

ANNUAL REPORT 2014



The Hyakujushi Bank, Ltd.

Management Principles

Prosper together with customers and community

Create a vigorous corporate culture

Ensure sound business management and enhance corporate value

The Hyakujushi Bank, Ltd., whose name indicates 114th in Japanese, was established in 1878 as Japan's 114th national bank in the city of Takamatsu, the capital of Kagawa Prefecture, centered on Shikoku, one of the major islands of Japan.

Based on the Management Principles, The Hyakujushi Bank, Ltd. continues to play a central role as a leading financial institution in its area and surrounding regions, and aims to be the region's best partner for each customer, so as to contribute to creating a prosperous future of the local economies.



Profile (Non-consolidated)

(As of March 31, 2014)

Head Office:	5-1, Kamei-cho, Takamatsu, Kagawa
Established:	November 1, 1878
Total assets:	¥4,478.0 billion
Deposits and negotiable certificates of deposit:	¥3,964.2 billion
Loans and bills discounted:	¥2,621.3 billion
Paid-in capital:	¥37.3 billion
Total shares issued:	310,076 thousand shares
Capital ratio:	10.86%
Employees:	2,200
Offices:	123 (Head office, 101 branches, 21 sub-branches)
Non-branch ATMs and CDs:	221 machines in 177 locations

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Consolidated Financial Highlights

For the years ended or as of March 31	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
FOR THE YEAR:			
Total income.....	¥ 80,592	¥ 74,961	\$ 783,055
Total expenses.....	58,928	64,331	572,562
Income before income taxes and minority interests	21,663	10,630	210,492
Income taxes - current.....	5,769	4,939	56,057
Income taxes - deferred	3,700	(1,218)	35,958
Minority interests	963	1,056	9,358
Net income	11,230	5,851	109,118
AT YEAR-END:			
Loans and bills discounted.....	2,614,215	2,528,403	25,400,463
Securities and trading account securities	1,335,649	1,318,454	12,977,553
Foreign exchange assets.....	17,446	7,382	169,515
Other assets.....	525,899	280,089	5,109,789
Total assets.....	4,493,211	4,134,329	43,657,322
Deposits and negotiable certificates of deposit	3,953,427	3,652,466	38,412,626
Foreign exchange liabilities.....	140	579	1,368
Other liabilities.....	282,729	229,861	2,747,687
Total liabilities.....	4,236,360	3,882,906	41,161,682
Common stock.....	37,322	37,322	362,637
Capital surplus.....	24,920	24,920	242,134
Retained earnings	138,689	129,575	1,347,546
Treasury stock	(4,181)	(2,935)	(40,626)
Total stockholders' equity	196,751	188,882	1,911,691
Net unrealized gains on securities net of taxes.....	37,722	38,173	366,519
Net deferred losses on hedging instruments, net of taxes.....	(24)	(136)	(238)
Revaluation reserve for land.....	8,044	8,057	78,163
Remeasurements of defined benefit plans.....	(2,719)	—	(26,442)
Total accumulated other comprehensive income	43,022	46,095	418,022
Share warrants	156	120	1,520
Minority interests	16,920	16,324	164,405
Total net assets.....	256,851	251,422	2,495,639
Total liabilities and net assets.....	¥4,493,211	¥4,134,329	\$43,657,322

Notes: 1. Yen figures have been rounded, omitting numbers below the million mark, in accordance with the Japanese Commercial Code and the generally accepted accounting practice in Japan.

2. U.S. dollar amounts represent translations of Japanese yen at the exchange rate of ¥102.92 to US\$1.00 on March 31, 2014.

Attention regarding forward-looking statements

The reader is advised that this report contains forward-looking statements, which are not statements of historical fact but constitute estimates or projections based on facts known to the Bank's management as of the time of writing. Actual results may therefore differ substantially from such statements.

Message from the President

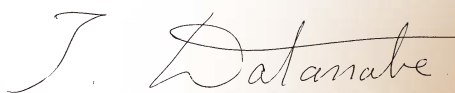
First, I would like to express my gratitude to our stakeholders for their support of the Hyakujushi Bank.

In the over 135 years that have passed since its founding in 1878, the Hyakujushi Bank has prospered together with the local community.

The Bank exists today thanks only to the warm support of our customers over many years to whom we are always deeply grateful.

Looking ahead, all officers and employees will work together, making ever-greater efforts to ensure that our customer's trust that we have built up over the years becomes even more unwavering.

I would like to again thank our stakeholders for their continued support.



Tomoki Watanabe, President



Our Management Principles

- Prosper together with customers and community
- Create a vigorous corporate culture
- Ensure sound business management and enhance corporate value

These are the principles that guide the Bank in its business activities.

Under these principles, the Bank is determined to continue to provide valuable services to its shareholders, customers, local communities, employees and other stakeholders.



Our New Medium-Term Management Plan: The “Best Partners Plan”

Beginning in April 2014, the Bank started the “Best Partners Plan,” its medium-term management plan. Based on an approach of becoming “a financial services group that contributes to the future of the region and its customers,” the Bank will steadily take steps to contribute to the development of the regional economy. Each and every employee will work to provide high-quality service as the customer’s best partner so as to build greater value for their customers and improve the earnings position of the Bank.

Our Goals

Customer-Centric Principle

In order to actively provide value that deeply satisfies customers, and continue to be a bank that the region’s customers can truly rely on for advice, we will put the customer first and take action from the customer’s point of view. Each and every employee will demonstrate the ability to take action, propose solutions, and solve problems and build stronger relationships of trust with our customers.

Initiatives to Revitalize the Region's Economy

We believe that the mission of a regional financial institution is to actively work to revitalize the region’s economy by ensuring a reliable supply of funds and providing the financial services that best meet its customers’ needs.

The Bank will meet the funding needs of our customers and support customer’s business expansion by providing consulting capabilities including business start-up support and overseas market entry support. We will propose financial products that meet the customer’s life stage and make their lives more convenient.

We place great value on our contact with customers and are actively working to enhance our system that can support our customers from every possible angle.

Strengthening Internal Controls

To maintain the unshakeable trust of all our stakeholders, including shareholders, customers, and the regional community as a whole, we believe it is essential for all the employees of the Bank, from executives down, to maintain high ethical standards in the performance of their duties. In other words, we position the rigorous observance of legal and ethical compliance as a high-priority management task. We conduct continuous training to ensure that all of our officers and employees increase their awareness of the importance of legal and ethical compliance, and the entire Bank is working to build an effective system of mutual checks as part of our overall program of strengthening internal control.

Deposit-Taking Business

The Bank’s balance of total deposits (including CDs) at year-end, on a consolidated basis, increased by ¥300.9 billion from the end of the previous period, to ¥3,953.4 billion.

Lending Operations

The balance of loans outstanding at year-end increased ¥85.8 billion from the end of the previous year to ¥2,614.2 billion.

Securities

The balance of securities holdings at year-end increased ¥17.2 billion from the end of the previous period to ¥1,335.6 billion.

Profit & Loss

Total income for the period increased by ¥5.6 billion from the previous period to ¥80.5 billion. Total expenses declined by ¥5.4 billion from the previous period to ¥58.9 billion. As a result, net income for the period on a consolidated basis increased ¥5.3 billion year-on-year to ¥11.2 billion.

Capital Ratio

The capital ratio is calculated based on the formula set forth in the standard (FSA Notification No. 19 [2006]) for determining the capital adequacy ratio of a bank in light of the assets held by the bank, which is based on Article 14-2 of the Banking Act of Japan.

Further, the Bank has applied the domestic standard, and since March 31, 2014 the Bank has calculated the capital adequacy ratio by the Basel III standard in line with the partial revision of the notification (FSA Notification No. 19 [2006]) concerning capital adequacy requirements (Pillar 1).

In addition, the Bank has adopted the standard method for calculating crediting risk assets and the gross profit allocation method for calculating the equivalent amount of operational risk.

Cash Flows

Net cash provided by operating activities came to ¥224.7 billion, due to an increase in deposits, an increase of ¥217.5 billion from the net cash used in the previous year.

Net cash used in investing activities came to ¥7.7 billion, due in part to sales of securities, a decrease of ¥66.7 billion from the previous year.

Net cash used in financing activities amounted to ¥3.7 billion, an increase of ¥1.5 billion, attributable to an increase in purchase of treasury stock.

As a result, cash and cash equivalents rose ¥213.1 billion compared with the previous year-end to ¥316.5 billion.

Medium-Term Management Plan

Best Partners Plan

Plan Period: April 1, 2014 – March 31, 2017 (3 years)

In our Medium-Term Management Plan “Best Partners Plan” (plan period: April 1, 2014 – March 31, 2017 (3 years)), the Bank is prioritizing its two basic strategies – “rigorously promote retail transactions” and “strengthen investment prowess” with the aim of achieving our ideal of becoming a “financial group that can contribute to the future for our region and customers.”

In the mid- to long-term future, we will remain a locally based financial institution catering to our customers. To that end, we are actively contributing to the revitalization of the regional economy and creating additional value.

Basic Policy in Detail

An ideal we aim for:

A financial group that can contribute to the future for our region and customers

I. Rigorously promote retail businesses

Partnering with each customer

Corporate banking strategy

- Enhancing consulting sales
- Defining a regional strategy

Personal banking strategy

- Expanding relations
- Enhancing life planning capabilities

Increasing contact with customers Improving quality of business

Channel/process innovation

Risk monitoring

Development of human resources

II. Strengthen investment prowess

Managing portfolio with diversified investments

Active risk-taking

Constructing an optimal portfolio

More flexible investment

III. Strengthening of organization and personnel

Strengthening of personnel capabilities

Administrative process reforms

IT strategy

Risk management

Compliance

Action guideline: Thorough practice of customer-centric principle

Numerical targets for Fiscal 2016

	Indices	Final year targets
Profitability	Net operating profit	Over ¥18.0 billion
Efficiency	ROE	3.5% (approx.)
Soundness	Capital ratio (consolidated)	9.0% (approx.)
Scale	Loan balance	¥3.0 trillion (approx.)
	Deposit balance	Over ¥4.0 trillion

* Net operating profit = Gross operating profit-expenses

* ROE based on net income = net income ÷ (capital at beginning of year + capital at end of year) ÷ 2)

* Capital ratio (consolidated) is core capital ratio based on Basel III taking into account transitional arrangements.

Corporate Governance

Basic approach to corporate governance

We believe the fundamentals of corporate governance are the elevation of corporate value by endeavoring to ensure realization of the corporation's management principles, profitability, and soundness of operations, as well as management efficiency and transparency.

To assure this process is fully implemented, our directors and the Audit & Supervisory Board system play an important role in the implementation of the corporate governance to the highest degree. Furthermore, the Revenue Management Committee, the Compliance Committee and the Risk Management Committee are effectively used to respond to various issues across the organization. To share our basic values and ethical view, the Bank has established a code of ethics for officers and employees, including the Hyakujushi Bank Code of Ethics and Compliance Manual, and has distributed it throughout the Bank.

Measures adopted to improve corporate governance

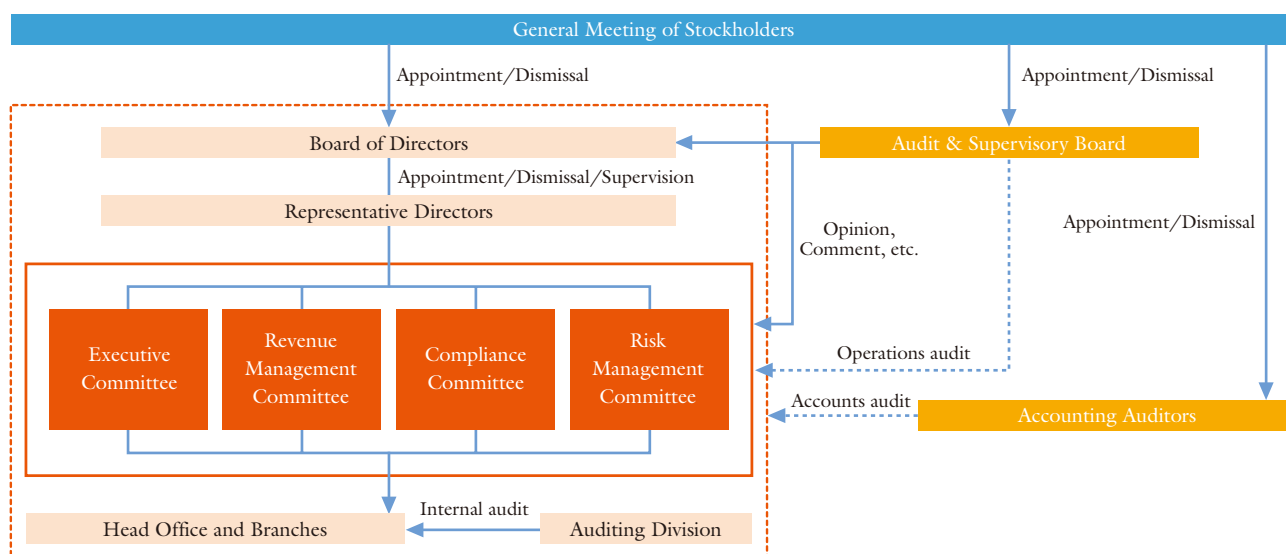
The Board of Directors consists of 11 directors (of whom 1 is an outside director) who are tasked with oversight of the directors in the performance of their duties, and also decide matters of importance relating to the overall management of our business as well as matters prescribed by laws or the Bank's articles of incorporation. To further strengthen management decision-making and the oversight of directors' performance of their duties, the Bank passed a resolution appointing one outside director at the 145th Regular Annual General Meeting of Shareholders held on June 27, 2014.

We have introduced an executive officer system, entrusting business duties of the Board to executive officers elected by the Board of Directors (23 executive officers including 8 serving also as directors, as of July 1, 2014). Important matters pertaining to their management duties are discussed and decided on at the Executive Committee consisting of managing executive officers and executives of higher status, as well as other committees.

The Bank also employs the Audit & Supervisory Board system. The Audit & Supervisory Board consists of 5 members (of whom 3 are outside members). By appointing outside auditors who are fair and have a high degree of professionalism, with experience and knowledge of corporate management, and with substantial knowledge about law, compliance, finance and accounting, we ensure the independence of the audit system and improve its neutrality. Audit & Supervisory Board Members take an active role in the operations of the Bank, based on auditing policies and plans decided by the Audit & Supervisory Board, making presentations and voicing opinions at all important company meetings including Board of Director meetings. In addition, the Bank ensures stronger corporate governance by appointing one outside director, and one outside auditors among three outside auditors as independent officers. Additionally Audit & Supervisory Board Members are proactive, acting in an auditing as well as supervisory capacity, visiting not only the head office but also branches and subsidiaries, and ensuring that operations and procedures, as well as the use of assets, are appropriate. From the perspective of maintaining and improving the propriety and appropriateness of operations, the Auditing Division (an independent division) also fulfils an internal audit role and conducts inspections of assets and risks as required at any time, in the head office as well as at branches and subsidiaries, to assure that operations and procedures are appropriate and in compliance with laws. The results of audits are reported to the management.

We have appointed Ernst & Young ShinNihon as our accounting auditors, as stipulated in the Corporate Law.

[Corporate Governance Structure]



Risk Management

While the growing globalization of economic and financial affairs, together with the increasing sophistication of financial technology, are creating new business opportunities for financial institutions, the risks faced by financial institutions are also becoming more varied and complex. We regard sophisticated risk management techniques as being of primary importance for maintaining the soundness of a bank's business, and we also recognize the importance of appropriate responses to changing customer needs. To achieve these goals, we make every effort to properly recognize, assess and manage risks.

Efforts toward Comprehensive Risk Management

Basic concepts of risk management

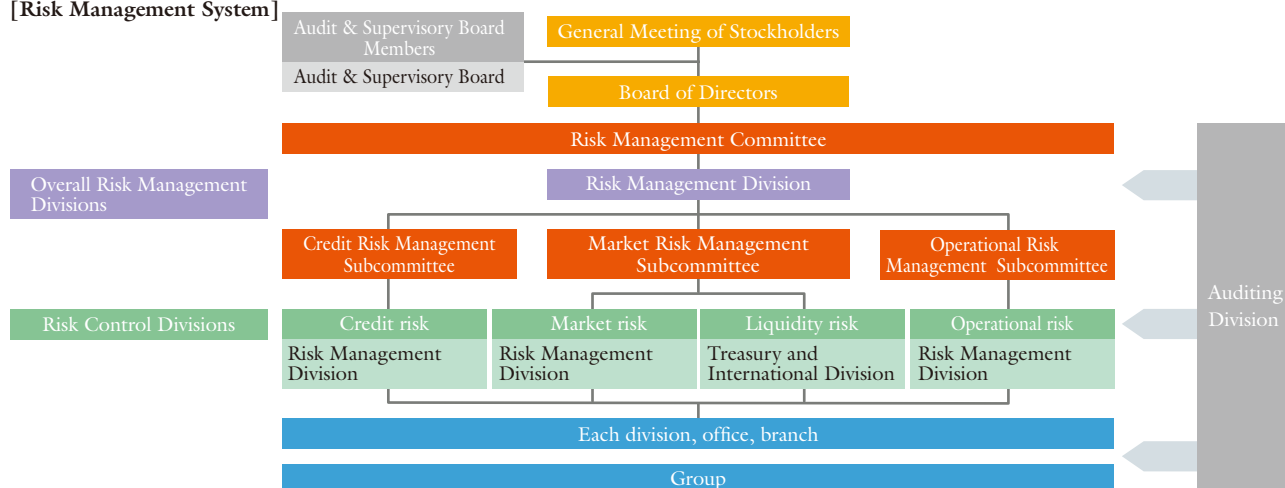
Banking operations are facing a variety of risks, including credit risk, market risk, liquidity risk, and operational risk. We apply proper management to each risk depending on the characteristics of the operation and the risk. By ascertaining risks in a comprehensive manner and comparing them to our level of capital adequacy, we strive to achieve soundness and stability in our overall management and also to improve the efficiency of our operations: in other words, to practice integrated risk management.

Moreover, our basic policies on overall and specific risk management are determined by the Board of Directors for each year, and through implementation of measures for each category of risk in accordance with these policies, we strive to achieve sophisticated risk management on an ongoing basis.

Risk management system

We have defined the types of risks in our risk management rules, drawn up by the Board of Directors. We then determine the category to which each risk belongs, and decide the divisions responsible for managing each category. We have also established an independent Risk Management Division to integrate risk management and carry out comprehensive management. Additionally, through the establishment of the Risk Management Committee and sub-committees for each risk category as organizations under the Committee, and cross-sectional consultations on matters regarding risk management on a regular basis, we have put in place a highly sophisticated system for the maintenance and management of risk.

[Risk Management System]



[Risks Subject to Management]

Risk classification	Outline of risks	Division in charge
Credit risk	Risk of reduction in the value of assets or their loss altogether due to deteriorating financial position at customers to which the Bank has granted credit	Risk Management Division
Market risk	Risk of suffering loss due to volatility of financial assets and liabilities resulting from financial market fluctuation	Risk Management Division
Interest rate risk	Risk of reduced profits or total losses due to changes in interest rates arising because of discrepancies in interest rates on assets and liabilities, and in instrument maturities	
Foreign exchange risk	Risk of suffering loss due to a decrease in the yen-converted amount of foreign currency denominated assets and liabilities due to exchange market fluctuations	
Price volatility risk	Risk of a fall in asset values due to changes in the value of securities	
Liquidity risk	Risk of suffering loss from difficulty in procuring necessary funds or abnormally high interest rate requirements in securing funds, due to causes such as unforeseen outflows of funding or turmoil in financial markets	Treasury and International Division
Operational risk	Risk of suffering loss due to inappropriate or malfunctioning internal processes, personnel conduct or IT systems, or external factors	Risk Management Division
Process risk	Risk of suffering loss due to or by executives' or employees' failure to perform duties, or to improper outside intervention	Operations Supervision Division
System risk	Risk of suffering loss due to partial or complete system breakdown, human error, system deficiency, or improper use of the computer system	
Legal risk	Risk of losses due to the violation of laws and ordinances and contracts and signing of inappropriate contractual commitments	Compliance and Legal Affairs Office
Personnel risk	Risk of losses caused by labor malpractice, workplace safety and environmental hygiene deficiencies and risk of employer liability in the event of illegal behavior by Bank employees	Personnel Division
Physical asset risk	Risk of suffering loss due to damage to assets resulting from disaster or defective asset management	General Administration Division

Practice of comprehensive risk management

We have introduced a system for risk-adjusted capital allocation in which the credit and market risks inherent in banking operations are quantified; capital corresponding to risk amount (risk-adjusted capital) is allocated for each risk category, and risks are controlled within risk-adjusted capital, to earn revenues that correspond to the risks while keeping overall risks within our management capacity.

Under this system, based on the amount of equity capital (core capital) less the operational risk equivalent amount, risk-adjusted capital to cover credit and market risk is allocated each half-year and the changes in risk trends and the risk-return balance is monitored, enabling ascertainment and management of risk-adjusted profitability and efficiency.

In addition, stress tests are conducted on a regular basis and the

impact that major changes in the economic and market environments have on Bank profits and management stability are monitored and assessed.

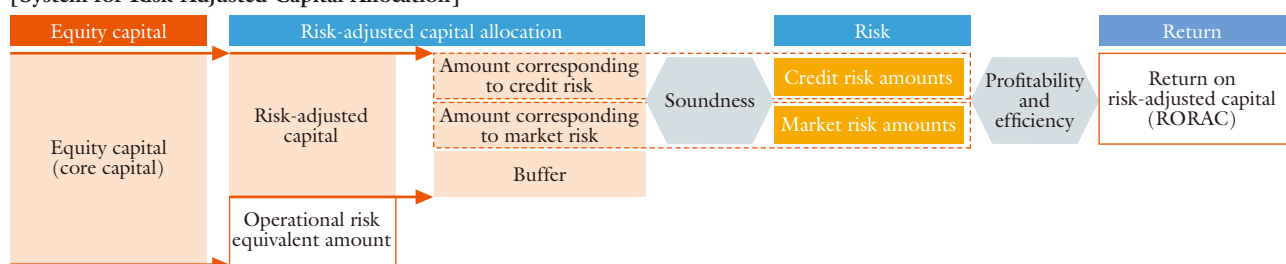
Explanation of Terms

Core capital: Equity capital established under Basel III (domestic standard)

Operational risk equivalent amount: Calculated using the Basic Indicator Approach

Return on risk-adjusted capital (RORAC): Profit and loss indicator, arrived at by deducting expenses, deemed allowance costs and capital costs from gross operating profits

[System for Risk-Adjusted Capital Allocation]



Credit Risk Management Readiness

Basic concepts

Credit risk is a category of risk that has a significant impact on the soundness of a bank. In accordance with a credit risk management rules approved by the Board of Directors, we identify, evaluate, measure and monitor and carry out stress-testing regarding credit risk on both an individual credit basis and a portfolio basis (total assets managed under the bank account), and control credit risk within the scope of allocated risk-adjusted capital.

System

We have structured our organization and systems for mutual checking among three divisions: the Risk Management Division, which carries out overall credit risk management, including internal credit ratings and self-assessment systems; the Credit Supervision Division, which examines loan assets on an individual basis and determines internal ratings and borrower categories by making self-assessments; and the Auditing Division, which audits and verifies the appropriateness of overall administration of credit risk management system. Additionally, the results of credit risk amount measurement are reported to the Credit Risk Management Subcommittee and discussed therein

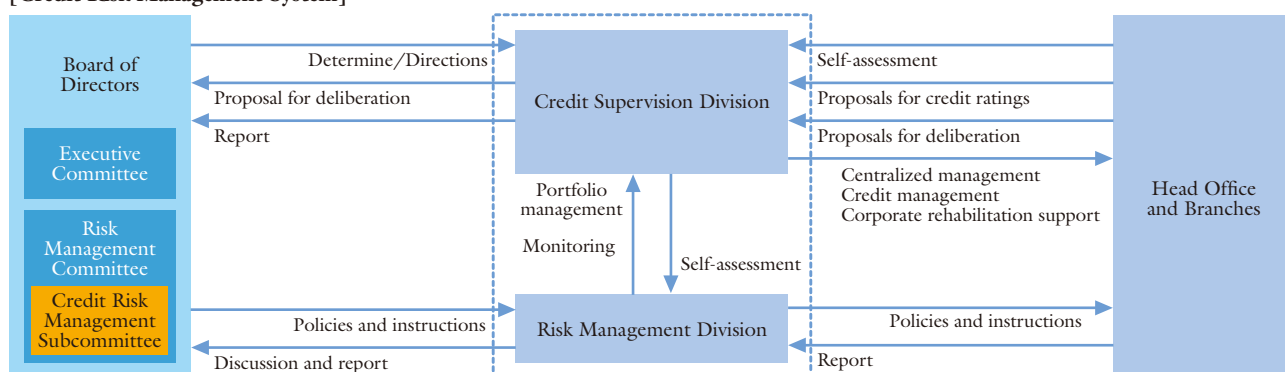
regularly, with the results of discussions being reported to the management as necessary.

For individual credit management, we make efforts to ascertain the situation of parties to which credit is offered by assigning borrower ratings and through implementing self-assessment of loans. In particular, we carry out credit risk management by treating borrower ratings as important benchmarks for predicting the future probability of default.

Meanwhile, for credit management on a total asset basis, we measure the credit risk amount based on the internal rating on a regular basis, set the credit limit amount for each business segment and borrower category, and control credit risk.

For the reserve for possible loan losses, we post it appropriately by methods based on loan-loss experience calculated using historical default rates over a certain period upon classification of receivables into certain types depending on the degree of risk, or by the method of reducing the projected amount for which collateral can be disposed and the amount judged to be collectible through guarantee from the amount of receivables.

[Credit Risk Management System]



Risk Management

Credit risk reduction methods

Under our internal management, we regard collateral and guarantees that can be set up against a bona fide third person as eligible.

Collateral categories that we handle include our own bank deposit collateral, securities collateral, bill (including electronically recorded monetary claims) collateral, real estate collateral, and movables collateral. We carry out proper management of collateral by performing status surveys of real estate and movables collateral relating to business credit on a regular basis, and implementation of revaluation of listed stock collateral by daily market value. Moreover, for the appraisal of collateral for internal management purposes, we use market value amounts (for securities without market quotations, face value amounts) multiplied by certain ratio after taking into consideration price volatility and liquidity.

Regarding guarantees on the other hand, only for guarantors that satisfy a certain standard and about whose creditworthiness there is judged to be no concern is the effect of guarantee taken into consideration.

Risk management relating to derivative transactions

We engage in derivative transactions to hedge risks on transactions with customers and as a means of Asset-Liability Management (ALM). Additionally, to expand our profit opportunities, we engage in derivative transactions after setting transaction limits and loss-cut rules, centering on foreign exchange transactions.

We also have a system by which the credit equivalent amount relating to a derivative instrument is calculated on the basis of the current exposure method (market break cost with margin of possibility of price volatility in remaining period of agreement), and, after totaling this with on-balance transactions, we are positioned to manage limit amounts of credit corresponding to the creditworthiness

of each particular borrower. For derivative product transactions with financial institutions, we have established credit lines for management purposes.

With regard to collateral provided against risk with regard to bank transaction derivative product deals, our preparations assume the possible need to furnish additional collateral should our creditworthiness deteriorate. Should it become necessary to take this step, the impact would be limited, since we own sufficient assets that can be provided. We do not engage in long-term settlement period transactions of securities.

Risk management relating to securitization

When considering providing a loan that is classified as a securitization transaction or investing in securitization products from the investor viewpoint, the Bank determines whether or not to provide the loan after verifying the propriety of the reimbursement plan based on the future cash flows of the underlying assets, and other matters. For securitization products we analyze the risks and make careful investment judgments, while taking as the limit amount that amount determined for each six-month period, with reference to market trends and rating information assigned by eligible rating agencies. Note that as the originator we do not conduct securitization transactions with the assets of the Bank with the objective of credit risk reduction.

In addition to credit risk, securitization transactions also entail price volatility risk arising from declines in the value of the underlying assets and other factors, interest-rate risk, infrastructure risk, and other risks. Therefore, even after investing or lending, we establish structures for regularly monitoring the various kinds of risk information inherent in these risks, and continuously monitor the status of these risks in order to manage them appropriately.

Market Risk Management Readiness

Basic concepts

Market risk management is extremely important for responding accurately to our customers' transaction needs, and at the same time for securing stable profits by controlling our assets and liabilities amid daily changes in interest rates, foreign exchange rates, stock prices, and other factors.

Under our market risk rules, approved by the Board of Directors, we hold market risk to refer to our exposure to fluctuations in the value of assets and liabilities due to fluctuations in interest rates, stock prices, foreign exchange rates and other factors, and the possibility of subsequent losses. We further categorize market risk as interest-rate risk, price volatility risk or foreign-exchange risk, depending on where

[Market Risk Management and ALM System]



the loss arose, and take appropriate management countermeasures.

We use an ALM System for cross-organizational discussions regarding measures for stabilization of medium- to long-term profits, based on our assessment of market risks.

Management system

We have a system in which the section in charge of market transaction execution (front office), clerical management (back office) and market risk management (middle office) are separated from each other in the division that implements market transactions (Treasury and International Division), so that mutual checking will operate inside the Division. Then, through comprehensive management of overall market risk by the Risk Management Division, independent from market transaction implementation departments, we are making efforts toward centralized management of market risk, including interest rate risk for the whole bank.

Moreover, for continuous and appropriate management of market risk inherent in overall bank assets and liabilities, we have established the Market Risk Management Subcommittee as an organization under the Risk Management Committee, and this performs monitoring of risk status or the effectiveness of risk management on a regular basis.

In the ALM System, the Corporate Planning Division works as a secretariat, with the Budget ALM Subcommittee, which is a sub-organization, under the Revenue Management Committee. Based on market risk appraisal by the Risk Management Division and the Treasury and International Division, consultation is undertaken regarding measures for stable generation of medium- to long-term profits, and the results are translated into actual measures.

Management method

For management of market risk, we measure risk amounts statistically by methods that correspond to type of transaction, such as bank account transactions and trading account transactions, and risk factors including interest rate, market price, and foreign exchange rate, and manage risk within the scope of the risk-adjusted capital allocated to market risk. For trading on markets, such as securities transactions, fund transactions, and derivatives transactions, we set limit amounts as to long or short positions and the loss-cut rules, and carry out monitoring of the status of observance of the limits on a regular basis.

The following shows our management of the principal risk factors.

• Bank account transactions

We apply the historical method to loans and bills discounted, securities, deposits, interest-rate swaps and other interest-rate risk exposures, for price volatility risk on equity shares held for policy purposes, as well as for interest-rate risk, price volatility risk, and foreign exchange risk on money held in trust. We quantify and manage price volatility risk on investment trusts by measuring Value at Risk under the Delta method. Furthermore, we conduct stress tests of scenarios such as a rapid rise in interest rates or a significant drop in stock prices, and sensitivity analyses of interest rates and stock prices (stock price indices).

• Trading account transactions

To measure and manage Value at Risk, we use the historical method for interest-rate risk on trading account securities and interest-rate futures transactions, and for foreign-exchange rate risk for foreign-exchange trading.

Explanation of Terms

Banking account transactions: Deposit transactions, loan transactions, investment in securities, etc., and derivative transactions for the purposes of hedging the aforementioned.

Trading account transactions: Foreign-exchange, interest-rate dealing and other trading, underwriting and bidding for trading account securities (public authority bonds).

Value at Risk (VaR) : Based on historical data, a statistical estimate of exposure to risk of losses in current values.

Historical method: A method for measuring VaR that takes interest-rate, stock-price, foreign-exchange and other fluctuations over a fixed period of time and applies them to current positions.

Delta method: A method for measuring VaR assuming a normal distribution of fluctuation in interest rates, stock prices and foreign-exchange rates.

Sensitivity: This indicator shows the extent of the change in the value (present value) of a portfolio when interest rates and stock prices (stock price indices) rise by a fixed percentage.

Liquidity Risk Management Readiness

Basic Policy

Liquidity risk is a very serious risk category that carries the potential to bring about the bankruptcy of a financial institution. Consequently, to minimize the likelihood of materialization of liquidity risk, the Board of Directors of the Bank has drawn up a set of liquidity risk management rules to guide employees in the day-to-day conduct of business operations with adequate countermeasures for liquidity risk.

System

The Bank entrusts the Treasury and International Division with liquidity risk management. Appropriate controls are exercised over liquidity risk through regular monitoring of risk status and the effectiveness of management measures by the Market Risk Management Subcommittee under the Risk Management Committee.

Management method

In addition to taking account of daily and monthly cash flow forecasts, we ensure appropriate and stable day-to-day management of cash flow in line with operational and procurement procedures through maintenance of adequate liquidity reserves and other measures. In addition, we have created mechanisms to deal promptly and appropriately with developing and actual contingencies classified as “normal,” “caution,” and “liquidity crisis,” enabling us to respond rapidly to unpredictable events that adversely affect cash flow.

Operational Risk Management Readiness

Basic concepts

Operational risk refers to risk relating to losses arising from inadequacies or failures of internal processes, on the part of personnel or of systems, or from occurrence of external events. Operational risk covers a wide scope, such as improper paperwork processing procedures, handling mistakes, system failure, damage due to criminal acts (internal or external), and damage to assets due to disaster, or other causes.

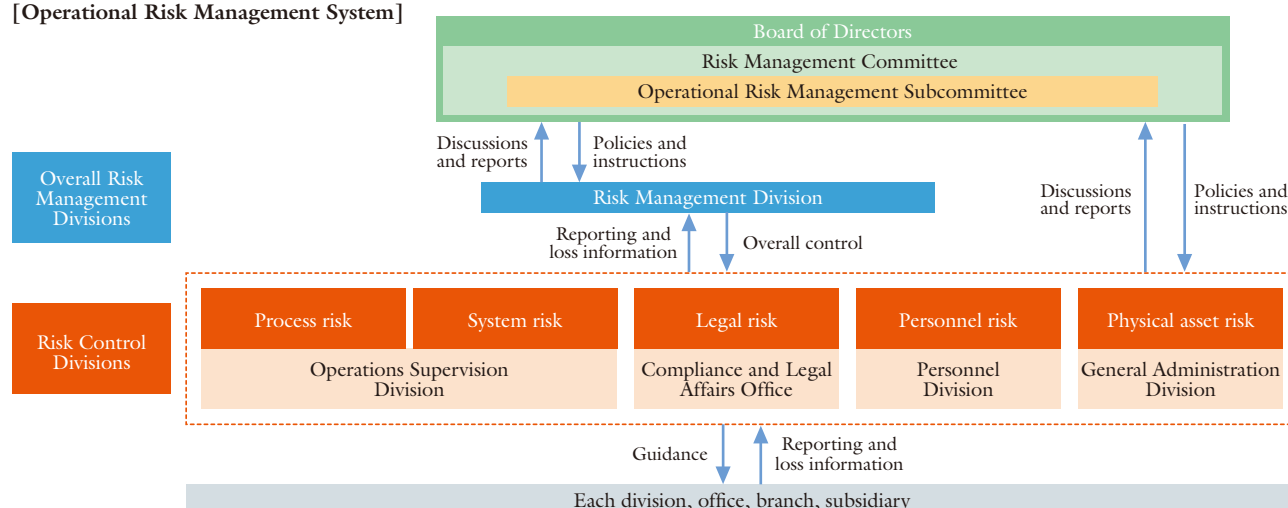
We identify, assess, recognize, manage, and reduce the respective operational risks appropriately in accordance with our operational risk management rules, drawn up by the Board of Directors, in order to maintain and increase the trust of our customers. Meanwhile, we have built management methods to achieve a comprehensive grasp of operational risks.

Management system

For process risk, system risk, legal risk, personnel risk, and physical asset risk, we determine the risk management division and management rules for each risk, and carry out necessary risk control measures based on an evaluation of risk control status. At the same time, through the establishment of an operational risk controlling division to identify and manage operational risk as a whole, various risks are managed comprehensively.

Additionally, for cross-sectional monitoring of various risks, we have established the Operational Risk Management Subcommittee as an organization under the Risk Management Committee. By regularly performing risk actualization event analysis, monitoring the status of risk reduction measures, and ordering countermeasures as necessary, we help improve the efficiency of our operational risk management.

[Operational Risk Management System]



Management method

Potential operational risk

We have introduced Risk & Control Self-Assessment methods. These cover detection of all potential operational risk existing in various forms in the operations, transactions, systems and all asset categories of the Bank. We also undertake regular inspections to check whether advance detection mechanisms for risk and prevention policies are functioning effectively, and if not take remedial measures. This approach ensures consistent and ever-improving standards of operational risk management.

When operational risk is detected

When operational risk is detected, the department involved

immediately contacts the appropriate department supervising risk management and takes due measures in line with instructions received. In addition, by closely investigating all details of the event and analyzing causes and trends, we can establish processes for reviewing and implementing countermeasures and assessing their effectiveness.

Explanation of Terms

Risk & Control Self-Assessment: A method for identifying, assessing, and monitoring risk with the goal of identifying potential risk, preventing exposure to risk, and reducing the amount of loss from risk.

Risk Audit and Inspection Readiness

To strengthen our risk management system, it is necessary to conduct regular inspections of the effectiveness of system functioning. To this end, we have set up a dedicated section within the Auditing Division. The section (Risk Audit Group) is tasked with verifying that risk is being properly managed, both in the Bank's Head Office departments and branches, and in our subsidiaries. The Group carries out inspections of the status of risk management implementation, including

regular checks of the adequacy of risk-related operations at our branches. The Head Office departments, subsidiaries and individual branches are also required to conduct self-inspections to confirm that procedures are being followed as laid down. These inspections improve the level of risk management and minimize the probability of human or system error.

We are working to build up the trust of our customers through due measures for monitoring and minimizing risks of all kinds, and through creation of systems for early recognition and management of risk-related issues.

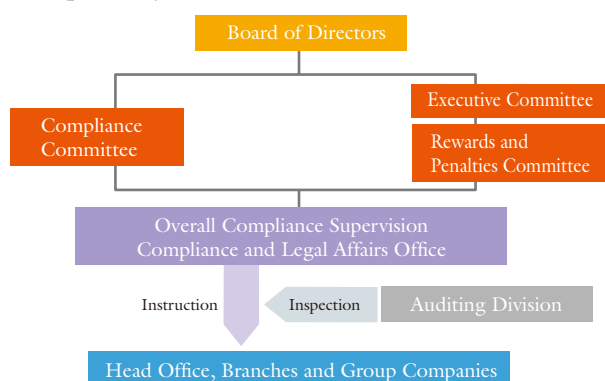
Compliance System

The function of banks is highly public in nature, and is intimately bound up with the welfare of society as a whole. Their primary role is to assist the sound development of the economy. At the Hyakujushi Bank, to honor the trust placed on us by our stockholders, customers and the local community, all our executives and employees assign a high priority to compliance with laws and regulations, as well as the observance of high ethical standards in the conduct of the Bank's business. Compliance is a key priority at the Hyakujushi Bank.

Compliance system

The Compliance and Legal Affairs Office exercises overall supervision of compliance issues, and implements centralized management of matters related to compliance. Furthermore, Compliance officers with responsibility for compliance matters are designated in each division, office, and branch of the Bank to ensure that the rules of compliance are observed and that all staff are fully aware of issues concerned. Staff are also required to confirm the compliance status of each business unit by filling out a checklist, and compliance seminars are held to keep staff up-to-date and fully informed regarding compliance-related matters. To further improve the efficiency of compliance systems, the Compliance Committee has been established, as well as the Rewards and Penalties Committee.

[Compliance System]



Compliance measures

We have published a Compliance Manual as a practical handbook covering specific compliance issues, and have initiated a Compliance Program to serve as an action plan for realizing compliance measures.

We have also drawn up the Hyakujushi Bank Code of Ethics to be followed by executives and employees, and put up Compliance awareness posters ("Mamorimasu") in all sections and branches of the Bank. In internal educational activities, lectures on compliance are given in all training programs, including seminars designed for all the different levels of employees within the Bank's hierarchy. This initiative to improve understanding of compliance is being conducted across the whole Bank, with directors and corporate auditors required to attend Compliance Seminars held by the Regional Banks Association of Japan. We are instilling compliance awareness at all branches, with guidance at branches and training of compliance officers.

Whistleblower hotline

We set up a whistleblower hotline, and are strengthening compliance systems by protecting users of the hotline, and taking measures to identify and remedy wrongful activities at the early stage.

Abuse of power or position

To assure propriety in all of the Bank's transactions (prevention of the abuse of power or position), the Bank has established the "Manual on Compliance with the Antimonopoly Act" based on the scenarios in the Fair Trade Commission publication "Types of Activities that Can Cause Problems (Unfair Business Practices)" and we are making strenuous efforts to keep all staff informed about compliance through in-house training sessions and other methods, so that no unfair transactions occur.

Personal information protection

With society becoming increasingly information-driven day-by-day, the Bank has laid down regulations, set out guidelines, and built organizational system relating to the secure management of personal information. We have also taken steps to properly handle customers' personal information by providing rigorous training including in-house workshops to all officers and employees.

At Hyakujushi Bank, we take the view that the appropriate handling and protection of personal information entrusted to us is an absolute prerequisite for the long-term conduct of business activities. We have codified our policies regarding personal information protection in our Privacy Policy, which is available for perusal on our website, and has also been publicized via posters and pamphlets.

Management of conflict of interest

In the transactions conducted by the Bank and its Group companies, we appropriately manage potential conflicts of interest to ensure that our customers' interests are not unjustly harmed.

Specifically, to appropriately manage potential conflicts of interest, we have established a unit to oversee the management of conflicts of interest, with a single executive appointed as officer with responsibility for the management of conflicts of interest. We have also set up a system whereby transactions that carry the possibility of conflict of interest are specified and all transactions with potential conflicts of interest are subject to unified management.

We have laid down a set of Policies on Management of Conflicts of Interest to specifically spell out the Bank's measures to prevent conflict of interest, and we are taking all necessary measures to appropriately manage potential conflicts of interest to ensure that our customers' interests are not unjustly harmed. These measures include the conduct of regular training courses to ensure that all directors and employees of the Bank and other companies in the Group are fully aware of the issues involved.

An outline of the Bank's Policies on Management of Conflicts of Interest is available for public viewing on our website, and we are also employing posters that convey the gist of these policies.

Controls on insider trading

The financial authorities of Japan impose restrictions on insider trading, which is defined as buying or selling of stocks or other securities issued by a company before important information regarding the company is publicly released, by persons whose position gives them access to non-public information including management and financial information that may influence investment decisions.

At the Hyakujushi Bank, we have drawn up a set of Insider Trading Regulations to ensure that the Bank fulfills its responsibilities as a corporate citizen and prevents insider trading. These regulations specify the basic items pertaining to the management of important non-public information known to executives and other employees of the Bank, as well as the duties of Bank employees. We have taken steps to prevent insider trading by providing rigorous training including in-house workshops to all executives and employees.

Exclusion of anti-social forces

In order to prevent the harm caused by anti-social forces and maintain the public trust in the Bank and its Group companies, we are taking measures to exclude organized anti-social forces. For example, we resolutely reject all illegitimate demands made by anti-social forces, and we have no relationships with anti-social forces including business relationships.

Specifically, we have established the "Regulations for Preventing Harm by Anti-social Forces" and other guidelines, and are keeping all of our staff well-informed about our policies for dealing with anti-social forces. We are also collaborating with specialized external organizations such as the national centers for the elimination of *boryokudan* (violent groups), lawyers, and others to block relationships with anti-social forces.

Board of Directors and Audit & Supervisory Board Members



Katsuhiko Takesaki
Chairman



Tomoki Watanabe
President



Yukio Hirao
*Director & Senior Managing
Executive Officer*



Toshinori Yano
*Director & Senior Managing
Executive Officer*

Chairman

Katsuhiko Takesaki

President

Tomoki Watanabe

Directors & Senior Managing Executive Officers

Yukio Hirao

Toshinori Yano

Directors & Managing Executive Officers

Kiyoshi Irie

Noriaki Iida

Ryuji Nishikawa

Harunori Ando

Teruo Kiuchi

Ryohei Kagawa

Outside Director

Etsuya Kanamori

Managing Executive Officers

Yujiro Ayada

Kazushi Kozuchi

Osamu Itami

Takashi Mori

Akihiro Matsubara

Executive Officers

Shinji Matsumoto

Tadahiko Tamura

Masahiko Miyake

Yasuo Miyake

Kazuo Shirotori

Toshiya Yoritomi

Yoshitaka Nishikawa

Takayuki Miyataki

Kiichiro Oyama

Koichi Zensho

Full-time Audit & Supervisory Board Members

Tsutomu Inamo

Masanobu Satomi

Outside Audit & Supervisory Board Members

Hiroshi Manabe

Ichiro Terato

Hideki Kuwashiro

(as of July 1, 2014)

Consolidated Balance Sheets

As of March 31	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2013	2014
Assets:			
Cash and due from banks	¥ 390,388	¥ 136,427	\$ 3,793,121
Call loans and bills bought	—	6,301	—
Monetary claims bought.....	32,387	33,867	314,687
Trading account securities (Note 7).....	8	49	84
Money held in trust (Note 8).....	4,901	4,901	47,627
Securities (Notes 7 and 11)	1,335,641	1,318,404	12,977,468
Loans and bills discounted (Note 10)	2,614,215	2,528,403	25,400,463
Foreign exchange assets.....	17,446	7,382	169,515
Lease receivables and lease investment assets (Note 19)	17,951	17,010	174,419
Other assets	32,609	40,498	316,838
Tangible fixed assets (Notes 13, 16 and 17)	45,041	44,910	437,637
Intangible fixed assets	4,732	4,996	45,978
Net defined benefit asset.....	857	—	8,333
Deferred tax assets (Note 12).....	1,501	1,629	14,589
Customers' liabilities for acceptances and guarantees.....	17,249	15,882	167,598
Reserve for possible loan losses	(21,720)	(26,335)	(211,043)
Total assets.....	¥4,493,211	¥4,134,329	\$43,657,322

Consolidated Balance Sheets

As of March 31	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2013	2014
Liabilities and net assets			
Liabilities:			
Deposits (Note 11).....	¥3,769,308	¥3,420,759	\$36,623,672
Negotiable certificates of deposit.....	184,119	231,706	1,788,954
Call money and bills sold (Note 11).....	38,595	51,915	375,000
Payables under securities lending transactions	9,901	—	96,207
Borrowed money (Notes 11 and 14)	121,083	73,654	1,176,477
Foreign exchange liabilities	140	579	1,368
Corporate bond (Note 15)	10,000	10,000	97,162
Other liabilities	73,575	68,436	714,877
Reserve for directors' bonuses	26	19	256
Accrued retirement benefits (Note 21).....	—	504	—
Net defined benefit liability.....	947	—	9,205
Accrued directors' retirement benefits	49	55	481
Provision for claims on dormant accounts.....	559	481	5,440
Provision for contingent liabilities	114	135	1,109
Deferred tax liabilities (Note 12).....	3,870	1,947	37,609
Deferred tax liability for land revaluation (Note 16)	6,819	6,828	66,260
Acceptances and guarantees	17,249	15,882	167,598
Total liabilities	4,236,360	3,882,906	41,161,682
Net assets:			
Stockholders' equity:			
Common stock	37,322	37,322	362,637
Capital surplus.....	24,920	24,920	242,134
Retained earnings	138,689	129,575	1,347,546
Treasury stock.....	(4,181)	(2,935)	(40,626)
Total stockholders' equity	196,751	188,882	1,911,691
Accumulated other comprehensive income:			
Net unrealized gains on securities, net of taxes	37,722	38,173	366,519
Net deferred losses on hedging instruments, net of taxes.....	(24)	(136)	(238)
Revaluation reserve for land (Note 16).....	8,044	8,057	78,163
Remeasurements of defined benefit plans.....	(2,719)	—	(26,422)
Total accumulated other comprehensive income	43,022	46,095	418,022
Share warrants	156	120	1,520
Minority interests	16,920	16,324	164,405
Total net assets	256,851	251,422	2,495,639
Total liabilities and net assets	¥4,493,211	¥4,134,329	\$43,657,322

As of March 31	Yen		U.S. dollars (Note 1)
	2014	2013	2014
Per share			
Net assets.....	¥798.27	¥773.81	\$7.756

See accompanying notes to consolidated financial statements.

Consolidated Statements of Income

	Millions of yen		Thousands of U.S. dollars (Note 1)
For the years ended March 31	2014	2013	2014
Income:			
Interest on loans and bills discounted	¥34,298	¥36,034	\$333,250
Interest and dividends on securities	12,833	14,158	124,698
Other interest income	414	353	4,025
Fees and commissions	10,725	10,365	104,207
Other operating income	6,429	3,368	62,473
Other income	15,890	10,681	154,400
Total income	80,592	74,961	783,055
Expenses:			
Interest on deposits and negotiable certificates of deposit	2,138	2,244	20,773
Interest on call money and bills sold	148	180	1,446
Interest on borrowed money	516	506	5,021
Other interest expenses	530	437	5,151
Fees and commissions	2,607	2,534	25,335
Other operating expenses	3,096	2,590	30,087
General and administrative expenses	40,253	40,169	391,113
Other expenses (Note 17)	9,636	15,667	93,632
Total expenses	58,928	64,331	572,562
Income before income taxes and minority interests	21,663	10,630	210,492
Income taxes (Note 12):			
Current	5,769	4,939	56,057
Deferred	3,700	(1,218)	35,958
Subtotal	9,470	3,721	92,015
Income before minority interests	12,193	6,908	118,477
Minority interests	963	1,056	9,358
Net income	¥11,230	¥ 5,851	\$109,118

	Yen		U.S. dollars (Note 1)
For the years ended March 31	2014	2013	2014
Per share			
Net income	¥37.16	¥19.29	\$0.361

See accompanying notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income

	Millions of yen		Thousands of U.S. dollars (Note 1)
For the years ended March 31	2014	2013	2014
Income before minority interests	¥12,193	¥ 6,908	\$118,477
Other Comprehensive income	(318)	18,858	(3,093)
Net unrealized income (loss) on other securities, net of taxes	(430)	18,925	(4,179)
Net deferred income (loss) on hedging instruments, net of taxes	111	(66)	1,086
Total comprehensive income	11,875	25,767	115,383
Total comprehensive income attributable to:			
Equity holders of the parent	10,890	24,713	105,816
Minority interests	¥ 984	¥ 1,054	\$ 9,567

See accompanying notes to consolidated financial statements.

Consolidated Statements of Changes in Net Assets

	Millions of yen				
	Stockholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total stockholders' equity
For the years ended March 31					
Balance as of March 31, 2012	¥37,322	¥24,920	¥125,848	¥(3,266)	¥184,824
Change of items during the period					
Dividends from surplus	—	—	(2,121)	—	(2,121)
Net income	—	—	5,851	—	5,851
Purchase of treasury stock	—	—	—	(7)	(7)
Disposal of treasury stock	—	—	(30)	338	308
Transfer from revaluation reserve for land ...	—	—	26	—	26
Provision for revaluation reserve for land	—	—	—	—	—
Net changes of items other than stockholders' equity	—	—	—	—	—
Total changes of items during the period	—	—	3,726	331	4,058
Balance as of March 31, 2013	37,322	24,920	129,575	(2,935)	188,882
Change of items during the period					
Dividends from surplus	—	—	(2,118)	—	(2,118)
Net income	—	—	11,230	—	11,230
Purchase of treasury stock	—	—	—	(1,516)	(1,516)
Disposal of treasury stock	—	—	(10)	270	259
Transfer from revaluation reserve for land ...	—	—	16	—	16
Provision for revaluation reserve for land	—	—	(2)	—	(2)
Net changes of items other than stockholders' equity	—	—	—	—	—
Total changes of items during the period	—	—	9,114	(1,245)	7,868
Balance as of March 31, 2014	¥37,322	¥24,920	¥138,689	¥(4,181)	¥196,751

	Millions of yen							
	Accumulated other comprehensive income					Share warrants	Minority interests	Total net assets
	Net unrealized gains on securities, net of taxes	Net deferred losses on hedging instruments, net of taxes	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
For the years ended March 31								
Balance as of March 31, 2012	¥19,245	¥ (69)	¥8,083	¥ —	¥27,259	¥117	¥15,652	¥227,854
Change of items during the period								
Dividends from surplus	—	—	—	—	—	—	—	(2,121)
Net income	—	—	—	—	—	—	—	5,851
Purchase of treasury stock	—	—	—	—	—	—	—	(7)
Disposal of treasury stock	—	—	—	—	—	—	—	308
Transfer from revaluation reserve for land ...	—	—	—	—	—	—	—	26
Provision for revaluation reserve for land	—	—	—	—	—	—	—	—
Net changes of items other than stockholders' equity	18,928	(66)	(26)	—	18,835	2	671	19,509
Total changes of items during the period	18,928	(66)	(26)	—	18,835	2	671	23,567
Balance as of March 31, 2013	38,173	(136)	8,057	—	46,095	120	16,324	251,422
Change of items during the period								
Dividends from surplus	—	—	—	—	—	—	—	(2,118)
Net income	—	—	—	—	—	—	—	11,230
Purchase of treasury stock	—	—	—	—	—	—	—	(1,516)
Disposal of treasury stock	—	—	—	—	—	—	—	259
Transfer from revaluation reserve for land ...	—	—	—	—	—	—	—	16
Provision for revaluation reserve for land	—	—	—	—	—	—	—	(2)
Net changes of items other than stockholders' equity	(451)	111	(13)	(2,719)	(3,072)	36	596	(2,439)
Total changes of items during the period	(451)	111	(13)	(2,719)	(3,072)	36	596	5,428
Balance as of March 31, 2014	¥37,722	¥ (24)	¥8,044	¥(2,719)	¥43,022	¥156	¥16,920	¥256,851

Consolidated Statements of Changes in Net Assets

	Thousands of U.S. dollars (Note 1)				
	Stockholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total stockholders' equity
For the years ended March 31					
Balance as of March 31, 2013	\$362,637	\$242,134	\$1,258,989	\$(28,521)	\$1,835,239
Change of items during the period					
Dividends from surplus	—	—	(20,584)	—	(20,584)
Net income	—	—	109,118	—	109,118
Purchase of treasury stock	—	—	—	(14,732)	(14,732)
Disposal of treasury stock	—	—	(105)	2,626	2,521
Transfer from revaluation reserve for land ...	—	—	156	—	156
Provision for revaluation reserve for land	—	—	(28)	—	(28)
Net changes of items other than stockholders' equity	—	—	—	—	—
Total changes of items during the period	—	—	88,556	(12,105)	76,451
Balance as of March 31, 2014	\$362,637	\$242,134	\$1,347,546	\$(40,626)	\$1,911,691

	Thousands of U.S. dollars (Note 1)							
	Accumulated other comprehensive income							
	Net unrealized gains on securities, net of taxes	Net deferred losses on hedging instruments, net of taxes	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Share warrants	Minority interests	Total net assets
For the years ended March 31								
Balance as of March 31, 2013	\$370,908	\$(1,324)	\$78,291	\$ —	\$447,875	\$1,168	\$158,608	\$2,442,892
Change of items during the period								
Dividends from surplus	—	—	—	—	—	—	—	(20,584)
Net income	—	—	—	—	—	—	—	109,118
Purchase of treasury stock	—	—	—	—	—	—	—	(14,732)
Disposal of treasury stock	—	—	—	—	—	—	—	2,521
Transfer from revaluation reserve for land ...	—	—	—	—	—	—	—	156
Provision for revaluation reserve for land	—	—	—	—	—	—	—	(28)
Net changes of items other than stockholders' equity	(4,388)	1,086	(127)	(26,422)	(29,852)	351	5,796	(23,704)
Total changes of items during the period	(4,388)	1,086	(127)	(26,422)	(29,852)	351	5,796	52,747
Balance as of March 31, 2014	\$366,519	\$ (238)	\$78,163	\$(26,422)	\$418,022	\$1,520	\$164,405	\$2,495,639

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

	Millions of yen		Thousands of U.S. dollars (Note 1)
For the years ended March 31	2014	2013	2014
Cash flows from operating activities			
Income before income taxes and minority interests	¥ 21,663	¥ 10,630	\$ 210,492
Depreciation	3,371	3,568	32,762
Impairment losses	24	55	237
Amortization of goodwill	26	26	258
Net change in reserve for possible loan losses	(4,614)	(377)	(44,838)
Net change in reserve for bonuses for directors and corporate auditors	6	(1)	62
Net change in accrued retirement benefits	(504)	(233)	(4,906)
Net change in net defined benefit asset	(4,261)	—	(41,404)
Net change in net defined benefit liability	148	—	1,438
Net change in reserve for retirement payments to directors and corporate auditors	(5)	(12)	(55)
Net change in reserve for claims on dormant accounts	78	(58)	763
Net change in reserve for contingent liabilities	(20)	(141)	(202)
Interest income	(47,546)	(50,546)	(461,974)
Interest expenses	3,333	3,368	32,393
Net loss (gain) related to securities transactions	(3,437)	2,626	(33,402)
Net gain related to foreign exchange	(5,721)	(6,747)	(55,588)
Net loss on disposal of fixed assets	169	168	1,646
Net change in trading account securities	40	214	398
Net change in loans and bills discounted	(85,812)	(103,661)	(833,780)
Net change in deposits	348,549	38,517	3,386,601
Net change in negotiable certificates of deposit	(47,587)	29,999	(462,376)
Net change in borrowed money excluding subordinated borrowings	47,429	(6,121)	460,833
Net change in due from banks other than The Bank of Japan	(40,764)	18,341	(396,082)
Net change in call loans and others	7,780	(4,324)	75,601
Net change in call money and others	(13,320)	27,258	(129,426)
Net change in payables under securities lending transactions	9,901	—	96,207
Net change in foreign exchange assets	(10,064)	(1,911)	(97,786)
Net change in foreign exchange liabilities	(438)	(262)	(4,260)
Net change in lease assets and lease investment assets	(940)	(46)	(9,142)
Revenues from fund operations	48,793	50,436	474,091
Expenditure on fund procurement	(3,514)	(4,153)	(34,148)
Other	8,010	3,769	77,837
Subtotal	230,772	10,383	2,242,249
Payment of income taxes	(6,071)	(3,259)	(58,988)
Net cash provided by (used in) operating activities	224,701	7,124	2,183,260
Cash flows from investing activities			
Purchase of securities	(524,285)	(497,814)	(5,094,107)
Proceeds from sales of securities	410,620	300,821	3,989,702
Redemption of securities	109,565	125,757	1,064,569
Purchases of tangible fixed assets	(2,618)	(3,078)	(25,443)
Purchases of intangible fixed assets	(1,294)	(667)	(12,573)
Proceeds from sales of tangible fixed assets	257	522	2,499
Proceeds from sales of intangible fixed assets	—	1	—
Net cash used in investing activities	(7,755)	(74,457)	(75,352)
Cash flows from financing activities			
Purchase of treasury stock	(1,516)	(7)	(14,732)
Proceeds from sales of treasury stock	259	308	2,521
Dividends paid	(2,118)	(2,121)	(20,584)
Dividends paid to minority interests	(382)	(382)	(3,719)
Net cash used in financing activities	(3,758)	(2,202)	(36,514)
Effect of exchange rate changes on cash and cash equivalents	8	9	80
Net change in cash and cash equivalents	213,196	(69,526)	2,071,474
Cash and cash equivalents at beginning of year	103,333	172,859	1,004,014
Cash and cash equivalents at end of year	¥316,529	¥103,333	\$3,075,488

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

1. Basis of presenting consolidated financial statements

The accompanying consolidated financial statements of The Hyakujushi Bank, Ltd. (the "Bank") and its consolidated subsidiaries are prepared on the basis of 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.

The Japanese yen figures in the consolidated financial statements are in millions, with fractions omitted.

The translation of the Japanese yen amounts into U.S. dollars is included solely for the convenience of the reader, using the prevailing exchange rate at March 31, 2014, which was ¥102.92 to U.S.\$1.00. The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

2. Financial terms

Account closing dates of consolidated subsidiaries are as follows:

March 31st: 9 companies

January 31st: 1 company

Hyakujushi Preferred Capital Cayman Limited., whose account closing date is January 31, has been included in the scope of consolidation on the balance sheet based on the provisional closing of accounts, as of March, 31.

3. Significant accounting policies

(1) Consolidation

The consolidated financial statements include the accounts of the Bank and its 10 subsidiaries.

(Changes in the scope of consolidation)

As Hyakujushi Comprehensive Maintenance Co., Ltd. has been excluded from the scope of consolidation from the fiscal year ended March 31, 2014 because it no longer falls under the category of subsidiary due to an absorption-type merger with Nihonbashi Real Estate Co., Ltd. as the surviving company.

Hyakujushi Work Support Co., Ltd. has been excluded from the scope of consolidation from the fiscal year ended March 31, 2014 because it no longer falls under the category of a subsidiary due to the completion of liquidation.

Non-consolidated subsidiaries: 3

1st Hyakujushi Venture Fund Cooperation Limited

2nd Hyakujushi Venture Fund Cooperation Limited

3rd Hyakujushi Venture Fund Cooperation Limited

Non-consolidated subsidiaries were excluded from the scope of consolidation because its assets, ordinary income, net income (corresponding to equity), retained earnings (corresponding to equity) and accumulated other comprehensive income (corresponding to equity) have no material impact on the Bank's financial position and results of operations.

(2) Trading account securities

Under the Accounting Standard for Financial Instruments, trading account securities are stated at fair market value.

(3) Securities

Marketable debt securities held to maturity are stated at amortized cost using the moving-average cost method. Investments in

non-consolidated subsidiaries that are not accounted for by the equity method are stated at cost by the moving-average cost method. Available-for-sale securities of which market prices are available are stated at fair value based principally on their market prices at the balance-sheet date, whereas those for which the market value is not readily determinable are stated at cost or amortized cost using the moving-average cost method.

Unrealized gain or loss on available-for-sale securities (net of the related tax effect) has been reported as a component of net assets.

(4) Derivatives

Under the Accounting Standard for Financial Instruments, derivatives are stated at fair value.

(5) Depreciation

(a) Tangible fixed assets

Depreciation of tangible fixed assets is calculated principally using the declining-balance method. Useful lives of tangible fixed assets are as follows:

Buildings: 10 to 50 years

Equipment: 5 to 15 years

Tangible fixed assets held by the consolidated subsidiaries are depreciated, in principle, by the declining-balance method, based on the respective estimated useful lives of the assets.

(b) Intangible fixed assets

Intangible fixed assets are amortized on a straight-line basis.

Depreciation of software for internal use is calculated using the straight-line method over the useful lives (principally 5 years).

(c) Lease assets

Assets held by our consolidated subsidiaries are depreciated over the leasing contract periods by the straight-line method.

(6) Reserve for possible loan losses

Reserve for possible loan losses is provided as follows, based on the defined rules for write-offs and provisioning.

Reserve for possible loan losses for bankrupt or substantially bankrupt borrowers is provided based on the amount after deducting the collectible portion, based on the fair value of any underlying collateral or guarantees, except for a portion written-off, as explained below.

Reserve for possible loan losses for borrowers not currently bankrupt but likely to go bankrupt is provided considering the overall solvency assessment after deducting the collectible portion, based on the fair value of any underlying collateral or guarantees.

Reserve for possible loan losses on loans other than the above is provided based on loan loss experience as calculated using historical default rates.

In accordance with the Bank's asset self-assessment standards, loans are assessed by branch staff and head office staff in charge of inspection, the results of which are audited by independent staff in charge of audits. Provision is made to reflect these assessment procedures.

In the case of loans to borrowers who are bankrupt or substantially bankrupt, the amount remaining after deduction of the amount of collateral considered to be disposable and the amount recoverable under guarantees is set off from the original outstanding loan balance. The amount of such write-offs totaled ¥23,626 million (\$229,563 thousand) and ¥27,331 million for the years ended March 31, 2014 and 2013, respectively.

A reserve for possible losses on ordinary loans held by the Bank's consolidated subsidiaries is provided based on loan loss experience as calculated using the historical default rates. A reserve for possible losses on specific loans held by the Bank's consolidated subsidiaries

Notes to Consolidated Financial Statements

is provided based on the amount deemed irrecoverable after careful examination of the recoverability of the loans in question on an individual basis.

(7) Reserve for directors' bonuses

A provision is made for the payments of bonuses to directors and corporate auditors of the Bank based on an estimated amount deemed necessary.

(8) Accrued directors' retirement benefits

In order to provide for the payment of retirement benefits to directors of consolidated subsidiaries, a provision has been recorded as accrued directors' retirement benefits at the end of the consolidated reporting period.

(9) Reserve for losses on claims on dormant accounts

A provision is made for losses on claims on dormant accounts in the future in an amount deemed necessary, taking into account the Bank's historical refund record.

(10) Reserve for contingent liabilities

A provision is made for an estimated amount considered necessary for losses which may occur in the future due to contingencies other than those covered for in other reserves.

(11) Accounting method for retirement benefits

To calculate retirement benefit obligations, the Bank used the straight-line attribution method as a method for attributing estimated retirement benefits over the period until March 31, 2014. The amortization method for prior service costs and actuarial differences is as follows:

Prior Service Costs:

Prior service costs are charged fully to income at the time of occurrence.

Actuarial Differences:

Actuarial differences of the plans are to be amortized by the straight-line method from each succeeding fiscal year over a period of 10 years within the average remaining service period of the employees at the time of occurrence in each fiscal year.

In calculating retirement benefit liabilities and retirement benefit costs, some consolidated subsidiaries apply a simplified method that provides their retirement benefit obligation at an amount to be paid for voluntary termination at the balance sheet date.

(12) Foreign currency translation

Receivables and payables in foreign currencies are translated into Japanese yen at the year-end rates.

(13) Accounting standards for posting of earnings and expenses

Consolidated subsidiaries engaged in the leasing business post income and expenses relating to lease transactions as "Other income" and "Other expenses," respectively, at the time of receipt of lease charges.

(14) Hedge accounting

(a) Hedges against interest rate fluctuations

The Bank applies the deferred hedge accounting method to hedge transactions to manage interest rate risk associated with various financial assets, as defined under "Accounting and Auditing Treatment relating to the Adoption of 'Accounting for Financial Instruments' for Banks" (JICPA Industry Audit Committee Report No. 24).

The hedging instruments are considered to highly effectively offset the change in fair value and cash flows arising from the hedged items both at inception and onward because the terms of hedged items and the corresponding hedging instruments are substantially identical.

(b) Hedging against currency fluctuations

The Bank applies the deferred hedge accounting stipulated in the basic provisions of JICPA Industry Audit Committee Report No. 25 to currency swap and foreign exchange swap transactions executed for the purpose of lending or borrowing funds in different currencies. Pursuant to JICPA Industry Audit Committee Report No. 25, the Bank assesses the effectiveness of currency swap and foreign exchange swap transactions executed for the purpose of offsetting the risk of changes in currency exchange rates by verifying that there are foreign currency monetary claims and debts corresponding to the foreign-currency positions.

(15) Goodwill

The straight-line method is employed for the amortization of goodwill over 5 years.

(16) Statements of cash flows

The reconciliations between cash and due from banks in the consolidated balance sheets and cash and cash equivalents in the consolidated statements of cash flows are as follows:

	Millions of yen		Thousands of U.S. dollars
March 31	2014	2013	2014
Cash and due from banks	¥390,388	¥136,427	\$3,793,121
Time deposits with banks			
other than The Bank of Japan ...	(72,042)	(1,092)	(699,985)
Deposits with banks			
other than The Bank of Japan ...	(503)	(533)	(4,890)
Other	(1,312)	(31,468)	(12,756)
Cash and cash equivalents	¥316,529	¥103,333	\$3,075,488

(17) Consumption taxes

In the accounting treatment of the Bank and its subsidiaries, the National Consumption Tax and the Local Consumption Tax are excluded from the transaction amounts.

4. Change in accounting policy

The Bank began applying Accounting Standard for Retirement Benefits (ASBJ Statement No. 26, issued on May 17, 2012) and Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, issued on May 17, 2012) (excluding the provisions set forth in the text of paragraph 35 of Accounting Standard for Retirement Benefits and the text of paragraph 67 of Guidance on Accounting Standard for Retirement Benefits) from the end of the fiscal year ended March 31, 2014, and an amount of pension assets deducted from retirement benefit obligations is recorded as net defined benefit asset or net defined benefit liability.

In applying Accounting Method for Retirement Benefits and other, the Bank follows transitional treatment set forth in paragraph 37 of Accounting Standard for Retirement Benefits. At the end of the fiscal year ended March 31, 2014, unrecognized actuarial differences after adjustment for tax effects are recorded as the amount of remeasurements of retirement benefit plans in accumulated other comprehensive income.

As a result, at the end of the fiscal year ended March 31, 2014, the Bank recorded net defined benefit asset of ¥857 million (\$8,333 thousand) and net defined benefit liability of ¥947 million (\$9,205 thousand). Moreover, deferred tax assets increased by ¥1,483 million (\$14,415 thousand) and accumulated other comprehensive income decreased by ¥2,719 million (\$26,422 thousand).

The impact of this change on per share information is described in the per share information section.

Notes to Consolidated Financial Statements

5. New accounting standards not yet applied

Accounting Standard for Retirement Benefits (May 17, 2012) and its guidance

(1) Overview

These accounting standards primarily revise accounting methods for unrecognized actuarial differences and unrecognized prior service costs, calculation methods for retirement benefit obligations and service costs, and also expand disclosure items based on improvements in financial reporting and international trends.

(2) Planned date of application

Application of the calculation methods for retirement benefit obligations and service costs will start at the beginning of the fiscal year beginning April 1, 2014.

(3) Effect of applying said accounting standard

The effect of applying said accounting standards is expected to result in a ¥1,611 million (\$15,660 thousand) of decrease in retained earnings at the beginning of the fiscal year beginning April 1, 2014.

6. Changes in net assets

(1) Type and number of shares issued and treasury shares are as follows:

2014	Thousands of shares			
	March 31, 2013	Increase	Decrease	March 31, 2014
Shares issued:				
Common stock	310,076	—	—	310,076
Total	310,076	—	—	310,076
Treasury shares:				
Common stock (Notes 1 and 2)	6,412	4,016	717	9,711
Total	6,412	4,016	717	9,711

Notes: 1. A breakdown of the increase in the number of common shares in treasury is given below.

Increase by purchase based on resolution of the board of directors: 4,000 thousand shares

Increase due to purchase demand for fractional shares: 16 thousand shares

2. A breakdown of the decrease in the number of common shares in treasury is given below.

Decrease due to sale of shares from ESOP Trust to employee shareholding association: 665 thousand shares

Decrease due to exercise of share warrants: 51 thousand shares

Decrease by additional purchase demand for fractional shares: 1 thousand shares

2013	Thousands of shares			
	March 31, 2012	Increase	Decrease	March 31, 2013
Shares issued:				
Common stock	310,076	—	—	310,076
Total	310,076	—	—	310,076
Treasury shares:				
Common stock (Notes 1 and 2)	7,225	22	865	6,412
Total	7,225	22	865	6,412

Notes: 1. A breakdown of the increase in the number of common shares in treasury is given below.

Increase due to purchase demand for fractional shares: 22 thousand shares

2. A breakdown of the decrease in the number of common shares in treasury is given below.

Decrease due to sale of shares from ESOP Trust to employee shareholding association: 720 thousand shares

Decrease due to exercise of share warrants: 145 thousand shares

Decrease by additional purchase demand for fractional shares: 0 thousand shares

(2) Matters concerning share warrants and own share options

The balance of share warrants (for stock options) at the end of March 31, 2014 and 2013 stood at ¥156 million (\$1,520 thousand) and ¥120 million, respectively. At end of the previous and current fiscal year, no shares had been earmarked for share warrants.

Notes to Consolidated Financial Statements

(3) Information on dividends

(a) Dividends paid

2014

Resolution	Type of share	Total dividend amount (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
June 27, 2013 (Regular Annual General Meeting of Shareholders) ...	Common stock	¥1,062	¥3.5	March 31, 2013	June 28, 2013
November 11, 2013 (meeting of the Board of Directors) ...	Common stock	1,055	3.5	September 30, 2013	December 10, 2013

2013

Resolution	Type of share	Total dividend amount (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
June 28, 2012 (Regular Annual General Meeting of Shareholders) ...	Common stock	¥1,059	¥3.5	March 31, 2012	June 29, 2012
November 9, 2012 (meeting of the Board of Directors)	Common stock	1,061	3.5	September 30, 2012	December 10, 2012

2014

Resolution	Type of share	Total dividend amount (Thousands of U.S. dollars)	Dividend per share (U.S. dollars)	Record date	Effective date
June 27, 2013 (Regular Annual General Meeting of Shareholders) ...	Common stock	\$10,326	\$0.034	March 31, 2013	June 28, 2013
November 11, 2013 (meeting of the Board of Directors) ...	Common stock	10,257	0.034	September 30, 2013	December 10, 2013

Note: In accordance with a resolution approved at the Bank's Regular Annual General Meeting of Shareholders held on June 27, 2013 and June 28, 2012, the total amount of dividends paid excludes the ¥8 million (\$82 thousand) and ¥11 million dividend payment to the Employee Stock Ownership Plan (ESOP) Trust. Moreover, the total amount of dividends paid excludes the ¥7 million (\$71 thousand) and ¥9 million dividend payment to the ESOP Trust pursuant to the resolution approved by the Board of Directors at a meeting held on November 11, 2013 and November 9, 2012.

These exclusions reflect the Bank's classification of the shares owned by the Trust as treasury stock.

(b) Dividends paid after the balance-sheet date

2014

Resolution	Type of share	Total dividend amount (Millions of yen)	Source of dividends	Dividend per share (Yen)	Record date	Effective date
June 27, 2014 (Regular Annual General Meeting of Shareholders).....	Common stock	¥1,051	Retained earnings	¥3.5	March 31, 2014	June 30, 2014

2013

Resolution	Type of share	Total dividend amount (Millions of yen)	Source of dividends	Dividend per share (Yen)	Record date	Effective date
June 27, 2013 (Regular Annual General Meeting of Shareholders).....	Common stock	¥1,062	Retained earnings	¥3.5	March 31, 2013	June 28, 2013

2014

Resolution	Type of share	Total dividend amount (Thousands of U.S. dollars)	Source of dividends	Dividend per share (U.S. dollars)	Record date	Effective date
June 27, 2014 (Regular Annual General Meeting of Shareholders).....	Common stock	\$10,214	Retained earnings	\$0.034	March 31, 2014	June 30, 2014

Note: The total dividend on March 31, 2014 and 2013 excludes the ¥6 million (\$60 thousand) and ¥8 million dividends for the ESOP Trust. This is because the shares owned by this trust are treated as treasury shares.

7. Securities and trading account securities

(1) Trading account securities

A valuation gain of ¥0 million (\$0 thousand) was recognized for the year ended March 31, 2014, and a valuation gain of ¥0 million was recognized for the year ended March 31, 2013.

(2) Held-to-maturity debt securities

Held-to-maturity debt securities with fair market value consisted of local government bonds. Book value and market value of the securities were not recorded as of March 31, 2014. Book value and market value of the securities amounted to ¥0 million and ¥0 million, respectively, as of March 31, 2013.

Notes to Consolidated Financial Statements

(3) Other securities

(a) Consolidated balance sheet amount and acquisition cost of other securities and their difference as of March 31, 2014 and 2013 were as follows:

2014	Millions of yen		
	Consolidated balance sheet amount	Acquisition cost	Difference
Consolidated balance sheet amount exceeding acquisition cost			
Equity stock	¥ 108,232	¥ 61,155	¥47,076
Bonds:			
National.....	634,433	625,008	9,425
Local.....	167,474	163,028	4,445
Corporate.....	191,384	189,187	2,197
	993,292	977,223	16,068
Other.....	84,314	81,720	2,593
Subtotal.....	1,185,839	1,120,100	65,738
Consolidated balance sheet amount not exceeding acquisition cost			
Equity stock	20,090	23,520	(3,429)
Bonds:			
National.....	32,583	32,610	(26)
Local.....	4,484	4,497	(12)
Corporate.....	24,734	24,779	(45)
	61,802	61,887	(84)
Other.....	64,789	68,457	(3,668)
Subtotal.....	146,682	153,864	(7,182)
Total.....	¥1,332,521	¥1,273,965	¥58,556

2013	Millions of yen		
	Consolidated balance sheet amount	Acquisition cost	Difference
Consolidated balance sheet amount exceeding acquisition cost			
Equity stock	¥ 100,611	¥ 63,157	¥37,454
Bonds:			
National.....	489,594	478,412	11,181
Local.....	256,309	247,426	8,883
Corporate.....	279,762	273,548	6,214
	1,025,666	999,387	26,279
Other.....	85,782	82,021	3,760
Subtotal.....	1,212,060	1,144,566	67,494
Consolidated balance sheet amount not exceeding acquisition cost			
Equity stock	21,579	25,909	(4,329)
Bonds:			
National.....	43,753	43,904	(151)
Corporate.....	7,536	7,588	(52)
	51,289	51,492	(203)
Other.....	30,498	34,230	(3,731)
Subtotal.....	103,367	111,632	(8,264)
Total.....	¥1,315,428	¥1,256,199	¥59,229

2014	Thousands of U.S. dollars		
	Consolidated balance sheet amount	Acquisition cost	Difference
Consolidated balance sheet amount exceeding acquisition cost			
Equity stock	\$ 1,051,617	\$ 594,207	\$457,410
Bonds:			
National.....	6,164,334	6,072,755	91,578
Local.....	1,627,229	1,584,032	43,197
Corporate.....	1,859,546	1,838,198	21,347
	9,651,110	9,494,986	156,123
Other.....	819,223	794,023	25,200
Subtotal.....	11,521,951	10,883,216	638,735
Consolidated balance sheet amount not exceeding acquisition cost			
Equity stock	195,206	228,529	(33,323)
Bonds:			
National.....	316,593	316,852	(258)
Local.....	43,573	43,695	(122)
Corporate.....	240,325	240,764	(439)
	600,492	601,313	(820)
Other.....	629,511	665,151	(35,640)
Subtotal.....	1,425,210	1,494,994	(69,784)
Total.....	\$12,947,161	\$12,378,211	\$568,950

(b) Gains and losses on sale of securities available for sale for the years ended March 31, 2014 and 2013 are as follows:

2014	Millions of yen		
	Sale amount	Gains on sale	Losses on sale
Equity stock	¥ 17,366	¥2,111	¥ 353
Bonds:			
National.....	166,845	871	635
Local.....	88,624	1,382	138
Corporate.....	119,749	2,390	164
	375,219	4,645	938
Other.....	21,902	121	2,097
Total.....	¥414,489	¥6,877	¥3,389

2013	Millions of yen		
	Sale amount	Gains on sale	Losses on sale
Equity stock	¥ 3,952	¥ 335	¥ 842
Bonds:			
National.....	212,291	1,099	571
Local.....	2,516	17	—
Corporate.....	78,095	666	50
	292,903	1,782	622
Other.....	3,943	110	247
Total.....	¥300,799	¥2,228	¥1,711

Notes to Consolidated Financial Statements

2014	Thousands of U.S. dollars		
	Sale amount	Gains on sale	Losses on sale
Equity stock	\$ 168,741	\$20,515	\$ 3,439
Bonds:			
National.....	1,621,120	8,468	6,173
Local.....	861,102	13,434	1,342
Corporate.....	1,163,518	23,231	1,598
	3,645,741	45,135	9,114
Other.....	212,812	1,177	20,379
Total	\$4,027,294	\$66,827	\$32,932

(4) Impairment losses on securities

Securities with fair values that have fallen significantly below their acquisition cost and whose fair values are not expected to recover are recorded at fair value on the consolidated balance sheet with the valuation differences are expensed on the consolidated income statement ("impairment loss").

No impairment loss was recorded in the fiscal year ended March 31, 2014.

Impairment losses for the consolidated fiscal year ended March 31, 2013 amounted to ¥2,712 million ¥1,412 million in equity stock, other ¥1,300 million.

The Bank has standards for determining whether fair value has decreased significantly, based on "Practical Guidelines on Accounting Standards for Financial Instruments (JICPA Accounting Practice Committee Report No. 14). The following are the details of this policy.

If, as of the end of the consolidated fiscal year, fair value has decreased by 50 percent or greater than acquisition cost, the entire holding is deemed to have decreased materially. If the decrease is between 30 percent and 50 percent, the determination shall be made in light of the issuing entity's credit risk and other factors (classification of creditor according to self-assessment; and external credit rating).

8. Matters relating to money held in trust

Money held in trust classified as held for trading purposes

Amount on the consolidated balance sheet as of March 31, 2014 and 2013 was ¥4,901 million (\$4,627 thousand) and ¥4,901 million, respectively.

9. Net Unrealized Gains on Securities Available for Sale

The following is a breakdown of net unrealized gains on securities available for sale recorded in the consolidated balance sheet:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Valuation difference.....	¥58,556	¥59,229	\$568,950
Other securities.....	58,556	59,229	568,950
Money held in trust	—	—	—
Deferred tax liabilities.....	(20,653)	(20,895)	(200,671)
Net unrealized gains on securities available for sale (before equity equivalent).....	37,903	38,333	368,278
Net unrealized gains attributable to minority interests.....	(181)	(159)	(1,759)
Parent's ownership of affiliates unrealized gains on securities available for sale (gain).....	—	—	—
Net unrealized gains on securities available for sale	¥37,722	¥38,173	\$366,519

10. Loans and bills discounted

Loans and bills discounted as of March 31, 2014 and 2013 included the following non-performing amounts:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Loans under bankruptcy.....	¥ 1,461	¥ 2,381	\$ 14,201
Non-accrual loans	44,636	45,633	433,704
Loans past due over 3 months	416	423	4,050
Restructured loans	30,947	30,734	300,693
Total	¥77,462	¥79,172	\$752,649

11. Assets pledged as collateral

Assets pledged as collateral as of March 31, 2014 and 2013 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Assets pledged as collateral:			
Securities	¥203,296	¥195,230	\$1,975,284
Liabilities corresponding to assets pledged as collateral:			
Deposits	27,076	28,519	263,078
Payables under securities lending transactions	9,901	—	96,207
Borrowed money	76,415	30,592	742,474

In addition to the assets presented above, the following assets were pledged as collateral for exchange clearance transactions and futures contracts at March 31, 2014 and 2013:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Securities	¥37,875	¥39,755	\$368,004

As of March 31, 2014 and 2013, Other assets included guarantee money and household deposits of ¥1,273 million (\$12,378 thousand) and ¥1,287 million, respectively.

Notes to Consolidated Financial Statements

12. Income taxes

(1) Deferred tax assets

Major components of deferred tax assets as of March 31, 2014 and 2013 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Excess reserve for possible loan losses.....	¥13,317	¥14,921	\$129,399
Valuation gain on securities available for sale	2,535	2,917	24,635
Excess reserve for employee retirement benefits	—	2,360	—
Net defined benefit liability	2,357	—	22,907
Excess depreciation	1,632	1,559	15,862
Other	5,216	4,685	50,684
Subtotal	25,059	26,444	243,489
Valuation reserve	(4,036)	(2,783)	(39,220)
Deferred tax assets	21,023	23,661	204,269
Deferred tax liabilities	(23,392)	(23,980)	(227,289)
Net deferred tax assets (liabilities)	¥ (2,369)	¥ (318)	\$ (23,020)

(2) Income taxes

The following table shows the major items responsible for the difference between the statutory tax rate and the effective tax rate after application of tax-effect accounting at March 31, 2014 and 2013.

	2014	2013
Statutory income tax rate	37.7%	37.7%
Reconciliation:		
Unrecognized loss carryforwards at subsidiaries...	—	(0.2)
Non-deductible expenses, including entertainment expenses	0.4	0.7
Non-taxable income, including dividend income	(2.5)	(4.6)
Other permanent differences, including write-offs of securities with a long-term holding period	(0.3)	0.8
Per-capita resident tax	0.3	0.6
Increase (decrease) of valuation reserve	6.1	(0.8)
Decrease in term-end balance of deferred tax assets due to income tax changes	1.8	—
Other	0.2	0.8
Effective income tax rate under tax-effect accounting	43.7%	35.0%

(3) Adjustment of deferred tax assets and deferred tax liabilities due to change in income tax rate

The "Law for Partial Revision of the Income Tax Law" (Law No. 10, 2014) was publicly announced on March 31, 2014 and the special corporate tax for reconstruction was abolished from the fiscal year beginning April 1, 2014. The statutory tax rate used to calculate deferred tax assets and deferred tax liabilities was changed from 37.7% to 35.3% for the temporary differences expected to be eliminated in the fiscal year starting April 1, 2014 and thereafter. As a result of this tax rate change, deferred tax liabilities increased ¥396 million (\$3,852 thousand) and income taxes – deferred rose ¥395 million (\$3,846 thousand).

13. Accumulated depreciation

Accumulated depreciation of tangible fixed assets as of March 31, 2014 and 2013 amounted to ¥35,910 million (\$348,919 thousand) and ¥37,839 million, respectively.

14. Borrowed money

Borrowed money consists of loans from other financial institutions. As of March 31, 2014 and 2013, subordinated borrowings in the amount of ¥17,000 million (\$165,176 thousand) and ¥17,000 million, respectively, were included in borrowed money.

15. Corporate bond

Corporate bond consists solely of subordinated bonds in the amount of ¥10,000 million (\$97,162 thousand) and ¥10,000 million, as of March 31, 2014 and 2013.

16. Revaluation reserve for land

Based on the Law on the Revaluation of Land, the Bank's land was revalued on March 31, 1999.

The amounts equivalent to deferred tax on the land revaluation were recorded as deferred tax liabilities for land revaluation in liabilities, and net unrealized gains on the land revaluation were recorded as revaluation reserve for land in stockholders' equity.

As of March 31, 2014 and 2013, the difference between the carrying amount and the fair value of the land revalued was ¥15,983 million (\$155,300 thousand) and ¥15,663 million, respectively.

17. Impairment losses

During the years ended March 31, 2014 and 2013, the Bank recorded losses on impairment of fixed assets as described below:

Location	Usage	Type	Millions of yen	
			Loss amount	
			2014	2013
Kagawa Pref. ...	Idle assets and assets for disposal (2014: 15 items, 2013: 15 items)	Land, buildings and movables	¥18	¥31
		land:	8	28
		buildings:	9	2
		movables:	0	0
Other	Idle assets and assets for disposal (2014: 4 items, 2013: 7 items)	Land, buildings and movables	¥ 5	¥24
		land:	5	22
		buildings:	—	1
		movables:	—	0
Total			¥24	¥55
		land:	14	51
		buildings:	9	4
		movables:	0	0

Location	Usage	Type	Thousands of U.S. dollars
			Loss amount
			2014
Kagawa Pref. ...	Idle assets and assets for disposal (2014: 15 items)	Land, buildings and movables	\$181
		land:	83
		buildings:	89
		movables:	7
Other	Idle assets and assets for disposal (2014: 4 items)	Land, buildings and movables	\$ 56
		land:	56
		buildings:	—
		movables:	—
Total			\$237
		land:	140
		buildings:	89
		movables:	7

Notes to Consolidated Financial Statements

The Bank posted impairment losses of ¥24 million (\$237 thousand) and ¥55 million, respectively, during the years ended March 31, 2014 and 2013 on land and buildings, to deal with continuous declines in land prices. The Bank reduced the book value of the assets in question to the recoverable amounts, and recorded the difference between the carrying amount and the amount deemed recoverable of each asset as a loss on impairment of fixed assets under Other expenses.

In general, the Bank treats each of its branches as a single asset group unit for recognition and measurement of impairment loss: jointly managed branches, however, are treated as a single unit. Values of idle assets and assets for disposal are measured on an individual basis.

Regarding head office buildings, operation and training centers, dormitories, and housing and welfare facilities, these facilities are classified as the Bank's common property, as it is deemed difficult to specify each asset as a source of identifiable cash flows in the future. At the Bank's consolidated subsidiaries, each business base of subsidiaries is usually considered as the smallest grouping unit. Idle assets and assets for disposal, however, are valued on an individual basis.

Recoverable amounts are measured using net selling prices; that is, the net present value of the future cash flows. Net selling prices are calculated on the basis of appraisal values of land after deduction of estimated cost of disposal, which is based on amounts computed using the method laid down by the National Tax Agency for calculation of land prices (used as the basis for computing taxable amounts as set forth in Article 16 of the Land Tax Law).

18. Matters relating to consolidated statements of comprehensive income

The amount of recycling and amount of income tax effects associated with other comprehensive income

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Net unrealized gains on securities, net of taxes:			
Amount recognized during the year.....	¥3,661	¥27,079	\$35,579
Amount of recycling.....	(4,326)	2,172	(42,035)
Prior to income tax effect.....	(664)	29,251	(6,456)
Income tax effect.....	234	(10,325)	2,276
Net unrealized gains on securities available for sale.....	(430)	18,925	(4,179)
Net deferred losses on hedges instruments, net of taxes:			
Amount recognized during the year.....	(175)	(363)	(1,709)
Amount of recycling.....	348	262	3,388
Prior to income tax effect.....	172	(100)	1,679
Income tax effect.....	(61)	33	(592)
Deferred gains (losses) on hedges.....	111	(66)	1,086
Total other comprehensive income...	¥ (318)	¥18,858	\$ (3,093)

19. Finance leases

Information on finance leases for the years ended March 31, 2014 and 2013 are as follows:

1. As lessee

Finance lease transactions that do not transfer ownership

(1) Components of lease assets

(a) Tangible fixed assets

Primarily consisting of ATMs

(b) Intangible fixed assets

None

(2) Depreciation and amortization methods for lease assets

Depreciation and amortization methods for lease assets are described in Note 3. Significant accounting policies (5) Depreciation and amortization methods for lease assets.

2. As lessor

(1) Breakdown of lease investment assets

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Lease receivables.....	¥17,907	¥17,128	\$173,993
Estimated residual value.....	1,778	1,755	17,283
Interest received.....	(1,933)	(1,919)	(18,785)
Lease investment assets.....	¥17,752	¥16,964	\$172,491

(2) Schedule for collection of lease receivables and receivables on lease investment assets by leasing contract maturity

	Millions of yen	
	Lease receivables	Receivables on lease investment assets
2014		
Up to 1 year.....	¥43	¥5,479
Over 1 year, up to 2 years.....	41	4,459
Over 2 years, up to 3 years.....	35	3,505
Over 3 years, up to 4 years.....	31	2,308
Over 4 years, up to 5 years.....	26	1,353
Over 5 years.....	23	800

	Millions of yen	
	Lease receivables	Receivables on lease investment assets
2013		
Up to 1 year.....	¥13	¥5,510
Over 1 year, up to 2 years.....	13	4,258
Over 2 years, up to 3 years.....	11	3,248
Over 3 years, up to 4 years.....	6	2,271
Over 4 years, up to 5 years.....	3	1,135
Over 5 years.....	—	702

	Thousands of U.S. dollars	
	Lease receivables	Receivables on lease investment assets
2014		
Up to 1 year.....	\$420	\$53,237
Over 1 year, up to 2 years.....	399	43,333
Over 2 years, up to 3 years.....	344	34,062
Over 3 years, up to 4 years.....	305	22,428
Over 4 years, up to 5 years.....	261	13,149
Over 5 years.....	230	7,781

(3) Regarding finance lease transactions that do not transfer ownership of the leased assets to the lessee and whose date of commencement of leasing was prior to the start of application of the new accounting standards, the book value (after deduction of accumulated depreciation expenses) of the tangible fixed assets and intangible fixed assets at the end of the last business term prior to the start of application of the new accounting standards is taken as the start-of-term value of the lease assets.

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Regarding the lease investment assets in question, amounts equivalent to interest receivable under the new accounting standards will be allocated on a straight-line basis to the remaining interest period.

On the assumption of application of the new accounting standards for leasing transactions at the beginning of the leasing transactions in question, net loss before income taxes and minority interests would have decreased by ¥44 million (\$430 thousand) (¥87 million in the previous consolidated fiscal year) compared with the amount posted in the Consolidated Statements of Operations.

20. Financial instruments

1. Disclosures related to financial instruments

(1) Financial instrument policies

The Bank and its subsidiaries (the "Group") provides banking services, including leasing and other financial services. We limit risk within the scope of its business capacity, while realizing profits commensurate with the risk of the financial instruments held. To accomplish this goal, the Group quantifies, to the greatest extent possible, various risks related to financial instruments using statistical methods. We categorize capital (risk capital) according to the size of the risk, engaging in "integrated risk management," incorporating a capital allocation system that monitors risk versus return. We continue to improve our efficiency in risk management, ensuring greater stability and soundness for our business as a whole.

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

The major types of financial assets held by the Group are loans and bills discounted and securities. Loans and bills discounted are mainly for domestic corporations and individuals, and are exposed to credit risk, interest rate risk, and foreign exchange risk. If loans and bills discounted are concentrated excessively on a particular corporate group or industry type, the Group's stockholders' equity may suffer significant adverse effects. Therefore, the Group has set maximum loan balances for each corporate group or industry type, and has in place a system for monitoring compliance with these thresholds to prevent such an excessive concentration of risk.

Securities mainly consist of stocks, bonds, investment trusts and direct investments. These investments are as a pure investment vehicle or as part of a Group investment policy. Certain bonds are held for resale. These investments are exposed to the credit risk of the issuing body, interest rate risk, price volatility risk and/or foreign exchange risk. Securities include financial instruments with limited market liquidity, including private placement bonds underwritten by the Group, private equity shares, and direct investments.

Financial liabilities mainly consist of deposits received from domestic corporations and individuals. These financial liabilities are exposed to interest rate risk, exchange rate risk, and liquidity risk.

Derivative transactions entered into by the Group include interest rate and currency swaps, options, futures/forward contracts, and cap transactions. These transactions are generally entered into with a client to cover the underlying financial instrument. Such transactions are variously exposed to interest rate risk, foreign exchange risk, price volatility risk, and the credit risk of the counter party.

Some derivative transactions entered into by the Group involve currency swaps and foreign exchange swaps for the purpose of hedging exchange rate fluctuation risk associated with financial assets denominated in foreign currencies. Such transactions are treated as deferred hedges as defined under "JICPA Industry Audit Committee Report No. 25." The Group assesses hedge effectiveness for hedging

transactions to confirm whether a position is commensurate with the value of the foreign currency-denominated financial asset subject to the hedge.

(3) Risk Management for financial instruments

(a) Credit risk management

The Group has compiled Credit Risk Management Rules and related documents, and, under the Risk Management Committee (Credit Risk Management Subcommittee), monitors and manages credit risk exposures.

In addition, the Risk Management Division acts as the credit risk managing department for granting and verifying internal credit ratings, measures the amount of credit risk and sets and manages credit limits.

(b) Market risk management

The Group has established "Market Risk Management Rules" along with relevant documentation, and the "Risk Management Committee" (Market Risk Management Subcommittee), which monitors market risk and maintains management systems. "The Revenue Management Committee" (Budget ALM Subcommittee) deliberates on the stability of medium- and long-term profit in light of risk circumstances.

Departments involved in the execution of market transactions (Treasury and International Division) have been divided into front office (transaction execution), back office (clerical), and middle office (market risk management) roles. This creates a system of internal checks and balances, with the Risk Management Division in charge of managing overall market risk.

(i) Interest rate risk management

The Group manages interest rate risk using statistical methods to quantify the size of the interest rate risk. When deemed necessary, the Group establishes and manages limits on positions and profits and losses for securities, derivatives, and other market transactions. The Group also enters into derivative transactions for interest rate swaps to hedge interest rate risk as part of the ALM.

(ii) Foreign exchange risk management

The Group uses statistical methods to quantify and manage foreign exchange risk. The Group also establishes and manages limits on positions and profits and losses.

(iii) Price volatility risk management

The Group uses statistical methods to quantify and manage price volatility risk. The Group establishes and manages limits on positions and profits and losses.

(iv) Quantitative information regarding market risks

a. Financial instruments held for trading purposes

In measuring the VaR of interest-rate risks associated with trading securities, interest-rate futures and related transactions as well as the VaR of foreign currency exchange risks associated with foreign exchange trading and related transactions, the Hyakujushi Bank Group applies the historical simulation method with a holding period of 10 days, level of confidence of 99% and observation period of 1,200 business days. As of March 31, 2014 (the consolidated balance sheet date), the volume of the aforementioned risks (estimated amount of loss) amounted to ¥5 million (\$48 thousand) (compared with ¥7 million at the end of the previous consolidated fiscal year).

b. Financial instruments not held for trading purposes

In measuring the VaR of interest-rate risks associated with loans and bills discounted, investment securities, deposits, and interbank, interest-rate swap and related transactions, as well as the VaR for volatility risks associated with the prices of publicly listed company shares, the Hyakujushi Bank Group applies the historical simulation method with a holding period of 120 days, confidence of 99% and

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observation period of 1,200 business days. As of March 31, 2014, the volume of the aforementioned risks (taking into consideration the correlation or reciprocal risks) amounted to ¥22,126 million (\$214,982 thousand) (compared with ¥44,141 million in the end of the previous fiscal year). Results of statistical analysis are used for liquid deposits, which are recognized as being in part long-term fixed procurement and as such subject to interest-rate risk.

In addition, in measuring the VaR of price volatility risks of investment trusts, the Hyakujushi Bank Group applies the variance-covariance method with a holding period of 20 days, confidence interval of 99% and observation period of 240 business days, while in measuring the VaR of risks involving interest rates of money held in trust, price volatility or exchange rates, the Group applies the historical simulation method with a holding period of 20 days, confidence interval of 99% and observation period of 1,200 business days. As of March 31, 2014, the volume of the aforementioned risks amounted to ¥3,993 million (\$38,797 thousand) (compared to ¥1,955 million in the end of the previous fiscal year).

c. VaR

The Hyakujushi Bank Group uses back testing to compare the VaR computed by the models and the hypothesized gain/loss (gain or loss assumed generated when the portfolio is fixed at the time of measuring the VaR) to verify the reliability of these measured models.

However, VaR determined using the historical simulation and variance covariance methods is a measure of the volume of market risk at a certain event probability statistically computed utilizing changes in historical market data. In this context, there are cases in which VaR cannot capture risk under sudden and dramatic changes in the market beyond normal circumstances.

d. Liquidity risk management

The Group has established "Liquidity Risk Management Rules" and other related guidelines as a basis for managing liquidity risk. The Group has also established "Liquidity Crisis Response Rules" to ensure a prompt response to unexpected situations that may affect cash management. These rules assume that unexpected situations will arise and classifies them into the categories of "caution" and "crisis" categories, thereby enabling the Group to respond in a timely and appropriate manner.

The Liquidity Risk Management Department (Treasury and International Division) performs daily and monthly cash projections to ensure proper and stable cash management based on the Group's investment/acquisition structure, ensuring sufficient liquidity reserves. The Liquidity Risk Management Department is also responsible for identifying, analyzing, assessing and monitoring liquidity risk in consideration of internal and external factors that may have an impact on said risk.

e. Supplementary information regarding fair value of financial instruments

The fair value of financial instruments includes their respective market prices, and rationally calculated values if the fair value of the financial instrument is not available. Certain assumptions are used to calculate said values, and said values may vary when differing assumptions are used.

2. Fair value of financial instruments

The consolidated balance sheet amount, fair values and the differences as of March 31, 2014 and 2013 are as follows. Private equity shares or other shares whose fair values are not readily determinable are not included in the following table.

	Millions of yen		
	Consolidated balance sheet amount	Fair value	Difference
2014			
(1) Cash and due from banks	¥ 390,388	¥ 390,388	¥ —
(2) Call loans and bills bought	—	—	—
(3) Trading account securities and securities available for sale	8	8	—
(4) Money held in trust	4,901	4,901	—
(5) Securities			
Held-to-maturity debt securities	—	—	—
Other securities	1,332,521	1,332,521	—
(6) Loans and bills discounted	2,614,215		
Reserve for possible loan losses	(18,785)		
	2,595,430	2,611,121	15,691
Total Assets	4,323,251	4,338,942	15,691
(1) Deposits	3,769,308	3,769,814	506
(2) Negotiable certificates of deposit	184,119	184,156	37
(3) Call money and bills sold	38,595	38,595	—
(4) Borrowed money	121,083	121,086	3
(5) Corporate bonds	10,000	10,078	78
Total Liabilities	4,123,105	4,123,731	626
Derivative Transactions *1			
Not subject to hedge accounting	10,190	10,190	—
Subject to hedge accounting	(1,362)	(1,362)	—
Total Derivative Transactions	¥ 8,827	¥ 8,827	¥ —

	Millions of yen		
	Consolidated balance sheet amount	Fair value	Difference
2013			
(1) Cash and due from banks	¥ 136,427	¥ 136,427	¥ —
(2) Call loans and bills bought	6,301	6,301	—
(3) Trading account securities and securities available for sale	49	49	—
(4) Money held in trust	4,901	4,901	—
(5) Securities			
Held-to-maturity debt securities	0	0	0
Other securities	1,314,929	1,314,929	—
(6) Loans and bills discounted	2,528,403		
Reserve for possible loan losses	(23,068)		
	2,505,334	2,528,130	22,796
Total Assets	3,967,944	3,990,740	22,796
(1) Deposits	3,420,759	3,421,279	520
(2) Negotiable certificates of deposit	231,706	231,746	39
(3) Call money and bills sold	51,915	51,915	—
(4) Borrowed money	73,654	73,709	55
(5) Corporate bonds	10,000	10,099	99
Total Liabilities	3,788,035	3,788,750	714
Derivative Transactions *1			
Not subject to hedge accounting	10,963	10,963	—
Subject to hedge accounting	(2,128)	(2,128)	—
Total Derivative Transactions	¥ 8,834	¥ 8,834	¥ —

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	Thousands of U.S. dollars		
	Consolidated balance sheet amount	Fair value	Difference
2014			
(1) Cash and due from banks	\$ 3,793,121	\$ 3,793,121	\$ —
(2) Call loans and bills bought	—	—	—
(3) Trading account securities and securities available for sale	84	84	—
(4) Money held in trust	47,627	47,627	—
(5) Securities			
Held-to-maturity debt securities	—	—	—
Other securities	12,947,161	12,947,161	—
(6) Loans and bills discounted	25,400,463		
Reserve for possible loan losses	(182,521)		
	25,217,942	25,370,403	152,460
Total Assets	42,005,938	42,158,398	152,460
(1) Deposits	36,623,672	36,628,594	4,921
(2) Negotiable certificates of deposit	1,788,954	1,789,315	361
(3) Call money and bills sold	375,000	375,000	—
(4) Borrowed money	1,176,477	1,176,514	37
(5) Corporate bonds	97,162	97,926	763
Total Liabilities	40,061,266	40,067,350	6,083
Derivative Transactions *1			
Not subject to hedge accounting	99,010	99,010	—
Subject to hedge accounting	(13,239)	(13,239)	—
Total Derivative Transactions	\$ 85,771	\$ 85,771	\$ —

*1 All derivative transactions recorded in Other assets and Other liabilities are presented in one line item on a net basis. Net payables and receivables resulting from derivative transactions are presented at net of tax. Items that come to net payables in the aggregate are presented in parentheses.

*2 Items with no material impact have not been listed.

Calculation method for fair value of financial instruments

Assets

(1) Cash and due from banks

The fair value of due from banks with no maturity date is valued at book value, since the book value approximates the fair value. Due from banks with a maturity date is valued at present value in each category by deposit term, discounting by an assumed applicable interest rate when new deposit are accepted.

Items with a short contract period are valued at book value, since book value approximates their fair value.

(2) Call loans and bills bought

Items with a short contract period are valued at book value, since the book value approximates their fair value.

(3) Trading account securities

Corporate bonds and other available-for-sale securities are valued at market prices and internal model.

(4) Money held in trust

With respect to securities that are managed as trust assets in individually managed money held in trust accounts whose main purpose is securities investment, stocks are valued at the stock market price, while debt-securities are valued at the stock market price or the price stated by the correspondent financial institution.

Notes concerning money held in trust by purpose held are contained in "8. Matters relating to money held in trust."

(5) Securities

Stocks and corporate bonds are valued at market prices. Investment trusts are valued at their published base price.

Private placement bonds guaranteed by the Group are categorized according to internal credit rating and maturity, and valued at fair value, discounting by a projected interest rate applicable when a bond in the same total amount of principal and interest is issued.

See the section under "Securities and trading account securities" for further information about the securities by intent of holding.

(6) Loans and bills discounted

Loans and bills discounted are valued at present value in each category by internal rating and maturity, discounting the total amount of principal and interest by an assumed applicable interest rate when similar loans are made.

Loans to borrowers who are bankrupt, substantially bankrupt, or likely to go bankrupt are valued net of the estimated uncollectible amount based on the current value of estimated future cash flows, or the estimated collectible portion based on the collateral or guarantee underlying the loan. As such, the balance of the loan on the consolidated balance sheet as of the last day of the fiscal period less the current estimated uncollectible amount approximates the fair value.

For loans and bills discounted with no repayment deadline, due to their nature, such as the limited range of pledged assets for said loans, their fair values are valued at book value, because they are assumed to approximate the fair values due to expected repayment deadlines and interest rate conditions.

Liabilities

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

The Group considers the fair value of demand deposits to be the payment (book value) of the instrument as if demanded on the last day of the consolidated fiscal year. The fair value of time deposits is valued at present value in each category by specific deposit term, discounting future cash flow by the interest rate used when accepting new deposits. Since book value approximates fair value for items with a short deposit term, the book value shall be the fair value for these instruments.

(3) Call money and bills sold

Due to the short contract period of these instruments, the Group considers their book value to approximate the fair value.

(4) Borrowed money

Borrowed money subject to variable interest rates reflects market interest rates over a short-term. As the credit status of the Bank and its consolidated subsidiaries has not significantly changed since these transactions were executed the Group believes that the book value approximates the fair value of these instruments. The fair value for borrowed money subject to fixed interest rates is valued at present value, discounting the total amount of principal and interest categorized by specific term by an assumed applicable interest rate when similar borrowings are entered into.

(5) Corporate bonds

The fair value of corporate bonds is valued at present value by discounting the total amount of principal and interest by an assumed applicable interest rate when similar corporate bonds are issued.

Derivative Transactions

See the section under "(Derivative Transactions)" for further information about derivatives.

The following are financial instruments whose fair values are not

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readily determinable as of March 31, 2014. These are not included in the "Assets (4) Securities" section under fair value information for financial instruments.

Category	Millions of yen		Thousands of U.S. dollars
	Consolidated balance sheet amount	Consolidated balance sheet amount	Consolidated balance sheet amount
	2014	2013	2014
1. Private equity shares *1*2.....	¥2,787	¥2,614	\$27,086
2. Investment in partnership *3 ...	331	361	3,220
Total	¥3,119	¥2,975	\$30,306

*1 As private equity shares have no market price, and their fair values are not readily determinable, their fair values are not stated.

*2 The Group recorded a ¥1 million (\$16 thousand) and ¥24 million impairment loss for unlisted equity stock for the consolidated fiscal years ended March 31, 2014 and 2013.

*3 For investments in partnership for which the fair value is not readily determinable, the fair value has not been disclosed because the underlying partnership assets are comprised of unlisted equity stock.

Estimated redemption amounts of monetary claims and securities with maturities after the consolidated fiscal years as of March 31, 2014 and 2013

2014	Millions of yen					
	Up to 1 year	Over 1 year, up to 3 years	Over 3 years, up to 5 years	Over 5 years, up to 7 years	Over 7 years, up to 10 years	Over 10 years
Deposits.....	¥ 353,488	¥ —	¥ —	¥ —	¥ —	¥ —
Monetary claims bought	31,038	—	—	—	—	1,349
Securities:						
Other securities with maturities.....	208,503	336,252	254,199	209,913	152,490	15,482
National government bonds.....	131,609	137,818	105,801	155,122	121,184	15,482
Local government bonds.....	34,792	75,256	26,362	19,410	16,136	—
Corporate bonds.....	29,305	72,439	73,620	26,604	14,148	—
Other	12,796	50,737	48,415	8,776	1,020	—
Loans and bills discounted*	1,071,030	468,808	331,817	170,630	161,547	327,237
Total	¥1,664,061	¥805,061	¥586,016	¥380,543	¥314,037	¥344,068

2013	Millions of yen					
	Up to 1 year	Over 1 year, up to 3 years	Over 3 years, up to 5 years	Over 5 years, up to 7 years	Over 7 years, up to 10 years	Over 10 years
Deposits.....	¥ 101,925	¥ —	¥ —	¥ —	¥ —	¥ —
Call loans and bills bought.....	6,301	—	—	—	—	—
Monetary claims bought	30,641	1,000	569	—	—	1,656
Securities:						
Held-to-maturity debt securities	0	—	—	—	—	—
Local government bonds.....	0	—	—	—	—	—
Other securities with maturities.....	98,534	322,496	235,218	190,531	324,097	5,843
National government bonds.....	25,531	145,429	91,045	122,036	143,462	5,843
Local government bonds.....	24,847	83,711	45,093	25,694	76,962	—
Corporate bonds.....	33,683	58,383	66,996	31,047	97,187	—
Other	14,472	34,972	32,082	11,752	6,485	—
Loans and bills discounted*	1,121,016	406,913	283,504	166,591	164,240	298,876
Total	¥1,358,420	¥730,410	¥519,291	¥357,122	¥488,337	¥306,375

2014	Thousands of U.S. dollars					
	Up to 1 year	Over 1 year, up to 3 years	Over 3 years, up to 5 years	Over 5 years, up to 7 years	Over 7 years, up to 10 years	Over 10 years
Deposits.....	\$ 3,434,596	\$ —	\$ —	\$ —	\$ —	\$ —
Monetary claims bought	301,576	—	—	—	—	13,110
Securities:						
Other securities with maturities.....	2,025,884	3,267,125	2,469,874	2,039,579	1,481,637	150,427
National government bonds.....	1,278,750	1,339,084	1,027,997	1,507,209	1,177,458	150,427
Local government bonds.....	338,050	731,218	256,141	188,602	156,790	—
Corporate bonds.....	284,743	703,843	715,315	258,492	137,475	—
Other	124,339	492,979	470,420	85,274	9,912	—
Loans and bills discounted*	10,406,438	4,555,079	3,224,030	1,657,891	1,569,642	3,179,531
Total	\$16,168,495	\$7,822,205	\$5,693,905	\$3,697,471	\$3,051,279	\$3,343,070

* Among loans and bills discounted, ¥46,112 million (\$448,041 thousand) and ¥48,020 million in loans for bankrupt, substantially bankrupt and likely to go bankrupt borrowers or other loans of which repayment is not expected, and ¥37,031 million (\$359,807 thousand) and ¥39,239 million in loans with no established maturity have not been included.

Notes to Consolidated Financial Statements

Corporate bonds, borrowed money and other interest-bearing debt scheduled to be repaid after the end of the consolidated fiscal years as of March 31, 2014 and 2013

2014	Millions of yen					
	Up to 1 year	Over 1 year, up to 3 years	Over 3 years, up to 5 years	Over 5 years, up to 7 years	Over 7 years, up to 10 years	Over 10 years
Deposits*	¥3,474,218	¥285,220	¥ 8,871	¥ 462	¥ 534	¥ —
Negotiable certificates of deposit	183,819	300	—	—	—	—
Call money and bills sold	38,595	—	—	—	—	—
Borrowed money	44,943	52,206	4,821	14,077	4,827	207
Corporate bonds	—	—	—	—	10,000	—
Total	¥3,741,576	¥337,727	¥13,693	¥14,539	¥15,362	¥207

2013	Millions of yen					
	Up to 1 year	Over 1 year, up to 3 years	Over 3 years, up to 5 years	Over 5 years, up to 7 years	Over 7 years, up to 10 years	Over 10 years
Deposits*	¥3,124,940	¥285,112	¥ 9,056	¥ 985	¥ 663	¥ —
Negotiable certificates of deposit	231,706	—	—	—	—	—
Call money and bills sold	51,915	—	—	—	—	—
Borrowed money	38,516	10,433	5,113	14,158	5,173	258
Corporate bonds	—	—	—	—	10,000	—
Total	¥3,447,079	¥295,546	¥14,170	¥15,144	¥15,836	¥258

2014	Thousands of U.S. dollars					
	Up to 1 year	Over 1 year, up to 3 years	Over 3 years, up to 5 years	Over 5 years, up to 7 years	Over 7 years, up to 10 years	Over 10 years
Deposits*	\$33,756,496	\$2,771,285	\$ 86,201	\$ 4,489	\$ 5,198	\$ —
Negotiable certificates of deposit	1,786,039	2,914	—	—	—	—
Call money and bills sold	375,000	—	—	—	—	—
Borrowed money	436,684	507,252	46,843	136,780	46,906	2,011
Corporate bonds	—	—	—	—	97,162	—
Total	\$36,354,220	\$3,281,453	\$133,045	\$141,269	\$149,267	\$2,011

*Among deposits, demand deposits are included in "Up to 1 year."

21. Accrued retirement benefits

Fiscal year ended March 31, 2014

(April 1, 2013 to March 31, 2014)

(1) Overview of retirement benefit scheme adopted by the Bank

As defined-benefit type plans, the Bank has established a contract-type defined benefit corporate pension plan and a retirement lump-sum payment plan. In some cases, an extra severance package is provided to employees on their retirement and so on. In addition, the Bank has set up a retirement benefit trust.

The Bank's domestic consolidated subsidiaries have established a retirement lump-sum payment plan as defined-benefit type plans, and a defined contribution pension plan as defined-contribution type plan. Further, for the retirement lump-sum payment plan of domestic consolidated subsidiaries, the Bank calculates retirement benefit liabilities and retirement benefit costs by the simplified method.

(2) Defined benefit plan

(a) Reconciliation of retirement benefit obligations at beginning and end of period

	Millions of yen	Thousands of U.S. dollars
Retirement benefit obligations at beginning of period	¥47,154	\$458,170
Service costs	1,439	13,981
Interest costs	432	4,197
Actuarial differences	1,545	15,021
Retirement benefits paid	(2,272)	(22,083)
Prior service costs	318	3,092
Retirement benefit obligations at end of period	¥48,617	\$472,380

(b) Reconciliation of pension assets at beginning and end of period

	Millions of yen	Thousands of U.S. dollars
Pension assets at beginning of period	¥44,266	\$430,108
Expected return on pension assets	502	4,883
Actuarial differences	3,114	30,264
Contribution from employer	1,971	19,151
Retirement benefits paid	(1,327)	(12,900)
Pension assets at end of period	¥48,527	\$471,508

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(c) Reconciliation of retirement benefit obligations and pension assets at end of period and retirement benefit liabilities and assets recorded in the consolidated balance sheet

	Millions of yen	Thousands of U.S. dollars
Retirement benefit obligations of funded plan ...	¥48,617	\$472,380
Pension assets.....	(48,527)	(471,508)
	89	872
Retirement benefit obligations of unfunded plan	—	—
Net amount of liabilities and assets recorded in consolidated balance sheet.....	¥ 89	\$ 872

	Millions of yen	Thousands of U.S. dollars
Retirement benefit liabilities	¥947	\$9,205
Retirement benefit assets	(857)	(8,333)
Net amount of liabilities and assets recorded in consolidated balance sheet.....	¥ 89	\$ 872

(d) Breakdown of retirement benefit costs

	Millions of yen	Thousands of U.S. dollars
Service costs*	¥1,439	\$13,981
Interest costs.....	432	4,197
Expected return on pension assets	(502)	(4,883)
Amortization of actuarial differences.....	783	7,613
Amortization of past service costs	318	3,092
Retirement benefit costs for defined benefit plans	¥2,470	\$24,000

*Retirement benefit costs of domestic consolidated subsidiaries that use the simplified method are recorded in lump-sum in "Service costs."

(e) Remeasurements of retirement benefit plans

The following is a breakdown of items (before deducting tax effects) recorded in remeasurements of retirement benefit plans:

	Millions of yen	Thousands of U.S. dollars
Unrecognized actuarial differences.....	¥4,203	\$40,838
Total	¥4,203	\$40,838

(f) Items related to pension assets

(i) The following is the percentage of total pension assets by main category:

Bonds	13%
Stocks.....	53
Life insurers' general account.....	28
Other	6
Total	100%

Note: Total pension assets include retirement benefit trusts established for the corporate pension plan (22.93%) and retirement benefit trusts established for the retirement lump-sum payment plan (19.77%).

(ii) Method for determining expected long-term rate of return on pension assets

To determine expected long-term rate of return on pension assets, the Bank considers the current and projected pension asset allocations, as well as long-term rate of current returns and expected returns from each category consisting pension assets.

(g) Assumptions for making actuarial calculation

Major assumptions for actuarial calculation at the end of the fiscal year under review

1) Discount rate	0.92%
2) Expected long-term rate of return	2.00%

(3) Defined contribution pension plan

The required contribution to the defined contribution plans of consolidated subsidiaries was ¥7 million (\$69 thousand).

Fiscal year ended March 31, 2013

(April 1, 2012 to March 31, 2013)

(1) Retirement benefits plan

The Bank and its consolidated domestic subsidiaries have established a defined-benefit corporate pension plan and lump-sum payment plan, as well as a defined contribution pension plan. Additionally, in some cases, a premium severance package is provided to employees on their retirement. In addition, the Bank has set up a retirement benefit trust.

Plan	Companies adopting the plan	Establishment
Lump-sum payment plan	The Bank and its 11 consolidated subsidiaries	The Bank inauguration
Defined-benefit corporate pension plan	The Bank	2004
Defined-contribution pension plan	11 companies	2011

(2) Accrued retirement benefits

	Millions of yen
Retirement benefit obligation.....	¥(47,154)
Fair value of pension assets	44,266
Benefit obligation excess of pension assets.....	(2,888)
Unrecognized actuarial loss.....	6,555
Net retirement benefit obligation.....	3,667
Prepaid pension costs.....	4,172
Accrued retirement benefits	¥ (504)

(3) Retirement benefits expenses

	Millions of yen
Service costs	¥1,199
Interest costs.....	805
Estimated return on pension assets	(450)
Amortization of actuarial difference	731
Total retirement benefits expenses.....	2,286
Gain on abolishment of retirement benefit plan	—
Total	¥2,286

(4) Basis of computation

Discount rate	0.92%
Expected rate of return on pension assets	2.00%

22. Stock options

1. Stock option expenses and accounts for the consolidated fiscal years ended March 31, 2014 and 2013

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Operating expense.....	¥51	¥47	\$503

Notes to Consolidated Financial Statements

2. Stock option details, size, and changes

(1) Stock option details

	2009 stock options	2010 stock options	2011 stock options	2012 stock options	2013 stock options
Category and number of grant recipients.....	The bank's twelve directors	The bank's ten directors	The bank's ten directors	The bank's ten directors	The bank's ten directors
Type and number of stock options granted (Note).....	Common stock: 128,500 shares	Common stock: 159,000 shares	Common stock: 187,300 shares	Common stock: 175,000 shares	Common stock: 172,500 shares
Grant date.....	July 24, 2009	July 26, 2010	July 26, 2011	July 24, 2012	July 23, 2013
Vesting terms.....	No vesting terms	No vesting terms	No vesting terms	No vesting terms	No vesting terms
Service period.....	No service period specified	No service period specified	No service period specified	No service period specified	No service period specified
Exercise period.....	July 25, 2009 to July 24, 2039	July 27, 2010 to July 26, 2040	July 27, 2011 to July 26, 2041	July 25, 2012 to July 24, 2042	July 24, 2013 to July 23, 2043

Note: Converted to equivalent number of shares.

(2) Stock option size and changes

(a) Number of stock options

	2009 stock options	2010 stock options	2011 stock options	2012 stock options	2013 stock options
Prior to vesting (shares):					
Prior fiscal year end.....	58,800	99,400	120,500	160,400	—
Granted.....	—	—	—	—	172,500
Expired.....	—	—	—	—	—
Vested shares.....	8,100	13,100	15,500	14,600	—
Unvested shares.....	50,700	86,300	105,000	145,800	172,500
After vesting (shares):					
Prior fiscal year end.....	—	—	—	—	—
Vested shares.....	8,100	13,100	15,500	14,600	—
Exercised.....	8,100	13,100	15,500	14,600	—
Expired.....	—	—	—	—	—
Unexercised.....	—	—	—	—	—

(b) Unit price information (in year)

	2009 stock options	2010 stock options	2011 stock options	2012 stock options	2013 stock options
Exercise price.....	Per share: ¥1	Per share: ¥1	Per share: ¥1	Per share: ¥1	Per share: ¥1
Average price at exercise.....	Per share: ¥326	Per share: ¥326	Per share: ¥326	Per share: ¥326	Per share: ¥—
Fair value on grant date.....	Per share: ¥418	Per share: ¥315	Per share: ¥279	Per share: ¥256	Per share: ¥321

3. Method for estimating fair value of stock options

The following method was used to estimate the fair value of 2013 stock options granted during the consolidated fiscal year ended March 31, 2014.

(1) Valuation technique: Black-Scholes formula

(2) Important assumptions and estimation methods

	2013 stock options
Stock volatility*1.....	27.7%
Projected remaining years*2.....	3.6 years
Projected dividend (in year)*3.....	Per share: ¥7
Risk-free interest rate*4.....	0.18%

*1 Calculated weekly for the period beginning the week of December 7, 2009 through the week of July 15, 2013 based on actual market prices.

*2 Estimated according to the average remaining tenures of directors as of the date of issuance based on the average service period from the date of assumption of office to the date of resignation, or the period from the date of assumption of office to the issuance date.

*3 Actual dividends for the fiscal year ended March 2013.

*4 Yield of government bonds during the period of estimated remaining years.

4. Method for estimating number of vested stock options

In general, as it is difficult to rationally estimate the future number of expired stock options only the actual number of expired stock options is reflected.

23. Derivative transactions

(1) Type of transactions

The Bank and its consolidated subsidiaries undertake the following derivatives transactions: in interest-rate related transactions, we handle interest-rate futures, interest-rate options, and interest-rate swaps; in currency-related transactions, we handle forward exchange contracts, currency options, and currency swaps; and in securities-related transactions, we handle bond futures, and bond options.

(2) Aims and policy

The Bank offers derivative products to meet customer needs, and to minimize risk from exchange rate and interest rate fluctuations regarding the Bank's assets and liabilities.

Notes to Consolidated Financial Statements

Market prices of interest-rate swap transactions as of March 31, 2014 and 2013 were as follows:

2014	Millions of yen			
	Contracted value		Fair value	Appraised profit/(loss)
	Total	Over 1 year		
Over the counter				
Interest-rate swaps:				
Fixed rate receivable/ variable rate payable...	¥65,044	¥54,355	¥1,165	¥1,165
Variable rate receivable/ fixed rate payable.....	65,044	54,355	(510)	(510)
Others:				
Sell	1,813	1,615	4	79
Buy	1,813	1,615	4	(18)
Total			¥ 663	¥ 715

2013	Millions of yen			
	Contracted value		Fair value	Appraised profit/(loss)
	Total	Over 1 year		
Over the counter				
Interest-rate swaps:				
Fixed rate receivable/ variable rate payable...	¥67,436	¥64,972	¥1,385	¥1,385
Variable rate receivable/ fixed rate payable.....	67,436	64,972	(658)	(658)
Others:				
Sell	2,788	2,596	7	105
Buy	2,788	2,596	7	(20)
Total			¥ 741	¥ 811

2014	Thousands of U.S. dollars			
	Contracted value		Fair value	Appraised profit/(loss)
	Total	Over 1 year		
Over the counter				
Interest-rate swaps:				
Fixed rate receivable/ variable rate payable...	\$631,989	\$528,137	\$11,323	\$11,323
Variable rate receivable/ fixed rate payable.....	631,989	528,137	(4,958)	(4,958)
Others:				
Sell	17,624	15,697	39	769
Buy	17,624	15,697	39	(180)
Total			\$ 6,443	\$ 6,953

Market price of currency-related swap transactions as of March 31, 2014 and 2013 were as follows:

2014	Millions of yen			
	Contracted value		Fair value	Appraised profit/(loss)
	Total	Over 1 year		
Over the counter				
Currency swaps	¥245,670	¥195,950	¥ 104	¥ 104
Forward exchange contracts:				
Sell	60,163	4,836	(2,863)	(2,863)
Buy	54,292	4,271	3,406	3,406
Currency options:				
Sell	132,872	84,772	4,435	4,109
Buy	132,872	84,772	4,435	(2,687)
Total			¥9,518	¥2,069

2013	Millions of yen			
	Contracted value		Fair value	Appraised profit/(loss)
	Total	Over 1 year		
Over the counter				
Currency swaps	¥227,037	¥133,143	¥ 148	¥ 148
Forward exchange contracts:				
Sell	117,668	10,373	(2,766)	(2,766)
Buy	52,434	12,324	3,280	3,280
Currency options:				
Sell	105,623	60,412	4,780	4,440
Buy	105,623	60,412	4,780	(3,009)
Total			¥10,222	¥2,093

2014	Thousands of U.S. dollars			
	Contracted value		Fair value	Appraised profit/(loss)
	Total	Over 1 year		
Over the counter				
Currency swaps	\$2,387,003	\$1,903,912	\$ 1,015	\$ 1,015
Forward exchange contracts:				
Sell	584,569	46,990	(27,822)	(27,822)
Buy	527,519	41,500	33,095	33,095
Currency options:				
Sell	1,291,022	823,671	43,098	39,930
Buy	1,291,022	823,671	43,098	(26,113)
Total			\$92,484	\$20,104

Market price of bond-related derivative transactions as of March 31, 2014 was as follows:

2014	Millions of yen			
	Contracted value		Fair value	Appraised profit/(loss)
	Total	Over 1 year		
Financial instruments exchange				
Bond futures:				
Sell	¥5,793	¥—	¥ 8	¥ 8
Buy	—	—	—	—
Total			¥ 8	¥ 8

There were no bond-related derivative transactions as of March 31, 2013.

2014	Thousands of U.S. dollars			
	Contracted value		Fair value	Appraised profit/(loss)
	Total	Over 1 year		
Financial instruments exchange				
Bond futures:				
Sell	\$56,288	\$—	\$81	\$81
Buy	—	—	—	—
Total			\$81	\$81

- Notes: 1. The above transactions were listed at market values and recognized gains (losses) were included in the consolidated statements of income.
2. The derivatives transactions for which hedge accounting has been applied were excluded from the above tables.
3. Fair values for over the counter transactions were calculated at discounted present values and formulas for option pricing.

Notes to Consolidated Financial Statements

(3) Derivative transactions subject to hedge accounting

The following are the contracted value, or the equivalent principal, and the fair value for each type of derivative transaction subject to hedge accounting as of the end of the consolidated fiscal year, as well as the market price calculation method. The contracted value or other price or value below does not indicate by itself the market risk of the derivative transaction.

(a) Interest rate transactions

As of March 31, 2014

Hedge accounting method	Type	Main hedged item	Millions of yen		
			Contracted value	Contracted value over 1 year	Fair value
General accounting rules	Interest-rate swaps	Available-for-sale securities (bonds)			
	Variable rate receivable/ fixed rate payable		¥25,000	¥25,000	¥(33)
	Total	—	¥ —	¥ —	¥(33)

As of March 31, 2013

Hedge accounting method	Type	Main hedged item	Millions of yen		
			Contracted value	Contracted value over 1 year	Fair value
General accounting rules	Interest-rate swaps	Available-for-sale securities (bonds)			
	Variable rate receivable/ fixed rate payable		¥15,000	¥15,000	¥(199)
	Total	—	¥ —	¥ —	¥(199)

As of March 31, 2014

Hedge accounting method	Type	Main hedged item	Thousands of U.S. dollars		
			Contracted value	Contracted value over 1 year	Fair value
General accounting rules	Interest-rate swaps	Available-for-sale securities (bonds)			
	Variable rate receivable/ fixed rate payable		\$242,907	\$242,907	\$(327)
	Total	—	\$ —	\$ —	\$(327)

Notes: 1. In general deferred hedge accounting is applied according to "Accounting and Auditing Treatment relating to the Adoption of 'Accounting for Financial Instruments' for Banks" (JICPA Audit Committee Report No. 24).

2. Calculation of fair value

Calculated at discounted present values and formulas for option pricing.

(b) Currency transactions

As of March 31, 2014

Hedge accounting method	Type	Main hedged item	Millions of yen		
			Contracted value	Contracted value over 1 year	Fair value
General accounting rules	Currency swaps	Foreign currency receivables	¥33,963	¥ —	¥(1,339)
	Monetary swaps		70,503	—	10
	Total	—	¥ —	¥ —	¥(1,328)

As of March 31, 2013

Hedge accounting method	Type	Main hedged item	Millions of yen		
			Contracted value	Contracted value over 1 year	Fair value
General accounting rules	Currency swaps	Foreign currency receivables	¥12,226	¥ —	¥(2,003)
	Monetary swaps		54,767	—	74
	Total	—	¥ —	¥ —	¥(1,929)

As of March 31, 2014

Hedge accounting method	Type	Main hedged item	Thousands of U.S. dollars		
			Contracted value	Contracted value over 1 year	Fair value
General accounting rules	Currency swaps	Foreign currency receivables	\$330,000	\$ —	\$(13,018)
	Monetary swaps		685,027	—	106
	Total	—	\$ —	\$ —	\$(12,911)

Notes: 1. In general, deferred hedge accounting is applied according to "Accounting and Auditing for Foreign Currency Transactions in the Banking Industry" (JICPA Industry Audit Committee Report No. 25).

2. Calculation of fair value

Calculated at discounted present value.

Notes to Consolidated Financial Statements

24. Segment information

(1) Overview of reportable segments

Reportable segments are the Group's constituent business units for which separate financial data can be obtained and that are examined periodically by the Board of Directors for the purposes of determining the allocation of management resources and evaluating operating results.

The Group is engaged mainly in banking activities. Consolidated subsidiaries provide financial services primarily engaging in leasing activities. The Bank and its individual consolidated subsidiaries, which comprise a corporate group, each prepare business and other plans while developing business activities.

As a result, the Group has identified the two reportable segments of banking and leasing, which comprise the basic segments of the Bank and its individual consolidated subsidiaries by operation. Operations under the banking segment include the provision of services relating deposits, loans, marketable security and related investment as well as foreign currency exchange. Operations under the leasing segment include leasing and other operations conducted by 114 Lease Co., Ltd.

(2) Calculation methods for ordinary income, profit and loss, assets and liabilities and other items by reportable segment

The method of accounting treatment applied to reportable segments is the same as that described in "Notes to Consolidated Financial Statements."

Moreover, reportable segment profit is based on ordinary profit.

Intersegment ordinary income is based on transaction prices between third parties.

(3) Information regarding ordinary income, profit and loss, assets and liabilities and other items by reportable segment

Information about industry segments of the Bank and its consolidated subsidiaries for the years ended March 31, 2014 and 2013 is as follows:

2014	Millions of yen						
	Banking	Leasing	Total	Other businesses	Total	Adjustment	Consolidated total
Ordinary income:							
Outside customers	¥ 72,062	¥ 6,616	¥ 78,678	¥ 1,901	¥ 80,580	¥ —	¥ 80,580
Inter-segment transactions	616	670	1,286	3,632	4,918	(4,918)	—
Total	¥ 72,678	¥ 7,286	¥ 79,965	¥ 5,533	¥ 85,499	¥ (4,918)	¥ 80,580
Segment profit	¥ 20,177	¥ 326	¥ 20,503	¥ 1,683	¥ 22,187	¥ (329)	¥ 21,857
Segment assets	¥4,476,338	¥26,357	¥4,502,695	¥30,633	¥4,533,328	¥(40,117)	¥4,493,211
Segment liabilities	¥4,240,710	¥22,482	¥4,263,193	¥11,350	¥4,274,544	¥(38,183)	¥4,236,360
Other items:							
Depreciation	¥ 2,857	¥ 97	¥ 2,955	¥ 345	¥ 3,300	¥ 71	¥ 3,371
Interest income	47,545	127	47,672	509	48,182	(635)	47,546
Interest expenses	3,690	145	3,835	90	3,925	(591)	3,333
Increases in property, plant and equipment and intangible assets	3,051	6	3,058	441	3,500	65	3,565

2013	Millions of yen						
	Banking	Leasing	Total	Other businesses	Total	Adjustment	Consolidated total
Ordinary income:							
Outside customers	¥ 65,599	¥ 6,849	¥ 72,448	¥ 2,241	¥ 74,690	¥ —	¥ 74,690
Inter-segment transactions	375	784	1,159	4,266	5,426	(5,426)	—
Total	¥ 65,975	¥ 7,633	¥ 73,608	¥ 6,507	¥ 80,116	¥ (5,426)	¥ 74,690
Segment profit	¥ 8,951	¥ 268	¥ 9,220	¥ 1,724	¥ 10,944	¥ (89)	¥ 10,854
Segment assets	¥4,117,713	¥24,954	¥4,142,668	¥30,234	¥4,172,903	¥(38,574)	¥4,134,329
Segment liabilities	¥3,886,766	¥21,285	¥3,908,052	¥11,527	¥3,919,579	¥(36,672)	¥3,882,906
Other items:							
Depreciation	¥ 2,946	¥ 114	¥ 3,061	¥ 384	¥ 3,446	¥ 122	¥ 3,568
Interest income	50,494	105	50,599	553	51,152	(606)	50,546
Interest expenses	3,732	184	3,917	96	4,014	(645)	3,368
Increases in property, plant and equipment and intangible assets	2,861	6	2,868	362	3,230	65	3,296

Notes to Consolidated Financial Statements

2014	Thousands of U.S. dollars						Consolidated total
	Banking	Leasing	Total	Other businesses	Total	Adjustment	
Ordinary income:							
Outside customers	\$ 700,180	\$ 64,286	\$ 764,466	\$ 18,477	\$ 782,944	\$ —	\$ 782,944
Inter-segment transactions	5,986	6,516	12,502	35,290	47,793	(47,793)	—
Total	\$ 706,167	\$ 70,802	\$ 776,969	\$ 53,768	\$ 830,738	\$ (47,793)	\$ 782,944
Segment profit	\$ 196,046	\$ 3,175	\$ 199,221	\$ 16,355	\$ 215,577	\$ (3,201)	\$ 212,376
Segment assets	\$43,493,375	\$256,094	\$43,749,470	\$297,641	\$44,047,111	\$(389,789)	\$43,657,322
Segment liabilities	\$41,203,949	\$218,448	\$41,422,397	\$110,288	\$41,532,686	\$(371,004)	\$41,161,682
Other items:							
Depreciation	\$ 27,763	\$ 949	\$ 28,713	\$ 3,355	\$ 32,069	\$ 693	\$ 32,762
Interest income	461,969	1,234	463,204	4,949	468,153	(6,179)	461,974
Interest expenses	35,857	1,410	37,268	876	38,145	(5,751)	32,393
Increases in property, plant and equipment and intangible assets	29,653	64	29,717	4,291	34,008	635	34,644

Notes: 1. In place of sales which are usually posted by companies other than banks, the Bank and its consolidated subsidiaries report ordinary income. In addition, adjusted differences are recorded as the difference between ordinary income and ordinary income recorded on consolidated statements of income.

2. The Other businesses segment is comprised of business segments not included in reportable segments and mainly consists of credit card and credit guarantee operations.

3. The adjusted amounts of segment profit, segment assets, segment liabilities, depreciation, interest income, interest expenses and the amount of increase in tangible fixed assets and intangible fixed assets are recorded as eliminations.

4. Segment profit is adjusted with ordinary profit recorded on consolidated statements of income.

(Associated information)

Information on Each Service

2014	Millions of yen				
	Lending services	Securities investment services	Leasing services	Other	Total
Income from external customers	¥34,511	¥21,647	¥6,616	¥17,804	¥80,580

2013	Millions of yen				
	Lending services	Securities investment services	Leasing services	Other	Total
Income from external customers	¥36,312	¥17,821	¥6,849	¥13,706	¥74,690

2014	Thousands of U.S. dollars				
	Lending services	Securities investment services	Leasing services	Other	Total
Income from external customers	\$335,327	\$210,334	\$64,286	\$172,995	\$782,944

25. Related-party transactions

Not applicable to the years ended March 31, 2014 and 2013.

26. Per share data

	Yen		U.S. dollars
	2014	2013	2014
Net assets per share	¥798.27	¥773.81	\$7.756
Net income per share	37.16	19.29	0.361
Net diluted earnings per share	37.10	19.27	0.360

Notes: 1. The net assets per share figure is calculated on the basis of the following.

	Millions of yen, except number of shares		Thousands of U.S. dollars
	2014	2013	2014
Net assets	¥256,851	¥251,422	\$2,495,639
Amount excluded from net assets	17,077	16,444	165,926
New share subscription right	156	120	1,520
(of which, held by minority interests) ...	16,920	16,324	164,405
Net assets attributable to common stock at the fiscal year-end	239,774	234,978	2,329,713
Number of common stock shares at fiscal year-end used for calculation of net assets per share (in thousands)	300,364	303,663	

2. Net income per share is calculated on the basis of the following.

	Millions of yen, except number of shares		Thousands of U.S. dollars
	2014	2013	2014
Net income per share			
Net income	¥11,230	¥5,851	\$109,118
Amount not attributable to common stockholders	—	—	—
Net income attributable to common stock	11,230	5,851	109,118
Average number of shares of common stock during the year (in thousands)	302,174	303,255	
Diluted earnings per share			
Increase in number of common stock shares	479	396	
New subscription rights	479	396	

(Change in accounting policies)

From the end of the fiscal year ended March 31, 2014, the Bank began applying Accounting Standard for Retirement Benefits and Guidance on Accounting Standard for Retirement Benefits (excluding the provisions set forth in the text of paragraph 35 of Accounting Standard for Retirement Benefits and the text of paragraph 67 of Guidance on Accounting Standard for Retirement Benefits) in accordance with transitional treatment set forth in paragraph 37 of Accounting Standard for Retirement Benefits.

As a result, net assets per share as of March 31, 2014 decreased by ¥9.5 (\$0.087).

Notes to Consolidated Financial Statements

27. Important subsequent events

(1) Lawsuit decision and filing of appeal

The Bank was subject to a lawsuit from "Bankrupt party: Sanuki Zosen Tekkosho Co., Ltd.; Attorney: Sotaro Yamazaki, the trustee in bankruptcy" (first trial plaintiff, appellant) claiming to exercise a right of avoidance (deny collection and receive reimbursement of loan payment) for loan payments collected by the Bank from Sanuki Zosen Tekkosho Co., Ltd.

The plaintiff's claim was rejected at the first trial in the Takamatsu District Court, but in the appeal court decision of the aforementioned lawsuit in the Takamatsu High Court, the first trial was annulled (the appellant's claim was recognized) on May 23, 2014. In response, the Bank has filed a final appeal to the Supreme Court.

(a) Party filing lawsuit (first trial, appellant)

Bankrupt party: Sanuki Zosen Tekkosho Co., Ltd.; Attorney: Sotaro Yamazaki, the trustee in bankruptcy

(b) Appeal court decision

The original decision of the Takamatsu District Court was annulled. The Bank, the appellee, is to pay an amount of ¥870 million (\$8,453 thousand) of tender together with an amount thereon at the rate of six percents per annum from July 24, 2009 until full payment of such sum.

(c) Sequence of events from filing of lawsuit to court's decision

The Bank was subject to a lawsuit filed in Takamatsu District Court on October 4, 2010 (claim to exercise right of avoidance pertaining to the Bank's collection of loan payments) and the plaintiff's claim was rejected by the court on November 21, 2012.

Subsequently, the Bank was subject to the aforementioned lawsuit filed at the Takamatsu High Court on November 29, 2012. A verdict was reached on May 23, 2014 annulling (the appellant's claim was recognized) the first trial at Takamatsu District Court.

(d) Future prospects

Dissatisfied with the decision, the Bank filed a final appeal to the Supreme Court on June 6, 2014. Further, in case the Supreme Court sides with the appeal court's decision at the Takamatsu High Court, the Bank plans to record approximately ¥1.1 billion (\$10,687 thousand) in reserve for litigation loss for the first quarter of the fiscal year ending March 31, 2015.

(2) Receivables of which collection may be impossible or late

Hakugen Co., Ltd., a business partner of the Bank and its subsidiary Hyakujushi Lease Co., Ltd., filed a petition on May 29, 2014 with the Tokyo District Court to commence civil rehabilitation proceedings. As a result, there is a risk that the collection of Hakugen's receivables may be impossible or late.

(a) Outline of said debtor

Name	Hakugen Co., Ltd.
Address	2-21-14 Higashi-ueno, Taito-ku, Tokyo
Representative Director and President	Makoto Kamada
Capital	¥4,324 million (\$42,013 thousand)
Business	Manufacturing and sales of chemical products for daily use

(b) Details about receivables of which collection is possibly impossible or late

Hakugen Co., Ltd. filed a petition on May 29, 2014 with the Tokyo District Court to commence civil rehabilitation proceedings.

(c) Type and value of receivables of said debtors (as of May 29, 2014)

Name	Type and value of receivables
Hyakujushi Bank	Loans and bills discounted: ¥3,688 million (\$35,833 thousand)
Hyakujushi Lease Co., Ltd.	Lease receivables: ¥291 million (\$2,827 thousand)

(d) Impact of the abovementioned fact to the Group

Of the receivables described in (c) above, for the portion (about ¥1.4 billion; \$13,602 thousand) not secured by collateral and reserves, we will set aside a reserve in the full amount in the first quarter of the fiscal ending March 31, 2015.

Independent Auditor's Report

The Board of Directors
The Hyakujushi Bank, Ltd.

We have audited the accompanying consolidated financial statements of The Hyakujushi Bank, Ltd. and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2014, 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 Hyakujushi Bank, Ltd. and its consolidated subsidiaries as at March 31, 2014, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Emphasis of Matter

Without qualifying our opinion, we draw attention to the following:

1. As discussed in Note 27 to the consolidated financial statements, on May 23, 2014 the Bank was sentenced by the Takamatsu High Court to pay the sum of ¥870 million as tender, together with accrued interest thereon at 6 per cent per annum from July 24, 2009 until fully paid.
2. As discussed in Note 27 to the consolidated financial statements, Hakugen Co., Ltd., the customer of the Bank and its consolidated subsidiary Hyakujushi Lease Co., Ltd., filed a petition on May 29, 2014 with the Tokyo District Court to commence civil rehabilitation proceedings. As a result, there is a risk that the collection of the receivables from Hakugen may be impossible or delayed.

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.



June 27, 2014
Tokyo, Japan

Non-Consolidated Balance Sheets (Unaudited)

As of March 31	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Assets:			
Cash and due from banks	¥ 390,227	¥ 136,307	\$ 3,791,564
Call loans	—	6,301	—
Monetary claims bought.....	32,387	33,867	314,687
Trading account securities	8	49	84
Money held in trust	4,901	4,901	47,627
Securities.....	1,336,514	1,319,325	12,985,951
Loans and bills discounted.....	2,621,395	2,536,687	25,470,219
Foreign exchange assets	17,446	7,382	169,515
Other assets	28,937	32,908	281,167
Tangible fixed assets.....	40,174	39,980	390,347
Intangible fixed assets	3,519	3,766	34,192
Prepaid pension cost	4,261	4,172	41,404
Customers' liabilities for acceptances and guarantees.....	17,249	15,882	167,598
Reserve for possible loan losses	(18,996)	(23,821)	(184,578)
Total assets.....	¥4,478,026	¥4,117,711	\$43,509,782

Non-Consolidated Balance Sheets (Unaudited)

As of March 31	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Liabilities and net assets			
Liabilities:			
Deposits	¥3,775,669	¥3,427,988	\$36,685,477
Negotiable certificates of deposit	188,619	233,606	1,832,677
Call money	38,595	51,915	375,000
Payables under securities lending transactions	9,901	—	96,207
Borrowed money	121,695	75,630	1,182,431
Foreign exchange liabilities	140	579	1,368
Corporate bond	10,000	10,000	97,162
Other liabilities	64,974	61,584	631,314
Reserve for bonuses for directors	26	19	256
Accrued retirement benefits	—	308	—
Provision for claims on dormant accounts	559	481	5,440
Provision for contingent liabilities	114	135	1,109
Deferred tax liability	5,325	1,826	51,745
Deferred tax liability for land revaluation	6,819	6,828	66,260
Acceptances and guarantees	17,249	15,882	167,598
Total liabilities	4,239,691	3,886,786	41,194,050
Net assets:			
Stockholders' equity:			
Common stock	37,322	37,322	362,637
Capital surplus	24,920	24,920	242,134
Capital surplus reserve	24,920	24,920	242,134
Retained earnings	134,461	125,480	1,306,469
Earned surplus reserve	12,402	12,402	120,503
Other retained earnings	122,059	113,078	1,185,966
Reserve for advanced depreciation of fixed assets	254	254	2,471
Special reserve	110,161	106,661	1,070,355
Earned surplus bought forward	11,644	6,163	113,139
Treasury stock	(4,181)	(2,935)	(40,626)
Total stockholders' equity	192,523	184,788	1,870,614
Valuation and translation adjustments:			
Net unrealized gains on securities available for sale	37,634	38,094	365,671
Net deferred losses on hedging instruments	(24)	(136)	(238)
Revaluation reserve for land	8,044	8,057	78,163
Total valuation and translation adjustments	45,654	46,016	443,596
Share warrants	156	120	1,520
Total net assets	238,335	230,925	2,315,732
Total liabilities and net assets	¥4,478,026	¥4,117,711	\$43,509,782

As of March 31	Yen		U.S. dollars
	2014	2013	2014
Per share			
Net assets	¥792.96	¥760.06	\$7.704

Note: U.S. dollar amounts represent translations of Japanese yen at the exchange rate of ¥102.92 to US\$1.00 on March 31, 2014.

Non-Consolidated Statements of Income (Unaudited)

For the years ended March 31	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Income:			
Interest on loans and bills discounted	¥34,241	¥35,975	\$332,697
Interest and dividends on securities	12,892	14,167	125,262
Other interest income.....	412	351	4,009
Fees and commissions	9,230	8,839	89,684
Other operating income	6,429	3,368	62,473
Other income	9,475	3,285	92,064
Total income.....	72,681	65,988	706,192
Expenses:			
Interest on deposits and negotiable certificates of deposit	2,141	2,246	20,810
Interest on call money	148	180	1,446
Interest on borrowed money	819	806	7,960
Other interest expenses	580	498	5,639
Fees and commissions	3,161	2,943	30,720
Other operating expenses.....	3,096	2,570	30,083
General and administrative expenses	38,484	38,440	373,929
Other expenses	4,269	9,770	41,484
Total expenses	52,702	57,458	512,076
Income before income taxes	19,978	8,529	194,115
Income taxes:			
Current	5,201	4,264	50,539
Deferred.....	3,679	(1,264)	35,753
Subtotal.....	8,881	3,000	86,292
Net income	¥11,097	¥ 5,529	\$107,822

For the years ended March 31	Yen		U.S. dollars
	2014	2013	2014
Per share			
Net income	¥36.72	¥18.23	\$0.356

Note: U.S. dollar amounts represent translations of Japanese yen at the exchange rate of ¥102.92 to US\$1.00 on March 31, 2014.

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

	Millions of yen									
	Stockholders' equity									
	Capital surplus			Retained earnings						
	Common stock	Capital surplus reserve	Total capital surplus	Earned surplus reserve	Other retained earnings			Total retained earnings	Treasury stock	Total stockholders' equity
For the years ended March 31					Reserve for advanced depreciation of fixed assets	Special reserve	Earned surplus bought forward			
Balance as of March 31, 2012	¥37,322	¥24,920	¥24,920	¥12,402	¥254	¥103,161	¥ 6,259	¥122,076	¥(3,266)	¥181,053
Change of items during the period										
Dividends from surplus	—	—	—	—	—	—	(2,121)	(2,121)	—	(2,121)
Provision to general reserve	—	—	—	—	—	3,500	(3,500)	—	—	—
Net income	—	—	—	—	—	—	5,529	5,529	—	5,529
Purchase of treasury stock	—	—	—	—	—	—	—	—	(7)	(7)
Disposal of treasury stock	—	—	—	—	—	—	(30)	(30)	338	308
Transfer from revaluation reserve for land	—	—	—	—	—	—	26	26	—	26
Provision for revaluation reserve for land	—	—	—	—	—	—	—	—	—	—
Net changes of items other than stockholders' equity	—	—	—	—	—	—	—	—	—	—
Total changes of items during the period	—	—	—	—	—	3,500	(95)	3,404	331	3,735
Balance as of March 31, 2013	37,322	24,920	24,920	12,402	254	106,661	6,163	125,480	(2,935)	184,788
Change of items during the period										
Dividends from surplus	—	—	—	—	—	—	(2,118)	(2,118)	—	(2,118)
Provision to general reserve	—	—	—	—	—	3,500	(3,500)	—	—	—
Net income	—	—	—	—	—	—	11,097	11,097	—	11,097
Purchase of treasury stock	—	—	—	—	—	—	—	—	(1,516)	(1,516)
Disposal of treasury stock	—	—	—	—	—	—	(10)	(10)	270	259
Transfer from revaluation reserve for land	—	—	—	—	—	—	16	16	—	16
Provision for revaluation reserve for land	—	—	—	—	—	—	(2)	(2)	—	(2)
Net changes of items other than stockholders' equity	—	—	—	—	—	—	—	—	—	—
Total changes of items during the period	—	—	—	—	—	3,500	5,480	8,980	(1,245)	7,735
Balance as of March 31, 2014	¥37,322	¥24,920	¥24,920	¥12,402	¥254	¥110,161	¥11,644	¥134,461	¥(4,181)	¥192,523

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

	Millions of yen					
	Valuation and translation adjustments					
	Net unrealized gains on securities available for sale	Net deferred losses on hedging instruments	Revaluation reserve for land	Total valuation and translation adjustments	Share warrants	Total net assets
For the years ended March 31						
Balance as of March 31, 2012	¥19,164	¥ (69)	¥8,083	¥27,179	¥117	¥208,350
Change of items during the period						
Dividends from surplus	—	—	—	—	—	(2,121)
Provision to general reserve	—	—	—	—	—	—
Net income	—	—	—	—	—	5,529
Purchase of treasury stock	—	—	—	—	—	(7)
Disposal of treasury stock	—	—	—	—	—	308
Transfer from revaluation reserve for land	—	—	—	—	—	26
Provision for revaluation reserve for land	—	—	—	—	—	—
Net changes of items other than stockholders' equity	18,929	(66)	(26)	18,836	2	18,839
Total changes of items during the period	18,929	(66)	(26)	18,836	2	22,575
Balance as of March 31, 2013	¥38,094	¥(136)	¥8,057	¥46,016	¥120	¥230,925
Change of items during the period						
Dividends from surplus	—	—	—	—	—	(2,118)
Provision to general reserve	—	—	—	—	—	—
Net income	—	—	—	—	—	11,097
Purchase of treasury stock	—	—	—	—	—	(1,516)
Disposal of treasury stock	—	—	—	—	—	259
Transfer from revaluation reserve for land	—	—	—	—	—	16
Provision for revaluation reserve for land	—	—	—	—	—	(2)
Net changes of items other than stockholders' equity	(460)	111	(13)	(361)	36	(325)
Total changes of items during the period	(460)	111	(13)	(361)	36	7,409
Balance as of March 31, 2014	¥37,634	¥(24)	¥8,044	¥45,654	¥156	¥238,335

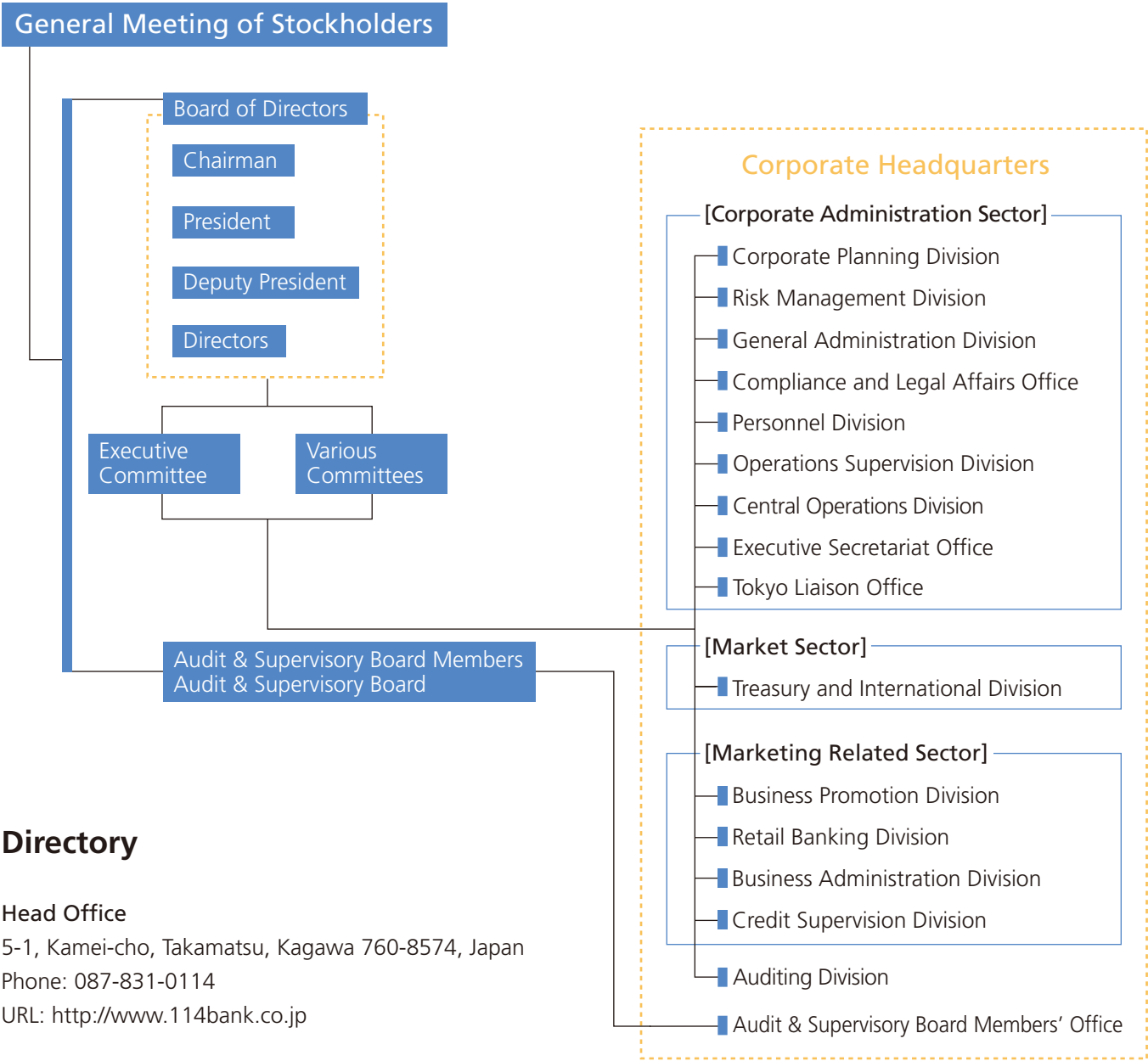
Non-Consolidated Statements of Changes in Net Assets (Unaudited)

	Thousands of U.S. dollars									
	Stockholders' equity									
	Capital surplus			Retained earnings						
	Common stock	Capital surplus reserve	Total capital surplus	Earned surplus reserve	Other retained earnings			Total retained earnings	Treasury stock	Total stockholders' equity
For the year ended March 31					Reserve for advanced depreciation of fixed assets	Special reserve	Earned surplus bought forward			
Balance as of March 31, 2013	\$362,637	\$242,134	\$242,134	\$120,503	\$2,471	\$1,036,348	\$59,885	\$1,219,209	\$(28,521)	\$1,795,459
Change of items during the period										
Dividends from surplus	—	—	—	—	—	—	(20,584)	(20,584)	—	(20,584)
Provision to general reserve	—	—	—	—	—	34,006	(34,006)	—	—	—
Net income	—	—	—	—	—	—	107,822	107,822	—	107,822
Purchase of treasury stock	—	—	—	—	—	—	—	—	(14,732)	(14,732)
Disposal of treasury stock	—	—	—	—	—	—	(105)	(105)	2,626	2,521
Transfer from revaluation reserve for land	—	—	—	—	—	—	156	156	—	156
Provision for revaluation reserve for land	—	—	—	—	—	—	(28)	(28)	—	(28)
Net changes of items other than stockholders' equity	—	—	—	—	—	—	—	—	—	—
Total changes of items during the period	—	—	—	—	—	34,006	53,253	87,260	(12,105)	75,155
Balance as of March 31, 2014	\$362,637	\$242,134	\$242,134	\$120,503	\$2,471	\$1,070,355	\$113,139	\$1,306,469	\$(40,626)	\$1,870,614

	Thousands of U.S. dollars					
	Valuation and translation adjustments				Share warrants	Total net assets
	Net unrealized gains on securities available for sale	Net deferred losses on hedging instruments	Revaluation reserve for land	Total valuation and translation adjustments		
For the year ended March 31						
Balance as of March 31, 2013	\$370,141	\$(1,324)	\$78,291	\$447,108	\$1,168	\$2,243,736
Change of items during the period						
Dividends from surplus	—	—	—	—	—	(20,584)
Provision to general reserve	—	—	—	—	—	—
Net income	—	—	—	—	—	107,822
Purchase of treasury stock	—	—	—	—	—	(14,732)
Disposal of treasury stock	—	—	—	—	—	2,521
Transfer from revaluation reserve for land	—	—	—	—	—	156
Provision for revaluation reserve for land	—	—	—	—	—	(28)
Net changes of items other than stockholders' equity	(4,470)	1,086	(127)	(3,511)	351	(3,160)
Total changes of items during the period	(4,470)	1,086	(127)	(3,511)	351	71,995
Balance as of March 31, 2014	\$365,671	\$ (238)	\$78,163	\$443,596	\$1,520	\$2,315,732

Note: U.S. dollar amounts represent translations of Japanese yen at the exchange rate of ¥102.92 to US\$1.00 on March 31, 2014.

Organization (as of July 1, 2014)



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