

Financial Section

Consolidated Five-Year Summary

THE 77 BANK, LTD. AND SUBSIDIARIES
As of March 31

	Millions of Yen				
	2015	2014	2013	2012	2011
For the fiscal year					
Net interest income	¥ 70,280	¥ 70,148	¥ 68,688	¥ 72,785	¥ 73,483
Net fees and commissions	11,843	11,705	11,344	11,165	10,852
Net other operating income	2,407	469	1,508	2,945	3,250
Net income (loss)	17,049	15,059	12,446	10,690	(30,458)
At the fiscal year-end					
Total assets	¥8,588,463	¥8,507,205	¥8,261,103	¥7,616,779	¥6,217,663
Deposits	7,849,299	7,871,879	7,745,804	7,170,216	5,633,396
Loans and bills discounted	4,219,621	3,998,209	3,762,620	3,639,528	3,495,671
Trading account securities and investment securities	3,708,968	3,746,477	3,439,268	2,890,083	2,152,996
Equity	472,029	397,011	367,533	318,013	306,499
Common stock	24,658	24,658	24,658	24,658	24,658

	Yen				
	2015	2014	2013	2012	2011
Per share of common stock					
Basic net income (loss)	¥ 45.56	¥ 40.26	¥ 33.29	¥ 28.60	¥ (80.35)
Diluted net income	45.38	40.10	33.18	28.53	—
Equity	1,223.49	1,027.15	953.77	826.80	793.64
Cash dividends	8.50	7.50	7.00	7.00	6.00
Capita adequacy ratio (%)					
Domestic standard	12.51	12.68	12.54	12.57	11.69

Notes: 1. The national consumption tax and the local consumption tax are excluded from transaction amounts.

2. The Bank's capital adequacy ratio on the domestic standard is accompanied by the revision of Article 14, Paragraph 2, of the Banking Law of Japan, in line with enforcement of the related law for financial system reform.

● Consolidated Performance for Fiscal 2015

THE 77 BANK, LTD. AND SUBSIDIARIES

Year Ended March 31

Financial and Economic Conditions

Based in Miyagi Prefecture, The 77 Bank has a network of branches extending across Fukushima Prefecture, Iwate Prefecture, Yamagata Prefecture, Akita Prefecture, Tokyo, Aichi Prefecture, Osaka and Hokkaido. Based on the principle of sound management, the Bank's basic policy is to aspire to be the "Value-creating bank that grows together with and is the most trusted by the region." The Bank's configuration in 10 years is "Leading bank in the Tohoku region with scale and earnings power ranked within the top 10 regional banks based on the established earnings base capable of coping with any change in the business environment through creation of new value in the region."

In fiscal 2015, the year ended March 31, 2015, the Japanese economy was overall on a moderate recovery path, attributable to the revival of exports and production as a result of the recovery of the U.S. economy and the further weakening of the yen, although there were signs of weak personal consumption.

In these circumstances, long-term interest rates remained at low levels; falling at one point in January 2015 to below 0.2% and declining to the lowest level historically against the background of quantitative and qualitative monetary easing by the Bank of Japan. Short-term interest rates continued to remain extremely low. Share prices trended upward, partly attributable to strong corporate performances as evidenced by the Nikkei Stock Average recovering to the ¥19,000 level for the first time in approximately fifteen years. In foreign exchange markets during this period, the yen reached an exchange rate of ¥120 to the U.S. dollar, from ¥103 at the start of the fiscal year ended March 31, 2015, as a result of the weakening of the yen throughout the second half of the fiscal year.

In view of the massive damage caused by the Great East Japan Earthquake, the Bank strove to maintain the stable provision of financial services and to continue to fulfill its financial intermediation function, in order to contribute to the recovery and reconstruction of communities and the regional economy as a financial institution working with the local region.

Regarding the Bank's branches that were damaged by the Great East Japan Earthquake, the Bank increased the floor area of the Hebata Branch (Ishinomaki-shi) and the Ishinomaki Loan Center located at the Hebata Branch by building extensions due to the further influx in population that is anticipated in this area in view of the concentration of commercial complexes and hospitals and the ongoing advances made by group relocation promotion projects for disaster mitigation and the land readjustment project.

In terms of support for enterprises that were affected by the Great East Japan Earthquake, we vigorously responded to their funding needs for the resumption of business and restoration of facilities by using the Restoration and Maintenance Subsidy Project for Facilities of Small and Medium-sized Enterprise Groups and Compensation for Interest Rates on Special Zones for Reconstruction of central and local government. Through business matching and other core business support, we continued to make efforts toward the resolution of customers' management issues, including the development and expansion of sales routes. Additionally, together with Regional Economy Vitalization Corporation of Japan and others, we established Miyagi Reconstruction Regional Vitalization Support Investment L.P. to provide support for the reconstruction and reactivation of the region.

To support customers facing difficulties in continuing business or making loan repayments because of the impact of the earthquake, the Bank continued to be flexible, such as accepting change of loan terms and conditions, in light of the situation faced by each customer. In response to the "double loan"

problem, the Bank utilized external institutions, such as the Corporation for Revitalizing Earthquake-affected Business and the Miyagi Industry Revitalization Corporation, as necessary, to support corporate customers burdened by double loans, and offered consultation to help them improve management and revitalize their businesses through collaboration with external experts present at the Bank's headquarters. For individual customers, with the aim of helping them rebuild their lives and revitalizing the community as soon as possible, the Bank strove to communicate the advantages and implications of the Individual Debtor Guidelines for Out-of-Court Workouts by holding free-of-charge consultations at various locations in collaboration with the Tohoku Local Finance Bureau, etc. Moreover, for customers subject to group relocation projects for disaster mitigation, the Bank continued to vigorously offer the 77 Earthquake Recovery Support Home Loan (Group Relocation Type and Leased Land Type), a dedicated mortgage product to support the building of new homes.

In these circumstances, all officers and employees at the Bank and its consolidated subsidiaries made a concerted effort to promote business while helping the region in its drive to recover from the Great East Japan Earthquake with the support of shareholders and customers. Consolidated business results were as stated below.

Consolidated Business Results

Deposits, including negotiable deposits, amounted to ¥7,849.2 billion at the end of the year under review, having decreased by ¥22.5 billion.

Loans and bills discounted increased by ¥221.4 billion to ¥4,219.6 billion at the end of the year. Investment securities decreased by ¥32.7 billion to ¥3,697.5 billion at the end of the year.

Total assets stood at ¥8,588.4 billion at the end of the year under review, having increased by ¥81.2 billion.

With regard to profit and loss, total income increased by ¥3,926 million from the previous year to ¥112,986 million as the result of an increase in interest income mainly owing to an increase in interest income due to an increase in interest and dividends on trading accounts and investment securities, and an increase in other income as a result of the recording of gains on reversal of reserve of possible loan losses. Total expenses stood at ¥80,136 million, around the same figure as the previous year, mainly owing to a decrease in loss on redemption of government bonds.

As a result, ordinary profit increased by ¥3,944 million from the previous year to ¥32,849 million. Net income increased by ¥1,990 million from the previous year to ¥17,049 million. Net income per share was ¥45.56.

Entries regarding performance by business segment will be omitted from the fiscal year ended March 31, 2015.

Cash Flows

Net cash from operating activities totaled ¥(107,370) million, a decrease of ¥335,039 million from the previous year, mainly due to an increase in loans and bills discounted.

Net cash from investing activities totaled ¥117,910 million, an increase of ¥411,633 million from the previous year, mainly due to the sale and redemption of securities.

Net cash from financing activities amounted to ¥(3,018) million, a decrease of ¥384 million from the previous year, mainly due to dividends paid, etc.

Consequently, cash and cash equivalents at March 31, 2015 amounted to ¥512,082 million, having increased by ¥7,559 million from the previous year.

● Consolidated Balance Sheet

THE 77 BANK, LTD. AND SUBSIDIARIES
March 31, 2015

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2015	2014	2015
Assets:			
Cash and due from banks (Notes 3 and 26)	¥ 514,617	¥ 507,353	\$ 4,282,408
Call loans and bills bought (Note 26)	20,636	161,091	171,723
Debt purchased	4,561	3,003	37,954
Trading account securities (Note 4)	11,397	16,132	94,840
Money held in trust (Note 5)	84,093	59,235	699,783
Investment securities (Notes 4, 10, 11, 26 and 27)	3,697,570	3,730,344	30,769,493
Loans and bills discounted (Notes 6, 12, 26, 27 and 28)	4,219,621	3,998,209	35,113,763
Foreign exchange assets (Note 7)	3,328	6,639	27,694
Lease receivables and investments in leases (Notes 25 and 28)	15,879	16,578	132,137
Tangible fixed assets (Notes 8, 9 and 16):			
Buildings	9,179	8,277	76,383
Land	20,571	20,258	171,182
Lease assets	135	174	1,123
Construction in progress	536	929	4,460
Other tangible fixed assets	6,984	7,384	58,117
Intangible fixed assets:			
Software	18	26	149
Other intangible fixed assets	306	333	2,546
Deferred tax assets (Note 23)	2,292	2,656	19,072
Customers' liabilities for acceptances and guarantees (Notes 10 and 28)	37,650	32,677	313,306
Other assets (Notes 11, 27 and 28)	23,034	28,627	191,678
Reserve for possible loan losses	(83,954)	(92,728)	(698,626)
Total	¥8,588,463	¥8,507,205	\$71,469,276
Liabilities:			
Deposits (Notes 11, 13 and 26)	¥7,849,299	¥7,871,879	\$65,318,290
Call money and bills sold (Note 26)	67,054	62,935	557,992
Payables under securities lending transactions (Note 11)	39,264	33,974	326,737
Borrowed money (Note 14)	24,871	25,240	206,965
Foreign exchange liabilities (Note 7)	296	164	2,463
Liability for employees' retirement benefits (Note 15)	27,703	37,439	230,531
Reserve for reimbursement of deposits	339	331	2,821
Reserve for contingent losses	934	969	7,772
Reserve for disaster losses	7	7	58
Deferred tax liabilities (Note 23)	36,714	5,928	305,517
Acceptances and guarantees (Notes 10 and 28)	37,650	32,677	313,306
Other liabilities (Notes 16 and 27)	32,298	38,646	268,769
Total liabilities	8,116,434	8,110,194	67,541,266
Equity (Notes 17 and 31):			
Common stock—			
authorized, 1,344,000,000 shares;			
issued, 383,278,734 shares in 2015 and 2014	24,658	24,658	205,192
Capital surplus	7,835	7,835	65,199
Stock acquisition rights (Note 18)	593	521	4,934
Retained earnings	292,420	279,808	2,433,386
Less: treasury stock—at cost, 9,051,746 shares and 9,174,446 shares in 2015 and 2014, respectively	(4,393)	(4,450)	(36,556)
Accumulated other comprehensive income:			
Unrealized gains on available-for-sale securities (Note 4)	139,396	80,409	1,159,990
Deferred losses on derivatives under hedge accounting (Note 27)	(415)	(248)	(3,453)
Defined retirement benefit plans (Note 15)	(1,637)	(3,749)	(13,622)
Total	458,458	384,784	3,815,078
Minority interests	13,571	12,226	112,931
Total equity	472,029	397,011	3,928,010
Total	¥8,588,463	¥8,507,205	\$71,469,276

See notes to consolidated financial statements.

● Consolidated Statement of Income

THE 77 BANK, LTD. AND SUBSIDIARIES
Year Ended March 31, 2015

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2015	2014	2015
Income:			
Interest income:			
Interest on loans and discounts	¥ 45,589	¥ 47,186	\$ 379,370
Interest and dividends on trading account and investment securities	28,278	26,355	235,316
Other	164	134	1,364
Fees and commissions (Note 28)	17,291	17,073	143,887
Other operating income (Note 19)	11,742	11,954	97,711
Reversal of reserve for possible loan losses	4,601	2,691	38,287
Gain on transfer of a substitute portion of the government pension program fund		247	
Gains on sales of money held in trust	2,878	1,276	23,949
Other income (Note 20)	2,441	2,388	20,312
Total income	112,986	109,308	940,218
Expenses:			
Interest expense:			
Interest on deposits	2,885	3,046	24,007
Interest on borrowings and rediscounts	388	160	3,228
Other	477	319	3,969
Fees and commissions	5,447	5,367	45,327
Other operating expenses (Note 21)	9,334	11,485	77,673
General and administrative expenses (Note 18)	60,118	57,739	500,274
Other expenses (Notes 9 and 22)	1,669	2,157	13,888
Total expenses	80,321	80,276	668,394
Income before income taxes and minority interests	32,664	29,031	271,814
Income taxes (Note 23):			
Current	5,560	7,363	46,267
Deferred	8,781	4,882	73,071
Total income taxes	14,341	12,245	119,339
Net income before minority interests	18,323	16,786	152,475
Minority interests in net income	(1,273)	(1,727)	(10,593)
Net income	¥ 17,049	¥ 15,059	\$ 141,874
		Yen	U.S. Dollars
Per share of common stock (Note 30):			
Basic net income	¥45.56	¥40.26	\$0.379
Diluted net income	45.38	40.10	0.377
Cash dividends applicable to the year	8.50	7.50	0.070

See notes to consolidated financial statements.

● Consolidated Statement of Comprehensive Income

THE 77 BANK, LTD. AND SUBSIDIARIES
Year Ended March 31, 2015

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2015	2014	2015
Net income before minority interests	¥18,323	¥16,786	\$152,475
Other comprehensive income (Note 24):			
Unrealized gains on available-for-sale securities	59,066	18,853	491,520
Deferred (losses) gains on derivatives under hedge accounting	(167)	90	(1,389)
Defined retirement benefit plans	2,112		17,575
Total other comprehensive income	61,011	18,943	507,705
Comprehensive income	¥79,334	¥35,730	\$660,181
Total comprehensive income attributable to:			
Owners Of The Parent	¥77,981	¥33,965	\$648,922
Minority Interests	1,353	1,764	11,259

See notes to consolidated financial statements.

● Consolidated Statement of Changes in Equity

THE 77 BANK, LTD. AND SUBSIDIARIES
Year Ended March 31, 2015

	Thousands				Millions of Yen							
	Number of Shares of Common Stock Outstanding	Common Stock	Capital Surplus	Stock Acquisition Rights	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income			Total	Minority Interests	Total Equity
							Unrealized Gains on Available-for-Sale Securities	Deferred Losses on Derivatives under Hedge Accounting	Defined Retirement Benefit Plans			
BALANCE, APRIL 1, 2013	373,859	¥24,658	¥7,835	¥482	¥267,400	¥(4,569)	¥ 61,593	¥(338)		¥357,061	¥10,471	¥367,533
Net income					15,059					15,059		15,059
Cash dividends, ¥7.00 per share					(2,617)					(2,617)		(2,617)
Purchase of treasury stock	(21)					(10)				(10)		(10)
Sales of treasury stock	265				(33)	129				96		96
Net change in the year				38			18,816	90	¥(3,749)	15,195	1,755	16,950
BALANCE, MARCH 31, 2014 (APRIL 1, 2014, as previously reported)	374,104	24,658	7,835	521	279,808	(4,450)	80,409	(248)	(3,749)	384,784	12,226	397,011
Cumulative effects of changes in accounting policies					(1,426)					(1,426)		(1,426)
BALANCE, APRIL 1, 2014 (as restated)	374,104	24,658	7,835	521	278,382	(4,450)	80,409	(248)	(3,749)	383,358	12,226	395,585
Net income					17,049					17,049		17,049
Cash dividends, ¥8.00 per share					(2,993)					(2,993)		(2,993)
Purchase of treasury stock	(33)					(19)				(19)		(19)
Sales of treasury stock	156				(18)	76				58		58
Net change in the year				72			58,986	(167)	2,112	61,004	1,344	62,348
BALANCE, MARCH 31, 2015	374,226	¥24,658	¥7,835	¥593	¥292,420	¥(4,393)	¥139,396	¥(415)	¥(1,637)	¥458,458	¥13,571	¥472,029

	Thousands of U.S. Dollars (Note 1)										
	Common Stock	Capital Surplus	Stock Acquisition Rights	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income			Total	Minority Interests	Total Equity
						Unrealized Gains On Available-for-Sale Securities	Deferred Losses on Derivatives under Hedge Accounting	Defined Retirement Benefit Plans			
BALANCE, MARCH 31, 2014 (APRIL 1, 2014, as previously reported)	\$205,192	\$65,199	\$4,335	\$2,328,434	\$(37,030)	\$ 669,127	\$(2,063)	\$(31,197)	\$3,201,997	\$101,739	\$3,303,744
Cumulative effects of changes in accounting policies				(11,866)					(11,866)		(11,866)
BALANCE, APRIL 1, 2014 (as restated)	205,192	65,199	4,335	2,316,568	(37,030)	669,127	(2,063)	(31,197)	3,190,130	101,739	3,291,878
Net income				141,874					141,874		141,874
Cash dividends, \$0.066 per share				(24,906)					(24,906)		(24,906)
Purchase of treasury stock					(158)				(158)		(158)
Sales of treasury stock				(149)	632				482		482
Net change in the year			599			490,854	(1,389)	17,575	507,647	11,184	518,831
BALANCE, MARCH 31, 2015	\$205,192	\$65,199	\$4,934	\$2,433,386	\$(36,556)	\$1,159,990	\$(3,453)	\$(13,622)	\$3,815,078	\$112,931	\$3,928,010

See notes to consolidated financial statements.

● Consolidated Statement of Cash Flows

THE 77 BANK, LTD. AND SUBSIDIARIES

Year Ended March 31, 2015

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2015	2014	2015
Operating activities:			
Income before income taxes and minority interests	¥ 32,664	¥ 29,031	\$ 271,814
Adjustments for:			
Income taxes—paid	(10,077)	(2,851)	(83,856)
Depreciation and amortization	4,336	3,759	36,082
Losses on impairment of fixed assets	184	121	1,531
Net change in reserve for possible loan losses	(8,773)	(6,532)	(73,004)
Net change in reserve for reimbursement of deposits	8	56	66
Net change in reserve for contingent losses	(35)	(111)	(291)
Net change in reserve for disaster losses		(114)	
Net change in liability for employees' retirement benefits	(8,552)	(921)	(71,165)
Interest income	(74,032)	(73,675)	(616,060)
Interest expense	3,751	3,526	31,214
(Gains) losses on investment securities—net	(761)	1,879	(6,332)
Gains on money held in trust—net	(2,878)	(1,157)	(23,949)
Foreign exchange gains—net	(36,326)	(15,420)	(302,288)
Losses on sales and disposals of fixed assets—net	219	9	1,822
Net change in loans and bills discounted	(221,411)	(235,589)	(1,842,481)
Net change in deposits	(22,580)	126,074	(187,900)
Net change in borrowed money (except for subordinated loans)	(369)	(2,562)	(3,070)
Net change in due from banks	295	19,490	2,454
Net change in call loans and bills bought	138,895	225,936	1,155,820
Net change in call money and bills sold	4,119	60,114	34,276
Net change in payables under securities lending transactions	5,290	15,484	44,020
Net change in trading account securities	4,735	8,228	39,402
Net change in foreign exchange assets	3,310	(4,615)	27,544
Net change in foreign exchange liabilities	131	53	1,090
Net change in lease receivables and investments in leases	699	(12)	5,816
Interest received	81,182	81,033	675,559
Interest paid	(3,974)	(4,378)	(33,069)
Other—net	2,577	812	21,444
Total adjustments	(140,037)	198,637	(1,165,324)
Net cash (used in) provided by operating activities	¥(107,370)	¥ 227,669	\$ (893,484)
Investing activities:			
Purchases of investment securities	(506,684)	(732,130)	(4,216,393)
Proceeds from sales of investment securities	142,003	110,125	1,181,684
Proceeds from maturity of investment securities	497,753	334,200	4,142,073
Investment in money held in trust	(12,500)	(1,000)	(104,019)
Proceeds from dispositions of money held in trust	2,384	986	19,838
Purchases of tangible fixed assets	(5,149)	(5,947)	(42,847)
Proceeds from sales of tangible fixed assets	128	63	1,065
Purchases of intangible fixed assets	(1)	(12)	(8)
Payment for execution of asset retirement obligations	(24)	(9)	(199)
Net cash provided by (used in) investing activities	117,910	(293,723)	981,193
Financing activities:			
Purchases of treasury stock	(19)	(10)	(158)
Proceeds from sales of treasury stock		1	
Dividends paid	(2,991)	(2,616)	(24,889)
Dividends paid for minority interest stockholders	(8)	(8)	(66)
Net cash used in financing activities	(3,018)	(2,634)	(25,114)
Foreign currency translation adjustments on cash and cash equivalents	37	39	307
Net increase (decrease) in cash and cash equivalents	7,559	(68,648)	62,902
Cash and cash equivalents, beginning of year	504,523	573,172	4,198,410
Cash and cash equivalents, end of year (Note 3)	¥ 512,082	¥ 504,523	\$ 4,261,313

See notes to consolidated financial statements.

● Notes to Consolidated Financial Statements

THE 77 BANK, LTD. AND SUBSIDIARIES
Year Ended March 31, 2015

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 2014 consolidated financial statements to conform to the classifications used in 2015.

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 ¥120.17 to U.S.\$ 1, the approximate rate of exchange as of March 31, 2015. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. Summary Of Significant Accounting Policies

a. Consolidation—The consolidated financial statements include the accounts of the Bank and its subsidiaries (collectively, the “Companies”). There were six consolidated subsidiaries as of March 31, 2015 and 2014.

Under the control and influence concepts, 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 (“DCF”) 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 Bank's 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—In calculation of projected benefit obligations, expected benefits are attributed to periods on a benefit formula basis. Treatment of prior service cost and actuarial gains and losses is as follows:

Prior service cost is charged to expenses when incurred.

Unrecognized actuarial gains and losses 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 projected benefit obligations in determining the liability for employees' retirement benefits and net periodic retirement benefit costs.

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—The Bank recognizes 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 Bank also accounts for stock options granted to nonemployees based on the fair value of either the stock option or the goods or services received. In the consolidated balance sheet, the stock option is presented as a stock acquisition right as a separate component of equity until exercised.

o. Leases

As a lessee

Finance lease transactions are capitalized to recognize lease assets and lease obligations in the consolidated balance sheet.

As a lessor

All finance leases that are deemed to transfer ownership of the leased property to the lessee are recognized as lease receivables, and all finance leases that are deemed not to transfer ownership of the leased property to the lessee are 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 swaptions as a means of hedging its interest rate risk on certain loans and investment securities and to meet the needs of its clients. 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.

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. Changes in Accounting Policies

Accounting Standard for Retirement Benefits—Effective the year ended March 31, 2015, the Bank applied "Accounting Standard for Retirement Benefits" (the Accounting Standards Board of Japan ("ASBJ") Statement No. 26, revised on May 17, 2012; "Retirement Benefit Standard") and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, revised on March 26, 2015; "Retirement Benefit Guidance") for the provisions prescribed in the main clause of paragraph 35 of the Retirement Benefit Standard and the main clause of paragraph 67 of the Retirement Benefit Guidance and made certain amendments relating to the calculation methods for projected benefit obligations and service cost. Accordingly, the Bank changed the method of determining the portion of expected benefits attrib-

uted to periods from a straight-line basis to a benefit formula basis. In addition, the method of determining the discount rates applied in the calculation of projected benefit obligations was changed from the method using the years approximate to the employees' average remaining service years as the period of bonds to be based for determining the discount rates to the method using the single weighted average discount rate that reflects the estimated period and amount of benefit payment in each period.

The revised accounting standard and guidance for retirement benefits were applied in accordance with the transitional treatment prescribed in paragraph 37 of Retirement Benefit Standard, and the amount of the change in calculation methods for projected benefit obligations and service cost were reflected in retained earnings as of April 1, 2014.

As a result, liability for employees' retirement benefits increased by ¥2,204 million (\$18,340 thousand) and retained earnings decreased by ¥1,426 million (\$11,866 thousand) as of April 1, 2014. The effect of this change on net income is immaterial.

The effect on per share information is stated in Note 30.

3. Cash And Cash Equivalents

The reconciliation of cash and cash equivalents at the end of the year and cash and due from banks in the consolidated balance sheets as of March 31, 2015 and 2014, was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Cash and due from banks	¥514,617	¥507,353	\$4,282,408
Due from banks, excluding due from the Bank of Japan	(2,534)	(2,829)	(21,086)
Cash and cash equivalents at the end of year	¥512,082	¥504,523	\$4,261,313

4. Trading Account Securities And Investment Securities

Trading account securities as of March 31, 2015 and 2014, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
National government bonds	¥ 886	¥1,029	\$ 7,372
Local government bonds	2,512	3,105	20,903
Other securities	7,998	11,998	66,555
Total	¥11,397	¥16,132	\$94,840

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

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
National government bonds	¥2,012,132	¥2,160,674	\$16,744,045
Local government bonds	80,330	81,747	668,469
Corporate bonds	950,662	933,935	7,910,976
Equity securities	142,928	113,090	1,189,381
Other securities	511,516	440,896	4,256,603
Total	¥3,697,570	¥3,730,344	\$30,769,493

Securities loaned under securities lending agreements are included in the above national government bonds in the amount of ¥20,204 million (\$168,128 thousand) and ¥10,098 million as of March 31, 2015 and 2014, respectively.

The carrying amounts and aggregate fair values of securities as of March 31, 2015 and 2014, were as follows:

Securities below include trading account securities and investment securities:

	Millions of Yen			
	2015			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Trading				¥ 11,397
Available-for-sale:				
Equity securities*	¥ 60,132	¥81,310	¥ 511	140,931
Debt securities	2,990,549	39,555	481	3,029,622
Other securities*	445,532	68,207	4,013	509,726
Held to maturity	13,502	36	1	13,538

	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

	Thousands of U.S. Dollars			
	2015			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Trading				\$ 94,840
Available-for-sale:				
Equity securities*	\$ 500,391	\$676,624	\$ 4,252	1,172,763
Debt securities	24,885,986	329,158	4,002	25,211,134
Other securities*	3,707,514	567,587	33,394	4,241,707
Held to maturity	112,357	299	8	112,657

* 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.

Impairment losses were recognized for available-for-sale securities in the amount of ¥635 million (\$5,284 thousand) for the year ended March 31, 2015.

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

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:

- 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).
- Caution issuers: Fair value declined by 30% or more of the acquisition cost.
- 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, 2015 and 2014, were ¥141,789 million (\$1,179,903 thousand) and ¥106,718 million, respectively. Gross realized gains and losses on these sales, computed on a moving average cost basis, were ¥2,388 million (\$19,871 thousand) and ¥657 million (\$5,467 thousand), respectively, for the year ended March 31, 2015, and ¥1,548 million and ¥1,736 million, respectively, for the year ended March 31, 2014.

Unrealized gains on available-for-sale securities as of March 31, 2015 and 2014, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Valuation differences:			
Available-for-sale securities	¥184,066	¥114,931	\$1,531,713
Available-for-sale money held in trust	18,871	7,008	157,035
Deferred tax liabilities	(63,279)	(41,348)	(526,579)
Minority interests	(262)	(182)	(2,180)
Unrealized gains on available-for-sale securities	¥139,396	¥ 80,409	\$1,159,990

5. Money Held In Trust

The carrying amounts and aggregate fair values of money held in trust as of March 31, 2015 and 2014, were as follows:

	Millions of Yen			
	2015			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Money held in trust classified as:				
Trading				¥43,639
Available-for-sale	¥21,581	¥18,871		40,453
Total	¥21,581	¥18,871		¥84,093

	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

	Thousands of U.S. Dollars			
	2015			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Money held in trust classified as:				
Trading				\$363,143
Available-for-sale	\$179,587	\$157,035		336,631
Total	\$179,587	\$157,035		\$699,783

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 years ended March 31, 2015 and 2014.

6. Loans And Bills Discounted

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

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Bills discounted	¥ 12,104	¥ 12,267	\$ 100,723
Loans on bills	166,062	164,568	1,381,892
Loans on deeds	3,446,428	3,229,079	28,679,603
Overdrafts	595,026	592,294	4,951,535
Total	¥4,219,621	¥3,998,209	\$35,113,763

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 ¥12,430 million (\$103,436 thousand) and ¥12,474 million as of March 31, 2015 and 2014, respectively.

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

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Loans to borrowers in bankruptcy	¥ 1,336	¥ 1,185	\$ 11,117
Past due loans	91,246	100,841	759,307
Past due loans (three months or more)	397	427	3,303
Restructured loans	31,406	32,122	261,346
Total	¥124,387	¥134,577	\$1,035,091

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

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Assets			
Foreign exchange bills bought	¥ 326	¥ 211	\$ 2,712
Foreign exchange bills receivable	2	63	16
Due from foreign correspondent accounts	2,999	6,364	24,956
Total	¥3,328	¥6,639	\$27,694
Liabilities			
Foreign exchange bills sold	¥199	¥ 84	\$1,655
Foreign exchange bills payable	96	79	798
Total	¥296	¥164	\$2,463

8. Tangible Fixed Assets

The accumulated depreciation of tangible fixed assets as of March 31, 2015 and 2014, amounted to ¥76,427 million (\$635,990 thousand) and ¥76,186 million, respectively.

As of March 31, 2015 and 2014, deferred gains for tax purposes of ¥7,726 million (\$64,292 thousand) and ¥7,777 million, respectively, on tangible fixed assets sold and replaced with similar assets have been deducted from the cost of newly acquired tangible fixed assets.

9. Long-Lived Assets

The Bank recognized impairment losses of ¥184 million (\$1,531 thousand) and ¥121 million on certain operating branches, business premises, branches to be closed, and unused facilities for the years ended March 31, 2015 and 2014, respectively.

The impairment losses were composed of ¥79 million (\$657 thousand) on buildings, ¥55 million (\$457 thousand) on land and ¥49 million (\$407 thousand) on other fixed assets for the year ended March 31, 2015, and ¥100 million on buildings, ¥10 million on land and ¥10 million on other fixed assets for the year ended March 31, 2014.

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 2.8% and 2.9% for the years ended March 31, 2015 and 2014, 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.

The amount of guarantee obligations for privately placed corporate bonds included in securities as of March 31, 2015 and 2014, was ¥4,448 million (\$37,014 thousand) and ¥5,974 million, respectively.

11. Assets Pledged

Assets pledged as collateral and their relevant liabilities as of March 31, 2015 and 2014, were as follows:

	Millions of Yen		Thousands of
	2015	2014	U.S. Dollars
Assets pledged as collateral:			2015
Investment securities	¥258,231	¥250,249	\$2,148,880
Other assets	141	141	1,173
Relevant liabilities to above assets:			
Deposits	76,985	59,071	640,634
Payables under securities lending transactions	39,264	33,974	326,737

Additionally, investment securities amounting to ¥134,705 million (\$1,120,953 thousand) and ¥131,947 million as of March 31, 2015 and 2014, 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 ¥94 million (\$782 thousand) and ¥98 million as of March 31, 2015 and 2014, 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, 2015, the unused amount of such contracts totaled ¥1,645,147 million (\$13,690,163 thousand), of which amounts with original agreement terms of less than one year were ¥1,599,474 million (\$13,310,094 thousand). As of March 31, 2014, the unused amount of such contracts totaled ¥1,576,948 million, of which amounts with original agreement terms of less than one year were ¥1,537,212 million.

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

	Millions of Yen		Thousands of
	2015	2014	U.S. Dollars
Current deposits	¥ 169,416	¥ 166,223	\$ 1,409,802
Ordinary deposits	4,244,724	4,199,006	35,322,659
Deposits at notice	11,591	16,030	96,455
Time deposits	2,505,436	2,496,970	20,849,097
Negotiable certificates of deposit	659,390	743,420	5,487,143
Other deposits	258,740	250,229	2,153,116
Total	¥7,849,299	¥7,871,879	\$65,318,290

14. Borrowed Money

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

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Borrowings from banks and other	¥24,871	¥25,240	\$206,965

Borrowed money as of March 31, 2015 and 2014, included subordinated borrowings in the amount of ¥20,000 million (\$166,430 thousand).

Annual maturities of borrowed money as of March 31, 2015, were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2016	¥ 2,105	\$ 17,516
2017	1,082	9,003
2018	772	6,424
2019	397	3,303
2020	239	1,988
2021 and thereafter	20,273	168,702
Total	¥24,871	\$206,965

At March 31, 2015 and 2014, the weighted-average annual interest rates applicable to borrowed money were 0.287% and 0.357%, respectively.

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.

(1) The changes in projected benefit obligations for the years ended March 31, 2015 and 2014, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Balance at beginning of year (as previously reported)	¥62,929	¥ 75,214	\$523,666
Cumulative effect of changes in accounting policies	2,204		18,340
Balance at beginning of year (as restated)	65,134	75,214	542,015
Service cost	1,590	1,451	13,231
Interest cost	948	1,173	7,888
Actuarial losses	311	4,368	2,588
Benefits paid	(3,371)	(3,335)	(28,051)
Prior service cost			
Decrease due to return of substitute portion of welfare pension fund		(16,132)	
Others	186	189	1,547
Balance at end of year	¥64,799	¥ 62,929	\$539,227

(2) The changes in plan assets for the years ended March 31, 2015 and 2014, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Balance at beginning of year	¥25,490	¥ 38,469	\$212,116
Expected return on plan assets	892	670	7,422
Actuarial gains	2,662	2,079	22,151
Contributions from the employer	9,747	1,778	81,110
Benefits paid	(1,883)	(1,812)	(15,669)
Decrease due to return of substitute portion of welfare pension fund		(15,884)	
Others	186	189	1,547
Balance at end of year	¥37,095	¥ 25,490	\$308,687

(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 obligations and plan assets as of March 31, 2015 and 2014

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Funded projected benefit obligations	¥ 42,836	¥ 44,595	\$ 356,461
Plan assets	(37,095)	(25,490)	(308,687)
	5,740	19,105	47,765
Unfunded projected benefit obligations	21,963	18,334	182,766
Net liability arising from projected benefit obligations	¥ 27,703	¥ 37,439	\$ 230,531

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Liability for employees' retirement benefits	¥27,703	¥37,439	\$230,531
Asset for employees' retirement benefits			
Net liability arising from projected benefit obligations	¥27,703	¥37,439	\$230,531

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

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Service cost	¥1,608	¥1,468	\$13,381
Interest cost	948	1,173	7,888
Expected return on plan assets	(892)	(670)	(7,422)
Recognized actuarial losses	1,036	672	8,621
Amortization of prior service cost			
Others			
Net periodic retirement benefit costs	¥2,701	¥2,645	\$22,476

(Notes) 1. Employees' contribution to corporate pension funds is deducted.

2. Net periodic retirement benefit costs of the consolidated subsidiaries which adopt a shortcut method are included in "Service cost."

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

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Prior service cost			
Actuarial gains	¥3,387		\$28,185
Others			
Total	¥3,387		\$28,185

(6) Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of defined retirement benefit plans as of March 31, 2015 and 2014

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Unrecognized prior service cost			
Unrecognized actuarial gains	¥2,407	¥5,794	\$20,029
Others			
Total	¥2,407	¥5,794	\$20,029

(7) Plan assets as of March 31, 2015 and 2014

a. Components of plan assets

Plan assets consisted of the following:

	2015	2014
Debt investments	21%	28%
Equity investments	34	43
Cash and cash equivalents		1
Life insurance company accounts (general accounts)	20	25
Call loans, etc.	25	2
Others		1
Total	100%	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.

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

	2015	2014
Discount rate	1.5%	1.5%
Long-term expected rate of return on plan assets	3.5	3.0
Expected rate of salary increase	5.2	5.2

16. Asset Retirement Obligations

Asset retirement obligations which were recognized on the consolidated balance sheets for the years ended March 31, 2015 and 2014, 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 discount rates from 1.604% to 2.324%.

c. The changes in asset retirement obligations for the years ended March 31, 2015 and 2014, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Balance at beginning of year	¥614	¥645	\$5,109
Increase due to acquisition of tangible assets	21	9	174
Reconciliation associated with passage of time	11	11	91
Decrease due to execution of asset retirement obligations	(14)	(42)	(116)
Other	(5)	(8)	(41)
Balance at end of year	¥626	¥614	\$5,209

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 being 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 ¥130 million (\$1,081 thousand) and ¥133 million are recorded under general and administrative expenses for the years ended March 31, 2015 and 2014, respectively.

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

Nature and extent of stock options:

	2009 Stock Option	2010 Stock Option	2011 Stock Option	2012 Stock Option	2013 Stock Option	2014 Stock Option
Persons granted	16 directors of the Bank	15 directors of the Bank (excluding outside directors)	13 directors (excluding outside directors) and 4 executive officers (excluding executive directors) of the Bank			
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	245,800 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	August 1, 2014
Vesting conditions	Not defined	Not defined				
Eligible service period	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	From August 2, 2014 to August 1, 2039

*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	2014 Stock Option
	(Shares)					
Non-vested						
March 31, 2014						
—Outstanding	171,500	237,700	375,000	418,200	296,800	
Granted						245,800
Forfeited						
Vested	17,900	20,900	29,200	50,800	36,500	
March 31, 2015						
—Outstanding	153,600	216,800	345,800	367,400	260,300	245,800
Vested						
March 31, 2014						
—Outstanding						
Vested	17,900	20,900	29,200	50,800	36,500	
Exercised	17,900	20,900	29,200	50,800	36,500	
Forfeited						
March 31, 2015						
—Outstanding						

Unit price information is as follows:

	2009 Stock Option	2010 Stock Option	2011 Stock Option	2012 Stock Option	2013 Stock Option	2014 Stock Option
Exercise price	¥1 (\$0.00)	¥1 (\$0.00)	¥1 (\$0.00)	¥1 (\$0.00)	¥1 (\$0.00)	¥1 (\$0.00)
Average stock price at the time of exercise	¥540 (\$4.49)	¥540 (\$4.49)	¥540 (\$4.49)	¥540 (\$4.49)	¥540 (\$4.49)	¥540 (\$4.49)
Fair value at the date of grant	¥523 (\$4.35)	¥415 (\$3.45)	¥317 (\$2.63)	¥275 (\$2.28)	¥444 (\$3.69)	¥527 (\$4.38)

The estimation method of the fair value of the 2014 Stock Option granted in the year ended March 31, 2015, is as follows:

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

(2) Major assumptions are as follows:

Stock price volatility (see Note 1 below)	33.174%
Expected remaining service period (see Note 2 below)	4 years and 2 months
Expected cash dividend (see Note 3 below)	¥7.5 per share
Risk-free interest rate (see Note 4 below)	0.125%

(Notes) 1. Stock price volatility is computed based on past stock prices during the period from May 2010 to August 2014 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 year ended March 31, 2014.

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, 2015 and 2014, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Gain on sales and redemption of bonds and other securities	¥ 1,533	¥ 1,188	\$12,756
Lease receipts	7,282	7,718	60,597
Other	2,926	3,047	24,348
Total	¥11,742	¥11,954	\$97,711

20. Other Income

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

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Gains on sales of stocks and other securities	¥1,082	¥ 826	\$ 9,003
Gains on sales of tangible fixed assets	61	47	507
Other	1,297	1,513	10,793
Total	¥2,441	¥2,388	\$20,312

21. Other Operating Expenses

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

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Losses on sales, redemption and devaluation of bonds and other securities	¥1,702	¥ 3,574	\$14,163
Lease costs	6,542	6,956	54,439
Other	1,089	954	9,062
Total	¥9,334	¥11,485	\$77,673

22. Other Expenses

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

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Bad debt losses	¥ 36	¥ 68	\$ 299
Losses on dispositions of money held in trust		118	
Losses on sales of loans	466	895	3,877
Losses on impairments and disposals of fixed assets	466	179	3,877
Provision for reserve for reimbursement of deposits	202	197	1,680
Other	497	697	4,135
Total	¥1,669	¥2,157	\$13,888

23. Income Taxes

The Companies are subject to Japanese national and local income taxes which, in the aggregate, resulted in normal effective statutory tax rates of approximately 35.5% and 37.9% for the years ended March 31, 2015 and 2014, respectively.

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

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Deferred tax assets:			
Reserve for possible loan losses	¥ 24,464	¥ 29,714	\$ 203,578
Liability for employees' retirement benefits	8,916	13,240	74,194
Fixed assets (depreciation)	5,771	5,656	48,023
Losses on devaluation of stocks and other securities	2,241	2,304	18,648
Other	6,340	7,087	52,758
Less valuation allowance	(18,521)	(19,527)	(154,123)
Total	29,212	38,477	243,088
Deferred tax liabilities:			
Unrealized gains on available-for-sale securities	63,279	41,348	526,579
Fixed assets (deferred gain on sales and replacements)	343	390	2,854
Other	11	9	91
Total	63,634	41,748	529,533
Net deferred tax liabilities	¥(34,421)	¥ (3,271)	\$(286,435)

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 years ended March 31, 2015 and 2014, was as follows:

	2015	2014
Normal effective statutory tax rate	35.5%	37.9%
Expenses not deductible for income tax purposes	0.3	0.3
Nontaxable dividend income	(2.7)	(2.6)
Inhabitants taxes	0.2	0.2
Valuation allowance	2.6	4.4
Reduction of deferred tax assets due to tax rate changes	7.8	2.4
Other—net	0.2	(0.4)
Actual effective tax rate	43.9%	42.2%

Adjustments of Deferred Tax Assets and Liabilities Due to a Change in the Corporate Income Tax Rate, Etc.

“Partial Amendments to Income Tax Act, etc.” (Act No. 9, 2015) enacted on March 31, 2015, has reduced corporate income tax rates, etc., from the year beginning on or after April 1, 2015. As a result, the normal effective statutory tax rate to be used in computing deferred tax assets and liabilities has been reduced from 35.5% to 33.0% for the temporary differences expected to be eliminated in the year beginning on April 1, 2015, 32.2% for those expected to be eliminated in the year beginning on April 1, 2016 and 32.0% for those expected to be eliminated in the years beginning on and after April 1, 2017. As a result, deferred tax assets and deferred tax liabilities decreased by ¥114 million (\$948 thousand) and ¥3,978 million (\$33,103 thousand), respectively, and unrealized gains on available-for-sale securities and income taxes—deferred increased by ¥6,517 million (\$54,231 thousand) and ¥2,553 million (\$21,244 thousand), respectively.

24. Other Comprehensive Income

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

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Unrealized gains on available-for-sale securities:			
Gain arising during the year	¥ 81,950	¥25,974	\$ 681,950
Reclassification adjustment to profit or loss	(952)	1,952	(7,922)
Amount before income tax effect	80,998	27,926	674,028
Income tax effect	(21,931)	(9,072)	(182,499)
Total	¥ 59,066	¥18,853	\$ 491,520
Deferred gains (losses) on derivatives under hedge accounting:			
Loss arising during the year	¥ (626)	¥ (65)	\$ (5,209)
Reclassification adjustment to profit or loss	399	204	3,320
Amount before income tax effect	(227)	139	(1,888)
Income tax effect	60	(49)	499
Total	¥ (167)	¥ 90	\$ (1,389)
Defined retirement benefit plans:			
Gain arising during the year	¥ 2,350		\$ 19,555
Reclassification adjustment to profit or loss	1,036		8,621
Amount before income tax effect	3,387		28,185
Income tax effect	(1,275)		(10,609)
Total	¥ 2,112		\$ 17,575
Total other comprehensive income	¥ 61,011	¥18,943	\$ 507,705

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 as of March 31, 2015 and 2014, are summarized as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Gross lease receivables	¥16,799	¥17,612	\$139,793
Estimated residual values	976	1,039	8,121
Unearned interest income	(1,923)	(2,073)	(16,002)
Investments in leases	¥15,851	¥16,577	\$131,904

Maturities of lease receivables for finance leases that are deemed not to transfer ownership of the leased property to the lessee as of March 31, 2015, are as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2016	¥10	\$ 83
2017	10	83
2018	8	66
Total	¥30	\$249

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, 2015, are as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2016	¥ 5,782	\$ 48,115
2017	4,478	37,263
2018	3,140	26,129
2019	2,012	16,742
2020	915	7,614
2021 and thereafter	468	3,894
Total	¥16,799	\$139,793

Operating Leases

As of March 31, 2015 and 2014, 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
	2015	2014	2015
Due within one year	¥5	¥3	\$41
Due after one year	1		8
Total	¥6	¥3	\$49

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 investment 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 and investment securities 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, 2015, amounts to ¥72,897 million (\$606,615 thousand) (¥91,671 million in 2014) 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 a 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, 2015 and 2014, 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:

March 31, 2015	Millions of Yen		
	Carrying Amount	Fair Value	Difference
(1) Cash and due from banks	¥ 514,617	¥ 514,617	
(2) Investment securities	3,693,783	3,693,819	¥ 35
Held-to-maturity securities	13,502	13,538	35
Available-for-sale securities	3,680,280	3,680,280	
(3) Loans and bills discounted	4,219,621		
Reserve for possible loan losses*	(80,667)		
	4,138,953	4,183,272	44,318
Total assets	¥8,347,354	¥8,391,708	¥44,353
(1) Deposits	¥7,849,299	¥7,849,909	¥ 610
(2) Call money and bills sold	67,054	67,054	
Total liabilities	¥7,916,354	¥7,916,964	¥ 610

March 31, 2014	Millions of Yen		
	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

March 31, 2015	Thousands of U.S. Dollars		
	Carrying Amount	Fair Value	Difference
(1) Cash and due from banks	\$ 4,282,408	\$ 4,282,408	
(2) Investment securities	30,737,979	30,738,279	\$ 291
Held-to-maturity securities	112,357	112,657	291
Available-for-sale securities	30,625,613	30,625,613	
(3) Loans and bills discounted	35,113,763		
Reserve for possible loan losses*	(671,274)		
	34,442,481	34,811,284	368,794
Total assets	\$69,462,877	\$69,831,971	\$369,085
(1) Deposits	\$65,318,290	\$65,323,366	\$ 5,076
(2) Call money and bills sold	557,992	557,992	
Total liabilities	\$65,876,291	\$65,881,368	\$ 5,076

*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) 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.

(3) 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 over 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) Call money and bills sold

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

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

Category	Carrying Amount		
	Millions of Yen	Thousands of U.S. Dollars	
	2015	2014	2015
Unlisted equity securities ^{*1,*2}	¥1,997	¥2,012	\$16,618
Capital subscription in investment business partnerships ^{*3}	1,789	1,764	14,887
Total	¥3,787	¥3,776	\$31,513

^{*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 ¥10 million (\$83 thousand) and ¥2 million were recognized for unlisted equity securities for the years ended March 31, 2015 and 2014, 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, 2015

	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	¥ 466,920					
Investment securities	664,080	¥ 942,708	¥ 954,416	¥529,483	¥273,113	¥ 12,368
Held-to-maturity securities	2,300	5,100	6,100			
National government bonds	500	3,900	4,400			
Local government bonds	1,800	1,200	1,700			
Available-for-sale securities with contractual maturities	661,780	937,608	948,316	529,483	273,113	12,368
National government bonds	458,300	591,100	526,100	346,050	43,000	
Local government bonds	14,116	5,186		8,000	46,300	
Corporate bonds	159,250	188,920	285,488	170,036	124,821	
Other	30,113	152,402	136,727	5,397	58,992	12,368
Loans and bills discounted*	1,118,030	834,682	660,229	368,959	372,537	681,822
Total	¥2,249,031	¥1,777,391	¥1,614,645	¥898,443	¥645,650	¥694,190

	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	\$ 3,885,495					
Investment securities	5,526,171	\$ 7,844,786	\$ 7,942,215	\$ 4,406,116	\$ 2,272,721	\$ 102,920
Held-to-maturity securities	19,139	42,439	50,761			
National government bonds	4,160	32,454	36,614			
Local government bonds	14,978	9,985	14,146			
Available-for-sale securities with contractual maturities	5,507,031	7,802,346	7,891,453	4,406,116	2,272,721	102,920
National government bonds	3,813,763	4,918,864	4,377,964	2,879,670	357,826	
Local government bonds	117,466	43,155		66,572	385,287	
Corporate bonds	1,325,205	1,572,106	2,375,701	1,414,962	1,038,703	
Other	250,586	1,268,220	1,137,779	44,911	490,904	102,920
Loans and bills discounted*	9,303,736	6,945,843	5,494,124	3,070,308	3,100,083	5,673,812
Total	\$18,715,411	\$14,790,638	\$13,436,340	\$7,476,433	\$5,372,805	\$5,776,732

* 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 ¥92,583 million (\$770,433 thousand) are not included in the above table. Loans that do not have a contractual maturity, amounting to ¥90,776 million (\$755,396 thousand), are not included either.

4. Repayment schedule of bonds, borrowed money, and other interest-bearing liabilities subsequent to March 31, 2015

	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*	¥7,373,654	¥410,859	¥64,785			
Call money and bills sold	67,054					

	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*	\$61,360,189	\$3,418,981	\$539,111			
Call money and bills sold	557,992					

* 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 and interest rate swaptions as a means of hedging its interest rate risk on certain loans and investment securities while entering into interest rate swaps and interest rate swaptions to meet the needs of its clients.

The Bank also enters into currency swaps, 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.

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 as of March 31, 2015 and 2014:

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			
	2015				2014				2015			
	Contract or Notional Amount		Fair Value	Unrealized Gains/Losses	Contract or Notional Amount		Fair Value	Unrealized Gains/Losses	Contract or Notional Amount		Fair Value	Unrealized Gains/Losses
Total	Due after One Year	Total			Due after One Year	Total			Due after One Year			
Interest rate-related over-the-counter ("OTC") transactions:												
Interest rate swaps:												
Floating rate receipt/ fixed rate payment	¥10,918	¥4,202	¥(15)	¥(15)	¥15,269	¥8,664	¥(16)	¥(16)	\$90,854	\$34,967	\$(124)	\$(124)
Floating rate payment/ fixed rate receipt	10,350	3,750			14,040	7,750	(2)	(2)	86,127	31,205		
Interest rate swaption:												
Selling	1,900		(5)	(5)	4,100		(4)	(4)	15,810		(41)	(41)
Buying	1,900		5	5	4,100		4	4	15,810		41	41
Currency-related OTC transactions:												
Currency swaps	30,200	30,200	27	27	29,532	28,010	41	41	251,310	251,310	224	224
Foreign exchange forward contracts:												
Selling	165,531		(1,727)	(1,727)	139,468		(759)	(759)	1,377,473		(14,371)	(14,371)
Buying	3,351		38	38	2,696		26	26	27,885		316	316
Currency option:												
Selling	6,617	4,997	(224)	94	8,792	6,359	(262)	251	55,063	41,582	(1,864)	782
Buying	6,617	4,997	224	(13)	8,792	6,359	262	(130)	55,063	41,582	1,864	(108)

Notes:

- The above transactions are stated at fair value and unrealized gains (losses) for the years ended March 31, 2015 and 2014, were recognized in the consolidated statement of income.
- 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, 2015

Hedge Accounting Method	Type of Derivatives	Major Hedged Item	Millions of Yen		
			Contract or Notional Amount		
			Total	Due after One Year	Fair Value
Normal method	Interest rate swaps– Floating rate receipt/ fixed rate payment	Loans and investment securities	¥224,492	¥221,036	¥ (689)
Special matching criteria	Interest rate swaps– Floating rate receipt/ fixed rate payment	Loans	105,803	87,644	(1,543)
Total					¥(2,233)

At March 31, 2014

Hedge Accounting Method	Type of Derivatives	Major Hedged Item	Millions of Yen		
			Contract or Notional Amount		
			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, 2015

Hedge Accounting Method	Type of Derivatives	Major Hedged Item	Thousands of U.S. Dollars		
			Contract or Notional Amount		Fair Value
			Total	Due after One Year	
Normal method	Interest rate swaps– Floating rate receipt/ fixed rate payment	Loans and investment securities	\$1,868,120	\$1,839,360	\$ (5,733)
Special matching criteria	Interest rate swaps– Floating rate receipt/ fixed rate payment	Loans	880,444	729,333	(12,840)
Total					\$(18,582)

Notes:

- 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."
- Fair value is determined using the discounted present value.

28. Related-Party Transactions

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

a. Transactions between the Bank and Its Related Parties

Related Party	Account Classification *3	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
		2015	2014	2015	2015	2014	2015
Department Store Fujisaki Co., Ltd. *1	Loans and bills discounted	¥5,007	¥4,496	\$ 41,665	¥5,404	¥5,917	\$44,969
	Customers' liabilities for acceptances and guarantees	200	200	1,664	200	200	1,664
Fuji Styling Co., Ltd. *1	Loans and bills discounted	245	262	2,038	240	250	1,997
Fujisaki Agency Co., Ltd. *1	Customers' liabilities for acceptances and guarantees	700	700	5,825	700	700	5,825
Medical Corp. Shoukeikai *1 *5	Loans and bills discounted		21			21	
Mr. Junichi Matsuoka *2	Loans and bills discounted		11			10	
Mr. Minokichi Akaizawa *2	Loans and bills discounted	57	63	474	54	60	449

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

Related Party	Account Classification *2	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
		2015	2014	2015	2015	2014	2015
Department Store Fujisaki Co., Ltd. *1	Fees and commissions	¥20	¥19	\$166			
Fuji Styling Co., Ltd. *1	Other assets	5		41	¥30		\$249
Akaizawa Co., Ltd. *1	Lease receivables and investments in leases	4	3	33	11	¥15	91

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

For the Year Ended March 31, 2015

(1) Description of Reportable Segments

The Companies are principally engaged in the banking business and also leasing business and other financial services. The reportable segments of the Bank are the segments about which separate financial information is available, and are subject to periodic review by the chief operating decision maker to determine the allocation of management resources and assess performance.

Since the reportable segment of the Companies consists of only the "Banking" segment and since the "Other" segment is immaterial, the segment information is omitted.

(2) Change in the Reportable Segments

Effective from the year ended March 31, 2015, the only reportable segment is the "Banking" segment since the "Leasing" segment has become less material in terms of quantity.

Since the "Other" segment is immaterial, segment information is omitted from the year ended March 31, 2015.

For the Year Ended March 31, 2014

(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.

The "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.

The "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						Consolidated
	Reportable Segments			Other	Total	Reconciliations	
Banking	Leasing	Total	Total				
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.

Related Information for the Years Ended March 31, 2015 and 2014

Information by Service Line

Millions of Yen					
2015					
	Loan	Securities Investment	Lease	Other	Total
External customers	¥45,497	¥33,701	¥8,497	¥25,289	¥112,986

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

Thousands of U.S. Dollars					
2015					
	Loan	Securities Investment	Lease	Other	Total
External customers	\$378,605	\$280,444	\$70,708	\$210,443	\$940,218

Information about Asset Impairment Losses

Information about asset impairment losses for the year ended March 31, 2015, is omitted because the only reportable segment is “Banking” and “Other” is immaterial.

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

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, 2015 and 2014, is as follows:

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
	Net Income	Weighted-Average Shares	EPS	
Year Ended March 31, 2015				
Basic EPS—Net income attributable to common stockholders	¥17,049	374,204	¥45.56	\$0.37
Effect of dilutive securities—Stock acquisition rights		1,508		
Diluted EPS—Net income for computation	¥17,049	375,712	¥45.38	\$0.37
Year Ended March 31, 2014				
Basic EPS—Net income attributable to common stockholders	¥15,059	374,047	¥40.26	
Effect of dilutive securities—Stock acquisition rights		1,418		
Diluted EPS—Net income for computation	¥15,059	375,465	¥40.10	

(Changes in Accounting Policies)

As noted in Note 2.s, effective the year ended March 31, 2015, the Bank applied the provisions prescribed in the main clause of paragraph 35 of the Retirement Benefit Standard and paragraph 67 of the Retirement Benefit Guidance in accordance with the transitional treatment prescribed in paragraph 37 of the Retirement Benefit Standard.

As a result, net assets per share as of April 1, 2014, decreased by ¥3.81 (\$0.03). The effect on basic and diluted EPS for the year ended March 31, 2015, was immaterial.

31. Subsequent Event

At the Bank's general meeting of stockholders held on June 26, 2015, the Bank's stockholders approved the following appropriations of retained earnings:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥4.50 (\$0.037) per share	¥1,684	\$ 14,013

● Independent Auditors' Report

Deloitte.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of The 77 Bank, Ltd.:

We have audited the accompanying consolidated balance sheet of The 77 Bank, Ltd. and its subsidiaries as of March 31, 2015, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The 77 Bank, Ltd. and its subsidiaries as of March 31, 2015, and the consolidated results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

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

Deloitte Touche Tohmatsu LLC

June 26, 2015

Member of
 Deloitte Touche Tohmatsu Limited

● Capital Adequacy Ratios

THE 77 BANK, LTD. AND SUBSIDIARIES
March 31, 2015

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Consolidated (Domestic standard)			
Capital adequacy ratio (Domestic standard) = (A)/(B) x 100 (%)	12.51	12.68	
Capital: (A)	¥ 387,960	¥ 373,939	\$ 3,228,426
Risk-adjusted assets: (B)	3,099,926	2,947,961	25,796,172

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Non-Consolidated (Domestic standard)			
Capital adequacy ratio (Domestic standard) = (A)/(B) x 100 (%)	12.19	12.33	
Capital: (A)	¥ 373,794	¥ 359,636	\$ 3,110,543
Risk-adjusted assets: (B)	3,065,938	2,916,122	25,513,339

● Non-Consolidated Balance Sheet (Parent Company)

THE 77 BANK, LTD.
March 31, 2015

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Assets:			
Cash and due from banks	¥ 514,606	¥ 507,344	\$ 4,282,316
Call loans and bills bought	20,636	161,091	171,723
Debt purchased	4,561	3,003	37,954
Trading account securities	11,397	16,132	94,840
Money held in trust	84,093	59,235	699,783
Investment securities	3,683,636	3,716,530	30,653,540
Loans and bills discounted	4,227,655	4,007,815	35,180,619
Foreign exchange assets	3,328	6,639	27,694
Tangible fixed assets:			
Buildings	9,166	8,261	76,275
Land	20,571	20,258	171,182
Lease assets	376	650	3,128
Construction in progress	536	929	4,460
Other tangible fixed assets	6,323	6,446	52,617
Intangible fixed assets	301	328	2,504
Customers' liabilities for acceptances and guarantees	37,650	32,677	313,306
Other assets	10,920	15,395	90,871
Reserve for possible loan losses	(76,044)	(84,381)	(632,803)
Total	¥8,559,715	¥8,478,360	\$71,230,049
Liabilities:			
Deposits	¥7,854,938	¥7,876,482	\$65,365,215
Call money	67,054	62,935	557,992
Payables under securities lending transaction	39,264	33,974	326,737
Borrowed money	20,474	20,432	170,375
Foreign exchange liabilities	296	164	2,463
Liability for retirement benefits	24,865	31,238	206,915
Reserve for reimbursement of deposits	339	331	2,821
Reserve for contingent losses	934	969	7,772
Acceptances and guarantees	37,650	32,677	313,306
Reserve for disaster losses	7	7	58
Deferred tax liabilities	37,504	7,991	312,091
Other liabilities	18,515	24,664	154,073
Total liabilities	8,101,845	8,091,869	67,419,863
Equity:			
Common stock	24,658	24,658	205,192
Capital surplus	7,835	7,835	65,199
Retained earnings	290,249	277,810	2,415,319
Treasury stock	(4,419)	(4,476)	(36,772)
Total stockholders' equity	318,323	305,827	2,648,939
Unrealized gains on available-for-sale securities	139,368	80,390	1,159,757
Deferred losses on derivatives under hedge accounting	(415)	(248)	(3,453)
Total valuation adjustments	138,953	80,142	1,156,303
Stock acquisition rights	593	521	4,934
Total equity	457,870	386,490	3,810,185
Total	¥8,559,715	¥8,478,360	\$71,230,049

● Non-Consolidated Statement of Income (Parent Company)

THE 77 BANK, LTD.

Year Ended March 31, 2015

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Income:			
Interest income:			
Interest on loans and discounts	¥45,480	¥47,046	\$378,463
Interest on dividends on trading account and investment securities	28,233	26,303	234,942
Other	164	134	1,364
Fees and commissions	16,273	16,121	135,416
Other operating income	1,533	1,296	12,756
Other income	10,100	5,983	84,047
Total income	101,785	96,886	847,008
Expenses:			
Interest expense:			
Interest on deposits	2,886	3,047	24,015
Interest on call money	313	59	2,604
Other	534	401	4,443
Fees and commissions	5,956	5,920	49,563
Other operating expenses	1,881	3,623	15,652
General and administrative expenses	58,323	56,142	485,337
Other expenses	1,611	2,107	13,406
Total expenses	71,507	71,301	595,048
Income before income taxes	30,278	25,584	251,959
Income taxes:			
Current	4,941	6,700	41,116
Deferred	8,459	4,137	70,391
Total income taxes	13,401	10,837	111,517
Net income	¥16,876	¥14,747	\$140,434

● Loan Portfolio

Loan Portfolio by Industry	Billions of yen		Millions of U.S. Dollars
	2015	2015	2015
Domestic offices <i>(Excluding Japan offshore banking accounts)</i>	¥4,227		\$35,180
Manufacturing	482		4,013
Agriculture and forestry	5		42
Fisheries	4		40
Mining and quarrying of stone and gravel	1		8
Construction	146		1,221
Electricity, gas, heat supply and water	108		906
Information and communications	35		293
Transport and postal activities	93		777
Wholesale and retail trade	423		3,522
Finance and insurance	316		2,633
Real estate and goods rental and leasing	684		5,699
Services, N.E.C.	272		2,267
Government, except elsewhere classified	766		6,379
Other	885		7,372
Japan's offshore banking accounts			
Financial institutions	—		—
Total	¥4,227		\$35,180

Loan Portfolio by Industry	Billions of yen	
	2014	2014
Domestic offices <i>(Excluding Japan offshore banking accounts)</i>	¥4,007	
Manufacturing	476	
Agriculture and forestry	3	
Fisheries	4	
Mining and quarrying of stone and gravel	0	
Construction	131	
Electricity, gas, heat supply and water	98	
Information and communications	39	
Transport and postal activities	80	
Wholesale and retail trade	400	
Finance and insurance	322	
Real estate and goods rental and leasing	619	
Services, N.E.C.	256	
Government, except elsewhere classified	740	
Other	831	
Japan's offshore banking accounts		
Financial institutions	—	
Total	¥4,007	

Loans by Collateral	Billions of yen		Millions of U.S. Dollars
	2015	2014	2015
Securities	¥ 0	¥ 0	\$ 4
Commercial claims	28	29	233
Real estate	677	605	5,638
Subtotal	706	635	5,876
Guaranteed	1,286	1,248	10,708
Unsecured	2,234	2,123	18,595
Total [Subordinated loans]	¥4,227 [4]	¥4,007 [6]	\$35,180 [35]

Reserve for Loan Losses	Billions of yen		Millions of U.S. Dollars
	2015	2014	2015
General reserve for loan losses	¥38	¥42	\$322
Specific reserve for estimated loan losses on certain doubtful loans	37	41	309
Total	¥76	¥84	\$632