Annual Securities Report

"Yukashoken Hokokusho"

(Excerpt)

For the fiscal years ended March 31, 2013 and 2012

FIDEA HOLDINGS CO. LTD.

FIDEA Holdings Co. Ltd.

and Subsidiaries

FIDEA Holdings Co. Ltd. and Subsidiaries

Consolidated Balance Sheets
March 31, 2013 and 2012

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	2013
Assets:			
Cash and due from banks (Notes 7, 11, 18 and 23)	¥ 59,222	¥ 56,811	$ 630,088
Call loans and bills bought (Note 23)	-	21,000	-
Monetary claims bought (Note 23)	4,531	5,448	48,207
Trading account securities (Notes 5 and 23)	59	191	627
Money held in trust (Notes 6 and 23)	1,966	1,956	20,917
Securities (Notes 5, 6, 11, 14 and 23)	781,166	700,982	8,311,160
Loans and bills discounted (Notes 7, 22 and 23)	1,602,277	1,519,421	17,047,313
Foreign exchange assets (Note 23)	2,020	1,933	21,491
Tangible fixed assets (Note 8):			
Buildings	9,054	9,096	96,329
Land	10,955	10,961	116,554
Lease assets	218	273	2,319
Construction in progress	117	52	1,244
Other tangible fixed assets	1,345	1,538	14,310
Intangible fixed assets:			
Software	1,550	794	16,491
Goodwill	292	371	3,106
Other intangible fixed assets	139	138	1,478
Deferred tax assets (Note 20)	4,388	12,120	46,685
Customers' liabilities for acceptances and guarantees (Note 22)	14,265	13,909	151,771
Other assets (Note 11)	9,184	12,418	97,712
Allowance for loan losses (Notes 7 and 23)	(14,694)	(17,143)	(156,335)
Total assets	¥ 2,488,060	¥ 2,352,274	$ 26,471,539

(Continued)

FIDEA Holdings Co. Ltd. and Subsidiaries

Consolidated Balance Sheets
March 31, 2013 and 2012

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	2013
Liabilities:			
Deposits (Note 23)	¥ 2,182,791	¥ 2,054,860	$ 23,223,651
Negotiable certificates of deposit (Note 23)	106,607	113,569	1,134,237
Call money and bills sold (Notes 11 and 23)	17,302	40,218	184,083
Borrowed money (Notes 10, 11 and 23)	58,170	40,430	618,895
Foreign exchange liabilities (Note 23)	14	42	148
Bonds payable (Notes 12 and 23)	10,000	5,000	106,394
Provision for bonuses	-	368	-
Provision for retirement benefits (Note 13)	1,587	1,676	16,884
Provision for reimbursement of deposits	539	381	5,734
Provision for contingent loss	365	333	3,883
Other provisions	56	60	595
Deferred tax liabilities (Notes 6 and 20)	816	17	8,681
Deferred tax liabilities for land revaluation (Note 9)	666	666	7,085
Acceptances and guarantees	14,265	13,909	151,771
Other liabilities (Note 10)	16,183	18,219	172,177
Total liabilities	2,409,368	2,289,754	25,634,301
Net assets (Note 15):			
Common stock	15,000	15,000	159,591
Capital surplus	24,744	24,744	263,262
Retained earnings	22,708	19,344	241,600
Treasury stock	(1)	(1)	(10)
Total shareholders' equity	62,451	59,087	664,443
Accumulated other comprehensive income:			
Unrealized gain on available-for-sale securities (Note 6)	13,929	998	148,196
Deferred loss on derivatives under hedge accounting	(13)	(16)	(138)
Revaluation reserve for land (Note 9)	1,119	1,119	11,905
Total accumulated other comprehensive income	15,034	2,101	159,953
Minority interests	1,205	1,331	12,820
Total net assets	78,692	62,520	837,238
Total liabilities and net assets	¥ 2,488,060	¥ 2,352,274	$ 26,471,539

See notes to consolidated financial statements.

(Concluded)

FIDEA Holdings Co. Ltd. and Subsidiaries

Consolidated Statements of Income
Years Ended March 31, 2013 and 2012

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	2013
Income:			
Interest income:			
Interest on loans and discounts	¥ 27,802	¥ 28,756	$ 295,797
Interest and dividends on securities	6,467	4,824	68,805
Other	50	94	531
Fees and commissions	8,777	8,544	93,382
Other operating income	3,334	4,140	35,471
Other income (Note 16)	2,955	3,357	31,439
Total income	49,388	49,718	525,460
Expenses:			
Interest expenses:			
Interest on deposits	2,604	2,627	27,705
Interest on borrowings and rediscounts	134	145	1,425
Interest on bonds payable	232	227	2,468
Other	43	27	457
Fees and commissions	2,904	2,624	30,896
Other operating expenses	3,852	1,957	40,983
General and administrative expenses	28,649	29,180	304,809
Provision of allowance for loan losses	418	2,546	4,447
Other expenses (Note 16)	3,732	2,450	39,706
Total expenses	42,575	41,790	452,973
Income before income taxes and minority interests	6,813	7,928	72,486
Income taxes (Note 20):			
Current	603	229	6,415
Deferred	2,111	3,315	22,459
Total income taxes	2,715	3,544	28,886
Net income before minority interests	4,098	4,383	43,600
Minority interests in net (loss) income	(130)	140	(1,383)
Net income	¥ 4,228	¥ 4,243	$ 44,983
	Yen		U.S. dollars
Per share of common stock (Note 25):			
Basic net income	¥ 28.46	¥ 28.55	$ 0.3027
Diluted net income	22.55	22.83	0.2399
Cash dividends applicable to the year	5.00	5.00	0.0531

See notes to consolidated financial statements.

FIDEA Holdings Co. Ltd. and Subsidiaries

Consolidated Statements of Comprehensive Income
Years Ended March 31, 2013 and 2012

	Millions of yen				Thousands of U.S. dollars (Note 1)	
	2013		2012		2013	
Net income before minority interests	¥	4,098	¥	4,383	$	43,600
Other comprehensive income (Note 17):						
Unrealized gain on available-for-sale securities		12,929		4,317		137,557
Deferred gain on derivatives under hedge accounting		3		0		31
Revaluation reserve for land (Note 9)		-		95		-
Total other comprehensive income		12,933		4,413		137,599
Comprehensive income	¥	17,031	¥	8,797	$	181,200
Total comprehensive income attributable to:						
Owners of the parent	¥	17,161	¥	8,657	$	182,583
Minority interests		(130)		140		(1,383)

See notes to consolidated financial statements.

FIDEA Holdings Co. Ltd. and Subsidiaries

Consolidated Statements of Changes in Net Assets
Years Ended March 31, 2013 and 2012

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	2013
Shareholders' equity			
Common stock:			
Balance at the beginning of year	¥ 15,000	¥ 15,000	$ 159,591
Balance at the end of year	15,000	15,000	159,591
Capital surplus:			
Balance at the beginning of year	24,744	24,744	263,262
Sale of treasury stock	(0)	0	(0)
Balance at the end of year	24,744	24,744	263,262
Retained earnings:			
Balance at the beginning of year	19,344	16,764	205,809
Cash dividends	(864)	(875)	(9,192)
Net income	4,228	4,243	44,983
Reversal of revaluation reserve for land	-	1	-
Increase due to a merger of consolidated subsidiaries	-	1	-
Decrease due to a change in interests	-	(790)	-
Balance at the end of year	22,708	19,344	241,600
Treasury stock:			
Balance at the beginning of year	(1)	(0)	(10)
Acquisition of treasury stock	(0)	(0)	(0)
Sale of treasury stock	0	0	0
Balance at the end of year	(1)	(1)	(10)
Total shareholders' equity:			
Balance at the beginning of year	59,087	56,508	628,651
Cash dividends	(864)	(875)	(9,192)
Net income	4,228	4,243	44,983
Acquisition of treasury stock	(0)	(0)	(0)
Sale of treasury stock	0	0	0
Reversal of revaluation reserve for land	-	1	-
Increase due to a merger of consolidated subsidiaries	-	1	-
Decrease due to a change in interests	-	(790)	-
Balance at the end of year	¥ 62,451	¥ 59,087	$ 664,443

(Continued)

FIDEA Holdings Co. Ltd. and Subsidiaries

Consolidated Statements of Changes in Net Assets
Years Ended March 31, 2013 and 2012

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	2013
Accumulated other comprehensive income:			
Unrealized gain (loss) on available-for-sale securities:			
Balance at the beginning of year	¥ 998	¥ (3,318)	$ 10,618
Net changes of items other than shareholders' equity	12,930	4,317	137,567
Balance at the end of year	13,929	998	148,196
Deferred loss on derivatives under hedge accounting:			
Balance at the beginning of year	(16)	(17)	(170)
Net changes of items other than shareholders' equity	3	0	31
Balance at the end of year	(13)	(16)	(138)
Revaluation reserve for land:			
Balance at the beginning of year	1,119	1,024	11,905
Net changes of items other than shareholders' equity	-	94	-
Balance at the end of year	1,119	1,119	11,905
Total accumulated other comprehensive income:			
Balance at the beginning of year	2,101	(2,311)	22,353
Net changes of items other than shareholders' equity	12,933	4,412	137,599
Balance at the end of year	15,034	2,101	159,953
Minority interests:			
Balance at the beginning of year	1,331	2,136	14,161
Net changes of items other than shareholders' equity	(125)	(805)	(1,329)
Balance at the end of year	1,205	1,331	12,820
Total net assets:			
Balance at the beginning of year	62,520	56,333	665,177
Cash dividends	(864)	(875)	(9,192)
Net income	4,228	4,243	44,983
Acquisition of treasury stock	(0)	(0)	(0)
Sale of treasury stock	0	0	0
Reversal of revaluation reserve for land	-	1	-
Increase due to a merger of consolidated subsidiaries	-	1	-
Decrease due to a change in interests	-	(790)	-
Net changes of items other than shareholders' equity	12,808	3,607	136,269
Balance at the end of year	¥ 78,692	¥ 62,520	$ 837,238

See notes to consolidated financial statements.

(Concluded)

FIDEA Holdings Co. Ltd. and Subsidiaries

Consolidated Statements of Cash Flows
Years Ended March 31, 2013 and 2012

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	2013
Operating activities:			
Income before income taxes and minority interests	¥ 6,813	¥ 7,928	$ 72,486
Adjustments for:			
Income taxes—paid	(200)	(152)	(2,127)
Depreciation and amortization	1,561	2,092	16,608
Loss on impairment—fixed assets	30	83	319
Amortization of goodwill	158	141	1,681
Amortization of negative goodwill	(917)	(924)	(9,756)
Gain on bargain purchase	(4)	-	(42)
Change in allowance for loan losses	(2,448)	(4,160)	(26,045)
Change in provision for bonuses	(368)	13	(3,915)
Change in provision for retirement benefits	(89)	(517)	(946)
Change in provision for reimbursement of deposits	158	11	1,681
Change in provision for contingent loss	31	19	329
Change in other provisions	(3)	(2)	(31)
Interest income	(34,321)	(33,676)	(365,155)
Interest expenses	3,017	3,030	32,099
Loss on securities—net	2,195	5	23,353
Loss on money held in trust—net	22	61	234
Foreign exchange losses—net	13	1	138
Loss on sale and disposal of fixed assets—net	113	10	1,202
Net change in loans and bills discounted	(82,856)	(72,559)	(881,540)
Net change in deposits	127,931	104,644	1,361,112
Net change in negotiable certificates of deposit	(6,961)	49,242	(74,061)
Net change in trading account securities	131	578	1,393
Net change in borrowed money, excluding subordinated borrowings	17,740	(35,184)	188,743
Net change in due from banks, excluding due from Bank of Japan	(2,102)	(931)	(22,364)
Net change in call loans and bills bought	21,917	19,455	233,184
Net change in call money and bills sold	(22,916)	24,218	(243,813)
Net change in foreign exchange assets	(86)	204	(914)
Net change in foreign exchange liabilities	(27)	24	(287)
Interest received	35,149	32,887	373,965
Interest paid	(2,962)	(3,365)	(31,513)
Other—net	(771)	(1,871)	(8,203)
Total adjustments	53,131	83,381	565,283
Net cash provided by operating activities—(Forward)	¥ 59,944	¥ 91,309	$ 637,769

(Continued)

FIDEA Holdings Co. Ltd. and Subsidiaries

Consolidated Statements of Cash Flows
Years Ended March 31, 2013 and 2012

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	2013
Net cash provided by operating activities—(Forward)	¥ 59,944	¥ 91,309	$ 637,769
Investing activities:			
Purchase of securities	(350,096)	(374,736)	(3,724,821)
Proceeds from sales of securities	231,524	201,325	2,463,283
Proceeds from maturity of securities	57,184	60,809	608,405
Increase in money held in trust	(43)	(1,030)	(457)
Purchase of tangible fixed assets	(1,138)	(847)	(12,107)
Proceeds from sales of tangible fixed assets	51	759	542
Purchase of intangible fixed assets	(1,079)	(327)	(11,479)
Proceeds from sales of shares in a subsidiary	-	1	-
Net cash used in investing activities	(63,596)	(114,045)	(676,625)
Financing activities:			
Proceeds from issuance of subordinated bonds	4,957	-	52,739
Payment for redemption of subordinated bonds	-	(5,000)	-
Repayment of lease obligations	(119)	(123)	(1,266)
Dividends paid	(861)	(874)	(9,160)
Proceeds from stock issuance to minority shareholders	-	2	-
Dividends paid to minority shareholders	(2)	(52)	(21)
Purchase of treasury stock	(0)	(0)	(0)
Proceeds from sales of treasury stock	0	0	0
Purchase of treasury stock of subsidiaries in consolidation	-	(1,685)	-
Net cash provided by (used in) financing activities	3,973	(7,733)	42,270
Effect of exchange rate change on cash and cash equivalents	(13)	(1)	(138)
Net increase (decrease) in cash and cash equivalents	308	(30,471)	3,276
Cash and cash equivalents at the beginning of year	51,494	81,965	547,866
Cash and cash equivalents at the end of year (Note 18)	¥ 51,802	¥ 51,494	$ 551,143

See notes to consolidated financial statements.

(Concluded)

1. Basis of Presentation

FIDEA Holdings Co. Ltd. (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 Shonai Bank, Ltd. ("Shonai") and The Hokuto Bank, Ltd. ("Hokuto") on October 1, 2009 by way of a transfer of shares.

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations, the Ordinance for the Enforcement of the Banking Act of Japan (the "Banking Act") and the Companies Act of Japan (the "Act"), and in conformity with accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan.

In preparing the accompanying consolidated financial statements, Japanese yen amounts are presented in millions of yen by rounding down figures to the nearest 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 ¥93.99 = U.S.$1.00, the exchange rate prevailing on March 29, 2013. This translation should not be construed as a representation that yen can be converted into U.S. dollars at the above or any other rate.

2. Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its 11 subsidiaries (collectively the "Group") as of March 31, 2013 (12 subsidiaries as of March 31, 2012).

Under the control of influence concept, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and there is no unconsolidated subsidiary.

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 excess of the acquisition cost over 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" and is amortized by the straight-line method over a period of five years. Insignificant amounts of goodwill are fully charged to income in the fiscal year when it is incurred. Negative goodwill incurred on or before March 31, 2010 is amortized using the straight-line method over a period of five years. Negative goodwill incurred after April 1, 2010 is recognized as a gain when incurred.

The balance sheet dates of 9 subsidiaries and 2 subsidiaries are March 31 and December 31, respectively. The accounts of subsidiaries with balance sheet date as of December 31 are consolidated on the basis of their fiscal year-end, and necessary adjustments are made in the consolidated financial statements to reflect the significant transactions occurred during the period between December 31 and March 31.

Those companies over which the Company has the ability to exercise significant influence, but does not control are accounted for using the equity method. However, the Company has no affiliates to be accounted for using the equity method.

3. Significant Accounting Policies

(1) Trading account securities

Trading account securities are stated at fair value as of the balance sheet date, and cost of trading account securities sold is determined principally using the moving-average method.

(2) Securities

Non-trading securities are classified into two categories: held-to-maturity debt securities and available-for-sale securities. Held-to-maturity debt securities are carried at amortized cost being determined by the moving-average method. Available-for-sale securities are generally stated at fair value determined based on the quoted market price as of the balance sheet date, except for equity securities which are stated at fair value determined based on the average market price during one month before the balance sheet date. Cost of sales of theses available-for-sale securities is principally determined using the moving-average method. Available-for-sale securities, for which it is extremely difficult to determine the fair value, are stated at cost determined by the moving-average method.

Unrealized gain or loss on available-for-sale securities is recorded under net assets, net of income taxes.

(3) Securities held in money trusts

Securities that are part of trust assets in independently managed money trusts with the primary purpose to manage securities are stated at 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 Company and consolidated banking subsidiaries, except for lease assets, is calculated by the declining-balance method, while the straight-line method is applied to buildings (excluding building attachments) acquired on or after April 1, 1998. The principal useful lives are as follows:

Buildings	7 to 50 years
Others	4 to 20 years

Depreciation of tangible fixed assets of other consolidated subsidiaries is calculated principally by the straight-line method based on the estimated useful lives.

(Change in accounting policy that is difficult to distinguish from change in accounting estimate)

Effective April 1, 2012, due to the revision of the Corporation Tax Act, the Company and its consolidated subsidiaries changed their depreciation method to the method based on the revised Corporation Tax Act for the tangible fixed assets acquired on or after April 1, 2012.

This change has little effect on income and loss for the year ended March 31, 2013.

Lease assets under finance lease arrangements which do not transfer ownership of the lease assets to the lessee are depreciated over the respective lease contract periods using the straight-line method with salvage values defined in the lease contracts, otherwise with no residual value.

(6) Intangible fixed assets

Intangible fixed assets, except for lease 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 (principally five years) determined by the Company and its consolidated subsidiaries.

(7) Allowance for loan losses

Allowance for loan losses is provided by the consolidated banking subsidiaries and other major consolidated 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 (the "bankrupt borrowers"), or borrowers who are not legally or formally insolvent but are regarded as substantially in the same situation (the "virtually bankrupt borrowers"), an allowance is generally 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 (the "potentially bankrupt borrowers"), an allowance 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, an allowance is provided based on the historical loan-loss ratio computed from past experiences during a certain period after categorizing into definite types.

All claims are assessed for the quality by the Asset Assessment Department with the cooperation by operating offices in accordance with the Standards for Asset Self-Assessment, and then the assessment results are audited by the Asset Audit Department which is independent from the Asset Assessment Department.

For collateralized or guaranteed claims on the bankrupt borrowers and virtually bankrupt borrowers of Hokuto and certain consolidated subsidiaries, the amount of the claims exceeding the estimated value of collateral and guarantees is deemed to be uncollectible and is charged off against the total amount of the outstanding claims. These write-offs amounted to ¥15,378 million ($163,613 thousand) and ¥18,967 million for the years ended March 31, 2013 and 2012, respectively.

Allowances for loan losses of other consolidated subsidiaries are provided based on the historical loan loss ratio.

(8) Provision for retirement benefits

Provision for retirement benefits is recorded at a necessary amount based on the retirement benefit obligation and the pension plan assets as of the balance sheet date to provide for employees' retirement benefits.

Actuarial gain or loss is amortized from the year following the year in which the gain or loss occurs by the straight-line method over a certain period of 10 to 15 years within the average remaining years of service of the eligible employees upon occurrence.

Unrecognized transitional obligation incurred at the time of the accounting change in the amount of ¥2,710 million ($28,832 thousand) is amortized over a period of 15 years.

(9) Provision for reimbursement of deposits

Provision for reimbursement of deposits is provided at an estimated amount of the future payments to be made for reimbursement claims on deposits which were derecognized and credited from liability to income.

(10) Provision for contingent loss

Provision for contingent loss is provided at an estimated amount of the future payments to be made for a burden charge to the Credit Guarantee Corporations in connection with the responsibility-sharing system.

(11) Other provisions

Other provisions include provision for point service program, provision for losses on interest repayment claims and provision for losses on gift card claims of the consolidated subsidiaries.

Provision for point service program relating to credit business engaged by consolidated subsidiaries is provided for the future burdens when the service will be used at the necessary amount based on the reasonably estimated amount to be used in future.

Provision for losses on interest repayment claims is provided at an amount reasonably estimated considering the historical repayment experiences to provide for repayment claims on interest on loans made by consolidated subsidiaries exceeding the maximum interest rate stipulated by the Interest Rate Restriction Act.

Provision for losses on gift card claims is provided at a reasonably estimated amount for uncollected gift cards which were recognized as income after the elapse of a certain period of time to provide for future losses when they are collected in future.

(12) Foreign currency translation

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

(13) Leases

Certain consolidated subsidiaries' finance leases which commenced prior to April 1, 2008 and do not transfer ownership of the lease assets to the lessee are accounted for as operating leases.

(14) Hedge accounting

Interest rate risk hedging

With respect to the hedge accounting for the interest rate risk arising from financial assets and liabilities of the consolidated 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. With respect to hedging transactions to offset fluctuations of the market price, the effectiveness of hedging transactions is assessed by specifying the hedged items such as deposits and loans and bills discounted and hedging instruments such as interest rate swaps after grouping these items by definite remaining maturity. With respect to hedging transactions to fix cash flows, the effectiveness of hedging is assessed by verifying the correlation of interest floating factors of hedged items and hedging instruments.

Foreign exchange risk hedging

With respect to the hedge accounting for the foreign exchange risk arising from financial assets and liabilities denominated in foreign currencies of the consolidated 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. Hedge effectiveness is assessed by comparing the amount of monetary assets and liabilities denominated in foreign currencies as underlying hedged items with the corresponding foreign-currency amount of the respective hedging instruments such as currency swaps and foreign exchange swaps entered into in order to hedge foreign exchange risk associated with monetary assets and liabilities denominated in foreign currencies.

In addition, in order to hedge foreign exchange risk of available-for-sale securities denominated in foreign currencies except for debt securities, the fair value hedge is applied as portfolio hedging on the condition that liabilities of spot and forward foreign exchange contracts exceeding the acquisition costs of the foreign currency denominated securities on a basis of foreign currency exist, designating the issues of foreign currency denominated securities to be hedged in advance.

(15) Cash and cash equivalents

In preparing the consolidated statements of cash flows, of cash and due from banks in the consolidated balance sheets, cash and due from Bank of Japan ("BoJ") are considered to be cash and cash equivalents.

(16) Consumption taxes

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

(17) New accounting standards not yet adopted

"Accounting Standard for Retirement Benefits" (Accounting Standards Board of Japan ("ASBJ") Statement No. 26, issued on May 17, 2012) (the "Accounting Standard") and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, issued on May 17, 2012) (the "Guidance")

a. Overview

From the viewpoint of improvements to financial reporting and international convergence, by the Accounting Standard and Guidance, mainly (i) accounting treatments for unrecognized actuarial gains and losses and past service costs would be changed, and enhanced disclosures would be required, and (ii) methods for calculating retirement benefit obligations and current service costs would be revised.

b. Date of application

Shonai and Hokuto, the consolidated subsidiaries of the Company, will adopt the Accounting Standard and Guidance from the fiscal year ending March 31, 2014 for (i) above and from the beginning of the fiscal year ending March 31, 2015 for (ii) above.

c. Effect of application

The effects of applying the Accounting Standard and Guidance on the consolidated financial statements are currently under evaluation.

(18) Accrued bonuses

In the past, provision for bonuses was recorded at an estimated amount of bonuses to be paid to employees of the Company and its certain consolidated subsidiaries based on their services for the fiscal period. However, for the reason that the system to determine the actual amount of bonuses within the fiscal period has been established and other reasons, such amount is recorded as accrued expenses in “Other liabilities” from the fiscal year ended March 31, 2013.

4. Business Combination

Transaction under common control

Merger:

1. Names of the acquirer and the acquiree, their businesses, date of the business combination, legal form of the business combination, name of the company after the business combination, and outline of the transaction including purposes of the transaction

(1) Names of the acquirer and the acquiree, and their businesses

a. The acquirer

Company name: The Shogin Card Co., Ltd.

Business: Credit card business, credit guarantee business, etc.

b. The acquiree

Company name: Hokuto Card Service, Ltd.

Business: Credit card business, credit guarantee business, etc.

(2) Date of the business combination

April 1, 2012

(3) Legal form of the business combination

Absorption-type merger as The Shogin Card Co., Ltd. was the surviving company

(4) Name of the company after the business combination

FIDEA Card Co., Ltd.

(5) Outline of the transaction including purposes of the transaction

The Shogin Card Co., Ltd. absorbed Hokuto Card Service, Ltd. in order to expand the card business and to streamline middle and back offices including personal loan guarantee to banks, as a consolidated subsidiary which supports the individual retail strategy of Fidea Group. There was no increase in capital stock due to the merger.

2. Outline of the accounting treatment

This merger was accounted for as the transaction under common control pursuant to “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, issued on December 26, 2008) and the “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, issued on December 26, 2008).

3. Merger ratio, computation of merger ratio, and number of shares issued

(1) Merger ratio

1 (The Shogin Card Co., Ltd.) : 30 (Hokuto Card Service, Ltd.)

(2) Computation of merger ratio

Combination of adjusted net asset value method (50%) and discounted cash flow method (50%)

(3) Number of shares issued

27,450 shares

4. Goodwill incurred
   (1) Amount of goodwill incurred
       ¥78 million ($829 thousand)
   (2) Cause
       Change in ownership ratio of the Company due to the merger
   (3) Amortization method
       Straight-line amortization
   (4) Amortization period
       5 years

5. Amount and cause of gain on bargain purchase
   (1) Amount of gain on bargain purchase
       ¥4 million ($42 thousand)
   (2) Cause
       Change in ownership ratio of the Company due to the merger

5. Securities

Gain and loss from revaluation of trading account securities included in the consolidated statements of income amounted to ¥0 million ($0 thousand) and ¥(0) million for the years ended March 31, 2013 and 2012, respectively.

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

	Millions of yen		
March 31, 2013	Carrying amount	Acquisition cost	Unrealized gain (loss)
Securities whose carrying amount exceeds their acquisition cost:			
Held-to-maturity debt securities	¥ -	¥ -	¥ -
Available-for-sale securities:			
Equity securities	¥ 12,983	¥ 9,736	¥ 3,246
Debt securities:	625,330	614,685	10,645
Japanese government bonds	265,494	261,089	4,405
Municipal bonds	177,202	173,664	3,537
Corporate bonds	182,633	179,931	2,702
Other	64,449	54,014	10,434
Subtotal	¥ 702,763	¥ 678,436	¥ 24,326
Securities whose carrying amount does not exceed their acquisition cost:			
Held-to-maturity debt securities	¥ -	¥ -	¥ -
Available-for-sale securities:			
Equity securities	¥ 4,112	¥ 4,541	¥ (429)
Debt securities:	48,637	49,075	(437)
Japanese government bonds	35,759	36,182	(423)
Municipal bonds	9,867	9,874	(6)
Corporate bonds	3,011	3,018	(7)
Other	22,832	25,368	(2,535)
Subtotal	¥ 75,583	¥ 78,986	¥ (3,403)
Total	¥ 778,346	¥ 757,422	¥ 20,923

March 31, 2012	Millions of yen Carrying amount	 Acquisition cost	 Unrealized gain (loss)
Securities whose carrying amount exceeds their acquisition cost:			
Held-to-maturity debt securities	¥ -	¥ -	¥ -
Available-for-sale securities:			
Equity securities	¥ 7,844	¥ 6,617	¥ 1,226
Debt securities:	564,200	558,671	5,529
Japanese government bonds	273,636	271,173	2,462
Municipal bonds	143,176	141,544	1,632
Corporate bonds	147,387	145,953	1,433
Other	34,984	33,381	1,602
Subtotal	¥ 607,029	¥ 598,670	¥ 8,359
Securities whose carrying amount does not exceed their acquisition cost:			
Held-to-maturity debt securities	¥ -	¥ -	¥ -
Available-for-sale securities:			
Equity securities	¥ 10,191	¥ 11,813	¥ (1,622)
Debt securities:	31,244	31,332	(87)
Japanese government bonds	7,077	7,088	(10)
Municipal bonds	16,845	16,912	(67)
Corporate bonds	7,321	7,331	(9)
Other	49,593	54,665	(5,072)
Subtotal	¥ 91,029	¥ 97,811	¥ (6,782)
Total	¥ 698,058	¥ 696,481	¥ 1,576

March 31, 2013	Thousands of U.S. dollars Carrying amount	 Acquisition cost	 Unrealized gain (loss)
Securities whose carrying amount exceeds their acquisition cost:			
Held-to-maturity debt securities	$ -	$ -	$ -
Available-for-sale securities:			
Equity securities	$ 138,131	$ 103,585	$ 34,535
Debt securities:	6,653,154	6,539,897	113,256
Japanese government bonds	2,824,704	2,777,838	46,866
Municipal bonds	1,885,328	1,847,685	37,631
Corporate bonds	1,943,110	1,914,363	28,747
Other	685,700	574,678	111,011
Subtotal	$ 7,476,997	$ 7,218,172	$ 258,814
Securities whose carrying amount does not exceed their acquisition cost:			
Held-to-maturity debt securities	$ -	$ -	$ -
Available-for-sale securities:			
Equity securities	$ 43,749	$ 48,313	$ (4,564)
Debt securities:	517,469	522,130	(4,649)
Japanese government bonds	380,455	384,955	(4,500)
Municipal bonds	104,979	105,053	(63)
Corporate bonds	32,035	32,109	(74)
Other	242,919	269,901	(26,970)
Subtotal	$ 804,160	$ 840,365	$ (36,205)
Total	$ 8,281,157	$ 8,058,538	$ 222,608

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

	Millions of yen		
March 31, 2013	Sales proceeds	Realized gain	Realized loss
Equity securities	¥ 8,805	¥ 550	¥ 1,724
Debt securities:	211,927	1,716	727
Japanese government bonds	204,169	1,598	727
Municipal bonds	1,129	24	-
Corporate bonds	6,628	93	-
Other	8,753	531	393
Total	¥ 229,485	¥ 2,798	¥ 2,845

	Millions of yen		
March 31, 2012	Sales proceeds	Realized gain	Realized loss
Equity securities	¥ 8,860	¥ 521	¥ 781
Debt securities:	187,428	2,055	20
Japanese government bonds	148,951	870	12
Municipal bonds	25,965	1,034	-
Corporate bonds	12,511	150	7
Other	6,825	196	550
Total	¥ 203,113	¥ 2,774	¥ 1,352

	Thousands of U.S. dollars		
March 31, 2013	Sales proceeds	Realized gain	Realized loss
Equity securities	$ 93,680	$ 5,851	$ 18,342
Debt securities:	2,254,782	18,257	7,734
Japanese government bonds	2,172,241	17,001	7,734
Municipal bonds	12,011	255	-
Corporate bonds	70,518	989	-
Other	93,126	5,649	4,181
Total	$2,441,589	$ 29,769	$ 30,269

Write-down of securities

Non-trading securities, with the exception of those whose fair value is extremely difficult to determine, whose fair value significantly declined compared with their acquisition cost and is not considered to be able to recover their acquisition cost, are written down to their respective fair value which is recorded as the carrying amount on the consolidation balance sheet. The related loss on revaluation is charged to income for the year.

Write-down of the above available-for-sale securities in the amount of ¥2,145 million ($22,821 thousand), consisting of ¥105 million ($1,117 thousand) of equity securities and ¥2,039 million ($21,693 thousand) of other, and ¥3 million, all of which are equity securities, were recognized for the years ended March 31, 2013 and 2012, respectively.

The criteria for determining whether the fair value is "significantly declined" are as follows:
If the amount computed based on the average market price of each issue during one month before the balance sheet date for equity securities or the fair value as of the balance sheet date for other securities declines 50% or more compared to their acquisition cost, the difference is recognized as write-down of securities. If they decline by 30% or more but less than 50% compared to their acquisition cost, write-down of securities is recognized for the securities whose fair value is not recoverable after considering the business condition of the issuer and past trend of the market value for a certain period.

6. Unrealized gain (loss) on available-for-sale securities

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

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Unrealized gain:	¥ 20,923	¥ 1,576	$ 222,608
Available-for-sale securities	20,923	1,576	222,608
Money held in trust	-	-	-
Deferred tax liabilities	(6,990)	(573)	(74,369)
Unrealized gain on available-for-sale securities before adjustments by equity interest:	13,932	1,003	148,228
Minority interests	(3)	(4)	(31)
Unrealized gain on available-for-sale securities	¥ 13,929	¥ 998	$ 148,196

7. Loans and Bills Discounted and Risk Monitored Loans

Loans and bills discounted

Bills discounted are accounted for as financial transactions rather than as purchased bills in accordance with JICPA Industry Audit Committee Report No. 24 “Treatment of Accounting and Auditing concerning Application of Accounting Standard for Financial Instruments in Banking Industry.” The Group has the right to sell or pledge (repledge) such bills without any restrictions. These include commercial bills discounted and foreign exchange bills purchased. The total face value of such financial transactions at March 31, 2013 and 2012 amounted to ¥7,459 million ($79,359 thousand) and ¥7,744 million, respectively.

The principal of loans and bills discounted transferred to a trust bank due to securitization of home mortgage loans by Hokuto amounted to ¥6,967 million ($74,124 thousand) and ¥8,913 million at March 31, 2013 and 2012, respectively. Hokuto held the related subordinated beneficiary right in the amount of ¥6,916 million ($73,582 thousand) and ¥7,092 million, of which ¥5,816 million ($61,878 thousand) and ¥5,992 million were included in “Loans and bills discounted” and ¥1,100 million ($11,703 thousand) and ¥1,100 million were included in “Cash and due from banks” as of March 31, 2013 and 2012, respectively.

Loans and bills discounted at March 31, 2013 and 2012 include a loan participation in an amount of ¥1,278 million ($13,597 thousand) and ¥1,390 million, respectively, accounted for as a loan to an original debtor in accordance with the JICPA Accounting System Committee Report No. 3 dated on June 1, 1995.

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 ¥423,883 million ($4,509,873 thousand) and ¥422,667 million at March 31, 2013 and 2012 including the contracts whose contractual periods were either less than one year or revocable at any time, in the amount of ¥422,332 million ($4,493,371 thousand) and ¥421,024 million, respectively.

Since many of these commitments expire without being fully utilized, the unutilized amounts do not necessarily represent future cash commitments of the consolidated subsidiaries. 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, such as a change in financial situation and preservation of claims. At the inception of the contracts, they obtain collateral in the form of real estate, securities, and so forth, if deemed necessary. Subsequently, they, based on its internal rules, perform periodic reviews of the customers’ business results and may take necessary measures such as reconsidering the terms and conditions of the contracts and/or requiring additional collateral or guarantees.

Risk monitored loans

Risk monitored loans which were included in loans and bills discounted at March 31, 2013 and 2012 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Loans to bankrupt borrowers	¥ 2,671	¥ 2,572	$ 28,417
Delinquent loans	26,784	26,433	284,966
Loans past due for 3 months or more	-	49	-
Restructured loans	10,443	16,445	111,107
Total	¥ 39,900	¥ 45,500	$ 424,513

Loans to bankrupt borrowers represent non-accrual loans to borrowers who are legally bankrupt as defined in Articles 96-1-3 and 96-1-4 of the Order for Enforcement of the Corporation Tax Act (Cabinet Order No. 97 of 1965).

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 facilitate or support the reconstruction 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 day after 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 facilitate or support the reconstruction of borrowers who are experiencing 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, suspending the payment of principal/interest, forgiving debt, etc.) and loans which are not classified in any of the above categories.

The amounts presented in the table above are stated before deducting the amount of allowance for loan losses.

8. Tangible Fixed Assets

At March 31, 2013 and 2012, accumulated depreciation of tangible fixed assets was ¥32,623 million ($347,090 thousand) and ¥32,350 million, respectively.

Under the Corporation Tax Act, capital gains arising from the exchange or replacement of assets under certain conditions are permitted to be deducted from the cost of tangible fixed assets in order to obtain certain tax benefits. The amount deducted from the cost of tangible fixed assets at March 31, 2013 and 2012 was nil and ¥20 million, respectively.

9. Revaluation of Land

In accordance with the "Act on Revaluation of Land" (the "Law") (Act No. 34 of March 31, 1998), land used for business operations of Shonai was revalued as of the date indicated below. The excess of revaluation to carrying value at the time of revaluation, net of income taxes corresponding to the excess which are recognized as "Deferred tax liabilities for land revaluation," is stated as "Revaluation reserve for land" under net assets.

Date of revaluation: September 30, 1999

The method of revaluation of asset set forth in Article 3, Paragraph 3 of the Law:

Fair values are determined based on the land price registered in the book of taxation on land stipulated in Article 2-3 of the "Order for Enforcement of Act on Revaluation of Land" (the "Ordinance") (Cabinet Order No. 119 of March 31, 1998), with price adjustments by shape and time and the appraisal value by an independent real estate appraiser as provided by Article 2-5 of the Ordinance.

The difference between the total fair values of land used for business operations revalued pursuant to Article 10 of the Law and book value after revaluation of the relevant land at March 31, 2013 and 2012 was ¥1,562 million ($16,618 thousand) and ¥1,506 million, respectively.

10. Borrowed Money and Lease Obligations

Borrowed money and lease obligations at March 31, 2013 and 2012 were as follows:

	Millions of yen		Thousands of U.S. dollars	Average interest rate	
	2013	2012	2013	(%)	Maturity
Borrowed money	¥ 58,170	¥ 40,430	$ 618,895	0.26	Apr. 2013 through Oct. 2018
Current portion of lease obligations	87	113	925	3.50	
Lease obligations, less current portion	140	170	1,489	3.86	Apr. 2014 through Mar. 2019

Note: Average interest rate is computed based on the interests and the balances as of the balance sheet date by the weighted average method.

Annual maturities of borrowed money and lease obligations within five years at March 31, 2013 are as follows:

	Millions of yen				
	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years
Borrowed money	¥ 52,370	¥ -	¥ -	¥ -	¥ -
Lease obligations	87	54	35	26	17

	Thousands of U.S. dollars				
	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years
Borrowed money	$ 557,186	$ -	$ -	$ -	$ -
Lease obligations	925	574	372	276	180

Note: Lease obligations are included in "Borrowed money" and "Other liabilities" in the accompanying consolidated balance sheet.

Subordinated borrowings of ¥5,800 million ($61,708 thousand) were included in borrowed money at March 31, 2013 and 2012.

11. Assets Pledged

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

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Securities	¥ 71,724	¥ 104,754	$ 763,102

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

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Call money	¥ 16,823	¥ 39,800	$ 178,987
Borrowed money	52,370	34,630	557,186

In addition to the pledged assets listed above, securities in the amount of ¥172,245 million ($1,832,588 thousand) and ¥171,852 million and cash and due from banks in the amount of ¥8 million ($85 thousand) and ¥8 million are pledged as collateral for domestic exchange transactions or as margins on futures contracts at March 31, 2013 and 2012, respectively. Other assets include guarantee deposits in the amount of ¥587 million ($6,245 thousand) and ¥589 million at March 31, 2013 and 2012, respectively.

12. Bonds Payable

Bonds payable at March 31, 2013 and 2012 consisted of the following:

Issuer/description	Issued date	Millions of yen 2013	Millions of yen 2012	Thousands of U.S. dollars 2013	Coupon rate (%)	Secured/ unsecured	Due
Shonai							
4th subordinated bonds	Jul. 13, 2010	¥ 5,000	¥ 5,000	$ 53,197	2.84	Unsecured	Jul. 13, 2020
5th subordinated bonds	Jul. 27, 2012	5,000	-	53,197	2.70	Unsecured	Jul. 27, 2022
Total		¥ 10,000	¥ 5,000	$ 106,394			

13. Retirement Benefit Plans

The consolidated banking subsidiaries have defined benefit pension plans consisting of corporate pension fund and lump-sum payment plans.

Shonai has introduced a corporate pension fund similar with cash balance plans, and established a defined contribution pension plan in October 2006.

Hokuto has established a retirement benefit trust. Hokuto abolished a tax qualified pension plan at the end of August 2011 and has established a defined contribution pension plan since February 2012.

The Group may pay additional retirement benefits to certain employees which are not covered by the actuarially projected retirement benefit obligation pursuant to the accounting standard for retirement benefits. Consolidated subsidiaries other than banking subsidiaries adopt principally lump-sum payment plans.

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

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Retirement benefit obligation	¥ (14,313)	¥ (13,673)	$ (152,282)
Pension plan assets at fair value	12,149	11,451	129,258
Unfunded benefit obligation	(2,163)	(2,222)	(23,013)
Unrecognized net retirement benefit obligation at transition	361	542	3,840
Unrecognized actuarial differences	1,926	1,981	20,491
Net retirement benefit obligation	124	301	1,319
Prepaid pension cost	1,712	1,978	18,214
Provision for retirement benefits	¥ (1,587)	¥ (1,676)	$ (16,884)

Notes: (1) Above table does not include additional retirement benefits to be paid on a temporary base.

(2) In computing retirement benefit obligation, consolidated subsidiaries other than banking subsidiaries mainly adopt the simplified method.

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

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Service cost	¥ 415	¥ 460	$ 4,415
Interest cost	263	330	2,798
Expected return on plan assets	(152)	(161)	(1,617)
Amortization of prior service cost	-	(84)	-
Amortization of actuarial loss	273	241	2,904
Amortization of net retirement benefit obligation at transition	180	180	1,915
Additional retirement benefits and other	144	84	1,532
Net periodic retirement benefit expenses	¥ 1,125	¥ 1,052	$ 11,969

Note (1) Retirement benefit expenses of the consolidated subsidiaries adopting the simplified method are collectively recorded in "Service cost."

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

	2013	2012
Discount rate	0.75% - 1.50%	1.90% - 2.00%
Expected rate of return on plan assets	1.00% - 1.50%	0.02% - 1.50%
Method of attributing expected benefit to periods	Straight-line basis	
Amortization period of prior service cost	Charged to income on a straight-line basis over a period of 5 years within the average remaining service years of employees upon occurrence at Shonai. Charged to income when incurred at Hokuto.	
Amortization period of actuarial difference	10-15 years (charged to income beginning from the following year after incurrence with the inter-period allocated amount on a straight-line basis over a certain period within the average remaining service years of employees upon occurrence)	
Amortization period of net retirement benefit obligation at transition	15 years	

14. Contingent Liabilities

Guarantee liabilities for corporate bonds acquired through private offering (as defined in Article 2-3 of the Financial Instruments and Exchange Act) among those classified as corporate bonds in “Securities” amounted to ¥8,357 million ($88,913 thousand) and ¥8,487 million at March 31, 2013 and 2012, respectively.

15. Shareholders’ Equity

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

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

Movements in common stock, preferred stock and treasury stock during the years ended March 31, 2013 and 2012 are summarized as follows:

	Number of shares (in thousands)				
	April 1, 2012	Increase	Decrease	March 31, 2013	Ref.
Issued shares:					
Common stock	143,464	-	-	143,464	
Preferred stock Class B	25,000	-	-	25,000	
Total	168,464	-	-	168,464	
Treasury stock:					
Common stock	6	2	0	8	Note (1)
Total	6	2	0	8	

Note (1) Increase in number of shares is due to request for purchase of less than one unit, and decrease in number of shares is due to request for sale of less than one unit.

	Number of shares (in thousands)				
	April 1, 2011	Increase	Decrease	March 31, 2012	Ref.
Issued shares:					
Common stock	143,464	-	-	143,464	
Preferred stock Class B	25,000	-	-	25,000	
Total	168,464	-	-	168,464	
Treasury stock:					
Common stock	4	1	0	6	Note (1)
Total	4	1	0	6	

Note (1) Increase in number of shares is due to request for purchase of less than one unit, and decrease in number of shares is due to request for sale of less than one unit.

16. Other Income and Other Expenses

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

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Loss on sales of equity securities, etc.	¥ 1,835	¥ 1,058	$ 19,523
Written-off of loans	425	30	4,521
Loss on disposal of fixed assets	121	94	1,287
Impairment loss	30	83	319
Other	1,321	1,185	14,054
Total	¥ 3,732	¥ 2,450	$ 39,706

Gain on transition of defined contribution pension plan of Hokuto of ¥500 million was included in other income for the year ended March 31, 2012.

17. Comprehensive Income

Reclassification adjustments and income tax effect for each component of other comprehensive income for the years ended March 31, 2013 and 2012 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Unrealized gain on available-for-sale securities:			
Gain arising during the year	¥ 17,173	¥ 5,671	$ 182,710
Reclassification adjustments	2,172	(1,373)	23,108
Before income tax effect	19,346	4,298	205,830
Income tax effect	(6,416)	19	(68,262)
Unrealized gain on available-for-sale securities	12,929	4,317	137,557
Deferred gain on derivatives under hedge accounting:			
Gain arising during the year	5	3	53
Reclassification adjustments	-	-	-
Before income tax effect	5	3	53
Income tax effect	(1)	(2)	(10)
Deferred gain on derivatives under hedge accounting	3	0	31
Revaluation reserve for land:			
Gain (loss) arising during the year	-	-	-
Reclassification adjustments	-	-	-
Before income tax effect	-	-	-
Income tax effect	-	95	-
Revaluation reserve for land	-	95	-
Total other comprehensive income	¥ 12,933	¥ 4,413	$ 137,599

18. 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 March 31, 2013 and 2012 is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Cash and due from banks	¥ 59,222	¥ 56,811	$ 630,088
Due from banks (excluding due from BoJ)	(7,419)	(5,317)	(78,933)
Cash and cash equivalents	¥ 51,802	¥ 51,494	$ 551,143

19. Leases

The Group leases certain personal computers, automated teller machines, etc. under finance lease arrangements. The Group accounts for finance leases which commenced prior to April 1, 2008 and do not transfer ownership of the lease 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 fixed assets as of March 31, 2013 and 2012, which would have been reflected in the accompanying consolidated balance sheets if finance lease accounting had been applied to the finance leases under which the Group are lessees and which are currently accounted for as operating leases:

	Millions of yen		
March 31, 2013	Tangible fixed assets	Intangible fixed assets	Total
Acquisition costs	¥ 496	¥ -	¥ 496
Accumulated depreciation	378	-	378
Net book value	¥ 117	¥ -	¥ 117

	Millions of yen		
March 31, 2012	Tangible fixed assets	Intangible fixed assets	Total
Acquisition costs	¥ 875	¥ 227	¥ 1,103
Accumulated depreciation	662	224	887
Net book value	¥ 213	¥ 3	¥ 216

	Thousands of U.S. dollars		
March 31, 2013	Tangible fixed assets	Intangible fixed assets	Total
Acquisition costs	$ 5,277	$ -	$ 5,277
Accumulated depreciation	4,021	-	4,021
Net book value	$ 1,244	$ -	$ 1,244

Future minimum lease payments subsequent to March 31, 2013 for finance leases accounted for as operating leases are summarized as follows:

	Millions of yen	Thousands of U.S. dollars
Due within one year	¥ 54	$ 574
Due after one year	73	776
Total	¥ 127	$ 1,351

Total lease payments related to finance leases accounted for as operating leases, depreciation expense and interest expenses, which have not been reflected in the accompanying consolidated statements of income for the years ended March 31, 2013 and 2012, are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Total lease payments	¥ 111	¥ 264	$ 1,180
Depreciation expense	99	236	1,053
Interest expenses	5	12	53

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.
The difference between the total lease payments and the amounts corresponding to acquisition costs of the lease assets, which is the amount corresponding to interest expenses, is allocated over the period using the interest method.

20. Income Taxes

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

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Deferred tax assets:			
Allowance for loan losses	¥ 8,027	¥ 8,922	$ 85,402
Allowance for investment loss	3,797	3,876	40,397
Tax loss carryforwards	3,293	5,003	35,035
Write-down of securities	2,087	1,748	22,204
Provision for retirement benefits	1,558	1,622	16,576
Depreciation	1,098	1,169	11,682
Unrealized loss on available-for-sale securities	-	88	-
Other	1,132	983	12,043
Gross deferred tax assets	20,995	23,414	223,374
Valuation allowance	(9,651)	(9,403)	(102,681)
Total deferred tax assets	¥ 11,344	¥ 14,011	$ 120,693
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities	¥ (7,102)	¥ (1,449)	$ (75,561)
Other	(670)	(458)	(7,128)
Total deferred tax liabilities	(7,772)	(1,908)	(82,689)
Net deferred tax assets	¥ 3,571	¥ 12,102	$ 37,993

A reconciliation of the statutory tax rate to the effective tax rate for the year ended March 31, 2013 is omitted since the difference was less than 5% of the effective statutory tax rate.

A reconciliation of the statutory tax rate to the effective tax rate for the year ended March 31, 2012 is as follows:

	2012
Normal effective statutory tax rate	40.63%
Non-deductible expenses such as entertainment expenses	0.46
Non-taxable income such as dividend income	(7.99)
Per capita inhabitant tax	0.75
Valuation allowance	(6.68)
Amortization of negative goodwill	(4.73)
Consolidation adjustments	6.66
Reduction of deferred tax assets due to change in income tax rates	14.75
Other	0.85
Actual effective tax rate	44.70%

21. Segment Information

(1) Segment information

The Group has a single segment of banking business. Accordingly, segment information by reportable segment is omitted.

(2) Related information

Information by service

	Millions of yen			
March 31, 2013	Lending	Securities investment	Other	Total
Ordinary income from external customers	¥ 28,138	¥ 9,267	¥ 11,954	¥ 49,360

	Millions of yen			
March 31, 2012	Lending	Securities investment	Other	Total
Ordinary income from external customers	¥ 29,185	¥ 7,603	¥ 12,338	¥ 49,126

	Thousands of U.S. dollars			
March 31, 2013	Lending	Securities investment	Other	Total
Ordinary income from external customers	$ 299,372	$ 98,595	$ 127,183	$ 525,162

"Ordinary income" is defined as income less certain special income included in the accompanying consolidated statements of income.

Geographic information

a. Ordinary income

Information about ordinary income by geographic area for the years ended March 31, 2013 and 2012 is omitted as ordinary income from external customers in Japan was more than 90% of ordinary income in the consolidated statements of income.

b. Tangible fixed assets

Information about tangible fixed assets by geographic area as of March 31, 2013 and 2012 is omitted as tangible fixed assets in Japan was more than 90% of "Tangible fixed assets" in the consolidated balance sheets.

Information by major customer

Information by major customer for the years ended March 31, 2013 and 2012 is omitted since there was no single external customer accounting for 10% or more of the consolidated ordinary income.

22. Related Party Transactions

Transactions between the Company’s consolidated subsidiaries and their directors and major shareholders as of March 31, 2013 and 2012 and for the years then ended are as follows:

2013

Type	Name	Address	Capital (Millions of yen)	Business	Ownerships of voting rights (%)	Transaction type	Transaction amount	Account	Balance at March 31, 2013
Companies, etc. whose voting rights are owned by the director of the consolidated subsidiary or his/her relatives	Ishii Shoji Co., Ltd. Note (1)	Akita city, Akita Pref.	¥10	Real estate rental	0.0% directly held	Lending	¥50 million ($531 thousand)	Loans and bills discounted	¥40 million ($425 thousand)
	Akita Kubota Co., Ltd. Note (1)	Akita city, Akita Pref.	¥60	Agricultural machines distributor	0.0% directly held	Lending	¥218 million ($2,319 thousand)	Loans and bills discounted	¥460 million ($4,894 thousand)
	Netz Toyota Akita Co., Ltd. Note (2)	Akita city, Akita Pref.	¥40	Car distributor	0.0% directly held	Lending	¥410 million ($4,362 thousand)	Loans and bills discounted	¥700 million ($7,447 thousand)
	Toyota Renta Lease Akita Co., Ltd. Note (2)	Akita city, Akita Pref.	¥36	Rental and lease of vehicles	0.0% directly held	Lending	¥300 million ($3,191 thousand)	Loans and bills discounted	¥300 million ($3,191 thousand)
	Ugo Setsubi Co., Ltd. Note (3)	Akita city, Akita Pref.	¥20	Pipe works	0.0% directly held	Lending	¥180 million ($1,915 thousand)	Loans and bills discounted	¥585 million ($6,224 thousand)
						Guarantee for liabilities	¥31 million ($329 thousand)	Customers’ liabilities for acceptances and guarantees	¥28 million ($297 thousand)
	Ugo Densetsu Kogyo Co., Ltd. Note (4)	Akita city, Akita Pref.	¥30	Electric works	0.0% directly held	Lending	¥9 million ($95 thousand)	Loans and bills discounted	¥150 million ($1,595 thousand)
						Guarantee for liabilities	¥81 million ($861 thousand)	Customers’ liabilities for acceptances and guarantees	¥72 million ($766 thousand)
	Ugo Hatsuhenden Koji Co., Ltd. Note (4)	Akita city, Akita Pref.	¥20	Electric works	-	Lending	¥54 million ($574 thousand)	Loans and bills discounted	¥57 million ($606 thousand)
						Guarantee for liabilities	¥0 million ($0 thousand)	Customers’ liabilities for acceptances and guarantees	-

2012

Type	Name	Address	Capital (Millions of yen)	Business	Ownerships of voting rights (%)	Transaction type	Transaction amount	Account	Balance at March 31, 2012
Companies, etc. whose voting rights are owned by the director of the consolidated subsidiary or his/her relatives	Ishii Shoji Co., Ltd. Note (1)	Akita city, Akita Pref.	¥10	Real estate rental	0.0% directly held	Lending	¥73 million	Loans and bills discounted	¥62 million
	Akita Kubota Co., Ltd. Note (1)	Akita city, Akita Pref.	¥60	Agricultural machines distributor	0.0% directly held	Lending	¥243 million	Loans and bills discounted	¥420 million
	Netz Toyota Akita Co., Ltd. Note (2)	Akita city, Akita Pref.	¥40	Car distributor	0.0% directly held	Lending	¥472 million	Loans and bills discounted	¥400 million
	Toyota Renta Lease Akita Co., Ltd. Note (2)	Akita city, Akita Pref.	¥36	Rental and lease of vehicles	0.0% directly held	Lending	¥212 million	Loans and bills discounted	¥300 million
	Ugo Setsubi Co., Ltd. Note (3)	Akita city, Akita Pref.	¥20	Pipe works	0.0% directly held	Lending	¥270 million	Loans and bills discounted	¥317 million
						Guarantee for liabilities	¥20 million	Customers' liabilities for acceptances and guarantees	¥23 million
	Ugo Densetsu Kogyo Co., Ltd. Note (4)	Akita city, Akita Pref.	¥30	Electric works	0.0% directly held	Lending	¥8 million	Loans and bills discounted	-
						Guarantee for liabilities	¥75 million	Customers' liabilities for acceptances and guarantees	¥59 million
	Ugo Hatsuhenden Koji Co., Ltd. Note (4)	Akita city, Akita Pref.	¥20	Electric works	-	Lending	¥51 million	Loans and bills discounted	¥41 million
						Guarantee for liabilities	¥0 million	Customers' liabilities for acceptances and guarantees	¥0 million

Notes: (1) Tadanari Ishii, who is a director of Hokuto which is a significant consolidated subsidiary of the Company, and his relatives own the majority of voting rights of Ishii Shoji Co., Ltd. Akita Kubota Co., Ltd. is a subsidiary of Ishii Shoji Co., Ltd.

(2) Tadanari Ishii, who is a director of Hokuto which is a significant consolidated subsidiary of the Company, and his relatives and Ishii Shoji Co., Ltd. own the majority of voting rights of Netz Toyota Akita Co., Ltd. Toyota Renta Lease Akita Co., Ltd. is a subsidiary of Netz Toyota Akita Co., Ltd.

(3) Hiroyuki Sato, who is a director of Hokuto which is a significant consolidated subsidiary of the Company, and his relatives own the majority of voting rights of Ugo Setsubi Co., Ltd.

(4) Shin-ichi Nanayama, an audit & supervisory board member of Hokuto which is a significant consolidated subsidiary of the Company, and his relatives own the majority of voting rights of Ugo Densetsu Kogyo Co., Ltd. Ugo Hatsuhenden Koji Co., Ltd. is a subsidiary of Ugo Densetsu Kogyo Co., Ltd.

(5) The transactions are with Hokuto, which is a significant consolidated subsidiary of the Company, and the trading conditions and policies are the same as those of the transactions with general parties.

(6) The transaction amount is shown by the average balance.

There is no other related party transaction to be disclosed for the years ended March 31, 2013 and 2012.

23. Financial Instruments and Related Disclosures

1. Status of Financial Instruments

(1) Policy on financial instruments

The Group is engaged in financial information services centering on banking business such as deposit-taking and lending services for domestic corporate and individual customers and management of securities such as debt and equity securities and investment trusts. The Group accepts risk as long as it remains financially healthy and intends to improve its earning power in order to continue to conduct these services.

The Group holds financial assets and liabilities exposed to the fluctuation risk of interest rates. Accordingly, the Group conducts asset and liability management (ALM) and enters into derivative transactions if necessary in order to avoid adverse effect by the interest-rate fluctuation.

(2) Contents of financial instruments and their risks

Financial assets held by the Group mainly consist of loans and bills discounted to domestic corporate and individual customers, which are exposed to credit risk arising from customers' nonperformance of contractual obligations. In addition, securities, principally consisting of equity securities, debt securities, investment trusts and investment in partnerships, are held for the purposes of net investment and strategic investment. These financial assets are exposed to credit risk of issuers and fluctuation risk of interest rates and market prices.

Major financial liabilities, consisting of deposits and negotiable certificates of deposit, are principally deposits accepted from domestic corporate and individual customers. They require attentions to liquidity risk arising from concentrated cancellation of deposits, but most of those deposits are from individual customers and accordingly, the risk is dispersed to small accounts. The liquidity risk is also controlled by limiting the ratio of large deposit accounts to a certain level.

Derivative contracts which the Group enters into consist of interest rate swaps employed as part of ALM and futures of debt securities held as available-for-sale securities, options, etc. In addition, the Group enters into hybrid financial instruments embedded with derivatives. These derivatives are not entered into for speculative purpose but mainly for hedging purposes.

(3) Risk management system for financial instruments

The Group has established the "Basic Policy on Risk Management" and various risk control rules and a system to conduct the risk management as follows:

a. Credit risk management:

   In accordance with the "Credit Policy" and "Credit Risk Management Rule," for loans and bills discounted, a credit control system has been established and maintained, including credit review by individual contract, credit limit control, credit information control, internal ratings, retrospective control including self-assessment, establishment of guaranty and security, countermeasures for problem accounts, credit concentration risk management, etc. These credit controls are performed by the loan departments in addition to each operating office, being reported to and discussed at the management meetings on a regular basis. Furthermore, the status of credit control is examined by the internal audit department.

b. Market risk management:

   For market transactions, front office, middle office and back office, each of which is independent of others, are mutually controlled.

   Interest rate risk management:

   The Group manages the fluctuation risk of interest rates by ALM. In accordance with the "Market Risk Management Rule," the Group measures the exposure of interest rate risk, monitoring by gap analysis and sensitivity analysis on a regular basis, and the monitoring results are reported to the management meetings on a regular basis. In addition, the future countermeasures based on the analysis of current status are discussed.

Foreign exchange risk management:
The Group manages foreign exchange risk, in accordance with the "Market Risk Management Rule," by establishing total positions and loss limits or entering into hedging activities.

Price fluctuation risk management:
The Group manages price fluctuation risk in accordance with "Market Risk Management Rule." Risk exposures to securities are monitored for usage against the pre-set limit by the Risk Control Department on a daily basis based on Value at Risk (VaR) and other risk indexes such as 10BVP and reported to the management meetings.

Derivative transactions:
With respect to derivative transactions, the Group segregates the duties of the departments responsible for execution of transactions, verification of hedge effectiveness, and operation administration and conducts transactions under the management and control based on the handling rules.

Quantitative information about market risk:
Financial instruments not for trading purposes
The Group identifies and manages the market risk volume using VaR on a daily basis (monthly basis with regard to interest rate risk volume of deposits, loans and bills discounted, etc.), since the Group holds many financial instruments whose fair values fluctuate on a daily basis and such fluctuation amount is greater than other risk categories. The market risk volume of the Group is controlled as the total amounts of market risk volume of Shonai and Hokuto which are the subsidiaries.
Market risk volume of the banking business of the Group at March 31, 2013 and 2012 and for the years then ended was as follows:

	Billions of yen			
	2013			
	Average	Maximum	Minimum	As of the fiscal year-end
Due from banks, loans and bills discounted and others	¥ 0.2	¥ 0.7	¥ 0	¥ 0
Securities:	15.1	19.0	13.3	19.0
Debt securities	5.7	6.6	5.0	6.4
Equity securities	4.5	5.2	3.6	5.1
Other	7.5	10.0	6.5	10.0

	Billions of yen			
	2012			
	Average	Maximum	Minimum	As of the fiscal year-end
Due from banks, loans and bills discounted and others	¥ 1.9	¥ 6.5	¥ 0.6	¥ 0.6
Securities:	18.2	19.7	15.2	15.3
Debt securities	7.4	8.7	5.5	5.5
Equity securities	5.8	6.5	5.0	5.0
Other	8.5	9.5	7.4	7.6

	Millions of U.S. dollars			
	2013			
	Average	Maximum	Minimum	As of the fiscal year-end
Due from banks, loans and bills discounted and others	$ 2.1	$ 7.4	$ 0	$ 0
Securities:	160.6	202.1	141.5	202.1
Debt securities	60.6	70.2	53.1	68.0
Equity securities	47.8	55.3	38.3	54.2
Other	79.7	106.3	69.1	106.3

(*1) VaR is measured in principle using the variance/co-variance method, but certain financial instruments such as structured bonds are measured using other methods including the Monte Carlo Simulation method.

(*2) Holding period is assumed to be 60 business days for higher market liquidity financial instruments such as Japanese government bonds, municipal bonds, listed equity securities (excluding strategic investments), etc., and 125 business days for less market liquidity financial instruments, due from banks, loans and bills discounted, etc.

(*3) 99 % is used for confidence interval, and 250 business days are used as extraction period of market data to measure volatility.

(*4) The total amount does not agree with the sum of the individual amounts since correlation between the risks of debt securities and equity securities is taken into account.

(*5) The current interest rate risk volume of deposits, loans and bills discounted, etc., represents decreasing interest rate risk, not increasing interest rate risk, due to increase in core-deposit balance and prolonged duration. The increasing interest rate risk is managed as internal control. Therefore, the interest rate risk volume of deposits, loans and bills discounted, etc. is considered to be zero.

Within the Group, each banking subsidiary implements back tests comparing the VaR of one day holding period measured by the model and actual change in gains and losses, in order to verify the accuracy of the measurement model of the market risk volume concerning the VaR of securities.

As of January 31, 2013, it was deemed that there was a problem with the model of Shonai with regard to yen bonds (including derivatives), the Group has been responding to the situation by multiplying the measurement result of VaR by a certain ratio since then in order to improve the reliability of VaR according to the "Market Risk Measurement Rule."

With regard to Hokuto, as a result of back tests implemented as of March 31, 2013, actual losses of certain assets exceeded the VaR, but it was not considered necessary to review the measurement model considering the number of times.

The measurement models currently in use are considered to be capturing the market risk with the proper accuracy. However, the Group will conservatively respond to the future market trend as it is expected that the amount of risk (VaR) will increase due to the rise in volatility.

In implementing the risk management using the VaR, the following particular points are paid attention to:

(i) Quantitative information such as VaR of market risk is determined based on the statistical assumptions and may result in a different value depending on the different assumptions and computation methods.

(ii) Quantitative information such as VaR of market risk is a statistical value computed based on the assumptions and not intended to estimate the amount of maximum losses. Profit or loss is assumed to exceed VaR on the frequency corresponding to the confidence interval.

(iii) Future market conditions may differ significantly from the past.

Financial instruments for trading purposes are excluded from the scope of disclosure, since the outstanding balance at any banking subsidiary is very insignificant and the materiality of effect on the management is quite limited.

c. Liquidity risk management:
The Group sets limits on liquidity risk management and reports to the management meetings, monitoring the results on a daily basis in accordance with the "Liquidity Risk Management Rule."

(4) Supplementary explanation about fair value of financial instruments
The fair value of financial instruments includes, in addition to the value determined based on the market price, a valuation calculated on a reasonable basis, such as theoretical price 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 amount, the fair value and their difference as of March 31, 2013 and 2012 were as follows. Note that unlisted equity securities for which fair value is extremely difficult to determine are not included in the following table (See Note 2 below).

	Millions of yen		
March 31, 2013	Carrying amount	Fair value	Difference
Cash and due from banks	¥ 59,222	¥ 59,222	¥ -
Call loans and bills bought	-	-	-
Monetary claims bought (*1)	4,492	4,492	-
Trading account securities:			
Trading securities	59	59	-
Money held in trust	1,966	1,966	-
Securities:			
Available-for-sale securities	778,346	778,346	-
Loans and bills discounted:	1,602,277		
Allowance for loan losses (*1)	(14,496)		
	1,587,780	1,650,759	62,979
Foreign exchange assets (*1)	2,019	2,019	-
Total assets	¥ 2,433,886	¥ 2,496,865	¥ 62,979
Deposits	¥ 2,182,791	¥ 2,182,944	¥ 153
Negotiable certificates of deposit	106,607	106,607	-
Call money and bills sold	17,302	17,302	-
Borrowed money	58,170	58,190	20
Foreign exchange liabilities	14	14	-
Bonds payable	10,000	10,446	446
Total liabilities	¥ 2,374,886	¥ 2,375,507	¥ 620
Derivative transactions (*2):			
To which hedge accounting is not applied	¥ 127	¥ 127	¥ -
To which hedge accounting is applied	(20)	(20)	-
Total derivative transactions	¥ 107	¥ 107	¥ -

March 31, 2012	Millions of yen Carrying amount	 Fair value	 Difference
Cash and due from banks	¥ 56,811	¥ 56,811	¥ -
Call loans and bills bought	21,000	21,000	-
Monetary claims bought (*1)	5,390	5,390	-
Trading account securities:			
Trading securities	191	191	-
Money held in trust	1,956	1,956	-
Securities:			
Available-for-sale securities	698,058	698,058	-
Loans and bills discounted:	1,519,421		
Allowance for loan losses (*1)	(16,588)		
	1,502,832	1,543,046	40,213
Foreign exchange assets (*1)	1,932	1,932	-
Total assets	¥ 2,288,174	¥ 2,328,387	¥ 40,213
Deposits	¥ 2,054,860	¥ 2,055,145	¥ 285
Negotiable certificates of deposit	113,569	113,569	-
Call money and bills sold	40,218	40,218	-
Borrowed money	40,430	40,431	1
Foreign exchange liabilities	42	42	-
Bonds payable	5,000	5,102	102
Total liabilities	¥ 2,254,121	¥ 2,254,510	¥ 389
Derivative transactions (*2):			
To which hedge accounting is not applied	¥ 128	¥ 128	¥ -
To which hedge accounting is applied	(25)	(25)	-
Total derivative transactions	¥ 102	¥ 102	¥ -

	Thousands of U.S. dollars		
March 31, 2013	Carrying amount	Fair value	Difference
Cash and due from banks	$ 630,088	$ 630,088	$ -
Call loans and bills bought	-	-	-
Monetary claims bought (*1)	47,792	47,792	-
Trading account securities:			
Trading securities	627	627	-
Money held in trust	20,917	20,917	-
Securities:			
Available-for-sale securities	8,281,157	8,281,157	-
Loans and bills discounted:	17,047,313		
Allowance for loan losses (*1)	(154,229)		
	16,893,073	17,563,134	670,060
Foreign exchange assets (*1)	21,481	21,481	-
Total assets	$ 25,895,159	$ 26,565,219	$ 670,060
Deposits	$ 23,223,651	$ 23,225,279	$ 1,627
Negotiable certificates of deposit	1,134,237	1,134,237	-
Call money and bills sold	184,083	184,083	-
Borrowed money	618,895	619,108	212
Foreign exchange liabilities	148	148	-
Bonds payable	106,394	111,139	4,745
Total liabilities	$ 25,267,432	$ 25,274,039	$ 6,596
Derivative transactions (*2):			
To which hedge accounting is not applied	$ 1,351	$ 1,351	$ -
To which hedge accounting is applied	(212)	(212)	-
Total derivative transactions	$ 1,138	$ 1,138	$ -

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

(*2) Assets and liabilities arising from derivative transactions are presented in net amounts, and net liabilities are shown in parenthesis.

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

Assets:

Cash and due from banks

For due from banks without maturity, the carrying amount is presented as the fair value since the fair value approximates the carrying amount. For due from banks with maturity, the carrying amount is presented as the fair value since the fair value approximates the carrying amount because the remaining maturity is mostly short (within one year).

Call loans and bills bought

The carrying amount is presented as the fair value since the fair value approximates the carrying amount because the remaining term is short (within one year).

Monetary claims bought

The carrying amount is presented as the fair value since the fair value approximates the carrying amount because the remaining term is short (within one year).

Trading account securities

For securities such as debt securities held for dealing purpose, the fair value is determined using the price at the exchange or the price presented by the financial institutions with which they are transacted.

Money held in trust

For securities that are invested as part of trust assets in an independently managed money trust with the primary purpose of managing securities, the fair value of equity securities is determined using the price at the exchange and the fair value of debt securities is determined using the price at the exchange or the price presented by the financial institutions with which they are transacted.

Securities

The fair value of equity securities is determined using the price at the exchange (average market price during one month before the fiscal year-end) and the fair value of debt securities is determined using the price at the exchange or the price presented by the financial institutions with which they are transacted. The fair value of investment trust is determined based on the published standard quotation price.

For privately placed bonds, the fair value is determined by discounting the future cash flows of bonds categorized based on the internal ratings and terms using credit risk spread by credit rating and market interest rate.

With respect to the floating rate Japanese government bonds, the fair value is determined using a value calculated on a reasonable basis for those whose market price cannot be deemed as the fair value after considering current market environments. The carrying amounts of “Securities” and “Unrealized gain on available-for-sale securities” as of March 31, 2013 increased by ¥102 million ($1,085 thousand) and ¥66 million ($702 thousand), respectively, and “Deferred tax assets” decreased by ¥36 million ($383 thousand), compared to the amount that would have been reported using the market prices. The carrying amounts of “Securities” and “Unrealized gain on available-for-sale securities” as of March 31, 2012 increased by ¥1,832 million and ¥1,184 million, respectively, and “Deferred tax assets” decreased by ¥648 million, compared to the amount that would have been reported using the market prices.

With respect to the value of floating rate Japanese government bonds computed on a reasonably basis, the fair value is computed based on the discounted present value of future cash flows which is derived from the yields of Japanese government bonds, and major pricing parameters adopted in above computation are yields of Japanese government bonds and their volatilities.

Loans and bills discounted

For the loans and bills discounted with short remaining terms (within one year), the carrying amount is presented as the fair value since the fair value approximates the carrying amount. For the loans and bills discounted without predetermined maturity because of characteristics such as the loans and bills discounted being limited within the amount of the pledged assets, the carrying amount is presented as the fair value since the fair value is considered to approximate the carrying amount considering the expected repayment term and interest rate conditions.

The fair value of the loans and bills discounted with fixed interest rates categorized by type of loans and bills discounted, internal rating and term is computed by discounting the total of principal and interest using credit risk spread by credit rating and market interest rate. The fair value of the loans and bills discounted with floating interest rate, categorized by internal rating and term, is also computed by discounting the total of principal and interest using credit risk spread by credit rating and market interest rate as is the case with those with fixed interest rates. Credit risk spread is calculated by remaining term based on accumulated default rate by credit rating and loss rate by debtor classification.

The fair value of structured loans is computed by the Monte Carlo Simulation approach using future interest rate calculated by the interest rate estimation model and credit risk spread by credit rating of the loans and bills discounted.

For loans and bills discounted due from bankrupt, virtually bankrupt or potentially bankrupt borrowers, loan losses are estimated based on factors such as the present value of estimated future cash flows or the expected amount to be collected from collaterals and guarantees. Since the fair value of these items approximates the carrying amount net of the recoded amount of allowance for loan losses, such carrying amount is presented as the fair value.

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, (foreign bills bought) and loans on bills using import bills (foreign bills receivable). For these items, the carrying amount is presented as the fair value, since the fair value approximates the carrying amount because they are deposit without maturity or have short-term remaining terms (within one year).

<u>Liabilities:</u>
Deposits and Negotiable certificates of deposit
For demand deposits, the amount payable on demand as of the balance sheet date (i.e., the carrying amount) is considered to be the fair value. The fair value of time deposit is determined using the discounted present value of future cash flows, grouping by certain maturity length. The discount rate used is the interest rate that would be applied to newly accepted deposits. For deposits whose remaining term is short (within one year), the carrying amount is presented as the fair value since the fair value approximates the carrying amount.

Call money and bills sold
The carrying amount is presented as the fair value since the fair value approximates the carrying amount because the remaining term is short (within one year).

Borrowed money
For borrowed money whose remaining term is short (within one year), the carrying amount is presented as the fair value since the fair value approximates the carrying amount.
For subordinated borrowed money whose remaining term is more than one year and which is subject to call option giving a right to redeem before maturity and step-up clause, the fair value is calculated by discounting the estimated cash flows after taking into consideration the possibility of redemption before maturity by the interest rate corresponding to the estimated period after taking into consideration credit risk of the consolidated subsidiaries.

Foreign exchange liabilities
The carrying amount is presented as the fair value, since the fair value of these liabilities approximates the carrying amount because they are settled within a short period of time.

Bonds payable
For subordinated bonds payable issued by the principal consolidated subsidiary of the Company and subject to call option giving a right to redeem before maturity and step-up clause, the fair value is calculated by discounting the estimated cash flows after taking into consideration the possibility of redemption before maturity by the interest rate corresponding to the estimated period after taking into consideration credit risk of the related subsidiary.

<u>Derivative transactions:</u>
Please see Note 24.

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

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Unlisted equity securities (*1) (*2)	¥ 1,716	¥ 1,722	$ 18,257
Investment in partnerships (*3)	1,104	1,200	11,745
Total	¥ 2,820	¥ 2,923	$ 30,003

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

(*2) The Company recognized write-down of unlisted equity securities in an amount of ¥2 million ($21 thousand) and ¥83 million for the years ended March 31, 2013 and 2012, respectively.

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

(Note 3) Repayment schedule of monetary receivables and securities with contractual maturities subsequent to March 31, 2013

	Millions of yen					
March 31, 2013	Due in one year or less	Due after one year through three years	Due after three years through five years	Due after five years through seven years	Due after seven years through ten years	Due after ten years
Due from banks (*1)	¥ 22,829	¥ -	¥ -	¥ -	¥ -	¥ -
Call loans and bills bought	-	-	-	-	-	-
Monetary claims bought	4,531	-	-	-	-	-
Securities:						
Available-for-sale securities with maturity:	63,160	186,158	132,738	96,381	130,257	96,692
Japanese government bonds	3,000	46,000	59,000	75,500	99,500	8,000
Municipal bonds	40,220	49,810	28,051	12,743	22,132	28,230
Corporate bonds	18,393	80,745	26,551	5,055	6,104	45,864
Other	1,545	9,602	19,135	3,082	2,521	14,597
Loans and bills discounted (* 2)	217,451	243,030	190,865	152,812	248,661	443,651
Total	¥ 307,971	¥ 429,188	¥ 323,603	¥ 249,194	¥ 378,919	¥ 540,344

	Thousands of U.S. dollars					
March 31, 2013	Due in one year or less	Due after one year through three years	Due after three years through five years	Due after five years through seven years	Due after seven years through ten years	Due after ten years
Due from banks (*1)	$ 242,887	$ -	$ -	$ -	$ -	$ -
Call loans and bills bought	-	-	-	-	-	-
Monetary claims bought	48,207	-	-	-	-	-
Securities:						
Available-for-sale securities with maturity:	671,986	1,980,614	1,412,256	1,025,438	1,385,860	1,028,747
Japanese government bonds	31,918	489,413	627,726	803,276	1,058,623	85,115
Municipal bonds	427,917	529,949	298,446	135,578	235,471	300,351
Corporate bonds	195,691	859,080	282,487	53,782	64,943	487,966
Other	16,437	102,159	203,585	32,790	26,822	155,303
Loans and bills discounted (* 2)	2,313,554	2,585,700	2,030,694	1,625,832	2,645,611	4,720,193
Total	$ 3,276,635	$ 4,566,315	$ 3,442,951	$ 2,651,282	$ 4,031,482	$ 5,748,952

(*1) Due from banks without maturity is shown under “Due in one year or less.”

(*2) Loans and bills discounted as of March 31, 2013 do not include ¥29,389 million ($312,682 thousand) of receivables such as those due from bankrupt, virtually bankrupt or potentially bankrupt borrowers since these are not certain when they can be collected or redeemed, and ¥76,415 million ($813,012 thousand) of receivables without maturity.

(Note 4) Repayment schedule of bonds payable, borrowed money and other interest bearing liabilities subsequent to March 31, 2013

	Millions of yen					
March 31, 2013	Due in one year or less	Due after one year through three years	Due after three years through five years	Due after five years through seven years	Due after seven years through ten years	Due after ten years
Deposits (*)	¥ 1,894,604	¥ 128,278	¥ 22,467	¥ 7	¥ 37	¥ -
Negotiable certificates of deposit	104,727	1,780	100	-	-	-
Call money and bills sold	17,302	-	-	-	-	-
Borrowed money	52,370	-	-	5,800	-	-
Bonds payable	-	-	-	-	10,000	-
Total	¥ 2,069,003	¥ 130,058	¥ 22,567	¥ 5,807	¥ 10,037	¥ -

	Thousands of U.S. dollars					
March 31, 2013	Due in one year or less	Due after one year through three years	Due after three years through five years	Due after five years through seven years	Due after seven years through ten years	Due after ten years
Deposits (*)	$ 20,157,506	$ 1,364,804	$ 239,036	$ 74	$ 393	$ -
Negotiable certificates of deposit	1,114,235	18,938	1,063	-	-	-
Call money and bills sold	184,083	-	-	-	-	-
Borrowed money	557,186	-	-	61,708	-	-
Bonds payable	-	-	-	-	106,394	-
Total	$ 22,013,012	$ 1,383,742	$ 240,100	$ 61,783	$ 106,787	$ -

(*) Demand deposits are shown under “Due in one year or less” of deposits.

24. Derivatives

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 by transaction type at the balance sheet date and computation method of the fair value were as follows. Note that contract amounts do not represent the market risk exposure associated with the derivative transactions.

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

	Millions of yen			
	Contract amount			
March 31, 2013	Total	Over one year	Fair value	Valuation gain (loss)
OTC transactions:				
Forward foreign exchange contracts:				
Sold	¥ 7,949	¥ 132	¥ 81	¥ 81
Bought	289	129	42	42
Total			¥ 123	¥ 123

March 31, 2012	Millions of yen Contract amount Total	 Over one year	 Fair value	 Valuation gain (loss)
OTC transactions:				
Forward foreign exchange contracts:				
Sold	¥ 3,828	¥ 269	¥ 55	¥ 55
Bought	922	265	(25)	(25)
Total			¥ 30	¥ 30

March 31, 2013	Thousands of U.S. dollars Contract amount Total	 Over one year	 Fair value	 Valuation gain (loss)
OTC transactions:				
Forward foreign exchange contracts:				
Sold	$ 84,572	$ 1,404	$ 861	$ 861
Bought	3,074	1,372	446	446
Total			$ 1,308	$ 1,308

Notes: (1) Above transactions are stated at the fair value, and the related valuation gain (loss) are reported in the consolidated statements of income.

(2) The fair value is calculated using the discounted present value.

(2) Hybrid financial instruments at March 31, 2013 and 2012

March 31, 2013		Millions of yen Contract amount	 Fair value	 Valuation gain (loss)
Transactions other than market	Hybrid financial instruments (loans and bills discounted)	¥ 1,000	¥ 4	¥ 4

March 31, 2012		Millions of yen Contract amount	 Fair value	 Valuation gain (loss)
Transactions other than market	Hybrid financial instruments (loans and bills discounted)	¥ 13,000	¥ 98	¥ 98

March 31, 2013		Thousands of U.S. dollars Contract amount	 Fair value	 Valuation gain (loss)
Transactions other than market	Hybrid financial instruments (loans and bills discounted)	$ 10,639	$ 42	$ 42

Notes: (1) The fair value is calculated using the discounted present value.

(2) The fair value is related to the portion of embedded derivatives, and the valuation gain (loss) is reported in the consolidated statements of income.

(3) Contract amount represents the notional amount of the hybrid financial instruments (loans and bills discounted).

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 were as follows. Note that contract amounts do not represent the market risk exposure associated with the derivative transactions.

(1) Interest related derivatives at March 31, 2013 and 2012

March 31, 2013			Millions of yen		
Hedge accounting method	Transaction type	Major hedged item	Contract amount	Contract amount due after one year	Fair value
Deferral hedge accounting	Interest rate swaps Receivable floating rate/ Payable fixed rate	Loans and bills discounted	¥ 541	¥ 541	¥ (20)
	Total				¥ (20)

March 31, 2012			Millions of yen		
Hedge accounting method	Transaction type	Major hedged item	Contract amount	Contract amount due after one year	Fair value
Deferral hedge accounting	Interest rate swaps Receivable floating rate/ Payable fixed rate	Loans and bills discounted	¥ 608	¥ 608	¥ (25)
	Total				¥ (25)

March 31, 2013			Thousands of U.S. dollars		
Hedge accounting method	Transaction type	Major hedged item	Contract amount	Contract amount due after one year	Fair value
Deferral hedge accounting	Interest rate swaps Receivable floating rate/ Payable fixed rate	Loans and bills discounted	$ 5,755	$ 5,755	$ (212)
	Total				$ (212)

Notes: (1) These derivatives are mainly accounted for by deferral hedge accounting in accordance with JICPA Industry Audit Committee Report No. 24 "Treatment of Accounting and Auditing concerning Application of Accounting Standard for Financial Instruments in Banking Industry."

(2) The fair value is determined using the discounted present value.

25. Amounts per Share

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

	Yen		U.S. dollars
	2013	2012	2013
Net assets	¥ 469.41	¥ 355.79	$ 4.9942
Net income:			
Basic	28.46	28.55	0.3027
Diluted	22.55	22.83	0.2399

Net income per share—Basic and net income per share—diluted for the years ended March 31, 2013 and 2012 were computed based on the following information:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Net income for the year	¥ 4,228	¥ 4,243	$ 44,983
Amounts not attributed to common stock shareholders	146	147	1,553
O/W, dividends for preferred stock based on the resolution at the Board of Directors' meeting	146	147	1,553
Net income attributable to common stock	¥ 4,082	¥ 4,096	$ 43,430
Average outstanding number of shares of common stock (Unit: thousand shares)	143,457	143,459	
Net income per share—diluted:			
Adjustments to net income	¥ 146	¥ 147	$ 1,553
O/W, dividends for preferred stock class B	146	147	1,553
Increase in number of shares of common stock (Unit: thousand shares)	44,052	42,372	
O/W, preferred stock class B	44,052	42,372	

Net assets per share at March 31, 2013 and 2012 was computed based on the following information:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Total net assets	¥ 78,692	¥ 62,520	$ 837,238
Amounts deducted from total net assets:	(11,351)	(11,478)	(120,768)
O/W, payment for preferred stock	(10,000)	(10,000)	(106,394)
O/W, dividends for preferred stock	(146)	(147)	(1,553)
O/W, minority interests	(1,205)	(1,331)	(12,820)
Net assets attributable to common stock as of March 31, 2013 and 2012	¥ 67,340	¥ 51,041	$ 716,459
Number of shares of common stock as of March 31, 2013 and 2012 used to compute net assets per share (Unit: thousand shares)	143,456	143,458	

26. Subsequent Event

The following cash dividends to be paid out of retained earnings were resolved at the Board of Directors' meeting held on May 10, 2013:

Type of shares	Aggregate amount of dividends	Dividend per share	Record date	Effective date
Common stock	¥717 million ($7,628 thousand)	¥5.00 ($0.0531)	March 31, 2013	June 26, 2013
Preferred stock Class B	¥146 million ($1,553 thousand)	¥5.84 ($0.0621)	March 31, 2013	June 26, 2013

27. Non-Consolidated Financial Statements of Shonai and Hokuto as of March 31, 2013 and 2012 and for the Years Then Ended

The Shonai Bank, Ltd.

Non-Consolidated Balance Sheets
March 31, 2013 and 2012

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Assets:			
Cash and due from banks	¥ 40,461	¥ 27,148	$ 430,481
Call loans	-	21,000	-
Monetary claims bought	1,545	1,237	16,437
Trading account securities	31	42	329
Money held in trust	966	956	10,277
Securities	340,195	271,854	3,619,480
Loans and bills discounted	864,513	807,091	9,197,925
Foreign exchange assets	864	828	9,192
Tangible fixed assets:			
Buildings	4,986	5,018	53,048
Land	6,430	6,425	68,411
Lease assets	148	183	1,574
Construction in progress	9	-	95
Other tangible fixed assets	455	471	4,840
Intangible fixed assets:			
Software	534	361	5,681
Other intangible fixed assets	67	67	712
Deferred tax assets	-	4,834	-
Customers' liabilities for acceptances and guarantees	5,568	5,141	59,240
Other assets	3,628	5,884	38,599
Allowance for loan losses	(4,132)	(5,413)	(43,962)
Total assets	¥ 1,266,277	¥ 1,153,132	$ 13,472,465

(Continued)

The Shonai Bank, Ltd.

Non-Consolidated Balance Sheets
March 31, 2013 and 2012

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Liabilities:			
Deposits	¥ 1,080,884	¥ 981,116	$ 11,499,989
Negotiable certificates of deposit	62,591	78,018	665,932
Call money	9,302	10,218	98,967
Borrowed money	41,040	26,000	436,642
Foreign exchange liabilities	0	42	0
Bonds payable	10,000	5,000	106,394
Provision for retirement benefits	933	879	9,926
Provision for reimbursement of deposits	154	148	1,638
Provision for contingent loss	78	84	829
Deferred tax liabilities	797	-	8,479
Deferred tax liabilities for land revaluation	666	666	7,085
Acceptances and guarantees	5,568	5,141	59,240
Other liabilities	5,689	5,640	60,527
Total liabilities	1,217,707	1,112,956	12,955,708
Net assets:			
Common stock	7,000	7,000	74,476
Capital surplus	18,808	18,808	200,106
Retained earnings	14,655	13,431	155,920
Total shareholders' equity	40,464	39,239	430,513
Unrealized gain (loss) on available-for-sale securities	6,999	(166)	74,465
Deferred loss on derivatives under hedge accounting	(13)	(16)	(138)
Revaluation reserve for land	1,119	1,119	11,905
Total valuation and translation adjustments	8,105	936	86,232
Total net assets	48,569	40,175	516,746
Total liabilities and net assets	¥ 1,266,277	¥ 1,153,132	$ 13,472,465

(Concluded)

The Shonai Bank, Ltd.

Non-Consolidated Statements of Income
Years Ended March 31, 2013 and 2012

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Income:			
Interest income:			
Interest on loans and discounts	¥ 14,336	¥ 14,744	$ 152,526
Interest and dividends on securities	3,178	2,111	33,812
Other	21	25	223
Fees and commissions	3,917	3,803	41,674
Other operating income	287	949	3,053
Other income	646	794	6,873
Total income	22,388	22,429	238,195
Expenses:			
Interest expenses:			
Interest on deposits	1,552	1,409	16,512
Interest on negotiable certificates of deposit	126	84	1,340
Interest on borrowings and rediscounts	119	131	1,266
Interest on bonds payable	232	227	2,468
Other	36	22	383
Fees and commissions	1,907	1,884	20,289
Other operating expenses	23	271	244
General and administrative expenses	13,426	13,378	142,844
Other expenses	1,242	1,562	13,214
Total expenses	18,667	18,974	198,606
Income before income taxes	3,720	3,455	39,578
Income taxes:			
Current	194	49	2,064
Deferred	1,695	1,944	18,033
Total income taxes	1,889	1,994	20,097
Net income	¥ 1,830	¥ 1,460	$ 19,470

The Hokuto Bank, Ltd.

Non-Consolidated Balance Sheets
March 31, 2013 and 2012

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Assets:			
Cash and due from banks	¥ 18,669	¥ 29,566	$ 198,627
Monetary claims bought	1,481	2,270	15,756
Trading account securities	27	149	287
Money held in trust	1,000	999	10,639
Securities	449,459	437,601	4,781,987
Loans and bills discounted	750,732	720,210	7,987,360
Foreign exchange assets	1,155	1,104	12,288
Tangible fixed assets:			
Buildings	3,707	3,702	39,440
Land	8,452	8,479	89,924
Lease assets	10	15	106
Construction in progress	108	52	1,149
Other tangible fixed assets	829	978	8,820
Intangible fixed assets:			
Software	892	296	9,490
Other intangible fixed assets	66	65	702
Deferred tax assets	3,952	6,524	42,047
Customers' liabilities for acceptances and guarantees	8,718	8,791	92,754
Other assets	4,635	5,419	49,313
Allowance for loan losses	(7,257)	(8,112)	(77,210)
Allowance for investment loss	(1,879)	(2,101)	(19,991)
Total assets	¥ 1,244,761	¥ 1,216,012	$ 13,243,547

(Continued)

The Hokuto Bank, Ltd.

Non-Consolidated Balance Sheets
March 31, 2013 and 2012

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Liabilities:			
Deposits	¥ 1,111,428	¥ 1,081,499	$ 11,824,960
Negotiable certificates of deposit	48,216	37,850	512,990
Call money	8,000	30,000	85,115
Borrowed money	19,630	14,430	208,852
Foreign exchange liabilities	14	0	148
Provision for bonuses	-	283	-
Provision for reimbursement of deposits	385	233	4,096
Provision for contingent loss	287	249	3,053
Deferred tax liabilities for land revaluation	1,474	1,487	15,682
Acceptances and guarantees	8,718	8,791	92,754
Other liabilities	3,701	4,329	39,376
Total liabilities	1,201,856	1,179,154	12,787,062
Net assets:			
Common stock	11,000	11,000	117,033
Capital surplus	18,499	18,499	196,818
Retained earnings	3,740	2,774	39,791
Total shareholders' equity	33,240	32,273	353,654
Unrealized gain on available-for-sale securities	7,230	2,131	76,923
Revaluation reserve for land	2,434	2,452	25,896
Total valuation and translation adjustments	9,665	4,583	102,830
Total net assets	42,905	36,857	456,484
Total liabilities and net assets	¥ 1,244,761	¥ 1,216,012	$ 13,243,547

(Concluded)

The Hokuto Bank, Ltd.

Non-Consolidated Statements of Income
Years Ended March 31, 2013 and 2012

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Income:			
Interest income:			
Interest on loans and discounts	¥ 12,751	¥ 13,326	$ 135,663
Interest and dividends on securities	3,306	3,665	35,173
Other	24	68	255
Fees and commissions	4,007	3,847	42,632
Other operating income	1,769	1,501	18,821
Other income	1,592	1,492	16,937
Total income	23,454	23,902	249,537
Expenses:			
Interest expenses:			
Interest on deposits	882	1,093	9,383
Interest on negotiable certificates of deposit	44	44	468
Interest on borrowings and rediscounts	60	13	638
Other	3	1	31
Fees and commissions	1,245	1,112	13,246
Other operating expenses	2,980	732	31,705
General and administrative expenses	14,320	14,805	152,356
Provision of allowance for loan losses	376	1,119	4,000
Other expenses	1,566	2,411	16,661
Total expenses	21,482	21,334	228,556
Income before income taxes	1,971	2,567	20,970
Income taxes:			
Current	309	29	3,287
Deferred	455	1,015	4,840
Total income taxes	765	1,044	8,139
Net income	¥ 1,205	¥ 1,522	$ 12,820