The Aichi Bank, Ltd.

Consolidated Financial Statements

March 31, 2015 and 2014

KPMG AZSA LLC

KPMG

Independent Auditor's Report

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

We have audited the accompanying consolidated financial statements of The Aichi Bank, Ltd. and its subsidiaries, which comprise the consolidated balance sheets as at March 31, 2015 and 2014, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in net assets and consolidated statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

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 misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we comply with ethical requirements and 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 our judgement, 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, we consider 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, while the objective of the financial statement audit is 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 present fairly, in all material respects, the financial position of The Aichi Bank, Ltd. and its subsidiaries as at March 31, 2015 and 2014, and their financial performance and cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the years ended March 31, 2015 and 2014 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 of the Notes to Consolidated Financial Statements.

KPMG AZSA LLC

August 6, 2015
Nagoya, Japan

The Aichi Bank, Ltd. and Subsidiaries
Consolidated Balance Sheets
March 31, 2015 and 2014

	Millions of yen		Thousands of U.S. dollars	
	2015	2014	2015	2014
Assets:				
Cash and due from banks (Note 3)	¥ 139,407	¥ 138,290	$ 1,160,081	$ 1,150,786
Call loans and bills purchased (Note 3)	2,171	3,781	18,066	31,463
Trading securities (Notes 3 and 4)	77	110	640	915
Investment securities (Notes 3, 4 and 8)	1,159,493	1,094,231	9,648,772	9,105,691
Reserve for possible losses on investments	(14)	(12)	(116)	(99)
Loans and bills discounted (Notes 3, 5, 15 and 20)	1,655,157	1,636,669	13,773,462	13,619,613
Foreign exchange (Note 6)	3,636	1,659	30,257	13,805
Other assets	25,681	24,935	213,705	207,497
Tangible fixed assets (Note 7)	34,841	33,727	289,930	280,660
Intangible fixed assets	248	428	2,063	3,561
Employee retirement benefit asset (Note 11)	11,619	4,960	96,688	41,274
Deferred tax assets (Note 17)	249	408	2,072	3,395
Customers' liabilities for acceptances and guarantees (Note 12)	12,204	13,679	101,556	113,830
Reserve for possible loan losses	(10,633)	(14,634)	(88,482)	(121,777)
Total assets	¥ 3,034,142	¥ 2,938,236	$ 25,248,747	$ 24,450,661

The accompanying notes are an integral part of these consolidated financial statements.

The Aichi Bank, Ltd. and Subsidiaries
Consolidated Balance Sheets (Continued)
March 31, 2015 and 2014

	Millions of yen		Thousands of U.S. dollars	
	2015	2014	2015	2014
Liabilities:				
Deposits (Notes 3 and 9)	¥ 2,638,408	¥ 2,592,549	$ 21,955,629	$ 21,574,011
Security deposits received related to securities lending transactions (Notes 3 and 8)	75,085	61,834	624,823	514,554
Borrowings (Notes 3 and 10)	17,655	12,845	146,916	106,890
Foreign exchange (Note 6)	980	573	8,155	4,768
Other liabilities (Note 10)	17,660	26,872	146,958	223,616
Reserve for employee bonuses	653	654	5,433	5,442
Reserve for bonuses to directors	47	49	391	407
Employee retirement benefit liability (Note 11)	766	3,816	6,374	31,755
Reserve for executive retirement benefits	9	11	74	91
Reserve for reimbursement of deposits	147	181	1,223	1,506
Reserve for contingencies	1,588	1,793	13,214	14,920
Deferred tax liabilities (Note 17)	27,601	15,752	229,682	131,080
Deferred tax liabilities for revaluation (Note 7)	5,032	5,579	41,874	46,425
Acceptances and guarantees (Note 12)	12,204	13,679	101,556	113,830
Total liabilities	2,797,842	2,736,193	23,282,366	22,769,351
Net assets (Note 13):				
Common stock	18,000	18,000	149,787	149,787
Capital surplus	13,883	13,883	115,528	115,528
Retained earnings	121,529	115,345	1,011,308	959,848
Less treasury stock, at cost	(774)	(712)	(6,440)	(5,924)
Total shareholders' equity	152,639	146,516	1,270,192	1,219,239
Accumulated other comprehensive income	79,808	51,863	664,125	431,580
Stock acquisition rights	148	102	1,231	848
Minority interests in subsidiaries	3,704	3,559	30,823	29,616
Total net assets	236,300	202,042	1,966,380	1,681,301
Total liabilities and net assets	¥ 3,034,142	¥ 2,938,236	$ 25,248,747	$ 24,450,661

The accompanying notes are an integral part of these consolidated financial statements.

The Aichi Bank, Ltd. and Subsidiaries
Consolidated Statements of Income
For the Years Ended March 31, 2015 and 2014

	Millions of yen		Thousands of U.S. dollars	
	2015	2014	2015	2014
Income:				
Interest and dividend income:				
Interest on loans and bills discounted and purchased	¥ 21,386	¥ 22,875	$ 177,964	$ 190,355
Interest on and dividends from securities	11,118	10,717	92,518	89,181
Other interest and dividend income	94	88	782	732
Total interest and dividend income	32,599	33,681	271,274	280,277
Fees and commissions	11,692	11,666	97,295	97,079
Other operating income	1,340	1,222	11,150	10,168
Other income (Note 4)	3,676	2,824	30,589	23,500
Total income (Note 19)	49,308	49,395	410,318	411,042
Expenses:				
Interest expense:				
Interest on deposits	1,563	1,765	13,006	14,687
Interest on borrowings	38	39	316	324
Other interest expense	30	7	249	58
Total interest expense	1,633	1,813	13,589	15,086
Fees and commissions	7,178	6,999	59,732	58,242
Other operating expenses	381	1,056	3,170	8,787
General and administrative expenses (Notes 14 and 18)	28,844	28,736	240,026	239,127
Impairment loss on fixed assets (Note 2(k))	97	61	807	507
Other expenses (Notes 4)	1,761	2,226	14,654	18,523
Total expenses (Note 19)	39,897	40,894	332,004	340,301
Income before income taxes and minority interests	9,411	8,501	78,314	70,741
Income taxes (Note 17)	3,481	3,194	28,967	26,579
Income before minority interests	5,929	5,306	49,338	44,154
Minority interests in net income of subsidiaries	107	166	890	1,381
Net income	¥ 5,822	¥ 5,140	$ 48,448	$ 42,772

	Yen		U.S. dollars	
Per share:				
Net income:				
Basic	¥ 536.59	¥ 473.59	$ 4.46	$ 3.94
Diluted	535.09	472.72	4.45	3.93
Cash dividends	80.00	70.00	0.66	0.58

The accompanying notes are an integral part of these consolidated financial statements.

The Aichi Bank, Ltd. and Subsidiaries
Consolidated Statements of Comprehensive Income
For the Years Ended March 31, 2015 and 2014

	Millions of yen		Thousands of U.S. dollars	
	2015	2014	2015	2014
Income before minority interests	¥ 5,929	¥ 5,306	$ 49,338	$ 44,154
Other comprehensive income (Note 21):				
Unrealized gains on available-for-sale securities	24,665	6,073	205,250	50,536
Land revaluation increment	512	-	4,260	-
Retirement benefit adjustment	2,870	-	23,882	-
Total other comprehensive income	28,048	6,073	233,402	50,536
Comprehensive income	¥ 33,978	¥ 11,380	$ 282,749	$ 94,699
Comprehensive income attributable to:				
Owners of the parent	¥ 33,831	¥ 11,211	$ 281,526	$ 93,292
Minority interests	146	168	1,214	1,398
Total comprehensive income	¥ 33,978	¥ 11,380	$ 282,749	$ 94,699

The accompanying notes are an integral part of these consolidated financial statements.

The Aichi Bank, Ltd. and Subsidiaries
Consolidated Statements of Changes in Net Assets
For the Years Ended March 31, 2015 and 2014

		Millions of yen											
		Shareholders' equity					Accumulated other comprehensive income						
	Number of shares of common stock issued	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains on available-for-sale securities (Note 4)	Land revaluation increment (Note 7)	Retirement benefit adjustment (Note 11)	Total accumulated other comprehensive income	Stock acquisition rights	Minority interests in subsidiaries	Total net assets
Balance at April 1, 2013	10,943,240	¥ 18,000	¥ 13,883	¥ 110,928	¥ (702)	¥ 142,109	¥ 39,109	¥ 7,832	¥ -	¥ 46,942	¥ 47	¥ 3,392	¥ 192,492
Net income	-	-	-	5,140	-	5,140	-	-	-	-	-	-	5,140
Cash dividends	-	-	-	(759)	-	(759)	-	-	-	-	-	-	(759)
Reversal of land revaluation increment	-	-	-	35	-	35	-	-	-	-	-	-	35
Treasury stock acquired, net	-	-	(0)	-	(10)	(10)	-	-	-	-	-	-	(10)
Transfer to capital surplus from retained earnings	-	-	0	(0)	-	-	-	-	-	-	-	-	-
Net changes in items other than shareholders' equity	-	-	-	-	-	-	6,071	(35)	(1,114)	4,921	55	166	5,143
Balance at March 31, 2014	10,943,240	18,000	13,883	115,345	(712)	146,516	45,180	7,796	(1,114)	51,863	102	3,559	202,042
Cumulative effects of changes in accounting policies	-	-	-	1,058	-	1,058	-	-	-	-	-	-	1,058
Balance at April 1, 2014	10,943,240	18,000	13,883	116,404	(712)	147,575	45,180	7,796	(1,114)	51,863	102	3,559	203,101
Net income	-	-	-	5,822	-	5,822	-	-	-	-	-	-	5,822
Cash dividends	-	-	-	(759)	-	(759)	-	-	-	-	-	-	(759)
Reversal of land revaluation increment	-	-	-	63	-	63	-	-	-	-	-	-	63
Treasury stock acquired, net	-	-	(0)	-	(62)	(63)	-	-	-	-	-	-	(63)
Transfer to capital surplus from retained earnings	-	-	0	(0)	-	-	-	-	-	-	-	-	-
Net changes in items other than shareholders' equity	-	-	-	-	-	-	24,625	449	2,870	27,945	45	144	28,135
Balance at March 31, 2015	10,943,240	¥ 18,000	¥ 13,883	¥ 121,529	¥ (774)	¥ 152,639	¥ 69,806	¥ 8,246	¥ 1,756	¥ 79,808	¥ 148	¥ 3,704	¥ 236,300

	Thousands of U.S. dollars											
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains on available-for-sale securities (Note 4)	Land revaluation increment (Note 7)	Retirement benefit adjustment (Note 11)	Total accumulated other comprehensive income	Stock acquisition rights	Minority interests in subsidiaries	Total net assets
Balance at April 1, 2013	$ 149,787	$ 115,528	$ 923,092	$ (5,841)	$ 1,182,566	$ 325,447	$ 65,174	$ -	$ 390,629	$ 391	$ 28,226	$ 1,601,830
Net income	-	-	42,772	-	42,772	-	-	-	-	-	-	42,772
Cash dividends	-	-	(6,316)	-	(6,316)	-	-	-	-	-	-	(6,316)
Reversal of land revaluation increment	-	-	291	-	291	-	-	-	-	-	-	291
Treasury stock acquired, net	-	(0)	-	(83)	(83)	-	-	-	-	-	-	(83)
Transfer to capital surplus from retained earnings	-	0	(0)	-	-	-	-	-	-	-	-	-
Net changes in items other than shareholders' equity	-	-	-	-	-	50,520	(291)	(9,270)	40,950	457	1,381	42,797
Balance at March 31, 2014	149,787	115,528	959,848	(5,924)	1,219,239	375,967	64,874	(9,270)	431,580	848	29,616	1,681,301
Cumulative effects of changes in accounting policies	-	-	8,804	-	8,804	-	-	-	-	-	-	8,804
Balance at April 1, 2014	149,787	115,528	968,661	(5,924)	1,228,051	375,967	64,874	(9,270)	431,580	848	29,616	1,690,114
Net income	-	-	48,448	-	48,448	-	-	-	-	-	-	48,448
Cash dividends	-	-	(6,316)	-	(6,316)	-	-	-	-	-	-	(6,316)
Reversal of land revaluation increment	-	-	524	-	524	-	-	-	-	-	-	524
Treasury stock acquired, net	-	(0)	-	(515)	(524)	-	-	-	-	-	-	(524)
Transfer to capital surplus from retained earnings	-	0	(0)	-	-	-	-	-	-	-	-	-
Net changes in items other than shareholders' equity	-	-	-	-	-	204,918	3,736	23,882	232,545	374	1,198	234,126
Balance at March 31, 2015	$ 149,787	$ 115,528	$ 1,011,308	$ (6,440)	$ 1,270,192	$ 580,893	$ 68,619	$ 14,612	$ 664,125	$ 1,231	$ 30,823	$ 1,966,380

The accompanying notes are an integral part of these consolidated financial statements.

The Aichi Bank, Ltd. and Subsidiaries
Consolidated Statements of Cash Flows
For the Years Ended March 31, 2015 and 2014

	Millions of yen		Thousands of U.S. dollars	
	2015	2014	2015	2014
Cash flows from operating activities:				
Income before income taxes and minority interests	¥ 9,411	¥ 8,501	$ 78,314	$ 70,741
Adjustments for:				
Depreciation	1,417	1,407	11,791	11,708
Impairment loss on fixed assets	97	61	807	507
Decrease in reserve for possible loan losses	(4,001)	(2,245)	(33,294)	(18,681)
Contribution to retirement benefit trusts	(4,000)	-	(33,286)	-
Interest and dividend income	(32,599)	(33,681)	(271,274)	(280,277)
Interest expense	1,633	1,813	13,589	15,086
Decrease in trading securities	33	104	274	865
(Increase) decrease in loans and bills discounted	(18,487)	24,685	(153,840)	205,417
Decrease in call loans and bills purchased	1,609	20,659	13,389	171,914
Increase in deposits	45,858	84,935	381,609	706,790
Increase in security deposits received related to securities lending transactions	13,251	29,572	110,268	246,084
Increase (decrease) in borrowings (excluding subordinated borrowings)	4,810	(17,685)	40,026	(147,166)
Gain on securities transactions	(2,150)	(1,134)	(17,891)	(9,436)
Gain on foreign currency transactions	(6,945)	(3,625)	(57,793)	(30,165)
Decrease in reserve for contingencies	(204)	(60)	(1,697)	(499)
Interest and dividend income received	33,937	35,375	282,408	294,374
Interest expense paid	(2,508)	(2,299)	(20,870)	(19,131)
Other, net	(1,926)	7,948	(16,027)	66,139
Subtotal	39,234	154,333	326,487	1,284,288
Income taxes paid	(1,893)	(2,625)	(15,752)	(21,844)
Net cash provided by operating activities	37,341	151,708	310,734	1,262,444
Cash flows from investing activities:				
Purchases of securities	(337,844)	(455,174)	(2,811,383)	(3,787,750)
Proceeds from sales and maturities of securities	305,045	353,628	2,538,445	2,942,731
Purchases of tangible fixed assets	(2,650)	(1,995)	(22,052)	(16,601)
Proceeds from sales of tangible fixed assets	131	233	1,090	1,938
Purchases of intangible fixed assets	(12)	(32)	(99)	(266)
Payment for asset retirement obligations	(47)	-	(391)	-
Net cash used in investing activities	(35,378)	(103,340)	(294,399)	(859,948)
Cash flows from financing activities:				
Dividends paid	(759)	(759)	(6,316)	(6,316)
Other, net	(76)	(42)	(632)	(349)
Net cash used in financing activities	(836)	(802)	(6,956)	(6,673)
Net increase in cash and cash equivalents	1,125	47,565	9,361	395,814
Cash and cash equivalents at beginning of year	137,375	89,810	1,143,172	747,357
Cash and cash equivalents at end of year (Note 2(b))	¥ 138,501	¥ 137,375	$ 1,152,542	$ 1,143,172

The accompanying notes are an integral part of these consolidated financial statements.

1. Basis of Presenting Consolidated Financial Statements

The consolidated financial statements of The Aichi Bank, Ltd. (the "Bank") and its subsidiaries (collectively the "Group") have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act of Japan and its related accounting regulations and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to the application and disclosure requirements from International Financial Reporting Standards. The accompanying consolidated financial statements have been reformatted and translated into English with some expanded descriptions from the consolidated financial statements of the Bank prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Act. Certain supplementary information included in the statutory Japanese language consolidated financial statements is not presented in the accompanying consolidated financial statements.

The translation of the Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2015, which was ¥120.17 to U.S. $1.00. This translation should not be construed as a representation that the Japanese yen amounts have been, could have been or could in the future be converted into U.S. dollars at this or any other rate of exchange.

The Japanese yen amounts in the accompanying consolidated financial statements are expressed in millions of Japanese yen and have been rounded down. U.S. dollar amounts in the accompanying consolidated financial statements are expressed in thousands of U.S. dollars and also have been rounded down. As a result, total amounts expressed in both Japanese yen and U.S. dollars appearing in the consolidated financial statements and the notes thereto may not be equal to the sum of the individual amounts.

Certain comparative figures in the prior year's financial statements have been reclassified to conform to the current year's presentation.

2. Summary of Significant Accounting Policies

(a) Principles of consolidation

The consolidated financial statements include the accounts of the Bank and all of its subsidiaries, which are engaged primarily in providing a wide range of financial services. At both March 31, 2015 and 2014, the Bank had four subsidiaries but no affiliates. All intercompany transactions and accounts have been eliminated.

(b) Cash and cash equivalents

For the purpose of the consolidated statements of cash flows, cash and cash equivalents consisted of cash and due from the Bank of Japan as follows:

	Millions of yen		Thousands of U.S. dollars	
	2015	2014	2015	2014
Cash and due from banks	¥ 139,407	¥ 138,290	$ 1,160,081	$ 1,150,786
Less due from banks other than Bank of Japan	(906)	(915)	(7,539)	(7,614)
Cash and cash equivalents	¥ 138,501	¥ 137,375	$ 1,152,542	$ 1,143,172

(c) Trading securities

Trading securities are stated at fair value at the end of the fiscal year. Related gains and losses, both realized and unrealized, are included in the consolidated statements of income. Accrued interest on trading securities is included in "Other assets."

(d) Investment securities

Debt securities for which the Group has both the intent and the ability to hold to maturity are classified as held-to-maturity debt securities and are stated at amortized cost determined by the moving average method. In principle, available-for-sale securities are carried at the fair value as of the balance sheet date. Net unrealized gain and loss on these securities, net of tax, are reported as a component of accumulated other comprehensive income in net assets. Available-for-sale securities for which the fair value is extremely difficult to determine are stated at moving average cost. The carrying value of individual investment securities is reduced, if necessary, through a write-down when a decline in value is deemed other than temporary. Gain and loss on the disposal of investment securities are computed principally using the moving average method. Accrued interest on securities is included in "Other assets."

(e) Derivative financial instruments

Derivative financial instruments are recorded at fair value if hedge accounting is not applied, and gain and loss on the derivatives are recognized in the consolidated statements of income.

(f) Reserve for possible losses on investments

Pursuant to the internal rules of the Bank, a reserve for possible losses on investments is provided in an amount necessary to absorb future losses after considering the financial positions of the issuers of the securities. A provision of reserve for possible losses on investments is included in "Other expenses" and amounted to ¥1 million ($8 thousand) and none for the years ended March 31, 2015 and 2014, respectively.

(g) Loans and bills discounted and reserve for possible loan losses

Loans and bills discounted are stated at the amount of unpaid principal. Unearned interest and discounts are recorded as liabilities and recognized as income over the term of the loan or bill.

A reserve for possible loan losses of the Bank is provided to cover future credit losses in accordance with internal rules for self-assessment of asset quality. Loans written off are charged either to a reserve for possible loan losses and/or current income. Recoveries on loans that have been written off are recorded as other income. The reserve for possible loan losses is made based on the Bank's internal rules in accordance with Report No. 4 of the Ad Hoc Committee for Audits of Banks, "Practical Guideline for Audits of Write-off of Bad Loans and Allowance for Doubtful Loans of Banks and Similar Financial Institutions," issued by the Japanese Institute of Certified Public Accountants ("JICPA"). For loans to borrowers that are legally or substantially bankrupt, a reserve is provided based on the amount of the claims, net of amounts expected to be collected through the disposal of collateral or the execution of guarantees. For loans to borrowers who are likely to become bankrupt, a reserve is provided based on an overall solvency assessment, net of amounts expected to be collected through the disposal of collateral or the execution of guarantees. For loans to borrowers not mentioned above, a reserve is provided based on the historical loss experience of the Bank for a certain past period. All claims are assessed by the Bank's operating divisions based on the Bank's internal rules for self-assessment of asset quality. The inspection division, which is independent from the operating divisions, conducts examinations of these assessments.

A reserve for possible loan losses of the subsidiaries is made for the aggregate amount of estimated credit loss based on an individual financial review of doubtful or troubled receivables and a general reserve based on historical loss experience for other receivables.

(h) Tangible fixed assets and depreciation (except for leases)

Tangible fixed assets of the Bank are stated at cost, less accumulated depreciation. Depreciation is computed using the declining balance method over the estimated useful life of the asset, except for buildings acquired on or after April 1, 1998. Such buildings, excluding facilities attached thereto, are depreciated using the straight-line method. The useful lives of tangible fixed assets range from 8 to 50 years for buildings and from 3 to 20 years for other fixed assets.

Tangible fixed assets of the subsidiaries are depreciated principally by the straight-line method over the estimated useful life of the asset.

(i) Intangible fixed assets and amortization (except for leases)

Intangible fixed assets are amortized using the straight-line method. Costs of computer software developed or obtained for internal use are deferred and amortized by the straight-line method principally over the estimated useful life of five years as determined by the Bank and its subsidiaries.

(j) Leases

All finance lease transactions are accounted for in a manner similar to that used for ordinary sale and purchase transactions.

(Accounting for leases as lessee)
The Group, as lessee, capitalizes lease assets used under finance leases, except for certain immaterial or short-term finance leases which are accounted for as operating leases as permitted under the accounting standard for leases. Depreciation of the leased assets capitalized in finance lease transactions are computed by the straight-line method over the lease term, which is used as the useful life, and with the assumption of no residual value.

(Accounting for leases as lessor)
A certain subsidiary engaged primarily in leasing operations as a lessor recognizes "investments in leased assets" for finance leases that do not transfer ownership of the leased assets to the lessee in a manner similar to the accounting treatment for ordinary sales transactions. The "investment in leased assets" account is presented as other assets in the accompanying consolidated balance sheets. The total amount equivalent to interest is allocated over the lease term using the effective interest method, and the subsidiary recognizes leasing income for lease payments received from customers and related costs, net of imputed interest, when it receives the lease payments, as permitted under the accounting standard for leases.

(k) Impairment loss on fixed assets

Fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If the carrying amount of an asset or a group of assets exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposal of the asset or group of assets, impairment loss is recognized in the income statement by reducing the carrying amount of the impaired asset or group of assets to the recoverable amount, measured as the higher of net selling price or value in use. Fixed assets include intangible assets as well as land, buildings and other forms of property and are grouped at the lowest level for which there are cash flows identifiably different from those of other groups of assets. To recognize and measure an impairment loss, fixed assets are grouped into cash-generating units such as operating business branches, other than idle or unused property. Recoverable amounts of the assets are based on value in use, calculated using the discounted future cash flows at interest rates principally of 6.5% and 4.5% for the years ended March 31, 2015 and 2014, respectively, or net selling prices based primarily on appraisal valuations, net of estimated costs of disposal.

For the years ended March 31, 2015 and 2014, the Group recognized impairment loss including removal costs for the property of operating business branches and idle property, which is included in "Impairment loss on fixed assets," in the accompanying consolidated statements of income as follows:

	Millions of yen				
	2015				
	Land	Buildings and structures	Other properties	Removal costs	Total
Operating assets:					
Aichi Prefecture	¥ -	¥ 11	¥ -	¥ -	¥ 11
Other	-	12	0	-	12
Idle assets:					
Aichi Prefecture	1	0	-	-	2
Other	53	5	-	12	71
Total	¥ 54	¥ 30	¥ 0	¥ 12	¥ 97

	Millions of yen				
	2014				
	Land	Buildings and structures	Other properties	Removal costs	Total
Operating assets:					
Aichi Prefecture	¥ 0	¥ 23	¥ -	¥ -	¥ 24
Other	3	18	-	-	22
Idle assets:					
Aichi Prefecture	4	0	-	-	4
Other	1	8	-	-	9
Total	¥ 9	¥ 51	¥ -	¥ -	¥ 61

	Thousands of U.S. dollars				
	2015				
	Land	Buildings and structures	Other properties	Removal costs	Total
Operating assets:					
Aichi Prefecture	$ -	$ 91	$ -	$ -	$ 91
Other	-	99	0	-	99
Idle assets:					
Aichi Prefecture	8	0	-	-	16
Other	441	41	-	99	590
Total	$ 449	$ 249	$ 0	$ 99	$ 807

	Thousands of U.S. dollars				
	2014				
	Land	Buildings and structures	Other properties	Removal costs	Total
Operating assets:					
Aichi Prefecture	$ 0	$ 191	$ -	$ -	$ 199
Other	24	149	-	-	183
Idle assets:					
Aichi Prefecture	33	0	-	-	33
Other	8	66	-	-	74
Total	$ 74	$ 424	$ -	$ -	$ 507

(l) Foreign currency translation

Assets and liabilities denominated in foreign currencies are generally translated into Japanese yen at the exchange rate prevailing at the balance sheet date. Income and expenses are translated at the exchange rate in effect at the transaction date. Gain and loss resulting from foreign currency translation are included in the consolidated statements of income.

(m) Reserve for employee bonuses

A reserve for employee bonuses is provided based on the estimated amounts of future payments attributable to the respective fiscal year.

(n) Reserve for bonuses to directors

A reserve for bonuses to directors and audit and supervisory board members is provided for future bonus payments to directors and audit supervisory board members that reflect an amount estimated to have accrued as of the consolidated balance sheet date.

(o) Employee retirement benefits

Employees who terminate their service with the Group are entitled to retirement benefits generally determined with reference to the basic salary at the time of termination, years of service and conditions under which the termination occurs.

The Group recognizes retirement benefits, including pension costs and related liabilities, based principally on the actuarial present value of the retirement benefit obligation using an actuarial appraisal approach and the value of pension plan assets available for benefits at the fiscal year-end.

In determining retirement benefit obligation, the benefit formula method is used for attributing expected retirement benefits to the period up to the end of the respective fiscal year-end. Actuarial differences arising from changes in the projected benefit obligation or value of pension plan assets resulting from outcomes which are different from those assumed and from changes in the assumptions themselves are amortized on a straight-line basis principally over 13 to 14 years, a period within the average remaining years of service of employees at the time when the differences arise, from the fiscal year after the year the differences arise.

(Additional information)
During the fiscal year ended March 31, 2015, the Group contributed ¥4,000 million ($33,286 thousand) to retirement benefit trusts for purposes of further soundness of pension financing. As a result, “Employee retirement benefit liability” decreased by ¥4,000 million ($33,286 thousand).

(Application of the Accounting Standard for Retirement Benefits and related Guidance)
The Group has applied the provisions specified in the main clause of Section 35 of the “Accounting Standard for Retirement Benefits” (Accounting Standards Board of Japan (“ASBJ”) Statement No. 26, issued on May 17, 2012 (“Statement No. 26”)) and the main clause of Section 67 of the “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25, issued on March 26, 2015) from the fiscal year ended March 31, 2015, and accordingly, changed the method used to calculate retirement benefit obligations and service cost. The method used to attribute expected benefit to periods was changed from the straight-line method to the benefit formula method. The method used to determine the discount rate was also changed from that using the discount rate based on the periods approximating average remaining service periods of employees to that using the single weighted average discount rate reflecting the expected retirement payment periods and the expected amount of retirement payment in each period.

In accordance with the transitional treatment prescribed in Section 37 of Statement No. 26, the effects of the changes in the methods used to calculate retirement benefit obligations and service cost were added to or deducted from retained earnings as of April 1, 2014.

As a result of this change, “Employee retirement benefit asset,” “Employee retirement benefit liability” and “Retained earnings” increased by ¥2,491 million ($20,728 thousand), ¥853 million ($7,098 thousand) and ¥1,058 million ($8,804 thousand), respectively, as of April 1, 2014. The effects on income before income taxes and minority interests, however, were immaterial for the fiscal year ended March 31, 2015. In addition, net assets per share as of April 1, 2014 increased by ¥97.57 ($0.81) while there were no material effects on net income per share and diluted net income per share for the fiscal year ended March 31, 2015.

(p) Reserve for executive retirement benefits

A reserve for executive retirement benefits is provided for payment of retirement benefits to directors, audit and supervisory board members and other executive officers in the amount deemed to have accrued at the consolidated balance sheet date according to the internal rules of the Group.

(q) Reserve for reimbursement of deposits

A reserve for reimbursement of deposits is provided for possible losses on the future claims of withdrawal based on historical reimbursement experience. A provision of reserve for reimbursement of deposits was included in “Other expenses” and amounted to ¥27 million ($224 thousand) and ¥57 million ($474 thousand) for the years ended March 31, 2015 and 2014, respectively.

(r) Reserve for contingencies

A provision is made in an amount deemed necessary to cover possible losses resulting from the default of loans under a responsibility-sharing system with Credit Guarantee Corporation based primarily on historical default rates. A provision of reserve for contingencies is included in “Other expenses” and no additional provision was recorded for the years ended March 31, 2015 and 2014, respectively.

(s) Stock options

The Group has applied ASBJ Statement No. 8, “Accounting Standard for Stock Options,” and its related guidance. This standard and guidance are applicable to stock options granted on or after May 1, 2006. This standard requires companies to measure the cost of employee stock options based on the fair value at the date of such grant and recognize compensation expense over the vesting period as consideration for receiving goods or services from such employees. The standard also requires companies to account for stock options granted to non-employees based on the fair values of either the stock options or goods or services received from such non-employees. In the balance sheets, stock options are presented as stock acquisition rights, a separate component of net assets, until exercised. The standard covers equity-settled, share-based payment transactions, but does not cover cash-settled, share-based payment transactions. In addition, the standard allows unlisted companies to measure options at their intrinsic value if the fair value cannot be reliably estimated.

(t) Income taxes

Income taxes are accounted for using the asset-liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities and their respective tax bases and operating loss carryforwards. Deferred tax assets and liabilities are measured using the enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the period that includes the promulgation date.

(u) Appropriation of retained earnings

Cash dividends are recorded in the fiscal year when a proposed appropriation of retained earnings is approved by the shareholders.

(v) Per share data

Net income per share is computed by dividing income available to common shareholders by the weighted average number of shares of common stock outstanding during the respective year.

Diluted net income per share is computed to reflect the potential dilution that could occur if securities were exercised or converted into common stock, assuming the full exercise of the outstanding stock options.

Cash dividends per share shown in the accompanying consolidated statements of income represent dividends declared by the Bank as applicable to the respective year.

3. Financial Instruments

(a) Qualitative information on financial instruments

i) Policies for financial instruments

The Group procures funds by accepting deposits from clients and utilizes the funds for financial investments in the bond and stock markets and for making loans to corporate and individual clients.

The Group enters into derivative transactions in order to avoid the risk of foreign currency fluctuations on customers' funds as well as to conduct foreign financing transactions and to avoid the risk of rising interest rates for the Bank. From an overall risk management standpoint, the Bank uses derivative instruments as hedging instruments in order to avoid the market risk to which financial assets and liabilities are exposed.

ii) Details of financial instruments and related risks

Financial assets of the Group consist mainly of loans to corporate and individual clients and are exposed to interest rate risk and credit risk resulting from any deterioration in the financial condition of the counterparty.

Investment securities comprise mainly debt and equity securities. The Group holds debt securities classified as held-for-sale, available-for-sale or held-to-maturity and equity securities to pursue capital gain or to maintain relationships with corporate clients. These securities are exposed to the credit risk of the issuers, interest rate risk, market risk and foreign currency risk. Deposits consist of demand deposits and time deposits. The maturities of time deposits are within five years.

Asset-liability management techniques are employed to manage financial assets and liabilities sensitive to interest rate fluctuations.

iii) Risk management for financial instruments

Credit risk management

The Bank manages credit risk by conducting strict credit examinations on respective debtors. Additionally, the Bank analyzes the risk by credit rating and industry in chronological order and diversifies the risk of its portfolios in the entirety.

The Group manages credit risk under the Credit Supervision Section, examining and assessing financial circumstances, industry trends, purposes of loans and repayment plans of respective debtors. Assessments are conducted to evaluate the credit standing of prospective debtors before entering into a transaction, for credit management after execution, as a self-assessment on a regular basis and at any time when a relevant event occurs. By the self-assessment, assets are classified by the degree of risk based on the debtor's classification and the existence of any collateral or guarantees. The results of the self-assessments are examined by the Self-Assessment Verification Section and are reported to the Asset Assessment Committee and management.

As to the credit portfolios in the entirety, the level of concentration in the industry and large transactions are monitored by the Credit Management Section on a regular basis in order to construct portfolios that exclude concentration risk. The Credit Management Section periodically reports the results to management.

Moreover, an internal credit rating system has been introduced that classifies debtors according to creditworthiness. The Bank uses the credit rating for screening and credit management of debtors as well as monitoring the credit portfolio.

Credit risk is quantified, which enables the Bank to manage the credit risk effectively.

Market risk management

The Risk Control Department of the Bank monitors market risk. The department quantifies the risk whenever possible and performs stress tests and simulation analyses to analyze the possible effects of changes in market variables such as interest rates, stock prices and exchange rates on the amount of market risk the Bank is exposed to and on the profit and loss of the Bank. The results of the analyses are regularly reported to the Board of Directors, the Risk Management Committee and other relevant parties. The Risk Management Committee and other relevant parties confirm that the level of risk is sufficiently limited considering the equity of the Bank and review the policies for controlling market risk.

Interest rate risk and stock price risk are significant risks for the Group. Major financial instruments which are exposed to interest rate risk are “Loans and bills discounted,” debt securities classified as available-for-sale securities under “Investment securities” and “Deposits.” Financial instruments which are exposed to stock price risk are equity securities classified as available-for-sale securities in “Investment securities.” The Group uses Value at Risk (“VaR”) calculated based on the financial assets and liabilities categorized into “loans and deposits,” “debt securities,” “equity securities held for investment” and “strategically held equity securities” to perform quantitative analysis and manage interest rate and stock price fluctuation risks. For the years ended March 31, 2015 and 2014, VaR was calculated using the historical simulation method (and assuming a holding period of 125 business days, a 99% confidence interval and an observation period of 5 years).

The total market risk exposure of the Group as estimated loss amounted to ¥14,048 million ($116,901 thousand) and ¥30,786 million ($256,187 thousand) as of March 31, 2015 and 2014, respectively. In calculating VaR, VaR amounts for interest rate risk associated with the banking account and price fluctuation risk associated with the equity securities held for investment were summed with that for price fluctuation risk associated with strategically held equity securities.

The Group ensures the reliability and accuracy of the measurement model by performing back-testing, that is, comparing VaR amounts measured using the model with actual amounts of profit and loss. However, VaR reflects market risk exposures statistically calculated under certain probabilities based on historical market volatility; therefore, it may not be able to accurately reflect the risks when the market environment changes extraordinarily.

iv) Supplemental information on fair value of financial instruments

Fair values of financial instruments are estimated based on quoted market prices or based on reasonably calculated prices if quoted market prices are not available. Certain assumptions are used to calculate such prices. Therefore, prices may be different under different assumptions.

(b) Fair value of financial instruments

The following is a summary of the carrying values and fair values of financial instruments at March 31, 2015 and 2014.

	Millions of yen		
	2015		
	Carrying value	Fair value	Difference
Financial assets:			
Cash and due from banks	¥ 139,407	¥ 139,407	¥ -
Call loans and bills purchased	2,171	2,171	-
Trading securities	77	77	-
Investment securities:			
Available-for-sale securities *(*1)*	1,157,415	1,157,415	-
Loans and bills discounted:			
Loans and bills discounted	1,655,157		
Reserve for possible loan losses *(*2)*	(9,900)		
Loans and bills discounted, net	1,645,256	1,669,942	24,685
	¥ 2,944,328	¥ 2,969,014	¥ 24,685
Financial liabilities:			
Deposits	¥ 2,638,408	¥ 2,638,976	¥ 568
Security deposits received related to securities lending transactions	75,085	75,085	-
Borrowings	17,655	17,678	23
	¥ 2,731,148	¥ 2,731,740	¥ 591

	2014		
	Carrying value	Fair value	Difference
Financial assets:			
Cash and due from banks	¥ 138,290	¥ 138,290	¥ -
Call loans and bills purchased	3,781	3,781	-
Trading securities	110	110	-
Investment securities:			
Available-for-sale securities *(*1)*	1,092,124	1,092,124	-
Loans and bills discounted:			
Loans and bills discounted	1,636,669		
Reserve for possible loan losses *(*2)*	(13,853)		
Loans and bills discounted, net	1,622,816	1,647,872	25,056
	¥ 2,857,123	¥ 2,882,179	¥ 25,056
Financial liabilities:			
Deposits	¥ 2,592,549	¥ 2,593,540	¥ 990
Security deposits received related to securities lending transactions	61,834	61,834	-
Borrowings	12,845	12,870	25
	¥ 2,667,228	¥ 2,668,245	¥ 1,016

	Thousands of U.S. dollars		
	2015		
	Carrying value	Fair value	Difference
Financial assets:			
Cash and due from banks	$ 1,160,081	$ 1,160,081	$ -
Call loans and bills purchased	18,066	18,066	-
Trading securities	640	640	-
Investment securities:			
Available-for-sale securities *(*1)*	9,631,480	9,631,480	-
Loans and bills discounted:			
Loans and bills discounted	13,773,462		
Reserve for possible loan losses *(*2)*	(82,383)		
Loans and bills discounted, net	13,691,070	13,896,496	205,417
	$ 24,501,356	$ 24,706,782	$ 205,417
Financial liabilities:			
Deposits	$ 21,955,629	$ 21,960,356	$ 4,726
Security deposits received related to securities lending transactions	624,823	624,823	-
Borrowings	146,916	147,108	191
	$ 22,727,369	$ 22,732,295	$ 4,918

	2014		
	Carrying value	Fair value	Difference
Financial assets:			
Cash and due from banks	$ 1,150,786	$ 1,150,786	$ -
Call loans and bills purchased	31,463	31,463	-
Trading securities	915	915	-
Investment securities:			
Available-for-sale securities *(*1)*	9,088,158	9,088,158	-
Loans and bills discounted:			
Loans and bills discounted	13,619,613		
Reserve for possible loan losses *(*2)*	(115,278)		
Loans and bills discounted, net	13,504,335	13,712,840	208,504
	$ 23,775,676	$ 23,984,180	$ 208,504
Financial liabilities:			
Deposits	$ 21,574,011	$ 21,582,258	$ 8,238
Security deposits received related to securities lending transactions	514,554	514,554	-
Borrowings	106,890	107,098	208
	$ 22,195,456	$ 22,203,919	$ 8,454

Notes:

*(*1) The following securities were excluded from the above tables because their fair values were extremely difficult to determine.*

	Millions of yen		*Thousands of U.S. dollars*	
	2015	*2014*	*2015*	*2014*
*Unlisted stocks**	*¥ 1,757*	*¥ 1,777*	*$ 14,620*	*$ 14,787*
Other nonmarketable securities	*321*	*329*	*2,671*	*2,737*
	¥ 2,078	*¥ 2,107*	*$ 17,292*	*$ 17,533*

** For the year ended March 31, 2014, loss on the write-down of these securities was recognized in the amount of ¥7 million ($58 thousand). For the year ended March 31, 2015, there was no write-down of these securities.*

*(*2) Reserve for possible loan losses on ordinary and specific claims corresponding to loans and bills discounted is deducted.*

Methods for calculating the fair value of financial instruments were as follows:

Financial assets:

- Cash and due from banks – The fair value of due from banks without maturities approximates the carrying value. As for those with maturities, the present value calculated by discounting the amount categorized based on the remaining term to maturity as of the consolidated balance sheet date at the risk free rate is used as the fair value. As for those with maturities up to one year as of the consolidated balance sheet date, the carrying value is used as the fair value after it is confirmed that the fair value approximates the carrying value.
- Call loans and bills purchased – The present value calculated by discounting the amount categorized based on the remaining term to maturity as of the consolidated balance sheet date at the risk free rate is used as the fair value of call loans and bills purchased. As for those with maturities up to one year as of the consolidated balance sheet date, the carrying value is used as the fair value after it is confirmed that the fair value approximates the carrying value.
- Trading securities – The fair value of trading securities such as debt securities held for dealing operations is based on the quoted market price or the price obtained from the counterparty financial institution.
- Investment securities – The fair value of equity securities is based on the quoted market price. The fair value of debt securities is based on the quoted market price or the price obtained from the counterparty financial institution. The fair value of investment trust funds is based on the constant value.

  The fair value of private placement bonds guaranteed by the Bank is calculated by discounting the future cash flows at the risk free rate to which the consideration (risk premium) to cover uncertainty inherent in cash flows (credit risk and others), which is calculated based on the amount expected to be collected according to the internal credit rating and the existence of collateral or guarantees, is added. As for transactions with maturities up to one year as of the consolidated balance sheet date, the carrying value is used as the fair value after it is confirmed that the fair value approximates the carrying value. Additional information on securities classified by holding purpose is presented in Note 4, Trading Securities and Investment Securities.
- Loans and bills discounted – The fair value of loans and bills discounted to corporate clients is calculated by discounting the future cash flows at the risk free rate to which the consideration (risk premium) to cover uncertainty inherent in cash flows (credit risk and others), which is calculated based on the amount expected to be collected according to the internal credit rating and the existence of collateral or guarantees, is added. The fair value of those to individual clients is calculated as the total of principal and interest discounted by the rate assumed when a similar loan is executed.

  As for transactions whose due date is within one year as of the consolidated balance sheet date, the carrying value is used as the fair value after it is confirmed that the fair value approximates the carrying value.

  As for loans to borrowers that are legally or substantially bankrupt and those who are likely to become bankrupt, the estimated loan losses are calculated based on the present value of the estimated future cash flows or the amount expected to be collected due to collateral or guarantees. As a result, the fair value approximates the carrying value as of the consolidated balance sheet date minus the reserve for possible loan losses.

Financial liabilities:

- Deposits – The fair value of demand deposits is deemed as the amount that would be paid if demanded by the clients as of the consolidated balance sheet date (the carrying value). As for time deposits, the present value, the discounted future cash flows by the amount categorized based on a certain period, is used as the fair value. The discount rate is that used when a new deposit is accepted. As for those with maturities up to one year as of the consolidated balance sheet date, the carrying value is used as the fair value after it is confirmed that the fair value approximates the carrying value.
- Security deposits received related to securities lending transactions and borrowings – The present value calculated by discounting the amount categorized based on the remaining term to maturity as

of the consolidated balance sheet date at the risk free rate is used as the fair value. As for transactions with maturities up to one year as of the consolidated balance sheet date, the carrying value is used as the fair value after it is confirmed that the fair value approximates the carrying value.

(c) Redemption schedule for financial instruments with maturities

The redemption schedule for financial instruments with maturities at March 31, 2015 was as follows:

	Millions of yen					
	2015					
	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
Financial assets:						
Due from banks	¥ 100,154	¥ -	¥ -	¥ -	¥ -	¥ -
Call loans and bills purchased	2,171	-	-	-	-	-
Investment securities:						
Available-for-sale securities:						
Japanese government bonds	16,000	59,300	63,800	150,600	4,600	3,000
Local government bonds	17,686	32,674	24,363	29,978	5,218	-
Corporate bonds	90,081	153,241	70,519	65,911	24,986	8,035
Foreign bonds	12,454	37,739	13,870	1,400	-	-
Other	2,629	10,976	20,676	3,155	51,394	-
Total investment securities	138,851	293,932	193,230	251,045	86,198	11,035
Loans and bills discounted *(*1)*	307,060	343,979	220,871	109,424	114,424	300,589
	¥ 548,238	¥ 637,911	¥ 414,102	¥ 360,469	¥ 200,623	¥ 311,625
Financial liabilities:						
Deposits *(*2)*	¥ 2,393,002	¥ 218,538	¥ 26,866	¥ -	¥ -	¥ -
Security deposits received related to securities lending transactions	75,085	-	-	-	-	-
Borrowings	14,170	2,535	950	-	-	-
	¥ 2,482,258	¥ 221,073	¥ 27,816	¥ -	¥ -	¥ -

	Thousands of U.S. dollars					
	2015					
	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
Financial assets:						
Due from banks	$ 833,435	$ -	$ -	$ -	$ -	$ -
Call loans and bills purchased	18,066	-	-	-	-	-
Investment securities:						
Available-for-sale securities:						
Japanese government bonds	133,144	493,467	530,914	1,253,224	38,279	24,964
Local government bonds	147,174	271,898	202,737	249,463	43,421	-
Corporate bonds	749,613	1,275,201	586,826	548,481	207,922	66,863
Foreign bonds	103,636	314,046	115,419	11,650	-	-
Other	21,877	91,337	172,056	26,254	427,677	-
Total investment securities	1,155,454	2,445,968	1,607,972	2,089,082	717,300	91,828
Loans and bills discounted *(*1)*	2,555,213	2,862,436	1,837,987	910,576	952,184	2,501,364
	$ 4,562,186	$ 5,308,404	$ 3,445,968	$ 2,999,658	$ 1,669,493	$ 2,593,201
Financial liabilities:						
Deposits *(*2)*	$ 19,913,472	$ 1,818,573	$ 223,566	$ -	$ -	$ -
Security deposits received related to securities lending transactions	624,823	-	-	-	-	-
Borrowings	117,916	21,095	7,905	-	-	-
	$ 20,656,220	$ 1,839,668	$ 231,472	$ -	$ -	$ -

Notes:

*(*1) At March 31, 2015, the total amount of loans which were not expected to be recovered, including claims to borrowers that were legally or substantially bankrupt and to those who were likely to become bankrupt, amounted to ¥53,228 million ($442,939 thousand). Loans without due dates in the amount of ¥205,579 million ($1,710,734 thousand) were excluded.*

*(*2) Demand deposits were included in "Due in 1 year or less."*

4. Trading Securities and Investment Securities

At March 31, 2015 and 2014, trading securities consisted of Japanese government bonds only.

At March 31, 2015 and 2014, investment securities consisted of the following:

	Millions of yen		Thousands of U.S. dollars	
	2015	2014	2015	2014
Japanese government bonds	¥ 308,125	¥ 330,687	$ 2,564,075	$ 2,751,826
Local government bonds	113,504	106,500	944,528	886,244
Bonds and debentures	421,022	447,240	3,503,553	3,721,727
Equity securities	129,090	101,025	1,074,228	840,684
Other	187,750	108,777	1,562,369	905,192
	¥ 1,159,493	¥ 1,094,231	$ 9,648,772	$ 9,105,691

At March 31, 2015 and 2014, investment securities included Japanese government bonds of ¥6,366 million ($52,974 thousand) and ¥16,863 million ($140,326 thousand), respectively, as loans without collateral (securities lending transactions).

At March 31, 2015 and 2014, liabilities for guarantees on corporate bonds included in "Investment securities," which were issued by private placement (Article 2, Paragraph 3 of the Financial Instruments and Exchange Act), amounted to ¥14,027 million ($116,726 thousand) and ¥13,594 million ($113,123 thousand), respectively.

Securities are classified as trading, held-to-maturity or available-for-sale. The classification determines the respective accounting method that should be used to account for these securities, as stipulated by the accounting standard for financial instruments. At March 31, 2015 and 2014, the carrying values of trading securities and the related valuation differences included in the consolidated statements of income were as follows:

	Millions of yen				Thousands of U.S. dollars			
	2015		2014		2015		2014	
	Carrying value	Valuation difference	Carrying value	Valuation difference	Carrying value	Valuation difference	Carrying value	Valuation difference
Trading securities	¥ 77	¥ (0)	¥ 110	¥ (0)	$ 640	$ (0)	$ 915	$ (0)

The Group did not have any held-to-maturity debt securities as of March 31, 2015 and 2014.

At March 31, 2015 and 2014, gross unrealized gains and losses for available-for-sale securities with fair value were as follows:

	Millions of yen			
	2015			
	Cost	Gross unrealized gains	Gross unrealized losses	Fair and carrying value
Available-for-sale securities with fair value:				
Japanese government bonds	¥ 300,202	¥ 7,962	¥ (38)	¥ 308,125
Local government bonds	110,602	2,919	(17)	113,504
Bonds and debentures	414,137	6,972	(87)	421,022
Equity securities	54,294	73,168	(129)	127,333
Other	176,605	10,993	(170)	187,428
	¥ 1,055,842	¥ 102,015	¥ (442)	¥ 1,157,415

	Millions of yen			
	2014			
	Cost	Gross unrealized gains	Gross unrealized losses	Fair and carrying value
Available-for-sale securities with fair value:				
Japanese government bonds	¥ 322,462	¥ 8,226	¥ (1)	¥ 330,687
Local government bonds	103,488	3,018	(7)	106,500
Bonds and debentures	440,430	6,898	(89)	447,239
Equity securities	52,601	46,956	(310)	99,247
Other	104,194	4,473	(222)	108,446
	¥ 1,023,182	¥ 69,575	¥ (633)	¥ 1,092,124

	Thousands of U.S. dollars			
	2015			
	Cost	Gross unrealized gains	Gross unrealized losses	Fair and carrying value
Available-for-sale securities with fair value:				
Japanese government bonds	$ 2,498,144	$ 66,256	$ (316)	$ 2,564,075
Local government bonds	920,379	24,290	(141)	944,528
Bonds and debentures	3,446,259	58,017	(723)	3,503,553
Equity securities	451,809	608,870	(1,073)	1,059,607
Other	1,469,626	91,478	(1,414)	1,559,690
	$ 8,786,236	$ 848,922	$ (3,678)	$ 9,631,480

	Thousands of U.S. dollars			
	2014			
	Cost	Gross unrealized gains	Gross unrealized losses	Fair and carrying value
Available-for-sale securities with fair value:				
Japanese government bonds	$ 2,683,381	$ 68,453	$ (8)	$ 2,751,826
Local government bonds	861,179	25,114	(58)	886,244
Bonds and debentures	3,665,057	57,402	(740)	3,721,719
Equity securities	437,721	390,746	(2,579)	825,888
Other	867,055	37,222	(1,847)	902,438
	$ 8,514,454	$ 578,971	$ (5,267)	$ 9,088,158

During the years ended March 31, 2015 and 2014, the Group recorded losses on the write-down of available-for-sale securities with fair value due to other than temporary decline in value as follows:

	Millions of yen		Thousands of U.S. dollars	
	2015	2014	2015	2014
Corporate bonds	¥ 1	¥ -	$ 8	$ -

The Group recognizes the write-down of available-for-sale securities with fair value in the case of a decline in value by 50% or more below cost or an other than temporary decline ranging from 30% to 50% below cost.

At March 31, 2015 and 2014, net unrealized gains on available-for-sale securities, net of applicable income taxes and minority interests, recorded as a component of accumulated other comprehensive income in net assets on the consolidated balance sheets were as follows:

	Millions of yen		Thousands of U.S. dollars	
	2015	2014	2015	2014
Unrealized gains	¥ 101,572	¥ 68,941	$ 845,235	$ 573,695
Less applicable income taxes	(31,684)	(23,718)	(263,659)	(197,370)
Less minority interests portion	(82)	(42)	(682)	(349)
Net unrealized gains	¥ 69,806	¥ 45,180	$ 580,893	$ 375,967

During the years ended March 31, 2015 and 2014, the Group sold available-for-sale securities and recorded gains and losses on sales of these securities on the consolidated statements of income as follows:

	Millions of yen		Thousands of U.S. dollars	
	2015	2014	2015	2014
Gains on sales of:				
Equity securities	¥ 1,570	¥ 1,675	$ 13,064	$ 13,938
Bonds and others	1,195	946	9,944	7,872
	¥ 2,765	¥ 2,621	$ 23,009	$ 21,810
Losses on sales of:				
Equity securities	¥ 232	¥ 396	$ 1,930	$ 3,295
Bonds and others	380	1,054	3,162	8,770
	¥ 612	¥ 1,450	$ 5,092	$ 12,066

5. Loans and Bills Discounted

At March 31, 2015 and 2014, loans and bills discounted consisted of the following:

	Millions of yen		Thousands of U.S. dollars	
	2015	2014	2015	2014
Bills discounted	¥ 26,934	¥ 28,581	$ 224,132	$ 237,838
Loans on bills	60,626	68,711	504,501	571,781
Loans on deeds	1,359,374	1,350,144	11,312,091	11,235,283
Overdrafts	208,221	189,232	1,732,720	1,574,702
	¥ 1,655,157	¥ 1,636,669	$ 13,773,462	$ 13,619,613

Bills discounted are accounted for as financial transactions in accordance with the JICPA Industry Audit Committee Report No. 24, “Treatment of Accounting and Auditing Concerning Application of Accounting Standard for Financial Instruments in Banking Industry.” The Group has the right to sell or pledge (repledge) bankers' acceptances, commercial bills, documentary bills and foreign bills of exchange purchased without restrictions. The total face value of these bills amounted to ¥27,110 million ($225,597 thousand) and ¥28,806 million ($239,710 thousand) at March 31, 2015 and 2014, respectively.

Claims to borrowers in bankruptcy and past due loans amounted to ¥53,228 million ($442,939 thousand) and ¥58,083 million ($483,340 thousand) at March 31, 2015 and 2014, respectively, and are included in "Loans and bills discounted." Loans are generally placed on non-accrual status when there is substantial doubt about the ultimate collectability of either principal or interest because the principal or interest is past due for a considerable period or for other reasons. Claims to borrowers in bankruptcy represent non-accrual loans after charge-off to legally bankrupt borrowers as defined in Article 96, Paragraph 1, Subparagraph 3 and 4 of the Order for Enforcement of the Corporation Tax Act of Japan. Past due loans are non-accrual loans other than claims to borrowers in bankruptcy and loans for which interest payments are deferred in order to assist the financial recovery of borrowers in financial difficulties.

At March 31, 2015 and 2014, delinquent loans for which the payment of principal or interest was contractually past due three months or more, excluding non-accrual loans, amounted to ¥509 million ($4,235 thousand) and ¥750 million ($6,241 thousand), respectively.

At March 31, 2015 and 2014, restructured loans for which the Bank had restructured the terms and conditions in favor of borrowers in financial difficulties, such as a reduction or exemption of the original interest rate, extension of interest payments and/or principal repayments and debt forgiveness in order to support the borrowers in their financial recovery or restructuring, excluding "claims to borrowers in bankruptcy," "past due loans" and "delinquent loans contractually past due three months or more" disclosed above, amounted to ¥8,067 million ($67,129 thousand) and ¥12,307 million ($102,413 thousand), respectively.

Total non-performing assets before charge-offs of claims deemed uncollectible, consisting of "claims to borrowers in bankruptcy," "past due loans," "delinquent loans contractually past due three months or more" and "restructured loans," aggregated ¥61,804 million ($514,304 thousand) and ¥71,141 million ($592,002 thousand) at March 31, 2015 and 2014, respectively.

6. Foreign Exchange

At March 31, 2015 and 2014, foreign exchange consisted of the following:

	Millions of yen		Thousands of U.S. dollars	
	2015	2014	2015	2014
Assets:				
Due from banks	¥ 2,896	¥ 896	$ 24,099	$ 7,456
Foreign bills of exchange purchased	176	225	1,464	1,872
Foreign bills of exchange receivable	563	537	4,685	4,468
	¥ 3,636	¥ 1,659	$ 30,257	$ 13,805

	Millions of yen		Thousands of U.S. dollars	
	2015	2014	2015	2014
Liabilities:				
Foreign bills of exchange sold	¥ 458	¥ 486	$ 3,811	$ 4,044
Foreign bills of exchange payable	521	87	4,335	723
	¥ 980	¥ 573	$ 8,155	$ 4,768

7. Tangible Fixed Assets

At March 31, 2015 and 2014, tangible fixed assets consisted of the following:

	Millions of yen		Thousands of U.S. dollars	
	2015	2014	2015	2014
Land	¥ 23,559	¥ 23,668	$ 196,047	$ 196,954
Buildings and structures	7,942	5,316	66,089	44,237
Property held for lease	-	1	-	8
Construction in progress	32	1,355	266	11,275
Other tangible fixed assets	3,307	3,387	27,519	28,185
Tangible fixed assets	¥ 34,841	¥ 33,727	$ 289,930	$ 280,660

Accumulated depreciation of tangible fixed assets at March 31, 2015 and 2014 was ¥22,865 million ($190,272 thousand) and ¥23,714 million ($197,337 thousand), respectively.

As permitted by the accounting principles and practices generally accepted in Japan, deferred capital gains on sales of real property are deducted from the original acquisition cost of property newly acquired for replacement purposes in the same line of business as the property sold. At March 31, 2015 and 2014, the amount of ¥2,286 million ($19,023 thousand) and ¥2,289 million ($19,048 thousand), respectively, were directly reduced from the acquisition cost of land.

The Bank elected the one-time revaluation of land used for the banking business effective on March 31, 1998, reflecting appropriate adjustments for land shape and other factors based on the appraisal values issued by the Japanese National Tax Agency under the Act on Revaluation of Land. According to the Act, the amount equivalent to the tax effect on the excess of sound reassessed values over the original book value is stated as "Deferred tax liabilities for revaluation," and the rest of the excess, net of the tax effect, is disclosed as "Land revaluation increment" and included in a component of accumulated other comprehensive income in net assets on the consolidated balance sheets. At March 31, 2015 and 2014, the differences in the carrying values of land used for the banking business after reassessment over the market values amounted to ¥3,792 million ($31,555 thousand) and ¥4,613 million ($38,387 thousand), respectively.

8. Pledged Assets

At March 31, 2015 and 2014, investment securities totaling ¥74,816 million ($622,584 thousand) and ¥61,675 million ($513,231 thousand), respectively, were pledged as collateral for "Security deposits received related to securities lending transactions" of ¥75,085 million ($624,823 thousand) and ¥61,834 million ($514,554 thousand), respectively.

At March 31, 2015 and 2014, investment securities totaling ¥24,953 million ($207,647 thousand) and ¥36,815 million ($306,357 thousand), respectively, were pledged as collateral for the settlement of exchange and other transactions.

9. Deposits

At March 31, 2015 and 2014, deposits consisted of the following:

	Millions of yen		Thousands of U.S. dollars	
	2015	2014	2015	2014
Demand deposits	¥ 1,358,867	¥ 1,292,205	$ 11,307,872	$ 10,753,141
Time deposits	1,251,027	1,266,667	10,410,476	10,540,625
Other	28,512	33,676	237,263	280,236
	¥ 2,638,408	¥ 2,592,549	$ 21,955,629	$ 21,574,011

10. Borrowings and Lease Obligations

At March 31, 2015 and 2014, borrowings, which consisted of the borrowings from other financial institutions, amounted to ¥17,655 million ($146,916 thousand) and ¥12,845 million ($106,890 thousand), respectively. At March 31, 2015, the annual maturities of borrowings due through February 2020 at an average interest rate of 0.17% per annum were as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2016	¥ 14,170	$ 117,916
2017	1,480	12,315
2018	1,055	8,779
2019	640	5,325
2020	310	2,579
	¥ 17,655	$ 146,916

At March 31, 2015 and 2014, other liabilities included lease obligations of zero and ¥12 million ($99 thousand), respectively.

11. Employee Retirement Benefits

The Group has corporate pension fund plans and lump-sum retirement benefit plans as defined benefit plans that cover substantially all employees. Furthermore, retirement benefit trusts are set up to cover lump-sum retirement benefit plans. At March 31, 2015 and 2014, employee retirement benefits consisted of the following:

(Defined benefit plans)
(a) Movement in retirement benefit obligations:

	Millions of yen		Thousands of U.S. dollars	
	2015	2014	2015	2014
Retirement benefit obligations at beginning of year	¥ 21,941	¥ 22,069	$ 182,583	$ 183,648
Cumulative effects of changes in accounting policies	(1,637)	-	(13,622)	-
Restated balance	20,304	22,069	168,960	183,648
Service cost	690	728	5,741	6,058
Interest cost	249	220	2,072	1,830
Actuarial differences	127	187	1,056	1,556
Retirement benefits paid	(1,083)	(1,264)	(9,012)	(10,518)
Retirement benefit obligations at end of year	¥ 20,289	¥ 21,941	$ 168,835	$ 182,583

(b) Movement in plan assets:

	Millions of yen		Thousands of U.S. dollars	
	2015	2014	2015	2014
Plan assets at beginning of year	¥ 23,085	¥ 19,994	$ 192,102	$ 166,380
Expected return on plan assets	292	268	2,429	2,230
Actuarial differences	3,688	2,838	30,689	23,616
Contribution paid by the employer	960	963	7,988	8,013
Contribution to retirement benefit trusts	4,000	-	33,286	-
Retirement benefits paid	(885)	(979)	(7,364)	(8,146)
Plan assets at end of year	¥ 31,141	¥ 23,085	$ 259,141	$ 192,102

(c) Reconciliation from retirement benefit obligations and plan assets to employee retirement benefit asset or liability recorded on the consolidated balance sheet:

	Millions of yen		Thousands of U.S. dollars	
	2015	2014	2015	2014
Funded retirement benefit obligations	¥ 20,289	¥ 18,125	$ 168,835	$ 150,827
Plan assets	(31,141)	(23,085)	(259,141)	(192,102)
	(10,852)	(4,960)	(90,305)	(41,274)
Unfunded retirement benefit obligations	-	3,816	-	31,755
Net balance of (asset)/liability for retirement benefits recorded on the consolidated balance sheet at end of year	(10,852)	(1,143)	(90,305)	(9,511)
Employee retirement benefit liability	766	3,816	6,374	31,755
Employee retirement benefit asset	(11,619)	(4,960)	(96,688)	(41,274)
Net balance of (asset)/liability for retirement benefits recorded on the consolidated balance sheet at end of year	¥ (10,852)	¥ (1,143)	$ (90,305)	$ (9,511)

(d) Net periodic retirement benefit expenses and their breakdown:

	Millions of yen				Thousands of U.S. dollars			
	2015		2014		2015		2014	
Service cost	¥	690	¥	728	$	5,741	$	6,058
Interest cost		249		220		2,072		1,830
Expected return on plan assets		(292)		(268)		(2,429)		(2,230)
Amortization of actuarial differences		746		950		6,207		7,905
Other		38		26		316		216
Net periodic retirement benefit expenses under defined benefit plans	¥	1,432	¥	1,656	$	11,916	$	13,780

(e) Retirement benefit adjustment in other comprehensive income, before tax effects:

	Millions of yen				Thousands of U.S. dollars			
	2015		2014		2015		2014	
Actuarial differences	¥	4,307	¥	-	$	35,840	$	-
Total	¥	4,307	¥	-	$	35,840	$	-

(f) Retirement benefit adjustment in accumulated other comprehensive income, before tax effects:

	Millions of yen				Thousands of U.S. dollars			
	2015		2014		2015		2014	
Actuarial differences that are yet to be recognized	¥	2,585	¥	(1,722)	$	21,511	$	(14,329)
Total	¥	2,585	¥	(1,722)	$	21,511	$	(14,329)

(g) Plan assets

i) Plan assets comprise:

	2015	2014
Debt securities	25.1%	27.0%
Equity securities	48.1	54.3
General account	10.4	14.3
Other	16.4	4.4
Total	100.0%	100.0%

Note: At March 31, 2014, 36.6% of plan assets consisted of retirement benefit trusts that are set up for corporate pension plans. At March 31, 2015, 47.1% of plan assets consisted of retirement benefit trusts that are set up for corporate pension plans and lump-sum retirement benefit plans.

ii) Determination of expected long-term rate of plan assets

The expected long-term rate of return on plan assets is determined considering current and future portfolio of plan assets and current and expected long-term rate of return generated from various components of the plan assets.

(h) Actuarial assumptions at end of year:

	2015	2014
Discount rate for corporate pension plans	1.2%	1.0%
Discount rate for lump-sum retirement benefit plans	1.1%	1.0%
Expected long-term rate of return on plan assets	2.0%	2.0%

12. Acceptances and Guarantees

The Bank provides guarantees for liabilities of its customers for payments on loans from other financial institutions. A contra account, “Customers’ liabilities for acceptances and guarantees,” is classified as an asset in the consolidated balance sheets, indicating the Bank’s right of indemnity from customers.

13. Net Assets

At March 31, 2015 and 2014, the authorized number of shares of common stock without par value was 30 million, and the number of shares of common stock issued was 10,943,240 shares. At March 31, 2015 and 2014, the number of shares of treasury stock held by the Group was 100,763 and 89,972 shares, respectively.

At March 31, 2015 and 2014, capital surplus consisted principally of additional paid-in capital. Included in retained earnings was the legal earnings reserve of the Bank in the amount of ¥5,392 million ($44,869 thousand) at both March 31, 2015 and 2014. The Japanese Banking Act provides that an amount equivalent to at least 20% of the cash payments as appropriations of retained earnings shall be appropriated as the legal earnings reserve until the total amount of additional paid-in capital and such reserve equals the common stock. The legal earnings reserve is not available for distributions as dividends, but may be used to reduce a deficit or may be transferred to common stock by proper action of the Board of Directors and/or the shareholders.

In November 2014, the Board of Directors of the Bank resolved to pay interim dividends of ¥379 million ($3,153 thousand) at ¥35 per share ($0.29 per share). The shareholders of the Bank approved the following appropriation of retained earnings at the annual shareholders meeting on June 26, 2015.

	Millions of yen	Thousands of U.S. dollars
Cash dividends, ¥45 per share ($0.37 per share)	¥ 487	$ 4,052

14. Stock Options

(a) Stock option expenses

The Bank recorded stock option expenses of ¥45 million ($374 thousand) and ¥55 million ($457 thousand) in “General and administrative expenses” for the years ended March 31, 2015 and 2014, respectively.

(b) Outline of stock options and size of and changes in stock options

i) Outline of stock options:

	2012 stock options	2013 stock options	2014 stock options
Position and number of grantees	13 directors of the Bank (excluding outside directors)	13 directors of the Bank (excluding outside directors)	13 directors of the Bank (excluding outside directors)
Number of options granted*	13,000 common shares of the Bank	12,200 common shares of the Bank	9,100 common shares of the Bank
Grant date	July 20, 2012	July 19, 2013	July 25, 2014
Conditions for vesting	Not defined	Not defined	Not defined
Requisite service period	Not defined	Not defined	Not defined
Exercise period	From July 21, 2012 to July 20, 2042	From July 20, 2013 to July 19, 2043	From July 26, 2014 to July 25, 2044

*Note: * Calculated in terms of the number of shares.*

ii) Size of and changes in stock options:

The following describes the size of and changes in stock options that existed during the years ended March 31, 2015 and 2014. The number of stock options is calculated in terms of the number of shares.

a) Number of stock options

	2012 stock options	2013 stock options	2014 stock options
Non-vested:			
Outstanding at April 1, 2013	-	-	-
Granted	-	12,200 shares	-
Forfeited	-	-	-
Vested	-	(12,200 shares)	-
Outstanding at March 31, 2014	-	-	-
Granted	-	-	9,100 shares
Forfeited	-	-	-
Vested	-	-	(9,100 shares)
Outstanding at March 31, 2015	-	-	-
Vested:			
Outstanding at April 1, 2013	13,000 shares	-	-
Vested	-	12,200 shares	-
Exercised	-	-	-
Forfeited	-	-	-
Outstanding at March 31, 2014	13,000 shares	12,200 shares	-
Vested	-	-	9,100 shares
Exercised	-	-	-
Forfeited	-	-	-
Outstanding at March 31, 2015	13,000 shares	12,200 shares	9,100 shares

b) Price information

	2012 stock options	2013 stock options	2014 stock options
(per share)			
Exercise price	¥1 ($0.00)	¥1 ($0.00)	¥1 ($0.00)
Average stock price at exercise	-	-	-
Fair value at grant date	¥3,645 ($30.33)	¥4,556 ($37.91)	¥4,959 ($41.26)

iii) Valuation technique to estimate fair value of stock options granted for the years ended March 31, 2015 and 2014:

(1) 2013 stock options:

a) Valuation technique used: Black-Scholes model
b) Major assumptions and estimation method

	2013 stock options
Expected volatility *(*1)*	32.127%
Expected life *(*2)*	2.3 years
Expected dividends *(*3)*	¥70 ($0.58) per share
Risk free interest rate *(*4)*	0.127%

*Notes: (*1) Expected volatility is calculated based on the actual stock prices during the period from March 2011 to July 2013, which corresponds to the expected life of the options.*
*(*2) Expected life is estimated based on the difference between the average term of office of directors who retired during the past 10 years and the average term of office of existing directors in office.*
*(*3) Expected dividends are the actual dividends for the year ended March 31, 2013.*
*(*4) Risk free interest rate is a Japanese government bond yield which corresponds to the expected life.*

(2) 2014 stock options:

a) Valuation technique used: Black-Scholes model
b) Major assumptions and estimation method

	2014 stock options
Expected volatility *(*1)*	34.441%
Expected life *(*2)*	1.3 years
Expected dividends *(*3)*	¥70 ($0.58) per share
Risk free interest rate *(*4)*	0.050%

*Notes: (*1) Expected volatility is calculated based on the actual stock prices during the period from March 2013 to July 2014, which corresponds to the expected life of the options.*
*(*2) Expected life is estimated based on the difference between the average term of office of directors who retired during the past 10 years and the average term of office of existing directors in office.*
*(*3) Expected dividends are the actual dividends for the year ended March 31, 2014.*
*(*4) Risk free interest rate is a Japanese government bond yield which corresponds to the expected life.*

iv) Method of estimating number of stock options vested

Basically, only the actual number of forfeited stock options is reflected because it is difficult to rationally estimate the number of stock options to be forfeited in the future.

15. Commitments

(a) Loan commitments

Contracts related to overdraft facilities and loan commitment lines are agreements that allow customers to extend overdrafts or loans up to prescribed limits unless there is violation of any condition in the contract. At March 31, 2015 and 2014, the unused amounts within the limits of these contracts, which originally expire within one year or are revocable by the Bank at any time without any conditions, aggregated ¥574,824 million ($4,783,423 thousand) and ¥583,077 million ($4,852,101 thousand), respectively.

Since many of these commitments expire without being drawn down, the unused amount does not necessarily represent a future cash flow. In addition, most of these contracts have conditions that the Group can refuse customer applications or decrease the contract limits for appropriate reasons such as changes in the financial situation or deterioration in creditworthiness of the customer. At the execution of the contract, the Bank obtains real estate, securities, etc., as collateral if considered necessary. Subsequently, the Bank performs periodic reviews of the customer's business performance in accordance with the Bank's internal rules and takes necessary measures such as reconsidering conditions of the contracts and/or requiring additional collateral and/or guarantees if necessary.

(b) Lease commitments

The Group has entered into various lease agreements as a lessee principally for land for office space. These leases are generally cancelable with a few months advance notice and are accounted for as operating leases. The Group has also entered into non-cancelable operating lease agreements. The future minimum lease payments under these non-cancellable operating leases as of March 31, 2015 and 2014 were as follows:

	Millions of yen		Thousands of U.S. dollars	
	2015	2014	2015	2014
Due within one year	¥ 98	¥ 97	$ 815	$ 807
Due after one year	958	1,011	7,972	8,413
	¥ 1,056	¥ 1,108	$ 8,787	$ 9,220

In addition, a subsidiary engaged in the leasing business as a lessor has entered into various long-term, non-cancelable lease agreements with third parties that were categorized as finance leases. Information concerning future minimum lease payments to be received as of March 31, 2015 and 2014 for finance leases which do not transfer ownership of the leased assets to the lessee was as follows:

	Millions of yen		Thousands of U.S. dollars	
	2015	2014	2015	2014
Total future minimum lease payments to be received	¥ 11,465	¥ 10,962	$ 95,406	$ 91,220
Estimated residual value of leased assets	683	723	5,683	6,016
Imputed interest	(665)	(737)	(5,533)	(6,132)

The aggregate annual maturities of future minimum lease payments to be received as of March 31, 2015 were as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2016	¥ 3,265	$ 27,169
2017	2,750	22,884
2018	2,130	17,724
2019	1,518	12,632
2020	896	7,456
2021 and thereafter	903	7,514
	¥ 11,465	$ 95,406

As permitted by the accounting standard for lease transactions with respect to finance leases entered into before April 1, 2008, the appropriate carrying value, net of accumulated depreciation, of the underlying assets at March 31, 2008 is recognized as the value of the investment in the leased assets, and the total amount equivalent to interest income on these transactions is allocated over the lease term using the straight-line method, instead of the effective interest method, as the principal method of the accounting standard. As a result, income before income taxes and minority interests for the years ended March 31, 2015 and 2014 were ¥10 million ($83 thousand) and ¥40 million ($332 thousand) more, respectively, than the amounts that would have been recorded under the effective interest method based on lease payments receivable.

16. Derivative Financial Instruments

Derivative financial instruments, other than those to which hedge accounting was applied, which were traded on the over-the-counter market and stated at fair value and whose valuation gains and losses are recognized in the consolidated statements of income, as of March 31, 2015 and 2014 are summarized as follows:

	Millions of yen			
	Notional principal or contract amounts			
	Total	Over one year	Fair value*	Valuation gains (losses)
Foreign exchange forward contracts:				
At March 31, 2015	¥ 36,602	¥ -	¥ (202)	¥ (202)
At March 31, 2014	32,572	-	(34)	(34)

	Thousands of U.S. dollars			
	Notional principal or contract amounts			
	Total	Over one year	Fair value*	Valuation gains (losses)
Foreign exchange forward contracts:				
At March 31, 2015	$ 304,585	$ -	$ (1,680)	$ (1,680)
At March 31, 2014	271,049	-	(282)	(282)

*Note: * Fair value was based on the discounted cash flow method.*

There were no outstanding derivative financial instruments to which hedge accounting was applied as of March 31, 2015 and 2014.

17. Income Taxes

Income taxes for the years ended March 31, 2015 and 2014 consisted of the following:

	Millions of yen		Thousands of U.S. dollars	
	2015	2014	2015	2014
Income taxes:				
Current	¥ 1,489	¥ 2,206	$ 12,390	$ 18,357
Deferred	1,992	987	16,576	8,213
	¥ 3,481	¥ 3,194	$ 28,967	$ 26,579

The tax effects of temporary differences that gave rise to a significant portion of deferred tax assets and liabilities at March 31, 2015 and 2014 were as follows:

	Millions of yen		Thousands of U.S. dollars	
	2015	2014	2015	2014
Deferred tax assets:				
Reserve for possible loan losses	¥ 3,050	¥ 4,506	$ 25,380	$ 37,496
Employee retirement benefits	1,918	4,130	15,960	34,367
Investment securities	1,664	1,948	13,847	16,210
Other	3,427	4,083	28,517	33,976
	10,061	14,669	83,723	122,068
Less valuation allowance	(2,312)	(2,537)	(19,239)	(21,111)
	7,749	12,131	64,483	100,948
Deferred tax liabilities:				
Unrealized gains on available-for-sale securities	(31,684)	(23,718)	(263,659)	(197,370)
Gains on transfer of investment securities to trusts for retirement benefit plans	(3,194)	(3,520)	(26,579)	(29,291)
Deferred gains on sale of property and other	(222)	(236)	(1,847)	(1,963)
	(35,101)	(27,475)	(292,094)	(228,634)
Net deferred tax liabilities	¥ (27,352)	¥ (15,343)	$ (227,610)	$ (127,677)

At March 31, 2015 and 2014, deferred tax assets and liabilities reported on the accompanying consolidated balance sheets were as follows:

	Millions of yen		Thousands of U.S. dollars	
	2015	2014	2015	2014
Deferred tax assets	¥ 249	¥ 408	$ 2,072	$ 3,395
Deferred tax liabilities	27,601	15,752	229,682	131,080

In assessing the realizability of deferred tax assets, management of the Group considers whether some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. At March 31, 2015 and 2014, a valuation allowance was provided to reduce deferred tax assets to the extent that the management believed that the deferred tax assets were not realizable.

A reconciliation between the Japanese statutory tax rate and the effective income tax rate on pre-tax income reflected in the accompanying consolidated statements of income for the years ended March 31, 2015 and 2014 was not disclosed because the difference between the Japanese statutory tax rate and the effective income tax rate was less than 5% of the Japanese statutory tax rate.

The “Act for Partial Revision of the Income Tax Act, etc.” (Act No. 9 of 2015) was promulgated on March 31, 2015, and the corporate tax rate will be reduced from the year beginning on or after April 1, 2015. Consequently, the statutory tax rate used to calculate deferred tax assets and deferred tax liabilities was changed from 35.33% to 32.82% for temporary differences expected to be settled or realized in the year beginning on April 1, 2015 and to 32.06% for temporary differences expected to be settled or realized in the year beginning on or after April 1, 2016.

As a result of this change, as of March 31, 2015, “Deferred tax assets” and “Deferred tax liabilities” decreased by ¥17 million ($141 thousand) and ¥2,885 million ($24,007 thousand), respectively, while “Unrecognized gains on available-for-sale securities” and “Retirement benefit adjustment” in accumulated other comprehensive income increased by ¥3,219 million ($26,787 thousand) and ¥84 million ($699 thousand), respectively. “Income taxes – deferred” increased by ¥437 million ($3,636 thousand) for the year ended March 31, 2015. “Deferred tax liabilities for revaluation” decreased by ¥512 million ($4,260 thousand) and “Land revaluation increment” increased by the same amount as of March 31, 2015.

18. General and administrative expenses

General and administrative expenses for the years ended March 31, 2015 and 2014 included following items:

	Millions of yen		Thousands of U.S. dollars	
	2015	2014	2015	2014
General and administrative expenses:				
Salaries and allowances	¥ 12,786	¥ 13,031	$ 106,399	$ 108,438
Net periodic retirement benefit expenses	1,432	1,656	11,916	13,780
Rental expenses for land, buildings and machinery	2,878	2,924	23,949	24,332

19. Segment Information

(a) General information about reportable segments

The Group defines a reportable segment as a component of the Group for which discrete financial information is available and whose operating results are regularly reviewed by the Board of Directors to make decisions about resources to be allocated to the segment and assess its performance.

The Group engages in a wide range of financial services to customers primarily in the areas of banking and leasing. The reportable segments of the Group are based on operating segments as follows:

"Banking"

- Deposits and loans
- Foreign exchange transactions
- Over-the-counter sales of investment trusts and life insurance products
- Securities business

"Leasing"

- Leasing business

(b) Bases used to measure reported segment profit, segment assets, segment liabilities and other material items

Bases used to measure operating segment information follow the accounting principles used in the consolidated financial statements as described in Note 2, "Summary of Significant Accounting Policies." The segment profit is based on ordinary income, which is defined as "Total income" less certain special income included in "Other income" in the accompanying consolidated statements of income, and intersegment income is accounted for based on prices in ordinary transactions with independent third parties.

(c) Information about reported segment profit, segment assets, segment liabilities and other material items

Segment information as of and for the year ended March 31, 2015 was as follows:

	Millions of yen 2015						
	Reported segment						
	Banking	Leasing	Total	Other *(*2)*	Total	Reconciliation *(*3)*	Consolidated
Ordinary income *(*1)*:							
External customers	¥ 43,509	¥ 4,794	¥ 48,304	¥ 994	¥ 49,298	¥ -	¥ 49,298
Intersegment	120	345	466	585	1,051	(1,051)	-
Total ordinary income	43,629	5,140	48,770	1,579	50,350	(1,051)	49,298
Segment profit *(*4)*	9,293	266	9,559	179	9,738	(3)	9,735
Segment assets	3,020,244	15,196	3,035,440	5,808	3,041,248	(7,105)	3,034,142
Segment liabilities	2,793,660	10,250	2,803,910	1,037	2,804,948	(7,106)	2,797,842
Other material items:							
Depreciation	¥ 1,223	¥ 152	¥ 1,376	¥ 41	¥ 1,417	¥ -	¥ 1,417
Interest and dividend income	32,558	9	32,568	62	32,630	(30)	32,599
Interest expense	1,654	56	1,710	4	1,714	(81)	1,633
Provision of reserve for possible loan losses	(1,510)	(5)	(1,515)	23	(1,491)	(0)	(1,491)
Loss on write-down of securities	1	-	1	-	1	-	1
Increase in tangible fixed assets and intangible fixed assets	2,619	6	2,626	37	2,663	-	2,663

	Thousands of U.S. dollars 2015						
	Reported segment						
	Banking	Leasing	Total	Other *(*2)*	Total	Reconciliation *(*3)*	Consolidated
Ordinary income *(*1)*:							
External customers	$ 362,062	$ 39,893	$ 401,963	$ 8,271	$ 410,235	$ -	$ 410,235
Intersegment	998	2,870	3,877	4,868	8,745	(8,745)	-
Total ordinary income	363,060	42,772	405,841	13,139	418,989	(8,745)	410,235
Segment profit *(*4)*	77,332	2,213	79,545	1,489	81,035	(24)	81,010
Segment assets	25,133,094	126,454	25,259,548	48,331	25,307,880	(59,124)	25,248,747
Segment liabilities	23,247,565	85,295	23,332,861	8,629	23,341,499	(59,132)	23,282,366
Other material items:							
Depreciation	$ 10,177	$ 1,264	$ 11,450	$ 341	$ 11,791	$ -	$ 11,791
Interest and dividend income	270,932	74	271,016	515	271,531	(249)	271,274
Interest expense	13,763	466	14,229	33	14,263	(674)	13,589
Provision of reserve for possible loan losses	(12,565)	(41)	(12,607)	191	(12,407)	0	(12,407)
Loss on write-down of securities	8	-	8	-	8	-	8
Increase in tangible fixed assets and intangible fixed assets	21,794	49	21,852	307	22,160	-	22,160

Notes:

*(*1) Ordinary income represents "Total income" less certain special income included in "Other income" in the accompanying consolidated statements of income. "Total income" of ¥49,308 million ($410,318 thousand) in the accompanying consolidated statement of income is derived from ordinary income of ¥49,298 million ($410,235 thousand) through the addition of certain special income of ¥9 million ($74 thousand).*

*(*2) The "Other" business segment in the table above represents operating segments not included in the reported segments and includes credit card business, administrative outsourcing business and information technology management operations.*

*(*3) Reconciliation represents the eliminations of intersegment transactions.*

*(*4) Segment profit is reconciled to ordinary profit, which represents ordinary income less ordinary expenses. Ordinary expenses represent "Total expenses" of ¥39,897 million ($332,004 thousand) less certain special expenses of ¥333 million ($2,771 thousand) included in "Other expenses" in the accompanying consolidated statements of income. Therefore, consolidated segment profit, which shows ordinary profit of ¥9,735 million ($81,010 thousand), is reconciled to "Income before income taxes and minority interests" of ¥9,411 million ($78,314 thousand) through the addition/deduction of certain special income/ (expenses), net.*

Segment information as of and for the year ended March 31, 2014 was as follows:

	Millions of yen						
	2014						
	Reported segment						
	Banking	Leasing	Total	Other *(*2)*	Total	Reconciliation *(*3)*	Consolidated
Ordinary income *(*1)*:							
External customers	¥ 43,541	¥ 4,829	¥ 48,370	¥ 984	¥ 49,354	¥ -	¥ 49,354
Intersegment	92	343	435	595	1,031	(1,031)	-
Total ordinary income	43,633	5,172	48,806	1,580	50,386	(1,031)	49,354
Segment profit *(*4)*	8,049	404	8,454	191	8,645	(3)	8,641
Segment assets	2,925,186	14,721	2,939,907	5,702	2,945,609	(7,373)	2,938,236
Segment liabilities	2,732,498	9,931	2,742,429	1,141	2,743,570	(7,377)	2,736,193
Other material items:							
Depreciation	¥ 1,204	¥ 166	¥ 1,371	¥ 36	¥ 1,407	¥ -	¥ 1,407
Interest and dividend income	33,629	10	33,639	74	33,714	(33)	33,681
Interest expense	1,836	63	1,900	4	1,904	(91)	1,813
Provision of reserve for possible loan losses	(501)	(104)	(605)	8	(596)	0	(596)
Loss on write-down of securities	1	5	7	-	7	-	7
Increase in tangible fixed assets and intangible fixed assets	1,981	-	1,981	46	2,027	-	2,027

	Thousands of U.S. dollars						
	2014						
	Reported segment						
	Banking	Leasing	Total	Other *(*2)*	Total	Reconciliation *(*3)*	Consolidated
Ordinary income *(*1)*:							
External customers	$ 362,328	$ 40,184	$ 402,513	$ 8,188	$ 410,701	$ -	$ 410,701
Intersegment	765	2,854	3,619	4,951	8,579	(8,579)	-
Total ordinary income	363,093	43,039	406,141	13,148	419,289	(8,579)	410,701
Segment profit *(*4)*	66,980	3,361	70,350	1,589	71,939	(24)	71,906
Segment assets	24,342,065	122,501	24,464,566	47,449	24,512,016	(61,354)	24,450,661
Segment liabilities	22,738,603	82,641	22,821,244	9,494	22,830,739	(61,388)	22,769,351
Other material items:							
Depreciation	$ 10,019	$ 1,381	$ 11,408	$ 299	$ 11,708	$ -	$ 11,708
Interest and dividend income	279,845	83	279,928	615	280,552	(274)	280,277
Interest expense	15,278	524	15,810	33	15,844	(757)	15,086
Provision of reserve for possible loan losses	(4,169)	(865)	(5,034)	66	(4,959)	0	(4,959)
Loss on write-down of securities	8	41	58	-	58	-	58
Increase in tangible fixed assets and intangible fixed assets	16,484	-	16,484	382	16,867	-	16,867

Notes:

*(*1) Ordinary income represents "Total income" less certain special income included in "Other income" in the accompanying consolidated statements of income. "Total income" of ¥49,395 million ($411,042 thousand) in the accompanying consolidated statement of income is derived from ordinary income of ¥49,354 million ($410,701 thousand) through the addition of certain special income of ¥41 million ($341 thousand).*

*(*2) The "Other" business segment in the table above represents operating segments not included in the reported segments and includes credit card business, administrative outsourcing business and information technology management operations.*

*(*3) Reconciliation represents the eliminations of intersegment transactions.*

*(*4) Segment profit is reconciled to ordinary profit, which represents ordinary income less ordinary expenses. Ordinary expenses represent "Total expenses" of ¥40,894 million ($340,301 thousand) less certain special expenses of ¥182 million ($1,514 thousand) included in "Other expenses" in the accompanying consolidated statements of income. Therefore, consolidated segment profit, which shows ordinary profit of ¥8,641 million ($71,906 thousand), is reconciled to "Income before income taxes and minority interests" of ¥8,501 million ($70,741 thousand) through the addition/deduction of certain special income/ (expenses), net.*

(d) Other information

i) Information by service

	Millions of yen				
	Service				
	Loans	Security investments	Leasing	Other	Total
Ordinary income from external customers:					
For the year ended March 31, 2015	¥ 21,374	¥ 13,943	¥ 4,794	¥ 9,186	¥ 49,298
For the year ended March 31, 2014	22,830	13,402	4,829	8,292	49,354

	Thousands of U.S. dollars				
	Service				
	Loans	Security investments	Leasing	Other	Total
Ordinary income from external customers:					
For the year ended March 31, 2015	$ 177,864	$ 116,027	$ 39,893	$ 76,441	$ 410,235
For the year ended March 31, 2014	189,980	111,525	40,184	69,002	410,701

ii) Information by geographical area for the years ended March 31, 2015 and 2014 is omitted since income in Japan accounted for more than 90% of the consolidated ordinary income and all tangible fixed assets were located in Japan.

iii) Information by major customer for the years ended March 31, 2015 and 2014 is omitted since there was no single external customer accounting for 10% or more of the consolidated ordinary income.

(e) Information about impairment loss on fixed assets by reportable segment

	Millions of yen				
	Reportable segment				
	Banking	Leasing	Total	Other	Total
Impairment loss:					
For the year ended March 31, 2015	¥ 97	¥ -	¥ 97	¥ -	¥ 97
For the year ended March 31, 2014	61	-	61	-	61

	Thousands of U.S. dollars				
	Reportable segment				
	Banking	Leasing	Total	Other	Total
Impairment loss:					
For the year ended March 31, 2015	$ 807	$ -	$ 807	$ -	$ 807
For the year ended March 31, 2014	507	-	507	-	507

20. Transactions with Related Parties

Significant transactions with parties related to the Group for the years ended March 31, 2015 and 2014 were as follows:

Transactions with relatives of the Bank's directors:

			Transaction amounts			Balances	
Name	Business	Description of the Bank's transaction	Millions of yen	Thousands of U.S. dollars	Account	Millions of yen	Thousands of U.S. dollars
For the year ended March 31, 2015:							
Chieko Hayashi	Real estate leasing business	Loan	(Average balance during period) ¥ 20 (Interest income) ¥ 0	$ 166 $ 0	Loans and bills discounted	¥ 20	$ 166

For the year ended March 31, 2014:

Toshiyuki Miyaji	Real estate leasing business	Loan	(Average balance during period) ¥ 150 (Interest income) ¥ 4	$ 1,248 $ 33	Loans and bills discounted	¥ 144	$ 1,198

Note: Terms and conditions of the loans are determined in the same manner as loans under general lending transactions with third parties.

21. Comprehensive Income

Amounts reclassified to net income (loss) in the current period that were recognized in other comprehensive income in the current or previous periods and the tax effects for each component 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	2014
Net unrealized gains on available-for-sale securities:				
Increase during the year	¥ 35,416	¥ 10,836	$ 294,715	$ 90,172
Reclassification adjustments	(2,785)	(1,588)	(23,175)	(13,214)
Pre-tax amount	32,630	9,247	271,531	76,949
Tax effect amount	(7,965)	(3,174)	(66,281)	(26,412)
Net unrealized gains on available-for-sale securities, net of tax	24,665	6,073	205,250	50,536
Land revaluation increment:				
Increase during the year	-	-	-	-
Reclassification adjustments	-	-	-	-
Pre-tax amount	-	-	-	-
Tax effect amount	512	-	4,260	-
Land revaluation increment, net of tax	512	-	4,260	-
Retirement benefit adjustment:				
Increase during the year	3,561	-	29,633	-
Reclassification adjustments	746	-	6,207	-
Pre-tax amount	4,307	-	35,840	-
Tax effect amount	(1,437)	-	(11,958)	-
Retirement benefit adjustment, net of tax	2,870	-	23,882	-
Total other comprehensive income	¥ 28,048	¥ 6,073	$ 233,402	$ 50,536