Notes to Consolidated Financial Statements

Years ended March 31, 2015 and 2014

1. Basis of presenting consolidated financial statements

The accompanying consolidated financial statements have been prepared based on the accounts maintained by THE SHIGA BANK, LTD. (the "Bank") and its subsidiaries (together the "Group") in accordance with the provisions set forth in the Companies Act of Japan, the Japanese Financial Instruments and Exchange Act, and the Japanese Banking Act and in conformity with accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

Certain items presented in the consolidated financial statements submitted to the Director of the Kanto Finance Bureau in Japan have been reclassified in these accounts for the convenience of readers outside Japan.

Amounts in yen of respective accounts included in the accompanying consolidated financial statements and notes thereto are stated in millions of yen by discarding fractional amounts less than ¥1 million. Therefore, total or subtotal amounts do not necessarily tie in with the aggregation of such account balances.

Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥120.17 to U.S.$1, the rate of exchange at March 31, 2015, has been used in translation. The inclusion of such amounts is not intended to imply that Japanese yen amounts have been or could be readily converted, realized or settled in U.S. dollar amounts at this rate or any other rates.

2. Summary of significant accounting policies

(a) Principles of consolidation

The accompanying consolidated financial statements for the years ended March 31, 2015 and 2014 include the accounts of the Bank and nine consolidated subsidiaries.

The consolidated subsidiaries' respective fiscal periods end March 31 for the year ended March 31, 2015.

The goodwill or negative goodwill is amortized evenly over a five-year period. The Bank has five other nonconsolidated subsidiaries in which investments are not accounted for by the equity method because their net income (the portion corresponding to the Bank's equity), retained earnings (as above) and accumulated other comprehensive income (as above) have no material impact on the Group's financial position or business performance.

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

(b) Cash equivalents

For the purpose of reporting cash flows, cash and cash equivalents are defined as cash and due from the Bank of Japan.

(c) Trading securities

Trading securities held by the Bank are stated at fair value at the fiscal year end (cost of sales, in principle, is computed by the moving-average method).

(d) Investment securities

i. Marketable securities held for trading purposes are stated at fair value (cost of sales, in principle, is computed by the moving-average method).

Securities held to maturity are stated at amortized cost (straight-line method) using the moving-average method. Securities available-for-sale for which current value can be estimated are stated at fair value at the fiscal year end. Securities whose fair value cannot be reliably determined are stated at cost using the moving-average method. Valuation gains/losses on securities available for sale are included in net assets, net of income taxes (cost of sales, in principle, is computed by the moving-average method).

ii. Marketable securities included in money held in trust by the Bank are treated as trust assets and are stated at fair value at the fiscal year-end.

iii. Beneficiary rights included in "debt purchased" are stated using the same methods described in (i) above.

(e) Derivatives and hedging activities

Under the Accounting Standards for Financial Instruments, derivatives are stated at fair value unless derivatives are used for hedging purposes.

i. Interest rate risk hedges

The Bank applies deferred hedge accounting to hedge transactions against interest rate risk arising from financial assets and liabilities. For the hedges that offset the fluctuations in the fair value of fixed interest rates classified as available-for-sale securities, interest rate swaps are assigned to hedged items collectively by bond type as the hedging instrument. The Bank designates the hedges so as to ensure that the important conditions related to the hedged items and hedging instruments are largely identical; therefore the hedges are considered to be highly effective, and the assessment of the effectiveness is based on the similarity of the conditions.

Furthermore, certain consolidated subsidiaries have adopted special treatment for interest rate swaps.

ii. Currency exchange risk hedges

Regarding the hedge accounting method applied to hedging transactions against currency exchange risk arising from assets and liabilities in foreign currencies, the Bank applies deferred hedge accounting stipulated in "Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in Banking Industry" (JICPA Industry Audit Committee Report No. 25).

The Bank assesses the effectiveness of exchange swaps executed to reduce the risk of changes in currency exchange rates with fund swap transactions by verifying that there exist foreign currency positions of the hedging instruments corresponding to the foreign currency monetary claims and debts to be hedged.

Fund swap transactions are foreign exchange transactions that are contracted for the purpose of lending or borrowing funds in different currencies. These transactions consist of spot foreign exchange either bought or sold and forward foreign exchange either bought or sold.

(f) Bills discounted

Bills discounted are accounted for as financial transactions in accordance with JICPA Industry Audit Committee Report No. 24, "Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry." The Bank has rights to sell or pledge bank acceptances bought, commercial bills discounted, documentary bills and foreign exchanges bought without restrictions.

The total face value at March 31, 2015 and 2014 was ¥16,755 million ($139,427 thousand) and ¥17,033 million, respectively.

(g) Tangible fixed assets (except for lease assets)

Tangible fixed assets are stated at cost less accumulated depreciation.

Depreciation for buildings and equipment of the Bank is computed using the declining-balance method at a rate principally based on the estimated useful lives of the assets. However, buildings purchased on or after April 1, 1998, excluding fittings and equipment, are depreciated using the straight-line method.

The range of useful lives is principally from 3 to 50 years for buildings and from 3 to 20 years for equipment.

Depreciation of tangible fixed assets owned by subsidiaries is computed principally using the declining-balance method over the estimated useful lives of the assets.

Under certain conditions such as exchanges of fixed assets of similar kinds and sales and purchases resulting from expropriation, Japanese tax acts permit companies to defer the profit arising from such transactions by reducing the cost of the assets acquired or by providing a special reserve in the equity section. The Bank adopted the former treatment and reduced the cost of the assets acquired by ¥3,572 million ($29,724 thousand) and ¥3,670 million at March 31, 2015 and 2014, respectively.

(h) Long-lived assets

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

Accumulated impairment losses are directly deducted from the respective fixed assets.

(i) Intangible fixed assets (except for lease assets)

Depreciation for intangible fixed assets is computed under the straight-line method. Development costs for internally used software are capitalized and depreciated using the straight-line method over the estimated useful lives of 5 years.

(j) Lease assets

Lease assets in "Tangible fixed assets" or "Intangible fixed assets" of the finance leases other than those that were deemed to transfer the ownership of the leased property to the lessee are computed under the straight-line method over the lease term with zero residual value unless residual value is guaranteed by the corresponding lease contracts.

(k) Allowance for possible loan losses

Allowance for possible loan losses of the Bank is provided as detailed below, pursuant to internal rules for write-offs and allowances.

For debtors who are legally bankrupt (bankrupt, under special liquidation, or subject to legal bankruptcy proceedings) or virtually bankrupt (in a similar situation), an allowance is provided based on the amount of claims, after the write-off stated below, net of amounts expected to be collected through disposal of collateral or execution of guarantees. For loans to debtors who are likely to go bankrupt, an allowance is provided for the amount considered to be necessary based on an overall solvency assessment performed for the amount of such loans, net of amounts deemed collectible through disposal of collateral or execution of guarantees. For other loans, an allowance is provided based on historical loan loss experience over a certain period of time.

All loans are assessed by the branches and the operating divisions based on the Bank's internal rules for self-assessment of assets. The Asset Assessment Division, which is independent from the branches and the operating divisions, subsequently conducts audits of their assessments, and an allowance is provided based on the audit results.

For collateralized or guaranteed claims to debtors who are legally bankrupt or virtually bankrupt, the amount deemed unrecoverable, that is the amount of claims exceeding the estimated value of collateral or guarantees, has been written off and amounted to ¥16,603 million ($138,162 thousand) and ¥21,426 million as of March 31, 2015 and 2014, respectively.

Allowance for possible loan losses of the Bank's consolidated subsidiaries is provided based on historical loan loss experience in addition to amounts deemed necessary based on estimation of the collectibility of specific claims.

(l) Retirement and Pension Plans

The Bank has a contributory funded pension plan and lump-sum severance payment plan. Consolidated subsidiaries have unfunded lump-sum severance payment plans.

The projected benefit obligations are attributed to periods on a benefit formula basis. Past service costs are amortized on a straight-line basis over 10 years within the average remaining service period.

Actuarial gains and losses are amortized on a straight-line basis over 10 years within the average remaining service period from the fiscal year following the respective fiscal year in which the difference is recognized.

Consolidated subsidiaries adopt a simplified method where the amount to be required for voluntary termination at the fiscal year end is recorded as projected benefit obligations in the calculation of their liability for retirement benefits and retirement benefit costs.

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

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

(b) The revised accounting standard does not change how to recognize actuarial gains and losses and past service costs in profit or loss. Those amounts are recognized in profit or loss over a certain period no longer than the expected average remaining service period of the employees. However, actuarial gains and losses and past service costs that arose in the current period and have not yet been recognized in profit or loss are included in other comprehensive income and actuarial gains and losses and past service costs that were recognized in other comprehensive income in prior periods and then recognized in profit or loss in the current period shall be treated as reclassification adjustments (see Note 27).

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

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

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

With respect to (c) above, the Company changed the method of attributing the expected benefit to periods from a straight-line basis to a benefit formula basis, the method of determining the discount rate from using the period that approximates the expected average remaining service period to using a single weighted average discount rate reflecting the estimated timing and amount of benefit payment, and recorded the effect of (c) above as of April 1, 2014, in retained earnings. As a result, liability for retirement benefits as of April 1, 2014, increased by ¥ 1,458 million ($ 12,132 thousand), and retained earnings as of April 1, 2014, decreased by ¥ 1,458 million ($ 12,132 thousand).The impact on profit or loss for the year ended March 31,2015 was immaterial. The impact on per share data is included in Note 32 "Net income per share."

(m) Liability for retirement of directors and Audit & Supervisory Board Members

Consolidated subsidiaries provide Liability for retirement benefits of directors and Audit & Supervisory Board Members at the amount required if they all retired at fiscal year end, calculated based on the internal rules of the Group.

(n) Liability for reimbursement of deposits

Liability for reimbursement of deposits that were derecognized as liabilities under certain conditions is provided for possible losses on the future claims of withdrawal based on historical reimbursement experience.

(o) Allowance for repayment of excess interest

Allowance for repayment of excess interest is provided at the estimated amount based on payment experience that the Bank may be required to refund upon customers' claims.

(p) Reserve for other contingent losses

The Bank provides reserves for contingent liabilities not covered by other reserves in an amount deemed necessary based on estimated losses in the future.

(q) Foreign currency transactions

Receivables and payables in foreign currencies and foreign branch accounts are translated into Japanese yen principally at the rates prevailing at the balance sheet dates.

(r) Accounting for leases

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

i. As lessee

Under the previous accounting standard, finance leases that were deemed to transfer ownership of the leased property to the lessee were capitalized. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the notes to the lessee's financial statements. The revised accounting standard requires that all finance lease transactions should be capitalized to recognize lease assets and lease obligations in the balance sheet. The revised accounting standard permits leases that existed at the transition date and do not transfer ownership of the leased property to the lessee to be accounted for as operating lease transactions.

The Group applied the revised accounting standard effective April 1, 2008. The Group accounted for leases that existed at the transition date and do not transfer ownership of the leased property to the lessee as operating lease transactions.

ii. As lessor

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

Lease revenue and lease costs are recognized over the lease period.

(s) Income taxes

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

(t) Appropriations of retained earnings

The consolidated statements of changes in equity reflect the appropriation resolved by the general shareholders' meeting when duly resolved and paid.

(u) Per share information

Basic net income per share is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits.

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

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

3. Cash and cash equivalents

The reconciliation of "Cash and cash equivalents" and "Cash and due from banks" in the consolidated balance sheets at March 31, 2015 and 2014, is as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Cash and due from banks	¥256,078	¥257,212	$2,130,964
Time deposits due from banks	(32)	—	(266)
Other due from banks	(365)	(350)	(3,037)
Cash and cash equivalents	¥255,680	¥256,862	$2,127,652

4. Securities

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

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Japanese government bonds	¥ 477,792	¥ 461,114	$ 3,975,967
Japanese local government bonds	282,565	299,072	2,351,377
Japanese corporate bonds	417,829	425,469	3,476,982
Corporate stocks	202,012	146,176	1,681,051
Other securities	161,812	90,377	1,346,525
Total	¥1,542,013	¥1,422,210	$12,831,929

Fair value and other information on securities at March 31, 2015 and 2014 were as follows. Securities include "Trading securities" and trust beneficiary right under "Debt purchased," in addition to "Securities," which are presented on the consolidated balance sheets.

Securities

(1) Trading securities

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
	Gains (losses) included in profit (loss) during the fiscal year		
Trading securities	¥74	¥(118)	$615

(2) Held-to-maturity securities

Held-to-maturity securities as of March 31, 2015 and 2014 were as follows:

	Millions of yen		
	2015		
	Consolidated balance sheet amount	Fair value	Unrealized gains (losses)
Fair value exceeding consolidated balance sheet amount:			
Japanese government bonds	¥40,018	¥40,848	¥830
Fair value not exceeding consolidated balance sheet amount:			
Japanese government bonds	¥ 4,997	¥ 4,964	¥ (33)
Total	¥45,015	¥45,812	¥796

	Millions of yen		
	2014		
	Consolidated balance sheet amount	Fair value	Unrealized gains (losses)
Fair value exceeding consolidated balance sheet amount:			
Japanese government bonds	¥12,488	¥12,531	¥43
Fair value not exceeding consolidated balance sheet amount:			
Japanese government bonds	¥ 2,500	¥ 2,490	¥ (9)
Total	¥14,988	¥15,022	¥33

	Thousands of U.S. dollars		
	2015		
	Consolidated balance sheet amount	Fair value	Unrealized gains (losses)
Fair value exceeding consolidated balance sheet amount:			
Japanese government bonds	$333,011	$339,918	$6,906
Fair value not exceeding consolidated balance sheet amount:			
Japanese government bonds	41,582	41,308	(274)
Total	$374,594	$381,226	$6,623

(3) Available-for-sale securities

Available-for-sale securities as of March 31, 2015 and 2014 were as follows:

	Millions of yen		
	2015		
	Consolidated balance sheet amount	Cost	Unrealized gains (losses)
Consolidated balance sheet amount exceeding cost:			
Stocks	¥ 197,125	¥ 57,881	¥139,244
Bonds:	1,009,223	988,861	20,361
Japanese government bonds	389,927	382,827	7,100
Japanese local government bonds	263,457	256,728	6,728
Japanese corporate bonds	355,837	349,305	6,532
Others	131,328	127,007	4,320
Subtotal	¥1,337,676	¥1,173,750	¥163,925
Consolidated balance sheet amount not exceeding cost:			
Stocks	¥ 1,571	¥ 1,719	¥ (148)
Bonds:	123,949	124,273	(324)
Japanese government bonds	42,849	43,025	(176)
Japanese local government bonds	19,108	19,154	(46)
Japanese corporate bonds	61,992	62,093	(101)
Others	27,286	27,446	(160)
Subtotal	152,807	153,440	(633)
Total	¥1,490,483	¥1,327,191	¥163,292

	Millions of yen		
	2014		
	Consolidated balance sheet amount	Cost	Unrealized gains (losses)
Consolidated balance sheet amount exceeding cost:			
Stocks	¥ 140,655	¥ 57,534	¥ 83,120
Bonds:	1,100,140	1,079,841	20,298
Japanese government bonds	423,168	416,614	6,553
Japanese local government bonds	282,578	275,026	7,552
Japanese corporate bonds	394,393	388,200	6,192
Others	54,530	53,912	618
Subtotal	¥1,295,326	¥1,191,288	¥104,038
Consolidated balance sheet amount not exceeding cost:			
Stocks	¥ 2,207	¥ 2,548	¥ (340)
Bonds:	70,526	70,600	(74)
Japanese government bonds	22,957	22,977	(19)
Japanese local government bonds	16,493	16,519	(26)
Japanese corporate bonds	31,076	31,103	(27)
Others	35,921	36,176	(254)
Subtotal	108,656	109,325	(669)
Total	¥1,403,982	¥1,300,614	¥103,368

	Thousands of U.S. dollars		
	2015		
	Consolidated balance sheet amount	Cost	Unrealized gains (losses)
Consolidated balance sheet amount exceeding cost:			
Stocks	$ 1,640,384	$ 481,659	$1,158,725
Bonds:	8,398,294	8,228,850	169,434
Japanese government bonds	3,244,794	3,185,711	59,082
Japanese local government bonds	2,192,369	2,136,373	55,987
Japanese corporate bonds	2,961,113	2,906,757	54,356
Others	1,092,851	1,056,894	35,949
Subtotal	$11,131,530	$9,767,412	$1,364,109
Consolidated balance sheet amount not exceeding cost:			
Stocks	$ 13,073	$ 14,304	$ (1,231)
Bonds:	1,031,447	1,034,143	(2,696)
Japanese government bonds	356,569	358,034	(1,464)
Japanese local government bonds	159,008	159,390	(382)
Japanese corporate bonds	515,869	516,709	(840)
Others	227,061	228,393	(1,331)
Subtotal	1,271,590	1,276,857	(5,267)
Total	$12,403,120	$11,044,278	$1,358,841

(4) Bonds classified as held to maturity were not sold for the year ended March 31, 2015 and 2014.

(5) Available-for-sale securities sold

	Millions of yen		
	2015		
	Sales amount	Gains on sales	Losses on sales
Stocks	¥ 696	¥ 233	¥ 20
Bonds:	215,506	949	552
Japanese government bonds	197,612	818	552
Japanese local government bonds	5,641	73	—
Japanese corporate bonds	12,251	57	—
Others	35,208	918	—
Total	¥251,411	¥2,102	¥572

	Millions of yen		
	2014		
	Sales amount	Gains on sales	Losses on sales
Stocks	¥ 672	¥ 221	¥ 2
Bonds:	352,840	5,442	752
Japanese government bonds	216,798	1,496	518
Japanese local government bonds	54,238	1,643	123
Japanese corporate bonds	81,803	2,303	110
Others	31,803	134	1,130
Total	¥385,316	¥5,799	¥1,886

	Thousands of U.S. dollars		
	2015		
	Sales amount	Gains on sales	Losses on sales
Stocks	$ 5,791	$ 1,938	$ 166
Bonds:	1,793,342	7,897	4,593
Japanese government bonds	1,644,437	6,807	4,593
Japanese local government bonds	46,941	607	—
Japanese corporate bonds	101,947	474	—
Others	292,984	7,639	—
Total	$2,092,127	$17,491	$4,759

(6) Impairment losses on securities

For available-for-sale securities with market quotations (other than securities those whose fair value cannot be reliably determined), in cases where the fair value has fallen substantially from the acquisition cost and there is believed to be little likelihood of a recovery in the acquisition cost level, said securities are shown on the balance sheets at fair value and the difference between the fair value and the acquisition cost is posted as a loss (hereinafter "impairment loss").

Impairment losses amounted to ¥13 million ($108 thousand) of which equities accounted for the same amount for the year ended March 31, 2015.

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

In addition, the Bank recognizes that fair value has fallen significantly based on standards that have been set out in the self-assessment standards for assets by the issuing companies of securities. The details are as follows:

The Bank recognizes that the fair value of available-for-sale securities of legally bankrupt debtors, virtually bankrupt debtors, or debtors who are likely to go bankrupt, has fallen significantly when the fair value of such instruments as of the consolidated balance sheet date has decreased from the acquisition cost. For debtors on close watch, the Bank recognizes that the fair value has fallen significantly when the fair value as of the consolidated balance sheet date has decreased 30% or more from the acquisition cost. For normal debtors, it recognizes this when the fair value as of the consolidated balance sheet date has fallen 50% or more from the acquisition cost or when the fair value as of the consolidated balance sheet date has fallen 30% or more from the acquisition cost and the market prices remain below certain levels.

Debtors on close watch are defined as those who will require close monitoring in the future and normal debtors are defined as those other than legally bankrupt debtors, virtually bankrupt debtors, debtors who are likely to go bankrupt, or debtors on close watch.

5. Money held in trust

(1) Money held in trust classified as trading

	Millions of yen			
	2015		2014	
	Consolidated balance sheet amount	Gains (losses) included in profit (loss) during the fiscal year	Consolidated balance sheet amount	Gains (losses) included in profit (loss) during the fiscal year
Money held in trust classified as trading	¥8,729	¥(45)	¥8,774	¥65

	Thousands of U.S. dollars	
	2015	
	Consolidated balance sheet amount	Gains (losses) included in profit (loss) during the fiscal year
Money held in trust classified as trading	$72,638	$(374)

(2) No money held in trust was classified as held to maturity.
(3) No other money held in trust (other than money held in trust for trading purposes and money in trust held to maturity).

6. Net unrealized gains/losses on available-for-sale securities

Available-for-sale securities were valued at market and net unrealized gains/losses on valuation were as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Net unrealized gains on investment securities	¥163,292	¥103,368	$1,358,841
Other money held in trust	—	—	—
Deferred tax liabilities	(47,026)	(31,228)	(391,328)
Minority interests	(277)	(144)	(2,305)
Net unrealized gains on available-for-sale securities	¥115,988	¥ 71,996	$ 965,199

7. Loans and bills discounted

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

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Bills discounted	¥ 16,658	¥ 16,842	$ 138,620
Loans on bills	108,070	117,111	899,309
Loans on deeds	2,606,104	2,454,908	21,686,810
Overdrafts	320,870	328,091	2,670,133
Total	¥3,051,704	¥2,916,953	$ 25,394,890

Loans in legal bankruptcy totaled ¥546 million ($4,543 thousand) and ¥809 million as of March 31, 2015 and 2014, respectively. Nonaccrual loans totaled ¥52,770 million ($439,127 thousand) and ¥56,543 million as of March 31, 2015 and 2014, respectively. Loans in legal bankruptcy are loans in which the interest accrual is discontinued (excluding the portion recognized as bad debts) based on management's judgment as to the collectibility of principal or interest resulting from the delay in payments of interest or principal for a considerable period of time and other factors. Nonaccrual loans are loans in which the interest accrual is discontinued, other than loans in legal bankruptcy and loans granting deferral of interest payment to the debtors in financial difficulties to assist them in their recovery.

Past due loans (three months or more) as to principal or interest payments totaled ¥231 million ($1,922 thousand) and ¥309 million as of March 31, 2015 and 2014, respectively. Loans classified as loans in legal bankruptcy and nonaccrual loans are excluded.

Restructured loans totaled ¥18,269 million ($152,026 thousand) and ¥27,990 million as of March 31, 2015 and 2014, respectively. Such restructured loans are loans on which creditors grant concessions (e.g., reduction of the stated interest rate, deferral of interest payments, extension of maturity dates, waiver of the face amount, or other concessive measures) to the debtors to assist them in recovering from financial difficulties and eventually being able to pay creditors. Loans classified as loans in legal bankruptcy, nonaccrual loans and past due three months or more are excluded.

8. Foreign exchanges

Foreign exchange assets and liabilities at March 31, 2015 and 2014, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Assets:			
Due from foreign correspondents	¥4,439	¥6,958	$36,939
Foreign bills of exchange purchased	8	98	66
Foreign bills of exchange receivable	1,179	1,243	9,811
Total	¥5,627	¥8,300	$46,825
Liabilities:			
Foreign bills of exchange sold	¥ 357	¥ 95	$ 2,970
Accrued foreign bills of exchange	13	35	108
Total	¥ 371	¥ 130	$ 3,087

9. Other assets

Other assets at March 31, 2015 and 2014, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Prepaid expenses	¥ 149	¥ 40	$ 1,239
Accrued income	4,193	4,045	34,892
Derivatives	1,869	969	15,552
Other (Note 12)	36,221	37,610	301,414
Total	¥42,433	¥42,665	$353,108

10. Tangible fixed assets

Tangible fixed assets at March 31, 2015 and 2014, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Buildings	¥15,515	¥15,392	$129,108
Land	39,245	39,347	326,579
Construction in progress	116	224	965
Other	2,639	2,881	21,960
Total	¥57,516	¥57,845	$478,621

Accumulated depreciation on tangible fixed assets at March 31, 2015 and 2014 amounted to ¥47,238 million ($393,093 thousand) and ¥46,006 million, respectively.

11. Long-lived assets

The Group recognized impairment losses for the years ended March 31, 2015 and 2014, as follows:

The Bank groups assets by branch, which is the minimum unit for management accounting. Subsidiaries group their assets by unit, which periodically manages profit and loss. The Bank wrote down the carrying amounts to the recoverable amounts and recognized impairment losses of ¥413 million ($3,436 thousand) and ¥156 million for the years ended March 31, 2015 and 2014, respectively, since the carrying amounts of the assets held by the above branches and other exceeded the sum of the undiscounted future cash flows. The recoverable amounts of these assets were measured at their net realizable selling prices, which were determined by quotations from real estate appraisal information, less estimated costs to dispose.

			Impairment losses		
			Millions of yen		Thousands of U.S. dollars
Location	Description	Classification	2015	2014	2015
Shiga Prefecture	Branch offices and other	Land, buildings and equipment	¥ 7	¥ 98	$ 58
Shiga Prefecture	Idle asset	Land, buildings and equipment	—	5	—
Other	Branch offices and other	Land, buildings and equipment	406	28	3,378
Other	Shared asset	Buildings and equipment	—	22	—
Total			¥413	¥156	$3,436

Impairment losses are included in other expenses (Note 25).

12. Assets pledged

Assets pledged as collateral and related liabilities at March 31, 2015 and 2014, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Investment securities	¥173,221	¥154,283	$1,441,466
Other assets (investments in leases) (Note 9)	755	720	6,282

	Millions of yen		Thousands of U.S. dollars
Related liabilities	2015	2014	2015
Deposits	¥24,848	¥17,320	$206,773
Payables under securities lending transactions	35,366	19,224	294,299
Borrowed money	31,503	28,637	262,153

In addition, investment securities totaling ¥58,133 million ($483,756 thousand) and ¥58,375 million at March 31, 2015 and 2014, respectively, were pledged as collateral for settlement of exchange and as securities for futures transactions and others.

Other assets (Note 9) include guarantee deposits of ¥787 million ($6,549 thousand) and ¥790 million at March 31, 2015 and 2014, respectively.

13. Overdrafts and commitment lines

Overdraft agreements and commitment line agreements are agreements that oblige the Bank to lend funds up to a certain limit agreed in advance. The Bank makes the loans upon the request of an obligor to draw down funds under such loan agreements as long as there is no breach of the various terms and conditions stipulated in the relevant loan agreements. The unused commitment balance relating to these loan agreements at March 31, 2015 and 2014 amounted to ¥865,758 million ($7,204,443 thousand) and ¥830,297 million, respectively, and the amounts of unused commitments whose original contract terms are within one year or unconditionally cancelable at any time were ¥840,343 million ($6,992,951 thousand) and ¥806,354 million at March 31, 2015 and 2014, respectively. In many cases, the term of the agreement runs its course without the loan ever being drawn down. Therefore, the unused loan commitment will not necessarily affect future cash flows. Conditions are included in certain loan agreements that allow the Bank to decline the request for a loan draw down or to reduce the agreed limit amount where there is due cause to do so, such as when there is a change in financial conditions or when it is necessary to do so in order to protect the Bank's credit. The Bank takes various measures to protect its credit. Such measures include having the obligor pledge collateral to the Bank in the form of real estate, securities, etc. on signing the loan agreements or, in accordance with the Bank's established internal procedures, confirming the obligor's financial condition, etc. at regular intervals.

14. Land revaluation

Under the "Act of Land Revaluation," promulgated on March 31, 1998 (final revision on May 30, 2003), the Bank elected a one-time revaluation of its own-use land to a value based on real estate appraisal information as of March 31, 2002. The resulting land revaluation surplus represented unrealized appreciation of land and was stated, net of income taxes, as a component of equity. There was no effect on the consolidated statement of income. Continuous readjustment is not permitted unless the land value subsequently declines significantly such that the amount of the decline in value should be removed from the land revaluation surplus account and related deferred tax liabilities. At March 31, 2015 and 2014, the carrying amount of the land after the above one-time revaluation exceeded the fair value by ¥14,093 million ($117,275 thousand) and ¥14,182 million, respectively.

Method of revaluation

The fair values were determined by applying appropriate adjustments for land shape and analysis on the appraisal specified in Article 2-3 of the Enforcement Ordinance of the Act of Land Revaluation effective March 31, 1998.

15. Deposits

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

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Current deposits	¥ 154,479	¥ 144,743	$ 1,285,503
Ordinary deposits	1,880,034	1,763,085	15,644,786
Deposits at notice	43,710	34,269	363,734
Time deposits	2,100,170	2,120,000	17,476,658
Other deposits	103,589	101,211	862,020
Total	¥4,281,984	¥4,163,311	$35,632,720

16. Borrowed money

At March 31, 2015 and 2014, the weighted-average interest rates applicable to borrowed money were 0.95% and 1.20%, respectively.

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

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Subordinated loans	¥20,000	¥30,000	$166,430
Borrowing from banks and other	41,617	39,255	346,317
Total	¥61,617	¥69,255	$512,748

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

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2016	¥35,206	$292,968
2017	2,349	19,547
2018	1,822	15,161
2019	1,328	11,051
2020	638	5,309
2021 and thereafter	20,271	168,686
Total	¥61,617	$512,748

17. Bonds

Bonds at March 31, 2015 and 2014, consisted of the following:

	Millions of yen		Thousands of U.S. dollars		
	2015	2014	2015	Interest rate	Due
Subordinated bonds (*1)	¥ —	¥20,000	$ —	1.89%	July 26, 2019
Convertible bonds with stock acquisition rights (*2)	¥24,034	¥ —	$20,000	—	June 23, 2020

(*1) The Bank redeemed all of the above unsecured subordinated bonds on July 28, 2014 prior to maturity.

(*2) The above convertible bonds with stock acquisition rights are subordinated bonds with non-viability write-off clause. The description of the said bonds was as follows:

Description of bonds	Unsecured convertible bonds with stock acquisition rights, payable in Euro/U.S. dollars, due June 23, 2020
Class of shares to be issued	Ordinary shares of common stock
Issue price for stock acquisition rights	—
Exercise price of shares	$5.95
Total amount of debt securities issued	$200,000 thousand
Total amount of shares issued by exercising stock acquisition rights	—
Percentage of shares with stock acquisition rights	100%
Exercise period of stock acquisition rights	From April 7, 2015 to June 9, 2020
Matters concerning substitute payment	At the time of exercise of respective stock acquisition rights, the bonds pertaining to the said stock acquisition rights shall be contributed, and the price of such bonds shall be the same amount as their face value.

18. Other liabilities

Other liabilities at March 31, 2015 and 2014, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Accrued income taxes	¥ 860	¥ 4,024	$ 7,156
Accrued expenses	4,259	4,719	35,441
Unearned income	7,629	7,185	63,485
Derivatives	2,953	1,049	24,573
Other	17,050	13,973	141,882
Total	¥32,753	¥30,951	$272,555

19. Acceptances and guarantees

All contingent liabilities arising from acceptances and guarantees are reflected in "Acceptances and guarantees." As a contra account, "Customers' liabilities for acceptances and guarantees," is shown as an asset representing the Bank's right of indemnity from the applicants.

The amounts "Acceptances and guarantees" and "Customers' liabilities for acceptances and guarantees" amounting to ¥8,451 million ($70,325 thousand) and ¥6,251 million as of March 31, 2015 and 2014, respectively, were set off because those which were relevant to corporate bonds and the guaranteed bonds were held by the Bank itself.

20. Equity

(1) Capital stock and capital surplus

There were no changes in the number of common stock for the years ended March 31, 2015 and 2014.

(2) Companies Act and Banking Act of Japan

Through May 1, 2006, Japanese banks were subject to the Commercial Code of Japan (the "Code") and the Banking Act of Japan (the "Banking Act").

On and after May 1, 2006, Japanese companies are subject to a new Companies Act of Japan (the "Companies Act") that reformed and replaced the Code with various revisions that are, for the most part, applicable to events or transactions that occur on or after May 1, 2006 and for the years ending on or after May 1, 2006. The significant changes in the Companies Act that affect financial and accounting matters are summarized below:

(a) Dividends
Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders' meeting. For companies that meet certain criteria such as: (1) having a Board of Directors, (2) having independent auditors, (3) having an Audit & Supervisory Board, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. However, the Bank cannot do so because it does not meet all the above criteria.

The Companies Act permits companies to distribute dividends-in-kind (non-cash assets) to shareholders subject to a certain limitation and additional requirements.

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

(b) Increases/decreases and transfer of common stock, reserve and surplus
The Companies Act requires that an amount equal to 10% (20% for banks pursuant to the Banking Act) of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus), depending on the equity account charged upon the payment of such dividends, until the total of the aggregate amount of legal reserve and additional paid-in capital equals 25% (100% for banks pursuant to the Banking Act) of common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

(c) Treasury stock and treasury stock acquisition rights
The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders that is determined by a specific formula. Under the Companies Act, stock acquisition rights are presented as a separate component of equity. The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

(3) Appropriations of retained earnings
The following appropriation of retained earnings at March 31, 2015 will be proposed at the Bank's ordinary general shareholders' meeting held on June 25, 2015.

	Millions of yen	Thousands of U.S. dollars
Cash dividends (dividend amount per share: ¥3 or $0.025)	¥780	$6,490

21. Stock options

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

Description	Persons granted	Number of options granted	Date of grant	Exercise price	Exercise period
2013 Stock Option	14 directors	72,300 shares	August 20, 2013	¥1 ($ 0.01)	From August 21, 2013 to August 20, 2043
2014 Stock Option	16 directors	71,800 shares	August 20, 2014	¥1 ($ 0.01)	From August 21, 2014 to August 20, 2044

The stock option activity is as follows:

	2013 Stock Option	2014 Stock Option
Year Ended March 31, 2015		
Non-vested		
April 1, 2014—Outstanding	19,450	—
Granted	(—)	71,800
Canceled	(—)	(—)
Vested	(19,450)	(53,850)
March 31, 2015—Outstanding	—	17,950
Vested		
April 1, 2014—Outstanding	58,350	—
Vested	19,450	53,850
Exercised	(5,500)	(—)
Canceled	(—)	(—)
March 31, 2015—Outstanding	72,300	53,850

	2013 Stock Option	2014 Stock Option
Exercise price	¥ 1	¥ 1
	($0.01)	($0.01)
Average stock price at exercise	¥606	¥ —
	($5.04)	($ —)
Fair value price at grant date	¥528	¥589
	($4.39)	($4.90)

The Assumptions Used to Measure the Fair Value of the 2014 Stock Option

Estimate method:	Black-Scholes option-pricing model
Volatility of stock price:	26.941%
Estimated remaining outstanding period:	3 years and 4 months
Estimated dividend:	¥7 per share
Risk free interest rate:	0.092%

22. Other operating income

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

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Gains on foreign exchange transactions-net	¥ 818	¥ 765	$ 6,807
Gains on sales of bonds	1,945	5,577	16,185
Other	11,192	10,898	93,134
Total	¥13,956	¥17,240	$116,135

23. Other income

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

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Reversal of allowance for possible loan losses	¥4,855	¥ —	$40,401
Recovery of claims previously charged-off	465	1,360	3,869
Other	2,010	2,415	16,726
Total	¥7,331	¥3,775	$61,005

24. Other operating expenses

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

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Losses on sales of government bonds	¥ 564	¥ 2,000	$ 4,693
Other	9,438	9,150	78,538
Total	¥10,002	¥11,151	$83,232

25. Other expenses

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

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Provision of allowance for possible loan losses	¥ —	¥ 2,246	$ —
Charge-off of loans and bills discounted	625	761	5,200
Losses on impairment of long-lived assets (Note 11)	413	156	3,436
Losses on sales of investment in stocks	20	102	166
Valuation losses on investment in stocks	13	15	108
Other	584	729	4,859
Total	¥1,657	¥ 4,011	$13,788

26. Leases

Lessee

The Group leases certain equipment. Total rental expense under finance leases for the years ended March 31, 2015 and 2014 was ¥0 million ($0 thousand) and ¥1 million, respectively.

Finance lease transactions that commenced prior to April 1, 2008 are accounted for in accordance with the former accounting standard.

Pro forma information of leased property such as acquisition cost, accumulated depreciation, obligations under financial leases, depreciation expense and interest expense under finance leases that do not transfer ownership of the leased property to the lessee on an "as if capitalized" basis for the years ended March 31, 2015 and 2014 was as follows:

	Tangible fixed assets		
	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Acquisition cost	¥ —	¥ 4	$ —
Accumulated depreciation	—	(4)	—
Net leased property	¥ —	¥ 0	$ —

Obligations under finance leases at March 31, 2015 and 2014 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Due within one year	¥—	¥0	$—
Due after one year	—	—	—
Total	¥—	¥0	$—

The amounts of acquisition cost and obligations include the imputed interest expense portion.

Lease payments and depreciation expense under finance leases:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Lease payments	¥0	¥1	$0
Depreciation expense	0	1	0

Lessor

One subsidiary leases certain equipment and other assets.

As stated in Note 2 (r) ii, finance lease transactions other than those in which ownership is fully transferred to the lessee are accounted for in a similar manner to ordinary sales and transactions, effective from the year ended March 31, 2009.

Investments in leases included in other assets on the balance sheets as of March 31, 2015 and 2014 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Gross lease receivables	¥17,868	¥18,382	$148,689
Unguaranteed residual values	611	761	5,084
Unearned interest income	(1,766)	(1,969)	(14,695)
Investments in leases	¥16,714	¥17,174	$139,086

Maturities of lease receivables for finance leases that are deemed to transfer ownership of the leased property to the lessee are as of March 31, 2015 are as follows:

	Millions of yen	Thousands of U.S. dollars
2016	¥24	$199
2017	23	191
2018	20	166
2019	13	108
2020	13	108
2021 and thereafter	46	382

Maturities of gross lease receivables related to investments in leases as of March 31, 2015 are as follows:

	Millions of yen	Thousands of U.S. dollars
2016	¥5,692	$47,366
2017	4,728	39,344
2018	3,480	28,958
2019	2,306	19,189
2020	1,136	9,453
2021 and thereafter	524	4,360

With regard to finance lease transactions entered into prior to April 1, 2008, that are not deemed to transfer ownership of the property to the lessee, leased investment assets are recognized at the book value of leased assets as of March 31, 2008.

As a result, income before income taxes and minority interests for the years ended March 31, 2015 and 2014, increased by ¥18 million ($149 thousand) and ¥71 million more than it would have been if the revised accounting standard was applied retroactively to all the finance lease transactions.

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

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Due within one year	¥19	¥15	$158
Due after one year	29	32	241
Total	¥48	¥48	$399

27. Retirement benefit plans

The Bank and consolidated subsidiaries have either funded or unfunded defined benefit plans. The Bank's funded defined benefit corporate pension plan (contract type) provides lump-sum or annuity payments, the amounts of which are determined based on the length of service and certain other factors. The Bank's lump-sum severance payment plan, which became a funded plan as a result of setting a retirement benefits trust, provides lump-sum payments determined based on the length of service, position, and certain other factors. The consolidated subsidiaries' unfunded lump-sum severance payment plans are based on a simplified method in the calculation of their liability for retirement benefits and retirement benefit costs.

1. Defined benefit plan (except for the plan adopting the simplified method)

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

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Balance at beginning of year	¥42,515	¥44,353	$353,790
Cumulative effect of accounting change	1,458	—	12,132
Balance at beginning of year (as restated)	43,973	44,353	365,923
Current service cost	1,659	1,716	13,805
Interest cost	659	665	5,483
Actuarial (gains) losses	374	(1,747)	3,112
Benefits paid	(2,326)	(2,472)	(19,355)
Prior service cost	—	—	—
Balance at end of year	¥44,340	¥42,515	$368,977

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

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Balance at beginning of year	¥29,946	¥25,757	$249,196
Expected return on plan assets	382	354	3,178
Actuarial gains	7,085	3,195	58,958
Contribution from the employer	2,276	1,775	18,939
Benefits paid	(1,122)	(1,136)	(9,336)
Balance at end of year	¥38,568	¥29,946	$320,945

(3) Reconciliation between the liability recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Funded defined benefit obligation	¥ 44,340	¥ 42,515	$ 368,977
Plan assets	(38,568)	(29,946)	(320,945)
Net liability arising from the balance sheet	¥ 5,771	¥ 12,568	$ 48,023

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Liability for retirement benefits	¥5,771	¥12,568	$48,023
Asset for retirement benefits	—	—	—
Net liability arising from the balance sheet	¥5,771	¥12,568	$48,023

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

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Service cost	¥1,659	¥1,716	$13,805
Interest cost	659	665	5,483
Expected return on plan assets	(382)	(354)	(3,178)
Recognized actuarial losses	288	766	2,396
Amortization of prior service cost	(5)	(16)	(41)
Net periodic benefit costs	¥2,218	¥2,777	$18,457

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

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Prior service cost	¥ 5	¥—	$ 41
Actuarial gains	(6,999)	—	(58,242)
Total	¥(6,993)	¥—	$(58,192)

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

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Unrecognized prior service cost	¥ —	¥ (5)	$ —
Unrecognized actuarial gains	(9,186)	(2,187)	(76,441)
Total	¥(9,186)	¥(2,192)	$(76,441)

(7) Plan assets:
a. Components of plan assets

	2015	2014
Bonds	20%	26%
Stocks	57	49
Cash and cash equivalents	6	5
General accounts	17	20
Total	100%	100%

(Note) Total plan assets included retirement benefits trust of 45% and 39%, for the years ended March 31, 2015 and 2014, respectively, mainly consisting of 5 stocks, which were set for a corporate pension plan and a lump-sum payment plan.

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

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

	2015	2014
Discount rate	1.50%	1.50%
Expected rate of return on plan assets		
Plan assets (except for retirement benefits trust)	2.10%	2.12%
Plan assets (retirement benefits trust)	0.00%	0.00%
Estimated rate of salary increase	3.50%	3.50%

2. Defined benefit plan adopting the simplified method

(1) The changes in defined benefit obligation adopting the simplified method for the years ended March 31, 2015 and 2014, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Balance at beginning of year	¥ 89	¥ 84	$ 740
Net periodic benefit costs	16	15	133
Benefits paid	(14)	(10)	(116)
Contribution to the plan	—	—	—
Balance at end of year	¥ 91	¥ 89	$ 757

(2) Reconciliation between the liability recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Unfunded defined benefit obligation	¥91	¥89	$757
Net liability arising from the balance sheet	¥91	¥89	$757

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Liability for retirement benefits	¥91	¥89	$757
Net liability arising from the balance sheet	¥91	¥89	$757

(3) Net periodic benefit costs recognized in the simplified method for the years ended March 31, 2015 and 2014, were ¥16 million ($133 thousand) and¥15 million, respectively.

3. Defined contribution plan

Not applicable.

28. Income taxes

The tax effects of significant temporary differences that resulted in 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:			
Allowance for possible loan losses	¥ 13,247	¥ 17,801	$ 110,235
Devaluation of stocks and other securities	6,051	6,878	50,353
Liability for employees' retirement benefits	6,422	7,463	53,440
Depreciation	1,759	1,783	14,637
Accrued enterprise tax	100	290	832
Other	2,612	2,311	21,735
Less valuation allowance	(16,262)	(17,285)	(135,324)
Total	¥ 13,931	¥ 19,245	$ 115,927
Deferred tax liabilities:			
Reserve for advance depreciation of fixed assets	(184)	(203)	(1,531)
Reserve for special account of advanced depreciation of fixed assets	(101)	(112)	(840)
Net unrealized gains on available-for-sale securities	(47,026)	(31,228)	(391,328)
Defined retirement benefit plans	(2,945)	(775)	(24,506)
Total	(50,257)	(32,320)	(418,215)
Net deferred tax assets	¥(36,326)	¥(13,075)	$(302,288)

A reconciliation between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statements of income for the years ended March 31, 2015 and 2014, is as follows:

	2015	2014
Normal effective statutory tax rate	35.3%	37.7%
Permanent differences – mainly dividends received	(2.1)	(2.1)
Increase in valuation allowance for deferred tax assets	2.7	0.4
Decrease in deferred tax assets due to changes in statutory tax rate	5.0	4.2
Other	0.7	1.2
Actual effective tax rate	41.6%	41.4%

New tax reform laws enacted in 2015 in Japan changed the normal effective statutory tax rate for the fiscal year beginning on or after April 1, 2015, to approximately 32.82% and for the fiscal year beginning on or after April 1, 2016, to approximately 32.06%. The effect of these changes was to decrease deferred tax assets by ¥37 million ($307 thousand), deferred tax liabilities by ¥3,661 million ($30,465 thousand), deferred losses on derivatives under hedge accounting by ¥34 million ($282 thousand) and increase accumulated other comprehensive income for unrealized gain on available-for-sale securities by ¥4,850 million ($40,359 thousand), minority interests by ¥7 million ($58 thousand) and land revaluation surplus by ¥816 million ($6,790 thousand), with a decrease of ¥816 million ($6,790 thousand) in related deferred tax liability, in the consolidated balance sheet as of March 31, 2015, and to increase income taxes—deferred in the consolidated statement of income for the year then ended by ¥1,199 million ($9,977 thousand).

29. Financial instruments and related disclosures

1. Overall situation concerning financial instruments

(1) Basic policy for financial instruments

As a regional financial institution with its main business base in Shiga Prefecture, the Group provides financial services centered on banking operations.

The Group's main operations are to extend loans to customers, including corporations and individuals in its business area, and make investments in securities by mainly using funds that are received as deposits from local customers and those that are obtained through the financial market.

To carry out these operations, the Group has financial assets and financial liabilities that are largely subject to interest rate volatility. To prevent adverse effects from such interest rate volatility, the Group conducts Asset Liability Management (ALM), the comprehensive management of assets and liabilities.

(2) Nature and extent of risks arising from financial instruments

The financial assets held by the Group are primarily loans to corporations and individuals within its business area and are subject to credit risk caused by the contractual default of its customers. The Group's domestic loan portfolio attempts to distribute risk by industry sector to eliminate its exposure to credit risk caused by changes in the business environment in certain industries.

The Group holds investment securities for the following purposes: to sell them to customers, for investment, and for policy investment. For the purpose of selling them to customers, the Group holds Japanese government bonds and Japanese local government bonds. For investment purposes, the Group holds bonds, especially Japanese government bonds, Japanese local government bonds, and highly rated corporate bonds as well as investment trusts, while the Group holds corporate stocks as policy investment. These are subject to interest rate volatility risk, market price volatility risk, and the credit risk of the issuers. Foreign currency-denominated bonds held as investments are managed so as to reduce foreign exchange risk. This is done by procuring foreign currency funds through currency swaps, repurchase transactions, or call transactions.

Borrowed money and corporate bonds are — under certain conditions, such as when the Group is unable to access the market — subject to risks that losses are incurred due to an inability to secure required funds or being forced to raise funds at significantly higher than normal interest rates. Moreover, some of the Group's borrowings are made at variable interest rates and are subject to risks of losses from increasing fund procurement costs associated with rising interest rates.

To respond to customer needs and hedge market risks for assets and liabilities, the Group uses derivative transactions, including interest rate swaps, currency swaps, currency options, and forward exchange contracts. For some of these transactions, the Group applies hedge accounting based on internal regulations that comply with the "Practical Guidelines for Financial Instruments" of the Japanese Institute of Certified Public Accountants and the Group's own hedging policies.

To obtain short-swing profits, the Group transacts bond futures contracts, bond options, and stock price index futures trading after setting position limit and loss limits amounts.

These derivative transactions include the market risk of incurring potential losses from market fluctuations, such as fluctuations in interest rates and exchange rates, as well as the credit risk of incurring potential losses when the counterparty to the transaction defaults on a contract.

(3) Risk management for financial instruments

(i) Credit risk management

Recognizing credit risk as the most important risk to business management from the standpoint of its size and scope, the Group has established regulations and standards pertaining to such risk. It has also developed a borrower rating system based on a Foundation Internal Ratings-based approach and has built a credit risk management system appropriate to its needs.

Notably, the Group has developed a rating system that involves asset self-assessments. Under this system, for example, the Business Management department reports the results of its own asset ratings at meetings such as the Meeting of Managing Directors.

With respect to individual credit management, the Group has instituted its "Basic Rules of Loan Business," in which it has clearly defined the way of thinking and a code of conduct to which all employees involved in the loan business should adhere. It has also established basic procedures to follow when making credit decisions or managing credit, along with putting in place a system that enables executives and employees to make credit decisions in accordance with the principles of public benefit, security, profitability, liquidity, and growth potential. More specifically, the Group has developed and is operating a credit management system that handles credit assessment, credit limits, credit information management, and internal ratings; sets guarantees and collateral; and deals with problem debts of companies (or corporate groups) or individual projects. This credit management system is being implemented in every bank branch and the Credit Supervision department.

With respect to extending credit to overseas borrowers, the Group manages it by setting a credit limit for each country at the Meeting of Managing Directors each fiscal year, after taking into account the foreign currency conditions and the political and economic situation of the country in which the borrower resides.

With respect to conducting market transactions for securities or other instruments, a limit is set semiannually at the Meeting of Managing Directors for bond issuer credit risk and counterparty risk for derivative and financial transactions, and the credit status and the market prices are managed on a daily basis. The Group has established a system in which reports about those risks are routinely given to the Meeting of Managing Directors.

(ii) Market risk management
The Group has compiled a set of Market Risk Management Rules with the goal of upgrading market risk management, strengthening internal controls, and ensuring sound management. To achieve stable profits, the Group institutes an ALM plan and risk management policy semiannually and is working to build an appropriate risk management system.
1) Interest rate risk management
As interest rate risk inevitably arises in banking business operations, the Group manages all assets and liabilities (including off-balance transactions), such as deposits, loans, and securities, in a comprehensive manner through ALM.

Along with the aforementioned Market Risk Management Rules, the Group has established standards for risk management methods and reporting procedures. The Group conducts monitoring through such models as Value at Risk (VaR) and the maturity ladder approach, and reports to the ALM Committee on a regular basis.
2) Exchange rate risk management
For exchange rate volatility risk, the Group sets position limits at the Meeting of Managing Directors to manage positions that are subject to exchange rate risk. The Group controls positions by using derivative transactions, including foreign currency transactions and currency swaps.

The Group establishes an acceptable level of risk using VaR and manages the level of risk on a daily basis so that it stays within an acceptable range.
3) Price volatility risk management
To rigorously manage price volatility risk for transactions, including securities, the Group has divided the market sector organization into a front office (market transaction sector), back office (business management sector), and middle office (risk management sector).

For market transactions including securities, the Group takes into account overall Group risk and return, based on an ALM plan drawn up by the Board of Directors and a risk management policy, and formulates a business management plan in the market sector.

When making investments, the Group calculates position amounts, gains, and losses as well as VaR and Basis Point Value (BPV) based on the abovementioned policy and plan. The extent to which the Group complies with the established acceptable risk limit and other risk limits is monitored on a daily basis and is reported to management.
4) Derivative transaction management
With respect to derivative transactions, the divisions concerned with the execution of transactions, the evaluation of hedge effectiveness, and business management have been separated, and an internal checking system has been established. Because a majority of the Group's derivative transactions are performed for the purposes of hedging and cover transactions to customer transactions, the Group manages them so that asset and liability risks and market risks are offset with each other.
5) Quantitative information regarding market risks
Regarding market risks, the Group measures the quantitative risk of interest rate risks and stock price volatility risks through VaR, a statistical method. Principally by reporting these risks to the ALM Committee and other organizations on a regular basis, the Group ensures appropriate monitoring and management. In calculating the risk amounts, the Group adopts a historical simulation method (a holding period of one year, a confidence interval of 99%, and an observing period of two years).

Interest rate risks
The Group measures interest rate risks of all its assets and liabilities, including loans, securities and deposits, and derivative transactions.

The Group's interest rate risk amounts stood at ¥4,075 million ($33,910 thousand) as of March 31, 2015 and ¥3,862 million as of March 31, 2014.

Regarding liquid deposits, such as ordinary deposits, the Group handles some as deposits that remain with the Group for an extended period and manages them by allocating them to each period category based on an internal model.

Stock price volatility risks
The Group holds certain shares for policy investment purposes. The volatility risk amounts of the prices of such shares stood at ¥66,305 million ($551,760 thousand) as of March 31, 2015, and ¥50,428 million as of March 31, 2014.

Backtesting
To verify the appropriateness of the risk amounts that are measured through VaR, the Group carries out backtesting in which VaR is compared with gains and losses. In this way, the Group analyzes the effectiveness of the risk measurement method. However, because VaR statistically measures the amounts based on the historical market volatility, results may vary due to assumptions, measuring methods, and other factors. In addition, risks may not be able to be appropriately captured when the market environment changes drastically.

Interest rate risks and stock price volatility risks that are held by the Bank's consolidated subsidiaries are excluded from the calculation of the market risk amount as the impact from such risks on the Group is limited.

(iii) Liquidity risk management related to financing
The Group has compiled a set of Liquidity Risk Management Rules under a basic policy of clearly understanding its cash position and ensuring stable financing. In this way, it strives to establish an appropriate risk management system.

With respect to daily financing, the Group monitors and manages the financial environment, the balance of realizable current assets, the expected amount of cash outflows, and other such factors. The Group reports the financing situation and other related matters to the ALM Committee on a regular basis.

2. Fair value of financial instruments
Fair value and the consolidated balance sheet amount of as of March 31, 2015 and 2014, are shown below. Immaterial accounts on the consolidated balance sheet are not included in the table below. Some instruments, such as unlisted stocks, whose fair value cannot be reliably determined, are not included in the table below (see Note 2).

	Millions of yen		
	2015		
	Consolidated balance sheet amount	Fair value	Difference
Call loans and bills bought	¥ 31,359	¥ 31,359	¥ —
Investment securities			
Trading securities	3,966	3,966	—
Held-to-maturity securities	45,015	45,812	796
Available-for-sale securities	1,488,169	1,488,169	—
Loans and bills discounted	3,051,704	—	—
Allowance for possible loan losses (*1)	(30,517)	—	—
	3,021,186	3,044,111	22,925
Assets total	4,589,697	4,613,419	23,722
Deposits	4,281,984	4,282,509	524
Negotiable certificates of deposit	93,504	93,512	8
Call money and bills sold	42,551	42,551	—
Borrowed money	61,617	64,009	2,391
Liabilities total	4,479,658	4,482,583	2,924
Derivative transactions (*2)			
Deferred hedge accounting is not applied	(40)	(40)	—
Deferred hedge accounting is applied	(1,044)	(1,044)	—
Derivative transactions total	¥ (1,084)	¥ (1,084)	¥ —

	Millions of yen		
	2014		
	Consolidated balance sheet amount	Fair value	Difference
Call loans and bills bought	¥ 62,872	¥ 62,872	¥ —
Investment securities			
Trading securities	2,840	2,840	—
Held-to-maturity securities	14,988	15,022	33
Available-for-sale securities	1,401,067	1,401,067	—
Loans and bills discounted	2,916,953	—	—
Allowance for possible loan losses (*1)	(35,897)	—	—
	2,881,056	2,905,478	24,421
Assets total	4,362,825	4,387,280	24,454
Deposits	4,163,311	4,163,973	662
Negotiable certificates of deposit	93,773	93,779	6
Call money and bills sold	28,069	28,069	—
Borrowed money	69,255	71,433	2,177
Bonds	20,000	20,085	85
Liabilities total	¥4,374,409	4,377,340	2,931
Derivative transactions (*2)			
Deferred hedge accounting is not applied	39	39	—
Deferred hedge accounting is applied	(120)	(120)	—
Derivative transactions total	¥ (80)	¥ (80)	¥ —

	Thousands of U.S. dollars		
	2015		
	Consolidated balance sheet amount	Fair value	Difference
Call loans and bills bought	$ 260,955	$ 260,955	$ —
Investment securities			
Trading securities	33,003	33,003	—
Held-to-maturity securities	374,594	381,226	6,623
Available-for-sale securities	12,383,864	12,383,864	—
Loans and bills discounted	25,394,890	—	—
Allowance for possible loan losses (*1)	(253,948)	—	—
	25,140,933	25,331,705	190,771
Assets total	38,193,367	38,390,771	197,403
Deposits	35,632,720	35,637,089	4,360
Negotiable certificates of deposit	778,097	778,164	66
Call money and bills sold	354,090	354,090	—
Borrowed money	512,748	532,653	19,896
Liabilities total	37,277,673	37,302,013	24,332
Derivative transactions (*2)			
Deferred hedge accounting is not applied	(332)	(332)	—
Deferred hedge accounting is applied	(8,687)	(8,687)	—
Derivative transactions total	$ (9,020)	$ (9,020)	$ —

(*1) General allowance for loan losses and specific allowance for loan losses provided to "Loans and bills discounted" are separately presented in the above table.

(*2) Derivative transactions recorded in "Other assets" and "Other liabilities" are aggregated and shown herein. Assets and liabilities attributable to the derivative transactions are totally offset and the net liability position as a consequence of offsetting would be represented with brackets.

(Note 1) Valuation method of financial instruments

Assets

(1) Call loans and bills bought

Since contractual terms of these instruments are short (i.e., less than one year) and fair values of these instruments approximate book values, the Group deems the book values to be fair values.

(2) Securities

Fair values of securities that have market prices are based on their market prices.

With respect to those without market prices, the Group uses the present value that is calculated by discounting the future cash flows of the principal based on contracts, using an interest rate obtained by adjusting interest rates available in the interbank market in accordance with categories of internal ratings and terms, taking into account the credit risk premium and the liquidity risk premium.

Fair value information for securities by classification is included in Note 4 "Securities."

(3) Loans and bills discounted

As fair values of loans and bills discounted with short contractual terms (i.e., less than one year) approximate book values, the Group deems the book values to be fair values.

Regarding loans with long contract terms (i.e., 1 year or longer), those with floating interest rates reflect the market rate in the short term. Consequently, unless the credit conditions of borrowers have not significantly changed after the execution of the loans, the book value of the loans is presented as the fair value, as the fair value approximates the book value. With respect to fair values of loans with long contract terms with fixed interest rates, the Group uses the present value that is calculated by discounting the future cash flows of the principal based on contracts, using an interest rate obtained by adjusting interest rates available in the interbank market in accordance with categories of internal ratings and terms, taking into account the credit risk premium and the liquidity risk premium. Meanwhile, the fair value of certain loans (including consumer loans) is calculated by discounting the future cash flows of the principal based on contracts, using an interest rate considered to be applicable in cases when similar loans are executed.

With respect to claims against legally bankrupt debtors, virtually bankrupt debtors and debtors who are likely to go bankrupt (potentially bankrupt debtors), since credit losses are calculated based on the present value of the expected future cash flows or the estimated amounts that the Group would be able to collect from collateral and guarantees, fair values approximate the consolidated balance sheet amount net of the currently expected credit loss amount, and the Group thus deems such amounts to be fair value.

Regarding loans, for those without a fixed maturity due to loan characteristics such as limiting loans to within the value of collaterals, the Group deems the book value to be the fair value, since the fair value is expected to approximate the book value based on the estimated repayment period, interest rate, and other conditions.

Liabilities

(1) Deposits and (2) Negotiable certificates of deposit

For demand deposits, the Group deems the payment amounts required on the consolidated balance sheet date (i.e., book values) to be the fair value.

The fair value of time deposits and negotiable certificates of deposit with short deposit terms (i.e., less than one year) approximate the book value, and the Group deems the book value to be the fair value. With respect to deposits with long deposit terms (i.e., one year or longer), the Group uses the present value calculated by discounting future cash flows of the principal based on contracts, using the interest rate that would apply to newly accepted deposits in accordance with the categories of deposit terms.

(3) Call money and bills sold

Since contractual terms of these instruments are short (i.e., less than one year) and fair values of these instruments approximate book values, the Group deems the book values to be fair values.

(4) Borrowed money

As the fair value of borrowed money with short contractual terms (i.e., less than one year) approximates the book value, the Group deems the book value to be the fair value.

Regarding borrowed money with long contractual terms (i.e., one year or longer), for floating rate borrowings, the book value is presented as the fair value, because the fair value approximates book value. This is because the floating rate borrowings reflect the market interest rate in a short period and that there has been no significant change in our credit conditions or in the credit conditions of our consolidated subsidiaries before or after the borrowings were made. With respect to fixed rate borrowings, the Group uses the present value calculated by discounting the future cash flows of the principal based on contracts, using an interest rate obtained by adjusting interest rates available in the interbank market in accordance with categories of terms, taking into account the Bank's credit risk premium.

Meanwhile, fair values of borrowings of consolidated subsidiaries are calculated by discounting the future cash flows of the principal based on contracts, using interest rates considered to be applicable in cases when the similar borrowings are made.

(5) Bonds

The fair value of corporate bonds issued by the Group is determined based on their market price.

Derivatives

Fair value information for derivatives is included in Note 30 "Fair value information on derivative transactions."

(Note 2) Financial instruments whose fair value cannot be reliably determined

The following instruments are not included in "Available-for-sales securities" in the above table showing the fair value of financial instruments.

	Consolidated balance sheet amount		
	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Unlisted stocks (*1) (*2)	¥3,316	¥3,314	$27,594
Investment in capital of partnership and others (*3)	1,545	—	12,856
Total	¥4,861	¥3,314	$40,451

(*1) Fair value of unlisted stocks is exempt from disclosure because they do not have a market price and their fair value cannot be reliably determined.

(*2) For the year ended March 31, 2015, no impairment losses for unlisted stocks were recorded. For the year ended March 31, 2014, impairment losses for unlisted stocks amounted to ¥15 million.

(*3) Fair value of investment in capital of partnership and others is exempt from disclosure because partnership assets are composed of unlisted stock and others and their fair value cannot be reliably determined.

(Note 3) Maturity analysis for financial assets and securities with contractual maturities

	Millions of yen					
	2015					
	1 year or less	1 to 3 years	3 to 5 years	5 to 7 years	7 to 10 years	Over 10 years
Call loans and bills bought	¥ 31,359	¥ —	¥ —	¥ —	¥ —	¥ —
Investment securities	153,821	413,036	369,747	93,599	185,916	90,504
Held-to-maturity securities	—	—	—	—	45,000	—
Japanese government bonds	—	—	—	—	45,000	—
Available-for-sale securities	153,821	413,036	369,747	93,599	140,916	90,504
Japanese government bonds	39,206	174,100	103,000	36,000	61,000	11,000
Japanese local government bonds	50,245	71,439	104,352	32,638	17,128	—
Japanese corporate bonds	62,873	142,055	114,939	9,113	11,915	70,458
Others	1,495	25,441	47,455	15,848	50,872	9,046
Loans and bills discounted (*)	807,659	586,812	415,627	253,320	330,122	578,793
Total	¥992,839	¥999,849	¥785,374	¥346,920	¥516,038	¥669,297

	Millions of yen					
	2014					
	1 year or less	1 to 3 years	3 to 5 years	5 to 7 years	7 to 10 years	Over 10 years
Call loans and bills bought	¥ 62,872	¥ —	¥ —	¥ —	¥ —	¥ —
Investment securities	167,175	316,555	372,912	157,725	146,806	90,504
Held-to-maturity securities	—	—	—	—	15,000	—
Japanese government bonds	—	—	—	—	15,000	—
Available-for-sale securities	167,175	316,555	372,912	157,725	131,806	90,504
Japanese government bonds	43,000	99,706	168,800	63,000	61,000	3,000
Japanese local government bonds	39,278	73,439	79,399	69,028	30,301	—
Japanese corporate bonds	78,060	129,152	100,354	19,776	13,715	78,111
Others	6,835	14,257	24,358	5,920	26,789	9,392
Loans and bills discounted (*)	779,140	578,293	391,756	230,107	295,476	559,146
Total	¥1,009,188	¥894,849	¥764,669	¥387,833	¥442,282	¥649,650

	Thousands of U.S. dollars					
	2015					
	1 year or less	1 to 3 years	3 to 5 years	5 to 7 years	7 to 10 years	Over 10 years
Call loans and bills bought	$ 260,955	$ —	$ —	$ —	$ —	$ —
Investment securities	1,280,028	3,437,097	3,076,866	778,888	1,547,108	753,133
Held-to-maturity securities	—	—	—	—	374,469	—
Japanese government bonds	—	—	—	—	374,469	—
Available-for-sale securities	1,280,028	3,437,097	3,076,866	778,888	1,172,638	753,133
Japanese government bonds	326,254	1,448,780	857,119	299,575	507,614	91,536
Japanese local government bonds	418,116	594,482	868,369	271,598	142,531	—
Japanese corporate bonds	523,200	1,182,117	956,470	75,834	99,151	586,319
Others	12,440	211,708	394,898	131,871	423,333	75,276
Loans and bills discounted (*1)	6,720,970	4,883,182	3,458,658	2,108,013	2,747,124	4,816,451
Total	$8,261,953	$8,320,287	$6,535,524	$2,886,910	$4,294,233	$5,569,584

(*) Loans in legal bankruptcy, virtual bankruptcy, and potential bankruptcy amounting to ¥53,316 million ($443,671 thousand) and ¥57,353 million loans and bills discounted without contractual maturities amounting to ¥26,052 million ($216,792 thousand) and ¥25,679 million are excluded from the table above as of March 31, 2015 and 2014.

(Note 4) Maturity analysis for bonds, borrowed money, and other interest-bearing liabilities

	Millions of yen					
	2015					
	1 year or less	1 to 3 years	3 to 5 years	5 to 7 years	7 to 10 years	Over 10 years
Deposits (*)	¥3,814,461	¥440,542	¥26,980	¥ —	¥ —	¥ —
Negotiable certificates of deposit	93,504	—	—	—	—	—
Call money and bills sold	42,551	—	—	—	—	—
Borrowed money	35,206	4,172	1,967	271	10,000	10,000
Total	¥3,985,724	¥444,715	¥28,947	¥271	¥10,000	¥10,000

	Millions of yen					
	2014					
	1 year or less	1 to 3 years	3 to 5 years	5 to 7 years	7 to 10 years	Over 10 years
Deposits (*)	¥3,664,430	¥469,312	¥29,567	¥ —	¥—	¥ —
Negotiable certificates of deposit	93,773	—	—	—	—	—
Call money and bills sold	28,069	—	—	—	—	—
Borrowed money	33,375	3,965	1,722	10,192	—	20,000
Bonds	—	—	—	20,000	—	—
Total	¥3,819,648	¥473,277	¥31,290	¥30,192	¥—	¥20,000

	Thousands of U.S. dollars					
	2015					
	1 year or less	1 to 3 years	3 to 5 years	5 to 7 years	7 to 10 years	Over 10 years
Deposits (*)	$31,742,206	$3,665,989	$224,515	$ —	$ —	$ —
Negotiable certificates of deposit	778,097	—	—	—	—	—
Call money and bills sold	354,090	—	—	—	—	—
Borrowed money	292,968	34,717	16,368	2,255	83,215	83,215
Total	$33,167,379	$3,700,715	$240,883	$2,255	$83,215	$83,215

(*) Demand deposits are included in "1 year or less."

30. Fair value information on derivative transactions

Derivative transactions to which hedge accounting is not applied

The following is the fair value information for derivative transactions to which hedge accounting is not applied at March 31, 2015 and 2014.

The contractual value of swap agreements and the contract amounts of forward exchange contracts, option agreements and other derivatives do not necessarily measure the Bank's exposure to market risk.

(1) Interest-rate-related transactions

	Millions of yen			
	2015			
	Contractual value	Contractual value due after one year	Fair value	Net unrealized gains (losses)
Over-the counter:				
Interest rate swap				
Receivable fixed rate/pay floating rate	¥92	¥92	¥2	¥2
Total	¥—	¥—	¥2	¥2

Interest-rate-related transactions are not performed at March 31, 2014.

	Thousands of U.S. dollars			
	2015			
	Contractual value	Contractual value due after one year	Fair value	Net unrealized gains (losses)
Over-the counter:				
Interest rate swap				
Receivable fixed rate/pay floating rate	$765	$765	$16	$16
Total	$ —	$ —	$16	$16

Notes: 1. The above transactions were revalued at the end of each of the years and the related gains and losses are reflected in the accompanying consolidated statements of income.
2. The fair values of the above derivatives are principally based on quoted market prices, such as those of Tokyo Financial Exchange Inc., or discounted values of future cash flows.

(2) Currency-related transactions

	Millions of yen			
	2015			
	Contractual value	Contractual value due after one year	Fair value	Net unrealized gains (losses)
Over-the counter:				
Currency swap:	¥57,561	¥27,739	¥ 47	¥ 47
Forward exchange contracts:				
Sold	19,785	—	(560)	(560)
Bought	12,849	—	469	469
Currency options:				
Sold	34,888	19,053	(906)	156
Bought	34,888	19,053	906	75
Total	¥ —	¥ —	¥ (43)	¥ 188

	Millions of yen			
	2014			
	Contractual value	Contractual value due after one year	Fair value	Net unrealized gains (losses)
Over-the counter:				
Currency swap:	¥72,202	¥53,683	¥ 76	¥ 76
Forward exchange contracts:				
Sold	14,995	—	(242)	(242)
Bought	12,724	—	205	205
Currency options:				
Sold	18,139	7,098	(429)	147
Bought	18,139	7,098	429	5
Total	¥ —	¥ —	¥ 39	¥ 193

	Thousands of U.S. dollars			
	2015			
	Contractual value	Contractual value due after one year	Fair value	Net unrealized gains (losses)
Over-the counter:				
Currency swap:	$478,996	$230,831	$ 391	$ 391
Forward exchange contracts:				
Sold	164,641	—	(4,660)	(4,660)
Bought	106,923	—	3,902	3,902
Currency options:				
Sold	290,322	158,550	(7,539)	1,298
Bought	290,322	158,550	7,539	624
Total	$ —	$ —	$ (357)	$ 1,564

Notes: 1. The above transactions were revalued at the end of each of the years and the related gains and losses are reflected in the accompanying consolidated statements of income.
2. Fair value is calculated using discounted cash flows.

(3) Stock-related transactions are not performed.
(4) Bond-related transactions are not performed.
(5) Financial product-related transactions are not performed.
(6) Credit derivative transactions are not performed.

Derivative transactions to which hedge accounting is applied

The following is the fair value information for derivative transactions to which hedge accounting is applied at March 31, 2015 and 2014.

The contract amounts do not necessarily measure the Bank's exposure to market risk:

(1) Interest-rate-related transactions

	Millions of yen			
	2015			
	Hedged items	Contractual value	Contractual value due after one year	Fair value
Principle treatment Interest rate swap: Receivable floating rate/ pay fixed rate	Available-for-sale securities (bonds)	¥50,000	¥50,000	¥(1,037)

	Millions of yen			
	2014			
	Hedged items	Contractual value	Contractual value due after one year	Fair value
Principle treatment Interest rate swap: Receivable floating rate/ pay fixed rate	Available-for-sale securities (bonds)	¥50,000	¥50,000	¥(93)
Special hedging treatment Interest rate swaps: Receivable floating rate/ pay fixed rate	Borrowed Money	150	150	Note 3
Total		—	—	¥(93)

	Thousands of U.S. dollars			
	2015			
	Hedged items	Contractual value	Contractual value due after one year	Fair value
Principle treatment Interest rate swap: Receivable floating rate/ pay fixed rate	**Available-for-sale securities (bonds)**	**$416,077**	**$416,077**	**$(8,629)**

Notes: 1. Deferred hedge accounting is mainly applied in accordance with the JICPA Industry Audit Committee Report No. 24.
2. The fair values of the above derivatives are principally based on quoted market prices, such as those of Tokyo Financial Exchange Inc., or discounted values of future cash flows.
3. Because the interest rate swaps are accounted for with long-term debt as the hedged item, the fair value of the swaps is included in the fair value of the borrowed money in Note 29-2.

(2) Currency-related transactions

	Millions of yen			
	2015			
	Hedged items	Contractual value	Contractual value due after one year	Fair value
Forward exchange contracts	**Loans denominated in foreign currencies**	**¥848**	**¥—**	**¥(6)**

	Millions of yen			
	2014			
	Hedged items	Contractual value	Contractual value due after one year	Fair value
Forward exchange contracts	Loans denominated on foreign currencies	¥1,242	¥—	¥(26)

	Thousands of U.S. dollars			
	2015			
	Hedged items	Contractual value	Contractual value due after one year	Fair value
Forward exchange contracts	**Loans denominated in foreign currencies**	**$7,056**	**$—**	**$(49)**

Notes: 1. Deferred hedge accounting is mainly applied in accordance with the JICPA Industry Audit Committee Report No. 25.
2. Fair value is calculated using discounted cash flows.

(3) Stock-related transactions are not performed.
(4) Bond-related transactions are not performed.

31. Comprehensive income

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

	Millions of yen		Thousands of U.S. dollars
	2015	2014	**2015**
Unrealized gains on available-for-sale securities:			
The amount arising during the period	**¥ 61,440**	¥24,525	**$ 511,275**
Reclassification adjustments to profit or loss	**(1,516)**	(3,912)	**(12,615)**
Before adjustments to tax effect	**59,923**	20,613	**498,651**
The amount of tax effect	**¥(15,797)**	(7,055)	**$(131,455)**
Total	**44,126**	13,557	**367,196**
Deferred gains (losses) on derivatives under hedge accounting:			
The amount arising during the period	**(1,025)**	98	**(8,529)**
Reclassification adjustments to profit or loss	**81**	72	**674**
Before adjustments to tax effect	**(943)**	171	**(7,847)**
The amount of tax effect	**299**	(60)	**2,488**
Total	**(644)**	110	**(5,359)**
Land revaluation surplus:			
The amount arising during the period	**—**	—	**—**
Reclassification adjustments to profit or loss	**—**	—	**—**
Before adjustments to tax effect	**—**	—	**—**
The amount of tax effect	**816**	—	**6,790**
Total	**816**	—	**6,790**
Defined retirement benefit plans:			
The amount arising during the period	**6,711**	—	**55,845**
Reclassification adjustments to profit or loss	**282**	—	**2,346**
Before adjustments to tax effect	**6,993**	—	**58,192**
The amount of tax effect	**(2,169)**	—	**(18,049)**
Total	**4,824**	—	**40,143**
Total other comprehensive income	**¥ 49,122**	¥13,668	**$ 408,770**

32. Net income per share

Reconciliation of the differences between basic and diluted net income per share ("EPS") for the years ended March 31, 2015 and 2014, is as follows:

	Millions of yen	Thousands of shares	Yen	U.S. dollars
	Net Income	Weighted-average shares	EPS	
For the year ended March 31, 2015				
Basic EPS:				
Net income available to common shareholders	**¥13,675**	**263,633**	**¥51.87**	**$0.432**
Effect of dilutive securities:				
Warrants		**960**		
Diluted EPS:				
Net income for computation	**¥13,675**	**264,594**	**¥51.68**	**$0.430**
For the year ended March 31, 2014				
Basic EPS:				
Net income available to common shareholders	¥11,027	263,864	¥41.79	
Effect of dilutive securities:				
Warrants		58		
Diluted EPS:				
Net income for computation	¥11,027	263,922	¥41.78	

Note: As noted in Note 2(l), the Company applied the revised accounting standard and guidance for retirement benefits effective April 1, 2014, and changed the methods of attributing the expected benefit to periods, determining the discount rate and estimating the expected future salary increases.
The impact on EPS and Diluted EPS for the year ended March 31, 2015 was immaterial.

33. Subsequent event

Appropriation of retained earnings
The following appropriation of retained earnings was authorized at the ordinary general shareholders' meeting held on June 25, 2015:

	Millions of yen	Thousands of U.S. dollars
Cash dividends, ¥3.0 ($0.02) per share	¥780	$6,490
Total	780	6,490

34. Segment information

For the years ended March 31, 2015 and 2014

Because the Group has only one segment, banking, the description is not presented.

Related Information

(1) Information about services

	Lending services	Securities investment	Fees and commissions	Other	Total
	Millions of yen				
	2015				
Operating income from external customers	**¥41,000**	**¥14,953**	**¥13,542**	**¥19,002**	**¥88,499**
	Millions of yen				
	2014				
Operating income from external customers	¥43,243	¥18,476	¥12,691	¥13,877	¥88,290
	Thousands of U.S. dollars				
	2015				
Operating income from external customers	**$341,183**	**$124,432**	**$112,690**	**$158,125**	**$736,448**

(2) Information about geographical areas

(a) Operating income

Operating income from external domestic customers exceeded 90% of total operating income on the consolidated statements of income for the years ended March 31, 2015 and 2014; therefore geographical operating income information is not presented.

(b) Tangible fixed assets

The balance of domestic tangible fixed assets exceeded 90% of the total balance of tangible fixed assets on the consolidated balance sheets as of March 31, 2015 and 2014; therefore, geographical tangible fixed assets information is not presented.

(3) Information about major customers

Operating income to a specific customer did not reach 10% of total operating income on the consolidated statements of income for the years ended March 31, 2015 and 2014; therefore major customer information is not presented.

35. Related party transactions

Transactions of the Bank with related parties for the year ended March 31, 2015, were as follows:

			Transaction amount			Year-end balance	
Related party	Category	Description of transactions	Millions of yen	Thousands of U.S. dollars	Accounts name	Millions of yen	Thousands of U.S. dollars
Yoshihisa Fujita	Director and relative	Lending operation loan, net of collection	¥ (0)	$ (0)	Loans	¥ 16	$ 133
		Interest receipts	0	0	Accrued interest	0	0
Taiyo & Co.	Company in which director or relative has the majority of the voting rights	Lending operation loan, net of collection	(1)	(8)	Loans	12	99
		Interest receipts	0	0	Unearned interest	0	0
KUSANEN CO., LTD.	Company in which director or relative has the majority of the voting rights	Lending operation loan, net of collection	(117)	(973)	Loans	128	1,065
		Guarantee of payment	80	665	Customers' liabilities for acceptances and guaranteest	180	1,497
		Interest receipts	2	16	Acceptances and guarantees	180	1,497
		Guarantee commission receipts	1	8	Unearned interest	1	8

Transactions of the Bank with related parties for the year ended March 31, 2014, were as follows:

			Transaction amount		Year-end balance
Related party	Category	Description of transactions	Millions of yen	Accounts name	Millions of yen
Yoshihisa Fujita	Director and relative	Lending operation loan, net of collection	¥(8)	Loans	¥17
		Interest receipts	0	Accrued interest	0
Taiyo & Co.	Company in which director or relative has the majority of the voting rights	Lending operation loan, net of collection	14	Loans	14
		Interest receipts	0	Unearned interest	0