名古屋銀行
Bank of NAGOYA

2015 ANNUAL REPORT

絆をつくる、明日へつなぐ。

Established 1949
Number of Employees 1,955
(As of March 31, 2015)

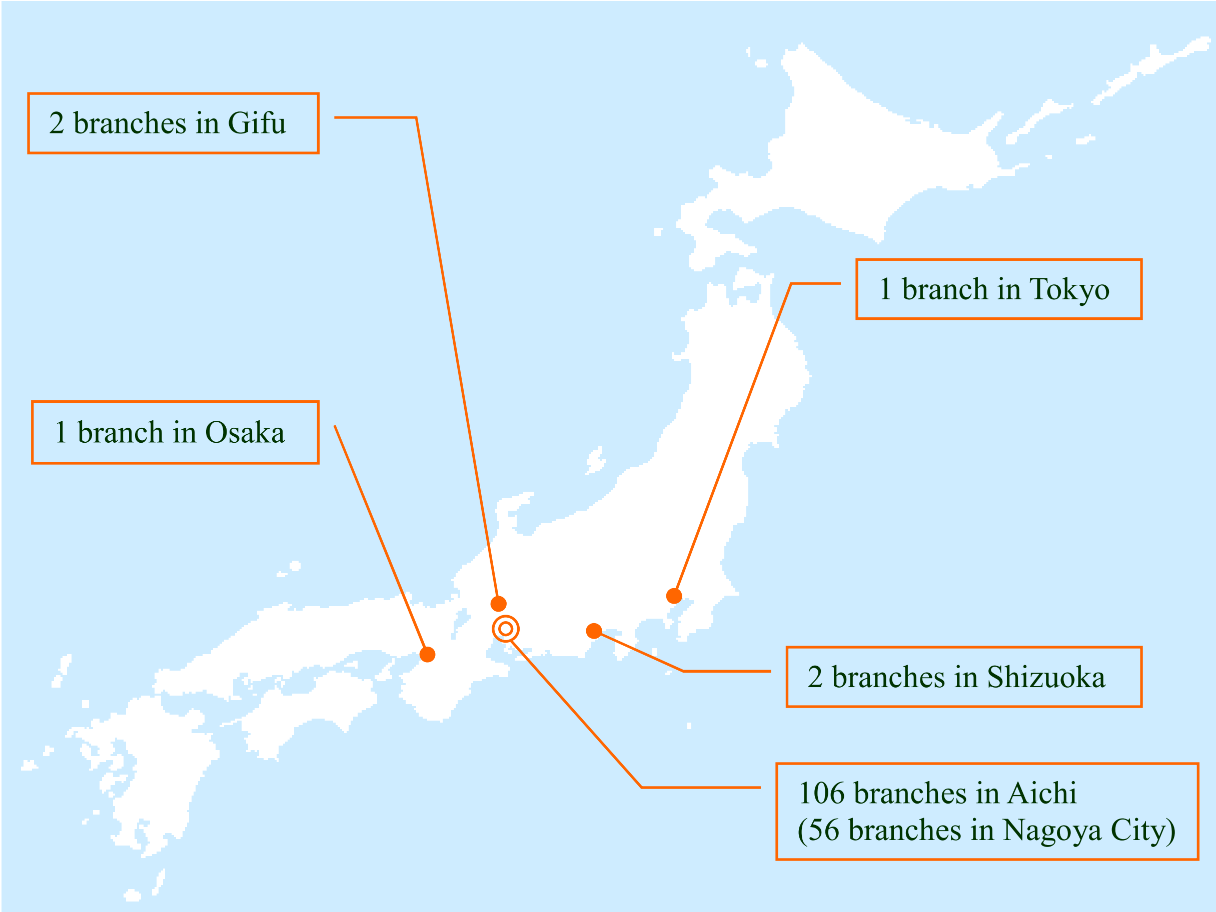
Subsidiaries
Nagoya Lease Co., Ltd.
Nagoya Business Service Co., Ltd.
Meigin Real Property Research Co., Ltd.
Nagoya Card Co., Ltd.
Nagoya MC Card Co., Ltd.

THE BANK OF NAGOYA, LTD.

19-17 Nishiki 3-chome, Naka-ku,
Nagoya City, Aichi 460-0003 Japan
Tel: +81 52 962 9520
Fax: +81 52 961 6605
http://www.meigin.com/

Domestic Branches

Number of Branches: 112 (As of March 31, 2015)



Overseas

Nantong Branch

2nd Floor, Business Service Outsourcing Center, Building C, 188 Tongsheng Road, Economic and Technological Development Area,
Nantong, Jiangsu, China
Tel +86 513 89192280
Fax +86 513 89192281

Shanghai Representative Office

Room 1809, Shanghai International Trade Center, 2201 Yan-an Road (West), Shanghai, China
Tel +86 21 62754207
Fax +86 21 62759461

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Message from the Management

We would first like to extend our sincere gratitude to all our stakeholders for their patronage to the Bank of Nagoya.

In the fiscal year ended March 31, 2015, we started our three-year 19th management plan "Change! Making Changes! A Fresh Start!" —Becoming a Bank Overflowing with Satisfaction. We are building an "all-hands-in sales platform" under which all of our executive officers and employees, from branches and head office branches too, will remain mindful of customers as they conduct their daily operations, considering what we can do to help them.

We seek to fulfill our mission as a regional financial institution, to be trusted by the local community, and to increase our presence. To this end, we will put into practice our guiding precept of "fostering regional prosperity," and we ask you to give us your even stronger support and patronage in the future.

June 2015

Kazumaro Kato
Chairman

Masahiro Nakamura
President

Operating Environment

The Bank works to provide “financial services” that is liked by the local community, and that people would expect of a bank like the Bank of Nagoya. We continued to undertake several initiatives in the fiscal year ended March 31, 2015.

First, we launched our new Internet banking services, “bankstage.” This service is an overhaul of the “Nagoya Direct” Internet banking service that we had been providing for individual customers, aiming to further improve it in terms of “convenience, simplicity, and enjoyment.” Our goal with the new “bankstage” financial service is to develop “another Bank of Nagoya brand.”

Next, as an initiative to address the diversifying needs of customers, in the field of medical and nursing care we entered a business alliance with “SECOM MEDICAL SYSTEM Co., Ltd.” and entered an agreement with “Fujita Health University” to promote collaboration between industry and academia. Furthermore, as initiatives to support the business recovery of customers and to stimulate regional economies, we concluded a “Memorandum of Understanding on a Business Alliance Regarding Strengthening Support for Small Businesses” with the Nagoya Chamber of Commerce & Industry, and a “Memorandum of Understanding on a Business Alliance and Cooperation regarding Revitalization of the Regional Industry” with the Okazaki City and the Okazaki Chamber of Commerce and Industry. Meanwhile, in an effort to support the overseas expansion of our customers as they strive to develop their businesses globally, we concluded a memorandum of understanding regarding a business alliance with the Metropolitan Bank and Trust Company, one of the leading commercial banks of Republic of the Philippines. This memorandum will enhance our local support structure, enabling us not only to provide information, but also to conduct local lending operations based on our stand-by letters of credit.

In our management policy, we have stated our commitment to contributing to regional economic development and improving the lifestyles of regional customers by providing high quality financial services. This is the practical application of our unchanging philosophy “fostering regional prosperity,” which has guided us since our foundation. As a matter of course, we are committed to fulfilling our social responsibilities as a corporation and to ensuring compliance, but we also seek to be a bank that can provide customers with deep satisfaction and peace of mind—and to this end, we will strive to realize our corporate philosophy.

Operating Results (Nonconsolidated basis)

The Bank's guiding precept is "fostering regional prosperity." The Bank has strived to provide financial services in order to develop the regional economy, and going forward we will continue to conduct business strongly rooted in the region in order to help our customers grow and prosper.

Basic Policies Behind the Bank's Initiatives

1. Basic Policies for Demonstrating Customer Consulting Capabilities
   (1) Evaluate business viability (identify and analyze business content and growth potential, as well as business goals and issues) through day-to-day and ongoing relationship strengthening.
   (2) Propose optimal solutions through business viability evaluation.
   (3) Work with customers to resolve management issues and, if necessary, propose revisions to solutions.
2. Proactive Participation in improving revitalization of "Towns, People, and Jobs" in Local Communities
   (1) Coordinate with local governments, working together with them to proactively participate in initiatives for revitalization of the entire region.
   (2) Provide support for developing growth fields and creating higher added value through industrial agglomeration.
3. Proactive Dissemination of Information to the Region and Customers
   Proactively provide information to the region and customers with respect to specific goals and achievements of financing initiatives closely tied to the region.

● Start-ups and new business pioneers

○ In providing support to start-ups and new business pioneers for making applications, we provide support for applying for subsidies.

[Support for start-ups]

We provide explanations of the system of "start-up promotion subsidies" and prepare and correct application forms

Applications supported: 60 Accepted: 16

[Support for new business pioneers]

We offer seminars on the "innovation subsidies for manufacturing, industry, and services" and prepare and correct application forms

Applications supported: 240 Accepted: 121

We provide a variety of start-up support measures.

- Initiatives for supporting overseas expansion
  - ○ We utilize the Nantong Branch and the Shanghai Representative Office to provide support to customers entering the Chinese market.
    In September 2014, we held the "FBC (Factorynetwork Business Conference) Shanghai 2014."

    [Achievements]

    Number of participating companies : 550
    (of which 21 companies from the Bank's customer base)
    Number of visitors : 8,800

  - ○ We offer information and support on entering the Southeast Asia market through its partners as well as local social gatherings with customers.

    [Partners]

    Bangkok Bank Public Company Limited, The KASIKORNBANK Public Company Limited (Thailand)
    PT. Bank Negara Indonesia (Persero) Tbk (Indonesia)
    The Metropolitan Bank and Trust Company (The Philippines)
    Vietcombank (Vietnam)

- Management Improvement
  - ○ We aggressively promote efforts to support identification and resolution of customers' management issues by introducing them to our 10 affiliated consulting companies and enhancing our links with external organizations.

    [Achievements]

    ◆ Use of affiliated organizations and external organizations

Details	Achievements
Cases of using affiliated consulting companies	141
Of which, number of management consultation implementation cases	65
Referrals to external consulting specialists	41

● Business Succession

○ We provide proposals for business succession to customers in line with their intentions and current status, and undertake M&A operations as one means to resolve cases where business withdrawal is under consideration due to "absence of a successor."

○ In our comprehensive support services for owner-operated companies who face the absence of a successor or concerns over the problem of transferring treasury shares to a successor, we provide not only funding support, but also consultation regarding M&As.

[Achievements]

Details		Achievements
Business Succession	Suggestion of issues arising in business succession	230
	Of which, introductions to affiliated consulting company in conjunction with business succession	4
	Of which, funding support provided in conjunction with business succession	7
M&A	Consultation on M&A regarding corporate acquisition and corporate divestment	302
	Of which, successful M&As	9

● Business Matching

○ We have achieved many registrations and contracts for our business information support services, which help to expand sales channels and so forth through introducing customers who have complementary needs. In addition, we regularly hold a range of business conferences.

■ Business information support services

Number of registrants (March 31, 2015)	6,449
Number of contracts concluded (Fiscal year ended March 31, 2015)	235

● Proactive Participation in Revitalization of the Entire Region

○ We are developing initiatives to bolder financing for growth fields, targeting seven original growth fields identified by the Bank.

[Achievements] Number of financing projects (amount): 496 projects (¥28.5 billion)

○ We will increase support even further in the medical and nursing care fields, which are particularly expected to grow, by partnering with related organizations.

[Partners]

◆ Concluded a business alliance agreement of business matching with SECOM MEDICAL SYSTEM Co., Ltd.

◆ Concluded an agreement with Fujita Health University on promoting collaboration between industry and academia

◆ Concluded an "Agreement on Syndicated Financing in Financing Serviced Residences for Seniors" with Incorporated Administrative Agency Japan Housing Finance Agency

○ We held study sessions to improve the Bank employees' proposal-making capabilities.

[Achievements] Total number of participants in study sessions: 1,155

Initiative: Food- and Agriculture-related Field

- ○ We actively promoted “Nogyo no Sokojikara” as a financial product for farmers, and in 2014, established Aichi-Jimoto Fund for Agriculture, Forestry and Fisheries Investment Limited Partnership together with seven credit unions and others within Aichi Prefecture.

  Balance of loans made in agriculture (As of March 31, 2015) ¥1,044 million

- ○ We held seminars to promote use of the Aichi-Jimoto Fund for Agriculture, Forestry and Fisheries Investment Limited Partnership (established on March 19, 2014) to provide management support and other services for business operators working to promote sixth-order industrialization in the four prefectures of the Tokai region, centered on Aichi Prefecture.

  Seminar dates: April 18, 2014 (Toyohashi hall)
  April 22, 2014 (Nagoya hall)
  Participants: Toyohashi hall 89, Nagoya hall 65

- ○ We hosted the Agriculture, Forestry and Fishery Produce Export Promotion Seminar (held in tandem with the Sixth-Order Industrialization and Local Production for Local Consumption Business Fair)

  Number of visitors: 506

The Bank’s banking profit, which is the profit derived from its core operations, fell by ¥1.7 billion year on year, to ¥7.3 billion. The increase in income from government bonds and others as well as the reduction in expenses were offset by the decline in loan yields.

Ordinary profit increased by ¥1.2 billion year on year, to ¥10.1 billion, owing to decreases in credit-related expenses and others. Net income increased by ¥1.2 billion year on year, to ¥6.2 billion.

Medium- and Long-term Management Strategies

We have established a shared vision as a part of the three-year 19th management plan "Change! Making Changes! A Fresh Start!"—Becoming a Bank Overflowing with Satisfaction" started in April 2014. In order to become a bank that treats customers with more sincerity than any other bank, cares about its customers more than any other bank, and is liked by everyone, all of the Bank's executive officers and employees will make concentrated efforts to foster regional prosperity. Our main initiatives are as follows:

Building an All-Hands-In Sales Platform Through BPR

(1) Strengthen financial services functions
- (a) Strategy closely tied to the region
- (b) Non-face-to-face channel strategy
- (c) Branch strategy

(2) Enhance sales and consulting capabilities
- (a) CS strategy
- (b) Personnel development / ES strategy
- (c) Securities investment strategy

Issues to Address

To help realize “regional vitalization,” which currently being jointly promoted by the public and private sectors, the Headquarters for Vitalization of Towns, People, and Jobs has been established, and the move to stimulate regional economies is gathering momentum.

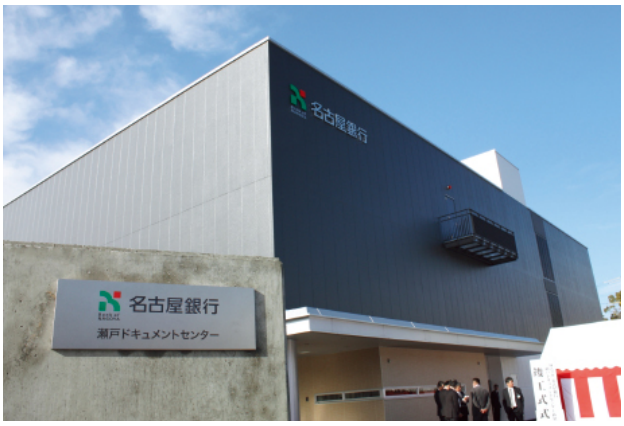
Specifically, regional financial institutions are expected to play a leading role in efforts to support commercialization utilizing latent regional resources and boost productivity of regional companies based on “business viability evaluation,” as well as preparing an environment for relaunching businesses, providing support for business succession, and others.

Against this backdrop, the Bank is working proactively on “business viability evaluation” to appropriately evaluate customers’ business activities and growth potential, among other aspects, and aims to contribute to stimulation of “towns” that can support a beneficial cycle for “jobs” and “people.”

We will remain faithful to our guiding precept of “fostering regional prosperity,” striving to accurately identify customers’ needs, solve their various issues, and achieve co-existence with local communities with the goal of becoming a bank truly needed by the region.

Management Policy

Based on the guiding precept of “fostering regional prosperity—which shall both develop the Bank and bring happiness to bank employees,” the Bank’s management policy comprises the following five matters which cover the overall image of what the Bank aims to be: “Contribute to the regional community,” “Strengthen our earnings power and ensure thoroughness in risk management,” “Provide financial services that suit the needs of the customers,” “Put compliance into practice” and “Establish a free and open-minded corporate climate.” In accordance with this basic policy, we will strive to further increase our corporate value as a regional financial institution which fosters regional prosperity. At the same time, we will work to fulfill this duty and earn the unshakeable support and trust of our shareholders and all other stakeholders.



The Bank's Corporate Governance

At the Bank of Nagoya, we consider enhancing corporate governance to be one of the most important management challenges. While striving to further enhance our corporate value as a regional financial institution that fosters regional prosperity, we shall fulfill our responsibilities as a corporate citizen and work to establish unshakeable support and trust from all stakeholders, particularly the shareholders.

Based on this principle, the Bank's guiding precept is to "foster regional prosperity—which shall both develop the Bank and bring happiness to bank employees" through (1) good service—a sincere, considerate and speedy service; (2) good people—lift people, broaden people and create a cheery workplace; and (3) good management—sound and richly innovative management that seeks full participation from employees. To this end, we shall strive to share the basic sense of values and ethics of directors and employees of the Bank, and to ensure that these are reflected in the Bank's operations. We have formulated a "Code of Ethics for Bank of Nagoya Directors and Employees" and "Regulations for Complying with Laws and Regulations etc." and through this we are striving to raise corporate value.

Risk Management System

The Bank has enhanced its risk management system by establishing the Asset Liability Management (ALM) Committee to oversee credit risk, liquidity risk, and market risk, and the Operational Risk Management Committee to oversee risks related to internal operations, such as system risk and administrative risk. The Bank also considers compliance as a top priority and aims to establish a system of checks and balances and tighten internal controls by, for example, establishing a Compliance Committee that includes members from outside the Bank, such as attorneys at law. Status of all risks the Bank should address is covered by monthly meetings of these three committees, which will be then reported to the Board of Directors. This consolidated reporting system is designed in the way to enhance the Board of Directors' ability to monitor the Bank's risk control functions.

Breakdown of Loans (Nonconsolidated basis)

Balance of problem loans under the Banking Act (risk monitored loans)

(As of March 31)

	2015 (Millions of yen)	2014 (Millions of yen)	Rate of change (%)
Total loans and bills discounted	2,141,242	2,110,088	1.47
Claims to borrowers in bankruptcy *1	2,275	2,363	-3.72
Past due loans *2	51,794	62,192	-16.71
Accruing loans past due three months or more *3	30	104	-71.05
Restructured loans *4	17,062	19,020	-10.29
Ratio of risk monitored loans to total loans and bills discounted	3.32%	3.97%	-0.65%

*1 Claims to borrowers in bankruptcy

Of non-accrual loans for which there is no prospect of payment or collection of principal and/or interest, for reasons such as the delay in payment of interest or principal having continued for a considerable period of time, those are subject to the following grounds set forth in the Order for Enforcement of the Corporation Tax Act of Japan:

(a) Petition for commencement of reorganization proceedings pursuant to the provisions of the Corporate Reorganization Act or Act on Special Treatment of Corporate Reorganization Proceedings and Other Insolvency Proceedings of Financial Institutions.
(b) Petition for commencement of rehabilitation proceedings pursuant to the provisions of the Civil Rehabilitation Act.
(c) Petition for commencement of bankruptcy proceedings pursuant to the provisions of the Bankruptcy Act.
(d) Petition for commencement of special liquidation proceedings pursuant to the provisions of the Companies Act.
(e) Suspension of transactions through a clearing house (including bank syndicates that undertake clearing in the relevant regions when there is no clearing house)
(f) Should there be a significant decrease in the economic value of monetary claims against foreign governments, central banks, and local governments, due to long-term delays in the performance of obligations, and should the receipt of payment be recognized as being extremely difficult.

*2 Past due loans

These 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.

*3 Accruing loans past due three months or more

These are loans for which the payment of the principal and/or interest is past due three months or more from the day following contractual payment date, excluding claims to borrowers in bankruptcy and past due loans.

*4 Restructured loans

These are loans for which the Bank has relaxed the lending conditions for borrowers in financial difficulties—such as by a reduction of the original rate, forbearance of interest and/or principal payment, granting a maturity date extension—in order to support their financial recovery or restructuring. These exclude claims to borrowers in bankruptcy, past due loans and accruing loans past due three months or more.

Balance of problem loans under the Financial Revitalization Act

(As of March 31)

	2015 (Millions of yen)	2014 (Millions of yen)	Rate of change (%)
Bankrupt and quasi-bankrupt *5	7,513	8,807	-14.68
Doubtful *6	46,687	55,962	-16.57
Need of special attention *7	17,092	19,125	-10.62
Normal *8	2,096,491	2,052,864	2.12

*5 Bankrupt and quasi-bankrupt

These are loans to borrowers who are currently in legal bankruptcy procedures, including bankruptcy, liquidation, corporate reorganization, and rearrangement, and borrowers who are not currently in legal bankruptcy, but in quasi-bankruptcy.

*6 Doubtful

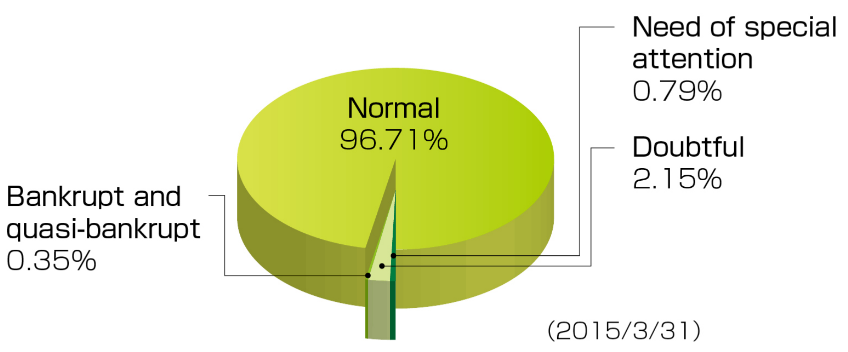
These are loans to borrowers who are not currently in bankruptcy, but in difficult financial situations and with a possibility of higher default risk.

*7 Need of special attention

These are accruing loans past due 3 months or more (excluding those under *5 and *6), and restructured loans (excluding those under *5 and *6 and accruing loans past due three months or more).

*8 Normal

These are loans to borrowers not having particular problems regarding their financial situations and operating conditions, and excluding loans classified as “Bankrupt and quasi-bankrupt,” “Doubtful” and “Need of special attention.”

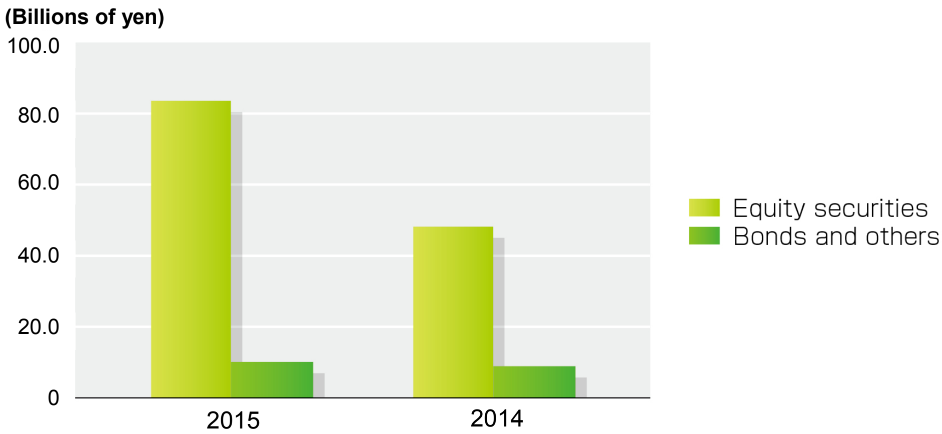


At March 31, 2015, the ratio of problem loans under the Financial Reconstruction Law was 3.29%.

Unrealized Gains on Securities (Nonconsolidated basis)

(As of March 31)

	2015 (Billions of yen)	2014 (Billions of yen)
Equity securities	83.6	48.2
Bonds and others	10.1	8.9
Total	93.7	57.2



Capital Adequacy Ratio

A credit rating is a symbol provided by a credit rating agency indicating the degree of certainty that the principle and interest on an individual bond issued by a company will be paid. It is strongly related to the evaluation of a company's creditworthiness, and in a broad sense expresses the level of confidence in a bank.

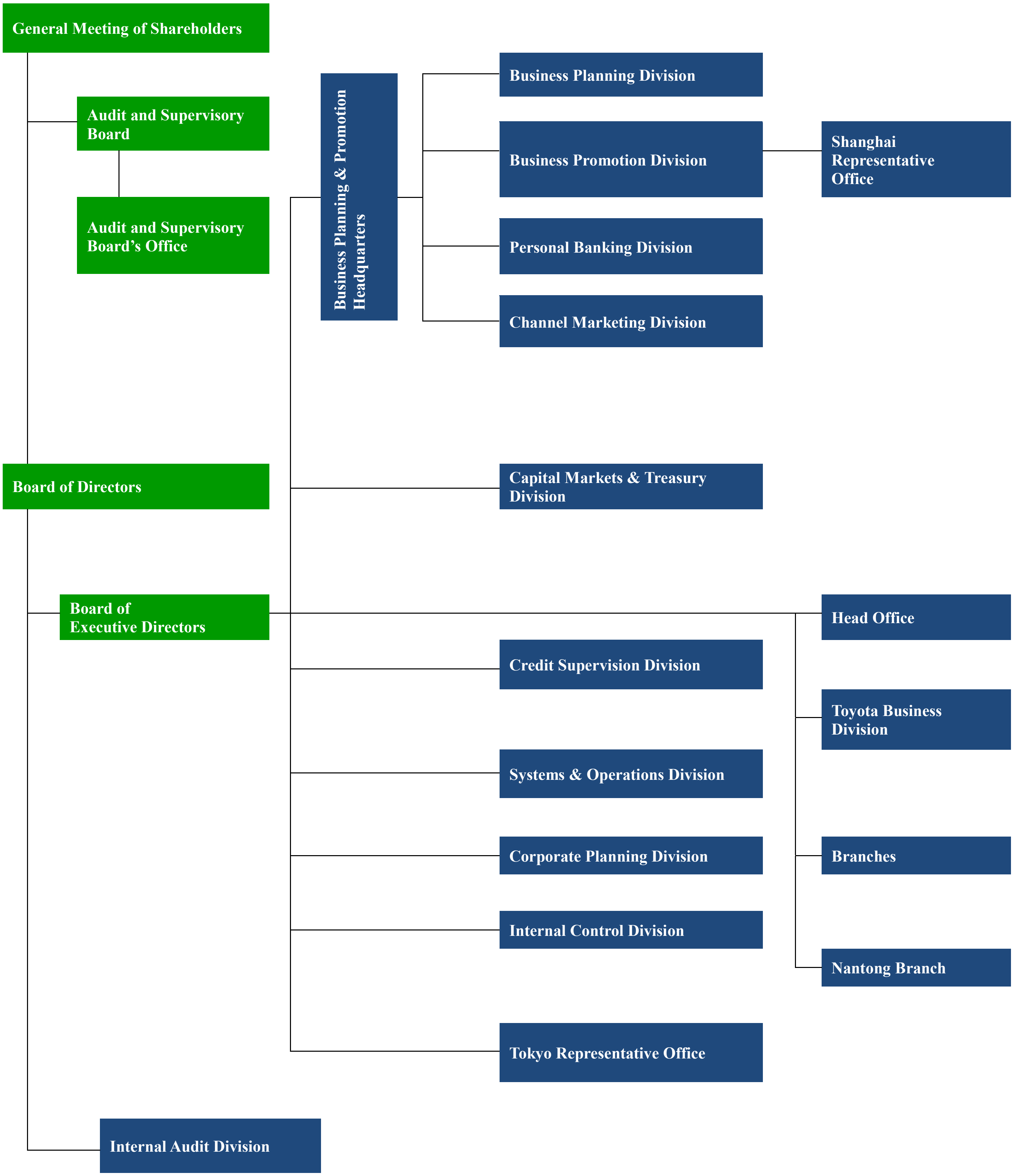
The Bank has obtained a credit rating of "A+" from Japan Credit Rating Agency, Ltd. (JCR) with respect to the Bank's long-term issuer rating. This rating indicates that the debt is investment grade, and is a high rating among Japanese financial institutions.

Rating

Japan Credit Rating Agency, Ltd. (JCR)	A^{+}	A high level of capacity to honor the financial commitment on the obligation.

Organization of the Bank

(As of July 1, 2015)



Board of Directors and Audit and Supervisory Board

(As of June 26, 2015)

Chairman
Kazumaro Kato

President
Masahiro Nakamura

Deputy President
Ichiro Fujiwara

Senior Managing Director
Yasuhisa Yamamoto

Managing Directors
Tetsundo Nakamura
Shinichi Yokota

Directors
Yasuhisa Furumoto
Hideharu Ishii
Koji Kurachi
Shougo Ukai
Itaru Iyoda
Naoto Sugita
Shunji Asami
Toshi Saeki*1

*1 Outside director

Audit and Supervisory Board Members
Akio Oguri*2

*2 Full-time

Hideji Aoyama
Haruhiko Asano
Masaki Sugiura
Toshiro Goto

Executive Officers
Kiyoshi Imaoka
Takayuki Yogo
Satoru Hattori
Kenji Suzuki

Principal Shareholders

(As of March 31, 2015)

Sumitomo Mitsui Banking Corporation	5.03%
Mizuho Bank, Ltd.	4.11%
Japan Trustee Services Bank, Ltd. (Trust Account)	3.73%
The Bank of Nagoya Employees' Shareholding Association (Meigin Minori-kai)	3.70%
Nippon Life Insurance Company	3.54%
Meiji Yasuda Life Insurance Company	3.54%
The Master Trust Bank of Japan, Ltd. (Toyota Motor Corporation Account)	2.84%
SUMITOMO LIFE INSURANCE COMPANY	2.51%
Mitsui Sumitomo Insurance Company, Limited	2.19%
Japan Trustee Services Bank, Ltd. (Trust Account 4)	1.98%

Note Shares held by Japan Trustee Services Bank, Ltd. (Trust Account and Trust Account 4) and The Master Trust Bank of Japan, Ltd. (Toyota Motor Corporation Account) are shares in association with their trust business.

KPMG

Independent Auditor's Report

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

We have audited the accompanying consolidated financial statements of The Bank of Nagoya, Ltd. and its consolidated subsidiaries, which comprise the consolidated balance sheets as at March 31, 2015 and 2014, and the consolidated statements of income, statements of comprehensive income, statements of changes in net assets and 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 Bank of Nagoya, Ltd. and its consolidated 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 year ended March 31, 2015 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 Notes to the Consolidated Financial Statements.

KPMG AZSA LLC

August 3, 2015
Nagoya, Japan

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

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Assets:			
Cash and due from banks (Note 3)	¥ 269,659	¥ 152,950	$ 2,243,982
Call loans and bills purchased (Note 3)	647	806	5,387
Trading account securities (Notes 3 and 4)	93	16	777
Securities (Notes 3, 4, 7, 12 and 20)	996,619	948,744	8,293,413
Loans and bills discounted (Notes 3, 5, 15 and 20)	2,141,885	2,109,774	17,823,793
Foreign exchanges	7,262	5,145	60,435
Lease receivables and investments in leased assets (Note 15)	22,881	22,584	190,406
Other assets (Note 7)	15,074	15,564	125,442
Tangible fixed assets (Note 6)	36,499	36,258	303,735
Intangible fixed assets	2,103	2,145	17,503
Employee retirement benefit assets (Note 11)	19,127	13,919	159,174
Deferred tax assets (Note 17)	953	1,118	7,931
Customers' liabilities for acceptances and guarantees (Note 12)	11,406	11,327	94,923
Reserve for possible loan losses	(16,580)	(21,248)	(137,979)
Total assets	¥ 3,507,632	¥ 3,299,106	$ 29,188,922

(Continued)

See accompanying Notes to Consolidated Financial Statements.

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

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Liabilities:			
Deposits (Notes 3, 7 and 8)	¥ 3,144,113	¥ 3,001,814	$ 26,163,878
Call money and bills sold (Notes 3)	10,214	7,204	85,000
Payables under securities lending transactions (Notes 3 and 7)	10,392	4,086	86,479
Borrowed money (Notes 3, 7 and 9)	22,148	20,062	184,310
Foreign exchanges	73	79	608
Bonds with stock acquisition rights (Note 3 and 10)	12,017	―	100,000
Other liabilities (Notes 9 and 17)	20,620	21,738	171,596
Reserve for employee bonuses	1,087	1,109	9,052
Reserve for executive bonuses	60	62	500
Employee retirement benefit liability (Note 11)	3,824	5,725	31,825
Reserve for executive retirement benefits	24	615	205
Reserve for losses on repayments of dormant bank accounts	393	386	3,277
Reserve for contingent losses	2,445	3,434	20,352
Reserve for loss on interest repayments	217	237	1,813
Deferred tax liabilities (Note 17)	24,176	10,538	201,186
Deferred tax liabilities for revaluation (Note 6)	3,433	3,793	28,571
Acceptances and guarantees (Note 12)	11,406	11,327	94,923
Total liabilities	3,266,650	3,092,217	27,183,575
Net assets (Notes 13, 14 and 19)**:**			
Common stock	25,090	25,090	208,795
Capital surplus	18,645	18,645	155,162
Retained earnings	121,757	115,725	1,013,211
Less treasury stock, at cost	(3,587)	(239)	(29,852)
Total shareholders' equity	161,907	159,223	1,347,316
Accumulated other comprehensive income	74,748	43,671	622,024
Stock acquisition rights	38	―	317
Minority interests	4,288	3,994	35,690
Total net assets	240,982	206,889	2,005,347
Total liabilities and net assets	¥ 3,507,632	¥ 3,299,106	$ 29,188,922

The Bank of Nagoya, Ltd. and Consolidated 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
Income:			
Interest income:			
Interest on loans and discounts	¥ 26,701	¥ 28,191	$ 221,201
Interest and dividends on securities	8,731	8,694	72,663
Other interest income	218	142	1,820
Total interest income	35,652	37,028	296,684
Fees and commissions	7,707	7,674	64,140
Other operating income	15,209	15,384	126,566
Reversal of provision for possible loan losses	2,591	3	21,569
Gain on sales of stocks and other securities	135	790	1,126
Other income	1,498	1,142	12,467
Total income (Note 22)	62,795	62,023	522,552
Expenses:			
Interest expense:			
Interest on deposits	1,641	1,595	13,658
Interest on borrowings and rediscounts	175	155	1,463
Other interest expense	224	135	1,872
Total interest expense	2,041	1,886	16,993
Fees and commissions	2,686	2,211	22,356
Other operating expenses	11,179	11,541	93,027
General and administrative expenses (Note 14 and 18)	33,996	34,084	282,907
Loss on devaluation of stocks and other securities	4	197	37
Impairment loss on fixed assets	46	330	390
Other expenses	1,410	1,990	11,739
Total expenses	51,366	52,242	427,449
Income before income taxes and minority interests (Note 22)	11,428	9,781	95,103
Income taxes (Note 17)	4,432	4,084	36,888
Income before minority interests	6,995	5,696	58,215
Less minority interests in net income of subsidiaries	287	256	2,396
Net income	¥ 6,707	¥ 5,440	$ 55,819

	Yen		U.S. dollars
Per share:			
Net income	¥ 32.83	¥ 26.58	$ 0.27
Net income (diluted)	32.82	-	0.27
Cash dividends	6.50	6.50	0.05

See accompanying Notes to Consolidated Financial Statements.

The Bank of Nagoya, Ltd. and Consolidated 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	
Income before minority interests	¥	6,995	¥	5,696	$	58,215
Other comprehensive income (Note 19)**:**						
Net change in unrealized gains on available-for-sale securities		27,165		5,360		226,058
Net change in deferred losses on hedging instruments		0		0		1
Net change in land revaluation excess		354		−		2,946
Retirement benefit adjustments		3,578		−		29,777
Total other comprehensive income		31,097		5,360		258,782
Comprehensive income	¥	38,093	¥	11,056	$	316,997
Comprehensive income attributable to:						
Owners of the parent	¥	37,796	¥	10,801	$	314,525
Minority interests		297		255		2,472
Total comprehensive income	¥	38,093	¥	11,056	$	316,997

See accompanying Notes to Consolidated Financial Statements.

The Bank of Nagoya, Ltd. and Consolidated 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							
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains on available-for-sale securities	Net deferred losses on hedging instruments	Land revaluation excess	Retirement benefit adjustments	Total accumulated other comprehensive income	Stock acquisition rights	Minority interests	Total net assets
Balance at March 31, 2013	¥ 25,090	¥ 18,645	¥ 111,561	¥ (231)	¥ 155,066	¥ 32,538	¥ (0)	¥ 4,064	¥ –	¥ 36,602	¥ –	¥ 3,742	¥ 195,410
Net income for the year	–	–	5,440	–	5,440	–	–	–	–	–	–	–	5,440
Cash dividends	–	–	(1,330)	–	(1,330)	–	–	–	–	–	–	–	(1,330)
Purchases of treasury stock	–	–	–	(9)	(9)	–	–	–	–	–	–	–	(9)
Disposition of treasury stock	–	(0)	–	2	1	–	–	–	–	–	–	–	1
Reversal of land revaluation excess	–	–	55	–	55	–	–	–	–	–	–	–	55
Transfer from retained earnings to capital surplus	–	0	(0)	–	–	–	–	–	–	–	–	–	–
Net changes in items other than shareholders' equity	–	–	–	–	–	5,361	0	(55)	1,763	7,069	–	252	7,321
Balance at March 31, 2014	25,090	18,645	115,725	(239)	159,223	37,899	(0)	4,009	1,763	43,671	–	3,994	206,889
Cumulative effects of changes in accounting policies	–	–	642	–	642	–	–	–	–	–	–	–	642
Restated balance at March 31, 2014	25,090	18,645	116,368	(239)	159,865	37,899	(0)	4,009	1,763	43,671	–	3,994	207,531
Net income for the year	–	–	6,707	–	6,707	–	–	–	–	–	–	–	6,707
Cash dividends	–	–	(1,329)	–	(1,329)	–	–	–	–	–	–	–	(1,329)
Purchases of treasury stock	–	–	–	(3,348)	(3,348)	–	–	–	–	–	–	–	(3,348)
Disposition of treasury stock	–	(0)	–	0	0	–	–	–	–	–	–	–	0
Reversal of land revaluation excess	–	–	11	–	11	–	–	–	–	–	–	–	11
Transfer from retained earnings to capital surplus	–	0	(0)	–	–	–	–	–	–	–	–	–	–
Net changes in items other than shareholders' equity	–	–	–	–	–	27,156	0	342	3,578	31,076	38	294	31,409
Balance at March 31, 2015	¥ 25,090	¥ 18,645	¥ 121,757	¥ (3,587)	¥ 161,907	¥ 65,055	¥ 0	¥ 4,351	¥ 5,341	¥ 74,748	¥ 38	¥ 4,288	¥ 240,982

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

Thousands of U.S. dollars

	Shareholders' equity					Accumulated other comprehensive income							
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains on available-for-sale securities	Net deferred losses on hedging instruments	Land revaluation excess	Retirement benefit adjustments	Total accumulated other comprehensive income	Stock acquisition rights	Minority interests	Total net assets
Balance at March 31, 2014	$ 208,795	$ 155,162	$ 963,016	$ (1,991)	$ 1,324,982	$ 315,380	$ (0)	$ 33,362	$ 14,674	$ 363,416	$ –	$ 33,242	$ 1,721,640
Cumulative effects of changes in accounting policies	–	–	5,346	–	5,346	–	–	–	–	–	–	–	5,346
Restated balance at March 31, 2014	208,795	155,162	968,362	(1,991)	1,330,328	315,380	(0)	33,362	14,674	363,416	–	33,242	1,726,986
Net income for the year	–	–	55,819	–	55,819	–	–	–	–	–	–	–	55,819
Cash dividends	–	–	(11,067)	–	(11,067)	–	–	–	–	–	–	–	(11,067)
Purchases of treasury stock	–	–	–	(27,862)	(27,862)	–	–	–	–	–	–	–	(27,862)
Disposition of treasury stock	–	(0)	–	1	1	–	–	–	–	–	–	–	1
Reversal of land revaluation excess	–	–	97	–	97	–	–	–	–	–	–	–	97
Transfer from retained earnings to capital surplus	–	0	(0)	–	–	–	–	–	–	–	–	–	–
Net changes in items other than shareholders' equity	–	–	–	–	–	225,981	1	2,849	29,777	258,608	317	2,448	261,373
Balance at March 31, 2015	$ 208,795	$ 155,162	$ 1,013,211	$ (29,852)	$ 1,347,316	$ 541,361	$ 1	$ 36,211	$ 44,451	$ 622,024	$ 317	$ 35,690	$ 2,005,347

See accompanying Notes to Consolidated Financial Statements.

The Bank of Nagoya, Ltd. and Consolidated 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
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 11,428	¥ 9,781	$ 95,103
Adjustments for:			
Depreciation and amortization	2,604	2,360	21,677
Impairment loss on fixed assets	46	330	390
Stock option expenses	38	—	317
Decrease in reserve for possible loan losses	(4,667)	(2,914)	(38,842)
Increase in employee retirement benefit assets	(5,208)	(179)	(43,344)
Decrease in employee retirement benefit liability	(1,900)	(162)	(15,818)
Decrease in reserve for executive retirement benefits	(590)	(61)	(4,913)
Decrease in reserve for contingent losses	(988)	(498)	(8,228)
Interest income recognized on statement of income	(35,652)	(37,028)	(296,684)
Interest expense recognized on statement of income	2,041	1,886	16,993
Net gains on securities	(847)	(1,138)	(7,050)
Foreign exchange gains, net	(12,475)	(4,418)	(103,815)
Net decrease in call loans and bills purchased and others	159	862	1,328
Net increase in loans and bills discounted	(32,110)	(37,442)	(267,209)
Net increase in lease receivables and investments in leased assets	(296)	(173)	(2,469)
Net increase in deposits	142,298	45,757	1,184,143
Net increase in call money and bills sold	3,010	620	25,048
Net increase in payables under securities lending transactions	6,305	1,206	52,475
Net increase in borrowed money (excluding subordinated borrowings)	2,085	1,992	17,355
Interest income received	36,000	37,942	299,582
Interest expense paid	(1,728)	(3,171)	(14,381)
Others, net	3,252	(1,439)	27,069
Subtotal	112,806	14,113	938,727
Income taxes paid	(3,329)	(3,688)	(27,707)
Net cash provided by operating activities	109,477	10,424	911,020
Cash flows from investing activities:			
Purchases of securities	(311,733)	(288,476)	(2,594,101)
Proceeds from sales and maturities of securities	313,258	261,448	2,606,796
Purchases of tangible fixed assets	(2,329)	(3,101)	(19,386)
Proceeds from sales of tangible fixed assets	2	212	19
Purchases of intangible fixed assets	(458)	(870)	(3,819)
Net cash used in investing activities	(1,260)	(30,788)	(10,491)
Cash flows from financing activities:			
Proceeds from issuance of bonds with stock acquisition rights	11,917	—	99,175
Dividends paid to shareholders	(1,329)	(1,329)	(11,067)
Dividends paid to minority shareholders	(2)	(2)	(24)
(Purchase) disposition of treasury stock, net	(3,348)	(8)	(27,861)
Net cash provided by (used in) financing activities	7,237	(1,341)	60,223
Effect of exchange rate changes on cash and cash equivalents	28	18	234
Net increase (decrease) in cash and cash equivalents	115,481	(21,687)	960,986
Cash and cash equivalents at beginning of year	151,723	173,410	1,262,574
Cash and cash equivalents at end of year (Note 2(b))	¥ 267,205	¥ 151,723	$ 2,223,560

See accompanying Notes to Consolidated Financial Statements.

The Bank of Nagoya, Ltd. and Consolidated Subsidiaries
Notes to Consolidated Financial Statements

1. Basis of Consolidated Financial Statements

The accompanying consolidated financial statements of The Bank of Nagoya, Ltd. (the "Bank") and its consolidated subsidiaries (together with the Bank, the "Group") have been prepared in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements from the International Financial Reporting Standards. The accompanying consolidated financial statements have been restructured and translated into English 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 of Japan. Certain supplementary information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation, has not been presented in the accompanying consolidated financial statements.

The amounts in Japanese yen are presented in millions of yen and are rounded down to the nearest million. Accordingly, the totals shown in the accompanying consolidated financial statements and the notes thereto may not equal the sum of the individual amounts.

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 US$1.00. The 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 such or any other rate of exchange.

Certain comparative figures have been reclassified to conform to the current year's presentation.

2. Summary of Significant Accounting Policies

(a) Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Bank and its significant subsidiaries. Both at March 31, 2015 and at March 31, 2014, the Bank had five consolidated subsidiaries primarily engaged in the business of providing a wide range of financial services to customers. A subsidiary, Aichi-Jimoto Fund for Agriculture, Forestry and Fisheries Investment Limited Partnership that was established in 2014 is excluded from the scope of consolidation as well as the scope of application of the equity method as its net income, retained earnings, accumulated other comprehensive income (each in proportion to the Bank's interests) and assets are immaterial to the Group's consolidated financial statements. The carrying amount of the investment in the subsidiary, which is included in "Securities" on the consolidated balance sheets, was ¥0 million ($2 thousand) and nil at March 31, 2015 and 2014, respectively. The Bank had no affiliates at March 31, 2015 or 2014.

The difference between the cost of investments in subsidiaries and the underlying equity in their net assets adjusted based on fair value at the time of acquisition is deferred as goodwill and amortized over five years using the straight-line method. Negative goodwill resulting from the acquisition, measured as the excess of the underlying equity in the net assets over the acquisition cost, is charged to income. In consolidation, all intercompany transactions and accounts have been eliminated. In addition, all significant unrealized profits included in assets resulting from transactions within the Group 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 banks with original maturity of three months or less at March 31, 2015 and 2014 as follows.

	Millions of yen				Thousands of U.S. dollars	
	2015		2014		2015	
Cash and due from banks	¥	269,659	¥	152,950	$	2,243,982
Less due from banks whose period exceeds three months		(2,454)		(1,227)		(20,422)
Cash and cash equivalents	¥	267,205	¥	151,723	$	2,223,560

(c) Trading account securities

Trading account securities are stated at fair value at the fiscal year-end. Related gains and losses, both realized and unrealized, are included in current earnings. Accrued interest on trading account securities is included in "other assets."

(d) 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. In principle, available-for-sale securities other than those classified as trading or held-to-maturity debt securities are carried at fair value based on their market prices at the applicable fiscal year-end, with net unrealized gains and losses reported as component of accumulated other comprehensive income in net assets, net of applicable income taxes. Available-for-sale securities whose fair values are extremely difficult to determine are stated at moving average cost. The carrying values of individual securities are reduced, if necessary, through write-downs to reflect other-than-temporary declines in value. Gains and losses on disposal of securities are principally computed based on the moving average method. Accrued interest on securities is included in "other assets."

(e) Derivatives and hedge accounting

The Bank uses various derivative instruments. Derivatives are recorded at fair value, with changes in fair values included in the consolidated statements of income for the period in which they arise, except for derivatives that are designated as hedging instruments and qualify for hedge accounting.

The Bank applies the deferral method of hedge accounting for hedging foreign exchange risks associated with various foreign currency denominated monetary assets and liabilities in accordance with the Industry Audit Committee Report No. 25, entitled the "Treatment of Accounting and Auditing concerning Accounting for Foreign Currency Transactions in Banking Industry" issued by the Japanese Institute of Certified Public Accountants ("JICPA"). The effectiveness of the currency swap transactions, foreign exchange swap transactions and similar transactions that hedge foreign exchange risks of monetary receivables and payables denominated in foreign currencies as described above is assessed based on the comparison of the hedged monetary receivables and payables denominated in foreign currencies and the foreign currency positions of the corresponding hedging instruments.

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

The reserve for possible loan losses is established based on the Bank's management's judgment and assessment of future losses. The Bank implements a self-assessment system for its asset quality. The quality of all loans is assessed by each of the Bank's branches and business units and is subsequently examined by the Bank's Credit Supervision Division in accordance with the Bank's policies and rules for self-assessment of asset quality.

The Bank has established a credit rating system under which customers are classified into five categories. All loans are classified for self-assessment purposes into the following categories: “legal bankruptcy,” “de facto bankruptcy,” “bankruptcy risk,” “under observation” and “normal.” The Bank provides a reserve for possible loan losses at an amount deemed necessary to cover possible future losses. For claims against borrowers in legal bankruptcy and de facto bankruptcy, a reserve is provided based on the amounts of such claims, net of the amounts expected to be collected through disposal of collateral or from guarantees. For claims against borrowers who have bankruptcy risk, a reserve is provided in the amounts considered necessary based on the overall solvency assessment performed for the amounts of such claims, net of the amounts expected to be collected through disposal of collateral or from guarantees. For claims against borrowers in the “under observation” and “normal” category, a reserve is provided based on the historical loss experience of the Bank for a certain past period.

The reserve amounts recorded by consolidated subsidiaries are provided at the aggregate amount of estimated credit losses based on the individual financial review approach for doubtful or troubled claims. For other claims, an amount deemed necessary is provided as reserve taking into consideration the historical loss experience.

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

Tangible fixed assets are principally stated at cost less accumulated depreciation. Depreciation is computed by the declining balance method over the estimated useful life of the asset, except for buildings (excluding facilities attached thereto) acquired on or after April 1, 1998, which are depreciated using the straight-line method. For the years ended March 31, 2015 and 2014, the useful life of buildings ranges from 15 to 50 years, and the useful life of equipment and other ranges from 4 to 20 years. Tangible fixed assets of the consolidated subsidiaries are mainly depreciated using the straight-line method over the estimated useful lives of such assets.

(h) 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 capitalized and amortized principally using the straight-line method over the estimated useful life of five years.

(i) Leases

(Accounting for leases as lessee)

The Group, as lessee, capitalizes the assets used under finance leases that do not transfer ownership and whose commencement falls on or after April 1, 2008, except for certain immaterial or short-term finance leases accounted for as operating leases. Depreciation of leased assets capitalized in finance lease transactions is computed by the straight-line method over the lease term, as useful life, with the assumption of having no residual value unless residual value is guaranteed by the lease contract.

(Accounting for leases as lessor)

A certain consolidated subsidiary engaged in leasing operations, as lessor, recognizes as "investments in leased assets" finance leases that do not transfer ownership of the leased assets to the lessee and recognizes as "lease receivables" finance leases that transfer ownership in a manner similar to the accounting treatment for ordinary sale transactions. The total amount equivalent to interest is allocated over the lease term using the interest method, and the subsidiary recognizes as income lease payments received from customers at the time of receipt and related costs, net of imputed interest, as permitted by the accounting standard. With respect to finance leases commenced prior to April 1, 2008, the appropriate book values of fixed assets, net of accumulated depreciation, as of March 31, 2008 are recognized as the value of the investments in such leased assets at April 1, 2008, and the total amount equivalent to interest is allocated over the lease term using the straight-line method. Although the revised accounting standard generally requires the use of the interest method as the principal method of calculation, it permits the use of the straight-line method during the transitional period. As a result, revenues from interests for the years ended March 31, 2015 and 2014 were ¥53 million ($441 thousand) and ¥122 million more, respectively, than the amount that would have been calculated using the interest method.

(j) Impairment of fixed assets

A fixed asset is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such asset may not be recoverable. An impairment loss is recognized in the income statement by reducing the carrying amount of the impaired asset or a group of assets to the recoverable amount, measured at the higher of the asset's net selling price or value in use. Fixed assets include land, buildings and other forms of property, as well as intangible assets, and are grouped at the lowest level at which there are identifiable cash flows separate from other groups of assets. For the purpose of recognition and measurement of an impairment loss, fixed assets of the Bank, other than idle or unused property, are grouped into cash generating units, such as operating branches and the like, and fixed assets of the consolidated subsidiaries are grouped into respective units which manage and determine income and expenses relating to such assets. The Group recognized impairment loss on fixed assets amounting to ¥46 million ($390 thousand) and ¥330 million for unprofitable operating branches for the years ended March 31, 2015 and 2014, respectively. Recoverable amounts of the assets were measured based on their net selling prices, which were based on appraisal values or expected selling amounts less estimated costs of disposal. Accumulated impairment loss is deducted from the net book value of each asset.

(k) Foreign currency translation

The Group's assets and liabilities denominated in foreign currencies, as well as the accounts of its foreign branches, are translated into Japanese yen at the exchange rate prevailing at the fiscal year-end. Revenues and expenses are translated at the exchange rate prevailing on the applicable transaction dates. Gains and losses resulting from transactions are included in the determination of net income.

(l) Reserve for employee bonuses

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

(m) Reserve for executive bonuses

A reserve for executive bonuses is provided for the payment of bonuses to directors and audit and supervisory board members based on the estimated amount of the payments attributable to the respective year.

(n) Reserve for employee retirement benefits

Employees who terminate their services with the Group are entitled to retirement benefits which are generally determined based on the current basic rate of pay, length of service and conditions under which the termination has occurred.

The Group has principally recognized retirement benefits based on the actuarial present value of the retirement benefit obligation using the actuarial appraisal approach and the fair value of pension plan assets available for benefits at the respective fiscal year-end.

Effective from the year ended March 31, 2015, the Group has applied Article 35 of the "Accounting Standard for Retirement Benefits" (Accounting Standards Boards of Japan ("ASBJ") Statement No. 26, revised on May 17, 2012 (hereinafter, "Statement No. 26")) and Article 67 of the "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, revised on March 26, 2015, (hereinafter, "Guidance No. 25")), and accordingly, the methods used to calculate retirement benefit obligation and current service cost have been revised. The method used to attribute expected retirement benefits to periods of service has been revised from the straight-line method to the benefit formula method, and the method used to determine the discount rate has been changed from a method that used the period which approximated the expected average remaining service period of employees to one that uses a single weighted average discount rate reflecting the estimated periods and the amount of retirement benefit payment in each period. In accordance with the transitional treatment prescribed in Article 37 of Statement No. 26, the effect of changing the methods used to calculate retirement benefit obligation and current service cost have been added to or reduced from retained earnings as of April 1, 2014.

As a result, as of April 1, 2014, "employee retirement benefit assets" and "employee retirement benefit liability" decreased by ¥171 million ($1,425 thousand) and ¥1,164 million ($9,688 thousand), respectively, and "deferred tax liabilities" and "retained earnings" increased by ¥350 million ($2,917 thousand) and ¥642 million ($5,346 thousand), respectively. Also, "income before income taxes and minority interests" increased by ¥81 million ($677 thousand) for the year ended March 31, 2015.

In the calculation of retirement benefit obligation, the expected retirement benefits are attributed to periods up to the end of the respective fiscal year using the benefit formula method for the year ended March 31, 2015. Past service cost is amortized by the straight-line method over a certain period within the average remaining years of service of employees. Actuarial differences arising from changes in the retirement benefit obligation or value of plan assets not anticipated by previous assumptions or from changes in the assumptions themselves are amortized on a straight-line basis over a certain period within the average remaining years of service of employees, measured from the year following the year in which such differences arise. For the amortization of past service cost and actuarial differences, the Bank recognizes an amortization period of 13 years as the period within the average remaining years of services of employees. The consolidated subsidiaries use the simplified method in calculating employee retirement benefit liability and retirement benefit expenses. Under this method, the amount for severance payments required at the year-end for voluntary termination is deemed retirement benefit obligations.

(o) Reserve for executive retirement benefits

A reserve for executive retirement benefits of consolidated subsidiaries is provided based on the Group's internal rules in the amount that would be payable assuming the directors and audit and supervisory board members of the consolidated subsidiaries terminated their services at the balance sheet date.

(Additional information)
At the Annual General Meeting of the Shareholders held on June 27, 2014, the Bank resolved the lump-sum payments in connection with abolishment of the executive retirement benefit scheme of the Bank. As a result, the entire balance of reserve for executive retirement benefit was reversed, and the amount to be paid due to the abolishment of ¥545 million ($4,535 thousand) was included in "other liabilities."

(p) Reserve for losses on repayments of dormant bank accounts

In order to cover possible losses on claims from customers for repayment of dormant bank accounts which were previously recognized as income, the Bank provides a reserve to the extent of the estimated losses based on the historical loss experience taking into consideration the repayment conditions for a certain past period. A reserve for losses on repayments of dormant bank accounts was included in "other expenses" and amounted to ¥121 million ($1,014 thousand) and ¥146 million for the years ended March 31, 2015 and 2014, respectively.

(q) Reserve for contingent losses

A reserve for contingent losses is provided at an amount deemed necessary to cover possible future losses from default of loans under the responsibility-sharing system on guarantees of loans with the Credit Guarantee Corporation based on the historical default loss experience. For the year ended March 31, 2015 and 2014, a reversal of reserve for contingent losses of ¥988 million ($8,228 thousand) and ¥498 million, respectively, was included in "other income."

(r) Reserve for loss on interest repayments

In order to cover possible losses on the repayment of interest to be received from customers that exceeds the upper limit of interest rates prescribed under the Interest Rate Restriction Act, two consolidated subsidiaries provide a reserve for loss on interest repayments to the extent of the estimated losses that may be incurred from repayment claims against customers for whom court settlements have not been reached. Such estimated losses are based on the historical loss experience taking into consideration the repayment conditions for a certain past period.

(s) Income taxes

Income taxes are accounted for under the asset-liability method. Deferred tax assets and liabilities are recognized as future tax consequences attributable to differences between the financial statement 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 be recovered or settled. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in the period that includes the promulgation date.

(t) Appropriation of retained earnings

Cash dividends are recorded in the fiscal year when a proposed appropriation of retained earnings is approved by the Bank's Board of Directors and/or shareholders.

(u) 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 by reflecting the potential dilution that could occur if securities were exercised or converted into common stock.

Diluted net income per share for the year ended March 31, 2014 was not disclosed as the Group had no dilutive common shares. Diluted net income per share for the year ended March 31, 2015 was computed by taking into account 69 thousand potential shares of common stock in relation to stock acquisition rights. U.S. dollar denominated zero-coupon convertible bond-type bonds with stock acquisition rights (due in 2020) with the total face value of $100,000 were not taken into account for diluted net income per share computation as they have no dilutive effects. Descriptions of such bonds are provided in Note 10, "Bonds with stock acquisition rights."

Cash dividends per share shown in the accompanying consolidated statements of income represent dividends declared applicable to the respective years shown.

3. Financial Instruments and Related Disclosures

(a) Qualitative information on financial instruments

(1) Group policy for financial instruments

The Group undertakes deposit, loan and investment operations. Since the Group has financial assets and liabilities which mainly involve interest rate risk, the Bank has adopted the Asset Liability Management ("ALM") system to avoid unfavorable effects of interest rate fluctuations. Derivative transactions are used as part of ALM.

(2) Nature of financial instruments and related risks

Financial assets held by the Group comprise mainly loans to domestic corporate entities and individuals and securities. Loans are subject to customer credit risk arising from default by borrowers. There is a possibility that the borrowers will not perform their obligations in accordance with the applicable contract terms due to economic circumstances or the like. Securities, which primarily comprise equity securities, bonds and investment trusts, are held for investment and business promotion purposes. These securities are exposed to credit risk of issuers, interest rate fluctuation risk and/or market price fluctuation risk. For securities denominated in foreign currencies, bonds denominated in foreign currencies are basically purchased at the amount up to the corresponding amount of deposits and fund procurement from the market in foreign currencies to avoid foreign exchange fluctuation risk.

Financial liabilities include mainly deposits from customers and are subject to liquidity risk. There is an interest or maturity mismatch between assets such as loans and bills discounted and liabilities such as deposits that exposes these assets and liabilities to interest rate fluctuation risk.

Derivative transactions include, among others, interest rate swaps and forward foreign exchange contracts. The Group uses derivative transactions in line with ALM in order to avoid interest rate fluctuation risk in relation to deposits and loans and to fulfill the customers' hedging requirements for foreign exchange fluctuation risk. Hedge accounting is applied to certain transactions which offset market fluctuations or fix cash flows and fulfill preliminary and subsequent requirements. Derivative transactions which do not meet the hedge accounting criteria are exposed to foreign exchange fluctuation risk and interest rate fluctuation risk.

(3) Risk management for financial instruments

(i) Credit risk management

The Group manages its credit risk by maintaining a credit exposure management system in relation to loans in accordance with its "Credit Policy" which stipulates basic concepts in relation to credit exposure management and administrative rules regarding credit risk. The system includes credit administration of loans and credit lines, administration of credit records and internal ratings as well as the establishment of guarantees and/or collateral and handling of doubtful loans. These credit exposure management procedures are performed by each of the Group's sales branches and loan departments and are reported to the Board of Executive Directors and/or Board of Directors on a regular basis.

The credit risk of issuers of securities and the counterparty risk of derivative transactions are managed by the Bank's Capital Markets and Treasury Division which monitors credit information and fair values on a regular basis.

(ii) Market risk management

(a) Interest risk management

The Group has established the ALM committee for the purpose of recognizing and managing interest rate fluctuation risk comprehensively and implementing appropriate ALM. Risk control methods and procedures are stipulated in the ALM committee codes, and the ALM committee operates in accordance with the management policy of ALM determined at the Board of Directors' meeting. The status of implementation is monitored, and actions to be taken in the future are discussed at the Board of Directors' meeting. On a daily basis, the Bank's Risk Control Division checks interest rates and periods of financial assets and liabilities, monitors risks using gap analysis and interest rate sensitivity analysis and reports to the ALM committee and Board of

Directors monthly. Interest rate swap transactions are also used under the ALM system to avoid interest rate fluctuation risk.

(b) Foreign exchange risk management

The Group manages foreign exchange fluctuation risk by transaction and enters into forward foreign exchange contracts to avoid foreign exchange fluctuation risk on transactions with customers.

(c) Market price fluctuation risk management

The Group holds investment products including securities based on marketable securities investment planning determined by the Board of Executive Directors in accordance with basic market fluctuation risk management rules of the Board of Directors. Since the Bank's Capital Markets and Treasury Division purchases investment products from outside, market price fluctuation risk is reduced through consecutive monitoring as well as preliminary review and setup of investment limits. Most of the equity securities managed by the Bank's Planning Division are for business promotion purposes, and market conditions and the financial statues of customers are monitored and reported to the Board of Executive Directors on a regular basis.

(d) Derivative transactions

For derivative transactions, an internal checking system has been established through segregating the operation, custody and evaluation of hedge effectiveness.

(e) Quantitative information on market risk

i) Financial instruments for trading purposes

The Group uses the historical simulation method (based on the assumptions of a holding period of 120 business days, 99% confidence level and observation period of 1,200 business days) for the calculation of interest-related Value at Risk (VaR) of trading account securities. As of March 31, 2015 and 2014, the market risk exposures (the expected maximum loss) of the Group's trading operation amounted to ¥2 million ($22 thousand) and ¥0 million, respectively.

ii) Financial instruments other than for trading purposes

Market risk is the primary risk to the Group. The major financial instruments subject to market risk are "loans and bills discounted," debt and equity securities and investment trusts included in "securities" and "deposits" and interest rate swaps included in "derivatives." The historical simulation method (based on the assumptions of a holding period of 120 business days, 99% confidence level and observation period of 1,200 business days) is used for the calculation of VaR of these financial assets and liabilities. As of March 31, 2015 and 2014, the market risk exposures (the expected maximum loss) of the Bank's banking operations were as follows.

	Value at Risk		
	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Securities for investment purposes *(*1)*	¥ 11,094	¥ 9,659	$ 92,322
Strategically held equity securities	24,418	18,326	203,200
Loans and deposits *(*2)*	5,798	7,101	48,255

Notes:
*(*1) Securities for investment purposes: yen bonds, foreign bonds, equity securities for*

investment purposes, investment trusts and OTC options

*(*2) Loans and deposits: deposits, negotiable certificates of deposit, loans and bills discounted, interest rate swaps for ALM hedging purposes, call loans, due from banks, bonds with stock acquisition rights and others*

iii) Supplementary explanation about quantitative information on market risk

The Group evaluates the effectiveness of its measurement model by performing back-testing procedures to compare VaR calculated by the measurement system with actual gain or loss. VaR provides information regarding market risk exposure, which is statistically calculated under certain probability based on historical market fluctuations; therefore, it may not be able to measure risks under situations in which the market environment changes extraordinarily.

(iii) Management of liquidity risk associated with fund raising

The Group regards stable funding of its operations as its top priority and conducts fund management on a timely basis. In addition, the Group manages liquidity risk by diversifying means of raising funds and adjusting the balances of long-term and short-term accounts taking into consideration market conditions.

(4) Supplementary explanation on fair values

The fair value of financial instruments is based on market price. If a market price is not available, another rational valuation technique is used. Since certain assumptions are used when calculating fair values, different assumptions may lead to different fair values.

(b) Fair values of financial instruments

The carrying values and fair values of financial instruments at March 31, 2015 and 2014 were as follows.

	Millions of yen		
	2015		
	Carrying value	Fair value	Difference
Cash and due from banks	¥ 269,659	¥ 269,659	¥ –
Call loans and bills purchased	647	647	–
Trading account securities	93	93	–
Securities - available-for-sale securities *(*1)*	992,287	992,287	–
Loans and bills discounted:	2,141,885		
Reserve for possible loan losses *(*2)*	(15,611)		
Loans and bills discounted – subtotal	2,126,274	2,148,625	22,351
Total	¥ 3,388,961	¥ 3,411,312	¥ 22,351
Deposits	¥ 3,144,113	¥ 3,145,565	¥ 1,452
Call money and bills sold	10,214	10,214	–
Payables under securities lending transactions	10,392	10,392	–
Borrowed money	22,148	22,194	45
Bonds with stock acquisition rights	12,017	11,812	(204)
Total	¥ 3,198,885	¥ 3,200,179	¥ 1,293
Derivative transactions *(*3)*:			
Hedge accounting not applied	¥ (2,062)	¥ (2,062)	¥ –
Hedge accounting applied	(15)	(15)	–
Total	¥ (2,078)	¥ (2,078)	¥ –

	Millions of yen		
	2014		
	Carrying value	Fair value	Difference
Cash and due from banks	¥ 152,950	¥ 152,950	¥ –
Call loans and bills purchased	806	806	–
Trading account securities	16	16	–
Securities - Available-for-sale securities *(*1)*	944,412	944,412	–
Loans and bills discounted:	2,109,774		
Reserve for possible loan losses *(*2)*	(20,099)		
Loans and bills discounted – subtotal	2,089,675	2,111,720	22,045
Total	¥ 3,187,861	¥ 3,209,906	¥ 22,045
Deposits	¥ 3,001,814	¥ 3,002,779	¥ 964
Call money and bills sold	7,204	7,204	–
Payables under securities lending transactions	4,086	4,086	–
Borrowed money	20,062	20,098	35
Total	¥ 3,033,168	¥ 3,034,168	¥ 1,000
Derivative transactions *(*3)*:			
Hedge accounting not applied	¥ (1,456)	¥ (1,456)	¥ –
Hedge accounting applied	(8)	(8)	–
Total	¥ (1,464)	¥ (1,464)	¥ –

	Thousands of U.S. dollars		
	2015		
	Carrying value	Fair value	Difference
Cash and due from banks	$ 2,243,982	$ 2,243,982	$ –
Call loans and bills purchased	5,387	5,387	–
Trading account securities	777	777	–
Securities - available-for-sale securities *(*1)*	8,257,366	8,257,366	–
Loans and bills discounted:	17,823,793		
Reserve for possible loan losses *(*2)*	(129,908)		
Loans and bills discounted – subtotal	17,693,885	17,879,881	185,996
Total	$ 28,201,397	$ 28,387,393	$ 185,996
Deposits	$ 26,163,878	$ 26,175,966	$ 12,088
Call money and bills sold	85,000	85,000	–
Payables under securities lending transactions	86,479	86,479	–
Borrowed money	184,310	184,691	381
Bonds with stock acquisition rights	100,000	98,299	(1,701)
Total	$ 26,619,667	$ 26,630,435	$ 10,768
Derivative transactions *(*3)*:			
Hedge accounting not applied	$ (17,163)	$ (17,163)	$ –
Hedge accounting applied	(132)	(132)	–
Total	$ (17,295)	$ (17,295)	$ –

Notes:

*(*1) The following securities were excluded from the above table because management of the Bank concluded that the fair value was virtually impossible to estimate.*

	Millions of yen		*Thousands of U.S. dollars*
	2015	*2014*	*2015*
*Unlisted stocks *1*	*¥ 4,326*	*¥ 4,331*	*$ 36,004*
*Investments in partnerships *2*		*0*	*43*
Total	*¥ 4,331*	*¥ 4,331*	*$ 36,047*

**1 The Group wrote off unlisted stocks amounting to ¥4 million ($37 thousand) and ¥18 million for the years ended March 31, 2015 and 2014, respectively.*

**2 The fair value of investments in partnerships that comprised assets whose fair value could not be reliably determined were not disclosed.*

*(*2) General and individual reserves for possible loan losses corresponding to loans and bills discounted were deducted.*

*(*3) Derivative transactions show net amounts after offsetting related receivables and payables. Amounts in parentheses denote net payables.*

Details of the methodologies and assumptions used to calculate fair values of financial instruments are summarized below.

Financial assets:

Cash and due from banks

Since the carrying value of due from banks on demand or with an original maturity of up to one year approximates the fair value, the carrying value is deemed the fair value. For due from banks with an original maturity exceeding one year, the present value is calculated by discounting such due from banks by the remaining term to maturity at the rate applicable for a similar new transaction.

Call loans and bills purchased

The carrying value of call loans and bills purchased approximate fair value because of the short maturity (original maturities of up to one year).

Trading account securities

The fair value of trading account securities held for trading operation is based on the price published by Japan Securities Dealers Association ("JSDA") or provided by the contracted financial institution.

Securities

The fair value of equity securities, bonds and investment trusts is based on the quoted market price at the applicable exchange, the price published by JSDA or provided by the contracted financial institution and publicly available net asset value, respectively. The fair value of privately-placed bonds are determined by discounting the estimated future cash flows at the risk free rate plus the credit spread or the like. The fair value of securities issued by issuers in legal bankruptcy or de facto bankruptcy or who have bankruptcy risk are calculated based on the present value of estimated future cash flows or the amount expected to be collected through disposal of collateral or from guarantees.

Loans and bills discounted

The fair value of commercial bills, loans on bills and overdrafts which have short maturities (original maturities of up to one year) approximate the carrying value unless the credit status of the borrower has changed dramatically after execution because of the quick reaction of market interest rates to such changes. Therefore, the carrying value of these instruments is deemed the fair value. The fair value of loans on deeds is determined by discounting the estimated future cash flows at the risk free rate plus credit spread or the like or at the rate for a similar new loan, depending on the nature of such loans. The fair value of structured loans is determined by considering the value calculated by using the option pricing model, in addition to using the method applicable to measuring the fair value of loans on deeds as mentioned above.

For loans to borrowers in legal bankruptcy or de facto bankruptcy or who have bankruptcy risk, a reserve for possible loan losses is estimated based on the present value of estimated future cash flows or the amount expected to be collected through disposal of collateral or from guarantees. Thus, the fair value of such loans approximates the carrying amount of receivables minus the corresponding reserve for possible loan losses on the consolidated balance sheets at the closing date. Therefore, such carrying amounts are deemed to be the fair value of such loans. The carrying value of loans and bills discounted without repayment terms due to characteristics such as limitations on loans to the range of collateral assets is deemed the fair value as the carrying values approximates the fair value when considering the expected repayment period and interest rate conditions for such loans and bills discounted without repayment terms.

Financial liabilities:

Deposits

The fair value of demand deposits in Japanese yen is deemed the amount to be paid (carrying amount) assuming that the Group is demanded to pay on the consolidated balance sheet date. The fair value of time deposits in Japanese yen and negotiable certificates of deposit is determined by discounting future cash flows by the term to maturity at the rate used for accepting a new deposit. For all deposits in foreign currencies, original maturities are short (within one year) and the carrying value approximates the fair value. Thus, such carrying value is deemed the fair value.

Call money and bills sold

The original maturities of call money and bills sold are short (within one year) and the carrying value approximates the fair value. Thus, the carrying value is deemed the fair value.

Payables under securities lending transactions

The original maturities of payables under securities lending transactions are short (within one year) and their carrying values approximate their fair values. Thus, such carrying values are deemed to be the fair values of such payables under securities lending transactions.

Borrowed money

The carrying value of borrowed money with a variable interest rate is deemed the fair value since the carrying value approximates the fair value. This is due to the quick reaction of market interest rates and immaterial changes in the credit status of the Bank and its subsidiaries after execution of such borrowing. The fair value of borrowed money with a fixed interest rate is the present value determined by discounting the sum of principal and interest by the term to maturity at the rate for a similar new borrowing. For borrowed money with a short maturity (original maturity of up to one year), the carrying value is deemed the fair value since the carrying value approximates the fair value.

Bonds with stock acquisition rights

The fair value of bonds with stock acquisition rights issued by the Bank is determined based on market price.

(c) Maturity analysis for monetary claims and securities with contractual maturities as of March 31, 2015

	Millions of yen					
	2015					
	Due in one year or less	Due after one year through three years	Due after three years through five years	Due after five years through seven years	Due after seven years through ten years	Due after ten years
Due from banks	¥ 233,556	¥ –	¥ –	¥ –	¥ –	¥ –
Call loans and bills purchased	647	–	–	–	–	–
Securities:						
Available-for-sale securities with maturities *(*1)*						
National government bonds	57,100	72,700	69,200	48,500	7,500	–
Local government bonds	19,061	28,168	27,183	18,360	2,954	–
Bonds and debentures	51,303	104,608	139,096	77,830	8,189	970
Others *(*2)*	11,531	29,853	34,538	17,843	8,171	–
Securities - total	138,995	235,330	270,018	162,533	26,815	970
Loans and bills discounted *(*3)*	690,584	428,632	250,859	148,382	199,656	369,629
Total	¥ 1,063,784	¥ 663,962	¥ 520,877	¥ 310,915	¥ 226,471	¥ 370,599

	Thousands of U.S. dollars					
Due from banks	$ 1,943,553	$ –	$ –	$ –	$ –	$ –
Call loans and bills purchased	5,387	–	–	–	–	–
Securities:						
Available-for-sale securities with maturities *(*1)*						
National government bonds	475,160	604,976	575,851	403,595	62,412	–
Local government bonds	158,621	234,407	226,208	152,784	24,586	–
Bonds and debentures	426,921	870,502	1,157,496	647,668	68,150	8,074
Others *(*2)*	95,958	248,426	287,415	148,482	68,000	–
Securities - total	1,156,660	1,958,311	2,246,970	1,352,529	223,148	8,074
Loans and bills discounted *(*3)*	5,746,728	3,566,882	2,087,534	1,234,770	1,661,449	3,075,886
Total	$ 8,852,328	$ 5,525,193	$ 4,334,504	$ 2,587,299	$ 1,884,597	$ 3,083,960

Notes:

*(*1) Amounts of securities were stated on the basis of scheduled redemption amounts regarding the principal and do not match the amounts shown in the consolidated balance sheets.*

*(*2) "Others" include Samurai bonds, Euro-Yen bonds and foreign including bonds.*

*(*3) The portion whose timing of collection is unforeseeable, including loans to "legal bankruptcy" borrowers, loans to "de facto bankruptcy" borrowers and loans to "bankruptcy risk" borrowers, amounting to ¥54,141 million ($450,544 thousand) was not included in the above table.*

(d) Repayment schedule for bonds, borrowed money and other debts with contractual maturities as of March 31, 2015

	Millions of yen					
	2015					
	Due in one year or less	Due after one year through three years	Due after three years through five years	Due after five years through seven years	Due after seven years through ten years	Due after ten years
Deposits *(*1)*	¥ 2,893,963	¥ 149,663	¥ 98,628	¥ 999	¥ 859	¥ –
Call money and bills sold	10,214	–	–	–	–	–
Borrowed money	11,648	7,875	2,625	–	–	–
Bonds with stock acquisition rights	–	–	12,017	–	–	–
Total	¥ 2,915,826	¥ 157,538	¥ 113,270	¥ 999	¥ 859	¥ –

	Thousands of U.S. dollars					
Deposits *(*1)*	$ 24,082,244	$ 1,245,428	$ 820,737	$ 8,318	$ 7,151	$ –
Call money and bills sold	85,000	–	–	–	–	–
Borrowed money	96,934	65,532	21,844	–	–	–
Bonds with stock acquisition rights	–	–	100,000	–	–	–
Total	$ 24,264,178	$ 1,310,960	$ 942,581	$ 8,318	$ 7,151	$ –

Note:
*(*1) Demand deposits were included in "due in one year or less."*

4. Trading Account Securities and Securities

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

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
National government bonds	¥ 260,297	¥ 327,076	$ 2,166,074
Local government bonds	97,335	97,607	809,983
Bonds and debentures	386,950	340,910	3,220,029
Equity securities	139,309	104,052	1,159,274
Other securities	112,725	79,097	938,053
	¥ 996,619	¥ 948,744	$ 8,293,413

Securities are classified as trading, held-to-maturity or available-for-sale securities. Such classification determines the respective accounting method to be applied as stipulated under the accounting standard for financial instruments. Trading account securities and securities in the accompanying consolidated balance sheets include marketable securities traded on stock exchanges.

At March 31, 2015 and 2014, the carrying values of trading account 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	
	Carrying value	Valuation difference	Carrying value	Valuation difference	Carrying value	Valuation difference
Trading account securities	¥ 93	¥ (0)	¥ 16	¥ 0	$ 777	$ (2)

Gross unrealized gains and losses on available-for-sale securities with fair values at March 31, 2015 and 2014 are summarized as follows.

	Millions of yen			
	Acquisition cost	Gross unrealized gains	Gross unrealized losses	Fair and carrying value
Available-for-sale securities with fair values at March 31, 2015:				
Equity securities	¥ 51,347	¥ 83,860	¥ (224)	¥ 134,983
Bonds:				
National government bonds	257,576	2,785	(64)	260,297
Local government bonds	95,952	1,422	(39)	97,335
Bonds and debentures	382,909	4,212	(171)	386,950
Others	110,723	2,141	(144)	112,720
	¥ 898,509	¥ 94,422	¥ (644)	¥ 992,287
Available-for-sale securities with fair values at March 31, 2014:				
Equity securities	¥ 51,415	¥ 49,377	¥ (1,072)	¥ 99,721
Bonds:				
National government bonds	324,112	2,971	(7)	327,076
Local government bonds	96,075	1,537	(5)	97,607
Bonds and debentures	336,542	4,433	(65)	340,910
Others	78,999	648	(551)	79,096
	¥ 887,145	¥ 58,969	¥ (1,701)	¥ 944,412

	Thousands of U.S. dollars			
Available-for-sale securities with fair value at March 31, 2015:				
Equity securities	$ 427,293	$ 697,846	$ (1,868)	$ 1,123,271
Bonds:				
National government bonds	2,143,432	23,179	(537)	2,166,074
Local government bonds	798,472	11,838	(327)	809,983
Bonds and debentures	3,186,401	35,057	(1,429)	3,220,029
Others	921,391	17,819	(1,201)	938,009
	$ 7,476,989	$ 785,739	$ (5,362)	$ 8,257,366

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

	Millions of yen				Thousands of U.S. dollars	
	2015		2014		2015	
Unrealized gains	¥	93,777	¥	57,267	$	780,377
Deferred tax liabilities		(28,710)		(19,365)		(238,919)
Minority interests portion		(11)		(2)		(97)
Net unrealized gains in net assets	¥	65,055	¥	37,899	$	541,361

During the years ended March 31, 2015 and 2014, the Group sold available-for-sale securities and recorded gains of ¥938 million ($7,807 thousand) and ¥1,673 million, respectively, and losses of ¥92 million ($774 thousand) and ¥337 million, respectively, in the accompanying consolidated statements of income.

For the year ended March 31, 2014, the Group recorded losses on write-downs of available-for-sale securities with fair values due to other-than-temporary declines in value amounting to ¥179 million. For the year ended March 31, 2015, no such loss was recognized.

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	
Bills discounted	¥	44,037	¥	46,359	$	366,462
Loans on bills		133,380		144,473		1,109,931
Loans on deeds		1,702,119		1,664,557		14,164,260
Overdrafts		255,110		248,008		2,122,912
Others		7,237		6,375		60,228
	¥	2,141,885	¥	2,109,774	$	17,823,793

Bills discounted are accounted for as finance transactions in accordance with JICPA Industry Audit Committee Report No. 24, entitled the "Treatment of Accounting and Auditing Concerning Application of Accounting Standard for Financial Instruments in Banking Industry." The Group has rights to sell or pledge (repledge) bankers' acceptances, commercial bills, documentary bills and foreign bills bought without restrictions. The total face values of these bills amounted to ¥45,244 million ($376,505 thousand) and ¥47,312 million at March 31, 2015 and 2014, respectively.

Claims against borrowers in bankruptcy and past due loans are included in "loans and bills discounted" and amounted to ¥54,141 million ($450,544 thousand) and ¥64,681 million at March 31, 2015 and 2014, respectively. Loans are generally placed on non-accrual status when there is substantial doubt about the ultimate collectability of either the principal or interest because such principal or interest is past due for a considerable period or for other reasons. Accrued interest is not recorded when loans are classified as claims against borrowers in bankruptcy or past due loans. Claims against borrowers in bankruptcy represent non-accrual loans after charge-off against legally bankrupt borrowers as defined in Article 96, Paragraph 1, Subparagraphs 3 and 4 of the Order for Enforcement of the

Corporation Tax Law of Japan. Other than claims against borrowers in bankruptcy and loans for which interest payments are deferred in order to assist the financial recovery of borrowers in financial difficulties, past due loans are recognized as non-accrual loans.

At March 31, 2015 and 2014, accruing loans for which the payment of principal or interest was contractually past due by three months or more, excluding non-accrual loans, amounted to ¥30 million ($252 thousand) and ¥104 million, respectively.

At March 31, 2015 and 2014, restructured loans (excluding non-accrual and accruing loans contractually past due by three months or more as mentioned above) for which the Bank had restructured the terms and conditions in favor of the borrowers in financial difficulties, such as through reduction or exemption of the original interest rate, extension of interest payments and/or principal repayments and debt forgiveness, in order to support the financial recovery or restructuring of such borrowers amounted to ¥19,189 million ($159,685 thousand) and ¥21,705 million, respectively.

Total non-performing loans before charge-offs, which consist of non-accrual loans, accruing loans contractually past due by three months or more and restructured loans, amounted to ¥73,361 million ($610,481 thousand) and ¥86,491 million at March 31, 2015 and 2014, respectively.

6. Tangible Fixed Assets

At March 31, 2015 and 2014, major classifications of accounts were as follows.

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Land	¥ 23,845	¥ 23,740	$ 198,434
Buildings and structures	8,373	7,901	69,684
Equipment	3,668	4,318	30,528
Leased assets as lessee	0	0	1
Construction in progress	611	296	5,088
Tangible fixed assets	¥ 36,499	¥ 36,258	$ 303,735

At March 31, 2015 and 2014, accumulated depreciation for tangible fixed assets amounted to ¥32,366 million ($269,341 thousand) and ¥31,134 million, respectively.

The Bank elected a one-time revaluation to restate the cost of land used for the banking business at values rationally reassessed and reflecting appropriate adjustments for geographical shape and other factors based on the municipal property tax bases effective on March 31, 1998 under the Act on Revaluation of Land. According to the Act, the amount equivalent to the tax effect on the excess of reassessed values over the original book values is to be recorded as "deferred tax liabilities for revaluation," and the rest of the excess, net of the tax effect, is to be recorded as "land revaluation excess" under accumulated other comprehensive income of net assets in the consolidated balance sheets. At March 31, 2015 and 2014, the differences in the carrying values of land used for the banking business after revaluation over market values amounted to ¥9,407 million ($78,286 thousand) and ¥9,446 million, respectively.

As permitted by Japanese GAAP, deferred capital gains on the sale of real property are deducted from the original acquisition costs of property which is newly acquired for replacement purposes in the same line of business as the property sold by the Bank. At March 31, 2015 and 2014, ¥1,750 million ($14,568 thousand) and ¥1,792 million, respectively, were directly deducted from the acquisition costs of land.

7. Pledged Assets

The carrying amounts of assets pledged as collateral and related collateralized debt at March 31, 2015 and 2014 were as follows.

	Millions of yen				Thousands of U.S. dollars	
	2015		2014		2015	
Assets pledged:						
Securities	¥	42,673	¥	37,042	$	355,110
Other assets		20		20		170
Related collateralized debts:						
Deposits	¥	16,226	¥	16,144	$	135,026
Payables under securities lending transactions		10,392		4,086		86,479
Borrowed money		4,523		3,337		37,643

In addition, securities amounting to ¥65,920 million ($548,560 thousand) and ¥64,781 million at March 31, 2015 and 2014, respectively, were pledged as collateral for the settlement of exchange and other transactions.

8. Deposits

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

	Millions of yen				Thousands of U.S. dollars	
	2015		2014		2015	
Demand deposits	¥	1,763,761	¥	1,650,388	$	14,677,219
Time deposits		1,277,595		1,247,938		10,631,566
Other deposits		49,171		50,482		409,180
Subtotal		3,090,527		2,948,809		25,717,965
Negotiable certificates of deposit		53,585		53,005		445,913
	¥	3,144,113	¥	3,001,814	$	26,163,878

9. Borrowed Money and Finance Lease Obligations

Borrowed money consisted principally of borrowings from financial institutions due through February 2020 with average interest rates of 0.53% and 0.63% per annum at March 31, 2015 and 2014, respectively. Finance lease obligations of ¥0 million ($1 thousand) and ¥0 million at March 31, 2015 and 2014, respectively, were included in "other liabilities" in the accompanying consolidated balance sheets.

At March 31, 2015, the annual maturities of borrowed money and finance lease obligations were as follows.

	Millions of yen		Thousands of U.S. dollars	
Year ending March 31,	Borrowed money	Finance lease obligations	Borrowed money	Finance lease obligations
2016	¥ 11,648	¥ 0	$ 96,934	$ 1
2017	4,250	–	35,367	–
2018	3,625	–	30,165	–
2019	2,050	–	17,059	–
2020	575	–	4,785	–
	¥ 22,148	¥ 0	$ 184,310	$ 1

10. Bonds with Stock Acquisition Rights

At March 31, 2015 and 2014, bonds with stock acquisition rights consisted of the followings

	Millions of yen		Thousands of U.S. dollars		
	2015	2014	2015	Interest rate	Due
U.S. dollar denominated zero-coupon convertible bond-type bonds with stock acquisition rights, due in 2020	¥ 12,017	¥ –	$ 100,000	–	March 26, 2020

The following is a summary of the terms for conversion and redemption of the convertible bonds with stock acquisition rights:

	Issuance price of stock acquisition rights	Issuance price of common stock	Total issue price	Exercise period
U.S. dollar denominated zero-coupon convertible bond-type bonds with stock acquisition rights, due in 2020	gratis	$3.73	$100,000 thousand	From April 9, 2015 to March 12, 2020

Note: The value of the assets to be invested at the exercise of the stock acquisition rights is equal to the face value of this convertible bond.

At March 31, 2015, the annual maturities of bonds with stock acquisitions rights were as follows.

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2016	¥ –	$ –
2017	–	–
2018	–	–
2019	–	–
2020	12,017	100,000
	¥ 12,017	$ 100,000

11. Employee Retirement Benefits

The Bank maintains funded and unfunded defined benefit plans and defined contribution plans for employee retirement benefits. Eligible employees are entitled to receive lump-sum payments or pension payments based on the level of salary and the length of service under the defined benefit corporate pension plans, all of which are funded plans. The Bank has set up retirement benefit trusts for certain defined benefit corporate pension plans. Eligible employees are entitled to receive lump-sum payments based on the level of salary and the length of service under the lump-sum payment plans, most of which are unfunded plans; however, some of which have been funded as a result of establishing retirement benefit trusts. One of the Bank's consolidated subsidiaries participates in a multi-employer pension program under a certain public pension plan as part of the lump-sum retirement benefit plan. The Bank's other four consolidated subsidiaries have each adopted only the lump-sum retirement benefit plan. The consolidated subsidiaries use the simplified method in calculating employee retirement defined benefit liability and retirement benefit expenses. Under this method, the amount for severance payments required at the year-end for voluntary termination is deemed retirement benefit obligations.

(a) Defined benefit plans

(1) Movement in retirement benefit obligation, excluding plans applying the simplified method:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Balance at beginning of year	¥ 31,852	¥ 32,910	$ 265,065
Cumulative effects of changes in accounting policies	(992)	–	(8,263)
Restated balance at beginning of year	30,859	32,910	256,802
Service cost	749	789	6,237
Interest cost	370	493	3,082
Actuarial differences	369	(292)	3,075
Retirement benefits paid	(1,976)	(2,048)	(16,451)
Balance at end of year	¥ 30,372	¥ 31,852	$ 252,745

(2) Movement in plan assets, excluding plans applying the simplified method:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Balance at beginning of year	¥ 40,252	¥ 36,393	$ 334,964
Expected return on pension plan assets	646	589	5,380
Actuarial differences	5,214	3,431	43,389
Contribution paid by the employer	901	1,046	7,506
Retirement benefits paid	(1,211)	(1,210)	(10,083)
Others	–	0	–
Balance at end of year	¥ 45,803	¥ 40,252	$ 381,156

(3) Movement in employee retirement benefit liability for plans applying the simplified method:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Employee retirement benefit liability at beginning of year	¥ 127	¥ 123	$ 1,062
Retirement benefit expenses	31	36	264
Retirement benefits paid	(31)	(32)	(264)
Contributions to plans	–	–	–
Others	–	–	–
Retirement benefit liability at end of year	¥ 127	¥ 127	$ 1,062

(4) Reconciliation from retirement benefit obligation and plan assets to retirement benefit (asset)/liability recognized in the consolidated balance sheets:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Funded retirement benefit obligation	¥ 30,447	¥ 32,003	$ 253,368
Plan assets	(45,803)	(40,252)	(381,156)
	(15,356)	(8,249)	(127,788)
Unfunded retirement benefit obligation	52	55	439
Net retirement benefit (asset)/liability	¥ (15,303)	¥ (8,194)	$ (127,349)
Employee retirement benefit liability	¥ 3,824	¥ 5,725	$ 31,825
Employee retirement benefit assets	(19,127)	(13,919)	(159,174)
Net retirement benefit (asset)/liability	¥ (15,303)	¥ (8,194)	$ (127,349)

(5) Net periodic retirement benefit expense and its breakdown:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Service cost	¥ 749	¥ 789	$ 6,237
Interest cost	370	493	3,082
Expected return on plan assets	(646)	(589)	(5,380)
Amortization of actuarial differences	430	927	3,581
Amortization of past service cost	(144)	(90)	(1,206)
Retirement benefit expense for plans applying the simplified method	31	36	264
Net periodic retirement benefit expense of defined benefit plans	¥ 790	¥ 1,566	$ 6,578

(6) Retirement benefit adjustments in other comprehensive income, before tax effects:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Past service cost	¥ (144)	¥ –	$ (1,206)
Actuarial differences	5,274	–	43,894
Total	¥ 5,129	¥ –	$ 42,688

(7) Retirement benefit adjustments in accumulated other comprehensive income, before tax effects:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Unrecognized past service cost	¥ 1,449	¥ 1,594	$ 12,063
Unrecognized actuarial differences	6,405	1,130	53,306
Total	¥ 7,855	¥ 2,725	$ 65,369

(8) Plan assets

(i) Plan assets comprise:

	2015	2014
Debt securities	36%	41%
Equity securities	40%	41%
Cash and deposits	11%	7%
General accounts	13%	11%
Total *	100%	100%

Note: As of March 31, 2015 and 2014, retirement benefit trusts that are set up for the defined benefit pension plan and lump-sum retirement benefit plan represented 46% and 44% of plan assets, respectively.

(ii) Determination of long-term expected rate of return on plan assets

In determining the long-term expected rate of return on plan assets, the Group considers the current and target asset allocation as well as the current and expected long-term rate of return on various asset categories comprising plan assets.

(9) Actuarial assumptions at end of year:

	2015	2014
Discount rate	1.2%	1.5%
Long-term expected rate of return on plan assets	2.5%	2.5%

Note: The Bank maintains a point system for defined benefit corporate pension plans and lump-sum payment plans. Points are calculated based on past salaries.

(b) Defined contribution plan

The required contribution of the Bank and its consolidated subsidiaries to the defined contribution plan amounted to ¥162 million ($1,351 thousand) and ¥157 million for the year ended March 31, 2015 and 2014, respectively.

12. Acceptances and Guarantees

The Bank provides guarantees with respect to liabilities of its customers for payment of loans or other liabilities with other financial institutions. As a contra account, "customers' liabilities for acceptances and guarantees" has been shown in assets on the accompanying consolidated balance sheets, indicating the Bank's right of indemnity from customers.

Guarantees are provided on certain privately placed bonds included in securities in accordance with Article 2, Paragraph 3 of the Financial Instruments and Exchange Act of Japan. The guarantees amounted to ¥12,976 million ($107,980 thousand) and ¥13,443 million at March 31, 2015 and 2014, respectively.

13. Net Assets

At both March 31, 2015 and 2014, the authorized number of shares of common stock without par value was 500 million shares, and the number of shares of common stock issued was 205,054,873 shares. At March 31, 2015 and 2014, the number of shares of treasury stock held by the Group was 7,961 thousand and 436 thousand shares, respectively.

Under Japanese laws and regulations, the entire amount paid for new shares is required to be designated as common stock. However, a company may, by a resolution of the Board of Directors, designate an amount not exceeding one-half of the issue price of the new shares as additional paid-in capital, which is included in capital surplus.

Capital surplus consists principally of additional paid-in capital. The Banking Act of Japan provides that an amount equivalent to at least 20% of the cash payments as appropriation of retained earnings shall be appropriated as legal earnings reserve until the total amount of additional paid-in capital and such reserve equals 100% of common stock. The legal earnings reserve has been included in the retained earnings in the accompanying consolidated balance sheets. Under the Act, the legal earnings reserve and additional paid-in capital can be used to eliminate or reduce a deficit by a resolution at the shareholders' meeting. The additional paid-in capital and legal earnings reserve may not be distributed as dividends. All additional paid-in capital and legal earnings reserve may be transferred to other capital surplus and retained earnings, respectively, which may become available for distribution as dividends. Both at March 31, 2015 and 2014, the legal earnings reserve amounted to ¥8,029 million ($66,822 thousand).

The maximum amount that the Bank can distribute as dividends is calculated based on the nonconsolidated financial statements of the Bank in accordance with Japanese laws and regulations.

14. Stock Options

(a) Stock option expenses

The Bank recorded stock option expenses of ¥38 million ($317 thousand) in "General and administrative expenses" for the year ended March 31, 2015.

(b) Outline of stock options

i) Outline of stock options:

	2014 stock options
Position and number of grantees	13 directors of the Bank
Number of options granted*	109,800 common shares of the Bank
Grant date	August 13, 2014
Conditions for vesting	Not defined
Requisite service period	Not defined
Exercise period	From August 14, 2014 to August 13, 2064

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

ii) Size and changes in stock options:

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

a) Number of stock options

	2014 stock options
Non-vested	
April 1, 2014 - Outstanding	-
Granted	109,800 shares
Forfeited	-
Vested	109,800 shares
March 31, 2015 - Outstanding	-
Vested	
April 1, 2014 - Outstanding	-
Vested	109,800 shares
Exercised	-
Forfeited	-
March 31, 2015 - Outstanding	109,800 shares

b) Price information:

	2014 stock option
Exercise price	¥1 ($0.01) per share
Average exercise price	-
Fair value at grant date*	¥347 ($2.89) per share

iii) Valuation technique to estimate fair value of stock options

a) Valuation technique used: Black-Scholes model

b) Major assumptions and estimation method

	2014 stock option
Expected volatility *(*1)*	37.784%
Expected life *(*2)*	6.3 years
Expected dividends *(*3)*	¥6.5 ($0.05) per share
Risk free interest rate *(*4)*	0.206%

Notes: (*1) Expected volatility is calculated based on the actual stock prices on each trading day during the period from April 13, 2008 to August 13, 2014.

(*2) Expected life is estimated based on the average term of office of directors, etc., who retired during the past 10 years.

(*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

Overdraft facilities and loan commitment lines are contracts under which the Bank is obligated to advance funds up to a predetermined amount to a customer upon request, provided that the customer has met the terms and conditions of the applicable contract. At March 31, 2015 and 2014, the unused amounts within the limits relating to these contracts amounted to ¥705,149 million ($5,867,929 thousand) and ¥675,542 million, respectively. Such outstanding contract amounts included amounts which originally expire within one year or are revocable by the Bank at any time without any conditions in the amounts of ¥695,697 million ($5,789,275 thousand) and ¥665,707 million at March 31, 2015 and 2014, respectively.

Since many of these commitments expire without being drawn down, the unused amount does not necessarily represent a future cash requirement. Most of these contracts have conditions that allow the Bank to refuse customers' applications for loans or decrease the contract limits for appropriate reasons (e.g., changes in financial situation, deterioration in customers' creditworthiness or the like). At the execution of such contracts, the Bank obtains real estate, securities, etc., as collateral if considered necessary. Subsequently, the Bank performs periodic reviews of customers' business results based on internal rules and may take necessary measures that include reconsidering conditions of such contracts and/or requiring additional collateral and/or guarantees.

(b) Lease commitments

(Lessee contracts)
The Group leases certain office space and equipment as lessee under long-term non-cancellable lease contracts. The aggregate future minimum lease commitments for non-cancellable operating leases at March 31, 2015 and 2014 were as follows.

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Operating leases as lessee:			
Due within one year	¥ 330	¥ 466	$ 2,749
Due after one year	264	378	2,198
	¥ 594	¥ 844	$ 4,947

(Lessor contracts)
A consolidated subsidiary engaged in leasing operations as lessor entered into various long-term, non-cancellable lease contracts with third parties, which were categorized as finance leases. At March 31, 2015 and 2014, investments in leased assets as lessor consisted of the following.

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Future minimum lease payments to be received	¥ 22,909	¥ 22,942	$ 190,644
Estimated residual value	1,974	1,892	16,430
Imputed interest	(2,003)	(2,250)	(16,668)
Investments in leased assets	¥ 22,881	¥ 22,584	$ 190,406

The aggregate annual maturities of future minimum lease payments to be received related to investments in leased assets at March 31, 2015 were as follows.

Year ending March 31,	Millions of yen		Thousands of U.S. dollars	
2016	¥	7,229	$	60,157
2017		5,783		48,125
2018		4,358		36,268
2019		2,945		24,515
2020		1,570		13,065
2021 and thereafter		1,023		8,514
	¥	22,909	$	190,644

At March 31, 2015 and 2014, future lease payments to be received for non-cancellable operating leases were as follows.

	Millions of yen				Thousands of U.S. dollars	
	2015		2014		2015	
Operating leases as lessor:						
Due within one year	¥	64	¥	84	$	535
Due after one year		116		75		971
	¥	181	¥	159	$	1,506

16. Derivative Instruments

At March 31, 2015 and 2014, derivative instruments, other than those to which hedge accounting was applied, were stated at fair value with valuation gains and losses recognized as current earnings in the accompanying consolidated statements of income as follows.

	Millions of yen							
	Notional principals or contract amounts							
	Total		Over one year		Fair value *		Valuation gain/(loss)	
At March 31, 2015:								
Interest rate swaps	¥	20,000	¥	20,000	¥	(857)	¥	(857)
Currency swaps		37,255		–		(1,152)		(1,152)
Forward foreign exchange contracts		3,830		–		(52)		(52)
At March 31, 2014:								
Interest rate swaps	¥	20,000	¥	20,000	¥	(1,085)	¥	(1,085)
Currency swaps		26,393		–		(356)		(356)
Forward foreign exchange contracts		5,183		–		(14)		(14)
	Thousands of U.S. dollars							
At March 31, 2015:								
Interest rate swaps	$	166,431	$	166,431	$	(7,136)	$	(7,136)
Currency swaps		310,021		–		(9,592)		(9,592)
Forward foreign exchange contracts		31,873		–		(436)		(436)

Note: Fair values were calculated based on the discounted cash flow method, etc.

Derivative instruments to which hedge accounting was applied at March 31, 2015 and 2014 were as follows.

		Millions of yen					
		Notional principal or contract amounts					
	Hedged items	Total		Over one year		Fair value *	
Currency swap contracts:							
As of March 31, 2015	Loans in foreign currencies	¥	275	¥	–	¥	(15)
As of March 31, 2014	Loans in foreign currencies		329		–		(8)
		Thousands of U.S. dollars					
Currency swap contracts:							
As of March 31, 2015	Loans in foreign currencies	$	2,289	$	–	$	(132)

Note: Fair values were calculated based on the discounted cash flow method, etc.

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
Income taxes:			
Current	¥ 1,883	¥ 2,424	$ 15,676
Deferred	2,549	1,659	21,212
	¥ 4,432	¥ 4,084	$ 36,888

At March 31, 2015 and 2014, income taxes (including enterprise taxes) payable amounting to ¥446 million ($3,716 thousand) and ¥1,912 million, respectively, were included in "other liabilities" in the accompanying consolidated balance sheets.

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
Deferred tax assets:			
Reserve for possible loan losses	¥ 5,165	¥ 6,993	$ 42,984
Employee retirement benefit (asset)/liability	95	2,600	796
Loss on devaluation of stocks and other securities	2,702	2,994	22,487
Reserve for contingent losses	787	1,212	6,553
Depreciation	716	881	5,965
Others	3,159	3,599	26,295
Less valuation allowance	(4,527)	(4,910)	(37,675)
Subtotal	8,100	13,370	67,405
Deferred tax liabilities:			
Unrealized gains on available-for-sale securities	(28,710)	(19,365)	(238,919)
Gain on transfer of securities to trusts for retirement benefit plan	(2,521)	(3,325)	(20,984)
Others	(90)	(100)	(757)
Subtotal	(31,323)	(22,791)	(260,660)
Net deferred tax assets (liabilities)	¥ (23,223)	¥ (9,420)	$ (193,255)

At March 31, 2015 and 2014, deferred tax assets and liabilities were as follows.

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Deferred tax assets	¥ 953	¥ 1,118	$ 7,931
Deferred tax liabilities	(24,176)	(10,538)	(201,186)

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 both March 31, 2015 and 2014, a valuation allowance was provided to reduce the deferred tax assets to amounts that management believed would be realizable.

The Group is subject to Japanese national and local income taxes which in the aggregate resulted in an effective statutory tax rate of approximately 35.3% and 37.7% for the years ended March 31, 2015 and 2014, respectively. Reconciliations between the Japanese statutory effective tax rate and the actual 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 are as follows.

	Percentage of pre-tax income			
	2015		2014	
Japanese statutory effective tax rate	35.3	%	37.7	%
Increase (decrease) due to:				
Permanently non-deductible expenses	0.6		1.0	
Tax exempt income	(4.3)		(4.7)	
Local minimum taxes - per capita basis	0.6		0.7	
Changes in valuation allowance	0.7		1.5	
Effects of income tax rate change	5.9		4.0	
Others	(0.0)		1.5	
Actual effective tax rate	38.8	%	41.8	%

Following the promulgation on March 31, 2015 of the “Act for Partial Revision of the Income Tax Act, etc.” (Act No. 9 of 2014), corporate tax rates will be reduced from the fiscal year beginning on or after April 1, 2015. In line with this revision, the Bank has changed the statutory tax rate used to calculate deferred tax assets and liabilities from 35.3% to 32.8% for temporary differences expected to be reversed in the fiscal year beginning on April 1, 2015 and to 32.0% for temporary differences expected to be reversed in the fiscal years beginning on April 1, 2016 and thereafter. As a result of this tax rate change, deferred tax liabilities, net of deferred tax assets, decreased by ¥2,547 million ($21,197 thousand), “net unrealized gains on available-for-sale securities” and “retirement benefit adjustments” increased by ¥2,960 million ($24,636 thousand) and ¥259 million ($2,157 thousand) as of March 31, 2015, respectively, and “deferred income taxes” increased by ¥672 million ($5,596 thousand) for the year ended March 31, 2015. “Deferred tax liabilities for revaluation” decreased by ¥354 million ($2,946 thousand) and “land revaluation excess” increased by the same amount as of March 31, 2015

Following the promulgation on March 31, 2014 of the “Act for Partial Revision of the Income Tax Act, etc.” (Act No. 10 of 2014), a special surtax to be applied to restoration work in connection with the Great East Japan Earthquake has been abolished from the fiscal year beginning on or after April 1, 2014. In line with this revision, the Bank has changed the statutory tax rate used to calculate deferred tax assets and liabilities from 37.7% to 35.3% for temporary differences expected to be reversed in the fiscal year beginning on April 1, 2014. As a result of this tax rate change, deferred tax assets decreased by ¥344 million as of March 31, 2014, and deferred income taxes increased by ¥344 million for the year ended March 31, 2014.

18. General and administrative expenses

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

	Millions of yen			Thousands of U.S. dollars
	2015		2014	2015
Salaries and allowances	¥	11,734	11,908	97,653

19. 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 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	
Net change in unrealized gains on available-for-sale securities:						
Increase during the year	¥	37,596	¥	9,743	$	312,864
Reclassification adjustments		(1,086)		(1,476)		(9,039)
Pre-tax amount		36,510		8,267		303,825
Tax effect amount		(9,345)		(2,907)		(77,767)
Net change in unrealized gains on available-for-sale securities, net of tax		27,165		5,360		226,058
Net change in deferred losses on hedging instruments:						
Decrease during the year		(24)		(18)		(201)
Reclassification adjustments		24		18		202
Pre-tax amount		0		0		1
Tax effect amount		(0)		(0)		(0)
Net change in deferred losses on hedging instruments, net of tax		0		0		1
Land revaluation excess:						
Tax effect amount		354		–		2,946
Land revaluation excess, net of tax		354		–		2,946
Retirement benefit adjustments:						
Increase during the year		4,844		–		40,314
Reclassification adjustments		285		–		2,374
Pre-tax amount		5,129		–		42,688
Tax effect amount		(1,551)		–		(12,911)
Retirement benefit adjustments, net of tax		3,578		–		29,777
Total other comprehensive income	¥	31,097	¥	5,360	$	258,782

20. Related Party Transactions

During the years ended March 31, 2015 and 2014, the Bank had significant transactions with the Bank's directors and audit and supervisory board members and their immediate family members and/or the companies in which they hold directly or indirectly a majority voting interest.

A summary of the significant related party transactions as of and for the years ended March 31, 2015 and 2014 is as follows.

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
For the year:			
Number of related parties	11	5	
Amount of lending loan transactions (average balance)	¥ 399	¥ 92	$ 3,323
Underwriting private placement bonds (average balance)	111	–	925
At year-end:			
Loans and bills discounted	¥ 392	¥ 91	$ 3,268
Securities (bonds and debentures)	105	–	874

21. Subsequent Events

Appropriation of retained earnings

Shareholders of the Bank approved the following appropriation of retained earnings at the annual general meeting held on June 26, 2015.

	Millions of yen	Thousands of U.S. dollars
Cash dividends at ¥3.50 per share ($0.03 per share)	¥ 689	$ 5,740

22. Segment Information

(a) General information about reportable segments

The Group defines a reportable segment as a component of the Group for which separate 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 such segment and assess its performance.

The Group engages in financial services primarily in banking and also in comprehensive finance leasing services and credit card services. The reportable segments of the Group are determined based on the types of financial services as follows.

"Banking" — head office and branches

- Deposits and loans
- Domestic and foreign exchange transactions
- Securities investments
- Trading of trading account securities
- Underwriting and registration of corporate bonds

"Leasing" — Nagoya Lease Co., Ltd., a domestic subsidiary of the Bank

- Comprehensive finance leasing business

"Credit Card" — Nagoya Card Co., Ltd. and Nagoya MC Card Co., Ltd., domestic subsidiaries of the Bank

- Credit card business

(b) Basis of measurement for segment profit, segment assets, segment liabilities and other material items for each reportable segment

The basis of measurement for reportable segment information follows 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 gains and certain special losses included in the accompanying consolidated statements of income. Intersegment income is accounted for based on prices of ordinary transactions with independent third parties.

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

Segment information as of and for the years ended March 31, 2015 and 2014 is as follows.

	Millions of yen											
	2015											
	Reportable segment											
	Banking		Leasing		Credit Card		Total		Other *(*2)*		Total	
Ordinary income *(*1)*:												
External customers	¥	48,468	¥	12,312	¥	2,021	¥	62,802	¥	0	¥	62,802
Intersegment		152		203		198		553		366		920
Total ordinary income		48,620		12,515		2,219		63,356		366		63,722
Segment profit		10,155		550		728		11,433		80		11,514
Segment assets		3,468,741		31,977		14,452		3,515,171		704		3,515,875
Segment liabilities		3,242,220		26,484		8,965		3,277,669		65		3,277,734
Other material items:												
Depreciation and amortization *(*3)*		2,303		296		5		2,604		0		2,604
Interest income		35,584		6		141		35,731		0		35,731
Interest expense		1,944		186		3		2,134		–		2,134
Provision for possible loan losses		–		–		9		9		–		9
Changes in tangible and intangible fixed assets		2,554		239		27		2,821		–		2,821

	Millions of yen											
	2014											
	Reportable segment											
	Banking		Leasing		Credit Card		Total		Other *(*2)*		Total	
Ordinary income *(*1)*:												
External customers	¥	47,762	¥	12,331	¥	1,976	¥	62,071	¥	0	¥	62,071
Intersegment		178		227		189		594		346		940
Total ordinary income		47,940		12,559		2,165		62,665		346		63,012
Segment profit		8,952		403		750		10,106		48		10,155
Segment assets		3,265,666		31,021		14,630		3,311,318		645		3,311,964
Segment liabilities		3,068,832		25,869		9,579		3,104,281		57		3,104,339
Other material items:												
Depreciation and amortization *(*3)*		2,015		338		6		2,359		0		2,360
Interest income		36,959		6		160		37,125		0		37,125
Interest expense		1,777		210		3		1,991		0		1,991
Provision for possible loan losses		–		32		44		77		–		77
Changes in tangible and intangible fixed assets		3,449		134		1		3,584		1		3,585

	Thousands of U.S. dollars					
	2015					
	Reportable segment					
	Banking	Leasing	Credit Card	Total	Other *(*2)*	Total
Ordinary income *(*1)*:						
External customers	$ 403,331	$ 102,457	$ 16,823	$ 522,611	$ 2	$ 522,613
Intersegment	1,270	1,692	1,648	4,610	3,050	7,660
Total ordinary income	404,601	104,149	18,471	527,221	3,052	530,273
Segment profit	84,507	4,577	6,060	95,144	673	95,817
Segment assets	28,865,284	266,099	120,271	29,251,654	5,863	29,257,517
Segment liabilities	26,980,279	220,390	74,605	27,275,274	543	27,275,817
Other material items:						
Depreciation and amortization *(*3)*	19,166	2,464	43	21,673	4	21,677
Interest income	296,118	51	1,175	297,344	0	297,344
Interest expense	16,178	1,553	28	17,759	–	17,759
Provision for possible loan losses	–	–	80	80	–	80
Changes in tangible and intangible fixed assets	21,258	1,993	225	23,476	–	23,476

Notes: 1. "Ordinary income" represents total income less certain special gains included in the accompanying consolidated statements of income.

2. The "other" business segment includes principally the clerical outsourcing business.

3. Depreciation and amortization include amounts relating to information technology investments.

(d) Reconciliations of the totals of each segment item to corresponding Group amounts

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Ordinary income:			
Total reportable segments	¥ 63,356	¥ 62,665	$ 527,221
Other	366	346	3,052
Intersegment elimination	(920)	(940)	(7,660)
Gain on reversal of reserve for possible loan losses	(9)	(77)	(80)
	62,792	61,994	522,533
Special gains	2	29	19
Total income on consolidated statements of income	¥ 62,795	¥ 62,023	$ 522,552
Segment profit:			
Total reportable segments	¥ 11,433	¥ 10,106	$ 95,144
Other	80	48	673
Intersegment elimination	(13)	(15)	(111)
	11,500	10,140	95,706
Special gains (losses), net	(72)	(359)	(603)
Income before income taxes and minority interests on consolidated statements of income	¥ 11,428	¥ 9,781	$ 95,103
Segment assets:			
Total reportable segments	¥ 3,515,171	¥ 3,311,318	$ 29,251,654
Other	704	645	5,863
Intersegment elimination	(15,362)	(15,468)	(127,840)
Adjustment of retirement benefit assets	7,119	2,610	59,245
Total assets on consolidated balance sheets	¥ 3,507,632	¥ 3,299,106	$ 29,188,922
Segment liabilities:			
Total reportable segments	¥ 3,277,669	¥ 3,104,281	$ 27,275,274
Other	65	57	543
Intersegment elimination	(12,862)	(12,969)	(107,036)
Adjustment of retirement benefit liability	1,777	847	14,794
Total liabilities on consolidated balance sheets	¥ 3,266,650	¥ 3,092,217	$ 27,183,575

Other material items:	Millions of yen 2015 Total reportable segments	Other	Reconciliation	Consolidated
Depreciation and amortization	¥ 2,604	¥ 0	¥ –	¥ 2,604
Interest income	35,731	0	(79)	35,652
Interest expense	2,134	–	(92)	2,041
Provision for possible loan losses	9	–	(9)	–
Changes in tangible and intangible fixed assets	2,821	–	–	2,821

Other material items:	Millions of yen 2014 Total reportable segments	Other	Reconciliation	Consolidated
Depreciation and amortization	¥ 2,359	¥ 0	¥ –	¥ 2,360
Interest income	37,125	0	(97)	37,028
Interest expense	1,991	0	(105)	1,886
Provision for possible loan losses	77	–	(77)	–
Changes in tangible and intangible fixed assets	3,584	1	–	3,585

Other material items:	Thousands of U.S. dollars 2015 Total reportable segments	Other	Reconciliation	Consolidated
Depreciation and amortization	$ 21,673	$ 4	$ –	$ 21,677
Interest income	297,344	0	(660)	296,684
Interest expense	17,759	–	(766)	16,993
Provision for possible loan losses	80	–	(80)	–
Changes in tangible and intangible fixed assets	23,476	–	–	23,476

(e) Related information for enterprise-wide disclosure

(1) 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	¥	26,585	¥	9,676	¥	12,312	¥	14,227	¥	62,802
For the year ended March 31, 2014		28,167		10,363		12,331		11,208		62,071

	Thousands of U.S. dollars									
Ordinary income from external customers:										
For the year ended March 31, 2015	$	221,233	$	80,525	$	102,457	$	118,398	$	522,613

(2) Information by geographical area for the years ended March 31, 2015 and 2014 was omitted since income accounted for in Japan was more than 90% of total consolidated income, and tangible fixed assets in Japan was more than 90% of tangible fixed assets on the consolidated balance sheets.

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

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

	Millions of yen											
	Reportable segment											
	Banking		Leasing		Credit Card		Total		Other		Total	
Impairment loss on fixed assets:												
For the year ended March 31, 2015	¥	46	¥	–	¥	–	¥	46	¥	–	¥	46
For the year ended March 31, 2014		330		–		–		330		–		330

	Thousands of U.S. dollars											
Impairment loss on fixed assets:												
For the year ended March 31, 2015	$	390	$	–	$	–	$	390	$	–	$	390

(g) Information with regard to goodwill by reportable segment: None.