Notes to Consolidated Financial Statements

THE 77 BANK, LTD. AND SUBSIDIARIES
Year Ended March 31, 2014

1. Basis Of Presenting 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 of Japan (the "Banking Law"), and in accordance with accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2013 consolidated financial statements to conform to the classifications used in 2014.

In accordance with the Companies Act of Japan (the "Companies Act") and other relevant regulations, all Japanese yen figures in the consolidated financial statements have been rounded down to the nearest million yen, except for per share data. Accordingly, the total of each account may not be equal to the combined total of individual items. Also, U.S. dollar amounts have been rounded down to the nearest thousand dollars.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which The 77 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 ¥102.92 to U.S.$1, the approximate rate of exchange at March 31, 2014. 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 include the accounts of the Bank and its subsidiaries (collectively, the "Companies"). There were six consolidated subsidiaries as of March 31, 2014 and 2013.

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

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profits included in assets resulting from transactions within the Companies are eliminated in consolidation.

b. Cash and Cash Equivalents—For the purpose of the consolidated statement of cash flows, cash and cash equivalents represent cash and amounts due from the Bank of Japan.

c. Trading Account Securities, Investment Securities and Money Held in Trust—Securities other than investments in affiliates are classified into three categories, based principally on the Companies' intent, as follows: (1) trading account securities, which are held for the purpose of earning capital gains in the near term, are reported at fair value and the related unrealized gains and losses are included in earnings; (2) held-to-maturity debt securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity, are reported at amortized cost; and (3) available-for-sale securities, which are not classified as either of the aforementioned securities, are reported at fair value with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity.

The cost of trading account securities and available-for-sale securities sold is determined based on the moving-average method.

Available-for-sale securities for which fair value is extremely difficult to identify are reported at cost determined by the moving-average method.

For other-than-temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

Securities included in money held in trust are also classified and accounted for using the same method as above.

The components of trust assets are accounted for based on the standard appropriate for each asset type. Instruments held in trust for trading purposes are recorded at fair value and unrealized gains and losses are recorded in other income/expenses. Instruments held in trust classified as available-for-sale are recorded at fair value with the corresponding unrealized gains/losses recorded directly in a separate component of equity. Instruments held in trust classified as held to maturity are carried at amortized cost.

d. Tangible Fixed Assets—Tangible fixed assets are stated at cost less accumulated depreciation and gains deferred on the sale and replacement of certain assets. Depreciation of tangible fixed assets, except for lease assets, is mainly computed using the declining-balance method at rates based on the estimated useful lives of the assets. The range of useful lives is principally from 5 to 31 years for buildings and from 4 to 20 years for equipment. Lease assets under finance lease transactions, in which substantial ownership is not deemed to have been transferred, are depreciated using the straight-line method over the lease term. The salvage value is zero or the guaranteed amounts if specified in the lease contracts (see Note 2.o).

e. Intangible Fixed Assets—The amortization of intangible fixed assets is calculated using the straight-line method. Capitalized costs of computer software developed/obtained for internal use are amortized using the straight-line method over the estimated useful lives of five years.

f. Long-Lived Assets—The Companies review their 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 ("DCFs") from the continued use and eventual disposition of the asset or the net selling price at disposition.

g. Foreign Currency Items—Assets and liabilities denominated in foreign currencies held by the Bank at year-end are translated into Japanese yen at the current exchange rates in effect at each consolidated balance sheet date. Exchange gains and losses are recognized in the fiscal periods in which they occur.

h. Reserve for Possible Loan Losses—The Bank determines the amount of the reserve for possible loan losses by means of management's judgment and assessment of future losses based on a self-assessment system. This system reflects past experience of credit losses, possible future credit losses, business and economic conditions, the character, quality and performance of the portfolio, and other pertinent indicators.

As part of the Bank's self-assessment system, the quality of all loans is assessed by branches and the credit supervisory division with a subsequent audit by the Bank's asset review and inspection division in accordance with the Bank's policy and rules for self-assessment of asset quality.

The Bank has established a credit rating system under which its debtors are classified into five categories. The credit rating system is used in the self-assessment of asset quality. All loans are classified into one of the following five categories for self-assessment purposes: "normal," "caution," "possible bankruptcy," "virtual bankruptcy," and "legal bankruptcy."

For large debtors who are likely to become bankrupt and debtors with restructured loans, if the cash flows from collection of the principal and interest can be reasonably estimated, the reserve is provided based on the difference between the relevant cash flows discounted by the initial contractual interest rates and the carrying amounts of the loans ("DCF method").

The reserve for other possible loan losses is calculated based on the specific actual past loss ratio for normal and caution categories and the fair value of the collateral for collateral-dependent loans and other solvency factors including the value of future cash flows for the other self-assessment categories.

The subsidiaries determine the reserve for possible loan losses by a similar self-assessment system as that of the Bank.

***i. Reserve for Reimbursement of Deposits*—**Reserve for reimbursement of deposits which were derecognized as liabilities is provided for the future estimated payments for reimbursement claims on sleeping deposit accounts based on the historical reimbursement experience.

***j. Reserve for Contingent Losses*—**Reserve for contingent losses is provided for the future estimated payments of burden money to the Credit Guarantee Corporations based on the historical experience of subrogation.

***k. Reserve for Disaster Losses*—**Reserve for disaster losses is provided for the future estimated payments of repairs required for restoration of the branches damaged by the Great East Japan Earthquake based on reasonable estimates.

***l. Employees' Retirement and Pension Plans*—**Projected retirement benefit obligations are attributed to periods on a straight-line basis in determining retirement benefit obligations. Treatment of prior service cost and actuarial gains and losses is as follows:

Prior service cost is charged to income when incurred.

Unrecognized actuarial differences are amortized by the straight-line method from the following fiscal year after the fiscal year when they were incurred over a definite period (10 years) with the employees' average remaining service period when incurred.

Consolidated subsidiaries apply a shortcut method whereby the amount of the retirement benefits required to be paid if all the employees voluntarily retired at the end of the fiscal year is regarded as retirement benefit obligations in determining the liability for employees' retirement benefits and retirement benefit costs.

(Additional Information)

On November 1, 2011, the Bank obtained approval from the Ministry of Health, Labour and Welfare regarding the return of past pension obligations of a substitute portion of the welfare pension fund and paid the amount of the return (minimum policy reserve) to the national government on July 18, 2013. As a result, the Bank recorded the difference between the estimated amount of the return at March 31, 2012, and the finalized fixed amount of the return under "Gain on transfer of a substitute portion of the government pension program fund." The effect of this return on profit or loss was ¥247 million ($2,399 thousand) for the year ended March 31, 2014.

(Accounting Change)

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.

In May 2012, the Accounting Standards Board of Japan (the "ASBJ") issued ASBJ Statement No. 26, "Accounting Standard for Retirement Benefits" ("Retirement Benefit Standard") and ASBJ Guidance No. 25, "Guidance on Accounting Standard for Retirement Benefits" ("Retirement Benefit Guidance"), 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 shall be treated as reclassification adjustments (see Note 2.s).

(c) The revised accounting standard also made certain amendments relating to the method of attributing expected benefit to periods and relating to 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, both 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 Bank applied the revised accounting standard and guidance for retirement benefits for (a) and (b) above, effective March 31, 2014. As a result, liability for retirement benefits of ¥37,439 million ($363,767 thousand) was recorded as of March 31, 2014, and accumulated other comprehensive income for the year ended March 31, 2014, decreased by ¥3,749 million ($36,426 thousand). The effect of this change on per share information is noted in Note 30.

***m. Asset Retirement Obligations*—**The asset retirement obligation is recognized as the sum of the DCFs 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 the 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.

***n. Stock Options*—** In December 2005, the ASBJ issued ASBJ Statement No. 8, "Accounting Standard for Stock Options," and related guidance. The new standard and guidance are applicable to stock options newly granted on and after May 1, 2006. This standard requires 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 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. The Bank has applied this accounting standard for stock options to those granted on and after May 1, 2006.

***o. 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. The revised accounting standard for lease transactions was effective for fiscal years beginning on or after April 1, 2008.

As a lessee
Under the previous accounting standard, finance leases that were deemed to transfer ownership of the leased property to the lessee were capitalized. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if capitalized" information was disclosed in the notes to the lessee's financial statements. The revised accounting standard requires that all finance lease transactions be capitalized to recognize lease assets and lease obligations in the balance sheet.

In addition, the accounting standard permits leases which existed at the transition date and do not transfer ownership of the leased property to the lessee to continue to be accounted for as operating lease transactions.

The Bank applied the revised accounting standard effective April 1, 2008. In addition, the Bank continues to account for leases which existed at the transition date and do not transfer ownership of the leased property to the lessee as operating lease transactions.

As a lessor
Under the previous accounting standard, finance leases that were deemed to transfer ownership of the leased property to the lessee were to be 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 should be recognized as lease receivables, and all finance leases that are deemed not to transfer ownership of the leased property to the lessee should be recognized as investments in leases.

p. 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 tax laws to the temporary differences.

q. Derivatives and Hedging Activities**—**It is the Bank's policy to use derivative financial instruments ("derivatives") primarily for the purpose of reducing market risks associated with its assets and liabilities. The Bank also utilizes derivatives to meet the needs of its clients while entering into derivatives as a part of its trading activities. The Bank enters into interest rate swaps and interest rate caps as a means of hedging its interest rate risk on certain loans and investment securities. The Bank also enters into currency swaps, foreign exchange forward contracts, and currency options to hedge foreign currency exchange risk associated with its assets and liabilities denominated in foreign currencies and to meet the needs of its clients. Furthermore, the Bank enters into interest rate futures, bond futures, bond future options, and foreign exchange forward contracts for a short term as part of its trading activities.

Derivatives are recognized as either assets or liabilities and measured at fair value. Gains or losses on derivative transactions are recognized in the consolidated statement of income. If derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, the gains or losses on derivatives are deferred until maturity of the hedged transactions.

The interest rate swaps which 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.

r. Per Share Information**—**Basic net income per share is computed by dividing net income attributable to common stockholders by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits.

Diluted net income per share reflects the potential dilution that could occur if securities were exercised or converted into common stock. Diluted net income per share 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 consolidated statement of income are dividends applicable to the respective years including dividends to be paid after the end of the year.

s. New Accounting Pronouncements
Accounting Standard for Retirement Benefits**—**On May 17, 2012, the ASBJ issued Retirement Benefit Standard and Retirement Benefit Guidance, 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.

Major changes are as follows:
(a) Treatment in the balance sheet
Under the current requirements, actuarial gains and losses and past service costs that are yet to be recognized in profit or loss are not recognized in the balance sheet, and the difference between retirement benefit obligations and plan assets (hereinafter, "deficit or surplus"), adjusted by such unrecognized amounts, is recognized as a liability or asset.

Under the revised accounting standard, actuarial gains and losses and past service costs that are yet to be recognized in profit or loss shall be recognized within equity (accumulated other comprehensive income), after adjusting for tax effects, and any resulting deficit or surplus shall be recognized as a liability (liability for retirement benefits) or asset (asset for retirement benefits).
(b) Treatment in the statement of income and the statement of comprehensive income
The revised accounting standard does not change how to recognize actuarial gains and losses and past service costs in profit or loss. Those amounts would be 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 shall be 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 shall be treated as reclassification adjustments.
(c) Amendments relating to the method of attributing expected benefit to periods and relating to the discount rate and expected future salary increases
The revised accounting standard also made certain amendments relating to the method of attributing expected benefit to periods and relating to 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, both 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 Bank applied the revised accounting standard for (a) and (b) above effective March 31, 2014, and expects to apply (c) above from April 1, 2014.

The Bank estimates that the effect of applying the revised accounting standard for (c) above will be to decrease retained earnings at the beginning of the year beginning on April 1, 2014 by ¥1,426 million ($13,855 thousand).

3. Cash And Cash Equivalents

The reconciliation of cash and cash equivalents at the end of the fiscal year and cash and due from banks in the consolidated balance sheets as of March 31, 2014 and 2013, was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Cash and due from banks	¥507,353	¥595,492	$4,929,586
Due from banks, excluding due from the Bank of Japan	(2,829)	22,320	(27,487)
Cash and cash equivalents at the end of year	¥504,523	¥573,172	$4,902,089

4. Trading Account Securities And Investment Securities

Trading account securities as of March 31, 2014 and 2013, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
National government bonds	¥ 1,029	¥ 984	$ 9,998
Local government bonds	3,105	2,381	30,169
Other securities	11,998	20,995	116,575
Total	¥16,132	¥24,361	$156,743

Investment securities as of March 31, 2014 and 2013, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
National government bonds	¥2,160,674	¥2,000,514	$20,993,723
Local government bonds	81,747	92,247	794,277
Corporate bonds	933,935	865,697	9,074,378
Equity securities	113,090	98,526	1,098,814
Other securities	440,896	357,921	4,283,870
Total	¥3,730,344	¥3,414,907	$36,245,083

Securities loaned under securities lending agreements are included in the above national government bonds in the amount of ¥10,098 million ($98,115 thousand) as of March 31, 2014.

The carrying amounts and aggregate fair values of securities at March 31, 2014 and 2013, were as follows:

Securities below include trading account securities and investment securities:

	Millions of Yen			
	2014			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Trading				¥ 16,132
Available-for-sale:				
Equity securities*	¥ 60,190	¥51,964	¥1,076	111,078
Debt securities	3,123,636	39,320	109	3,162,847
Other securities*	414,300	30,745	5,913	439,132
Held to maturity	13,509	39	3	13,544

	Millions of Yen			
	2013			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Trading				¥ 24,361
Available-for-sale:				
Equity securities*	¥ 59,041	¥39,126	¥2,106	96,061
Debt securities	2,903,390	44,728	1,467	2,946,651
Other securities*	346,171	15,456	4,618	357,008
Held to maturity	11,807	95	2	11,900

	Thousands of U.S. Dollars			
	2014			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Trading				$ 156,743
Available-for-sale:				
Equity securities*	$ 584,823	$504,897	$10,454	1,079,265
Debt securities	30,350,136	382,044	1,059	30,731,121
Other securities*	4,025,456	298,727	57,452	4,266,731
Held to maturity	131,257	378	29	131,597

* Unlisted equity securities for which fair value is extremely difficult to identify are not included.

Securities, other than trading account securities, with readily determinable fair value, whose fair value significantly declined compared with the acquisition cost and whose fair value is not considered likely to recover to their acquisition cost, are written down to the respective fair value. The related losses on revaluation are charged to income for the fiscal year.

No impairment loss was recognized for securities for the year ended March 31, 2014.

Impairment losses were recognized for available-for-sale securities in the amount of ¥5,039 million for the year ended March 31, 2013.

The criteria for determining whether the fair value has “significantly declined” are defined based on the asset classification of the issuer in the internal standards for asset quality self-assessment as follows:

(a) Normal issuer: Fair value declined by 50% or more of the acquisition cost or fair value declined between 30% and 50% and average fair value during the past one month declined by 50% or more (30% or more for issuers who have credit risk more than a certain level).

(b) Caution issuers: Fair value declined by 30% or more of the acquisition cost.

(c) Legally bankrupt, virtually bankrupt, and possibly bankrupt issuers: Fair value is lower than the acquisition cost.

Proceeds from sales of available-for-sale securities for the years ended March 31, 2014 and 2013, were ¥106,718 million ($1,036,902 thousand) and ¥238,331 million, respectively. Gross realized gains and losses on these sales, computed on a moving average cost basis, were ¥1,548 million ($15,040 thousand) and ¥1,736 million ($16,867 thousand), respectively, for the year ended March 31, 2014, and ¥5,504 million and ¥2,880 million, respectively, for the year ended March 31, 2013.

Unrealized gains on available-for-sale securities for the years ended March 31, 2014 and 2013, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Valuation differences:			
Available-for-sale securities	¥114,931	¥ 91,118	$1,116,702
Available-for-sale money held in trust	7,008	2,894	68,091
Deferred tax liabilities	(41,348)	(32,275)	(401,748)
Minority interests	(182)	(145)	(1,768)
Unrealized gains on available-for-sale securities	¥ 80,409	¥ 61,593	$ 781,276

5. Money Held In Trust

The carrying amounts and aggregate fair values of money held in trust at March 31, 2014 and 2013, were as follows:

	Millions of Yen			
	2014			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Money held in trust classified as:				
Trading				¥30,645
Available-for-sale	¥21,581	¥7,008		28,590
Total	¥21,581	¥7,008		¥59,235

	Millions of Yen			
	2013			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Money held in trust classified as:				
Trading				¥29,474
Available-for-sale	¥21,581	¥2,894		24,476
Total	¥21,581	¥2,894		¥53,950

	Thousands of U.S. Dollars			
	2014			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Money held in trust classified as:				
Trading				$297,755
Available-for-sale	$209,687	$68,091		277,788
Total	$209,687	$68,091		$575,544

Available-for-sale securities held in trust, whose fair value significantly declined compared with the acquisition cost and whose fair value is not considered likely to recover to their acquisition cost, are written down to the respective fair value.

No impairment loss was recognized for money held in trust for the year ended March 31, 2014.

Impairment losses were recognized for money held in trust in the amount of ¥571 million for the year ended March 31, 2013.

The related impairment losses are charged to income for the fiscal year.

6. Loans And Bills Discounted

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

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Bills discounted	¥ 12,267	¥ 13,986	$ 119,189
Loans on bills	164,568	181,195	1,598,989
Loans on deeds	3,229,079	2,979,511	31,374,650
Overdrafts	592,294	587,927	5,754,897
Total	¥3,998,209	¥3,762,620	$38,847,736

Bills discounted are accounted for as financial transactions in accordance with "Treatment of Accounting and Auditing of Application of Accounting Standard for Financial Instruments in the Banking Industry" (the Japanese Institute of Certified Public Accountants (the "JICPA") Industry Audit Committee Report No. 24). The Bank has rights to sell or pledge these bills discounted. The total of the face value of bills discounted was ¥12,474 million ($121,200 thousand) and ¥14,265 million at March 31, 2014 and 2013, respectively.

Loans and bills discounted at March 31, 2014 and 2013, included the following loans:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Loans to borrowers in bankruptcy	¥ 1,185	¥ 1,704	$ 11,513
Past due loans	100,841	103,528	979,799
Past due loans (three months or more)	427	965	4,148
Restructured loans	32,122	37,926	312,106
Total	¥134,577	¥144,125	$1,307,588

Loans to borrowers in bankruptcy represent nonaccrual loans to debtors who are legally bankrupt, as defined in the Enforcement Ordinance for the Corporation Tax Law.

Past due loans are nonaccrual loans which include loans classified as "possible bankruptcy" and "virtual bankruptcy."

Nonaccrual loans are defined as loans (after the partial charge-off of claims deemed uncollectible) which the Bank has discontinued accruing interest income due to substantial doubt existing about the ultimate collection of principal and/or interest. Such loans are classified either as "possible bankruptcy" or "virtual bankruptcy" under the Bank's self-assessment guidelines.

In addition to past due loans as defined, certain other loans classified as "caution" under the Bank's self-assessment guidelines include past due loans (three months or more) which consist of loans for which the principal and/or interest is three months or more past due, but exclude loans to borrowers in bankruptcy and past due loans.

Restructured loans are loans where the Bank and its subsidiaries relax lending conditions by reducing the original interest rate or by forbearing interest payments or principal repayments to support the borrower's reorganization. Restructured loans exclude loans to borrowers in bankruptcy, past due loans or past due loans (three months or more).

7. Foreign Exchanges

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

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Assets			
Foreign exchange bills bought	¥ 211	¥ 281	$ 2,050
Foreign exchange bills receivable	63	87	612
Due from foreign correspondent accounts	6,364	1,654	61,834
Total	¥6,639	¥2,023	$64,506
Liabilities			
Foreign exchange bills sold	¥ 84	¥ 36	$ 816
Foreign exchange bills payable	79	73	767
Total	¥164	¥110	$1,593

8. Tangible Fixed Assets

The accumulated depreciation of tangible fixed assets at March 31, 2014 and 2013, amounted to ¥76,186 million ($740,244 thousand) and ¥74,139 million, respectively.

As of March 31, 2014 and 2013, deferred gains for tax purposes of ¥7,777 million ($75,563 thousand) and ¥7,829 million on tangible fixed assets sold and replaced with similar assets have been deducted from the cost of newly acquired tangible fixed assets, respectively.

9. Long-Lived Assets

The Bank recognized impairment losses of ¥121 million ($1,175 thousand) and ¥787 million on certain operating branches, business premises, branches to be closed, and unused facilities for the years ended March 31, 2014 and 2013, respectively.

The impairment losses were composed of ¥100 million ($971 thousand) on buildings, ¥10 million ($97 thousand) on land and ¥10 million ($97 thousand) on other fixed assets for the year ended March 31, 2014, and ¥100 million on buildings, ¥420 million on land and ¥266 million on other fixed assets for the year ended March 31, 2013.

For the purpose of testing for impairment, the Bank recognizes each individual branch office as a cash-generating unit for which it continues to manage and monitor identifiable cash flows. Branch offices to be closed and facilities not used in operation are individually assessed for impairment. Subsidiaries recognize each company as a cash-generating unit. 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 DCFs from the continued use and eventual disposition of the asset or the net selling price at disposition. The DCFs were calculated using discount rates of 2.9% and 3.2% for the years ended March 31, 2014 and 2013, respectively, and the net selling price was determined by quotation from a third-party vendor.

10. Customers' Liabilities For Acceptances And Guarantees

All contingent liabilities arising from acceptances and guarantees are reflected in "Acceptances and guarantees." "Customers' liabilities for acceptances and guarantees" are shown as contra assets, representing the Bank's right to receive indemnity from the applicants.

In accordance with Cabinet Office Ordinance No. 38, "Customers' liabilities for acceptances and guarantees" and "Acceptances and guarantees" are offset.

The amount of guarantee obligations for privately placed corporate bonds included in securities as of March 31, 2014 and 2013, was ¥5,974 million ($58,045 thousand) and ¥8,113 million, respectively.

11. Assets Pledged

Assets pledged as collateral and their relevant liabilities at March 31, 2014 and 2013, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Assets pledged as collateral:			
Investment securities	¥250,249	¥234,680	$2,431,490
Other assets	141	141	1,369
Relevant liabilities to above assets:			
Deposits	59,071	38,985	573,950
Payables under securities lending transactions	33,974	18,489	330,101

Additionally, investment securities amounting to ¥131,947 million ($1,282,034 thousand) and ¥136,358 million at March 31, 2014 and 2013, respectively, are pledged as collateral for transactions, such as exchange settlement transactions or as substitute securities for future transaction initial margin and others.

Other assets include guarantee deposits for leased tangible fixed assets (lessee side) amounting to ¥98 million ($952 thousand) and ¥98 million at March 31, 2014 and 2013, respectively.

12. Loan Commitments

Contracts of overdraft facilities and loan commitments are contracts with customers to lend up to the prescribed limits in response to customers' applications for a loan, as long as there is no violation of any condition within the contracts. As of March 31, 2014, the unused amount of such contracts totals ¥1,576,948 million ($15,322,075 thousand), of which amounts with original agreement terms of less than one year were ¥1,537,212 million ($14,935,989 thousand).

Since many of the commitments expire without being drawn upon, the unused amount does not necessarily represent a future cash requirement. Most of these contracts have conditions allowing the Companies to refuse customers' applications for a loan or decrease the contract limits with proper reasons (e.g., changes in financial situation, deterioration in customers' creditworthiness). At the inception of the contracts, the Companies obtain collateral real estate, securities, etc., if considered to be necessary. Subsequently, the Companies perform a periodic review of the customers' business results based on internal rules and take necessary measures to reconsider conditions in contracts and require additional collateral and guarantees.

13. Deposits

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

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Current deposits	¥ 166,223	¥ 181,771	$ 1,615,069
Ordinary deposits	4,199,006	4,053,595	40,798,736
Deposits at notice	16,030	17,395	155,752
Time deposits	2,496,970	2,408,063	24,261,270
Negotiable certificates of deposit	743,420	852,790	7,223,280
Other deposits	250,229	232,188	2,431,296
Total	¥7,871,879	¥7,745,804	$76,485,415

14. Borrowed Money

Borrowed money as of March 31, 2014 and 2013, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Borrowings from banks and other	¥25,240	¥27,802	$245,239

Borrowed money as of March 31, 2014 and 2013, included subordinated borrowings in the amount of ¥20,000 million ($194,325 thousand).

Annual maturities of borrowed money as of March 31, 2014, were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2015	¥ 2,082	$ 20,229
2016	1,122	10,901
2017	899	8,734
2018	585	5,684
2019	211	2,050
2020 and thereafter	20,339	197,619
Total	¥25,240	$245,239

At March 31, 2014 and 2013, the weighted-average annual interest rates applicable to borrowed money were 0.357% and 0.425%, respectively.

Investments in leases amounting to ¥2,980 million are placed under quasi pledge arrangements for borrowings from banks and other amounting to ¥2,484 million at March 31, 2013.

15. Liability For Employees' Retirement Benefits

The Companies have severance payment plans consisting of contributory pension fund plans and noncontributory lump-sum payment plans for employees.

Under most circumstances, employees terminating their employment are entitled to retirement benefits based on the rate of pay at the time of termination, years of service, and certain other factors. Such retirement benefits are made in the form of a lump-sum severance payment from the Companies and annuity payments from trustees. Employees are entitled to larger payments if the termination is involuntary, by retirement at the mandatory retirement age, by death or by voluntary retirement at certain specific ages prior to the mandatory retirement age.

Year Ended March 31, 2014

On November 1, 2011, the Bank obtained approval from the Minister of Health, Labour and Welfare for the return of the Bank's substitute portion of the welfare pension fund and made a payment of the corresponding amount of the return (minimum policy reserves) to the national government on July 18, 2013.

(1) The changes in projected benefit obligation for the year ended March 31, 2014, were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Balance at beginning of year	¥ 75,214	$ 730,800
Service cost	1,451	14,098
Interest cost	1,173	11,397
Actuarial losses	4,368	42,440
Benefits paid	(3,335)	(32,403)
Prior service cost		
Decrease due to return of substitute portion of welfare pension fund	(16,132)	(156,743)
Others	189	1,836
Balance at end of year	¥ 62,929	$ 611,436

(2) The changes in plan assets for the year ended March 31, 2014, were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Balance at beginning of year	¥ 38,469	$ 373,775
Expected return on plan assets	670	6,509
Actuarial losses	2,079	20,200
Contributions from the employer	1,778	17,275
Benefits paid	(1,812)	(17,605)
Decrease due to return of substitute portion of welfare pension fund	(15,884)	(154,333)
Others	189	1,836
Balance at end of year	¥ 25,490	$ 247,668

(Note) Plan assets related to the multiemployers' welfare pension fund plans adopted by certain consolidated subsidiaries are not included in the above plan assets.

(3) Reconciliation between the liability recorded in the consolidated balance sheet and the balances of projected benefit obligation and plan assets as of March 31, 2014

	Millions of Yen	Thousands of U.S. Dollars
Funded projected benefit obligation	¥ 44,595	$ 433,297
Plan assets	(25,490)	(247,668)
	19,105	185,629
Unfunded projected benefit obligation	18,334	178,138
Net liability arising from projected benefit obligation	¥ 37,439	$ 363,767

	Millions of Yen	Thousands of U.S. Dollars
Liability for retirement benefits	¥37,439	$363,767
Asset for retirement benefits		
Net liability arising from defined benefit obligation	¥37,439	$363,767

(4) The components of net periodic retirement benefit costs for the year ended March 31, 2014, were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Service cost	¥1,468	$14,263
Interest cost	1,173	11,397
Expected return on plan assets	(670)	(6,509)
Recognized actuarial losses	672	6,529
Amortization of prior service cost		
Others		
Net periodic retirement benefit costs	¥2,645	$25,699

(Notes) 1. Employees' contribution to corporate pension funds is deducted for the year ended March 31, 2014.
2. Retirement benefit costs of the consolidated subsidiaries which adopt a shortcut method are included in "Service cost."

(5) Accumulated other comprehensive income on projected retirement benefit plans as of March 31, 2014

	Millions of Yen	Thousands of U.S. Dollars
Unrecognized prior service cost		
Unrecognized actuarial losses	¥5,794	$56,296
Others		
Total	¥5,794	$56,296

(6) Plan assets as of March 31, 2014

a. Components of plan assets

Plan assets consisted of the following:

Debt investments	28%
Equity investments	43
Cash and cash equivalents	1
Life insurance company accounts (general accounts)	25
Others	3
Total	100%

b. Method of determining the long-term expected rate of return on plan assets

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

(7) Assumptions used for the year ended March 31, 2014, were set forth as follows:

Discount rate	1.5%
Long-term expected rate of return on plan assets	3.0%

Year Ended March 31, 2013

The liability for employees' retirement benefits at March 31, 2013, consisted of the following:

	Millions of Yen
Projected benefit obligation	¥ 75,214
Fair value of plan assets	(38,469)
Unrecognized net actuarial loss	(4,178)
Net liability	¥ 32,566

(Notes) 1. At March 31, 2013, in connection with the return of the Bank's substitute portion of the welfare pension fund, the corresponding amount of the return (minimum policy reserves) measured as of November 1, 2011, when the return was approved, is included in the above table.
2. The consolidated subsidiaries adopt a shortcut method in computing projected benefit obligation. In addition, pension plan assets related to the multiemployers' welfare pension fund plans adopted by certain consolidated subsidiaries are not included in the above plan assets.

The components of net periodic retirement benefit costs for the year ended March 31, 2013, were as follows:

	Millions of Yen
Service cost	¥1,497
Interest cost	1,166
Expected return on plan assets	(601)
Amortization of prior service cost	
Recognized actuarial loss	1,365
Net periodic retirement benefit costs	¥3,427

(Notes) 1. Employees' contribution to corporate pension funds is deducted for the year ended March 31, 2013.
2. Retirement benefit costs of the consolidated subsidiaries which adopt a shortcut method are included in "Service cost."

Assumptions used for the year ended March 31, 2013, were set forth as follows:

Discount rate	2.0%
Expected rate of return on plan assets	3.0%
Inter-period allocation method of estimated retirement benefits	Straight-line method over the period
Amortization period of prior service cost	Fully charged to income when incurred
Recognition period of actuarial gain/loss	10 years

16. Asset Retirement Obligations

Asset retirement obligations which were recognized on the consolidated balance sheets for the years ended March 31, 2014 and 2013, were as follows:

a. Overview of asset retirement obligations

Asset retirement obligations are recognized for obligations of restoring leased buildings, such as branch premises, to their original state, based on the real estate lease contracts and asbestos removal costs.

b. Calculation of asset retirement obligations

Asset retirement obligations are calculated based on the estimated available periods of 16 to 31 years depending on the expected useful lives of buildings using the discount rates from 1.604% to 2.324%.

c. The changes in asset retirement obligations for the years ended March 31, 2014 and 2013, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	**2014**
Balance at beginning of year	**¥645**	¥628	**$6,267**
Increase due to acquisition of tangible assets	**9**	4	**87**
Reconciliation associated with passage of time	**11**	12	**106**
Decrease due to execution of asset retirement obligations	**(42)**		**(408)**
Other	**(8)**		**(77)**
Balance at end of year	**¥614**	¥645	**$5,965**

17. Equity

Japanese banks are subject to the Banking Law and to the Companies Act. The significant provisions in the Companies Act and the Banking Law 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 general meeting of stockholders. For companies that meet certain criteria such as (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. The Companies Act permits companies to distribute dividends-in-kind (noncash assets) to stockholders subject to certain limitations and additional requirements. 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 Bank can do so because it stipulates this in its articles of incorporation. 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 stockholders, 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 Banking Law requires that an amount equal to 20% 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 total of the aggregate amount of the legal reserve and additional paid-in capital equals 100% of stated capital.

Under the Companies Act and the Banking Law, the aggregate amount of additional paid-in capital and the legal reserve that exceeds 100% of the stated capital may be made available for dividends by resolution of the stockholders after transferring such excess to retained earnings in accordance with the Companies Act. Under the Companies Act, the total amount of additional paid-in capital and the legal reserve may be reversed without limitation. The Companies Act also provides that stated capital, legal reserve, additional paid-in capital, other capital surplus, and retained earnings can be transferred among the accounts under certain conditions upon resolution of the stockholders.

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 stockholders 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.

18. Stock Options

Expenses related to stock options in the amount of ¥133 million ($1,292 thousand) and ¥142 million are recorded under general and administrative expenses for the years ended March 31, 2014 and 2013, respectively.

The stock options outstanding as of March 31, 2014, are as follows:

Nature and extent of stock options:

	2009 Stock Option	2010 Stock Option	2011 Stock Option	2012 Stock Option	2013 Stock Option
Persons granted	16 directors of the Bank	16 directors of the Bank	16 directors of the Bank	16 directors of the Bank	15 directors of the Bank (excluding external directors)
Number of stock options by type of share*	281,800 shares of common stock of the Bank	357,500 shares of common stock of the Bank	498,900 shares of common stock of the Bank	498,900 shares of common stock of the Bank	296,800 shares of common stock of the Bank
Date of grant	August 3, 2009	August 2, 2010	August 1, 2011	July 27, 2012	July 29, 2013
Vesting conditions	Not defined	Not defined	Not defined	Not defined	Not defined
Eligible service period	Not defined	Not defined	Not defined	Not defined	Not defined
Exercise period	From August 4, 2009 to August 3, 2034	From August 3, 2010 to August 2, 2035	From August 2, 2011 to August 1, 2036	From July 28, 2012 to July 27, 2037	From July 30, 2013 to July 29, 2038

**Number of stock options is converted into number of shares.*

Stock option activity is as follows:

	2009 Stock Option	2010 Stock Option	2011 Stock Option	2012 Stock Option	2013 Stock Option
			(Shares)		
Non-vested					
March 31, 2013—Outstanding	215,800	295,500	455,700	498,900	
Granted					296,800
Forfeited					
Vested	44,300	57,800	80,700	80,700	
March 31, 2014—Outstanding	171,500	237,700	375,000	418,200	296,800
Vested					
March 31, 2013—Outstanding					
Vested	44,300	57,800	80,700	80,700	
Exercised	44,300	57,800	80,700	80,700	
Forfeited					
March 31, 2014—Outstanding					

Unit price information is as follows:

	2009 Stock Option	2010 Stock Option	2011 Stock Option	2012 Stock Option	2013 Stock Option
Exercise price	¥1 ($0.00)	¥1 ($0.00)	¥1 ($0.00)	¥1 ($0.00)	¥1 ($0.00)
Average stock price at the time of exercise	¥477 ($4.63)	¥477 ($4.63)	¥477 ($4.63)	¥477 ($4.63)	
Fair value at the date of grant	¥523 ($5.08)	¥415 ($4.03)	¥317 ($3.08)	¥275 ($2.67)	¥444 ($4.31)

The estimation method of the fair value of the 2013 Stock Option granted in the year ended March 31, 2014, is as follows:

(1) The valuation technique used is the Black-Scholes option-pricing model.

(2) Major basic factors and estimation method:

Stock price volatility (see Note 1 below)	32.425%
Expected remaining service period (see Note 2 below)	4 years and 3 months
Expected cash dividend (see Note 3 below)	¥7 per share
Risk-free interest rate (see Note 4 below)	0.244%

(Notes) 1. Stock price volatility is computed based on past stock prices during the period from April 2009 to July 2013 corresponding to the expected remaining period.

2. The expected remaining service period is estimated by deducting the current service period and age from the presumed remaining service period calculated from average terms of office and retirement ages of the directors who retired within the past 10 years.

3. Actual cash dividends for the fiscal year ended March 31, 2013

4. Risk-free interest rate refers to yields of Japanese government bonds corresponding to the expected remaining period.

The estimation method of the number of stock options to be vested:

The Bank uses the method to reflect the actual forfeited options, since it is difficult to estimate the number of stock options to be forfeited in the future on a reasonable basis.

19. Other Operating Income

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

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	**2014**
Gain on sales and redemption of bonds and other securities	**¥ 1,188**	¥ 4,476	**$ 11,542**
Lease receipts	**7,718**	9,093	**74,990**
Other	**3,047**	3,282	**29,605**
Total	**¥11,954**	¥16,852	**$116,148**

20. Other Income

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

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	**2014**
Gains on sales of stocks and other securities	**¥ 826**	¥1,154	**$ 8,025**
Gains on sales of money held in trust	**1,276**	1,147	**12,397**
Gains on sales of tangible fixed assets	**47**	35	**456**
Other	**1,513**	1,216	**14,700**
Total	**¥3,665**	¥3,553	**$35,610**

21. Other Operating Expenses

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

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	**2014**
Losses on sales, redemption and devaluation of bonds and other securities	**¥ 3,574**	¥ 5,935	**$ 34,726**
Lease costs	**6,956**	8,444	**67,586**
Other	**954**	963	**9,269**
Total	**¥11,485**	¥15,343	**$111,591**

22. Other Expenses

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

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Bad debt losses	¥ 68	¥ 14	$ 660
Losses on dispositions of money held in trust	118	522	1,146
Losses on sales of loans	895	793	8,696
Losses on impairments and disposals of fixed assets	179	950	1,739
Provision for reserve for reimbursement of deposits	197	257	1,914
Other	694	1,812	6,743
Total	¥2,155	¥4,350	$20,938

23. Income Taxes

The Companies are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 37.9% for the years ended March 31, 2014 and 2013.

The tax effects of significant temporary differences which resulted in deferred tax assets and liabilities at March 31, 2014 and 2013, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Deferred tax assets:			
Reserve for possible loan losses	¥ 29,714	¥ 32,398	$ 288,709
Liability for employees' retirement benefits	13,240	11,674	128,643
Fixed assets (depreciation)	5,656	5,855	54,955
Losses on devaluation of stocks and other securities	2,304	2,680	22,386
Other	7,087	7,112	68,859
Less valuation allowance	(19,527)	(18,345)	(189,729)
Total	38,477	41,376	373,853
Deferred tax liabilities:			
Unrealized gains on available-for-sale securities	41,348	32,275	401,748
Fixed assets (deferred gain on sales and replacements)	390	406	3,789
Other	9	7	87
Total	41,748	32,689	405,635
Net deferred tax (liabilities) assets	¥ (3,271)	¥ 8,687	$ (31,781)

A reconciliation between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statement of income for the year ended March 31, 2014, was as follows, whereas a reconciliation for the year ended March 31, 2013, is not required under Japanese accounting standards, since the difference is less than 5% of the normal effective statutory tax rate.

	2014
Normal effective statutory tax rate	37.9%
Expenses not deductible for income tax purposes	0.3
Nontaxable dividend income	(2.6)
Inhabitants taxes	0.2
Valuation allowance	4.4
Reduction of deferred tax assets due to tax rate changes	2.4
Other—net	(0.4)
Actual effective tax rate	42.2%

Adjustments of deferred tax assets and liabilities due to a change in the corporate income tax rate:
"Partial Amendments to Income Tax Act, etc." (Act No. 10, 2014) enacted on March 31, 2014, has repealed the Special Reconstruction Corporate Tax from the year beginning on or after April 1, 2014. As a result, the normal effective statutory tax rate to be used in computing deferred tax assets and liabilities has been reduced from 37.9% to 35.5% for the temporary differences expected to be eliminated in the years beginning on or after April 1, 2014. As a result, deferred tax assets decreased by ¥81 million ($787 thousand), deferred tax liabilities increased by ¥607 million ($5,897 thousand) and income taxes—deferred increased by ¥689 million ($6,694 thousand).

24. Other Comprehensive Income

The components of other comprehensive income for the years ended March 31, 2014 and 2013, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Unrealized gains on available-for-sale securities:			
Gain arising during the year	¥25,974	¥ 50,885	$252,370
Reclassification adjustment to profit or loss	1,952	6,322	18,966
Amount before income tax effect	27,926	57,208	271,336
Income tax effect	(9,072)	(19,459)	(88,146)
Total	¥18,853	¥ 37,748	$183,181
Deferred gains (losses) on derivatives under hedge accounting:			
Loss arising during the year	¥ (65)	¥ (275)	$ (631)
Reclassification adjustment to profit or loss	204	234	1,982
Amount before income tax effect	139	(41)	1,350
Income tax effect	(49)	14	(476)
Total	¥ 90	¥ (26)	$ 874
Total other comprehensive income	¥18,943	¥ 37,722	$184,055

25. Leases

Finance Leases

a. Lessee
The Companies lease certain machinery, computer equipment, and other assets including software.

b. Lessor
A subsidiary leases certain equipment and other assets to various customers.

The net investments in leases at March 31, 2014 and 2013, are summarized as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Gross lease receivables	¥17,612	¥17,612	$171,123
Estimated residual values	1,039	1,057	10,095
Unearned interest income	(2,073)	(2,104)	(20,141)
Investments in leases	¥16,577	¥16,566	$161,066

Maturities of investment in leases for finance leases that are deemed not to transfer ownership of the leased property to the lessee as of March 31, 2014, are as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2015	¥ 6,012	$ 58,414
2016	4,678	45,452
2017	3,393	32,967
2018	2,076	20,171
2019	1,007	9,784
2020 and thereafter	444	4,314
Total	¥17,612	$171,123

Operating Leases
As of March 31, 2014 and 2013, future lease payment receivables including interest receivables under noncancelable operating leases were as follows:
Future Lease Payment Receivables

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	**2014**
Due within one year	**¥3**	¥15	**$29**
Due after one year		3	
Total	**¥3**	¥18	**$29**

26. Financial Instruments And Related Disclosures

(1) Group Policy for Financial Instruments
The Companies provide financial services such as credit card business and leasing operations in addition to banking operations. In the course of these operations, the Companies raise funds principally through deposit taking and invest funds in loans, securities, and others. As such, the Bank holds financial assets and liabilities which are subject to fluctuation in interest rates and conducts comprehensive Asset and Liability Management ("ALM") to avoid unfavorable effects from interest rate fluctuations. Derivatives are also employed by the Bank as part of ALM.
(2) Nature and Extent of Risks Arising from Financial Instruments
Financial assets held by the Companies mainly consist of loans to domestic corporations, local government agencies, and individual customers which are exposed to credit risk that the Companies may suffer from losses resulting from nonperformance of borrowers and interest rate risk that the Companies may suffer from losses resulting from fluctuations in interest rates.

Securities, mainly debt securities, equity securities, and investment trusts are held to maturity and for other purposes and also certain debt securities are held for the purpose of selling to customers. These securities are exposed to credit risk of issuers and market risks of fluctuations in interest rates and market prices. In addition, they are exposed to market liquidity risk that the Companies may suffer from losses resulting from difficulties in executing financial transactions in certain environments such as market turmoil.

Financial liabilities, mainly consisting of liquid deposits or time deposits taken from corporate and individual customers, are exposed to cash flow risk that the Bank may experience a situation where unexpected cash flows are incurred in certain environments where the credit rating of the Bank may be lowered and, accordingly, necessary funding may become difficult.

Foreign currency denominated assets and liabilities are exposed to foreign exchange risk that the Bank may suffer from losses resulting from fluctuations in foreign exchange rates.

Derivatives mainly include interest rate swaps and bond futures, which are used to manage exposure to market risks from changes in interest rates of loans and debt securities, and foreign exchange forward contracts, which are used to hedge foreign exchange risk associated with foreign currency-denominated assets and liabilities. Hedge accounting is applied to certain hedging activities related to loans as hedged items.
(3) Risk Management for Financial Instruments
Credit risk management
The Bank has established the "Credit Risk Control Policy" as a basic policy for credit risk management and various rules concerning credit risk management. Based on these policies and rules, the Companies clarify fundamental approaches to secure the soundness of assets and control procedures for identifying, monitoring, and controlling credit risk. Additionally, the Bank utilizes the "Credit Rating System" applied to counterparties granted with credit from the viewpoint of identifying credit risk objectively and enhancing credit risk control.

In addition, as an organization responsible for credit risk management, credit risk control functions and review functions have been established to secure the effectiveness of credit risk management.

The Risk Management Division, as a credit risk control function, is engaged in identifying the level of future possible credit risk and the status of credit concentration in major borrowers through measurement of the level of credit risk and analysis of credit portfolios.

The Credit Supervision Division, as a review control function, is engaged in reviewing lending operations based on strict examination standards, system development for strengthening the daily control of loan receivables, and appropriate maintenance of operational procedures.
Market risk management
a. Market Risk Management System
The Bank has established the "Market Risk Control Policy" as a basic policy for market risk management and various rules concerning market risk management. Based on these policies and rules, the Bank clarifies fundamental approaches for appropriate market risk control operations and control procedures for identifying, monitoring and controlling market risk.

As an organization responsible for market risk management, a market risk control function (middle office) has been established and furthermore, an operating function (front office) and an administration function (back office) have been separated. Additionally, market risk control function staff are assigned to the operating function to secure the effectiveness of market risk management.

The Risk Management Division, as a market risk control function, measures the level of market risk of the Bank as a whole using Value-at-Risk ("VaR") approach models and other models and regularly monitors the compliance status with position limits and loss limits established according to the type and characteristics of transactions to control the level of market risk within a certain range.

In addition, an ALM and Income Control Committee were established for the purpose of studying flexible investment strategies in order to prevent risks resulting from fluctuations in interest rates and market prices, while forecasting future interest rates, market prices, and trends of fund and business conditions. The committee is also responsible for securing the soundness of management and also improving profitability at the same time based on appropriate asset and liability management through the unification of risk management and earnings control.
b. Quantitative Information about Market Risk
The Bank adopts the variance-covariance method (holding period: 125 business days for strategic equity securities and 60 business days for others, confidence interval: 99.0%, observation period: 250 business days) in computing the VaR with respect to securities, Japanese yen deposits and loans, and Japanese yen money market funds. The volume of market risk (estimated losses) that the Bank is exposed to as of March 31, 2014, amounts to ¥91,671 million ($890,701 thousand) (¥73,434 million in 2013) as a whole. However, the risk under certain abnormal market fluctuations may not be captured, since under the VaR method, the market risk volume under a definite probability of incidence statistically computed is measured based on historical market fluctuations.

The Bank implements back testing to compare the VaR computed by the model with actual profit and loss in the securities and confirms that the measurement model in use captures the market risk with sufficient precision.
Liquidity risk management
The Bank has established the "Liquidity Risk Control Policy" as a basic policy for liquidity risk management and various rules concerning liquidity risk management. Based on these policies and rules, the Bank clarifies fundamental approaches for stable funding operations and control procedures for identifying, monitoring and controlling liquidity risk. In addition, the Bank has established the "Contingency Plan for Liquidity" to enable it to make quick and correct responses to unexpected events.

Furthermore, as an organization responsible for liquidity risk management, the liquidity risk control function has been established and a cash management function and a settlement control function have been established to control daily cash management and settlement related to cash and securities.

The Risk Management Division, as a liquidity risk control function, manages the liquidity risk of the Bank as a whole by identifying, monitoring and controlling liquidity risk.

The Treasury Administration and International Division, as a cash management control function and settlement control function, prepares daily or monthly cash flow projections and conducts cash management by identifying possible funds and liquidity of assets and verifying the concentration of settlement of major account funds to certain date. The Division also controls settlement by identifying the status of settlement through systems such as the BOJ-NET and among financial institutions.

Risk management system of subsidiaries

The subsidiaries have a risk management system similar to that of the Bank.

(4) Supplementary Explanation about Fair Values of Financial Instruments

The fair values of financial instruments include, in addition to the value determined based on market prices, valuations calculated on a reasonable basis if no market prices are available. Since certain assumptions are used in calculating the value, the outcome of such calculation may vary if different assumptions are used.

(5) Fair Values of Financial Instruments

The carrying amount, the fair value, and their related differences as of March 31, 2014 and 2013, are disclosed below. Note that unlisted equity securities for which fair value is extremely difficult to identify are not included in the following table (see Note 2 below) and insignificant accounts in terms of the carrying amount are omitted:

	Millions of Yen		
March 31, 2014	Carrying Amount	Fair Value	Difference
(1) Cash and due from banks	¥ 507,353	¥ 507,353	
(2) Call loans and bills bought	161,091	161,091	
(3) Investment securities	3,726,567	3,726,603	¥ 35
Held-to-maturity securities	13,509	13,544	35
Available-for-sale securities	3,713,058	3,713,058	
(4) Loans and bills discounted	3,998,209		
Reserve for possible loan losses*	(88,984)		
	3,909,225	3,949,457	40,232
Total assets	¥8,304,237	¥8,344,505	¥40,268
(1) Deposits	¥7,871,879	¥7,872,910	¥ 1,031
Total liabilities	¥7,871,879	¥7,872,910	¥ 1,031

	Millions of Yen		
March 31, 2013	Carrying Amount	Fair Value	Difference
(1) Cash and due from banks	¥ 595,492	¥ 595,492	
(2) Call loans and bills bought	371,507	371,507	
(3) Investment securities	3,411,529	3,411,622	¥ 92
Held-to-maturity securities	11,807	11,900	92
Available-for-sale securities	3,399,721	3,399,721	
(4) Loans and bills discounted	3,762,620		
Reserve for possible loan losses*	(94,430)		
	3,668,189	3,721,384	53,194
Total assets	¥8,046,719	¥8,100,006	¥53,286
(1) Deposits	¥7,745,804	¥7,748,033	¥ 2,229
Total liabilities	¥7,745,804	¥7,748,033	¥ 2,229

	Thousands of U.S. Dollars		
March 31, 2014	Carrying Amount	Fair Value	Difference
(1) Cash and due from banks	$ 4,929,586	$ 4,929,586	
(2) Call loans and bills bought	1,565,205	1,565,205	
(3) Investment securities	36,208,385	36,208,734	$ 340
Held-to-maturity securities	131,257	131,597	340
Available-for-sale securities	36,077,127	36,077,127	
(4) Loans and bills discounted	38,847,736		
Reserve for possible loan losses*	(864,593)		
	37,983,142	38,374,047	390,905
Total assets	$80,686,329	$81,077,584	$391,255
(1) Deposits	$76,485,415	$76,495,433	$ 10,017
Total liabilities	$76,485,415	$76,495,433	$ 10,017

*General and specific reserves for possible loan losses corresponding to loans and bills discounted are deducted.

Notes:

1. Calculation method for the fair value of financial instruments

Assets:

(1) Cash and due from banks

For due from banks, the carrying amount is presented as the fair value since the fair value approximates the carrying amount.

(2) Call loans and bills bought

For call loans and bills bought, the carrying amount is presented as the fair value since the fair value approximates the carrying amount.

(3) Investment securities

The fair values of equity securities and debt securities are determined using the quoted price of the stock exchange, Japan Securities Dealers Association, or the price calculated by financial institutions. The fair value of investment trust is determined using the published standard quotation or the standard quotation offered by the securities investment advisors. With respect to privately placed guaranteed bonds, the fair value is determined using the future cash flows (coupons, redemption of principal, guarantee fees) discounted at an interest rate considering the market interest rates and issuers' credit risk.

(4) Loans and bills discounted

With respect to loans with floating interest rates, the carrying amount is presented as the fair value since the fair value approximates the carrying amount as they reflect the market interest rates in a short period, unless the creditworthiness of the borrower has changed significantly since the loan origination. With respect to loans with fixed interest rates, for each category of loans based on the type of loan, internal ratings, and maturity length, the fair value is determined based on the present value of expected cash flows of aggregated principal and interest discounted at a rate which is the rate assumed if a new loan were made, or market interest rate, which is adjusted by the standard spread (including overhead ratio) by credit rating. The carrying amount is presented as the fair value if the maturity is within a short time period (less than one year) and the fair value approximates the carrying amount.

For receivables from "legally bankrupt," "virtually bankrupt," and "possibly bankrupt" borrowers, possible loan losses are estimated based on the DCF method or factors such as the expected amounts to be collected from collateral and guarantees. Since the fair value of these items approximates the carrying amount, net of the currently expected loan losses, such carrying amount is presented as the fair value.

For loans for which the repayment due date is not defined because of the characteristics that the loan amount is limited within the pledged assets, the carrying amount is presented as the fair value since the fair value is assumed to approximate the carrying amount considering the expected repayment schedule and terms on the interest rates.

Liabilities:

(1) Deposits

Regarding demand deposits, the amount payable as of the balance sheet date (i.e., the carrying amount) is considered to be the fair value. Time deposits and negotiable certificates of deposit are grouped by maturity length, and the fair value is determined using the present value of the aggregate amounts of principal and interest discounted at an interest rate that would be applied to newly accepted deposits. For deposits with maturities within a short time period (less than one year) and whose fair value approximates the carrying amount, the carrying amount is presented as the fair value.

2. The financial instruments whose fair value is extremely difficult to identify are as follows. These items are not included in (3) "Available-for-sale securities" under "Assets" in the aforementioned table of fair value information of financial instruments.

	Carrying Amount		
	Millions of Yen		Thousands of U.S. Dollars
Category	2014	2013	2014
Unlisted equity securities*1,*2	¥2,012	¥2,465	$19,549
Capital subscription in investment business partnerships*3	1,764	912	17,139
Total	¥3,776	¥3,377	$36,688

*1 *Unlisted equity securities are not treated as instruments whose fair value is required to be disclosed since there is no market price and it is extremely difficult to identify the fair value.*
*2 *Impairment losses in the amount of ¥2 million ($19 thousand) and ¥10 million were recognized for unlisted equity securities for the years ended March 31, 2014 and 2013, respectively.*
*3 *Capital subscription in investment business partnerships, whose assets (i.e., unlisted equity securities) consist of those whose fair values are extremely difficult to identify, is not treated as instruments whose fair value is required to be disclosed.*

3. Maturity analysis for financial assets and securities with contractual maturities as of March 31, 2014

	Millions of Yen					
	Due in 1 Year or Less	Due after 1 Year through 3 Years	Due after 3 Years through 5 Years	Due after 5 Years through 7 Years	Due after 7 Years through 10 Years	Due after 10 Years
Due from banks	¥ 452,779					
Call loans and bills bought	161,091					
Investment securities	454,798	¥1,177,926	¥ 815,613	¥ 699,143	¥ 310,216	¥ 2,932
Held-to-maturity securities	3,100	3,900	6,500			
National government bonds	2,300	1,200	4,800			
Local government bonds	800	2,700	1,700			
Available-for-sale securities with contractual maturities	451,698	1,174,026	809,113	699,143	310,216	2,932
National government bonds	207,500	799,000	499,800	463,350	139,700	
Local government bonds	40,187	18,917	1,000	6,000	9,500	
Corporate bonds	156,966	246,405	196,170	216,922	95,438	
Other	47,044	109,703	112,142	12,871	65,578	2,932
Loans and bills discounted*	1,061,946	862,218	634,876	336,483	318,007	583,084
Total	¥2,130,616	¥2,040,144	¥1,450,489	¥1,035,627	¥628,224	¥586,016

	Thousands of U.S. Dollars					
	Due in 1 Year or Less	Due after 1 Year through 3 Years	Due after 3 Years through 5 Years	Due after 5 Years through 7 Years	Due after 7 Years through 10 Years	Due after 10 Years
Due from banks	$ 4,399,329					
Call loans and bills bought	1,565,205					
Investment securities	4,418,946	$11,445,064	$ 7,924,727	$ 6,793,072	$3,014,146	$ 28,488
Held-to-maturity securities	30,120	37,893	63,155			
National government bonds	22,347	11,659	46,638			
Local government bonds	7,773	26,233	16,517			
Available-for-sale securities with contractual maturities	4,388,826	11,407,170	7,861,572	6,793,072	3,014,146	28,488
National government bonds	2,016,129	7,763,311	4,856,198	4,502,040	1,357,364	
Local government bonds	390,468	183,802	9,716	58,297	92,304	
Corporate bonds	1,525,126	2,394,141	1,906,043	2,107,675	927,302	
Other	457,092	1,065,905	1,089,603	125,058	637,174	28,488
Loans and bills discounted*	10,318,169	8,377,555	6,168,635	3,269,364	3,089,846	5,665,410
Total	$20,701,671	$19,822,619	$14,093,363	$10,062,446	$6,104,003	$5,693,898

* *Of loans and bills discounted, the portion whose timing of collection is unforeseeable, such as loans to "Legally bankrupt" borrowers, loans to "Virtually bankrupt" borrowers, and loans to "Possibly bankrupt" borrowers, amounting to ¥102,027 million ($991,323 thousand) are not included in the above table. Loans that do not have a contractual maturity, amounting to ¥99,564 million ($967,392 thousand), are not included either.*

4. Repayment schedule of bonds, borrowed money, and other interest-bearing liabilities subsequent to March 31, 2014

	Millions of Yen					
	Due in 1 Year or Less	Due after 1 Year through 3 Years	Due after 3 Years through 5 Years	Due after 5 Years through 7 Years	Due after 7 Years through 10 Years	Due after 10 Years
Deposits*	¥7,357,842	¥440,840	¥73,196			

	Thousands of U.S. Dollars					
	Due in 1 Year or Less	Due after 1 Year through 3 Years	Due after 3 Years through 5 Years	Due after 5 Years through 7 Years	Due after 7 Years through 10 Years	Due after 10 Years
Deposits*	$71,490,886	$4,283,326	$711,193			

* *Demand deposits included in deposits are presented under "Due in 1 year or less."*

27. Derivatives

It is the Bank's policy to use derivatives primarily for the purpose of reducing market risks associated with its assets and liabilities. The Bank also utilizes derivatives to meet the needs of its clients while entering into derivatives as a part of its trading activities.

The Bank enters into interest rate swaps, interest rate swaptions, bond futures, and bond future options as a means of hedging its interest rate risk on certain loans, deposits and investment securities while entering into interest rate swaps and interest rate caps to meet the needs of its clients.

The Bank also enters into foreign exchange forward contracts and currency options to hedge foreign exchange risk associated with its assets and liabilities denominated in foreign currencies and to meet the needs of its clients.

Furthermore, the Bank enters into bond futures, bond future options, and foreign exchange forward contracts for a short term as part of its trading activities.

Derivatives are subject to market risk and credit risk. Market risk is the exposure created by potential fluctuations of market conditions, including interest or foreign exchange rates. Credit risk is the possibility that a loss may result from a counterparty's failure to perform its obligations under a contract.

The Bank sets limits to credit risk on those derivatives by limiting the counterparties to major financial institutions and securities companies and establishing maximum risk exposures to the counterparties.

The Bank has established a standard of risk management including management approaches for each type of risk. Derivative transactions entered into by the Bank have been made in accordance with internal policies which regulate trading activities and credit risk management including maximum risk exposures and loss-cutting rules. Concerning risk management associated with derivative transactions, the front and back offices of the trading divisions are clearly separated and risk managers are assigned to the trading divisions, while the Risk Management Division synthetically manages the Bank's market risks. In this manner, an internal control system is effectively secured.

The Bank's positions, gain and loss, risk amount, and other conditions are periodically reported to the executive committee.

The Bank has the following derivatives contracts outstanding at March 31, 2014 and 2013:

Derivative Transactions to Which Hedge Accounting Is Not Applied

With respect to derivatives to which hedge accounting is not applied, contract or notional amount, fair value, and unrealized gains/losses, and the calculation method of fair value are as shown below. Note that the contract or notional amounts of the derivatives which are shown in the table do not represent the amounts of the Bank's exposure to credit or market risk.

	Millions of Yen								Thousands of U.S. Dollars			
	2014				2013				2014			
	Contract or Notional Amount				Contract or Notional Amount				Contract or Notional Amount			
	Total	Due after One Year	Fair Value	Unrealized Gains/Losses	Total	Due after One Year	Fair Value	Unrealized Gains/Losses	Total	Due after One Year	Fair Value	Unrealized Gains/Losses
Interest rate-related over-the-counter ("OTC") transactions:												
Interest rate swaps:												
Floating rate receipt/ fixed rate payment	¥15,269	¥8,664	¥(16)	¥(16)	¥13,450	¥8,865	¥(21)	¥(21)	$148,357	$84,181	$(155)	$(155)
Floating rate payment/ fixed rate receipt	14,040	7,750	(2)	(2)	10,910	6,790	(7)	(7)	136,416	75,301	(19)	(19)
Interest rate swaption:												
Selling	4,100		(4)	(4)	9,030		(16)	(16)	39,836		(38)	(38)
Buying	4,100		4	4	9,030		16	16	39,836		38	38
Currency-related OTC transactions:												
Currency swaps	29,532	28,010	41	41	32,265	28,228	57	57	286,941	272,153	398	398
Foreign exchange forward contracts:												
Selling	139,468		(759)	(759)	125,225		(2,158)	(2,158)	1,355,110		(7,374)	(7,374)
Buying	2,696		26	26	4,618		29	29	26,195		252	252
Currency option:												
Selling	8,792	6,359	(262)	251	8,676	4,586	(288)	402	85,425	61,785	(2,545)	2,438
Buying	8,792	6,359	262	(130)	8,676	4,586	288	(265)	85,425	61,785	2,545	(1,263)

Notes:
1. The above transactions are stated at fair value and unrealized gains (losses) for the years ended March 31, 2014 and 2013, were recognized in the consolidated statement of income.
2. The fair value of interest rate-related OTC transactions is determined using the discounted present value or option-pricing models, and the fair value of currency-related OTC transactions is determined using the discounted present value.

Derivative Transactions to Which Hedge Accounting Is Applied
With respect to derivatives to which hedge accounting is applied, contract or notional amount, fair value, and the calculation method of fair value are as shown below. Note that the contract or notional amounts of the derivatives which are shown in the table do not represent the amounts of the Bank's exposure to market risk.

At March 31, 2014			Millions of Yen		
			Contract or Notional Amount		
Hedge Accounting Method	Type of Derivatives	Major Hedged Item	Total	Due after One Year	Fair Value
Normal method	Interest rate swaps– Floating rate receipt/ fixed rate payment	Loans	**¥ 22,549**	**¥18,843**	**¥ (394)**
Special matching criteria	Interest rate swaps– Floating rate receipt/ fixed rate payment	Loans	**132,930**	**96,422**	**(1,814)**
Total					**¥(2,209)**

At March 31, 2013			Millions of Yen		
			Contract or Notional Amount		
Hedge Accounting Method	Type of Derivatives	Major Hedged Item	Total	Due after One Year	Fair Value
Normal method	Interest rate swaps– Floating rate receipt/ fixed rate payment	Loans	¥ 19,431	¥ 18,607	¥ (558)
Special matching criteria	Interest rate swaps– Floating rate receipt/ fixed rate payment	Loans	155,583	120,512	(2,468)
Total					¥(3,027)

At March 31, 2014			Thousands of U.S. Dollars		
			Contract or Notional Amount		
Hedge Accounting Method	Type of Derivatives	Major Hedged Item	Total	Due after One Year	Fair Value
Normal method	Interest rate swaps– Floating rate receipt/ fixed rate payment	Loans	**$ 219,092**	**$183,083**	**$ (3,828)**
Special matching criteria	Interest rate swaps– Floating rate receipt/ fixed rate payment	Loans	**1,291,585**	**936,863**	**(17,625)**
Total					**$(21,463)**

Notes:
1. These are principally accounted for under the deferral hedge method in accordance with JICPA Industry Audit Committee Report No. 24, "Treatment of Accounting and Auditing of Application of Accounting Standard for Financial Instruments in the Banking Industry."
2. Fair value is determined using the discounted present value.

28. Related-Party Transactions

Related-party transactions for the years ended March 31, 2014 and 2013, were as follows:
a. Transactions between the Bank and Its Related Parties

		Transactions for the Year*4			Balance at End of Year		
		Millions of Yen		Thousands of U.S. Dollars	Millions of Yen		Thousands of U.S. Dollars
Related Party	Account Classification *3	2014	2013	2014	2014	2013	2014
Department Store Fujisaki Co., Ltd. *1	Loans and bills discounted	¥4,496	¥4,586	$43,684	¥5,917	¥5,475	$57,491
	Investment securities		3				
	Customers' liabilities for acceptances and guarantees	200	200	1,943	200	200	1,943
Fuji Styling Co., Ltd. *1	Loans and bills discounted	262	276	2,545	250	265	2,429
Fujisaki Agency Co., Ltd. *1	Customers' liabilities for acceptances and guarantees	700	700	6,801	700	700	6,801
Medical Corp. Shoukeikai *1 *5	Loans and bills discounted	21	24	204	21	22	204
Mr. Junichi Matsuoka *2	Loans and bills discounted	11	13	106	10	12	97
Mr. Minokichi Akaizawa *2	Loans and bills discounted	63	69	612	60	66	582

Notes: *1 *Company whose voting rights are majority owned by a director or his close relatives (including subsidiaries of such company).*
*2 *Mr. Junichi Matsuoka and Mr. Minokichi Akaizawa are close relatives of directors.*
*3 *Terms are substantially the same as for similar transactions with third parties.*
*4 *Amounts of transactions were reported at the average balance for the period.*
*5 *The director, who was regarded as a related party, retired from his position as director of the Bank due to the expiration of the term of office on June 27, 2013. Accordingly, transactions through that date and balance as of that date are reported in the above table.*

b. Transactions between a Consolidated Subsidiary and Its Related Party

		Transactions for the Year			Balance at End of Year		
		Millions of Yen		Thousands of U.S. Dollars	Millions of Yen		Thousands of U.S. Dollars
Related Party	Account Classification *2	2014	2013	2014	2014	2013	2014
Department Store Fujisaki Co., Ltd. *1	Fees and commissions	¥19	¥17	$184			
Akaizawa Co., Ltd. *1	Lease receivables and investments in leases	3		29	¥15		$145

Notes: *1 *Company whose voting rights are majority owned by a director or his close relatives (including subsidiaries of such company).*
*2 *Terms are substantially the same as for similar transactions with third parties.*

29. Segment Information

(1) Description of Reportable Segments
The reportable segments of the Bank are subject to periodic review by the chief operating decision maker to determine the allocation of management resources and assess performance and from the viewpoint of the nature of its major financial instruments and services. The Bank is composed of the operating segments of "Banking" and "Leasing" activities as the reportable segments.

"Banking" segment provides customers with banking operations including deposit taking, lending, and exchange businesses as well as scrutinizing of cash as a banking related service.

"Leasing" segment provides customers with leasing business.

Financial segment information is for those segments about which separate financial information is available.

(2) Methods of Measurement of Sales, Profit (Loss), Assets, and Other Items for Each Reportable Segment
Accounting policies adopted by the reportable segments are almost the same as those described in Note 2, "Summary of Significant Accounting Policies." Segment profit of the reportable segments is based on the figures of ordinary profit, and intersegment income is based on an arm's length transaction basis.

(3) Reportable Segment Information concerning Income, Profit (Loss), Assets, and Other Items

Millions of Yen

	2014						
	Reportable Segments						
	Banking	Leasing	Total	Other	Total	Reconciliations	Consolidated
Ordinary income:							
External customers	¥ 96,297	¥ 9,379	¥ 105,676	¥ 3,384	¥ 109,060		¥ 109,060
Intersegment income	273	765	1,039	1,596	2,635	¥ (2,635)	
Total	¥ 96,570	¥ 10,144	¥ 106,715	¥ 4,980	¥ 111,696	¥ (2,635)	¥ 109,060
Segment profit	¥ 25,710	¥ 1,125	¥ 26,835	¥ 2,144	¥ 28,980	¥ (74)	¥ 28,905
Segment assets	8,478,458	22,769	8,501,228	22,841	8,524,069	(16,863)	8,507,205
Other information:							
Depreciation	3,631	94	3,725	33	3,759		3,759
Interest income	73,491	6	73,497	300	73,797	(122)	73,675
Interest expense	3,466	146	3,613	26	3,639	(112)	3,526
Increase in tangible and intangible fixed assets	5,763	100	5,864	11	5,875		5,875

Notes: 1. Segment profit is reconciled with ordinary profit. Ordinary profits, ordinary income, and ordinary expenses are defined as follows:
"Ordinary profits" means "Ordinary income" less "Ordinary expenses."
"Ordinary income" represents total income less certain special income included in other income in the accompanying consolidated statement of income.
"Ordinary expenses" represent total expenses less certain special expenses included in other expenses in the accompanying consolidated statement of income.
2. "Other" is a business segment which does not belong to reportable segments and consists of credit guarantee business, credit card business, etc.
3. "Reconciliations" of segment profit of ¥(74) million, segment assets of ¥(16,863) million, interest income of ¥(122) million, and interest expense of ¥(112) million are eliminations of intersegment transactions.

Millions of Yen

	2013						
	Reportable Segments						
	Banking	Leasing	Total	Other	Total	Reconciliations	Consolidated
Ordinary income:							
External customers	¥ 97,967	¥ 11,412	¥ 109,379	¥ 2,732	¥ 112,111		¥ 112,111
Intersegment income	312	1,052	1,364	1,622	2,987	¥ (2,987)	
Total	¥ 98,279	¥ 12,464	¥ 110,744	¥ 4,354	¥ 115,099	¥ (2,987)	¥ 112,111
Segment profit	¥ 20,780	¥ 1,626	¥ 22,406	¥ 1,513	¥ 23,920	¥ (70)	¥ 23,850
Segment assets	8,233,799	23,086	8,256,885	20,541	8,277,427	(16,323)	8,261,103
Other information:							
Depreciation	3,602	87	3,690	26	3,716		3,716
Interest income	72,071	6	72,077	386	72,464	(148)	72,316
Interest expense	3,539	191	3,731	36	3,767	(140)	3,627
Increase in tangible and intangible fixed assets	4,404	92	4,497	60	4,557	(1)	4,556

Notes: 1. Segment profit is reconciled with ordinary profit. Ordinary profits, ordinary income, and ordinary expenses are defined as follows:
"Ordinary profits" means "Ordinary income" less "Ordinary expenses."
"Ordinary income" represents total income less certain special income included in other income in the accompanying consolidated statement of income.
"Ordinary expenses" represent total expenses less certain special expenses included in other expenses in the accompanying consolidated statement of income.
2. "Other" is a business segment which does not belong to reportable segments and consists of credit guarantee business, credit card business, etc.
3. "Reconciliations" of segment profit of ¥(70) million, segment assets of ¥(16,323) million, interest income of ¥(148) million, and interest expense of ¥(140) million are eliminations of intersegment transactions.

	Thousands of U.S. Dollars						
	2014						
	Reportable Segments						
	Banking	Leasing	Total	Other	Total	Reconciliations	Consolidated
Ordinary income:							
External customers	$ 935,649	$ 91,129	$ 1,026,778	$ 32,879	$ 1,059,657		$ 1,059,657
Intersegment income	2,652	7,432	10,095	15,507	25,602	$ (25,602)	
Total	$ 938,301	$ 98,561	$ 1,036,873	$ 48,387	$ 1,085,270	$ (25,602)	$ 1,059,657
Segment profit	$ 249,805	$ 10,930	$ 260,736	$ 20,831	$ 281,577	$ (719)	$ 280,849
Segment assets	82,379,109	221,230	82,600,349	221,929	82,822,279	(163,845)	82,658,424
Other information:							
Depreciation	35,279	913	36,193	320	36,523		36,523
Interest income	714,059	58	714,117	2,914	717,032	(1,185)	715,847
Interest expense	33,676	1,418	35,104	252	35,357	(1,088)	34,259
Increase in tangible and intangible fixed assets	55,994	971	56,976	106	57,083		57,083

Notes: 1. Segment profit is reconciled with ordinary profit. Ordinary profits, ordinary income, and ordinary expenses are defined as follows:
"Ordinary profits" means "Ordinary income" less "Ordinary expenses."
"Ordinary income" represents total income less certain special income included in other income in the accompanying consolidated statement of income.
"Ordinary expenses" represent total expenses less certain special expenses included in other expenses in the accompanying consolidated statement of income.
2. "Other" is a business segment which does not belong to reportable segments and consists of credit guarantee business, credit card business, etc.
3. "Reconciliations" of segment profit of $(719) thousand, segment assets of $(163,845) thousand, interest income of $(1,185) thousand, and interest expense of $(1,088) thousand are eliminations of intersegment transactions.

Related Information for the Years Ended March 31, 2014 and 2013

Information by Service Line

	Millions of Yen				
	2014				
	Loan	Securities Investment	Lease	Other	Total
External customers	¥46,895	¥29,596	¥8,942	¥23,626	¥109,060

	Millions of Yen				
	2013				
	Loan	Securities Investment	Lease	Other	Total
External customers	¥49,497	¥28,922	¥10,621	¥23,070	¥112,111

	Thousands of U.S. Dollars				
	2014				
	Loan	Securities Investment	Lease	Other	Total
External customers	$455,645	$287,563	$86,883	$229,556	$1,059,657

Information about Asset Impairment Losses

	Millions of Yen				
	2014				
	Reportable Segments				
	Banking	Leasing	Total	Other	Total
Impairment losses	**¥121**		**¥121**		**¥121**

	Millions of Yen				
	2013				
	Reportable Segments				
	Banking	Leasing	Total	Other	Total
Impairment losses	¥787		¥787		¥787

	Thousands of U.S. Dollars				
	2014				
	Reportable Segments				
	Banking	Leasing	Total	Other	Total
Impairment losses	**$1,175**		**$1,175**		**$1,175**

Information about geographical areas is omitted because the Companies conduct banking and other related activities only in Japan and do not have foreign subsidiaries or foreign branches.
Information about major customers is not presented because there are no customers having over a 10% share of ordinary income.

30. Net Income Per Share

Basic and diluted net income per share ("EPS") for the years ended March 31, 2014 and 2013, is as follows:

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
Year Ended March 31, 2014	Net Income	Weighted-Average Shares	EPS	
Basic EPS—Net income attributable to common stockholders	**¥15,059**	**374,047**	**¥40.26**	**$0.39**
Effect of dilutive securities—Stock acquisition rights		**1,418**		
Diluted EPS—Net income for computation	**¥15,059**	**375,465**	**¥40.10**	**$0.38**
Year Ended March 31, 2013				
Basic EPS—Net income attributable to common stockholders	¥12,446	373,842	¥33.29	
Effect of dilutive securities—Stock acquisition rights		1,260		
Diluted EPS—Net income for computation	¥12,446	375,102	¥33.18	

(Accounting Change)
As noted in Note 2.l, effective March 31, 2014, the Bank applied Retirement Benefit Standard and Retirement Benefit Guidance, except for the provisions prescribed in paragraph 35 of Retirement Benefit Standard and paragraph 67 of Retirement Benefit Guidance and followed the transitional treatment prescribed in paragraph 37 of Retirement Benefit Standard. As a result, net assets per share as of March 31, 2014, decreased by ¥10.02 ($0.09).

31. Subsequent Event

At the Bank's general meeting of stockholders held on June 27, 2014, the Bank's stockholders approved the appropriations of retained earnings:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥4.00 ($0.038) per share	**¥1,496**	**$14,535**