

ANNUAL REPORT 2014

Year Ended March 31, 2014



SENSHU IKEDA HOLDINGS, INC.

THE SENSHU IKEDA BANK, LTD.

SENSHU IKEDA TOKAI TOKYO
SECURITIES CO., LTD.



S I H D

This symbol in the shape of Kansai's six prefectures is suitable for the new financial group, leading the Kansai region characterized by a spirit of openness. The vertical lines stretching upward express the spread of the various networks linking the Kansai area that were created with the birth of the new financial group.

The brand color is associated with water, a clear blue that symbolizes the growth potential of the new financial group and the corporate culture of unrestricted freedom.

Management Principle

Strive to become a financial group that is "relied on 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.

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To become 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.

With regard to financial results in the fiscal year ended March 31, 2014, on a Senshu Ikeda Holdings consolidated basis, we recorded highest ever - including sum of the each former bank prior to the merger - net income of ¥16.6 billion.

On a Senshu Ikeda Bank non-consolidated basis, we recorded core banking profit of ¥13.2 billion, and net income of ¥14.7 billion.

Senshu Ikeda Tokai Tokyo Securities, which commenced operations in September of last year, also showed steady results.

I'm pleased to say that Senshu Ikeda Holdings will mark the fifth anniversary of its founding on October 1 of this year.

“To serve the local communities and customers,” we have promoted basic business strategies consisting of “improved efficiency strategies,” “alliance strategies,” and “growth strategies.”

Moreover, we have formulated the “Long-Term Business Plan” toward the fiscal year 2020 in order to further enhance growth strategies for uncertain future such as a decline of local population and economy.

In addition to the existing “basic business strategies”, the “Long-Term Business Plan” further clarifies management challenges such as uncertain future. As a regional financial institution, we strive to maximize corporate value and contribute to all our stakeholders by “co-existence with the region” more than ever.

Based on “community-oriented” and “customer-oriented” principles, we will strive to become “the No. 1 Relational Regional Financial Group in the Kansai Area” and “No. 1 Reliable Bank for the Regional Communities and Customers.”

Thank you for your continued support and goodwill.

July 2014

Hirohisa Fujita

Representative Director and President of Senshu Ikeda Holdings, Inc.

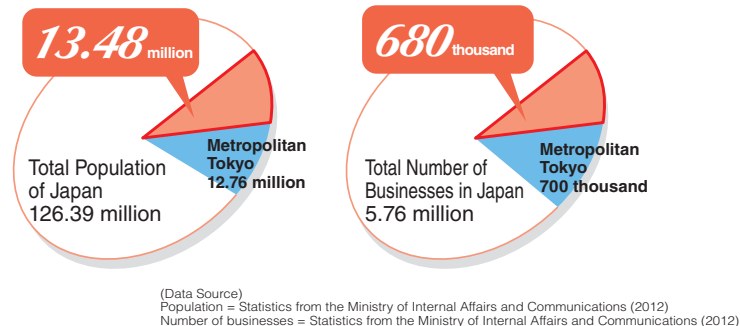
Representative Director and President of the Senshu Ikeda Bank, Ltd.



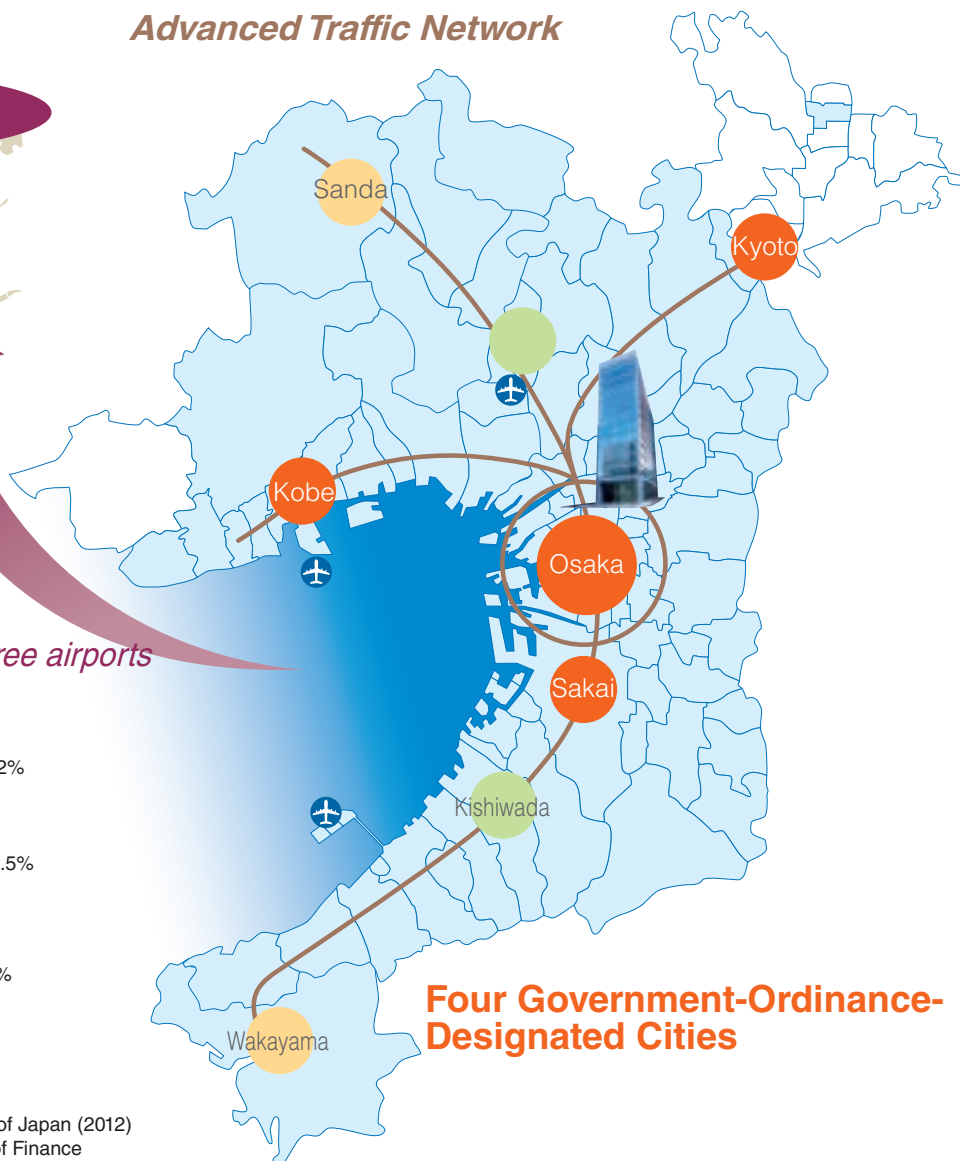
We strive to become the “No. 1 Reliable Bank for the Regional Communities and Customers” in Japan’s leading market area.



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



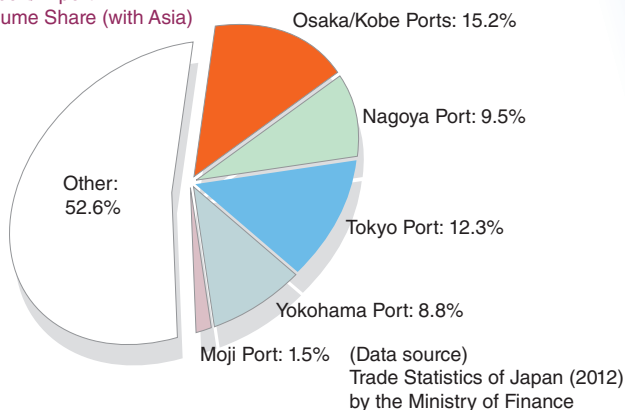
Advanced Traffic Network



Two ports of Osaka and Kobe, and three airports in the area

No. 1 in Japan for Asia trade

Export/Import
Volume Share (with Asia)



The business areas we cover are Japan's leading market area and have an advanced traffic network, two Ports in Osaka and Kobe, three airports called "a gateway into Asia and China" and four government-ordinance-designated cities. The number of business offices and population in those areas are comparable with that of Metropolitan Tokyo.

Furthermore, in addition to the existing well-balanced industrial structure, large-scale projects are currently underway in Osaka. For example, "GRAND FRONT OSAKA" had been launched as a first stage project in the "Umekita" redevelopment area north of Osaka Station in April 2013, and "ABENO HARUKAS," the tallest complex building in Japan, had been launched in the Abeno and Tennoji area in March 2014. As such, these market areas have extremely high potential power called "Regional Power" and will further grow.

In above circumstances, in order to further enhance growth strategies for uncertain future such as a decline of regional population and economy, we have formulated the "Long-Term Business Plan" toward the fiscal year 2020, in addition to promoting our existing "Medium-Term Business Plan." The "Long-Term Business Plan" has a sustainable earning model to cope with the future business environment changes.

Long-Term Business Plan – Towards Fiscal Year 2020

Strive to become the "No. 1 Relational Regional Financial Group in the Kansai Area"
No. 1 Reliable Bank for the Regional Communities and Customers

[Priority Strategies]



Strengthen unique proposal and establish "Business Model" to respond changes



Exhaustive BPR
 ↓
 Maximization of merger synergies



Executing appropriate long-term capital policy

Management Targets for Fiscal Year 2020

	Fiscal year 2013 (Actual)	Fiscal year 2015 (Medium-Term Management Plan)	Fiscal year 2020 (Long-Term Management Plan)
Senshu Ikeda Holdings (Consolidated)			
Ordinary income	¥17.5 billion	¥18.5 billion or higher	¥25.0 billion or higher
Income before income taxes and minority interests	¥19.6 billion	¥18.5 billion or higher	¥25.0 billion or higher
Net income	¥16.6 billion	¥16.0 billion or higher	¥16.5 billion or higher
Capital ratio	10.49%	Approx. 10%	Approx. 10%
The Senshu Ikeda Bank (Non-consolidated)			
Core banking profit	¥13.2 billion	¥21.0 billion or higher	¥27.0 billion or higher
Total assets	¥5,338.6 billion	¥5.5 trillion or higher	¥6 trillion or higher
ROA based on core banking profit (less net credit costs)	0.29%	Approx 0.35%	Approx 0.45%
Core OHR	77.7%	60% range	lower 60% level
Capital ratio	9.69%	Approx. 10%	Approx. 10%

Business Strategies of The Senshu Ikeda Bank

Improved efficiency Strategies

Achieve merger synergies and strengthening the low-cost system

- Realize maximal merger synergies by resolute low-cost operations.
- Strengthen the low-cost system through revision of IT investment and framework for administrative consolidation.

Alliance Strategies

As an independent regional bank, we will develop the “unique business networks without 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 business networks and offer excellent products and services.

Collaboration with Local Governments

With the conclusion of collaborative agreements with Osaka Prefecture and Osaka City in January 2014, we now have collaborative agreements with a total of 18 municipalities and prefectures.

Furthermore, in conjunction with these collaborative agreements, we have established funds including “Industrial Promotion Funds” and “Energy Creation and Energy Conservation Funds.” We will revitalize regional communities and improve customer service by funding local customers, 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 16 leading universities in the Kansai region.

We will contribute to the development of local communities through mutual exchange and stronger business-academia collaboration in various fields including financial support for university-launched venture companies, industries, business-academia research, human resources development, and community building.



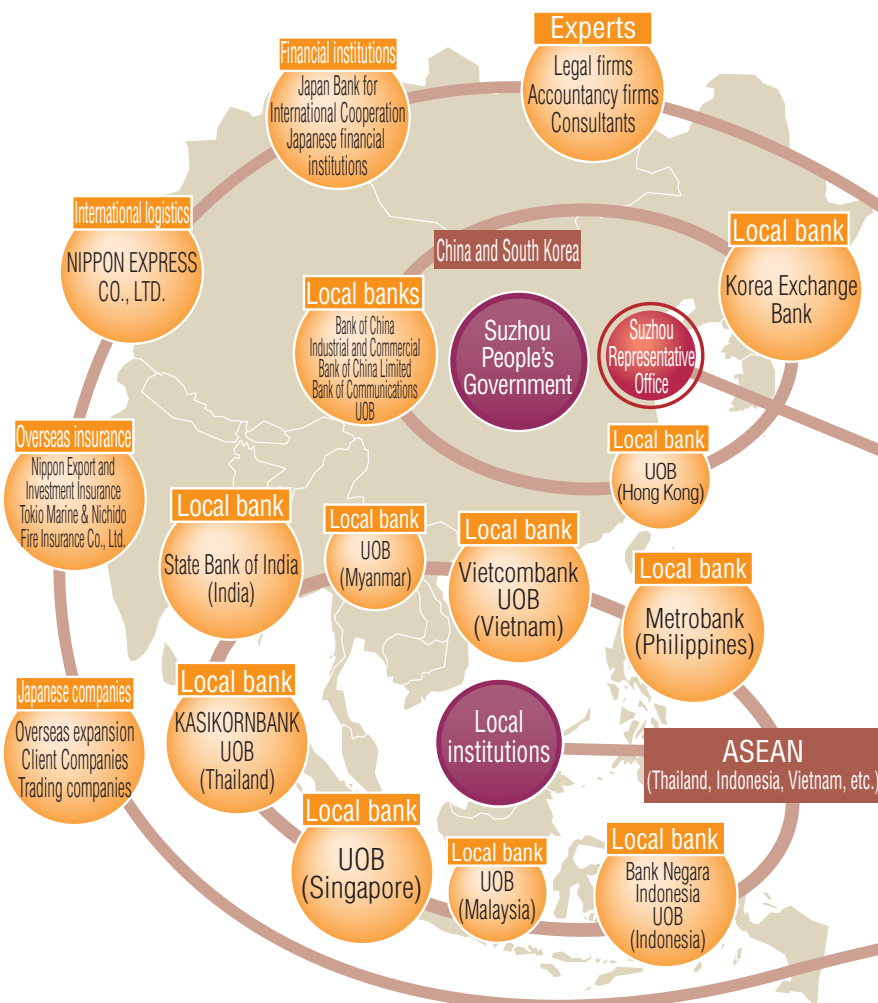
Agreements concluded with Osaka Institute of Technology and Setsunan University in May 2014

Collaboration with Overseas Banks

In addition to banks in China, South Korea, and ASEAN countries, we concluded a Business Cooperation Agreement in March 2014 with “State Bank of India,” India’s largest bank.

With the conclusion of this agreement, we have expanded the number of business partnerships with local banks overseas to 10 banks in 11 countries.

We will actively support the Asia and China business of our local customers by expanding business networks in Asia.



Three Challenging Strategies

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

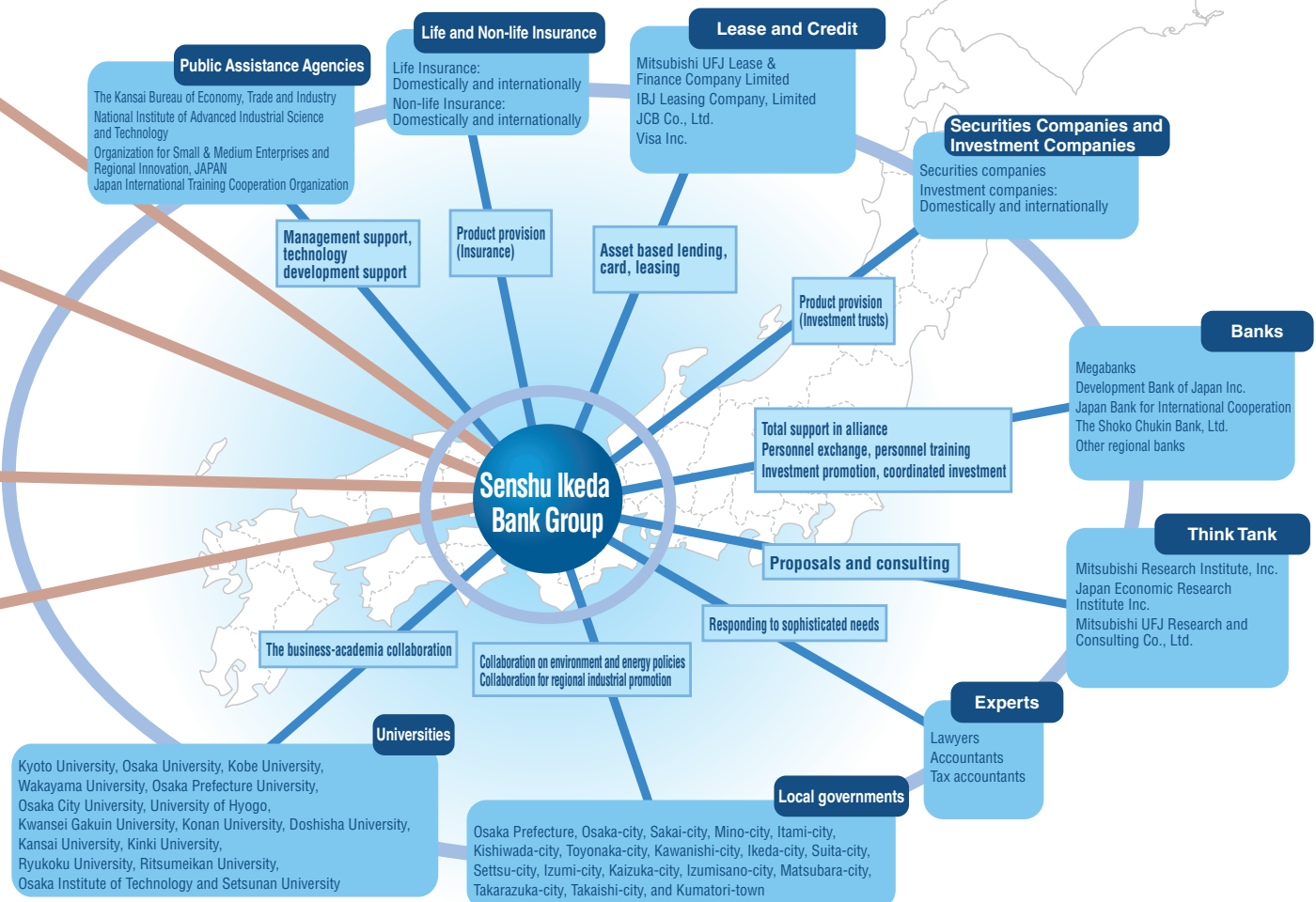
- We will support the overseas expansion and trade of local customers, “heartily”, “widely” and “concretely” through utilizing the collaborative networks between trading companies, banks, and legal firms.
- We will support our customers with useful information and services such as seminars with local governments and chambers of commerce and industry, overseas missions, and import product expositions.

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

We will 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.



CSR Activities

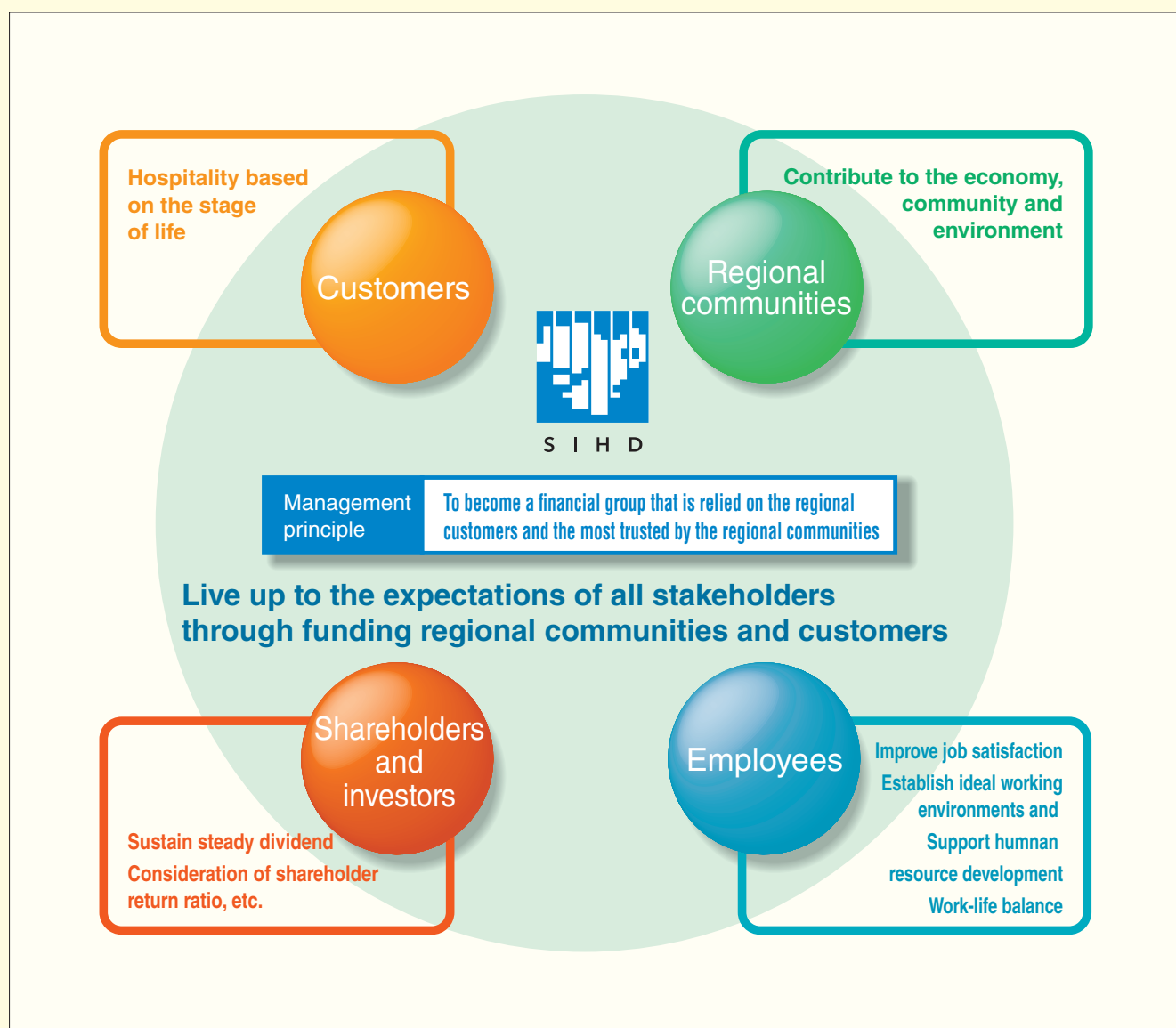
Senshu Ikeda Holdings promotes CSR Activities

Based on management principle, we will strive to become “a financial group that is relied on the regional customers and the most trusted by the regional communities”.

We will also live up to the expectations of all stakeholders
such as customers, regional communities,
shareholders(investors) and employees through business activities.

We will aggressively promote CSR activities
“permanently” and “more deeply than ever”.

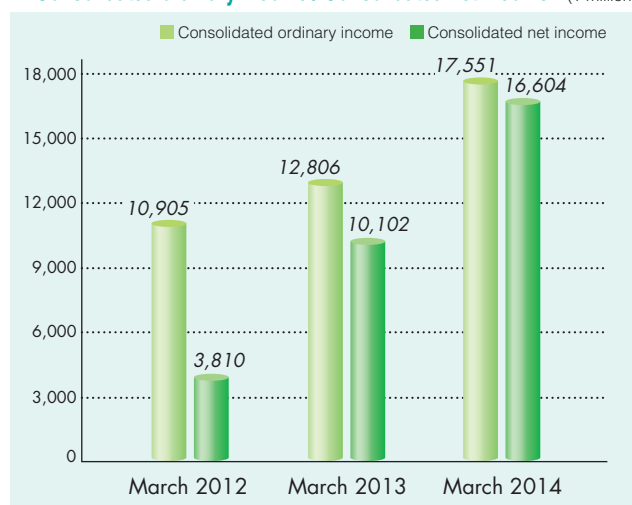
CSR: Corporate Social Responsibility



Business Overview of Senshu Ikeda Holdings

Consolidated

Consolidated ordinary income / Consolidated net income (¥ million)



Consolidated capital ratio (domestic standard) (%)



Business Environment

As the Government and the Bank of Japan have been powerfully promoting economic and fiscal policies radically different from those in the past both in quality and quantity, with a view to materializing earlier breakaway from the deflation and economic renewal, the Japanese economy in the consolidated fiscal year under review showed a moderate recovery trend, in which individual consumption remained solid thanks to an improvement in employment and income situation while corporate earnings also continued to be on a recovery track.

With respect to prices, domestic corporate goods prices showed gradual increase, on the back of the trends in international commodities market and foreign exchange. Meanwhile, consumer prices (excluding fresh food) turned to a positive figure compared to the previous fiscal year and moved within the positive range, on the back of a rise in electricity price and solid individual consumption.

In the financial markets, as monetary base remarkably expanded thanks to the qualitative as well as quantitative monetary easing by the Bank of Japan, the unsecured overnight call rate stayed at a level below 0.1%.

Referring to long-term interest rate, rate of return on 10-year Japanese government bonds once dropped to record low at 0.315% before reaching the level close to 1% in May amid recurring wild fluctuations, and subsequently showed a declining trend hovering between 0.6% and 0.65% at the end of March.

Nikkei Stock Average price started to climb, helped by factors including monetary easing by the Bank of Japan, high stock prices in the U.S. stock market, and further progress of the yen depreciation, pushing the Nikkei Stock Average up to the level close to the 16,000 yen mark in May. The Nikkei Stock Average, however, dropped to the level around the 12,500 yen mark in June, adversely affected by the stagnant world stock markets among others, before becoming buoyant again in September mainly due to Tokyo's selection as host of the 2020 Olympic Games and the yen's continued downward trend, to reach the level in excess of the 16,000 yen mark at the end of December. Subsequently, it was dragged into yet another downward phase primarily by a sign of yen appreciation, and reached the higher 14,000-yen range at the end of March.

Business Performance

With regard to consolidated performance of Senshu Ikeda Holdings Group ("the Group") in the fiscal year under review, consolidated ordinary revenue decreased ¥6,703 million from the previous fiscal year to ¥104,855 million. This was mainly due to a decrease in interest income by decline in loan rate, and other operating income such as gains on sales of debt securities, partially offset by an increase in fees and commissions income such as investment product sales at the Senshu Ikeda Bank and other income such as gain on sales of equity securities.

Consolidated ordinary expenses decreased ¥11,449 million from the previous fiscal year to ¥87,303 million due to a decrease in interest expenses by decline of deposit rate, general and administrative expenses by cost reduction, and other expenses such as net credit costs at the Senshu Ikeda Bank.

As a result, consolidated ordinary income increased ¥4,745 million from the previous fiscal year to ¥17,551 million.

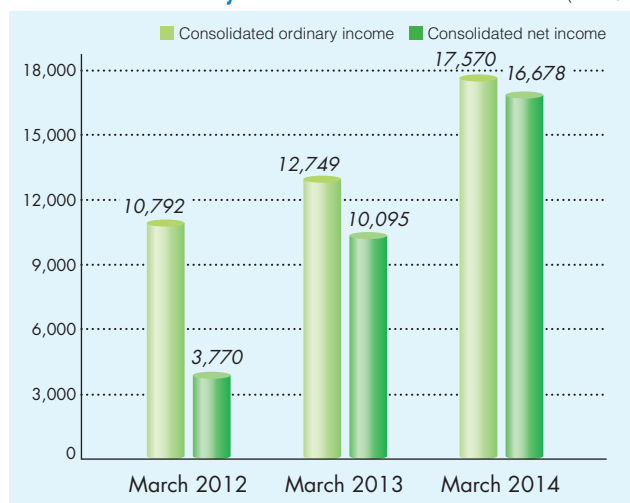
Consolidated net income, increased ¥6,502 million from the previous fiscal year to record-high ¥16,604 million. This was mainly due to ¥2,291 million in gain on contribution of securities to retirement benefit trust as extraordinary income, and ¥2,521 million as total income taxes.

The Group's consolidated capital ratio still sustained as high as 10.49% after the adoption of the new capital ratio regulation (Basel III), which is well above the 4% level required of banks subject to domestic standards.

Business Overview of The Senshu Ikeda Bank

Consolidated

Consolidated ordinary income / Consolidated net income (¥ million)



Consolidated capital ratio (domestic standard) (%)

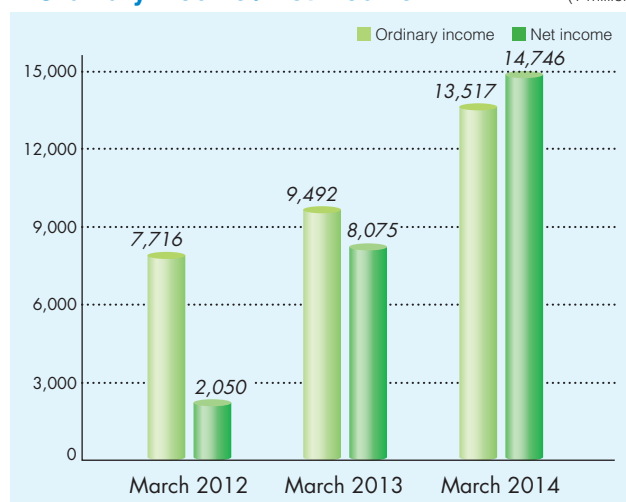


Non-consolidated

Core banking profit / Banking profit (¥ million)



Ordinary income / Net income (¥ million)



Business Performance (Consolidated)

With regard to consolidated performance of the Senshu Ikeda Bank in the fiscal year under review, consolidated ordinary revenue decreased ¥7,282 million from the previous fiscal year to ¥104,315 million. This was mainly due to a decrease in interest income by decline in loan rate, and other operating income such as gains on sales of debt securities, partially offset by an increase in fees and commissions income such as investment product sales and other income such as gain on sales of equity securities.

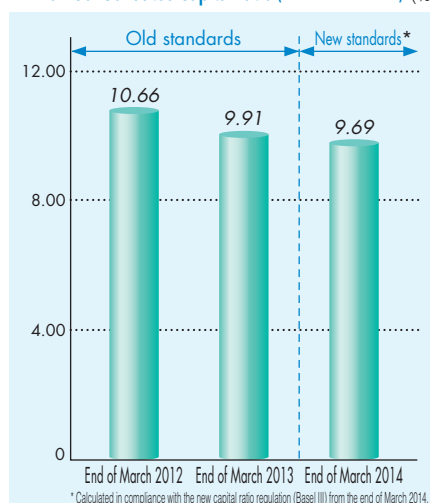
Consolidated ordinary expenses decreased ¥12,104 million from the previous fiscal year to ¥86,744 million. This was mainly due to a decrease in interest expenses by decline of deposit rate, general and administrative

expenses by cost reduction, and other expenses such as net credit costs.

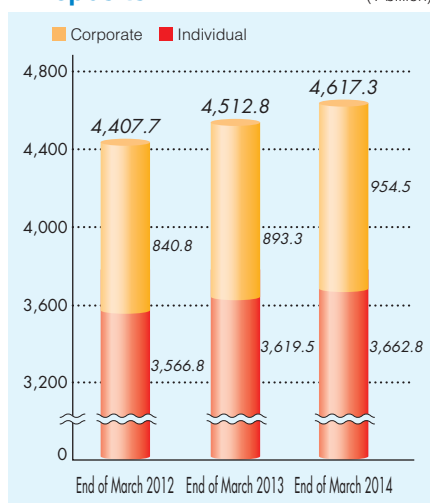
As a result, ordinary income increased ¥4,821 million from the previous fiscal year to ¥17,570 million. Consolidated net income increased ¥6,583 million from the previous fiscal year to ¥16,678 million. This was mainly due to ¥2,291 million in gain on contribution of securities to retirement benefit trust as extraordinary income, and ¥2,531 million of total income taxes.

Non-consolidated

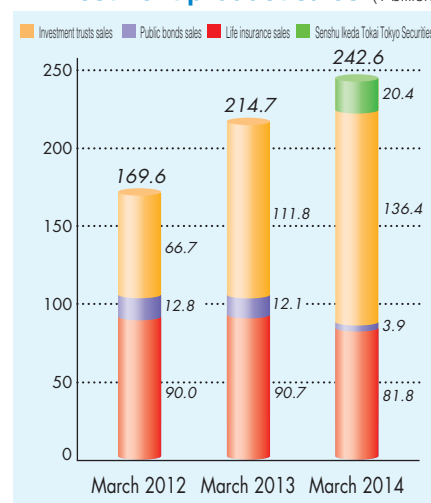
■ Non-consolidated capital ratio (domestic standard) (%)



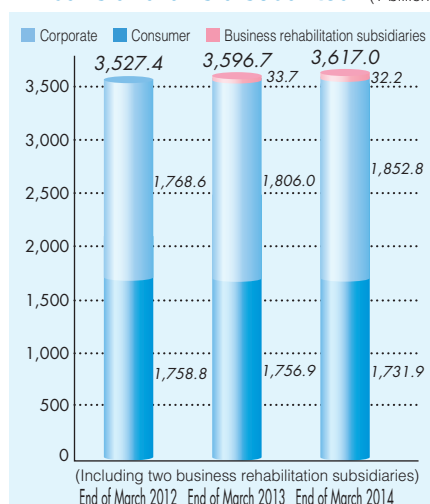
■ Deposits



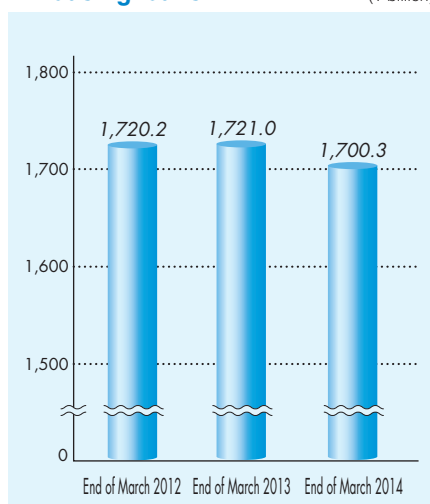
■ Investment product sales (¥ billion)



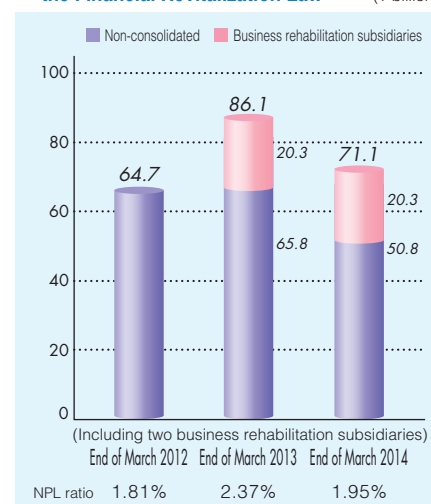
■ Loans and bills discounted (¥ billion)



■ Housing loans



■ Balance and ratio of credits disclosed under the Financial Revitalization Law (¥ billion)



Business Performance (Non-consolidated)

With regard to non-consolidated performance of the Senshu Ikeda Bank in the fiscal year under review, ordinary revenue were ¥92,884 million. This was mainly due to a decrease in interest income, partially offset by an increase in fees and commissions. Ordinary expenses were ¥79,367 million, due to decreases in interest expenses, general and administrative expenses and net credit costs.

As a result ordinary income increased ¥4,025 million from the previous fiscal year to ¥13,517 million, and core banking profit increased ¥93 million from the fiscal year 2012 to ¥13,256 million, while banking profit decreased ¥6,371 million to ¥18,089 million.

Net income for the fiscal year increased ¥6,671 million to ¥14,746 million.

The balance of deposits as at the end of March 2014 increased ¥104.5 billion from the end of March 2013 to ¥4,617.3 billion. Due to the launch of Senshu Ikeda Tokai Tokyo Securities, investment trusts sales and assets under management increased.

The balance of loans and bills discounted including two business rehabilitation subsidiaries as at the end of March 2014 increased ¥20.3 billion from the end of March 2013 to ¥3,617.0 billion.

The balance of credits disclosed under the Financial Revitalization Law as at the end of March 2014 including two business rehabilitation subsidiaries, decreased ¥14.9 billion from the end of March 2013 to ¥71.1 billion. As a result, NPL ratio as at the end of March 2014 declined 0.42% from the end of March 2013 to 1.95%.

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. Hirokazu Tanaka 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 ten others.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Meanwhile, the Company and the Group have set out rules of risk management, 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 nine members who have been seconded from banking subsidiary (three full-time members and six members serving concurrently with other posts; as of March 31, 2014), 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. 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, capital relationship with the last. He is an independent officer without any potential conflict of interest with general shareholders as required to be designated by Tokyo Stock Exchange. 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 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 firm 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 26,360 shares of the common stock of the Company.

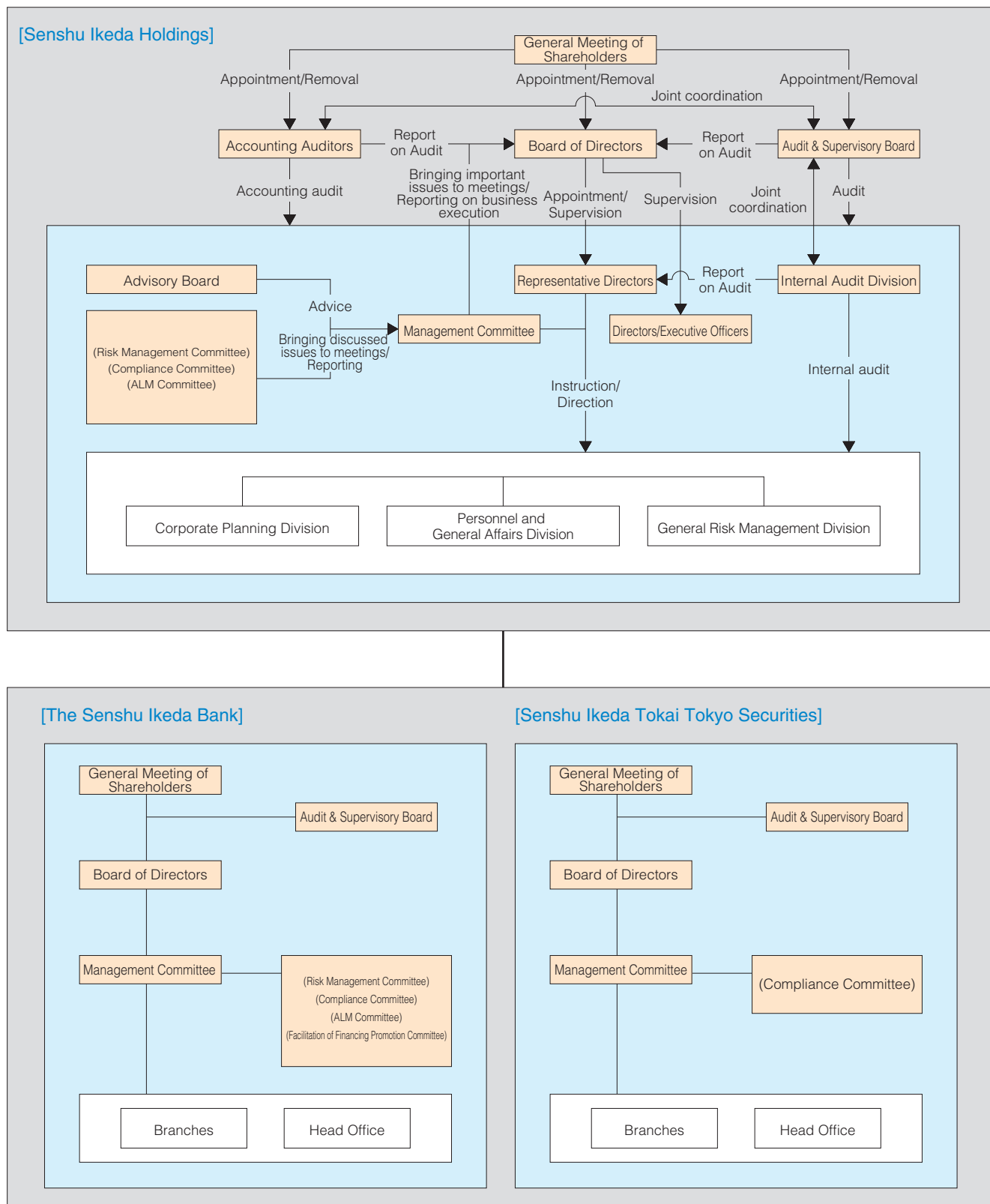
He performs his duties as an audit & supervisory board member based on his wealth of experience and broad insight earned over the years as an audit & supervisory board member in financial institutions.

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, 2014)



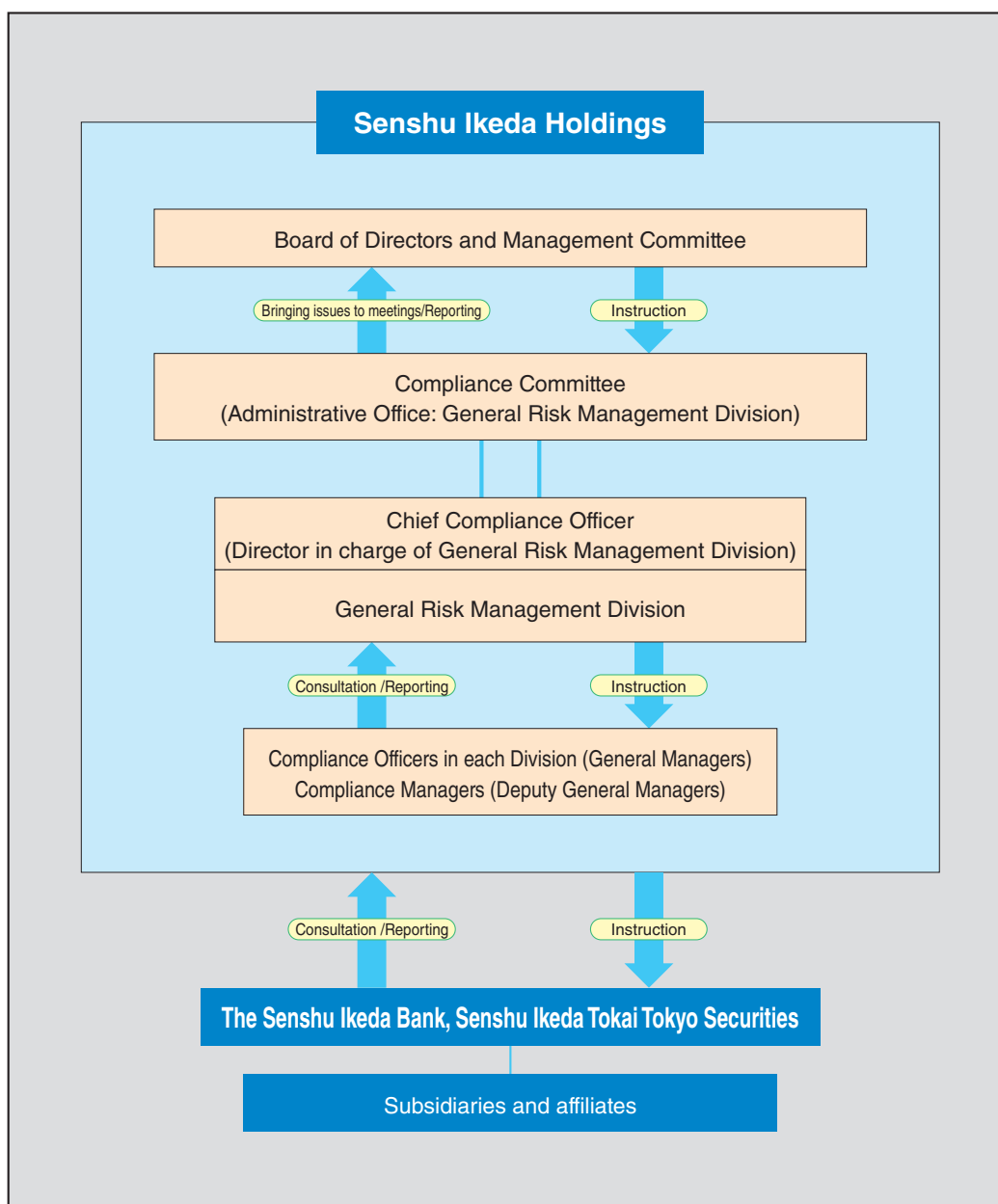
Compliance Structure

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 financial institutions 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 its subsidiaries, 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 independent 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

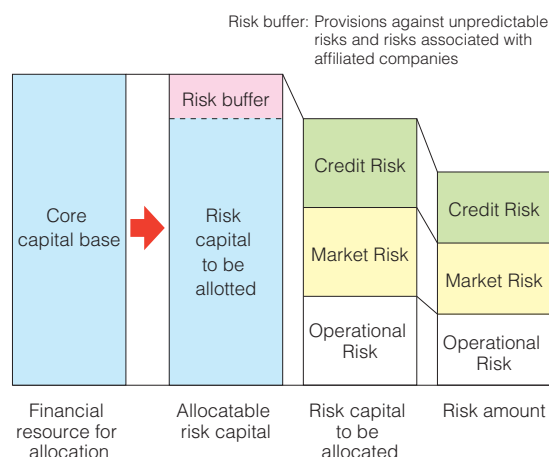
face. The Company evaluates the risks divided into categories of credit risk, credit concentration risk outside the calculation of capital ratio, interest rate risk in banking accounts, market risk and operational risk, and compares them with its management strength (capital ratio).

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 sourced from core 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.



● Calculation method for capital ratio regulation

In respect to risk asset calculation for the purpose of the capital ratio regulation, the Group applies the standard method for credit risk and the gross profit allocation method for operational risk.

■ Credit Risk Management

Credit risk, as identified by the Group, is the risk of suffering losses as a result of a decline or loss of the value of assets due to reasons such as the deteriorating financial conditions of or default by the obligor.

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, prices of secu-

rities, foreign exchange rates 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.

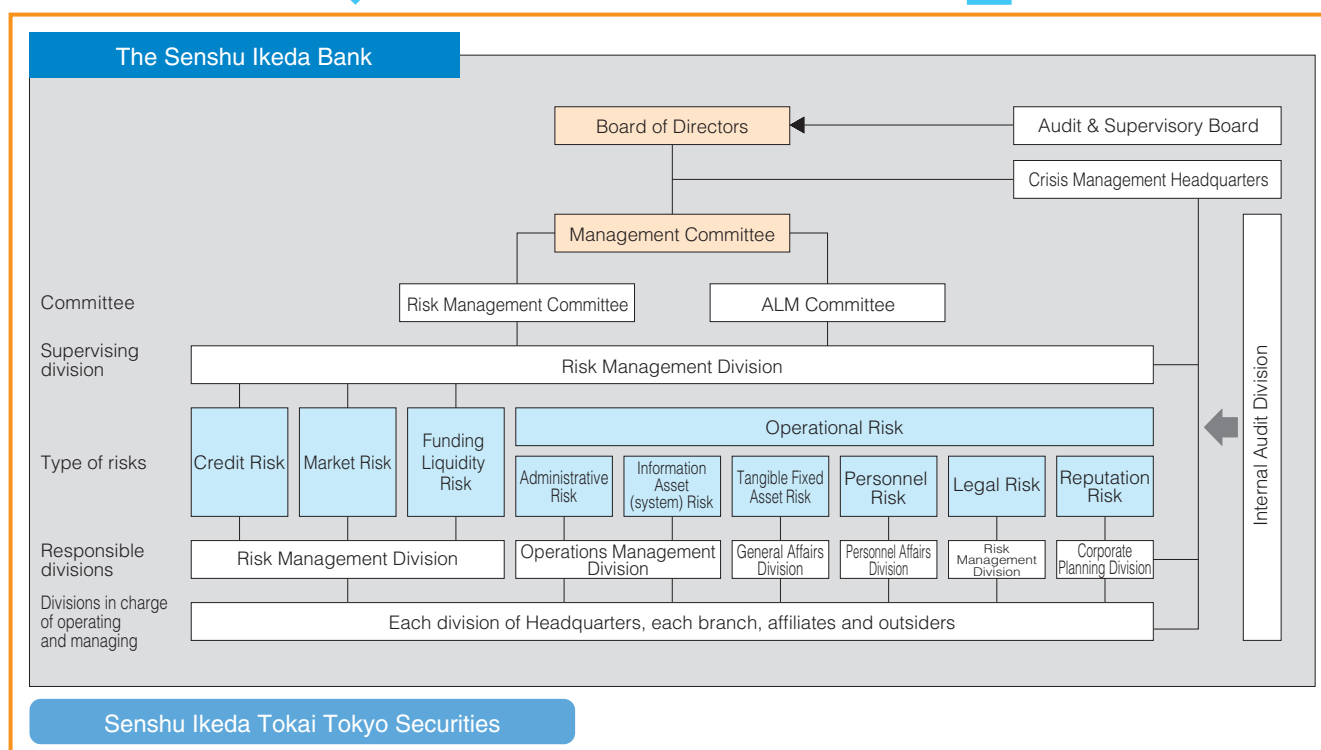
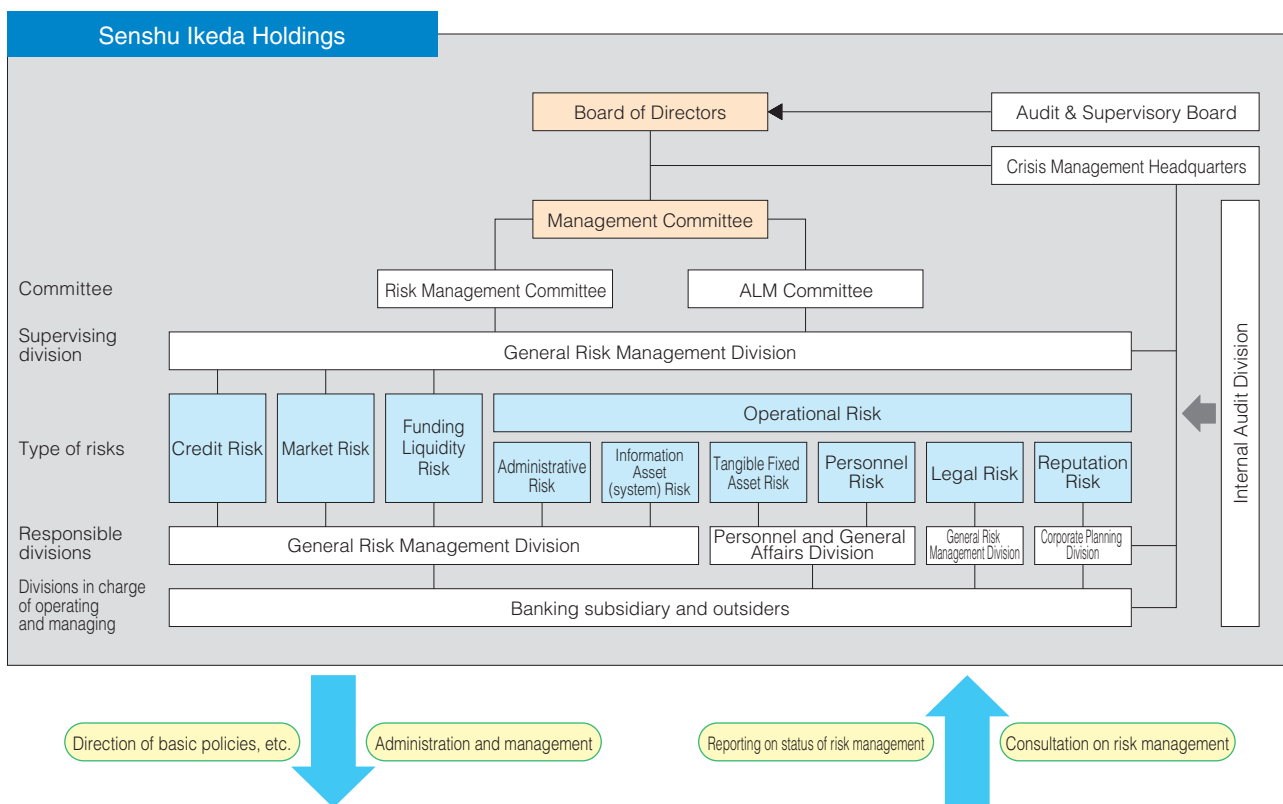
The Group works to avoid reputation risk by disclosing information proactively thorough increases the transparency of its management, taking into consideration the crucial influence on the management of the Group.

■ 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, 2014)



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

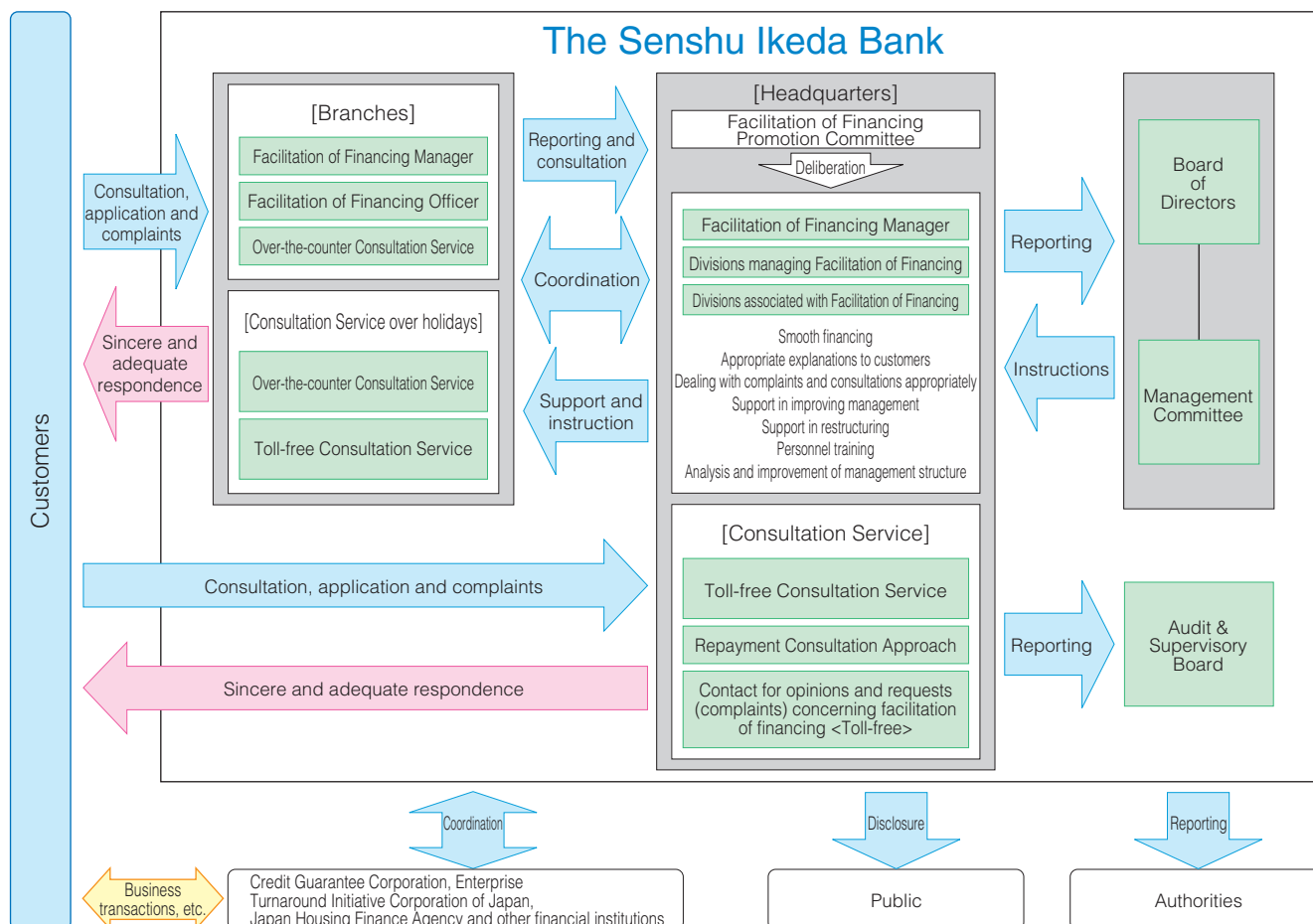
to promote facilitation of financing to those in need particularly under the current tight economic environment.

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) Furthermore, keeping in mind the purpose of the "Guidelines on Proprietor Guarantees" (Study Group on Guidelines on Proprietor Guarantees, December 5, 2013; hereinafter "Guidelines on Proprietor Guarantees"), the Bank intends to further promote loans that are not dependent on proprietor guarantees, while at the same time making efforts to deal with its customers based on the concept of reasonable guarantee contracts as set forth in the "Guidelines on Proprietor Guarantees."
- (6) 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.
- (7) 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.
- (8) 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 Information

Corporate Data (As of the end of July, 2014)

Senshu Ikeda Holdings, Inc.

Establishment: October 1, 2009
Location: 18-14 Chayamachi, Kita-ku, Osaka-City, Osaka 530-0013, Japan
Phone: 81-(0)6-4802-0181
URL: <http://www.senshuikeda-hd.co.jp>
Share Capital: ¥79.8 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: 95
Stock Listing: Tokyo Stock Exchange

The Senshu Ikeda Bank, Ltd.

Establishment: September 1, 1951
Location: 18-14 Chayamachi, Kita-ku, Osaka-City, Osaka 530-0013, Japan
Phone: 81-(0)6-6375-1005
URL: <http://www.sihd-bk.jp>
Share Capital: ¥50.7 billion
Deposits: ¥4.6173 trillion
Loans: ¥3.5848 trillion
Number of Branches: 139
Number of Employees: 2,624

Asia and China Business Promotion Division (International Division)

Phone: 81-(0)6-6375-3484
Facsimile : 81-(0)6-6375-3492
SWIFT Address : BIKEJPJS

Financial Market Division:

Phone: 81-(0)6-6375-3879
Facsimile : 81-(0)6-6375-3998

Suzhou Representative Office:

399 East Baodai Road,
Wuzhong District, Suzhou,
Jiangsu, China
Phone: 86-(0)512-6585-1791
Facsimile : 86-(0)512-6585-2312

Senshu Ikeda Tokai Tokyo Securities Co.,Ltd.

Establishment: January 30, 2013
Location: 18-14 Chayamachi, Kita-ku, Osaka-City, Osaka 530-0013, Japan
Phone: 81-(0)6-6485-0031
URL: <http://www.sittsec.co.jp>
Share Capital: ¥1.25 billion
Number of Branches: 3
Number of Employees: 67

Major Shareholders (As of March 31, 2014)

1. Common stock

Name	Number of Shares Owned (Thousands)	Proportion of Total Shares (%)
Japan Trustee Services Bank, Ltd. (Trust Account) *1	50,387	21.13
The Master Trust Bank of Japan, Ltd. (Trust Account)*1	18,887	7.92
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	11,869	4.97
The Senshu Ikeda Bank Employees' Shareholders Association	4,700	1.97
Mizuho Corporate Bank, Ltd.	4,192	1.75
ITAMI SANGYO CO., LTD.	3,692	1.54
OBAYASHI CORPORATION	3,318	1.39
Japan Trustee Services Bank, Ltd.(Trust Account 4G)*1	2,312	0.96
Tokio Marine & Nichido Fire Insurance Co., Ltd.	2,211	0.92
Hankyu Hanshin Holdings, Inc.	2,100	0.88

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

2. Second-class preferred stock

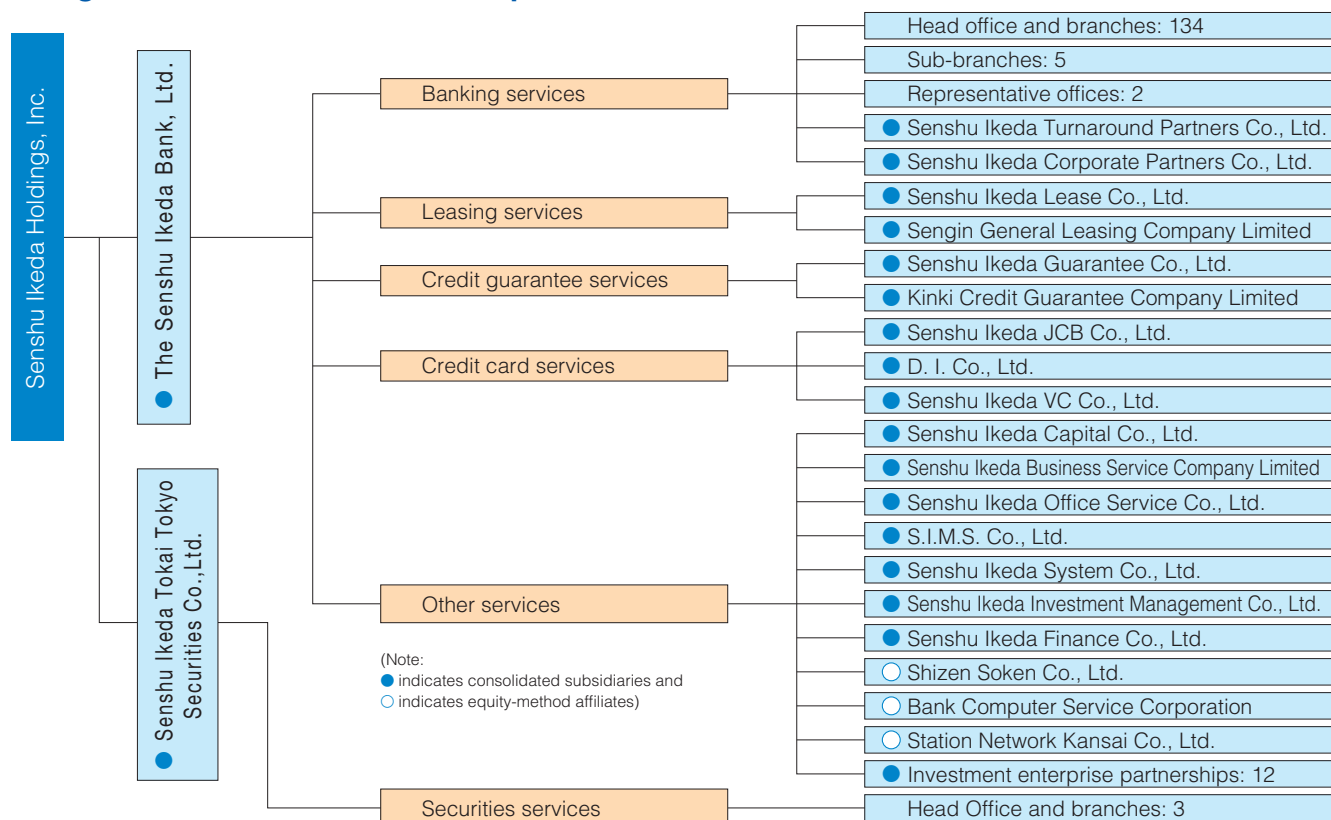
Name	Number of Shares Owned (Thousands)	Proportion of Total Shares (%)
OC FINANCE CORPORATION	6,475	28.00
Daikin Industries, Ltd.	4,625	20.00
Fukoku Mutual Life Insurance Company	1,850	8.00
ITAMI SANGYO CO., LTD.	1,850	8.00
NICHIA STEEL WORKS, LTD.	1,850	8.00
ROHTO Pharmaceutical Co., Ltd.	1,850	8.00
DAINIHO 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

3. Third-class preferred stock

Name	Number of Shares Owned (Thousands)	Proportion of Total Shares (%)
Development Bank of Japan Inc.	1,500	20.00
Aozora Bank, Ltd.	1,500	20.00
DAIDO LIFE INSURANCE COMPANY	1,500	20.00
ITAMI SANGYO CO., LTD.	500	6.66
NEC Capital Solutions Limited	500	6.66
IBJ Leasing Company, Limited	500	6.66
SHIMA SEIKI MFG., LTD.	500	6.66
Sky Co., LTD.	250	3.33
Nankai Electric Railway Co.,Ltd.	250	3.33
Nihon Kolmar Co.,Ltd.	250	3.33
Fuyo General Lease Co.,Ltd.	250	3.33

Business Description of the Group

■ Organizational Chart of the Group (As of the end of July, 2014)



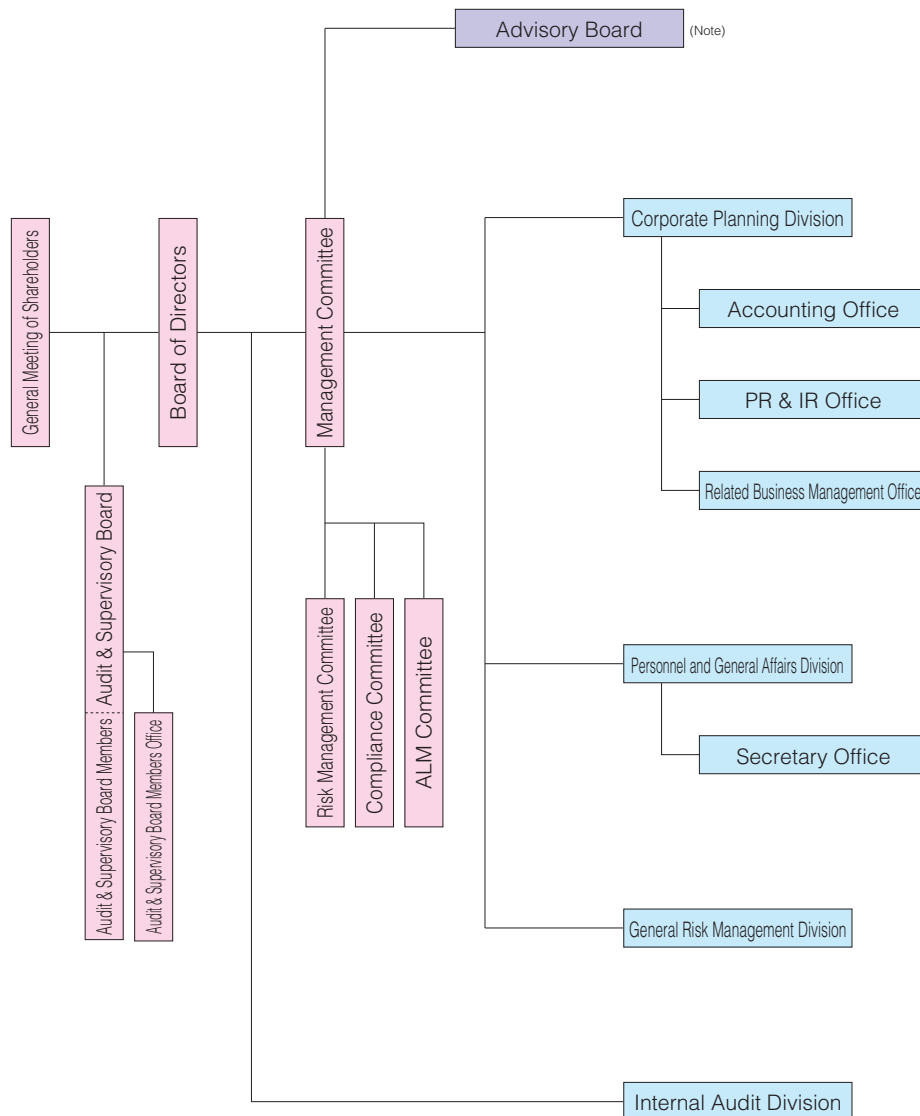
■ Subsidiaries and Affiliates (As of the end of July, 2014)

	Name	Address	Major Business	Date of establishment	Share Capital (millions of Japanese yen)	Investment ratio (%)	
						The Company	Subsidiaries and affiliates
Subsidiaries	The Senshu Ikeda Bank, Ltd.	18-14, Chayamachi, Kita-ku, Osaka-city	Banking services	September 1, 1951	50,710	100.00	—
	Senshu Ikeda Tokai Tokyo Securities Co., Ltd.	18-14, Chayamachi, Kita-ku, Osaka-city	Securities services	January 30, 2013	1,250	60.00	—
	Senshu Ikeda Turnaround Partners Co., Ltd.	18-14, Chayamachi, Kita-ku, Osaka-city	Banking services (Business rehabilitation services)	January 4, 2013	100	—	100.00
	Senshu Ikeda Corporate Partners Co., Ltd.	18-14, Chayamachi, Kita-ku, Osaka-city	Banking services (Business rehabilitation services)	January 4, 2013	100	—	100.00
	Senshu Ikeda Lease Co., Ltd.	3-1-22, Toyosaki, Kita-ku, Osaka-city	Leasing services	April 1, 1986	50	—	81.00
	Sengin General Leasing Company Limited	27-1, Miyamotocho, Kishiwada-city	Leasing services	October 23, 1985	120	—	95.60
	Senshu Ikeda Guarantee Co., Ltd.	2-1-11, Jonan, Ikeda-city	Credit guarantee services	July 20, 1973	180	—	48.37
	Kinki Credit Guarantee Company Limited	2-1-1, Nishiki, Kaizuka-city	Credit guarantee services	April 1, 1975	100	—	100.00
	Senshu Ikeda JCB Co., Ltd.	8-10, Kurehacho, Ikeda-city	Credit card services	February 1, 1983	60	—	88.37
	D. I. Co., Ltd.	8-10, Kurehacho, Ikeda-city	Credit card services	September 5, 1990	30	—	90.00
	Senshu Ikeda VC Co., Ltd.	8-10, Kurehacho, Ikeda-city	Credit card services	November 2, 1990	40	—	100.00
	Senshu Ikeda Capital Co., Ltd.	18-14, Chayamachi, Kita-ku, Osaka-city	Venture capital services	March 6, 1989	90	—	100.00
	Senshu Ikeda Business Service Company Limited	18-14, Chayamachi, Kita-ku, Osaka-city	Back-office administration	April 1, 1983	30	—	100.00
	Senshu Ikeda Office Service Co., Ltd.	2-1-11, Jonan, Ikeda-city	Personnel services	July 11, 1988	20	—	100.00
	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	—	100.00
	Senshu Ikeda System Co., Ltd.	18-14, Chayamachi, Kita-ku, Osaka-city	Computer software development and sale services	June 10, 1985	50	—	63.10
	Senshu Ikeda Investment Management Co., Ltd.	3-1-22, Toyosaki, Kita-ku, Osaka-city	Investment advisory and discretionary investment services	April 1, 1987	120	—	100.00
	Senshu Ikeda Finance Co., Ltd.	18-14, Chayamachi, Kita-ku, Osaka-city	Money-lending services	March 15, 2013	10	—	100.00
Affiliates	Shizen Soken Co., Ltd.	2-1-11, Jonan, Ikeda-city	Information offering services	November 1, 1996	80	—	15.00
	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	—	45.00
	Station Network Kansai Co., Ltd.	1-4-8, Shibata, Kita-ku, Osaka-city	Planning and operation of ATM at station	June 29, 2000	100	—	40.00

Organization and Board of Directors

Senshu Ikeda Holdings

■ Organization (As of the end of July, 2014)



(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.

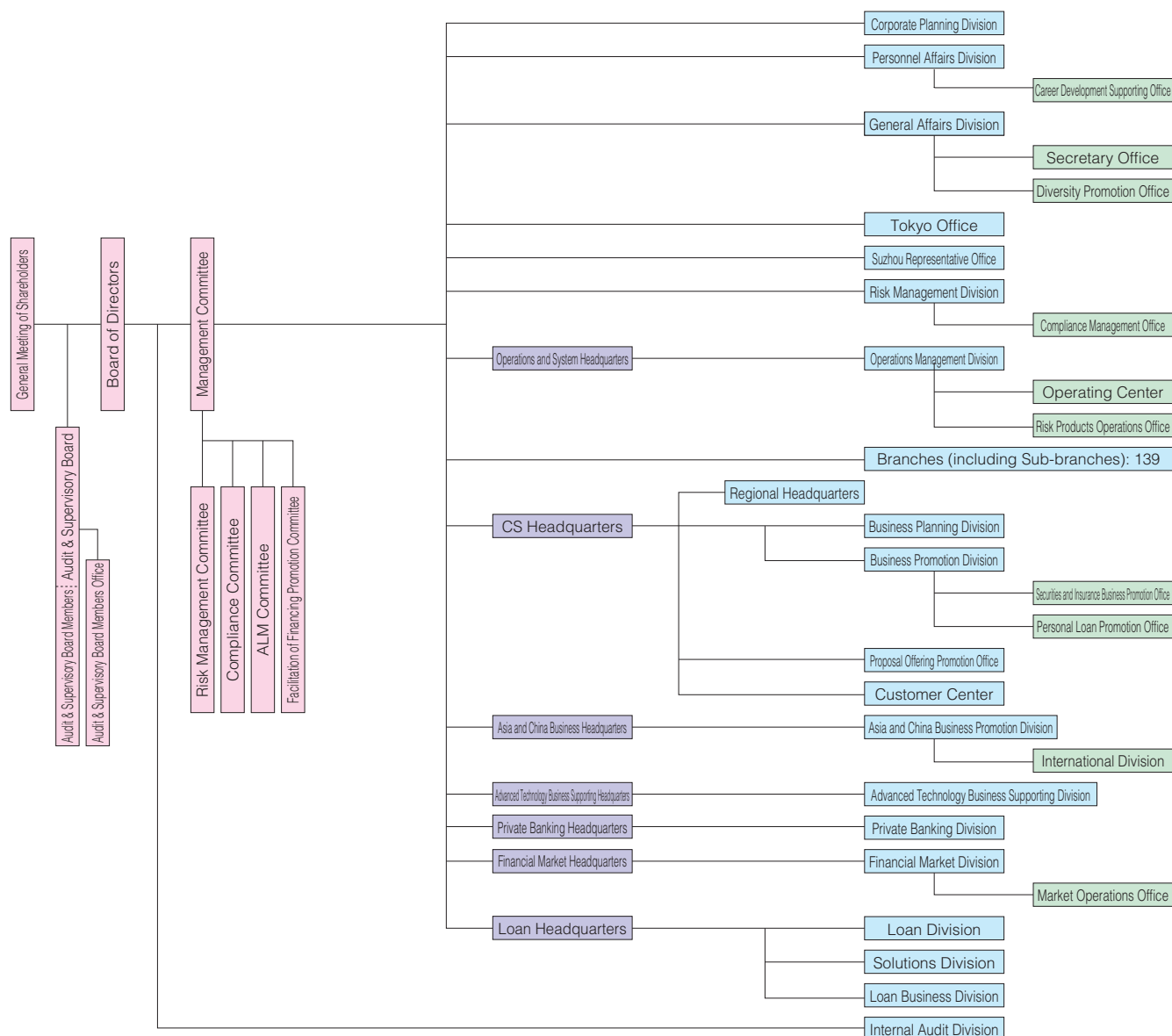
Members: (In the order of the Japanese syllabary)
 ·Noriyuki Inoue
 (Chairman of the Board of Daikin Industries, Ltd.)
 ·Masahiro Shima
 (President of SHIMA SEIKI Mfg., Ltd.)
 ·Motohiro Sugai
 (Former president of Hankyu Corporation)
 ·Hidenobu Hiraoka
 (Chairman of the Board of Trustee of Seifu Gakuen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

■ Board of Directors (As of June 27, 2014)

Representative Director and President	Hirohisa Fujita	Director	Akira Tahara	Director	Hirotsugu Maekawa	Audit & Supervisory Board Member (Full-time)	Kazuhiro Masao
Representative Director and Chairman	Kazuyuki Kataoka	Director	Atsushi Ukawa	Director	Hiro Maeno	Audit & Supervisory Board Member (Full-time)	Takashi Nishi
Representative Director	Hiroshi Kubota	Director	Motoshi Inoue	Director	Koji Miyata	Audit & Supervisory Board Member (Outside)	Toshiaki Imanaka
Representative Director	Jiro Tsuji			Director (Outside)	Kazuo Hiramatsu	Audit & Supervisory Board Member (Outside)	Toshiaki Sasaki

The Senshu Ikeda Bank

■ Organization (As of the end of July, 2014)

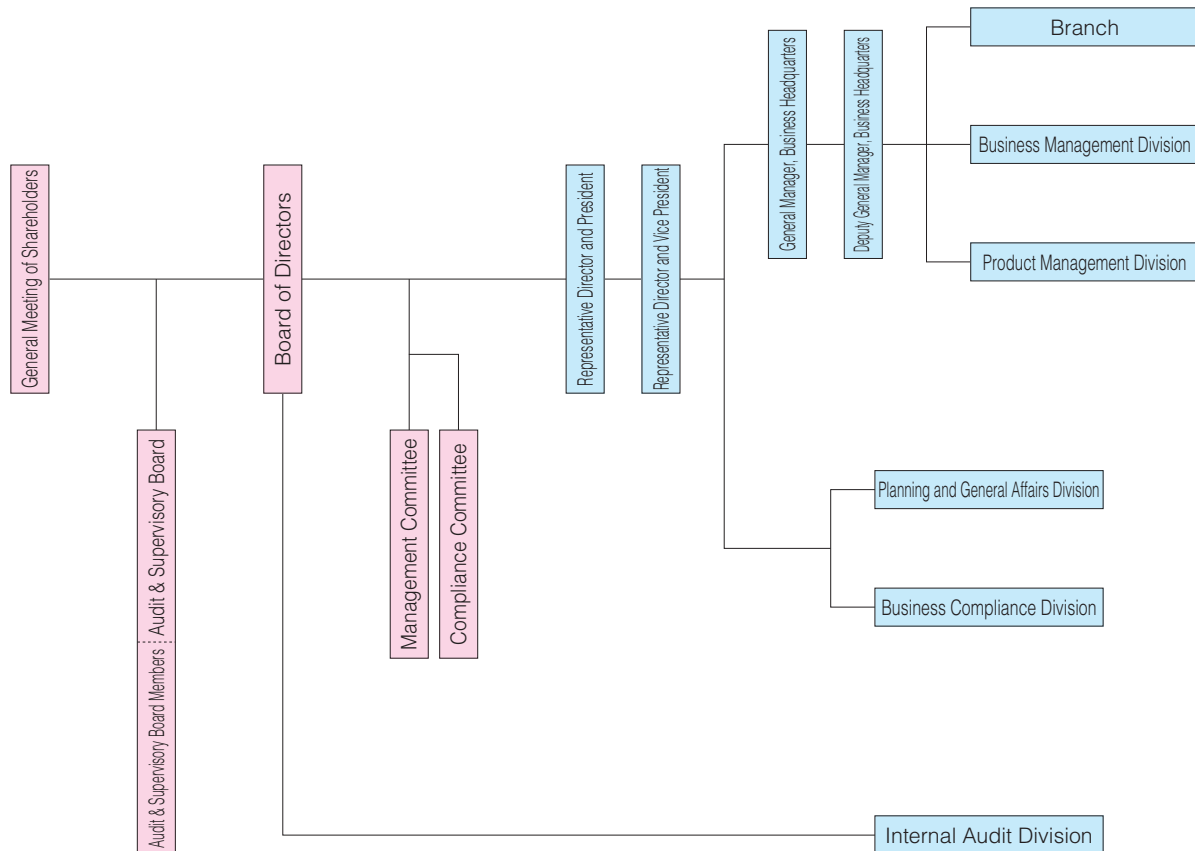


■ Board of Directors (As of June 27, 2014)

Representative Director and President	Hirohisa Fujita	Managing Director	Akira Tahara	Director	Hirotsugu Maekawa	Audit & Supervisory Board Member (Full-time)	Hiroaki Kobayashi
Representative Director and Chairman	Kazuyuki Kataoka	Managing Director	Atsushi Ukawa	Director	Hiro Maeno	Audit & Supervisory Board Member (Full-time)	Satoshi Kitagawa
Representative Senior Managing Director	Hiroshi Kubota	Managing Director	Motoshi Inoue	Director	Koji Miyata	Audit & Supervisory Board Member (Outside)	Taro Ohashi
Representative Senior Managing Director	Jiro Tsuji			Director (Outside)	Kazuo Hiramatsu	Audit & Supervisory Board Member (Outside)	Tsuneo Yamada

Senshu Ikeda Tokai Tokyo Securities

■ Organization (As of the end of July, 2014)



■ Board of Directors (As of June 27, 2014)

Representative Director and President	Yasuo Kitamura	Audit & Supervisory Board Member (Full-time)	Yutaka Sakato
Representative Director and Vice President	Hiromi Tajima	Audit & Supervisory Board Member (Outside)	Kazuhiro Masao
Managing Director	Noriaki Katayama	Audit & Supervisory Board Member (Outside)	Hiroichi Wakita

Consolidated Financial Information of Senshu Ikeda Holdings

Consolidated Balance Sheets

Senshu Ikeda Holdings, Inc. and Consolidated Subsidiaries
As of 31st March, 2014 and 2013

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2013	2014
Assets			
Cash and due from banks (Notes 27 and 33)	¥ 215,658	¥ 100,867	\$ 2,095,394
Call loans and bills bought (Note 33)	775	5,603	7,530
Monetary claims bought (Note 33)	1,128	956	10,959
Trading account securities (Notes 4 and 33)	122	108	1,185
Money held in trust (Notes 6 and 33)	27,000	19,000	262,339
Securities (Notes 5, 7, 12, 20 and 33)	1,375,525	1,169,201	13,364,992
Loans and bills discounted (Notes 8 and 33)	3,602,329	3,578,225	35,001,253
Foreign exchange assets (Notes 9 and 33)	5,529	4,376	53,721
Other assets (Notes 10 and 12)	61,282	73,975	595,433
Tangible fixed assets (Note 11)	38,447	38,105	373,561
Intangible fixed assets	8,045	7,617	78,167
Net defined benefit asset (Note 18)	6,496	—	63,116
Deferred tax assets (Note 29)	26,366	29,478	256,179
Customers' liabilities for acceptances and guarantees	19,992	21,758	194,247
Reserve for possible loan losses	(38,923)	(54,814)	(378,186)
Total assets	¥ 5,349,776	¥ 4,994,458	\$ 51,979,945
Liabilities and net assets			
Liabilities			
Deposits (Notes 12, 13 and 33)	¥ 4,580,769	¥ 4,490,736	\$ 44,508,054
Payables under securities lending transactions (Notes 12 and 33)	315,691	124,915	3,067,343
Borrowed money (Notes 12, 14, 33, 34 and 37)	118,517	71,909	1,151,544
Foreign exchange liabilities (Notes 15 and 33)	366	208	3,556
Corporate bonds and notes (Notes 16 and 33)	70,000	50,000	680,139
Other liabilities (Note 17)	45,146	42,239	438,651
Provision for employees' bonuses	1,678	1,708	16,303
Accrued retirement benefits for employees (Note 18)	—	4,511	—
Net defined benefit liability (Note 18)	120	—	1,165
Accrued retirement benefits for directors and corporate auditors	62	136	602
Reserve for reimbursement of deposits	328	315	3,186
Reserve for point services	170	163	1,651
Reserve for contingent losses	379	393	3,682
Reserve under special laws	0	—	0
Deferred tax liabilities (Note 29)	151	68	1,467
Negative goodwill	2	5	19
Acceptances and guarantees (Note 20)	19,992	21,758	194,247
Total liabilities	5,153,379	4,809,069	50,071,696
Net assets			
Shareholders' equity (Note 21):			
Common stock	79,811	72,311	775,466
Capital surplus	59,251	62,235	575,699
Retained earnings	46,949	35,431	456,169
Treasury stock	(728)	(1,350)	(7,073)
Total shareholders' equity	185,284	168,627	1,800,272
Accumulated other comprehensive income:			
Net unrealized gain (loss) on available-for-sale securities (Note 7)	(147)	7,808	(1,428)
Net unrealized gain on deferred hedges (Note 34)	1	0	9
Remeasurements of defined benefit plans	1,020	—	9,910
Total accumulated other comprehensive income	875	7,809	8,501
Stock subscription rights (Note 21)	68	63	660
Minority interests	10,168	8,888	98,795
Total net assets	196,397	185,389	1,908,249
Total liabilities and net assets	¥ 5,349,776	¥ 4,994,458	\$ 51,979,945

See accompanying notes to consolidated financial statements

Consolidated Statements of Operations

Senshu Ikeda Holdings, Inc. and Consolidated Subsidiaries
For the years ended 31st March, 2014 and 2013

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2013	2014
Income			
Interest income:			
Interest on loans and bills discounted (Note 32)	¥ 51,103	¥ 54,701	\$ 496,531
Interest and dividends on securities	9,459	9,470	91,906
Other interest income	307	211	2,982
Fees and commissions	19,784	17,900	192,226
Other operating income (Note 22)	6,933	16,543	67,363
Recoveries of written-off claims	1,634	1,419	15,876
Gain on contribution of securities to retirement benefit	2,291	—	22,260
Other income (Note 23)	15,636	11,801	151,923
Total income	107,150	112,049	1,041,099
Expenses			
Interest expenses:			
Interest on deposits	6,203	6,769	60,270
Interest on borrowings and rediscounts	866	944	8,414
Other interest expenses	1,736	1,681	16,867
Fees and commissions	5,672	5,307	55,110
Other operating expenses (Note 24)	6,592	7,290	64,049
General and administrative expenses	52,582	54,460	510,901
Loss on sales or disposal of fixed assets	58	74	563
Loss on impairment of fixed assets	22	25	213
Loss on change in ownership interest	112	—	1,088
Other expenses (Note 25)	13,650	22,298	132,627
Total expenses	87,496	98,851	850,136
Income before income taxes and minority interests	19,653	13,197	190,954
Income taxes (Note 29)			
Current	889	998	8,637
Deferred	1,631	1,784	15,847
Total income taxes	2,521	2,783	24,494
Net income before minority interests	17,132	10,414	166,459
Minority interests	527	312	5,120
Net income	¥ 16,604	¥ 10,102	\$ 161,329

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, 2014 and 2013

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2013	2014
Net income before minority interests	¥ 17,132	¥ 10,414	\$ 166,459
Other comprehensive income (Note 30)			
Net unrealized gain (loss) on available-for-sale securities	(7,931)	19,714	(77,059)
Net unrealized gain on deferred hedges	0	2	0
Total other comprehensive income	(7,930)	19,717	(77,050)
Comprehensive income	¥ 9,201	¥ 30,132	\$ 89,399
Total comprehensive income attributable to:			
Owners of the parent	8,649	29,792	84,036
Minority interests	551	340	5,353

Consolidated Statement of Changes in Net Assets

Senshu Ikeda Holdings, Inc. and Consolidated Subsidiaries
Year Ended March 31, 2014

	Millions of Yen										
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholder's equity	Accumulated other comprehensive income					Total net assets
						Net unrealized gain (loss) on available-for-sale securities	Net unrealized gain (loss) on deferred hedges	Remeasurements of defined benefit plans	Stock subscription rights	Minority interests	
BALANCE, APRIL 1, 2012	72,311	72,675	30,910	(1,944)	173,952	(11,878)	(2)	–	62	1,177	163,311
Increase by merger			3		3						3
Net income			10,102		10,102						10,102
Cash dividends			(5,585)		(5,585)						(5,585)
Acquisition of treasury stock				(10,369)	(10,369)						(10,369)
Disposition of treasury stock		(73)		596	523						523
Retirement of treasury stock		(10,366)		10,366	–						–
Net changes in items other than shareholder's equity						19,686	2		1	7,711	27,402
Total changes during the year		(10,439)	4,520	593	(5,325)	19,686	2	–	1	7,711	22,077
BALANCE, MARCH 31, 2013	72,311	62,235	35,431	(1,350)	168,627	7,808	0	–	63	8,888	185,389
Issuance of common stock	7,500	7,500			15,000						15,000
Increase by merger			131		131						131
Net income			16,604		16,604						16,604
Cash dividends			(5,208)		(5,208)						(5,208)
Acquisition of treasury stock				(10,390)	(10,390)						(10,390)
Disposition of treasury stock		(96)		624	528						528
Retirement of treasury stock		(10,387)		10,387	–						–
Change in scope of consolidation			(8)		(8)						(8)
Net changes in items other than shareholder's equity						(7,955)	0	1,020	4	1,280	(5,648)
Total changes during the year	7,500	(2,983)	11,518	622	16,657	(7,955)	0	1,020	4	1,280	11,008
BALANCE, MARCH 31, 2014	79,811	59,251	46,949	(728)	185,284	(147)	1	1,020	68	10,168	196,397

	Thousands of U.S. Dollars (Note 1)										
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholder's equity	Accumulated other comprehensive income					Total net assets
						Net unrealized gain (loss) on available-for-sale securities	Net unrealized gain (loss) on deferred hedges	Remeasurements of defined benefit plans	Stock subscription rights	Minority interests	
BALANCE, MARCH 31, 2013	702,594	604,692	344,257	(13,116)	1,638,427	75,864	0	–	612	86,358	1,801,292
Issuance of common stock	72,872	72,872			145,744						145,744
Increase by merger			1,272		1,272						1,272
Net income			161,329		161,329						161,329
Cash dividends			(50,602)		(50,602)						(50,602)
Acquisition of treasury stock				(100,952)	(100,952)						(100,952)
Disposition of treasury stock		(932)		6,062	5,130						5,130
Retirement of treasury stock		(100,923)		100,923	–						–
Change in scope of consolidation			(77)		(77)						(77)
Net changes in items other than shareholder's equity						(77,293)	0	9,910	38	12,436	(54,877)
Total changes during the year	72,872	(28,983)	111,912	6,043	161,844	(77,293)	0	9,910	38	12,436	106,956
BALANCE, MARCH 31, 2014	775,466	575,699	456,169	(7,073)	1,800,272	(1,428)	9	9,910	660	98,795	1,908,249

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Senshu Ikeda Holdings, Inc. and Consolidated Subsidiaries
For the years ended 31st March, 2014 and 2013

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2013	2014
Cash flows from operating activities			
Income before income taxes and minority interests	¥ 19,653	¥ 13,197	\$ 190,954
Depreciation	4,656	5,004	45,239
Loss on impairment of fixed assets	22	25	213
Amortization of goodwill	133	84	1,292
Amortization of negative goodwill	(2)	(2)	(19)
Gains on negative goodwill incurred	(3)	(491)	(29)
(Earnings) losses from investments under the equity method	(29)	(1)	(281)
Increase (decrease) in reserve for possible loan losses	(15,890)	6,510	(154,391)
Increase (decrease) in accrued bonuses	(29)	(41)	(281)
Loss (gain) on contribution of securities to retirement benefit	(2,291)	–	(22,260)
Decrease (increase) in net defined benefit asset	(1,538)	–	(14,943)
Increase (decrease) in net defined benefit liability	12	–	116
Increase (decrease) in accrued retirement benefits for employees	–	(3)	–
Increase (decrease) in accrued retirement benefits for directors and corporate auditors	(74)	(198)	(719)
Increase (decrease) in reserve for reimbursement of deposits	13	56	126
Increase (decrease) in reserve for point services	7	22	68
Increase (decrease) in reserve for contingent losses	(13)	(79)	(126)
Interest income	(60,870)	(64,383)	(591,430)
Interest expenses	8,806	9,394	85,561
(Gain) loss on securities	(5,060)	(7,269)	(49,164)
(Gain) loss on money held in trust	219	64	2,127
(Gain) loss on foreign exchange	(31,497)	(20,465)	(306,033)
(Gain) loss on sales or disposal of fixed assets, net	57	74	553
Net (increase) decrease in loans and bills discounted	(24,104)	(62,082)	(234,201)
Net increase (decrease) in deposits	90,033	100,282	874,786
Net increase (decrease) in borrowed money (excluding subordinated borrowings)	46,608	8,645	452,856
Net (increase) decrease in due from banks (excluding due from the Bank of Japan)	(3,836)	(2,500)	(37,271)
Net (increase) decrease in trading account securities	(14)	(39)	(136)
Net (increase) decrease in call loans and bills bought	4,655	(4,366)	45,229
Net increase (decrease) in payables under securities lending transactions	190,776	(112,392)	1,853,633
Net (increase) decrease in foreign exchange (assets)	(1,153)	(47)	(11,202)
Net increase (decrease) in foreign exchange (liabilities)	157	(223)	1,525
Interest received	61,215	65,857	594,782
Interest paid	(10,313)	(11,219)	(100,204)
Other	8,300	102	80,645
Subtotal	278,607	(76,486)	2,707,024
Income taxes paid	(1,255)	(908)	(12,193)
Net cash provided by (used in) operating activities	¥ 277,352	¥ (77,395)	\$ 2,694,830

Consolidated Statements of Cash Flows

Senshu Ikeda Holdings, Inc. and Consolidated Subsidiaries
For the years ended 31st March, 2014 and 2013

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2013	2014
Cash flows from investing activities			
Purchases of securities	¥ (1,123,362)	¥ (1,056,879)	\$(10,914,904)
Proceeds from sales of securities	291,683	830,989	2,834,075
Proceeds from maturity of securities	660,551	287,658	6,418,101
Increase in money held in trust	(8,612)	(205)	(83,676)
Decrease in money held in trust	381	135	3,701
Purchases of tangible fixed assets	(2,733)	(2,689)	(26,554)
Purchases of intangible fixed assets	(1,500)	(668)	(14,574)
Proceeds from sales of tangible fixed assets	56	27	544
Proceeds of investments in subsidiaries resulting in charge in scope of consolidation (Note 27)	(2,400)	–	(23,319)
Payments for execution of assets retirement obligations	–	(22)	–
Net cash provided by (used in) investing activities	(185,936)	58,346	(1,806,607)
Cash flows from financing activities			
Proceeds from issuance of common stock	15,000	–	145,744
Increase in subordinated borrowings	–	7,000	–
Decrease in subordinated borrowings	–	(13,500)	–
Increase in subordinated bonds and bonds with stock subscription rights	20,000	–	194,325
Decrease in subordinated bonds and bonds with stock subscription rights	–	(3,000)	–
Proceeds from stock issuance for minority shareholders	–	8,000	–
Cash dividends paid	(5,208)	(5,585)	(50,602)
Cash dividends paid for minority shareholders	(247)	(19)	(2,399)
Purchases of treasury stock	(10,390)	(10,369)	(100,952)
Proceeds from disposal of treasury stock	624	596	6,062
Net cash provided by (used in) financing activities	19,778	(16,877)	192,168
Effect of exchange rate changes on cash and cash equivalents	(239)	291	(2,322)
Net increase (decrease) in cash and cash equivalents	110,955	(35,634)	1,078,070
Cash and cash equivalents at beginning of year	95,361	130,996	926,554
Cash and cash equivalents at end of year (Note 27)	¥ 206,317	¥ 95,361	\$ 2,004,634

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, 2014 and 2013

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 ¥102.92 = U.S.\$1.00, the exchange rate prevailing on 31st March, 2014. 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 (30 in 2013) 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.

Senshu Ikeda Tokai Tokyo Securities Co., Ltd. and Senshu Ikeda Capital New Business Fund No.4 Investment Enterprise Limited Partnership have been included in the scope of consolidation from the fiscal year ended 31st March, 2014, as a result of acquisition of shares and its establishment, respectively.

J.I. Co., Ltd. (current trade name: Senshu Ikeda JCB Co., Ltd.) and The Senshu Card Company Limited, both of which were consolidated subsidiaries of the Company in the previous fiscal year, were merged effective 1st July, 2013, whereby J.I. Co., Ltd. was the surviving company.

Ikegin Capital New Business Fund No.1 Investment Enterprise Limited Partnership, which was a consolidated subsidiary of the Company in the previous fiscal year, was excluded from the scope of consolidation due to completion of its liquidation procedures.

The Company has applied the equity method to its investments in three affiliates for the years ended 31st March, 2014 and 2013, respectively.

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.

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 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 ¥62,365 million (\$605,956 thousand) and ¥56,999 million for the years ended 31st March, 2014 and 2013, 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 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.

(10) 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.

(11) 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.

(12) 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.

(13) Reserve under special laws

Reserve under special laws consist of the financial instruments transaction liability reserve of ¥0 million (\$0 thousand) as of March 31, 2014, posted by Senshu Ikeda Tokai Tokyo Securities Co., Ltd., which were calculated according to the specifications of Article 46-5 of the Financial Instruments and Exchange Act and Article 175 of the Cabinet Office Ordinance Related to the Financial Instruments Business, to prepare for losses originating from incidents relating to the purchase and sale of securities or other transactions.

(14) Accounting treatment for retirement benefits

In the calculation of retirement benefit obligation, the Company applies the straight-line basis in attributing expected retirement benefits to periods until the end of the fiscal year under review.

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 (\$96,132 thousand) is amortized over a period of 15 years.

Some of the consolidated subsidiaries calculate their net defined benefit liability and retirement benefit expenses by adopting the simplified method, assuming the amount of year-end retirement benefit payable due to voluntary terminations as retirement benefit obligation.

(15) Foreign currency transactions

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

(16) Leases

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

As lessee:

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

As lessor:

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

(17) Hedge accounting

Interest rate risk hedging

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

Foreign exchange rate risk hedging

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

(18) Cash flows

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

(19) Consumption taxes

Transactions are principally stated exclusive of national and municipal consumption taxes.

(20) Consolidated tax payment system

The Company and certain of its consolidated subsidiaries have adopted the consolidated tax payment system in accordance with the Corporation Tax Act (Act No. 34, 1965).

(21) Change in accounting policy

"Accounting Standard for Retirement Benefits" (the Accounting Standards Board of Japan (hereinafter "ASBJ") Statement No. 26, 17th May, 2012; hereinafter "Accounting Standard Retirement Benefits") and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, 17th May, 2012; hereinafter "Retirement Benefits Guidance") have been applied effective from the end of the fiscal year under review (except for the provisions specified in the main clause of Paragraph 35 of the Accounting Standard Retirement Benefits and the main clause of Paragraph 67 of the Retirement Benefits Guidance), and the amount of

retirement benefit obligation less pension plan assets has been recorded as net defined benefit liability, effective from the end of the fiscal year under review.

The application of Accounting Standard Retirement Benefits and others by the Company is subject to transitional handling provided for in Paragraph 37 of the Accounting Standard Retirement Benefits. Consequently, unrecognized actuarial gain or loss and unrecognized prior service cost after adjustment for tax effects were recorded in remeasurements of defined benefit plans under accumulated other comprehensive income at the end of the fiscal year under review.

As a result, as of 31st March, 2014, net defined benefit asset of ¥6,496 million (\$63,116 thousand) and net defined benefit liability of ¥120 million (\$1,165 thousand) were recorded. Additionally, deferred tax assets decreased by ¥564 million (\$5,479 thousand), and accumulated other comprehensive income increased by ¥1,020 million (\$9,910 thousand).

(22) Issued but not yet adopted accounting standard and others
 “Accounting Standard for Retirement Benefits” and
 “Guidance on Accounting Standard for Retirement Benefits”

(1) Overview

Accounting standard for retirement benefits has been revised from the viewpoint of improvement to financial reporting and international convergence, mainly focusing on the accounting treatment for unrecognized actuarial gain or loss and unrecognized prior service cost, the calculation of retirement benefit obligation and service cost, and the enhancement of disclosures.

(2) Scheduled date of adoption

The Company will adopt the amendments to the method for calculating retirement benefit obligation and service cost 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 expected to be an increase in retained earnings at the beginning of the fiscal year ending 31st March, 2015 by ¥466 million (\$4,527 thousand).

4. Trading account securities

Valuation gain or loss on trading account securities included in income before income taxes and minority interests was ¥(1) million (\$ (9) thousand) and ¥(0) million for the years ended 31st March, 2014 and 2013, respectively.

5. Securities

Securities at 31st March, 2014 and 2013 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Stocks	¥ 68,880	¥ 76,074	\$ 669,257
Bonds:			
Government bonds	319,287	401,161	3,102,283
Local government bonds	53,642	56,333	521,200
Corporate bonds	315,224	229,218	3,062,806
Other	618,490	406,413	6,009,424
Total	¥ 1,375,525	¥ 1,169,201	\$ 13,364,992

Stocks in the above table include investments in affiliates of ¥265 million (\$2,574 thousand) and ¥236 million at 31st March, 2014 and 2013, respectively.

Held-to-maturity debt securities with fair value at 31st March, 2014 and 2013 were as follows:

	Millions of yen		
	31st March, 2014	Carrying value	Fair value
Government bonds	¥ 24,997	¥ 25,024	
Corporate bonds	45,406	45,601	
Other	18,000	18,321	
Total	¥ 88,403	¥ 88,946	

	Millions of yen			
	31st March, 2014	Difference	Unrealized gain	Unrealized loss
Government bonds	¥ 26	¥ 26	¥ –	–
Corporate bonds	195	200	(5)	
Other	321	321	–	
Total	¥ 542	¥ 548	¥ (5)	

	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)	

Thousands of U.S. dollars

31st March, 2014	Carrying value	Fair value
Government bonds	\$ 242,877	\$ 243,140
Corporate bonds	441,177	443,072
Other	174,893	178,012
Total	\$ 858,948	\$ 864,224

Thousands of U.S. dollars

31st March, 2014	Difference	Unrealized gain	Unrealized loss
Government bonds	\$ 252	\$ 252	\$ -
Corporate bonds	1,894	1,943	(48)
Other	3,118	3,118	-
Total	\$ 5,266	\$ 5,324	\$ (48)

There were no held-to-maturity debt securities sold during the years ended 31st March, 2014 and 2013.

Available-for-sale securities with fair value at 31st March, 2014 and 2013 were as follows:

Millions of yen

31st March, 2014	Carrying value	Acquisition cost
Equity securities	¥ 62,852	¥ 47,885
Bonds:		
Government bonds	294,290	294,110
Local government bonds	53,642	53,478
Corporate bonds	269,818	268,398
Subtotal	617,750	615,986
Other	599,415	613,388
Total	¥ 1,280,018	¥ 1,277,260

Millions of yen

31st March, 2014	Difference	Unrealized gain	Unrealized loss
Equity securities	¥ 14,966	¥ 17,332	¥ (2,365)
Bonds:			
Government bonds	179	194	(14)
Local government bonds	163	173	(9)
Corporate bonds	1,420	1,512	(92)
Subtotal	1,763	1,880	(117)
Other	(13,972)	2,245	(16,217)
Total	¥ 2,757	¥ 21,458	¥ (18,700)

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)

Thousands of U.S. dollars

31st March, 2014	Carrying value	Acquisition cost
Equity securities	\$ 610,687	\$ 465,264
Bonds:		
Government bonds	2,859,405	2,857,656
Local government bonds	521,200	519,607
Corporate bonds	2,621,628	2,607,831
Subtotal	6,002,234	5,985,095
Other	5,824,086	5,959,852
Total	\$ 12,437,019	\$ 12,410,221

Thousands of U.S. dollars

31st March, 2014	Difference	Unrealized gain	Unrealized loss
Equity securities	\$ 145,413	\$ 168,402	\$ (22,979)
Bonds:			
Government bonds	1,739	1,884	(136)
Local government bonds	1,583	1,680	(87)
Corporate bonds	13,797	14,691	(893)
Subtotal	17,129	18,266	(1,136)
Other	(135,755)	21,813	(157,568)
Total	\$ 26,787	\$ 208,492	\$ (181,694)

Available-for-sale securities sold during the years ended 31st March, 2014 and 2013 were as follows:

Millions of yen			
2014	Proceeds from sales	Gain	Loss
Equity securities	¥ 13,966	¥ 5,822	¥ (472)
Bonds:			
Government bonds	58,472	233	(17)
Local government bonds	–	–	–
Corporate bonds	32,078	490	(4)
Subtotal	90,550	724	(21)
Other	175,927	5,357	(2,927)
Total	¥ 280,445	¥ 11,903	¥ (3,421)

Millions of yen			
2013	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)

Thousands of U.S. dollars			
2014	Proceeds from sales	Gain	Loss
Equity securities	\$ 135,697	\$ 56,568	\$ (4,586)
Bonds:			
Government bonds	568,130	2,263	(165)
Local government bonds	–	–	–
Corporate bonds	311,678	4,760	(38)
Subtotal	879,809	7,034	(204)
Other	1,709,356	52,050	(28,439)
Total	\$ 2,724,883	\$ 115,652	\$ (33,239)

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, 2014 and 2013 were ¥3,375 million (\$32,792 thousand) and ¥212 million, respectively, which consisted of ¥7 million (\$68 thousand) on equity securities and 3,367 million(\$32,714) on investment trusts for the year ended 31st March, 2014, and ¥212 million on equity securities for the year ended 31st March, 2013.

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, 2014 and 2013 consisted of the following:

Money held in trust for trading purposes

		Thousands of U.S. dollars	
	Millions of yen	2013	2014
Carrying value	¥ 27,000	¥ 19,000	\$ 262,339
Valuation gain (loss) included in consolidated statements of income	¥ (2)	¥ 49	\$ (19)

There were no money held in trust owned for other purposes at 31st March, 2014 and 2013.

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

Net unrealized gain (loss) on available-for-sale securities at 31st March, 2014 and 2013 consisted of the following:

		Thousands of U.S. dollars	
	Millions of yen	2013	2014
Differences between acquisition cost and fair value:			
Available-for-sale securities	¥ 2,757	¥ 9,689	\$ 26,787
Deferred tax liabilities	(2,813)	(1,813)	(27,331)
Differences between acquisition cost and fair value, net of taxes	(55)	7,876	(534)
Amounts corresponding to minority interests	(91)	(67)	(884)
Net unrealized gain (loss) on available-for-sale securities, net of taxes	¥ (147)	¥ 7,808	\$ (1,428)

8. Loans and Bills Discounted and Risk Monitored Loans

Loans and bills discounted:

Loans and bills discounted at 31st March, 2014 and 2013 consisted of the following:

		Thousands of U.S. dollars	
	Millions of yen	2013	2014
Bills discounted	¥ 18,256	¥ 20,591	\$ 177,380
Loans on bills	83,430	87,890	810,629
Loans on deeds	3,275,517	3,256,470	31,825,855
Overdrafts	225,125	212,670	2,187,378
Other	–	601	–
Total	¥ 3,602,329	¥ 3,578,225	\$35,001,253

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, 2014 and 2013 totaled ¥18,686 million (\$181,558 thousand) and ¥20,956 million, respectively. At 31st March, 2014 and 2013, 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 (\$151,574 thousand) and ¥15,600 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 ¥659,510 million (\$6,407,986 thousand) and ¥662,018 million at 31st March, 2014 and 2013, respectively, including the contracts whose contractual periods were either less than one year or revocable at any time, in the amount of ¥648,268 million (\$6,298,756 thousand) and ¥651,749 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, 2014 and 2013 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Loans to bankrupt borrowers	¥ 4,000	¥ 5,355	\$ 38,865
Delinquent loans	62,173	68,436	604,090
Loans past due for 3 months or more	—	14	—
Restructured loans	6,706	14,349	65,157
Total	¥ 72,881	¥ 88,156	\$ 708,132

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, 2014 and 2013 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Due from foreign correspondent banks	¥ 4,485	¥ 3,316	\$ 43,577
Foreign bills of exchange bought	362	273	3,517
Foreign bills of exchange receivable	681	786	6,616
Total	¥ 5,529	¥ 4,376	\$ 53,721

10. Other Assets

Other assets at 31st March, 2014 and 2013 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Investment in leased assets	¥ 15,937	¥ 15,237	\$ 154,848
Other receivables	18,854	27,439	183,190
Accrued income	8,318	7,778	80,820
Prepaid expenses	301	253	2,924
Other	17,871	23,266	173,639
Total	¥ 61,282	¥ 73,975	\$ 595,433

11. Tangible Fixed Assets

At 31st March, 2014 and 2013, accumulated depreciation of tangible fixed assets was ¥43,656 million (\$424,174 thousand) and ¥42,104 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, 2014 and 2013 was ¥517 million (\$5,023 thousand) and ¥517 million, respectively.

12. Assets Pledged

Assets pledged as collateral at 31st March, 2014 and 2013 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Securities	¥ 488,918	¥ 244,044	\$ 4,750,466
Other assets	1,069	1,608	10,386

The liabilities secured by the above pledged assets at 31st March, 2014 and 2013 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Deposits	¥ 14,537	¥ 2,685	\$ 141,245
Payables under securities lending transactions	315,691	124,915	3,067,343
Borrowed money	54,222	34,487	526,836
Other liabilities	205	–	1,991

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 ¥34,982 million (\$339,895 thousand) and ¥38,516 million at 31st March, 2014 and 2013, respectively. At 31st March, 2014 and 2013, margins on futures contracts in the amounts of ¥3,076 million (\$29,887 thousand) and ¥2,778 million, guarantee deposits of ¥5,263 million (\$51,136 thousand) and ¥5,143 million, deposits for futures transactions of ¥503 million (\$4,887 thousand) and ¥503 million and collateral money deposited for financial instruments of ¥1,200 million (\$11,659 thousand) and ¥500 million were included in "Other assets", respectively.

13. Deposits

Deposits at 31st March, 2014 and 2013 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Current deposits	¥ 149,018	¥ 151,963	\$ 1,447,901
Ordinary deposits	1,789,366	1,690,783	17,385,989
Savings deposits	26,474	27,382	257,228
Deposits at notice	10,359	8,995	100,650
Time deposits	2,524,345	2,544,899	24,527,254
Other deposits	81,204	66,712	789,001
Total	¥ 4,580,769	¥ 4,490,736	\$ 44,508,054

14. Borrowed Money

Borrowed money at 31st March, 2014 and 2013 consisted of borrowings from the Bank of Japan and certain other financial institutions.

Subordinated borrowings of ¥25,000 million (\$242,907 thousand) and ¥25,000 million were included in borrowed money at 31st March, 2014 and 2013, respectively.

The average interest rate applicable to borrowed money at 31st March, 2014 and 2013 was 0.75% and 1.11%, respectively.

The aggregate annual maturities of borrowed money subsequent to 31st March, 2014 were summarized as follows:

Year ending 31st March,	Millions of yen	Thousands of U.S. dollars
2015	¥ 85,075	\$ 826,612
2016	1,732	16,828
2017	13,274	128,973
2018	844	8,200
2019	402	3,905
2020 and thereafter	–	–
Total	¥ 118,517	\$ 1,151,544

As described in "Significant subsequent events" of notes to consolidated financial statements, borrowed money of The Senshu Ikeda Bank, Ltd., one of the Company's subsidiaries, whose borrowing of ¥8,000 million (\$77,730 thousand) were repaid before maturity on 9th June, 2014, is disclosed under 2015 of borrowed money.

15. Foreign Exchange Liabilities

Foreign exchange liabilities at 31st March, 2014 and 2013 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Foreign bills sold	¥ 363	¥ 199	\$ 3,527
Foreign bills of exchange payable	2	9	19
Total	¥ 366	¥ 208	\$ 3,556

16. Corporate Bonds and Notes

Short-term and long-term bonds payable at 31st March, 2014 and 2013 consisted of the following:

Issuer	Description	Issued	Millions of yen
			2014
The Senshu Ikeda Bank, Ltd.	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
	5th subordinated bonds	25th Sep., 2013	10,000
	6th subordinated bonds	27th Dec., 2013	10,000
Total			¥ 70,000

Issuer	Millions of yen	Thousands of U.S. dollars	Interest rates (%)	Secured/unsecured	Due
	2013	2014			
The Senshu Ikeda Bank, Ltd.	¥ 15,000	\$ 145,744	1.67	Unsecured	17th Dec., 2020
	10,000	97,162	2.01	Unsecured	21st Sep., 2021
	5,000	48,581	2.06	Unsecured	16th Dec., 2021
	20,000	194,325	2.23	Unsecured	23rd Mar., 2022
	–	97,162	1.40	Unsecured	25th Sep., 2023
	–	97,162	1.35	Unsecured	27th Dec., 2023
Total	¥ 50,000	\$ 680,139			

The aggregate annual maturities of short-term and long-term bonds payable subsequent to 31st March, 2014 were summarized as follows:

Year ending 31st March,	Millions of yen	Thousands of U.S. dollars
2015	¥ –	\$ –
2016	–	–
2017	–	–
2018	–	–
2019	–	–
2020 and thereafter	70,000	680,139
Total	¥ 70,000	\$ 680,139

17. Other Liabilities

Other liabilities at 31st March, 2014 and 2013 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Accrued expenses	¥ 5,541	¥ 7,284	\$ 53,837
Unearned income	9,666	10,899	93,917
Accrued income taxes	620	766	6,024
Other	29,317	23,288	284,852
Total	¥ 45,146	¥ 42,239	\$ 438,651

The amounts of lease obligations included in “Other” were ¥31 million (\$301 thousand) and ¥24 million at 31st March, 2014 and 2013, respectively. The average interest rates on lease obligations at 31st March, 2014 with maturity dates on or before and subsequent to 31st March, 2015 were 2.28% and 2.07%, 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 aggregate annual maturities of lease obligations subsequent to 31st March, 2014 were summarized as follows:

Year ending 31st March,	Millions of yen	Thousands of U.S. dollars
2015	¥ 9	\$ 87
2016	9	87
2017	7	68
2018	3	29
2019	0	0
2020 and thereafter	–	–
Total	¥ 31	\$ 301

18. Retirement Benefit Plans

Fiscal year under review (from 1st April, 2013 to 31st March, 2014)

Outline of the retirement benefit plan adopted by the Company

The consolidated subsidiaries have adopted funded defined benefit plans to cover the payment of retirement benefits to employees.

As for the defined benefit pension plans (funded) of the consolidated subsidiaries, lump-sum benefits or pensions are provided depending on the service years, etc. Retirement benefit trust is established for the defined benefit pension plan.

As for lump-sum payment plans of the consolidated subsidiaries (which are unfunded plans, but after the establishment of retirement benefit trust scheme, have become funded plans), lump-sum payments are made as retirement benefits depending on the service years, etc. Certain consolidated subsidiaries have adopted lump-sum payment plans (all unfunded) as defined benefit plans, where net defined benefit liability and retirement benefit expenses are calculated by the simplified method.

(1) Reconciliation of the beginning balance to the ending balance of retirement benefit obligation

	Millions of yen	Thousands of U.S. dollars
Retirement benefit obligation at beginning of the year	¥ 32,008	\$ 310,998
Service cost	1,029	9,998
Interest cost	401	3,896
Actuarial gain or loss incurred during the year	(356)	(3,458)
Payment of retirement benefits	(1,791)	(17,401)
Prior service cost incurred during the year	—	—
Other	12	116
Retirement benefit obligation at end of the year	¥ 31,304	\$ 304,158

(2) Reconciliation of the beginning balance to the ending balance of pension plan assets

	Millions of yen	Thousands of U.S. dollars
Pension plan assets at beginning of the year	¥ 29,370	\$ 285,367
Expected return on plan assets	624	6,062
Actuarial gain or loss incurred during the year	3,752	36,455
Contributions from employer	1,756	17,061
Payment of retirement benefits	(1,202)	(11,678)
Contribution of securities to retirement benefit trust	3,378	32,821
Other	—	—
Pension plan assets at end of the year	¥ 37,680	\$ 366,109

(3) Reconciliation of the ending balance of retirement benefit obligation and pension plan assets to the consolidated balance sheet amounts of net defined benefit liability and asset

	Millions of yen	Thousands of U.S. dollars
Funded retirement benefit obligation	¥ 31,184	\$ 302,992
Pension plan assets	(37,680)	(366,109)
	(6,496)	(63,116)
Unfunded retirement benefit obligation	120	1,165
Net amount of liability and asset on consolidated balance sheets	¥ (6,376)	\$ (61,951)

	Millions of yen	Thousands of U.S. dollars
Net defined benefit liability	¥ 120	\$ 1,165
Net defined benefit asset	(6,496)	(63,116)
Net amount of liability and asset on consolidated balance sheets	¥ (6,376)	\$ (61,951)

(4) Retirement benefit expenses consisted of the following:

	Millions of yen	Thousands of U.S. dollars
Service cost	¥ 1,029	\$ 9,998
Interest cost	401	3,896
Expected return on plan assets	(624)	(6,062)
Amortization of actuarial loss	892	8,666
Amortization of prior service cost	(336)	(3,264)
Amortization of transitional obligation	659	6,403
Net periodic retirement benefit expenses for defined benefit pension plans	¥ 2,022	\$ 19,646

(5) Remeasurements of defined benefit plans

Remeasurements of defined benefit plans (before related tax effects) consisted of the following:

	Millions of yen	Thousands of U.S. dollars
Unrecognized prior service cost	¥ (2,450)	\$ (23,804)
Unrecognized actuarial gain or loss	205	1,991
Unrecognized net retirement benefit obligation at transition	659	6,403
Total	¥ (1,585)	\$ (15,400)

(6) Matters related to pension plan assets

1) Ratio of the main components in the total pension plan assets are as follows:

Bonds	10%
Stocks	67%
Short-term investment fund including cash and deposits	6%
Life insurance company general accounts	4%
Others	13%
Total	100%

Note:

Total pension plan assets include retirement benefit trust of which securities are contributed for the pension plan, which accounts for 31% of the total.

- 2) Setting of long-term expected rates of return on plan assets
For the purpose of determining the long-term expected return on plan assets, the present and anticipated allocation of plan assets and the present and expected long-term rates of return on various assets composing the plan assets are taken into account.

(7) The assumptions used for actuarial calculations

The assumptions used for actuarial calculations at 31st March, 2014

Discount rate	1.0%-1.3%
Expected rate of return on plan assets	2.5%

Previous fiscal year(from 1st April, 2012 to 31st March, 2013)

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 consisted of the following:

	Millions of yen
	2013
Retirement benefit obligation	¥ (32,008)
Pension plan assets at fair value	29,370
Unfunded benefit obligation	(2,637)
Unrecognized net retirement benefit obligation at transition	1,319
Unrecognized actuarial loss	5,206
Unrecognized prior service cost	(2,786)
Net retirement benefit obligation	1,102
Prepaid pension cost	5,613
Accrued retirement benefits for employees	¥ (4,511)

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 consisted of the following:

	Millions of yen
	2013
Service cost	¥ 996
Interest cost	614
Expected return on plan assets	(564)
Amortization of prior service cost	(427)
Amortization of actuarial loss	1,263
Amortization of transitional obligation	659
Net periodic retirement benefit expenses	¥ 2,541

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 were as follows:

	2013
Discount rates	1.0%-1.3%
Expected rates of return on plan assets	2.5%

19. Asset Retirement Obligations

Notes concerning asset retirement obligations are omitted due to lack of significance of its total amount.

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 ¥7,879 million (\$76,554 thousand) and ¥12,460 million at 31st March, 2014 and 2013, 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, 2014 and 2013 were summarized as follows:

Number of shares (in thousands)					
Year ended 31st March, 2014	1st April, 2013	Increase	Decrease	31st March, 2014	Note
Outstanding shares:					
Common stock	238,458	–	–	238,458	
First-class preferred stock	7,400	–	7,400	–	1
Second-class preferred stock	23,125	–	–	23,125	
Third-class preferred stock	–	7,500	–	7,500	2
Total	268,983	7,500	7,400	269,083	
Treasury stock:					
Common stock	2,352	4	1,088	1,269	3 and 4
First-class preferred stock	–	7,400	7,400	–	5 and 6
Total	2,352	7,404	8,488	1,269	

Notes:

- Decrease in outstanding shares of first-class preferred stock (7,400 thousand shares) was due to retirement of treasury stock.
- Increase in outstanding shares of third-class preferred stock (7,500 thousand shares) was due to issuance of new shares through a third-party allotment.
- Increase in treasury stock of common stock (4 thousand shares) was due to acquisition of shares from the shareholders who owned fractional shares less than one unit.
- Decrease in treasury stock of common stock (1,088 thousand shares) consisted of disposal of shares following the acquisition request from the shareholders who owned fractional shares less than one voting right (0 thousand shares), transfer due to exercise of stock option (45 thousand shares) and transfer to the Senshu Ikeda Bank Employees' Shareholders Association (1,043 thousand shares).
- Increase in treasury stock of first-class preferred stock (7,400 thousand shares) was due to purchase of treasury stock based on resolution of the Board of Directors.
- Decrease in treasury stock of first-class preferred stock (7,400 thousand shares) was due to retirement of treasury stock based on resolution of the Board of Directors.

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:

- 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.
- Decrease in outstanding shares of first-class preferred stock (66,600 thousand shares) consisted of reverse stock split (59,200 thousand shares) and retirement of treasury stock based on resolution of the Board of Directors (7,400 thousand shares).
- 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).
- Decrease in treasury stock of common stock (14,583 thousand shares) consisted of reverse stock split (11,630 thousand shares), disposal of shares following the acquisition 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).
- 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.
- Decrease in treasury stock of first-class preferred stock (7,400 thousand shares) was due to retirement 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 July, 2013, 31st August, 2012, 28th July, 2011 and 24th February, 2011.

The balance of stock subscription rights granted for stock option program are ¥68 million (\$660 thousand) and ¥63 million at 31st March, 2014 and 2013, respectively.

Stock option related expenses for the years ended 31st March, 2014 and 2013 amounted to ¥26 million (\$252 thousand) and ¥32 million, respectively.

The stock option outstanding at 31st March, 2014 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	31st July, 2013
Persons granted	Directors of the subsidiaries: 10 Executive officers of the subsidiaries: 16	Directors of the subsidiaries: 10 Executive officers of the subsidiaries: 16
Number of stock option by type of shares (*)	Common stock: 69,500	Common stock: 53,800
Date of grant	1st October, 2012	2nd September, 2013
Vesting conditions	To exercise within 10 days after retirement	To exercise within 10 days after retirement
Applicable service period	From 1st October, 2012 to the date of retirement	From 2nd September, 2013 to the date of retirement
Exercise period	From 2nd October, 2012 to 31st July, 2042	From 3rd September, 2013 to 31st July, 2043

(*) 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	31st July, 2013
Non-vested:				
31st March, 2012-Outstanding	41,140	42,800	69,500	-
Granted	-	-	-	53,800
Forfeited	-	-	-	-
Vested	12,800	12,400	20,000	-
31st March, 2013-Outstanding	28,340	30,400	49,500	53,800
Vested:				
31st March, 2012-Outstanding	-	-	-	-
Vested	12,800	12,400	20,000	-
Exercised	12,800	12,400	20,000	-
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	31st July, 2013
Exercise price	¥ 1	¥ 1	¥ 1	1
Average stock price at exercise	517	517	517	-
Fair value price at grant date	¥ 490	¥ 535	¥ 449	430

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 2013 stock option granted in the year ended 31st March, 2014 was as follows:

Measurement method: Black-Scholes model

Major fundamental factors and assumptions used to measure fair value

Date of resolution	31st July, 2013
Volatility of stock price *1	34.79%
Estimated remaining outstanding period *2	3.614years
Estimated dividend *3	3.112%
Interest rate with risk free *4	0.178%

*1 Actual stock price during the period (from 21st January, 2010 to 2nd September, 2013) 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 0.8 years, the average of the estimated remaining outstanding period was calculated using 0.8 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) / ¥482 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, 2014 and 2013 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Gain on sales of securities and trading account securities	¥ 6,192	¥ 15,361	\$ 60,163
Other	740	1,182	7,190
Total	¥ 6,933	¥ 16,543	\$ 67,363

23. Other Income

Other income for the years ended 31st March, 2014 and 2013 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Gain on sales of equity securities	¥ 5,879	¥ 354	\$ 57,122
Gain on money held in trust	384	138	3,731
Other	9,373	11,308	91,070
Total	¥ 15,636	¥ 11,801	\$ 151,923

24. Other Operating Expenses

Other operating expenses for the years ended 31st March, 2014 and 2013 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Loss on sales of debt securities	¥ 2,948	¥ 1,431	\$ 28,643
Loss on redemption of debt securities	—	5,710	—
Loss on devaluation of debt securities	3,367	—	32,714
Other	275	149	2,671
Total	¥ 6,592	¥ 7,290	\$ 64,049

25. Other Expenses

Other expenses for the years ended 31st March, 2014 and 2013 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Provision for possible loan losses	¥ 745	¥ 7,878	\$ 7,238
Write-offs of loans and bills discounted	3,984	4,646	38,709
Loss on sales of equity securities	480	976	4,663
Loss on devaluation of equity securities	104	327	1,010
Loss on money held in trust	603	202	5,858
Other	7,732	8,266	75,126
Total	¥ 13,650	¥ 22,298	\$ 132,627

26. Dividends

Cash dividends paid during the fiscal year ended 31st March, 2014

Resolution by annual shareholders' meeting on 26th June, 2013

Type of stock	Record date	Effective date	Dividend amount		Dividends per share	
			Millions of yen	Thousands of U.S. dollars	Yen	U.S. dollars
Common stock	31st March, 2013	27th June, 2013	¥ 3,574	\$ 34,726	¥ 15	\$ 0.14
First-class preferred stock	31st March, 2013	27th June, 2013	¥ 392	\$ 3,808	¥ 980 divided by 18.5	\$ 9.52 divided by 18.5
Second-class preferred stock	31st March, 2013	27th June, 2013	¥ 1,275	\$ 12,388	¥ 1,020 divided by 18.5	\$ 9.91 divided by 18.5

Cash dividends with record dates falling in the fiscal year ended 31st March, 2014 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, 2014	30th June, 2014
Second-class preferred stock	Retained earnings	31st March, 2014	30th June, 2014

Types of stock	Dividend amount		Dividends per share	
	Millions of yen	Thousands of U.S. dollars	Yen	U.S. dollars
Common stock	¥ 3,575	\$ 34,735	¥ 15	\$ 0.14
Second-class preferred stock	¥ 1,275	\$ 12,388	¥ 1,020 divided by 18.5	\$ 9.91 divided by 18.5

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

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

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

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

Type of stock	Source of dividends	Record date	Effective date	Dividend amount		Dividends per share	
				Millions of yen	Yen	Yen	Yen
Common stock	Retained earnings	31st March, 2013	27th June, 2013	¥ 3,574	¥ 15	¥ 15	¥ 15
First-class preferred stock	Retained earnings	31st March, 2013	27th June, 2013	¥ 392	¥ 980 divided by 18.5	¥ 980	¥ 980
Second-class preferred stock	Retained earnings	31st March, 2013	27th June, 2013	¥ 1,275	¥ 1,020 divided by 18.5	¥ 1,020	¥ 1,020

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, 2014 and 2013 was summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Cash and due from banks	¥ 215,658	¥ 100,867	\$ 2,095,394
Deposits other than deposits with the Bank of Japan	(9,341)	(5,505)	(90,759)
Cash and cash equivalents	¥ 206,317	¥ 95,361	\$ 2,004,634

Main components of assets and liabilities of the company that became a newly consolidated subsidiary following the acquisition of its shares by the Company

Main components of assets and liabilities of the newly consolidated Senshu Ikeda Tokai Tokyo Securities Co., Ltd. at the start of consolidation following the acquisition of its shares by the Company, along with the relation between its acquisition cost and acquisition-related expenditures (net) are as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Current assets	¥ 3,219		\$ 31,276
Fixed assets	219		21,278
Goodwill	951		9,240
Current liabilities	(1,022)		(9,930)
Fixed liabilities	(2)		(19)
Minority interests	(965)		(9,376)
Acquisition cost of shares	2,400		23,319
Cash and cash equivalents	-		-
Balance: Expenditure for the acquisition	¥ 2,400		\$ 23,319

28. Leases

a. Finance leases

As Lessee

Information on finance leases is omitted due to lack of significance.

b. Operating leases

As Lessee

Future minimum lease payments under non-cancellable operating leases subsequent to 31st March, 2014 were as follows:

Year ending 31st March	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
2015	¥ 691		\$ 6,713
2016 and thereafter	5,313		51,622
Total	¥ 6,004		\$ 58,336

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 70% for the years ended 31st March, 2014 and 2013, respectively.

The tax effect of temporary differences which gave rise to significant portions of the deferred tax assets and liabilities at 31st March, 2014 and 2013 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Deferred tax assets:			
Reserve for possible loan losses	¥ 31,867	¥ 35,348	\$ 309,628
Provision for employees' bonuses	599	649	5,820
Accrued retirement benefits for employees	-	3,275	-
Net defined benefit liability	1,791	-	17,401
Loss on devaluation of securities	6,747	8,144	65,555
Tax loss carryforwards	16,562	17,273	160,921
Depreciation	777	762	7,549
Net unrealized loss on available-for-sale securities	3,680	3,088	35,755
Other	3,350	3,693	32,549
Gross deferred tax assets	65,377	72,236	635,221
Valuation allowance	(35,831)	(40,576)	(348,144)
Total deferred tax assets	29,545	31,659	287,067
Deferred tax liabilities:			
Non-taxable accrued dividend income	(324)	(354)	(3,148)
Net unrealized gain on available-for-sale securities	(2,991)	(1,871)	(29,061)
Other	(14)	(23)	(136)
Total deferred tax liabilities	(3,330)	(2,249)	(32,355)
Net deferred tax assets	¥ 26,215	¥ 29,409	\$ 254,712

A reconciliation of the statutory tax rate to the effective tax rate for the years ended 31st March, 2014 and 2013 was as follows:

	2014	2013
Statutory tax rate	37.9%	37.9%
Permanently non-taxable income	(0.0)	(0.8)
Permanently non-deductible expenses	0.3	0.5
Valuation allowance	(26.6)	(14.5)
Per capita portion of inhabitants' taxes	0.5	0.7
Unused tax loss carryforwards that had expired	–	1.0
Decrease in deferred tax assets due to changes in tax rate	1.7	–
Other	(1.0)	(3.8)
Effective tax rate	12.8%	21.0%

Revision to the amounts of deferred tax assets and deferred tax liabilities following changes in the corporate tax rate, etc. Following the promulgation of the “Act for Partial Amendment of the Income Tax Act, etc.” (Act No. 10, 2014) on 31st March, 2014, Special Corporation Tax for Reconstruction will be discontinued for years beginning on or after 1st April, 2014. Accordingly, the effective statutory tax rate used to calculate deferred tax assets and deferred tax liabilities was changed from 37.96% to 35.59% with respect to the temporary differences expected to be eliminated in the year beginning on 1st April, 2014 and other matters. Due to such change in tax rate, deferred tax assets decreased ¥537 million (\$5,217 thousand) and net unrealized gain (loss) on available-for-sale securities decreased ¥5 million (\$48 thousand), while income taxes-deferred increased ¥531 million (\$5,159 thousand).

30. Comprehensive Income

Reclassification adjustments and tax effect amounts of other comprehensive income for the year ended 31st March, 2014 and 2013 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Unrealized gain (loss) on available-for-sale securities:			
Amount for the year	¥ (3,107)	¥ 23,589	\$ (30,188)
Reclassification adjustment	(3,823)	(2,229)	(37,145)
Amount before tax effect	(6,931)	21,359	(67,343)
Tax effect amount	(999)	(1,645)	(9,706)
Net unrealized gain (loss) on available-for-sale securities	(7,931)	19,714	(77,059)
Unrealized gain (loss) on deferred hedges:			
Amount for the year	(43)	(19)	(417)
Reclassification adjustment	42	25	408
Amount before tax effect	(0)	5	(0)
Tax effect amount	0	(2)	0
Net unrealized gain on deferred hedges	0	2	0
Total other comprehensive income	¥ (7,930)	¥ 19,717	\$ (77,050)

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, 2014 and 2013.

(1) Related information

a. Information about services

For the year ended 31st March, 2014

	Millions of yen			
	Lending	Securities trading and investment	Other	Total
Income from external customers	¥ 51,103	¥ 22,831	¥ 30,920	¥ 104,855

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

Note:

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

For the year ended 31st March, 2014

Thousands of U.S. dollars				
	Lending	Securities trading and investment	Other	Total
Income from external customers	\$ 496,531	\$ 221,832	\$ 300,427	\$1,018,801

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, 2014 and 2013.

(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, 2014 and 2013.

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, 2014 and 2013.

(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, 2014 and 2013.

32. Related Party Transactions

There were no transactions between a consolidated subsidiary and related parties for the years ended 31st March, 2014 and 2013.

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 ¥27.5 billion (\$267.1 million) for interest rate and ¥7.2 billion (\$69.9 million) for stocks at 31st March, 2014. The value of market risk as a whole with correlation in consideration was ¥35.9 billion (\$348.8 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 three times for the year ended 31st March, 2014, 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, 2014 and 2013 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, 2014	Carrying value	Fair value	Difference
Cash and due from banks	¥ 215,658	¥ 215,658	¥ -
Call loans and bills bought	775	775	-
Monetary claims bought (*1)	1,121	1,121	-
Trading account securities:			
Trading securities	122	122	-
Money held in trust	27,000	27,000	-
Securities:			
Held-to-maturity debt securities	88,403	88,946	542
Available-for-sale securities	1,280,018	1,280,018	-
Loans and bills discounted	3,602,329		
Reserve for possible loan losses (*1)	(37,082)		
	3,565,246	3,583,502	18,256
Foreign exchange assets (*1)	5,528	5,529	1
Total assets	¥ 5,183,875	¥ 5,202,675	¥ 18,800
Deposits	¥ 4,580,769	¥ 4,581,200	¥ 431
Payables under securities lending transactions	315,691	315,691	-
Borrowed money	118,517	119,132	614
Foreign exchange liabilities	366	366	-
Corporate bonds and notes	70,000	71,529	1,529
Total liabilities	¥ 5,085,345	¥ 5,087,921	¥ 2,575
Derivative transactions (*2)			
To which hedge accounting is not applied	¥ (336)	¥ (336)	¥ -
To which hedge accounting is applied	358	358	-
Total derivative transactions	¥ 22	¥ 22	¥ -

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	¥ -

Thousands of U.S. dollars			
31st March, 2014	Carrying value	Fair value	Difference
Cash and due from banks	\$ 2,095,394	\$ 2,095,394	\$ -
Call loans and bills bought	7,530	7,530	-
Monetary claims bought (*1)	10,891	10,891	-
Trading account securities:			
Trading securities	1,185	1,185	-
Money held in trust	262,339	262,339	-
Securities:			
Held-to-maturity debt securities	858,948	864,224	5,266
Available-for-sale securities	12,437,019	12,437,019	-
Loans and bills discounted	35,001,253		
Reserve for possible loan losses (*1)	(360,299)		
	34,640,944	34,818,324	177,380
Foreign exchange assets (*1)	53,711	53,721	9
Total assets	\$50,368,004	\$50,550,670	\$ 182,666
Deposits	\$44,508,054	\$44,512,242	\$ 4,187
Payables under securities lending transactions	3,067,343	3,067,343	-
Borrowed money	1,151,544	1,157,520	5,965
Foreign exchange liabilities	3,556	3,556	-
Corporate bonds and notes	680,139	694,996	14,856
Total liabilities	\$49,410,658	\$49,435,687	\$ 25,019
Derivative transactions (*2)			
To which hedge accounting is not applied	\$ (3,264)	\$ (3,264)	\$ -
To which hedge accounting is applied	3,478	3,478	-
Total derivative transactions	\$ 213	\$ 213	\$ -

(*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, 2014 and 2013 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
	2014	2013	2014
Unlisted equity securities (*1) (*2)	¥ 5,763	¥ 5,652	\$ 55,994
Investments in partnerships (*3)	1,068	1,241	10,376
Other	5	4	48
Total	¥ 6,837	¥ 6,899	\$ 66,430

(*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 ¥96 million (\$932 thousand) and ¥114 million for the years ended 31st March, 2014 and 2013, 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, 2014	Due in one year or less	Due after one year through three years	Due after three years through five years
Due from banks	¥ 163,565	¥ -	¥ -
Call loans and bills bought	775	-	-
Monetary claims bought (*1)	1,121	-	-
Securities:	187,889	389,430	382,957
Held-to maturity debt securities:	14,100	33,500	40,800
Government bonds	-	-	25,000
Corporate bonds	14,100	28,500	2,800
Other	-	5,000	13,000
Available-for-sale securities with maturities:	173,789	355,930	342,157
Government bonds	105,000	134,100	15,000
Local government bonds	25,049	23,453	1,350
Corporate bonds	42,914	114,038	50,932
Other	826	84,338	274,875
Loans and bills discounted (*1, 2)	684,986	613,908	436,033
Foreign exchanges assets	5,529	-	-
Total	¥ 1,043,868	¥ 1,003,339	¥ 818,991

Millions of yen			
31st March, 2014	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:	73,402	52,910	105,555
Held-to maturity debt securities:	-	-	-
Government bonds	-	-	-
Corporate bonds	-	-	-
Other	-	-	-
Available-for-sale securities with maturities:	73,402	52,910	105,555
Government bonds	35,500	2,500	-
Local government bonds	950	2,580	-
Corporate bonds	2,463	304	57,405
Other	34,488	47,526	48,149
Loans and bills discounted (*1, 2)	288,451	324,227	1,184,523
Foreign exchanges assets	-	-	-
Total	¥ 361,853	¥ 377,138	¥ 1,290,079

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

Thousands of U.S. dollars			
31st March, 2014	Due in one year or less	Due after one year through three years	Due after three years through five years
Due from banks	\$ 1,589,244	\$ -	\$ -
Call loans and bills bought	7,530	-	-
Monetary claims bought (*1)	10,891	-	-
Securities:	1,825,582	3,783,812	3,720,919
Held-to maturity debt securities:	136,999	325,495	396,424
Government bonds	-	-	242,907
Corporate bonds	136,999	276,914	27,205
Other	-	48,581	126,311
Available-for-sale securities with maturities:	1,688,583	3,458,317	3,324,494
Government bonds	1,020,209	1,302,953	145,744
Local government bonds	243,383	227,876	13,116
Corporate bonds	416,964	1,108,025	494,869
Other	8,025	819,452	2,670,763
Loans and bills discounted (*1, 2)	6,655,518	5,964,904	4,236,620
Foreign exchanges assets	53,721	-	-
Total	\$ 10,142,518	\$ 9,748,727	\$ 7,957,549

Thousands of U.S. dollars			
31st March, 2014	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:	713,194	514,088	1,025,602
Held-to maturity debt securities:	-	-	-
Government bonds	-	-	-
Corporate bonds	-	-	-
Other	-	-	-
Available-for-sale securities with maturities:	713,194	514,088	1,025,602
Government bonds	344,928	24,290	-
Local government bonds	9,230	25,068	-
Corporate bonds	23,931	2,953	557,763
Other	335,095	461,776	467,829
Loans and bills discounted (*1, 2)	2,802,671	3,150,281	11,509,162
Foreign exchanges assets	-	-	-
Total	\$ 3,515,866	\$ 3,664,380	\$ 12,534,774

(*1) Loans and bills discounted and monetary claims bought do not include ¥70,204 million (\$682,122 thousand) and ¥75,113 million of receivables such as those due from bankrupt, effectively bankrupt or likely to become bankrupt borrowers at 31st March, 2014 and 2013, 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.

Millions of yen			
31st March, 2014	Due in one year or less	Due after one year through three years	Due after three years through five years
Deposits (*1)	¥ 4,239,778	¥ 272,112	¥ 39,004
Payables under securities lending transactions	315,691	-	-
Borrowed money	85,075	15,007	1,247
Corporate bonds	-	-	-
Total	¥ 4,640,544	¥ 287,120	¥ 40,251

Millions of yen			
31st March, 2014	Due after five years through seven years	Due after seven years through ten years	Due after ten years
Deposits (*1)	¥ 883	¥ 623	¥ -
Payables under securities lending transactions	-	-	-
Borrowed money	154	17,032	-
Corporate bonds	15,000	55,000	-
Total	¥ 16,038	¥ 72,656	¥ -

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
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

Millions of yen			
31st March, 2013	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	¥ -

Thousands of U.S. dollars			
31st March, 2014	Due in one year or less	Due after one year through three years	Due after three years through five years
Deposits (*1)	\$41,194,889	\$ 2,643,917	\$ 378,973
Payables under securities lending transactions	3,067,343	-	-
Borrowed money	826,127	145,812	12,116
Corporate bonds	-	-	-
Total	\$45,088,845	\$ 2,789,739	\$ 391,090

Thousands of U.S. dollars			
31st March, 2014	Due after five years through seven years	Due after seven years through ten years	Due after ten years
Deposits (*1)	\$ 8,579	\$ 6,053	\$ -
Payables under securities lending transactions	-	-	-
Borrowed money	1,496	165,487	-
Corporate bonds	145,744	534,395	-
Total	\$ 155,829	\$ 705,946	\$ -

(*1) Demand deposits are disclosed under "Due in one year or less" of deposits.

(*2) As described in "Significant subsequent events" of notes to consolidated financial statements, borrowed money of The Senshu Ikeda Bank, Ltd., one of the Company's subsidiaries, whose borrowing of ¥8,000 million (\$77,730 thousand) were repaid before maturity on 9th June, 2014, is disclosed under "Due in one year or less" of borrowed money.

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, 2014 and 2013

Millions of yen				
	Contract amount /notional principal			
31st March, 2014	Total	Over one year	Fair value	Valuation gain (loss)
Over-the-counter transactions:				
Currency swaps	¥ 34,606	¥ 22,934	¥ 72	¥ 72
Forward foreign exchange contracts:				
Selling	¥ 44,331	12	(478)	(478)
Buying	¥ 9,463	-	69	69
Currency options:				
Selling	¥ 10,507	¥ 6,591	(400)	291
Buying	¥ 10,507	¥ 6,591	400	(167)
Total			¥ (336)	¥ (212)

Millions of yen				
	Contract amount /notional principal			
31st March, 2013	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)

Thousands of U.S. dollars				
	Contract amount /notional principal			
31st March, 2014	Total	Over one year	Fair value	Valuation gain (loss)
Over-the-counter transactions:				
Currency swaps	\$336,241	\$222,833	\$ 699	\$ 699
Forward foreign exchange contracts:				
Selling	\$430,732	116	(4,644)	(4,644)
Buying	\$ 91,945	-	670	670
Currency options:				
Selling	\$102,089	\$ 64,040	(3,886)	2,827
Buying	\$102,089	\$ 64,040	3,886	(1,622)
Total			\$ (3,264)	\$ (2,059)

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, 2014 and 2013

There were no interest related derivatives at 31st March, 2014.

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

*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, 2014 and 2013

31st March, 2014		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	¥ 5,664	¥ -	¥ (0)
	Forward foreign exchange contracts	-	29,768	-	359
Total					¥ 358

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, 2014		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	\$ 55,033	\$ -	\$ (0)
	Forward foreign exchange contracts	-	289,234	-	3,488
Total					\$ 3,478

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

1. Name and description of business of the acquired company, major reasons for the business combination, date of the business combination, legal form of the business combination, name of the company after the combination, percentage of voting rights acquired and major grounds for the decision to acquire the company

(1) Name and description of business of the acquired company

Name of the acquired company: Senshu Ikeda Tokai Tokyo Securities Co., Ltd.
Description of business: Operation of financial instruments business

(2) Major reasons for the business combination

Senshu Ikeda Tokai Tokyo Securities Co., Ltd. is a new type of securities company rooted in its local community which has both the solid business foundation of the Group and the highly professional skills and functions that are possessed by the Tokai Tokyo Financial Group, particularly in the securities business. By including the company within the Group as a subsidiary, the Company

aims to accurately respond to the local customers' diversifying and sophisticating needs in the asset management field, along with the enhancement of the Group's comprehensive financial functions and ability to formulate proposals.

- (3) **Date of business combination**
September 2, 2013

- (4) **Legal form of the business combination and name of the company after the combination**
Legal form of the business combination: Acquisition of shares
Name of the company after the combination: The name remains unchanged.

- (5) **Percentage of voting rights acquired**
60.0%

- (6) **Major grounds for the decision to acquire the company**
The Company decided to acquire Senshu Ikeda Tokai Tokyo Securities Co., Ltd. with the aim of establishing a securities company that serves its community and local customers by fully leveraging its extensive network in the business area of the Company and the Senshu Ikeda Bank as well as the expertise in the operation of financial instruments business that has been accumulated by Tokai Tokyo Securities, an independent and full line firm.

2. **Period of performance of the acquired company incorporated in the consolidated financial statements**

From October 1, 2013 to March 31, 2014

3. **Acquisition cost of the acquired company and its breakdown**

Acquisition cost: ¥2,400 million (\$23,319 thousand)
Cost to acquire shares (in cash): ¥2,400 million (\$23,319 thousand)

4. **Amounts of acquired assets and assumed liabilities on the date of business combination and their main items**

Cash and due from banks: ¥222 million (\$2,157 thousand)
Other assets: ¥264 million (\$2,565 thousand)
Property, plant and equipment: ¥11 million (\$106 thousand)
Intangible assets: ¥2 million (\$19 thousand)
Total assets: ¥501 million (\$4,867 thousand)
Other liabilities: ¥393 million (\$3,818 thousand)
Total liabilities: ¥393 million (\$3,818 thousand)

5. **Amount of goodwill recognized, basis for recognition and method and period for amortization**

- (1) **Amount of goodwill recognized**
¥951 million (\$9,240 thousand)

- (2) **Basis for recognition**

The amount of difference between the acquisition cost and the underlying equity of the Group in the net assets of the acquired company was recognized as goodwill.

- (3) **Method and period for amortization**

The goodwill will be amortized by the straight-line method over a period of five years.

6. **Approximate amount of impact of the business combination on the consolidated statements of operations for the fiscal year under review, assuming that the business combination had been completed on the first day of the fiscal year under review**

The business combination has a minor impact on the consolidated statements of operations.

36. Amounts per Share

Amounts per share at 31st March, 2014 and 2013 and for the years then ended were summarized as follows:

	Yen		U.S. dollars
	2014	2013	2014
Net assets	¥ 610.84	¥ 591.97	\$ 5.93
Net income:			
Basic	64.77	35.80	0.62
Diluted	64.73	35.77	0.62
Cash dividends			
Common stock	¥ 15	¥ 15	\$ 0.14
First-class preferred stock	¥ —	¥ 980 divided by 18.5	\$ —
Second-class preferred stock	¥1,020 divided by 18.5	¥1,020 divided by 18.5	\$ 9.91 divided by 18.5

Net assets per share as of 31st March, 2014 and 2013 were computed based on the following information:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Total net assets	¥ 196,397	¥ 185,389	\$ 1,898,328
Payment for first-class preferred stock	—	(10,000)	—
Dividends for first-class preferred stock	—	(392)	—
Payment for second-class preferred stock	(25,000)	(25,000)	(242,907)
Dividends for second-class preferred stock	(1,275)	(1,275)	(12,388)
payment for third-class preferred stock	(15,000)	—	(145,744)
Stock subscription rights	(68)	(63)	(660)
Minority interests	(10,168)	(8,888)	(98,795)
Amounts to be deducted from total net assets	(51,512)	(45,619)	(500,505)
Net assets attributable to common stock as of 31st March, 2014 and 2013	¥ 144,884	¥ 139,769	\$ 1,397,813
Number of shares of common stock as of 31st March, 2014 and 2013 used to compute net asset per share (Unit: thousand shares)	237,189	236,105	

Net income per share for the years ended 31st March, 2014 and 2013 are computed based on the following information:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Net income for the year	¥ 16,604	¥ 10,102	¥ 161,329
Dividends for first-class preferred stock based on the resolution at the regular general shareholders' meeting	–	(392)	–
Dividends for second-class preferred stock based on the resolution at the regular general shareholders' meeting	(1,275)	(1,275)	(12,388)
Amounts not attributed to common stock shareholders	(1,275)	(1,667)	(12,388)
Net income attributable to common stock	¥ 15,329	¥ 8,435	¥ 148,940
Average outstanding number of shares of common stock (Unit: thousand shares)	236,671	235,617	
Diluted net income per share after adjusting potential shares			
Adjustment to net income	¥ –	¥ –	\$ –
Number of increased common stock (Unit: thousand shares)	138	147	
Of which, stock subscription rights	138	147	

Note:

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

(Change in accounting policy)

“Accounting Standard for Retirement Benefits” (ASBJ Statement No. 26, 17th May, 2012; hereinafter “Accounting Standard Retirement Benefits”) and “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25, 17th May, 2012; hereinafter “Retirement Benefits Guidance”) have been applied effective from the end of the fiscal year under review (except for the provisions specified in the main clause of Paragraph 35 of the Accounting Standard Retirement Benefits and the main clause of Paragraph 67 of the Retirement Benefits Guidance), while in conformity to transitional handling provided for in Paragraph 37 of the Accounting Standard Retirement Benefits.

As a result, net assets per share increased ¥4.31 (\$0.04) in the fiscal year under review.

37. Subsequent events

Prepayment of borrowed money of a significant amount

On 9th June, 2014, The Senshu Ikeda Bank, Ltd., one of the Company's subsidiaries, made the prepayment of a subordinated borrowing made on 8th June, 2009, which was resolved at the Board of Directors' meeting held on 30th May, 2014.

1. Reasons for prepayment

Since the said borrowing comes with a provision that allows its prepayment, the Company decided to make a prepayment in order to reduce the amount of interest expenses.

2. Amount of prepayment

¥8,000 million (\$77,730 thousand)

3. Method of prepayment

The total unpaid amount has been prepaid.

4. Method of raising funds for prepayment

The total amount of prepayment has been covered by the Company's own funds.

5. Amount of interest expenses expected to decrease by the prepayment (approximate value)

Accumulated amount of 5 years: ¥1,592 million (\$15,468 thousand)

Report of Independent Auditors

Senshu Ikeda Holdings, Inc.



EY 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, 2014, 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, 2014, 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 26, 2014
Osaka, Japan

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

Non-consolidated Balance Sheets (Unaudited)

The Senshu Ikeda Bank, Ltd.
As of 31st March, 2014 and 2013

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2013	2014
Assets			
Cash and due from banks	¥ 213,940	¥ 100,384	\$ 2,078,701
Call loans and bills bought	775	5,603	7,530
Monetary claims bought	1,121	946	10,891
Trading account securities	122	108	1,185
Money held in trust	27,000	19,000	262,339
Securities	1,399,377	1,193,126	13,596,745
Loans and bills discounted	3,584,827	3,563,023	34,831,198
Foreign exchange assets	5,529	4,376	53,721
Other assets	30,555	41,248	296,881
Tangible fixed assets	37,905	37,675	368,295
Intangible fixed assets	7,798	8,435	75,767
Prepaid pension cost	5,683	5,613	55,217
Deferred tax assets	25,536	27,592	248,115
Customers' liabilities for acceptances and guarantees	18,220	19,071	177,030
Reserve for possible loan losses	(18,188)	(32,302)	(176,719)
Reserve for possible investment losses	(1,599)	(559)	(15,536)
Total assets	¥ 5,338,605	¥ 4,993,344	\$ 51,871,404
Liabilities and net assets			
Liabilities			
Deposits	¥ 4,617,334	¥ 4,512,893	\$ 44,863,330
Negotiable certificates of deposit	11,100	19,900	107,850
Payables under securities lending transactions	315,691	124,915	3,067,343
Borrowed money	107,383	62,036	1,043,363
Foreign exchange liabilities	366	208	3,556
Corporate bonds and notes	70,000	50,000	680,139
Other liabilities	22,483	21,213	218,451
Provision for employees' bonuses	1,444	1,540	14,030
Accrued retirement benefits for employees	772	4,403	7,500
Accrued retirement benefits for directors and corporate auditors	57	114	553
Reserve for reimbursement of deposits	328	315	3,186
Reserve for point services	86	79	835
Reserve for contingent losses	379	393	3,682
Acceptances and guarantees	18,220	19,071	177,030
Total liabilities	5,165,649	4,817,085	50,190,915
Net assets			
Shareholders' equity:			
Common stock	50,710	50,710	49,712
Capital surplus	93,932	93,932	912,670
Retained earnings	28,513	23,812	277,040
Total shareholders' equity	173,156	168,456	1,682,432
Net unrealized gain (loss) on available-for-sale securities	(201)	7,802	(1,952)
Net unrealized gain on deferred hedges	1	0	9
Total valuation and translation adjustments	(200)	7,802	(1,943)
Total net assets	172,956	176,259	1,680,489
Total liabilities and net assets	¥ 5,338,605	¥ 4,993,344	\$ 51,871,404

Non-consolidated Statements of Operations (Unaudited)

The Senshu Ikeda Bank, Ltd.
For the years ended 31st March, 2014 and 2013

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2013	2014
Income			
Interest income:			
Interest on loans and bills discounted	¥ 50,538	¥ 54,633	\$ 491,041
Interest and dividends on securities	11,017	9,582	107,044
Other interest income	272	175	2,642
Fees and commissions	15,441	14,108	150,029
Other operating income	6,839	16,542	66,449
Recoveries of written-off claims	685	902	6,655
Gain on contribution of securities to retirement benefit	2,291	—	22,260
Other income	8,117	3,842	78,867
Total income	95,202	99,787	925,009
Expenses			
Interest expenses:			
Interest on deposits	6,231	6,772	60,542
Interest on borrowings and rediscounts	752	825	7,306
Other interest expenses	1,761	1,721	17,110
Fees and commissions	9,443	9,445	91,750
Other operating expenses	6,592	7,290	64,049
General and administrative expenses	49,226	51,543	478,293
Loss on disposal of fixed assets	52	70	505
Loss on impairment of fixed assets	22	25	213
Other expenses	5,358	12,663	52,059
Total expenses	79,442	90,357	771,881
Income before income taxes	15,760	9,429	153,128
Income taxes			
Current	(130)	(135)	(1,263)
Deferred	1,144	1,489	11,115
Total income taxes	1,013	1,354	9,842
Net income	¥ 14,746	¥ 8,075	\$ 143,276



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