THE JUROKU BANK, LTD.

ANNUAL REPORT 2015

All For Your Smile

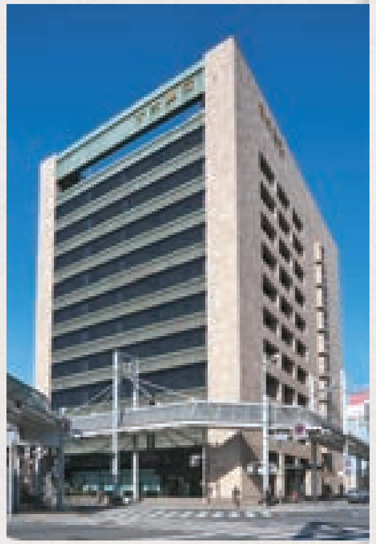
Providing Wholehearted Services

PROFILE

The Juroku Bank, Ltd., has its business base in Gifu and Aichi prefectures, the industrial center of the Chubu region of Japan. During the over 130 years since its founding in 1877, it has played a pivotal role as a leading financial institution in its area.

We will continue to follow our philosophy of "serving our community by fulfilling our social mission as a financial institution." We will also pursue reforms by staying open-minded, managing our operations rationally and steadily, creating a strong management style through stronger earnings power, and improving our personnel and organization.

The head office of the Bank is located in Gifu prefecture. The Bank has 158 domestic branch offices, mainly in Gifu and Aichi prefectures, as well as representative offices in Hong Kong, Shanghai, Singapore, and Bangkok. On a consolidated basis, as of the end of March 2015, the Bank had total deposits of ¥5,227.4 billion (US$43,500 million), total assets of ¥6,088.5 billion (US$50,666 million), and a capital ratio of 10.63% based on domestic standards.



Head Office

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Forward-Looking Statement

This annual report contains certain forward-looking statements. Those forward-looking statements are subject to risks and uncertainties, and Juroku Bank's actual results may differ from those described in the forward-looking statements. We are under no obligation, and expressly disclaim any obligation, to update or alter our forward-looking statements, whether as a result of new information, future events, or otherwise.

Financial Highlights (Consolidated)

The Juroku Bank, Ltd. and Subsidiaries *Year Ended March 31, 2015*

	Millions of Yen		Thousands of U.S.Dollars
	2015	2014	2015
For the Fiscal Year			
Total income	¥ 127,914	¥ 115,993	$ 1,064,442
Total expenses	89,686	90,121	746,326
Net income	22,799	16,875	189,723
Cash dividends	2,836	2,786	23,600
At Year-End			
Total assets	¥6,088,503	¥5,745,954	$50,665,749
Loans and bills discounted	3,854,595	3,740,679	32,076,184
Securities	1,658,277	1,752,778	13,799,426
Deposits	5,227,369	5,026,136	43,499,784
Total equity	360,183	323,090	2,997,279
Cash Flows			
Net cash provided by operating activities	¥ 171,710	¥ 46,213	$ 1,428,892
Net cash provided by investing activities	168,540	(271,781)	1,402,513
Net cash used in financing activities	(32,947)	(10,818)	(274,170)
Cash and cash equivalents, end of year	398,995	91,663	3,320,255

Note: Amounts stated in United States dollars have been computed, solely for convenience, at the rate of ¥120.17 = US$1, the approximate rate of exchange at March 31, 2015.

Message from the President

We are committed to our work, with an emphasis on engagement with our customers.

Yukio Murase President

Looking at the operating environment for financial institutions, with the future population decline considered being certain, and amid concerns that regional economies will structurally shrink, regional financial institutions are required more than ever to play an active role in revitalizing regional economies.

Under such circumstances, we will actively strengthen our mutual ties with customers, and refine our "engagement" ability to build strong trust relationships in order to help our customers achieve their dreams as well as assist with their growth and development. At the same time, we will enhance our profitability, and work with our customers and local communities to achieve sustainable growth.

We will also endeavor to improve two-way communication with our customers through steady sales activities, well understand them, provide optimum services, and act as their helpful adviser.

By steadily carrying out "The 13th Medium-Term Management Plan ~ All For Your Smile: Providing Wholehearted Services," we will push ahead with further improvement of corporate value with an aim to become a "truly dependable regional financial institution with the ability to grow continually."

I look forward to receiving the continued support and encouragement of all our stakeholders.

July 2015
Yukio Murase
President

Management Strategy

The 13th Medium-term Management Plan

We are implementing "The 13th Medium-Term Management Plan ~ All For Your Smile: Providing Wholehearted Services," which runs from FY2014 to FY2016. The plan includes the following core policies: "reform awareness and actions for uncompromising focus on the customer"; "return to our roots as a regional financial institution"; and "growth strategy centered on strategy for Aichi prefecture." The plan builds on these core policies to layout the following seven basic strategies: "improvement of the quality of services by focusing on the customer"; "region-specific strategies"; "further promotion of community-based financial services"; "enhancement of capital management capabilities"; "optimization of allocation of business resources"; "utilization and development of human resources"; and "enhancement of fiscal soundness and management control structure."

FY2016 Year-end Targets

Growth potential (customer base)		Earnings capability	Financial soundness	
Deposit balance	Number of retail borrowers *1	Net income	Core capital ratio (full implementation basis) *2	Ratio of credit cost to total loans *3
¥5,600 billion	100,000 or more	¥10 billion	8.8% or more	Less than 0.2%

*1 Number of retail borrowers = SME borrowers (including proprietors) + Number of housing loans and apartment loans (based on the Bank's standards)

*2 Core capital ratio (full implementation basis) = $\frac{\text{Core capital (before transitional arrangement)}}{\text{Risk assets (before transitional arrangement)}}$

*3 Ratio of credit cost to total loans = $\frac{\text{Credit cost}}{\text{Average loan balance}}$

Based on this plan, we will be able to respond more effectively to problems that the Bank faces. Details are outlined below.

We will be committed to implementing the following basic strategies under the management plan, in an effort to effectively overcome the challenges that surround the Group.

Basic Strategies

- **Improvement of the quality of services by focusing on the customer**
We will enhance our contacts with our customers, while enhancing our Retail Division by offering products and services that meet a wide range of needs according to the state of our customers' assets and their life stages. We will also improve our level of service and streamline operations by reforming operations from our customers' perspective.
- **Region-specific strategies**
In Gifu prefecture, we will further enhance customer relations by offering high-quality solutions, and ensure an overwhelmingly large share of the market in the prefecture. In Aichi prefecture, we will expand our branch network, enhance our sales promotion structure, and further pursue our policy of becoming a local institution.
- **Further promotion of community-based financial services**
We will further promote community-based financial services, including ensuring a swift, smooth supply of financing and leveraging our consulting function in accordance with our customers' life cycles, in order to realize the sound development of the regional economy.
- **Enhancement of capital management capabilities**
We will enhance capital management capabilities through dynamic management of marketable securities, as well as active incorporation of new earnings opportunities.
- **Optimization of allocation of business resources**
We will make effective use of our limited business resources, including implementing effective cost controls and strengthening our medium- to long-term ICT strategy.
- **Utilization and development of human resources**
We will improve employee motivation by compensating employees in accordance with their skills and suitability, and focusing on developing human resources.
- **Enhancement of fiscal soundness and management control structure**
We will enhance our financial standing by improving the quality of our capital and assets, strengthen our management control structure, and ensure thorough legal compliance and customer protection.

Corporate Governance

Basic Policy

At Juroku Bank, we believe that retaining the trust of our stakeholders by conducting all of our activities in a sound manner is vital to our role as a financial institution. Therefore, we place the highest priority on building a solid organizational structure and establishing systems that continually reinforce corporate governance.

In association with the entry into effect of the Companies Act, we established a Basic Policy related to the Establishment of an Internal Control System at a meeting of the Board of Directors held on May 24, 2006. Board meetings held on September 20, 2007, February 26, 2009, September 21, 2011, December 26, 2013, and April 30, 2015 adopted resolutions to partially amend this policy. In this way, we have developed a system to ensure the appropriate execution of our business and have refined our system. Under this basic policy, we will pursue initiatives to enhance corporate governance.

Progress Thus Far

The Board of Directors comprises 12 members including two Outside Directors (as of June 19, 2015) and it is held at least once a month, in principle, to deliberate and decide matters stipulated in laws and regulations and important management issues, and it also monitors directors' conduct of business operations by having each director report his/her own execution of duties at least once every three months, pursuant to Article 363, Paragraph 2 of the Companies Act.

Under the Managing Directors Committee structure, authorized by the Board of Directors and held regularly or at any time as required, the president, vice president, senior managing directors and managing directors are able to quickly decide on important matters affecting the daily conduct of business operations.

The Audit & Supervisory Board Comprises four Audit & Supervisory Board Members, including two Outside Audit & Supervisory Board Members and two Standing Audit & Supervisory Board Members (as of June 19, 2015). To support the Audit & Supervisory Board Members, we have established the Audit & Supervisory Board Members' Office, which monitors the execution of business operations objectively and ensures appropriate auditing functions. The Audit & Supervisory Board is held at least once a month, in principle.

With regard to internal controls, the Audit & Inspection Division conducts internal audits, and at least once per year seeks outside opinions regarding the development and management of the internal control system.

Based on these objective opinions, we work to further improve the internal control system. Moreover, to reinforce the compliance system, we have established a whistle-blower system and have improved the effectiveness of the system by using an external lawyer as the point of contact.

With respect to the risk control system, we have established the ALM Committee, Operational Risk Management Committee and Compliance Committee. These committees discuss risk management issues both on a regular basis and when necessary. At these meetings, the appropriateness of operations is reviewed and risk management is applied to minimize loss due to unforeseen circumstances. Moreover, we established the Operational Risk Management Committee with the aim of strengthening the internal control system over operational risks, and it is held at least once in an interim period. We have also signed consultation agreements with six lawyers, who provide advice on legal matters and perform a variety of legal checks when necessary.

The Bank's accounts are audited by the independent auditing firm Deloitte Touche Tohmatsu LLC (as of June 30, 2015). This firm provides accurate audits on the basis of appropriate information disclosure.

Going forward, we will work to further enhance our corporate governance standards and ensure the soundness of our ethical conduct and financial position.

Basic Policy on Strengthening Internal Control System

We are currently making efforts to build an internal control system based on the policies described below.

1. System to ensure that the execution of duties by directors of the Bank and its affiliates comply with all relevant laws, ordinances, regulations, and the Bank's Articles of Incorporation

(1) Our Basic Policy establishes the Bank's commitment to serve local communities by fulfilling its mission as a financial institution, and to seek business growth through sound practices founded on a broad and rational perspective.
(2) To implement this policy, directors of the Bank are responsible for the establishment of the Code of Ethics and Compliance Policy, and for ensuring that business is conducted in accordance with these standards and that laws, ordinances, and the Articles of Incorporation are adhered to. In addition, directors are responsible for steadfastly confronting any anti-social forces that pose a threat to social order and safety; thereby directors consolidate a system to sever all ties to these forces.
(3) The Bank's affiliates make best efforts to pursue legitimate and fair business practices that respond to social obligations, based on their own basic policy and management philosophy that are adequate for the nature and scale of their business. In addition, the affiliates are responsible for the establishment of the Code of Ethics and Compliance Policy to ensure that business is conducted in accordance with laws and ordinances as well as social norms.

2. System for storage and management of information related to the execution of duties by directors of the Bank

To ensure efficient verification of proper business practices, regulations will be created and followed on the handling and control of information and documents related to business operations (including electronic records); adherence to these regulations will be monitored, and regulations will be revised when necessary.

In addition, a system will be established to enable directors and Audit & Supervisory Board Members to view this information and the relevant documents when necessary.

3. Risk management regulations and other structures related to risk of loss at the Bank and its affiliates

(1) The Bank positions the risk management as an important duty to ensure the soundness and safety of business, and regulations related to each type of risk, including a Comprehensive Risk Management Regulation, will be established in order to manage risks associated with the business of the Bank and its affiliates in an exhaustive and comprehensive manner. Efforts will be made to appropriately improve the measurement, evaluation, and management of risk by following these regulations.

An independent third party will regularly evaluate the Bank's management of major risks, and the Bank will continually work to improve risk management level evaluations.
(2) In addition to designating one department to comprehensively manage risk, individual departments will be made specifically responsible for each category of risk, ensuring effective risk management. In addition, an organizational structure will be established, including an ALM Committee and Operational Risk Management Committee, chaired by the director in charge of the department responsible for comprehensive risk management. Risk management reports will be made to the Board of Directors on a regular basis, or as necessary.
(3) The following are risks to be managed at the Bank. When new risks arise, a department to handle them will be promptly established by the Board of Directors.

1) credit risk, 2) market risk, 3) liquidity risk, 4) operational risk, and 5) other risks that could have a serious impact on the Bank's business.
(4) In addition to establishing a Risk Management Committee, the Bank's affiliates will manage risks in a proper and comprehensive manner, and set up a system to report any issues related to risk management to the Bank. The Internal Audit Department of the Bank conducts auditing of the Bank's affiliates to assess their risk management.

4. System to ensure the efficient execution of duties by directors of the Bank and its affiliates

(1) Duties of the Bank will be executed centered on the Basic Policy and an Action Plan. A Management Plan will be created, and guidelines based on this plan will be established for each six-month period.
(2) Progress made in implementing these plans will be reported to the Board of Directors in a timely manner, and steps will be taken in response as needed.
(3) Items that should be taken up by the Board of Directors of the Bank will be clearly stated in regulations such as the Board of Directors Regulations, and important items will be discussed by the Managing Directors Committee, which comprises managing directors or above, to ensure that issues are sufficiently examined. In addition, Regulations on Decision-Making Authority Related to Operations will stipulate the appropriate delegation of authority to subordinates based on such factors as the importance of the operation, making the directors' execution of duties more efficient.
(4) The Bank will reinforce collaboration with its affiliates and facilitate information sharing. In addition, the management of the Bank and representatives of its affiliates will exchange opinions on a regular basis in order to resolve various issues efficiently.
(5) The Bank will establish regulations for top management, organizations, risk management and others, and provide its affiliates with necessary information in order to have them create their own systems efficiently in compliance with these regulations.

5. System to ensure that the execution of duties by employees of the Bank and its affiliates complies with laws, ordinances, and the Articles of Incorporation

(1) In addition to positioning compliance with laws and ordinances as one of our most important business responsibilities and establishing regulations such as the Code of Ethics and Compliance Policy, the Bank will establish a department to provide overall control. In addition, a Compliance Committee, chaired by the director responsible for the department undertaking overall control, will be created, and this committee will be tasked with handling compliance-related issues.
(2) In addition to establishing a Compliance Committee, the Bank's affiliates will manage and operate in-house compliance system appropriately and set up a system to report any compliance violation to the Bank. The Internal Audit Department of the Bank conducts auditing of the Bank's affiliates regarding

their compliance with laws, ordinances, and others.

(3) At the Bank and its affiliates, an in-house system will be created for reporting violations of laws and ordinances and other compliance-related issues, and a whistle-blower system that employs an independent lawyer to receive reports will be maintained. Efforts will be made to prevent or promptly detect problems such as violations of laws.

6. System to ensure appropriate operations of the corporate group, which is composed of the Bank and its affiliates

(1) An internal auditing agreement will be concluded with the Bank's affiliates, and operations are audited by the Internal Audit Department of the Bank to ensure proper business operations by the corporate group, which is centered on the Bank. Operations at affiliates will be audited through various activities, including appointing officers or employees of the Bank as officers of affiliates and having them attend the meeting of the Board of Directors of the affiliates.

(2) The management of the Bank and representatives of its affiliates will exchange opinions on a regular basis to prevent problems such as inappropriate transactions between the Bank and its affiliates.

(3) When engaging in transactions with the Bank's affiliates and other entities, steps will be taken to verify that the terms of the transaction conform to the arms-length principle.

(4) A whistle-blower system will be established at the Bank and all affiliates, making it possible for parties such as affiliate employees to make reports or seek advice.

(5) A system will be created to ensure the reliability of the financial reporting of the Group, centered on the Bank.

7. System to report matters related to the execution of duties by directors of the Bank's affiliates to the Bank

(1) By having officers of the Bank dispatched to its affiliates, the Bank will receive reports related to the execution of duties by directors of its affiliates at the meeting of the Board of Directors of the affiliates.

(2) The Bank will deliberate or request reports, on a regular basis or as necessary, to accurately understand business operation of its affiliates, pursuant to the Group Companies Management Regulation established by the Bank.

(3) The department undertaking overall control of the Bank's affiliates and individual departments responsible for each affiliate will monitor the status of affiliates in a timely and appropriate manner, and promptly report any matters deemed important to the management of the Bank, while taking necessary steps.

8. Items related to employees whose assignment to assist Audit & Supervisory Board Members of the Bank in their duties is requested by them

An Audit & Supervisory Board Members' Office will be created to assist the Audit & Supervisory Board Members in the performance of their duties, and at least one full-time employee will be assigned to work in that office. Upon obtaining the opinions of the Audit & Supervisory Board, decisions will be made on the positions and qualifications of employees to be assigned to engage in this work, and a roster of such employees will be created.

9. Ensuring the independence of the above employees from directors and the effectiveness of instructions given to those employees

The appointment, transfer, and evaluation of employees who assist the Audit & Supervisory Board Members in their duties will be subject to the approval of the Audit & Supervisory Board. The said employees will solely comply with instructions and orders given by the Audit & Supervisory Board Members.

10. System for officers and employees of the Bank and its affiliates to report to Audit & Supervisory Board Members of the Bank and a system for other reports to Audit & Supervisory Board Members

Officers and employees of the Bank and its affiliates and persons who received reports from them shall submit reports and provide information in response to requests from the Audit & Supervisory Board or individual Audit & Supervisory Board Members. The following are the main topics of the reports and information to be provided.

(1) Department activities related to creating the Bank's internal control system

(2) Activities of the Bank's affiliates

(3) Matters that may inflict a significant loss on the Bank and its affiliates

(4) Significant accounting policies and standards and changes to them

(5) Content of disclosed earnings, projections, and other important disclosure materials

(6) Serious violations of the laws and ordinances

(7) Operation of the whistle-blower system and notifications

(8) Circulation of documents such as draft proposals and the minutes of important conference/committee meetings

(9) Other items deemed necessary by the Audit & Supervisory Board Members

11. System to ensure that a person who made a report in accordance with the preceding paragraph does not receive unfair treatment on the grounds of making such report

The Bank and its affiliates prohibit a dismissal or any other disadvantageous treatment of the person who made a report in accordance with the preceding paragraph on the grounds of making such report, etc. and take appropriate steps to ensure that such person will not receive unfair treatment.

12. Matters related to treatment of expenses incurred in the execution of duties by Audit & Supervisory Board Members

In the event that Audit & Supervisory Board Members made a request for reimbursement of expenses incurred in the execution of their duties, it will be granted unless the expenses are proved to be unnecessary to the execution of their duties.

13. System to ensure effective audits by Audit & Supervisory Board Members

The representative director will regularly meet and cooperate with the Audit & Supervisory Board Members to ensure the effectiveness of audits, and will regularly exchange opinions on management problems and progress in auditing to ensure high accuracy.

Compliance System

Recognizing that the survival of financial institutions depends on trust, we put top priority on earning the firm trust of the general public. To this end, we embrace high corporate ethical standards and promote extensive awareness of the importance of legal compliance. Accordingly, in April 2012, we newly set up a legal office within the Compliance Management Division in order to enhance our compliance system. With the support of the new section, we are equipped with an appropriate structure to comply, more than ever, with social requirements.

We are further strengthening our compliance system under our 13th Medium-Term Management Plan through policies which are designed to:

1) Earn the firm trust of the general public through the maintenance of high corporate ethical standards and awareness of the importance of legal compliance;
2) Promote awareness of the crucial importance of compliance among our staff; and
3) Raise standards of compliance rigor still higher.

To further enhance the compliance system that we have built to date, we formulate and implement a compliance program each fiscal year. All departments hold monthly study meetings to foster knowledge of legal issues and increase compliance-related awareness. We have also prepared curriculums related to compliance for individual training programs in order to boost the knowledge and awareness of compliance among our employees. In addition, each department conducts periodic self-checks according to its specific responsibilities. This is part of our initiative to ingrain a compliance-oriented corporate culture.

Organizational Structure

Compliance Committee

Chaired by the managing director in charge of the Compliance Management Division and consisting of general managers from relevant divisions, the Compliance Committee examines, discusses, and issues directives concerning matters of compliance.

Compliance Management Division

As the entity responsible for overseeing compliance, the Compliance Management Division promotes compliance programs and serves as the secretariat for the Compliance Committee.

Inspection Section (Internal Audit Division)

The section conducts audits and other investigations related to the compliance conditions in each division.

Compliance at Each Division

Compliance officers are appointed in each of the divisions to check the day-to-day compliance of those divisions.

Customer Protection Management System

The Bank set up a Customer Protection Management Policy in September 2007 to develop and establish a system to ensure customer protection. Under the Customer Protection Management Policy, we have clearly stated protection measures that we had taken as part of compliance and risk management. We are focusing more heavily on customer-oriented management. The purpose of the policy is to improve the protection and convenience of customers through the following initiatives:

(i) Providing appropriate information and explanations on products and services for customers
(ii) Responding properly to requests, consultation, inquiries and complaints from customers
(iii) Appropriately managing customer information
(iv) Properly managing outsourced operations
(v) Properly managing of conflicts of interest so avoid unfair detriment to the interests of our customers

Information Security, Management of Customer Information

In line with the top priority that we assign to ensuring the confidentiality of our customers' personal data, information security risk is addressed by the Bank's Information Security Management Rules. We have publicly announced our Declaration of Personal Information Protection (Privacy Policy).

As stipulated in the aforementioned Security Management Rules, we have also appointed a chief information officer at the Bank's headquarters and an information officer in each department and branch. We are making every effort to educate employees to bolster their awareness of security issues so that we can ensure the maximum degree of protection for customer data in daily operations.

Risk Management

The importance of risk management has grown as the risks confronting financial institutions have become more complex and diverse. Recognizing risk management as crucial for safe and sound operations, we have established "Basic Policy of Risk Management" contained in our 13th Medium-Term Management Plan. In addition, we have established Comprehensive Risk Management Policy and other policies and rules relating to risk management that enable an appropriate and prompt response to various types of risk.

We have established the Risk Management Division to step up our commitment in this area. We aim to further strengthen our risk management system through use of the PDCA cycle, by laying down policy (planning), creating internal rules and organizations (doing), assessing results of these measures (checking) and making improvements where needed (acting).

In addition, to ensure that our risk management mechanisms function effectively with regard to sections within the Group subject to auditing (the Bank's head office divisions, branches and consolidated affiliates), regular, planned, on-site audits of such departments are carried out by staff of the Internal Audit Division, which is independent from business operation departments. In this way the Bank verifies the effectiveness of its risk management systems.

Basic Policy of Risk Management (13th Medium-Term Management Plan)

•Risk Management

1. Implement appropriate risk management to ensure that risk taking is handled in line with the Bank's financial strength.
2. Enhance the ability of risk analysis to support appropriate risk-taking.
3. Development of risk management system in compliance with capital adequacy regulation.
4. Strengthen credit risk management.

Comprehensive Risk Management

The Bank has formulated a comprehensive risk management framework by determining a Comprehensive Risk Management Policy and Rules.

The Bank's risk management does not stop at managing various risks individually, but extends a step ahead to control the total amount of risks to keep it within the range of distributable capital, which is defined as "core capital (full implementation basis) less allowance for doubtful accounts," through the risk quantification using statistical methods, thereby enforcing a comprehensive risk management aiming at ensuring soundness of management.

We adopt a flexible approach to required responses by getting the current state of such comprehensive risks checked by the ALM Committee, which has monthly meetings and reports directly to the Board of Directors.

Credit Risk

To appropriately adapt to changes in the credit risk in relation to assets held by the Bank, and to ensure stable profitability and maintain sound operations, we conduct management appropriately with reference to our Credit Risk Management Policies and Credit Risk Management Rules.

In order to objectively determine a borrower company's credit state and its capacity to repay loans, we perform a credit rating system in a timely manner and reflect the result of the credit rating in our credit risk management. More specifically, we endeavor to maintain a sound asset base by implementing our own assessment of loan assets and by making appropriate provision for possible loan losses and write-offs based on the credit rating system.

Meanwhile, the credit rating system enables a quantification of the credit risk, controls concentration of risk with particular borrowers or industries, and further ensures profits that are balanced by credit costs, and thereby enables the Bank to improve its credit portfolio.

Regarding examination of loan applications, we have clearly separated the sales promotion and credit screening functions and undertake strict reviews and management under a policy of screening by borrower business sector. Individual cases are screened by verifying various aspects including the use of funds, income and expenditure plans, and investment outcomes, and by carefully examining a borrower's resources and plans for repayment.

Market Risk

For market risk, the Market Risk Management Rules have been established, which stipulates the policies for monitoring, control and mitigation of the risk, along with specific arrangements.

The Risk Management Division manages interest rate risk related to deposits and loans, as well as the risk associated with securities, derivatives and other markets. Our current positions, unrealized gains/losses and risk indicators such as BPV and VaR are measured and evaluated on a daily or monthly basis and reported to management. From the perspective of managing assets and liabilities together, we hold monthly ALM Committee meetings, forecast interest rates, stock prices and exchange rates, as a set of measures to enable an appropriate response to risk.

Liquidity Risk

We manage liquidity risk through our Liquidity Risk Management Policies and Liquidity Risk Management Rules and regard stable cash flows as the primary objective. Moreover, we have in place a system (Liquidity Risk Contingency Plan) that can respond to a wide variety of circumstances promptly and appropriately.

Operational Risk

We have drawn up an Operational Risk Management Policies and Operational Risk Management Rules, with separate provisions for administrative risk, system risk, legal risk, personnel risk, fixed asset risk and reputational risk. We implement necessary measures for required responses by getting the current management status of such risks checked regularly by the Operational Risk Management Committee and is reported to the Board of Directors. For the important categories of administrative and system risk, we have drawn up the following sub-policies and procedures.

【Administrative Risk】

We manage administrative risk through our own Administrative Risk Management Policies and Administrative Risk Management Rules. While adapting to the growing diversification and complexity of banking operations, our administration has become more rigorous in an effort to retain and strengthen the trust of our customers.

【System Risk】

System risk is managed through the Bank's System Risk Management Policies and System Risk Management Rules. We have established a framework that swiftly responds to system failure through our Computer System Failure Action Rules and Center Failure Rules.

To prepare for contingencies that cannot be dealt with using our conventional risk management mechanisms, we have compiled a Business Continuity Plan, and have taken measures that would enable us to continue major business operations even under emergency conditions.

At Juroku Bank, we recognize the importance of integrated risk management, and we will continue working to enhance the sophistication of our risk management system.

Non-Performing Loans

The Bank provides information about the status of its assets in three different ways. First, we conduct self assessment to calculate appropriate write-offs and reserves by classifying borrowers according to their financial soundness. Second, disclosure based on "The Financial Reconstruction Law" is used to classify problem assets. Third, we disclose the value of Risk-Monitored Loans based on the Banking Law, which excludes non-loan assets such as foreign exchange, accrued interest and advance payments.

Asset Self-Assessment / Assets Disclosed under the Financial Reconstruction Law / Risk-Monitored Loans under the Banking Law (as of March 31, 2015)

(Non-consolidated) Billions of Yen

Asset Self-Assessment, For all assets

Borrower category / Balances of credits	Classification I	II	III	IV
Legally bankrupt borrowers 4.1 [1.4]	3.4	0.8	— (0.1)	— (2.8)
Virtually bankrupt borrowers 11.3 [6.0]	8.8	2.5	— (1.0)	— (5.2)
Potentially bankrupt borrowers 86.7	51.0	21.5	14.2 (19.0)	
Borrowers requiring caution				
Substandard borrowers 11.4	1.9	9.5		
Others*1 497.2	182.3	314.9		
Normal borrowers 3,308.2	3,308.2			
Total 3,918.9 [3,910.9]	3,555.4	349.2	14.2 (20.2)	— (8.0)

Assets disclosed under the Financial Reconstruction Law and coverage of the claims, For all claims

Classification / Balances of claims	Portion of claims secured*2	Reserves	Coverage ratio
Bankrupt and quasi-bankrupt assets 15.4 [7.4]	6.2	9.2	100.0%
Doubtful assets 86.7	53.5	19.0	83.5%
Substandard loans*3 10.1	3.2	0.7	38.8%
Sub-total 112.2 [104.2]	62.9	28.9	81.8%
Normal assets 3,806.6			
Total 3,918.9 [3,910.9]			

Ratio of disclosed claims under the Financial Reconstruction Law (subtotal) to total credits
Figures in brackets are those after application of partial charge-offs (direct deduction).
2.8%
[2.6%]

Risk-monitored loans, Loans only (no other type of credit included)

Classification	Loan balances
Bankrupt loans	3.9 [1.1]
Non-accrual loans	97.7 [92.6]
Past due loans (3 months or more)	0.1
Restructured loans	9.9
Total	111.7 [103.8]

Ratio of risk-monitored loans to total loans
Figures in brackets are those after application of partial charge-offs (direct deduction).
2.8%
[2.6%]

*1 Borrowers requiring caution, excluding substandard borrowers
*2 Portion of claims secured by collateral or guarantees
*3 Substandard claims consist of loans only.

Notes:

1. Amounts in asset self-assessment and claims disclosed under the Financial Reconstruction Law and the coverage of claims are rounded to the nearest 100 million yen. Amounts in risk-monitored loans are rounded down to the nearest 100 million yen. Figures for ratios are rounded down to the first decimal place.
2. All credit items = Loans + Customers' liabilities for acceptances and guarantees + Bonds issued through private placements covered by guarantees of the Bank + Foreign exchanges + Suspense payments with a similar nature to loans + Accrued interest.
3. Amounts in asset self-assessment are those after deduction of specific reserves for possible loan losses, and the amounts in parentheses are specific reserves for each classification.
4. The Bank does not implement partial charge-offs (direct deduction). If partial charge-offs were implemented, relevant figures would decline to the figures shown in brackets.

Contribution to the Regional Economy and Community

Activities to Revitalize the Regional Economy

Initiatives to Facilitate Financing

The Bank views the facilitation of regional financing as its most important duty and this is expressed in its basic philosophy of "serving our community by fulfilling our social mission as a financial institution." Therefore, the Bank has actively responded to its customers' demands in relation to their needs for funds or review of the conditions for borrowing.

The Bank has enhanced its management system through the provision of a Financing Facilitation Meeting that was established in the headquarters during December 2009 to respond attentively to the variety of requests we receive from customers including small-and medium-sized businesses and customers who have mortgage loans.

Although the SME Financing Facilitation Act expired at the end of March 2013, we intend to maintain our basic stance toward facilitation of financing and will strive to provide a prompt, accurate and suitable response and thereby enable the Bank to function as a proactive financial intermediary in its role as a regional financial institution for further facilitation of financing.

Environmental Conservation Activities

The Juroku Bank not only engages in its own environmental conservation activities but also supports the various environmental activities of its customers.

▶ Formulation of Environmental Policy

In April 2013, we formulated a new "Environmental Policy" for the Juroku Bank Group as a whole.

This "Environmental Policy" is based on our "Basic Philosophy" and "Code of Conduct." All employees at our headquarters and branches are committed to meeting targets for overcoming environmental protection challenges in accordance with this policy.

▶ Building Environmentally Friendly Stores

The Kariya Branch, relocated and opened in a new building on November 25, 2014, has installed "green curtains (greening walls)" and a solar power system capable of generating a maximum 5 kW of power as means of mitigating the heat island effect.

Electricity generated by the solar panels is used to power the sales office and lobby, aiding our commitment to energy conservation.

Juroku Bank's Support for Overseas Business Development

Our customers are responding to the growth of emerging markets in Asia with an increase in initiatives to develop overseas sales routes and move production to overseas markets.

In March 2015, the Juroku Bank established the Singapore Representative Office and the Bangkok Representative Office. With our overseas support structure comprising overseas representative offices at 4 locations including Shanghai and Hong Kong, and 13 cooperating financial institutions across 9 countries, we will further strengthen initiatives to support overseas expansion of our customers.

▶ Opening of Singapore Representative Office

As the financial and information center of ASEAN, Singapore is a country where comprehensive information including financial information is gathered, and where hubs of many financial institutions and our customers for ASEAN are concentrated.

With the planned establishment of AEC (ASEAN Economic Community) in 2015, Singapore is expected to play an even more important role. By opening the Singapore representative office, and cross-collecting and providing information on finance and economics in the region, we will continue to support the overseas business development of our customers.

▶ Opening of Bangkok Representative Office

As the manufacturing base of ASEAN, Thailand has the most local subsidiaries of our customers in all of ASEAN, centered on the automotive industry.

We have sought to offer support for our customers in the country with the cooperation of our business partner KASIKORN BANK, through measures such as sending trainees to them. With the opening of the Bangkok representative office, we will enhance our support for customers in Thailand and the surrounding countries by further collaboration with KASIKORN BANK.

▶ Hosting "ASEAN Regional Conference 2014"

On August 27 and 28, 2014, the Bank held the "ASEAN Regional Conference 2014" for the third time.

Among ASEAN countries experiencing continued economic growth, we had participants from Indonesia, Thailand, and Vietnam, where many multinational corporations have established operations. From each county, representatives of embassies, investment institutions, and our overseas affiliated financial institutions shared information on the investment environment and local conditions, and we also provided a forum for exchange among representatives of countries in attendance.

The Ambassador of Thailand to Japan, the Deputy Chief of Mission of the Embassy of the Republic of Indonesia in Japan, and the Investment Counselor of the Embassy of the Socialist Republic of Vietnam in Japan attended the two-day conference along with approximately 130 companies, and together they engaged in a lively exchange of opinions and interactions.

▶ Handling of Cross-border Loans (Direct Loans to Foreign Subsidiaries) to Singapore

Until now, in regard to financing needs of foreign subsidiaries of our customers, it was common for them to be conducted through their parent companies in Japan (so called parent-subsidiary loan).

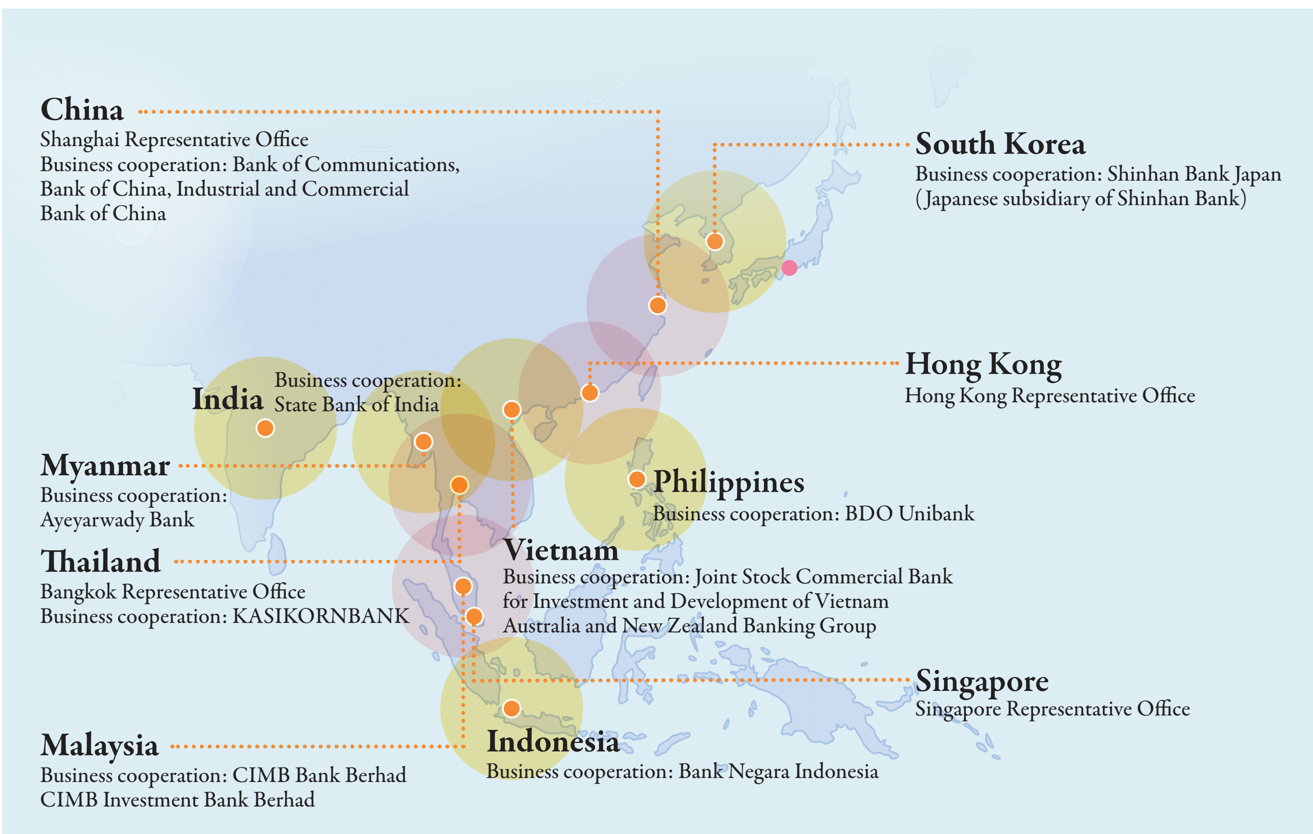
Amid these circumstances, we already handle Thai Baht-denominated cross-border loans in order to offer local subsidiaries of our customers with more diverse means of financing and reduce exchange rate risk. Furthermore, in September 2014, we began handling the cross-border loans to subsidiaries of our customers located in Singapore.

We will enhance our financial support structure for overseas expansion by the cross-border loans.

CSR Activities

▶ Contributions to the Community by JUROKU FOUNDATION FOR REGIONAL PROMOTION

JUROKU FOUNDATION FOR REGIONAL PROMOTION was founded with the goal of contributing to local communities. Through grants, it supports such activities as promotion of local industry, improvement of social and life environment, and promotion of culture, sports, international exchange, and other activities. In FY2014, it provided ¥9,760,000 in grants to 43 projects. The foundation also has a scholarship program, and in FY2014, it provided ¥24,400,000 in annual scholarships to 63 students.



Board of Directors and Audit & Supervisory Board Members

The Juroku Bank, Ltd. (as of June 30, 2015)

President
Yukio Murase

Vice President
Naoki Ikeda

Senior Managing Director
Fumihiko Miura

Managing Directors
Takeyoshi Asai
Hiroyuki Ota
Kenji Mori

Directors
Kimio Hirose
Atsushi Uchida
Akinori Sasaki
Kazuhito Akiba

Outside Director
Hitoshi Yoshida
Yasuharu Takamatsu

Standing Audit & Supervisory Board Members
Takashi Okada
Kunihiko Mori

Outside Audit & Supervisory Board Members
Toshihiro Nakaya
Masahiro Hori


Yukio Murase
President


Naoki Ikeda
Vice President


Fumihiko Miura
Senior Managing Director

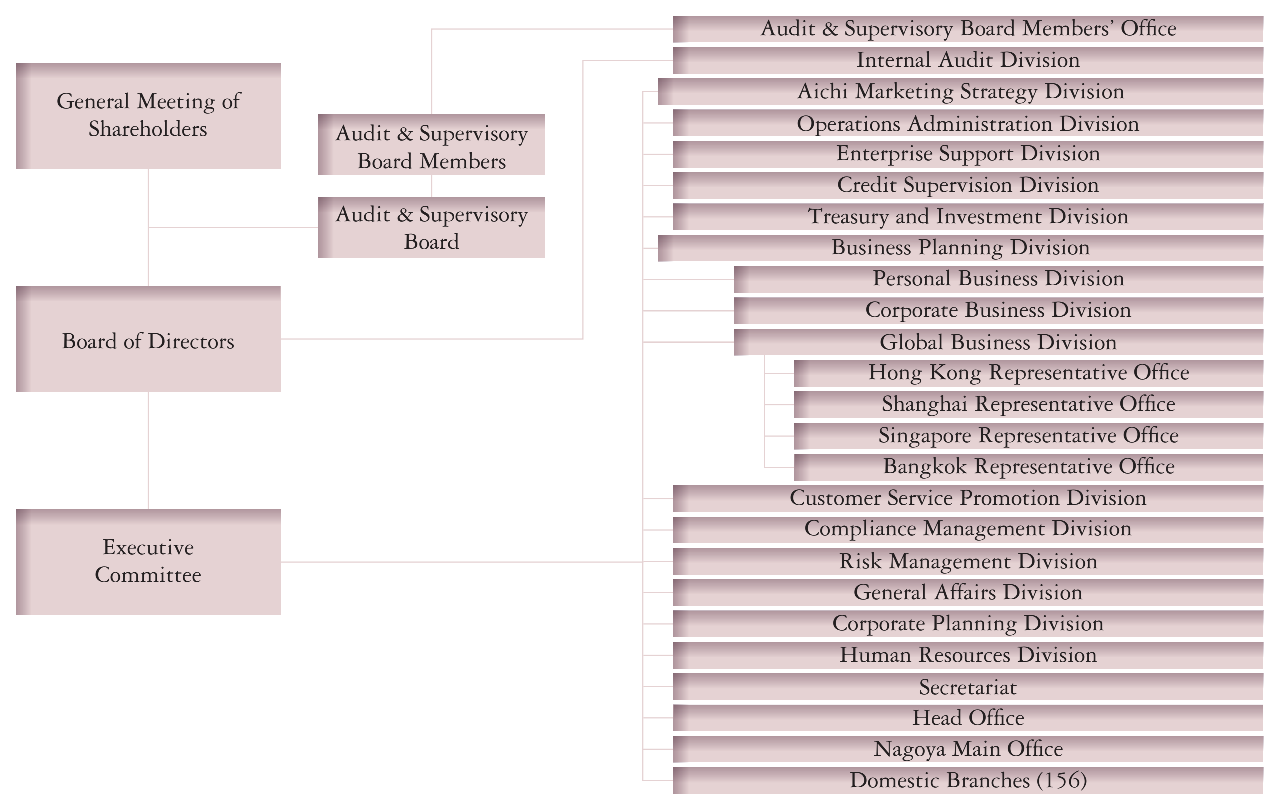

Takeyoshi Asai
Managing Director


Hiroyuki Ota
Managing Director


Kenji Mori
Managing Director

Organization Chart

The Juroku Bank, Ltd. (as of June 30, 2015)



Financial Review

Business Environment

During the fiscal year under review, the Japanese economy was underpinned by improved employment, private-sector capital investment, and public expenditure thanks to the effects of the depreciation of the yen and rising stock prices brought about by "Abenomics." However, personal consumption and housing investment have been sluggish throughout the fiscal year due to the consumption-tax hike.

In the region of the Bank's core business foundation, Gifu and Aichi prefectures, in addition to improved employment condition, there have been benefits from the depreciating yen, with industrial production, such as automobiles, electronic parts, and general-purpose machinery remaining at a high level. The region has also seen an increase of foreign tourists.

Performance

Ordinary income from banking operations increased by ¥15,905 million to ¥102,763 million (US$855 million), mainly due to an increase in investment trust related commissions reflecting the rise in fees and commissions and net gain on securities. Ordinary expenses decreased by ¥535 million to ¥67,846 million (US$565 million), due primary to a decrease in credit costs in addition to the decrease in net loss on securities, despite the increase in operating expenses attributable to the consumption-tax hike. As a result, ordinary profit increased by ¥16,439 million to ¥34,916 million (US$291 million).

In the leasing business, ordinary income decreased by ¥2,437 million to ¥20,499 million (US$171 million), while ordinary expenses increased by ¥419 million to ¥19,174 million (US$160 million) and ordinary profit decreased by ¥2,856 million to ¥1,325 million (US$11 million).

In other businesses, including the credit card business and credit guarantee business, ordinary income increased by ¥160 million to ¥5,851 million (US$49 million), while ordinary expenses decreased by ¥146 million to ¥4,020 million (US$33 million) and ordinary profit increased by ¥306 million to ¥1,831 million (US$15 million).

As a result, ordinary income on a consolidated basis increased by ¥16,321 million to ¥127,535 million (US$1,061 million) and ordinary expenses decreased by ¥379 million to ¥89,472 million (US$745 million), while ordinary profit increased by ¥16,701 million to ¥38,063 million (US$317 million) and net income increased by ¥5,925 million to ¥22,799 million (US$190 million).

Financial Position

In relation to balance of deposits, while striving to procure low cost and stable, long-term funds at low cost through various sales activities such as special campaigns, the Bank also worked to strengthen its lineup of investment products, particularly for individuals. These included investment trusts, public bonds, pension insurance, and whole life insurance as a positive response to growing and diversifying asset management needs.

As a result, our balance of deposits as of March 31, 2015 increased by ¥232.0 billion to ¥5,387.4 billion (US$44,831 million).

In lending activities, the Bank responded actively to demand for funds from local enterprises and local government entities. Along with this, we worked actively to provide mortgage loans and other financing to individuals. As a result, both loans to individual customers and corporate loans increased. Consequently, our balance of loans as of March 31, 2015 increased by ¥ 114.1 billion to ¥3,865.6 billion (US$32,168 million).

With regard to securities, in addition to underwriting and purchasing central and local government bonds, while closely watching market conditions, the Bank engaged in bond and other securities transactions in order to efficiently manage funds.

As a result, our balance of securities as of March 31, 2015 decreased by ¥94.7 billion to ¥1,662.6 billion (US$13,835 million).

Net cash provided by operating activities amounted to ¥171,710 million (US$1,429 million), an increase of ¥125,497 million from the previous term, mainly as a result of an increase in deposits. Net cash provided by investing activities amounted to ¥168,540 million (US$1,403 million), an increase of ¥440,321 million from the previous term, mainly as a result of an increase in proceeds from sales of securities. Net cash used in financing activities amounted to ¥32,947 million (US$274 million), a decrease of ¥22,130 million from the previous term, mainly as a result of an increase in payment for acquisition of treasury stock. As a result, the closing balance of cash and cash equivalents increased by ¥307,332 million during the term under review, to ¥398,995 million (US$3,320 million).

Consolidated Balance Sheet

The Juroku Bank, Ltd. and Consolidated Subsidiaries *March 31, 2015*

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2015	2014	2015
ASSETS:			
Cash and due from banks (Notes 4 and 26)	¥ 399,141	¥ 94,427	$ 3,321,470
Call loans	1,000	1,000	8,322
Trading securities (Notes 5 and 26)	1,457	1,037	12,124
Money held in trust (Notes 6 and 26)	11,649	10,493	96,938
Securities (Notes 5, 12 and 26)	1,658,277	1,752,778	13,799,426
Loans and bills discounted (Notes 7 and 26)	3,854,595	3,740,679	32,076,184
Foreign exchanges (Notes 7 and 8)	13,405	6,300	111,550
Lease receivables and investments in leases (Notes 12 and 25)	44,314	43,239	368,761
Other assets (Notes 9, 12 and 28)	39,725	39,103	330,573
Premises and equipment (Note 10)	65,607	65,010	545,952
Goodwill	3,853	4,098	32,063
Intangible assets	5,086	4,894	42,323
Asset for retirement benefits for employees (Note 17)	8,080	—	67,238
Deferred tax assets (Note 24)	619	860	5,151
Customers' liabilities for acceptances and guarantees (Note 11)	19,907	23,416	165,657
Reserve for possible loan losses (Note 26)	(38,212)	(41,380)	(317,983)
Total Assets	¥6,088,503	¥5,745,954	$50,665,749
LIABILITIES AND EQUITY:			
Liabilities:			
Deposits (Notes 12, 13 and 26)	¥5,227,369	¥5,026,136	$43,499,784
Negotiable certificates of deposit (Note 26)	133,976	106,012	1,114,887
Call money	—	14,923	—
Payables under securities lending transactions (Notes 12 and 26)	192,513	115,969	1,602,006
Borrowed money (Notes 12 and 14)	54,997	57,072	457,660
Foreign exchanges (Note 8)	1,074	786	8,937
Bonds (Note 15)	10,000	10,000	83,215
Other liabilities (Notes 16, 18 ,25 and 28)	49,789	45,039	414,321
Liability for retirement benefits for employees (Note 17)	5,887	10,832	48,989
Liability for retirement benefits for directors and Audit & Supervisory Board members	5	5	42
Deferred tax liabilities (Note 24)	24,958	3,991	207,689
Deferred tax liabilities for land revaluation surplus	7,845	8,683	65,283
Acceptances and guarantees (Note 11)	19,907	23,416	165,657
Total Liabilities	5,728,320	5,422,864	47,668,470
Commitments and Contingent Liabilities (Notes 25 and 27)			
Equity (Notes 19, 20 and 31):			
Common stock: authorized, 440,000,000 shares; issued, 379,241,348 shares in 2015 and 2014	36,839	36,839	306,557
Preferred stock: authorized, nil in 2015 and 20,000,000 shares in 2014; issued, nil in 2015 and 20,000,000 shares in 2014			
Capital surplus	47,815	47,817	397,895
Stock acquisition rights	66	27	549
Retained earnings	167,820	162,910	1,396,522
Treasury stock - at cost: 5,567,927 shares in 2015 and 5,556,037 shares in 2014	(1,540)	(1,532)	(12,815)
Accumulated other comprehensive income			
Unrealized gain on available-for-sale securities (Note 5)	76,289	49,010	634,842
Land revaluation surplus	14,386	13,602	119,714
Defined retirement benefit plan	2,471	(871)	20,563
Total	344,146	307,802	2,863,827
Minority interests	16,037	15,288	133,452
Total Equity	360,183	323,090	2,997,279
Total Liabilities and Equity	¥6,088,503	¥5,745,954	$50,665,749

See notes to consolidated financial statements.

Consolidated Statement of Income

The Juroku Bank, Ltd. and Consolidated Subsidiaries *Year Ended March 31, 2015*

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2015	2014	2015
Income:			
Interest on:			
Loans and discounts	¥ 48,813	¥ 51,730	$ 406,199
Securities	17,587	15,251	146,351
Other	272	237	2,263
Fees and commissions	17,729	16,338	147,533
Other operating income (Note 21)	32,415	22,076	269,743
Gain on negative goodwill (Notes 3 and 32)	8	4,319	67
Other income (Note 22)	11,090	6,042	92,286
Total Income	127,914	115,993	1,064,442
Expenses:			
Interest on:			
Deposits	4,317	4,361	35,924
Borrowings and re-discounts	645	778	5,367
Other	224	166	1,864
Fees and commissions	6,127	5,708	50,986
Other operating expenses	18,926	18,675	157,494
General and administrative expenses (Note 23)	55,815	55,294	464,467
Provision for possible loan losses	1,961	2,588	16,319
Impairment loss on long-lived assets	141	95	1,173
Other expenses	1,530	2,456	12,732
Total Expenses	89,686	90,121	746,326
Income before Income Taxes and Minority Interests	38,228	25,872	318,116
Income Taxes (Note 24):			
Current	6,564	3,044	54,623
Deferred	7,848	5,430	65,307
Total Income Taxes	14,412	8,474	119,930
Net Income before Minority Interests	23,816	17,398	198,186
Minority Interests in Net Income	1,017	523	8,463
Net Income	¥ 22,799	¥ 16,875	$ 189,723

	Yen		U.S. Dollars
	2015	2014	2015
Per Share of Common Stock (Notes 2.u and 30):			
Basic net income	¥60.48	¥44.57	$0.50
Diluted net income	53.56	39.16	0.45
Cash dividends applicable to the year			
Common stock	7.00	7.00	0.06
Preferred stock	11.00	8.50	0.09

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

The Juroku Bank, Ltd. and Consolidated Subsidiaries *Year Ended March 31, 2015*

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2015	2014	2015
Net income before minority interests	¥ 23,816	¥ 17,398	$ 198,186
Other comprehensive income (Note 29):			
Unrealized gain on available-for-sale securities	27,405	2,948	228,052
Land revaluation surplus	819	0	6,815
Defined retirement benefit plan	3,342	—	27,811
Total other comprehensive income	31,566	2,948	262,678
Comprehensive income	¥ 55,382	¥ 20,346	$ 460,864
Total comprehensive income attributable to:			
Owners of the parent	¥ 54,237	¥ 19,888	$ 451,336
Minority interests	1,145	458	9,528

See notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

The Juroku Bank, Ltd. and Consolidated Subsidiaries *Year Ended March 31, 2015*

	Thousands		Millions of Yen										
								Accumulated Other Comprehensive Income					
	Outstanding Number of Shares of Common Stock	Outstanding Number of Shares of Preferred Stock	Common Stock	Capital Surplus	Stock Acquisition Rights	Retained Earnings	Treasury Stock	Unrealized Gain on Available-for-sale Securities	Land Revaluation Surplus	Defined Retirement Benefit Plan	Total	Minority Interests	Total Equity
Balance at April 1, 2013	373,725	20,000	¥36,839	¥47,816	—	¥148,804	¥(1,515)	¥45,997	¥13,619	—	¥291,560	¥21,813	¥313,373
Net income	—	—	—	—	—	16,875	—	—	—	—	16,875	—	16,875
Cash dividends, ¥7.00 per share on common stock and ¥8.50 per share on preferred stock	—	—	—	—	—	(2,786)	—	—	—	—	(2,786)	—	(2,786)
Transfer of land revaluation surplus	—	—	—	—	—	17	—	—	—	—	17	—	17
Purchase of treasury stock	(57)	—	—	—	—	—	(22)	—	—	—	(22)	—	(22)
Disposal of treasury stock	17	—	—	1	—	—	5	—	—	—	6	—	6
Net change in the year	—	—	—	—	¥27	—	—	3,013	(17)	¥(871)	2,152	(6,525)	(4,373)
Balance at March 31, 2014 (April 1, 2014, as previously reported)	373,685	20,000	36,839	47,817	27	162,910	(1,532)	49,010	13,602	(871)	307,802	15,288	323,090
Cumulative effect of accounting change	—	—	—	—	—	4,998	—	—	—	—	4,998	—	4,998
Balance at April 1, 2014 (as restated)	373,685	20,000	36,839	47,817	27	167,908	(1,532)	49,010	13,602	(871)	312,800	15,288	328,088
Net income	—	—	—	—	—	22,799	—	—	—	—	22,799	—	22,799
Cash dividends, ¥7.00 per share on common stock and ¥11.00 per share on preferred stock	—	—	—	—	—	(2,836)	—	—	—	—	(2,836)	—	(2,836)
Transfer of land revaluation surplus	—	—	—	—	—	35	—	—	—	—	35	—	35
Purchase of treasury stock	(36)	—	—	—	—	—	(15)	—	—	—	(15)	—	(15)
Disposal of treasury stock	25	—	—	2	—	—	7	—	—	—	9	—	9
Purchase of preferred stock	—	(20,000)	—	—	—	—	(20,090)	—	—	—	(20,090)	—	(20,090)
Retirement of preferred stock	—	—	—	(4)	—	(20,086)	20,090	—	—	—	—	—	—
Net change in the year	—	—	—	—	39	—	—	27,279	784	3,342	31,444	749	32,193
Balance at March 31, 2015	373,674	—	¥36,839	¥47,815	¥66	¥167,820	¥(1,540)	¥76,289	¥14,386	¥2,471	¥344,146	16,037	¥360,183

	Thousands of U.S. Dollars (Note 1)										
						Accumulated Other Comprehensive Income					
	Common Stock	Capital Surplus	Stock Acquisition Rights	Retained Earnings	Treasury Stock	Unrealized Gain on Available-for-sale Securities	Land Revaluation Surplus	Defined Retirement Benefit Plan	Total	Minority Interests	Total Equity
Balance at March 31, 2014 (April 1, 2014, as previously reported)	$306,557	$397,911	$225	$1,355,663	$(12,748)	$407,839	$113,190	$(7,248)	$2,561,389	$127,220	$2,688,609
Cumulative effect of accounting change	—	—	—	$ 41,591	—	—	—	—	$ 41,591	—	$ 41,591
Balance at April 1, 2014 (as restated)	306,557	397,911	225	1,397,254	(12,748)	407,839	113,190	(7,248)	2,602,980	127,220	2,730,200
Net income	—	—	—	189,723	—	—	—	—	189,723	—	189,723
Cash dividends, $0.06 per share on common stock and $0.09 per share on preferred stock	—	—	—	(23,600)	—	—	—	—	(23,600)	—	(23,600)
Transfer of land revaluation surplus	—	—	—	292	—	—	—	—	292	—	292
Purchase of treasury stock	—	—	—	—	(125)	—	—	—	(125)	—	(125)
Disposal of treasury stock	—	17	—	—	58	—	—	—	75	—	75
Purchase of preferred stock	—	—	—	—	(167,180)	—	—	—	(167,180)	—	(167,180)
Retirement of preferred stock	—	(33)	—	(167,147)	167,180	—	—	—	—	—	—
Net change in the year	—	—	324	—	—	227,003	6,524	27,811	261,662	6,232	267,894
Balance at March 31, 2015	$306,557	$397,895	$549	$1,396,522	$(12,815)	$634,842	$119,714	$20,563	$2,863,827	$133,452	$2,997,279

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

The Juroku Bank, Ltd. and Consolidated Subsidiaries *Year Ended March 31, 2015*

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
Operating Activities:	2015	2014	2015
Income before income taxes and minority interests	¥ 38,228	¥ 25,872	$ 318,116
Adjustments for:			
Income taxes - paid	(4,157)	(1,488)	(34,593)
Income taxes - refund	11	12	92
Depreciation	3,876	3,898	32,254
Impairment loss on long-lived assets	141	95	1,173
Interest income recognized on statements of income	(66,672)	(67,218)	(554,813)
Interest expense recognized on statements of income	5,186	5,305	43,155
(Gain) loss on change in equity	(284)	25	(2,363)
Net gain on securities	(17,791)	(2,709)	(148,049)
Unrealized loss on derivatives	217	54	1,806
Net decrease in reserve for possible loan losses	(3,168)	(1,985)	(26,363)
Net increase in asset for retirement benefits for employees	(526)	—	(4,377)
Net increase (decrease) in liability for retirement benefits for employees	109	(490)	907
Net decrease in liability for retirement benefits for directors and Audit & Supervisory Board members	(1)	(427)	(8)
Net increase in loans	(113,916)	(93,947)	(947,957)
Net increase in deposits	201,234	25,088	1,674,578
Net increase (decrease) in negotiable certificates of deposit	27,964	(25,748)	232,704
Net decrease (increase) in due from banks (excluding cash equivalents)	2,618	(2,078)	21,786
Net decrease in call loans and others	—	59,000	—
Net (decrease) increase in call money and others	(14,923)	14,923	(124,182)
Net (increase) decrease in money held in trust	(1,156)	127	(9,620)
Net increase in payables under securities lending transactions	76,544	67,054	636,964
Net increase in lease receivables and investments in leases	(1,075)	(2,676)	(8,946)
Interest income - cash basis	68,850	70,312	572,938
Interest expense - cash basis	(5,703)	(7,822)	(47,458)
Other - net	(23,896)	(18,964)	(198,852)
Total adjustments	133,482	20,341	1,110,776
Net cash provided by operating activities	171,710	46,213	1,428,892
Investing Activities:			
Purchases of securities	(723,522)	(743,193)	(6,020,821)
Proceeds from sales of securities	727,260	151,880	6,051,926
Proceeds from maturities of securities	169,816	323,625	1,413,132
Purchases of premises and equipment	(3,258)	(2,070)	(27,112)
Purchases of intangible assets	(2,050)	(405)	(17,059)
Proceeds from sales of premises and equipment	443	1,169	3,687
Proceeds from sales of intangible assets	—	1	—
Other - net	(149)	(2,788)	(1,240)
Net cash provided by (used in) investing activities	168,540	(271,781)	1,402,513
Financing Activities:			
Repayment of subordinated loans	(10,000)	(8,000)	(83,216)
Proceeds from sales of treasury stock	2	1	17
Acquisition of treasury stock	(20,105)	(22)	(167,305)
Dividends paid	(2,844)	(2,797)	(23,666)
Net cash used in financing activities	(32,947)	(10,818)	(274,170)
Foreign Currency Translation Adjustments on Cash and Cash Equivalents	29	19	242
Net Increase (Decrease) in Cash and Cash Equivalents	307,332	(236,367)	2,557,477
Cash and Cash Equivalents, Beginning of Year	91,663	328,030	762,778
Cash and Cash Equivalents, End of Year (Note 4)	¥398,995	¥ 91,663	$3,320,255

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

The Juroku Bank, Ltd. and Consolidated Subsidiaries *Year Ended March 31, 2015*

1. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and the Enforcement Regulation for the Banking Law, and in accordance with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

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

The consolidated financial statements are stated in Japanese yen, the currency of the country in which The Juroku Bank, Ltd. (the "Bank") is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥120.17 to $1, the approximate rate of exchange at March 31, 2015. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Consolidation

The consolidated financial statements as of March 31, 2015, include the accounts of the Bank and its seven (eight in 2014) significant subsidiaries, including Juroku Business Service Co., Ltd., Juroku Research Institute Co., Ltd., Juroku Card Co., Ltd., Juroku Lease Co., Ltd., Juroku Computer Service Co., Ltd., Juroku Credit Guarantee Co., Ltd., and The Gifugin Hosho Services Co., Ltd. (together, the "Group").

Following the establishment of Juroku Research Institute Co., Ltd., the Bank includes it in the scope of consolidation as of March 31, 2014. Juroku Capital Co., Ltd. is excluded from consolidation as of March 31, 2014, because it was merged with Juroku Lease Co., Ltd.

Juroku JCB Co., Ltd. is excluded from consolidation as of March 31, 2015, because it was merged with Juroku DC Card Co., Ltd., which was renamed to Juroku Card Co., Ltd.

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

Investments in six (six in 2014) unconsolidated subsidiaries are stated at cost. If the equity method of accounting had been applied to the investments in these companies, the effect on the accompanying consolidated financial statements would not be material.

The excess of the cost of acquisition over the fair value of the net assets of an acquired subsidiary at the date of acquisition is being amortized over a period of 20 years.

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

The balance sheet date for all consolidated subsidiaries is the end of March for each year, which is consistent with the balance sheet date of the Group.

b. Business Combination

In October 2003, the Business Accounting Council issued a Statement of Opinion, "Accounting for Business Combinations," and in December 2005, the Accounting Standards Board of Japan (the "ASBJ") issued ASBJ Statement No. 7, "Accounting Standard for Business Divestitures" and ASBJ Guidance No. 10, "Guidance for Accounting Standard for Business Combinations and Business Divestitures." The accounting standard for business combinations allowed companies to apply the pooling-of-interests method of accounting only when certain specific criteria were met such that the business combination was essentially regarded as a uniting-of-interests. For business combinations that did not meet the uniting-of-interests criteria, the business combination was considered to be an acquisition and the purchase method of accounting was required. This standard also prescribed the accounting for combinations of entities under common control and for joint ventures.

In December 2008, the ASBJ issued a revised accounting standard for business combinations, ASBJ Statement No. 21, "Accounting Standard for Business Combinations." Major accounting changes under the revised accounting standard are as follows: (1) The revised standard requires accounting for business combinations only by the purchase method. As a result, the pooling of interests method of accounting is no longer allowed. (2) The previous accounting standard required research and development costs to be charged to income as incurred. Under the revised standard, in-process research and development costs (IPR&D) acquired in the business combination are capitalized as an intangible asset. (3) The previous accounting standard provided for a bargain purchase gain (negative goodwill) to be systematically amortized over a period not exceeding 20 years. Under the revised standard, the acquirer recognizes the bargain purchase gain in profit or loss immediately on the acquisition date after reassessing and confirming that all of the assets acquired and all of the liabilities assumed have been identified after a review of the procedures used in the purchase price allocation.

c. Cash and cash equivalents

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

d. Trading securities

Trading securities are stated at fair value and the related unrealized gains and losses are included in earnings. The cost of trading securities sold is determined based on the moving-average method.

e. Securities

Securities other than trading securities are classified and accounted for, depending on management's intent, as follows: 1) held-to-maturity debt securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity, are reported at amortized cost and 2) available-for-sale securities, which are not classified as held-to-maturity, are reported at fair value with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity. Non-marketable available-for-sale securities are stated at cost determined by the moving-average method.

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

Securities included in money held in trust for trading purposes are stated at fair value, and the related unrealized gains and losses are included in earnings.

f. Premises and equipment

Premises and equipment are stated at cost less accumulated depreciation. Depreciation of premises and equipment of the Bank, except for leased assets, is computed by the declining-balance method over the estimated useful lives of the assets. Depreciation of premises and equipment of the consolidated subsidiaries, except for leased assets, is computed principally by the same method as the Bank.

The range of useful lives is principally from 15 to 50 years for buildings and from four to 20 years for other premises and equipment.

Depreciation of lease assets from finance lease transactions that do not deem to transfer ownership of the leased property to the lessee is computed using the straight-line method over the leasing period. Residual values of lease assets are the guaranteed values determined in the lease contracts or zero for assets without such guaranteed value.

Under certain conditions, such as exchanges of premises and equipment for similar kinds and sales and purchases resulting from expropriation, Japanese tax laws 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 deferred gain on premises and equipment by reducing the cost of the assets acquired, which is taxable for tax purposes in the future, was ¥1,048 million ($8,721 thousand) and ¥1,064 million as of March 31, 2015 and 2014, respectively.

g. 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.

h. Land revaluation

Under the "Law of Land Revaluation," 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, 1998.

The resulting land revaluation surplus represents unrealized appreciation of land and is 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.

The carrying amount of the land after the above one-time revaluation exceeded the market value by ¥20,275 million ($168,719 thousand) and ¥20,440 million as of March 31, 2015 and 2014, respectively.

i. Intangible assets
Amortization of intangible assets is calculated by the straight-line method.

Amortization cost for software for internal use is calculated by the straight-line method over the estimated useful life, principally, five years.

j. Reserve for possible loan losses
The Bank implemented a self-assessment system for its asset quality. The quality of all loans is assessed by the related lending division with a subsequent audit by the asset audit division in accordance with the Bank's policies and rules for self-assessment of asset quality.

The Bank has established a credit rating system under which the customers are classified into five categories such as "normal," "caution," "possible bankruptcy," "virtual bankruptcy" and "legal bankruptcy." The credit rating system is used for the self-assessment of asset quality.

For normal and caution loans, the reserve for possible loan losses is calculated based on actual past loss ratios. For loans such as possible bankruptcy, the reserve for possible loan losses is calculated based on an amount deemed necessary to cover possible losses on loans considering the customer's solvency and other factors, after the estimated fair value of the collateral real estate or guaranteed amount has been deducted. For loans such as virtual bankruptcy or legal bankruptcy, the reserve for possible loan losses is calculated based upon the loan amount after the estimated fair value of the collateral real estate or guaranteed amount has been deducted.

For loans to possible bankruptcy customers and a rescheduled loan, if the exposure to a customer after deducting the estimated value of the collateral or guaranteed amount exceeds a certain amount, the discounted cash flow method is applied for reserve provision, under which the reserve is determined as the difference between the book value of the loan and its present value of future cash flows discounted using the contractual interest rate in the case that future cash flows of the principal and interest can be reasonably estimated.

Reserve for possible loan losses of consolidated subsidiaries is provided based on historical loan loss experience and estimated collectability of specific claims.

k. Liability for retirement benefits
The Bank has a contributory funded defined benefit pension plan and lump-sum payment severance plan for employees, and certain subsidiaries have lump-sum payment severance plans for employees and apply the simplified method to state the liability based on the amount that should be paid if employees retired at the consolidated balance sheet date.

The liability for retirement benefits is provided based on projected benefit obligations and plan assets at the end of the fiscal year. The projected benefit obligations are attributed to periods on a benefit formula basis. Any actuarial differences are amortized by the straight-line method mainly over 10 years within the average of employees' remaining service period, starting in the fiscal year following the occurrence of such differences.

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 for employees) or asset (asset for retirement benefits for employees).

(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.

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

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

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

With respect to (c) above, the Bank 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 which 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, decreased by ¥3,443 million ($28,651 thousand), and asset for retirement benefit, deferred tax liabilities, and retained earnings as of April 1, 2014, increased by ¥4,222 million ($35,134 thousand), ¥2,667 million ($22,194 thousand), and ¥4,998 million ($41,591 thousand), respectively, and income before income taxes and minority interests for the year ended March 31, 2015, increased by ¥200 million ($1,664 thousand). The effect on per share information is disclosed in the Note 30 to the consolidated financial statements.

Liability for retirement benefits for directors and Audit & Supervisory Board members of consolidated subsidiaries are provided at the amount that would be required if all directors and Audit & Supervisory Board members retired at the balance sheet date.

l. Stock option
ASBJ Statement No.8, "Accounting Standard for Stock Options" and related guidance are applicable to stock options granted on and after May 1, 2006. This standard requires companies to recognize compensation expense for employee stock options based on the fair value at the date of grant and over the vesting period as consideration for receiving goods or services. The standard also requires companies to account for stock options granted to non employees based on the fair value of either the stock option or the goods or services received. In the consolidated balance sheet, the stock option is presented as a stock acquisition right as a separate component of equity until exercised.

m. 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.

(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 was disclosed in the note to the lessee's financial statements. The revised accounting standard requires that all finance lease transactions be capitalized by recognizing lease assets and lease obligations in the balance sheet. In addition, 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 continue to be accounted for as operating lease transactions with certain "as if capitalized" information disclosed in the notes to the lessee's financial statements.

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

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

The Group applied the revised accounting standard effective April 1, 2008. For the finance lease contracts that existed on adoption and do not transfer ownership of the leased property to the lessee, the appropriate carrying amount of the leased assets (after deducting accumulated depreciation) at adoption is used as the beginning value of the investments in leases. Interest revenues of these finance lease contracts that existed at the adoption are calculated by the straight-line method over the remaining lease period as accepted by ASBJ Guidance No. 16, "Guidance on Accounting Standard for Lease Transaction." As a result of this treatment, income before income taxes and minority interests is ¥85 million ($707 thousand), ¥203 million larger than the same calculated using the new standards for the contracts that existed at the adoption for the years ended March 31, 2015 and 2014, respectively.

In regard to finance lease, sales and cost of sales are accounted when lease payments are paid.

All other leases are accounted for as operating leases.

n. Bonuses to directors and Audit & Supervisory Board members
Bonuses to directors and Audit & Supervisory Board members of consolidated subsidiaries are accrued at the end of the year to which such bonuses are attributable.

o. Provision for losses from reimbursement of inactive accounts
The provision for losses from reimbursement of inactive accounts, which are derecognized as liabilities under certain conditions, is provided for possible losses on future claims of withdrawal based on historical reimbursement experience.

p. Provision for contingent losses
The provision for contingent losses is provided for the estimated future payments to credit guarantee corporations due to the implementation of a loss-sharing system.

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

r. Foreign currency transactions
Foreign currency assets and liabilities of the Group are translated into yen equivalents at the exchange rates prevailing at the fiscal year end.

s. Derivatives and hedging activities
The Bank uses a variety of derivative financial instruments.

Derivative financial instruments and foreign currency transactions are classified and accounted for as follows: (1) all derivatives are recognized as either assets or liabilities and measured at fair value, and gains or losses on the derivative transactions are recognized in the consolidated statement of income and (2) for derivatives used for hedging purposes, if the derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on the derivatives are deferred until maturity of the hedged transactions.

The interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value but the differential paid or received under the swap agreements are recognized and included in interest expense or income. All other derivatives are recognized as either assets or liabilities and measured at fair value and gains or losses on derivative transactions are recognized in the consolidated statement of income.

t. Consumption taxes
The Company and its domestic consolidated subsidiaries account for consumption tax and local consumption tax by the tax-exclusion method.

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 statement of income are dividends applicable to the respective years including dividends to be paid after the end of the year.

v. Accounting Changes and Error Corrections
In December 2009, the ASBJ issued ASBJ Statement No. 24, "Accounting Standard for Accounting Changes and Error Corrections," and ASBJ Guidance No. 24, "Guidance on Accounting Standard for Accounting Changes and Error Corrections." Accounting treatments under this standard and guidance are as follows: (1) Changes in Accounting Policies—When a new accounting policy is applied following a revision of an accounting standard, the new policy is applied retrospectively unless the revised accounting standard includes specific transitional provisions, in which case the entity shall comply with the specific transitional provisions. (2) Changes in Presentation—When the presentation of financial statements is changed, prior-period financial statements are reclassified in accordance with the new presentation. (3) Changes in Accounting Estimates—A change in an accounting estimate is accounted for in the period of the change if the change affects that period only, and is accounted for prospectively if the change affects both the period of the change and future periods. (4) Corrections of Prior-Period Errors—When an error in prior-period financial statements is discovered, those statements are restated.

3. BUSINESS COMBINATION

For the year ended March 31, 2015
On April 1, 2014, a consolidated subsidiary, Juroku JCB Co., Ltd. was merged into Juroku DC Card Co., Ltd., another consolidated subsidiary. This transaction was made to advance the credit card business and the effectiveness of Group management. The transaction was accounted for as a business combination under common control in accordance with ASBJ Statement No. 21, "Accounting Standard for Business Combinations" and ASBJ Guidance No. 10, "Guidance for Accounting Standard for Business Combinations and Business Divestitures." As a result, the Bank recognized gain on change in equity included in other income in the amount of ¥284 million ($2,363 thousand) for the year ended March 31, 2015.

For the year ended March 31, 2014
Acquisition of Additional Shares of a Subsidiary

On September 27, 2013, the Bank acquired additional shares of Juroku DC Card Co., Ltd., Juroku Computer Service Co., Ltd., and Juroku Credit Guarantee Co., Ltd., consolidated subsidiaries of the Bank that operate credit card business, computer related business, and credit guarantee business, respectively, owned by Juroku Lease Co., Ltd., a consolidated subsidiary, in exchange for treasury stock of the Bank of ¥2,525 million to strengthen the governance through the change in capital structure of the Group. This transaction has been eliminated in consolidation since this acquisition is an intercompany transaction.

The voting rights for each subsidiary before and after the acquisition were as follows:

Name of the entity	Before the acquisition	After the acquisition
Juroku DC Card Co., Ltd.	6.40%	22.16%
Juroku Computer Service Co., Ltd.	5.00%	19.03%
Juroku Credit Guarantee Co., Ltd.	3.00%	19.00%

The Bank accounted for this transaction as a transaction under common control pursuant to ASBJ Statement No. 21, "Accounting Standard for Business Combinations" and ASBJ Guidance No. 10, "Guidance on Accounting Standard for Business Combinations and Business Divestitures" issued on December 26, 2008.

The Bank recognized a gain from negative goodwill of ¥2,454 million arising from the transaction, since the acquisition cost was lower than the decrease in minority interests.

Acquisition of Additional Shares of a Subsidiary
On December 3, 2013, the Bank acquired additional shares of Juroku JCB Co., Ltd., a consolidated subsidiary of the Bank which operates credit card business, owned by minority shareholders and consolidated subsidiaries, in exchange for cash and due from banks in the amount of ¥150 million to strengthen governance through a change in the capital structure of the Group. The amount of cash and due from banks is for the transaction with minority shareholders and the transaction with consolidated subsidiaries has been eliminated in consolidation since this acquisition is an intercompany transaction.

The voting rights for the subsidiary before and after the acquisition were as follows:

Name of the entity	Before the acquisition	After the acquisition
Juroku JCB Co., Ltd.	5.00%	95.00%

The Bank accounted for this transaction as a transaction under common control pursuant to ASBJ Statement No. 21, and ASBJ Guidance No. 10 issued on December 26, 2008.

The Bank recognized a gain from negative goodwill of ¥249 million arising from the transaction, since the acquisition cost was lower than the decrease in minority interests.

Acquisition of Additional Shares of a Subsidiary
On March 10, 2014, the Bank acquired additional shares of Juroku Lease Co., Ltd. and Juroku Credit Guarantee Co., Ltd., consolidated subsidiaries of the Bank which operate Lease business and credit guarantee business, respectively, owned by minority shareholders, in exchange for cash and due from banks in the amount of ¥2,529 million to strengthen governance through a change in the capital structure of the Group.

The voting rights for the subsidiaries before and after the acquisition were as follows:

Name of the entity	Before the acquisition	After the acquisition
Juroku Lease Co., Ltd.	19.89%	35.78%
Juroku Credit Guarantee Co., Ltd.	19.00%	28.00%

The Bank accounted for this transaction as a transaction with minority shareholders pursuant to ASBJ Statement No. 21, and ASBJ Guidance No. 10, issued on December 26, 2008.

The Bank recognized a gain from negative goodwill of ¥1,616 million arising from the transaction, since the acquisition cost was lower than the decrease in minority interests.

4. CASH AND DUE FROM BANKS
Cash and due from banks as of March 31, 2015 and 2014, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Cash	¥ 76,450	¥65,743	$ 636,182
Due from banks	322,691	28,684	2,685,288
Total	¥399,141	¥94,427	$3,321,470

A reconciliation between the cash and due from banks in the consolidated balance sheet and the cash and cash equivalents in the consolidated statement of cash flows for the years ended March 31, 2015 and 2014, was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Cash and due from banks	¥399,141	¥94,427	$3,321,470
Due from banks other than the Bank of Japan	(146)	(2,764)	(1,215)
Cash and cash equivalents	¥398,995	¥91,663	$3,320,255

5. TRADING SECURITIES AND SECURITIES
Trading securities as of March 31, 2015 and 2014, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
National government bonds	¥1,419	¥1,018	$11,808
Local government bonds	38	19	316
	¥1,457	¥1,037	$12,124

The Bank records net valuation gains and losses as other operating income and expenses, respectively. For the years ended March 31, 2015 and 2014, the Bank recorded net valuation losses of ¥10million ($83thousand) and net valuation losses of ¥(0) million, respectively.

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

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Equity securities	¥ 146,206	¥ 118,442	$ 1,216,660
National government bonds	613,382	539,761	5,104,286
Local government bonds	211,650	395,261	1,761,255
Corporate bonds	395,790	483,408	3,293,584
Other securities	291,249	215,906	2,423,641
Total	¥1,658,277	¥1,752,778	$13,799,426

Information regarding available-for-sale and held-to-maturity securities as of March 31, 2015 and 2014, was as follows:

	Millions of Yen			
March 31, 2015	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	¥ 60,908	¥79,801	¥1,622	¥ 139,087
Debt securities	1,174,002	19,808	363	1,193,447
Other	275,236	13,725	553	288,408
Held-to-maturity:				
Debt securities	27,375	199	39	27,535

	Millions of Yen			
March 31, 2014	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	¥ 63,371	¥50,418	¥2,474	¥ 111,315
Debt securities	1,360,932	24,473	253	1,385,152
Other	211,004	3,073	1,565	212,512
Held-to-maturity:				
Debt securities	33,278	259	58	33,479

	Thousands of U.S. Dollars			
March 31, 2015	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	$ 506,849	$664,068	$13,498	$1,157,419
Debt securities	9,769,510	164,833	3,021	9,931,322
Other	2,290,389	114,213	4,602	2,400,000
Held-to-maturity:				
Debt securities	227,802	1,656	324	229,134

Proceeds from sales of available-for-sale securities for the years ended March 31, 2015 and 2014, consisted of the following:

	Millions of Yen		
March 31, 2015	Proceeds	Realized Gains	Realized Losses
Equity securities	¥ 12,946	¥ 5,973	¥ 133
Debt securities:			
National government bonds	226,109	2,619	—
Local government bonds	179,054	3,919	17
Corporate bonds	26,640	464	3
Other	259,118	5,956	964
Total	¥703,867	¥18,931	¥1,117

	Millions of Yen		
March 31, 2014	Proceeds	Realized Gains	Realized Losses
Equity securities	¥ 5,760	¥2,264	¥ 303
Debt securities:			
National government bonds	101,150	629	846
Local government bonds	22,075	309	29
Corporate bonds	7,917	41	27
Other	13,987	1,086	280
Total	¥150,889	¥4,329	¥1,485

	Thousands of U.S. Dollars		
March 31, 2015	Proceeds	Realized Gains	Realized Losses
Equity securities	$ 107,731	$ 49,705	$1,107
Debt securities:			
National government bonds	1,881,576	21,794	—
Local government bonds	1,490,006	32,612	141
Corporate bonds	221,686	3,861	25
Other	2,156,262	49,563	8,022
Total	$5,857,261	$157,535	$9,295

In addition, held-to-maturity securities amounting to ¥399 million ($3,320 thousand) and ¥145 million were reclassified as available-for-sale securities due to a decline in the issuer's credit worthiness as of March 31, 2015 and 2014.

The impairment loss on available-for-sale equity securities for the year ended March 31, 2014, was ¥77 million (consisting of equity securities).
There is no impairment loss on available-for-sale equity securities for the year ended March 31, 2015.

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

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Unrealized gain before deferred tax on: Available-for-sale securities	¥111,010	¥74,532	$923,774
Deferred tax liabilities	(34,360)	(25,287)	(285,928)
Unrealized gain on available-for-sale securities before interest adjustments	76,650	49,245	637,846
Minority interest	(361)	(235)	(3,004)
Unrealized gain on available-for-sale securities	¥ 76,289	¥49,010	$634,842

Unrealized gain before deferred tax on available-for-sale securities includes ¥214 million ($1,781 thousand) and ¥860 million of revaluation gain on available-for-sale securities as of March 31, 2015 and 2014, respectively, which are held by investment limited partnership and similar groups.

Investments in and advances to subsidiaries and associated companies as of March 31, 2015 and 2014, were ¥285 million ($2,372 thousand) and ¥287 million, respectively.

6. MONEY HELD IN TRUST
Information regarding money held in trust for trading purposes as of March 31, 2015 and 2014, was as follows:

	Carrying Amount		
	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Money held in trust classified as trading purpose	¥ 6,029	¥ 5,873	$50,171
Money held in trust-other	5,620	4,620	46,767
Total	¥11,649	¥10,493	$96,938

7. LOANS AND BILLS DISCOUNTED
Loans and bills discounted as of March 31, 2015 and 2014, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Bills discounted	¥ 27,325	¥ 28,626	$ 227,386
Loans on bills	156,728	167,642	1,304,219
Loans on deeds	3,253,719	3,139,907	27,075,967
Overdrafts	414,175	401,602	3,446,576
Others	2,648	2,902	22,036
Total	¥3,854,595	¥3,740,679	$32,076,184

"Nonaccrual loans," which include loans to borrowers in bankruptcy and past due loans, are defined as loans upon which the Bank has discontinued the accrual of interest income. Borrowers are generally placed on nonaccrual status when substantial doubt is deemed to exist as to the ultimate collectability of either the principal or interest and if the loans are past due for a certain period of time or for other reasons.

"Loans to borrowers in bankruptcy" represent nonaccrual loans to debtors who are legally bankrupt, which is defined in Article 96, Paragraph 1, Subparagraphs 3 and 4 of Enforcement Ordinance for the Corporate Tax Law. Loans to borrowers in legal bankruptcy as of March 31, 2015 and 2014, were ¥4,774 million ($39,727 thousand) and ¥5,900 million, respectively.

"Past due loans" are nonaccrual loans other than loans to borrowers in bankruptcy and loans of which interest payments are deferred in order to assist the financial recovery of a debtor in financial difficulty. Past due loans as of March 31, 2015 and 2014, were ¥99,242 million ($825,847 thousand) and ¥108,812 million, respectively.

"Accruing loans past due three months or more" are defined as loans on which principal or interest is past due more than three months. Loans classified as loans to borrowers in bankruptcy and past due loans are excluded from accruing loans past due three months or more. Accruing loans past due three months or more as of March 31, 2015 and 2014, were ¥175 million ($1,456 thousand) and ¥691 million, respectively.

"Restructured loans" are defined as loans in which the Group is providing financial support to a borrower by a reduction of interest rates, deferral of interest payments, extension of maturity dates, or reduction of the face or maturity amount of the debt or accrued interest. Loans classified as loans to borrowers in bankruptcy, past due loans and accruing loans past due three months or more are excluded from restructured loans. Restructured loans as of March 31, 2015 and 2014, were ¥9,920 million ($82,550 thousand) and ¥11,442 million, respectively.

The total amount of loans to borrowers in bankruptcy, past due loans, accruing loans past due three months or more and restructured loans as of March 31, 2015 and 2014, were ¥114,111 million ($949,580 thousand) and ¥126,845 million, respectively.

Bills discounted are accounted for as financing transactions in accordance with "Treatment of Accounting and Auditing in Applying Accounting Standard for Financial Instruments in the Banking Industry" issued by the Japanese Institute of Certified Public Accountants. The Bank has rights to sell or pledge accepted commercial bills discounted and foreign bills of exchange bought without restrictions. The total fair value of commercial bills discounted and foreign bills of exchange bought included in foreign exchanges as of March 31, 2015 and 2014, were ¥28,836 million ($239,960 thousand) and ¥30,698 million, respectively.

8. FOREIGN EXCHANGES
Foreign exchanges as of March 31, 2015 and 2014, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Assets:			
Due from foreign correspondent account	¥10,262	¥2,974	$ 85,396
Foreign bills of exchange bought	1,512	2,072	12,582
Foreign bills of exchange receivable	1,631	1,254	13,572
Total	¥13,405	¥6,300	$111,550
Liabilities:			
Due to foreign correspondent account	¥ 838	¥ 516	$ 6,973
Foreign bills of exchange payable	236	270	1,964
Total	¥ 1,074	¥ 786	$ 8,937

9. OTHER ASSETS
Other assets as of March 31, 2015 and 2014, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Accrued income	¥ 6,769	¥ 6,945	$ 56,328
Accounts receivable	10,004	9,476	83,249
Installment receivables	9,395	8,701	78,181
Derivative assets	3,650	4,047	30,374
Other	9,907	9,934	82,441
Total	¥39,725	¥39,103	$330,573

10. PREMISES AND EQUIPMENT

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

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Land	¥46,661	¥46,678	$388,292
Building	13,548	13,234	112,740
Construction in progress	1	73	8
Other	5,397	5,025	44,912
Total	¥65,607	¥65,010	$545,952

The accumulated depreciation of premises and equipment as of March 31, 2015 and 2014, amounted to ¥60,984 million ($507,481 thousand) and ¥60,614 million, respectively.

11. CUSTOMERS' LIABILITIES FOR ACCEPTANCES AND GUARANTEES

All contingent liabilities arising from acceptances and guarantees are reflected in acceptances and guarantees. As a contra account, the customers' liabilities for acceptances and guarantees are presented as assets, representing the Bank's right of indemnity from applicants.

The Enforcement Ordinance of the Banking Law was revised on April 17, 2007, and effective from the fiscal years beginning on and after April 1, 2006. The Bank offsets customer's liabilities for acceptance and guarantees with acceptance and guarantees of ¥27,640 million ($230,007 thousand) and ¥33,598 million arising from guarantees of private placement securities as of March 31, 2015 and 2014, respectively.

12. ASSETS PLEDGED

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

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Assets pledged as collateral:			
Securities	¥309,295	¥201,062	$2,573,812
Lease receivables and investments in leases	459	992	3,819
Other assets	46	72	383
Total	¥309,800	¥202,126	$2,578,014
Relevant liabilities to above assets:			
Deposits	¥ 95,208	¥ 83,090	$ 792,278
Payables under securities lending transactions	192,513	115,969	1,602,005
Borrowed money	16,825	11,128	140,010
Total	¥304,546	¥210,187	$2,534,293

In addition, the following assets were pledged or deposited with respect to foreign exchange settlements and derivatives as of March 31, 2015 and 2014:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Securities	¥64,222	¥65,877	$534,426
Other assets	8	7	67
Total	¥64,230	¥65,884	$534,493

Initial margins of futures markets and guarantee deposits included in other assets as of March 31, 2015 and 2014, were ¥2,236 million ($18,607 thousand) and ¥2,295 million, respectively.

13. DEPOSITS

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

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Current deposits	¥ 298,698	¥ 274,818	$ 2,485,629
Ordinary deposits	2,096,768	1,958,653	17,448,348
Deposits at notice	36,488	28,205	303,637
Savings deposits	92,281	94,432	767,920
Time deposits	2,606,608	2,587,291	21,691,004
Other deposits	96,526	82,737	803,246
Total	¥5,227,369	¥5,026,136	$43,499,784

14. BORROWED MONEY AND LEASE OBLIGATION

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

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Borrowings due serially to September 2022 with weighted average interest rates of 0.66% in 2015 and 1.07% in 2014	¥54,997	¥57,072	$457,660
Lease obligation	171	217	1,423

Weighted average interest rates of lease obligation are not represented because lease obligation is disclosed on the balance sheet without deducting the interest portion which is included in the amount of lease obligation.

Annual maturities of borrowings as of March 31, 2015 and 2014, were as follows:

Year Ending March 31, 2015	Millions of Yen	Thousands of U.S. Dollars
2016	¥27,002	$224,698
2017	7,360	61,246
2018	5,075	42,232
2019	2,913	24,241
2020	1,119	9,312
2021 and thereafter	11,528	95,931
Total	¥54,997	$457,660

Year Ending March 31, 2014	Millions of Yen
2015	¥19,271
2016	6,510
2017	5,592
2018	3,307
2019	1,145
2020 and thereafter	21,247
Total	¥57,072

Borrowings include subordinated borrowings of the Bank, which amounted to ¥11,000 million ($91,537 thousand) and ¥21,000 million as of March 31, 2015 and 2014, respectively.

Annual maturities of lease obligation as of March 31, 2015 and 2014, were as follows:

Year Ending March 31, 2015	Millions of Yen	Thousands of U.S. Dollars
2016	¥ 46	$ 383
2017	46	383
2018	46	383
2019	33	274
2020	—	—
Total	¥171	$1,423

Year Ending March 31, 2014	Millions of Yen
2015	¥ 46
2016	46
2017	46
2018	46
2019	33
Total	¥217

15. BONDS

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

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Unsecured Yen subordinated bonds due December 2022 (*)	¥10,000	¥10,000	$83,215
Total	¥10,000	¥10,000	$83,215

(*) The interest rates of the bonds are 1.01% for the period from December 22, 2012 to December 21, 2017 and the six-month Euroyen London InterBank Offered Rate plus 2.2% for the period from December 22, 2017 to December 21, 2022.

16. OTHER LIABILITIES

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

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Domestic exchange settlement account, credit (*)	¥ 54	¥ 8	$ 449
Income taxes payable	5,273	2,350	43,880
Accrued expenses	5,250	5,789	43,688
Deferred income	12,072	11,143	100,458
Employees' deposits	2,845	2,823	23,675
Derivative liabilities	6,152	4,201	51,194
Accounts payable	6,974	8,270	58,034
Other	11,169	10,455	92,943
Total	¥49,789	¥45,039	$414,321

(*) The domestic exchange settlement account consisted of outstanding remittance bills from other banks and/or collection bills for which the Bank has received notices for payment from other banks which have not been settled.

17. RETIREMENT AND PENSION PLANS

The Bank has a contributory funded defined benefit pension plan and lump-sum payment severance plan for employees and certain subsidiaries have lump-sum payment severance plans for employees and apply the simplified method to state the liability based on the amount that would be paid if employees retired at the consolidated balance sheet date. The Bank contributed certain assets to the employee retirement benefit trust for the Bank's contributory funded defined pension plan and the assets in this trust are qualified as plan assets.

(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 (as previously reported)	¥50,925	¥48,494	$423,775
Cumulative effect of accounting change	(7,665)	—	(63,785)
Balance at beginning of year (as restated)	43,260	48,494	359,990
Current service cost	2,009	1,500	16,718
Interest cost	535	967	4,452
Actuarial losses	306	2,108	2,547
Benefits paid	(2,111)	(2,144)	(17,567)
Balance at end of year	¥43,999	¥50,925	$366,140

(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	¥40,093	¥35,700	$333,636
Expected return on plan assets	1,005	910	8,363
Actuarial gains	5,125	3,157	42,648
Contributions from the employer	1,714	2,032	14,263
Benefits paid	(1,745)	(1,706)	(14,521)
Balance at end of year	¥46,192	¥40,093	$384,389

(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	¥38,112	¥43,138	$317,151
Plan assets	(46,192)	(40,093)	(384,389)
	(8,080)	3,045	(67,238)
Unfunded defined benefit obligation	5,887	7,787	48,989
Net (asset) liability arising from defined benefit obligation	¥ (2,193)	¥10,832	$(18,249)

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Liability for retirement benefits for employees	¥ 5,887	¥ 10,832	$ 48,989
Asset for retirement benefits for employees	(8,080)	—	(67,238)
Net (asset) liability arising from defined benefit obligation	¥(2,193)	¥ 10,832	$(18,249)

(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	¥2,009	¥1,500	$16,718
Interest cost	535	967	4,452
Expected return on plan assets	(1,005)	(910)	(8,363)
Recognized actuarial losses	125	422	1,040
Net periodic benefit costs	¥1,664	¥1,979	$13,847

(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
Actuarial gains	¥4,944	—	$41,142
Total	¥4,944	—	$41,142

(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 actuarial gains or losses	¥(3,608)	¥1,336	$(30,024)
Total	¥(3,608)	¥1,336	$(30,024)

(7) Plan assets
(a) Components of plan assets
Plan assets consisted of the following:

	2015	2014
Debt investments	31%	30%
Equity investments	47	45
General account for life insurance	17	19
Others	5	6
Total	100%	100%

(*1) The retirement benefit trust that contributed to the pension plan is included in the plan assets and constitutes 18% and 16% of the total plan assets as of March 31, 2015 and 2014.

(b) Method of determining the expected rate of return on plan assets
The expected rate of return on plan assets is determined considering the current and future asset portfolio and the long-term rates of return which are expected currently and in the future from the variety of plan assets in the asset portfolio.

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

	2015	2014
Discount rate:		
Lump-sum payment	0.824%	2.000%
Pension plan	1.302%	2.000%
Expected rate of return on plan assets	3.000%	3.000%

18. ASSET RETIREMENT OBLIGATIONS

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

Asset retirement obligations are calculated based on the estimated available periods of 10 to 47 years depending on the expected useful lives of buildings using discount rates from 1.395% to 2.461%.

The changes in asset retirement obligations, which are included in other liabilities, 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	¥193	¥200	$1,606
Reconciliation associated with passage of time	4	4	33
Decrease due to fulfillment of asset retirement obligations	(1)	(11)	(8)
Balance at end of year	¥196	¥193	$1,631

19. EQUITY

Japanese banks are subject to the Companies Act of Japan (the "Companies Act"). The significant provisions 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, 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 the criteria. 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) 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 which is determined by 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.

Other than above, the Japanese Banking Law provided that an amount equal to at least 20% of the aggregate amount of cash dividends and certain other cash payments which are made as an appropriation of retained earnings applicable to each fiscal period shall be set aside as a legal reserve until the total additional paid-in capital and legal reserve equals 100% of stated capital. The amount of total additional paid-in capital and legal reserve which exceeds 100% of stated capital can be transferred to retained earnings by resolution of the shareholders, which may be available for dividends. The Bank's legal reserve amount, which is included in retained earnings, totals ¥20,155 million ($167,721 thousand) and ¥20,155 as of March 31, 2015 and 2014, respectively.

20. STOCK OPTIONS

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

Stock Option	Persons Granted	Number of Options Granted	Date of Grant	Exercise Price	Exercise Period
2013 Stock Option	11 directors	126,200 shares	2013.7.23	¥1 ($0.01)	From July 24, 2013 to July 23, 2043
2014 Stock Option	11 directors	155,500 shares	2014.7.23	¥1 ($0.01)	From July 24, 2014 to July 23, 2044

The stock option activity is as follows:

	2013 Stock Option	2014 Stock Option
Year Ended March 31, 2015		
Non-vested		
March 31, 2014—Outstanding	24,200	—
Granted	—	155,500
Canceled	—	—
Vested	(24,200)	(116,625)
March 31, 2015—Outstanding	—	38,875
Vested		
March 31, 2014—Outstanding	72,600	—
Vested	24,200	116,625
Exercised	(19,700)	—
Canceled	—	—
March 31, 2015—Outstanding	77,100	116,625
Exercise price	¥ 1 ($0.01)	¥ 1 ($0.01)
Average stock price at exercise	¥379 ($3.15)	— —
Fair value price at grant date	¥365 ($3.04)	¥320 ($2.66)

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

Estimate method:	Black-Scholes option pricing model
Volatility of stock price:	30.9%
Estimated remaining outstanding period:	9.2 years
Estimated dividend:	¥7 per share
Risk free interest rate:	0.48%

21. 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 sales of Japanese government bonds and other	¥11,073	¥ 1,113	$ 92,145
Income on lease transaction and installment receivables	19,435	19,146	161,729
Other	1,907	1,817	15,869
Total	¥32,415	¥22,076	$269,743

22. 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
Gain on sales of stock and other securities	¥ 7,864	¥3,242	$65,441
Other	3,226	2,800	26,845
Total	¥11,090	¥6,042	$92,286

23. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative 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
Salaries and wages	¥22,970	¥22,932	$191,146
Provision for bonuses to employees	1,784	1,701	14,846
Net periodic benefit costs	1,664	1,979	13,847
Other	29,397	28,682	244,628
Total	¥55,815	¥55,294	$464,467

24. INCOME TAXES

The Bank and its subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 34.80% and 37.18% for the years ended March 31, 2015 and 2014, respectively.

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

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Deferred tax assets:			
Reserve for possible loan losses	¥ 10,010	¥11,412	$ 83,299
Write-down of securities	2,505	2,867	20,845
Liability for retirement benefits for employees	1,858	5,965	15,461
Depreciation	1,451	1,678	12,075
Tax loss carryforwards	15	6,078	125
Other	2,383	2,368	19,830
Less: Valuation allowance	(6,063)	(6,413)	(50,453)
Total	12,159	23,955	101,182
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities	(34,360)	(25,301)	(285,928)
Gain on contribution of available-for-sale securities to employees' retirement benefit trusts	(1,072)	(1,184)	(8,921)
Asset for retirement benefits for employees	(522)	—	(4,344)
Other	(544)	(601)	(4,527)
Total	(36,498)	(27,086)	(303,720)
Net deferred tax assets	¥(24,339)	¥ (3,131)	$(202,538)

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

	2015	2014
Normal effective statutory tax rate	34.80%	37.18%
Expenses not deductible for income tax purposes	0.37	0.55
Income not taxable for income tax purposes	(1.22)	(1.74)
Per capita tax	0.21	0.32
Net change in valuation allowance	0.74	(3.63)
Reduction in year-end deferred tax assets (liabilities) due to tax-rate change	2.69	1.53
Gain on negative goodwill	(0.01)	(6.21)
The effect of variance with the future effective statutory tax rate which will be applied after the taxable period of the new tax reform laws	—	0.22
Unrecognized tax effect relating to investments in subsidiaries	—	4.05
Other – net	0.11	0.49
Actual effective tax rate	37.69%	32.76%

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, from 34.80% to approximately 32.28% and for the fiscal year beginning on or after April 1, 2016, to approximately 31.51%. The effect of this change was to decrease deferred tax assets by ¥31 million ($258 thousand), to decrease deferred tax liabilities by ¥2,703 million ($22,493 thousand), and to increase unrealized gain on available-for-sale securities by ¥3,583 million ($29,816 thousand) 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 ¥1,029 million ($8,563 thousand). Also, deferred tax liabilities for land revaluation surplus decreased by ¥819 million ($6,815 thousand), and land revaluation surplus increased by the same amount in the consolidated balance sheet as of March 31, 2015.

25. LEASES

Finance leases

(Lessee)

A subsidiary leases certain premises.

Total rental expenses including lease payments under the finance leases for the years ended March 31, 2015 and 2014, were ¥17 million ($141 thousand) and ¥29 million, respectively.

Pro forma information of leased assets whose lease inception was before March 31, 2008

ASBJ Statement No. 13, "Accounting Standard for Lease Transactions," requires that all finance lease transactions be capitalized to recognize lease assets and lease obligations in the balance sheet. However, ASBJ Statement No. 13 permits leases that do not ownership transfer of the leased assets to the lessee and whose lease inception was before March 31, 2008 to continue to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the notes to the financial statements. The Group applied ASBJ Statement No. 13 effective April 1, 2008 and account for such leases as operating lease transactions. Pro forma information of leased assets whose lease inception was before March 31, 2008 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Acquisition cost	¥—	¥201	$—
Accumulated depreciation	—	(184)	—
Net leased assets	¥—	¥ 17	$—

Obligations under finance 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	¥—	¥17	$—
Due after one year	—	—	—
Total	¥—	¥17	$—

*The amounts of obligations under finance leases include the imputed interest expense portion.

Depreciation expense, which was not reflected in the accompanying consolidated statement of income, was computed by the straight-line method with useful lives being equal to the lease period and all residual values at zero. Depreciation expense for the years ended March 31, 2015 and 2014 was ¥17 million ($141 thousand) and ¥29 million, respectively.

(Lessor)

A subsidiary leases certain equipment and other assets.

The net investments in leases as of March 31, 2015 and 2014 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Gross lease receivables	¥44,726	¥43,808	$372,189
Unguaranteed residual values	1,321	1,193	10,993
Deferred interest income	(4,335)	(4,471)	(36,074)
Total	¥41,712	¥40,530	$347,108

Maturities of lease receivables for finance leases that were deemed to transfer ownership of the leased assets to the lessee are as follows:

Year Ending March 31, 2015	Millions of Yen	Thousands of U.S. Dollars
2016	¥ 839	$ 6,982
2017	711	5,917
2018	475	3,953
2019	298	2,480
2020	204	1,697
2021 and thereafter	437	3,636
Total	¥2,964	$24,665

Year Ending March 31, 2014	Millions of Yen
2015	¥ 828
2016	693
2017	588
2018	340
2019	216
2020 and thereafter	431
Total	¥3,096

Maturities of investment in leases for finance leases that were deemed not to transfer ownership of the leased assets to the lessee are as follows:

Year Ending March 31, 2015	Millions of Yen	Thousands of U.S. Dollars
2016	¥11,899	$ 99,018
2017	9,894	82,333
2018	7,920	65,907
2019	6,059	50,420
2020	3,846	32,005
2021 and thereafter	5,108	42,506
Total	¥44,726	$372,189

Year Ending March 31, 2014	Millions of Yen
2015	¥11,933
2016	9,672
2017	7,601
2018	5,620
2019	3,796
2020 and thereafter	5,186
Total	¥43,808

Operating leases

(Lessee)

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	¥ 231	¥ 202	$ 1,922
Due after one year	2,802	2,054	23,317
Total	¥3,033	¥2,256	$25,239

(Lessor)

Expected future rental revenues under 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	¥ 379	¥ 308	$ 3,154
Due after one year	848	692	7,057
Total	¥1,227	¥1,000	$10,211

26. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

(1) Group policy for financial instruments

The Group provides banking services and comprehensive financial services including leasing business. The Group meets the needs of local business through providing various products and services in the banking services, lending services, securities investments and other financial services such as derivatives business. The Group has aligned its operations with local personnel and businesses and raises funds from deposits from customers, which are low cost and stable. The Group also raises funds by borrowing.

As for loans and bills discounted in the money management system, the Group finances local companies based on their capital demands and individuals mainly for home mortgages. As its main resources are bank deposits from customers, the Group aims to ensure the soundness of the assets through appropriate credit decisions and credit rating by understanding the current credit status and managing the credit portfolio to prevent concentrations in specific customers or industries. In marketable securities, considering is the nature that it is engaged in excess fund management relating to lending services and its responsibility as a bank to provide settlement services, the Group focuses on running a fund based on public bonds, which is superior in security and liquidity. To build up a portfolio that is less subject to rising interest rates, the Group invests in risk assets such as securities whose values are expected to be less correlated with bonds.

The Group executes derivative transactions to fund and invest capital to meet the various needs of its customers as well as to meet its own needs. In trading transactions, the Group avoids excessive risk by restricting the type of transactions and limiting the volume of transactions. Also, the Group will not trade a particular investment if its fair value is volatile compared to that of the underlying assets (i.e. high leverage-effect transaction).

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

The loans and bills discounted are to general business enterprises, individuals, and local public bodies, and there is a risk (credit risk) that the value of loaned money is reduced by financial deterioration of the borrower and a risk (interest risk) of losses due to changes in interest rates.

In marketable securities, the Group holds domestic bonds which are comprised mainly of public bonds such as government bonds and local government bonds, foreign securities, which are comprised of mainly US Treasury, stocks, investment trusts, and investment partnerships and so forth for investment purposes. Also, the Group holds certain domestic bonds for held-to-maturity purposes. These items have interest risk, risk of changes in price, credit risk, and market liquidity risk. Market liquidity risk represents the risk that market trades cannot be performed due to market turmoil and that the Group may suffer losses due to significantly unfavorable financing conditions.

Deposits and borrowed money hold interest risk and cash flow risk (liquidity risk). Cash flow risk refers to the risk that securing necessary financing becomes difficult or significant unfavorable financing conditions result in recording of loss due to a mismatch of periods between operations and financing and unexpected outflows of money. Derivative transactions related to interest are comprised of interest-rate swap agreements, cap agreements, floor agreements, and interest option contracts.

Derivative transactions related to currency are comprised of exchange contracts, non-deliverable forwards (NDF), currency swap agreements, and currency option contracts. Derivative transactions related to securities are comprised of bond futures, options on bond futures, OTC bond options, stock future transactions and individual security options.

The Group utilizes derivative transactions to meet customer needs and to control risk so that interest risk, risk of changes in prices, and foreign currency exchange risk are not excessive. In trading transactions, the Group utilizes derivative transactions to earn a profit and to accumulate the know-how related to the transactions and understand market trends.

The derivative transactions the Group utilizes are exposed to interest risk, currency exchange risk and the risk of change in prices. In utilizing derivative transactions, the Group performs effective covering of transactions to meet customers' needs, and in trading transactions, the Group preliminarily establishes a risk limit to avoid exposing the Group to an excessive degree of market risk. Transactions such as options are exposed to limited credit risk and OTC transactions such as interest swaps are assumed to have low risk since the counterparties are comprised of highly credible financial institutions and companies.

The interest rate swaps on deposits which qualify for hedge accounting and meet specific matching criteria are not remeasured at market values but the differential paid or received under the swap agreements is recognized and included in interest expense or income.

(3) Risk management for financial instruments

Integrated Risk

The Group defines integrated risk management policies and regulations, and strengthens integrated risk management to ensure the soundness of management.

The Group monitors various risks holistically including measurement by statistical methods and aims to control risks within the range of management vitality. Specifically, the Group allocates risk capital to credit risk, market risk, and operational risk based on Value at Risk ("VaR") calculations according to assumptions about the market fluctuation rate and its half year business plan. In each operation division, the Group aims to control risk and obtain returns within the range of risk capital. Integrated risk is managed by the risk management department and is reported at the monthly ALM committee and Board of Directors meetings. Necessary actions such as risk control are taken promptly.

Credit Risk Management

The Group defines credit risk management policy and rules such as credit risk management regulation to understand, manage and take actions on credit risk appropriately.

In screening requests for loans, the Group clearly separates the credit department from the operating department and the Group performs strict examination by the type of business. Also, the Group analyzes if repayment resources are ensured and reasonably secured on individual loans based on the purpose of the loan, business plans and investment effects.

For portfolio management, the Group aims to improve its credit portfolio by preventing concentrations in particular customers or industries and by ensuring profits to meet credit costs.

In addition, in order to improve credit risk, the Group seeks to improve management and business restructuring for customers experiencing difficult business conditions.

Regarding credit risk management, the Group defines a credit rating system where the Group evaluates the degree of credit risk by an integrated scale objectively and makes arrangements to reevaluate credit ratings close to fiscal year end or when there are any changes in credit status.

As for the level of credit risk and degree of concentration of credit granting, the risk controlling department manages credit risk, reports monthly to the ALM committee and management and discusses necessary actions.

Market risk management (foreign exchange risk and interest rate risk)

The Group considers interest risk, currency risk and the risk of change in prices as the main market risks and institutes a market risk management policy to manage the risks properly to avoid a reduction in the value of assets and losing credit. The Group also institutes market risk management regulations according to the market risk management policy to clarify the identification of market risk, the role of the department in charge, the method of evaluation and monitoring and the methods for controlling and reducing market risk.

Under integrated risk management, the Group allocates risk capital to each business (deposit, loan, investment securities and other securities) and establishes a cap on the investment amount and a maximum loss amount and matters to be discussed (level of loss to be re-examined). The Group handles market transactions within these risk limits expeditiously and effectively. With regard to these risks, the risk controlling department manages and reports monthly to the ALM committee and management and discusses necessary actions.

Regarding derivative transactions, the Group follows internal regulations and policies. The market-risk-management department (middle office) and office-work department (back office) manage and monitor the balance, fair value, profit and loss and measurement of risk of the transactions and report to top-management and risk controlling department regularly to ensure mutual supervision of risks. Especially in trading transactions, the market-risk-management department (middle office) manages the positions, measurement of risk and application for loss cut rule closely.

The Group holds financial instruments which are exposed to market risks (e.g. interest-rate risk, price-volatility risk and exchange risk) such as loans and bills discounted, securities, deposits, borrowed money and corporate bonds. To manage these market risks, the Group calculates VaR, which is used for quantitative analysis.

The Group calculates VaR of private placement bonds, borrowed money and corporate bonds which are exposed to interest-rate risk by the variance-covariance method (six months holding period with confidence interval of 99%, observation period one year). The VaR of these financial instruments amounted to ¥16,471 million ($137,064 thousand) and ¥22,996 million in aggregate as of March 31, 2015 and 2014, respectively.

The Group calculates VaR of investment securities which are exposed to price-volatility risk by the variance-covariance method (six months holding period with confidence interval of 99%, observation period one year). The VaR of these financial instruments amounted to ¥33,772 million ($281,035 thousand) and ¥40,434 million in aggregate as of March 31, 2015 and 2014, respectively.

In addition, the Group calculates VaR of securities, excluding investment securities, which are exposed to interest-rate risk or the price volatility risk by the variance-covariance method (six months holding period with confidence interval of 99%, observation period one year). The VaR of these financial instruments amounted to ¥23,601 million ($196,397 thousand) and ¥23,304 million in aggregate as of March 31, 2015 and 2014, respectively.

The Group compares VaR calculated by the formula with the actual fluctuation of realized gains and losses to verify that the calculated VaR reflects market risks with a high degree of accuracy.

However, VaR might not reflect market risks in circumstances such as unforeseen wide fluctuations in market circumstances because VaR reflects a certain amount of market risks calculated statistically based on historical fluctuation.

Liquidity risk management

As to liquidity risk, the Group defines liquidity risk management policies and liquidity risk management regulations, and aims to manage stable cash flow. Also, to be prepared for unforeseeable circumstances, the Group defines a contingency plan for liquidity risks and addresses them in a timely manner.

(4) Fair values of financial instruments

Fair values of financial instruments are based on quoted prices in active markets. If quoted prices are not available, other rational valuation techniques are used instead. Please see Note 28 for the details of the fair value of derivatives. Fair values are calculated based on certain assumptions, therefore fair values may vary according to the assumptions used.

(a) Fair value of financial instruments

March 31, 2015	Millions of Yen		
	Carrying Amount	Fair Value	Unrealized Gains/(Losses)
Cash and due from banks	¥ 399,141	¥ 399,141	—
Trading securities	1,457	1,457	—
Money held in trust	11,649	11,649	—
Securities			
Held-to-maturity securities	27,375	27,535	¥ 160
Available-for-sale securities	1,620,943	1,620,943	—
Loans and bills discounted	3,854,595		
Less: Reserve for possible loan losses	(36,134)		
Loans and bills discounted – net	3,818,461	3,839,794	21,333
Total	¥5,879,026	¥5,900,519	¥21,493
Deposits	¥5,227,369	¥5,229,682	¥ 2,313
Negotiable certificates of deposit	133,976	133,976	—
Payables under securities lending transactions	192,513	192,513	—
Total	¥5,553,858	¥5,556,171	¥ 2,313
Derivatives to which hedge accounting is not applied	¥ (2,503)	¥ (2,503)	—

March 31, 2014	Millions of Yen		
	Carrying Amount	Fair Value	Unrealized Gains/(Losses)
Cash and due from banks	¥ 94,427	¥ 94,427	—
Trading securities	1,037	1,037	—
Money held in trust	10,493	10,493	—
Securities			
Held-to-maturity securities	33,278	33,479	¥ 201
Available-for-sale securities	1,708,979	1,708,979	—
Loans and bills discounted	3,740,679		
Less: Reserve for possible loan losses	(38,864)		
Loans and bills discounted – net	3,701,815	3,720,439	18,624
Total	¥5,550,029	¥5,568,854	¥18,825
Deposits	¥5,026,136	¥5,028,630	¥ (2,494)
Negotiable certificates of deposit	106,012	106,012	—
Payables under securities lending transactions	115,969	115,969	—
Total	¥5,248,117	¥5,250,611	¥ (2,494)
Derivatives to which hedge accounting is not applied	¥ (151)	¥ (151)	—

March 31, 2015	Thousands of U.S. Dollars		
	Carrying Amount	Fair Value	Unrealized Gains/(Losses)
Cash and due from banks	$ 3,321,470	$ 3,321,470	—
Trading securities	12,124	12,124	—
Money held in trust	96,938	96,938	—
Securities			
Held-to-maturity securities	227,802	229,133	$ 1,331
Available-for-sale securities	13,488,749	13,488,749	—
Loans and bills discounted	32,076,184		
Less: Reserve for possible loan losses	(300,691)		
Loans and bills discounted – net	31,775,493	31,953,017	177,524
Total	$48,922,576	$49,101,431	$178,855
Deposits	$43,499,784	$43,519,032	$ 19,248
Negotiable certificates of deposit	1,114,887	1,114,887	—
Payables under securities lending transactions	1,602,006	1,602,006	—
Total	$46,216,677	$46,235,925	$ 19,248
Derivatives to which hedge accounting is not applied	$ (20,829)	$ (20,829)	—

Assets

Cash and due from banks

The carrying amount of cash and due from banks with no maturities represents the fair value because the fair value approximates such carrying amount. The carrying amount of cash and due from banks with maturities represents the fair value because the interest rates are floating or they have short-term maturities and the fair value approximates such carrying amount.

For due from banks in which derivatives are embedded, the fair value is determined based on the prices quoted by the financial institutions from which they are purchased.

Trading securities

For securities such as bonds that are held for trading, the fair value is determined based on the prices quoted by the exchange or the financial institutions from which these securities are purchased.

Money held in trust

For securities that are part of trust property in an independently managed monetary trust with the primary purpose to manage securities, the fair value of equity securities is determined based on the prices quoted by the exchange and the fair value of bonds is determined based on the prices quoted by the exchange or the financial institutions from which they are purchased. For money held in trust due to the securitization of credited loans, the carrying amount represents the fair value because the trust assets consist of ordinary deposits. Information on money held in trust by classification is included in Note 6, "Money Held in Trust."

Securities

The fair value of equity securities is determined based on the prices quoted by the exchange and the fair value of bonds is determined based on the prices quoted by the exchange or the financial institutions from which they are purchased. The fair value of investment trusts is determined based on the publicly available price.

For privately placed guaranteed bonds held by the Bank, the fair value is determined based on the present value of expected future cash flows, which is adjusted to reflect default risk, amounts to be collected from collateral and guarantees and guarantee fees, and discounted at an interest rate based on the market interest rate as of the date of evaluation with certain adjustments.

Information on securities by classification is included in Note 5, "Trading Securities and Securities."

Loans and bills discounted

For loans with variable interest rates, the carrying amount represents the fair value as the fair value approximates such carrying value as it reflects the market interest rate in the short term as long as the credit status of the borrower has not changed significantly. For loans with fixed interest rates, the fair value is calculated by bundling the type of loans and the internal credit rating using the expected future cash flows, which are discounted by the risk free rate and certain management costs. As for certain consumer loans such as home mortgages, fair value is calculated

by discounting the total loan principal with the same rate as a similar loan. Also, for consumer loans that mature within one year, the carrying amount represents the fair value as the fair value approximates such carrying value. In addition, as for loans to legally bankrupt borrowers, virtually bankrupt borrowers, and potentially bankrupt borrowers, the fair value is calculated by deducting the allowance, which is calculated based on the present value of the estimated future cash flow or the estimated collection of cash from collateral and guarantee, from the balance in the consolidated balance sheet date. Therefore, the book value approximates the fair value. Regarding loans which do not have repayment terms because the outstanding amount of the loan is limited to the value of collateral assets, the carrying amount represents the fair value as the fair value approximates such carrying amount according to estimated repayment periods and conditions of interest.

Liabilities

Deposits and negotiable certificates of deposit

For demand deposits, the amount payable on demand as of the consolidated balance sheet date (i.e., the carrying amount) is considered to be the fair value. For variable rate time deposits, the carrying amount represents the fair value as the fair value approximates such carrying amount because the market interest rate is reflected in such deposits within a short time period. Fixed rate time deposits are grouped by certain maturity lengths. Their fair value is calculated by discounting future cash flows with the same interest rate as that of accepted new deposits. For the deposits and negotiable certificates of deposits with the repayment period within two years, the carrying amount represents the fair value because the fair value approximates the carrying amount.

Payable under securities of deposits

For payables under securities of deposit, the contract term is short (within one year). Therefore, the carrying amount represents the fair value because the fair value approximates such carrying amount.

Derivatives

Information regarding the fair value for derivatives is included in Note 28.

(b) Financial instruments whose fair value cannot be reliably determined

	Carrying amount		
	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Unlisted equity securities	¥7,118	¥ 7,127	$59,233
Investments in unconsolidated subsidiaries	280	282	2,330
Others	2,561	3,112	21,311
Total	¥9,959	¥10,521	$82,874

Since the fair values of unlisted stocks cannot be reliably determined, their fair values are not disclosed.

The impairment losses on unlisted stocks for the years ended March 31, 2015 and 2014, were ¥30 million ($250 thousand) and ¥95 million, respectively.

(5) Maturity analysis for financial assets, securities and financial liabilities with contractual maturities

March 31, 2015	Millions of Yen			
	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through Ten Years	Due after Ten Years
Cash and due from banks	¥ 322,691	—	—	—
Securities:				
Held-to-maturity securities:				
Debt securities:				
Corporate bonds	10,339	¥ 15,307	¥ 1,729	—
Available-for-sale securities with contractual maturities:				
Debt securities:				
National government bonds	46,708	341,200	161,200	¥ 47,000
Local government bonds	64,653	128,422	13,863	—
Corporate bonds	84,340	199,755	23,863	54,543
Other	11,280	41,365	134,257	50,389
Loans and bills discounted (*1)	958,652	1,115,151	752,356	892,033
Total	¥1,498,663	¥1,841,200	¥1,087,268	¥1,043,965

March 31, 2015	Millions of Yen			
	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through Ten Years	Due after Ten Years
Deposits	¥4,507,597	¥719,701	¥2	¥70
Negotiable certificates of deposit	133,976	—	—	—
Payables under securities lending transactions	192,513	—	—	—
Total	¥4,834,086	¥719,701	¥2	¥70

March 31, 2014	Millions of Yen			
	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through Ten Years	Due after Ten Years
Cash and due from banks	¥ 28,684	—	—	—
Securities:				
Held-to-maturity securities:				
Debt securities:				
Corporate bonds	9,736	¥ 22,031	¥ 1,511	—
Available-for-sale securities with contractual maturities:				
Debt securities:				
National government bonds	23,850	264,008	236,200	—
Local government bonds	44,103	225,497	115,727	—
Corporate bonds	70,464	272,817	42,586	¥ 57,827
Other	14,009	142,295	26,113	14,822
Loans and bills discounted (*1)	945,737	1,120,741	722,699	817,310
Total	¥1,136,583	¥2,047,389	¥1,144,836	¥889,959

March 31, 2014	Millions of Yen			
	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through Ten Years	Due after Ten Years
Deposits	¥4,313,149	¥712,934	¥3	¥50
Negotiable certificates of deposit	106,012	—	—	—
Payables under securities lending transactions	115,969	—	—	—
Total	¥4,535,130	¥712,934	¥3	¥50

March 31, 2015	Thousands of U.S. Dollars			
	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through Ten Years	Due after Ten Years
Cash and due from banks	$ 2,685,288	—	—	—
Securities:				
Held-to-maturity securities:				
Debt securities:				
Corporate bonds	86,036	$ 127,378	$ 14,388	—
Available-for-sale securities with contractual maturities:				
Debt securities:				
National government bonds	388,683	2,839,311	1,341,433	$ 391,113
Local government bonds	538,013	1,068,669	115,362	—
Corporate bonds	701,839	1,662,270	198,577	453,882
Other	93,867	344,221	1,117,225	419,314
Loans and bills discounted (*1)	7,977,465	9,279,779	6,260,764	7,423,092
Total	$12,471,191	$15,321,628	$9,047,749	$8,687,401

March 31, 2015	Thousands of U.S. Dollars			
	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through Ten Years	Due after Ten Years
Deposits	$37,510,169	$5,989,024	$17	$583
Negotiable certificates of deposit	1,114,887	—	—	—
Payables under securities lending transactions	1,602,006	—	—	—
Total	$40,227,062	$5,989,024	$17	$583

(*1) Loans and bills discounted whose cash flow cannot be estimated such as "legal bankruptcy," "virtual bankruptcy," and "possible bankruptcy" loans amounting to ¥101,679 million ($846,126 thousand) and ¥111,928 million as of March 31, 2015 and 2014, respectively, and loans and bills discounted with no contractual maturities amounting to ¥34,724 million ($288,957 thousand) and ¥22,264 million as of March 31, 2015 and 2014, respectively, are not included.

Please see Note 14 for annual maturities of borrowed money.

27. COMMITMENTS AND CONTINGENT LIABILITIES

Commitment line contracts on overdrafts and loans are agreements to make loans to customers when they apply for borrowing up to a prescribed amount, as long as there is no violation of any condition in the contracts.

The total amounts of unused open commitments as of March 31, 2015 and 2014 were ¥1,404,748 million ($11,689,673 thousand) and ¥1,413,243 million, respectively. Multi-purpose accounts included in the unused open commitments as of March 31, 2015 and 2014 are ¥738,969 million ($6,149,363 thousand) and ¥739,194 million, respectively. The amounts of unused commitments whose original contract terms were within one year or unconditionally cancelable at any time as of March 31, 2015 and 2014 were ¥1,395,170 million ($11,609,969 thousand) and ¥1,402,572 million, respectively.

Since many of these commitments are expected to expire without being drawn upon, the total amount of unused commitments does not necessarily represent actual future cash flow requirements. Many of these commitments have clauses enabling the Bank and certain subsidiaries to reject the loans to customers or reduce the contract amounts of commitment, in the event monetary conditions have changed and the Bank and certain subsidiaries need to secure claims, or other considerable events have occurred.

In addition, if necessary, the Bank and certain subsidiaries can request the customers to pledge collateral such as premises and securities at the execution of the contracts. After execution, the Bank and certain subsidiaries periodically evaluate the customers' financial position based upon the Bank's internal policy, and take necessary measures to manage the credit exposures, such as revising the terms of contracts or securing the claims.

28. DERIVATIVE INFORMATION

The Bank enters into swap, future, cap and floor agreements related to interest rates, foreign exchange forward contracts, swap and option contracts related to currencies, bond futures, bond futures options, over-the-counter bond options, stock futures, stock futures options and stock option contracts related to securities. In addition, the Bank has credit derivatives embedded in compound instruments.

Derivative transactions to which hedge accounting is not applied at March 31, 2015 and 2014

	Millions of Yen			
March 31, 2015	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gains/(Losses)
Over-the-counter Interest-related contracts:				
Interest rate swap:				
Fixed rate receipt, variable rate payment	¥10,671	¥10,671	¥ (17)	¥ (17)
Variable rate receipt, fixed rate payment	5,456	5,456	(17)	(17)
Over-the-counter Currency-related contracts:				
Currency swap	60,429	41,413	(1,765)	(1,765)
Foreign exchange forward:				
Sell	22,492	101	(755)	(755)
Buy	22,481	69	141	141
Currency option:				
Sell	66,677	38,685	(2,778)	1,697
Buy	69,430	40,326	2,695	(1,182)
Other:				
Sell	146	46	(49)	(49)
Buy	91	27	53	53
Over-the-counter Bond-related contracts:				
Bond option:				
Sell	2,000	—	(11)	(0)

	Millions of Yen			
March 31, 2014	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gains/(Losses)
Over-the-counter Interest-related contracts:				
Interest rate swap:				
Fixed rate receipt, variable rate payment	¥ 1,063	¥ 730	¥ 36	¥ 36
Variable rate receipt, fixed rate payment	1,063	730	(24)	(24)
Over-the-counter Currency-related contracts:				
Currency swap	64,448	34,888	80	80
Foreign exchange forward:				
Sell	66,744	—	(407)	(407)
Buy	10,325	—	150	150
Currency option:				
Sell	69,248	38,250	(3,176)	2,675
Buy	71,187	38,734	3,181	(2,056)
Other:				
Sell	238	128	(55)	(55)
Buy	171	91	64	64

	Thousands of U.S. Dollars			
March 31, 2015	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gains/(Losses)
Over-the-counter Interest-related contracts:				
Interest rate swap:				
Fixed rate receipt, variable rate payment	$ 88,799	$ 88,799	$ (141)	$ (141)
Variable rate receipt, fixed rate payment	45,402	45,402	(141)	(141)
Over-the-counter Currency-related contracts:				
Currency swap	502,863	344,620	(14,688)	(14,688)
Foreign exchange forward:				
Sell	187,168	840	(6,283)	(6,283)
Buy	187,077	574	1,173	1,173
Currency option:				
Sell	554,856	321,919	(23,117)	14,122
Buy	577,765	335,575	22,427	(9,836)
Other:				
Sell	1,215	383	(408)	(408)
Buy	757	225	441	441
Over-the-counter Bond-related contracts:				
Bond option:				
Sell	16,643	—	(92)	(0)

Notes:
1. Derivative transactions are valued at market and the gains/losses are recognized in the consolidated statement of income.
2. Market values of exchange-traded transactions are based on closing prices on the exchange markets, such as the Tokyo International Financial Future Exchange. Market values of over-the-counter contracts are based on the valuation techniques, such as the discounted cash flow method and the option pricing calculation models.

Derivative transactions to which hedge accounting is applied at March 31, 2015 and 2014.

There is no derivative transaction to which hedge accounting is applied at March 31, 2015.

	Millions of Yen			
March 31, 2014	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value
Interest rate swaps:				
(Fixed rate receipt, variable rate payment)	Deposits	¥8,330	¥8,330	(*)

(*) The above interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value, but the differential paid or received under the swap agreements is recognized and included in interest expense or income. In addition, the fair value of such interest rate swaps is included in that of the hedged items (i.e. deposits) in Note 26.

29. 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 gain on available-for-sale securities:			
Gains arising during the year	¥53,442	¥6,146	$444,720
Reclassification adjustments to profit or loss	(16,964)	(1,717)	(141,167)
Amount before income tax effect	36,478	4,429	303,553
Income tax effect	(9,073)	(1,481)	(75,501)
Total	¥27,405	¥2,948	$228,052
Land revaluation surplus:			
Gains arising during the year	—	—	—
Reclassification adjustments to profit or loss	—	—	—
Amount before income tax effect	—	—	—
Income tax effect	819	0	6,815
Total	819	0	6,815
Defined retirement benefit plan			
Adjustments arising during the year	4,819	—	40,102
Reclassification adjustments to profit or loss	125	—	1,040
Amount before income tax effect	4,944	—	41,142
Income tax effect	(1,602)	—	(13,331)
Total	3,342	—	27,811
Total other comprehensive income	¥31,566	¥2,948	$262,678

30. PER SHARE INFORMATION

1. 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:				
Net income	¥22,799			
Amount not attributable to common shareholders	(200)			
Basic EPS—Net income available to common shareholders	¥22,599	373,685	¥60.48	$0.50
Effect of dilutive securities:				
Dividends on preferred stock	¥ 110			
Cancellation differences on preferred stock	90			
	¥ 200	51,807		
Stock acquisition rights		168		
	¥ 200	51,975		
Diluted EPS—Net income for computation	¥22,799	425,660	¥53.56	$0.45

	Millions of Yen	Thousands of Shares	Yen
	Net Income	Weighted Average shares	EPS
For the year ended March 31, 2014:			
Net income	¥16,875		
Amount not attributable to common shareholders	(220)		
Basic EPS—Net income available to common shareholders	¥16,655	373,700	¥44.57
Effect of dilutive securities:			
Dividends on preferred stock	¥ 220	57,136	
Stock acquisition rights		59	
	¥ 220	57,195	
Diluted EPS—Net income for computation	¥16,875	430,895	¥39.16

2. Net assets per share

Net assets per share as of March 31, 2015 and 2014, were ¥920.80 ($7.66) and ¥769.80, respectively.

Net assets per share of common stock as of March 31, 2015 and 2014, were calculated based on the following:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Total net assets	¥360,183	¥323,090	$ 2,997,279
Deductions from total net assets:			
Preferred stock	—	20,000	—
Preferred dividends	—	110	—
Stock acquisition rights	66	26	549
Minority interests	16,037	15,288	133,453
Net assets attributable to common stock at the end of the fiscal year	344,080	287,666	2,863,277
Number of shares of common stock at the end of the fiscal year used for the calculation of net assets per share (shares in thousands)	373,673	373,685	

As noted in Note 2.k, the Bank applied the revised accounting standard and guidance for retirement benefits effective April 1, 2014. As a result of this accounting change, net assets per share as of April 1, 2014, increased by ¥13.38 ($0.11), net income per share for the year ended March 31, 2015 increased by ¥0.35 ($0.00), and diluted EPS for the year ended March 31, 2015 increased by ¥0.31 ($0.00).

31. SUBSEQUENT EVENT

Appropriations of Retained Earnings

On June 19, 2015, the Bank's shareholders authorized an appropriation of retained earnings as follows:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends:		
¥4.50 ($0.04) per share on common stock	¥1,682	$13,997

32. SEGMENT INFORMATION

Under ASBJ Statement No. 17, "Accounting Standard for Segment Information Disclosures" and ASBJ Guidance No. 20, "Guidance on Accounting Standard for Segment Information Disclosures," an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

1. Description of reportable segments

The Group's reportable segments are those for which separate financial information is available and regular evaluation by the Group's management is being performed in order to decide how resources are allocated among the Group.

The Group consists of the Bank and seven (eight in 2014) consolidated subsidiaries. The Group provides banking services-based comprehensive financial services and leasing business. The Group operates its business by units which consists of some branches located in a certain range. However, the Group discloses these units as a segment of the Banking business because their economic nature is similar to each other. Therefore, the Group consists of two reportable segments: banking business and lease business.

Banking business is operated by the Bank. Banking business provides various services such as deposit-taking and lending services, trading securities, securities investment, domestic exchange, foreign exchange, managing bonds, derivatives business and other related businesses at headquarters and branches of the Bank.

Lease business is operated by Juroku Lease Co., Ltd. It provides leasing business to meet local customers' needs.

Gifu Bank and its three subsidiaries were a part of Banking business since those entities were providing banking services-based comprehensive financial services as a group. However, the Group reviewed the grouping of the segment in conjunction with the reorganization of the Group, and the Group deemed it is more appropriate to include Gifu Bank and its one subsidiary in banking business and its two subsidiaries in the other segment.

Further, the disclosed information related to the operating results for the year ended March 31, 2014 is based on the revised segment to present comparable information.

2. Methods of measurement for the amounts of income, profit, assets and other items for each reportable segment

The accounting policies of each reportable segment are consistent with those disclosed in Note 2, "Summary of Significant Accounting Policies."

3. Information about income, profit, assets, liabilities and other items is as follows.

	Millions of Yen						
	Reportable Segment						
2015	Banking	Lease	Total	Other	Total	Reconciliations	Consolidated
Ordinary income:							
(1) Outside customers	¥ 102,463	¥20,203	¥ 122,666	¥ 4,870	¥ 127,536	—	¥ 127,536
(2) Intersegment transactions	300	296	596	982	1,578	¥ (1,578)	—
Total	¥ 102,763	¥20,499	¥ 123,262	¥ 5,852	¥ 129,114	¥ (1,578)	¥ 127,536
Segment profit	34,917	1,325	36,242	1,832	38,074	(11)	38,063
Segment assets	6,036,337	63,139	6,099,476	37,305	6,136,781	(48,278)	6,088,503
Other:							
Depreciation	¥ 3,320	¥ 353	¥ 3,673	¥ 64	¥ 3,737	¥ 139	¥ 3,876
Amortization of goodwill	245	—	245	—	245	—	245
Interest income	66,416	49	66,465	367	66,832	(160)	66,672
Interest expense	4,986	305	5,291	41	5,332	(146)	5,186
Provision (reversal) for possible loan losses	2,020	34	2,054	(93)	1,961	—	1,961
Increase in premises and equipment and intangible assets	4,384	599	4,983	107	5,090	167	5,257

	Millions of Yen						
	Reportable Segment						
2014	Banking	Lease	Total	Other	Total	Reconciliations	Consolidated
Ordinary income:							
(1) Outside customers	¥ 86,543	¥19,967	¥ 106,510	¥ 4,704	¥ 111,214	—	¥ 111,214
(2) Intersegment transactions	316	2,970	3,286	987	4,273	¥ (4,273)	—
Total	¥ 86,859	¥22,937	¥ 109,796	¥ 5,691	¥ 115,487	¥ (4,273)	¥ 111,214
Segment profit	18,478	4,181	22,659	1,525	24,184	(2,821)	21,363
Segment assets	5,692,703	62,177	5,754,880	36,504	5,791,384	(45,430)	5,745,954
Other:							
Depreciation	¥ 3,318	¥ 380	¥ 3,698	¥ 64	¥ 3,762	¥ 136	¥ 3,898
Amortization of goodwill	245	—	245	—	245	—	245
Interest income	66,913	52	66,965	435	67,400	(182)	67,218
Interest expense	5,099	320	5,419	56	5,475	(170)	5,305
Provision (reversal) for possible loan losses	2,536	(71)	2,465	123	2,588	—	2,588
Increase in premises and equipment and intangible assets	1,866	385	2,251	29	2,280	114	2,394

	Thousands of U.S. Dollars						
	Reportable Segment						
2015	Banking	Lease	Total	Other	Total	Reconciliations	Consolidated
Ordinary income:							
(1) Outside customers	$ 852,650	$168,120	$ 1,020,770	$ 40,526	$ 1,061,296	—	$ 1,061,296
(2) Intersegment transactions	2,497	2,463	4,960	8,171	13,131	$ (13,131)	—
Total	$ 855,147	$170,583	$ 1,025,730	$ 48,697	$ 1,074,427	$ (13,131)	$ 1,061,296
Segment profit	290,563	11,026	301,589	15,245	316,834	(91)	316,743
Segment assets	50,231,647	525,414	50,757,061	310,435	51,067,496	(401,747)	50,665,749
Other:							
Depreciation	$ 27,628	$ 2,937	$ 30,565	$ 533	$ 31,098	$ 1,156	$ 32,254
Amortization of goodwill	2,039	—	2,039	—	2,039	—	2,039
Interest income	552,683	408	553,091	3,054	556,145	(1,332)	554,813
Interest expense	41,491	2,538	44,029	341	44,370	(1,215)	43,155
Provision (reversal) for possible loan losses	16,809	283	17,092	(773)	16,319	—	16,319
Increase in premises and equipment and intangible assets	36,482	4,984	41,466	891	42,357	1,389	43,746

Notes:
1. Ordinary income represents total income less certain extraordinary income included in "Other income" in the accompanying consolidated statement of income.
2. "Other" includes business segments of credit cards, computer services and credit guarantees.
3. Reconciliations mainly represent elimination of intra-segment transactions.
4. Segment profit is adjusted to reconcile to income before income taxes and minority interests less certain extraordinary items in the accompanying consolidated statement of income.

4. Associated Information

(1) Information about services

	Millions of Yen				
2015	Lending Service	Securities Services	Leasing	Other	Total
Ordinary income:					
Outside customers	¥49,347	¥36,531	¥20,141	¥21,517	¥127,536

	Millions of Yen				
2014	Lending Service	Securities Services	Leasing	Other	Total
Ordinary income:					
Outside customers	¥52,156	¥19,616	¥19,912	¥19,530	¥111,214

	Thousands of U.S. Dollars				
2015	Lending Service	Securities Services	Leasing	Other	Total
Ordinary income:					
Outside customers	$410,643	$303,994	$167,604	$179,055	$1,061,296

(2) Geographical information

(a) Operating revenues

This information is not presented because the Group's revenues in Japan account for more than 90% of revenues in the consolidated statement of income.

(b) Property and equipment

This information is not presented because the Group's property and equipment in Japan account for more than 90% of property and equipment in the consolidated balance sheet.

(3) Information by major customers

This information is not presented because there are no customers for which income account for more than 10% of revenues in the consolidated statement of income.

(4) Information about impairment loss by reportable segments

	Millions of Yen				
2015	Banking	Lease	Other	Elimination/Corporate	Total
Impairment loss on long-lived assets	¥141	—	—	—	¥141

	Millions of Yen				
2014	Banking	Lease	Other	Elimination/Corporate	Total
Impairment loss on long-lived assets	¥95	—	—	—	¥95

	Thousands of U.S. Dollars				
2015	Banking	Lease	Other	Elimination/Corporate	Total
Impairment loss on long-lived assets	$1,173	—	—	—	$1,173

(5) Information about goodwill and negative goodwill by reportable segments

	Millions of Yen				
2015	Banking	Lease	Other	Elimination/Corporate	Total
Amortization of goodwill	¥ 245	—	—	—	¥ 245
Goodwill at March 31, 2015	3,853	—	—	—	3,853

	Millions of Yen				
2015	Banking	Lease	Other	Elimination/Corporate	Total
Gain on negative goodwill	—	—	—	¥8	¥8

Notes:
1. The Group recorded gain on negative goodwill of ¥8 million arising from acquiring additional shares in a consolidated subsidiary (Juroku Lease Co., Ltd.) on July 1, 2014. Since this gain is not related to a specific segment, the gain was treated as corporate gain.

	Millions of Yen				
2014	Banking	Lease	Other	Elimination/Corporate	Total
Amortization of goodwill	¥ 245	—	—	—	¥ 245
Goodwill at March 31, 2014	4,098	—	—	—	4,098

	Millions of Yen				
2014	Banking	Lease	Other	Elimination/Corporate	Total
Gain on negative goodwill	—	—	¥249	¥4,070	¥4,319

Notes:
1. The Group recorded negative goodwill of ¥249 million in "Other," which was not included in its reportable segments, arising from acquiring additional shares in Juroku JCB Co, Ltd. on December 3, 2013.
2. The Group recorded gain on negative goodwill of ¥4,070 million arising from acquiring additional shares in three consolidated subsidiaries (Juroku DC Card Co., Ltd., Juroku Computer Service Co., Ltd. and Juroku Credit Guarantee Co., Ltd.) owned by Juroku Lease Co., Ltd. on September 27, 2013 and acquiring additional shares in two consolidated subsidiaries (Juroku Lease Co., Ltd. and Juroku Credit Guarantee Co., Ltd.) held by minority shareholders on March 10, 2014. Since this gain is not related to a specific segment, the gain was treated as corporate gain.

	Thousands of U.S. Dollars				
2015	Banking	Lease	Other	Elimination/Corporate	Total
Amortization of goodwill	$ 2,039	—	—	—	$ 2,039
Goodwill at March 31, 2015	32,063	—	—	—	32,063

	Thousands of U.S. Dollars				
2015	Banking	Lease	Other	Elimination/Corporate	Total
Gain on negative goodwill	—	—	—	$67	$67

Notes:
1. The Group recorded gain on negative goodwill of $67 thousand arising from acquiring additional shares in a consolidated subsidiary (Juroku Lease Co., Ltd.) on July 1, 2014. Since this gain is not related to a specific segment, the gain was treated as corporate gain.

Independent Auditors' Report

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INDEPENDENT AUDITOR'S REPORT

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

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

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Convenience Translation

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

Deloitte Touche Tohmatsu LLC

June 19, 2015

Member of
Deloitte Touche Tohmatsu Limited

Corporate Data

(as of March 31, 2015)

Date of Establishment:
October 10, 1877

Authorized Shares:
460,000 thousand shares

Shares of Common Stock Issued and Outstanding:
379,241 thousand shares

Stock Listed:
First Sections of the Tokyo and Nagoya Stock Exchanges

Paid-in Capital:
¥36,839 million

Number of Common Stock Shareholders:
13,130

Number of Employees:
3,350

10 Principal Shareholders:
Japan Trustee Services Bank, Ltd. (Trust account)
The Bank of Tokyo-Mitsubishi UFJ, Ltd.
Sompo Japan Nipponkoa Insurance Inc.
The Juroku Bank Employee Shareholders' Association
Fuji Baking Group Co., Ltd.
Meiji Yasuda Life Insurance Company
The Master Trust Bank of Japan, Ltd. (Trust Account)
Tokio Marine and Nichido Fire Insurance Co., Ltd.
Seino Holdings Co., Ltd.
The Bank of Nagoya, Ltd.

Affiliates

(as of June 30, 2015)

Name	Business Lines	Established	Capital (¥ Millions)	Equity Stake*	Equity Stake of subsidiaries*
Juroku Business Service Co., Ltd.	Clerical work service	Jan. 1979	10	100.0	—
Juroku Research Institute Co., Ltd.	Business consulting service Survey and research service	Jun. 2013	50	100.0	—
Juroku Card Co., Ltd.	Credit card flotation service	Aug. 1982	55	28.6	43.9
Juroku Lease Co., Ltd.	Leasing service Venture capital service	Mar. 1975	102	36.2	30.3
Juroku Computer Service Co., Ltd.	Computer system development service	Aug. 1985	245	19.0	56.9
Juroku Credit Guarantee Co., Ltd.	Credit guaranty service	May 1979	58	38.0	20.6

*Voting rights held by the Bank, or subsidiaries excluding the Bank, as a percentage of total voting rights.

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(as of June 30, 2015)

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