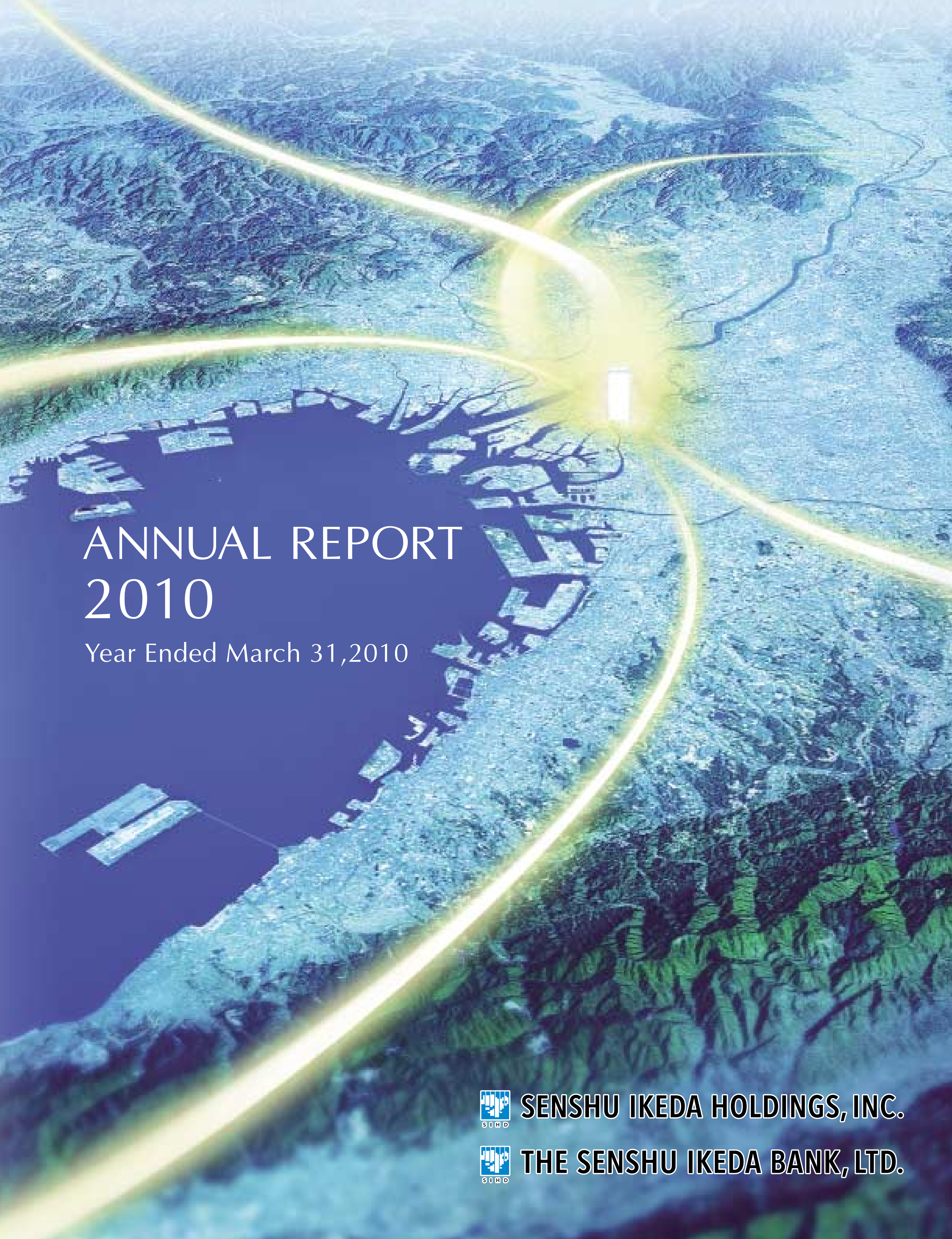


ANNUAL REPORT 2010

Year Ended March 31,2010

SENSHU IKEDA HOLDINGS, INC.

THE SENSHU IKEDA BANK, LTD.

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

We would first like to express our gratitude for your ongoing support and patronage.

I hope you will take the opportunity to read through the business performance report of Senshu Ikeda Holdings, the former Bank of Ikeda and the former Senshu Bank for the fiscal year ended March 2010 (fiscal year 2009).

The combined core banking profit of the two banks was ¥14.0 billion. However, a reversal of deferred tax assets resulted in net loss for the fiscal year 2009 of ¥4.6 billion (consolidated net loss for Senshu Ikeda Holdings for the fiscal year 2009 was ¥2.8 billion).
Deposit increased by ¥168.1 billion, and loans also increased by ¥67.9 billion during the fiscal year.
A capital adequacy (consolidated Senshu Ikeda Holdings) was 10.21%.
Furthermore, the NPLs ratio for the fiscal year 2009 was 2.02%, which is in the lowest level comparing with any other banks in Japan.

The Senshu Ikeda Bank was born from a merger of the Bank of Ikeda and the Senshu Bank on May 1st, 2010.
As an independent regional bank leading the Kansai region, our aim is to be the “bank that serves all of the regional communities and customers.”

The new bank intends to put the following three distinct strategies into execution.

(1) Reinforce “Asia and China Business” through utilizing the locality benefits and advantages of the region.
(2) Put into practice “Advanced Technologies” cultivated through “the business-academia-government collaboration.”
(3) Promote “Private Banking Business” which meets various needs of our customers.

On June 11th, 2010 , we held the “Symposium on Revitalization of Kansai economy” as a ceremony commemorating the launch of the new bank at the Theater Drama City of the Umeda Arts Theater.
At this event, I had an opportunity to express the bank’s fervent wish to “above all else, we would like to support revitalization of the Kansai region,” and to meet not only with important figures from three universities including the Presidents of the Kyoto University, the Osaka University and the Kobe University, but also the Director-General of the Kinki Bureau of Economy, Trade and Industry and various other representatives of the Kansai Business world as panellists. It was my pleasure to welcome far more audiences than we had expected.
We will work hard in its role of stimulating the regional economy, and will make every effort to develop further and to improve our corporate value in a way that enhances our regional power and ensures our standing as the “No.1 reliable bank for the regional communities and customers.”

July 2010

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

On May 1st, 2010

Born as The Senshu Ikeda Bank!

SIHD

Summary of the Senshu Ikeda Bank

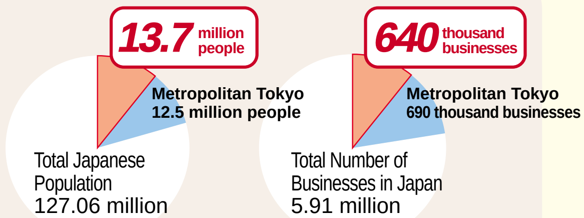
■Company Name:	The Senshu Ikeda Bank, Ltd.
■Representative:	President and CEO Moritaka Hattori
■Location of Head office:	18-14 Chayamachi, Kita-ku, Osaka-City
■Share capital:	¥50.7 billion

(As of end of March 2010)

■Deposits:	¥4.3 trillion
■Loans:	¥3.5 trillion
■Number of Branches:	140 (including Sub-branches)
■Number of ATMs outside of branches:	178 (including 62 Patsat at railway stations)

Objectives of the Senshu Ikeda Bank

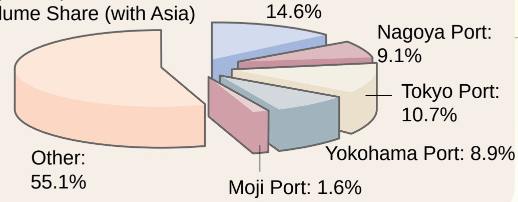
The business area covered by the new bank comprises an advanced traffic network and includes four government-ordinance-designated cities. The number of business offices within this area along with the population is comparable with that of Metropolitan Tokyo and, with the Ports of Osaka and Kobe and its three airports which themselves provide a gateway into Asia and China, it is regarded as Japan's leading market area with enormous potential, which has growing power so-called “regional power” representing Osaka economic zone.

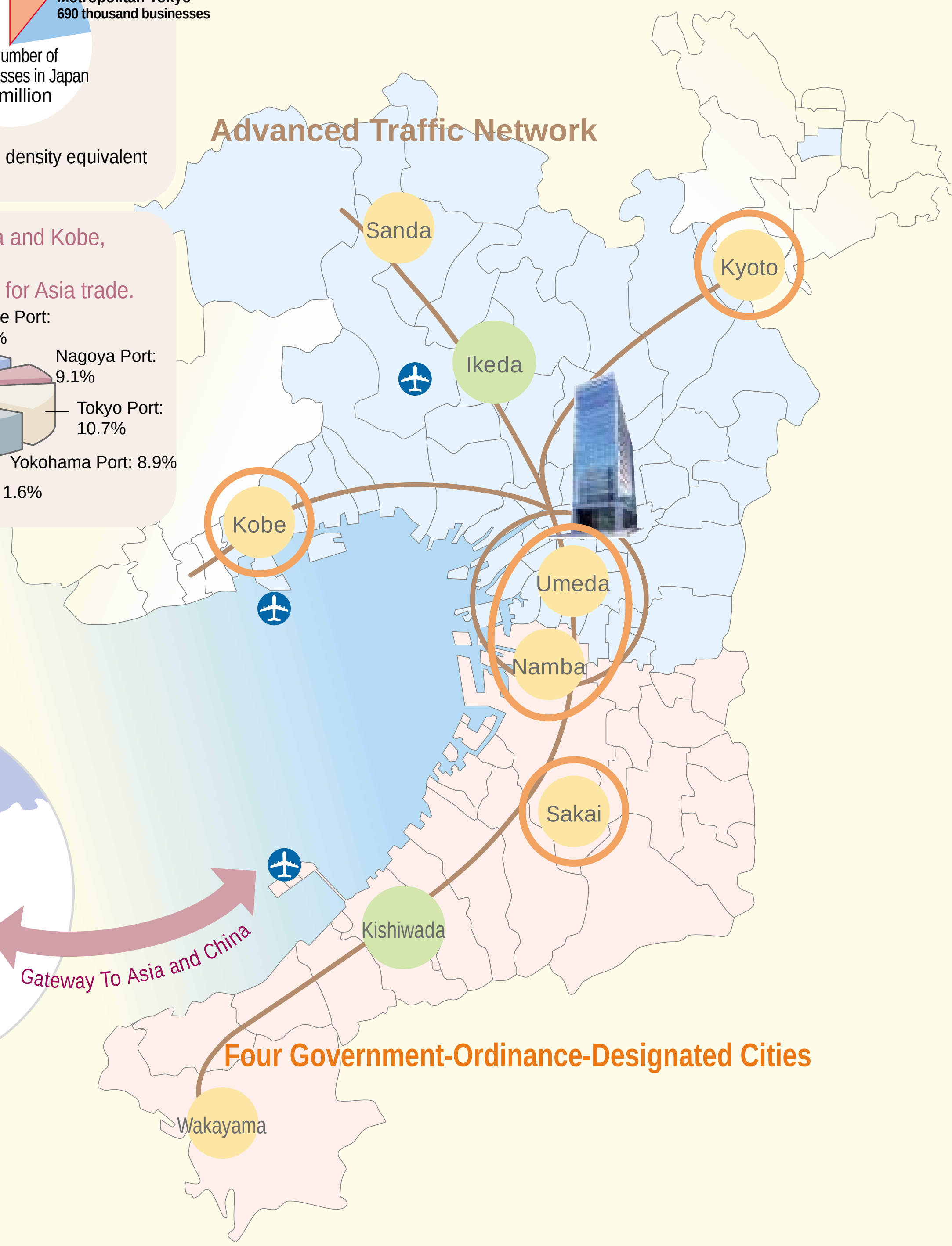


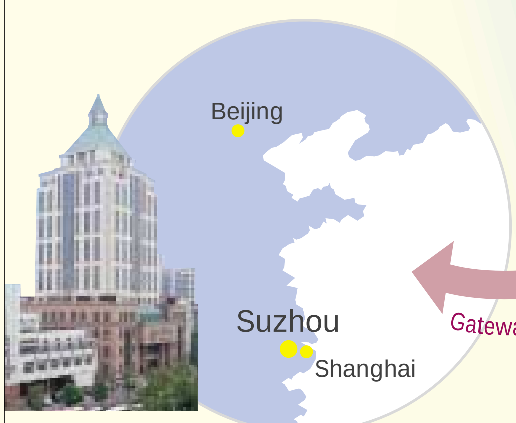
[Population and businesses of a high density equivalent to that in Metropolitan Tokyo]

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

Export/Import
Volume Share (with Asia)





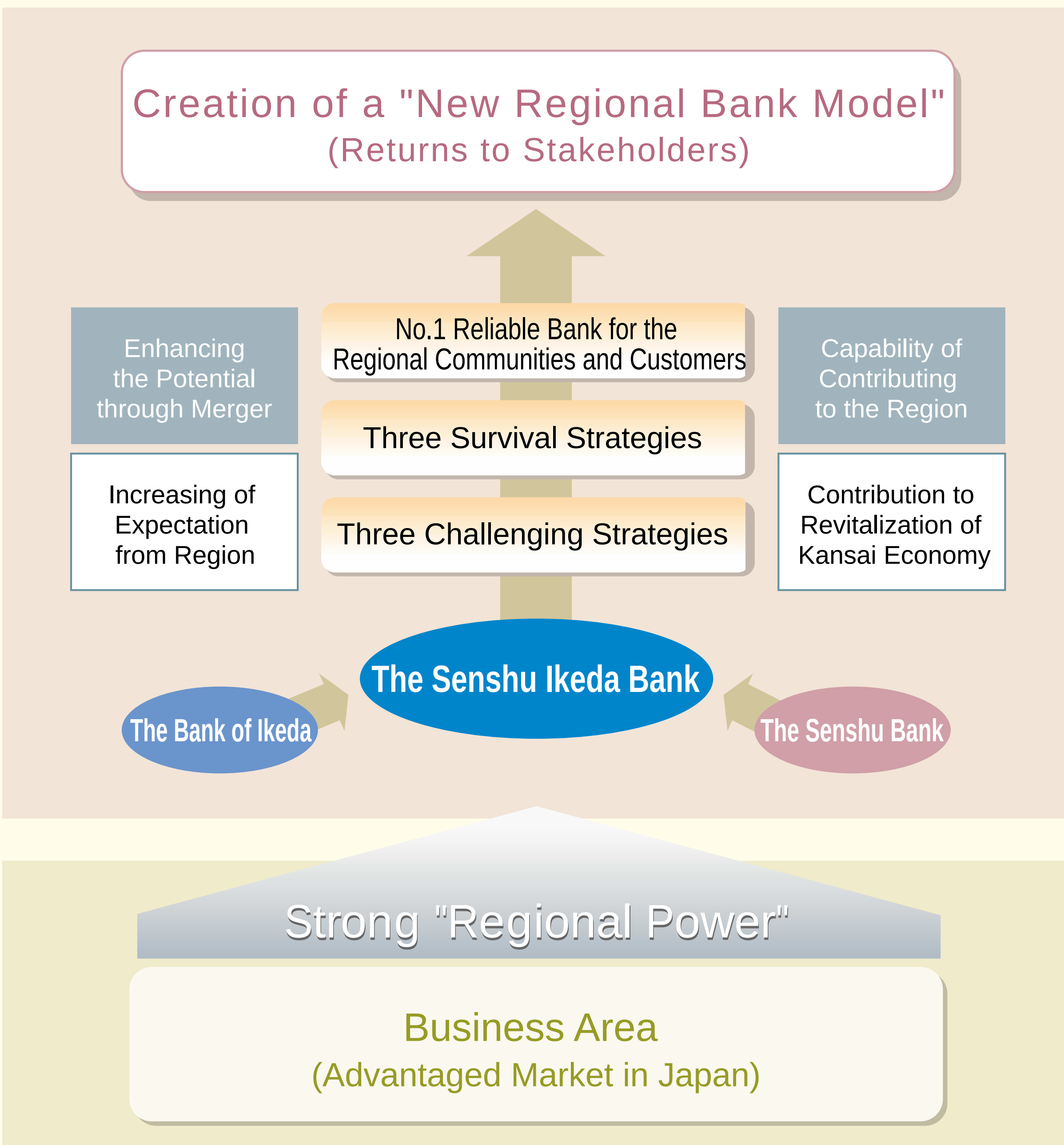


The merger has resulted in **a dramatic increase in the bank's capability to contribute to the region as a whole, to the region's expectations of the bank, and to the potential of the bank itself**.

The exploitation of the potential of the region to build the strength of the bank itself will ensure great strides about to be made by the bank in the future.

The new bank will work hard for becoming the "No.1 reliable bank for the regional communities and customers," and will set itself the challenge of creating a new "regional bank model" which, through the implementation of "three survival strategies" and "three challenging strategies," will strive to provide a return to all its shareholders.

The Senshu Ikeda Bank aims to employ its "stronghold position" and "challenging strategies that utilize this stronghold position" to create a regional bank that is representative of Japan as a whole.



Management Strategies of the Senshu Ikeda Bank

Challenging Strategies

As part of the challenging strategies which will characterize the new bank and which are designed to exploit the "regional power," three business Headquarters have been established.

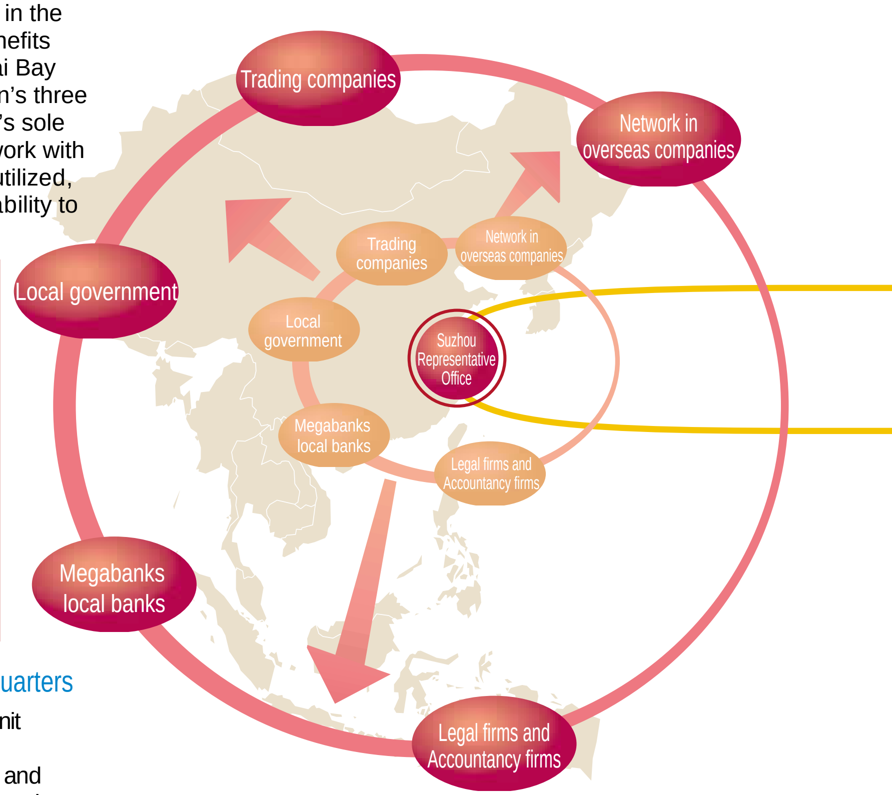
1 Asia and China Business Headquarters

The "Asia and China Business Headquarters" has been established to strengthen the function of the bank in the "gateway to Asia and China" utilizing the local benefits and advantages of the region including the Kansai Bay Area, the Ports of Osaka and Kobe, and the region's three airports. Most notably including the regional bank's sole expatriate Suzhou Representative Office, the network with clients with whom the bank has close ties will be utilized, which will significantly strengthen the bank's capability to respond and support Asia and China businesses.

Enthusiastic Support for New Advances into Foreign Markets and Business

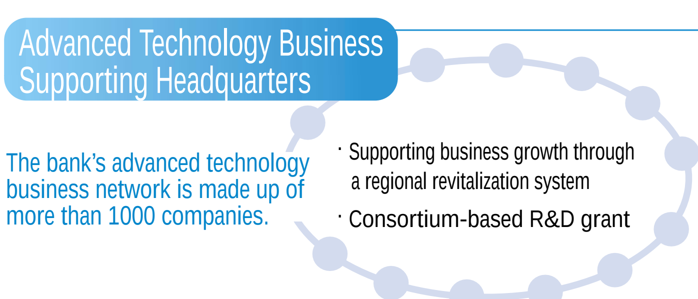
〜Specific Regional Support〜

- Reliable response and consultation offered from the expression of interest stage of local businesses
- Provision of local investment environment information
- Introduction of consignment, production sites and material procurement sites
- Support for overseas market channel development
- Provision and introduction of financial services including finance, capital investment, exchange risk and hedging, etc.



2 Advanced Technology Business Supporting Headquarters

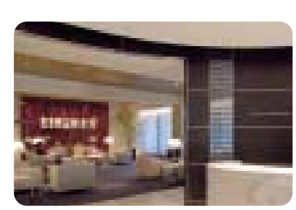
Through the employment of hitherto established close-knit business-academia-government network with Kansai's leading universities and public organizations and so on, and support for the next generation of industry and technology, the Advanced Technology Business Supporting Headquarters will work enthusiastically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



1. Business establishment, secondary business establishment (support for entrepreneurs)
2. Establishment and utilization of business-academia-government network
3. New services utilizing advanced technologies such as multi-functional IC card, mnemonic authentication

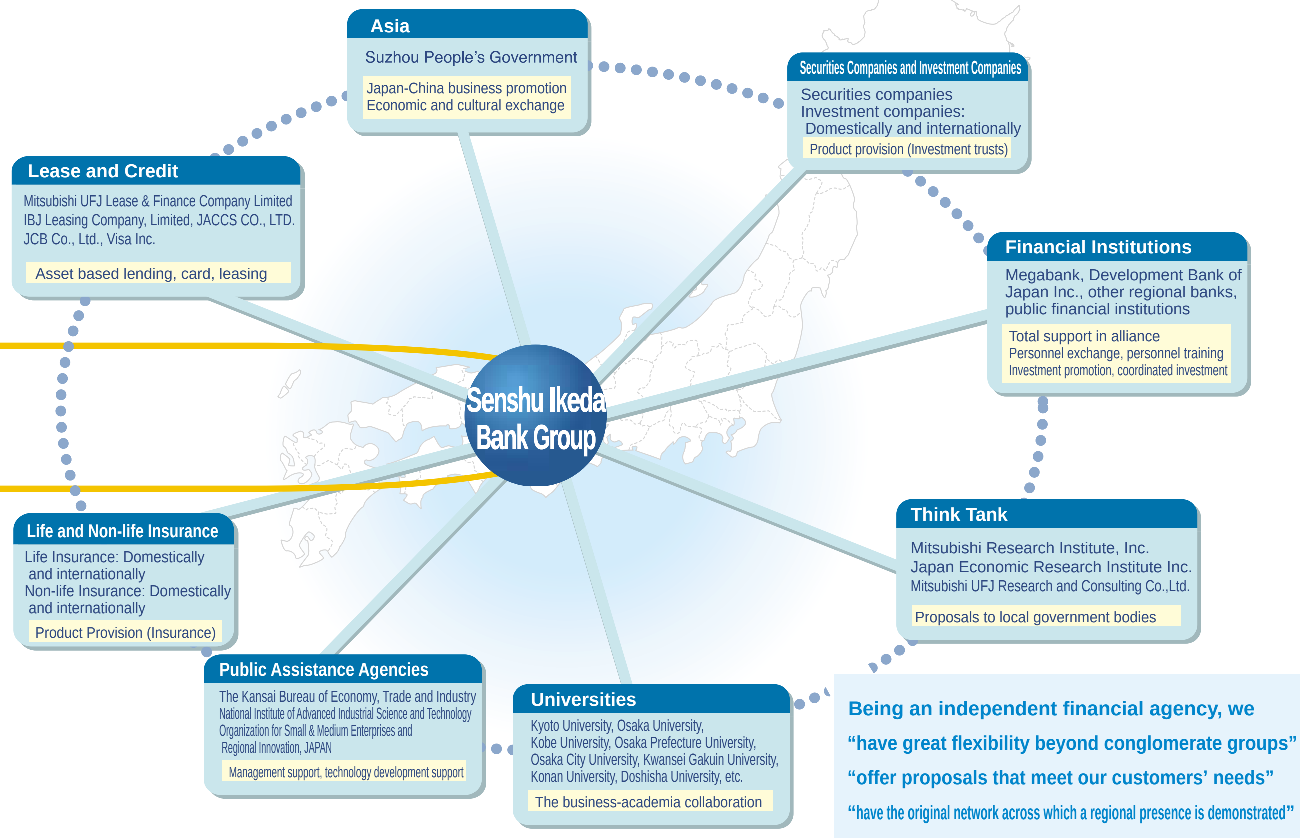
3 Private Banking Headquarters

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



Alliance Strategies

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



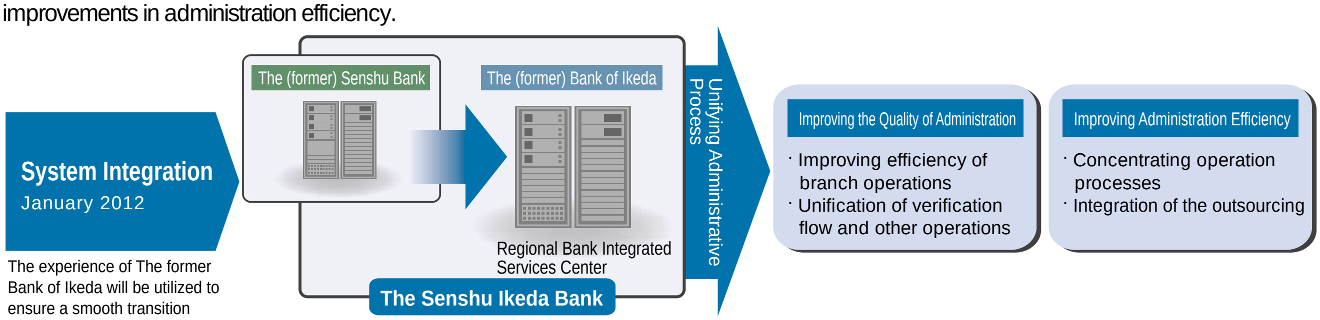
Improved Efficiency Strategies

Demonstration of Synergistic Effect

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

System Integration

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



Business Overview of Senshu Ikeda Holdings

Consolidated

Summary of Profit and Loss

(¥ million)

Items	Fiscal year 2009
Ordinary revenue	118,332
Ordinary expenses	112,274
Ordinary income	6,057
Net income (loss)	(2,845)

Non-consolidated

Summary of Profit and Loss

(¥ million)

Items	Fiscal year 2009
Operating revenue	6,971
Operating expenses	543
Operating income	6,428
Ordinary income	5,944
Net income	5,955

Business Environment

The Japanese economy was picking up in the consolidated fiscal year 2009,due to each government's large-scale economic measures and recovery in exports primarily to the high-growth emerging countries. However, domestic demand remained weak because of severe employment and income situations.

Although the job cuts by companies eased up a little, a sense of overstaffing was deep-rooted. Furthermore, employees' income remained to reduce, which kept personal consumption at a severely low level.

Capital investments ceased to fall after a dramatic decline, while housing investment was picking up recover at a low level.

With respect to prices, the year-on-year rate of reduction tended to decrease during the fiscal year under review, reflecting overseas market conditions recovery.

In the financial markets, policy rate for the unsecured overnight call rate remained steadily at around 0.1% because the Bank of Japan continued to provide sufficient funds to the market.

A mixture of cautious forecast for economy and concerns over the deteriorating supply-demand situation of Japanese government bonds influenced long-term interest rates. The Japanese 10-year interest rates fluctuating within a range centered on 1.3%.

Overall stock prices remained steadily, as recovering overseas economies raised expectations of turnaround in profits of export-oriented companies, and of corporate earnings recovery.

Business Performance

With regard to consolidated performance of Senshu Ikeda Holdings Group (the "Group"), consolidated ordinary revenue for the fiscal year under review stood at ¥118,332 million, while consolidated ordinary expenses was ¥112,274 million. As a result, the Group's consolidated ordinary income came to ¥6,057 million.However, the Group posted ¥2,845 million consolidated net loss due to a reversal of deferred tax assets at the subsidiary bank.

On a non-consolidated basis, Senshu Ikeda Holdings (the "Company") posted operating revenue of ¥6,971 million, mainly due to dividends from its subsidiary bank. At the same time, the Company posted selling, general and administrative expenses of ¥543 million. As a result, the Company posted operating income of ¥6,428 million. In addition, it logged stock delivery expenses and other non-operating expenses of ¥484 million, consequently posting net income of ¥5,955 million for the fiscal year under review.

Matters to Be Addressed

The Company was established in October 2009 as a result of management integration between the Bank of Ikeda and the Senshu Bank through a joint share transfer method, with the aim of becoming the best regional financial institution as the "leading independent financial group" in the Kansai region. Furthermore, the above two banks merged as the new bank, "The Senshu Ikeda Bank, Ltd." on May 1, 2010 with a view to maximizing the synergy effect from the business integration.

The Group's operating bases are located in the densely populated Osaka Bay area, encompassing highly integrated industries. The Group is aware that its most fundamental mission is to "strengthen the relationship banking" and "carefully-crafted services." In consideration of the mission, the Group is striving to conduct its business by addressing to "enhance relationship networks" as the important matters of the financial group, which contributes to regional customers and evolves together with the region. The Group also intends to "contribute to the revitalization of the Kansai economy" through the creation of business networks from a broad viewpoint and the introduction of high-quality financial products and services, as well as contributing to the regional customers as the "No.1 reliable bank for the regional communities and customers."

Dividend Policy

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

In respect of the dividend of retained earnings for the fiscal year under review, based on the basic policy and in consideration of its overall business performance and the current management environment, the Company decided to pay dividend of ¥2.70 per common stock. With regard to first-class preferred stock and second-class preferred stock, the Company plans to pay the amount of ¥196 divided by 18.5 and ¥204.50 divided by 18.5 for each stock respectively, in accordance with the provisions of the Articles of Incorporation.

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

Business Overview of The Bank of Ikeda

Consolidated

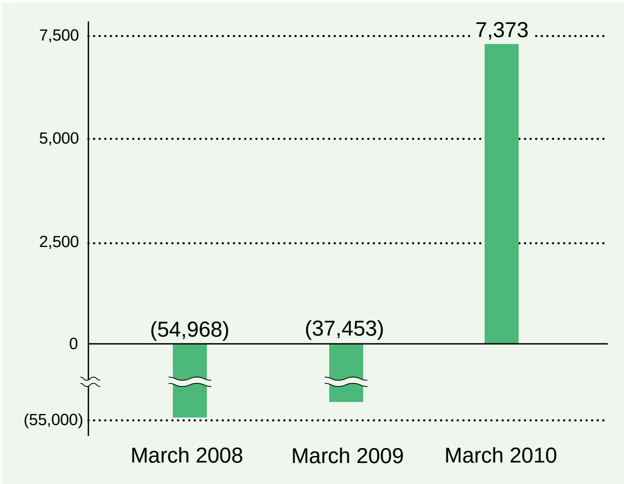
Summary of Profit and Loss

(¥ million)

Items	Fiscal year 2008	Fiscal year 2009	Year-eariler levels
Ordinary revenue	83,201	66,151	(17,050)
Ordinary expenses	117,937	59,737	(58,200)
Ordinary income (loss)	(34,736)	6,413	41,149
Net credit costs	13,745	10,932	(2,813)
Net income (loss)	(37,453)	7,373	44,826

Net income (loss)

(¥ million)



Non-consolidated

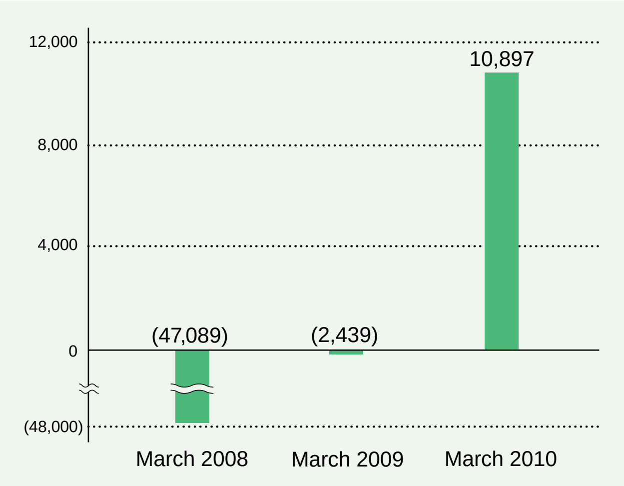
Summary of Profit and Loss

(¥ million)

Items	Fiscal year 2008	Fiscal year 2009	Year-eariler levels
Gross profit	29,554	41,892	12,338
Net interest income	41,794	31,400	(10,394)
Net fees and commissions income	3,293	4,068	775
Net other operation income (loss)	(15,533)	6,423	21,956
Expenses	27,380	25,174	(2,206)
Personnel expenses	11,708	10,808	(900)
Non-personnel expenses	14,176	13,078	(1,098)
Core banking profit	17,943	10,054	(7,889)
Banking profit (loss)	(2,439)	10,897	13,336
Ordinary income (loss)	(34,150)	5,935	40,085
Net credit costs	12,445	9,929	(2,516)
Net income (loss)	(37,234)	7,104	44,338

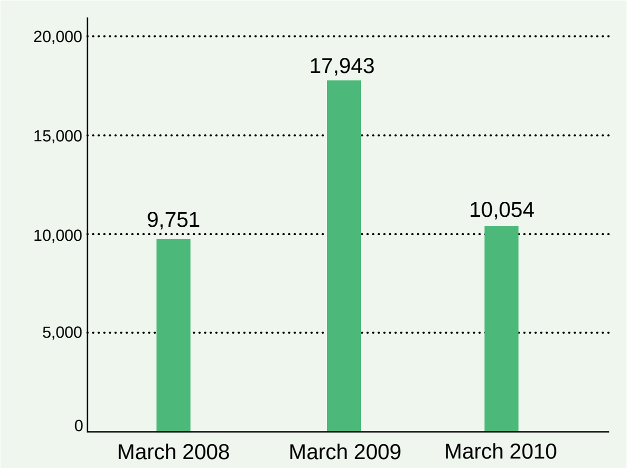
Banking profit (loss)

(¥ million)



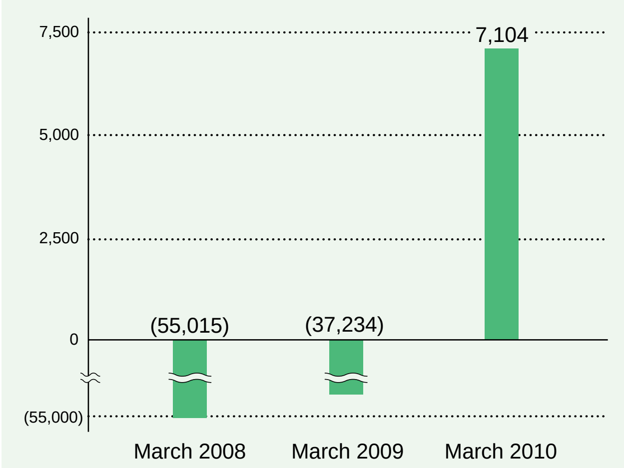
Core banking profit

(¥ million)



Net income (loss)

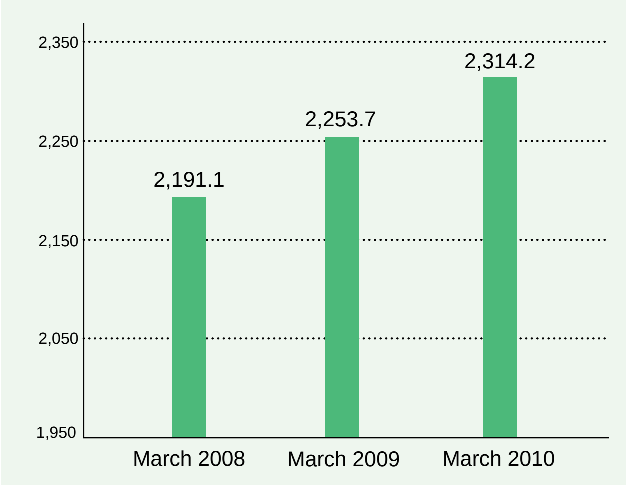
(¥ million)



Non-consolidated

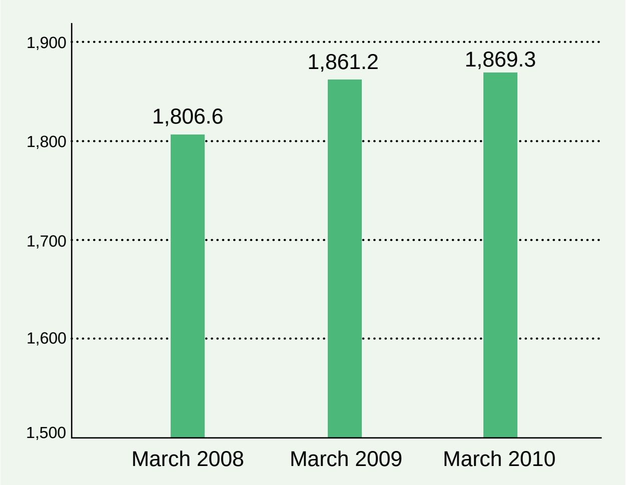
Deposits

(¥ billion)



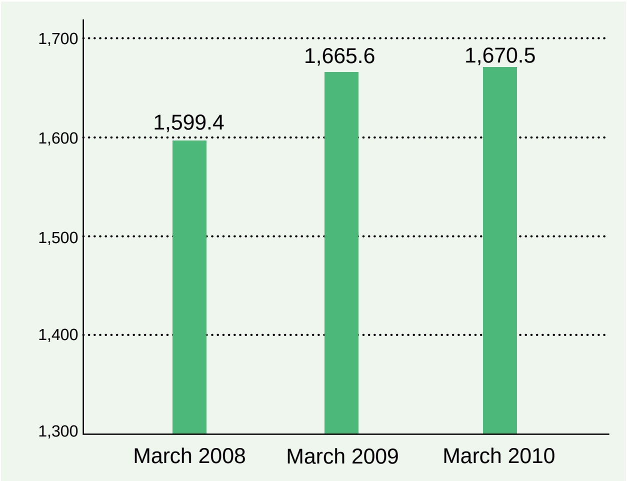
Deposits held by individuals

(¥ billion)



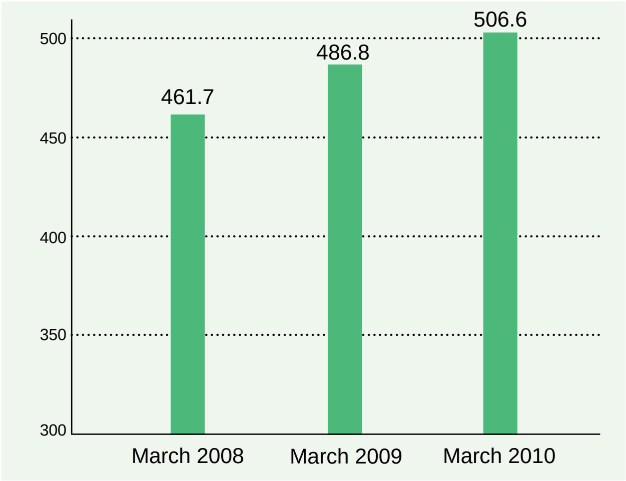
Loans and bills discounted

(¥ billion)



Housing loans

(¥ billion)



Business Performance

(Summary of Profit and Loss)

Ordinary revenue for the consolidated fiscal year under review decreased ¥17,050 million from the year-earlier levels to ¥66,151 million. This was mainly due to reductions in interest on securities and gains on sales of securities. On the other hand, the Bank of Ikeda wrote off almost all of unrealized capital losses from devaluation of securities with a view to creating sound assets during the first half of the fiscal year under review, which drastically reduced losses on sales of securities and depreciation and amortization costs. As a result, its ordinary expenses for the consolidated fiscal year under review decreased ¥58,200 million from the year-earlier levels to ¥59,737 million.

Consequently, the Bank of Ikeda posted ordinary income of ¥6,413 million (ordinary loss of ¥34,736 million in the previous consolidated fiscal year), and net income for the consolidated fiscal year under review was ¥7,373 million (net loss of ¥37,453 million for the previous consolidated fiscal year).

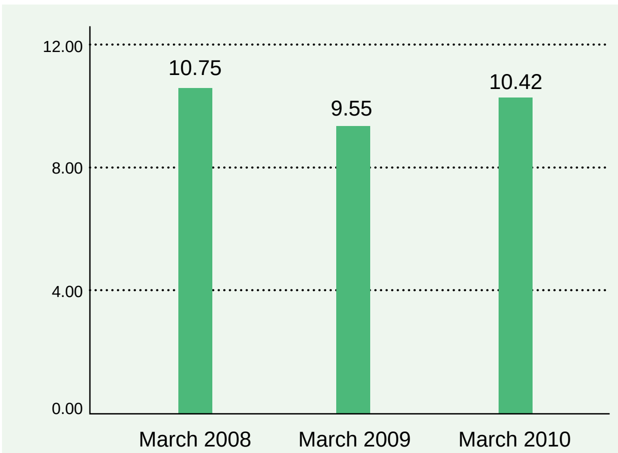
On a non-consolidated basis, banking profit of the Bank of Ikeda increased ¥13,336 million from the previous fiscal year to ¥10,897 million. This was because in spite of posting net credit costs of ¥9,929 million, reducing expenses such as personnel and non- personnel expenses ¥2,206 million from the previous fiscal year through increasing efficiency, as well as gains or loss on bonds turned positive.

In the fiscal year under review, the Bank of Ikeda posted gains related to stocks, and it continued its effort to secure the soundness of its assets. As a result, it posted ordinary income of ¥5,935 million (ordinary loss of ¥34,150 million in

Soundness of The Bank of Ikeda's Operation

Capital ratio (domestic standard, non-consolidated)

(%)

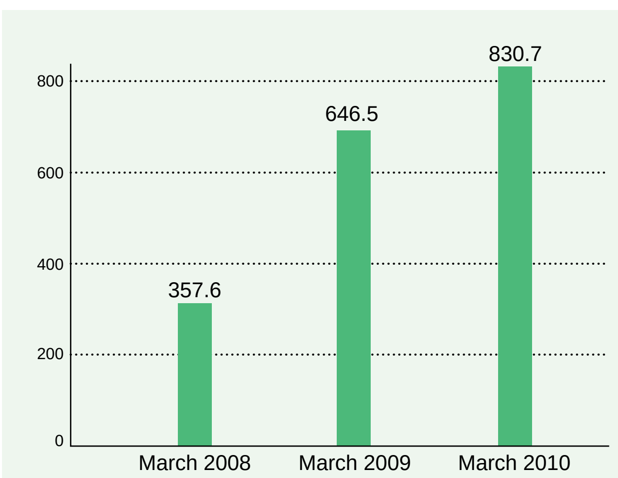


* Method of Calculating the Capital Ratio (domestic standard)

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

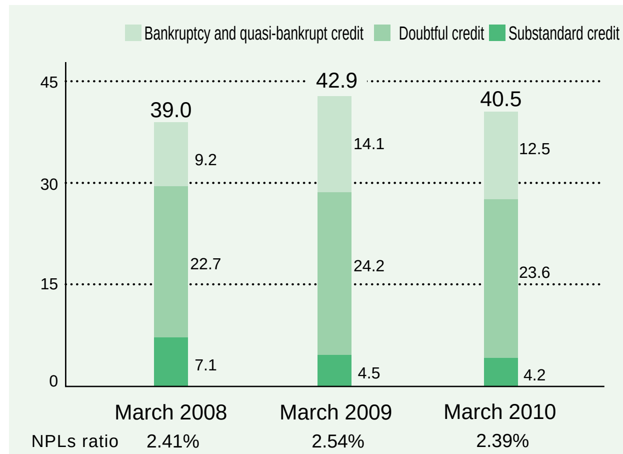
Balance of Securities

(¥ billion)



Securing a sound asset

● Disclosure under the Financial Revitalization Law (¥ billion)



● Coverage of credits (End of March 2010) (¥ billion)

	Amount of loans	Secured amount	Coverage ratio
Bankruptcy and quasi-bankrupt credit	12.5	12.5	100.00%
Doubtful credit	23.6	20.9	88.32%
Substandard credit	4.2	2.4	57.29%
Total	40.5	35.9	88.67%
Normal credit	1,651.4		

Coverage amount: Amount of coverage by collaterals, etc. + Reserve for possible loan losses

Bankruptcy and quasi-bankrupt credit

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

Doubtful credit

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

Substandard credit

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

Normal credit

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

the previous fiscal year) and net income of ¥7,104 million (net loss of ¥37,234 million in the previous fiscal year).

(Assets and Liabilities)

The balance of deposits at the end of the consolidated fiscal year under review increased ¥56.5 billion to ¥2,305.2 billion, due mainly to an increase of deposits held by both individuals and corporate in the banking services.

As for loans and bills discounted, although the balance of housing loans increased ¥19.8 billion, the corporate lending decreased in the banking services. As a result, loans and bills discounted increased ¥1.4 billion to ¥1,658.6 billion during the consolidated fiscal year under review.

The balance of securities at the end of the consolidated fiscal year under review increased ¥182.8 billion from the previous consolidated fiscal year to ¥829.9 billion, due mainly to an increase of bonds and other securities.

On a non-consolidated basis, the balance of deposits increased ¥60.5 billion from the end of the previous fiscal year to ¥2,314.2 billion; the balance of loans and bills discounted increased ¥4.9 billion to ¥1,670.5 billion; and the balance of securities increased ¥184.2 billion to ¥830.7 billion.

Disclosure of Risk-Monitored Loans

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

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

Consolidated

(¥ billion)

Subcategories	March 2009	March 2010
Loans to bankrupt borrowers	3.6	2.1
Delinquent loans	35.8	35.2
Loans past due three months or more	0.7	0.6
Restructured loans	3.8	3.7
Total	44.0	41.7
Ratio of total risk-monitored loans	2.65%	2.51%

Non-consolidated

(¥ billion)

Subcategories	March 2009	March 2010
Loans to bankrupt borrowers	3.3	1.8
Delinquent loans	34.9	34.2
Loans past due three months or more	0.7	0.5
Restructured loans	3.8	3.6
Total	42.8	40.4
Ratio of total risk-monitored loans	2.57%	2.42%

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

Self-assessment results, and categories and coverage by disclosure standard (Non-consolidated) (End of March 2010)

(¥ billion)

Borrower classification under self-assessment guidelines (Credit exposures)

Classification Outstanding loans		Category: No asset classification	Category II	Category III	Category IV
Bankrupt 1.8		1.0	0.8	– (–)	– (–)
Effectively bankrupt 10.6		1.4	9.2	– (0)	– (0)
Potentially bankrupt 23.6		8.1	12.7	2.7 (6.4)	
Watch list	Requiring special caution 4.8	0.2	4.6		
Watch list	Other borrowers requiring caution 149.7	44.1	105.5		
Normal 1,501.2		1,501.2			
Total 1,692.0		1,556.2	132.9	2.7 (6.4)	– (–)

Claims disclosed under the Financial Revitalization Law (Credit exposures)

Classification Outstanding loans	Secured or guaranteed	Reserve	Coverage ratio
Bankruptcy and quasi-bankrupt 12.5	12.5	0	100.00%
Doubtful 23.6	14.4	6.4	88.32%
Substandard 4.2	0.9	1.5	57.29%
Subtotal 40.5	27.9	7.9	88.67%
Normal 1,651.4			
Total 1,692.0			

Ratio of NPLs (subtotal) pursuant to the disclosure standards of the Financial Revitalization Law to total credit: 2.39%

Risk monitored loans under the Banking Law

Classification	Outstanding balance of loans
Loans to bankrupt borrowers	1.8
Delinquent loans	34.2
Loans past due three months or more	0.5
Restructured loans	3.6
Total	40.4

Ratio of risk managed loans to total loans: 2.42%

[Definition of Borrower Classification]

Bankrupt: Borrowers who are in bankrupt legally and formally

Effectively bankrupt: Borrowers who are not yet in bankrupt legally nor formally, but are recognized that they have no prospect of reconstruction or rehabilitation of their business.

Potentially bankrupt: Borrowers who are not yet in bankrupt, but are in financial difficulties and the progress of management improvement plans is not good so that the future bankruptcy possibility is highly concerned.

Requiring special caution: Borrowers whose lending conditions is concerned, and repayment of principal or payment for interest is not according to the schedule as contracted, or financial situation is not prosperous that their situation requires to be addressed and managed.

Normal: Borrowers whose business is prosperous and their financial situation has no particular concerns.

Notes 1. Credits include: Corporate Bonds (when financial institutions holding the bonds guarantee all or part of the repayment of principal and payments of interest, when such bonds are issued through private placement in accordance with the Article 2, paragraph 3 of the Financial Instruments and Exchange Law (No.25 in 1948)); Loans and bills discounted; Foreign exchanges; Accrued income and Suspense payment account under Other assets; and Customers' liabilities for acceptances and guarantees in the Balance Sheet; as well as the lended securities (limited for use agreements or lease contracts,) which are required to be stated in a note to the Balance Sheet.

2. The figures in the parentheses under Borrower classification under self-assessment guidelines represent reserved amounts for classified loans. All amounts for Categories III and IV for borrowers in bankrupt and effectively bankruptcy are reserved.

Business Overview of The Senshu Bank

Consolidated

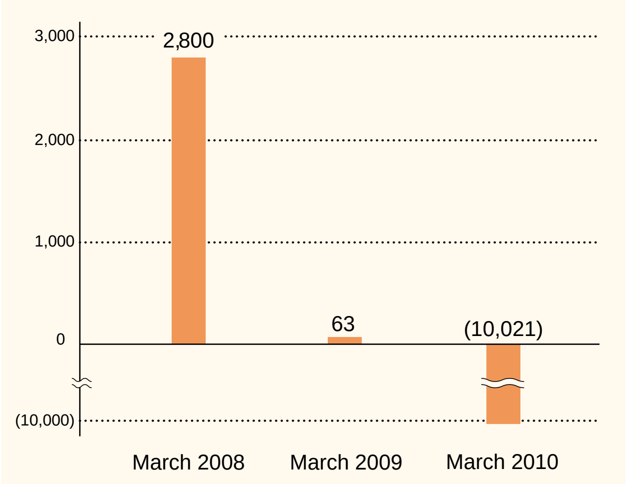
Summary of Profit and Loss

(¥ million)

Items	Fiscal year 2008	Fiscal year 2009	Year-eariler levels
Ordinary revenue	59,052	52,278	(6,774)
Ordinary expenses	59,346	50,989	(8,357)
Ordinary income (loss)	(293)	1,288	1,581
Net credit costs	9,726	7,862	(1,864)
Net income (loss)	63	(10,021)	(10,084)

Net income (loss)

(¥ million)



Non-consolidated

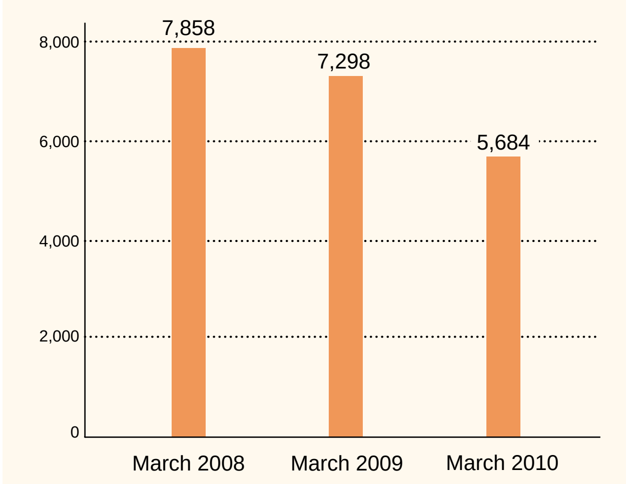
Summary of Profit and Loss

(¥ million)

Items	Fiscal year 2008	Fiscal year 2009	Year-eariler levels
Gross profit	32,700	30,890	(1,810)
Net interest income	33,534	30,536	(2,998)
Net fees and commissions income (loss)	(1,254)	(1,927)	(673)
Net other operation income	420	2,280	1,860
Expenses	24,800	25,206	406
Personnel expenses	12,010	12,285	275
Non-personnel expenses	11,682	11,721	39
Core banking profit	8,072	3,948	(4,124)
Banking profit	7,298	5,684	(1,614)
Ordinary income (loss)	32	(1,991)	(2,023)
Net credit costs	4,819	1,478	(3,341)
Net income (loss)	169	(11,741)	(11,910)

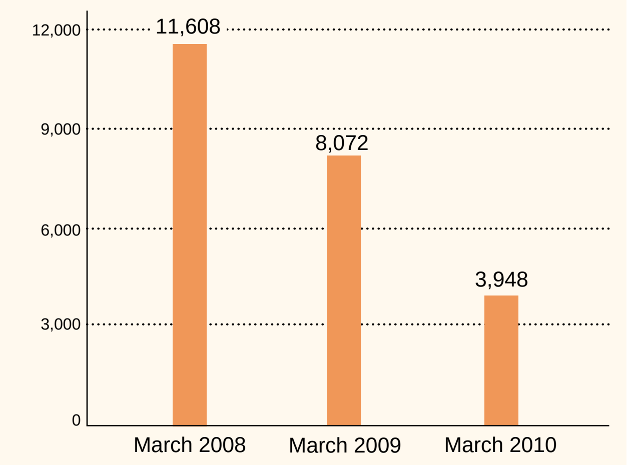
Banking profit

(¥ million)



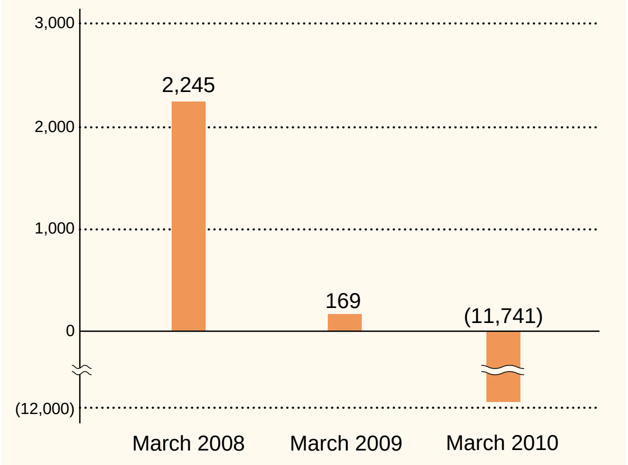
Core banking profit

(¥ million)



Net income (loss)

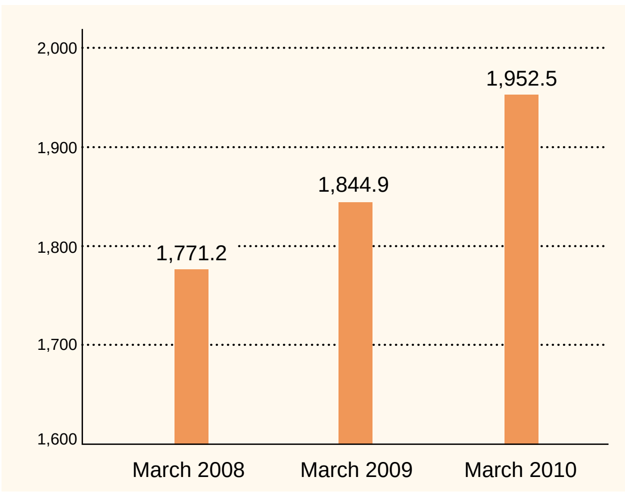
(¥ million)



Non-consolidated

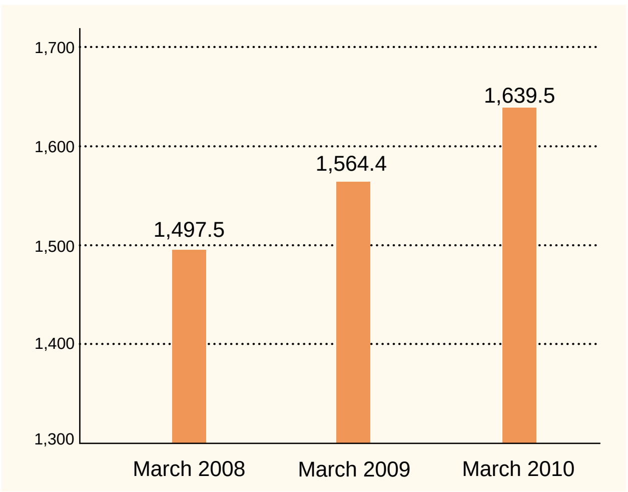
Deposits

(¥ billion)



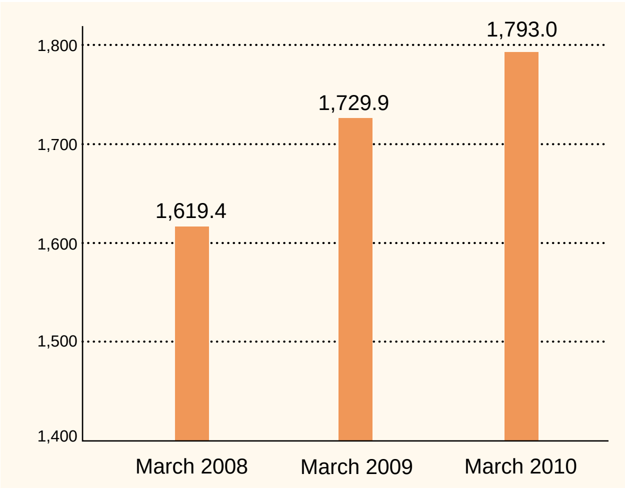
Deposits held by individuals

(¥ billion)



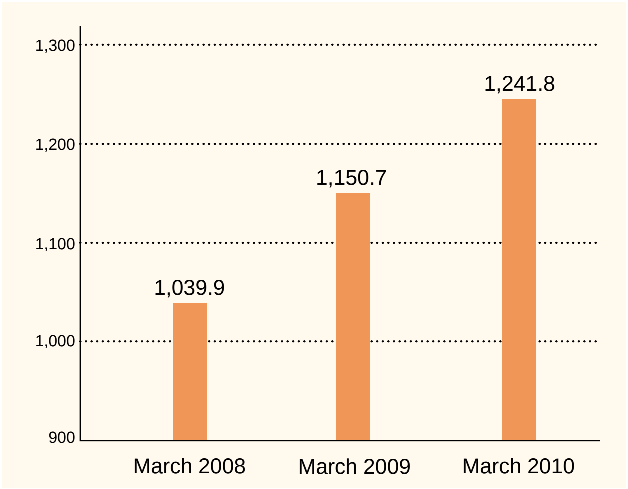
Loans and bills discounted

(¥ billion)



Housing loans

(¥ billion)



Business Performance

(Summary of Profit and Loss)

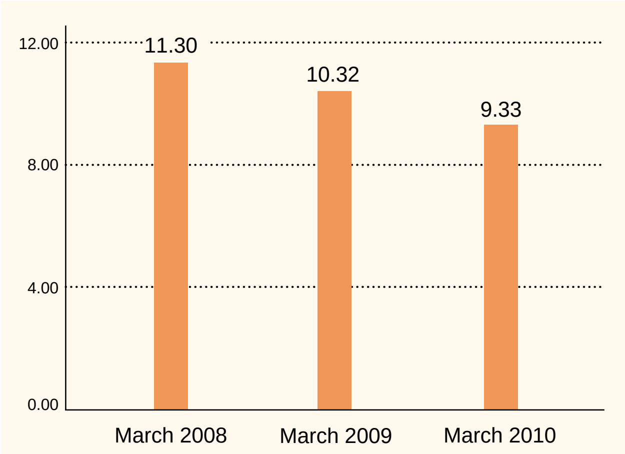
Ordinary revenue for the consolidated fiscal year under review decreased ¥6,774 million from the year-earlier levels to ¥52,278 million. This was mainly due to decrease in interest income through lower yields on loans and securities, and decline in gains on sale of stocks. On the other hand, ordinary expenses decreased ¥8,357 million from the year-earlier levels to ¥50,989 million. This was because of decreasing interest expenses and loss on separately classified collateralized debt obligation (CDO), and reduction in NPLs write-offs. As a result, the Senshu Bank posted ordinary income of ¥1,288 million (ordinary loss of ¥293 million in the previous consolidated fiscal year), net loss of ¥10,021 million in the consolidated fiscal year under review, reflecting a reversal of deferred tax assets for following the formation of more realizable and conservative future income projections of the Senshu Bank.

On a non-consolidated basis, core banking profit of the Senshu Bank decreased ¥4,124 million from the year-earlier levels to ¥3,948 million. This was because of decrease in net interest income, net fees and commissions income as well as increase in expenses. The Senshu Bank posted ordinary loss of ¥1,991 million (ordinary income of ¥32 million in the previous fiscal year) and a net loss of ¥11,741 million (net income of ¥169 million in the previous year).

Soundness of The Senshu Bank's Operation

Capital ratio (domestic standard, non-consolidated)

(%)

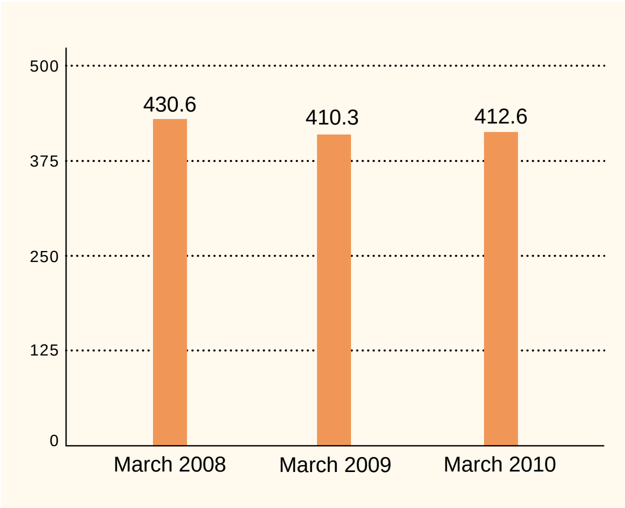


* Method of Calculating the Capital Ratio (domestic standard)

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

Balance of Securities

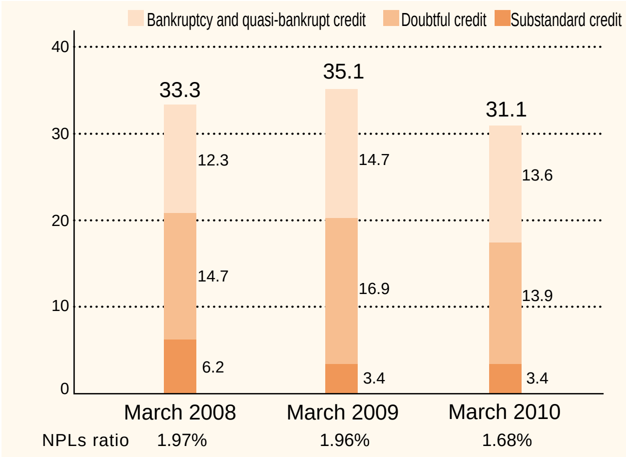
(¥ billion)



Securing a sound asset

● Disclosure under the Financial Revitalization Law

(¥ billion)



● Coverage of credits (End of March 2010)

(¥ billion)

	Amount of loans	Secured amount	Coverage ratio
Bankruptcy and quasi-bankrupt credit	13.6	13.6	100.00%
Doubtful credit	13.9	12.7	91.28%
Substandard credit	3.4	2.5	74.51%
Total	31.1	29.0	93.25%
Normal credit	1,810.4	Coverage amount: Amount of coverage by collaterals, etc. + Reserve for possible loan losses	

Bankruptcy and quasi-bankrupt credit

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

Doubtful credit

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

Substandard credit

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

Normal credit

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

(Assets and Liabilities)

The Senshu Bank continued to enjoy a strong acquisition of new deposits through "pension time deposits" and "Direct Branch" programs. As a result, the balance of deposits at the end of the consolidated fiscal year under review increased ¥107.5 billion from the end of the previous fiscal year to ¥1,951.6 billion.

Loans and bills discounted at the end of the consolidated fiscal year under review increased ¥64.5 billion from the year-earlier levels to ¥1,789.9 billion due to an expansion in personal loans, particularly related to housing loans. The rate of increase in housing loans during the period was 7.9%.

The balance of securities at the end of the consolidated fiscal year under review increased ¥6.3 billion from the year-earlier levels to ¥409.1 billion. This was due to an increase in the balance of Japanese government bonds through implementing the policies of stable investment management.

On a non-consolidated basis, the balance of deposits increased ¥107.6 billion from the end of the previous fiscal year to ¥1,952.5 billion; the balance of loans and bills discounted increased ¥63.1 billion to ¥1,793 billion, and the balance of securities increased ¥2.3 billion to ¥412.6 billion.

Disclosure of Risk-Monitored Loans

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

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

Consolidated

(¥ billion)

Subcategories	March 2009	March 2010
Loans to bankrupt borrowers	10.9	10.0
Delinquent loans	19.6	17.4
Loans past due three months or more	0	–
Restructured loans	3.4	3.8
Total	34.0	31.3
Ratio of total risk-monitored loans	1.97%	1.75%

Non-consolidated

(¥ billion)

Subcategories	March 2009	March 2010
Loans to bankrupt borrowers	10.2	9.1
Delinquent loans	18.6	16.5
Loans past due three months or more	0	–
Restructured loans	3.4	3.4
Total	32.3	29.1
Ratio of total risk-monitored loans	1.87%	1.62%

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

Self-assessment results, and categories and coverage by disclosure standard (Non-consolidated) (End of March 2010)

(¥ billion)

Borrower classification under self-assessment guidelines (Credit exposures)

Classification Outstanding loans		Category: No asset classification	Category II	Category III	Category IV
Bankrupt 9.8		1.8	8.0	– (0)	– (0.6)
Effectively bankrupt 3.8		1.8	1.9	– (0.1)	– (0.9)
Potentially bankrupt 13.9		6.7	6.0	1.2 (2.0)	
Watch list	Requiring special caution 4.2	0.7	3.4		
Watch list	Other borrowers requiring caution 138.3	53.9	84.3		
Normal 1,671.3		1,671.3			
Total 1,841.5		1,736.4	103.8	1.2 (2.1)	– (1.6)

Claims disclosed under the Financial Revitalization Law (Credit exposures)

Classification Outstanding loans	Secured or guaranteed	Reserve	Coverage ratio
Bankruptcy and quasi-bankrupt 13.6	11.8	1.8	100.00%
Doubtful 13.9	10.7	2.0	91.28%
Substandard 3.4	1.9	0.5	74.51%
Subtotal 31.1	24.6	4.4	93.25%
Normal 1,810.4			
Total 1,841.5			

Ratio of NPLs (subtotal) pursuant to the disclosure standards of the Financial Revitalization Law to total credit: 1.68%

Risk monitored loans under the Banking Law

Classification	Outstanding balance of loans
Loans to bankrupt borrowers	9.1
Delinquent loans	16.5
Loans past due three months or more	–
Restructured loans	3.4
Total	29.1

Ratio of risk managed loans to total loans: 1.62%

[Definition of Borrower Classification]

Bankrupt: Borrowers who are in bankrupt legally and formally

Effectively bankrupt: Borrowers, who are not yet in bankrupt legally nor formally, but are recognized that they have no prospect of reconstruction or rehabilitation of their business.

Potentially bankrupt: Borrowers who are not yet in bankrupt, but are in financial difficulties and the progress of management improvement plans is not good so that the future bankruptcy possibility is highly concerned.

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2. The figures in the parentheses under Borrower classification under self-assessment guidelines represent reserved amounts for classified loans. All amounts for Categories III and IV for borrowers in bankrupt and effectively bankruptcy are reserved.

Corporate Governance

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

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

Outline of Corporate Governance Structure

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

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

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

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

Corporate governance functions within the Company

- The Board of Directors

  The Board of Directors that comprises 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 representative directors under the rules of the Board of Directors. The Board of Directors is held once a month in principle, attended by directors and executive officers along with corporate auditors, to make decisions in due consideration of compliance and risk management.
- The Board of Corporate Auditors

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

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

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

  The Internal Control Group within 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 Compliance 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. Meanwhile, the Risk Management Division is responsible for regular review and reform of the risk management structure, referring to the financial inspection rating system by the Financial Services Agency.

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

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

  Assistants for the accounting audit of the Company are nine 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 Compliance Management Division coordinates compliance arrangement across the Company and the Group, while conducting education and training for directors and employees by developing compliance program and compliance manual, and arranging compliance seminars.

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

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

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

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

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

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

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

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

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

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

(4) Structure to ensure efficient business execution of directors

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

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

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

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

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

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

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

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

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

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

To reinforce this arrangement, the Company and the Group develop a structure that corporate auditors are allowed to attend important meetings such as the Board of Directors, the Management Committee, the Compliance Committee, the Risk Management Committee and the ALM Committee.

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

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

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

Status of Internal Audits and Audits by Corporate Auditors

- Internal audits

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

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

- Audits by corporate auditors

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

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

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

Outside directors and outside corporate auditors

The Company has one outside director and two outside corporate auditors.

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

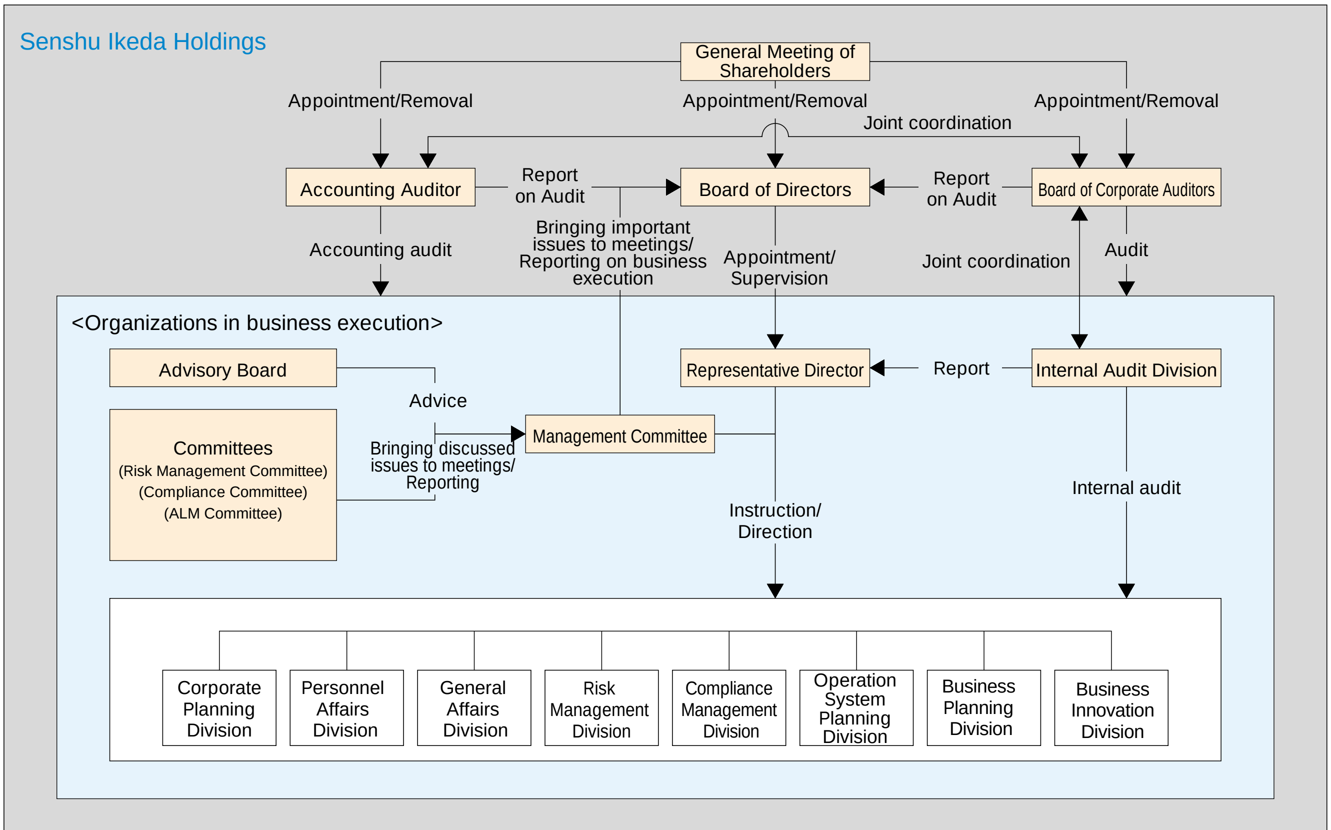
Outside corporate auditor, Toshiaki Imanaka, is an independent officer without any potential conflict of interest with general shareholders, as required to be designated by Tokyo Stock Exchange and Osaka Securities Exchange, and has no interest in the Company in terms of personnel, capital, trading or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

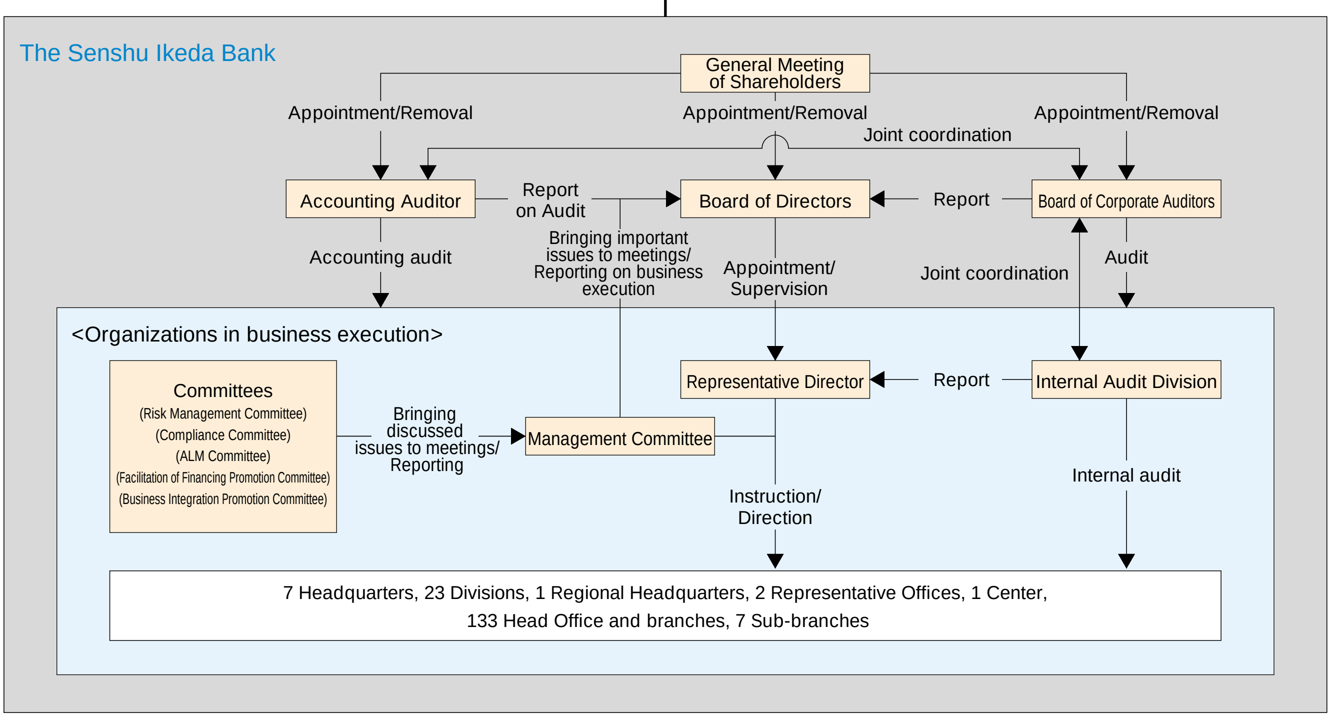
Outside corporate auditor, Toshiaki Sasaki, has no interest in the Company in terms of personnel, capital, trading or other relationship. He performs his duties as corporate auditor based on his wealth of experience and broad insight earned over the years as corporate auditor in financial institutions.

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

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

Corporate governance structure of the Group



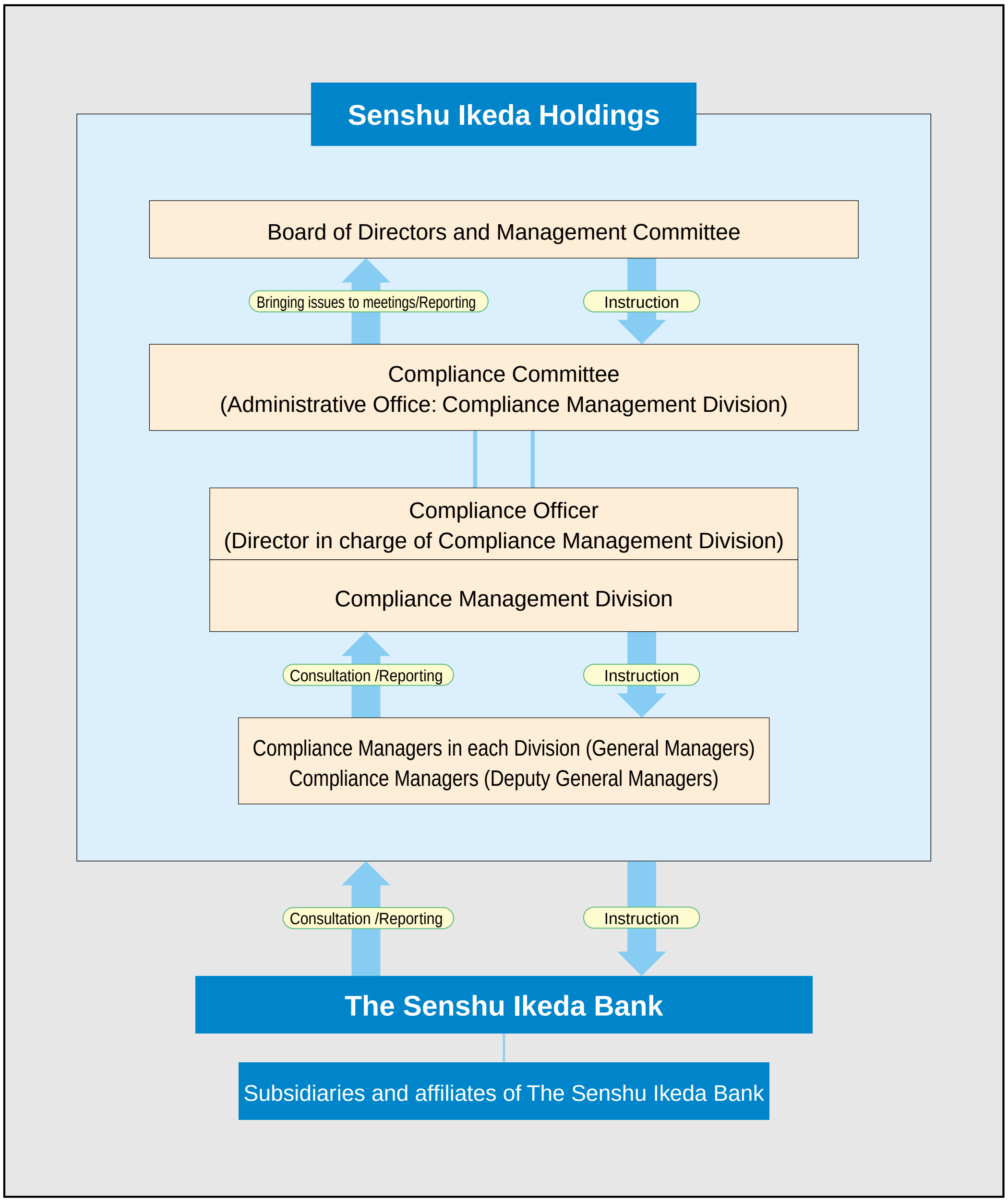


Compliance Structure

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

We have set up a “Compliance Committee” in the Company and The Senshu Ikeda Bank respectively, to deliberate important matters regarding compliance. We have also formed the Compliance Management Division under the director in charge of compliance to manage matters regarding compliance unitarily.

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



We assign “Compliance Managers” and “Compliance Officers” 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 seminars to ensure compliance.

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

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 a fair and honest corporate activities, while complying with laws and rules strictly to implement the Group's management philosophy and policies.

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

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

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

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

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

Risk Management Structure

■ Basic Approach to Risk Management

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

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

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

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

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

■ Integrated Risk Management

- Integrated risk management

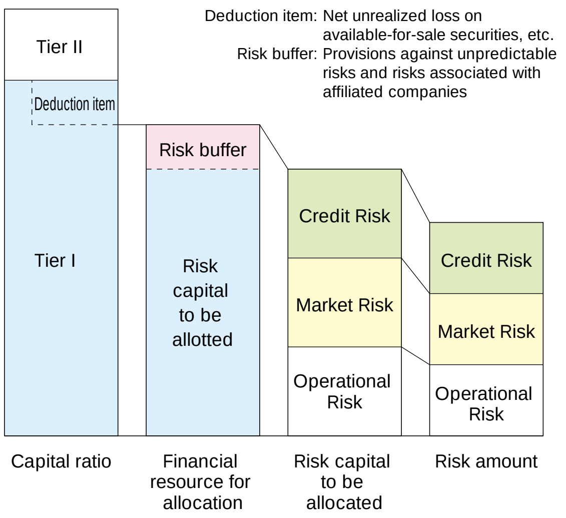
Integrated risk management refers to the process to adequately manage the risks that financial institutions face. The Company evaluates the risks divided into categories of credit risk, credit concentration risk outside the calculation of capital ratio, interest rate risk in banking accounts, market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

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

- Risk capital management system

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

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



● Dealing with Basel II

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

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

■ Credit Risk Management

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

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

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

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

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

■ Market Risk Management

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

■ Funding Liquidity Risk Management

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

The Group takes control of its funding situation thorough 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.

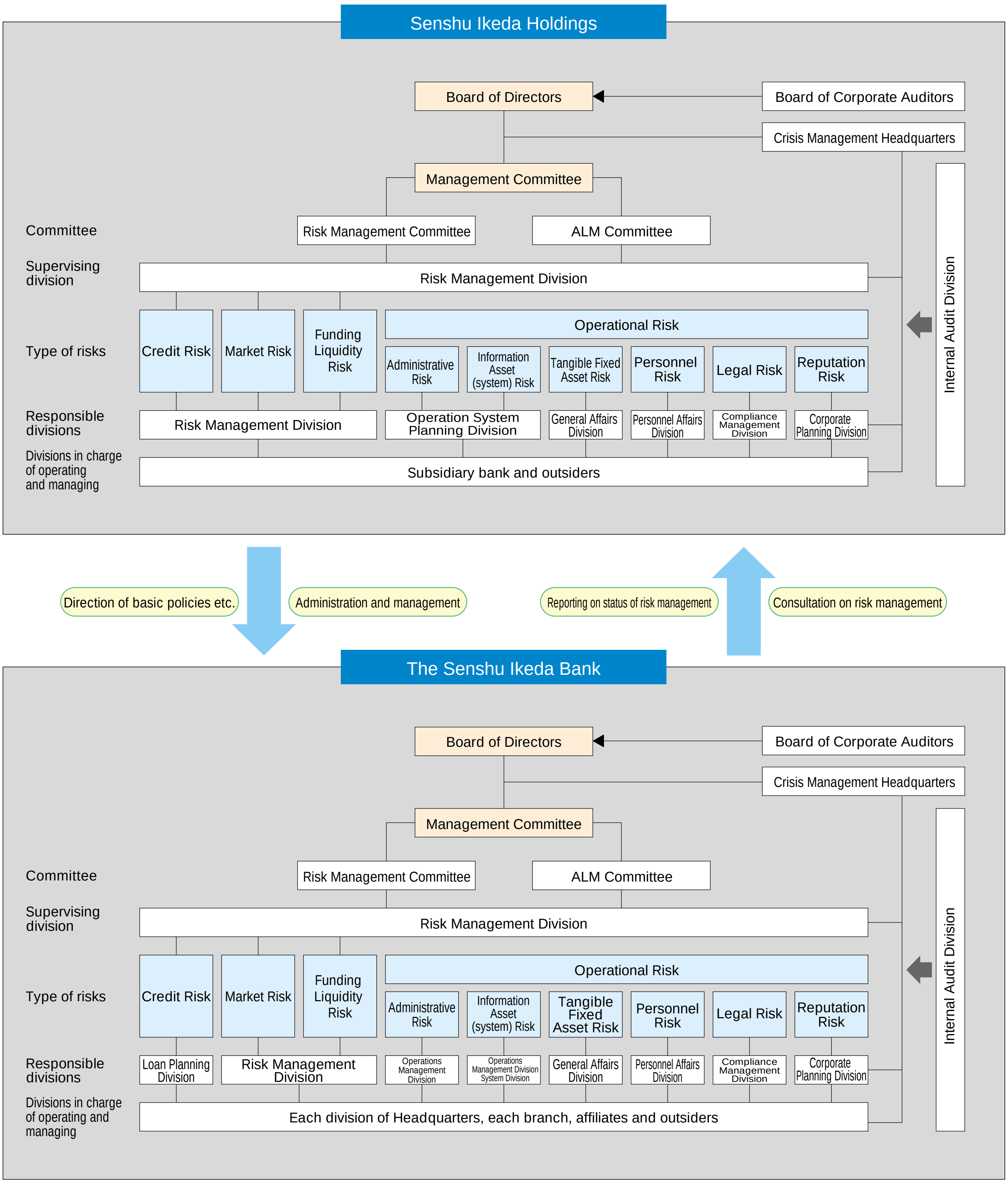
Furthermore, the Group identifies and evaluates all risks associated with new products and services before they are actually developed and provided, for the purpose of adequate risk management. Besides, the Group manages customer information sufficiently and ensures management soundness when outsources 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 Compliance Management Division to collect information concerning legal matters, and to manage legal risk identified from such information, as well as appropriately responds to the legal risk.
- Reputation risk management
  Reputation risk, as identified by the Group, is the risk of suffering losses arising from deterioration of the Group's reputation due to circulation of unfounded rumors or due to inadequate responses of the Group concerning the facts.
  The Group works to avoid reputation risk by disclosing information proactively thorough increases the transparency of its management, taking into consideration the crucial influence on the management of the Group.

■ Crisis Management

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

The risk management structure of the Group



Approach to Facilitation of Financing

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

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

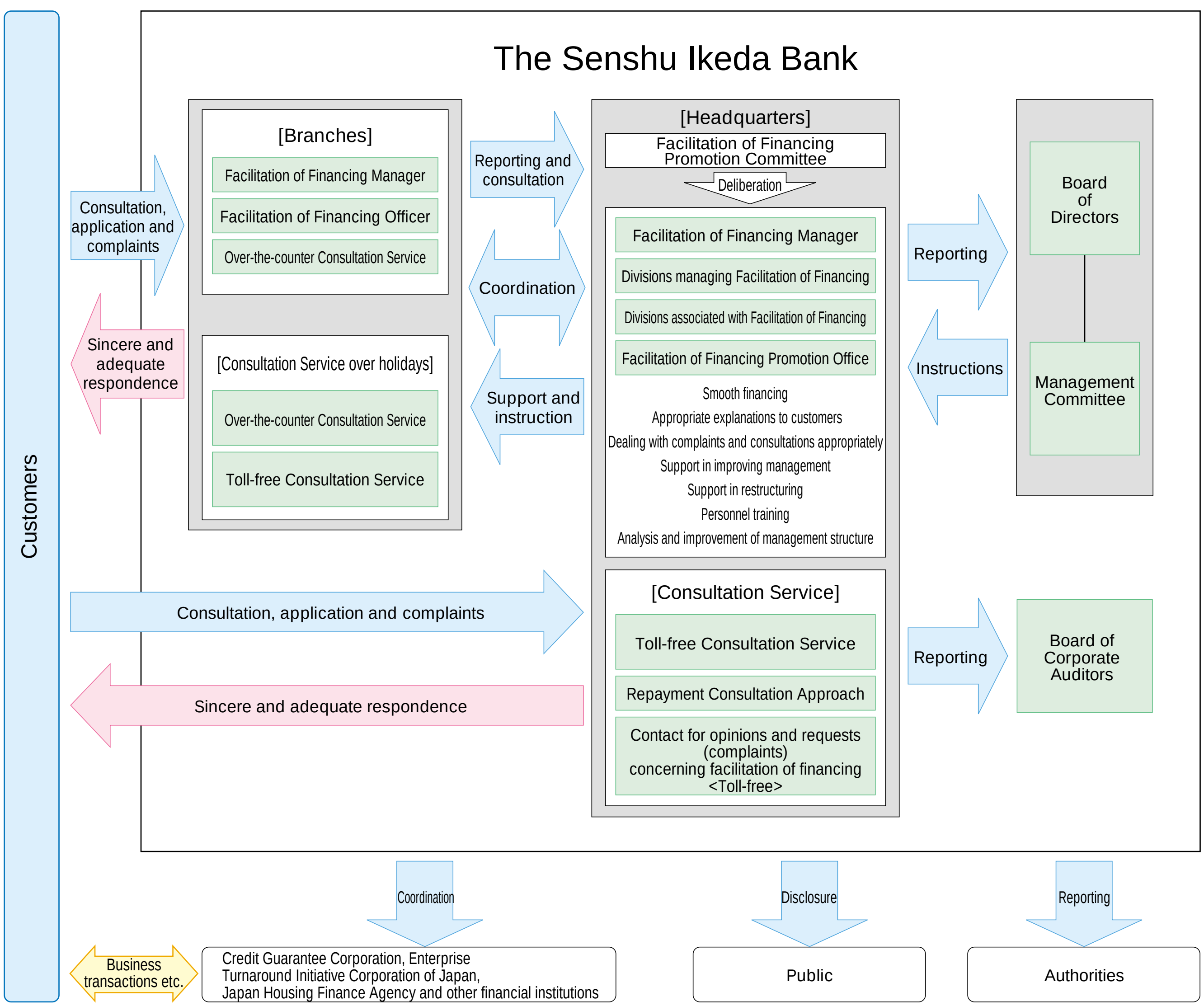
● Organizational structure

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

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

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

System for accepting consultation of facilitation of financing



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

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

● Basic Policies

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

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

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

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

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

(1) On receiving applications for changes in business terms such as loan terms from small to medium businesses 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 to medium businesses and sole proprietors with management consultation, guidance and other adequate assistance in support of their effort for management improvement, taking into consideration the operational circumstance of customers.

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

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

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

● Policies for handling of application for housing loan

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

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

Business Description of the Group

Organizational Chart of the Group (As of May 1, 2010)

- Senshu Ikeda Holdings, Inc.
  - ● The Senshu Ikeda Bank, Ltd.
    - Banking services
      - Head office and branches: 133
      - Sub-branches: 7
      - Representative offices: 2
    - Leasing services
      - ● Ikeda Bank Lease Co., Ltd.
      - ● Sengin General Leasing Company Limited
    - Credit guarantee services
      - ● Ikegin Guarantee Co., Ltd.
      - ● Kinki Credit Guarantee Company Limited
    - Credit card services
      - ● J. I. Co., Ltd.
      - ● D. I. Co., Ltd.
      - ● Vui I Co., Ltd.
      - ● The Senshu Card Company Limited
    - Other services
      - ● Ikegin Capital Co., Ltd.
      - ● Ikeda Business Service Co., Ltd.
      - ● Sengin Business Service Company Limited
      - ● Ikegin Office Service Co., Ltd.
      - ● I. M. S. Co., Ltd.
      - ● Hitachi & Ikeda Brains, Co., Ltd.
      - ● Senshu Software Service Company Limited
      - ● Ikeda Investment Management Co., Ltd.
      - ○ Shizen Soken Co., Ltd.
      - ○ Bank Computer Service Corporation
      - ● Investment enterprise partnerships: 11
      - Ikeda Preferred Capital Cayman Limited

(Note:
● indicates consolidated subsidiaries and
○ indicates equity-method affiliate.)

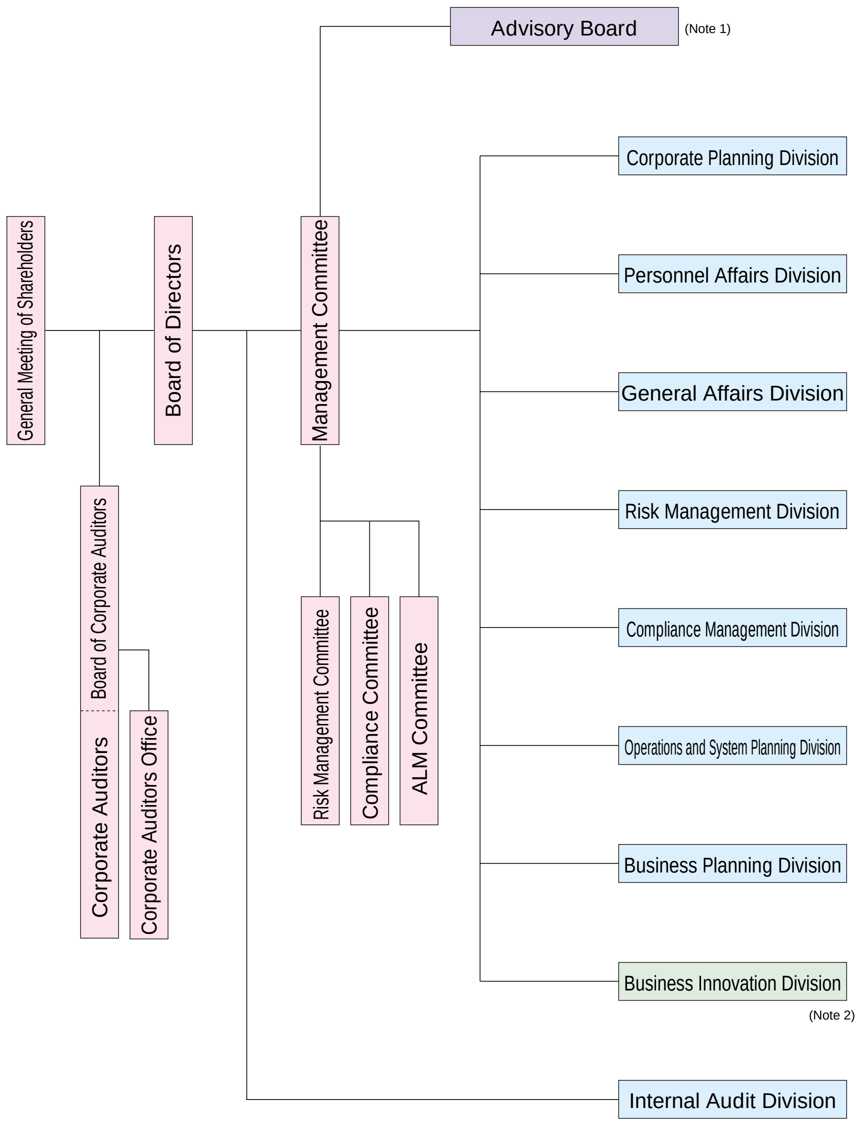
Subsidiaries and Affiliates (As of May 1, 2010)

	Name	Address	Major Business	Date of establishment	Share Capital (millions of Japanese yen)	Investment ratio (%) The Company	Investment ratio (%) Subsidiaries and affiliates
Subsidiaries	The Senshu Ikeda Bank, Ltd.	18-14, Chayamachi, Kita-ku, Osaka-city	Banking services	September 1, 1951	50,710	100.0	-
	Ikeda Bank Lease Co., Ltd.	3-3-6, Kyutaromachi, Chuo-ku, Osaka-city	Leasing services	April 1, 1986	50	-	81.0
	Sengin General Leasing Company Limited	27-1, Miyamotocho, Kishiwada-city	Leasing services	October 23, 1985	120	-	41.2
	Ikegin Guarantee Co., Ltd.	2-1-11, Jonan, Ikeda-city	Credit guarantee services	July 20, 1973	180	-	58.7
	Kinki Credit Guarantee Company Limited	2-1-1, Nishiki, Kaizuka-city	Credit guarantee services	April 1, 1975	6,400	-	100.0
	J. I. Co., Ltd.	8-10, Kurehacho, Ikeda-city	Credit card services	February 1, 1983	30	-	90.0
	D. I. Co., Ltd.	8-10, Kurehacho, Ikeda-city	Credit card services	September 5, 1990	30	-	90.0
	Vui I Co., Ltd.	8-10, Kurehacho, Ikeda-city	Credit card services	November 2, 1990	40	-	100.0
	The Senshu Card Company Limited	27-1, Miyamotocho, Kishiwada-city	Credit card services	August 28, 1987	30	-	85.0
	Ikegin Capital Co., Ltd.	18-14, Chayamachi, Kita-ku, Osaka-city	Venture capital services	March 6, 1989	426	-	65.9
	Ikeda Business Service Co., Ltd.	3-2-4, Jonan, Ikeda-city	Cash settlement and printing services	April 1, 1983	10	-	100.0
	Sengin Business Service Company Limited	1-7-1, Koryonishimachi, Sakai-ku, Sakai-city	Back-office administration	April 1, 1983	30	-	100.0
	Ikegin Office Service Co., Ltd.	2-1-11, Jonan, Ikeda-city	Personnel services	July 11, 1988	20	-	100.0
	I. M. S. Co., Ltd.	6-2-5-301, Mino, Mino-city	Appraisal of real-estate collateral and real-estate research services	October 28, 1991	20	-	100.0
	Hitachi & Ikeda Brains, Co., Ltd.	2-1-11, Jonan, Ikeda-city	Development of computer software	June 10, 1985	50	-	63.1
	Senshu Software Service Company Limited	1-5, Rinku Oraikita, Izumisano-city	Computer software development and sale	October 6, 1986	30	-	85.0
	Ikeda Investment Management Co., Ltd.	3-3-6, Kyutaromachi, Chuo-ku, Osaka-city	Investment advisory and discretionary investment services	April 1, 1987	120	-	100.0
Affiliates	Shizen Soken Co., Ltd.	2-1-11, Jonan, Ikeda-city	Information offering services	November 1, 1996	80	-	15.0
	Bank Computer Service Corporation	1-5, Rinku Oraikita, Izumisano-city	Development and sale of computer programs used for operations at financial institutions	December 27, 2000	400	-	45.0

Organization and Board of Directors

Senshu Ikeda Holdings

■Organization (As of May 1, 2010)



Notes: 1. The Advisory Board was established as an 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

Members: (In the order of the Japanese syllabary)

·Noriyuki Inoue
(Chairman of the Board and CEO of Daikin Industries, Ltd.)

·Masahiro Shima
(President of SHIMA SEIKI Mfg., Ltd.)

·Motohiro Sugai
(Former president of Hankyu Corporation)

·Hidenobu Hiraoka
(Chairman of the Board of Trustee of Seifu Gakuen Junior and Senior High School)

·Makoto Yamanaka
(Chairman and CEO of Nankai Electric Railway Co., Ltd.)

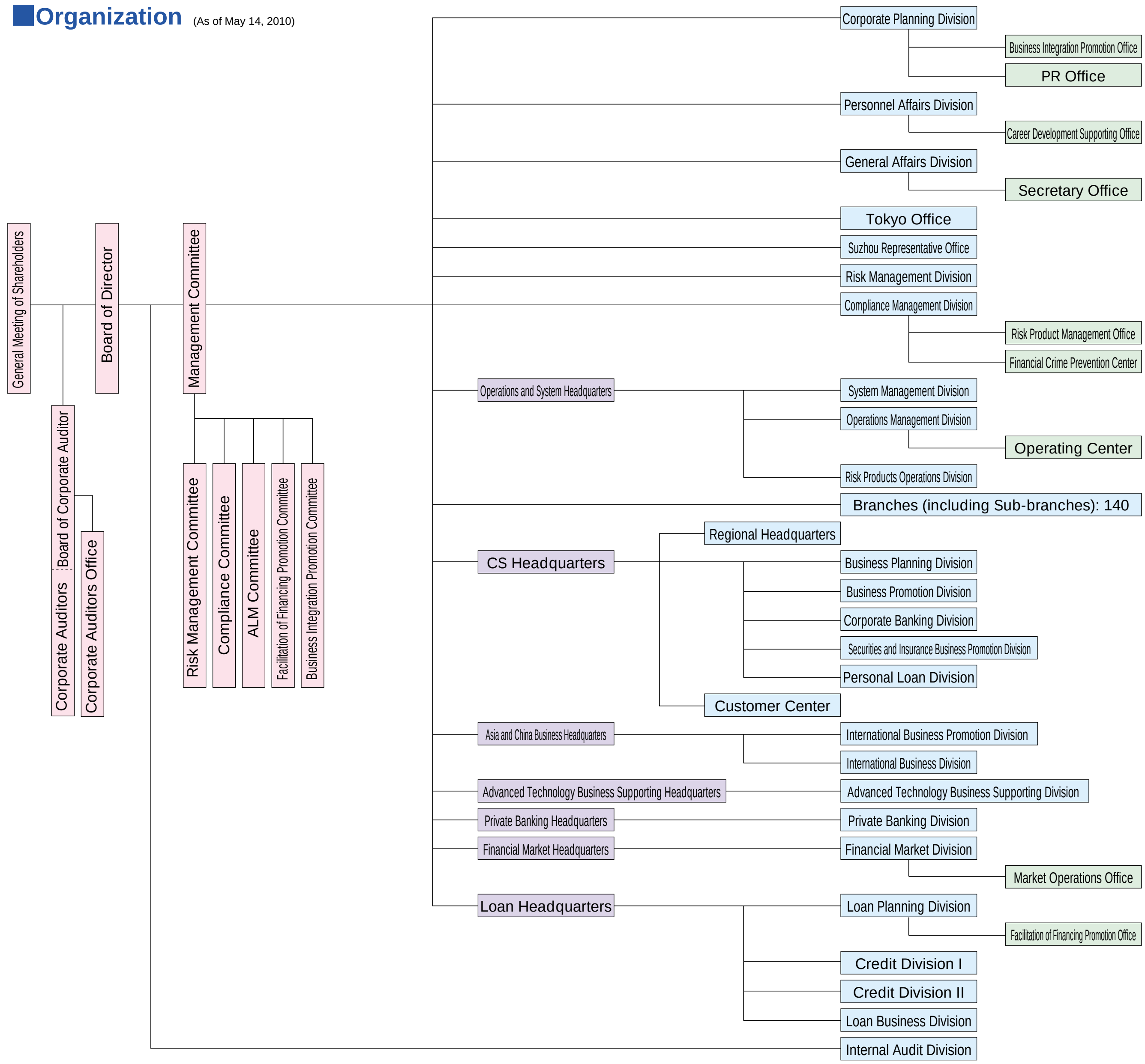
2. The Business Innovation Division was established to drive the growth of the new financial group perceiving the business integration as a great chance for business reinvention. It develops new business models that go beyond the existing frameworks and executes innovative sales strategies.

■Board of Directors (as of June 29, 2010)

Representative Director, President and CEO	Moritaka Hattori	Director	Shoichi Ogawa	Director	Akihide Takigawa	Corporate Auditor (Full-time)	Katsutoshi Horii
		Director	Kiyotsugu Ito	Director	Hirohisa Fujita	Corporate Auditor (Full-time)	Motoyasu Tsuji
Representative Director and Chairman	Norimasa Yoshida	Director	Kazuhiro Masao	Director	Naoya Fukuchi	Corporate Auditor (Outside)	Toshiaki Imanaka
		Director	Kazuyuki Kataoka	Director (Outside)	Nobuo Kuroyanagi (Chairman of The Bank of Tokyo-Mitsubishi UFJ, Ltd.)	Corporate Auditor (Outside)	Toshiaki Sasaki
		Director	Noboru Komiya				

The Senshu Ikeda Bank

Organization (As of May 14, 2010)



Board of Directors (as of June 29, 2010)

Representative Director, President and CEO	Moritaka Hattori	Managing Director	Hirohisa Fujita	Director	Yasuo Kitamura	Corporate Auditor (Full-time)	Masato Yamagiwa
Representative Director and Chairman	Norimasa Yoshida	Managing Director	Naoya Fukuchi	Director	Yoshiyuki Goto	Corporate Auditor (Full-time)	Masanori Ueki
Representative Director and Deputy President	Shoichi Ogawa	Managing Director	Shigeru Aoyagi	Director	Hiroshi Kubota	Corporate Auditor (Outside)	Taro Ohashi
Representative Director and Deputy President	Kiyotsugu Ito	Managing Director	Takashi Nishi	Director	Jiro Tsuji	Corporate Auditor (Outside)	Hisanori Uzawa
Senior Managing Director	Kazuhiro Masao	Managing Director	Akira Uchimura	Director	Hirokazu Morihata		
Senior Managing Director	Kazuyuki Kataoka	Managing Director	Yutaka Sakato	Director	Akira Tahara		
Senior Managing Director	Noboru Komiya	Managing Director	Kazuhiro Isumi	Director (Outside)	Nobuo Kuroyanagi (Chairman of The Bank of Tokyo-Mitsubishi UFJ, Ltd.)		
Senior Managing Director	Akihide Takigawa	Managing Director	Hiroaki Kobayashi				

Corporate Data (As of May 1, 2010)

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

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

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

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

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

Major Shareholders (As of March 31, 2010)

1. Common stock

Name	Number of Shares Owned (Thousands)	Proportion of Total Shares (%)
Japan Trustee Services Bank, Ltd. (Trust Account) *1	144,946	12.15
The Master Trust Bank of Japan, Ltd. (Trust Account)*1	136,924	11.48
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	59,597	4.99
Mitsubishi UFJ Financial Group, Inc.	29,799	2.49
Mitsubishi UFJ Trust and Banking Corporation	28,607	2.39
Mizuho Corporate Bank, Ltd.	17,282	1.44
OBAYASHI CORPORATION	16,594	1.39
Tokio Marine & Nichido Fire Insurance Co., Ltd.	14,059	1.17
Japan Trustee Services Bank, Ltd. (Trust Account 4G)*1	10,315	0.86
Hankyu Hanshin Holdings, Inc.	10,120	0.84

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

2. First-class preferred stock

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

3. Second-class preferred stock

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

Consolidated Balance Sheet

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

	Millions of yen	Thousands of U.S. dollars (Note 1)
	2010	2010
Assets		
Cash and due from banks (Notes 24 and 29)	¥ 111,817	$ 1,201,816
Call loans and bills bought (Note 29)	10,000	107,480
Monetary claims bought (Note 29)	1,250	13,435
Trading account securities (Notes 29 and 30)	9	96
Money held in trust (Notes 29 and 31)	19,000	204,213
Securities (Notes 5, 10, 17, 29 and 30)	1,239,135	13,318,303
Loans and bills discounted (Notes 6, 10, 28 and 29)	3,448,581	37,065,573
Foreign exchange assets (Notes 7 and 29)	5,064	54,428
Other assets (Notes 8, 10 and 27)	69,268	744,496
Tangible fixed assets (Notes 9 and 10)	37,270	400,580
Intangible fixed assets (Note 10)	3,874	41,638
Deferred tax assets (Note 26)	39,940	429,277
Customers' liabilities for acceptances and guarantees	37,796	406,233
Reserve for possible loan losses	(45,352)	(487,446)
Total assets	¥ 4,977,656	$ 53,500,171
Liabilities and net assets		
Liabilities		
Deposits (Notes 10, 11 and 29)	¥ 4,252,016	$ 45,700,945
Negotiable certificates of deposit (Note 29)	12,500	134,350
Call money and bills sold (Notes 10 and 29)	45,000	483,662
Payables under securities lending transactions (Notes 10 and 29)	255,324	2,744,239
Borrowed money (Notes 10, 12, 29 and 33)	101,887	1,095,088
Foreign exchange liabilities (Notes 13 and 29)	394	4,234
Corporate bonds and notes (Notes 14 and 29)	33,300	357,910
Other liabilities (Note 15)	56,544	607,738
Provision for employees' bonuses	968	10,404
Accrued retirement benefits for employees (Note 16)	6,072	65,262
Accrued retirement benefits for directors and corporate auditors	446	4,793
Reserve for reimbursement of deposits	321	3,450
Reserve for contingent losses	793	8,523
Negative goodwill	13	139
Acceptances and guarantees (Note 17)	37,796	406,233
Total liabilities	4,803,380	51,627,042
Net assets		
Shareholders' equity (Note 18):		
Common stock	72,311	777,203
Capital surplus	83,063	892,766
Retained earnings	31,107	334,340
Treasury stock	(1)	(10)
Total shareholders' equity	186,480	2,004,299
Valuation and translation adjustments:		
Net unrealized loss on available-for-sale securities (Note 32)	(13,110)	(140,907)
Net unrealized loss on deferred hedges (Note 33)	(0)	(0)
Total valuation and translation adjustments	(13,111)	(140,917)
Minority interests	907	9,748
Total net assets	174,276	1,873,129
Total liabilities and net assets	¥ 4,977,656	$ 53,500,171

See accompanying notes to consolidated financial statements

Consolidated Statement of Operations

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

	Millions of yen	Thousands of U.S. dollars (Note 1)
	2010	2010
Income		
Interest income:		
Interest on loans and bills discounted (Note 28)	¥ 62,635	$ 673,205
Interest and dividends on securities	15,973	171,678
Other interest income	149	1,601
Fees and commissions	16,936	182,029
Other operating income (Note 19)	10,578	113,693
Gain on sales of fixed assets	0	0
Recoveries of written-off claims	1,471	15,810
Other income (Note 20)	12,059	129,610
Total income	119,804	1,287,661
Expense		
Interest expenses:		
Interest on deposits	14,184	152,450
Interest on borrowings and rediscounts	757	8,136
Other interest expenses	1,817	19,529
Fees and commissions	5,665	60,887
Other operating expenses (Note 21)	1,550	16,659
General and administrative expenses	55,926	601,096
Loss on sales or disposal of fixed assets	107	1,150
Loss on impairment of fixed assets	10	107
Other expenses (Note 22)	32,373	347,947
Total expenses	112,392	1,207,996
Income before income taxes and minority interests	7,412	79,664
Income taxes (Note 26)		
Current	687	7,383
Deferred	9,662	103,847
Total income taxes	10,350	111,242
Minority interests	(92)	(988)
Net loss	¥ (2,845)	$ (30,578)

See accompanying notes to consolidated financial statements

Consolidated Statement of Changes in Net Assets

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

	Millions of yen	Thousands of U.S. dollars (Note 1)
	2010	2010
Shareholders' equity		
Common stock		
Balance at beginning of the year	¥ 50,000	$ 537,403
Changes during the year:		
Issuance of common stock	22,311	239,800
Total changes during the year	22,311	239,800
Balance at end of the year	72,311	777,203
Capital surplus		
Balance at beginning of the year	98,201	1,055,470
Changes during the year:		
Issuance of common stock	22,311	239,800
Transfer from capital surplus to retained earnings	(37,234)	(400,193)
Disposition of treasury stock	(1)	(10)
Retirement of treasury stock	(213)	(2,289)
Total changes during the year	(15,138)	(162,704)
Balance at end of the year	83,063	892,766
Retained earnings		
Balance at beginning of the year	(792)	(8,512)
Changes during the year:		
Transfer from capital surplus to retained earnings	37,234	400,193
Cash dividends	(2,286)	(24,570)
Net loss	(2,845)	(30,578)
Change in scope of consolidation	(117)	(1,257)
Retirement of treasury stock	(85)	(913)
Total changes during the year	31,900	342,863
Balance at end of the year	31,107	334,340
Treasury stock		
Balance at beginning of the year	(327)	(3,514)
Changes during the year:		
Acquisition of treasury stock	(9)	(96)
Disposition of treasury stock	36	386
Retirement of treasury stock	298	3,202
Total changes during the year	325	3,493
Balance at end of the year	(1)	(10)
Total shareholders' equity		
Balance at beginning of the year	147,081	1,580,836
Changes during the year:		
Issuance of common stock	44,623	479,610
Transfer from capital surplus to retained earnings	–	–
Cash dividends	(2,286)	(24,570)
Net loss	(2,845)	(30,578)
Change in scope of consolidation	(117)	(1,257)
Acquisition of treasury stock	(9)	(96)
Disposition of treasury stock	34	365
Retirement of treasury stock	–	–
Total changes during the year	39,399	423,463
Balance at end of the year	¥ 186,480	$ 2,004,299

Consolidated Statement of Changes in Net Assets

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

	Millions of yen	Thousands of U.S. dollars (Note 1)
	2010	2010
Valuation and translation adjustments		
Net unrealized loss on available-for-sale securities		
Balance at beginning of the year	¥ (16,457)	$ (176,880)
Net changes in items other than shareholders' equity	3,346	35,963
Balance at end of the year	(13,110)	(140,907)
Net unrealized loss on deferred hedges		
Balance at beginning of the year	(0)	(0)
Net changes in items other than shareholders' equity	(0)	(0)
Balance at end of the year	(0)	(0)
Total valuation and translation adjustment		
Balance at beginning of the year	(16,458)	(176,891)
Net changes in items other than shareholders' equity	3,346	35,963
Balance at end of the year	(13,111)	(140,917)
Minority interests		
Balance at beginning of the year	1,020	10,963
Net changes in items other than shareholders' equity	(113)	(1,214)
Balance at end of the year	907	9,748
Total net assets		
Balance at beginning of the year	131,643	1,414,907
Changes during the year:		
Issuance of common stock	44,623	479,610
Cash dividends	(2,286)	(24,570)
Net loss	(2,845)	(30,578)
Change in scope of consolidation	(117)	(1,257)
Acquisition of treasury stock	(9)	(96)
Disposition of treasury stock	34	365
Net changes in items other than shareholders' equity	3,233	34,748
Total changes during the year	42,632	458,211
Balance at end of the year	¥ 174,276	$ 1,873,129

See accompanying notes to consolidated financial statements

Consolidated Statement of Cash Flows

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

	Millions of yen	Thousands of U.S. dollars (Note 1)
	2010	2010
Cash flows from operating activities		
Income before income taxes and minority interests	¥ 7,412	$ 79,664
Depreciation	4,776	51,332
Loss on impairment of fixed assets	10	107
Amortization of goodwill	2	21
Amortization of negative goodwill	(2)	(21)
Increase in reserve for possible loan losses	6,772	72,785
Increase in accrued bonuses	100	1,074
Earnings from investments under the equity method	(161)	(1,730)
Increase in accrued retirement benefits for employees	477	5,126
Decrease in accrued retirement benefits for directors and corporate auditors	(110)	(1,182)
Increase in reserve for reimbursement of deposits	19	204
Increase in reserve for contingent losses	492	5,288
Interest income	(78,758)	(846,496)
Interest expenses	16,759	180,126
Gain on securities	(10,615)	(114,090)
Gain on money held in trust	(134)	(1,440)
Loss on foreign exchange	3,046	32,738
Loss on sales or disposal of fixed assets, net	106	1,139
Net increase in loans and bills discounted	(66,417)	(713,854)
Net increase in deposits	160,682	1,727,020
Net decrease in negotiable certificates of deposits	(8,000)	(85,984)
Net increase in borrowed money (excluding subordinated borrowings)	36,919	396,807
Net increase in due from banks (excluding due from the Bank of Japan)	(2,538)	(27,278)
Net decrease in trading account securities	510	5,481
Net decrease in call loans and bills bought	20,182	216,917
Net decrease in call money and bills sold	(50,000)	(537,403)
Net increase in payables under securities lending transactions	75,526	811,758
Net increase in foreign exchange (assets)	(1,113)	(11,962)
Net increase in foreign exchange (liabilities)	150	1,612
Interest received	77,989	838,230
Interest paid	(16,527)	(177,633)
Other	6,435	69,163
Subtotal	183,993	1,977,568
Income taxes paid	(450)	(4,836)
Net cash provided by operating activities	¥ 183,543	$ 1,972,732

Consolidated Statement of Cash Flows

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

	Millions of yen	Thousands of U.S. dollars (Note 1)
	2010	2010
Cash flows from investing activities		
Purchases of securities	¥ (1,771,223)	$ (19,037,220)
Proceeds from sales of securities	1,319,860	14,185,941
Proceeds from maturity of securities	270,717	2,909,684
Purchases of tangible fixed assets	(1,613)	(17,336)
Purchases of intangible fixed assets	(1,019)	(10,952)
Proceeds from sales of tangible fixed assets	9	96
Net cash used in investing activities	(183,269)	(1,969,787)
Cash flows from financing activities		
Increase in subordinated borrowings	8,000	85,984
Decrease in subordinated borrowings	(8,000)	(85,984)
Decrease in subordinated bonds and bonds with stock subscription rights	(32,342)	(347,613)
Proceeds from issuance of common stock	44,623	479,610
Cash dividends paid	(2,286)	(24,570)
Purchases of treasury stock	(9)	(96)
Proceeds from disposal of treasury stock	79	849
Net cash provided by financing activities	10,065	108,179
Effect of exchange rate changes on cash and cash equivalents	(73)	(784)
Net increase in cash and cash equivalents	10,265	110,328
Cash and cash equivalents at beginning of year	95,631	1,027,848
Net increase in cash and cash equivalents resulting from consolidation	0	0
Cash and cash equivalents at end of year (Note 24)	¥ 105,897	$ 1,138,187

See accompanying notes to consolidated financial statements

Notes to Consolidated Financial Statements

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

1. Basis of Presentation

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

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

Consolidated financial statements are available for only one fiscal year, as the Company was established in October 2009 and no comparative financial figures have been presented.

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

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

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 ¥93.04 = U.S.$1.00, the exchange rate prevailing on 31st March, 2010. 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 significant companies which it controls directly or indirectly. Companies 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.

Seven subsidiaries and ten partnerships controlled by the Company have been included in the scope of consolidation since the third quarter period, the time of the business combination. The Company has applied the equity method to its investment in two affiliates for the year ended 31st March 2010. The consolidated financial statements do not include the accounts of Ikeda Preferred Capital Cayman Limited, since its total assets, operating income, ownership percentage of net profits and losses, retained earnings and net unrealized gain or loss on deferred hedges do not have a material impact on the consolidated financial statements of the Company.

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

The difference between the cost and the underlying equity in the net assets of the consolidated subsidiaries measured at fair value at their respective dates of acquisition is presented as "goodwill" or "negative goodwill" and is amortized by the straight-line method over a period of five years.

The balance sheet date of 11 subsidiaries is 31st December. Appropriate adjustments have been made for significant intervening transactions occurring during the period from 31st December to 31st March.

3. Significant Accounting Policies

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

(2) Securities
Non-trading securities are classified into three categories: held-to-maturity debt securities, equity securities of an unconsolidated subsidiary and available-for-sale securities. Held-to-maturity debt securities are carried at amortized cost, 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, if their 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 declining-balance method, while the straight-line method is applied to buildings (except for the structures attached to the buildings) acquired prior to April 1, 1998. The principal useful lives are as follows:
Buildings··················3 to 50 years
Other························2 to 20 years

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

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

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

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

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

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

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 ¥55,546 million ($597,012 thousand) for the year ended 31st March, 2010.

(8) Provision for employees’ bonuses
Provision for employees’ bonuses is calculated based on an estimated payment amount, which is attributable to the fiscal year. Accrued expenses in other liabilities included an accrued bonuses of ¥823 million ($8,845 thousand) at 31st March, 2010.

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

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

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

Unrecognized transitional obligation incurred at the time of the accounting change in the amount of ¥9,894 million ($106,341 thousand) is amortized over a period of 15 years.

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

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

(12) Reserve for 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) 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.

(14) 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.

(15) 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 effective the year ended 31st March, 2004. 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.

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

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

4. Changes in Method of Accounting

Accounting standards for financial instruments
Effective the year ended 31st March, 2010, the Group has adopted "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10 issued on 10th March, 2008) and "Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No.19 issued on 10th March, 2008). As a result of this adoption, "Securities," "Net unrealized loss on available-for-sale securities" and "Income before income taxes and minority interests" increased by ¥206 million ($2,214 thousand), ¥214 million ($2,300

thousand) and ¥86 million ($924 thousand), respectively, and net loss decreased by ¥49 million ($526 thousand) from the corresponding amounts which would have been recorded under the previous method.

5. Securities

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

	Millions of yen	Thousands of U.S. dollars
Stocks	¥ 71,410	$ 767,519
Bonds:		
Government bonds	535,905	5,759,941
Local government bonds	78,978	848,860
Corporate bonds	174,134	1,871,603
Other	378,705	4,070,346
Total	¥ 1,239,135	$ 13,318,303

Stocks in the table above included investments in affiliates of ¥79 million ($849 thousand) at 31st March, 2010.

6. Loans and Bills Discounted and Risk Monitored Loans

(1) Loans and bills discounted

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

	Millions of yen	Thousands of U.S. dollars
Bills discounted	¥ 18,541	$ 199,279
Loans on bills	134,887	1,449,774
Loans on deeds	3,088,137	33,191,498
Overdrafts	205,842	2,212,403
Other	1,172	12,596
Total	¥ 3,448,581	$ 37,065,573

Discounting of bills are 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, 2010 totaled ¥18,865 million ($202,762 thousand).

At 31st March, 2010, loans and bills discounted included the portion of loans extended to originators based on loan participation agreements, as permitted by the JICPA Accounting Committee Report No. 3, in the amount of ¥23,620 million ($253,869 thousand).

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 ¥613,893 million ($6,598,162 thousand) at 31st March, 2010 including the contracts whose contractual periods were either less than one year or revocable at any time, in the amount of ¥613,356 million ($6,592,390 thousand).

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.

(2) Risk monitored loans

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

	Millions of yen	Thousands of U.S. dollars
Loans to bankrupt borrowers	¥ 12,199	$ 131,115
Delinquent loans	52,709	566,519
Loans past due for 3 months or more	619	6,653
Restructured loans	7,590	81,577
Total	¥ 73,119	$ 785,887

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

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

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

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

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

7. Foreign Exchange Assets

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

	Millions of yen	Thousands of U.S. dollars
Due from foreign correspondent banks	¥ 4,097	$ 44,034
Foreign bills of exchange bought	225	2,418
Foreign bills of exchange receivable	741	7,964
Total	¥ 5,064	$ 54,428

8. Other Assets

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

	Millions of yen	Thousands of U.S. dollars
Investments in leased assets	¥ 15,823	$ 170,066
Other receivables	13,297	142,917
Accrued income	9,145	98,291
Prepaid expenses	106	1,139
Other	30,894	332,050
Total	¥ 69,268	$ 744,496

9. Tangible Fixed Assets

At 31st March, 2010, accumulated depreciation of tangible fixed assets was ¥40,927 million ($439,886 thousand).

Under the Tax Law, capital gains arising from the exchange or replacement of assets under certain conditions are permitted to be deducted from the cost of tangible fixed assets in order to obtain certain tax benefits. The amount deducted from the cost of tangible fixed assets at 31st March, 2010 was ¥517 million ($5,556 thousand).

10. Assets Pledged

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

	Millions of yen	Thousands of U.S. dollars
Securities	¥ 436,175	$ 4,688,037
Loans	60,000	644,883
Other assets	4,272	45,915
Tangible fixed assets	391	4,202
Software which is included in intangible fixed assets	606	6,513

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

	Millions of yen	Thousands of U.S. dollars
Deposits	¥ 6,384	$ 68,615
Call money and bills sold	20,000	214,961
Payables under securities lending transactions	255,324	2,744,239
Borrowed money	76,368	820,808

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 ¥74,742 million ($803,331 thousand) at 31st March, 2010.

At 31st March, 2010, margins on futures contracts in the amounts of ¥2,307 million ($24,795 thousand), guarantee deposits of ¥5,474 million ($58,834 thousand), deposits for futures transactions of ¥503 million ($5,406 thousand) and guarantee deposits pledged for derivative transactions of ¥500 million ($5,374 thousand) were included in “Other assets.”

11. Deposits

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

	Millions of yen	Thousands of U.S. dollars
Current deposits	¥ 152,036	$ 1,634,092
Ordinary deposits	1,439,752	15,474,548
Savings deposits	32,079	344,787
Deposits at notice	16,818	180,760
Time deposits	2,566,644	27,586,457
Other deposits	44,685	480,277
Total	¥ 4,252,016	$ 45,700,945

12. Borrowed Money

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

Subordinated borrowings of ¥21,500 million ($231,083 thousand) were included in borrowed money at 31st March, 2010.

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

The aggregate annual maturities of borrowed money subsequent to 31st March, 2010 were summarized as follows:

Year ending 31st March,	Millions of yen	Thousands of U.S. dollars
2011	¥ 78,787	$ 846,807
2012	899	9,662
2013	522	5,610
2014	148	1,590
2015	30	322
2016 and thereafter	21,500	231,083
Total	¥ 101,887	$ 1,095,088

13. Foreign Exchange Liabilities

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

	Millions of yen	Thousands of U.S. dollars
Foreign bills sold	¥ 373	$ 4,009
Foreign bills of exchange payable	21	225
Total	¥ 394	$ 4,234

14. Corporate Bonds and Notes

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

Issuer	Description	Issued
Ikeda	7th subordinated bonds	29th September, 2006
	8th subordinated bonds	20th March, 2007
	9th subordinated bonds	28th December, 2007
Senshu	2nd subordinated bonds, redeemable before maturity	27th February, 2007
Sengin General Leasing Company Limited	2nd unsecured bonds	28th March, 2008
Total		

Issuer	Millions of yen	Thousands of U.S. dollars	Interest rate (%)	Secured/ Unsecured	Due
Ikeda	¥ 15,000	$ 161,220	1.78	Unsecured	29th September, 2016
	5,000	53,740	1.79	Unsecured	17th March, 2017
	3,000	32,244	3.06	Unsecured	–
Senshu	10,000	107,480	1.97	Unsecured	27th February, 2017
Sengin General Leasing Company Limited	300	3,224	1.16	Unsecured	28th March, 2011
Total	¥ 33,300	$ 357,910			

The aggregate annual maturities of short-term and long-term bonds payable subsequent to 31st March, 2010 were summarized as follows:

Year ending 31st March,	Millions of yen	Thousands of U.S. dollars
2011	¥ 300	$ 3,224
2017	33,000	354,686
Total	¥ 33,300	$ 357,910

15. Other Liabilities

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

	Millions of yen	Thousands of U.S. dollars
Accrued expenses	¥ 13,324	$ 143,207
Unearned income	15,086	162,145
Accrued income taxes	889	9,555
Other	27,244	292,820
Total	¥ 56,544	$ 607,738

Lease obligations of ¥33 million ($354 thousand) were included in "Other" in the table above. The average interest rates on lease obligations at 31st March, 2010 with maturity dates on or before and subsequent to 31st March, 2011 were 3.29% and 3.20%, respectively.

The aggregate annual maturities of lease obligations subsequent to 31st March, 2010 were summarized as follows:

Year ending 31st March,	Millions of yen	Thousands of U.S. dollars
2011	¥ 6	$ 64
2012	6	64
2013	6	64
2014	6	64
2015	3	32
2016 and thereafter	2	21
	¥ 33	$ 354

16. Retirement Benefit Plans

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

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

	Millions of yen	Thousands of U.S. dollars
Retirement benefit obligation	¥ (33,088)	$ (355,631)
Pension plan assets at fair value	25,307	272,001
Unfunded benefit obligation	(7,781)	(83,630)
Unrecognized net retirement benefit obligation at transition	3,298	35,447
Unrecognized actuarial loss	7,838	84,243
Unrecognized prior service cost	(913)	(9,812)
Net retirement benefit obligation	2,442	26,246
Prepaid pension cost	8,514	91,509
Accrued retirement benefits for employees	¥ (6,072)	$ (65,262)

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

	Millions of yen	Thousands of U.S. dollars
Service cost	¥ 1,208	$ 12,983
Interest cost	520	5,588
Expected return on plan assets	(445)	(4,782)
Amortization of prior service cost	(225)	(2,418)
Amortization of actuarial loss	1,538	16,530
Amortization of transitional obligation	659	7,082
Additional retirement benefits and other	28	300
Net periodic retirement benefit expenses	¥ 3,283	$ 35,285

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

Discount rates	1.3% – 2.2%
Expected rates of return on plan assets	2.1% – 3.0%

17. Contingent Liabilities

Contingent liabilities for guarantee of corporate bonds included in "Securities," which were issued by private placement (Article 2, Paragraph 3 of the Financial Instruments and Exchange Law) amounted to ¥33,796 million ($363,241 thousand) at 31st March, 2010.

18. Shareholders' Equity

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

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

Movements in common stock, first-class preferred stock and treasury stock during the year ended 31st March, 2010 were summarized as follows:

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

Notes:

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

19. Other Operating Income

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

	Millions of yen		Thousands of U.S. dollars	
Gain on sales of securities and trading account securities	¥	9,762	$	104,922
Other		815		8,759
Total	¥	10,578	$	113,693

20. Other Income

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

	Millions of yen		Thousands of U.S. dollars	
Gain on sales of equity securities	¥	2,590	$	27,837
Gain on money held in trust		173		1,859
Other		9,294		99,892
Total	¥	12,059	$	129,610

21. Other Operating Expenses

Other operating expenses for the year ended 31st March, 2010 consisted of the following:

	Millions of yen		Thousands of U.S. dollars	
Loss on sales of debt securities	¥	367	$	3,944
Loss on redemption of debt securities		483		5,191
Loss on devaluation of debt securities		194		2,085
Other		505		5,427
Total	¥	1,550	$	16,659

22. Other Expenses

Other expenses for the year ended 31st March, 2010 consisted of the following:

	Millions of yen		Thousands of U.S. dollars	
Provision for possible loan losses	¥	9,749	$	104,782
Write-offs of loans and bills discounted		9,035		97,108
Loss on sales of equity securities		243		2,611
Loss on devaluation of equity securities		454		4,879
Loss on money held in trust		38		408
Other		12,851		138,123
Total	¥	32,373	$	347,947

23. Dividends

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

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

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

			Dividend amount		Dividends per share	
Type of stock	Record date	Effective date	Millions of yen	Thousands of U.S. dollars	Yen	U.S. dollars
Common stock	31st March, 2009	29th June, 2009	¥ 1,149	$ 12,349	¥ 2.50	$ 0.02
First series preferred stock	31st March, 2009	29th June, 2009	¥ 31	$ 333	¥ 5.00	$ 0.05

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

			Dividend amount		Dividends per share	
Type of stock	Record date	Effective date	Millions of yen	Thousands of U.S. dollars	Yen	U.S. dollars
Common stock	30th September, 2009	9th December, 2009	¥ 1,105	$ 11,876	¥ 2.30	$ 0.02

Cash dividends with record dates falling in the fiscal year ended March 31, 2010 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, 2010	30th June, 2010
First-class preferred stock	Retained earnings	31st March, 2010	30th June, 2010
Second-class preferred stock	Retained earnings	31st March, 2010	30th June, 2010

	Cash dividends		Cash dividends per share	
Types of stock	Millions of yen	Thousands of U.S. dollars	Yen	U.S. dollars
Common stock	¥ 3,219	$ 34,598	¥ 2.70	$ 0.02
First-class preferred stock	¥ 1,176	$ 12,639	¥196 divided by 18.5	$2.10 divided by 18.5
Second-class preferred stock	¥ 1,278	$ 13,736	¥204.5 divided by 18.5	$2.19 divided by 18.5

24. 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, 2010 is summarized as follows:

	Millions of yen	Thousands of U.S. dollars
Cash and due from banks	**¥ 111,817**	**$ 1,201,816**
Deposits other than deposits with the Bank of Japan	**(5,919)**	**(63,617)**
Cash and cash equivalents	**¥ 105,897**	**$ 1,138,187**

25. Leases

a. Finance lease

As Lessee

Finance lease transactions that do not transfer ownership:

Leased assets are vehicles.

The method for computing the amount of depreciation is described in "3. Significant Accounting Policies (14) Leases."

Finance lease transactions that do not transfer ownership accounted for as operating lease transactions:

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

	Millions of yen	Thousands of U.S. dollars
Acquisition costs	**¥ 70**	**$ 752**
Accumulated depreciation	**53**	**569**
Net book value	**¥ 16**	**$ 171**

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

Future minimum lease payments subsequent to 31st March, 2010 for finance leases accounted for in a manner similar to the accounting treatment for operating lease transactions are summarized as follows:

Year ending 31st March,	Millions of yen	Thousands of U.S. dollars
2011	**¥ 9**	**$ 96**
2012 and thereafter	**6**	**64**
Total	**¥ 16**	**$ 171**

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

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

	Millions of yen	Thousands of U.S. dollars
Total lease payments	¥ 12	$ 128
Depreciation expense	12	128

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

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

b. Operating leases

As Lessee

Future minimum lease payments under non-cancellable operating leases subsequent to 31st March, 2010 were as follows:

Year ending 31st March,	Millions of yen	Thousands of U.S. dollars
2011	¥ 523	$ 5,621
2012 and thereafter	4,461	47,947
Total	¥ 4,984	$ 53,568

26. Income Taxes

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

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

	Millions of yen	Thousands of U.S. dollars
Deferred tax assets:		
Reserve for possible loan losses	¥ 33,808	$ 363,370
Provision for employees' bonuses	729	7,835
Accrued retirement benefits for employees	3,006	32,308
Loss on devaluation of securities	15,083	162,113
Tax loss carryforwards	31,842	342,239
Depreciation	633	6,803
Net unrealized loss on available-for-sale securities	5,431	58,372
Other	3,586	38,542
Gross deferred tax assets	94,122	1,011,629
Valuation allowance	(53,784)	(578,073)
Total deferred tax assets	40,338	433,555
Deferred tax liabilities:		
Non-taxable accrued dividend income	(371)	(3,987)
Net unrealized gain on available-for-sale securities	(26)	(279)
Other	(0)	(0)
Total deferred tax liabilities	(398)	(4,277)
Net deferred tax assets	¥ 39,940	$ 429,277

A reconciliation of the statutory tax rate to the effective tax rate for the year ended 31st March, 2010 is as follows:

Statutory tax rate	40.6%
Valuation allowance	88.1
Per capita portion of inhabitants' taxes	1.2
Unused tax loss carryforwards that had expired	4.4
Other	5.3
Effective tax rate	139.6%

27. Segment Information

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

(2) Geographic segment information
Segment information by geographic area has not been presented as the Group had no overseas subsidiaries or branches.

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

28. Related Party Transactions

A company in which a director of the Company and the director's close relatives hold the majority ratio of voting rights

A executive officer of the Company, Yutaka Himeno directly owns 5% shares and his relatives directly own 95% shares in HIMENO GIKEN Co., Ltd. ("HIMENO GIKEN") HIMENO GIKEN is located in Higashiyodogawa-ku, Osaka, records share capital of ¥20 million ($214 thousand) and is engaged in the construction business.

Transactions and balances with HIMENO GIKEN as of 31st March, 2010 and for the year then ended were summarized as follows:

2010					
Transactions			Balances		
Type of transaction	Millions of yen	Thousands of U.S. dollars	Account name	Millions of yen	Thousands of U.S. dollars
Loan	¥ 114	$ 1,225	Loans and bills discounted	¥ 117	$ 1,257
			Other assets	¥ 0	$ 0
Interest income	¥ 1	$ 10	Other liabilities	¥ 0	$ 0

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

2010					
Transactions			Balances		
Type of transaction	Millions of yen	Thousands of U.S. dollars	Account name	Millions of yen	Thousands of U.S. dollars
Interest income	¥ 2	$ 21	Loans and bills discounted	¥ 80	$ 859

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

29. Financial Instruments and Related Disclosures

As discussed in Note 4, the Group adopted ASBJ Statement No. 10 "Accounting Standard for Financial Instruments" and ASBJ Guidance No. 19 "Guidance on Disclosures about Fair value of Financial Instruments." The information required by these standards to be disclosed is as follows:

1. General Information

(1) Policy for financial instruments
The Group consists of Ikeda and Senshu, which are engaged in the banking business involving transactions such as deposit-taking and lending services and holding financial assets and liabilities exposed to the fluctuation of interest rates. In addition, the Group holds equity securities for the purpose of strategic investment and other financial assets consisting of debt securities and investment trusts for the purpose of generating interest and dividend income, capital gains and so forth. These are exposed to market fluctuation risk.

In order to prevent these businesses from being negatively affected by fluctuations of interest rates or market prices, 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. In addition, certain loans such as house mortgage loans with fixed interest rates are exposed to the fluctuation risk of interest rates. Securities held by the Group principally consist of equity securities, debt securities, investment trusts and investments in partnerships, which are held for the purposes of holding to maturity, generating interest and dividend income, capital gains and so forth and strategic investment and partially for trading. These financial assets are exposed to credit risk of issuers and fluctuation risk of interest rates and market prices.

The major fund raising source of banking subsidiaries is deposit-taking, but fund raising through borrowed money and corporate bonds is also undertaking. Liquidity risk, the failure to settle on the maturity date, could result if the Group is unable to utilize market lending due to certain unfavorable circumstances.

Furthermore, these financial liabilities are exposed to the fluctuation risk of interest rates.

Derivative transactions consist of interest rate swaps as part of ALM and currency swaps related to foreign currencies.

In addition, the Group enters into futures transactions on debt securities and equity securities to mitigate price fluctuation risk of securities and also for trading purposes.

(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, and they discuss risk profiles and issues as well as risk control measures and report such matters to the Board of Directors to ensure the soundness of effective management on the management level.

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

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

These credit control procedures are performed by each operating office, credit investigation department and risk control departments of the consolidated banking subsidiaries. With respect to credit risk of issuers of securities and counterparty risk of derivative transactions, the risk control departments of the banking subsidiaries monitor the identification of credit information and fair values. In addition, the risk control department of the Company reports on a regular basis to the Risk Management Committee and 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 manages interest rate risk, foreign exchange risk and price fluctuation risk 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. 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.

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

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

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 identify the investment and funding status of the whole Group on a timely basis and control liquidity risk by diversifying the funding instruments and adjusting the short-term and long-term funding balances considering the market environments.

The risk control department of the Company identifies its response capability if liquidity risk is revealed through monitoring the amount of liquid reserve assets that can be readily converted into cash and reports it to the risk management committee.

(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, 2010 are summarized in the following table. Note that securities such as unlisted equity securities for which fair value is extremely difficult to determine were not included in the following table (See (Note 2) below):

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

	Thousands of U.S. dollars		
	Carrying value	Fair value	Difference
Cash and due from banks	$ 1,201,816	$ 1,201,816	$ –
Call loans and bills bought	107,480	107,480	–
Monetary claims bought (*1)	12,607	12,607	–
Trading account securities:			
Trading securities	96	96	–
Monetary held in trust	204,213	204,213	–
Securities:			
Held-to-maturity debt securities	1,054,589	1,052,020	(2,558)
Available-for-sale securities	12,168,217	12,168,217	–
Loans and bills discounted	37,065,573		
Reserve for possible loan losses	(448,065)		
	36,617,497	36,911,769	294,260
Foreign exchange assets (*1)	54,363	54,428	64
Total assets	$51,420,915	$51,712,682	$ 291,766
Deposits	$45,700,945	$45,767,960	$ 67,014
Negotiable certificates of deposit	134,350	134,350	–
Call money and bills sold	483,662	483,662	–
Payables under securities lending transactions	2,744,239	2,744,239	–
Borrowed money	1,095,088	1,099,172	4,084
Foreign exchange liabilities	4,234	4,234	–
Corporate bonds and notes	357,910	349,161	(8,738)
Total liabilities	$50,520,453	$50,582,824	$ 62,371
Derivative transactions (*2)			
To which hedge accounting is not applied	$ 1,300	$ 1,300	$ –
To which hedge accounting is applied	(999)	(999)	–
Total derivative transactions	$ 300	$ 300	$ –

(*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 value is presented as the fair value since the fair value approximates the carrying value due to contractual term of 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 31.

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 standard quotation prices. The fair value of privately placed guaranteed bonds issued by the banking subsidiaries is determined in the same manner as loans.

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

The carrying value of "Securities" and "Net unrealized loss on available-for-sale securities" increased by ¥3,455 million ($37,134 thousand) from the corresponding amounts that would have been reported using the market prices.

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

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

Note that information on securities by holding purposes is disclosed in Note 30.

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, including negotiable certificates of deposit
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.

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

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

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

Corporate bonds and notes
The fair value of bonds and notes issued by the Group is determined using the market price. The carrying value of corporate bonds and notes with remaining maturities less than one year is presented as the fair value since the fair value approximates the carrying value.

Derivative transactions:

See Note 33.

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

	Millions of yen	Thousands of U.S. dollars
Unlisted equity securities (*1) (*2)	¥ 6,349	$ 68,239
Investment in partnerships (*3)	2,454	26,375
Other	0	0
Total	¥ 8,804	$ 94,625

(*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 ¥244 million ($2,622 thousand) for the year ended 31st March, 2010.
(*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, 2010	Due in one year or less	Due after one year through three years	Due after three years through five years
Due from banks	¥ 63,130	¥ –	¥ –
Call loans and bills bought	10,000	–	–
Monetary claims bought (*1)	1,173	–	–
Securities:	128,749	213,325	300,890
Held-to maturity debt securities:	4,400	17,800	20,400
Government bonds	–	–	–
Corporate bonds	400	17,800	20,400
Other	4,000	–	–
Available-for-sale securities with maturities:	124,349	195,525	280,490
Government bonds	100,000	25,012	103,000
Local government bonds	6,282	32,093	37,812
Corporate bonds (*1)	15,681	53,855	37,629
Other	2,385	84,564	102,047
Loans and bills discounted (*1, *2)	691,232	498,581	362,748
Foreign exchange assets	5,064	–	–
Total	¥ 899,349	¥ 711,907	¥ 663,639

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

31st March, 2010	Thousands of U.S. dollars Due in one year or less	Due after one year through three years	Due after three years through five years
Due from banks	$ 678,525	$ –	$ –
Call loans and bills bought	107,480	–	–
Monetary claims bought (*1)	12,607	–	–
Securities:	1,383,802	2,292,831	3,233,985
Held-to maturity debt securities:	47,291	191,315	219,260
Government bonds	–	–	–
Corporate bonds	4,299	191,315	219,260
Other	42,992	–	–
Available-for-sale securities with maturities:	1,336,511	2,101,515	3,014,724
Government bonds	1,074,806	268,830	1,107,050
Local government bonds	67,519	344,937	406,405
Corporate bonds (*1)	168,540	578,837	404,438
Other	25,634	908,899	1,096,807
Loans and bills discounted (*1, *2)	7,429,406	5,358,781	3,898,839
Foreign exchange assets	54,428	–	–
Total	$ 9,666,261	$ 7,651,622	$ 7,132,835

31st March, 2010	Thousands of U.S. dollars Due after five years through seven years	Due after seven years through ten years	Due after ten years
Due from banks	$ –	$ –	$ –
Call loans and bills bought	–	–	–
Monetary claims bought (*1)	–	–	–
Securities:	937,414	2,460,221	1,136,736
Held-to maturity debt securities:	118,228	171,969	311,693
Government bonds	107,480	171,969	311,693
Corporate bonds	–	–	–
Other	10,748	–	–
Available-for-sale securities with maturities:	819,185	2,288,252	825,042
Government bonds	496,560	1,543,422	628,761
Local government bonds	10,371	8,920	–
Corporate bonds (*1)	108,856	88,381	93,142
Other	203,396	647,527	103,127
Loans and bills discounted (*1, *2)	2,789,574	3,470,636	13,434,565
Foreign exchange assets	–	–	–
Total	$ 3,726,999	$ 5,930,868	$ 14,571,302

(*1) Loans and bills discounted, monetary claims bought and corporate bonds do not include ¥63,764 million ($685,339 thousand) of receivables such as those due from bankrupt, effectively bankrupt or likely to become bankrupt borrowers, since it is not certain when they can be collected or redeemed.
(*2) Overdraft accounts of loans are shown under "Due in one year or less."

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

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

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

31st March, 2010	Thousands of U.S. dollars: Due in one year or less	Due after one year through three years	Due after three years through five years
Deposits (*1)	$ 39,984,071	$ 4,858,190	$ 840,240
Negotiable certificates of deposits	134,350	–	–
Call money and bills sold	483,662	–	–
Payables under securities lending transactions	2,744,239	–	–
Borrowed money (*2)	846,807	15,273	1,913
Corporate bonds (*3)	3,224	–	–
Total	$ 44,196,367	$ 4,873,463	$ 842,164

31st March, 2010	Thousands of U.S. dollars: Due after five years through seven years	Due after seven years through ten years	Due after ten years
Deposits (*1)	$ 7,792	$ 10,629	$ –
Negotiable certificates of deposits	–	–	–
Call money and bills sold	–	–	–
Payables under securities lending transactions	–	–	–
Borrowed money (*2)	–	102,106	–
Corporate bonds (*3)	322,441	–	–
Total	$ 330,234	$ 112,736	$ –

(*1) Demand deposits are disclosed under “Due in one year or less” of deposits.
(*2) Borrowed money whose repayment schedule is not determined in the amount of ¥12,000 million ($128,976 thousand) is not included.
(*3) Corporate bonds whose repayment schedule is not determined in the amount of ¥3,000 million (32,244 thousand) are not included.

30. Trading Account Securities and Securities

1. Trading account securities

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

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

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

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

	Thousands of U.S. dollars: Carrying value	Fair value
Government bonds	$ 587,532	$ 584,512
Corporate bonds	413,306	417,734
Other	53,740	49,763
Total	$ 1,054,589	$ 1,052,020

	Thousands of U.S. dollars: Difference	Unrealized gain	Unrealized loss
Government bonds	$ (3,009)	$ 7,942	$ (10,963)
Corporate bonds	4,417	4,675	(247)
Other	(3,966)	236	(4,202)
Total	$ (2,558)	$ 12,865	$ (15,423)

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

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

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

	Thousands of U.S. dollars	
	Carrying value	Acquisition cost
Equity securities	$ 698,420	$ 719,722
Bonds:		
Government bonds	5,172,409	5,118,153
Local government bonds	848,860	840,230
Corporate bonds	1,458,286	1,443,540
Subtotal	7,479,567	7,401,934
Other	3,990,219	4,186,801
Total	$ 12,168,217	$ 12,308,480

	Thousands of U.S. dollars		
	Differences	Unrealized gain	Unrealized loss
Equity securities	$ (21,302)	$ 60,543	$ (81,857)
Bonds:			
Government bonds	54,256	63,950	(9,694)
Local government bonds	8,619	8,888	(257)
Corporate bonds	14,746	15,101	(354)
Subtotal	77,633	87,962	(10,318)
Other	(196,571)	39,316	(235,898)
Total	$(140,251)	$ 187,833	$ (328,084)

4. There were no held-to-maturity debt securities sold during the year ended 31st March, 2010.

5. Available-for-sale securities sold during the year ended 31st March, 2010 were as follows:

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

	Thousands of U.S. dollars		
	Proceeds from sales	Gain	Loss
Equity securities	$ 109,071	$ 27,601	$ (1,407)
Bonds:			
Government bonds	8,231,943	51,966	(494)
Local government bonds	255,180	3,202	–
Corporate bonds	265,552	2,719	(10)
Subtotal	8,752,687	57,899	(505)
Other	5,106,599	47,237	(4,535)
Total	$13,968,379	$ 132,749	$ (6,470)

6. There were no securities whose holding purpose had changed during the year ended 31st March, 2010.

7. Impairment losses on securities

Available-for-sale securities whose fair value substantially 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.

Loss on devaluation of securities for the year ended 31st March, 2010 was ¥218 million ($2,343 thousand), which consisted of ¥210 million ($2,257 thousand) on equity securities and ¥8 million ($85 thousand) on corporate bonds.

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.

31. Money Held in Trust

Money held in trust at 31st March, 2010 consisted of the following:

(1) Money held in trust for trading purposes

	Millions of yen	Thousands of U.S. dollars
Carrying value	¥ 19,000	$ 204,213
Valuation gain included in consolidated statement of operations	¥ 10	$ 107

(2) Money held in trust for other purposes
There were no reportable items at 31st March, 2010.

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

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

	Millions of yen	Thousands of U.S. dollars
Differences between acquisition cost and fair value:		
Available-for-sale securities	¥ (13,049)	$ (140,251)
Deferred tax liabilities	(34)	(365)
Differences between acquisition cost and fair value, net of taxes	(13,084)	(140,627)
Amounts corresponding to minority interests	(26)	(279)
Net unrealized loss on available-for-sale securities, net of taxes	¥ (13,110)	$ (140,907)

33. Derivatives

1. Derivative transactions to which hedge accounting is not applied

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

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

Millions of yen

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

Thousands of U.S. dollars

		Contract amount /notional principal: Total	Over one year	Fair value	Valuation gain (loss)
Over-the-counter transactions:					
Interest rate swaps	Receivable fixed rate/ Payable floating rate	$ 75	$ –	$ 0	$ 0
	Receivable floating rate/ Payable fixed rate	$ 43,067	$ 42,992	(902)	(902)
Total				$ (902)	$ (902)

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

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

Millions of yen

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

	Thousands of U.S. dollars			
	Contract amount /notional principal			
	Total	Over one year	Fair value	Valuation gain (loss)
Over-the-counter transactions:				
Currency swaps	$1,315,530	$1,078,794	$ 2,235	$ 2,235
Forward foreign exchange contracts:				
Selling	$ 23,484	–	(569)	(569)
Buying	$ 38,811	–	537	537
Currency options:				
Selling	$ 205,513	$ 152,343	(16,315)	(784)
Buying	$ 205,513	$ 152,343	16,315	3,331
Total			$ 2,214	$ 4,761

Notes:

1. Transactions in the table above are stated at the fair value and the related valuation gain (loss) are 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, 2010

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

			Thousands of U.S. dollars		
			Contract amount /notional principal		
Hedge accounting method	Transaction type	Major hedged item	Total	Over one year	Fair value (*1)
Swap rate applied to underlying debt	Interest rate swaps Receivable floating rate/ Payable fixed rate	Borrowed money	$ 19,346	$ 11,285	*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 hedged 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.

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

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

			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	$ 67,121	–	$ (999)

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.

34. Business Combination

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

With respect to the ownerships of voting rights of Senshu Ikeda Holdings, Inc. owned by the former shareholders of Ikeda and Senshu as a result of the business combination, which is the base to distinguish whether the business combination should be accounted for by the purchase method or the pooling-of-interest method, 55% are owned by shareholders of Ikeda and 45% by Senshu. Accordingly, either company is not deemed to have control over the other and risks and benefits after the business combination will be successfully and continuously shared between both parties.

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

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

Ikeda:

Total assets	¥2,529,655 million ($27,188,897 thousand)
Total liabilities	¥2,473,088 million ($26,580,911 thousand)
Total net assets	¥ 56,567 million ($ 607,985 thousand)

Senshu:

Total assets	¥2,226,858 million ($23,934,415 thousand)
Total liabilities	¥2,150,983 million ($23,118,905 thousand)
Total net assets	¥ 75,874 million ($ 815,498 thousand)

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

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

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

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

	Millions of yen	Thousands of U.S. dollars
Stock issuance expenses	¥ 4	$ 42
Incorporation expenses	175	1,880
Initial public offering expenses	13	139
Total	¥ 192	$ 2,063

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

35. Amounts per Share

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

	Yen	U.S. dollars
Net assets	¥ 97.22	$ 1.04
Net loss:		
Basic	¥ 5.47	$ 0.05
Cash dividends:		
Common stock	¥ 2.7	$ 0.02
First-class preferred stock	¥196 divided by 18.5	$2.10 divided by 18.5
Second-class preferred stock	¥204.5 divided by 18.5	$2.19 divided by 18.5

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

	Millions of yen	Thousands of U.S. dollars
Total net assets	¥ 174,276	$ 1,873,129
Payment for first-class preferred stock	(30,000)	(322,441)
Dividends for first-class preferred stock	(1,176)	(12,639)
Payment for second-class preferred stock	(25,000)	(268,701)
Dividends for second-class preferred stock	(1,278)	(13,736)
Minority interests	(907)	(9,748)
Amounts to be deducted from total net assets	(58,361)	(627,267)
Net assets attributable to common stock as of 31st March, 2010	¥ 115,915	$ 1,245,861
Number of shares of common stock as of 31st March, 2010 used to compute net asset per share (Unit: thousand shares)	1,192,287	

Net loss per share for the year ended 31st March, 2010 is computed based on the following information:

	Millions of yen	Thousands of U.S. dollars
Net loss for the year	¥ (2,845)	$ (30,578)
Dividends for first-class preferred stock based on the resolution at the regular general shareholders' meeting	(1,176)	(12,639)
Dividends for second-class preferred stock based on the resolution at the regular general shareholders' meeting	(1,278)	(13,736)
Amounts not attributed to common stock shareholders	(2,454)	(26,375)
Net loss attributable to common stock	¥ (5,299)	$ (56,953)
Average outstanding number of shares of common stock (Unit: thousand shares)	967,232	

Outline of potential shares not included in computing diluted earnings per share by potential shares since there is no dilutive effect is as follows:

Ikeda:
3rd unsecured subordinated convertible bonds with subscription rights to shares

Number of potential shares:	473 thousand
Balance of convertible bonds:	¥5,342 million ($57,416 thousand)
Conversion price:	¥5,043 ($54.20)

These bonds were fully redeemed before the maturity on 11th September, 2009.

Senshu:
First series preferred stock

Number of potential shares:	6,618 thousand
Conversion price:	¥308.10 ($3.31)

All the stocks were claimed for conversion by 31st July, 2009.
Although potential shares exist, diluted earnings per share are not presented, since the Company recorded net loss per share.

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

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

36. Subsequent Events

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

1. Summary of the business combination is as follows:

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

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

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

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

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

Report of Independent Auditors

Senshu Ikeda Holdings, Inc.

ERNST & YOUNG

Ernst & Young ShinNihon LLC

Report of Independent Auditors

The Board of Directors
Senshu Ikeda Holdings, Inc.

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

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

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

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended 31st March, 2010 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1.

Ernst & Young ShinNihon LLC

Osaka, Japan
29th June, 2010

Non-consolidated Balance Sheet (Unaudited)

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

	Millions of yen	Thousands of U.S. dollars
	2010	2010
Assets		
Cash and due from banks	¥ 72,737	$ 781,782
Call loans and bills bought	10,000	107,480
Monetary claims bought	1,173	12,607
Trading account securities	6	64
Money held in trust	19,000	204,213
Securities	830,784	8,929,320
Loans and bills discounted	1,670,505	17,954,696
Foreign exchange assets	2,751	29,567
Other assets	27,927	300,161
Tangible fixed assets	21,861	234,963
Intangible fixed assets	3,116	33,490
Deferred tax assets	21,875	235,113
Customers' liabilities for acceptances and guarantees	17,465	187,714
Reserve for possible loan losses	(24,457)	(262,865)
Total assets	**¥ 2,674,747**	**$ 28,748,355**
Liabilities and net assets		
Liabilities		
Deposits	¥ 2,314,245	$ 24,873,656
Payables under securities lending transactions	204,670	2,199,806
Borrowed money	13,793	148,248
Foreign exchange liabilities	42	451
Corporate bonds and notes	23,000	247,205
Other liabilities	16,233	174,473
Accrued retirement benefits for employees	377	4,052
Accrued retirement benefits for directors and corporate auditors	435	4,675
Reserve for reimbursement of deposits	51	548
Reserve for contingent losses	386	4,148
Acceptances and guarantees	17,465	187,714
Total liabilities	**2,590,701**	**27,845,023**
Net assets		
Shareholders' equity:		
Common stock	50,710	545,034
Capital surplus	33,651	361,683
Retained earnings	7,104	76,354
Total shareholders' equity	**91,466**	**983,082**
Valuation and translation adjustments:		
Net unrealized loss on available-for-sale securities	(7,420)	(79,750)
Net unrealized loss on deferred hedges	(0)	(0)
Total valuation and translation adjustments	**(7,421)**	**(79,761)**
Total net assets	**84,045**	**903,321**
Total liabilities and net assets	**¥ 2,674,747**	**$ 28,748,355**

Non-consolidated Statement of Operations (Unaudited)

The Bank of Ikeda, Ltd.
For the year ended 31st March, 2010

	Millions of yen	Thousands of U.S. dollars
	2010	**2010**
Income		
Interest income:		
Interest on loans and bills discounted	¥ 28,021	$ 301,171
Interest and dividends on securities	11,577	124,430
Other interest income	78	838
Fees and commissions	8,021	86,210
Other operating income	7,974	85,705
Recoveries of written-off claims	584	6,276
Other income	3,048	32,760
Total income	59,306	637,424
Expenses		
Interest expenses:		
Interest on deposits	6,675	71,743
Interest on borrowings and rediscounts	337	3,622
Other interest expenses	1,324	14,230
Fees and commissions	3,953	42,487
Other operating expenses	1,551	16,670
General and administrative expenses	26,404	283,791
Loss on disposal of fixed assets	29	311
Loss on impairment of fixed assets	1	10
Other expenses	12,540	134,780
Total expenses	52,818	567,691
Income before income taxes	6,488	69,733
Income taxes		
Current	45	483
Deferred	(661)	(7,104)
Total income taxes	(615)	(6,610)
Net income	¥ 7,104	$ 76,354

Non-consolidated Balance Sheet (Unaudited)

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

	Millions of yen	Thousands of U.S. dollars
	2010	2010
Assets		
Cash and due from banks	¥ 38,877	$ 417,852
Monetary claims bought	0	0
Trading account securities	2	21
Securities	412,633	4,435,006
Loans and bills discounted	1,793,040	19,271,711
Foreign exchange assets	2,312	24,849
Other assets	12,855	138,166
Tangible fixed assets	13,848	148,839
Intangible fixed assets	282	3,030
Deferred tax assets	14,347	154,202
Customers' liabilities for acceptances and guarantees	12,532	134,694
Reserve for possible loan losses	(8,466)	(90,993)
Total assets	**¥ 2,292,266**	**$ 24,637,424**
Liabilities and net assets		
Liabilities		
Deposits	¥ 1,952,575	$ 20,986,403
Negotiable certificates of deposit	33,020	354,901
Call money and bills sold	45,000	483,662
Payables under securities lending transactions	50,654	544,432
Borrowed money	80,300	863,069
Foreign exchange liabilities	352	3,783
Corporate bonds and notes	10,000	107,480
Other liabilities	17,744	190,713
Provision for employees' bonuses	813	8,738
Accrued retirement benefits for employees	5,619	60,393
Reserve for reimbursement of deposits	269	2,891
Reserve for contingent losses	407	4,374
Acceptances and guarantees	12,532	134,694
Total liabilities	**2,209,288**	**23,745,571**
Net assets		
Shareholders' equity:		
Common stock	55,655	598,183
Capital surplus	15,054	161,801
Retained earnings	17,963	193,067
Total shareholders' equity	**88,673**	**953,063**
Valuation and translation adjustments:		
Net unrealized loss on available-for-sale securities	(5,696)	(61,220)
Total valuation and translation adjustments	**(5,696)**	**(61,220)**
Total net assets	**82,977**	**891,842**
Total liabilities and net assets	**¥ 2,292,266**	**$ 24,637,424**

Non-consolidated Statement of Operations (Unaudited)

The Senshu Bank, Ltd.
For the year ended 31st March, 2010

	Millions of yen	Thousands of U.S. dollars
	2010	**2010**
Income		
Interest income:		
Interest on loans and bills discounted	¥ **34,450**	$ **370,270**
Interest and dividends on securities	**4,395**	**47,237**
Other interest income	**41**	**440**
Fees and commissions	**5,115**	**54,976**
Other operating income	**2,603**	**27,977**
Gain on sales of fixed assets	**0**	**0**
Gain on reversal of reserve for possible loan losses	**844**	**9,071**
Recoveries of written-off claims	**436**	**4,686**
Gain on reversal of reserve for possible losses on investment securities	**128**	**1,375**
Other income	**824**	**8,856**
Total income	**48,840**	**524,935**
Expenses		
Interest expenses:		
Interest on deposits	**7,448**	**80,051**
Interest on borrowings and rediscounts	**270**	**2,901**
Other interest expenses	**631**	**6,782**
Fees and commissions	**7,042**	**75,687**
Other operating expenses	**322**	**3,460**
General and administrative expenses	**26,259**	**282,233**
Loss on sales or disposal of fixed assets	**52**	**558**
Loss on impairment of fixed assets	**8**	**85**
Expenses for business integration	**1,550**	**16,659**
Other expenses	**7,447**	**80,040**
Total expenses	**51,034**	**548,516**
Loss before income taxes	**(2,193)**	**(23,570)**
Income taxes		
Current	**(84)**	**(902)**
Deferred	**9,632**	**103,525**
Total income taxes	**(9,547)**	**(102,611)**
Net loss	¥ **(11,741)**	$ **(126,193)**

SIHD

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