balance Sheets

Senshu Ikeda Holdings, Inc. and Consolidated Subsidiaries
As of 31st March, 2013 and 2012

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	2013
Assets			
Cash and due from banks (Notes 27 and 33)	**¥ 100,867**	¥ 134,000	**$ 1,072,482**
Call loans and bills bought (Note 33)	**5,603**	698	**59,574**
Monetary claims bought (Note 33)	**956**	1,494	**10,164**
Trading account securities (Notes 4 and 33)	**108**	69	**1,148**
Money held in trust (Notes 6 and 33)	**19,000**	19,000	**202,020**
Securities (Notes 5, 7, 12, 20 and 33)	**1,169,201**	1,199,965	**12,431,695**
Loans and bills discounted (Notes 8 and 33)	**3,578,225**	3,516,142	**38,045,986**
Foreign exchange assets (Notes 9 and 33)	**4,376**	4,328	**46,528**
Other assets (Notes 10 and 12)	**73,975**	58,831	**786,549**
Tangible fixed assets (Note 11)	**38,105**	38,439	**405,156**
Intangible fixed assets	**7,617**	9,039	**80,988**
Deferred tax assets (Note 29)	**29,478**	32,844	**313,429**
Customers' liabilities for acceptances and guarantees	**21,758**	26,114	**231,345**
Reserve for possible loan losses	**(54,814)**	(48,304)	**(582,817)**
Total assets	**¥ 4,994,458**	¥ 4,992,667	**$ 53,104,284**
Liabilities and net assets			
Liabilities			
Deposits (Notes 12, 13 and 33)	**¥ 4,490,736**	¥ 4,390,453	**$ 47,748,389**
Payables under securities lending transactions (Notes 12 and 33)	**124,915**	237,307	**1,328,176**
Borrowed money (Notes 12, 14, 33 and 34)	**71,909**	69,764	**764,582**
Foreign exchange liabilities (Notes 15 and 33)	**208**	431	**2,211**
Corporate bonds and notes (Notes 16 and 33)	**50,000**	53,000	**531,632**
Other liabilities (Note 17)	**42,239**	44,800	**449,112**
Provision for employees' bonuses	**1,708**	1,749	**18,160**
Accrued retirement benefits for employees (Note 18)	**4,511**	4,515	**47,963**
Accrued retirement benefits for directors and corporate auditors	**136**	335	**1,446**
Reserve for reimbursement of deposits	**315**	258	**3,349**
Reserve for point services	**163**	141	**1,733**
Reserve for contingent losses	**393**	473	**4,178**
Deferred tax liabilities (Note 29)	**68**	2	**723**
Negative goodwill	**5**	7	**53**
Acceptances and guarantees (Note 20)	**21,758**	26,114	**231,345**
Total liabilities	**4,809,069**	4,829,355	**51,133,110**
Net assets			
Shareholders' equity (Note 21):			
Common stock	**72,311**	72,311	**768,856**
Capital surplus	**62,235**	72,675	**661,722**
Retained earnings	**35,431**	30,910	**376,725**
Treasury stock	**(1,350)**	(1,944)	**(14,354)**
Total shareholders' equity	**168,627**	173,952	**1,792,950**
Accumulated other comprehensive income:			
Net unrealized gain (loss) on available-for-sale securities (Note 7)	**7,808**	(11,878)	**83,019**
Net unrealized gain (loss) on deferred hedges (Note 34)	**0**	(2)	**0**
Total accumulated other comprehensive income	**7,809**	(11,880)	**83,030**
Stock subscription rights (Note 21)	**63**	62	**669**
Minority interests	**8,888**	1,177	**94,502**
Total net assets	**185,389**	163,311	**1,971,174**
Total liabilities and net assets	**¥ 4,994,458**	¥ 4,992,667	**$ 53,104,284**

See accompanying notes to consolidated financial statements

Consolidated Statements of Operations

Senshu Ikeda Holdings, Inc. and Consolidated Subsidiaries
For the years ended 31st March, 2013 and 2012

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	**2013**
Income			
Interest income:			
Interest on loans and bills discounted (Note 32)	**¥ 54,701**	¥ 58,450	**$ 581,616**
Interest and dividends on securities	**9,470**	12,290	**100,691**
Other interest income	**211**	172	**2,243**
Fees and commissions	**17,900**	16,265	**190,324**
Other operating income (Note 22)	**16,543**	18,132	**175,895**
Recoveries of written-off claims	**1,419**	1,321	**15,087**
Other income (Note 23)	**11,801**	9,506	**125,475**
Total income	**112,049**	116,139	**1,191,376**
Expenses			
Interest expenses:			
Interest on deposits	**6,769**	7,937	**71,972**
Interest on borrowings and rediscounts	**944**	857	**10,037**
Other interest expenses	**1,681**	1,981	**17,873**
Fees and commissions	**5,307**	5,284	**56,427**
Other operating expenses (Note 24)	**7,290**	6,977	**77,511**
General and administrative expenses	**54,460**	56,243	**579,053**
Loss on sales or disposal of fixed assets	**74**	269	**786**
Loss on impairment of fixed assets	**25**	166	**265**
Other expenses (Note 25)	**22,298**	25,764	**237,086**
Total expenses	**98,851**	105,483	**1,051,047**
Income before income taxes and minority interests	**13,197**	10,656	**140,318**
Income taxes (Note 29)			
Current	**998**	616	**10,611**
Deferred	**1,784**	6,082	**18,968**
Total income taxes	**2,783**	6,698	**29,590**
Net income before minority interests	**10,414**	3,958	**110,728**
Minority interests	**312**	147	**3,317**
Net income	**¥ 10,102**	¥ 3,810	**$ 107,410**

See accompanying notes to consolidated financial statements

Consolidated Statements of Comprehensive Income

Senshu Ikeda Holdings, Inc. and Consolidated Subsidiaries
For the years ended 31st March, 2013 and 2012

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	**2013**
Net income before minority interests	**¥ 10,414**	¥ 3,958	**$ 110,728**
Other comprehensive income (Note 30)			
Net unrealized gain on available-for-sale securities	**19,714**	1,018	**209,611**
Net unrealized gain on deferred hedges	**2**	17	**21**
Total other comprehensive income	**19,717**	1,036	**209,643**
Comprehensive income	**¥ 30,132**	¥ 4,995	**$ 320,382**
Total comprehensive income attributable to:			
Owners of the parent	**29,792**	4,833	**316,767**
Minority interests	**340**	161	**3,615**

Consolidated Statements of Changes in Net Assets

Senshu Ikeda Holdings, Inc. and Consolidated Subsidiaries
For the years ended 31st March, 2013 and 2012

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	**2013**
Shareholders' equity			
Common stock			
Balance at beginning of the year	**¥ 72,311**	¥ 72,311	**$ 768,856**
Total changes during the year	**–**	–	**–**
Balance at end of the year	**72,311**	72,311	**768,856**
Capital surplus			
Balance at beginning of the year	**72,675**	83,063	**772,727**
Changes during the year:			
Disposition of treasury stock	**(73)**	1	**(776)**
Retirement of treasury stock	**(10,366)**	(10,389)	**(110,217)**
Total changes during the year	**(10,439)**	(10,388)	**(110,994)**
Balance at end of the year	**62,235**	72,675	**661,722**
Retained earnings			
Balance at beginning of the year	**30,910**	33,125	**328,654**
Changes during the year:			
Cash dividends	**(5,585)**	(6,024)	**(59,383)**
Increase by merger	**3**	–	**31**
Net income	**10,102**	3,810	**107,410**
Total changes during the year	**4,520**	(2,214)	**48,059**
Balance at end of the year	**35,431**	30,910	**376,725**
Treasury stock			
Balance at beginning of the year	**(1,944)**	(116)	**(20,669)**
Changes during the year:			
Acquisition of treasury stock	**(10,369)**	(12,488)	**(110,249)**
Disposition of treasury stock	**596**	270	**6,337**
Retirement of treasury stock	**10,366**	10,389	**110,217**
Total changes during the year	**593**	(1,828)	**6,305**
Balance at end of the year	**(1,350)**	(1,944)	**(14,354)**
Total shareholders' equity			
Balance at beginning of the year	**173,952**	188,383	**1,849,569**
Changes during the year:			
Cash dividends	**(5,585)**	(6,024)	**(59,383)**
Increase by merger	**3**	–	**31**
Net income	**10,102**	3,810	**107,410**
Acquisition of treasury stock	**(10,369)**	(12,488)	**(110,249)**
Disposition of treasury stock	**523**	272	**5,560**
Retirement of treasury stock	**–**	–	**–**
Total changes during the year	**(5,325)**	(14,431)	**(56,618)**
Balance at end of the year	**¥ 168,627**	¥ 173,952	**$ 1,792,950**

Consolidated Statements of Changes in Net Assets

Senshu Ikeda Holdings, Inc. and Consolidated Subsidiaries
For the years ended 31st March, 2013 and 2012

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	**2013**
Accumulated other comprehensive income			
Net unrealized gain (loss) on available-for-sale securities			
Balance at beginning of the year	**¥ (11,878)**	¥ (12,884)	**$ (126,294)**
Net changes in items other than shareholders' equity	**19,686**	1,005	**209,314**
Balance at end of the year	**7,808**	(11,878)	**83,019**
Net unrealized gain (loss) on deferred hedges			
Balance at beginning of the year	**(2)**	(19)	**(21)**
Net changes in items other than shareholders' equity	**2**	17	**21**
Balance at end of the year	**0**	(2)	**0**
Total accumulated other comprehensive income			
Balance at beginning of the year	**(11,880)**	(12,904)	**(126,315)**
Net changes in items other than shareholders' equity	**19,689**	1,023	**209,346**
Balance at end of the year	**7,809**	(11,880)	**83,030**
Stock subscription rights			
Balance at beginning of the year	**62**	6	**659**
Net changes in items other than shareholders' equity	**1**	55	**10**
Balance at end of the year	**63**	62	**669**
Minority interests			
Balance at beginning of the year	**1,177**	1,197	**12,514**
Net changes in items other than shareholders' equity	**7,711**	(20)	**81,988**
Balance at end of the year	**8,888**	1,177	**94,502**
Total net assets			
Balance at beginning of the year	**163,311**	176,684	**1,736,427**
Changes during the year:			
Cash dividends	**(5,585)**	(6,024)	**(59,383)**
Increase by merger	**3**	–	**31**
Net income	**10,102**	3,810	**107,410**
Acquisition of treasury stock	**(10,369)**	(12,488)	**(110,249)**
Disposition of treasury stock	**523**	272	**5,560**
Net changes in items other than shareholders' equity	**27,402**	1,058	**291,355**
Total changes during the year	**22,077**	(13,372)	**234,736**
Balance at end of the year	**¥ 185,389**	¥ 163,311	**$ 1,971,174**

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, 2013 and 2012

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	**2013**
Cash flows from operating activities			
Income before income taxes and minority interests	**¥ 13,197**	¥ 10,656	**$ 140,318**
Depreciation	**5,004**	4,391	**53,205**
Loss on impairment of fixed assets	**25**	166	**265**
Amortization of goodwill	**84**	5	**893**
Amortization of negative goodwill	**(2)**	(2)	**(21)**
Gains on negative goodwill incurred	**(491)**	(187)	**(5,220)**
Increase (decrease) in reserve for possible loan losses	**6,510**	5,555	**69,218**
Increase (decrease) in accrued bonuses	**(41)**	(28)	**(435)**
(Earnings) losses from investments under the equity method	**(1)**	38	**(10)**
Increase (decrease) in accrued retirement benefits for employees	**(3)**	(2,010)	**(31)**
Increase (decrease) in accrued retirement benefits for directors and corporate auditors	**(198)**	(51)	**(2,105)**
Increase (decrease) in reserve for reimbursement of deposits	**56**	(50)	**595**
Increase (decrease) in reserve for point services	**22**	5	**233**
Increase (decrease) in reserve for contingent losses	**(79)**	7	**(839)**
Increase (decrease) in reserve for loss on integration	**–**	(717)	**–**
Interest income	**(64,383)**	(70,913)	**(684,561)**
Interest expenses	**9,394**	10,776	**99,883**
(Gain) loss on securities	**(7,269)**	(8,812)	**(77,288)**
(Gain) loss on money held in trust	**64**	285	**680**
(Gain) loss on foreign exchange	**(20,465)**	2,592	**(217,597)**
(Gain) loss on sales or disposal of fixed assets, net	**74**	269	**786**
Net (increase) decrease in loans and bills discounted	**(62,082)**	(15,125)	**(660,095)**
Net increase (decrease) in deposits	**100,282**	41,582	**1,066,262**
Net increase (decrease) in borrowed money (excluding subordinated borrowings)	**8,645**	15,347	**91,919**
Net (increase) decrease in due from banks (excluding due from the Bank of Japan)	**(2,500)**	8	**(26,581)**
Net (increase) decrease in trading account securities	**(39)**	(32)	**(414)**
Net (increase) decrease in call loans and bills bought	**(4,366)**	(881)	**(46,422)**
Net increase (decrease) in payables under securities lending transactions	**(112,392)**	64,581	**(1,195,023)**
Net (increase) decrease in foreign exchange (assets)	**(47)**	1,882	**(499)**
Net increase (decrease) in foreign exchange (liabilities)	**(223)**	(49)	**(2,371)**
Interest received	**65,857**	71,137	**700,233**
Interest paid	**(11,219)**	(13,372)	**(119,287)**
Other	**102**	313	**1,084**
Subtotal	**(76,486)**	117,368	**(813,248)**
Income taxes paid	**(908)**	(369)	**(9,654)**
Net cash provided by (used in) operating activities	**¥ (77,395)**	¥ 116,999	**$ (822,913)**

Consolidated Statements of Cash Flows

Senshu Ikeda Holdings, Inc. and Consolidated Subsidiaries
For the years ended 31st March, 2013 and 2012

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	**2013**
Cash flows from investing activities			
Purchases of securities	**¥ (1,056,879)**	¥ (1,650,619)	**$(11,237,416)**
Proceeds from sales of securities	**830,989**	1,333,067	**8,835,608**
Proceeds from maturity of securities	**287,658**	201,719	**3,058,564**
Increase in money held in trust	**(205)**	(339)	**(2,179)**
Decrease in money held in trust	**135**	39	**1,435**
Purchases of tangible fixed assets	**(2,689)**	(2,904)	**(28,591)**
Purchases of intangible fixed assets	**(668)**	(5,279)	**(7,102)**
Proceeds from sales of tangible fixed assets	**27**	51	**287**
Payments for execution of assets retirement obligations	**(22)**	–	**(233)**
Net cash provided by (used in) investing activities	**58,346**	(124,263)	**620,372**
Cash flows from financing activities			
Increase in subordinated borrowings	**7,000**	10,000	**74,428**
Decrease in subordinated borrowings	**(13,500)**	–	**(143,540)**
Increase in subordinated bonds and bonds with stock subscription rights	**–**	35,000	**–**
Decrease in subordinated bonds and bonds with stock subscription rights	**(3,000)**	(30,000)	**(31,897)**
Proceeds from stock issuance for minority shareholders	**8,000**	–	**85,061**
Cash dividends paid	**(5,585)**	(6,024)	**(59,383)**
Cash dividends paid for minority shareholders	**(19)**	–	**(202)**
Purchases of treasury stock	**(10,369)**	(12,488)	**(110,249)**
Proceeds from disposal of treasury stock	**596**	270	**6,337**
Net cash provided by (used in) financing activities	**(16,877)**	(3,243)	**(179,447)**
Effect of exchange rate changes on cash and cash equivalents	**291**	168	**3,094**
Net increase (decrease) in cash and cash equivalents	**(35,634)**	(10,339)	**(378,883)**
Cash and cash equivalents at beginning of year	**130,996**	141,335	**1,392,833**
Cash and cash equivalents at end of year (Note 27)	**¥ 95,361**	¥ 130,996	**$ 1,013,939**

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, 2013 and 2012

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 and its subsidiaries (collectively, the "Group") maintain their books of account in accordance with the provisions set forth in the Companies Act of Japan (the "Act") 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.

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 ¥94.05 = U.S.$1.00, the exchange rate prevailing on 29th March, 2013. 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 30 (26 in 2012) 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.

As a result of the establishment, Senshu Ikeda Turnaround Partners Co., Ltd., Senshu Ikeda Corporate Partners Co., Ltd., Senshu Ikeda Capital Business Succession Fund Kizuna Investment Enterprise Limited Partnership and Senshu Ikeda Capital Yumejikomi Fund OI Investment Enterprise Limited Partnership have been included in the scope of consolidation during the fiscal year ended 31st March, 2013. In Addition, as a result of the incorporation-type company split of Senshu Ikeda Capital Co., Ltd., Senshu Ikeda Finance Co., Ltd. has been included in the scope of the consolidation during the fiscal year ended 31st March, 2013.

S·I· Soft Company Limited and Hitachi & Ikeda Brains, Co., Ltd., both of which were wholly owned subsidiaries of the Company, were merged effective 1st November, 2012. As a result, Hitachi & Ikeda Brains, Co., Ltd., which is a surviving company, changed its name to Senshu Ikeda System Co., Ltd. and took over all the assets, liabilities, rights and obligations of S·I· Soft Company Limited.

The Company has applied the equity method to its investments in three affiliates for the years ended 31st March, 2013 and 2012, 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 years ended 31st March, 2013 and 2012 is amortized over a year.

The balance sheet date of 12 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 ¥56,999 million ($606,049 thousand) and ¥61,781 million for the years ended 31st March, 2013 and 2012, 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.

(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 ($105,199 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.

(13) 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.

(14) 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.

(15) 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.

(16) 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.

(17) 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.

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

(19) Issued but not yet adopted accounting standard and others
"Accounting Standard for Retirement Benefits" (the Accounting Standards Board of Japan (hereinafter "ASBJ") Statement No. 26, 17th May, 2012) and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, 17th May, 2012)
(1) Overview
Accounting standard for retirement benefits has been revised from the viewpoint of improvements to financial reporting and international convergence, mainly focusing on (a) how unrecognized actuarial gain or loss and unrecognized prior service cost should be accounted for, and enhancement of disclosures and (b) how retirement benefit obligation and service cost should be determined.
(2) Scheduled date of adoption
The Company will adopt the accounting standard, relating to the (a) above, from the fiscal year ending 31st March, 2014. However, the Company will adopt the amendments to the method for calculating

retirement benefit obligation and service cost, relating to the (b) above, from the beginning of the fiscal year ending 31st March, 2015.

(3) The effect of adopting this accounting standard
The effect of adopting this accounting standard is currently under evaluation.

4. 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, 2013 and 2012, respectively.

5. Securities

Securities at 31st March, 2013 and 2012 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Stocks	**¥ 76,074**	¥ 62,283	**$ 808,867**
Bonds:			
Government bonds	**401,161**	398,381	**4,265,401**
Local government bonds	**56,333**	77,972	**598,968**
Corporate bonds	**229,218**	229,198	**2,437,192**
Other	**406,413**	432,129	**4,321,244**
Total	**¥ 1,169,201**	¥ 1,199,965	**$12,431,695**

Stocks in the above table include investments in affiliates of ¥236 million ($2,509 thousand) and ¥234 million at 31st March, 2013 and 2012, respectively.

Held-to-maturity debt securities with fair value at 31st March, 2013 and 2012 were as follows:

	Millions of yen	
31st March, 2013	Carrying value	Fair value
Corporate bonds	**¥ 32,079**	**¥ 32,451**
Other	**16,000**	**16,131**
Total	**¥ 48,079**	**¥ 48,582**

	Millions of yen		
31st March, 2013	Difference	Unrealized gain	Unrealized loss
Corporate bonds	**¥ 372**	**¥ 372**	**¥ –**
Other	**131**	**186**	**(55)**
Total	**¥ 503**	**¥ 559**	**¥ (55)**

	Millions of yen	
31st March, 2012	Carrying value	Fair value
Corporate bonds	¥ 47,953	¥ 48,440
Other	2,000	1,987
Total	¥ 49,953	¥ 50,428

	Millions of yen		
31st March, 2012	Difference	Unrealized gain	Unrealized loss
Corporate bonds	¥ 487	¥ 502	¥ (14)
Other	(12)	–	(12)
Total	¥ 474	¥ 502	¥ (27)

	Thousands of U.S. dollars	
31st March, 2013	Carrying value	Fair value
Corporate bonds	**$ 341,084**	**$ 345,039**
Other	**170,122**	**171,515**
Total	**$ 511,206**	**$ 516,555**

	Thousands of U.S. dollars		
31st March, 2013	Difference	Unrealized gain	Unrealized loss
Corporate bonds	**$ 3,955**	**$ 3,955**	**$ –**
Other	**1,392**	**1,977**	**(584)**
Total	**$ 5,348**	**$ 5,943**	**$ (584)**

There were no held-to-maturity debt securities sold during the years ended 31st March, 2013 and 2012.

Available-for-sale securities with fair value at 31st March, 2013 and 2012 were as follows:

	Millions of yen	
31st March, 2013	Carrying value	Acquisition cost
Equity securities	**¥ 70,185**	**¥ 57,533**
Bonds:		
Government bonds	**401,161**	**401,014**
Local government bonds	**56,333**	**56,047**
Corporate bonds	**197,138**	**195,104**
Subtotal	**654,633**	**652,166**
Other	**389,166**	**394,597**
Total	**¥ 1,113,986**	**¥ 1,104,297**

	Millions of yen		
31st March, 2013	Difference	Unrealized gain	Unrealized loss
Equity securities	**¥ 12,652**	**¥ 15,454**	**¥ (2,802)**
Bonds:			
Government bonds	**147**	**254**	**(107)**
Local government bonds	**285**	**293**	**(8)**
Corporate bonds	**2,034**	**2,079**	**(44)**
Subtotal	**2,467**	**2,628**	**(161)**
Other	**(5,430)**	**9,682**	**(15,113)**
Total	**¥ 9,689**	**¥ 27,766**	**¥ (18,076)**

31st March, 2012	Millions of yen Carrying value	Acquisition cost
Equity securities	¥ 56,292	¥ 62,134
Bonds:		
Government bonds	398,381	398,334
Local government bonds	77,972	77,404
Corporate bonds	181,245	179,282
Subtotal	657,599	655,021
Other	428,823	437,229
Total	¥ 1,142,714	¥ 1,154,385

31st March, 2012	Millions of yen Difference	Unrealized gain	Unrealized loss
Equity securities	¥ (5,841)	¥ 4,836	¥ (10,678)
Bonds:			
Government bonds	47	349	(301)
Local government bonds	567	573	(6)
Corporate bonds	1,962	2,064	(102)
Subtotal	2,577	2,987	(410)
Other	(8,406)	2,888	(11,294)
Total	¥ (11,670)	¥ 10,712	¥ (22,383)

31st March, 2013	Thousands of U.S. dollars Carrying value	Acquisition cost
Equity securities	**$ 746,251**	**$ 611,727**
Bonds:		
Government bonds	**4,265,401**	**4,263,838**
Local government bonds	**598,968**	**595,927**
Corporate bonds	**2,096,097**	**2,074,471**
Subtotal	**6,960,478**	**6,934,247**
Other	**4,137,862**	**4,195,608**
Total	**$ 11,844,614**	**$ 11,741,594**

31st March, 2013	Thousands of U.S. dollars Difference	Unrealized gain	Unrealized loss
Equity securities	**$ 134,524**	**$ 164,316**	**$ (29,792)**
Bonds:			
Government bonds	**1,562**	**2,700**	**(1,137)**
Local government bonds	**3,030**	**3,115**	**(85)**
Corporate bonds	**21,626**	**22,105**	**(467)**
Subtotal	**26,230**	**27,942**	**(1,711)**
Other	**(57,735)**	**102,945**	**(160,691)**
Total	**$ 103,019**	**$ 295,225**	**$ (192,195)**

Available-for-sale securities sold during the years ended 31st March, 2013 and 2012 were as follows:

2013	Millions of yen Proceeds from sales	Gain	Loss
Equity securities	**¥ 3,774**	**¥ 338**	**¥ (970)**
Bonds:			
Government bonds	**198,714**	**821**	**(162)**
Local government bonds	**10,719**	**141**	**–**
Corporate bonds	**78,169**	**1,352**	**(107)**
Subtotal	**287,603**	**2,315**	**(269)**
Other	**554,332**	**13,046**	**(1,161)**
Total	**¥ 845,710**	**¥ 15,699**	**¥ (2,402)**

2012	Millions of yen Proceeds from sales	Gain	Loss
Equity securities	¥ 995	¥ 305	¥ (440)
Bonds:			
Government bonds	661,250	6,892	(156)
Local government bonds	1,011	14	–
Corporate bonds	33,346	403	(69)
Subtotal	695,608	7,310	(226)
Other	637,226	9,085	(1,497)
Total	¥ 1,333,830	¥ 16,700	¥ (2,164)

2013	Thousands of U.S. dollars Proceeds from sales	Gain	Loss
Equity securities	**$ 40,127**	**$ 3,593**	**$ (10,313)**
Bonds:			
Government bonds	**2,112,854**	**8,729**	**(1,722)**
Local government bonds	**113,971**	**1,499**	**–**
Corporate bonds	**831,143**	**14,375**	**(1,137)**
Subtotal	**3,057,979**	**24,614**	**(2,860)**
Other	**5,894,013**	**138,713**	**(12,344)**
Total	**$ 8,992,131**	**$ 166,921**	**$ (25,539)**

Securities for which the holding purpose were changed during the year ended 31st March, 2013

¥1,300 million ($13,822 thousand) of securities were reclassified from "held-to-maturity securities" to "available-for-sale securities" during the year ended 31st March, 2013, as credit condition of the issuer of the securities deteriorated significantly. This change had no effect on income before income taxes and minority interests and net income for the year ended 31st March, 2013.

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 statement of operations unless the value is considered recoverable.

Losses on devaluation of securities for the years ended 31st March, 2013 and 2012 were ¥212 million ($2,254 thousand) and ¥3,283 million, respectively, which consisted of ¥212 million ($2,254 thousand) on equity securities for the year ended 31st March, 2013, and ¥315 million on equity securities and ¥2,967 million on investment trusts for the year ended 31st March, 2012.

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.

6. Money Held in Trust

Money held in trust at 31st March, 2013 and 2012 consisted of the following:

Money held in trust for trading purposes

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Carrying value	**¥ 19,000**	¥ 19,000	**$ 202,020**
Valuation gain (loss) included in consolidated statements of income	**¥ 49**	¥ (0)	**$ 520**

There were no money held in trust owned for other purposes at 31st March, 2013 and 2012.

7. Net Unrealized Gain (Loss) on Available-for-Sale Securities

Net unrealized gain (loss) on available-for-sale securities at 31st March, 2013 and 2012 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Differences between acquisition cost and fair value:			
Available-for-sale securities	**¥ 9,689**	¥ (11,670)	**$ 103,019**
Deferred tax liabilities	**(1,813)**	(167)	**(19,276)**
Differences between acquisition cost and fair value, net of taxes	**7,876**	(11,838)	**83,742**
Amounts corresponding to minority interests	**(67)**	(40)	**(712)**
Net unrealized gain (loss) on available-for-sale securities, net of taxes	**¥ 7,808**	¥ (11,878)	**$ 83,019**

8. Loans and Bills Discounted and Risk Monitored Loans

Loans and bills discounted:

Loans and bills discounted at 31st March, 2013 and 2012 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Bills discounted	**¥ 20,591**	¥ 21,580	**$ 218,936**
Loans on bills	**87,890**	104,638	**934,502**
Loans on deeds	**3,256,470**	3,192,410	**34,624,880**
Overdrafts	**212,670**	196,769	**2,261,244**
Other	**601**	743	**6,390**
Total	**¥ 3,578,225**	¥ 3,516,142	**$38,045,986**

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, 2013 and 2012 totaled ¥20,956 million ($222,817 thousand) and ¥21,947 million, respectively.
At 31st March, 2013 and 2012, 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 ¥15,600 million ($165,869 thousand) and ¥16,500 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 ¥662,018 million ($7,039,000 thousand) and ¥656,430 million at 31st March, 2013 and 2012, respectively, including the contracts whose contractual periods were either less than one year or revocable at any time, in the amount of ¥651,749 million ($6,929,813 thousand) and ¥649,505 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, 2013 and 2012 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Loans to bankrupt borrowers	¥ 5,355	¥ 6,364	$ 56,937
Delinquent loans	68,436	53,016	727,655
Loans past due for 3 months or more	14	51	148
Restructured loans	14,349	7,401	152,567
Total	¥ 88,156	¥ 66,833	$ 937,331

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 Order for Enforcement of the Corporation Tax Act (the "Tax Act") (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.

9. Foreign Exchange Assets

Foreign exchange assets at 31st March, 2013 and 2012 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Due from foreign correspondent banks	¥ 3,316	¥ 3,209	$ 35,257
Foreign bills of exchange bought	273	210	2,902
Foreign bills of exchange receivable	786	908	8,357
Total	¥ 4,376	¥ 4,328	$ 46,528

10. Other Assets

Other assets at 31st March, 2013 and 2012 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Investment in leased assets	¥ 15,237	¥ 15,686	$ 162,009
Other receivables	27,439	12,838	291,749
Accrued income	7,778	8,288	82,700
Prepaid expenses	253	231	2,690
Other	23,266	21,786	247,379
Total	¥ 73,975	¥ 58,831	$ 786,549

11. Tangible Fixed Assets

At 31st March, 2013 and 2012, accumulated depreciation of tangible fixed assets was ¥42,104 million ($447,676 thousand) and ¥40,971 million, respectively.
Under the Tax Act, 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, 2013 and 2012 was ¥517 million ($5,497 thousand) and ¥517 million, respectively.

12. Assets Pledged

Assets pledged as collateral at 31st March, 2013 and 2012 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Securities	¥ 244,044	¥ 363,766	$ 2,594,832
Other assets	1,608	2,573	17,097

The liabilities secured by the above pledged assets at 31st March, 2013 and 2012 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Deposits	¥ 2,685	¥ 2,833	$ 28,548
Payables under securities lending transactions	124,915	237,307	1,328,176
Borrowed money	34,487	30,101	366,687

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 ¥38,516 million ($409,526 thousand) and ¥74,602 million at 31st March, 2013 and 2012, respectively.

At 31st March, 2013 and 2012, margins on futures contracts in the amounts of ¥2,778 million ($29,537 thousand) and ¥2,330 million, guarantee deposits of ¥5,143 million ($54,683 thousand) and ¥5,243 million, deposits for futures transactions of ¥503 million ($5,348 thousand) and ¥503 million and collateral money deposited for financial instruments of ¥500 million ($5,316 thousand) and ¥500 million were included in "Other assets", respectively.
In accordance with the amendment of the Ordinance for Enforcement of the Banking Act (Ordinance of the Ministry of Finance No. 10, 1982), guarantee deposits pledged for derivative transactions of ¥500 million ($5,316 thousand) have been reclassified to collateral money deposited for financial instruments from the fiscal year ended 31st March, 2013.

13. Deposits

Deposits at 31st March, 2013 and 2012 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Current deposits	**¥ 151,963**	¥ 155,145	**$ 1,615,768**
Ordinary deposits	**1,690,783**	1,593,588	**17,977,490**
Savings deposits	**27,382**	29,879	**291,143**
Deposits at notice	**8,995**	13,567	**95,640**
Time deposits	**2,544,899**	2,549,420	**27,059,000**
Other deposits	**66,712**	48,853	**709,324**
Total	**¥ 4,490,736**	¥ 4,390,453	**$47,748,389**

14. Borrowed Money

Borrowed money at 31st March, 2013 and 2012 consisted of borrowings from the Bank of Japan and certain other financial institutions.

Subordinated borrowings of ¥25,000 million ($265,816 thousand) and ¥31,500 million were included in borrowed money at 31st March, 2013 and 2012, respectively.

The average interest rate applicable to borrowed money at 31st March, 2013 and 2012 was 1.11% and 1.38%, respectively.

The aggregate annual maturities of borrowed money subsequent to 31st March, 2013 were summarized as follows:

Year ending 31st March,	Millions of yen	Thousands of U.S. dollars
2014	**¥ 42,144**	**$ 448,102**
2015	**1,190**	**12,652**
2016	**971**	**10,324**
2017	**2,059**	**21,892**
2018	**367**	**3,902**
2019 and thereafter	**25,176**	**267,687**
Total	**¥ 71,909**	**$ 764,582**

15. Foreign Exchange Liabilities

Foreign exchange liabilities at 31st March, 2013 and 2012 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Foreign bills sold	**¥ 199**	¥ 431	**$ 2,115**
Foreign bills of exchange payable	**9**	0	**95**
Total	**¥ 208**	¥ 431	**$ 2,211**

16. Corporate Bonds and Notes

Short-term and long-term bonds payable at 31st March, 2013 and 2012 consisted of the following:

Issuer	Description	Issued	Millions of yen **2013**
The Senshu Ikeda Bank, Ltd.	9th subordinated bonds	28th Dec., 2007	**¥ –**
	1st subordinated bonds	17th Dec., 2010	**15,000**
	2nd subordinated bonds	21st Sep., 2011	**10,000**
	3rd subordinated bonds	16th Dec., 2011	**5,000**
	4th subordinated bonds	23rd Mar., 2012	**20,000**
Total			**¥ 50,000**

Issuer	Millions of yen 2012	Thousands of U.S. dollars **2013**	Interest rates (%)	Secured/ unsecured	Due
The Senshu Ikeda Bank, Ltd.	¥ 3,000	**$ –**	3.06	Unsecured	–
	15,000	**159,489**	1.67	Unsecured	17th Dec., 2020
	10,000	**106,326**	2.01	Unsecured	21st Sep., 2021
	5,000	**53,163**	2.06	Unsecured	16th Dec., 2021
	20,000	**212,652**	2.23	Unsecured	23rd Mar., 2022
Total	¥ 53,000	**$ 531,632**			

The aggregate annual maturities of short-term and long-term bonds payable subsequent to 31st March, 2013 were summarized as follows:

Year ending 31st March,	Millions of yen	Thousands of U.S. dollars
2014	¥ –	$ –
2015	–	–
2016	–	–
2017	–	–
2018	–	–
2019 and thereafter	50,000	531,632
Total	¥ 50,000	$ 531,632

17. Other Liabilities

Other liabilities at 31st March, 2013 and 2012 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Accrued expenses	¥ 7,284	¥ 9,992	$ 77,448
Unearned income	10,899	12,506	115,885
Accrued income taxes	766	729	8,144
Other	23,288	21,572	247,612
Total	¥ 42,239	¥ 44,800	$ 449,112

The amounts of lease obligations included in “Other” were ¥24 million ($255 thousand) and ¥19 million at 31st March, 2013 and 2012, respectively. The average interest rates on lease obligations at 31st March, 2013 with maturity dates on or before and subsequent to 31st March, 2014 were 2.87% and 2.33%, respectively. The average interest rates on lease obligations at 31st March, 2012 with maturity dates on or before and subsequent to 31st March, 2013 were 3.31% and 3.08%, respectively.

The aggregate annual maturities of lease obligations subsequent to 31st March, 2013 were summarized as follows:

Year ending 31st March,	Millions of yen	Thousands of U.S. dollars
2014	¥ 7	$ 74
2015	6	63
2016	5	53
2017	3	31
2018	0	0
2019 and thereafter	–	–
Total	¥ 24	$ 255

18. Retirement Benefit Plans

Certain consolidated subsidiaries have defined benefit pension plans consisting of corporate pension plans and lump-sum payment plans. In addition, increased retirement benefits are paid for retirement, etc. of employees in certain circumstances.
Certain consolidated subsidiaries have lump-sum payment plans as defined benefit pension plans.

(1) The assets and liabilities of the employees’ retirement benefit plans at 31st March 2013 and 2012 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Retirement benefit obligation	¥ (32,008)	¥ (30,324)	$ (340,329)
Pension plan assets at fair value	29,370	24,655	312,280
Unfunded benefit obligation	(2,637)	(5,669)	(28,038)
Unrecognized net retirement benefit obligation at transition	1,319	1,978	14,024
Unrecognized actuarial loss	5,206	8,344	55,353
Unrecognized prior service cost	(2,786)	(3,214)	(29,622)
Net retirement benefit obligation	1,102	1,440	11,717
Prepaid pension cost	5,613	5,955	59,681
Accrued retirement benefits for employees	¥ (4,511)	¥ (4,515)	$ (47,963)

Notes:

1. Increased retirement benefits paid on a temporary basis are not included.
2. Certain consolidated subsidiaries apply the simplified method in calculating retirement benefit obligation.

(2) Retirement benefit expenses for the years ended 31st March, 2013 and 2012 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Service cost	¥ 996	¥ 1,076	$ 10,590
Interest cost	614	641	6,528
Expected return on plan assets	(564)	(542)	(5,996)
Amortization of prior service cost	(427)	(356)	(4,540)
Amortization of actuarial loss	1,263	1,408	13,429
Amortization of transitional obligation	659	659	7,006
Net periodic retirement benefit expenses	¥ 2,541	¥ 2,886	$ 27,017

Note:

Retirement benefit expenses of consolidated subsidiaries which apply the simplified method are included in “service cost” collectively.

(3) The assumptions used in accounting for the above plans for the years ended 31st March, 2013 and 2012 were as follows:

	2013	2012
Discount rates	**1.0%-1.3%**	1.7%-2.1%
Expected rates of return on plan assets	**2.5%**	2.5%

19. Asset Retirement Obligations

(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 years ended 31st March, 2013 and 2012 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Balance at beginning of the year	**¥ 165**	¥ 192	**$ 1,754**
Additional provisions associated with the acquisition of tangible fixed assets	**–**	17	**–**
Adjustment due to passage of time	**3**	3	**31**
Decrease due to fulfillment of asset retirement obligations	**(22)**	(43)	**(233)**
Other	**(6)**	(3)	**(63)**
Balance at end of the year	**¥ 140**	¥ 165	**$ 1,488**

20. 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 Act of Japan) amounted to ¥12,460 million ($132,482 thousand) and ¥19,723 million at 31st March, 2013 and 2012, respectively.

21. Shareholders' Equity

Japanese banks, including the Company, are required to comply with the Banking Act and the Act. The Act 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 Act, 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 Act 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 Act.

(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, 2013 and 2012 were summarized as follows:

	Number of shares (in thousands)				
Year ended 31st March, 2013	1st April, 2012	Increase	Decrease	31st March, 2013	Note
Outstanding shares:					
Common stock	1,192,293	–	953,834	**238,458**	1
First-class preferred stock	74,000	–	66,600	**7,400**	2
Second-class preferred stock	115,625	–	92,500	**23,125**	1
Total	1,381,918	–	1,112,934	**268,983**	
Treasury stock:					
Common stock	16,929	6	14,583	**2,352**	3 and 4
First-class preferred stock	–	7,400	7,400	**–**	5 and 6
Total	16,929	7,406	21,983	**2,352**	

Notes:
1. Decrease in outstanding shares of common stock (953,834 thousand shares) and outstanding shares of second-class preferred stock (92,500 thousand shares) was due to reverse stock split.
2. Decrease in outstanding shares of first-class preferred stock (66,600 thousand shares) consisted of reverse stock split (59,200 thousand shares) and disposition of treasury stock based on resolution of the Board of Directors (7,400 thousand shares).
3. Increase in treasury stock of common stock (6 thousand shares) was due to acquisition of shares from the shareholders who owned fractional shares less than one voting right (before reverse stock split: 0 thousand shares, after reverse stock split: 5 thousand shares).

4. Decrease in treasury stock of common stock (14,583 thousand shares) consisted of reverse stock split (11,630 thousand shares), issuance request from the shareholders who owned fractional shares less than one voting right (0 thousand shares, before reverse stock split: 0 thousand shares, after reverse stock split: 0 thousand shares), transfer due to exercise of stock option (298 thousand shares, before reverse stock split: 298 thousand shares) and transfer to the Senshu Ikeda Bank Employees' Shareholders Association (2,653 thousand shares, before reverse stock split: 2,093 thousand shares, after reverse stock split: 560 thousand shares).
5. Increase in treasury stock of first-class preferred stock (7,400 thousand shares) was due to purchase of treasury stock based on resolution of annual shareholders' meeting.
6. Decrease in treasury stock of first-class preferred stock (7,400 thousand shares) was due to disposition of treasury stock based on resolution of the Board of Directors.

	Number of shares (in thousands)				
Year ended 31st March, 2012	1st April, 2011	Increase	Decrease	31st March, 2012	Note
Outstanding shares:					
Common stock	1,192,293	–	–	1,192,293	
First-class preferred stock	111,000	–	37,000	74,000	4
Second-class preferred stock	115,625	–	–	115,625	
Total	1,418,918	–	37,000	1,381,918	
Treasury stock:					
Common stock	1,008	18,274	2,353	16,929	1 and 2
First-class preferred stock	–	37,000	37,000	–	3 and 4
Total	1,008	55,274	39,353	16,929	

Notes:
1. Increase in treasury stock of common stock (18,274 thousand shares) consisted of acquisition of shares from the shareholders who owned fractional shares less than one voting right (1 thousand shares) and acquisition by the Senshu Ikeda Bank Employees' Shareholders Association special trust (18,273 thousand shares).
2. Decrease in treasury stock of common stock (2,353 thousand shares) consisted of issuance request from the shareholders who owned fractional shares less than one voting right (0 thousand shares), transfer due to exercise of stock option (69 thousand shares) and transfer from the Senshu Ikeda Bank Employees' Shareholders Association special trust to the Senshu Ikeda Bank Employees' Shareholders Association (2,283 thousand shares).
3. Increase in treasury stock of first-class preferred stock (37,000 thousand shares) was due to purchase of treasury stock based on resolution of annual shareholders' meeting.
4. Decrease in outstanding shares of first-class preferred stock and treasury stock (37,000 thousand shares) was due to disposition of treasury stock based on resolution of the Board of Directors.

(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 31st August, 2012, 28th July, 2011 and 24th February, 2011.

The balance of stock subscription rights granted for stock option program are ¥63 million ($669 thousand) and ¥62 million at 31st March, 2013 and 2012, respectively.

Stock option related expenses for the years ended 31st March, 2013 and 2012 amounted to ¥32 million ($340 thousand) and ¥62 million, respectively.

The stock option outstanding at 31st March, 2013 is as follows:

Date of resolution	24th February, 2011	28th July, 2011
Persons granted	Directors of the subsidiaries: 22 Executive officers of the subsidiaries: 19	Directors of the subsidiaries: 16 Executive officers of the subsidiaries: 18
Number of stock option by type of shares (*)	Common stock: 84,780	Common stock: 72,760
Date of grant	15th March, 2011	31st August, 2011
Vesting conditions	To exercise within 10 days after retirement	To exercise within 10 days after retirement
Applicable service period	From 15th March, 2011 to the date of retirement	From 31st August, 2011 to the date of retirement
Exercise period	From 16th March, 2011 to 31st July, 2041	From 1st September, 2011 to 31st July, 2041

Date of resolution	31st August, 2012
Persons granted	Directors of the subsidiaries: 10 Executive officers of the subsidiaries: 16
Number of stock option by type of shares (*)	Common stock: 69,500
Date of grant	1st October, 2012
Vesting conditions	To exercise within 10 days after retirement
Applicable service period	From 1st October, 2012 to the date of retirement
Exercise period	From 2nd October, 2012 to 31st July, 2042

(*) The number of stock options is converted into the number of shares after the one-for-five reverse stock split of common stock on 1st August, 2012.

The stock option activity is as follows:

Date of resolution	24th February, 2011	28th July, 2011	31st August, 2012
Non-vested:			
31st March, 2012-Outstanding	70,900	72,760	**–**
Granted	–	–	**69,500**
Forfeited	–	–	**–**
Vested	29,760	29,960	**–**
31st March, 2013-Outstanding	41,140	42,800	**69,500**
Vested:			
31st March, 2012-Outstanding	–	–	**–**
Vested	29,760	29,960	**–**
Exercised	29,760	29,960	**–**
Forfeited	–	–	**–**
31st March, 2013-Outstanding	–	–	**–**

(*) The number of stock options is converted into the number of shares after the one-for-five reverse stock split of common stock on 1st August, 2012.

Price information is as follows:

Date of resolution	24th February, 2011	28th July, 2011	31st August, 2012
Exercise price	¥ 1	¥ 1	**¥ 1**
Average stock price at exercise	535	535	**–**
Fair value price at grant date	¥ 490	¥ 535	**¥ 449**

Note:

The impact of the one-for-five reverse stock split of common stock on 1st August, 2012 is taken into consideration.

The method for estimating the fair value price of 2012 stock option granted in the year ended 31st March, 2013 was as follows:

Measurement method: Black-Scholes model

Major fundamental factors and assumptions used to measure fair value

Date of resolution	31st August, 2012
Volatility of stock price *1	33.00%
Estimated remaining outstanding period *2	1.9 years
Estimated dividend *3	3.1%
Interest rate with risk free *4	0.098%

*1 Actual stock price during the period (from 7th October, 2010 to 1st October, 2012) corresponding to the estimated remaining outstanding period

*2 For each director or executive officer in office, the difference between “the average term of office of retired directors or executive officers” and “the years in office of the director or executive officer at the time stock options were granted” was calculated, and if said difference was less than 0.75 years, the average of the estimated remaining outstanding period was calculated using 0.75 years, by taking into account the period remaining to the next annual shareholders’ meeting.

*3 ¥15 of latest annual dividend (including the effect of reverse stock split) /¥479 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.

22. Other Operating Income

Other operating income for the years ended 31st March, 2013 and 2012 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Gain on sales of securities and trading account securities	**¥ 15,361**	¥ 16,399	**$ 163,328**
Other	**1,182**	1,732	**12,567**
Total	**¥ 16,543**	¥ 18,132	**$ 175,895**

23. Other Income

Other income for the years ended 31st March, 2013 and 2012 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Gain on sales of equity securities	**¥ 354**	¥ 305	**$ 3,763**
Gain on money held in trust	**138**	41	**1,467**
Other	**11,308**	9,159	**120,233**
Total	**¥ 11,801**	¥ 9,506	**$ 125,475**

24. Other Operating Expenses

Other operating expenses for the years ended 31st March, 2013 and 2012 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Loss on sales of debt securities	**¥ 1,431**	¥ 1,724	**$ 15,215**
Loss on redemption of debt securities	**5,710**	2,281	**60,712**
Loss on devaluation of debt securities	**–**	2,967	**–**
Other	**149**	4	**1,584**
Total	**¥ 7,290**	¥ 6,977	**$ 77,511**

25. Other Expenses

Other expenses for the years ended 31st March, 2013 and 2012 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Provision for possible loan losses	**¥ 7,878**	¥ 6,679	**$ 83,763**
Write-offs of loans and bills discounted	**4,646**	5,504	**49,399**
Loss on sales of equity securities	**976**	454	**10,377**
Loss on devaluation of equity securities	**327**	462	**3,476**
Loss on money held in trust	**202**	326	**2,147**
Other	**8,266**	12,337	**87,889**
Total	**¥ 22,298**	¥ 25,764	**$ 237,086**

26. Dividends

Cash dividends paid during the fiscal year ended 31st March, 2013

Resolution by annual shareholders' meeting on 28th June, 2012

			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, 2012	29th June, 2012	¥ 3,574	$ 38,001	¥ 3	$ 0.03
First-class preferred stock	31st March, 2012	29th June, 2012	¥ 784	$ 8,335	¥196 divided by 18.5	$2.08 divided by 18.5
Second-class preferred stock	31st March, 2012	29th June, 2012	¥ 1,275	$ 13,556	¥204 divided by 18.5	$2.16 divided by 18.5

Cash dividends with record dates falling in the fiscal year ended 31st March, 2013 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, 2013	27th June, 2013
First-class preferred stock	Retained earnings	31st March, 2013	27th June, 2013
Second-class preferred stock	Retained earnings	31st March, 2013	27th June, 2013

	Dividend amount		Dividends per share	
Types of stock	Millions of yen	Thousands of U.S. dollars	Yen	U.S. dollars
Common stock	¥ 3,574	$ 38,001	¥ 15	$ 0.15
First-class preferred stock	¥ 392	$ 4,167	¥ 980 divided by 18.5	$10.41 divided by 18.5
Second-class preferred stock	¥ 1,275	$ 13,556	¥1,020 divided by 18.5	$10.84 divided by 18.5

Cash dividends paid during the fiscal year ended 31st March, 2012

Resolution by annual shareholders' meeting on 28th June, 2011

			Dividend amount	Dividends per share
Type of stock	Record date	Effective date	Millions of yen	Yen
Common stock	31st March, 2011	30th June, 2011	¥ 3,573	¥ 3
First-class preferred stock	31st March, 2011	30th June, 2011	¥ 1,176	¥ 196 divided by 18.5
Second-class preferred stock	31st March, 2011	30th June, 2011	¥ 1,275	¥ 204 divided by 18.5

Cash dividends with record dates falling in the fiscal year ended 31st March, 2012 and effective dates coming after the end of the fiscal year

				Dividend amount	Dividends per share
Type of stock	Source of dividends	Record date	Effective date	Millions of yen	Yen
Common stock	Retained earnings	31st March, 2012	29th June, 2012	¥ 3,574	¥ 3
First-class preferred stock	Retained earnings	31st March, 2012	29th June, 2012	¥ 784	¥ 196 divided by 18.5
Second-class preferred stock	Retained earnings	31st March, 2012	29th June, 2012	¥ 1,275	¥ 204 divided by 18.5

27. 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, 2013 and 2012 was summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Cash and due from banks	**¥ 100,867**	¥ 134,000	**$ 1,072,482**
Deposits other than deposits with the Bank of Japan	**(5,505)**	(3,004)	**(58,532)**
Cash and cash equivalents	**¥ 95,361**	¥ 130,996	**$ 1,013,939**

28. 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, 2013 and 2012, 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
	2013	2012	**2013**
Acquisition costs	¥ 10	¥ 38	$ 106
Accumulated depreciation	10	35	106
Net book value	¥ 0	¥ 3	$ 0

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, 2013 for finance leases accounted for in a manner similar to the accounting treatment for operating lease transactions were summarized as follows:

Year ending 31st March	Millions of yen	Thousands of U.S. dollars
2014	¥ 0	$ 0
2015 and thereafter	–	–
Total	¥ 0	$ 0

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, 2013 and 2012, were summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Total lease payments	¥ 2	¥ 6	$ 21
Depreciation expense	2	6	21

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, 2013 and 2012.

b. Operating leases

As Lessee

Future minimum lease payments under non-cancellable operating leases subsequent to 31st March, 2013 were as follows:

Year ending 31st March	Millions of yen	Thousands of U.S. dollars
2014	¥ 644	$ 6,847
2015 and thereafter	4,865	51,727
Total	¥ 5,509	$ 58,575

29. 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 37.9% and 40.6% for the years ended 31st March, 2013 and 2012, respectively.

The tax effect of temporary differences which gave rise to significant portions of the deferred tax assets and liabilities at 31st March, 2013 and 2012 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Deferred tax assets:			
Reserve for possible loan losses	¥ 35,348	¥ 32,572	$ 375,842
Provision for employees' bonuses	649	664	6,900
Accrued retirement benefits for employees	3,275	3,127	34,821
Loss on devaluation of securities	8,144	12,516	86,592
Tax loss carryforwards	17,273	19,285	183,657
Depreciation	762	574	8,102
Net unrealized loss on available-for-sale securities	3,088	4,743	32,833
Other	3,693	4,333	39,266
Gross deferred tax assets	72,236	77,817	768,059
Valuation allowance	(40,576)	(43,986)	(431,430)
Total deferred tax assets	31,659	33,831	336,618
Deferred tax liabilities:			
Non-taxable accrued dividend income	(354)	(394)	(3,763)
Net unrealized gain on available-for-sale securities	(1,871)	(569)	(19,893)
Other	(23)	(24)	(244)
Total deferred tax liabilities	(2,249)	(989)	(23,912)
Net deferred tax assets	¥ 29,409	¥ 32,842	$ 312,695

A reconciliation of the statutory tax rate to the effective tax rate for the years ended 31st March, 2013 and 2012 was as follows:

	2013	2012
Statutory tax rate	37.9%	40.6%
Permanently non–taxable income	(0.8)	–
Permanently non–deductible expenses	0.5	0.6
Valuation allowance	(14.5)	(34.0)
Per capita portion of inhabitants' taxes	0.7	0.9
Unused tax loss carryforwards that had expired	1.0	–
Deduction limit of tax loss carryforwards	–	30.3
Decrease in deferred tax assets due to changes in tax rate	–	32.0
Effect of consolidated tax payment	–	(8.9)
Other	(3.8)	1.3
Effective tax rate	21.0%	62.8%

30. Comprehensive Income

Reclassification adjustments and tax effect amounts of other comprehensive income for the year ended 31st March, 2013 and 2012 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Unrealized gain (loss) on available-for-sale securities:			
Amount for the year	¥ 23,589	¥ 7,277	$ 250,813
Reclassification adjustment	(2,229)	(6,183)	(23,700)
Amount before tax effect	21,359	1,093	227,102
Tax effect amount	(1,645)	(74)	(17,490)
Net unrealized gain on available-for-sale securities	19,714	1,018	209,611
Unrealized gain (loss) on deferred hedges:			
Amount for the year	(19)	(79)	(202)
Reclassification adjustment	25	97	265
Amount before tax effect	5	17	53
Tax effect amount	(2)	(0)	(21)
Net unrealized gain on deferred hedges	2	17	21
Total other comprehensive income	¥ 19,717	¥ 1,036	$ 209,643

31. Segment Information and Related Information

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 for the years ended 31st March, 2013 and 2012.

(1) Related information

a. Information about services

For the year ended 31st March, 2013

	Millions of yen			
	Lending	Securities trading and investment	Other	Total
Income from external customers	¥ 54,701	¥ 27,321	¥ 29,535	¥ 111,558

For the year ended 31st March, 2012

	Millions of yen			
	Lending	Securities trading and investment	Other	Total
Income from external customers	¥ 58,450	¥ 29,881	¥ 27,620	¥ 115,952

Note:

"Income" is presented in lieu of net sales presented by non-financial companies.

For the year ended 31st March, 2013

	Thousands of U.S. dollars			
	Lending	Securities trading and investment	Other	Total
Income from external customers	$ 581,616	$ 290,494	$ 314,035	$1,186,156

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 for the years ended 31st March, 2013 and 2012.

(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 at 31st March, 2013 and 2012.

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 for the years ended 31st March, 2013 and 2012.

(2) Other information about reportable segments
Other information about reportable segments has not been presented as the Group is engaged only in banking business for the years ended 31st March, 2013 and 2012.

32. Related Party Transactions

Transactions between a consolidated subsidiary and related parties:

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, 2013 and 2012 and for the years then ended were summarized as follows:

The balance at 31st March, 2013 is not presented since the person does not meet the definition of the related party of the Company at 31st March, 2013.

2012			
Transactions		Balances	
Type of transaction	Millions of yen	Account name	Millions of yen
Loan	¥ –	Loans and bills discounted	¥ 67
Interest income	¥ 1	Other assets	¥ 0
		Other liabilities	¥ 0

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

33. Financial Instruments and Related Disclosures

1. General Information

(1) Policy for financial instruments

The Group, whose core operation is The Senshu Ikeda Bank, Ltd. (the "Bank"), 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 Bank. With respect to credit risk of issuers of securities and counterparty risk of derivative transactions, the risk control departments of the Bank 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 Bank executes foreign exchange transactions and foreign currency bond investments, which are exposed to foreign exchange risk, but the subsidiary strives 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 of financial instruments, such as deposits, loans and bills discounted and securities, using 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–99.0%, and observation period–240 business days).

The value of market risk on financial instruments was ¥10.0 billion ($106.3 million) for interest rate and ¥15.2 billion ($161.6 million) for stocks at 31st March, 2013. The value of market risk as a whole with correlation in consideration was ¥34.0 billion ($361.5 million).

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 once for the year ended 31st March, 2013, the Group considers that the model calculates the value of market risk with sufficient confidence level.

However, VaR, which calculates the value of market risk based on past fluctuations in the market, 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 Bank 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, 2013 and 2012 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, 2013	Carrying value	Fair value	Difference
Cash and due from banks	¥ 100,867	¥ 100,867	¥ –
Call loans and bills bought	5,603	5,603	–
Monetary claims bought (*1)	946	946	–
Trading account securities:			
Trading securities	108	108	–
Money held in trust	19,000	19,000	–
Securities:			
Held-to-maturity debt securities	48,079	48,582	503
Available-for-sale securities	1,113,986	1,113,986	–
Loans and bills discounted	3,578,225		
Reserve for possible loan losses (*1)	(51,929)		
	3,526,295	3,546,899	20,603
Foreign exchange assets (*1)	4,374	4,376	1
Total assets	¥ 4,819,262	¥ 4,840,370	¥ 21,107
Deposits	¥ 4,490,736	¥ 4,491,736	¥ 1,000
Payables under securities lending transactions	124,915	124,915	–
Borrowed money	71,909	72,631	721
Foreign exchange liabilities	208	208	–
Corporate bonds and notes	50,000	51,167	1,167
Total liabilities	¥ 4,737,769	¥ 4,740,659	¥ 2,889
Derivative transactions (*2)			
To which hedge accounting is not applied	¥ (615)	¥ (615)	¥ –
To which hedge accounting is applied	616	616	–
Total derivative transactions	¥ 1	¥ 1	¥ –

	Millions of yen		
31st March, 2012	Carrying value	Fair value	Difference
Cash and due from banks	¥ 134,000	¥ 134,000	¥ –
Call loans and bills bought	698	698	–
Monetary claims bought (*1)	1,473	1,473	–
Trading account securities:			
Trading securities	69	69	–
Money held in trust	19,000	19,000	–
Securities:			
Held-to-maturity debt securities	49,953	50,428	474
Available-for-sale securities	1,142,714	1,142,714	–
Loans and bills discounted	3,516,142		
Reserve for possible loan losses (*1)	(45,571)		
	3,470,571	3,495,031	24,460
Foreign exchange assets (*1)	4,323	4,328	4
Total assets	¥ 4,822,805	¥ 4,847,744	¥ 24,939
Deposits	¥ 4,390,453	¥ 4,392,564	¥ 2,111
Payables under securities lending transactions	237,307	237,307	–
Borrowed money	69,764	69,780	15
Foreign exchange liabilities	431	431	–
Corporate bonds and notes	53,000	52,666	(333)
Total liabilities	¥ 4,750,957	¥ 4,752,751	¥ 1,793
Derivative transactions (*2)			
To which hedge accounting is not applied	¥ 145	¥ 145	¥ –
To which hedge accounting is applied	(2)	(2)	–
Total derivative transactions	¥ 143	¥ 143	¥ –

31st March, 2013	Carrying value	Fair value	Difference
	Thousands of U.S. dollars		
Cash and due from banks	$ 1,072,482	$ 1,072,482	$ –
Call loans and bills bought	59,574	59,574	–
Monetary claims bought (*1)	10,058	10,058	–
Trading account securities:			
Trading securities	1,148	1,148	–
Money held in trust	202,020	202,020	–
Securities:			
Held-to-maturity debt securities	511,206	516,555	5,348
Available-for-sale securities	11,844,614	11,844,614	–
Loans and bills discounted	38,045,986		
Reserve for possible loan losses (*1)	(552,142)		
	37,493,833	37,712,908	219,064
Foreign exchange assets (*1)	46,507	46,528	10
Total assets	$51,241,488	$51,465,922	$ 224,423
Deposits	$47,748,389	$47,759,021	$ 10,632
Payables under securities lending transactions	1,328,176	1,328,176	–
Borrowed money	764,582	772,259	7,666
Foreign exchange liabilities	2,211	2,211	–
Corporate bonds and notes	531,632	544,040	12,408
Total liabilities	$50,375,002	$50,405,730	$ 30,717
Derivative transactions (*2)			
To which hedge accounting is not applied	$ (6,539)	$ (6,539)	$ –
To which hedge accounting is applied	6,549	6,549	–
Total derivative transactions	$ 10	$ 10	$ –

(*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 6.

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 Bank is determined in the same manner as loans. Note that information on securities by holding purposes is disclosed in Note 5.

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 Company and the consolidated subsidiaries have 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 consolidated subsidiary is determined using the market price.

Derivative transactions:

See Note 34.

(Note 2) Financial instruments whose fair value is extremely difficult to determine at 31st March, 2013 and 2012 were 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
	2013	2012	**2013**
Unlisted equity securities (*1) (*2)	**¥ 5,652**	¥ 5,756	**$ 60,095**
Investments in partnerships (*3)	**1,241**	1,302	**13,195**
Other	**4**	4	**42**
Total	**¥ 6,899**	¥ 7,063	**$ 73,354**

(*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 ¥114 million ($1,212 thousand) and ¥146 million for the years ended 31st March, 2013 and 2012, 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, 2013	Due in one year or less	Due after one year through three years	Due after three years through five years
Due from banks	**¥ 41,255**	**¥ –**	**¥ –**
Call loans and bills bought	**5,603**	**–**	**–**
Monetary claims bought (*1)	**946**	**–**	**–**
Securities:	**359,739**	**198,046**	**224,855**
Held-to maturity debt securities:	**7,000**	**21,700**	**19,400**
Corporate bonds	**7,000**	**21,700**	**3,400**
Other	**–**	**–**	**16,000**
Available-for-sale securities with maturities:	**352,739**	**176,346**	**205,455**
Government bonds	**316,500**	**41,000**	**2,000**
Local government bonds	**13,056**	**39,322**	**1,770**
Corporate bonds	**18,773**	**67,362**	**56,247**
Other	**4,409**	**28,662**	**145,437**
Loans and bills discounted (*1, 2)	**682,522**	**574,916**	**427,255**
Foreign exchanges assets	**4,376**	**–**	**–**
Total	**¥ 1,094,444**	**¥ 772,963**	**¥ 652,110**

	Millions of yen		
31st March, 2013	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:	**49,130**	**34,635**	**104,762**
Held-to maturity debt securities:	**–**	**–**	**–**
Corporate bonds	**–**	**–**	**–**
Other	**–**	**–**	**–**
Available-for-sale securities with maturities:	**49,130**	**34,635**	**104,762**
Government bonds	**21,000**	**18,500**	**–**
Local government bonds	**740**	**1,050**	**–**
Corporate bonds	**2,724**	**303**	**49,493**
Other	**24,666**	**14,782**	**55,268**
Loans and bills discounted (*1, 2)	**279,146**	**326,430**	**1,212,848**
Foreign exchanges assets	**–**	**–**	**–**
Total	**¥ 328,277**	**¥ 361,066**	**¥ 1,317,611**

31st March, 2012	Millions of yen Due in one year or less	Due after one year through three years	Due after three years through five years
Due from banks	¥ 76,520	¥ –	¥ –
Call loans and bills bought	698	–	–
Monetary claims bought (*1)	1,473	–	–
Securities:	130,922	356,758	236,190
Held-to maturity debt securities:	14,600	21,100	14,300
Corporate bonds	14,600	21,100	12,300
Other	–	–	2,000
Available-for-sale securities with maturities:	116,322	335,658	221,890
Government bonds	30,000	221,500	87,000
Local government bonds	25,264	37,596	12,593
Corporate bonds	52,076	35,742	35,881
Other	8,982	40,819	86,416
Loans and bills discounted (*1, 2)	638,106	520,613	451,224
Foreign exchanges assets	4,328	–	–
Total	¥ 852,049	¥ 877,372	¥ 687,414

31st March, 2013	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	$ 438,649	$ –	$ –
Call loans and bills bought	59,574	–	–
Monetary claims bought (*1)	10,058	–	–
Securities:	3,824,976	2,105,752	2,390,802
Held-to maturity debt securities:	74,428	230,728	206,273
Corporate bonds	74,428	230,728	36,150
Other	–	–	170,122
Available-for-sale securities with maturities:	3,750,547	1,875,023	2,184,529
Government bonds	3,365,231	435,938	21,265
Local government bonds	138,819	418,096	18,819
Corporate bonds	199,606	716,236	598,054
Other	46,879	304,752	1,546,379
Loans and bills discounted (*1, 2)	7,257,012	6,112,876	4,542,849
Foreign exchanges assets	46,528	–	–
Total	$11,636,831	$ 8,218,639	$ 6,933,652

31st March, 2012	Millions of yen 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:	158,382	34,704	137,395
Held-to maturity debt securities:	–	–	–
Corporate bonds	–	–	–
Other	–	–	–
Available-for-sale securities with maturities:	158,382	34,704	137,395
Government bonds	40,000	17,000	–
Local government bonds	350	1,530	–
Corporate bonds	1,908	2,404	51,114
Other	116,123	13,770	86,280
Loans and bills discounted (*1, 2)	266,155	325,631	1,226,163
Foreign exchanges assets	–	–	–
Total	¥ 424,537	¥ 360,336	¥ 1,363,558

31st March, 2013	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	$ –	$ –	$ –
Call loans and bills bought	–	–	–
Monetary claims bought (*1)	–	–	–
Securities:	522,381	368,261	1,113,896
Held-to maturity debt securities:	–	–	–
Corporate bonds	–	–	–
Other	–	–	–
Available-for-sale securities with maturities:	522,381	368,261	1,113,896
Government bonds	223,285	196,703	–
Local government bonds	7,868	11,164	–
Corporate bonds	28,963	3,221	526,241
Other	262,264	157,171	587,644
Loans and bills discounted (*1, 2)	2,968,059	3,470,813	12,895,778
Foreign exchanges assets	–	–	–
Total	$ 3,490,451	$ 3,839,085	$14,009,686

(*1) Loans and bills discounted and monetary claims bought do not include ¥75,113 million ($798,649 thousand) and ¥88,269 million of receivables such as those due from bankrupt, effectively bankrupt or likely to become bankrupt borrowers at 31st March, 2013 and 2012, respectively, 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, 2013	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)	**¥ 4,134,093**	**¥ 289,726**	**¥ 38,917**
Payables under securities lending transactions	**124,915**	**–**	**–**
Borrowed money	**42,144**	**2,161**	**2,427**
Corporate bonds	**–**	**–**	**–**
Total	**¥ 4,301,152**	**¥ 291,888**	**¥ 41,344**

31st March, 2013	Millions of yen Due after five years through seven years	Due after seven years through ten years	Due after ten years
Deposits (*1)	**¥ 455**	**¥ 1,041**	**¥ –**
Payables under securities lending transactions	**–**	**–**	**–**
Borrowed money	**8,176**	**17,000**	**–**
Corporate bonds	**–**	**50,000**	**–**
Total	**¥ 8,631**	**¥ 68,041**	**¥ –**

31st March, 2012	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)	¥ 4,021,132	¥ 331,424	¥ 36,258
Payables under securities lending transactions	237,307	–	–
Borrowed money (*2)	34,247	1,532	2,484
Corporate bonds (*3)	–	–	–
Total	¥ 4,292,688	¥ 332,956	¥ 38,743

31st March, 2012	Millions of yen Due after five years through seven years	Due after seven years through ten years	Due after ten years
Deposits (*1)	¥ 613	¥ 1,024	¥ –
Payables under securities lending transactions	–	–	–
Borrowed money (*2)	1,500	18,000	–
Corporate bonds (*3)	–	50,000	–
Total	¥ 2,113	¥ 69,024	¥ –

31st March, 2013	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
Deposits (*1)	**$ 43,956,331**	**$ 3,080,552**	**$ 413,790**
Payables under securities lending transactions	**1,328,176**	**–**	**–**
Borrowed money	**448,102**	**22,977**	**25,805**
Corporate bonds	**–**	**–**	**–**
Total	**$ 45,732,610**	**$ 3,103,540**	**$ 439,595**

31st March, 2013	Thousands of U.S. dollars Due after five years through seven years	Due after seven years through ten years	Due after ten years
Deposits (*1)	**$ 4,837**	**$ 11,068**	**$ –**
Payables under securities lending transactions	**–**	**–**	**–**
Borrowed money	**86,932**	**180,754**	**–**
Corporate bonds	**–**	**531,632**	**–**
Total	**$ 91,770**	**$ 723,455**	**$ –**

(*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 at 31st March, 2012 is not included.
(*3) Corporate bonds whose repayment schedule is not determined in the amount of ¥3,000 million at 31st March, 2012 are not included.

34. 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) Currency related derivatives at 31st March, 2013 and 2012

31st March, 2013	Millions of yen			
	Contract amount /notional principal			
	Total	Over one year	Fair value	Valuation gain (loss)
Over-the-counter transactions:				
Currency swaps	**¥ 46,607**	**¥ 36,111**	**¥ 75**	**¥ 75**
Forward foreign exchange contracts:				
Selling	**¥ 35,471**	**–**	**(673)**	**(673)**
Buying	**¥ 8,260**	**–**	**(17)**	**(17)**
Currency options:				
Selling	**¥ 6,938**	**¥ 4,792**	**(351)**	**271**
Buying	**¥ 6,938**	**¥ 4,792**	**351**	**(186)**
Total			**¥ (615)**	**¥ (530)**

31st March, 2012	Millions of yen			
	Contract amount /notional principal			
	Total	Over one year	Fair value	Valuation gain (loss)
Over-the-counter transactions:				
Currency swaps	¥ 74,353	¥ 44,764	¥ 116	¥ 116
Forward foreign exchange contracts:				
Selling	¥ 2,431	–	(26)	(26)
Buying	¥ 2,330	–	55	55
Currency options:				
Selling	¥ 10,686	¥ 6,768	(988)	(84)
Buying	¥ 10,686	¥ 6,768	988	217
Total			¥ 145	¥ 278

31st March, 2013	Thousands of U.S. dollars			
	Contract amount /notional principal			
	Total	Over one year	Fair value	Valuation gain (loss)
Over-the-counter transactions:				
Currency swaps	**$495,555**	**$383,955**	**$ 797**	**$ 797**
Forward foreign exchange contracts:				
Selling	**$377,150**	**–**	**(7,155)**	**(7,155)**
Buying	**$ 87,825**	**–**	**(180)**	**(180)**
Currency options:				
Selling	**$ 73,769**	**$ 50,951**	**(3,732)**	**2,881**
Buying	**$ 73,769**	**$ 50,951**	**3,732**	**(1,977)**
Total			**$ (6,539)**	**$ (5,635)**

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 is determined by using the discounted cash flow method or others.

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, 2013 and 2012

31st March, 2013			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	**¥ 100**	**¥ –**	(*2)

31st March, 2012			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	¥ 450	¥ 100	(*2)

31st March, 2013			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	**$ 1,063**	**$ –**	(*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 33.

(2) Currency related derivatives at 31st March, 2013 and 2012

31st March, 2013			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	¥ 5,165	¥ 940	¥ (3)
	Forward foreign exchange contracts	–	30,882	–	619
Total					¥ 616

31st March, 2012			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	¥ 21,783	¥ –	¥ (2)

31st March, 2013			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	$ 54,917	$ 9,994	$ (31)
	Forward foreign exchange contracts	–	328,357	–	6,581
Total					$ 6,549

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.

35. Business Combination

The Bank transferred rights and obligations related to the management of customer loans, supporting business rehabilitation of borrowers, collections and other related transactions, which the Solution Supporting Office of Loan Division of the Bank (the name of which has subsequently changed to Solutions Division) had jurisdiction over, to Senshu Ikeda Turnaround Partners Co., Ltd. and Senshu Ikeda Corporate Partners Co., Ltd., both of which were wholly-owned subsidiaries of the Company, through a simplified absorption-type company split effective on 25th March , 2013.

(1) The companies which were the parties to the company split

The splitting company: The Senshu Ikeda Bank, Ltd. (wholly owned subsidiary of the Company)

The succeeding companies: Senshu Ikeda Turnaround Partners Co., Ltd.
Senshu Ikeda Corporate Partners Co., Ltd.

(2) Summary of operations subject to the company split

(a) Management of loans, bills discounted and others, (b) supporting the business rehabilitation of borrowers and (c) collections and other related transactions

(3) Legal form of the company split

Simplified absorption-type company split under which the Bank was the splitting company and both of Senshu Ikeda Turnaround Partners Co., Ltd. and Senshu Ikeda Corporate Partners Co., Ltd. were the succeeding companies.

(4) Outline of transactions including the objective of the company split

The objective was to exercise consulting function through supporting administrative improvement of management and business rehabilitation of borrowers as well as smooth fund supply to the regional customers.

(5) Summary of accounting treatment

This transaction was treated as a transaction under common control and accounted for as follows:

a) Appropriate carrying value of assets and liabilities transferred in respect of the company split

	Millions of yen		Thousands of U.S. dollars	
	Senshu Ikeda Turnaround Partners Co., Ltd.	Senshu Ikeda Corporate Partners Co., Ltd.	Senshu Ikeda Turnaround Partners Co., Ltd.	Senshu Ikeda Corporate Partners Co., Ltd.
Cash and due from banks	¥ 2,386	¥ 3,135	$ 25,369	$ 33,333
Loans and bills discounted	15,342	20,458	163,125	217,522
Other assets	2	1	21	10
Reserve for possible loan losses	(5,094)	(9,376)	(54,162)	(99,691)
Total assets	12,637	14,218	134,364	151,174
Borrowed money	4,000	4,000	42,530	42,530
Other liabilities	3	7	31	74
Total liabilities	¥ 4,003	¥ 4,007	$ 42,562	$ 42,604

b) Acquisition cost and the number of allotted shares of investment in affiliates which were acquired in consideration for the company split

	Millions of yen		Thousands of U.S. dollars	
	Senshu Ikeda Turnaround Partners Co., Ltd.	Senshu Ikeda Corporate Partners Co., Ltd.	Senshu Ikeda Turnaround Partners Co., Ltd.	Senshu Ikeda Corporate Partners Co., Ltd.
Acquisition cost	**¥ 8,633**	**¥ 10,210**	**$ 91,791**	**$108,559**
Number of allotted shares	**196,316**	**202,900**		

36. Amounts per Share

Amounts per share at 31st March, 2013 and 2012 and for the years then ended were summarized as follows:

	Yen		U.S. dollars
	2013	2012	**2013**
Net assets	**¥ 591.97**	¥ 489.26	**$ 6.29**
Net income:			
Basic	**35.80**	7.43	**0.38**
Diluted	**35.77**	7.43	**0.38**
Cash dividends			
Common stock	**¥ 15**	¥ 3	**$ 0.15**
First-class preferred stock	**¥ 980 divided by 18.5**	¥ 196 divided by 18.5	**$10.41 divided by 18.5**
Second-class preferred stock	**¥1,020 divided by 18.5**	¥ 204 divided by 18.5	**$10.84 divided by 18.5**

Net assets per share as of 31st March, 2013 and 2012 were computed based on the following information:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Total net assets	**¥ 185,389**	¥ 163,311	**$ 1,971,174**
Payment for first-class preferred stock	**(10,000)**	(20,000)	**(106,326)**
Dividends for first-class preferred stock	**(392)**	(784)	**(4,167)**
Payment for second-class preferred stock	**(25,000)**	(25,000)	**(265,816)**
Dividends for second-class preferred stock	**(1,275)**	(1,275)	**(13,556)**
Stock subscription rights	**(63)**	(62)	**(669)**
Minority interests	**(8,888)**	(1,177)	**(94,502)**
Amounts to be deducted from total net assets	**(45,619)**	(48,298)	**(485,050)**
Net assets attributable to common stock as of 31st March, 2013 and 2012	**¥ 139,769**	¥ 115,013	**$ 1,486,113**
Number of shares of common stock as of 31st March, 2013 and 2012 used to compute net asset per share (Unit: thousand shares)	**236,105**	235,072	

Net income per share for the years ended 31st March, 2013 and 2012 are computed based on the following information:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Net income for the year	**¥ 10,102**	¥ 3,810	**$ 107,410**
Dividends for first-class preferred stock based on the resolution at the regular general shareholders' meeting	**(392)**	(784)	**(4,167)**
Dividends for second-class preferred stock based on the resolution at the regular general shareholders' meeting	**(1,275)**	(1,275)	**(13,556)**
Amounts not attributed to common stock shareholders	**(1,667)**	(2,059)	**(17,724)**
Net income attributable to common stock	**¥ 8,435**	¥ 1,751	**$ 89,686**
Average outstanding number of shares of common stock (Unit: thousand shares)	**235,617**	235,624	
Diluted net income per share after adjusting potential shares			
Adjustment to net income	**¥ –**	¥ –	**$ –**
Number of increased common stock (Unit: thousand shares)	**147**	104	
Of which, stock subscription rights	**147**	104	

Notes:

1. Cash dividends per share represent the cash dividends proposed by the Board of Directors as applicable to the fiscal year.
2. On 1st August, 2012, the Company implemented a one-for-five reverse stock split to each of our common stock, first-class preferred stock and second-class preferred stock. The calculation of net income per share and diluted net income per share are made as if the reverse stock split was implemented at the beginning of the fiscal year ended 31st March, 2012.

Report of Independent Auditors

Senshu Ikeda Holdings, Inc.

Ernst & Young ShinNihon LLC

Independent Auditor's Report

The Board of Directors
Senshu Ikeda Holdings, Inc.

We have audited the accompanying consolidated financial statements of Senshu Ikeda Holdings, Inc. and its consolidated subsidiaries, which comprise the consolidated balance sheet as of March 31, 2013, and the consolidated statements of operations, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Senshu Ikeda Holdings, Inc. and its consolidated subsidiaries as of March 31, 2013, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation

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

Ernst & Young ShinNihon LLC

June 24, 2013
Osaka, Japan

Non-consolidated Balance Sheets (Unaudited)

The Senshu Ikeda Bank, Ltd.
As of 31st March, 2013 and 2012

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	**2013**
Assets			
Cash and due from banks	**¥ 100,384**	¥ 133,027	**$ 1,067,347**
Call loans and bills bought	**5,603**	698	**59,574**
Monetary claims bought	**946**	1,473	**10,058**
Trading account securities	**108**	69	**1,148**
Money held in trust	**19,000**	19,000	**202,020**
Securities	**1,193,126**	1,203,706	**12,686,081**
Loans and bills discounted	**3,563,023**	3,527,485	**37,884,348**
Foreign exchange assets	**4,376**	4,328	**46,528**
Other assets	**46,862**	30,421	**498,266**
Tangible fixed assets	**37,675**	37,977	**400,584**
Intangible fixed assets	**8,435**	9,592	**89,686**
Deferred tax assets	**27,592**	30,653	**293,375**
Customers' liabilities for acceptances and guarantees	**19,071**	21,482	**202,775**
Reserve for possible loan losses	**(32,302)**	(37,681)	**(343,455)**
Reserve for possible investment losses	**(559)**	–	**(5,943)**
Total assets	**¥ 4,993,344**	¥ 4,982,234	**$ 53,092,440**
Liabilities and net assets			
Liabilities			
Deposits	**¥ 4,512,893**	¥ 4,407,710	**$ 47,983,976**
Negotiable certificates of deposit	**19,900**	17,200	**211,589**
Payables under securities lending transactions	**124,915**	237,307	**1,328,176**
Borrowed money	**62,036**	60,130	**659,606**
Foreign exchange liabilities	**208**	431	**2,211**
Corporate bonds and notes	**50,000**	53,000	**531,632**
Other liabilities	**21,213**	23,739	**225,550**
Provision for employees' bonuses	**1,540**	1,585	**16,374**
Accrued retirement benefits for employees	**4,403**	4,416	**46,815**
Accrued retirement benefits for directors and corporate auditors	**114**	313	**1,212**
Reserve for reimbursement of deposits	**315**	258	**3,349**
Reserve for point services	**79**	53	**839**
Reserve for contingent losses	**393**	473	**4,178**
Acceptances and guarantees	**19,071**	21,482	**202,775**
Total liabilities	**4,817,085**	4,828,103	**51,218,341**
Net assets			
Shareholders' equity:			
Common stock	**50,710**	50,710	**539,181**
Capital surplus	**93,932**	93,932	**998,745**
Retained earnings	**23,812**	21,381	**253,184**
Total shareholders' equity	**168,456**	166,025	**1,791,132**
Net unrealized gain (loss) on available-for-sale securities	**7,802**	(11,892)	**82,955**
Net unrealized gain (loss) on deferred hedges	**0**	(2)	**0**
Total valuation and translation adjustments	**7,802**	(11,894)	**82,955**
Total net assets	**176,259**	154,130	**1,874,098**
Total liabilities and net assets	**¥ 4,993,344**	¥ 4,982,234	**$ 53,092,440**

Non-consolidated Statements of Operations (Unaudited)

The Senshu Ikeda Bank, Ltd.
For the years ended 31st March, 2013 and 2012

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	**2013**
Income			
Interest income:			
Interest on loans and bills discounted	**¥ 54,633**	¥ 58,391	**$ 580,893**
Interest and dividends on securities	**9,582**	12,280	**101,881**
Other interest income	**175**	144	**1,860**
Fees and commissions	**14,108**	12,712	**150,005**
Other operating income	**16,542**	18,132	**175,885**
Recoveries of written-off claims	**902**	631	**9,590**
Other income	**3,842**	1,843	**40,850**
Total income	**99,787**	104,137	**1,060,999**
Expenses			
Interest expenses:			
Interest on deposits	**6,772**	7,939	**72,004**
Interest on borrowings and rediscounts	**825**	732	**8,771**
Other interest expenses	**1,721**	2,041	**18,298**
Fees and commissions	**9,445**	9,801	**100,425**
Other operating expenses	**7,290**	7,136	**77,511**
General and administrative expenses	**51,543**	53,048	**548,038**
Loss on disposal of fixed assets	**70**	176	**744**
Loss on impairment of fixed assets	**25**	166	**265**
Other expenses	**12,663**	15,658	**134,641**
Total expenses	**90,357**	96,700	**960,733**
Income before income taxes	**9,429**	7,436	**100,255**
Income taxes			
Current	**(135)**	86	**(1,435)**
Deferred	**1,489**	5,299	**15,832**
Total income taxes	**1,354**	5,385	**14,396**
Net income	**¥ 8,075**	¥ 2,050	**$ 85,858**

S I H D

SENSHU IKEDA HOLDINGS,INC.
18-14,Chayamachi,Kita-ku,Osaka 530-0013,Japan
Phone:81-(0)6-4802-0181

http://www.senshuikeda-hd.co.jp

THE SENSHU IKEDA BANK,LTD.
18-14,Chayamachi,Kita-ku,Osaka 530-0013,Japan
Phone:81-(0)6-6375-1005

http://www.sihd-bk.jp