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R e p o r t
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NISHI-NIPPON CITY BANK

Profile

Headquartered in Kyushu's largest urban center, Fukuoka City (population: 1.52 million), the Nishi-Nippon City Bank Group comprises a parent bank, seven consolidated subsidiaries, and one affiliate. While banking services are its primary focus, the Group also provides a diverse range of financial services, including investing and lending operations, credit guarantees and credit card services, as well as credit management and business consulting services.

Guided by its management philosophy, "Aiming high and motivated by pride in our services, we are committed to becoming Kyushu's leading bank through our ability to respond to change and to grow with our customers," the Group's core banking services provide community-oriented financial services that cater mainly to individuals and small and medium-sized enterprises (SMEs) in its host region of Kyushu.

As of March 31, 2015, the Group has a nationwide network of 194 branches (Head Office, 169 branches, and 24 sub-branches), together with three representative offices in Hong Kong, Seoul, and Shanghai.

Consolidated Financial Highlights

The Nishi-Nippon City Bank, Ltd. and its consolidated subsidiaries Years ended March 31, 2015 and 2014

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Total income	¥152,206	¥156,249	\$1,266,596
Total expenses	110,837	115,468	922,340
Income before income taxes and minority interests	41,369	40,780	344,256
Net income	24,843	24,009	206,733

	Yen		U.S. dollars (Note 1)
Net income per share	¥31.32	¥30.20	\$0.26

The Nishi-Nippon City Bank, Ltd. and its consolidated subsidiaries March 31, 2015 and 2014

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Total assets	¥8,593,865	¥8,027,132	\$71,514,237
Deposits	7,330,003	6,952,471	60,996,949
Loans and bills discounted	6,158,682	5,849,866	51,249,746
Securities	1,887,925	1,781,211	15,710,455
Capital stock	85,745	85,745	713,535
Total net assets	469,065	429,734	3,903,350

Notes: 1. Translation into U.S. dollars (solely for the convenience of readers outside Japan) has been made at the exchange rate of ¥120.17 to U.S.\$1.

2. In this report, Japanese yen figures are rounded down to the nearest million yen.

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Message from the President

I am pleased to report on the business performance of the Nishi-Nippon City Bank Group for the fiscal year ended March 2015.

On October 1, 2014, we celebrated the 10th anniversary of our foundation; so, before beginning the report, I would like to express on behalf of our entire staff and management our most sincere appreciation to our valued customers, host communities, and shareholders for the warm support and patronage that they have so generously extended to us over the past decade.

During the fiscal year ended March 31, 2015, the Japanese economy made a rather slow start, as consumption and production weakened in reaction to last-minute demands prior to the consumption tax hike in April. Since then, the economy has been on a mild recovery path as a result of a turnaround in consumer spending due to improvements in employment/income environments. The economy of Kyushu, where the Group is based, also continues to recover steadily on the back of improving employment/income environments, although it appears that consumer spending remains weak.

Under these business conditions, April 2014 saw the launch of our new Medium-term Business Plan “New Stage 2014 – Working up a Sweat for Our Customers,” which upholds the basic concept of a “Territorial Expansion and Qualitative Development Stage”: When we tap into the Group’s collective strength to achieve further growth for our customers.” While pursuing our four basic strategies, namely, “Developing trustworthy human resources,” “Establishing business promotion with optimal solutions for each customer,” “Improving lifetime comprehensive support,” and “Expanding the sales territory,”



we have focused on enhancing the Group’s comprehensive financial strength.

In addition to these initiatives, we launched a series of 10th anniversary celebratory projects out of a sincere desire to express our heartfelt gratitude to our stakeholders and aim for “further leap forward” as we grow into the future together with our customers and host communities over the coming decade.

During the fiscal year under review, in which we kicked off the new Medium-term Business Plan, our efforts have borne fruit in terms of both income and volume.

Bearing our duty as a regional financial institution firmly in mind, both our staff and management will continue to make relentless efforts to revitalize the regional economy.

Your continued understanding of and support for our future endeavors is greatly appreciated.

July 2015

A handwritten signature in black ink, reading "H. Tanigawa".

Hiromichi Tanigawa, *President*

Financial Results

On a consolidated basis, in the fiscal period under review, total income decreased by ¥4,043 million year-on-year to ¥152,206 million (\$1,266 million) primarily due to a decline in income from lending activities in conjunction with a fall in interest rates. Total expenses decreased by ¥4,631 million to ¥110,837 million (\$922 million), primarily due to a decrease in net losses on sale of bonds (including Japanese government bonds) and a decline in write-offs of non-performing loans. As a result, income before income taxes and minority interests increased by ¥589 million to ¥41,369 million (\$344 million) and net income rose by ¥834 million to ¥24,843 million (\$206 million).

Solid Growth Registered in Both Loan Balance and Deposit Balance

The loan balance (non-consolidated) at the end of the fiscal period under review increased by ¥306.2 billion during the year to ¥5,927.5 billion. Within this total, loans for the local Kyushu region accounted for 89.8%, with loans to SMEs and retail customers accounting for 77.3% of all loans.

The corresponding year-end balance of deposits, including certificates of deposit, increased by ¥392.0 billion to ¥7,130.9 billion yen. Within this total, the year-end balance of deposits from the local Kyushu region was ¥6,838.7 billion, or 95.9% of the total balance.

Enhancing Comprehensive Business Support

We worked to address the start-up funding and consulting needs of customers aiming to expand existing businesses or develop new businesses by providing financing or investing in business development funds. We also provided support in the form of information on subsidies and financing systems, as well as helping them to commercialize new technologies through collaborations with external institutions such as local universities, public finance institutions, and regional public bodies.

We also provided assistance to customers looking to further grow their businesses by expanding sales channels and/or investing in new business areas, including business matching, by holding business matching sessions in Japan in conjunction with organizations such as regional public bodies and other financial institutions as well as overseas business matching sessions in Shanghai and Hong Kong. Other initiatives included providing support for companies looking to expand their business activities overseas through collaborations with financial institutions outside of Japan and external experts, and consulting services to identify and find solutions to obstacles that might be hindering the growth of customers' businesses.

Framework

Given the changes in economic and social structures and the government's economic-revitalization policy, we will tap into the Group's collective strength for further growth in the "Territorial Expansion and Qualitative Development Stage," the basic concept of the "New Stage 2014 – Working up a Sweat for Our Customers –."

Our goal as a banking service provider in the "New Stage"

The leading bank in Kyushu prospering hand in hand with the local customers by providing them with top-level services in Japan



Supporting Revitalization of the Kyushu Economy

In January 2015, working with the Regional Economy Vitalization Corporation of Japan (REVIC), the Development Bank of Japan, and Dogan, we established the NCB Kyushu Revitalization Fund, which is aimed at providing comprehensive support to local companies with the potential to drive the Kyushu economy, ranging from improvement and reinforcement of their business bases to strategies for growth/expansion and business continuity.

In addition to a shrinking market resulting from a population decline, local businesses face increasingly fierce competition from large corporations that are expanding into provincial regions, together with a lack of business successors. Many of them require reinforcement of their financial bases and restructuring of their capital policies in order to implement the drastic measures needed to reorganize and restructure their businesses and ensure smooth succession. The NCB Kyushu Revitalization Fund is intended to provide greater growth support to local Kyushu companies harboring these types of needs.

As a local financial institution, we aim to respond to environmental and structural changes in the regional economy and society, and to assist in the comprehensive revitalization of the communities in which we operate, with a view to the revitalization and sustainable growth of the region as a whole. We

implemented a range of measures to drive economic activity in the local regions, including holding business matching sessions aimed at promoting regional products, and to revitalize industries in collaboration with external organizations such as regional public bodies and local universities, supporting industry-government-academic collaboration to develop new regional industries and businesses, and supporting projects for vitalizing urban centers.

Key Points of FY2015 Operating Policy Based on New Medium-term Business Plan

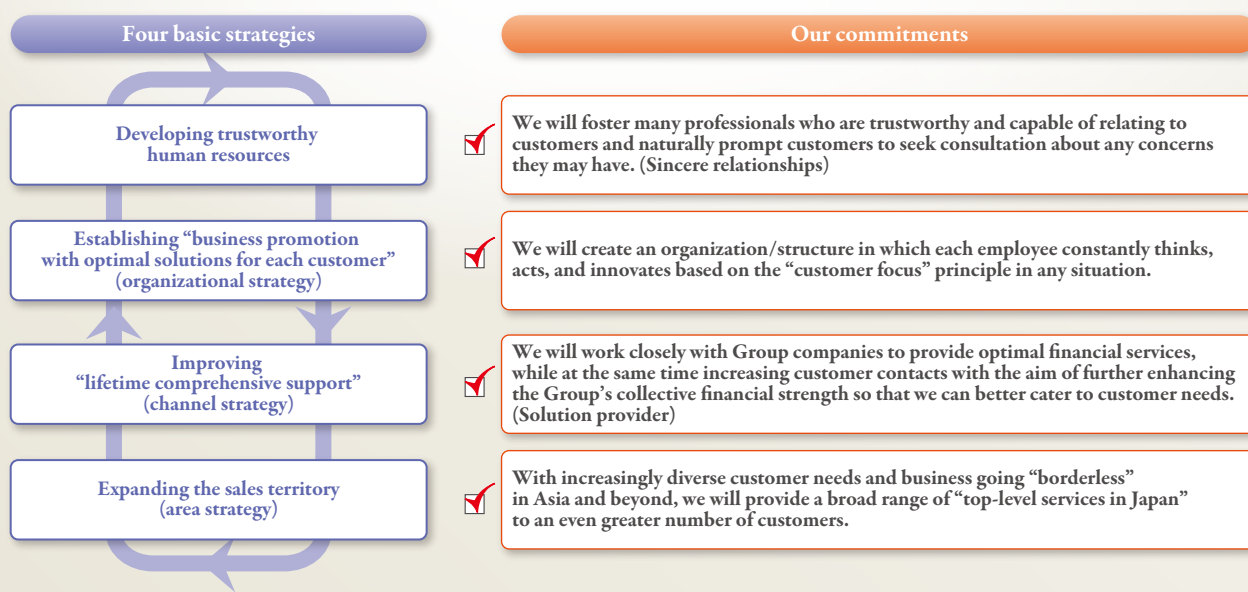
In fiscal 2015, we will work to boost our brand power by developing and reliably supplying the highest-quality products and services, and will strive to enhance brand loyalty by delivering services that exceed expectations and leave lasting positive impressions among our customers, centered on the four basic strategies that we have set forth under our new Medium-term Business Plan.

Going forward, our management and staff will refocus on our roots as a regional financial institution and persevere with efforts to revitalize the regional economy.

I would like to take this opportunity to request your ongoing understanding of and support for the Nishi-Nippon City Bank Group in its future endeavors.

Basic Strategies Underpinning the “Territory Expansion/Qualitative Development Stage”

We will further enhance the Group’s comprehensive financial strength by linking the four basic strategies together.



Toward a Sounder Financial Position

Pursuit of a sounder financial position is ranked as one of the Bank's key priorities. Accordingly, we are strengthening our capital adequacy and reducing non-performing loans (NPLs).

NPL Ratio Improved by 0.28 Percentage Points to 2.44%

The Bank carries out write-offs and provision of reserves for its NPLs according to strict standards, based on self-assessment of assets. As of March 31, 2015, the Bank's NPL balance (subject to mandatory disclosure of claims under the Financial Reconstruction Law, non-consolidated basis) decreased by ¥8.7 billion year-on-year to ¥145.6 billion. As a result, the NPL ratio declined to 2.44%, compared to 2.72% at the end of the previous fiscal year.

The coverage ratio for loans subject to mandatory disclosure of claims under the Financial Reconstruction Law is 83.11%, mainly through collateral and guarantees. The coverage ratio for bankrupt and quasi-bankrupt assets remains at 100%.

Capital Ratio (Consolidated) at 9.62%

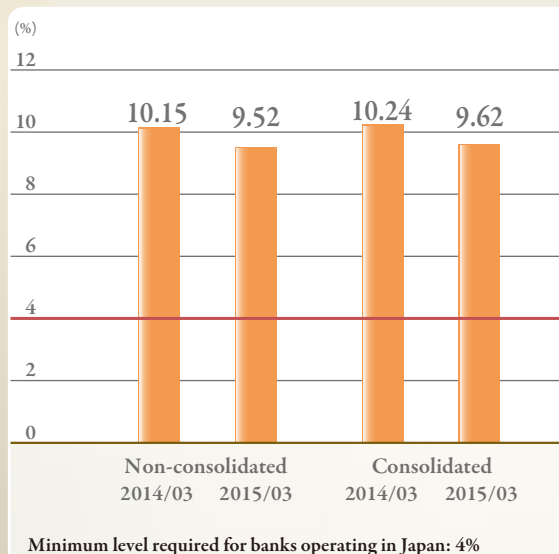
The capital ratio as of March 31, 2015, stood at 9.52% on a non-consolidated basis and 9.62% on a consolidated basis. These figures are significantly higher than the minimum level of 4.0% required of banks operating in Japan.

We will be implementing measures to further strengthen our capital adequacy and raise the capital ratio.

Balance of NPLs and ratio of loans subject to mandatory disclosure of claims under the Financial Reconstruction Law



Capital ratio



Risk Management Systems

With the liberalization and globalization of finance and advances in information technology, the risks attendant on financial services are growing more diverse and complex. Against this backdrop, the Bank is strengthening its risk management systems, one of the key priority issues for management, with the goal of establishing a sound management foundation and ensuring stable revenues.

Integrated Risk Management: In order to properly manage the risks associated with banking operations, the Bank quantifies such risks using a uniform standard employing VaR (Value at Risk) and other methods and compares measured risks against management resilience. In more concrete terms, we adequately control risks by using the method of capital allocation to each risk category – credit, market, and operational risks – so that each business division can contain the risks within the scope of the allocated capital (risk limits).

Risks that are difficult to quantify using the VaR method are subject to periodic stress testing in order to determine their possible impact on equity capital, thus ensuring capital sufficiency.

The ALM System: The ALM committee, consisting of top management members, meets monthly to conduct integrated management of all of the Bank's assets and liabilities, including off-balance-sheet transactions, based on projections of economic trends and capital market interest rates.

The committee also quantifies risks in areas such as deposits and loans, bonds, stocks, and investment trusts, using the VaR method, and discusses and determines important risk management issues that are essential to maximizing and stabilizing revenues, as well as matters concerning integrated risks. This is conducted based on analysis of gaps generated by differences in contract terms for assets and liabilities, and on analysis of revenue forecasts.

Credit Risk Management: The Bank is strengthening credit risk management in accordance with its "Credit Risk Management Policy," which outlines its basic policy on management of credit risks, and its "Credit Policy," which serves as its guidelines for credit practices. Each case is screened extensively, taking into account the purpose of the loan and sources of funds for repayment from the perspective of public aspects, safety, profitability, and growth potential, and we are working hard to maintain and improve the soundness of our assets by applying strict standards after investigating the actual circumstances of relevant customers.

We also ensure that lending portfolio risks are dispersed using a system of credit risk quantification and sector-based portfolio management based on our "credit rating system," so that we can earn a level of income commensurate with credit cost.

Market Risk Management: To properly manage market risks, the ALM committee sets up various limits, such as risk limits, position limits, and loss limits, for each business division and risk category. The committee also quantifies market risks using several risk measurement methods and properly controls risks within permissible limits, thereby ensuring a stable flow of income.

Liquidity Risk Management: Besides maintaining the soundness of its assets in order to prevent tight finances, the Bank has developed a liquidity risk management system by formulating and implementing the "Liquidity Risk Management Policy," "Liquidity Risk Management Regulations," etc. in an effort to ensure market liquidity and stabilize cash flows.

Operational Risk Management: Given that operational risks are so extensive, varied, and diverse that they concern every single operation and section and thus must be avoided as far as possible in business management, the Bank has developed an organizational setup and system that properly manage such risks, in order to prevent them from becoming actualized and to minimize their impacts should any such risks occur.

Crisis Management: To ensure that the minimum operations necessary for maintaining the financial system's functions can continue without interruption and, should they be interrupted due to large-scale disasters, IT system failures or other contingencies, to ensure that they are resumed promptly, the Bank has established its "Business Continuity Plan" and strives to enhance effectiveness of the business continuity management system by carrying out various kinds of drills.

Adequacy and Effectiveness of Internal Control: Independent from all other business divisions, the Internal Audit Division conducts verification and assessment in accordance with the "Internal Audit Policy," which provides the basic policy, etc. concerning the internal auditing system, in order to make suggestions to auditees on remedying of issues that may have been identified, and reports audit findings, etc. to the Board of Directors, Executive Committee, and auditors on a monthly basis.



Board of Directors and Corporate Auditors



Isao Kubota
Chairman



Hiromichi Tanigawa
President



Seiji Isoyama
Deputy President



Souichi Kawamoto
Deputy President

Chairman

Isao Kubota

Managing Directors

Shinya Hirota

Hideyuki Murakami

President

Hiromichi Tanigawa

Toshihiko Sadano

Deputy Presidents

Seiji Isoyama

Souichi Kawamoto

Directors (outside)

Michiaki Uriu

Nobuko Takahashi

Representative Executive Director

Shigeru Urayama

Corporate Auditors

(Senior Corporate Auditor)

Akira Mitsutomi

Executive Directors

Kiyota Takata

Yasuyuki Ishida

Hiroyuki Irie

Seiji Ino

(outside)

Masahiro Sakata

(outside)

Yuji Tanaka

(outside)

Hirohiko Okumura

(as of June 30, 2015)

Financial Section

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Consolidated Balance Sheets

The Nishi-Nippon City Bank, Ltd. and Subsidiaries

31st March, 2015 and 2014

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Assets:			
Cash and due from banks (Notes 8, 29, 30 and 39)	¥344,782	¥185,603	\$2,869,126
Call loans and bills bought	92	237	766
Commercial paper and other debt purchased (Notes 8 and 29)	31,307	31,897	260,525
Trading account assets (Notes 5 and 30)	982	1,026	8,178
Money held in trust (Note 31)	1,999	1,972	16,637
Securities (Notes 6, 8, 29 and 30)	1,887,925	1,781,211	15,710,455
Loans and bills discounted (Notes 7, 9 and 29)	6,158,682	5,849,866	51,249,746
Foreign exchange assets (Note 10)	8,717	6,699	72,542
Other assets (Notes 8 and 11)	40,110	37,138	333,782
Tangible fixed assets (Notes 12 and 19)	110,590	113,622	920,281
Intangible fixed assets	6,289	8,189	52,335
Asset for retirement benefits (Notes 3 and 33)	5,147	7,043	42,837
Deferred tax assets (Note 34)	928	8,480	7,725
Customers' liabilities for acceptances and guarantees	32,209	33,652	268,035
Reserve for possible loan losses (Note 29)	(35,265)	(38,907)	(293,462)
Reserve for devaluation of securities	(634)	(603)	(5,276)
Total assets	¥8,593,865	¥8,027,132	\$71,514,237
Liabilities and net assets:			
Liabilities:			
Deposits (Notes 8, 13 and 29)	¥7,330,003	¥6,952,471	\$60,996,949
Call money and bills sold (Notes 8 and 29)	167,130	158,563	1,390,782
Payables under repurchase agreements (Note 8)	11,624	—	96,732
Guarantee deposits received under securities lending transactions (Note 8)	94,169	19,720	783,638
Borrowed money (Notes 8, 15 and 29)	285,785	223,976	2,378,174
Foreign exchange liabilities (Note 10)	78	97	652
Bonds (Notes 14 and 29)	78,300	93,300	651,576
Other liabilities (Note 16)	89,349	87,130	743,526
Liability for retirement benefits (Notes 3 and 33)	5,677	5,339	47,249
Reserve for retirement benefits for directors and corporate auditors	177	154	1,480
Reserve for reimbursement of deposits	2,173	2,211	18,082
Reserve for other contingent losses	2,195	2,102	18,273
Reserve under the special laws	3	1	26
Deferred tax liabilities (Note 34)	9,699	—	80,711
Deferred tax liabilities on revaluation of premises (Note 19)	16,222	18,678	134,995
Acceptances and guarantees	32,209	33,652	268,035
Total liabilities	8,124,800	7,597,398	67,610,886
Net assets:			
Capital stock (Note 17)	85,745	85,745	713,535
Capital surplus	90,532	90,301	753,368
Earned surplus	185,231	164,207	1,541,409
Treasury stock (Note 18)	(2,128)	(692)	(17,715)
Total shareholders' equity	359,380	339,561	2,990,597
Net unrealized gains on securities available for sale, net of taxes (Note 30)	64,777	38,212	539,045
Net deferred gains (losses) on hedging instruments, net of taxes	(763)	(35)	(6,353)
Revaluation of premises, net of taxes (Note 19)	29,836	29,283	248,284
Retirement benefits liability adjustments, net of taxes (Notes 3 and 33)	(5,647)	(3,539)	(46,992)
Total accumulated other comprehensive income	88,202	63,920	733,983
Minority interests	21,482	26,252	178,769
Total net assets (Note 40)	469,065	429,734	3,903,350
Total liabilities and net assets	¥8,593,865	¥8,027,132	\$71,514,237

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Income

The Nishi-Nippon City Bank, Ltd. and Subsidiaries

Years ended 31st March, 2015 and 2014

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Income:			
Interest and dividend income:			
Interest on loans and discounts	¥89,554	¥91,646	\$745,228
Interest and dividends on securities	16,077	20,241	133,793
Other interest income (Note 20)	1,416	1,116	11,785
Fees and commissions	32,661	32,272	271,797
Trading income	943	529	7,847
Other operating income (Note 21)	2,852	3,740	23,736
Other income (Note 22)	8,701	6,702	72,407
Total income	152,206	156,249	1,266,596
Expenses:			
Interest expenses:			
Interest on deposits	4,366	4,466	36,340
Interest on call money and bills sold	518	397	4,312
Interest on payables under repurchase agreements	5	—	44
Interest on borrowings	372	617	3,096
Other interest expenses (Note 23)	1,968	2,036	16,379
Fees and commissions	10,165	10,133	84,594
Other operating expenses (Note 24)	499	3,602	4,154
General and administrative expenses (Note 25)	83,636	83,906	695,983
Other expenses (Note 26)	9,305	10,307	77,436
Total expenses	110,837	115,468	922,340
Income before income taxes and minority interests	41,369	40,780	344,256
Income taxes (Note 34)			
Current	5,912	3,619	49,198
Deferred	8,343	11,268	69,430
Total income taxes	14,255	14,888	118,629
Income before minority interests	27,113	25,892	225,627
Minority interests in net income	2,270	1,883	18,893
Net income (Note 40)	¥24,843	¥24,009	\$206,733

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Comprehensive Income

The Nishi-Nippon City Bank, Ltd. and Subsidiaries

Years ended 31st March, 2015 and 2014

	Millions of yen	Millions of yen	Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Income before minority interests	¥27,113	¥25,892	\$225,627
Other comprehensive income:			
Net unrealized gains on securities available for sale	26,467	2,780	220,253
Net deferred gains (losses) on hedging instruments	(728)	(35)	(6,060)
Gains on revaluation of premises	1,636	—	13,617
Retirement benefits liability adjustments	(2,113)	—	(17,591)
Share of other comprehensive income of affiliates accounted for by the equity method	—	(0)	—
Total other comprehensive income (Note 27)	¥25,262	¥2,745	\$210,219
Comprehensive income	¥52,375	¥28,637	\$435,846
Comprehensive income attributable to shareholders of the parent	¥50,208	¥26,665	\$417,816
Comprehensive income attributable to minority interests	¥2,166	¥1,972	\$18,030

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Changes in Net Assets

The Nishi-Nippon City Bank, Ltd. and Subsidiaries

Years ended 31st March, 2015 and 2014

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Shareholders' equity			
Capital stock (Note 17)			
Balance at beginning of the year	¥85,745	¥85,745	\$713,535
Changes during the year			
Total changes during the year	—	—	—
Balance at end of the year	¥85,745	¥85,745	\$713,535
Capital surplus			
Balance at beginning of the year	¥90,301	¥90,301	\$751,445
Changes during the year			
Sales of treasury stock	231	—	1,923
Total changes during the year	231	—	1,923
Balance at end of the year	¥90,532	¥90,301	\$753,368
Earned surplus			
Balance at beginning of the year	¥164,207	¥143,541	\$1,366,457
Cumulative effect of change in accounting principle	(133)	—	(1,108)
Restated balance at beginning of the year	164,073	143,541	1,365,348
Changes during the year			
Cash dividends paid (Note 40)	(4,769)	(3,975)	(39,688)
Net income	24,843	24,009	206,733
Transfer to reserve for deferred capital gains	0	0	1
Sale of treasury stock	—	(1)	—
Reversal of revaluation of premises	1,083	632	9,014
Total changes during the year	21,157	20,666	176,060
Balance at end of the year	¥185,231	¥164,207	\$1,541,409
Treasury stock (Note 18)			
Balance at beginning of the year	(¥692)	(¥673)	(\$5,758)
Changes during the year			
Acquisition of treasury stock	(5,082)	(21)	(42,291)
Sale of treasury stock	3,645	3	30,334
Total changes during the year	(1,436)	(18)	(11,957)
Balance at end of the year	(¥2,128)	(¥692)	(\$17,715)
Total shareholders' equity			
Balance at beginning of the year	¥339,561	¥318,914	\$2,825,679
Cumulative effect of change in accounting principle	(133)	—	(1,108)
Restated balance at beginning of the year	339,428	318,914	2,824,571
Changes during the year			
Cash dividends paid (Note 40)	(4,769)	(3,975)	(39,688)
Net income	24,843	24,009	206,733
Transfer to reserve for deferred capital gains	0	0	1
Acquisition of treasury stock	(5,082)	(21)	(42,291)
Sale of treasury stock	3,876	2	32,257
Reversal of revaluation of premises	1,083	632	9,014
Total changes during the year	19,951	20,647	166,026
Balance at end of the year	¥359,380	¥339,561	\$2,990,597

Consolidated Statements of Changes in Net Assets

The Nishi-Nippon City Bank, Ltd. and Subsidiaries

Years ended 31st March, 2015 and 2014

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Accumulated other comprehensive income			
Net unrealized gains on securities available for sale, net of taxes			
Balance at beginning of the year	¥38,212	¥35,521	\$317,984
Changes during the year			
Net changes in items other than shareholders' equity	26,564	2,690	221,060
Total changes during the year	26,564	2,690	221,060
Balance at end of the year	¥64,777	¥38,212	\$539,045
Net deferred gains (losses) on hedging instruments, net of taxes			
Balance at beginning of the year	(¥35)	¥0	(\$293)
Changes during the year			
Net changes in items other than shareholders' equity	(728)	(35)	(6,060)
Total changes during the year	(728)	(35)	(6,060)
Balance at end of the year	(¥763)	(¥35)	(\$6,353)
Revaluation of premises, net of taxes			
Balance at beginning of the year	¥29,283	¥29,916	\$243,680
Changes during the year			
Net changes in items other than shareholders' equity	553	(632)	4,603
Total changes during the year	553	(632)	4,603
Balance at end of the year	¥29,836	¥29,283	\$248,284
Retirement benefits liability adjustments			
Balance at beginning of the year	(¥3,539)	¥ —	(\$29,457)
Changes during the year			
Net changes in items other than shareholders' equity	(2,107)	(3,539)	(17,535)
Total changes during the year	(2,107)	(3,539)	(17,535)
Balance at end of the year	(¥5,647)	(¥3,539)	(\$46,992)
Total accumulated other comprehensive income			
Balance at beginning of the year	¥63,920	¥65,437	\$531,915
Changes during the year			
Net changes in items other than shareholders' equity	24,282	(1,517)	202,068
Total changes during the year	24,282	(1,517)	202,068
Balance at end of the year	¥88,202	¥63,920	\$733,983
Minority interests			
Balance at beginning of the year	¥26,252	¥24,968	\$218,458
Cumulative effect of change in accounting principle	(24)	—	(200)
Restated balance at beginning of the year	26,228	24,968	218,258
Changes during the year			
Net changes in items other than shareholders' equity	(4,745)	1,283	(39,489)
Total changes during the year	(4,745)	1,283	(39,489)
Balance at end of the year	¥21,482	¥26,252	\$178,769
Total net assets			
Balance at beginning of the year	¥429,734	¥409,320	\$3,576,053
Cumulative effect of change in accounting principle	(157)	—	(1,308)
Restated balance at beginning of the year	429,577	409,320	3,574,745
Changes during the year			
Cash dividends paid (Note 41)	(4,769)	(3,975)	(39,688)
Net income	24,843	24,009	206,733
Transfer to reserve for deferred capital gains	0	0	1
Acquisition of treasury stock	(5,082)	(21)	(42,291)
Sale of treasury stock	3,876	2	32,257
Reversal of revaluation of premises	1,083	632	9,014
Net changes in items other than shareholders' equity	19,537	(233)	162,579
Total changes during the year	39,488	20,414	328,605
Balance at end of the year	¥469,065	¥429,734	\$3,903,350

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Cash Flows

The Nishi-Nippon City Bank, Ltd. and Subsidiaries

Years ended 31st March, 2015 and 2014

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
I. Cash flows from operating activities:			
Income before income taxes and minority interests	¥41,369	¥40,780	\$344,256
Depreciation	5,732	6,156	47,705
Losses on impairment of fixed assets	2,769	1,315	23,043
Amortization of goodwill	128	128	1,065
Equity in gains of nonconsolidated subsidiaries and affiliate	(211)	(288)	(1,756)
Gain on bargain purchase	(1,970)	–	(16,401)
Decrease in reserve for possible loan losses	(3,642)	(47)	(30,311)
Increase (decrease) in reserve for devaluation of securities	30	(9)	252
Decrease in reserve for employee retirement benefits	–	(6,726)	–
Decrease (increase) in asset for retirement benefits	1,895	(13,012)	15,773
Increase in liability for retirement benefits	338	5,814	2,819
Increase in reserve for retirement benefits for directors and corporate auditors	23	3	197
Decrease in reserve for reimbursement of deposits	(38)	(210)	(317)
Increase (decrease) in reserve for other contingent losses	93	(1)	775
Income from lending activities	(107,048)	(113,003)	(890,806)
Funding costs	7,230	7,517	60,172
(Gains) losses on securities	(2,517)	67	(20,950)
(Gains) losses on money held in trust	(2)	23	(23)
Net foreign exchange gains	(975)	(721)	(8,115)
Losses on sale of tangible fixed assets	493	26	4,109
Net decrease in trading account assets	44	521	367
Net increase in loans and bills discounted	(308,815)	(264,640)	(2,569,821)
Net increase in deposits	377,660	119,761	3,142,722
Net (decrease) increase in certificates of deposit	(128)	10,475	(1,071)
Net increase in borrowed money, exclusive of subordinated borrowings	71,808	152,971	597,560
Net (increase) decrease in due from banks, exclusive of central bank	(5,942)	328	(49,450)
Net decrease (increase) in call loans	736	(4,298)	6,128
Net increase (decrease) in call money	20,191	(74,789)	168,024
Net increase (decrease) in guarantee deposits received under securities lending transactions	74,449	(26,384)	619,537
Net increase in foreign exchange assets	(2,017)	(1,562)	(16,789)
Net decrease in foreign exchange liabilities	(19)	(36)	(158)
Interest and dividends received	110,641	118,138	920,708
Interest paid	(7,741)	(9,017)	(64,422)
Others	(42,090)	20,870	(350,255)
Subtotal	232,476	(29,846)	1,934,566
Income taxes paid	(3,801)	(4,700)	(31,636)
Net cash provided by (used in) operating activities	¥228,675	(¥34,546)	\$1,902,930

Consolidated Statements of Cash Flows

The Nishi-Nippon City Bank, Ltd. and Subsidiaries

Years ended 31st March, 2015 and 2014

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
II. Cash flows from investing activities:			
Payments for purchase of securities	(¥624,290)	(¥542,973)	(\$5,195,063)
Proceeds from sale of securities	342,013	255,740	2,846,083
Proceeds from redemption of securities	245,934	247,749	2,046,556
Payments for increase in money held in trust	(27)	—	(230)
Proceeds from decrease in money held in trust	3	1,003	27
Payments for purchase of tangible fixed assets	(3,670)	(2,134)	(30,543)
Proceeds from sale of tangible fixed assets	1,004	1,146	8,361
Payments for purchase of intangible fixed assets	(834)	(920)	(6,944)
Proceeds from sale of intangible fixed assets	—	65	—
Payments for purchase of stock of subsidiaries	(634)	—	(5,282)
Proceeds from sale of stock of subsidiaries	69	—	576
Collection of lease deposits	500	—	4,160
Net cash used in investing activities	(¥39,932)	(¥40,323)	(\$332,298)
III. Cash flows from financing activities:			
Repayments of subordinated borrowings	(¥10,000)	(¥3,000)	(\$83,215)
Issuance of subordinated bonds and bonds with stock subscription rights	—	20,000	—
Redemption of subordinated bonds and bonds with stock subscription rights	(15,000)	—	(124,823)
Dividends paid	(4,773)	(3,975)	(39,724)
Dividends paid to minority shareholders	(695)	(695)	(5,787)
Payments for acquisition of treasury stock	(5,081)	(21)	(42,289)
Proceeds from sale of treasury stock	4	2	35
Net cash (used in) provided by financing activities	(¥35,546)	¥12,309	(\$295,804)
IV. Effects of changes in exchange rates on cash and cash equivalents	¥40	¥31	\$333
V. Net increase (decrease) in cash and cash equivalents	¥153,236	(¥62,528)	\$1,275,160
VI. Cash and cash equivalents at beginning of the year	¥182,394	¥244,923	\$1,517,805
VII. Cash and cash equivalents at end of the year (Note 39)	¥335,630	¥182,394	\$2,792,965

See accompanying Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements

The Nishi-Nippon City Bank, Ltd. and Subsidiaries

1. Basis of Presentation of Consolidated Financial Statements

The accompanying consolidated financial statements of The Nishi-Nippon City Bank, Ltd. (the "Bank"), formerly The Nishi-Nippon Bank, Ltd., and its consolidated subsidiaries have been prepared in conformity with accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Bank as required by the Financial Instruments and Exchange Law of Japan.

In addition, the notes to the consolidated financial statements include information which is not required under accounting principles generally accepted in Japan but is presented herein as additional information.

Solely for the convenience of readers outside Japan, certain items in the original Japanese financial statements have been reclassified for presentation.

As permitted by the Financial Instruments and Exchange Law, amounts of less than one million yen have been omitted by the Bank.

Consequently, the totals shown in the accompanying consolidated financial statements (both in yen and U.S. dollars) do not necessarily agree with the sum of the individual amounts.

The amounts in U.S. dollars are included solely for the convenience of readers outside Japan. A rate of ¥120.17= U.S.\$ 1.00, the exchange rate on 31st March, 2015, has been used in translation.

In the consolidated financial statements, "—" is used to denote "nil" and "0" is used to denote rounding down to zero.

2. Summary of Significant Accounting Policies

(a) Scope of Consolidation

The consolidated financial statements include the accounts of the Bank and its consolidated subsidiaries.

The number of consolidated and non-consolidated subsidiaries for the years ended 31st March, 2015 and 2014 is as follows:

	2015	2014
i) Number of consolidated subsidiaries:	7	7
ii) Number of non-consolidated subsidiaries:	2	2

ii) The Nishi-Nippon Challenge 2, Limited Partnership and NCB Kyushu Rokujika Ouen Investment, Limited Partnership were excluded from consolidation due to their insignificance in 2014 and 2015.

(b) Application of Equity Method

The number of non-consolidated subsidiaries and affiliates, which are accounted for by the equity method, for the years ended 31st March, 2015 and 2014 is as follows:

	2015	2014
i) Number of non-consolidated subsidiaries accounted for by the equity method:	0	0
ii) Number of affiliates accounted for by the equity method:	1	1
iii) Number of non-consolidated subsidiaries not accounted for by the equity method:	2	2
iv) Number of affiliates not accounted for by the equity method:	0	0

(c) Fiscal Years of Consolidated Subsidiaries

The closing dates of consolidated subsidiaries in 2015 and 2014 are as follows:

	2015	2014
January 14 *	1	1
March 31	6	6

*A subsidiary with the closing date of January 14 is consolidated based on the financial statements at the provisional closing of accounts performed as of 31st March. Other subsidiaries are consolidated based on the financial statements at their respective closing dates.

(d) Trading Account Assets and Liabilities

Transactions that seek gains on short-term fluctuations and arbitrage in interest rates, currency prices, market prices of financial instruments (trading transactions) are recognized on a trade date basis. They are recorded as trading assets or trading liabilities on the consolidated balance sheets and gains or losses on these transactions are recorded in trading income or trading expenses on the consolidated statements of income.

The Bank values securities, monetary claims, etc. held for trading purpose at the market price prevailing at the balance sheet date. Derivatives, such as futures and option transactions, are stated at the amount assuming that they were terminated or settled at the balance sheet date.

Trading income and expenses include interest income or expenses as well as changes in unrealized gains or losses on securities, monetary claims and derivative financial products during the fiscal year.

(e) Securities

Securities held to maturity are carried at amortized cost using the straight-line method with cost determined by the moving average method. Investments in non-consolidated subsidiaries not accounted for by the equity method are valued at cost determined by the moving average method. In principle, securities available for sale are carried at fair value with cost of sales determined by the moving average method. However, securities available for sale, for which it is extremely difficult to determine the fair value, are valued at cost determined by the moving average method.

The difference between the acquisition cost and the carrying amount of securities available for sale, representing unrealized gains and losses, is recognized as unrealized gains (losses) on securities available for sale, net of taxes, and included directly in net assets.

Securities held as components of individually managed money trusts whose principal objective is investments in securities are stated at fair value.

(f) Derivatives

Derivatives held or written are stated at fair value.

(g) Tangible Fixed Assets (excluding leased assets)

The Bank uses the declining-balance method for depreciation of tangible fixed assets other than buildings acquired on and after 1st April, 1998 which are depreciated by the straight-line method. The useful lives for buildings and equipment are as follows:

Buildings:	3 to 60 years
Equipment:	2 to 20 years

Tangible fixed assets of consolidated subsidiaries are depreciated mainly using the declining-balance method.

(h) Intangible Fixed Assets (excluding leased assets)

Intangible fixed assets are amortized using the straight-line method. Software for internal use is amortized based on the estimated useful life determined by the Bank and its consolidated subsidiaries (generally 5 years).

(i) Leased Assets

The tangible and intangible fixed assets capitalized under the finance lease transactions entered into on and after 1st April, 2008 where ownership of leased assets is not transferred to lessees are depreciated by the straight-line method over the lease term with their residual value of zero.

(j) Reserve for Possible Loan Losses

For loans to insolvent customers who are undergoing bankruptcy or special liquidation, etc. (hereinafter, "borrowers under bankruptcy proceedings") or who are in a similar financial condition although not yet in bankruptcy (hereinafter, "borrowers substantially in bankruptcy"), the reserve for possible loan losses is provided at the full amount of the book value of such loans after deducting the amount of direct write-offs (as defined below), and excluding the amounts deemed collectible from sale of the collateral pledged and the guarantees that are deemed recoverable.

For the unsecured and unguaranteed portion of loans to customers not presently in the above circumstances, but with a high probability of becoming so (hereinafter "customers with high probability of becoming insolvent"), the reserve for possible loan losses is provided at the amounts deemed necessary after deduction of the estimated realizable value of collateral and guarantees based on the customer's overall financial condition.

For other loans, the reserve for possible loan losses is provided at an amount based on the anticipated loss rates calculated from the actual losses for a certain period.

Regarding each loan, the Credit Review Office, which is independent of the operating divisions, reviews the operating divisions' evaluation of each loan for collectibility based on self-assessment standards.

For loans to borrowers under bankruptcy proceedings and borrowers substantially in bankruptcy that are secured by collateral and guarantees, the unrecoverable portion of such loans is determined by subtracting the estimated recoverable amounts from the disposal of the collateral and the amounts deemed recoverable from the guarantors. The unrecoverable amount is written off directly against the value of the loan ("direct write-off"). The amounts of such direct write-offs at 31st March, 2015 and 2014 were ¥16,061 million (\$138,150 thousand), and ¥20,339 million, respectively.

For loans to borrowers with a rescheduled or restructuring plan, which exceed a certain amount, the discounted cash flow (DCF) method is applied to provide for doubtful accounts, if cash flows from collection of principal and receipts of interest can be reasonably estimated. Under the DCF method a reserve for possible loan losses is provided at the difference between the cash flows discounted by the original interest rate and the carrying value of the loan.

Consolidated subsidiaries record a general reserve for possible loan losses by applying the historical loan-loss ratio observed over specific periods, and record a specific reserve for certain loans at the estimated uncollectible amount based on assessment of each borrower's ability to repay.

(k) Reserve for Devaluation of Securities

In order to provide for a loss on investments, the Bank estimates the amount deemed necessary based on a review of financial position, etc. of the companies issuing securities or golf club membership.

(l) Reserve for Retirement Benefits for Directors and Corporate Auditors

Reserve for retirement benefits for directors and corporate auditors is provided by some of the consolidated subsidiaries at the amount that would be paid in accordance with the internally established rule at the balance sheet date if they were retired on that date.

(m) Reserve for Reimbursement of Deposits

Reserve for reimbursement of deposits is provided for possible losses on the future claims for withdrawal of the deposits, which was derecognized, at an amount deemed necessary based on the estimates of the Bank.

(n) Reserve for Other Contingent Losses

Reserve for other contingent losses is provided for possible losses on loans under the shared responsibility system with the Credit Guarantee Corporation as well as for possible losses resulting from other contingencies not covered by the other reserves, at an amount deemed necessary based on the estimates of the future possible payments by the Bank.

(o) Reserve under the Special Laws

Reserve under the special laws is a legal reserve for financial instruments exchange, which is provided for possible losses arising from the purchase or sale of securities or other securities-related trading activities by the Bank's consolidated subsidiaries in Japan at an amount estimated pursuant to Article 46, Item 5 of the Financial Instruments and Exchange Law as well as Article 175 of the Cabinet Office Ordinance relating to the financial instruments services.

(p) Accounting for Retirement Benefits

The retirement benefit obligation for employees is attributed to each period by the benefit formula method.

Actuarial gain/loss is amortized using the straight-line method mainly over a period of 10 years following the year it arises, which is within the average remaining years of service of the current employees.

For some consolidated subsidiaries, liability for retirement benefits and retirement benefit expenses are calculated using the simplified method, which assumes the retirement benefit obligation to be equal to the benefits payable if all eligible employees voluntarily terminated their employment at fiscal year end.

(q) Foreign Currency Translation

Foreign currency-denominated assets and liabilities are translated into Japanese yen primarily at the exchange rate prevailing at the balance sheet date.

(r) Accounting for Leases

Finance lease transactions which were initially engaged by the Bank and its consolidated subsidiaries prior to 1st April, 2008 where there is no transfer of ownership are accounted for by the same method as applicable to ordinary operating lease contracts.

(s) Hedge Accounting

① Hedge accounting for interest rate risks

The Bank applies the deferred method as hedge accounting for interest rate risks of certain financial assets and liabilities by using the individual hedging, which directly matches hedged items and hedging instruments.

With regard to hedging transactions to offset fluctuations in the fair value of fixed-rate bonds classified as available-for-sale securities, in accordance with operational rules concerning hedge accounting, hedged items are distinguished by identical type of bonds and interest rate swaps are used as hedging instruments. Since significant terms related to those hedged items and hedging instruments are nearly identical, such hedging transactions are deemed highly effective in terms of evaluation of hedge effectiveness.

No evaluation is performed for hedge effectiveness of qualifying interest rate swaps accounted for by the special treatment, as it is ascertained that the criteria for the special treatment are continually met.

② Hedge accounting for foreign exchange rate risk

The Bank applies the deferred method as hedge accounting for foreign exchange risks of various foreign currency-denominated financial assets and liabilities in accordance with the "Accounting and Auditing Treatment for Accounting for Foreign Currency Transactions in Banking Industry" (JICPA Industry Audit Committee Report No. 25).

The Bank treats foreign exchange swap transactions as hedging instruments for the purpose of the hedge of foreign currency-denominated financial assets and liabilities, and the Bank tests hedge effectiveness by matching the foreign currency swap position as hedging instruments with the related foreign currency-denominated financial assets and liabilities as hedged items.

③ Internal contract

For internal contracts, the Bank manages the foreign currency swaps that are designated as hedging instruments in accordance with the strict criteria for external transactions stipulated in the JICPA Industry Audit Committee Report No. 25. Therefore, the Bank either recognizes gains or losses that arise from such currency swaps as earnings or defers them, rather than eliminating them.

(t) Amortization of Goodwill

Goodwill is amortized using the straight-line method over five years.

(u) Cash and Cash Equivalents in the Consolidated Statements of Cash Flows

Cash and Cash Equivalents in the consolidated statements of cash flows are composed of cash and due from central bank.

(v) Accounting Treatment for Consumption Taxes

The tax excluded method is used as the accounting treatment for consumption taxes and local consumption taxes for the Bank and its domestic consolidated subsidiaries.

3. Change in Accounting Policies

The main clause of Paragraph 35 of “Accounting Standard for Retirement Benefits” (ASBJ Statement No. 26 of 17th May, 2012; hereinafter “Retirement Benefits Accounting Standard”) and the main clause of Paragraph 67 of “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25 of 26th March, 2015; hereinafter “Retirement Benefits Guidance”) were adopted effective from 1st April, 2014.

As a result, the methods for calculating the retirement benefit obligation and service cost have been revised in the following respects: the method used for attributing projected benefits to each period has been changed from the straight-line method to the benefit formula method, and the method used for determining the discount rate has been changed to use a single weighted-average discount rate that reflects the expected timing and amount of benefit payments.

Concerning the application of the Retirement Benefits Accounting Standard, in accordance with the provisional treatment set forth in Paragraph 37 of the standard, the cumulative effect resulting from the change in the methods for calculating the retirement benefit obligation and service cost was recognized by adjusting retained earnings at 1st April, 2014.

As a result of this change, the liability for retirement benefits increased by ¥156 million (\$1,304 thousand), and the asset for retirement benefits, earned surplus and minority interests decreased by ¥0 million (\$3 thousand), ¥133 million (\$1,108 thousand) and ¥24 million (\$200 thousand), respectively, at 1st April, 2014. The impact on profit (loss) for the year ended 31st March, 2015 is immaterial.

The effect of this change on per-share information is disclosed in Note 40.

4. Accounting Standards yet to be Applied

Accounting standards for business combinations (issued on 13th September, 2013)

(a) Outline

The accounting standards and guidance have been revised primarily to change 1) the accounting treatment for changes in shares that a parent company has in one of its subsidiaries due to acquisition of additional shares of the subsidiary which is under continued control of the parent and 2) the accounting treatment for acquisition-related costs, to define 3) the provisional treatment for these changes, and to amend 4) the presentation method of net income and the terminology from "minority interests" to "non-controlling interests."

(b) Effective date

The Bank plans to apply the revised accounting standards for business combinations effective as of the beginning of the fiscal year ending 31st March, 2016.

(c) Impact of application of the accounting standards and guidance

The bank is currently evaluating the impact of application of the accounting standards and guidance.

5. Trading Account Assets

Trading account assets at 31st March, 2015 and 2014 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Trading securities	¥982	¥1,026	\$8,178
Other trading assets	—	—	—
Total	¥982	¥1,026	\$8,178

6. Securities

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

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Japanese government bonds	¥729,015	¥622,963	\$6,066,534
Japanese municipal bonds	153,962	201,876	1,281,202
Corporate bonds (including government-guaranteed bonds)*	487,862	508,301	4,059,766
Stock**	120,619	106,508	1,003,736
Other securities***	396,466	341,561	3,299,216
Total	¥1,887,925	¥1,781,211	\$15,710,455

* Corporate bonds included bonds offered through private placement. The Bank's guarantee obligation for such private placement bonds at 31st March, 2015 and 2014 were ¥3,401 million (\$28,301 thousand) and ¥4,466 million, respectively.

** Stock included stock of affiliates of ¥564 million (\$4,694 thousand) and ¥557 million at 31st March, 2015 and 2014, respectively.

*** Other securities included investments in non-consolidated subsidiaries of ¥320million (\$2,669 thousand) and ¥347 million at 31st March, 2015 and 2014, respectively.

7. Loans and Bills Discounted

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

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Bills discounted*	¥30,183	¥31,030	\$251,171
Loans on notes	203,509	193,439	1,693,509
Loans on deed	5,355,873	5,102,637	44,569,140
Overdraft	569,116	522,759	4,735,924
Total	¥6,158,682	¥5,849,866	\$51,249,746

* Bills discounted are recorded as cash lending / borrowing transactions in accordance with the "Accounting and Auditing Treatments for Application of Accounting Standard for Financial Instruments in Banking Industry" (JICPA Industry Audit Committee Report No. 24). The Bank has right to sell or collateralize such bills at its discretion. Total face value of commercial bills and bills of exchange acquired through discounting amounted to ¥30,948 million (\$257,535 thousand) and ¥31,682 million at 31st March, 2015 and 2014, respectively.

Non-performing loans included in the loans at 31st March, 2015 and 2014 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Loans to legally bankrupt entities**	¥2,908	¥2,103	\$24,203
Delinquent loans***	118,864	130,758	989,138
Loans past due for three months or more****	202	311	1,682
Loans with altered lending conditions*****	32,947	31,552	274,176
Total	¥154,923	¥164,725	\$1,289,200

** Loans to legally bankrupt entities are loans on which interest is placed on a non-accrual status ("non-accrual loans"), excluding loans written off, as principal or interest has not been paid for a substantial period or for other reasons and there are no prospects for recovery or repayment of principal or interest, and to which certain circumstances apply as stated in the Implementation Ordinances for the Corporation Tax Law.

*** Delinquent loans are non-accrual loans other than (i) loans to legally bankrupt entities and (ii) loans for which interest payments have been rescheduled in order to assist the restructuring of these borrowers.

**** Loans past due for three months or more are loans for which principal or interest has not been paid for a period of three months or more from the next business day of the last due date, and that are not included in loans to legally bankrupt entities or delinquent loans.

***** Loans with altered lending conditions are loans restructured to provide relief to borrowers, such as reducing interest rates, rescheduling interest and principal payment, or waiving the claims, in order to assist the restructuring of these borrowers. Such loans exclude loans to legally bankrupt entities, delinquent loans, and loans past due for three months or more.

8. Assets Pledged as Collateral

Assets pledged as collateral by the Bank and its consolidated subsidiaries at 31st March, 2015 and 2014 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Assets pledged as collateral			
Cash and due from banks	¥40	¥54	\$338
Commercial paper and other debt purchased	92	377	769
Securities	590,204	439,278	4,911,414
Total	¥590,337	¥439,711	\$4,912,522
Liabilities secured by the above assets			
Deposits	¥29,677	¥18,827	\$246,962
Call money and bills sold	60,900	50,600	506,782
Payables under repurchase agreements	11,624	—	96,731
Guarantee deposits received under securities lending transactions	94,169	19,720	783,638
Borrowed money	274,661	203,434	2,285,610

Other than the items shown above, the following items were pledged as collateral for foreign exchange transactions and/or as substitutes for initial margin on futures at 31st March, 2015 and 2014:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Cash and due from banks	¥2	¥2	\$16
Securities	89,903	83,764	748,136

The following deposits were included in other assets at 31st March, 2015 and 2014:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Deposits included in other assets	¥2,725	¥3,376	\$22,676

9. Contracts for Commitment Lines of Credit

Contracts for commitment lines of credit related to overdraft agreements and loan credit facilities represent a promise on a lending bank at a specified credit limit, to a customer upon request for funds, unless there is a violation of the contractual conditions.

The aggregate amounts under commitment contracts not yet drawn down at 31st March, 2015 and 2014 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Aggregate amount under commitment contracts not yet drawn down	¥1,851,234	¥1,811,594	\$15,405,126
Of the above amount, those with original maturity of less than one year or cancellable at any time without penalty	1,825,316	1,781,542	15,189,453

As many of these contracts expire without the right to extend the loans being exercised, the aggregate total of the undrawn amount does not necessarily affect the future cash flows of the Bank and its consolidated subsidiaries. Many of these contracts have stipulations that allow the Bank and its consolidated subsidiaries to turn down a loan request or reduce the amount of the credit line if there is a change in financial conditions, a need to secure their credit, or other similar reasons. In addition to obtaining necessary collateral (real estate, securities, etc.) at the time the contract is entered into, the Bank and its consolidated subsidiaries assess the condition of the customer's business operations, and analyze other information, based on internal procedures and standards. If necessary, the contract is reviewed and revised, or additional steps are taken to secure the credit extended to the customer.

10. Foreign Exchange

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

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Assets:			
Foreign exchange bills bought	¥764	¥652	\$6,364
Foreign exchange bills receivable	366	440	3,048
Due from foreign banks (their accounts)	—	1,649	—
Due from foreign banks (our accounts)	7,586	3,957	63,129
Total	¥8,717	¥6,699	\$72,542
Liabilities:			
Foreign exchange bills sold	¥2	¥1	\$18
Foreign exchange bills payable	76	96	633
Total	¥78	¥97	\$652

11. Other Assets

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

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Domestic exchange settlement account*	¥16	¥13	\$134
Accrued income	7,209	7,746	59,991
Prepaid expenses	73	78	608
Financial derivative products	5,852	4,991	48,698
Other	26,960	24,309	224,349
Total	¥40,110	¥37,138	\$333,782

* Domestic exchange settlement account represents unsettled debit balances arising from inter-bank domestic exchange transfers.

12. Tangible Fixed Assets

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

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Land	¥76,538	¥79,301	\$636,917
Buildings	68,418	70,381	569,345
Construction in progress	420	24	3,497
Leased assets	714	718	5,948
Other tangible fixed assets	37,603	35,993	312,922
	183,695	186,418	1,528,630
Less accumulated depreciation	(73,105)	(72,796)	(608,349)
Total	¥110,590	¥113,622	\$920,281

The accelerated depreciation entry amounts for tangible fixed assets at 31st March, 2015 and 2014 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
	¥7,560	¥7,675	\$62,912

13. Deposits

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

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Current deposits	¥304,738	¥282,371	\$2,535,897
Ordinary deposits	3,670,931	3,389,112	30,547,823
Deposits at notice	11,886	13,358	98,917
Time deposits	2,983,635	2,917,689	24,828,455
Negotiable certificates of deposit	232,481	232,610	1,934,604
Other deposits	126,328	117,329	1,051,250
Total	¥7,330,003	¥6,952,471	\$60,996,949

14. Bonds

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

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Bonds:			
3.20% Japanese yen subordinated bonds due 2014	—	¥15,000	—
2.78% Japanese yen subordinated bonds due 2015	14,500	14,500	120,662
2.70% Japanese yen subordinated bonds due 2017	10,000	10,000	83,215
1.70% Japanese yen callable subordinated bonds due 2020	15,000	15,000	124,823
1.55% Japanese yen callable subordinated bonds due 2021	8,800	8,800	73,229
1.37% Japanese yen callable subordinated bonds due 2021	10,000	10,000	83,215
0.67% Japanese yen callable subordinated bonds due 2023	10,000	10,000	83,215
0.87% Japanese yen callable subordinated bonds due 2025	10,000	10,000	83,215
Total	¥78,300	¥93,300	\$651,576

15. Borrowed Money

Borrowed money included subordinated borrowings of ¥10,000 million at 31st March, 2014.

The weighted average interest rates on borrowed money at 31st March, 2015 and 2014 are 0.14% and 0.28%, respectively.

The aggregate annual maturity amounts within five years of borrowed money after 31st March, 2015 are as follows:

	Millions of yen	Thousands of U.S. dollars
Year ending 31st March		
2016	¥38,098	\$317,038
2017	145,284	1,208,994
2018	778	6,478
2019	100,541	836,657
2020	674	5,609

16. Other Liabilities

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

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Domestic exchange settlement account	¥28	¥28	\$238
Accrued income taxes	3,835	1,483	31,913
Accrued expenses	9,250	9,637	76,974
Unearned income	2,906	2,981	24,190
Financial derivative products	7,869	6,169	65,488
Lease obligations	219	336	1,824
Asset retirement obligations	836	833	6,958
Others	64,403	65,661	535,936
Total	¥89,349	¥87,130	\$743,526

17. Capital Stock

Capital stock during the year ended 31st March, 2015 consisted of the following:

	Common stock	Capital stock	
	Issued shares	Millions of yen	Thousands of U.S. dollars
1st April, 2014	796,732,552	¥85,745	\$713,535
Increase	—	—	—
Decrease	—	—	—
31st March, 2015	796,732,552	¥85,745	\$713,535

Capital stock during the year ended 31st March, 2014 consisted of the following:

	Common stock	Capital stock
	Issued shares	Millions of yen
1st April, 2013	796,732,552	¥85,745
Increase	—	—
Decrease	—	—
31st March, 2014	796,732,552	¥85,745

18. Treasury Stock

Treasury stock during the year ended 31st March, 2015 consisted of the following:

	Common stock	Treasury stock	
	Number of shares	Millions of yen	Thousands of U.S. dollars
1st April, 2014	1,768,885	(¥692)	(\$5,758)
Increase*	14,435,160	(5,082)	(42,291)
Decrease*	10,282,713	3,645	30,334
31st March, 2015	5,921,332	(¥2,128)	(\$17,715)

* An increase of 14,435,160 shares for the year ended 31st March, 2015 was caused by purchase of treasury shares of 14,045,442, purchase of fractional shares of 284,718 and an increase in shares of 105,000 held by affiliates accounted for by the equity method due to the share exchange. A decrease of 10,282,713 shares was caused by a decrease of 10,267,674 shares due to the share exchange and sale of fractional shares of 15,039.

Treasury stock during the year ended 31st March, 2014 consisted of the following:

	Common stock	Treasury stock
	Number of shares	Millions of yen
1st April, 2013	1,696,763	(¥673)
Increase*	80,893	(21)
Decrease*	8,771	3
31st March, 2014	1,768,885	(¥692)

* An increase for the year ended 31st March, 2014 was caused by purchase of fractional shares, and a decrease was caused by sale of fractional shares.

19. Revaluation of Premises Account

Based on the Law Concerning Land Revaluation (Law No. 34, promulgated on 31st March, 1998), the Bank has revalued its land used for business purposes. The deferred taxes on revaluation differences are presented in the account, "Deferred tax liabilities on revaluation of premises" in the liabilities of the consolidated balance sheet. The amount of revaluation differences, net of tax, is presented as "Revaluation of premises, net of taxes" in net assets.

The excess of the aggregate market value of land for business use revalued in accordance with Article 10 of the Law Concerning Land Revaluation over the book value after revaluation at 31st March, 2015 and 2014 is as follows:

Millions of yen		Thousands of U.S. dollars
2015	2014	2015
¥25,209	¥30,672	\$209,779

20. Other Interest Income

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

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Interest on call loans and bills bought	¥81	¥66	\$679
Interest on deposits with banks	225	92	1,874
Others	1,109	957	9,231
Total	¥1,416	¥1,116	\$11,785

21. Other Operating Income

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

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Gains on foreign exchange transactions	¥978	¥894	\$8,138
Gains on sale of bonds	1,589	2,366	13,229
Others	284	479	2,368
Total	¥2,852	¥3,740	\$23,736

22. Other Income

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

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Gains on sale of stock and other securities	¥2,211	¥2,225	\$18,406
Gains on money held in trust	3	3	28
Equity in earnings of affiliates	211	288	1,756
Gains on disposition of fixed assets	177	360	1,474
Reversal of reserve for possible loan losses	989	—	8,235
Recoveries of written-off claims	1,045	878	8,697
Rental income on land and buildings	364	383	3,032
Gain on bargain purchase	1,970	—	16,401
Others	1,727	2,561	14,375
Total	¥8,701	¥6,702	\$72,407

23. Other Interest Expenses	Other interest expenses for the years ended 31st March, 2015 and 2014 consisted of the following:		
	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Bonds	¥1,592	¥1,723	\$13,255
Securities lending transactions	104	95	868
Others	271	217	2,255
Total	¥1,968	¥2,036	\$16,379

24. Other Operating Expenses	Other operating expenses for the years ended 31st March, 2015 and 2014 consisted of the following:		
	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Losses on sale of bonds	¥200	¥3,486	\$1,671
Losses on redemption of bonds	79	106	661
Expenses for derivatives other than trading derivatives	218	9	1,821
Others	0	0	0
Total	¥499	¥3,602	\$4,154

25. General and Administrative Expenses	General and administrative expenses for the years ended 31st March, 2015 and 2014 consisted of the following:		
	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Salaries and allowances	¥33,449	¥33,963	\$278,355
Employee retirement benefits	1,836	1,673	15,285
Retirement benefits for directors and corporate auditors	39	31	325
Depreciation	5,732	6,156	47,705
Rental expenses	3,881	4,091	32,297
Amortization of goodwill	128	128	1,065
Taxes	4,425	3,999	36,826
Others	34,142	33,860	284,121
Total	¥83,636	¥83,906	\$695,983

26. Other Expenses	Other expenses for the years ended 31st March, 2015 and 2014 consisted of the following:		
	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Provision for possible loan losses	¥ —	¥1,090	\$ —
Losses on write-offs of claims	2,167	3,490	18,033
Losses on sale of stock and other securities	1,002	306	8,346
Losses on devaluation of stock and other securities	0	760	5
Losses on money held in trust	0	27	4
Losses on disposition of tangible fixed assets	671	387	5,583
Impairment losses	2,769	1,315	23,043
Losses on sale of loans	370	1,066	3,085
Others	2,323	1,861	19,333
Total	¥9,305	¥10,307	\$77,436

27. Other Comprehensive Income	Reclassification adjustments and tax effects related to other comprehensive income for the years ended 31st March, 2015 and 2014 are as follows:		
	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Net unrealized gains on securities available for sale:			
Amount arising during the year	¥39,597	¥8,509	\$329,515
Reclassification adjustments	(3,973)	(4,418)	(33,062)
Amount before tax effect	35,624	4,091	296,453
Tax effect	(9,157)	(1,310)	(76,200)
Net unrealized gains on securities available for sale	¥26,467	¥2,780	\$220,253
Net deferred gains (losses) on hedging instruments:			
Amount arising during the year	(¥1,600)	(¥271)	(\$13,317)
Reclassification adjustments	530	216	4,416
Amount before tax effect	(1,069)	(54)	(8,901)
Tax effect	341	19	2,840
Net deferred gains (losses) on hedging instruments	(¥728)	(¥35)	(\$6,060)
Gains on revaluation of premises:			
Amount arising during the year	¥ —	¥ —	\$ —
Reclassification adjustments	—	—	—
Amount before tax effect	—	—	—
Tax effect	1,636	—	13,617
Gains on revaluation of premises	¥1,636	¥ —	\$13,617
Retirement benefits liability adjustments			
Amount arising during the year	(¥3,513)	¥ —	(\$29,239)
Reclassification adjustments	672	—	5,599
Amount before tax effect	(2,840)	—	(23,640)
Tax effect	726	—	6,048
Retirement benefits liability adjustments	(¥2,113)	¥ —	(\$17,591)
Share of other comprehensive income of affiliates accounted for by the equity method:			
Amount arising during the year	¥ —	(¥0)	\$ —
Reclassification adjustments	—	—	—
Amount before tax effect	—	(0)	—
Tax effect	—	—	—
Share of other comprehensive income of affiliates accounted for by the equity method	¥ —	(¥0)	\$ —
Total other comprehensive income	¥25,262	¥2,745	\$210,219

28. Lease Transactions

(1) Finance leases

Information on finance lease transactions which are accounted for as operating leases at 31st March, 2015 and 2014 is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Amounts equivalent to acquisition cost			
Tangible fixed assets	¥4,435	¥4,355	\$36,911
Total	¥4,435	¥4,355	\$36,911
Amounts equivalent to accumulated depreciation			
Tangible fixed assets	¥3,723	¥3,524	\$30,985
Total	¥3,723	¥3,524	\$30,985
Amounts equivalent to carrying value			
Tangible fixed assets	¥712	¥830	\$5,926
Total	¥712	¥830	\$5,926

Note: The amount equivalent to acquisition cost includes an interest element as the total future finance lease payments are not significant to the balance of tangible fixed assets at the end of the year.

Future lease payments of finance leases which are accounted for as operating leases at 31st March, 2015 and 2014 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Future finance lease payments			
Due within one year	¥167	¥195	\$1,390
Due after one year	545	635	4,535
Total	¥712	¥830	\$5,926

Note: The amount of the future finance lease payments at the end of the year includes an interest element as the total future finance lease payments are not significant to the balance of tangible fixed assets at the end of the year.

Total lease payments during the year and the amount equivalent to depreciation expenses for the years ended 31st March, 2015 and 2014 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Total lease payments during the year	¥202	¥202	\$1,683
The amount equivalent to depreciation expenses *	202	202	1,683

* The amount equivalent to depreciation expenses was calculated using the straight-line method with no residual value over the lease term.

(2) Operating leases

Future lease payments required under operating leases that are non-cancelable at 31st March, 2015 and 2014 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Future operating lease payments			
Due within one year	¥327	¥351	\$2,722
Due after one year	826	993	6,873
Total	¥1,153	¥1,345	\$9,596

29. Financial Instruments

(1) Matters related to status of financial instruments

1. Policies for financial instruments

The Nishi-Nippon City Bank Group (the "Group") is engaged in the financial service business, with a primary focus on banking businesses such as deposits, loans, securities, and domestic and foreign currency exchange businesses. The Group manages and raises funds, taking into account market conditions and balancing duration. To conduct these businesses, the Bank comprehends the risks arising from all of its assets and liabilities, including off-balance-sheet transactions, through the proper controls over these risks, and builds reasonable and effective portfolios. Thus the Bank operates a comprehensive asset and liability management (ALM) system with the aim of maximizing and stabilizing its profits.

In addition, some of the Bank's consolidated subsidiaries are engaged in banking, credit card, credit guarantee services, credit management, restructuring support services, claims servicing businesses and financial instruments and exchange services.

2. Types of financial instruments and related risks

Loans, which comprise 70% of the Group's total assets, are primarily made to domestic corporations and individuals and are exposed to credit risks resulting from non-performance of contracts. Should the creditworthiness of major borrowers deteriorate, the value of collateral sharply decline, or other unanticipated problems arise, it could cause an increase in the cost of credit such as an unexpected write-off or rise in reserve for possible loan losses. Moreover, considering the relative weight of the invested assets, the impact of any such problems could be substantial and could have a negative effect on the financial position and performance of the Group.

Securities are mainly stocks, debt securities, and investment trusts and are exposed to the credit risk of each issuer and the risk of interest rate fluctuation. Stocks that are marketable are exposed to price volatility risks that a decline in their market prices cause impairment losses and valuation losses on the stocks. Debt securities are also subject to price volatility risks that an increase in the market interest rates following economic recovery may cause valuation losses on the securities.

Borrowed money and bonds are exposed to liquidity risks that, if some problems arise in cash management due to deterioration in financial positions at the Group, the Group is forced to raise funds at higher interest rates than usual, market transactions are suspended as a result of market turmoil, or it is forced to make transactions at a drastically unfavorable price than usual, it could impact future operations of the Group.

Derivative transactions include interest rate swaps, forward exchange transactions, currency swaps, and currency options. These derivatives are utilized primarily as hedging instruments to manage and mitigate the market risks of on-balance-sheet assets and liabilities. In addition, some of the derivative transactions in trading operations are used for the purpose of making profits through short-term fluctuations in the market rates, arbitrage transactions and others. Hedge transactions consist mainly of interest rate swaps as a hedge against interest rate fluctuation risks arising from loans with fixed interest rates and callable time deposits, and forward exchange transactions and currency options as a hedge against exchange rate fluctuation risks arising from foreign currency-denominated assets and liabilities. The Bank assesses the hedge effectiveness based on the difference between accumulated changes in cash flows of hedged items and hedging instruments. However, no evaluation is performed for the hedge effectiveness of qualifying interest rate swaps accounted for by the special treatment under the Accounting Standard for Financial Instruments, as it is ascertained that such derivatives continually meet the criteria for special treatment. Risks related to these derivatives transactions include the market risk of a potential loss in the fair value of financial instruments or portfolios resulting from fluctuations in interest rates, foreign exchange rates, stock prices and other factors as well as the credit risk of a potential loss in the value of a transaction due to default by counterparties to the contracts.

3. Risk management system for financial instruments

① Credit risk management

Recognizing the credit risk as our highest priority, the Group is working on strengthening controls over the credit risk in accordance with the Group's credit risk management policy and credit policy.

The Group applies its strict standards to the screening of individual credit extension, and credits that exceed certain thresholds are reviewed further by specialized staff in its Credit Supervision Division. In this way, the Group is working to maintain the soundness of its assets.

Regarding its loan portfolios, the Group tries to diversify risks to ensure that there is no concentration on any particular industrial sectors or customers, through its systems of credit risk quantification and portfolio management by sector based on the credit rating system.

In addition, each related division carries out self-assessment of its assets for calculating the appropriate level of write-offs and provisions. The asset audit office in the Internal Audit Division of the Bank constantly monitors the status of the self-assessment procedures and adequacy of the write-offs and provisions.

② Market risk management

The Group clearly separates the department responsible for conducting market transactions (front office) from the department responsible for business administration (back office). Furthermore, the Corporate Risk Management & Compliance Division of the Bank, which is independent from the market divisions, has been put in charge of risk management (middle office) to monitor conditions of the market transactions and their compliance with the market risk-related regulations. The Group thus has a system of mutual controls among offices.

In addition, the Group is working to achieve stable profits by improving its management methods through a variety of techniques for measuring risks such as VaR (Value at Risk) and BPV (Basis Point Value) methods, and by establishing a maximum acceptable level for market risks and controlling the risks within the certain acceptable range.

(Quantitative information on market risks)

The measured quantity of market risks of the Group as a whole at 31st March, 2015 and 2014 were ¥35,405 million (\$294,625 thousand) and ¥45,024 million, respectively.

The Bank's financial instruments which are subject to the measurement include loans, deposits, securities and derivatives. The Bank measures market risks using historical VaR method with an observation period of five years, a confidence interval of 99% and a holding period of 6 months. The quantity of market risks of the Bank at 31st March, 2015 and 2014 were ¥34,422 million (\$286,449 thousand) and ¥43,684 million, respectively.

The Bank performs backtesting, which compares VaR calculated by the model with actual performance (gain or loss). Based on the results of the testing, we believe that the risk measurement model which we use captures market risks with sufficient accuracy. However, since VaR measures market risks at a certain probability which is statistically calculated, it is not always possible for the model to capture market risks in situations where market conditions change drastically.

③ Liquidity risk management

The Group recognizes the liquidity risk as one of the most significant risks, because there are concerns over potential business failures and systemic risks when the liquidity risk rises. The Group provides against the liquidity risks by ensuring an adequate reserve for outstanding claims and developing a contingency plan that assumes various scenarios.

As for the day-to-day cash management of the Bank, a system of mutual controls among divisions has been put into place. As a part of this system, the Treasury & Securities Transaction Division and Treasury & Portfolio Investment Division, which are responsible for the Bank's day-to-day cash management, raise and manage marketable funds, while the Corporate Risk Management & Compliance Division, which is responsible for managing the liquidity risk, monitors the Bank's cash position. In this way, the Bank maintains a fluid and stable cash position.

④ Risk management for derivative transactions

The Bank's derivative transactions are entered into using operational rules prepared in accordance with the Bank's internal regulations. The rules stipulate the scope of derivative usage, authorization, responsibility, procedure, credit line, loss-cut rule, and reporting system. Each business line is responsible for each relevant risk management and for reporting to management, including the ALM Committee, on a monthly basis.

4. Supplementary explanation of the estimated fair value of financial instruments

The fair value of financial instruments includes the value based on the market price as well as a reasonably estimated value in case there is no market price. Because various assumptions are used in the estimation of the fair value, the fair value may vary when different assumptions are used.

(2) Estimated fair value of financial instruments

Carrying value of financial instruments in the consolidated balance sheets at 31st March, 2015 and 2014 and their fair values and valuation differences are as follows. Non-listed stocks and others whose fair value is extremely difficult to be estimated are excluded from the table below (refer to Note 2).

<At 31st March, 2015>

	Millions of yen		
	Carrying value	Fair value	Valuation differences
Assets:			
(1) Cash and due from banks	¥344,782	¥344,782	¥ –
(2) Securities:			
Held-to-maturity securities	75,865	79,025	3,160
Available-for-sale securities	1,795,405	1,795,405	–
(3) Loans and bills discounted	6,158,682		
Reserve for possible loan losses*	(32,732)		
	6,125,949	6,230,015	104,066
Total assets	¥8,342,002	¥8,449,228	¥107,226
Liabilities:			
(1) Deposits	¥7,330,003	¥7,330,891	¥887
(2) Call money and bills sold	167,130	167,130	–
(3) Borrowed money	285,785	283,926	(1,858)
(4) Bonds	78,300	79,292	992
Total liabilities	¥7,861,218	¥7,861,240	¥21
Derivatives**			
Hedge accounting not applied	¥107	¥107	¥ –
Hedge accounting applied	(2,124)	(2,124)	–
Total derivatives	(¥2,017)	(¥2,017)	¥ –

	Thousands of U.S. dollars		
	Carrying value	Fair value	Valuation differences
Assets:			
(1) Cash and due from banks	\$2,869,126	\$2,869,126	\$ –
(2) Securities:			
Held-to-maturity securities	631,314	657,613	26,299
Available-for-sale securities	14,940,544	14,940,544	–
(3) Loans and bills discounted	51,249,746		
Reserve for possible loan losses*	(272,388)		
	50,977,358	51,843,348	865,990
Total assets	\$69,418,342	\$70,310,632	\$892,289
Liabilities:			
(1) Deposits	\$60,996,949	\$61,004,337	\$7,388
(2) Call money and bills sold	1,390,782	1,390,782	–
(3) Borrowed money	2,378,174	2,362,709	(15,464)
(4) Bonds	651,576	659,836	8,259
Total liabilities	\$65,417,483	\$65,417,666	\$183
Derivatives**			
Hedge accounting not applied	\$892	\$892	\$ –
Hedge accounting applied	(17,683)	(17,683)	–
Total derivatives	(\$16,790)	(\$16,790)	\$ –

* The general reserve for possible loan losses and the specific reserve for possible loan losses, which correspond to loans and bills discounted, have been deducted.

** Derivative transactions recorded in Other assets and Other liabilities are presented in total. The value of assets and liabilities arising from derivative transactions is shown at net value, and with the amount in parentheses representing net liability position.

<At 31st March, 2014>

	Millions of yen		Valuation differences
	Carrying value	Fair value	
Assets:			
(1) Cash and due from banks	¥185,603	¥185,603	¥ —
(2) Securities:			
Held-to-maturity securities	75,744	79,511	3,766
Available-for-sale securities	1,688,322	1,688,322	—
(3) Loans and bills discounted	5,849,866		
Reserve for possible loan losses*	(35,995)		
	5,813,871	5,920,044	106,172
Total assets	¥7,763,542	¥7,873,482	¥109,939
Liabilities:			
(1) Deposits	¥6,952,471	¥6,953,422	¥951
(2) Call money and bills sold	158,563	158,563	—
(3) Borrowed money	223,976	222,314	(1,661)
(4) Bonds	93,300	95,337	2,037
Total liabilities	¥7,428,310	¥7,429,637	¥1,327
Derivatives**			
Hedge accounting not applied	¥218	¥218	¥ —
Hedge accounting applied	(1,396)	(1,396)	—
Total derivatives	(¥1,178)	(¥1,178)	¥ —

* The general reserve for possible loan losses and the specific reserve for possible loan losses, which correspond to loans and bills discounted, have been deducted.

** Derivative transactions recorded in Other assets and Other liabilities are presented in total. The value of assets and liabilities arising from derivative transactions is shown at net value, and with the amount in parentheses representing net liability position.

(Note 1) Methods for estimating the market value of financial instruments

Assets:

(1) Cash and due from banks

Because the fair value of due from banks that does not have stated maturity approximates its carrying value, the carrying value is treated as the fair value. The fair value of due from banks that has stated maturity is based on the present value of the totals by maturity bucket discounted by the interest rate that would be applied if similar deposits were placed. As the fair value of due from banks with a short-term original contractual maturity (one year or less) approximates its carrying value, its carrying value is treated as the fair value.

(2) Securities

The fair value of stocks is based on their market price on the stock exchange, while the fair value of debt securities is based on the Reference Prices (Yields) for OTC Bond Transactions published by the Japan Securities Dealers Association, the price quoted by the correspondent financial institutions or the value reasonably calculated by the banks. The fair value of investment trusts is based on the announced reference price or the price quoted by the correspondent financial institutions. The fair value of foreign securities is based on the price quoted by the correspondent financial institutions or the financial information vendors.

The fair value of private placement bonds with the Bank's own guarantee is based on the present value of future cash flows discounted by the market interest rate adjusted for credit risk.

Notes concerning securities by each carrying purpose are presented in "30. Securities" of "Notes to Consolidated Financial Statements."

(3) Loans and bills discount

Because loans and bills discounted with floating interest rates reflect market interest rates in a short period of time, the fair value of such loans approximates their carrying value as long as the credit standing of the borrower has not changed significantly since origination. Thus, the carrying value of such loans is treated as the fair value. The fair value of loans and bills discounted with fixed interest rates is based on the present value of the total amount of principal and interest categorized by the type of loans, internal rating and term, discounted by the market interest rate adjusted for credit risk. Because the fair value of loans with a short-term contractual maturity (one year or less) approximates their carrying value, the carrying value is treated as the fair value.

Regarding loans to borrowers under bankruptcy proceedings, borrowers substantially in bankruptcy and customers with high probability of becoming insolvent, since the fair value of such loans approximates their carrying value after deducting the reserve for possible loan losses, which is calculated based on the present value of estimated future cash flows or the estimated amounts collectible from the sale of collateral and guarantees, the carrying value is treated as the fair value.

With respect to loans and bills discounted that have no due date because of special attributes such as limiting the borrowings to the amounts secured by collateral, because it is assumed that the fair value approximates the carrying value from the estimated repayment period and interest rate conditions, the carrying value is treated as the fair value.

Liabilities:

(1) Deposits

For demand deposits, the amount which would be paid if its repayment were demanded on the consolidated balance sheet date (carrying value) is deemed to be the fair value. The fair value of time deposits is based on the discounted present value of the future cash flows categorized by term. The discount rate is the interest rate that would be applied when new deposits were taken. Because the fair value of those with a short-term original contractual maturity (one year or less) approximates their carrying value, the carrying value is treated as the fair value.

(2) Call money and bills sold

Since call money and bills sold have short-term original contractual maturity (one year or less) and their fair value approximates the carrying value, the carrying value is treated as the fair value.

(3) Borrowed money

Because borrowed money with floating interest rates reflects market interest rates in a short period of time and the credit standing of the Bank and its consolidated subsidiaries has not changed significantly since the borrowing, the fair value of such borrowed money is deemed to approximate the carrying value. Therefore, the carrying value is treated as the fair value. The fair value of borrowed money with fixed interest rates is based on the present value of the total amount of principal and interest of the borrowed money categorized by term, discounted by the market interest rate adjusted for credit risk. Because the fair value of borrowed money with a short-term original contractual maturity (one year or less) approximates its carrying value, the carrying value is treated as the fair value.

(4) Bonds

The fair value of bonds is based on the Reference Price (Yields) for OTC Bond Transactions published by the Japan Securities Dealers Association or the price quoted by the securities company. Since bonds with floating interest rates reflect market interest rates in a short period of time and the credit standing of the issuers has not changed significantly since the issuance, the fair value of such bonds is deemed to approximate their carrying value. Thus, the carrying value is treated as the fair value.

Derivative transactions:

Derivative transactions are presented in "32. Derivatives" of "Notes to Consolidated Financial Statements."

(Note 2) Financial instruments whose fair value is extremely difficult to be estimated are as stated below.
They are not included in "Assets: (2) Available-for-sale securities" presented in "Estimated fair value of financial instruments."

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Non-listed stocks	¥14,638	¥15,024	\$121,817
Investments in partnerships	2,016	2,120	16,780
Total	¥16,655	¥17,144	\$138,597

- Notes:
1. Because non-listed stocks have no market price and because it is extremely difficult to estimate their fair value, they are not subject to the fair value disclosure.
 2. In the years ended 31st March, 2015 and 2014, impairment losses of ¥0 million (\$5 thousand) and ¥117 million were recorded for non-listed stocks, respectively.
 3. Investments in partnerships whose fair value is extremely difficult to be estimated because the partnership's assets are non-listed stocks, etc. are not subject to the fair value disclosure.

(Note 3) Repayment schedules for monetary claims and securities with stated maturity at 31st March, 2015 and 2014

<At 31st March, 2015>

	Millions of yen					
	Due in 1 year or less	Due from 1 year to 3 years	Due from 3 years to 5 years	Due from 5 years to 7 years	Due from 7 years to 10 years	Due after 10 years
Due from banks	¥233,938	¥ —	¥ —	¥ —	¥ —	¥ —
Securities:						
Held-to-maturity securities	7,000	11,927	26,906	15,000	16,000	—
Government bonds	—	—	10,000	15,000	16,000	—
Municipal bonds	5,000	6,089	6,290	—	—	—
Corporate bonds	2,000	5,838	10,616	—	—	—
Others	—	—	—	—	—	—
Securities available for sale with maturity	252,834	551,113	466,642	169,339	165,889	1,305
Government bonds	50,200	223,800	248,700	78,500	79,000	—
Municipal bonds	65,660	49,831	18,930	—	850	—
Corporate bonds	96,271	185,985	99,899	43,018	37,007	—
Others	40,702	91,497	99,112	47,821	49,032	1,305
Loans and bills discounted	1,286,964	1,058,502	822,812	661,348	679,463	1,440,270
Total	¥1,780,736	¥1,621,543	¥1,316,360	¥845,688	¥861,352	¥1,441,575

	Thousands of U.S. dollars					
	Due in 1 year or less	Due from 1 year to 3 years	Due from 3 years to 5 years	Due from 5 years to 7 years	Due from 7 years to 10 years	Due after 10 years
Due from banks	\$1,946,731	\$ —	\$ —	\$ —	\$ —	\$ —
Securities:						
Held-to-maturity securities	58,250	99,251	223,899	124,823	133,144	—
Government bonds	—	—	83,215	124,823	133,144	—
Municipal bonds	41,607	50,669	52,342	—	—	—
Corporate bonds	16,643	48,581	88,341	—	—	—
Others	—	—	—	—	—	—
Securities available for sale with maturity	2,103,969	4,586,114	3,883,183	1,409,169	1,380,456	10,860
Government bonds	417,741	1,862,361	2,069,568	653,241	657,402	—
Municipal bonds	546,396	414,671	157,526	—	7,073	—
Corporate bonds	801,123	1,547,682	831,321	357,982	307,955	—
Others	338,707	761,398	824,767	397,946	408,025	10,860
Loans and bills discounted	10,709,529	8,808,377	6,847,070	5,503,439	5,654,185	11,985,274
Total	\$14,818,481	\$13,493,743	\$10,954,153	\$7,037,432	\$7,167,786	\$11,996,135

Note: Excluded from Loans and bills discounted are ¥120,821 million (\$1,005,422 thousand) relating to those whose repayment is not reasonably estimable because the debtors are borrowers under bankruptcy proceedings, borrowers substantially in bankruptcy, or customers with high probability of becoming insolvent and ¥88,498 million (\$736,446 thousand) relating to those that do not have contractual maturity.

<At 31st March, 2014>

	Millions of yen					
	Due in	Due from	Due from	Due from	Due from	Due after
	1 year or less	1 year to 3 years	3 years to 5 years	5 years to 7 years	7 years to 10 years	10 years
Due from banks	¥75,055	¥ —	¥ —	¥ —	¥ —	¥ —
Securities:						
Held-to-maturity securities	—	7,000	21,236	32,597	16,000	—
Government bonds	—	—	—	25,000	16,000	—
Municipal bonds	—	5,000	7,089	5,290	—	—
Corporate bonds	—	2,000	14,147	2,307	—	—
Others	—	—	—	—	—	—
Securities available for sale with maturity	222,787	577,961	352,145	277,716	96,443	1,018
Government bonds	37,000	175,500	128,500	183,700	45,000	—
Municipal bonds	52,898	95,849	29,467	3,000	800	—
Corporate bonds	104,362	219,135	112,430	31,612	13,381	—
Others	28,526	87,477	81,747	59,403	37,262	1,018
Loans and bills discounted	1,197,002	1,025,823	806,578	577,537	682,674	1,337,178
Total	¥1,494,845	¥1,610,785	¥1,179,959	¥887,850	¥795,118	¥1,338,197

Note: Excluded from Loans and bills discounted are ¥131,680 million relating to those whose repayment is not reasonably estimable because the debtors are borrowers under bankruptcy proceedings, borrowers substantially in bankruptcy, or customers with high probability of becoming insolvent and ¥91,390 million relating to those that do not have contractual maturity.

(Note 4) Repayment schedules for bonds, borrowed money and other interest-bearing debts at 31st March, 2015 and 2014

<At 31st March, 2015>

	Millions of yen					
	Due in	Due from	Due from	Due from	Due from	Due after
	1 year or less	1 year to 3 years	3 years to 5 years	5 years to 7 years	7 years to 10 years	10 years
Deposits	¥6,911,307	¥352,483	¥56,373	¥4,845	¥4,992	¥ —
Call money and bills sold	167,130	—	—	—	—	—
Borrowed money	38,098	146,063	101,215	239	168	—
Bonds	29,500	10,000	—	18,800	10,000	10,000
Total	¥7,146,035	¥508,547	¥157,588	¥23,885	¥15,161	¥10,000

	Thousands of U.S. dollars					
	Due in	Due from	Due from	Due from	Due from	Due after
	1 year or less	1 year to 3 years	3 years to 5 years	5 years to 7 years	7 years to 10 years	10 years
Deposits	\$57,512,749	\$2,933,210	\$469,115	\$40,325	\$41,548	\$ —
Call money and bills sold	1,390,782	—	—	—	—	—
Borrowed money	317,038	1,215,473	842,267	1,991	1,403	—
Bonds	245,485	83,215	—	156,445	83,215	83,215
Total	\$59,466,055	\$4,231,899	\$1,311,383	\$198,762	\$126,167	\$83,215

Note: Demand deposits are included under "Due in 1 year or less."

<At 31st March, 2014>

	Millions of yen					
	Due in	Due from	Due from	Due from	Due from	Due after
	1 year or less	1 year to 3 years	3 years to 5 years	5 years to 7 years	7 years to 10 years	10 years
Deposits	¥6,473,587	¥416,504	¥53,464	¥3,695	¥5,219	¥ —
Call money and bills sold	158,563	—	—	—	—	—
Borrowed money	74,937	147,755	963	138	156	25
Bonds	15,000	14,500	10,000	15,000	28,800	10,000
Total	¥6,722,088	¥578,759	¥64,427	¥18,833	¥34,175	¥10,025

Note: Demand deposits are included under "Due in 1 year or less."

30. Securities

(1) Trading securities and commercial papers (including those included in "Trading account assets")

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Holding losses recognized in income	¥8	¥4	\$68

(2) Held-to-maturity securities

1. Securities whose fair value exceeds their carrying value

<At 31st March, 2015>

	Millions of yen		Valuation differences
	Carrying value	Fair value	
Bonds:			
Government bonds	¥39,662	¥41,834	¥2,172
Municipal bonds	17,589	18,035	446
Corporate bonds	18,613	19,154	541
	75,865	79,025	3,160
Others	—	—	—
Total	¥75,865	¥79,025	¥3,160

	Thousands of U.S. dollars		Valuation differences
	Carrying value	Fair value	
Bonds:			
Government bonds	\$330,051	\$348,127	\$18,075
Municipal bonds	146,368	150,086	3,717
Corporate bonds	154,893	159,399	4,505
	631,314	657,613	26,299
Others	—	—	—
Total	\$631,314	\$657,613	\$26,299

<At 31st March, 2014>

	Millions of yen		Valuation differences
	Carrying value	Fair value	
Bonds:			
Government bonds	¥39,413	¥41,931	¥2,517
Municipal bonds	17,666	18,237	570
Corporate bonds	18,664	19,342	678
	75,744	79,511	3,766
Others	—	—	—
Total	¥75,744	¥79,511	¥3,766

2. Securities whose carrying value exceeds their fair value

<At 31st March, 2015>

None

<At 31st March, 2014>

None

(3) Available-for-sale securities (including negotiable due from banks included in "Cash and due from banks")

1. Securities whose carrying value exceeds their acquisition cost

<At 31st March, 2015>

	Millions of yen		
	Carrying value	Acquisition cost	Valuation differences
Stocks	¥98,132	¥50,509	¥47,623
Bonds:			
Government bonds	537,548	533,130	4,418
Municipal bonds	124,149	123,702	447
Corporate bonds	385,599	381,073	4,526
	1,047,298	1,037,905	9,392
Others	379,615	340,178	39,437
Total	¥1,525,046	¥1,428,593	¥96,453

	Thousands of U.S. dollars		
	Carrying value	Acquisition cost	Valuation differences
Stocks	\$816,616	\$420,316	\$396,299
Bonds:			
Government bonds	4,473,234	4,436,467	36,766
Municipal bonds	1,033,119	1,029,393	3,725
Corporate bonds	3,208,787	3,171,117	37,669
	8,715,140	8,636,978	78,162
Others	3,158,987	2,830,810	328,177
Total	\$12,690,744	\$11,888,105	\$802,639

<At 31st March, 2014>

	Millions of yen		
	Carrying value	Acquisition cost	Valuation differences
Stocks	¥72,686	¥41,686	¥30,999
Bonds:			
Government bonds	565,568	560,366	5,201
Municipal bonds	170,080	169,139	941
Corporate bonds	446,413	441,057	5,355
	1,182,061	1,170,564	11,497
Others	244,370	224,045	20,324
Total	¥1,499,118	¥1,436,295	¥62,822

2. Securities whose acquisition cost exceeds their carrying value

<At 31st March, 2015>

	Millions of yen		
	Carrying value	Acquisition cost	Valuation differences
Stocks	¥7,847	¥9,034	(¥1,187)
Bonds:			
Government bonds	151,804	152,432	(628)
Municipal bonds	12,222	12,241	(18)
Corporate bonds	83,648	83,911	(262)
	247,676	248,585	(909)
Others	19,396	19,481	(84)
Total	¥274,920	¥277,101	(¥2,181)

	Thousands of U.S. dollars		
	Carrying value	Acquisition cost	Valuation differences
Stocks	\$65,303	\$75,183	(\$9,879)
Bonds:			
Government bonds	1,263,247	1,268,475	(5,227)
Municipal bonds	101,713	101,870	(157)
Corporate bonds	696,086	698,272	(2,186)
	2,061,047	2,068,618	(7,570)
Others	161,408	162,114	(705)
Total	\$2,287,760	\$2,305,915	(\$18,155)

<At 31st March, 2014>

	Millions of yen		
	Carrying value	Acquisition cost	Valuation differences
Stocks	¥18,798	¥21,817	(¥3,019)
Bonds:			
Government bonds	17,982	17,988	(6)
Municipal bonds	14,129	14,140	(10)
Corporate bonds	43,223	43,240	(16)
	75,335	75,368	(33)
Others	95,071	96,194	(1,122)
Total	¥189,204	¥193,380	(¥4,175)

(4) Available-for-sale securities sold for the years ended 31st March, 2015 and 2014 are as follows:

<At 31st March, 2015>

	Millions of yen		
	Proceeds from sale	Gains	Losses
Stocks	¥4,763	¥1,164	(¥119)
Bonds:			
Government bonds	137,687	815	(130)
Municipal bonds	9,079	23	(0)
Corporate bonds	56,533	208	(41)
	203,300	1,048	(171)
Others	61,448	1,491	(29)
Total	¥269,512	¥3,703	(¥320)

	Thousands of U.S. dollars		
	Proceeds from sale	Gains	Losses
Stocks	\$39,642	\$9,688	(\$995)
Bonds:			
Government bonds	1,145,775	6,787	(1,082)
Municipal bonds	75,553	196	(2)
Corporate bonds	470,449	1,737	(344)
	1,691,778	8,721	(1,429)
Others	511,342	12,413	(242)
Total	\$2,242,763	\$30,822	(\$2,667)

<At 31st March, 2014>

	Millions of yen		
	Proceeds from sale	Gains	Losses
Stocks	¥4,046	¥487	¥295
Bonds:			
Government bonds	97,136	259	656
Municipal bonds	9,714	18	14
Corporate bonds	22,837	53	34
	129,689	331	705
Others	92,896	3,754	2,780
Total	¥226,632	¥4,573	¥3,782

(5) Devaluation of securities

Securities other than trading securities (excluding securities whose fair value is extremely difficult to be estimated) are devalued to the fair value, and the difference between the acquisition cost and the fair value is treated as the loss for the fiscal year ("devaluation"), if the fair value (primarily the closing market price at the consolidated balance sheet date) has significantly deteriorated compared with the acquisition cost (including amortized cost) unless it is deemed that there is a possibility of a recovery in the fair value. The amounts of devaluation was ¥642 million* for the year ended 31st March, 2014. No devaluation was recorded for the year ended 31st March, 2015.

* stocks ¥642 million

The criteria for determining whether the fair value of a security has "significantly deteriorated" are outlined as follows:

1. The fair value is 50% or less of the acquisition cost, or
2. The fair value exceeds 50% but is 70% or less of the acquisition cost and the quoted market price maintains a certain level or lower.

(6) Unrealized gains/losses on securities available for sale

The components of the unrealized gains/losses on securities available for sale at 31st March, 2015 and 2014 are as follows:

<At 31st March, 2015>

	Millions of yen	Thousands of U.S. dollars
Revaluation difference	¥94,271	\$784,483
Deferred tax liability	(29,252)	(243,428)
Revaluation difference (before minority interest adjustment), net of taxes	65,018	541,054
Amount corresponding to minority interests	(241)	(2,009)
Amount corresponding to the parent's share of net unrealized gains on available-for-sale securities owned by affiliates	—	—
Unrealized gains on securities available for sale, net of taxes	¥64,777	\$539,045

<At 31st March, 2014>

	Millions of yen
Revaluation difference	¥58,646
Deferred tax liability	(20,095)
Revaluation difference (before minority interest adjustment), net of taxes	38,550
Amount corresponding to minority interests	(338)
Amount corresponding to the parent's share of net unrealized gains on available-for-sale securities owned by affiliates	—
Unrealized gains on securities available for sale, net of taxes	¥38,212

31. Money Held in Trust

Money held in trust at 31st March, 2015 and 2014 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Money held in trust for investment purposes:			
Carrying value	¥999	¥972	\$8,316
Unrealized gains included in income before income taxes and minority interests	—	—	—
	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Money held in trust for other purposes than investment purposes and held-to-maturity purposes:			
Acquisition Cost	¥1,000	¥1,000	\$8,321
Carrying value	1,000	1,000	8,321
Unrealized gains/losses	—	—	—

32. Derivatives

(1) Derivative transactions to which hedge accounting is not applied

Summarized below are the contract value or the notional principal and the fair value of the derivative transactions at 31st March, 2015 and 2014, to which hedge accounting is not applied. The amounts of the contract value are not necessarily indicative of the actual market risk of derivative transactions.

1. Interest related transactions

<At 31st March, 2015>

Type of transactions	Millions of yen			
	Contract value			Unrealized gain (loss)
	Total	Over one year	Fair value	
Over-the-counter transactions:				
Interest rate swaps:				
Receive-fixed and pay-floating	¥33,181	¥30,969	¥686	¥686
Receive-floating and pay-fixed	33,181	30,969	(457)	(457)
Total	—	—	¥229	¥229

Type of transactions	Thousands of U.S. dollars			
	Contract value			Unrealized gain (loss)
	Total	Over one year	Fair value	
Over-the-counter transactions:				
Interest rate swaps:				
Receive-fixed and pay-floating	\$276,123	\$257,712	\$5,715	\$5,715
Receive-floating and pay-fixed	276,123	257,712	(3,805)	(3,805)
Total	—	—	\$1,910	\$1,910

Notes: 1. The above transactions are marked to market and unrealized gains/losses are included in the consolidated statements of income.

2. Calculation of fair value is based on the discounted cash flows and others.

<At 31st March, 2014>

Type of transactions	Millions of yen			
	Contract value			Unrealized gain (loss)
	Total	Over one year	Fair value	
Over-the-counter transactions:				
Interest rate swaps:				
Receive-fixed and pay-floating	¥17,125	¥17,125	¥263	¥263
Receive-floating and pay-fixed	17,125	17,125	(144)	(144)
Total	—	—	¥119	¥119

Notes: 1. The above transactions are marked to market and unrealized gains/losses are included in the consolidated statements of income.

2. Calculation of fair value is based on the discounted cash flows and others.

2. Currency related transactions

<At 31st March, 2015>

Type of transactions	Millions of yen			
	Contract value		Fair value	Unrealized gain (loss)
	Total	Over one year		
Over-the-counter transactions:				
Currency swaps	¥104,778	¥79,687	¥76	¥76
Forward foreign:				
Sell	10,584	—	(314)	(314)
Buy	5,417	—	116	116
Currency option:				
Sell	72,935	55,261	(1,909)	374
Buy	72,935	55,261	1,909	152
Total	—	—	(¥122)	¥405

Type of transactions	Thousands of U.S. dollars			
	Contract value		Fair value	Unrealized gain (loss)
	Total	Over one year		
Over-the-counter transactions:				
Currency swaps	\$871,922	\$663,121	\$633	\$633
Forward foreign:				
Sell	88,078	—	(2,617)	(2,617)
Buy	45,078	—	965	965
Currency option:				
Sell	606,937	459,862	(15,892)	3,116
Buy	606,937	459,862	15,892	1,271
Total	—	—	(\$1,017)	\$3,371

- Notes: 1. The above transactions are marked to market and unrealized gains/losses are included in the consolidated statements of income.
2. Calculation of fair value is based on the discounted cash flows and others.

<At 31st March, 2014>

Type of transactions	Millions of yen			
	Contract value		Fair value	Unrealized gain (loss)
	Total	Over one year		
Over-the-counter transactions:				
Currency swaps	¥126,691	¥92,438	¥103	¥103
Forward foreign:				
Sell	13,133	—	(83)	(83)
Buy	9,805	—	78	78
Currency option:				
Sell	56,604	39,994	(1,901)	449
Buy	56,604	39,994	1,901	177
Total	—	—	¥98	¥726

- Notes: 1. The above transactions are marked to market and unrealized gains/losses are included in the consolidated statements of income.
2. Calculation of fair value is based on the discounted cash flows and others.

(2) Derivative transactions to which hedge accounting is applied

Summarized below are the contract value or the notional principal and the fair value of the derivative transactions at 31st March, 2015 and 2014, to which hedge accounting is applied. The amounts of the contract value are not necessarily indicative of the actual market risk of derivative transactions.

1. Interest related transactions

<At 31st March, 2015>

Hedge accounting method	Type of transactions	Hedged item	Millions of yen		
			Contract value		Fair value
			Total	Over one year	
Principle hedge accounting method	Interest rate swaps: Receive-floating and pay-fixed	Available-for-sale securities	¥17,424	¥17,424	(¥1,151)
Special treatment for interest rate swaps	Interest rate swaps: Receive-fixed and pay-floating	Loans and bills discounted,	2,500	2,400	(Note 2)
	Receive-floating and pay-fixed	and deposits	224,265	210,063	
	Interest rate options		15,000	15,000	
Total			—	—	(¥1,151)

Hedge accounting method	Type of transactions	Hedged item	Thousands of U.S. dollars		
			Contract value		Fair value
			Total	Over one year	
Principle hedge accounting method	Interest rate swaps: Receive-floating and pay-fixed	Available-for-sale securities	\$145,000	\$145,000	(\$9,579)
Special treatment for interest rate swaps	Interest rate swaps: Receive-fixed and pay-floating	Loans and bills discounted,	20,803	19,971	(Note 2)
	Receive-floating and pay-fixed	and deposits	1,866,232	1,748,050	
	Interest rate options		124,823	124,823	
Total			—	—	(\$9,579)

- Notes:
1. Calculation of fair value is based on the discounted cash flows and others.
 2. Since the interest rate swaps, to which the special treatments are applied, are accounted for as synthetic products composed of loans and bills discounted and deposits, their fair value is included in the fair value of the said loans and bills discounted and deposits which are disclosed in "Financial Instruments (Note 29)". The balance of unamortized premium for interest rate options is ¥100 million (\$838 thousand).

<At 31st March, 2014>

Hedge accounting method	Type of transactions	Hedged item	Millions of yen		
			Contract value		Fair value
			Total	Over one year	
Principle hedge accounting method	Interest rate swaps: Receive-floating and pay-fixed	Available-for-sale securities	¥5,146	¥5,146	(¥55)
Special treatment for interest rate swaps	Interest rate swaps: Receive-fixed and pay-floating	Loans and bills discounted,	3,400	3,100	(Note 2)
	Receive-floating and pay-fixed	and deposits	283,856	226,856	
	Interest rate options		15,000	15,000	
Total			—	—	(¥55)

- Notes:
1. Calculation of fair value is based on the discounted cash flows and others.
 2. Since the interest rate swaps, to which the special treatments are applied, are accounted for as synthetic products composed of loans and bills discounted and deposits, their fair value is included in the fair value of the said loans and bills discounted and deposits which are disclosed in "Financial Instruments (Note 29)". The balance of unamortized premium for interest rate options is ¥158 million.

2. Currency related transactions

<At 31st March, 2015>

			Millions of yen		
Hedge accounting method	Type of transactions	Hedged item	Contract value		Fair value
			Total	Over one year	
Principle hedge accounting method	Forward foreign	Securities denominated in foreign currencies	¥88,724	¥ —	(¥1,074)
Total			—	—	(¥1,074)

			Thousands of U.S. dollars		
Hedge accounting method	Type of transactions	Hedged item	Contract value		Fair value
			Total	Over one year	
Principle hedge accounting method	Forward foreign	Securities denominated in foreign currencies	\$738,324	\$ —	(\$8,942)
Total			—	—	(\$8,942)

- Notes: 1. The Bank applies the deferred method as hedge accounting in accordance primarily with "Accounting and Auditing Treatment for Accounting for Foreign Currency Transactions in Banking Industry" (JICPA Industry Audit Committee Report No. 25).
2. Calculation of fair value is based on the discounted cash flows and others.

<At 31st March, 2014>

			Millions of yen		
Hedge accounting method	Type of transactions	Hedged item	Contract value		Fair value
			Total	Over one year	
Principle hedge accounting method	Forward foreign	Securities denominated in foreign currencies	¥101,737	¥ —	(¥1,498)
Total			—	—	(¥1,498)

- Notes: 1. The Bank applies the deferred method as hedge accounting in accordance primarily with "Accounting and Auditing Treatment for Accounting for Foreign Currency Transactions in Banking Industry" (JICPA Industry Audit Committee Report No. 25).
2. Calculation of fair value is based on the discounted cash flows and others.

33. Employee Retirement Benefits

(1) Description of the retirement benefit plans

The Bank and its domestic consolidated subsidiaries adopt funded or unfunded defined benefit plans and/or the defined contribution plan to provide for employee retirement benefits.

Under the defined benefit corporate pension plans (all funded), lump-sum or annuity payments are made at the amounts based on salaries and the length of service periods of the covered employees. The Bank has established a retirement benefit trust for its defined benefit corporate pension plan.

Under the lump-sum payment plans (principally unfunded, however, some plans have a funded status as a result of the establishment of a retirement benefit trust), retirement benefits are paid in the form of a lump sum at the amounts based on salaries and the length of service periods of the covered employees.

The Bank may also pay additional retirement benefits that are not subject to actuarial calculation.

As of 31st March, 2015, the lump-sum payment plans have been adopted by 6 group companies including the Bank and its domestic consolidated subsidiaries. The corporate pension fund plans have been adopted by the Bank and 1 consolidated subsidiary. The defined contribution plan has been adopted by 1 consolidated subsidiary.

For the lump-sum payment plans that certain consolidated subsidiaries have adopted, liability for retirement benefits and retirement benefit expenses are calculated using the simplified method which assumes the retirement benefit obligation to be equal to the benefits payable if all the eligible employees voluntarily terminated their employment at fiscal year end.

(2) Defined benefit plans

(a) Reconciliation between the balances of retirement benefit obligation at the beginning and end of the year for the years ended 31st March, 2015 and 2014

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Retirement benefit obligation at beginning of the year	¥64,348	¥64,432	\$535,482
Cumulative effect of change in accounting principle	157	—	1,308
Restated balance at beginning of the year	64,506	—	536,791
Service cost	2,033	2,049	16,920
Interest cost	1,020	1,043	8,489
Actuarial loss	6,707	106	55,815
Retirement benefits paid	(3,317)	(3,283)	(27,605)
Others	—	—	—
Retirement benefit obligation at end of the year	¥70,949	¥64,348	\$590,411

(b) Reconciliation between the balances of plan assets at the beginning and end of the year for the years ended 31st March, 2015 and 2014

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Plan assets at beginning of the year	¥66,053	¥62,248	\$549,664
Expected return on plan assets	2,172	2,048	18,081
Actuarial gain	3,193	359	26,576
Contributions by employer	728	2,981	6,059
Contributions by employees	162	165	1,350
Retirement benefits paid	(1,890)	(1,749)	(15,731)
Others	—	—	—
Plan assets at end of the year	¥70,419	¥66,053	\$586,000

(c) Reconciliation between the balances of retirement benefit obligation and plan assets at the end of the year and the amounts of the liability and asset for retirement benefits recognized in the consolidated balance sheets at 31st March, 2015 and 2014

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Retirement benefit obligation (funded)	¥70,574	¥64,002	\$587,287
Fair value of plan assets	(70,419)	(66,053)	(586,000)
	154	(2,050)	1,286
Retirement benefit obligation (unfunded)	375	346	3,124
Net liability (asset) for retirement benefits in the balance sheet	¥530	(¥1,704)	\$4,411

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Liability for retirement benefits	¥5,677	¥5,339	\$47,249
Asset for retirement benefits	(5,147)	(7,043)	(42,837)
Net liability (asset) for retirement benefits in the balance sheet	¥530	(¥1,704)	\$4,411

(d) Components of retirement benefit expenses for the years ended 31st March, 2015 and 2014

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Service cost	¥1,871	¥1,884	\$15,570
Interest cost	1,020	1,043	8,489
Expected return on plan assets	(2,172)	(2,048)	(18,081)
Amortization of unrecognized actuarial loss	672	304	5,599
Others	444	487	3,699
Retirement benefit expenses	¥1,835	¥1,672	\$15,277

- Notes: 1. Contributions by employees to corporate pension funds, etc. have been deducted from the service cost.
2. Retirement benefit expenses of consolidated subsidiaries that have adopted the simplified method are reported in total under "Service cost."

(e) Items recorded in retirement benefits liability adjustments included in other comprehensive income (gross of income tax effects) for the years ended 31st March, 2015 and 2014

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Actuarial loss	¥2,840	—	\$23,640

(f) Items recorded in retirement benefits liability adjustments included in accumulated other comprehensive income (gross of income tax effects) at 31st March, 2015 and 2014

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Unrecognized actuarial loss	¥8,334	¥5,493	\$69,352

(g) Matters concerning plan assets

1) Percentages of each main category of the total plan assets at 31st March, 2015 and 2014 are as follows:

	2015	2014
Bonds	26%	24%
Stocks	60	60
Cash and deposits	1	1
Others	15	15
Total	100%	100%

* Retirement benefit trusts established for the corporate pension plans accounted for 26% and 30% of the total plan assets at 31st March, 2015 and 2014, respectively. Retirement benefit trusts established for the lump-sum payment plans accounted for 20% and 21% of the total plan assets at 31st March, 2015 and 2014, respectively.

2) The expected long-term rate of return on plan assets has been estimated by taking into account the current and expected allocation of the plan assets and the current and anticipated long-term rate of return on diverse assets that constitute the plan assets.

(h) Assumptions for actuarial calculation

Major assumptions for actuarial calculation as of 31st March, 2015 and 2014

	2015	2014
1) Discount rates:	0.893% (principally)	1.623% (principally)
2) Expected long-term rate of return on plan assets:	3.3% (principally)	3.3% (principally)

(3) Defined contribution plans

Contributions of ¥0 million (\$1 thousand) and ¥0 million have been made to the defined contribution plan by the consolidated subsidiary for the years ended 31st March, 2015 and 2014, respectively.

34. Income Taxes

The tax effect of temporary differences and tax loss carryforwards that give rise to the deferred tax assets and liabilities at 31st March, 2015 and 2014 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Deferred tax assets:			
Reserve for possible loan losses	¥14,398	¥18,162	\$119,815
Liability for retirement benefits	4,177	4,484	34,763
Accumulated depreciation	1,893	2,077	15,754
Loss carryforwards for tax purposes	273	10,932	2,276
Others	10,259	10,744	85,375
Sub-total	31,002	46,401	257,985
Valuation allowance	(10,435)	(17,711)	(86,842)
Total deferred tax assets	20,566	28,690	171,143
Deferred tax liabilities:			
Reserve fund for deferred income of fixed assets	(1)	(1)	(13)
Unrealized losses on securities attributable to partition of corporation, net	(38)	(59)	(320)
Asset retirement obligations	(43)	(52)	(365)
Unrealized gains on securities available for sale, net	(29,252)	(20,095)	(243,428)
Total deferred tax liabilities	(29,336)	(20,209)	(244,128)
Net deferred tax assets (liabilities)	(¥8,770)	¥8,480	(\$72,985)

The reconciliation between the statutory tax rates and the effective tax rates reflected in the consolidated statements of income for the years ended 31st March, 2015 and 2014 is not presented as the difference between those rates was 5/100 or less.

[Disclosure for the year ended 31st March, 2015]

Revision of deferred tax assets and liabilities due to change in statutory tax rate

In accordance with the promulgation on 31st March, 2015 of the “Act for Partial Amendment of the Income Tax Act, etc.” (Act No. 9 of 2015) and the “Act for Partial Amendment of the Local Tax Act, etc.” (Act No. 2 of 2015), the corporate tax rates were lowered to be applied from the fiscal year beginning 1st April, 2015. Consequently, the effective statutory tax rate used to calculate deferred tax assets and liabilities was changed from 35.4% to 32.8% for the temporary differences expected to be realized or settled during the year beginning 1st April, 2015 and then to 32.1% for the temporary differences expected to be realized or settled from the year beginning on or after 1st April, 2016. As a result, net deferred losses on hedging instruments, net of taxes, and retirement benefits liability adjustments, net of taxes, decreased by ¥37 million (\$310 thousand) and ¥279 million (\$2,327 thousand), respectively, whereas deferred tax assets, earned surplus, net unrealized gains on securities available for sale, net of taxes, and deferred income taxes increased by ¥1,175 million (\$9,784 thousand), ¥0 million (\$1 thousand), ¥2,968 million (\$24,702 thousand) and ¥1,475 million (\$12,281 thousand), respectively, as of and for the year ended 31st March, 2015. Also, deferred tax liabilities on revaluation of premises decreased by ¥1,636 million (\$13,617 thousand), and revaluation of premises, net of taxes, increased by the same amount, as of 31st March, 2015.

Application of consolidated taxation system

The Bank and two of its consolidated subsidiaries—The Bank of Nagasaki, Ltd. and Nishi-Nippon Credit Guarantee Co.—have applied for the introduction of the consolidated taxation system from the year ending 31st March, 2016 and, starting from the year ended 31st March, 2015, have adopted the accounting treatment based on the “Practical Solution for Tentative Treatment of Tax Effect Accounting under Consolidated Taxation System (Part 1)” (ASBJ Practical Issues Task Force No.5) and the “Practical Solution for Tentative Treatment of Tax Effect Accounting under Consolidated Taxation System (Part 2)” (ASBJ Practical Issues Task Force No.7).

With this change, deferred tax assets increased by ¥507 million (\$4,226 thousand), whereas retirement benefits liability adjustments, net of taxes, and deferred income taxes decreased by ¥33 million (\$280 thousand) and ¥541 million (\$4,506 thousand), respectively, as of and for the year ended 31st March, 2015.

35. Business Combination

<For the year ended 31st March, 2015>

Transactions under common control

- I. The Bank and one of its consolidated subsidiaries—The Bank of Nagasaki, Ltd. (“The Bank of Nagasaki”)—have carried out a share exchange, by which The Bank of Nagasaki became a wholly owned subsidiary of the Bank, effective as of 18th December, 2014.

1. Overview of business combination

(1) Name and outline of business of the combined company

Name: The Bank of Nagasaki, Ltd.

Business: Banking

(2) Date of business combination

18th December, 2014

(3) Legal form of business combination

Share exchange

(4) Name of the company after business combination

No change

(5) Outline of the transaction including its purpose

To further enhance the Group's comprehensive financial capabilities as set forth in the Bank's mid-term management plan implemented in April 2014, the share exchange has been carried out, by which The Bank of Nagasaki became a wholly owned subsidiary of the Bank, for the purposes of expediting and streamlining the Group's overall management processes and further strengthening the business infrastructure of The Bank of Nagasaki through reinforcement of the partnership between the other companies in the Group and The Bank of Nagasaki.

2. Outline of accounting treatment for the transaction

This transaction was treated as a transaction under common control based on "Accounting Standard for Business Combinations" (ASBJ Statement No. 21 of 26th December, 2008) and "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10 of 26th December, 2008).

3. Additional purchase of the subsidiary's shares

(1) Acquisition cost and breakdown

Acquisition cost: ¥453 million (\$3,776 thousand)

Consideration for acquisition (treasury shares): ¥453 million (\$3,776 thousand)

(2) Exchange ratio and calculation method, and the number of shares delivered by class of shares

a) Exchange ratio by class of shares

0.067 shares of the Bank common stock for each share of The Bank of Nagasaki common stock

b) Calculation method for the exchange ratio

To ensure the fairness and appropriateness of the share exchange ratio, the Bank and The Bank of Nagasaki selected Nomura Securities Co., Ltd. and Patent Finance Consulting Co., Ltd., respectively, as a third-party valuation institution to calculate the share exchange ratio. Based on their calculation results, the Bank and The Bank of Nagasaki carefully negotiated and ultimately agreed that the above exchange ratio is appropriate.

c) Number of shares delivered

1,342,674 shares

(3) Amount of gain on bargain purchase and cause of occurrence

a) Amount of gain on bargain purchase

¥51 million (\$426 thousand)

b) Cause of occurrence

The cost for the subsidiary's shares acquired from its minority shareholders was less than the amount of the decrease in minority interests.

II. The Bank and one of its consolidated subsidiaries—Nishi-Nippon Credit Guarantee Co. ("Nishi-Nippon Credit Guarantee")—have carried out a share exchange, by which Nishi-Nippon Credit Guarantee became a wholly owned subsidiary of the Bank, effective as of 27th February, 2015.

1. Overview of business combination

(1) Name and outline of business of the combined company

Name: Nishi-Nippon Credit Guarantee Co.

Business: Credit guarantee

(2) Date of business combination

27th February, 2015

(3) Legal form of business combination

Share exchange

(4) Name of the company after business combination

No change

(5) Outline of the transaction including its purpose

To further enhance the Group's comprehensive financial capabilities as set forth in the Bank's mid-term management plan implemented in April 2014, the share exchange has been carried out, by which Nishi-Nippon Credit Guarantee became a wholly owned subsidiary of the Bank, for the purpose of expediting and streamlining the Group's overall management processes.

2. Outline of accounting treatment for the transaction

This transaction was treated as a transaction under common control based on “Accounting Standard for Business Combinations” (ASBJ Statement No. 21 of 26th December, 2008) and “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10 of 26th December, 2008).

3. Additional purchase of the subsidiary's shares

(1) Acquisition cost and breakdown

Acquisition cost: ¥3,418 million (\$28,445 thousand)

Consideration for acquisition (treasury shares): ¥3,418 million (\$28,445 thousand)

(2) Exchange ratio and calculation method, and the number of shares delivered by class of shares

a) Exchange ratio by class of shares

17,500 shares of the Bank common stock for each share of Nishi-Nippon Credit Guarantee common stock

b) Calculation method for the exchange ratio

To ensure the fairness and appropriateness of the share exchange ratio, the Bank selected Nomura Securities Co., Ltd. as a third-party valuation institution to calculate the share exchange ratio. Based on this calculation result, the Bank and Nishi-Nippon Credit Guarantee carefully negotiated and ultimately agreed that the above exchange ratio is appropriate.

c) Number of shares delivered

8,925,000 shares

(3) Amount of gain on bargain purchase and cause of occurrence

a) Amount of gain on bargain purchase

¥1,337 million (\$11,131 thousand)

b) Cause of occurrence

The cost for the subsidiary's shares acquired from minority shareholders was less than the amount of the decrease in minority interests.

36. Asset Retirement Obligations

Information on asset retirement obligations is as follows:

Asset retirement obligations that are recorded in the consolidated balance sheets

(1) Outline of asset retirement obligations

The Bank and its consolidated subsidiaries recognize asset retirement obligations for restoration obligations resulting from real estate lease agreements such as those of the Group branch offices and commercial fixed-term leasehold agreements. The Bank and its consolidated subsidiaries also recognize asset retirement obligations pertaining to obligations to remove hazardous substances used in some of their branch offices in accordance with the Ordinance on Prevention of Health Impairment due to Asbestos.

(2) Method for calculating the value of asset retirement obligations

An asset retirement obligation is calculated by first estimating the period of expected use of the asset, which is the relevant building's depreciation period (principally 39 years), and then discounting the value of the relevant liability using the government bond's market rate (principally 2.304%) that matches said depreciation period as the discount rate.

(3) Changes in total asset retirement obligations for the years ended 31st March, 2015 and 2014

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Balance at beginning of the year	¥833	¥825	\$6,933
Increase due to acquisition of tangible fixed assets	5	6	43
Adjustment for passage of time	14	15	119
Decrease due to fulfillment of asset retirement obligation	16	15	137
Balance at end of the year	¥836	¥833	\$6,958

37. Business Segment Information

Segment Information

(1) Segment information summary

Financial information can be individually obtained for each of the Group's reportable segments. This information is regularly reviewed by the board of directors in order to determine how to allocate business resources and to evaluate business performance.

The Group consists of the Bank, 7 consolidated subsidiaries and 1 affiliate. The Group is engaged in the financial services business, with a primary focus on the banking business.

Thus, while the Group is composed of business segments offering different financial services, the Group's reportable segment is the "banking business" which the Bank and The Bank of Nagasaki are engaged in.

The "banking business" is a wide range of services including services for deposits, loans, securities investment, domestic and foreign currency exchange, and other incidental services.

(2) Method for calculating the amount of ordinary income, profit or loss, assets, liabilities and other items

The accounting policies of reported business segments are the same as those described in "2. Summary of Significant Accounting Policies". The segment income is reported on an ordinary income basis. In addition, internal ordinary income among segments is based on the same transaction terms as used in ordinary transactions with third parties.

(3) Ordinary income, profit or loss, assets, liabilities and other items by reportable segments

<In 2015>

	Millions of yen				
	Reportable segment		Total	Adjustments	Consolidated
	Banking	Other			
Ordinary income					
Ordinary income from third party customers	¥137,966	¥12,091	¥150,058	¥ —	¥150,058
Internal ordinary income among segments	1,259	5,239	6,499	(6,499)	—
Total ordinary income	139,226	17,331	156,558	(6,499)	150,058
Segment profit	36,454	7,026	43,481	(786)	42,695
Segment assets	8,548,585	83,508	8,632,094	(38,228)	8,593,865
Segment liabilities	8,124,698	36,789	8,161,488	(36,687)	8,124,800
Other items					
Depreciation	5,503	229	5,732	—	5,732
Interest and dividend income	104,945	2,932	107,877	(829)	107,048
Interest expenses	7,863	106	7,970	(739)	7,230
Increase in tangible and intangible fixed assets	¥4,403	¥101	¥4,504	¥ —	¥4,504

	Thousands of U.S. dollars				
	Reportable segment		Total	Adjustments	Consolidated
	Banking	Other			
Ordinary income					
Ordinary income from third party customers	\$1,148,098	\$100,622	\$1,248,720	\$ —	\$1,248,720
Internal ordinary income among segments	10,484	43,601	54,085	(54,085)	—
Total ordinary income	1,158,582	144,224	1,302,806	(54,085)	1,248,720
Segment profit	303,360	58,470	361,830	(6,541)	355,289
Segment assets	71,137,436	694,922	71,832,358	(318,121)	71,514,237
Segment liabilities	67,610,042	306,143	67,916,186	(305,299)	67,610,886
Other items					
Depreciation	45,798	1,906	47,705	—	47,705
Interest and dividend income	873,304	24,406	897,711	(6,904)	890,806
Interest expenses	65,436	887	66,324	(6,151)	60,172
Increase in tangible and intangible fixed assets	\$36,643	\$844	\$37,488	\$ —	\$37,488

- Notes:
1. Ordinary income is presented instead of net sales.
 2. The category of "other" includes business segments which are not reportable segments, such as financial-related services for credit guarantee, credit card and financial instruments exchange.
 3. Adjustments for segment profit, segment assets, segment liabilities, interest and dividend income and interest expenses are primarily eliminations of internal transactions among segments.

<In 2014>

	Millions of yen				
	Reportable segment				
	Banking	Other	Total	Adjustments	Consolidated
Ordinary income					
Ordinary income from third party customers	¥144,778	¥11,109	¥155,888	¥ —	¥155,888
Internal ordinary income among segments	1,050	6,302	7,352	(7,352)	—
Total ordinary income	145,829	17,411	163,240	(7,352)	155,888
Segment profit	36,562	5,607	42,170	(45)	42,124
Segment assets	7,978,895	81,175	8,060,071	(32,938)	8,027,132
Segment liabilities	7,594,466	38,887	7,633,354	(35,955)	7,597,398
Other items					
Depreciation	5,929	227	6,156	—	6,156
Interest and dividend income	111,011	2,906	113,918	(914)	113,003
Interest expenses	8,148	132	8,281	(763)	7,517
Increase in tangible and intangible fixed assets	¥2,724	¥330	¥3,054	¥ —	¥3,054

- Notes:
1. Ordinary income is presented instead of net sales.
 2. The category of "other" includes business segments which are not reportable segments, such as financial-related services for credit guarantee, credit card and financial instruments exchange and auxiliary banking services.
 3. Adjustments for segment profit, segment assets, segment liabilities, interest and dividend income and interest expenses are primarily eliminations of internal transactions among segments.

Related Information

Ordinary income by services:

<In 2015>

	Millions of yen			
	Loan	Securities	Other	Total
Ordinary income from third party customers	¥95,030	¥20,822	¥34,205	¥150,058

	Thousands of U.S. dollars			
	Loan	Securities	Other	Total
Ordinary income from third party customers	\$790,804	\$173,277	\$284,639	\$1,248,720

Note: Ordinary income is presented instead of net sales.

<In 2014>

	Millions of yen			
	Loan	Securities	Other	Total
Ordinary income from third party customers	¥96,870	¥25,363	¥33,654	¥155,888

Note: Ordinary income is presented instead of net sales.

Impairment Losses on Tangible Fixed Assets by Reportable Segments

<In 2015>

	Millions of yen		
	Reportable segment		
	Banking	Other	Total
Impairment losses	¥2,769	¥ —	¥2,769

	Thousands of U.S. dollars		
	Reportable segment		
	Banking	Other	Total
Impairment losses	\$23,043	\$ —	\$23,043

<In 2014>

	Millions of yen		
	Reportable segment		
	Banking	Other	Total
Impairment losses	¥1,315	¥ —	¥1,315

Amortization and Balance of Goodwill by Reportable Segments

<In 2015>

	Millions of yen		
	Reportable segment		
	Banking	Other	Total
Goodwill			
Amortization of goodwill	¥ —	¥128	¥128
Balance at end of the year	¥ —	¥ —	¥ —

	Thousands of U.S. dollars		
	Reportable segment		
	Banking	Other	Total
Goodwill			
Amortization of goodwill	\$ —	\$1,065	\$1,065
Balance at end of the year	\$ —	\$ —	\$ —

Note: "Other" mainly consists of services for financial instruments exchange.

<In 2014>

	Millions of yen		
	Reportable segment		
	Banking	Other	Total
Goodwill			
Amortization of goodwill	¥ —	¥128	¥128
Balance at end of the year	¥ —	¥128	¥128

Note: "Other" mainly consists of services for financial instruments exchange.

Gain on Bargain Purchase by Reportable Segments

<In 2015>

To further enhance the Group's comprehensive financial capabilities as set forth in the Bank's mid-term management plan implemented in April 2014, the share exchanges have been carried out, by which The Bank of Nagasaki, Ltd. and Nishi-Nippon Credit Guarantee Co. became wholly owned subsidiaries of the Bank, and the Bank acquired additional shares of certain consolidated subsidiaries to increase its ownership ratio, for the purpose of expediting and streamlining the Group's overall management processes.

As a result, gain on bargain purchase of ¥51 million (\$426 thousand) was recognized for the "banking" segment and ¥1,919 million (\$15,975 thousand) for the "other" segment, respectively, for the year ended 31st March, 2015.

38. Related Party Transactions

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

1. Transactions of the Bank with related individuals, including shareholders and directors

<In 2015>

Attribute	Name	Address	Common stock	Business/occupation	Equity ownership	Relationship	Transactions	Transaction amount	Account	Balance at end of year
Companies owned by the Bank's directors and their close relatives	Takata	Chuo-ku	¥4 (million)	Real-estate		Companies owned by close relatives of Bank's director	Loan	— (million)	Loans	¥63 (million)
	Kosan Ltd.	Fukuoka		leasing	—	(Kiyota Takata)		— (thousand)		\$525 (thousand)
Companies owned by the Bank's directors and their close relatives	Yamada	Chikushino	¥10 (million)	Hotel		Companies owned by close relatives of Bank's director	Loan	— (million)	Loans	¥417 (million)
	Shoji Co.,Ltd.	Fukuoka		business	—	(Yasuyuki Ishida)		— (thousand)		\$3,476 (thousand)

* Terms and conditions of the transactions are similar to those with unrelated parties.

<In 2014>

Attribute	Name	Address	Common stock	Business/occupation	Equity ownership	Relationship	Transactions	Transaction amount	Account	Balance at end of year
Companies owned by the Bank's directors and their close relatives	Takata	Chuo-ku	¥4 (million)	Real-estate		Companies owned by close relatives of Bank's director	Loan	¥69 (million)	Loans	¥67 (million)
	Kosan Ltd.	Fukuoka		leasing	—	(Kiyota Takata)				
Companies owned by the Bank's directors and their close relatives	Yamada	Chikushino	¥10 (million)	Hotel		Companies owned by close relatives of Bank's director	Loan	¥222 (million)	Loans	¥439 (million)
	Shoji Co.,Ltd.	Fukuoka		business	—	(Yasuyuki Ishida)				

* Terms and conditions of the transactions are similar to those with unrelated parties.

2. There are no relevant transactions of the Bank's consolidated subsidiaries with related parties to report.

39. Reconciliation of Cash and Cash Equivalents

The reconciliation between "Cash and cash equivalents" in the consolidated statements of cash flows and each account in the consolidated balance sheets is as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Cash and due from banks on the consolidated balance sheets	¥344,782	¥185,603	\$2,869,126
Due from banks, exclusive of central bank	(9,152)	(3,209)	(76,160)
Cash and cash equivalents on the consolidated statements of cash flows	¥335,630	¥182,394	\$2,792,965

40. Per Share Information

	Yen		Thousands of U.S. dollars
	2015	2014	2015
Net assets per share at end of the year	¥565.97	¥507.54	\$4.709
Net income per share*	31.32	30.20	0.260

Basis for net assets per share as of 31st March, 2015 and 2014 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Net assets	¥469,065	¥429,734	\$3,903,350
Items to be deducted from net assets	21,482	26,252	178,769
Minority interests	21,482	26,252	178,769
Net assets attributable to common stock	447,582	403,482	3,724,581

	Shares	
	2015	2014
Number of shares of common stock outstanding at end of the year	790,811,220	794,963,667

Basis for net income per share for the years ended 31st March, 2015 and 2014 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Basic:			
Net income	¥24,843	¥24,009	\$206,733
Items not attributable to common stock	—	—	—
Net income attributable to common stock	24,843	24,009	206,733
	Shares		
	2015	2014	
Average number of shares of common stock outstanding during the year	793,080,125	795,002,977	

* Diluted net income per share for the years ended 31st March, 2015 and 2014 was not presented, because the Bank and its consolidated subsidiaries had no dilutive shares during the years.

[Change in Accounting Policies]

As stated in Note 3 "Change in Accounting Policies," the main clause of Paragraph 35 of the Retirement Benefits Accounting Standard and the main clause of Paragraph 67 of the Retirement Benefits Guidance were adopted effective from 1st April, 2014, and the provisional treatment set forth in Paragraph 37 of the Retirement Benefits Accounting Standard was applied.

As a result, net assets per share decreased by ¥0.16 (\$0.00) as of 31st March, 2015. The effect of this change on net income per share for the year ended 31st March, 2015 was immaterial.

41. Cash Dividends

Cash dividends paid during the year ended 31st March, 2015, which were distribution of earned surplus at 31st March, 2014, are as follows:

Resolution	Types	Millions of yen	Thousands of U.S. dollars
June 27, 2014 Ordinary General Meeting of Shareholders	Cash dividends (¥3.5 per share)	¥2,782	\$23,153
November 10, 2014 Meeting of Board of Directors	Cash dividends (¥2.5 per share)	¥1,986	\$16,534

Cash dividends paid during the year ended 31st March, 2014, which were distribution of earned surplus at 31st March, 2013, are as follows:

Resolution	Types	Millions of yen
June 27, 2013 Ordinary General Meeting of Shareholders	Cash dividends (¥2.5 per share)	¥1,987
November 8, 2013 Meeting of Board of Directors	Cash dividends (¥2.5 per share)	¥1,987

42. Subsequent Event

The following appropriation of earned surplus for the year ended 31st March, 2015 was approved at the shareholders' meeting held on 26th June, 2015:

Resolution	Types	Millions of yen	Thousands of U.S. dollars
June 26, 2015 Ordinary General Meeting of Shareholders	Cash dividends (¥4.0 per share)	¥3,163	\$26,326

Quarterly Information (Unaudited)

The Nishi-Nippon City Bank, Ltd. and Subsidiaries Year ended 31st March, 2015

	Millions of yen			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	from 1st April, 2014	from 1st April, 2014	from 1st April, 2014	from 1st April, 2014
	to 30th June, 2014	to 30th September, 2014	to 31st December, 2014	to 31st March, 2015
Ordinary income	¥38,050	¥75,354	¥113,978	¥150,058
Income before income taxes and minority interests	12,327	21,891	34,430	41,369
Net income	7,553	13,591	21,243	24,843

	yen			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	from 1st April, 2014	from 1st April, 2014	from 1st April, 2014	from 1st April, 2014
	to 30th June, 2014	to 30th September, 2014	to 31st December, 2014	to 31st March, 2015
Net income per share	¥9.50	¥17.09	¥26.74	¥31.32

	yen			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	from 1st April, 2014	from 1st July, 2014	from 1st October, 2014	from 1st January, 2015
	to 30th June, 2014	to 30th September, 2014	to 31st December, 2014	to 31st March, 2015
Net income per share	¥9.50	¥7.59	¥9.64	¥4.56

	Thousands of U.S. dollars			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	from 1st April, 2014	from 1st April, 2014	from 1st April, 2014	from 1st April, 2014
	to 30th June, 2014	to 30th September, 2014	to 31st December, 2014	to 31st March, 2015
Ordinary income	\$316,638	\$627,067	\$948,474	\$1,248,720
Income before income taxes and minority interests	102,585	182,169	286,516	344,256
Net income	62,857	113,098	176,774	206,733

	U.S. dollars			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	from 1st April, 2014	from 1st April, 2014	from 1st April, 2014	from 1st April, 2014
	to 30th June, 2014	to 30th September, 2014	to 31st December, 2014	to 31st March, 2015
Net income per share	\$0.07	\$0.14	\$0.22	\$0.26

	U.S. dollars			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	from 1st April, 2014	from 1st July, 2014	from 1st October, 2014	from 1st January, 2015
	to 30th June, 2014	to 30th September, 2014	to 31st December, 2014	to 31st March, 2015
Net income per share	\$0.07	\$0.06	\$0.08	\$0.03

Non-Consolidated Balance Sheets (Unaudited)

The Nishi-Nippon City Bank, Ltd.

31st March, 2015 and 2014

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Assets:			
Cash and due from banks	¥336,860	¥173,424	\$2,803,201
Call loans and bills bought	9,092	237	75,659
Trading account assets	982	1,026	8,178
Money held in trust	1,999	1,972	16,637
Securities	1,901,118	1,789,956	15,820,242
Loans and bills discounted	5,927,596	5,621,358	49,326,755
Foreign exchange assets	8,717	6,699	72,542
Other assets	34,803	31,780	289,619
Tangible fixed assets	106,430	109,891	885,663
Intangible fixed assets	6,448	8,363	53,664
Prepaid pension cost	13,024	13,012	108,384
Deferred tax assets	—	4,811	—
Customers' liabilities for acceptances and guarantees	28,804	30,465	239,694
Reserve for possible loan losses	(27,838)	(31,313)	(231,655)
Reserve for devaluation of securities	(516)	(494)	(4,297)
Total assets	¥8,347,524	¥7,761,192	\$69,464,292
Liabilities and Net assets:			
Liabilities:			
Deposits	¥7,130,927	¥6,738,994	\$59,340,326
Call money and bills sold	167,130	158,563	1,390,782
Payables under repurchase agreements	11,624	—	96,732
Guarantee deposits received under securities lending transactions	94,169	19,720	783,638
Borrowed money	294,156	232,878	2,447,838
Foreign exchange liabilities	78	97	652
Bonds	78,300	93,300	651,576
Other liabilities	65,674	62,356	546,509
Reserve for employee retirement benefits	4,328	5,027	36,022
Reserve for reimbursement of deposits	2,136	2,179	17,775
Reserve for other contingent losses	2,132	2,050	17,742
Deferred tax liabilities	13,687	—	113,904
Deferred tax liabilities on revaluation of premises	15,918	18,255	132,464
Acceptances and guarantees	28,804	30,465	239,694
Total liabilities	7,909,068	7,363,888	65,815,661
Net assets:			
Capital stock	85,745	85,745	713,535
Capital surplus			
Capital reserve	85,684	85,684	713,023
Other capital surplus	231	—	1,923
Earned surplus			
Legal reserve	61	61	511
Voluntary reserves	155,303	137,403	1,292,366
Unappropriated retained earnings	21,126	22,689	175,803
Treasury stock	(2,128)	(692)	(17,713)
Total shareholders' equity	346,023	330,891	2,879,451
Net unrealized gains on securities available for sale, net of taxes	63,359	37,164	527,249
Net deferred gains (losses) on hedging instruments, net of taxes	(763)	(35)	(6,353)
Revaluation of premises, net of taxes	29,836	29,283	248,284
Total valuation and translation adjustments	92,432	66,412	769,179
Total net assets	438,455	397,304	3,648,631
Total liabilities and net assets	¥8,347,524	¥7,761,192	\$69,464,292

See accompanying Notes to Non-Consolidated Financial Statements.

Non-Consolidated Statements of Income (Unaudited)

The Nishi-Nippon City Bank, Ltd.

Years ended 31st March, 2015 and 2014

	Millions of yen		Thousands of
	2015	2014	U.S. dollars
Income:			
Interest income:			
Interest on loans and discounts	¥84,280	¥86,391	\$701,340
Interest and dividends on securities	16,119	20,541	134,135
Other interest income	340	191	2,831
Fees and commissions	24,849	24,980	206,789
Trading income	19	16	160
Other operating income	2,567	3,265	21,364
Other income	5,864	6,170	48,804
Total income	134,040	141,557	1,115,426
Expenses:			
Interest expenses:			
Interest on deposits	4,272	4,343	35,554
Interest on call money and bills sold	518	397	4,312
Interest on payables under repurchase agreements	5	—	44
Interest on borrowings	1,000	1,244	8,328
Other interest expenses	1,968	2,036	16,379
Fees and commissions	12,438	12,299	103,511
Other operating expenses	499	3,602	4,153
General and administrative expenses	73,235	73,897	609,435
Other expenses	7,266	8,759	60,471
Total expenses	101,206	106,579	842,190
Income before income taxes	32,834	34,977	273,235
Income taxes			
Current	3,596	2,276	29,928
Deferred	9,214	10,723	76,675
Total income taxes	12,810	13,000	106,603
Net income	¥20,024	¥21,977	\$166,632

See accompanying Notes to Non-Consolidated Financial Statements.

Non-Consolidated Statements of Changes in Net Assets (Unaudited)

The Nishi-Nippon City Bank, Ltd.

Years ended 31st March, 2015 and 2014

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Shareholders' equity			
Capital stock			
Balance at beginning of the year	¥85,745	¥85,745	\$713,535
Changes during the year			
Total changes during the year	—	—	—
Balance at end of the year	¥85,745	¥85,745	\$713,535
Capital surplus:			
Capital reserve			
Balance at beginning of the year	¥85,684	¥85,684	\$713,023
Changes during the year			
Total changes during the year	—	—	—
Balance at end of the year	¥85,684	¥85,684	\$713,023
Other capital surplus			
Balance at beginning of the year	¥ —	¥ —	\$ —
Changes during the year			
Sale of treasury stock	231	—	1,923
Total changes during the year	231	—	1,923
Balance at end of the year	¥231	¥ —	\$1,923
Total capital surplus			
Balance at beginning of the year	¥85,684	¥85,684	\$713,023
Changes during the year			
Sale of treasury stock	231	—	1,923
Total changes during the year	231	—	1,923
Balance at end of the year	¥85,915	¥85,684	\$714,946
Earned surplus:			
Legal reserve			
Balance at beginning of the year	¥61	¥61	\$511
Changes during the year			
Total changes during the year	—	—	—
Balance at end of the year	¥61	¥61	\$511
Other earned surplus:			
Reserve for deferred capital gains			
Balance at beginning of the year	¥3	¥3	\$28
Changes during the year			
Transfer from reserve for deferred capital gains	(0)	(0)	(1)
Transfer to reserve for deferred capital gains	0	—	1
Total changes during the year	0	(0)	0
Balance at end of the year	¥3	¥3	\$28
Other voluntary reserves			
Balance at beginning of the year	¥137,400	¥122,800	\$1,143,381
Changes during the year			
Transfer to other voluntary reserves	17,900	14,600	148,955
Total changes during the year	17,900	14,600	148,955
Balance at end of the year	¥155,300	¥137,400	\$1,292,337
Unappropriated retained earnings			
Balance at beginning of the year	¥22,689	¥18,654	\$188,807
Cumulative effect of change in accounting principle	(0)	—	(7)
Restated balance at beginning of the year	22,688	—	188,799
Changes during the year			
Cash dividends paid	(4,769)	(3,975)	(39,688)
Transfer from reserve for deferred capital gains	0	0	1
Transfer to other voluntary reserves	(17,900)	(14,600)	(148,955)
Net income	20,024	21,977	166,632
Sale of treasury stock	—	(1)	—
Retirement of treasury stock	—	—	—
Reversal of revaluation of premises	1,083	632	9,014
Total changes during the year	(1,561)	4,034	(12,996)
Balance at end of the year	¥21,126	¥22,689	\$175,803

Non-Consolidated Statements of Changes in Net Assets (Unaudited)

The Nishi-Nippon City Bank, Ltd.

Years ended 31st March, 2015 and 2014

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Total earned surplus			
Balance at beginning of the year	¥160,154	¥141,519	\$1,332,729
Cumulative effect of change in accounting principle	(0)	—	(7)
Restated balance at beginning of the year	160,153	—	1,332,722
Changes during the year			
Cash dividends paid	(4,769)	(3,975)	(39,688)
Transfer from reserve for deferred capital gains	—	—	—
Transfer to reserve for deferred capital gains	0	—	1
Transfer to other voluntary reserves	—	—	—
Net income	20,024	21,977	166,632
Sale of treasury stock	—	(1)	—
Retirement of treasury stock	—	—	—
Reversal of revaluation of premises	1,083	632	9,014
Total changes during the year	16,338	18,634	135,959
Balance at end of the year	¥176,491	¥160,154	\$1,468,682

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Treasury stock			
Balance at beginning of the year	(¥692)	(¥673)	(\$5,758)
Changes during the year			
Acquisition of treasury stock	(5,081)	(21)	(42,289)
Sale of treasury stock	3,645	3	30,334
Total changes during the year	(1,436)	(18)	(11,954)
Balance at end of the year	(¥2,128)	(¥692)	(\$17,713)
Total shareholders' equity			
Balance at beginning of the year	¥330,891	¥312,275	\$2,753,530
Cumulative effect of change in accounting principle	(0)	—	(7)
Restated balance at beginning of the year	330,890	—	2,753,522
Changes during the year			
Cash dividends paid	(4,769)	(3,975)	(39,688)
Transfer to reserve for deferred capital gains	0	0	1
Net income	20,024	21,977	166,632
Acquisition of treasury stock	(5,081)	(21)	(42,289)
Sale of treasury stock	3,876	2	32,257
Reversal of revaluation of premises	1,083	632	9,014
Total changes during the year	15,132	18,615	125,928
Balance at end of the year	¥346,023	¥330,891	\$2,879,451
Valuation and translation adjustments			
Net unrealized gains on securities available for sale, net of taxes			
Balance at beginning of the year	¥37,164	¥34,694	\$309,269
Changes during the year			
Net changes in items other than shareholders' equity	26,194	2,470	217,980
Total changes during the year	26,194	2,470	217,980
Balance at end of the year	¥63,359	¥37,164	\$527,249
Net deferred gains (losses) on hedging instruments, net of taxes			
Balance at beginning of the year	(¥35)	¥0	(\$293)
Changes during the year			
Net changes in items other than shareholders' equity	(728)	(35)	(6,060)
Total changes during the year	(728)	(35)	(6,060)
Balance at end of the year	(¥763)	(¥35)	(\$6,353)
Revaluation of premises, net of taxes			
Balance at beginning of the year	¥29,283	¥29,916	\$243,680
Changes during the year			
Net changes in items other than shareholders' equity	553	(632)	4,603
Total changes during the year	553	(632)	4,603
Balance at end of the year	¥29,836	¥29,283	\$248,284
Total valuation and translation adjustments			
Balance at beginning of the year	¥66,412	¥64,610	\$552,656
Changes during the year			
Net changes in items other than shareholders' equity	26,019	1,802	216,523
Total changes during the year	26,019	1,802	216,523
Balance at end of the year	¥92,432	¥66,412	\$769,179
Total net assets			
Balance at beginning of the year	¥397,304	¥376,885	\$3,306,187
Cumulative effect of change in accounting principle	(0)	—	(7)
Restated balance at beginning of the year	397,303	—	3,306,179
Changes during the year			
Cash dividends paid	(4,769)	(3,975)	(39,688)
Transfer to reserve for deferred capital gains	0	0	1
Net income	20,024	21,977	166,632
Acquisition of treasury stock	(5,081)	(21)	(42,289)
Sale of treasury stock	3,876	2	32,257
Reversal of revaluation of premises	1,083	632	9,014
Net changes in items other than shareholders' equity	26,019	1,802	216,523
Total changes during the year	41,152	20,418	342,451
Balance at end of the year	¥438,455	¥397,304	\$3,648,631

See accompanying Notes to Non-Consolidated Financial Statements.

Notes to Non-Consolidated Financial Statements (Unaudited)

The Nishi-Nippon City Bank, Ltd.

Years ended 31st March, 2015 and 2014

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- | | |
|---|---|
| 1. Basis of Presentation of Financial Statements | The accompanying non-consolidated financial statements of The Nishi-Nippon City Bank, Ltd. (the Bank) have been prepared from the accounts maintained by the Bank in accordance with the provisions set forth in the Japanese Corporation Law, the Banking Law, and accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standard. |
|---|---|
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- | | |
|--|---|
| 2. Other Accounting Principles and Practices Employed by the Bank | Accounting principles employed by the Bank in preparing the accompanying non-consolidated financial statements which have significant effects thereon, are explained in Note 2 of the Notes to Consolidated Financial Statements. |
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Independent Auditor's Report

The Board of Directors
The Nishi-Nippon City Bank, Ltd.

We have audited the accompanying consolidated financial statements of The Nishi-Nippon City Bank, Ltd. and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2015, and the consolidated statements of income, comprehensive income, changes in net assets, 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 designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the 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. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls 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. 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 Nishi-Nippon City Bank, Ltd. and its consolidated subsidiaries as at March 31, 2015, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

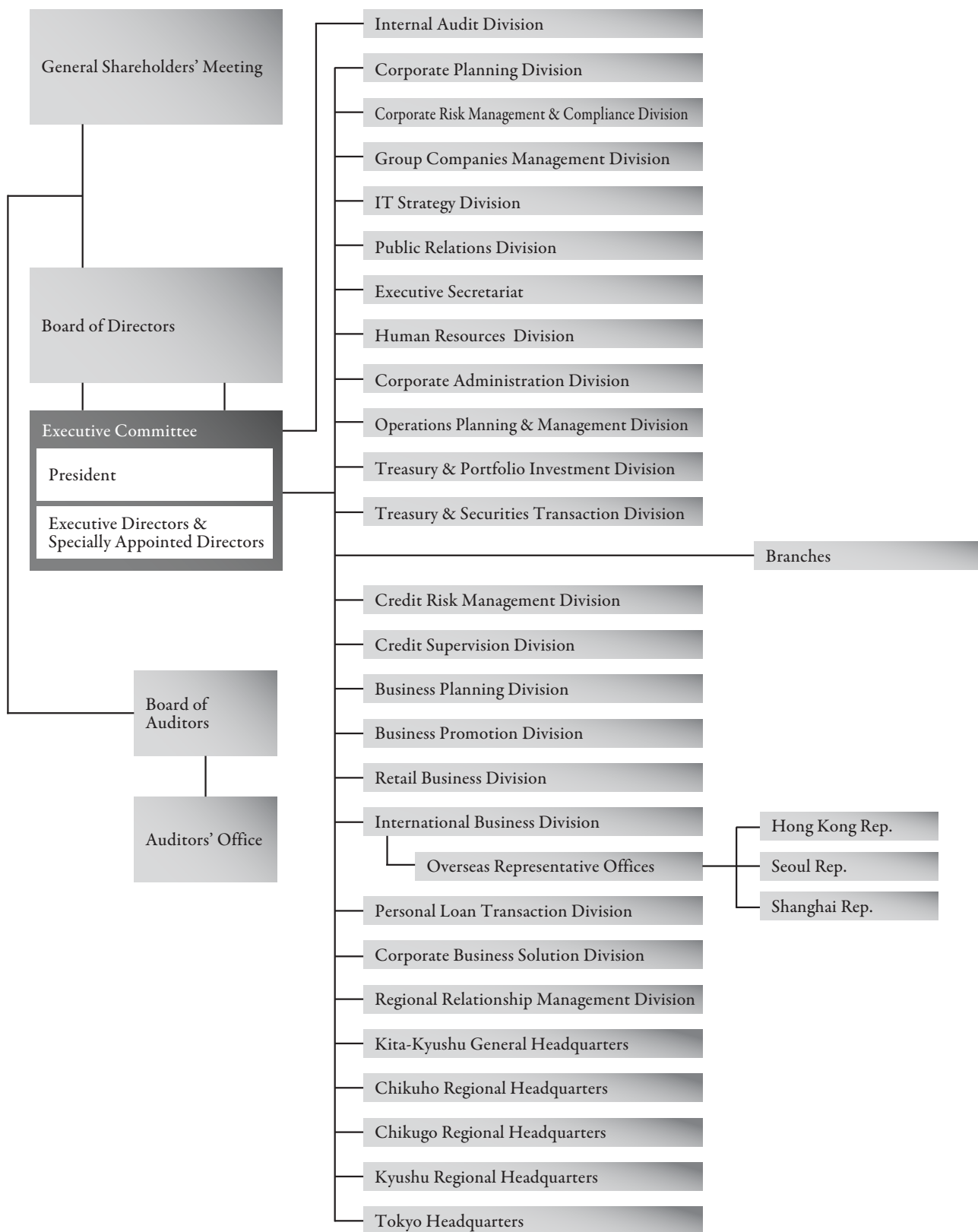
Convenience Translation

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 1.

Ernst & Young ShinNihon

June 26, 2015
Fukuoka, Japan

Organization Chart



(as of June 30, 2015)

Corporate Data

Head Office:

1-1, Hakata-ekimae 3-chome, Hakata-ku,
Fukuoka 812-0011, Japan
Phone: (092) 476-2481

Established:

December 1, 1944

Paid-up Capital:

¥85,745 million

Number of Shareholders:

Ordinary shares: 11,264

Number of Employees:

3,834

Number of Domestic Offices:

194

Number of Correspondent Banks:

131

Major Shareholders (common stock):

Name	Shares held (thousands)	(%)
Japan Trustee Services Bank, Ltd. (Trust Account)	116,782	14.65
Japan Trustee Service Bank, Ltd. (Trust Account No. 4)	44,831	5.62
The Master Trust Bank of Japan, Ltd. (Trust Account)	26,498	3.32
Nippon Life Insurance Company	19,309	2.42
Japan Trustee Services Bank, Ltd. (Trust Account No. 9)	16,555	2.07
Meiji Yasuda Life Insurance Company	13,827	1.73
Tokio Marine & Nichido Fire Insurance Co., Ltd.	11,810	1.48
Mizuho Bank, Ltd.	11,507	1.44
Resona Bank, Ltd.	11,001	1.38
The Nishi-Nippon City Bank Employee Shareholding Association	10,905	1.36

(as of March 31, 2015)

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