2015
Annual Report

Year ended March 31, 2015

八十二銀行
THE HACHIJUNI BANK, LTD.

Corporate Outline

Equity
(Consolidated)
692 billions of yen

Total Assets
(Consolidated)
8,014 billions of yen

Loans and Bills Discounted
(Consolidated)
4,506 billions of yen

Deposits
(Consolidated)
6,237 billions of yen

Number of Employees
3,184

Total Capital Ratio
19.79% (BIS standards)

Network
151 Domestic Branches (Japan)
1 Overseas Branch (Hong Kong)
4 Representative Offices
(Dalian, Shanghai, Bangkok & Singapore)

Credit Rating (Long-Term)
Rating and Investment Information, Inc.
A+

Standard & Poor's
A

as of March 31, 2015

The Hachijuni Bank, Ltd. is one of the leading regional banks in Japan. We are mainly based in Nagano Prefecture, which is located in the center of Japan and noted for the coexistence of beautiful nature and advanced industries.

Since its establishment in 1931 in Nagano City, Hachijuni Bank has consistently maintained sound management policies, and is now playing a leading role as one of the largest regional banks in Japan.

Branches of Hachijuni Bank can be found in Nagano, Gunma, Saitama, Niigata and Gifu prefectures, as well as in Tokyo, Osaka and Nagoya metropolitan areas. We also have an overseas branch in Hong Kong, as well as, the Dalian Representative Office, the Shanghai Representative Office, the Bangkok Representative office, and the Singapore Representative Office.

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Yoshiyuki Yamaura
Chairman

Shoichi Yumoto
President

Message from the Management

August 2015

We would like to begin by expressing our sincere gratitude for your patronage.

Since its establishment in 1931, and in tandem with the development of the regional economy, Hachijuni Bank ("the Bank") has continued to grow and has established itself as a key financial institution within its community. This is in large part due to the long-lasting support and patronage of our shareholders, our customers, and the community, for which we are very grateful.

We have designed our "Annual Report 2015" to present, in an easy-to-understand format, our earnings results and the details of our businesses for the fiscal year ending March 31, 2015. We sincerely hope that you will use this report to increase your understanding of the Bank.

The Japanese economy in FY2014 saw signs of pick-up against the backdrop of a brighter outlook due to the weaker yen and the rise of share prices, both resulting from the Bank of Japan's unprecedented large-scale monetary easing and the Japanese Government's fiscal measures. Yet there is a large disparity among sectors or companies in Nagano Prefecture and this patchy pattern is continuing as a whole.

In such a business environment, the Bank is starting the 30th Long-Term Management Plan (FY2015-2017) under the theme "Change to the bank creating regional vitality". Based on this plan, the Bank will perform its mission as the regional bank through various measures to strengthen the competitiveness of regional industries, to contribute to revitalize regional community and human resources development, and to strengthen customer contact points etc. as described in the next page.

We kindly ask for your continued support and patronage in the years to come; in exchange, we will commit ourselves to doing our utmost to live up to your expectations.

Sincerely yours,

Yoshiyuki Yamaura
Chairman

Shoichi Yumoto
President

Management Policies

Management Philosophy

"Stick firmly to the sound banking principles, thereby contributing to the development of the regional community"

Corporate Vision: "Shining at the center of Japan" – 8 "shines"

Strong trustworthiness from the people and the region of Nagano	Entirely sound, constant & steady earning power	Agreeable correspondence to the request of our customers	Business promotion from our customers' viewpoint
High awareness of compliance	Every staff's speedy, lively & responsible action	Trustworthy, efficient & assured operational system and condition	Advanced and confident computer system

Long-Term Management Guideline ROE：5% or higher

The 30th Long-Term Management Plan (New) (April 1, 2015 ~ March 31, 2018)

"Change to the bank creating regional vitality"

▼ Themes	▼ Main Measures	▼ Specific Actions
Creating regional vitality	Strengthening the competitiveness of regional industries	Support for startups [Targeted number of new business launches within Nagano Prefecture: 600 cases over three years]
		Support for attracting enterprises to Nagano [Targeted number of new plant and research institute projects in Nagano: 30 cases over three years]
		Support for nurturing next-generation and growth industries (next-generation industries; developing "the sixth industry" of agriculture; medical and welfare; environmental; tourism)
		Maintenance and development of industrial foundation taking advantage of business succession and M&A
		Problem-solving support by mobilizing outside professionals
	Contributions to community revitalization and human resources development	Effective use of the Bank's available management resources (offering community revitalization and other facilities within our offices)
		Support for regional economy revitalization via public-private collaboration
		Support for promoting immigration and personnel exchanges (by increasing the number of Shinshu (Nagano) fans)
		Supporting Nagano-based companies' efforts to develop talented human resources
Developing customer convenience	Strengthening of customer contact points	Strengthening of functions of non-face-to-face channels
		Review of our office network and business organization
	Enhancement of responsiveness to customers	Strengthening of consultation functions
		Review of clerical work procedures from the viewpoint of customer convenience
Enhancing corporate strength	Diversification of profit sources	Strengthening of asset management business, including that of Group companies
		Strengthening functions of overseas operational bases
		Diversifying into other business areas and developing new businesses (efforts include those of Group companies)
	Deepening of environmental management	Strengthening of environmental conservation activities [Objective: 10% reduction (base year: FY2010) in GHG emissions]
	Expansion of employee fields of activity	Creation of an environment that nurtures human resources with diverse capabilities, diverse values and outstanding creativity – an environment that allows every employee to play their respective roles to the fullest [Objective: 40% increase in the number of female managerial positions relative to April 1, 2015]

Management Targets for March 2018

Net income for current term (non-consolidated):	Ratio of consolidated profits to parent company's profits (net income basis):	Ratio of return to shareholders:
¥20 billion	**1.2**	**40%**

Business Performance and Financial Standings

Financial Highlights (Consolidated)

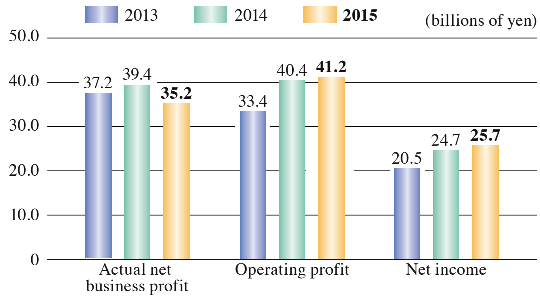
	Millions of Yen 2015	Millions of Yen 2014	Thousands of U.S. Dollars 2015
For the year:			
Total income	173,740	169,371	1,445,785
Total expenses	126,507	123,322	1,052,733
Income before income taxes and minority interests	47,233	46,049	393,051
Net income	27,185	26,519	226,227
Net income per share	¥ 54.09	¥ 52.38	$ 0.45
At year-end:			
Deposits	6,237,343	5,986,880	51,904,330
Loans and bills discounted	4,506,883	4,393,259	37,504,232
Securities	2,740,758	2,379,140	22,807,341
Total assets	8,014,284	7,587,735	66,691,224
Equity	692,208	594,052	5,760,242
Total capital ratio : **Basel 3 standards**	19.79%	18.85%	

Notes: 1. Yen figures have been rounded down to the nearest million yen.
2. The United States dollar amounts represent translations of Japanese yen at the exchange rate of ¥120.17 to US$1.00 on March 31, 2015.
3. Net income per share is based on the weighted average number of shares of common stock outstanding during each year.

Summary of Business Performance

Consolidated Business Results

Operating profit increased ¥1,495 million from the previous year to ¥47,870 million and net income increased ¥665 million to ¥27,185 million.



Non-consolidated Business Results

Operating income increased ¥4,742 million from a year earlier to ¥134,855 million due to increases in "other income" such as gains on money held in trust and reversal of allowance for credit losses despite decreases in "other operating income" such as gains on sales of bonds and interest income due to the decline in interest rates.
Operating expenses increased ¥4,012 million from a year earlier to ¥93,642 million due to an increase in "other expenses" such as loss on money held in trust despite a decrease in "other operating expenses" such as loss on sales of bonds.
As a result, operating profit increased ¥7,030 million from the previous year to ¥41,212 million.
Extraordinary gains decreased ¥9 million from a year earlier to ¥64 million and extraordinary losses decreased ¥98 million to ¥286 million.
As a result, net income was ¥25,762 million, up ¥1,049 million from the previous fiscal year.

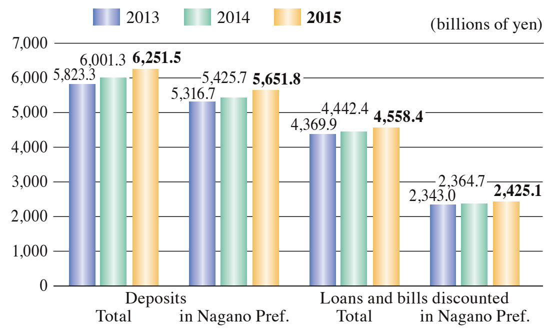
Summary of Financial Standings

Results of Consolidated Main Accounts

Outstanding balance of deposits increased ¥250.4 billion to ¥6,237.3 billion from a year earlier owing to increases in deposits from general corporations and from individual.
Outstanding balance of loans and bills discounted increased ¥113.6 billion to ¥4,506.8 billion due to increases in loans for local public entities and for individual customers as well as business fund loans outside the Prefecture.
Outstanding balance of securities increased ¥361.6 billion to ¥2,740.7 billion due to increases in the balance of Japanese government bonds, foreign securities, and stocks on the back of stock prices rise.

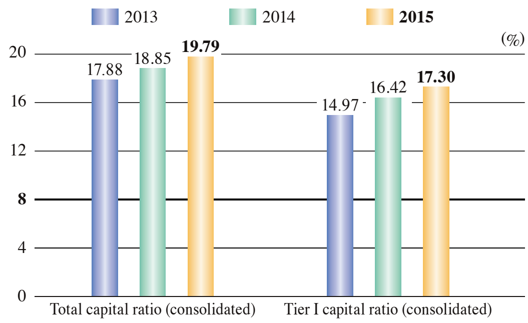
Results of Non-Consolidated Main Accounts

Outstanding balance of deposits increased ¥250.2 billion from a year earlier to ¥6,251.5 billion.
Outstanding balance of loans and bills discounted increased ¥116.0 billion to ¥4,558.4 billion.
Outstanding balance of securities increased ¥360.1 billion to ¥2,734.3 billion.
Outstanding balance of public bonds, including Japanese government bonds for retail investors deposited with the Bank declined ¥69.4 billion to ¥155.2 billion while investment trusts increased ¥20.4 billion to ¥185.5 billion.



Total Capital Ratio (Basel 3 standards)

Total capital ratio was 19.79% on a consolidated basis and 18.98% on a non-consolidated basis.



Profit Sharing

As for year-end dividends, the Bank decided to pay ¥10.0 per share because net income was significantly higher than the 29th Long-Term Management Plan's target (¥20.0 billion) and it has exceeded ¥20.0 billion for three (3) consecutive years during the period of the Plan. As a result, annual dividends, together with the interim dividend, were ¥15.0 in total, an increase of ¥4.0 from a year earlier.

Corporate Governance

Corporate Governance Principle

- The Bank defines Corporate Governance Principle as the basic policy which regulates all of the Bank's business activities, keeps the group's sustainability, enhances corporate value and carries out its social responsibility to realize the Bank's philosophy.
- Corporate Governance Principle includes basic attitudes to "customers" "shareholders" "employees" "regional community", and basic policies related to corporate governance, observation of laws, corporate ethics and disclosure of information.

Organizational Structure

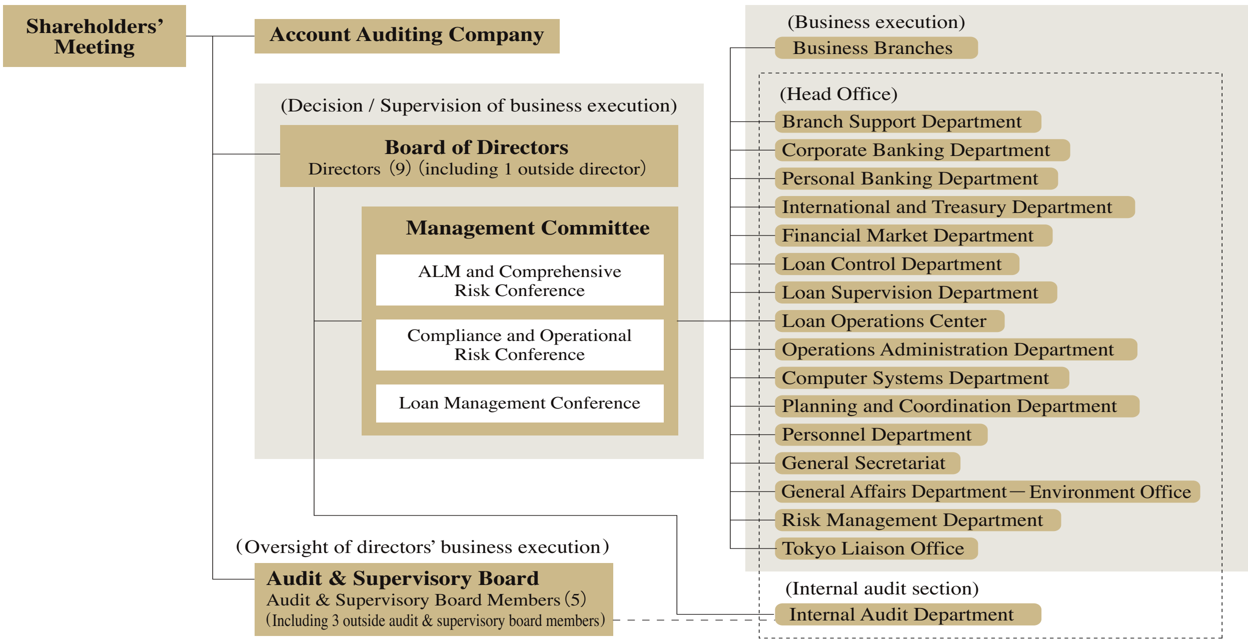
- The Bank appoints audit & supervisory board members (establish an Audit & Supervisory Board) based on the recognition that business oversight function should be separated from business execution function. While the Board of Directors decides and implements business operations, the Audit & Supervisory Board oversees business operations.
- Furthermore, the Bank appoints both outside director and outside audit & supervisory board members for avoiding conflict of interest with shareholders.

Decision / Supervision of Business Execution

- Under the Board of Directors, Management Committee is held every week in principle. The Management Committee prepares agendas to propose to the Board of Directors, discusses general management matters and makes an adjustment of daily business operations. There are three special conferences: ALM and Comprehensive Risk Conference, Compliance and Operational Risk Conference and Loan Management Conference.
- The Board of Directors is held more than once a month in principle. In this meeting, directors develop substantial discussions and supervise the status of business operations with one another.
- The Board of Directors consists of eight (8) internal directors and one (1) outside director and the Management Committee consists of senior executives.

Oversight of Directors' Business Execution

- The Audit & Supervisory Board is held every month in principle. It consists of five members including three (3) outside audit & supervisory board members. By attending the Board of Directors and providing appropriate advices, each member strictly oversees the execution of duties of directors. Two full-time audit & supervisory board members may attend the Management Committee and oversee the execution of business operations through inspecting each kind of matter, such as the status of internal controls and branches' audit results. They regularly discuss with Representative Directors in order to provide their views about management policy or issues, and also discuss with the Account Auditing Company.



(as of June 19, 2015)

Remuneration

- As for directors' remuneration, the Bank introduces three types of remuneration: defined cash compensation, performance-linked compensation and stock-based compensation.
- The monthly amount of defined cash compensation is limited to be under ¥25 million. Performance-linked compensation is linked to the Bank's net income. The form of stock-based compensation is stock options (share options). The total amount of stock options is limited to be under ¥100 million in a year by the shareholders meeting. The payment amount to each director is decided by a consultation of the Board of Directors.
- Audit & supervisory board members' remuneration is defined cash compensation. The monthly amount of such remuneration is limited to be under ¥8 million by the resolutions of the shareholders meeting and the payment amount to each member is decided by a consultation among audit & supervisory board members.

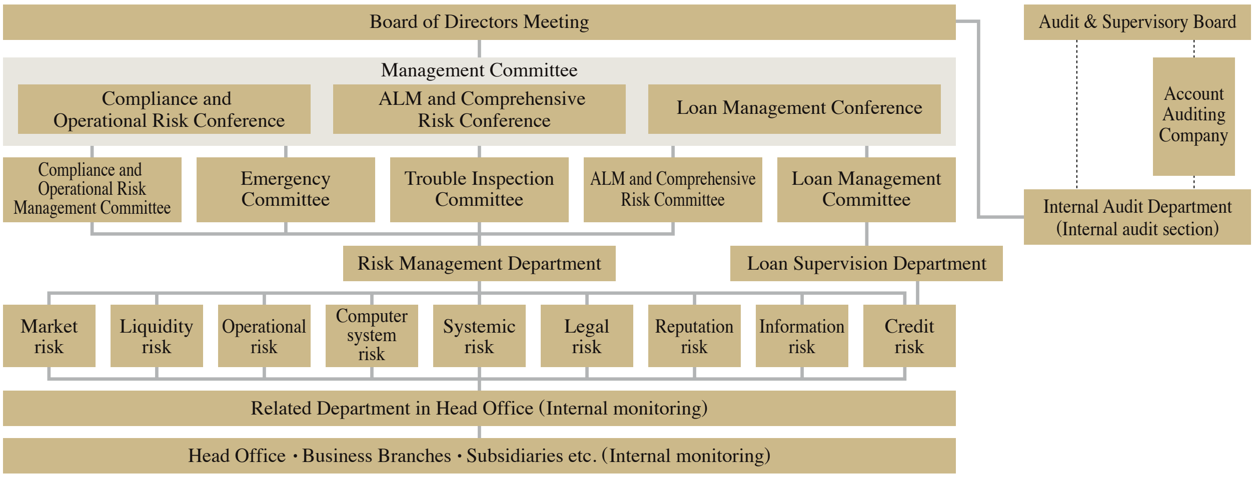
Risk Management

Comprehensive Risk Management

➤ Each department and branch properly performs risk control responsibilities and independently reviews its processes with an internal check system based on the Comprehensive Risk Management Policy. The Risk Management Department examines each department's management status for diversified risks in an integrated fashion and finds and controls the Bank's risk exposure. Key information related to risk management is gathered by the Risk Management Department from each department and branch, and this information is reflected in the decision-making process of executives.

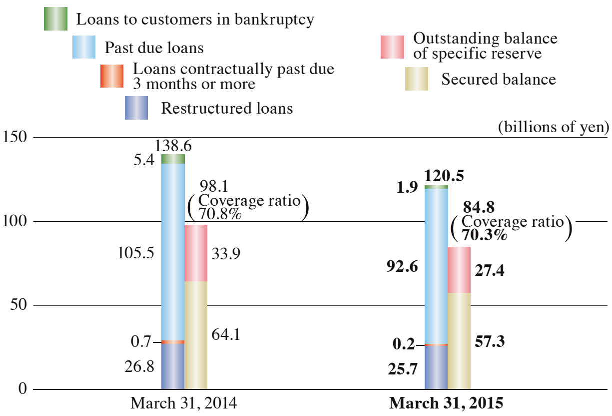
➤ ALM and Comprehensive Risk Conference manages market risk, credit risk and liquidity risk. Compliance and Operational Risk Conference manages operational risk, computer system risk, legal risk and other risks. Loan Management Conference manages more diversified credit risks.

Risk Management Organization Chart



(as of June 19, 2015)

Loans under risk management



Note : Possible amounts of recoveries through disposition of collaterals pledged to the Bank are not included in the foregoing disclosed amounts. Therefore the disclosed amounts do not necessarily represent actual future loss amounts of the Bank.

(billions of yen,%)

	March 31, 2014	**March 31, 2015**
Loans to Customers in Bankruptcy	5.4(0.12)	**1.9(0.04)**
Past Due Loans	105.5(2.37)	**92.6(2.03)**
Loans Contractually Past Due 3 months or more	0.7(0.01)	**0.2(0.00)**
Restructured Loans	26.8(0.60)	**25.7(0.56)**
Total	138.6(3.12)	**120.5(2.64)**
Outstanding Balance of loans and bills discounted	4,442.4	**4,558.4**

(Loans under risk management as a percentage of outstanding balance of loans and bills discounted)

Regarding Terminologies:

Loans to Customers in Bankruptcy
Of loans for which substantial doubt is judged to exist as to ultimate collectibility of either principal or interest because they are past due for a certain period or for other reasons, the loans to customers who are alleged to commence legal corporate rearrangement procedures under Company Rehabilitation Law, Bankruptcy Law, Civil Rehabilitation Law, Commercial Code of Japan and other related laws, and/or to customers whose transactions with banks are suspended by the rules of clearing house.

Past Due Loans
Of loans for which substantial doubt is judged to exist as to ultimate collectibility of either principal or interest because they are past due for a certain period or for other reasons, the loans to customers other than customers in bankruptcy and customers on which the Bank granted concessions such as deferral of interest payments in order to support for their management reconstruction.

Loans Contractually Past Due 3 months or more
Loans, either principal or interest payment of which is contractually past due for 3 months or more, excluding loans to customers in bankruptcy and past due loans.

Restructured Loans
Loans to customers on which the Bank granted concessions such as reduction of the stated interest rate, deferral of interest payments, extension of maturity date, debt forgiveness and other arrangements favoring customers to support for their management reconstruction, excluding loans to customers in bankruptcy, past due loans and loans contractually past due 3 months or more.

International Operations

Nagano Prefecture, which is the major business base for the Bank, has developed as an advanced region in Japan in terms of foreign trade and international business operations. Now there are about 2,000 bases of our customers in other countries, primarily in Asia.

Since the launch of its foreign exchange business in January 1962, the Bank has expanded its international operations to meet the growing needs of customers who operate worldwide.

The Bank maintains a network of overseas bases covering five major Asian cities. In addition to the Hong Kong Branch, which functions as the Asian control center and offers full banking services, we have four representative offices – Dalian, Shanghai, Bangkok and Singapore.

Taking advantage of this network – one of the most powerful of any Japanese regional bank – our staff of international banking specialists at headquarters and overseas offices stand ready to offer customers a wide range of support services to meet their overseas transaction, overseas business expansion and business development requirements. The Bank continues to be one of Japan's leading regional banks in terms of the value of foreign exchange transactions handled. The Bank offers to parent companies in Japan the funds they need to advance overseas and the funds they need to finance their overseas subsidiaries ("parent-subsidiary loans"). And we are also promoting initiatives to expand cross-border loans whereby our domestic offices offer direct loans to customers operating overseas. We have extended cross-border loans to customers operating overseas, including China, Thailand, Indonesia, Vietnam and India (as of the end of March 2015). We also handle loans denominated in Thai baht.

Our Hong Kong Branch offers loans to customers planning to operate in Hong Kong/South China as well as cross-border loans to customers' subsidiaries in Southeast Asia and mainland China. The Hong Kong Branch also offers loans denominated in RMB(renminbi).

In addition, the Bank can meet the fund-raising needs of customers' overseas subsidiaries by making the most of our partnership with leading foreign banks.

International and Treasury Department

◆ **Nagano Main Office**
178-8, Okada, Nagano-City 380-8682, Japan
Phone: (026)227-1182 Facsimile: (026)226-2982

◆ **Tokyo Office**
1-22, Nihonbashi Muromachi 4-chome, Chuo-ku, Tokyo 103-0022, Japan
Phone: (03)3242-0082 Facsimile: (03)3277-0146
SWIFT Address: HABK JPJT

Financial Market Department

◆ **Tokyo Office**
1-22, Nihonbashi Muromachi 4-chome, Chuo-ku, Tokyo 103-0022, Japan
Phone: (03)3277-0082 Facsimile: (03)3246-4675

Hong Kong Branch

Since its opening in May 1991, the Hong Kong Branch has been expanding with offering the financial services to the customers. As a result, the Bank now handles the large foreign exchange volume due to the Hong Kong Branch. Furthermore, the Hong Kong Branch offers a wide range of services such as providing various information, supporting business expansion for its customers to extend business in China and other Asian countries. In September 2010, the Hong Kong Branch started the renminbi-denominated transactions such as deposit, transfer and loan amid a surge of our customers' needs.

1602-05, 16F The Gateway Tower 2, 25 Canton Road, Tsimshatsui, Kowloon, Hong Kong
Phone: 852-2845-4188 Facsimile: 852-2537-1757 SWIFT address: HABKHKHH

Singapore Representative Office / Bangkok Representative Office

Southeast Asia, together with China, has always attracted the attention of our customers as a region with strong growth potential. Currently, there are almost 600 bases of our customers in ASEAN countries.

Singapore is the distribution, financial and economic center in Southeast Asia. The Bank established its Singapore Representative Office in 1997. And in 2007, it established the Bangkok Representative Office, which is the first in Thailand among all regional banks in Japan. Both offices collect and analyze information on the rapidly changing social, financial and economic conditions in the region, and offer the latest information to local customers. In cooperation with the Bank's head office and domestic branches, both offices help customers to expand their businesses in Southeast Asia.

◆ **Singapore Representative Office**
16 Raffles Quay, #15-05 Hong Leong Building, Singapore 048581
Phone: 65-6221-1182 Facsimile: 65-6221-0556

◆ **Bangkok Representative Office**
Bhiraj Tower at EmQuartier 18th floor, Unit1804 689 Sukhumvit Road, North Klongton, Vadhana, Bangkok 10110 Thailand Phone: 66-2261-8226 Facsimile: 66-2261-8227

Shanghai Representative Office / Dalian Representative Office

China is an important huge market for Japan and Nagano Prefecture. Our customers establish over 550 manufacturing and sales facilities in mainland China, and especially their making inroads to coast area are remarkable. Since its opening in May 2002, the Shanghai Representative Office supports its customers in their making inroads to China from various aspects and tries to provide them with every kind of information from the city of Shanghai, which is the largest business city as well as a center of the economy and finance in China. In January 2008, the Bank established the Dalian Representative Office to offer careful support to customers.

◆ **Shanghai Representative Office**
8/F, Hang Seng Bank Tower, 1000 Lujiazui Ring Road, Pudong New Area, Shanghai, People's Republic of China
Phone: 86-21-6841-1882 Facsimile: 86-21-6841-2118

◆ **Dalian Representative Office**
4F, Senmao Bldg., 147 Zhongshan Road, Xigang District, Dalian, Liaoning, 116011, People's Republic of China
Phone: 86-411-3960-8266 Facsimile: 86-411-3960-8182

Corporate Social Responsibilities (CSR)

Environmental Conservation Activities

Environmental Policy

Environmental Philosophy

Hachijuni Bank positions environmental conservation activities as elements vital to corporate social responsibility and will contribute to the creation of a sustainable regional community through positive and constant improving the environment.

Action Program

1. Hachijuni Bank will try to prevent pollution by accurately determining the impact of its activities on environment, and will set, achieve, and review its environmental objectives.
2. Hachijuni Bank will comply with all laws, regulations, and agreements concerning the environment.
3. Hachijuni Bank will make efforts to conserve resources and energy toward reducing environmental burden.
4. By providing financial products, services, and information, Hachijuni Bank will aim to support its clients that are involved with environmental preservation, and that contribute to improving the local environment.
5. Recognizing the importance of biodiversity which is a blessing of nature, Hachijuni Bank will work to preserve biodiversity.
6. All employees of Hachijuni Bank, and their families, will take the initiative in activities for environmental conservation, and will enhance their awareness of environmental issues.

Three Pillars

1 *Environmental conservation activities by the Bank's core business*

(Target of FY2015) Contribution to environmental improvements by customers' activities by providing environment-friendly financial products

2 *Reduction of internal environmental burdens*

(Target of FY2015) Achievement of the reduction in both environmental burdens and the Bank's costs through energy savings and resource conservation

3 *Contribution to the regional economy and reinforcement of environmental education*

(Target of FY2015) Contribution to the regional community through environmental volunteer activities

Topics

"The 18th Environment Management Survey Ranking"

The Bank ranked first in the banking sector (4th rank in the financial sector) in the 18th Environmental Management Survey ranking of the Nihon Keizai Shimbun as the Bank's activities for the protection of biodiversity such as "Hachijuni-no-Mori" activities (forest's parent promotional programs) and "Sicyos angulatus (an invasive alien species) extermination activities" have been highly rated.

Our Initiatives for Addressing Global Warming

Current State of Greenhouse Gas Emissions

Beginning in FY2014, the Bank has calculated GHG emissions up to Scope 3, including emissions in its supply chains.

(Unit:t-CO_2)

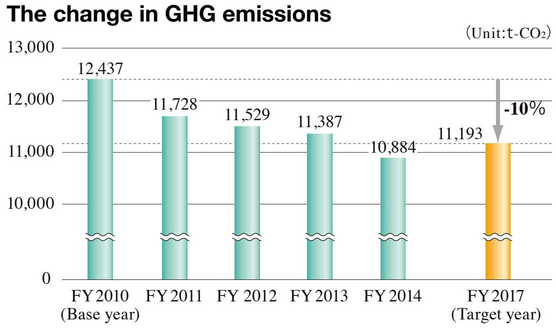
Items			FY2013	FY2014
Scope 1	Direct emissions	Heavy oil, kerosene, city gas, gasoline, propane gas	**3,004**	**2,554**
Scope 2	Energy-derived indirect emissions	Electricity	**11,629**	**11,343**
Scope 3			**19,981**	**13,579**
	1 Purchased goods & services	Stationery, copying paper, water and sewerage, etc.	3,791	3,715
	2 Capital goods	All buildings belonging to the Bank, construction-in-progress accounts and other tangible fixed assets	10,845	4,558
	3 Fuel and energy related activities not included in Scope 1 or 2	Heavy oil, kerosene, city gas, gasoline, propane gas, electricity	1,218	1,161
	4 Transportation and delivery (upstream)	Postage, transportation	2,027	2,055
	5 Waste generated in operations	Waste in general	61	61
	6 Business travel	Business trip	529	526
	7 Employee commuting	Commuting	1,510	1,503
Total			**34,614**	**27,476**

Note: Categories 8, 9, 10, 11, 12, 13, 14, and 15 of Scope 3 were omitted because there were no activities corresponding to those categories.

Targeted Reduction of Greenhouse Gas Emissions

The Bank has set as its target for FY2017 a 10% reduction in GHG emissions from the base year of FY2010.

The change in GHG emissions



Note: To eliminate influences of increased/decreased emission factors over GHG emissions, the electricity emission factor is fixed at 0.378.

Results of Environmental Accounting for the Fiscal Year 2014

Environmental conservation cost

(millions of yen)

Classification	FY2013	FY2014
Business area cost	43	43
Resource circulation cost	40	35
Pollution prevention cost	0	0
Global environmental conservation cost	3	8
Administrative activity cost	66	64
Personal expenses	47	46
Disclosure of environment information and advertisement	12	11
Maintenance control of environment management system	6	6
Monitoring of environment burden	1	1
Social activity cost (*1)	20	18
Total	129	125

Economic benefit associated with environmental conservation activities

(millions of yen)

Item	FY2013	FY2014
Income	1,044	958
Income from environment related loans	1,013	933
Income from EB contracts	24	21
Income from ISO14001consultation	7	4
Cost saved (*2)	▲ 14	▲ 24
Total	1,030	934

*1 Money of support for "Hachijuni-no-Mori", donation to Nagano Environment Conservation Associations
*2 The amount of reduction in utilities expenses, supplies expenses and expenses for disposing of wastes helped by energy and resources savings efforts (stated by simple comparison with the previous fiscal year)
A negative figure means an increase from the previous fiscal year.

Environmental conservation benefit (Reduction of carbon dioxide emission)

(t-CO_2)

Classification	FY2013	FY2014
CO_2 emission reduced by the Bank's internal efforts (by simple comparison from a year earlier)	142	503
CO_2 emission reduced by customers through contribution of the Bank's core businesses	470,074	328,632
Total	470,216	329,135

ISO14001 Certification

➤ The Bank received ISO14001 certification for its head office in March 1999, the first of all regional banks in Japan to do so. It expanded of this certification to all domestic branches in March 2002. Total of 178 offices (as of March 31, 2015) and nearly 5,000 employees are involved in this effort.

Contribution to the Region and Society

➤ The Bank has established a "Hachijuni Volunteer Club", and assigned a liaison for volunteer activities at each department and branch. The Bank provides support to the volunteer activities by encouraging its employees to participate in social-action programs at least once a year.
➤ The Bank has also introduced a "Special Holiday System to Encourage Volunteer Activities", to support its employees' participation in programs for the promotion of social welfare, disaster aid, sports, and other causes.
➤ The Bank established "Nagano Economic Research Institute" in March 1984 as a think-tank to contribute to the advancement and development of the regional community in response to its highly sophisticated needs.
➤ The Bank also established "Hachijuni Culture Foundation" in 1985 to contribute to the development of the regional community in the areas of its arts and culture.

Adoption of SRI Related Fund

➤ Due to the Bank's steady corporate activities, it has been registered as an investment target for social-responsibility investment funds, and its equity shares have been selected by a social-responsibility investment index (FTSE4Good Index).

Board of Directors

Yoshiyuki Yamaura
Chairman

Shoichi Yumoto
President

Fumiaki Magaribuchi
Deputy President

Teruyuki Koike
Managing Director

Kunio Hamamura
Managing Director

Takashi Nakamura
Managing Director

Masaki Matsushita
Managing Director

Yoshinori Matsuda
Managing Director

Saburo Kusama
Director (Outside Director)

Audit & Supervisory Board Members

Akio Saito
Audit & Supervisory Board Member

Hiroshi Miyashita
Audit & Supervisory Board Member

Kenji Miyazawa
Outside Audit & Supervisory Board Member

Takeshi Kadota
Outside Audit & Supervisory Board Member

Yasuyoshi Wada
Outside Audit & Supervisory Board Member

(as of June 19, 2015)

Organization

- Shareholders' Meeting
  - Audit & Supervisory Board Members, Audit & Supervisory Board
- Board of Directors Meeting
  - Management Committee
    - Chairman
    - President
    - Deputy President
    - Managing Directors
      - Branch Support Department
      - Corporate Banking Department
      - Personal Banking Department
      - International and Treasury Department
      - Financial Market Department
      - Loan Control Department
      - Loan Supervision Department
      - Loan Operations Center
      - Operations Administration Department
      - Computer Systems Department
      - Planning and Coordination Department
      - Personnel Department
      - General Secretariat
      - General Affairs Department—Environment Office
      - Risk Management Department
      - Tokyo Liaison Office
        - Overseas Branch
        - Domestic Branches and Sub-Branches
        - Regional Operation Centers
  - Internal Audit Department

(as of June 19, 2015)

Major Affiliated Companies

The Hachijuni Bank, Ltd.

	Date of establishment	Line of business
Hachijuni Business Service Co., Ltd.	August 1981	Collection and delivery of materials and cash, printing
Hachijuni Staff Service Co., Ltd.	September 1986	Placement of temporary working staff
Hachijuni Securities Co., Ltd.	May 1949	Securities business
Yamabiko Services Co., Ltd.	June 2000	Credit collection and manegement
Hachijuni Lease Co., Ltd.	June 1974	Leasing
Hachijuni DC Card Co., Ltd.	August 1982	Credit card business
Hachijuni Credit Guarantee Co., Ltd.	December 1983	Guarantee to cunsumer loan
Hachijuni System Development Co., Ltd.	December 1983	Development of computer systems
Hachijuni Capital Co., Ltd.	September 1984	Venture capital for high-tech companies
Hachijuni Auto Lease Co., Ltd.	October 2005	Leasing

(as of June 19, 2015)

Major Shareholders

Name	Number of shares in thousands	%	Name	Number of shares in thousands	%
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	20,364	3.98	Shin-Etsu Chemical Co., Ltd.	11,830	2.31
Meiji Yasuda Life Insurance Company	17,867	3.49	Aioi Nissay Dowa Insurance Co., Ltd.	11,441	2.23
Nippon Life Insurance Company	17,000	3.32	Showa Shoji Co., Ltd.	10,601	2.07
Japan Trustee Services Bank, Ltd. (Trust Account)	14,782	2.89	The Master Trust Bank of Japan, Ltd. (Trust Account)	10,057	1.96
State Street Bank and Trust Company 505223	12,075	2.36	Tokio Marine & Nichido Fire Insurance Co., Ltd.	9,598	1.87

(as of March 31, 2015)

Independent Auditor's Report

Deloitte.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of The Hachijuni Bank, Ltd.:

We have audited the accompanying consolidated balance sheet of The Hachijuni Bank, Ltd. and its consolidated subsidiaries as of March 31, 2015, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Hachijuni Bank, Ltd. and its consolidated subsidiaries as of March 31, 2015, and the consolidated results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 1 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu LLC

June 12, 2015

Member of
Deloitte Touche Tohmatsu Limited

Financial Section

Consolidated Balance Sheet
March 31, 2015

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2015	2014	2015
ASSETS:			
Cash and due from banks (Notes 3 and 25)	¥ 339,266	¥ 478,425	$ 2,823,223
Call loans and bills bought	58,740	23,088	488,809
Monetary claims bought	59,032	53,493	491,244
Trading assets (Notes 4 and 26)	17,696	21,002	147,260
Money held in trust (Note 5)	64,821	63,909	539,417
Securities (Notes 6, 11 and 25)	2,740,758	2,379,140	22,807,341
Loans and bills discounted (Notes 7, 25 and 27)	4,506,883	4,393,259	37,504,232
Foreign exchanges (Note 8)	21,657	18,155	180,227
Lease receivables and investments in leases (Note 23)	61,780	60,403	514,106
Other assets (Note 11)	96,012	61,608	798,968
Property, plant, and equipment—net (Note 9)	38,223	38,026	318,080
Intangible assets—net (Note 9)	5,630	5,169	46,856
Asset for employees' retirement benefits (Note 14)	24,250	16,729	201,805
Deferred tax assets (Note 22)	2,458	3,182	20,458
Customers' liabilities for acceptances and guarantees (Note 10)	35,549	39,079	295,827
Allowance for credit losses	(58,478)	(66,935)	(486,628)
Allowance for investment losses		(3)	(7)
TOTAL	¥ 8,014,284	¥ 7,587,735	$ 66,691,224
LIABILITIES AND EQUITY			
LIABILITIES:			
Deposits (Notes 11, 12 and 25)	¥ 6,237,343	¥ 5,986,880	$ 51,904,330
Negotiable certificates of deposit (Note 25)	453,618	528,951	3,774,808
Call money and bills sold	8,588	19,215	71,472
Payables under securities lending transactions (Notes 11 and 25)	248,563	125,270	2,068,435
Trading liabilities (Notes 4 and 26)	6,282	6,431	52,278
Borrowed money (Notes 13 and 25)	88,024	121,626	732,498
Foreign exchanges (Note 8)	1,375	1,063	11,442
Other liabilities	154,871	101,534	1,288,766
Liability for employees' retirement benefits (Note 14)	11,854	14,927	98,644
Provision for reimbursement of deposits	825	700	6,867
Provision for contingent losses	1,308	1,269	10,884
Reserve under special laws	11	9	94
Deferred tax liabilities (Note 22)	73,860	46,722	614,630
Acceptances and guarantees (Note 10)	35,549	39,079	295,827
Total liabilities	7,322,076	6,993,682	60,930,982
EQUITY (Notes 15 and 30):			
Common stock—authorized, 2,000,000 thousand shares; issued, 511,103 thousand shares in 2015 and 521,103 thousand shares in 2014	52,243	52,243	434,743
Capital surplus	29,674	29,674	246,934
Stock acquisition rights (Note 16)	271	233	2,261
Retained earnings	386,589	367,343	3,217,022
Treasury stock—at cost, 9,753 thousand shares in 2015 and 14,850 thousand shares in 2014	(5,015)	(7,179)	(41,737)
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities	223,235	137,540	1,857,667
Deferred loss on hedges	(27,175)	(10,343)	(226,141)
Foreign currency translation adjustments		(413)	
Defined retirement benefit plans	2,420	(1,693)	20,142
Total	662,244	567,405	5,510,894
Minority interests	29,964	26,646	249,347
Total equity	692,208	594,052	5,760,242
TOTAL	¥ 8,014,284	¥ 7,587,735	$ 66,691,224

See notes to consolidated financial statements.

Consolidated Statement of Income
Year Ended March 31, 2015

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2015	2014	2015
INCOME:			
Interest income:			
Interest on loans and discounts	¥ 54,583	¥ 57,793	$ 454,221
Interest and dividends on securities	30,948	31,099	257,542
Other interest income	1,150	863	9,570
Fees and commissions	22,202	21,613	184,759
Trading income	1,624	1,715	13,516
Other operating income (Note 17)	41,297	47,553	343,658
Other income (Note 18)	21,932	8,732	182,515
Total income	173,740	169,371	1,445,785
EXPENSES:			
Interest expenses:			
Interest on deposits	3,336	2,787	27,768
Interest on borrowings and rediscounts	673	498	5,607
Other interest expenses	6,049	5,688	50,342
Fees and commission payments	6,422	6,057	53,443
Other operating expenses (Note 19)	30,330	35,869	252,394
General and administrative expenses (Note 20)	63,711	63,603	530,180
Provision for credit losses		871	
Other expenses (Note 21)	15,982	7,945	132,997
Total expenses	126,507	123,322	1,052,733
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	47,233	46,049	393,051
INCOME TAXES (Note 22):			
Current	16,595	13,457	138,100
Deferred	1,049	3,626	8,734
Total income taxes	17,645	17,083	146,834
NET INCOME BEFORE MINORITY INTERESTS	29,587	28,966	246,217
MINORITY INTERESTS IN NET INCOME	2,402	2,446	19,989
NET INCOME	¥ 27,185	¥ 26,519	$ 226,227

	Yen		U.S. Dollars
PER SHARE OF COMMON STOCK (Note 29):			
Basic net income	¥ 54.09	¥ 52.38	$ 0.45
Diluted net income	54.03	52.33	0.44
Cash dividends applicable to the year	15.00	11.00	0.12

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income
Year Ended March 31, 2015

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2015	2014	2015
NET INCOME BEFORE MINORITY INTERESTS	¥ 29,587	¥ 28,966	$ 246,217
OTHER COMPREHENSIVE INCOME (Note 28):			
Unrealized gain on available-for-sale securities	86,517	3,740	719,957
Deferred loss on derivatives under hedge accounting	(16,831)	4,986	(140,067)
Foreign currency translation adjustments	413	411	3,440
Defined retirement benefit plans	4,267		35,516
Total other comprehensive income	74,366	9,138	618,846
COMPREHENSIVE INCOME	¥ 103,954	¥ 38,104	$ 865,064
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the parent	¥ 100,576	¥ 35,260	$ 836,950
Minority interests	3,378	2,844	28,114

See notes to consolidated financial statements.

Consolidated Statement of Changes in Equity
Year Ended March 31, 2015

	Thousands	Millions of Yen											
							Accumulated Other Comprehensive Income						
	Number of Shares of Common Stock Outstanding	Common Stock	Capital Surplus	Stock Acquisition Rights	Retained Earnings	Treasury Stock	Valuation Difference on Available-for-Sale Securities	Deferred Loss on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans	Total	Minority Interests	Total Equity
BALANCE, APRIL 1, 2013	521,103	¥ 52,243	¥ 29,674	¥ 204	¥ 346,651	¥ (7,209)	¥ 134,197	¥ (15,330)	¥ (824)		¥ 539,605	¥ 23,632	¥ 563,238
Net income					26,519						26,519		26,519
Cash dividends, ¥11.50 per share					(5,821)						(5,821)		(5,821)
Purchases of treasury stock (35 thousand shares)						(21)					(21)		(21)
Net loss from disposals of treasury stock (106 thousand shares)					(5)	51					45		45
Net increase in valuation difference on available-for-sale securities							3,342				3,342		3,342
Net change in foreign currency translation adjustments									411		411		411
Net change during the period				29				4,986		¥ (1,693)	3,323	3,013	6,336
BALANCE, MARCH 31, 2014 (APRIL 1, 2014, as previously reported)	521,103	52,243	29,674	233	367,343	(7,179)	137,540	(10,343)	(413)	(1,693)	567,405	26,646	594,052
Cumulative effect of accounting change					3,034						3,034	(38)	2,995
BALANCE, APRIL 1, 2014 (as restated)		52,243	29,674	233	370,378	(7,179)	137,540	(10,343)	(413)	(1,693)	570,440	26,607	597,048
Net income					27,185						27,185		27,185
Cash dividends, ¥11.00 per share					(5,544)						(5,544)		(5,544)
Purchases of treasury stock (5,001 thousand shares)						(3,022)					(3,022)		(3,022)
Net loss from disposals of treasury stock (98 thousand shares)					(4)	49					44		44
Retirement of treasury shares	(10,000)				(5,136)	5,136							
Change of scope of consolidation					(288)						(288)		(288)
Change of scope of consolidation–foreign currency translation adjustment									413				
Net increase in valuation difference on available-for-sale securities							85,695				85,695		85,695
Net change during the period				37				(16,831)		4,113	(12,680)	3,356	(9,323)
BALANCE, MARCH 31, 2015	511,103	¥ 52,243	¥ 29,674	¥ 271	¥ 386,589	¥ (5,015)	¥ 223,235	¥ (27,175)		¥ 2,420	¥ 662,244	¥ 29,964	¥ 692,208

	Thousands of U.S. Dollars (Note 1)											
						Accumulated Other Comprehensive Income						
	Common Stock	Capital Surplus	Stock Acquisition Rights	Retained Earnings	Treasury Stock	Valuation Difference on Available-for-Sale Securities	Deferred Loss on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans	Total	Minority Interests	Total Equity
BALANCE, MARCH 31, 2014 (APRIL 1, 2014, as previously reported)	$ 434,743	$ 246,934	$ 1,945	$3,056,866	$ (59,743)	$1,144,550	$ (86,073)	$ (3,440)	$ (14,089)	$4,721,693	$ 221,738	$4,943,431
Cumulative effect of accounting change				25,254						25,254	(324)	24,929
BALANCE, APRIL 1, 2014 (as restated)	434,743	246,934	1,945	3,082,120	(59,743)	1,144,550	(86,073)	(3,440)	(14,089)	4,746,947	221,413	4,968,361
Net income				226,227						226,227		226,227
Cash dividends, $0.09 per share				(46,137)						(46,137)		(46,137)
Purchases of treasury stock (5,001 thousand shares)					(25,150)					(25,150)		(25,150)
Net loss from disposals of treasury stock (98 thousand shares)				(40)	412					372		372
Retirement of treasury shares				(42,744)	42,744							
Change of scope of consolidation				(2,403)						(2,403)		(2,403)
Change of scope of consolidation–foreign currency translation adjustment								3,440		3,440		3,440
Net increase in valuation difference on available-for-sale securities						713,116				713,116		713,116
Net change during the period			315				(140,067)		34,232	(105,519)	27,933	(77,585)
BALANCE, MARCH 31, 2015	$ 434,743	$ 246,934	$ 2,261	$3,217,022	$ (41,737)	$1,857,667	$ (226,141)		$ 20,142	$5,510,894	$ 249,347	$ 5,760,242

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows
Year Ended March 31, 2015

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2015	2014	2015
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	¥ 47,233	¥ 46,049	$ 393,051
Adjustments for:			
Income taxes—paid	(15,333)	(12,633)	(127,600)
Depreciation and amortization	5,653	5,556	47,045
Impairment losses	62	195	520
Loss on disposition of foreign currency translation adjustments	413		3,440
Decrease in allowance for credit losses	(8,457)	(8,823)	(70,381)
Interest income	(86,682)	(89,756)	(721,334)
Interest expense	10,060	8,974	83,718
Interest received	88,823	90,827	739,148
Interest paid	(10,131)	(9,283)	(84,311)
Net increase in loans and bills discounted	(113,624)	(76,967)	(945,530)
Net decrease in borrowed money	(33,601)	(40,598)	(279,618)
Net increase in deposits	248,259	178,242	2,065,900
Net increase in call loans and bills bought	(41,191)	(7,604)	(342,773)
Net decrease in call money and bills sold	(10,627)	(10,285)	(88,434)
Net (increase) decrease in due from banks, excluding due from the Bank of Japan	3,741	(10,084)	31,135
Other—net	(2,018)	168,194	(16,796)
Total adjustments	35,345	185,953	294,129
Net cash provided by operating activities	82,578	232,002	687,181
INVESTING ACTIVITIES:			
Purchases of investment securities	(720,252)	(806,170)	(5,993,613)
Proceeds from sales of investment securities	329,279	618,133	2,740,112
Proceeds from maturities of investment securities	188,591	127,100	1,569,376
Payments for increase in money held in trust	(72,740)	(57,875)	(605,315)
Proceeds from decrease in money held in trust	72,076	23,441	599,790
Purchases of fixed assets	(7,845)	(10,054)	(65,284)
Proceeds from sales of fixed assets	1,518	1,358	12,636
Net cash used in investing activities	(209,372)	(104,065)	(1,742,298)
FINANCING ACTIVITIES:			
Payments to acquire treasury stock	(3,022)	(21)	(25,150)
Proceeds from sales of treasury stock		1	1
Dividends paid	(5,544)	(5,821)	(46,137)
Dividends paid to minority interests	(21)	(18)	(180)
Net cash used in financing activities	(8,588)	(5,859)	(71,467)
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	28	26	234
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	¥ (135,353)	¥ 122,103	$ (1,126,349)
CASH AND CASH EQUIVALENTS, BEGINNING OF FISCAL YEAR (Note 3)	458,514	336,411	3,815,549
CASH AND CASH EQUIVALENTS, END OF FISCAL YEAR (Note 3)	¥ 323,161	¥ 458,514	$ 2,689,199

See notes to consolidated financial statements.

1. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

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 and the Enforcement Regulation for the Banking Law, and in accordance with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards ("IFRS").

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 that is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2014 consolidated financial statements to conform to the classifications used in 2015.

All Japanese yen figures in the consolidated financial statements have been rounded down to the nearest million yen. Accordingly, the total of each account may not be equal to the combined total of the individual items.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which The Hachijuni Bank, Ltd. (the "Bank") is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥120.17 to $1, the rate of exchange at March 31, 2015. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a Consolidation – The consolidated financial statements as of March 31, 2015, include the accounts of the Bank and its 10 significant (11 in 2014) subsidiaries (together, the "Group").

Hachijuni Asia Limited, the Bank's wholly owned subsidiary in Hong Kong, has been excluded for the scope of consolidation from the fiscal year ended March 31, 2015, because it would not have a material impact on the consolidated financial statements due to being in the process of liquidation.

Under the control and influence concepts, those companies in which the Bank, directly or indirectly, is able to exercise control over their operations are fully consolidated.

Investments in the 9 (8 in 2014) unconsolidated subsidiaries and in the 1 (0 in 2014) associated company are stated at cost, and are included in securities in the consolidated financial statements. If the equity method of accounting had been applied to the investments in these companies, the effect on the accompanying consolidated financial statements would not be material.

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

b Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements – In May 2006, the Accounting Standards Board of Japan (the "ASBJ") issued ASBJ Practical Issues Task Force (PITF) No.18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements." PITF No.18 prescribes (1) the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should in principle be unified for the preparation of the consolidated financial statements; (2) financial statements prepared by foreign subsidiaries in accordance with either IFRS or the accounting principles generally accepted in the United States of America tentatively may be used for the consolidation process; (3) however, the following items should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP, unless they are not material: (a) amortization of goodwill; (b) scheduled amortization of actuarial gain or loss on pensions that has been recorded in equity through other comprehensive income; (c) expensing capitalized development costs of R&D; (d) cancellation of fair value model accounting for property, plant, and equipment and investment properties and incorporation of cost model accounting; and (e) exclusion of minority interests from net income if contained in net income.

c Cash Equivalents – For the purpose of reporting of cash flows, "Cash and cash equivalents" consists of "Cash" and "Due from the Bank of Japan."

d Trading Assets and Liabilities – Transactions for trading purposes (for purposes of seeking to capture gains arising from short-term changes in interest rates, currency exchange rates, or market prices of securities and other market-related indices or from gaps among markets) are included in "Trading assets" and "Trading liabilities" on a trade-date basis.

Trading securities and monetary claims bought for trading purposes are stated at fair value at the consolidated balance sheet date. Trading-related financial derivatives, such as swaps, futures, and options are stated at amounts that would be received or paid for settlement if such transactions were terminated at the consolidated balance sheet date.

Trading income includes interest received and paid during the fiscal year and unrealized gains and losses resulting from the change in the value of securities, monetary claims bought, and derivatives between the consolidated balance sheet dates.

e Securities – Securities other than investments in unconsolidated subsidiaries and affiliates are classified into three categories, based principally on the Group's intent, as follows: (a) trading securities are securities held in anticipation of gains arising from short-term changes in market value and/or held for resale to customers and are carried at fair value with corresponding unrealized gains and losses recorded in income; (b) held to maturity debt securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity, are stated at amortized cost computed using straight-line method; and (c) securities not classified as held-to-maturity debt securities, other than trading securities, are classified as available-for-sale securities. Marketable available-for-sale securities are stated at fair value with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity. Available-for-sale securities for which a fair value is not reliably determined are stated at cost computed using the moving-average method.

In addition, investments in unconsolidated subsidiaries that are not accounted for by the equity method are carried at cost determined by the moving-average method.

Individual securities are written down when a decline in fair value below the cost of such securities is deemed to be other than temporary.

f Securities in Money Held in Trust – Securities included in "Money held in trust" are stated at fair value.

g Property, Plant, and Equipment – Property, plant, and equipment are stated at cost less accumulated depreciation. Depreciation for buildings and equipment of the Group is computed under the declining-balance method at rates based on the estimated useful lives, which are principally from 2 to 50 years for buildings and from 3 to 20 years for equipment.

h Software – Capitalized software for internal use is depreciated using the straight-line method over its estimated useful life (principally 5 years).

i Long-Lived Assets – The Group reviews its long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

j Allowance for Credit Losses– An allowance for credit losses is determined based on a credit assessment made by management at each consolidated balance sheet date. A key element relating to policies and discipline used in determining the allowance for credit losses is the credit classification and the related borrower categorization process. The categorization is based on conditions that may affect the ability of borrowers to service their debt, taking into consideration current financial information, historical payment experience, credit documentation, public information, analyses of relevant industry segments, and current trends. In determining the appropriate level of the allowance, the Group evaluates the probable loss by category of loan based on its type and characteristics.

The Bank performs a credit assessment of its loan asset quality. The quality of all loans is assessed by branches and the credit supervisory division with a subsequent audit by the asset review and the credit inspection division in accordance with the Bank's policies and discipline.

Under the policies and discipline, all loans are classified into five categories, which are: "normal"; "caution, including substandard"; "possible bankrupt"; "virtual bankrupt"; and "legal bankrupt."

The allowance for credit losses is calculated based on the past loss ratio for normal and caution categories, and on the fair value of the collateral and other factors of solvency, including value of future cash flows for possible bankrupt, virtual bankrupt, and legal bankrupt categories.

The Bank applied the "discounted cash flow method" (the "DCF method") in calculating the loan loss reserve amounts for most of the claims against obligors categorized as possible bankrupt or substandard under the self-assessment guidelines, when total loan amounts exceed a certain amount. Under the DCF method, the loan loss allowance is determined as the difference between (a) relevant estimated cash flows discounted by the original contractual interest rate and (b) the book value of the claim.

The consolidated subsidiaries provide an "Allowance for credit losses" at the amount deemed necessary to cover such losses, principally based on past experience and management's assessment of the loan portfolio.

k Allowance for Investment Losses – An allowance for investment losses is provided at an amount deemed necessary based on the estimate of possible future losses.

l Asset and Liability for Employees' Retirement Benefits – The Bank and its domestic consolidated subsidiaries have a contributory funded pension plan and noncontributory unfunded retirement benefit plans, together covering substantially all of their employees.

The Bank accounts for the liability for retirement benefits based on projected benefit obligations and plan assets at the consolidated balance sheet date.

Effective April 1, 2000, the Bank adopted a new accounting standard for retirement benefits and accounted for the liability for retirement benefits based on the projected benefit obligations and plan assets at the balance sheet date. The projected benefit obligations are attributed to periods on a straight-line basis. Actuarial gains and losses are amortized on a straight-line basis over 10 years within the average remaining service period.

In May 2012, the ASBJ issued ASBJ Statement No.26, "Accounting Standard for Retirement Benefits" and ASBJ Guidance No.25, "Guidance on Accounting Standard for Retirement Benefits," which replaced the accounting standard for retirement benefits that had been issued by the Business Accounting Council in 1998 with an effective date of April 1, 2000, and the other related practical guidance, and were followed by partial amendments from time to time through 2009.

(a) Under the revised accounting standard, actuarial gains and losses and past service costs that are yet to be recognized in profit or loss are recognized within equity (accumulated other comprehensive income), after adjusting for tax effects, and any resulting deficit or surplus is recognized as a liability (liability for retirement benefits) or asset (asset for retirement benefits).

(b) The revised accounting standard does not change how to recognize actuarial gains and losses and past service costs in profit or loss. Those amounts are recognized in profit or loss over a certain period no longer than the expected average remaining service period of the employees. However, actuarial gains and losses and past service costs that arose in the current period and have not yet been recognized in profit or loss are included in other comprehensive income, and actuarial gains and losses and past service costs that were recognized in other comprehensive income in prior periods and then recognized in profit or loss in the current period are treated as reclassification adjustments (see Note 28).

(c) The revised accounting standard also made certain amendments relating to the method of attributing expected benefit to periods, the discount rate, and expected future salary increases.

This accounting standard and the guidance for (a) and (b) above are effective for the end of annual periods beginning on or after April 1, 2013, and for (c) above are effective for the beginning of annual periods beginning on or after April 1, 2014, or for the beginning of annual periods beginning on or after April 1, 2015, subject to certain disclosure in March 2015, all with earlier application being permitted from the beginning of annual periods beginning on or after April 1, 2013. However, no retrospective application of this accounting standard to consolidated financial statements in prior periods is required.

The Group applied the revised accounting standard and guidance for retirement benefits for (a) and (b) above, effective March 31, 2014, and for (c) above, effective April 1, 2014.

With respect to (c) above, the Group changed the method of attributing the expected benefit to periods from a straight-line basis to a benefit formula basis, the method of determining the discount rate from using the period that approximates the expected average remaining service period to using a single weighted-average discount rate reflecting the estimated timing and amount of benefit payment, and recorded the effect of (c) above as of April 1, 2014, in retained earnings.

As a result, asset for retirement benefits as of April 1, 2014, increased by ¥1,542 million ($12,832 thousand), liability for retirement benefits as of April 1, 2014, decreased by ¥3,091 million ($25,728 thousand), and retained earnings as of April 1, 2014, increased by ¥3,034 million ($25,254 thousand), but then this change had only a small impact on operating income and income before income taxes and minority interests. In addition, net assets per share as of April 1, 2014, increased by ¥5.99 ($0.05).

m Provision for Reimbursement of Deposits– A provision for reimbursement of deposits, which were derecognized as liabilities under certain conditions, is provided for possible losses on future claims of withdrawal based on historical reimbursement experience.

n Provision for Contingent Losses – A provision for contingent losses is provided for the contribution to the National Federation of Credit Guarantee Corporations' liability sharing program and is recorded in the amount of estimated future contributions based on subrogate performance, etc.

o Reserve under Special Laws – A reserve under special laws is provided for contingent liabilities from brokering of securities or derivative transactions in accordance with Article 46-5 of the Financial Instruments and Exchange Act.

p Asset Retirement Obligations – In March 2008, the ASBJ issued ASBJ Statement No.18, "Accounting Standard for Asset Retirement Obligations" and ASBJ Guidance No.21, "Guidance on Accounting Standard for Asset Retirement Obligations." Under this accounting standard, an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development, and normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset.

The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an increase or a decrease in the carrying amount of the liability and the capitalized amount of the related asset retirement cost.

q Stock Options – In December 2005, the ASBJ issued ASBJ Statement No. 8, "Accounting Standard for Stock Options," and related guidance that require companies to recognize compensation expense for employee stock options based on the fair value at the date of grant and over the vesting period as consideration for receiving goods or services. The standard also requires companies to account for stock options granted to nonemployees based on the fair value of either the stock option or the goods or services received. In the consolidated balance sheet, the stock option is presented as a stock acquisition right as a separate component of equity until exercised. The standard covers equity-settled, share-based payment transactions, but does not cover cash-settled, share-based payment transactions.

r Leases – In March 2007, the ASBJ issued ASBJ Statement No.13, "Accounting Standard for Lease Transactions," which revised the previous accounting standard for lease transactions issued in June 1993.

Under the previous accounting standard, finance leases that were deemed to transfer ownership of the leased property to the lessee were treated as sales. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if sold" information was disclosed in the notes to the lessor's financial statements. The revised accounting standard requires that all finance leases that are deemed to transfer ownership of the leased property to the lessee be recognized as lease receivables and all finance leases that are not deemed to transfer ownership of the leased property to the lessee be recognized as investments in leases.

s Income Taxes – The provision for income taxes is computed based on the pretax income included in the consolidated statement of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted income tax rates to the temporary differences.

t Foreign Currency Transactions – Assets and liabilities denominated in foreign currencies held domestically and the accounts of the Bank's overseas branch are translated into Japanese yen generally at the exchange rates prevailing on the consolidated balance sheet date.

u Foreign Currency Financial Statements – The balance sheet, revenue, and expense accounts of the consolidated overseas subsidiaries are translated into Japanese yen at the current exchange rates as of the consolidated balance sheet date as of March 31, 2014, except for equity, which is translated at the historical exchange rate.

v Derivatives and Hedging Activities – Derivatives are stated at fair value. Derivative transactions that meet hedge accounting criteria are primarily accounted for under the deferral method whereby unrealized gains and losses are deferred until maturity as deferred gain (loss) under hedge accounting in a separate component of equity.

The hedging derivative instruments must be highly effective in achieving offsetting changes in fair values or variable cash flows from the hedged items attributable to the risk being hedged.

The Bank adopted portfolio hedging in accordance with Industry Audit Committee Report No.24 issued by the Japanese Institute of Certified Public Accountants ("JICPA"). Under portfolio hedging, a portfolio of hedged items, such as deposits or loans with common maturities, is matched with a group of hedging instruments, such as interest rate swaps, which offset the effect of fair value fluctuations of the hedged items by identified maturities. The effectiveness of the portfolio hedge is accessed by each group.

Currency swap and foreign exchange swap transactions are accounted for using deferral hedge accounting by fully applying Industry Audit Committee Report No.25 issued by the JICPA. Under deferral hedge accounting, hedged items are identified by grouping the foreign currency-denominated financial assets and liabilities by currencies and designating derivative transactions, such as currency swap transactions and forward exchange contracts as hedging instruments. Hedge effectiveness is reviewed by comparing the total foreign currency position of the hedged items and hedging instruments by currency.

With respect to derivative transactions between consolidated subsidiaries or internal transactions between trading accounts and other accounts, the Bank manages interest rate swap and currency swap transactions designated as hedging instruments in accordance with the strict hedging criteria for external mirror transactions stipulated the Industry Audit Committee Reports No.24 and No.25. Therefore, the Bank accounts for the gains and losses on these swap transactions in its earnings or defers until maturity as deferred gain (loss) under hedge accounting in a separate component of equity.

The interest rate swaps that qualify for hedge accounting and meet specific matching criteria are not measured at fair value but the net payments or receipts under the swap agreements are recognized and included in interest expense or income.

w Per Share Information – Basic net income per share ("EPS") is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits.

Diluted net EPS reflects the potential dilution that could occur if securities were exercised or converted into common stock. Diluted net EPS of common stock assumes full conversion of the outstanding convertible notes and bonds at the beginning of the year (or at the time of issuance) with an applicable adjustment for related interest expense, net of tax, and full exercise of outstanding warrants.

Cash dividends per share presented in the accompanying consolidated statement of income are dividends applicable to the respective years including dividends to be paid after the end of the fiscal year.

x Accounting Changes and Error Corrections – In December 2009, the ASBJ issued ASBJ Statement No.24, "Accounting Standard for Accounting Changes and Error Corrections" and ASBJ Guidance No.24, "Guidance on Accounting Standard for Accounting Changes and Error Corrections." Accounting treatments under this standard and guidance are as follows: (1) Changes in Accounting Policies—When a new accounting policy is applied with revision of accounting standards, the new policy is applied retrospectively, unless the revised accounting standards include specific transitional provisions. When the revised accounting standards include specific transitional provisions, an entity shall comply with the specific transitional provisions. (2) Changes in Presentation—When the presentation of consolidated financial statements is changed, the prior-period consolidated financial statements are reclassified in accordance with the new presentation. (3) Changes in Accounting Estimates—A change in an accounting estimate is accounted for in the period of the change if the change affects that period only and is accounted for prospectively if the change affects both the period of the change and future periods. (4) Corrections of Prior-Period Errors—When an error in the prior-period consolidated financial statements is discovered, those consolidated financial statements are restated.

y New Accounting Pronouncements

Accounting Standards for Business Combinations and Consolidated Financial Statements – In September 2013 the ASBJ issued revised ASBJ Statement No.21, "Accounting Standard for Business Combinations," revised ASBJ Guidance No.10, "Guidance on Accounting Standards for Business Combinations and Business Divestitures," and revised ASBJ Statement No.22, "Accounting Standard for Consolidated Financial Statements." Major accounting changes are as follows:

(a) *Transactions with noncontrolling interest* – A parent's ownership interest in a subsidiary might change if the parent purchases or sells ownership interests in its subsidiary. The carrying amount of minority interest is adjusted to reflect the change in the parent's ownership interest in its subsidiary while the parent retains its controlling interest in its subsidiary. Under the current accounting standard, any difference between the fair value of the consideration received or paid and the amount by which the minority interest is adjusted is accounted for as an adjustment of goodwill or as profit or loss in the consolidated statement of income. Under the revised accounting standard, such difference shall be accounted for as capital surplus as long as the parent retains control over its subsidiary.

(b) *Presentation of the consolidated balance sheet* – In the consolidated balance sheet, "minority interest" under the current accounting standard will be changed to "noncontrolling interest" under the revised accounting standard.

(c) *Presentation of the consolidated statement of income* – In the consolidated statement of income, "income before minority interest" under the current accounting standard will be changed to "net income" under the revised accounting standard, and "net income" under the current accounting standard will be changed to "net income attributable to owners of the parent" under the revised accounting standard.

(d) *Provisional accounting treatments for a business combination* – If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, an acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. Under the current accounting standard guidance, the impact of adjustments to provisional amounts recorded in a business combination on profit or loss is recognized as profit or loss in the year in which the measurement is completed. Under the revised accounting standard guidance, during the measurement period, which shall not exceed one year from the acquisition, the acquirer shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and that would have affected the measurement of the amounts recognized as of that date. Such adjustments shall be recognized as if the accounting for the business combination had been completed at the acquisition date.

(e) *Acquisition-related costs* – Acquisition-related costs are costs, such as advisory fees or professional fees, which an acquirer incurs to effect a business combination. Under the current accounting standard, the acquirer accounts for acquisition-related costs by including them in the acquisition costs of the investment. Under the revised accounting standard, acquisition-related costs shall be accounted for as expenses in the periods in which the costs are incurred.

The above accounting standards and guidance for (a) transactions with noncontrolling interest, (b) presentation of the consolidated balance sheet, (c) presentation of the consolidated statement of income, and (e) acquisition-related costs are effective for the beginning of annual periods beginning on or after April 1, 2015. Earlier application is permitted from the beginning of annual periods beginning on or after April 1, 2014, except for (b) presentation of the consolidated balance sheet and (c) presentation of the consolidated statement of income. In the case of earlier application, all accounting standards and guidance above, except for (b) presentation of the consolidated balance sheet and (c) presentation of the consolidated statement of income, should be applied simultaneously.

Either retrospective or prospective application of the revised accounting standards and guidance for (a) transactions with noncontrolling interest and (e) acquisition-related costs is permitted. In retrospective application of the revised standards and guidance, the accumulated effects of retrospective adjustments for all (a) transactions with noncontrolling interest and (e) acquisition-related costs which occurred in the past shall be reflected as adjustments to the beginning balance of capital surplus and retained earnings for the year of the first-time application. In prospective application, the new standards and guidance shall be applied prospectively from the beginning of the year of the first-time application.

The revised accounting standards and guidance for (b) presentation of the consolidated balance sheet and (c) presentation of the consolidated statement of income shall be applied to all periods presented in financial statements containing the first-time application of the revised standards and guidance.

The revised standards and guidance for (d) provisional accounting treatments for a business combination are effective for a business combination which occurs on or after the beginning of annual periods beginning on or after April 1, 2015. Earlier application is permitted for a business combination which occurs on or after the beginning of annual periods beginning on or after April 1, 2014.

The Group expects to apply the revised accounting standards and guidance for (a), (b), (c), and (e) above from April 1, 2015, and for (d) above for a business combination which will occur on or after April 1, 2015, and is in the process of measuring the effects of applying the revised accounting standards and guidance in future applicable periods.

3. CASH AND CASH EQUIVALENTS

The reconciliation of "Cash and cash equivalents" in the consolidated statement of cash flows and "Cash and due from banks" in the consolidated balance sheet as of March 31, 2015 and 2014, was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Cash and due from banks	¥ 339,266	¥ 478,425	$ 2,823,223
Due from banks, excluding amounts due from the Bank of Japan	(16,105)	(19,911)	(134,024)
Cash and cash equivalents	¥ 323,161	¥ 458,514	$ 2,689,199

4. TRADING ASSETS AND LIABILITIES

Trading assets and liabilities as of March 31, 2015 and 2014, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Trading assets:			
Trading securities	¥ 1,861	¥ 2,963	$ 15,493
Financial derivatives	6,836	7,041	56,892
Other trading assets	8,997	10,997	74,875
Total	¥ 17,696	¥ 21,002	$ 147,260
Trading liabilities —Financial derivatives	¥ 6,282	¥ 6,431	$ 52,278

5. MONEY HELD IN TRUST

The aggregate fair value of money held in trust that is listed on stock exchanges or over-the-counter markets as of March 31, 2015 and 2014, is as follows:

	Fair Value		
	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Money held in trust—Trading	¥ 64,821	¥ 63,909	$ 539,417

6. SECURITIES

Securities as of March 31, 2015 and 2014, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Securities:			
National government bonds	¥ 1,422,444	¥ 1,269,573	$ 11,836,931
Local government bonds	82,207	89,604	684,095
Corporate bonds	253,816	267,674	2,112,146
Equity securities	337,030	259,573	2,804,610
Other securities	645,259	492,715	5,369,556
Total	¥ 2,740,758	¥ 2,379,140	$ 22,807,341

In the following description, in addition to "Securities" in the consolidated balance sheet, also presented are beneficial interests in trust investments within the item "Monetary claims bought."

The carrying amounts and aggregate fair value of the securities as of March 31, 2015 and 2014, are as follows:

	Millions of Yen			
March 31, 2015	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	¥ 101,252	¥ 226,532	¥ 204	¥ 327,579
Debt securities	1,675,615	77,619	219	1,753,015
Other securities	606,986	25,759	613	632,132
Held-to-maturity	5,452	9		5,461
March 31, 2014				
Securities classified as:				
Available-for-sale:				
Equity securities	¥ 101,098	¥ 149,222	¥ 578	¥ 249,742
Debt securities	1,561,911	57,685	109	1,619,486
Other securities	477,721	7,658	1,680	483,699
Held-to-maturity	7,361	17	9	7,370

	Thousands of U.S. Dollars			
March 31, 2015	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	$ 842,573	$1,885,098	$ 1,701	$ 2,725,970
Debt securities	13,943,706	645,916	1,827	14,587,795
Other securities	5,051,063	214,357	5,103	5,260,317
Held-to-maturity	45,370	77		45,448

Proceeds from sales of available-for-sale securities for the years ended March 31, 2015 and 2014, were ¥336,349 million ($2,798,948 thousand) and ¥620,677 million, respectively. Gross realized gains and losses on these sales, computed on the moving-average cost basis, were ¥8,400 million ($69,907 thousand) and ¥1,240 million ($10,325 thousand), respectively, for the year ended March 31, 2015, and ¥13,968 million and ¥3,591 million, respectively, for the year ended March 31, 2014.

7. LOANS AND BILLS DISCOUNTED

Loans and bills discounted as of March 31, 2015 and 2014, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Bills discounted	¥ 17,885	¥ 17,929	$ 148,831
Loans on bills	204,681	213,735	1,703,269
Loans on deeds	3,636,320	3,515,393	30,259,806
Overdrafts	647,995	646,200	5,392,324
Total	¥ 4,506,883	¥ 4,393,259	$ 37,504,232

Of total loans, loans to customers in bankruptcy, which represent nonaccrual loans and which were included in loans and bills discounted, amounted to ¥2,006 million ($16,700 thousand) and ¥5,471 million as of March 31, 2015 and 2014, respectively; past due loans, which represent nonaccrual loans other than loans to customers in bankruptcy, amounted to ¥93,047 million ($774,298 thousand) and ¥106,011 million as of March 31, 2015 and 2014, respectively.

Of total loans, accruing loans contractually past due three months or more amounted to ¥211 million ($1,761 thousand) and ¥757 million as of March 31, 2015 and 2014, respectively.

Of total loans, restructured loans amounted to ¥25,884 million ($215,400 thousand) and ¥27,016 million as of March 31, 2015 and 2014, respectively. Restructured loans, designed to assist in the recovery of the financial health of debtors, were loans on which the Bank granted concessions (e.g., reduction of the stated interest rate, deferral of interest payment, extension of maturity date, reduction of the face amount). Loans classified as nonaccrual loans or accruing loans contractually past due three months or more were excluded from restructured loans.

8. FOREIGN EXCHANGES

Foreign exchanges as of March 31, 2015 and 2014, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Assets:			
Due from foreign banks	¥ 18,181	¥ 15,357	$ 151,301
Foreign exchange bills bought	3,045	2,402	25,345
Foreign exchange bills receivable	430	394	3,580
Total	¥ 21,657	¥ 18,155	$ 180,227
Liabilities:			
Overdrafts from foreign banks	¥ 69	¥ 98	$ 578
Foreign exchange bills sold	968	567	8,063
Foreign exchange bills payable	336	397	2,800
Total	¥ 1,375	¥ 1,063	$ 11,442

9. PROPERTY, PLANT, AND EQUIPMENT AND INTANGIBLE ASSETS

Property, plant, and equipment as of March 31, 2015 and 2014, net of accumulated depreciation of ¥68,995 million ($574,149 thousand) and ¥69,106 million, respectively, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Land	¥ 14,879	¥ 14,945	$ 123,824
Buildings	10,880	11,083	90,545
Lease assets	125	159	1,044
Construction in progress	1,823	1,525	15,177
Other tangible fixed assets	10,513	10,313	87,489
Software	4,998	4,532	41,597
Other intangible fixed assets	631	637	5,259
Total	¥ 43,854	¥ 43,196	$ 364,937

As of March 31, 2015 and 2014, deferred gains for tax purposes of ¥8,384 million ($69,772 thousand) and ¥8,384 million, respectively, on property, plant, and equipment sold and replaced with similar assets have been deducted from the cost of newly acquired property, plant, and equipment.

10. ACCEPTANCES AND GUARANTEES

Acceptances and guarantees include all contingent liabilities associated with the issuance of letters of credit, acceptances of bills, and issuances of guarantees. The contra account included in the assets side of the consolidated balance sheet represents the Bank's potential claim against applicants.

11. ASSETS PLEDGED

Assets pledged as collateral as of March 31, 2015 and 2014, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Assets pledged:			
Cash (other assets)	¥ 400	¥ 399	$ 3,331
Securities	459,061	457,555	3,820,100
Total	¥ 459,461	¥ 457,955	$ 3,823,431
Related liabilities:			
Deposits	¥ 49,495	¥ 34,608	$ 411,880
Payables under securities lending transactions	248,563	125,270	2,068,435
Total	¥ 298,059	¥ 159,878	$ 2,480,315

In addition to the above, securities of ¥75,418 million ($627,596 thousand) and ¥73,780 million as of March 31, 2015 and 2014, respectively, and other assets amounting ¥34,688 million ($288,660 thousand) and ¥12,174 million as of March 31, 2015 and 2014, respectively, were pledged as collateral for settlement of exchange and derivative transactions or as substitutes for futures transaction margins. Lease receivables to be received as collateral for borrowed money were ¥3,435 million ($28,590 thousand) and ¥3,887 million as of March 31, 2015 and 2014, respectively.

Guarantee deposits on office space are included in other assets in the amount of ¥818 million ($6,808 thousand) and ¥924 million as of March 31, 2015 and 2014, respectively.

12. DEPOSITS

Deposits as of March 31, 2015 and 2014, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Current deposits	¥ 231,747	¥ 202,763	$ 1,928,494
Ordinary deposits	3,193,562	3,020,929	26,575,372
Savings deposits	59,867	61,027	498,192
Deposits at notice	21,113	25,001	175,699
Time deposits	2,554,672	2,485,256	21,258,819
Other deposits	176,379	191,902	1,467,751
Total	¥ 6,237,343	¥ 5,986,880	$ 51,904,330

13. BORROWED MONEY

As of March 31, 2015 and 2014, the weighted-average annual interest rates applicable to borrowed money were 0.27% and 0.19%, respectively.

Borrowed money includes borrowings from the Bank of Japan and other financial institutions. Annual maturities of borrowed money as of March 31, 2015, were as follows:

Years Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2016	¥ 86,528	$ 720,046
2017	977	8,132
2018	255	2,122
2019	133	1,111
2020	108	901
2021 and thereafter	22	184
Total	¥ 88,024	$ 732,498

14. RETIREMENT AND PENSION PLANS

The Bank and its domestic consolidated subsidiaries have a contributory funded pension plan and noncontributory unfunded retirement benefit plans.

In the contributory funded pension plan, the Group adopts a cash balance plan that each employee has a "hypothetical account balance," which accumulates pay credits based on each salary level, interest credits based on the trend of market interest rate, and pay retirement lump-sum grants or pension, based on their salary and length of service. Some funded pension plan contributes to employee pension trust.

In the noncontributory unfunded plan, the Group pays retirement lump-sum grants based on salary and length of service.

Employees whose service with the Bank or its domestic consolidated subsidiaries is terminated are, under most circumstances, entitled to retirement and pension benefits determined by reference to basic rates of pay at the time of termination, length of service, and conditions under which the termination occurs. If the termination is involuntary, caused by retirement at the mandatory retirement age or death, the employee is typically entitled to a larger payment than in the case of voluntary termination.

In addition, some consolidated subsidiaries adopt the simplified method to calculate their liability for employees' retirement benefit and retirement benefit costs.

(1) The changes in defined benefit obligation, excluding the ones calculated by the simplified method, (3) below, for the years ended March 31, 2015 and 2014, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Balance at beginning of year	¥ 51,917	¥ 52,684	$ 432,037
Cumulative effects of accounting changes	(4,633)		(38,560)
Restated balance at beginning of year	47,284	52,684	393,477
Current service cost	1,935	1,561	16,108
Interest cost	467	790	3,892
Actuarial (gains) losses	1,840	(636)	15,316
Benefits paid	(2,519)	(2,613)	(20,964)
Others	130	131	1,088
Balance at end of year	¥ 49,139	¥ 51,917	$ 408,919

(2) The changes in plan assets, excluding the ones calculated by the simplified method, (3) below, for the years ended March 31, 2015 and 2014, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Balance at beginning of year	¥ 54,672	¥ 49,873	$ 454,961
Expected return on plan assets	902	819	7,509
Actuarial losses	7,739	3,333	64,403
Contributions from the employer	99	2,107	824
Benefits paid	(1,628)	(1,593)	(13,548)
Others	130	131	1,088
Balance at end of year	¥ 61,916	¥ 54,672	$ 515,238

(3) The changes in liability for employees' retirement benefits calculated by the simplified method for the years ended March 31, 2015 and 2014, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Balance at beginning of year	¥ 952	¥ 1,428	$ 7,927
Net periodic benefit cost	(519)	(372)	(4,322)
Benefits paid	(53)	(103)	(447)
Balance at end of year	¥ 379	¥ 952	$ 3,158

(4) Reconciliation between the asset and liability recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets, including that calculated by the simplified method (3) above

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Funded defined benefit obligation	¥ 43,633	¥ 43,644	$ 363,101
Plan assets	(67,884)	(59,907)	(564,907)
Total	(24,250)	(16,262)	(201,805)
Unfunded defined benefit obligation	11,854	14,460	98,644
Net asset arising from defined benefit obligation	¥ (12,396)	¥ (1,802)	$ (103,161)

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Liability for employees' retirement benefits	¥ 11,854	¥ 14,927	$ 98,644
Asset for employees' retirement benefits	(24,250)	(16,729)	(201,805)
Net asset arising from defined benefit obligation	¥ (12,396)	¥ (1,802)	$ (103,161)

(5) The components of net periodic benefit costs for the years ended March 31, 2015 and 2014, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Service cost	¥ 1,935	¥ 1,561	$ 16,108
Interest cost	467	790	3,892
Expected return on plan assets	(902)	(819)	(7,509)
Recognized actuarial (gains) losses	509	(214)	4,236
Net periodic benefit costs calculated by the simplified method	(519)	(372)	(4,322)
Others	126	143	1,055
Net periodic benefit costs	¥ 1,617	¥ 1,087	$ 13,462

(6) Amounts recognized in other comprehensive income (before income tax effect) in respect of defined retirement benefit plans for the years ended March 31, 2015 and 2014, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Actuarial losses	¥ 6,407		$ 53,323

(7) Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of defined retirement benefit plans, before adjusting for tax effects, as of March 31, 2015 and 2014, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Unrecognized actuarial (gains) losses	¥ (4,078)	¥ 2,329	$ (33,938)

(8) Plan assets

(a) Components of plan assets

Plan assets as of March 31, 2015 and 2014, consisted of the following:

	2015	2014
Debt investments	22.84 %	24.48 %
Equity investments	52.96	51.82
General account assets of life insurance companies	20.78	21.11
Cash and cash equivalents		0.03
Others	3.42	2.56
Total	100.00 %	100.00 %

Employee pension trusts for the years ended March 31, 2015 and 2014, are 33.76% and 31.89%, respectively, and are included in the total above.

(b) Method of determining the expected rate of return on plan assets

The expected rate of return on plan assets is determined considering the long-term rates of return which that are expected currently and in the future from the various components of the plan assets.

(9) Assumptions used for the years ended March 31, 2015 and 2014, were set forth as follows:

	2015	2014
Discount rates	0.3%–0.8%	1.5%
Expected rates of return on plan assets	1.0%–2.0%	1.0%–2.0%
Salary increase rates	10.0%	10.0%

15. EQUITY

The significant provisions in the Banking Law and the Companies Act of Japan (the "Companies Act") that affect financial and accounting matters are summarized below:

a Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders' meeting. For companies that meet certain criteria including (1) having a Board of Directors, (2) having independent auditors, (3) having an Audit & Supervisory Board, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends in kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. The Bank meets all the above criteria.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

b Increases / Decreases and Transfer of Common Stock, Reserve, and Surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the aggregate amount of the legal reserve and additional paid-in capital equals 25% of common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus, and retained earnings can be transferred among the accounts under certain conditions upon resolution by the shareholders.

c Treasury Stock and Treasury Stock Acquisition Rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders, which is determined by a specific formula.

Under the Companies Act, stock acquisition rights are presented as a separate component of equity.

The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

The Banking Law provides that an amount at least equal to 20% of the aggregate amount of cash dividends and certain other appropriations of retained earnings associated with cash outlays applicable to each period shall be appropriated as a legal reserve (a component of retained earnings) until the total of such reserve and additional paid-in capital equals 100% of common stock. The amount of total additional paid-in capital and legal reserve that exceeds 100% of common stock may be available for dividends upon resolution by the shareholders. In addition, the Companies Act permits the transfer of a portion of additional paid-in capital and legal reserves to common stock upon resolution by the Board of Directors.

16. STOCK ACQUISITION RIGHTS

The Bank's stock option plans grant options to directors to purchase certain shares of the Bank's common stock in the respective periods. Stock-based compensation expenses were ¥82 million ($686 thousand) and ¥73 million for the years ended March 31, 2015 and 2014, respectively.

The stock options outstanding as of March 31, 2015, are as follows:

Stock Option	Persons Granted	Number of Options Granted	Date of Grant	Exercise Price	Exercise Period
2008 Stock Option	9 directors	105,700 shares	July 28, 2008	¥ 1 ($0.01)	From July 29, 2008, to July 28, 2033
2009 Stock Option	8 directors	135,900 shares	July 27, 2009	¥ 1 ($0.01)	From July 28, 2009, to July 27, 2034
2010 Stock Option	8 directors	150,000 shares	August 2, 2010	¥ 1 ($0.01)	From August 3, 2010, to August 2, 2035
2011 Stock Option	8 directors	150,000 shares	August 8, 2011	¥ 1 ($0.01)	From August 9, 2011, to August 8, 2036
2012 Stock Option	8 directors	150,000 shares	August 6, 2012	¥ 1 ($0.01)	From August 7, 2012, to August 6, 2037
2013 Stock Option	7 directors	129,300 shares	August 5, 2013	¥ 1 ($0.01)	From August 6, 2013, to August 5, 2038
2014 Stock Option	8 directors	133,800 shares	July 22, 2014	¥ 1 ($0.01)	From July 23, 2014, to July 22, 2039

The stock option activity is as follows:

	2008 Stock Option	2009 Stock Option	2010 Stock Option	2011 Stock Option	2012 Stock Option	2013 Stock Option	2014 Stock Option
	(Shares)						
Year Ended March 31, 2014							
Nonvested							
March 31, 2013—Outstanding	31,500	75,200	97,800	150,000	150,000		
Granted						129,300	
Canceled							
Vested		13,500	30,000	30,400	30,400		
March 31, 2014—Outstanding	31,500	61,700	67,800	119,600	119,600	129,300	
Vested							
March 31, 2013—Outstanding							
Vested		13,500	30,000	30,400	30,400		
Exercised		13,500	30,000	30,400	30,400		
Canceled							
March 31, 2014—Outstanding							

	2008 Stock Option	2009 Stock Option	2010 Stock Option	2011 Stock Option	2012 Stock Option	2013 Stock Option	2014 Stock Option
	(Shares)						
Year Ended March 31, 2015							
Nonvested							
March 31, 2014—Outstanding	31,500	61,700	67,800	119,600	119,600	129,300	
Granted							133,800
Canceled							
Vested	10,300	20,200	22,200	22,700	22,700		
March 31, 2015—Outstanding	21,200	41,500	45,600	96,900	96,900	129,300	133,800
Vested							
March 31, 2014—Outstanding							
Vested	10,300	20,200	22,200	22,700	22,700		
Exercised	10,300	20,200	22,200	22,700	22,700		
Canceled							
March 31, 2015—Outstanding							
Exercise price	¥1 ($0.01)	¥1 ($ 0.01)	¥1 ($ 0.01)	¥1 ($ 0.01)	¥1 ($ 0.01)	¥1 ($ 0.01)	¥1 ($ 0.01)
Average stock price at exercise	¥625 ($5.20)	¥625 ($ 5.20)	¥625 ($ 5.20)	¥625 ($ 5.20)	¥625 ($ 5.20)		
Fair value price at grant date	¥617 ($5.13)	¥512 ($ 4.26)	¥452 ($ 3.76)	¥374 ($ 3.11)	¥410 ($ 3.41)	¥602 ($ 5.00)	¥628 ($ 5.22)

The Assumptions Used to Measure the Fair Value of the 2015 Stock Option

Estimate method:	Black-Scholes option pricing model
Volatility of stock price:	27.24%
Estimated remaining outstanding period:	11 months
Estimated dividend:	¥11 per share
Risk-free interest rate:	0.050%

17. OTHER OPERATING INCOME

Other operating income for the years ended March 31, 2015 and 2014, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Gains on foreign exchange transactions	¥ 827	¥ 497	$ 6,887
Gains on sales of bonds	6,574	12,845	54,711
Income on lease transaction and installment receivables	32,835	32,826	273,244
Other	1,059	1,383	8,816
Total	¥ 41,297	¥ 47,553	$ 343,658

18. OTHER INCOME

Other income for the years ended March 31, 2015 and 2014, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Gains on sales of equity securities	¥ 1,826	¥ 2,264	$ 15,196
Gains on money held in trust	13,563	3,685	112,871
Reversal of allowance for credit losses	3,769		31,365
Other	2,773	2,782	23,082
Total	¥ 21,932	¥ 8,732	$ 182,515

19. OTHER OPERATING EXPENSES

Other operating expenses for the years ended March 31, 2015 and 2014, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Loss on sales of bonds	¥ 1,229	¥ 6,991	$ 10,233
Loss on write-down of bonds	49		410
Cost of lease transaction and installment receivables	29,049	28,859	241,735
Other	1	18	14
Total	¥ 30,330	¥ 35,869	$ 252,394

20. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the years ended March 31, 2015 and 2014, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Salaries and related expenses	¥ 25,834	¥ 26,616	$ 214,982
Other	37,877	36,987	315,198
Total	¥ 63,711	¥ 63,603	$ 530,180

21. OTHER EXPENSES

Other expenses for the years ended March 31, 2015 and 2014, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Write-off of loans	¥ 15	¥ 92	$ 131
Losses on sales of equity securities	213	286	1,778
Valuation losses on equity securities	39	246	325
Loss on money held in trust	13,315	3,945	110,807
Loss on sales of real estate	224	201	1,867
Impairment losses	62	195	520
Other	2,110	2,978	17,566
Total	¥ 15,982	¥ 7,945	$ 132,997

22. INCOME TAXES

The Bank and its domestic consolidated subsidiaries are subject to Japanese national and local income taxes that, in the aggregate, resulted in normal effective statutory tax rates of 35.26% and 37.64% for the years ended March 31, 2015 and 2014, respectively.

The tax effects of significant temporary differences that resulted in deferred tax assets and liabilities as of March 31, 2015 and 2014, are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Deferred tax assets:			
Allowance for credit losses	¥ 15,429	¥ 17,354	$ 128,399
Liability for employees' retirement benefits	1,443	5,699	12,010
Valuation difference on available-for-sale securities	329	834	2,745
Deferred losses on hedges	12,759	5,704	106,175
Valuation losses on equity securities	1,663	1,840	13,846
Depreciation	3,369	3,268	28,040
Accrued enterprise tax	684	568	5,696
Other	3,270	3,770	27,219
Less—valuation allowance	(3,010)	(3,750)	(25,051)
Total deferred tax assets	35,940	35,290	299,082
Deferred tax liabilities:			
Valuation difference on available-for-sale securities	104,247	74,592	867,500
Gain on contribution of securities to employee retirement benefit trust	1,782	2,613	14,836
Other	1,312	1,624	10,920
Total deferred tax liabilities	107,342	78,831	893,257
Net deferred tax liabilities	¥ (71,402)	¥ (43,540)	$ (594,175)

For the year ended March 31, 2014, as the difference between the statutory tax rate and the effective income tax rate was less than 5% of the statutory tax rate, the reconciliation of the effective income tax rate is not disclosed. A reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statement of income for the year ended March 31, 2015, is as follows:

	2015
Normal effective statutory tax rate	35.26 %
Effect of changes in statutory tax rate	3.99
Permanent differences including dividends received deduction	(1.93)
Changes in valuation allowance	(0.67)
Permanent differences including entertainment expenses	0.32
Inhabitant taxes	0.16
Other—net	0.21
Actual effective tax rate	37.35 %

New tax reform laws enacted in 2015 in Japan changed the normal effective statutory tax rate for the fiscal year beginning on or after April 1, 2015, to 32.72% and for the fiscal year beginning on or after

April 1, 2016, to 31.95%. The effect of these changes was to decrease deferred tax assets, net of deferred tax liabilities, by ¥176 million ($1,464 thousand) and increase accumulated other comprehensive income for unrealized gain on available-for-sale securities by ¥10,705 million ($89,090 thousand), with a decrease of ¥7,862 million ($65,424 thousand) in related deferred tax liability, in the consolidated balance sheet as of March 31, 2015, and to increase income taxes—deferred in the consolidated statement of income for the year then ended by ¥1,890 million ($15,732 thousand).

23. LEASES

Lessor

The net investments in leases are summarized as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Gross lease receivables	¥ 58,407	¥ 58,451	$ 486,038
Estimated residual values	4,655	4,476	38,740
Estimated maintenance cost	(1,429)	(1,434)	(11,896)
Unearned interest income	(4,313)	(4,617)	(35,892)
Investments in leases	¥ 57,319	¥ 56,875	$ 476,990

Maturities of lease receivables for finance leases that are deemed to transfer ownership of the leased property to the lessee are as follows:

March 31	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Due in 1 year or less	¥ 1,266	¥ 994	$ 10,537
Due from 1 to 2 years	1,104	861	9,190
Due from 2 to 3 years	842	737	7,008
Due from 3 to 4 years	537	512	4,473
Due from 4 to 5 years	276	272	2,303
Due after 5 years	480	208	3,996
Total	¥ 4,507	¥ 3,585	$ 37,510

Maturities of investments in leases for finance leases that are deemed not to transfer ownership of the leased property to the lessee are as follows:

March 31	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Due in 1 year or less	¥ 18,231	¥ 18,550	$ 151,717
Due from 1 to 2 years	14,683	14,675	122,187
Due from 2 to 3 years	10,954	11,098	91,158
Due from 3 to 4 years	7,615	7,380	63,373
Due from 4 to 5 years	4,043	4,163	33,650
Due after 5 years	2,878	2,583	23,951
Total	¥ 58,407	¥ 58,451	$ 486,038

The minimum rental commitments under noncancelable operating leases as of March 31, 2015 and 2014, are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Due within 1 year	¥ 2,638	¥ 2,610	$ 21,957
Due after 1 year	3,101	2,849	25,810
Total	¥ 5,740	¥ 5,460	$ 47,767

24. RELATED-PARTY TRANSACTIONS

Related-party transactions for the fiscal years ended March 31, 2015 and 2014, are as follows:

Related Party	Category	Description of the Transaction	2015 Amounts of Transactions		2015 Balance at End of the Year	
			Millions of Yen	Thousands of U.S. Dollars	Millions of Yen	Thousands of U.S. Dollars
Takeshi Kadota	Audit & Supervisory Board member	Loan	(Average amounts) ¥ 18	$ 156	¥ 18	$ 150

Related Party	Category	Description of the Transaction	2014 Amounts of Transactions	2014 Balance at End of the Year
			Millions of Yen	Millions of Yen
Takeshi Kadota	Audit & Supervisory Board member	Loan	(Average amounts) ¥ 20	¥ 19

25. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

(1) Group Policy for Financial Instruments

The Group offers financial services such as providing loans and sales of investment products to customers. In performing these operations, the Bank uses funds received as deposits from customers or by borrowing money from the market in consideration of market conditions and the balance in funding periods between the short term and the long term.

As the Bank holds financial assets and liabilities affected by interest rate movements, it carries out Asset Liability Management ("ALM") to avoid negative effects of interest movements. In managing interest rate movements, the Bank deals with derivatives.

The Bank and certain consolidated subsidiaries also hold securities for sale to customers.

(2) Nature and Extent of Risks Arising from Financial Instruments

(a) Loans

The Bank provides loans mainly to domestic customers, but does not focus on specific groups of companies. These loans are exposed to credit risk in case of the customers' breach of the contract. In all domestic loans, the percentage of loans in Nagano Prefecture, the Bank's main business area, is approximately 50%. So, the Bank's credit risk is likely to deteriorate due to negative changes in the economy in Nagano Prefecture.

(b) Securities

Securities are mainly bonds, stocks, investment trusts, and corporate investment funds. These securities are classified into categories, such as (1) securities held to maturity, (2) securities available for sale, and (3) securities for trading purposes to sell to customers. All securities are exposed to the credit risk of the securities' issuers or interest rate risk, market price risk, foreign exchange risk, and liquidity risk.

(c) Deposits

The Bank receives deposits from customers. These deposits are exposed to interest rate risk, foreign exchange risk, and liquidity risk.

(d) Derivatives

The purpose of using derivatives is to provide customers various hedging instruments to hedge the Bank's portfolio under ALM and to enhance the Bank's profit. Derivatives include interest rate swaps, interest cap transactions, and currency exchange swaps. Using these derivatives as hedging instruments for loans and securities, the Bank applies hedge accounting to derivative transactions and assesses the effectiveness between the hedged items and hedging instruments from the start of hedging. These derivative transactions are exposed to market risk and credit risk.

Derivative transactions used for hedging purposes are carried out in accordance with the Bank's annual hedging policy.

(3) Risk Management for Financial Instruments

(a) Credit risk management

In accordance with internal rules of credit risk management, the Bank examines every loan, manages loans according to credit lines for each debtor, addresses troubled loans, reviews each debtor's credit rating, and manages the Bank's loan portfolio. Regarding the loan examination structure, the loan promotion section is separated from the loan examination section in the head office. These two sections monitor and check each other. Every loan from the business branches is examined in many stages from loan application to the Bank's final decision. The Bank reviews each debtor's credit rating on a regular basis to identify troubled loans in a timely manner. In addition, the Bank uses examination results in order to reduce credit risk and to manage the Bank's loan portfolio.

To address the credit risk of securities' issuers, the Bank carries out its business under credit line limits for each debtor. Such limits are defined by the Risk Management Department on a semiannual basis.

(b) Market risk management (interest rate risk, foreign exchange risk, and market price risk)

The Group stipulates internal rules of market risk management and controls market risk so as to maintain management soundness and profitability.

Considering market and the Bank's conditions, the Bank defines the Market Risk Management Policy on a semiannual basis to maintain an appropriate balance between risk and return and to adjust the volume of risk. Furthermore, the management committee confirms the risk limit and loss limit by each transaction type for each customer according to the Market Risk Management Policy. The Bank defines the limit of investment, limit of holding, and limit of valuation losses, as necessary. It also defines the threshold that should limit market risk and losses to certain amounts. Each section should carry out its business within risk limits, as well as report the risk status to an executive officer on a daily basis.

Regarding management of business operations, the front office is separated from the back office. The middle office which controls and manages risk is also separated from these two offices. These three offices monitor and check each other.

Management of Interest Rate Risk

To manage risk caused by interest rate fluctuations, the Bank uses Value at Risk ("VaR") for the change of economic value and uses ALM for the change of interest rate in gap analysis. The "ALM and Integrated Risk Conference" monitors the Group's risk status and discusses various measures corresponding to risks. As stated above, the Bank uses some derivative transactions under ALM.

Management of Foreign Exchange Risk

The Bank manages the change of economic value arising from fluctuations in foreign exchange rates by VaR. To avoid excessive foreign exchange risk, the Bank defines the upper holding limit in its Market Risk Management Policy.

Management of Market Price Risk

The Bank manages the change of economic value arising from fluctuations in market prices by VaR. The Board of Directors define the upper limit of risk on a semiannual basis by taking into account the Bank's capital status and market conditions. Certain consolidated subsidiaries report market values of holding securities to the Bank's Board of Directors on a regular basis.

The Principles of Derivative Transactions

The Bank establishes internal rules for derivative transactions and manages the Group's risk in an integrated fashion, including derivative transactions made by consolidated subsidiaries. Regarding derivatives, the Risk Management Department reports the total positions, market values, and market risk amounts to both executive officers and the "ALM and Integrated Risk Conference" on a regular basis.

To manage risk arising from derivative transactions, the middle office, which checks and controls risk, is separated from the front office so as to monitor the front office's transactions.

Quantitative Information on Market Risk

The Bank principally uses VaR for quantitative analysis of the market risk of all financial instruments. For calculating VaR, the historical simulation method (confidence interval of 99.9%; observation period of 1,250 days; and holding period of 10 days for Bank's trading business, 240 days for Bank's banking business, and 120 days for others) has been adopted.

The VaRs in the Bank's trading business are ¥64 million ($537 thousand) and ¥118 million and the VaRs in the Bank's banking business are ¥223,808 million ($1,862,435 thousand) and ¥203,976 million as of March 31, 2015 and 2014, respectively.

The Bank conducts backtesting to compare the VaR calculated using the model with actual loss amounts. According to the bank testing results, it is believed that the measurement model that the Bank uses is adequate to capture market risk. It should be noted that VaR measures the amount of market risk at certain probability levels statistically calculated based on historical market fluctuations, and therefore, there may be cases where market risk cannot be captured in situations when market conditions change dramatically beyond what has been experienced historically.

(c) Liquidity risk management

The Bank manages liquidity risk through diversification of funding and adjustment of funding periods between long term and short term under ALM.

(4) Fair value of financial instruments

Fair values of financial instruments are based on quoted prices in active markets. If quoted prices are not available, other rational valuation techniques are used instead. Please see Note 25 for the detail of the fair value of derivatives.

(a) Fair value of financial instruments

	Millions of Yen		
March 31, 2015	Carrying Amount	Fair Value	Unrealized Gains(Losses)
Cash and due from banks	¥ 339,266	¥ 339,266	
Securities:			
Held to maturity	5,452	5,461	¥ 9
Available for sale	2,711,727	2,711,727	
Loans and bills discounted	4,506,883		
Allowance for credit losses	(49,748)		
Subtotal	4,457,135	4,505,680	48,545
Total	¥7,513,582	¥7,562,137	¥ 48,554
Deposits	¥6,237,343	¥6,237,654	¥ (311)
Negotiable certificates of deposits	453,618	453,618	
Payables under securities lending transactions	248,563	248,563	
Borrowed money	88,024	88,030	(6)
Total	¥7,027,550	¥7,027,867	¥ (317)
Derivative transactions:			
Hedge accounting not applied	¥ 546	¥ 546	
Hedge accounting applied	(40,933)	(40,933)	
Total	¥ (40,386)	¥ (40,386)	
March 31, 2014			
Cash and due from banks	¥ 478,425	¥ 478,425	
Securities:			
Held to maturity	7,361	7,370	¥ 8
Available for sale	2,352,431	2,352,431	
Loans and bills discounted	4,393,259		
Allowance for credit losses	(57,523)		
Subtotal	4,335,735	4,387,094	51,358
Total	¥7,173,954	¥7,225,321	¥ 51,367
Deposits	¥5,986,880	¥5,987,284	¥ (404)
Negotiable certificates of deposits	528,951	528,951	
Payables under securities lending transactions	125,270	125,270	
Borrowed money	121,626	121,648	(21)
Total	¥6,762,727	¥6,763,154	¥ (426)
Derivative transactions:			
Hedge accounting not applied	¥ 604	¥ 604	
Hedge accounting applied	(16,908)	(16,908)	
Total	¥ (16,304)	¥ (16,304)	

March 31, 2015	Thousands of U.S.Dollars Carrying Amount	Fair Value	Unrealized Gains(Losses)
Cash and due from banks	$ 2,823,223	$ 2,823,223	
Securities:			
Held to maturity	45,370	45,448	$ 77
Available for sale	22,565,765	22,565,765	
Loans and bills discounted	37,504,232		
Allowance for credit losses	(413,981)		
Subtotal	37,090,250	37,494,223	403,972
Total	$62,524,610	$62,928,661	$ 404,050
Deposits	$51,904,330	$51,906,919	$ (2,588)
Negotiable certificates of deposits	3,774,808	3,774,808	
Payables under securities lending transactions	2,068,435	2,068,435	
Borrowed money	732,498	732,548	(50)
Total	$58,480,073	$58,482,712	$ (2,638)
Derivative transactions:			
Hedge accounting not applied	$ 4,546	$ 4,546	
Hedge accounting applied	(340,625)	(340,625)	
Total	$ (336,079)	$ (336,079)	

Cash and Due from Banks

Fair values of cash and due from banks that have no maturity dates are approximately equivalent to book values.

Regarding due from banks with maturity dates, the fair values of products with short maturities (less than one year) are equivalent to the book values.

Securities

Fair values of stocks are measured at the quoted market prices in stock markets. Fair values of bonds are measured at the quoted market prices in bond markets or the quoted prices obtained from financial institutions.

Fair values of investment trusts are measured at the standard prices disclosed in public.

Fair values of private placement bonds with guarantees are measured at the total amounts of the principal and interest discounted at market rates, plus spreads. The spreads are defined in internal guidelines.

Information relating to securities for holding purpose is included in Note 6.

Loans

Because floating-rate loans are immediately affected by the movement of interest rates, the fair values of these loans are equivalent to book values in cases where the credit risk of debtors has not totally changed from the execution of the loans.

For fixed-rate loans used to fund business, fair values are determined by discounting the total amounts of the principal and interest at market rates plus spreads. The spreads are defined in internal guidelines.

For fixed-rate loans other than business funds, fair values are determined by discounting the total amounts of the principal and interest at expected rates if the Bank newly executes similar loans to customers. Such expected rates are determined according to the loans' type and period. The fair values of fixed-rate loans other than business funds with short maturity (less than one year) are equivalent to the book values.

For loans to debtors who are legally bankrupt, virtually bankrupt, and possible bankrupt, a reserve for possible loan losses calculated from the current value of expected future cash flows or from the amount expected to be collected through disposal of collateral or execution of guarantees is provided. Therefore, the book values at the consolidated balance sheet date, net of reserve amounts, are regarded as the fair values.

Specific loans in which the loan amount can be increased or decreased within the collateral amount have no maturity dates. The fair values of such loans are assumed to be equivalent to the book values because of the loans' period and conditions.

Deposits and Negotiable Certificates of Deposits

Fair values of demand deposits are measured at the expected amount to be paid to depositors from the Bank at the consolidated balance sheet date (book values). For time deposits, according to each period, fair values are measured at the total amount of the principal and interest discounted at the rate that the Bank applies to new deposits.

Payables under Securities Lending Transactions

Fair value of payables under securities lending transactions whose term is short (within one year) approximates the carrying value and is therefore deemed equal to the carrying value.

Borrowed Money

Because floating-rate borrowed money is immediately affected by the movement of interest rates, the fair value of this borrowed money is equivalent to book value in cases where the credit risk of consolidated subsidiaries has not totally changed from when the money was borrowed.

The fair value of fixed-rate borrowed money, which is classified in accordance with its period, is estimated by discounting future cash flows, using rates that would be offered to similar borrowings. The fair value of borrowed money whose term is short (within one year) approximates the carrying value and is therefore deemed equal to the carrying value.

Derivatives

Information on the fair value of derivatives is included in Note 25.

(b) Financial instruments whose fair value cannot be reliably determined

March 31	Millions of Yen 2015	2014	Thousands of U.S. Dollars 2015
Investments in equity instruments that do not have a quoted market price in an active market	¥ 20,280	¥ 19,344	$168,767

(5) Maturity Analysis for Financial Assets and Securities with Contractual Maturities

	Millions of Yen					
March 31, 2015	Due in 1 Year or Less	Due from 1 to 3 Years	Due from 3 to 5 Years	Due from 5 to 7 Years	Due from 7 to 10 Years	Due after 10 Years
Due from banks	¥ 247,428					
Securities	226,355	¥ 296,266	¥ 443,825	¥ 375,641	¥ 204,503	¥ 555,451
Held to maturity	2,250	3,000	100		100	
National government bonds	2,250	3,000	100		100	
Available for sale	224,105	293,266	443,725	375,641	204,403	555,451
National government bonds	113,000	170,500	232,500	205,100	94,000	501,500
Local government bonds	4,951	14,083	23,290	15,806	20,957	
Corporate bonds	19,234	22,922	43,320	98,949	22,164	39,624
Loans and bills discounted	810,347	968,072	716,743	400,094	382,775	580,854
Total	¥ 1,284,131	¥ 1,264,338	¥ 1,160,568	¥ 777,735	¥ 587,279	¥ 1,136,305
March 31, 2014						
Due from banks	¥ 361,231	¥ 20				
Securities	163,724	357,274	¥ 426,627	¥ 432,488	¥ 188,881	¥ 360,089
Held to maturity	4,900	2,250	100		100	
National government bonds	4,000	2,250	100		100	
Corporate bonds	900					
Available for sale	158,824	355,024	426,527	432,488	188,781	360,089
National government bonds	13,000	195,389	215,500	307,400	113,100	344,500
Local government bonds	15,069	7,852	26,294	18,633	18,644	
Corporate bonds	53,153	33,939	24,620	90,637	48,556	8,900
Loans and bills discounted	854,105	931,221	666,405	380,648	365,509	549,168
Total	¥ 1,379,061	¥ 1,288,515	¥ 1,093,033	¥ 813,137	¥ 554,390	¥ 909,257

	Thousands of U.S. Dollars					
March 31, 2015	Due in 1 Year or Less	Due from 1 to 3 Years	Due from 3 to 5 Years	Due from 5 to 7 Years	Due from 7 to 10 Years	Due after 10 Years
Due from banks	$ 2,058,984					
Securities	1,883,630	$ 2,465,391	$ 3,693,315	$ 3,125,915	$ 1,701,787	$ 4,622,211
Held to maturity	18,723	24,964	832		832	
National government bonds	18,723	24,964	832		832	
Available for sale	1,864,906	2,440,426	3,692,483	3,125,915	1,700,955	4,622,211
National government bonds	940,334	1,418,823	1,934,759	1,706,748	782,225	4,173,254
Local government bonds	41,202	117,198	193,812	131,530	174,394	
Corporate bonds	160,060	190,753	360,490	823,413	184,438	329,733
Loans and bills discounted	6,743,341	8,055,860	5,964,409	3,329,405	3,185,280	4,833,609
Total	$ 10,685,956	$ 10,521,251	$ 9,657,725	$ 6,455,321	$ 4,887,068	$ 9,455,820

(6) Scheduled Repayment Amount after the Consolidated Balance Sheet Date for Borrowed Money and Other Interest-Bearing Liabilities

	Millions of Yen					
March 31, 2015	Due in 1 Year or Less	Due from 1 to 3 Years	Due from 3 to 5 Years	Due from 5 to 7 Years	Due from 7 to 10 Years	Due after 10 Years
Deposits	¥ 5,419,570	¥ 769,939	¥ 34,741	¥ 5,824	¥ 7,266	
Negotiable certificates of deposits	451,418	2,200				
Payables under securities lending transactions	248,563					
Borrowed money	86,528	1,232	241	13	8	
Total	¥ 6,206,080	¥ 773,372	¥ 34,983	¥ 5,838	¥ 7,275	
March 31, 2014						
Deposits	¥ 5,178,928	¥ 761,481	¥ 34,173	¥ 4,664	¥ 7,631	
Negotiable certificates of deposits	501,475	27,475				
Payables under securities lending transactions	125,270					
Borrowed money	120,016	1,388	191	16	13	
Total	¥ 5,925,691	¥ 790,345	¥ 34,364	¥ 4,681	¥ 7,645	

	Thousands of U.S.Dollars					
March 31, 2015	Due in 1 Year or Less	Due from 1 to 3 Years	Due from 3 to 5 Years	Due from 5 to 7 Years	Due from 7 to 10 Years	Due after 10 Years
Deposits	$ 45,099,195	$ 6,407,089	$ 289,105	$ 48,470	$ 60,470	
Negotiable certificates of deposits	3,756,500	18,307				
Payables under securities lending transactions	2,068,435					
Borrowed money	720,046	10,254	2,012	114	70	
Total	$ 51,644,178	$ 6,435,651	$ 291,117	$ 48,585	$ 60,540	

26. DERIVATIVES

Derivatives that the Bank and certain consolidated subsidiaries use are as follows:

Interest rate-related transactions:	Interest rate futures, forward rate agreements, interest rate swaps, and interest rate options
Currency-related transactions:	Currency swaps, currency futures, currency options, and forward foreign exchange contracts
Stock-related transactions:	Stock index futures and stock index future options
Bond-related transactions:	Bond futures, bond future options, and over-the-counter bond options
Others:	Credit derivatives

The Bank and certain subsidiaries use derivatives primarily to hedge risks for customers to maximize the profit of their own trading account and to manage the potential risks in their own portfolio as a part of ALM.

Derivatives are subject to market risk and credit risk. Market risk is the exposure created by potential fluctuations in market conditions, including interest rates, foreign exchange rates, or prices of bonds.

Credit risk is the possibility that a loss may result from a counterparty's failure to perform according to the terms and conditions of the contract.

The Bank comprehensively controls derivative risks of the Bank and certain consolidated subsidiaries in accordance with its Risk Management Regulations and Market Risk Management Regulations. The position amounts, market values, and market risks are reported periodically to the responsible executive officers and the ALM Committee, where evaluations and analyses of derivatives are made.

Risk control of derivatives is the responsibility of the Risk Management Department independent from the front office. The Risk Management Department is in charge of controlling market risks in order to make the risk control system work effectively.

On the other hand, concerning credit risk management, the Bank sets up credit limits of customers according to their credit standings and manages it strictly not to exceed each credit ceiling of customers.

It should be noted that the nominal contract value or notional principal amount is used in determining the value of receipts or payments of interest and as an indicator representative of the volume of transactions, but those values do not necessarily reflect such things as market risk or credit risk.

Derivative Transactions to Which Hedge Accounting Is Not Applied at March 31, 2015

	Millions of Yen				Thousands of U.S. Dollars			
	Contract or Notional Amount	Contract Amount Due after 1 Year	Fair Value	Unrealized Gains(Losses)	Contract or Notional Amount	Contract Amount Due after 1 Year	Fair Value	Unrealized Gains(Losses)
Interest Rate-Related Transactions								
Over the counter—interest rate swaps:								
Receipt fixed—payments floating	¥ 110,139	¥ 87,989	¥ 1,489	¥ 1,489	$ 916,532	$ 732,210	$ 12,396	$ 12,396
Receipt floating—payments fixed	107,096	85,308	(935)	(935)	891,206	709,896	(7,783)	(7,783)
Receipt floating—payments floating	1,800	1,800			14,978	14,978		
Over the counter—interest rate options:								
Selling	127	127		12	1,063	1,063	(1)	101
Buying	127	127		(9)	1,063	1,063	1	(77)
Currency-Related Transactions								
Over the counter—currency swaps	95	95	(1)	(1)	798	798	(14)	(14)
Over the counter—currency futures:								
Selling	28,240	1,536	(511)	(511)	235,001	12,789	(4,259)	(4,259)
Buying	31,447	1,141	513	513	261,689	9,500	4,272	4,272
Over the counter—currency options:								
Selling	22,987	12,238	(1,234)	708	191,289	101,843	(10,270)	5,893
Buying	22,987	12,238	1,234	(93)	191,288	101,843	10,271	(779)
Foreign exchange swaps	1,682				14,000		2	2
Bond-Related Transactions								
Listed—bond futures:								
Selling	2,521		(9)	(9)	20,982		(77)	(77)
Buying	1,011				8,414		6	6

The contract or notional amounts of derivatives that are shown in the above table do not represent the amounts exchanged by the parties and do not measure the Group's exposure to credit or market risk.

Derivative Transactions to Which Hedge Accounting Is Applied at March 31, 2015

		Millions of Yen			Thousands of U.S. Dollars		
	Hedged Item	Contract or Notional Amount	Contract Amount Due after 1 Year	Fair Value	Contract or Notional Amount	Contract Amount Due after 1 Year	Fair Value
Interest Rate-Related Transactions							
Interest rate swaps:	Loans and bills discounted,						
Receipt fixed—payments floating	available-for-sale securities,	¥ 265,000	¥ 265,000	¥ 938	$ 2,205,209	$2,205,209	$ 7,808
Receipt floating—payments fixed	and other financial assets	433,069	432,527	(40,719)	3,603,804	3,599,298	(338,846)
Currency-Related Transactions							
Currency swaps	Foreign currency loans	14,420	14,420	(943)	120,000	120,000	(7,853)
Foreign exchange swaps	and deposits	29,115		(208)	242,288		(1,733)

The contract or notional amounts of derivatives that are shown in the above table do not represent the amounts exchanged by the parties and do not measure the Group's exposure to credit or market risk.

The below interest rate swaps that qualify for hedge accounting and meet specific matching criteria are not remeasured at market value, but the differential paid or received under the swap agreements is recognized and included in interest expense or income.

	Hedged Item	Millions of Yen Contract or Notional Amount	Contract Amount Due after 1 Year	Fair Value
Interest Rate-Related Transactions				
Interest rate swaps—Receipt floating—payments fixed	Loans and borrowed money	¥ 29,745	¥ 23,544	

	Hedged Item	Thousands of U.S. Dollars Contract or Notional Amount	Contract Amount Due after 1 Year	Fair Value
Interest Rate-Related Transactions				
Interest rate swaps—Receipt floating—payments fixed	Loans and borrowed money	$ 247,532	$ 195,924	

Derivative Transactions to Which Hedge Accounting Is Not Applied at March 31, 2014

	Millions of Yen Contract or Notional Amount	Contract Amount Due after 1 Year	Fair Value	Unrealized Gains (Losses)
Interest Rate-Related Transactions				
Listed—Interest rate futures:				
Selling	¥ 38,783	¥ 5,475	¥ 2	¥ 2
Buying	41,122	23,801	(12)	(12)
Over the counter—interest rate swaps:				
Receipt fixed—payments floating	110,436	101,478	1,549	1,549
Receipt floating—payments fixed	108,383	99,702	(939)	(939)
Receipt floating—payments floating	1,800	1,800		
Over the counter—interest rate options:				
Selling	166	166		15
Buying	166	166		(11)
Currency-Related Transactions				
Over the counter—currency futures:				
Selling	20,037	301	(990)	(990)
Buying	23,075	26	998	998
Over the counter—currency options:				
Selling	22,442	12,961	(1,162)	1,475
Buying	22,442	12,961	1,162	(599)
Foreign exchange swaps	2,266		(2)	(2)

The contract or notional amounts of derivatives that are shown in the above table do not represent the amounts exchanged by the parties and do not measure the Group's exposure to credit or market risk.

Derivative Transactions to Which Hedge Accounting Is Applied at March 31, 2014

	Hedged Item	Millions of Yen Contract or Notional Amount	Contract Amount Due after 1 Year	Fair Value
Interest Rate-Related Transactions				
Interest rate swaps: Receipt fixed—payments floating	Loans and bills discounted, available-for-sale securities, and other financial assets	¥ 205,000	¥ 205,000	¥ 655
Receipt floating—payments fixed		367,897	361,778	(17,764)
Currency-Related Transactions				
Foreign exchange swaps	Foreign currency loans and deposits	¥ 24,468		¥ 200

The contract or notional amounts of derivatives that are shown in the above table do not represent the amounts exchanged by the parties and do not measure the Group's exposure to credit or market risk.

The below interest rate swaps that qualify for hedge accounting and meet specific matching criteria are not remeasured at market value, but the differential paid or received under the swap agreements is recognized and included in interest expense or income.

	Hedged Item	Millions of Yen Contract or Notional Amount	Contract Amount Due after 1 Year	Fair Value
Interest Rate-Related Transactions				
Interest rate swaps—Receipt floating—payments fixed	Loans and bills discounted, and borrowed money	¥ 25,900	¥ 25,900	

27. LOAN COMMITMENTS

The Bank and its consolidated subsidiaries issue commitments to extend credit and establish credit lines for overdrafts to meet the financing needs of their customers. Unfunded amounts relating to these contracts totaled ¥1,414,898 million ($11,774,139 thousand) and ¥1,397,396 million as of March 31, 2015 and 2014, respectively.

As a large majority of these commitments expire without being drawn down upon, the unfunded amounts do not necessarily represent future cash requirements. Many of these agreements include conditions granting the Bank the right to reject the drawdown or to reduce the amount on the basis of changes in the financial circumstances of the borrower or other reasonable grounds.

In addition, the Bank obtains collateral when necessary to reduce credit risk related to these commitments.

28. OTHER COMPREHENSIVE INCOME

The components of other comprehensive income for the years ended March 31, 2015 and 2014, were as follows:

	Millions of Yen 2015	2014	Thousands of U.S. Dollars 2015
Unrealized gain on available-for-sale securities:			
Gains arising during the year	¥ 123,445	¥ 15,423	$1,027,254
Reclassification adjustments to profit or loss	(6,768)	(10,222)	(56,325)
Amount before income tax effect	116,676	5,200	970,928
Income tax effect	(30,159)	(1,460)	(250,971)
Subtotal	86,517	3,740	719,957
Deferred loss on derivatives under hedge accounting:			
Losses arising during the year	(29,080)	(201)	(241,995)
Reclassification adjustments to profit or loss	5,123	7,900	42,631
Amount before income tax effect	(23,957)	7,699	(199,363)
Income tax effect	7,125	(2,712)	59,295
Subtotal	(16,831)	4,986	(140,067)
Foreign currency translation adjustments:			
Adjustments arising during the year		411	
Reclassification adjustments to profit or loss	413		3,440
Amount before income tax effect	413	411	3,440
Subtotal	413	411	3,440
Defined retirement benefit plans:			
Adjustments arising during the year	5,898		49,086
Reclassification adjustments to profit or loss	509		4,236
Amount before income tax effect	6,407		53,323
Income tax effect	(2,139)		(17,806)
Subtotal	4,267		35,516
Total other comprehensive income	¥ 74,366	¥ 9,138	$ 618,846

29. PER SHARE DATA

(1) Basic net EPS for the years ended March 31, 2015 and 2014, is as follows:

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
Year Ended March 31, 2015	Net Income	Weighted-Average Shares	EPS	
Basic EPS—net income available to common shareholders	¥ 27,185	502,515	¥ 54.09	$ 0.45
Effect of dilutive—stock acquisition rights		557		
Diluted EPS—net income for computation	¥ 27,185	503,072	¥ 54.03	$ 0.44
Year Ended March 31, 2014				
Basic EPS—net income available to common shareholders	¥ 26,519	506,242	¥ 52.38	
Effect of dilutive—stock acquisition rights		520		
Diluted EPS—net income for computation	¥ 26,519	506,762	¥ 52.33	

(2) Net assets per share for the years ended March 31, 2015 and 2014, were as follows:

	Yen		U.S. Dollars
	2015	2014	2015
Net assets per share	¥ 1,320.38	¥ 1,120.33	$ 10.98

The net assets per share figure is calculated on the basis of the following.

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Net assets	¥ 692,208	¥ 594,052	$ 5,760,242
Less subscription rights to shares	271	233	2,262
Less minority interest	29,964	26,646	249,348
Net assets attributable to common stockholders	¥ 661,972	¥ 567,172	$ 5,508,633

	Thousands of Number of Shares	
	2015	2014
Number of common stock at fiscal year-end used for calculation of net assets per share	501,349	506,252

30. SUBSEQUENT EVENT

The following appropriations of retained earnings at March 31, 2015, will be approved at the Bank's shareholders' meeting to be held on June 19, 2015:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥10.00 ($0.08) per share	¥ 5,013	$ 41,720

31. SEGMENT INFORMATION

Under ASBJ Statement No.17, "Accounting Standard for Segment Information Disclosures," and ASBJ Guidance No.20, "Guidance on Accounting Standard for Segment Information Disclosures," an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

(1) Description of Reportable Segments

The Group's reportable segments are those for which financial information is available separately and regular evaluation by the Bank's management is performed in order to decide how resources are allocated among the Group. The Group consists of the banking and leasing segments. Banking consists of banking and credit card business. Leasing consists of leasing business.

(2) Methods of Measurement for Sales, Profit (Loss), Assets, Liabilities, and Other Items

The accounting policies of each reportable segment are consistent with those disclosed in Note 2, "Summary of Significant Accounting Policies."

(3) Information about Ordinary Income, Profit, Assets, Liabilities, and Other Items

	Millions of Yen						
	2015						
	Reportable Segment						
	Banking	Leasing	Total	Other	Total	Recon-ciliations	Consoli-dated
Ordinary income:							
Outside customers	¥ 137,062	¥ 33,155	¥ 170,218	¥ 3,457	¥ 173,675		¥ 173,675
Intersegment	1,065	828	1,893	27	1,920	¥ (1,920)	
Total	¥ 138,127	¥ 33,983	¥ 172,111	¥ 3,484	¥ 175,596	¥ (1,920)	¥ 173,675
Segment profit	¥ 43,732	¥ 3,274	¥ 47,007	¥ 863	¥ 47,870		¥ 47,870
Segment assets	7,964,296	93,024	8,057,321	18,730	8,076,052	¥ (61,767)	8,014,284
Segment liabilities	7,302,401	67,283	7,369,685	11,092	7,380,778	(58,702)	7,322,076
Other:							
Depreciation	4,069	1,550	5,619	34	5,653		5,653
Interest income	86,702	73	86,776	164	86,940	(257)	86,682
Interest expense	9,953	328	10,281	36	10,318	(257)	10,060
Income taxes	16,474	1,073	17,548	100	17,648	(3)	17,645
Increase in property, plant, and equipment and intangible assets	4,832	2,996	7,829	32	7,861		7,861

	Millions of Yen						
	2014						
	Reportable Segment						
	Banking	Leasing	Total	Other	Total	Recon-ciliations	Consoli-dated
Ordinary income:							
Outside customers	¥ 132,787	¥ 32,928	¥ 165,716	¥ 3,581	¥ 169,297		¥ 169,297
Intersegment	1,164	821	1,985	25	2,010	¥ (2,010)	
Total	¥ 133,952	¥ 33,749	¥ 167,702	¥ 3,606	¥ 171,308	¥ (2,010)	¥ 169,297
Segment profit	¥ 42,822	¥ 2,725	¥ 45,548	¥ 839	¥ 46,388	¥ (13)	¥ 46,375
Segment assets	7,540,331	89,779	7,630,111	13,787	7,643,898	(56,163)	7,587,735
Segment liabilities	6,972,530	66,632	7,039,162	7,615	7,046,777	(53,094)	6,993,682
Other:							
Depreciation	3,983	1,541	5,525	31	5,556		5,556
Interest income	89,860	81	89,942	108	90,050	(293)	89,756
Interest expense	8,871	358	9,229	38	9,268	(293)	8,974
Income taxes	16,248	827	17,076	11	17,087	(4)	17,083
Increase in property, plant, and equipment and intangible assets	7,113	3,045	10,159	26	10,185		10,185

	Thousands of U.S. Dollars						
	2015						
	Reportable Segment						
	Banking	Leasing	Total	Other	Total	Recon-ciliations	Consoli-dated
Ordinary income:							
Outside customers	$1,140,572	$ 275,906	$1,416,479	$ 28,769	$1,445,248		$ 1,445,248
Intersegment	8,863	6,892	15,755	226	15,982	$ (15,982)	
Total	$1,149,435	$ 282,799	$1,432,234	$ 28,996	$1,461,230	$ (15,982)	$ 1,445,248
Segment profit	$ 363,925	$ 27,250	$ 391,176	$ 7,184	$ 398,360	$ (4)	$ 398,355
Segment assets	66,275,250	774,106	67,049,357	155,869	67,205,226	(514,002)	66,691,224
Segment liabilities	60,767,261	559,906	61,327,167	92,306	61,419,474	(488,492)	60,930,982
Other:							
Depreciation	33,861	12,900	46,762	283	47,045		47,045
Interest income	721,500	612	722,112	1,365	723,478	(2,144)	721,334
Interest expense	82,827	2,732	85,559	302	85,862	(2,144)	83,718
Income taxes	137,094	8,933	146,028	833	146,862	(28)	146,834
Increase in property, plant, and equipment and intangible assets	40,212	24,939	65,151	271	65,422		65,422

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