

Shinkin Central Bank
Annual Report 2015



Shinkin Central Bank, the Central Bank for Shinkin Banks

As the central financial institution in Japan for the cooperative regional financial institutions, known as shinkin banks, the Shinkin Central Bank (hereinafter the SCB) occupies a well-established position in Japan's financial industry. Shinkin banks currently hold funds totaling some ¥131 trillion (around \$1,098 billion) in funds.



Management Philosophy and Operational Policies

Management Philosophy

As the central bank for all shinkin banks, the SCB supports the growth of the shinkin bank sector, thereby contributing to economic development throughout Japan.

Operational Policies

1. Strengthen the corporate base, broaden operational functions, and enhance the credit standing of shinkin banks.
2. Attract stable funds from shinkin banks and diversify funding sources.
3. Upgrade market operations and develop financial services.
4. Pursue new business to reflect changing financial circumstances.
5. Contribute to regional development and revitalization hand in hand with shinkin banks.
6. Achieve sound management through efficiency, capital adequacy, and strengthened risk management.
7. Nurture professionals and create an attractive workplace.
8. Enhance public trust in the SCB.

Corporate Data (as of March 31, 2015)

Name:	Shinkin Central Bank (SCB)
Establishment:	June 1, 1950
Number of employees:	1,205
Domestic network:	14
Overseas network:	5
Total assets:	¥33,178 billion (\$276 billion)
Total funds:	¥31,726 billion (\$264 billion)
Paid-in capital:	¥490 billion (\$4,086 million)
(Preferred shares):	¥90 billion (\$757 million)
Capital adequacy ratio (Consolidated):	36.40%
Number of member Shinkin banks:	267
Long-term credit ratings:	AI (Moody's) A+ (S&P) A+ (R&I) AA (JCR)
	(As of July 31, 2015)

Note: The number of employees includes full-time Directors and Auditors. Our overseas network includes Shinkin International Ltd., a subsidiary in London. The total assets and total funds are the average balances for the year ended March 31, 2015.

Financial Highlights (Non-Consolidated Financial Summary)

Shinkin Central Bank For the years ended March 31,	Millions of Yen			Millions of U.S. Dollars		
	2015	2014	2013	2015	2014	2013
For the Fiscal Year						
Total Income	¥ 278,236	¥ 280,971	¥ 383,948	\$ 2,315	\$ 2,729	\$ 4,080
Total Expenses	197,230	232,305	344,559	1,641	2,256	3,661
Net Income (Loss)	60,817	35,396	32,024	506	343	340
Net Business Profit (Loss)	74,286	43,251	45,927	618	420	488
At the Year-end						
Total Assets	¥33,269,249	¥30,939,429	¥30,184,837	\$276,897	\$300,557	\$320,774
Loans and Bills Discounted	5,885,739	5,975,832	5,460,155	48,986	58,051	58,025
Securities	19,132,160	18,450,501	19,681,236	159,235	179,235	209,152
Total Liabilities	31,861,297	29,684,307	28,956,639	265,179	288,365	307,721
Deposits	25,571,093	23,689,313	22,012,166	212,826	230,127	223,923
Debentures	3,007,780	3,168,110	3,548,380	25,033	30,776	37,708
Net Assets	1,407,951	1,255,122	1,228,197	11,718	12,192	13,052

Note: US dollar amounts are given for convenience only, converted at the rate of ¥94.10, ¥102.94, and ¥120.15 per US\$1.00, the prevailing rate as of March 31, 2013, 2014, and 2015, respectively. Total assets and total funds amounted to ¥33,178 billion (\$276 billion) and ¥31,726 billion (\$264 billion) of the average balance at the year ended March 31, 2015.

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This material contains certain forward-looking statements. They are not guarantees of future performance and involve risks and uncertainties, while actual results may materially differ from those contained in the forward-looking statements as a result of various factors.

US dollar amounts are converted for convenience only, at ¥120.15 per US\$1.00, the prevailing rate on March 31, 2015.

Message from the President and CEO



The Shinkin Central Bank, or the SCB, serves as the central bank for Japan's 267 shinkin banks—regional financial institutions, located throughout the country, that specialize in operations with small and medium-sized enterprises.

Since its establishment in 1950, the SCB has provided a wide range of financial services in order to expand the potential of the shinkin bank industry as a whole.

Fiscal 2014 Earnings Performance

During fiscal 2014 (ended March 2015), we continued our efforts to diversify revenue streams and maintain a highly stable portfolio.

As a result, on a non-consolidated basis, earnings exceeded our upwardly revised full-year forecasts (net income of ¥55.0 billion), with ordinary income at ¥81.1 billion (up ¥32.5 billion year on year) and net income at ¥60.8 billion (up ¥25.4 billion year on year).

Progress of Management Plan and Disaster Recovery Assistance

Fiscal 2014 was the second year of the SCB's current medium-term management plan, "SCB Medium-Term Action Program 2013". We have designated this year as a "year to advance further ahead with shinkin banks for the future of regional areas", and implemented various

measures to achieve this mission. In addition, we continued our efforts to support recovery from the Great East Japan Earthquake.

In particular, we have expanded and enhanced the services and functions we offer to shinkin banks, by launching the Shinkin no Tsubasa fund, designed to support the foundation, development, and growth of small and medium-sized enterprises, or SMEs. Jointly with shinkin banks and intended to revitalize local communities, we also offered the Shinkin Family Support Fixed-term Deposit, devised to assist customers cope with life events and the stages of their lives. In this way, we are striving to better support the resolution of issues related to the regional and SME financing offered by shinkin banks.

Our efforts to support recovery from the Great East Japan Earthquake have focused on the mental health care of disaster victims and the rebuilding of their daily lives. We launched the Shinkin no Kizuna Reconstruction Support Fixed-term Deposit that makes donations to the Shinkin no Kizuna Reconstruction Support Project, which was established for the Japan Earthquake Local NPO Support Fund operated by the Japan NPO Center. Through the Shinkin no Kizuna reconstruction support fund, we are also helping revitalize businesses of shinkin bank customers in disaster areas while at the same time supporting volunteer activities there.

Future Business Strategies

The SCB has designated fiscal 2015, the final year of its medium-term management plan as well as the so-called "first year of regional revitalization", as a "year to make steady progress with shinkin banks towards the true regional revitalization". We will strive to accomplish various measures stated in the medium-term management plan, and continue providing support for recovery from the Great East Japan Earthquake.

Strengthening Internal Management Systems

The SCB will continue its efforts to achieve thoroughgoing compliance with laws and regulations, strengthen corporate governance, and contribute to society, so as to bolster its position as a well-respected and distinguished financial institution.

Recognizing our crucial responsibilities as the central bank of the shinkin bank industry, we will strive with the utmost commitment to facilitate the continued development of the industry and thus contribute to development throughout Japan.

I would like to take this opportunity to express my sincere gratitude to all our shareholders and other stakeholders for their continued understanding and support.

Mitsuo Tanabe

Mitsuo Tanabe
President and Chief Executive Officer
July 2015

Corporate Management and Auditors



Koji Omae
Chairman of the Board of Directors



Mitsuo Tanabe
President and Chief Executive Officer



Katsuo Akiyama
Deputy President



Hiroyuki Shibata
Senior Managing Director



Akira Ito
Senior Managing Director

(As of July 31, 2015)

Chairman of the Board of Directors (Part-time)

Koji Omae

President and Chief Executive Officer

Mitsuo Tanabe

Deputy President

Katsuo Akiyama

Senior Managing Directors

Hiroyuki Shibata

Akira Ito

Managing Directors

Hajime Hioki

Norihiro Takano

Directors

Atsushi Kudo

Hiroshi Sudo

Naoya Okajima

Keisuke Izutsu

Toshio Muroi

Director and Executive Advisor

Kimio Yamaguchi

Directors (Part-time)

Shinji Sugiyama

Toshihisa Sato

Ichiro Nanakubo

Kei Itani

Tetsuji Hara

Kazuhiko Jinbo

Koji Sato

Shinichi Minowa

Kenichiro Mimuro

Yukio Kashima

Toshiyuki Masuda

Seiji Hino

Hiroyuki Hashimoto

Hiroshi Tsuboi

Akihiro Hasui

Hidetaka Nakamura

Tadatoshi Inaba

Auditor

Yasuhiko Hori

Auditors (Part-time)

Shinji Tanamura

Masatoshi Takahashi

Masamichi Narita

Akio Okuyama

The SCB: A Powerful, TSE-listed Financial Institution

The SCB has the dual role of operating as both the central bank for shinkin banks, and an independent financial institution.

Founded in 1950, the SCB is one of Japan's leading financial institutions. It functions as both an independent financial institution and the central cooperative financial institution for all shinkin banks (see "What Are Shinkin Banks?" on page 20) nationwide.

During the fiscal year ended March 31, 2015, the SCB's funds, comprising deposits from shinkin banks and funds acquired through the issuance of debentures, had an average outstanding balance of ¥31,726 billion (\$264 billion), and average total assets of ¥33,178 billion (\$276 billion).

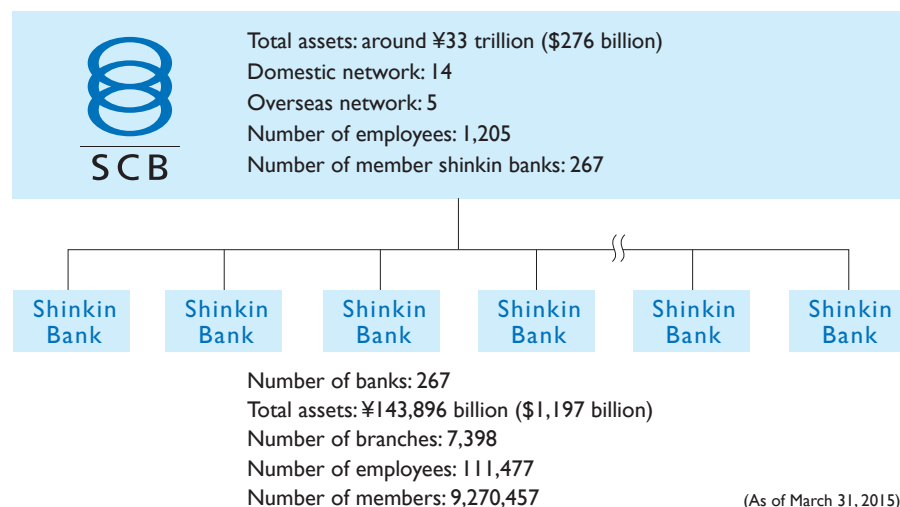
Overseas Networks and Correspondent Banks

As of March 31, 2015, we had 238 overseas correspondent banks (those banks abroad with which the SCB has an agreement for foreign exchange trading), with main branches in 49 countries.



The Central Bank of the Shinkin Bank Sector

The SCB raises funds mostly through deposits—received mainly from shinkin banks—as well as by issuing debentures. The bank invests these funds in securities, the proceeds of which are used to extend loans, and draws on the resulting profits to support the activities of shinkin banks.



Roles

Central Bank for Shinkin Banks

(I) Supplementing Shinkin Banks' Operations
Japan's 267 shinkin banks play a key role in supporting regional economies by lending to local organizations and small and medium-sized enterprises (SMEs). With total deposits of ¥131 trillion (\$1,098 billion), shinkin banks occupy a very important position within Japan's overall financial sector.

As the central financial institution for the shinkin bank sector, the SCB responds to changes in the operating environment of shinkin banks. The changes include increasingly sophisticated and diverse customer needs, intensified competition with other types of financial institutions, and demands for ever more stringent management control systems.

The SCB provides support for shinkin banks' financial services through the shinkin banks' network, activities in support of regional development, management of small and medium-sized businesses, as well as over-the-counter sales of investment trust fund products. Further, the SCB provides support in the areas of asset liability management (ALM) and marketable securities portfolio analysis to help shinkin banks raise profitability and strengthen risk management systems.

Just as the Bank of Japan acts as a clearing house for domestic exchange transactions among banks, the SCB serves as a clearing house for shinkin banks. Thus, for the year ended March 31, 2015, the SCB settled domestic exchange transactions with a substantial total value of ¥239 trillion (\$1,992 billion). Moreover, the SCB acts as the intermediary in settling utility bills handled by shinkin banks.

The SCB also supports other shinkin bank operations. In addition to supplementing international foreign exchange operations, the SCB has been supplementing shinkin banks' lending operations, by commissioning shinkin banks to lend to local SMEs and business owners who are their customers.

In this way, the SCB is further reinforcing its supporting role in areas in which it is either difficult or inefficient for shinkin banks to provide services as individual institutions.

(2) Enhancing Sector Creditworthiness

The SCB acts as a consultant for the shinkin bank sector, as it lends proactive support the management of shinkin banks and provides such safety nets as the Shinkin Bank Management Reinforcement System and the Shinkin Bank Mutual Funding Support System. The SCB works to maintain and enhance the creditworthiness of the shinkin bank sector by providing management analysis, management consulting, and capital reinforcement for member banks.

In recent decades, Japanese financial institutions have experienced several major crises, including the collapse of the country's asset bubble in the 1990s and, more recently, the global financial crisis triggered by the Lehman Brothers bankruptcy. During such unsettling periods for the financial system, the SCB's financial functions have played a crucial role in maintaining confidence in the shinkin bank sector and contributed to the stability of regional economies.

Independent Financial Institution

(1) Institutional Investor

Looking at the average balance for the year ended March 31, 2015, the SCB maintained assets under management of ¥32,915 billion (\$273 billion). Of this, the SCB invested ¥18,538 billion (\$154 billion) in securities—as government bonds, municipal bonds, corporate bonds, and foreign securities—as well as ¥7,870 billion (\$65 billion) in short-term money markets.

As one of Japan's leading institutional investors, the SCB manages a vast amount of money in domestic and international markets.

(2) Comprehensive Financial Services Provider

The SCB conducts deposit-related and lending operations—the core functions of a financial institution—issues debentures, and conducts foreign exchange operations.

It also undertakes auxiliary operations, such as underwriting public bonds, handling private placement bonds, and issuing personal loan guarantees, as well as peripheral opera-

tions, including the provision of trust, securities, financial advice, investment trust funds, defined contribution pensions, venture capital, and M&A-related advice.

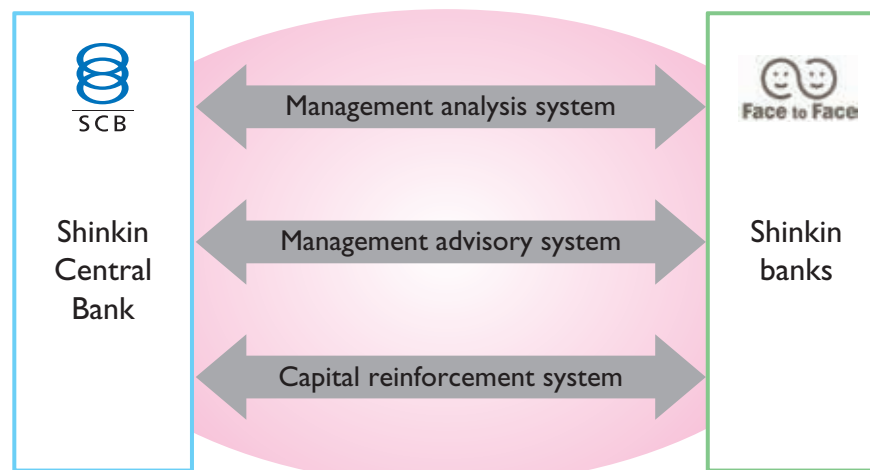
These operations are conducted either by the SCB itself, or through its subsidiaries.

(3) Contributor to Regional Development

In order to play a part in the development of local economies, the SCB cooperates with shinkin banks, which work closely with local communities nationwide. It promotes direct lending to regional public bodies and local companies and, through its nationwide network of branches, investment in regional development projects and private finance initiative-related entities.

In addition, the SCB has been acting as a regional financial institution and, in cooperation with shinkin banks, has been actively supporting the revitalization of regional companies and invigoration of local communities through relationship banking.

Shinkin Bank Management Reinforcement System



Management analysis system

Shinkin banks submit materials on their operating and financial conditions, on the basis of which the SCB conducts management analyses. It identifies those shinkin banks that would benefit from management consultations. When certain standards apply, the SCB also conducts more detailed analyses.

Management advisory system

The SCB is a management consultant to shinkin banks that accept consultations and meet certain standards. The consulting covers everything from overall management to individual issues and is designed to reinforce shinkin banks' management capabilities. Measures to resolve management problems are proposed, information and good practices are shared, and follow-up is provided.

Capital reinforcement system

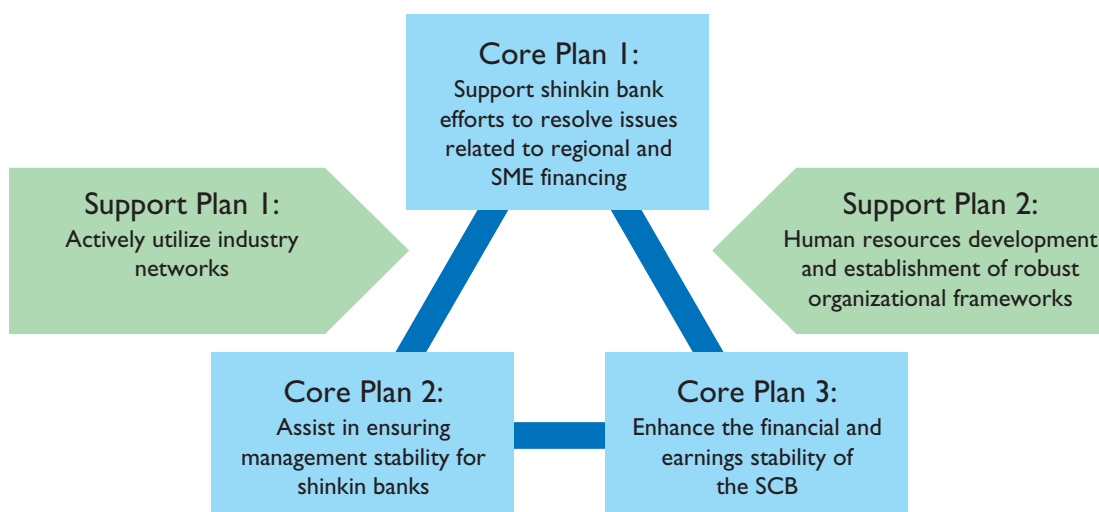
The SCB provides capital to shinkin banks to which it has provided consultations when the analyses indicate this to be necessary. To prevent shinkin banks from facing moral hazard, the SCB provides capital only on receipt of a business revitalization plan, and subsequent management and operations guidance.

Management Issues and Strategies

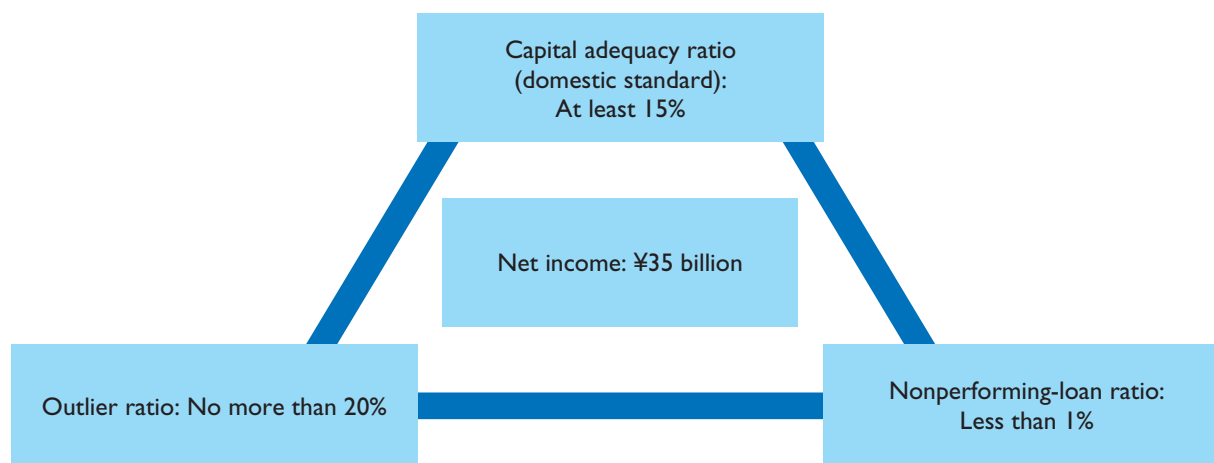
The SCB designated fiscal 2014, the second year of its current medium-term management plan, “SCB Medium-Term Action Program 2013”, as a “year to advance further ahead with shinkin banks for the future of regional areas”. Under this mission, we have been striving to enhance our support to resolve issues related to regional and SME financing offered by shinkin banks.

Our efforts include fortifying support systems and boosting services and functions offered to shinkin banks, by focusing on three core measures, namely strengthening support for SMEs, retail financing, and community revitalization.

SCB Medium-Term Action Program 2013: Management Plan Overview Working with shinkin banks for the sustainable development of regional areas



Target Figures



Strengthening Support for SMEs

• Initiatives to back the life stages

In June 2014, the SCB launched the Shinkin no Tsubasa fund, to support the foundation, development, and growth of SMEs. The fund supports the consulting services offered, at each stage of an enterprise's development, by shinkin banks in collaboration with Shinkin Capital Co., Ltd.

In April 2015, we established the Shinkin Information Support Department. It manages the provision of information to shinkin banks through the SME Business Solution Division; support for cooperative activities among those banks; and business alliances with external specialist agencies, to enhance support systems for SMEs.

At the same time, we restructured existing support groups to reflect the development stages of SMEs. We set up the SME Initiation & Growth Support Department, which manages the support activities of shinkin banks that handle the establishment and business growth of SMEs; and the SME Revival & Succession Support Department, which manages the support activities of shinkin banks handling the business revitalization and succession of SMEs.

• Initiatives to Support Overseas Expansion

The SCB has been advancing business alliances with local Asian banks in order to enhance its support structures for the overseas expansion of shinkin bank customers. In October 2014, we concluded a business alliance agreement with the Bank of Shanghai (China).

To provide shinkin banks and their customers with local information and opportunities for mutual exchange, we held Shinkin Conferences in Hong Kong, Shanghai, Bangkok, and Jakarta. In partnership with allied banks, we also held seminars for local companies.

Strengthening Support for Retail Financing

In April 2014, the SCB began offering the Shinkin Family Support Fixed-term Deposit. It combines the fixed-term deposit sold by shinkin banks with the Life Support Service (offering discounts and other benefits through hotels and resort facilities) and the Health-related Service (offering round-the-clock telephone health counseling).

In addition, in April 2015, the SCB transferred the Investment Trust and Pension Fund Group, under the Treasury Operations Division,

to the Retail Business Solution Division. It abolished Client Assets Business Promotion Office, and restructured the Client Assets Business Promotion Department in charge of promotional operations and the Client Assets Business Operations Department in charge of clerical and administrative operations.

The result is a comprehensive system to provide support for shinkin banks in charge of client asset business.

Strengthening Support for Community Revitalization

• Consultations for local communities

We provide consulting services to revitalize local communities, such as city centers, shopping and hot spring areas, and local industries. We also dispatch lecturers to take part in community revitalization courses, offered to shinkin banks, and seminars hosted by shinkin banks.

• Initiatives for regional revitalization

The Japanese government has been working on the implementation of regional revitalization initiatives that are part of its growth strategy under the "third arrow" of Abenomics.

Since regional revitalization is what shinkin banks have been striving for over the years, it is time to leverage the banks' roles and functions.

Thus, in April 2015, we established the Shinkin Vitalizing Local Economy Support Center, at the Research Institute. The center, which supports those shinkin banks that address regional revitalization, now also carries out the functions formerly the purview of the Regional Innovation Support Office. In addition, we established the Regional Revitalization Promotion Liaison Office as a cross-sector conference system for divisions in charge of regional revitalization. A regional revitalization administrator was appointed to each branch to serve as the contact for shinkin banks and local governments committed to regional revitalization.

Together with shinkin banks, we will continue to strive for the proper revitalization of regional areas, while focusing on the Shinkin Vitalizing Local Economy Support Center and providing support for the formulation of integrated regional strategies, as well as the establishment of support systems for shinkin banks and other initiatives.

The SCB Principle of Action

Whether the SCB will be able to realize the policies set out in the medium-term management plan depends on human resources. One of the action program's support plans aims to develop human resources—people who take pride in working for a central financial institution and have a high level of professional expertise. To cultivate pride and ambition among the SCB's directors and employees as members of the central financial institution for shinkin banks, we formulated the SCB Principle of Action. All SCB directors and employees are expected to heed the principles, which are our unified fundamental guidelines for decision-making and behavior during the conduct of business operations.

The SCB Principle of Action

As directors and employees of the central financial institution for shinkin banks, we will always conduct our business with pride, a strong sense of responsibility, and based on the following guidelines.

Action Guidelines

1. Be customer oriented
From the perspective of the customers, including shinkin banks, we should try to provide optimum products, services, and functions.
2. Be innovative
We should be aware of issues and cost-conscious; regardless of precedent, we should always seek to improve our operations.
3. Be professional
We should work to improve our expertise and skills in our specialties through continuous self-development.

Action Characteristic

1. **S**peed
2. **C**hallenge
3. **B**asic

Helping Recovery from the Great East Japan Earthquake

The shinkin bank industry has been providing ongoing and coordinated support for the reconstruction of disaster-affected areas since immediately following the March 2011 earthquake and tsunami.

Four years have passed since the disaster, and fiscal 2015 is the final year of the intensive post-quake reconstruction period. Currently, over 200,000 residents still live in shelters and the reconstruction of disaster areas is far from complete. There are concerns about the fading memories of those in unaffected areas and, under such circumstances, local residents' reliance on, and expectations of, shinkin banks are becoming stronger. These shinkin banks, with their strong roots in the community, have long provided the financial services necessary for business operators and residents.

The initiatives we introduce here are those addressed by the entire shinkin bank industry, including the National Association of Shinkin Banks (Zenshinkyo) and other related organizations, by tapping shinkin bank networks nationwide.

We will strive to continue providing industry-wide support until the reconstruction of the Tohoku region's earthquake-related disaster areas has been complete.

Donations to Reconstruction Project

In fiscal 2014, we offered the Shinkin no

Kizuna Reconstruction Support Fixed-term Deposit at shinkin banks nationwide. This was done to assist the earthquake victims by providing post-disaster mental health care and helping them rebuild their lives. We collected a total of ¥58 billion, of which we donated ¥145 million, or 0.25% of the total, to the Shinkin no Kizuna Reconstruction Support Project. The first subsidy was offered to 20 companies.

Tohoku Partnership Promotion

By tapping into industry and other networks, we have been providing ongoing reconstruction support, and have participated in the New Tohoku Partnership Promotion Committee, set up by the Reconstruction Agency. In fiscal 2014, we became members of the Finance Network for Reconstruction and the Distribution Channel Development Support Team, as a result of which we were able to share information and exchanged opinions regarding industrial reconstruction issues.

Employee Volunteer Activities

As part of its earthquake-related recovery aid, since fiscal 2011 (ended March 31, 2012), the SCB has been helping shinkin banks and related organizations nationwide support volunteer activities. About 2,000 executives and employees have participated to date.

Support for Shinkin Banks

In November 2011, a new mutual support system for the industry was established based on the Act on Special Measures for Strengthening Financial Functions (known as the Financial Functions Strengthening Act). The system allows the disaster area's shinkin banks to smoothly provide long-term financial intermediary functions in order to support recovery and reconstruction.

In February 2012, four shinkin banks that had been seriously damaged in the disaster were provided with ¥63.0 billion in capital increases (¥54.7 billion of which represented government capital participation), based on the special law.

The SCB is providing these four shinkin banks with ongoing support, which includes sending personnel, providing advice, and monitoring the banks' policies. This is designed so that they might maintain their strong financial intermediary role, and steadily implement reconstruction-related strategies.

Shinkin Reconstruction Fund

The SCB established the Shinkin no Kizuna reconstruction support fund in December 2011, to support the revival of shinkin banks' customer businesses. At the end of March 2015, a total of ¥1,994 million had been committed for investment in 38 businesses in the disaster area.



Shinkin executives and employees carrying out volunteer activities in the disaster area.



Overseas Network

The SCB has offices in New York, Hong Kong, Shanghai, Bangkok, and London. By collecting and analyzing information on local economies, financial markets, investment environments, and consumer markets, these offices enable the SCB to support Japan's shinkin banks.

The overseas representative offices also help Japan-side human resource development programs by accepting trainees, visitors and missions from shinkin banks.

New York Representative Office

Since the Overseas Economic Institute of the SCB opened its New York office in November 1983, the New York Representative Office has been researching US markets and assisting head office explore new investment opportunities. Taking advantage of its location at the center of global financial activities, the New York Representative Office is well placed to identify the latest financial markets trends and obtain information vital to the SCB's treasury operations.

The New York office offers wide-ranging support by providing shinkin banks with information on the fast-changing US economy and financial markets.

Hong Kong Representative Office

Since the SCB established a Hong Kong business office in November 1994, the Representative Office there has supported the activities of shinkin bank customers in Asian countries. This it has done by providing information such as that on local bank services, legal systems, tax systems, and employment, particularly for its customers in southern China. The Hong Kong Representative Office, meanwhile, provides shinkin banks and their customers with economic and financial data, and information on the investment environment in Asian countries.

Shanghai Representative Office

Set up in September 2004, the Shanghai office has been providing information relating to economic and financial conditions, the investment and loan environment, and the laws, taxation regimes and employment situation of each region. The Shanghai Representative Office also has been offering support and detailed advice to shinkin bank customers moving to China and those planning such a move in the future.

Bangkok Representative Office

This office opened in October 2012, and provides shinkin bank customers expanding, or planning to expand, to Thailand, Vietnam, and Indonesia with information on the rel-

evant economic and financial conditions, the investment and financing environment, as well as local laws, taxation, and employment. The office also offers advice and a variety of support.

Shinkin International Ltd. (London)

This wholly owned subsidiary of the SCB, was established in London in 1990 as an overseas office to conduct securities business in order to expand investment opportunities for the shinkin bank sector.

The company arranges Eurobonds in a strong relationship with issuing bodies and offers these securities to the shinkin bank sector in close cooperation with Shinkin Securities Co., Ltd., another subsidiary of the SCB. The company also serves its customers' secondary market-trading needs, and provides the necessary market information the market.

Supporting Overseas Expansion Alliances with Asian Banks

As globalization of the international economy advances, the SCB anticipates that SMEs—shinkin bank customers—will increasingly look to expand overseas and engage in trading activities, particularly in China and other Asian countries.

Thus, the SCB supports shinkin bank customers that are expanding overseas, specifically through SCB offices in Hong Kong, Shanghai, and Bangkok.

Since 2010, the SCB has been advancing business alliances with local Asian banks, in order to better support the overseas business expansion in the region of shinkin bank customers. In October 2014, we concluded a business alliance with Bank of Shanghai (China).

These relationships are part of the SCB's

policy of strengthening its support infrastructure for shinkin bank customers undertaking overseas business expansion.

Support for the Expansion of Overseas Channels

Provision of Information

In addition to printed materials, such as the *International Business Support Office Monthly* and the *China Business Guidebook*, the SCB provides shinkin banks and their customers with up-to-date information in a variety of formats, including overseas investment seminars. From time to time we also provide investment climate survey reports that focus on Asia and the latest information from our overseas networks.

We have overseas networks in Hong Kong, Shanghai, and Bangkok, where we hold information exchange meetings for shinkin bank customers that are expanding overseas.

Trade and Investment Consultations

Staff with particular expertise hold phone- or interview-format trade and investment consultations for shinkin bank customers expanding or conducting business transactions overseas, and for those customers considering the prospects of overseas business or conducting new transactions.

In the area of trade and investment, staff with expertise in overseas business operations offer support to meet individual customer needs. Information is provided on the local investment environment, local legal issues, and domestic and overseas market trends.

Expansion into Asia by Shinkin Bank Customers



Source: Tenth Survey on the Overseas Business of Shinkin Bank Customers (2013).

Business Overview

Earnings Performance

Reviewing the SCB's operating results for fiscal 2014, operating income decreased ¥2 billion (\$19 million) or 0.8%, to ¥278 billion (\$2,315 million). This mostly was due to an increase in other income—such as a gain on the sale of stocks and other securities—despite a decrease in interest income, including interest on loans and discounts, and securities' interest and dividends.

Meanwhile, operating expenses decreased ¥34 billion (\$290 million) or 15.0 % to ¥197 billion (\$1,639 million). This mainly was due to a decline in interest expenses, such as interest on deposits and debentures, as well as a reduction in other operating expenses, including a loss on bond sales.

As a result, ordinary income was up ¥32 billion (\$270 million) year on year to ¥81 billion (\$675 million). Net income rose ¥25 billion (\$211 million) year on year to ¥60 billion (\$506 million).

Funding

During fiscal 2014, the total amount of funding rose ¥2,104 billion (\$17,511 million) or 7.2% to close the year at ¥31,251 billion (\$260,107 million). Deposits received during the fiscal year totaled ¥25,565 billion (\$212,778 million), mainly due to an increase in fixed-term deposits at shinkin banks.

The SCB issued ¥639 billion (\$5,319 million) worth of debentures during the fiscal year. The outstanding amount of debentures decreased ¥160 billion (\$1,334 million) or 5.0% to ¥3,007 billion (\$25,033 million).

Asset Management

The amount of assets under management in fiscal 2014 increased ¥2,352 billion (\$19,582 million) or 7.6% to ¥33,041 billion (\$274,998 million).

Mainly due to expanded corporate bond and foreign securities holdings, the outstanding amount of invested securities grew ¥681 billion (\$5,673 million), or 3.6%, to reach ¥19,132 billion (\$159,235 million) at fiscal year end.

As a result chiefly of a decrease in loans to companies, loans and bills discounted decreased ¥90 billion (\$749 million) or 1.5% during the year under review to ¥5,885 billion (\$48,986 million).

The outstanding amount of short-term money market assets rose ¥1,763 billion (\$14,675 million) year on year, or 29.5%, to ¥7,730 billion (\$64,338 million). This primarily reflects Bank of Japan current deposit increases.

Securities

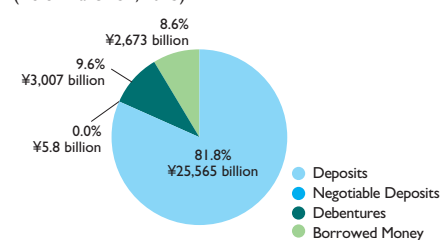
As of March 31, 2015, the outstanding amount of securities was ¥19,132 billion (\$159,235 million). Government bonds, corporate bonds, and other domestic securities accounted for ¥15,040 billion (\$125,176 million), and foreign securities for ¥4,092 billion (\$34,058 million). In terms of foreign securities, the SCB mainly invests in safe assets, which include government-secured financial institution bonds and government-agency bonds in major developed countries.

In order to advance its diversified investment portfolio, the SCB also invests in such risk assets as stocks and investment trust funds not subject to interest risk, while taking steps to optimize its portfolio in response to shifts in the financing and investment environment.

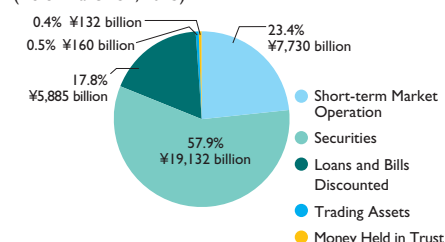
Loans and Bills Discounted

The SCB conducts a variety of loan-related business. As of March 31, 2015, the outstanding amount of loans and bills discounted was ¥5,885 billion (\$48,986 million). Of the total amount, loans to shinkin bank customers through those banks accounted for ¥265 billion (\$2,212 million), while direct loans to such parties as national or governmental agencies and organizations, regional public corporations, and charitable organizations accounted for ¥3,212 billion (\$26,741 million). Direct loans to business corporations accounted for ¥1,914 billion (\$15,937 million).

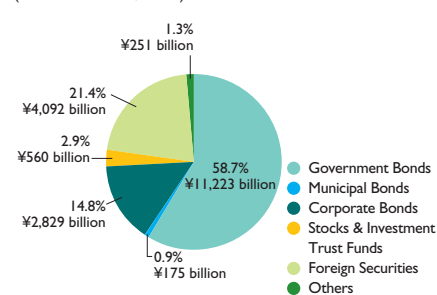
Breakdown of Funding (As of March 31, 2015)



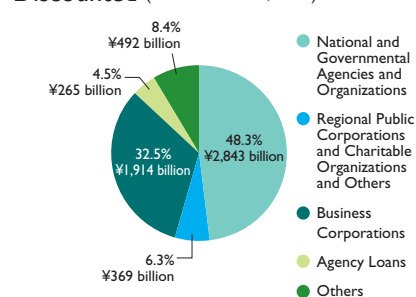
Breakdown of Asset Management (As of March 31, 2015)



Breakdown of Securities (As of March 31, 2015)



Breakdown of Loans and Bills Discounted (As of March 31, 2015)



Ordinary Income and Net Income (Non-consolidated)

(Millions of yen)

	FY2010	FY2011	FY2012	FY2013	FY2014
Ordinary income (loss)	36,662	35,575	41,163	48,651	81,198
Net income (loss)	27,387	29,007	32,024	35,396	60,817

Capital Adequacy

Outline

The SCB's equity capital, as defined under regulations concerning capital adequacy ratios, mainly comprises common shares from member shinkin banks, public issues of preferred shares that supplement common shares, and internal reserves accumulated to date by the SCB. As per the application of transitional measures based on new domestic Japanese standards, equity capital also includes fixed-period and perpetual subordinated loans.

Measures to Enhance Capital Adequacy

Based on the recognition that increasing equity capital is the most important way to secure the sound management of financial institutions, the SCB has raised capital in phases while working to accumulate internal reserves.

Capital Raising

The SCB plans to raise ¥200 billion in specific common shares from the shinkin bank sector, with September 30, 2015 as the payment date, in order to improve and enhance its financial position in preparation for possible changes in the regulatory framework.

The SCB is permitted to raise funds through the issuance of general common shares and specific common shares. In order to execute a capital increase using com-

mon shares without causing a dilution in the distribution of residual assets for preferred shareholders, the bank has amended part of its Articles of Incorporation. As a result, the distribution of residual assets regarding specific common shares should be up to one unit (¥100,000) of contribution, the same amount of payment (¥100,000) as in the case of a capital increase.

Therefore, there is no dilution in the distribution of residual assets for the preferred shareholders, and we have no plan to take anti-dilution measures.

Note: If the capital increase by general common shares is determined, instead by specific common shares, a dilution will be caused in the distribution of residual assets for preferred shareholders. In this case, there is no change in the normal policy to conduct anti-dilution measures.

Consolidated Capital Adequacy Ratio

The SCB's consolidated capital adequacy ratio at March 31, 2015, was 36.40%.

Equity capital, the numerator for calculating the capital adequacy ratio, amounted to ¥1,656 billion (\$13,790 million).

Risk assets, the denominator for calculating the capital adequacy ratio, amounted to ¥4,551 billion (\$37,880 million).

Risk Management and Capital Adequacy Assessment

To maintain capital adequacy against the risk level, the SCB has implemented policies to manage its capital adequacy. As part of its integrated risk management, the capital assessment division evaluates the capital adequacy using a holistic approach, measuring various types of risks under uniform criteria and comparing quantified risks with the SCB's capital.

By adopting integrated risk management as a method of assessing capital adequacy, the SCB sets limits on the amount of risks according to the amount of capital allocated to each category and thereby controls risks within these limits.

In order to monitor the potential impacts of shocks on its capital, the SCB further conducts stress testing to estimate losses under various scenarios, taking into account the gravity of each case and probability of its occurrence.

The situation regarding risk limits and the amount of risk exposure is reported to senior management at the Risk Management Committee and at other meetings. Furthermore, in principle, the Risk Management Committee deliberates on measures in response to the results of capital adequacy assessments, and implements measures as deemed necessary.

Capital Adequacy Ratio (Domestic Standard)

(%, billions of yen)

		FY2010	FY2011	FY2012	FY2013	FY2014
Consolidated	Capital adequacy ratio	31.76	32.43	33.57	37.86	36.40
	Amount of capital	1,344	1,379	1,422	1,692	1,656
	Amount of risk-weighted assets	4,233	4,253	4,236	4,469	4,551
Non-consolidated	Capital adequacy ratio	31.78	32.54	33.42	37.84	36.46

Note: Figures for FY2010 through FY2012 are based on the previous standard, while figures for FY2013 and FY2014 are based on the new standard.

Asset Quality

Risk-Monitored Loans

The amount of risk-monitored loans as of the end of March 2015 was ¥123 million (\$1 million) for loans to bankrupt borrowers, ¥11,494 million (\$95 million) for delinquent loans, ¥28 million (\$0.2 million) for loans past due three months or more, and ¥31,452

million (\$261 million) for restructured loans. Total risk-monitored loans increased ¥5,226 million (\$43 million) to ¥43,099 million (\$358 million) during the fiscal year.

The ratio of total risk-monitored loans to total loans remained as low at 0.73%, and the

soundness of the SCB's loan assets remained high.

Risk-monitored Loans (Non-consolidated)

(%, millions of yen)

	End of March 2014	End of March 2015	Increase or decrease
Loans to bankrupt borrowers	125	123	(2)
Delinquent loans	8,734	11,494	2,760
Loans past due three months or more	86	28	(58)
Restructured loans	28,926	31,452	2,526
Total risk-monitored loans (A)	37,873	43,099	5,226
Partial direct write-offs	951	584	(367)
Total loans (B)	5,975,832	5,885,739	(90,093)
Ratio of total risk-monitored loans to total loans (%) (A/B)	0.63	0.73	0.1

Risk-monitored Loans (Consolidated)

(%, millions of yen)

	End of March 2014	End of March 2015	Increase or decrease
Loans to bankrupt borrowers	125	123	(2)
Delinquent loans	8,734	11,494	2,760
Loans past due three months or more	86	28	(58)
Restructured loans	28,926	31,452	2,526
Total risk-monitored loans (A)	37,873	43,099	5,226
Partial direct write-offs	951	584	(367)
Total loans (B)	5,975,834	5,885,741	(90,093)
Ratio of total risk-monitored loans to total loans (%) (A/B)	0.63	0.73	0.1

Asset Assessment under the Financial Reconstruction Law

As of the end of March, 2015, bankrupt and quasi-bankrupt assets amounted to ¥863 million (\$7 million), doubtful assets ¥10,754 million (\$89 million), and substandard assets ¥31,481 million (\$262 million).

Accordingly, the total amount of bad debts under the Financial Reconstruction Law rose ¥5,226 million (\$43 million) to ¥43,099 million (\$358 million).

The coverage ratio of bad debts (the total of claims deemed collectible with collateral and

guarantees and the allowance for possible loan losses divided by total bad debts) was 70.22%.

Bankrupt and quasi-bankrupt assets are recorded for the remaining amount after deducting the amounts deemed collectible with collateral and guarantees, while doubtful assets are recorded for the loss-expected amount of the remaining amount after similarly deducting the amounts deemed collectible with collateral and guarantees, respectively, in the specific allowance for possible loan losses.

For substandard assets, the anticipated loss ratio is calculated based on the loan loss ratio and recorded in the general allowance for doubtful accounts.

Asset Assessment under the Financial Reconstruction Law (Non-consolidated)

(%, millions of yen)

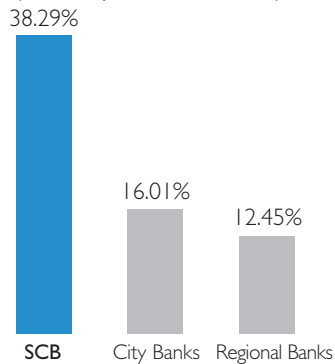
	End of March 2014	End of March 2015	Increase or decrease
Bankrupt and quasi-bankrupt assets	758	863	105
Doubtful assets	8,102	10,754	2,652
Substandard assets	29,012	31,481	2,469
Total claims under the frl (A)	37,873	43,099	5,226
Normal claims	6,030,135	5,964,342	(65,793)
Partial direct write-offs	951	584	(367)
Total loans (B)	6,068,008	6,007,441	(60,567)
Ratio of total claims under the frl to total loans (%) (A/B)	0.62	0.71	0.09
Total coverage amounts on disclosed claims under the frl (C)	27,842	30,265	2,423
Coverage ratio (%) (C/A)	73.51	70.22	(3.29)

Important Management Indices

As the central financial institution for shinkin banks, the SCB strives to attain and maintain sound management.

Capital Adequacy Ratio (%)

(As of September 30, 2014)



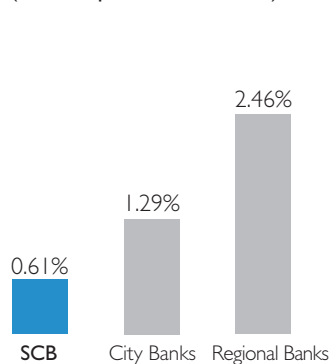
36.40%

(As of March 31, 2015)

Notes: 1. Average of 5 city banks
2. Average of 64 regional banks
Source: Bank disclosure documents

NPL Ratio (%)

(As of September 30, 2014)



0.73%

(As of March 31, 2015)

Note: NPL ratio = total risk-monitored loans/total loans.
Source: Japanese Bankers Association

Long-term Credit Rating

(As of July 31, 2015)

A1	A⁺	A⁺	AA
Moody's	S&P	R&I	JCR

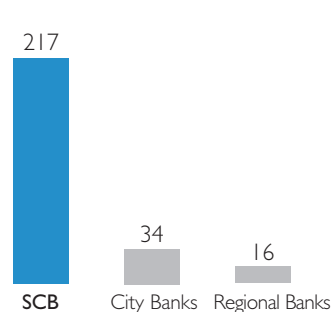
Note: Symbols indicating credit rating are assigned by each rating agency.

The SCB promotes streamlining of management through ongoing sweeping restructuring.

Funds per Employee

(Millions of U.S. dollars)

(As of September 30, 2014)



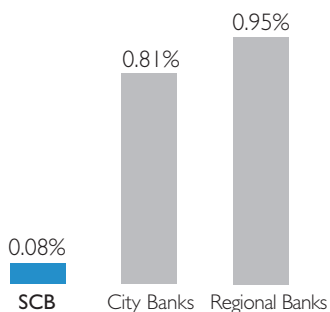
\$197 MILLION

(As of March 31, 2015)

Notes: 1. Total funds = deposits+CDs+debentures
2. US dollar amounts are converted for convenience only, at ¥109.45 and ¥120.15 per US\$1.00, the prevailing rate on September 30, 2014 and March 31, 2015, respectively.
Source: Japanese Bankers Association

Ratio of Expenses (%)

(As of September 30, 2014)



0.08%

(As of March 31, 2015)

Note: Ratio of expenses = total expenses/(deposits+CDs+debentures) average outstanding balance
Source: Japanese Bankers Association

Corporate Governance

The SCB strives to maintain fairness and transparency in its management by fortifying our corporate governance system as we implements various operational strategies. The SCB's goal is to gain the trust of all our stakeholders by demonstrating the strong commitment to establishing a rigorous corporate governance system and to becoming an ever more distinguished financial institution well respected in society.

Institutional Structure

General Assembly of Representatives (General Meeting)

The SCB is a cooperative financial institution comprising of 267 shinkin banks nationwide (as of March 31, 2015) that are its members and investors. The General Assembly of Representatives, equivalent to the general meeting of shareholders in a joint-stock company, is held annually to elect directors and resolve important issues.

Board of Directors

The SCB's Board of Directors, comparable to the Board of Directors in a joint-stock company, holds regular meetings nine times per year, and makes decisions regarding important business matters.

The Board of Directors includes 12 full-time directors, and 18 part-time directors. In accordance with Article 32-4 of the Shinkin Bank Act, the SCB's Articles of Incorporation stipulate that more than half the total number of board members must be executive officers of shinkin banks. As such, part-time directors are selected from among the presidents or board chairs of shinkin banks from each region in Japan. There are no board members corresponding to the outside directors as defined by the Companies Act.

The SCB is confident that the appropriate check on management provided by the part-time directors ensures that supervision and safeguard functions are in place and have a high degree of objectivity and transparency in business operations.

Auditors

The SCB's auditors, comparable to the corporate auditors of a joint-stock company, audit the execution of the duties by the directors.

The SCB selects one full-time auditor and two part-time auditors from among the presidents and board chairs of shinkin banks, and two part-time auditors who are not executives of the SCB or shinkin banks (non-member auditors), equivalent to outside auditors as defined by the Companies Act. Non-member auditors are selected from among persons who meet the requirements stipulated in Article 32-5 of the Shinkin Bank Act. There are no stipulations of standards or guidelines regarding independence for the selection of non-member auditors. The SCB is confident that non-member auditors are able to utilize their professional knowledge and experience to con-

duct audits from an independent perspective.

One of the non-member auditors is a certified accountant with a wealth of knowledge and experience regarding finance and accounting.

There are no particularly notable conflicts of interest between the SCB and non-member auditors.

General Meeting for Preferred Shares

The SCB's preferred shares are listed on the Tokyo Stock Exchange (see page 22).

Preferred shareholders have no voting rights at the General Assembly of Representatives. However, a general meeting for preferred shareholders may be held to protect their property rights under the Law Concerning Preferred Shares of Cooperative Financial Institutions.

Part-time Directors and Auditors

The General Affairs Division provides information and other support for part-time directors, and the staff members exclusively assisting auditors under their direction provide the same for part-time auditors, in order to facilitate the timely and appropriate execution of duties by part-time directors and auditors.

Checks on Business Operations

Execution of Business Operations

At the SCB, the Board of Directors makes decisions on important business operations. Based on those decisions, the President presides over the SCB's business operations and the Deputy President and other full-time directors assist the President.

In addition, the SCB has established the Executive Committee to deliberate and make decisions on important managerial matters, including ones to be resolved by the Board of Directors and those to be reported to the Board of Directors.

The SCB has also established various committees of the Executive Committee to facilitate robust discussions on all aspects of its business operations. To ensure that deliberations and resolutions are carried out on a cross-organizational basis, each committee comprises several directors and general managers of divisions.

Supervision and Checks

At the SCB, the Board of Directors supervises the execution of business by the directors. More than half of the Board of Directors are executive officers of shinkin banks, thereby ensuring that the Board of Directors fulfills its check functions.

Audits

To facilitate audits of the directors' execution of duties, the auditors at the SCB attend meetings of the Board of Directors and other important meetings. The auditors also receive reports from directors regarding their execution of duties and inspect the minutes of the

Executive Committee and other important documents. In addition, the auditors conduct regular meetings with the independent auditors to exchange opinions and information.

In addition, exclusive staff members are assigned to assist the auditors under their direction, so as to facilitate the timely and appropriate execution of duties by the auditors.

Internal Audit System

The SCB is building an internal audit system that aims to realize efficient and effective business operations by utilizing the Internal Audit Division that is independent from operational divisions and branches. The Internal Audit Division examines and assesses the legal and regulatory compliance status, risk management status, and operations management status, of each division, branch, and affiliated company of the SCB, to make sure that they are functioning appropriately and effectively. When deemed necessary, the Internal Audit Division issues guidance so that corrective measures may be undertaken.

In addition, each division and branch is required to carry out its own internal inspections for the prevention and early detection of administrative errors.

Use of Outside Specialists

The SCB has appointed Ernst & Young ShinNihon LLC as its corporate auditor, and receives audits conducted by the company.

In addition, the SCB utilizes the expertise of outside specialists, including independent auditors, attorneys, and tax accountants. To effectively handle more sophisticated and diversified operational requirements, the SCB consults with, and receives advice from, such specialists on a regular basis and as the need arises.

Appropriate Information Disclosure

The SCB's preferred shares are listed on the Tokyo Stock Exchange. The SCB strives to maintain appropriate disclosure of corporate information, pursuant to the Financial Instruments and Exchange Law, other related laws, and the Securities Listing Regulations of the Tokyo Stock Exchange. The SCB also strives to maintain transparency in its management through appropriate disclosure.

Improving Internal Control Systems

The SCB regards compliance as the basic premise of all business activities. The SCB continues to strengthen and operate internal control systems, based on a policy of maintaining reliable financial reporting, managing risks flexibly and effectively in response to those characteristics, and implementing internal audits by utilizing the Internal Audit Division, which is independent from the operational divisions and branches.

Strengthening the Compliance System

The SCB views compliance as one of the highest-priority management agendas. In line with this stance, the SCB is carrying out the measures outlined below as it strives to further strengthen its compliance system.

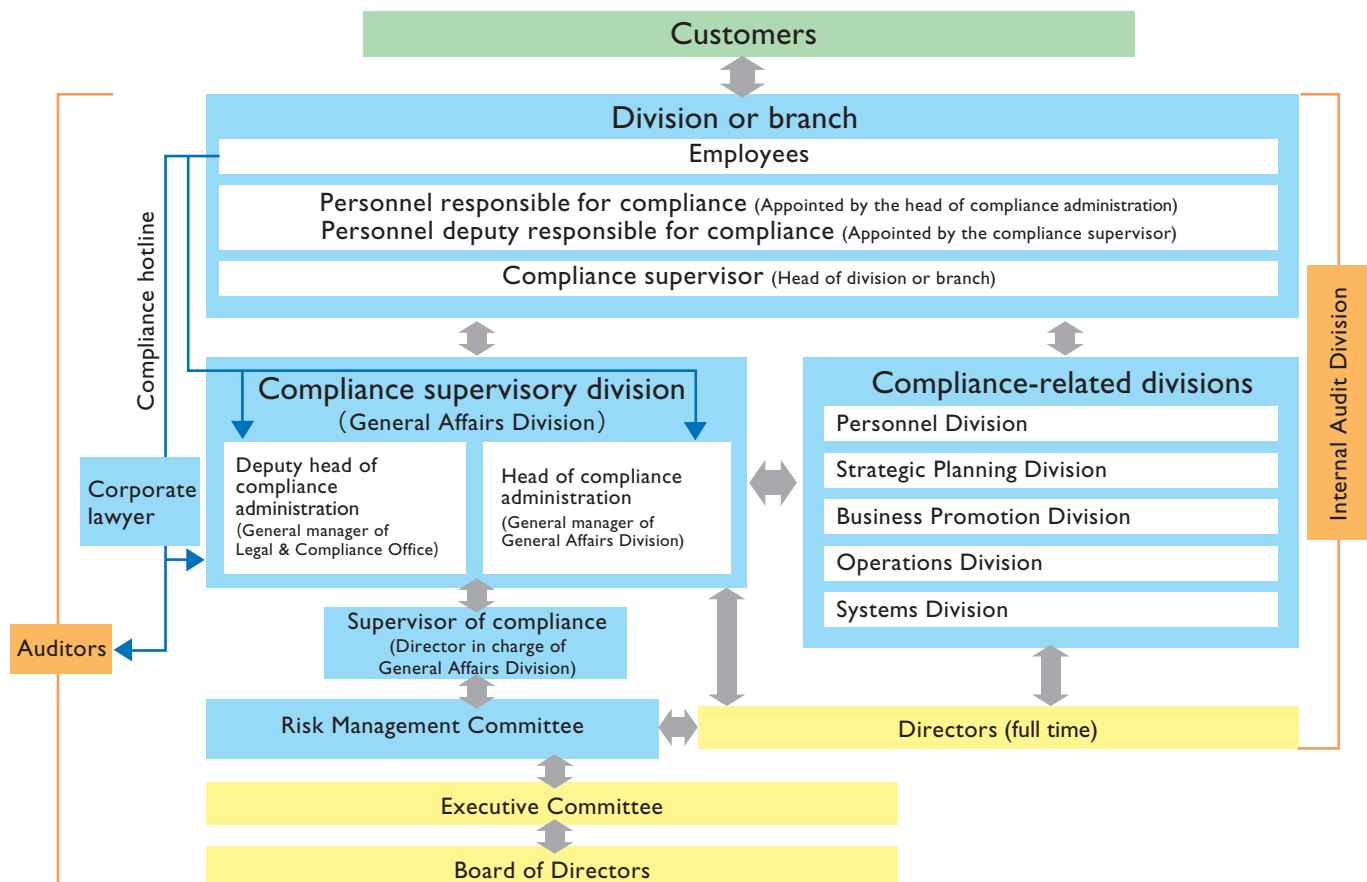
Compliance System

1. The SCB has formulated the Shinkin Central Bank Code of Ethics, which stipulates the ethical rules and behavior standards that must be upheld by all SCB directors and employees.
2. In order to improve customer protection and satisfaction, the SCB formulates Customer Protection Control Policy.
3. The SCB formulates an annual Compliance Program, which lays out its specific compliance plan for each fiscal year.
4. To clarify the rules to be followed by directors and employees, the SCB has compiled a Compliance Manual as a practical compliance handbook.
5. A compliance supervisory division and compliance-related divisions have been set up, and their respective roles clarified. A compliance supervisor and deputy, both responsible for compliance, are appointed to each division and branch of the SCB.
6. In order to deliberate compliance issues, customer protection issues, and serious accidents, the SCB has established the Risk Management Committee.
7. In addition to conducting regular lectures and training seminars for directors and employees, each division and branch also carries out its own training programs as part of the SCB's efforts to strengthen compliance education.
8. The audit items used by the Internal Audit Division include compliance-related items, and internal audits include investigation of whether the compliance system is functioning adequately.
9. In cases of compliance violation, reports from the heads of the divisions or branches concerned are promptly called for, and appropriate actions are taken to prevent a recurrence.
10. The SCB operates a hotline to facilitate reporting of compliance breaches by directors and employees. The SCB also has in place strict measures to protect whistle-blowers.
11. Pursuant to the Law on Sales of Financial Products, the SCB has formulated and made public its Financial Products Solicitation Policy. To ensure that solicitation is carried out fairly, important points regarding a product must be explained to the customer at the time of sale.

12. Pursuant to the Law on Protection of Personal Information, the SCB has published its Personal Information Protection Policy on its Internet website. The SCB takes necessary and appropriate safety measures to protect personal information.
13. In addition to publishing its Outline for Managing Conflicts of Interest on its Internet website, pursuant to the Shinkin Bank Law and the Financial Instruments and Exchange Law, the SCB is taking appropriate management steps to ensure that customers' interests are not wrongfully violated.
14. Based on the financial Alternative Dispute Resolution (ADR) system, to respond expeditiously, fairly, and appropriately to customers' inquiries, complaints, disputes, and other issues, the SCB has overhauled its internal management system and is striving to enhance its reliability.

The SCB intends to review and update the content of its Compliance Manual and other policies on an ongoing basis. All SCB directors and employees are working to maintain strict compliance through coordination among related divisions, and by strengthening internal education programs.

Compliance System Overview



Risk Management

Learning from the experience of the financial crisis, the SCB is exhaustively implementing more highly detailed and thorough processes to manage risk by pursuing more sophisticated integrated, market, and credit risk management and other measures while also advancing predictor and interim management for credit control.

Basic Policy on Risk Management

In the wake of the global financial crisis, financial institutions face significant changes in economic and financial market conditions and other aspects of their operating environment. To respond promptly and appropriately to these changes, financial institutions require very finely tuned risk management.

The SCB believes that its future depends on risk management, and that a strong risk management system is a prerequisite for maintaining sound management and securing adequate profits.

The SCB classifies risk in two broad categories—risk that must be controlled and risk that must be absolutely minimized—and manages the risks accordingly. The types of risk that must be controlled are market, liquidity, and credit risks. The type of risk that must be minimized is operational risk. Risk is managed by divisions that are independent from those involved in business operations. The Risk Management Division coordinates the management of different risks to provide comprehensive risk management.

The SCB has also established five cross-organizational bodies—the Risk Management Committee, ALM Committee, and Credit Committee, —to manage risk from a Bank-wide perspective. These committees deliberate and

make decisions on specific issues relating to their respective risk management functions based on the policies determined by the Board of Directors and the Executive Committee.

To ensure the effectiveness of its risk management systems, the SCB has also established the Internal Audit Division—a body independent from its risk management systems—to monitor the SCB's risk management activities.

Integrated Risk Management

To manage risk in a comprehensive manner, the SCB employs the integrated risk management method to cope with quantifiable risk.

Integrated risk management is a way to manage its diverse risks by calculating them with uniform criteria, such as the Value-at-Risk (VaR) method, and comparing their aggregated value to the institution's overall financial strength (i.e., capital adequacy).

For market risk and credit risk, the SCB calculates the VaR. For the calculation of operational risk capital requirements, the SCB employs the basic indicator approach, proposed under regulations concerning capital adequacy ratios.

The SCB defines capital under its integrated risk management system and allocates risk limit amounts for operational risk and other types of risk.¹ Separately, the

SCB estimates losses under various stress scenarios as part of its efforts to monitor potential impacts on capital.

The quantitative risk limits and reserve amounts for each fiscal year are determined by the Executive Committee following deliberation by the Risk Management Committee. The Risk Management Division, which oversees integrated risk management, measures the amount of risk exposure both during and at the end of each month, to ensure that quantitative limits for each type of risk are not exceeded. The Risk Management Division provides reports on risk status to senior management and related divisions through the Risk Management Committee.

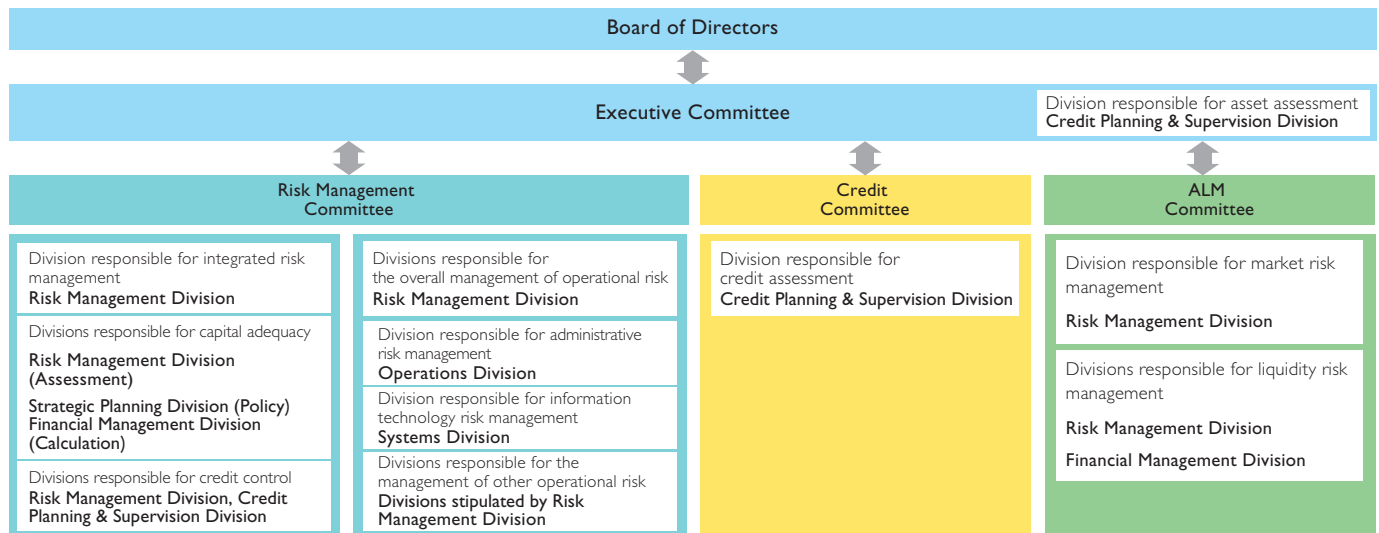
Note

1. With regard to subsidiaries within the SCB's scope of consolidation, the SCB monitors risk exposure at each subsidiary and allocates capital commensurate with the amount of risk. These allocations enable subsidiaries to take risks.

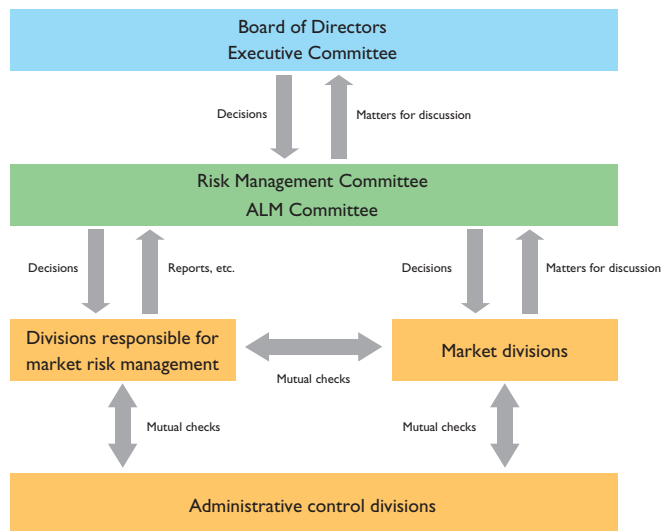
Risk Categories and Definitions

Risk Categories		Risk Definitions
Risks that must be controlled	Market risk	Market risk is the risk of loss resulting from fluctuations in asset or liability values (including off-balance-sheet items), due to changes in such market risk factors as interest rates, stock prices, and exchange rates. This includes the risk of loss due to changes in earnings generated by assets and liabilities.
	Liquidity risk	Liquidity risk is the risk that a financial institution will be unable to generate sufficient cash inflow to meet required cash outflows; and the risk of loss resulting from the unavoidable need to procure funds at much higher interest rates than normal (cash flow risk); and the risk that market transactions will become either impossible, or that transactions must be carried out at very unfavorable prices due to market disruptions (market liquidity risk).
	Credit risk	Credit risk is the risk of loss due to the partial or complete loss of asset value (including off-balance-sheet assets), owing to such factors as that a borrower or counterparty will fail to perform on an obligation.
Risks that must be minimized	Operational risk	Operational risk is the risk of unexpected loss resulting from inadequacies in operational processes, breaches in internal controls, employee actions, or computer systems, as well as the risk of loss resulting from external events.
	Administrative risk	Administrative risk is the risk of loss resulting from administrative failures, accidents, or management or staff fraud.
	Information technology risk	Information technology risk is the risk of loss due to computer system failures, errors, or inadequacies, and the risk of loss due to the fraudulent use of computer systems.
	Other operational risk	Other operational risks are those, other than the ones mentioned above, that may be defined, as necessary, by the divisions responsible for the overall management of operational risk (excluding market, liquidity, and credit risks).

Overview of the SCB's Risk Management System



The SCB's Market Risk Management Framework



Market Risk Management

To maintain an accurate understanding of market risk and rigorously manage this risk, the SCB has issued a market risk management policy. Furthermore, divisions responsible for market risk management are clearly separated from divisions involved in market operations, providing a risk management structure in which internal checks are maintained through the independent functions.

The SCB has established the ALM Committee as the body responsible for deliberating and making decisions on matters relating to market risk management. The ALM Committee comprises senior management and heads of divisions related to market risk.

Based on risk status information—obtained via reports from divisions responsible for managing market risk and other sources—the ALM Committee deliberates widely and expeditiously on policy relating to fund-raising and management as well as proposed market transactions.

For banking operations and trading activities, the divisions responsible for managing market risk quantify and manage market risk by VaR within the limit set by the Executive Committee. In addition, market risk is further divided into several categories, with risk quantities monitored by category.

Note: Market risk includes interest rate risk and such equity-related risk as stock price fluctuation risk.

In addition, the SCB manages market risk by monitoring a wide range of measures under various scenarios. These include the interest rate risk amount calculated using outlier standards; the possible stress loss during a period of very high market volatility; the basis-point-value (BPV) indicator, which measures the potential change in portfolio market value for every 0.01 percentage point fluctuation in interest rates.

The status of these risk management activities is reported to senior management at biweekly meetings of the ALM Committee.

Liquidity Risk Management

As the central financial institution for shinkin banks, the SCB maintains a rigorous system for managing liquidity risk to respond to the needs of shinkin banks for daily working capital and emergency funds.

To maintain an accurate understanding of liquidity risk and rigorously manage this risk, the SCB has formulated a liquidity risk management policy. Divisions responsible for liquidity risk management are clearly separated from divisions involved in cash management and market operations, allowing internal checks to be maintained through the independent functions. In addition, the ALM Committee deliberates and makes decisions on matters relating to liquidity risk management.

Methods used for managing liquidity risk include the daily setting and monitoring of risk limit amounts relating to the gap between cash receipts and payments. This is carried out for individual currencies and periods. In

the event that a significant liquidity risk arises, the SCB is prepared to respond rapidly, and even secure funding sources.

Credit Risk Management

To maintain an accurate understanding of credit risk and rigorously manage this risk, the SCB has formulated a credit risk management policy. Furthermore, the SCB has formulated a Credit Policy, which sets out the SCB's fundamental philosophy. The SCB requires strict adherence to the Credit Policy on the part of all directors and employees involved in credit operations. The SCB conducts ongoing internal communications emphasizing the importance of sound ethics in all behavior and decision making.

At the SCB, divisions responsible for credit control, credit assessment and asset assessment are clearly separated from divisions involved in client services. In this way, we are building a structure in which internal checks are maintained through the independent functions given to each part of the system.

The SCB has established the Credit Committee and the Risk Management Committee as the bodies responsible for deliberating and making decisions on matters relating to credit risk management. The Credit Committee and the Risk Management Committee comprise senior management and the general managers of related divisions. The Credit Committee deliberates on credit transactions that exceed a designated amount, and the Risk Management Committee deliberates broadly and thoroughly matters relating to credit risk management. The Executive Committee deliberates, and makes decisions regarding, the results of self-assessment of assets and matters relating to self-assessment of asset write-offs and asset reserve provisions.

Divisions responsible for credit control manage the credit risk for each borrower relating to loans and market trading activities. An overall credit limit is set for each borrower according to their credit rating.

Credit ratings are based on quantitative criteria, set by evaluating the borrower's financial statements, and qualitative criteria, set by evaluating the borrower's competitive strength in the particular industry within which it operates. Based on these assessments of credit strength, each borrower is given a credit rating on the SCB's 10-step scale. The credit ratings given to borrowers are reviewed regularly, and flexibly revised as necessary.

Divisions responsible for credit control analyze the SCB's overall credit portfolio according to credit rating, industry, country, and other criteria. These analyses are used to monitor the diversification of credit risk as well as changes in portfolio credit risk. Furthermore, credit risk is quantified and managed within the risk limit set by the Executive Committee.

The credit risk amount is measured using VaR as well as the Monte Carlo simulation method.

The Credit Planning & Supervision Division—responsible for credit assessment—accurately monitors each borrower's financial condition, the purposes for which funds are used, and repayment resources. In addition to appropriate assessment and post-transaction management, the Credit Planning & Supervision Division continually checks whether the client service division is conducting appropriate credit controls, and provides guidance as necessary. In the event that there should be any problem on the borrower's side, the Credit Planning & Supervision Division rapidly assesses the borrower's management situation and provides supervision. Where necessary, action is taken to recover the loan.

The Credit Planning & Supervision Division is also responsible for asset assessment. The division undertakes and manages operations relating to asset self-assessments, and the calculation of asset write-offs and asset reserve provisions.

Note: Credit risk includes such risk as counterparty risk for derivative transactions and securitization transaction risk.

Operational Risk Management

To provide comprehensive management of operational risk, the SCB has issued a policy that governs operational risk management. In addition, the SCB has separate policies to manage two major types of operational risk: administrative and information technology risk. The Risk Management Division is responsible for overall operational risk management, the Operations Division oversees administrative risk management, and the Systems Division is responsible for information technology risk management. The SCB may also create new divisions to cope with other types of operational risk as the need arises. With this structure, the SCB comprehensively manages operational risk.

The SCB has established the Risk Management Committee to deliberate and make decisions on matters relating to operational

risk management. The Risk Management Committee, comprising senior management and heads of related divisions, deliberates and makes decisions on comprehensive methods for managing operational risk, including administrative risk and systems risk.

To calculate its operational risk capital requirements, the SCB uses the basic indicator approach proposed under regulations concerning capital adequacy ratios.

Administrative Risk Management

The Operations Division oversees administrative risk management and administrative instruction. In addition to developing and maintaining the administrative processing system and administrative rules, and undertaking reviews of administrative procedures, the Operations Division conducts administrative instruction programs for divisions involved in administrative processing. With this system, the SCB appropriately manages administrative risk.

Furthermore, the SCB is undertaking a range of measures to ensure accurate and efficient administrative processing. These include the systemization of administrative processing, the provision of various training programs, including programs, to encourage staff to submit proposals to improve operating processes at all branches. The SCB also controls the entire process of administrative risk management, from the identification of risk to the implementation of corrective measures.

Information Technology Risk Management

The Systems Division takes charge of information technology risk management. It provides control and guidance to divisions involved in system development, operation, and utilization.

In the event of a system failure that seriously affects the execution of business operations, a Bank-wide response is triggered based on crisis management procedures (contingency planning). The SCB also periodically conducts crisis response drills, based on system failure crisis scenarios.

To prevent damage caused by system failure, the SCB has issued a security policy and undertakes internal communications programs to ensure that all directors and employees have a thorough understanding of the SCB's security policy.

Corporate Social Responsibility Activities

The SCB aims to be a financial institution highly valued throughout society.

The SCB consistently strives to conduct its duties according to its management philosophy: As the central bank for all shinkin banks, the SCB supports the growth of the shinkin bank sector, thus contributing to economic development throughout Japan.

The Bank's duties include assisting shinkin banks handle regional and SME financing, as well as maintaining and improving the credibility of the shinkin bank industry, so as to contribute to the development of local economies as well as the shinkin bank industry.

The SCB believes that it should fulfill its corporate social responsibility (CSR) steadily performing its duties, that is, playing a leading role as the central bank for shinkin banks and practicing its management philosophy.

Regional Financial Institution

Since the SCB's funds are principally deposits received from many local shinkin banks, we believe it appropriate that they be used for the social and economic development of local communities.

To this end, the SCB is working on making available direct loans for local public agencies and business entities.

Further, in collaboration with shinkin banks, the SCB contributes to the development and revitalization of local communities by providing support for syndicated loans, private finance initiatives, and SMEs according to their life stage, as well as promoting regional industry research and local contributions.

Provision of Financial Products

Charitable Trusts

Shinkin Trust Bank, Ltd., a wholly owned subsidiary of the SCB, sets up and manages charitable trusts on behalf of individuals and companies, in order to contribute to activities for the public good, including environmental conservation, scholarships, academic research, and subsidies for social welfare.

Socially Responsible Investing (SRI) Funds

Shinkin Asset Management Co., Ltd., a wholly owned SCB subsidiary, offers the Shinkin SRI Fund, which focuses on the social responsibility of companies and investments.

SRI is based on the philosophy that "companies with the best potential for steady growth are those that maintain sustainable economic growth by fulfilling their corporate social responsibilities." Consequently, SRI funds investment on the basis of research and analysis carried out from a broad range of perspectives, including financial, environmental, social, and ethical considerations.

Community and Environmental

As part of its efforts to contribute to local communities, the SCB sponsors Metrolink Nihonbashi, to realize human- and environment-friendly transportation in the Tokyo metropolitan government's urban planning vision.

Metrolink Nihonbashi uses low-emission, low-noise electric buses that provide a high degree of accessibility through a low-floor design. The buses serve a circular route that runs through Nihonbashi and Yaesu, near to the SCB's head office, providing shoppers and people working in the area with a transportation option that is convenient and free of charge. This service aims to revitalize the local area by helping to improve the environment and by attracting shoppers and sightseers.

In addition, to promote the spread of music and the arts, and contribute to the advancement of culture in society, the SCB is a sponsor of the Tokyo Philharmonic Orchestra.



Metrolink Nihonbashi

Contributing to Society

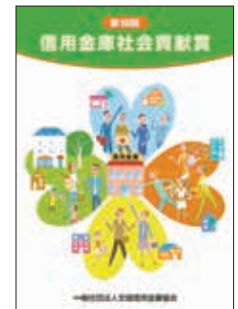
With branches and offices throughout Japan and overseas, the SCB aims to contribute not only to local communities, but also to society in the broadest possible way.

The SCB has become a supporter of the Table For Two program, a social contribution project that began in Japan. Table For Two enables consumers to contribute to famine relief efforts in developing countries, while enhancing their health. When a customer purchases an item on the healthy menu offered at the SCB head office cafeteria, part of the price of the meal (¥20) is donated to a developing country.

Assisting Local Society

Shinkin banks are born of their communities, and develop together with them. The Shinkin Bank Social Contribution Award was created in 1997 to help publicize the shinkin bank industry's dedication to community and social contributions in a wide range of fields, and to further enhance the value of shinkin banks in the community.

The 18th Shinkin Bank Social Contribution Award elicited submissions for 559 social contribution initiatives in a wide range of areas, from 160 shinkin banks and five related organizations, between November 2014 and January 2015. Activities were evaluated on the basis of continuity, social significance, integrity with the community, and impact on the local society. Awards were presented for activities at six shinkin banks, with individual prizes conferred on three people, as good examples for shinkin bank employees.



Shinkin Bank Social Contribution Award

What Are Shinkin Banks?

Shinkin banks are cooperative financial institutions. Their membership comprises local residents and small and medium-sized companies. Shinkin banks' distinctive characteristics are that they (1) are close and convenient, (2) offer fine-tuned, personalized services, and (3) have a strong relationship of mutual trust with their customers and communities.

Cooperative financial institutions are organizations that operate under the fundamental principle of mutual support.

Shinkin banks limit their lending, in principle, to members. However, their functions are almost the same as those of commercial banks, and they also deal with many people who are not members, accepting deposits, providing exchange services, accepting payments, including those for public utilities, and engaging in over-the-counter sales of public bonds, investment trust funds, and insurance.

Shinkin banks not only provide deposit, lending and exchange services, but also offer a diverse range of services to customers and other members of the local community in such areas as support for management improvement and enterprise renewal, business succession support, business start-up support, and local-area revitalization.

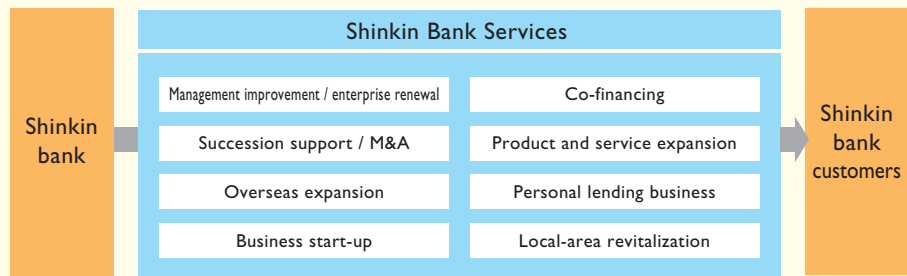
Outline of the Banks

Japan's 267 shinkin banks form an extensive network, with approximately 7,400 locations across the country, from Hokkaido in the north to Kyushu and Okinawa in the south.

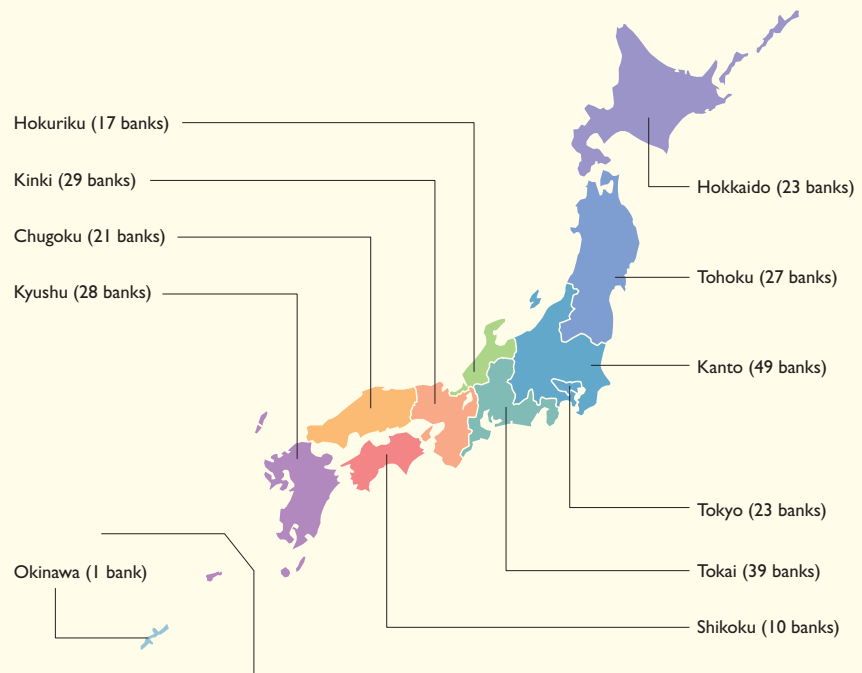
Shinkin banks dedicate themselves to providing high-quality services to local residents, as financial institutions that are deeply rooted in their respective regions and contribute to regional development.

Total deposits outstanding at 267 shinkin banks as of March 31, 2015, reached approximately ¥131 trillion (\$1,098 billion), which ranks after Japan's city and regional banks, and gives shinkin banks an important position in Japanese financial markets.

Shinkin banks continue to further deepen their presence and roles as important infrastructure for regional economies and communities.



Nationwide Network of Shinkin Banks



Deposits Outstanding by Bank Segment (As of March 31, 2015)

(Billions of U.S. dollars)

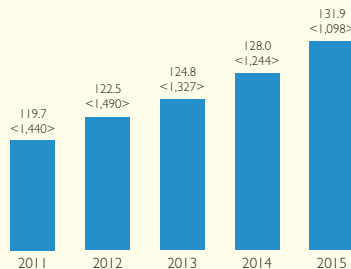
City Banks	\$2,529
Regional Banks	2,019
Shinkin Banks	1,098
Agricultural Cooperatives	779
Second-tier Regional Banks	526
Credit Cooperatives	159
Labor Credit Associations	152

Notes: 1. Deposit includes domestic operations.
2. City banks, regional banks and second-tier regional banks do not include the special international financial transactions account.

Sources: Japanese Bankers Association, the Norinchukin Bank, National Central Society of Credit Cooperatives, National Association of Labour Banks and the SCB

Deposits Outstanding at Shinkin Banks

(Trillions of yen / billions of U.S. dollars)

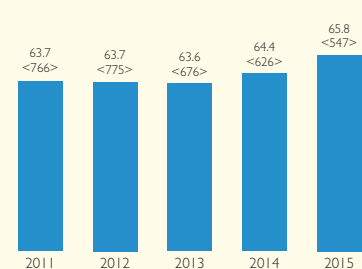


Note: Items in parentheses are US dollar amounts. They are given for convenience only, with conversion at ¥83.15, ¥82.22, ¥94.10, ¥102.94, and ¥120.15 per US\$, the prevailing rate on March 31, 2011, 2012, 2013, 2014, and 2015, respectively.

Source: The SCB.

Loan and Bills Discounted Outstanding at Shinkin Banks

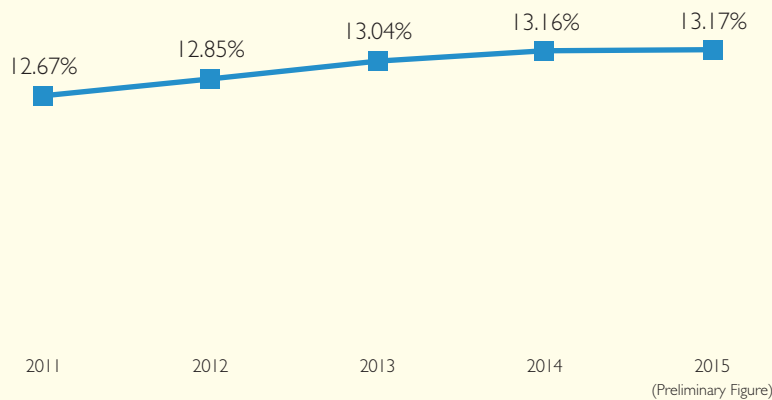
(Trillions of yen / billions of U.S. dollars)



Note: Items in parentheses are US dollar amounts. They are given for convenience only, with conversion at ¥83.15, ¥82.22, ¥94.10, ¥102.94, and ¥120.15 per US\$, the prevailing rate on March 31, 2011, 2012, 2013, 2014, and 2015, respectively.

Source: The SCB.

Capital Adequacy Ratio of Shinkin Banks

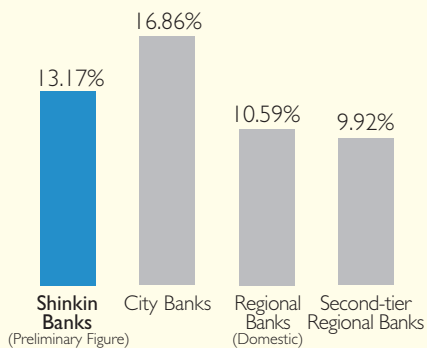


Source: The SCB

The capital adequacy ratio of shinkin banks as of March 31, 2015, increased 0.01 percentage point over the previous fiscal period to 13.17% (preliminary figure).

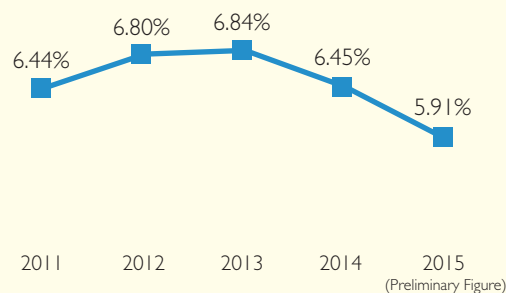
The capital adequacy ratio of shinkin banks maintains a standard which is by no means inferior compared with other business categories, and is outperforming the standards of other domestic regional banks (10.59%) or second-tier regional banks (9.92%).

Non-consolidated Capital Adequacy Ratio by Bank Segment (%) (as of March, 31, 2015)



Sources: Bank disclosure document,
Regional Banks Association of Japan
The Second Association of Regional Banks

Nonperforming-loan Ratio of Shinkin Banks (%)



Source: The SCB

The Difference between Shinkin Banks and Commercial Banks

Category	Shinkin Banks	Commercial Banks
Legal foundation	Shinkin Bank Act	Banking Act
Organization	Cooperative organization	For-profit joint stock corporations
Membership qualifications	<ul style="list-style-type: none"> Those who have an address or location in the region Those who have a business office in the region Those who work in the region 	None

Preferred Shares

The SCB's Preferred Shares

The SCB issues preferred shares under the Law Concerning Preferred Shares of Cooperative Financial Institutions. The preferred shares, which are regulated by the Financial Instruments and Exchange Law, are issued to complement members' (shinkin banks') common shares and offered publicly to increase the net worth of cooperative financial institutions.

Although the preferred shares do not carry the voting rights that holders of common shares receive, the preferred shares have certain advantages over common shares, such as the guarantee of priority in the payment of dividends.

Listing of Preferred Shares

The SCB has issued preferred shares since fiscal 1995 and, for the first time in Japan, the preferred shares were listed on the Tokyo Stock Exchange on December 22, 2000 (Securities Identification Code 8421). The SCB's preferred shares are marketable securities that are very similar to preferred stocks, and basically apply the same listing criteria and disclosure rules with them.

Trading of Preferred Shares

Like listed stocks, the SCB's preferred shares can be traded anytime during Tokyo Stock

Exchange trading hours through a securities company. Credit transactions are also possible for preferred shares, just as they are for stocks.

Dividends of Preferred Shares

The SCB's basic policy is to pay stable dividends while securing sound management, enhancing internal reserves, and boosting earnings power.

The SCB's preferred shares pay a dividend to the holders at the end of March of every fiscal year. As the rule of interim dividends is not provided at the Law Concerning Preferred Shares of Cooperative Financial Institutions, the SCB does not pay interim dividends.

Dividends of preferred shares comprise preferred dividends and participating dividends. Preferred dividends are paid before any dividends are paid to common stock holders (shinkin banks). Participating dividends are paid from retained earnings after preferred dividends. They may vary depending on profits of the SCB.

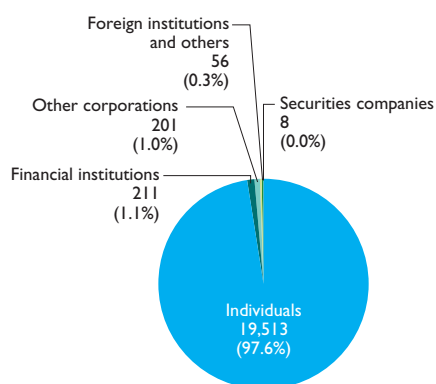
The SCB's preferred shares are treated as stocks in the taxation system, and are given the same preferential treatment concerning tax as stocks.

For fiscal 2014, the dividend for preferred shares was ¥7,000 (\$58) per share, which

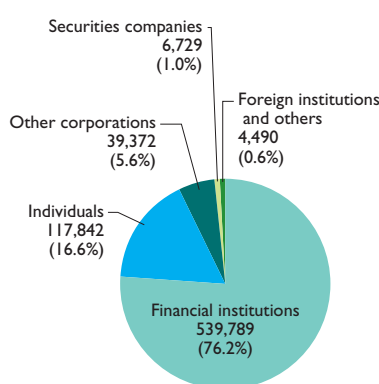
included a preferred dividend of ¥3,000 (\$24) and a participating dividend of ¥3,500 (\$29), plus a special dividend of ¥500 (\$4).

Composition of Preferred Shares (March 31, 2015)

• Number of Investors (Total 19,989)



• Number of Subscription (Total 708,222)



Price of Preferred Shares

	(Closing price, in yen)
First day of listing (December 22, 2000)	200,500
Highest price (March 15, 2006)	311,500
Lowest price (April 14, 2009)	102,400
Closing price (July 31, 2015)	224,800

Note: The price of preferred shares are split-adjusted, reflecting the stock split of preferred shares with a recorded date of July 31, 2009.

Financial Section

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Five-Year Summary (Consolidated)

(Millions of yen)					
	FY2010	FY2011	FY2012	FY2013	FY2014
Total Income	361,820	395,277	408,917	308,171	307,894
Total Expenses	322,361	357,662	367,469	255,548	223,028
Net Income	27,887	29,805	32,862	37,612	62,696
Comprehensive Income	35,970	63,791	171,545	48,004	173,512
Net Assets	1,043,267	1,092,354	1,249,229	1,276,826	1,433,756
Total Assets	31,502,697	30,248,492	30,410,702	31,184,564	33,516,073
Net Assets per Share (yen)	219,425.69	229,768.12	263,016.93	268,795.17	301,997.98
Net Income per Share (yen)	5,471.96	5,879.26	6,528.60	7,537.36	12,865.13
Dividends	14,603	14,603	16,603	16,603	18,957
Common Shares	10,000	10,000	12,000	12,000	14,000
Preferred Shares	4,603	4,603	4,603	4,603	4,957

Notes:

1. Consumption tax and local consumption tax incurred by the Bank and its domestic consolidated subsidiaries are excluded from transaction amounts.
2. Net assets per share is obtained by deducting preferred dividends from net assets and is divided by the number of shares at term-end. This calculation complies with ASBJ (Accounting Standards Board of Japan) statement No. 2, September 25, 2002 “Accounting Standards for Earnings Per Share” and ASBJ Guidance No. 4, September 25, 2002 “Guidance on Accounting Standards for Earnings Per Share”.
3. Net income per share is obtained by dividing the value obtained by deducting preferred dividends from current profit. This calculation complies with ASBJ statement No. 2, September 25, 2002 “Accounting Standards for Earnings Per Share” and ASBJ Guidance No. 4, September 25, 2002 “Guidance on Accounting Standards for Earnings Per Share”.

Consolidated Balance Sheet

Shinkin Central Bank As of March 31,	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2015	2014	2015
Assets			
Cash and Due from Banks (Note 2 (2), 9, 24)	6,861,925	4,938,807	57,111
Bills Bought and Call Loans (Note 24)	510,601	578,351	4,249
Receivables under Resale Agreements (Note 24)	49,987	86,980	416
Receivables under Securities Borrowing Transactions (Note 24)	142,726	173,390	1,187
Monetary Debts Purchased (Note 24)	231,858	269,583	1,929
Trading Assets (Note 3, 9, 24, 25)	217,866	237,261	1,813
Money Held in Trust (Note 24, 25)	132,774	132,854	1,105
Securities (Note 4, 7, 9, 24, 25)	19,101,480	18,418,791	158,980
Loans and Bills Discounted (Note 5, 6, 9, 24)	5,885,741	5,975,834	48,986
Foreign Exchanges Assets	9,178	5,212	76
Other Assets (Note 9)	87,294	137,413	726
Tangible Fixed Assets (Note 8, 14, 23)	75,679	73,929	629
Intangible Fixed Assets (Note 23)	14,687	15,537	122
Deferred Tax Assets (Note 21)	3,370	3,896	28
Customers' Liabilities for Acceptances and Guarantees	234,952	176,908	1,955
Reserve for Possible Loan Losses	(44,051)	(40,183)	(366)
Reserve for Investment Losses	-	(5)	-
Total Assets	33,516,073	31,184,564	278,951
Liabilities and Net Assets			
Liabilities			
Deposits (Note 24)	25,555,350	23,677,799	212,695
Debentures (Note 12, 24)	3,000,680	3,161,810	24,974
Trading Liabilities (Note 10, 24)	146,314	158,537	1,217
Borrowed Money (Note 9, 11, 24)	935,320	937,320	7,784
Bills Sold and Call Money (Note 9, 24)	415,108	408,067	3,454
Payables under Repurchase Agreements (Note 9, 24)	73,944	35,437	615
Payables under Securities Lending Transactions (Note 9, 24)	1,299,828	966,659	10,818
Foreign Exchanges Liabilities	264	558	2
Other Liabilities (Note 13)	272,465	282,706	2,267
Reserve for Employee Bonuses	1,616	1,593	13
Reserve for Directors' Bonuses	80	78	0
Net Defined Benefit Liability (Note 22)	27,906	28,414	232
Reserve for Directors' Retirement Allowances	524	508	4
Reserve under Specific Law	1	1	0
Deferred Tax Liabilities (Note 21)	111,851	65,230	930
Deferred Tax Liabilities for Land Revaluation (Note 14)	6,106	6,106	50
Acceptances and Guarantees	234,952	176,908	1,955
Total Liabilities	32,082,317	29,907,738	267,018
Net Assets			
Common Shares and Preferred Shares (Note 20)	490,998	490,998	4,086
Capital Surplus	100,678	100,678	837
Retained Earnings	497,099	450,930	4,137
Total Shareholders' Equity	1,088,776	1,042,607	9,061
Net Unrealized Gains (Losses) on Other Securities (Note 21, 25)	440,090	286,413	3,662
Net Deferred Gains (Losses) on Hedging Instruments (Note 21, 26)	(114,477)	(69,436)	(952)
Land Revaluation Excess (Note 14)	13,457	13,441	112
Foreign Currency Translation Adjustments	(1,285)	(1,865)	(10)
Remeasurements of Defined Benefit Plans (Note 22)	(2,563)	(3,489)	(21)
Total Accumulated Other Comprehensive Income	335,222	225,064	2,790
Minority Interests	9,758	9,154	81
Total Net Assets	1,433,756	1,276,826	11,933
Total Liabilities and Net Assets	33,516,073	31,184,564	278,951

The accompanying notes are an integral part of these financial statements.

Consolidated Statement of Income

		Millions of Yen		Millions of U.S. Dollars (Note 1)
Shinkin Central Bank	For the year ended March 31,	2015	2014	2015
Income				
Interest Income:		219,763	230,006	1,829
Interest on Loans and Discounts		27,652	33,258	230
Interest on Due from Banks		7,481	6,495	62
Interest on Bills Bought and Call Loans		1,107	891	9
Interest on Receivables under Resale Agreements		58	104	0
Interest on Receivables under Securities Borrowing Transactions		279	367	2
Interest and Dividends on Securities		181,761	186,990	1,512
Others		1,422	1,898	11
Fees and Commissions (Note 15)		37,122	34,287	308
Trading Income (Note 16)		18,836	15,462	156
Other Operating Income		22,542	21,355	187
Other Income (Note 18)		9,630	7,060	80
Total Income		307,894	308,171	2,562
Expenses				
Interest Expenses:		130,841	141,383	1,088
Interest on Deposits		48,542	53,320	404
Interest on Debentures		13,921	23,540	115
Interest on Borrowed Money		11,224	9,701	93
Interest on Bills Sold and Call Money		731	696	6
Interest on Payables under Repurchase Agreement		97	1	0
Interest on Payables under Securities Lending Transactions		2,237	2,621	18
Others		54,086	51,502	450
Fees and Commissions (Note 15)		12,363	11,301	102
Trading Losses (Note 17)		231	224	1
Other Operating Expenses		29,092	45,584	242
General and Administrative Expenses		46,160	44,890	384
Other Expenses		4,337	12,164	36
Total Expenses		223,028	255,548	1,856
Income before Income Taxes and Minority Interests		84,866	52,622	706
Income Taxes (Note 21):				
Current		18,988	3,282	158
Deferred		2,594	11,021	21
Total Income Taxes		21,583	14,304	179
Income before Minority Interests		63,282	38,318	526
Minority Interests in Net Income		586	706	4
Net Income		62,696	37,612	521

	2015	Yen	2014	U.S. Dollars
				2015
Net Income per Share (Note 29)	12,865.13		7,537.36	107.07
Dividend Declared per Share (Common Shares)	3,500.00		3,000.00	29.13
Dividend Declared per Share (Preferred Shares)	7,000.00		6,500.00	58.26

The accompanying notes are an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

Shinkin Central Bank For the year ended March 31,	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2015	2014	2015
Income before Minority Interests	63,282	38,318	526
Other Comprehensive Income (Note 19)	110,229	9,685	917
Net Unrealized Gains (Losses) on Other Securities	153,676	(12,408)	1,279
Net Deferred Gains (Losses) on Hedging Instruments	(45,041)	20,656	(374)
Land Revaluation Excess	4	(10)	0
Foreign Currency Translation Adjustments	580	1,448	4
Remeasurements of Defined Benefit Plans	1,009	-	8
Comprehensive Income	173,512	48,004	1,444
Comprehensive Income attributable to owners of the parent	172,842	47,297	1,438
Comprehensive Income attributable to minority interests	670	706	5

The accompanying notes are an integral part of these financial statements.

Consolidated Statement of Changes in Net Assets

Shinkin Central Bank For the year ended March 31, 2015

—Millions of Yen—

	Shareholders' Equity			
	Common Shares and Preferred Shares	Capital Surplus	Retained Earnings	Total Shareholders' Equity
Balance at Beginning of Year	490,998	100,678	450,930	1,042,607
Cumulative Effects of Changes in Accounting Policies			87	87
Restated balance	490,998	100,678	451,017	1,042,694
Fluctuation Amount during the Fiscal Year				
Surplus Dividends			(16,603)	(16,603)
Net Income			62,696	62,696
The reversal of Land Revaluation Excess			(11)	(11)
Net Changes in Items Other Than Shareholders' Equity during the Fiscal Year				
Total Fluctuation Amount during the Fiscal Year	-	-	46,081	46,081
Balance at End of Year	490,998	100,678	497,099	1,088,776

	Accumulated Other Comprehensive Income						Minority Interests	Total Net Assets
	Net Unrealized Gains (Losses) on Other Securities	Net Deferred Gains (Losses) on Hedging Instruments	Land Revaluation Excess	Foreign Currency Translation Adjustments	Remeasurements of Defined Benefit Plans	Total Accumulated Other Comprehensive Income		
Balance at Beginning of Year	286,413	(69,436)	13,441	(1,865)	(3,489)	225,064	9,154	1,276,826
Cumulative Effects of Changes in Accounting Policies								87
Restated balance	286,413	(69,436)	13,441	(1,865)	(3,489)	225,064	9,154	1,276,914
Fluctuation Amount during the Fiscal Year								
Surplus Dividends								(16,603)
Net Income								62,696
The reversal of Land Revaluation Excess								(11)
Net Changes in Items Other Than Shareholders' Equity during the Fiscal Year	153,676	(45,041)	16	580	925	110,157	603	110,761
Total Fluctuation Amount during the Fiscal Year	153,676	(45,041)	16	580	925	110,157	603	156,842
Balance at End of Year	440,090	(114,477)	13,457	(1,285)	(2,563)	335,222	9,758	1,433,756

—Millions of U.S. Dollars (Note 1)

	Shareholders' Equity			
	Common Shares and Preferred Shares	Capital Surplus	Retained Earnings	Total Shareholders' Equity
Balance at Beginning of Year	4,086	837	3,753	8,677
Cumulative Effects of Changes in Accounting Policies			0	0
Restated balance	4,086	837	3,753	8,678
Fluctuation Amount during the Fiscal Year				
Surplus Dividends			(138)	(138)
Net Income			521	521
The reversal of Land Revaluation Excess			(0)	(0)
Net Changes in Items Other Than Shareholders' Equity during the Fiscal Year				
Total Fluctuation Amount during the Fiscal Year	-	-	383	383
Balance at End of Year	4,086	837	4,137	9,061

	Accumulated Other Comprehensive Income						Minority Interests	Total Net Assets
	Net Unrealized Gains (Losses) on Other Securities	Net Deferred Gains (Losses) on Hedging Instruments	Land Revaluation Excess	Foreign Currency Translation Adjustments	Remeasurements of Defined Benefit Plans	Total Accumulated Other Comprehensive Income		
Balance at Beginning of Year	2,383	(577)	111	(15)	(29)	1,873	76	10,626
Cumulative Effects of Changes in Accounting Policies								0
Restated balance	2,383	(577)	111	(15)	(29)	1,873	76	10,627
Fluctuation Amount during the Fiscal Year								
Surplus Dividends								(138)
Net Income								521
The reversal of Land Revaluation Excess								(0)
Net Changes in Items Other Than Shareholders' Equity during the Fiscal Year	1,279	(374)	0	4	7	916	5	921
Total Fluctuation Amount during the Fiscal Year	1,279	(374)	0	4	7	916	5	1,305
Balance at End of Year	3,662	(952)	112	(10)	(21)	2,790	81	11,933

	Shareholders' Equity			
	Common Shares and Preferred Shares	Capital Surplus	Retained Earnings	Total Shareholders' Equity
Balance at Beginning of Year	490,998	100,678	429,841	1,021,518
Fluctuation Amount during the Fiscal Year				
Surplus Dividends			(16,603)	(16,603)
Net Income			37,612	37,612
The reversal of Land Revaluation Excess			79	79
Net Changes in Items Other Than Shareholders' Equity during the Fiscal Year				
Total Fluctuation Amount during the Fiscal Year	-	-	21,088	21,088
Balance at End of Year	490,998	100,678	450,930	1,042,607

	Accumulated Other Comprehensive Income						Minority Interests	Total Net Assets
	Net Unrealized Gains (Losses) on Other Securities	Net Deferred Gains (Losses) on Hedging Instruments	Land Revaluation Excess	Foreign Currency Translation Adjustments	Remeasurements of Defined Benefit Plans	Total Accumulated Other Comprehensive Income		
Balance at Beginning of Year	298,822	(90,092)	13,532	(3,313)	-	218,948	8,763	1,249,229
Fluctuation Amount during the Fiscal Year								
Surplus Dividends								(16,603)
Net Income								37,612
The reversal of Land Revaluation Excess								79
Net Changes in Items Other Than Shareholders' Equity during the Fiscal Year	(12,408)	20,656	(90)	1,448	(3,489)	6,116	391	6,508
Total Fluctuation Amount during the Fiscal Year	(12,408)	20,656	(90)	1,448	(3,489)	6,116	391	27,596
Balance at End of Year	286,413	(69,436)	13,441	(1,865)	(3,489)	225,064	9,154	1,276,826

The accompanying notes are an integral part of these financial statements.

Consolidated Statement of Cash Flows

Shinkin Central Bank For the year ended March 31,	Millions of Yen		Millions of U.S. Dollars
	2015	2014	(Note 1) 2015
Cash Flows from Operating Activities:			
Income before Income Taxes and Minority Interests	84,866	52,622	706
Depreciation	8,442	9,033	70
Loss on Impairment of Fixed Assets	64	-	0
Increase (Decrease) in Reserve for Possible Loan Losses	3,867	10,836	32
Increase (Decrease) in Reserve for Investment Losses	(5)	(46)	(0)
Increase (Decrease) in Reserve for Employee Bonuses	22	84	0
Increase (Decrease) in Reserve for Directors' Bonuses	2	1	0
Increase (Decrease) in Net Defined Benefit Liability	(507)	600	(4)
Increase (Decrease) in Reserve for Directors' Retirement Allowances	15	(42)	0
Interest Income	(219,763)	(230,006)	(1,829)
Interest Expenses	130,841	141,383	1,088
Net Losses (Gains) on Securities	(11,585)	14,890	(96)
Net Losses (Gains) on Money Held in Trust	(1,465)	716	(12)
Net Losses (Gains) on Foreign Exchange	(183,218)	(326,395)	(1,524)
Net Losses (Gains) on Disposal of Fixed Assets	128	(9)	1
Net Decrease (Increase) in Trading Assets	19,394	237,764	161
Net Increase (Decrease) in Trading Liabilities	(12,222)	10,198	(101)
Net Increase (Decrease) in Trading Payables	(2,607)	(19,038)	(21)
Net Decrease (Increase) in Loans and Bills Discounted	90,093	(515,664)	749
Net Increase (Decrease) in Deposits	1,877,551	1,677,489	15,626
Net Increase (Decrease) in Debentures	(161,130)	(375,540)	(1,341)
Net Increase (Decrease) in Borrowed Money (Excluding Subordinated Borrowings)	(2,000)	(37,050)	(16)
Net Decrease (Increase) in Due from Banks (Excluding Due from Central Bank)	594,734	(96,021)	4,949
Net Decrease (Increase) in Call Loans and Others	104,743	51,918	871
Net Decrease (Increase) in Receivables under Securities Borrowing Transactions	30,663	13,632	255
Net Increase (Decrease) in Call Money and Others	45,547	(115,583)	379
Net Increase (Decrease) in Payables under Securities Lending Transactions	333,169	(670,409)	2,772
Net Decrease (Increase) in Monetary Debts Purchased	37,724	61,174	313
Net Decrease (Increase) in Foreign Exchanges (Assets)	(3,965)	(799)	(33)
Net Increase (Decrease) in Foreign Exchanges (Liabilities)	(293)	371	(2)
Net Increase (Decrease) in Due to Trust Accounts	(61)	(107)	(0)
Interest Received	312,999	338,837	2,605
Interest Paid	(176,962)	(198,296)	(1,472)
Other, Net	(19,646)	17,827	(163)
Sub-total	2,879,440	54,376	23,965
Income Taxes Paid	(3,857)	(1,046)	(32)
Net Cash Provided by (Used in) Operating Activities	2,875,582	53,330	23,933
Cash Flows from Investing Activities:			
Acquisitions of Securities	(4,093,109)	(5,062,421)	(34,066)
Proceeds from Sale of Securities	1,832,394	2,838,619	15,250
Proceeds from Redemption of Securities	1,929,034	3,706,085	16,055
Increase in Money Held in Trust	(21,048)	(51,000)	(175)
Decrease in Money Held in Trust	21,000	100,000	174
Acquisitions of Tangible Fixed Assets	(5,876)	(3,773)	(48)
Acquisitions of Intangible Fixed Assets	(3,660)	(2,648)	(30)
Proceeds from Sales of Tangible Fixed Assets	-	793	-
Net Cash Provided by (Used in) Investing Activities	(341,264)	1,525,654	(2,840)
Cash Flows from Financing Activities:			
Proceeds from Subordinated Borrowings	-	162,480	-
Dividends Paid	(16,603)	(16,603)	(138)
Dividends Paid to Minority Interests	(66)	(66)	(0)
Net Cash Provided by (Used in) Financing Activities	(16,670)	145,809	(138)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	0	0	0
Net Increase (Decrease) in Cash and Cash Equivalents	2,517,648	1,724,794	20,954
Cash and Cash Equivalents at Beginning of Period	3,112,521	1,387,726	25,905
Cash and Cash Equivalents at End of Period (Note 2 (2))	5,630,169	3,112,521	46,859

The accompanying notes are an integral part of these financial statements.

Notes to Consolidated Financial Statements

1. Basis of Presentation:

The accompanying consolidated financial statements have been prepared from the accounts maintained by Shinkin Central Bank (the "Bank") and its consolidated subsidiaries in accordance with accounting principles and practices generally accepted in Japan that are different in certain respects from the application and disclosure requirements of International Financial Reporting Standards.

Certain items presented in the consolidated financial statements have been reclassified for the convenience of readers outside Japan. The amounts in Japanese yen are presented in millions of yen by rounding down figures. As a result, the totals in yen shown in the consolidated financial statements do not necessarily agree with the sums of the individual account balances.

U.S. dollar amounts represent the arithmetical results of translating original Japanese yen amounts of the respective account balances to U.S. dollars on a basis of ¥120.15 to U.S.\$1, the exchange rate prevailing as of March 31, 2015. The amounts in U.S. dollars are presented in millions of U.S. dollars by rounding down figures. As a result, the totals in U.S. dollars shown in the consolidated financial statements do not necessarily agree with the sums of the individual account balances. The U.S. dollars amounts are included solely for the convenience of readers outside Japan and this translation should not be construed as representation that Japanese yen amounts have been or could be readily converted, realized or settled in U.S. dollars at that or at any other rates.

2. Significant Accounting Policies:

(1) Principles of Consolidation

The consolidated financial statements include the accounts of the Bank and its eight consolidated subsidiaries as of March 31, 2015 listed below:

Name	Location	Ownership Percentage
The Shinkin Banks Information		
System Center Co., Ltd.	Tokyo	50.7%
Shinkin International Ltd.	London	100%
Shinkin Chukin Business Co., Ltd.	Tokyo	100%
Shinkin Asset Management Co., Ltd.	Tokyo	100%
Shinkin Trust Bank, Ltd.	Tokyo	100%
Shinkin Securities Co., Ltd.	Tokyo	100%
Shinkin Capital Co., Ltd.	Tokyo	100%
Shinkin Guarantee Co., Ltd.	Tokyo	100%

Unconsolidated subsidiaries

Shinkin Capital No. 2 Limited Liability Investment Partnership
Shinkin no Kizuna Limited Liability Investment Partnership
Shinkin no Tsubasa Limited Liability Investment Partnership

Unconsolidated subsidiaries are excluded from the scope of consolidation because their total assets, total income, net income (amount based on the equity method), retained earnings (amount based on the equity method) and accumulated other comprehensive income (amount based on the equity method) are immaterial and do not hinder a rational judgment of the Bank's financial condition and results of operation when excluded from the scope of consolidation.

The fiscal year and the closing date thereof for the financial statements of the consolidated subsidiaries are in agreement with those of the Bank, except for Shinkin International Ltd., which has a fiscal year ended on December 31. For the consolidation of the subsidiary, the Bank makes appropriate adjustments for any material transactions subsequent to December 31.

All significant intercompany accounts and transactions have

been eliminated in consolidation. The Bank's share of net assets of subsidiaries is valued at fair value on acquisition. Minority interests in net assets of subsidiaries are valued at fair value on acquisition in the consolidated financial statements. The excess of the cost over the fair value of the underlying net equity in subsidiaries on acquisition is expensed when incurred.

The application of equity-method to unconsolidated subsidiaries and affiliates is as follows:

Non-consolidated equity-method subsidiaries:	N/A
Affiliated equity-method companies:	N/A

Unconsolidated subsidiaries that are not accounted for by the equity method:

Shinkin Capital No. 2 Limited Liability Investment Partnership
Shinkin no Kizuna Limited Liability Investment Partnership
Shinkin no Tsubasa Limited Liability Investment Partnership

Unconsolidated subsidiaries that are not accounted for by the equity method are excluded from the scope of equity method because their effect on the accompanying consolidated financial statements, in terms of net income (amount based on the equity method) and retained earnings (amount based on the equity method), would not be material.

Affiliated companies to which the equity method is not applied due to immateriality:

Aozora Loan Services Co., Ltd.

(2) Cash and Cash Equivalents

In the consolidated statement of cash flows, "Cash and Cash Equivalents" consist of Cash and Due from Central Bank.

Reconciliation between Cash and Due from Banks in the consolidated balance sheet and Cash and Cash Equivalents at March 31, 2015 and 2014 is as follows:

	Millions of Yen		Millions of U.S. dollars
	2015	2014	2015
Cash and Due from Banks	6,861,925	4,938,807	57,111
Due from Banks (Excluding Due from Central Bank)	(1,231,755)	(1,826,286)	(10,251)
Cash and Cash Equivalents	5,630,169	3,112,521	46,859

(3) Trading Assets & Liabilities

Transactions for "Trading Purposes" (for purposes of seeking to capture gains arising from short-term changes in interest rates, currency exchange rates or market prices of financial instruments and other market related indices or from gaps among markets) are included in "Trading Assets" and "Trading Liabilities" on the consolidated balance sheet on a trade date basis. In addition, gains and losses from "Trading Assets" and "Trading Liabilities" are recorded as "Trading Income" and "Trading Losses" on the consolidated statement of income on a trade date basis.

Securities and monetary debts purchased for trading purposes are stated at fair value at the fiscal year end. Trading-related financial derivatives such as swaps, futures and options are stated at the deemed amounts that would be received or paid for settlement if such transactions were terminated at the fiscal year end.

(4) Financial Instruments

(i) Securities

The Bank and its consolidated subsidiaries classify securities into three categories: held-to-maturity debt securities, investments in affiliates that are not accounted for by the equity method, and other securities. Held-to-maturity debt securities are stated at cost and are amortized by the straight-line depreciation method using the weighted-average method. Investments in affiliates that are not accounted for by the equity method are stated at cost using the weighted-average method. Stocks and investment trusts in other securities are stated based on the average quoted market price over a month preceding the balance sheet date and others are stated at fair value based on quoted market prices and other applicable information at the balance sheet date (and the cost of securities sold is mainly determined using the weighted-average method). Other securities where there is significant difficulty in determining fair value are stated at cost using the weighted-average method.

The full amount of net unrealized gains or losses on other securities is recorded directly within Net Assets.

Securities included as trust property in "Money Held in Trust" are stated in the same manner as above.

(ii) Derivative Transactions

Derivative transactions are stated at fair value.

(iii) Hedge Accounting

(a) Hedge of Interest Rate Risk

The Bank applies the deferred method of hedge accounting described in the Japanese Institute of Certified Public Accountants (JICPA) Industry Audit Committee Report No. 24 "Accounting and Auditing Treatment of Accounting Standards for Financial Instruments in Banking Industry" to transactions to hedge against interest rate risk arising from the financial assets and liabilities.

Effectiveness of a fair value hedge is assessed for each of the identified group of hedged items such as loans and deposits, and corresponding group of hedging instruments such as interest rate swaps with the same maturity bucket. Effectiveness of a cash flow hedge is assessed based on the correlation between an interest rate risk factor of the hedged items and that of the hedging instruments.

For certain asset and liabilities, the exceptional treatment for interest rate swaps is applied.

(b) Hedge of Foreign Exchange Fluctuation Risk

The deferred method of hedge accounting is applied to transactions to hedge against foreign exchange fluctuation risks associated with monetary assets and liabilities denominated in foreign currencies in accordance with the regulations set forth in JICPA Industry Audit Committee Report No. 25 "Accounting and Auditing Treatment of Accounting Standards for Foreign Currency Transactions in the Banking Industry".

To minimize foreign exchange fluctuation risk on monetary assets and liabilities, the Bank has engaged in currency swaps, foreign exchange swaps, and similar transactions. Effectiveness of these transactions in the hedging of foreign exchange risks of monetary assets and liabilities denominated in foreign currencies is assessed through comparison of the foreign currency position of the hedged monetary assets and liabilities and that of the hedging instruments.

The Bank has also applied fair value hedge accounting to the foreign exchange risk of other securities in foreign currency (other than bonds) when the hedged foreign currency securities are specified prior to the commencement of transactions, and there exists

spot and forward liabilities exceeding the acquisition costs of the foreign currency securities designated as hedged items on a foreign currency basis.

(c) Internal Derivative Transactions

Internal derivative transactions between trading accounts and other accounts, which are designated as hedges, are not eliminated and related gains and losses are recognized in the consolidated statement of income or deferred under hedge accounting because the internal interest rate swaps and currency swaps transactions, etc. designated as hedging instruments are conducted in a manner without any subjection and are appropriately covered by third party transactions conducted in accordance with the standard articulated by JICPA Industry Audit Committee Reports No. 24 and No. 25.

(5) Tangible Fixed Assets (excluding Leased Assets)

Tangible fixed assets of the Bank are depreciated by the declining balance method, except for buildings acquired on or after April 1, 1998 (excluding facilities installed in buildings), which are depreciated by the straight-line method.

The estimated useful lives of major items are as follows:

Buildings 5 to 50 years

Others 3 to 20 years

Tangible fixed assets of consolidated subsidiaries are, in principle, depreciated using the declining balance method, based on their estimated useful lives.

(6) Intangible Fixed Assets (excluding Leased Assets)

Intangible fixed assets are amortized by the straight-line method. The costs of software for internal use are amortized by the straight-line method, mainly over a 5 year period (the estimated useful life of the software).

(7) Leased Assets

Leased assets of Tangible Fixed Assets and Intangible Fixed Assets related to finance leases that do not transfer ownership are depreciated using the straight-line method with estimated useful lives equal to lease terms, and zero residual values.

(8) Deferred Debenture Charges

Debenture charges are expensed in the fiscal year of issuance.

(9) Reserve for Possible Loan Losses

Reserve for possible loan losses of the Bank is provided in accordance with the Bank's predetermined internal rules for write-offs and provisions as follows:

The reserve for loans to borrowers who are classified as substantially bankrupt or who are bankrupt in the legal sense is provided at 100% of the amount remaining after write-offs and deduction of expected collection from the disposal of collateral and the execution of guarantees. In addition, a reserve is provided for loans to borrowers who, although not actually bankrupt in the legal sense, are experiencing serious financial difficulties and whose failure is imminent. In such cases, the reserve is provided at the amount deemed necessary based on the borrower's capability of repayment after deduction of expected collection from the disposal of collateral and the execution of guarantees.

The Bank calculates the reserve by the cash flow estimate method to those borrowers who owe the debts classified as Loans to Probably Bankrupt Borrowers and Restructured Loans by the Bank, whose total credit exceeds a certain amount and also the cash flow related to collection of the principal and interests from whom can be

estimated. The cash flow estimate method is to determine the amount of reserve for possible loan losses from the gap between the amounts calculated by discounting the cash flow by the contracted interest rate prior to relaxation of terms and conditions of loans and their book values.

For all other loans, a reserve is provided based on the ratio of actual defaults for a certain period in the past.

All claims are assessed by the Operating Related Division based on internal rules for self-assessment of asset quality. Subsequently, the Asset Auditing Division, that is independent from the Operating Related Division, audits these self-assessments. The reserve is provided based on the results of the assessments.

For loans to Bankrupt Borrowers and Substantially Bankrupt Borrowers, amounts deemed uncollectible, which are calculated after deduction of expected collection from the disposal of collateral and the execution of guarantees, are written off. The amount written off was ¥584 million (\$4 million) as of March 31, 2015 and ¥951 million as of March 31, 2014.

Reserve for possible loan losses of the consolidated subsidiaries for general claims is provided as the amounts deemed necessary based on the default rate calculated from actual default during a certain period in the past, and for doubtful claims as the amounts deemed uncollectible based on the assessment of each claim.

(10) Reserve for Investment Losses

Reserve for Investment Losses is allocated in an amount considered necessary to provide against possible future losses from investments, taking into consideration the financial condition of the company issuing the securities and other factors.

(11) Reserve for Employee Bonuses

Reserve for Employee Bonuses is set aside to pay employee bonuses with respect to the portion of estimated bonus payments to employees that correspond to this fiscal year.

(12) Reserve for Directors' Bonuses

Reserve for Directors' Bonuses is set aside to pay directors and corporate auditors bonuses with respect to the portion of estimated bonus payments to directors and corporate auditors that correspond to this fiscal year.

(13) Reserve for Directors' Retirement Allowances

Reserve for Directors' Retirement Allowances provided for by the Bank is calculated based on the estimated allowances to be paid up to the end of this fiscal year.

(14) Reserve under Specific Law

This reserve amount is calculated pursuant to Article 46-5, Paragraph 1 of the Financial Instruments and Exchange Act and Article 175 of the Cabinet Office Ordinance on Financial Instruments Business to indemnify any losses incurred from accidents in the conduct of market derivative transactions on behalf of clients.

(15) Employees' Retirement Benefits

The Bank accounted for retirement benefit obligation based on the projected benefit obligations. The projected benefit obligations are attributed to periods on a benefit formula basis. The methods for amortizing prior service costs and actuarial differences are as follows:

Prior service costs:

Prior service costs are amortized, using the straight-line method over a certain number of years (10 years) within the average

remaining service period of current employees at the time the cost is incurred.

Actuarial differences:

Actuarial differences are amortized from the following year, using the straight-line method over a certain number of years (10 years) within the average remaining service period of current employees at each time the cost is incurred.

Also, certain consolidated subsidiaries calculate the net defined benefit liability and retirement benefit cost using the simplified method which assumes the retirement benefit obligation to be equal to the necessary payments of the voluntary retirement for all employees at the fiscal year-end.

(16) Translation of Foreign Currencies

Foreign currency-denominated assets and liabilities are translated into Japanese yen at exchange rates prevailing at the end of the fiscal year. Foreign currency-denominated assets and liabilities of consolidated subsidiaries are translated into Japanese yen at exchange rates prevailing at the end of the fiscal year.

(17) Leases

Finance lease transactions for the Bank and its domestic consolidated subsidiaries that do not transfer ownership which were commenced before the fiscal year beginning April 1, 2008 are accounted for as operating leases.

(18) Consumption Tax

Consumption tax and local consumption tax incurred by the Bank and its domestic consolidated subsidiaries are excluded from transaction amounts. However, consumption tax and local consumption tax paid on purchases of tangible fixed assets and intangible fixed assets, which are not deductible as a tax credit, are expensed at the end of the fiscal year.

(19) Amortization of Goodwill

Goodwill is fully amortized in the fiscal year incurred.

(20) Changes in Accounting Policies

Adoption of the "Accounting Standard for Retirement Benefits"

From this fiscal year, the Bank adopted provisions of the "Accounting Standard for Retirement Benefits" (Accounting Standards Board of Japan (ASBJ) Statement No. 26, May 17, 2012) and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, March 26, 2015). In accordance with paragraph 35 of the main text of the "Accounting Standard for Retirement Benefits" and paragraph 67 of the main text of the "Guidance on Accounting Standard for Retirement Benefits.", the Bank has revised its method for period attribution of the expected benefit amount from a straight-line basis to a benefit formula basis. In addition, the Bank changed its method for determining the discount rate, from the method using the estimated average service period up to the payment of retirement benefits to the method using a single weighted-average discount rate reflecting the estimated benefit payment period and the amount for each estimated period.

With regard to the adoption of the aforementioned accounting standard and guidance, in accordance with the transitional provisions stipulated in paragraph 37 of the "Accounting Standard for Retirement Benefits," the Bank reflected the effects of changes in the method of calculating retirement benefit obligation and service costs in retained earnings at the beginning of this fiscal year.

The impact of these changes on the Bank's financial statements for this fiscal year was immaterial.

The effect on per share information is stated in the relevant part of these notes.

3. Trading Assets:

The details of Trading Assets as of March 31, 2015 and 2014 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Trading Account Securities	57,717	75,166	480
Trading Bonds-Related Financial Derivatives	6	—	0
Trading-Related Financial Derivatives	55,153	48,107	459
Other Trading Assets	104,989	113,987	873
Total	217,866	237,261	1,813

4. Securities:

The details of Securities as of March 31, 2015 and 2014 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Japanese Government Bonds	11,238,729	11,489,925	93,539
Municipal Government Bonds	175,837	185,304	1,463
Short-term Corporate Bonds	14,997	14,996	124
Corporate Bonds	2,814,263	2,408,050	23,422
Stocks	74,133	46,441	617
Others	4,783,519	4,274,073	39,812
Total	19,101,480	18,418,791	158,980

Notes:

1. Stocks include investments in affiliated companies totaling ¥189 million (\$1 million) as of March 31, 2015 and 2014.
2. Others include common shares and investment in unconsolidated subsidiaries totaling ¥9,440 million (\$78 million) as of March 31, 2015 and ¥5,147 million as of March 31, 2014. Others also include preferred shares issued by Shinkin Banks which were contributed in accordance with the Shinkin Bank Management Reinforcement System. The amount was ¥239,190 million (\$1,990 million) as of March 31, 2015 and ¥237,190 million as of March 31, 2014, respectively. Others also include foreign bonds and equities.

5. Loans and Bills Discounted:

Loans and Bills Discounted include the following non-performing loans:

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Loans to Bankrupt Borrowers	123	125	1
Delinquent Loans	11,494	8,734	95
Loans Past Due Three Months or More	28	86	0
Restructured Loans	31,452	28,926	261
Total	43,099	37,873	358

The above amounts are the amounts before exclusion of reserves for possible loan losses.

Loans to Bankrupt Borrowers represent non-accrual loans to borrowers who are legally bankrupt as defined in Article 96-1-3 or 4 of the Order for Enforcement of the Corporation Tax Act (Article 97 of 1965 Cabinet Order).

Delinquent Loans represent non-accrual loans other than Loans to Bankrupt Borrowers and Restructured Loans.

Loans Past Due Three Months or More represent loans for which the principal and interests are past due three months or more other than Loans to Bankrupt Borrowers and Delinquent Loans.

Restructured Loans represent loans on which contracts were amended in favor of the borrowers (e.g. the reduction of or exemption from stated interests, the deferral of interest payments, the extension of maturity dates, and the renunciation of claims in order to assist or facilitate the business restructuring of borrowers under financial difficulties) other than Loans to Bankrupt Borrowers, Delinquent Loans and Loans Past Due Three Months or More.

Loans include subordinated loans with a covenant stipulating that repayment of principal is preceded by that of general credits. The amount was ¥47,000 million (\$391 million) as of March 31, 2015 and ¥49,400 million as of March 31, 2014, respectively. Of these amounts, ¥20,200 million (\$168 million) as of March 31, 2015, and ¥22,600 million as of March 31, 2014, respectively, were provided to Shinkin Banks in accordance with the Shinkin Bank Management Reinforcement System.

Bills Discounted are accounted for as financial transactions in accordance with JICPA Industry Audit Committee Report No.24 “Accounting and Auditing Treatment of Accounting Standards for Financial Instruments in Banking Industry”. The face value of bills of lading amounted to ¥217 million (\$1 million) as of March 31, 2015 and ¥215 million as of March 31, 2014, respectively. The Bank has the right to freely dispose of, sell or re-collateralize such bills.

With respect to loan participation, in accordance with “Accounting and Presentation of Loan Participation” (JICPA Accounting Committee Report No. 3), the amount of the participation principal is accounted for as a loan to the original debtor, and this amounted to ¥46,890 million (\$390 million) as of March 31, 2015 and ¥66,044 million as of March 31, 2014.

6. Commitments to Overdrafts and Loans:

Commitments related to overdrafts and loans represent agreements to extend overdrafts or loans up to a pre-agreed amount at the customer's request as long as there is no violation of the conditions stipulated in commitment agreements.

The amount of unused commitment lines does not necessarily have a significant effect on the future cash flows of the Bank because most of these commitment lines are terminated without being exercised. Most of these agreements have provisions which stipulate that the Bank may not extend the loan or may decrease the commitment when there are certain changes in the financial conditions, certain issues relating to collateral and other reasons. The Bank limits the commitment line to an amount below the amount of the related customer's time deposit. The Bank periodically checks the financial condition of its customers based on its internal rules and performs certain actions to secure loans or revises the contracts, as necessary.

The amounts of unused commitment lines under such agreements are ¥19,673,398 million (\$163,740 million) as of March 31, 2015 and ¥17,848,727 million as of March 31, 2014, respectively.

The amounts which the Bank could cancel at any time without penalty or of which the original contractual maturity is less than one year are ¥19,587,477 million (\$163,025 million) as of March 31, 2015 and ¥17,764,762 million as of March 31, 2014, respectively.

7. Special Contracts for Securities and Cash-Collateralized Securities Lending and Borrowings:

Securities lending based on non-collateralized special contracts (securities lending and borrowings) are stated as Japanese Government Bonds and Others in "Securities." The amount in total was ¥135,291 million (\$1,126 million) as of March 31, 2015 and ¥123,308 million as of March 31, 2014.

Of cash-collateralized securities borrowings, those freely disposable for sale or re-collateralized, and pledged as collateral amounted to ¥9,567 million (\$79 million) as of March 31, 2015 and ¥729 million as of March 31, 2014. Those held by the Bank without being disposed of as of March 31, 2015 amounted to ¥164,501 million (\$1,369 million) and as of March 31, 2014 amounted to ¥248,905 million.

8. Tangible Fixed Assets:

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Accumulated Depreciation on Tangible Fixed Assets	85,793	82,381	714
Accumulated Deferred Gains on Tangible Fixed Assets	1,764	1,764	14
(Deferred Gains recognized for the fiscal year)	(—)	(—)	(—)

9. Assets Pledged as Collateral and Associated Liabilities:

Assets pledged as collateral for the fiscal years ended March 31, 2015 and 2014 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Assets Pledged as Collateral			
Cash and Due from Banks	0	0	0
Trading Assets	12,834	23,593	106
Securities	3,136,284	2,887,707	26,103
Loans and Bills Discounted	2,285,468	2,439,166	19,021
Total	5,434,586	5,350,466	45,231
Liabilities associated with Assets Pledged as Collateral			
Borrowed Money	121,500	123,500	1,011
Bills Sold and Call Money	210,000	213,300	1,747
Payables under Repurchase Agreements	73,944	35,437	615
Payables under Securities Lending Transactions	1,290,211	965,928	10,738

Trading Assets of ¥528 million (\$4 million) as of March 31, 2015 and ¥705 million as of March 31, 2014 and Securities in the amount of ¥1,082,445 million (\$9,009 million) as of March 31, 2015 and ¥989,487 million as of March 31, 2014, respectively, were secured as collateral for exchange settlement transactions, etc. or futures or as substitute for margin money in futures transactions, etc.

Other Assets included margin money. The amount was ¥338 million (\$2 million) as of March 31, 2015, and ¥291 million as of March 31, 2014. Other Assets also included guarantee money amounting to ¥555 million (\$4 million) as of March 31, 2015, and ¥379 million as of March 31, 2014, respectively.

10. Trading Liabilities:

The details of Trading Liabilities as of March 31, 2015 and 2014 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Trading Bonds Sold	47,054	68,836	391
Derivatives of Securities related to Trading Transaction	—	22	—
Trading-Related Financial Derivatives	99,260	89,677	826
Total	146,314	158,537	1,217

11. Borrowed Money and Lease Obligations:

Category	Balance as of April 1, 2014 (Millions of Yen)	Balance as of March 31, 2015 (Millions of Yen)	Balance as of March 31, 2015 (Millions of U.S. Dollars)	Average Interest Rate (%)	Maturity
Borrowings	937,320	935,320	7,784	1.17	—
Borrowed Money	937,320	935,320	7,784	1.17	Jun. 2015~ No maturity
Lease Obligations Due for Repayment within One Year	1,367	1,566	13	2.27	—
Lease Obligations (Excluding Those Due for Repayment within One Year)	4,085	2,986	24	2.05	May. 2016~ May. 2022

Notes:

- Average interest rates were computed by the weighted average method using the interest rates and the balances at the fiscal year-end.
- The repayment schedule within 5 years after the balance sheet date is as follows:

Millions of Yen					
	Within 1 year	Over 1 year, within 2 years	Over 2 years, within 3 years	Over 3 years, within 4 years	Over 4 years, within 5 years
Borrowed Money	111,500	10,000	—	—	—
Lease Obligations	1,566	1,244	1,057	497	180

Millions of U.S. Dollars					
	Within 1 year	Over 1 year, within 2 years	Over 2 years, within 3 years	Over 3 years, within 4 years	Over 4 years, within 5 years
Borrowed Money	928	83	—	—	—
Lease Obligations	13	10	8	4	1

- Borrowed Money includes subordinated borrowings of ¥813,820 million (\$6,773 million) as of March 31, 2015 and 2014.

12. Debentures:

Issuer	Name of Issue	Issuance Date	Balance as of April 1, 2014 (Millions of Yen)	Balance as of March 31, 2015 (Millions of Yen)	Balance as of March 31, 2015 (Millions of U.S. Dollars)	Interest Rate (%)	Collateral	Redemption Date
The Bank	No.233-304 5-year Interest-bearing debentures	Apr. 2009~ Mar. 2015	3,161,810	3,000,680	24,974	0.20~ 1.35	—	Apr. 2014~ Mar. 2020
Total	—	—	3,161,810	3,000,680	24,974	—	—	—

Note:

The redemption schedule within 5 years after the balance sheet date is as follows:

Millions of Yen				
Within 1 year	Over 1 year, within 2 years	Over 2 years, within 3 years	Over 3 years, within 4 years	Over 4 years, within 5 years
581,020	578,860	579,460	626,110	635,230

Millions of U.S. Dollars				
Within 1 year	Over 1 year, within 2 years	Over 2 years, within 3 years	Over 3 years, within 4 years	Over 4 years, within 5 years
4,835	4,817	4,822	5,211	5,286

13. Asset Retirement Obligations:

The details of Asset Retirement Obligations were omitted because the amount was one-hundredth or less of the total balance of Liabilities and Net Assets as of April 1, 2014 and as of March 31, 2015, respectively.

14. Land Revaluation:

Based on the Act on the Revaluation of Land (Law 34, promulgated on March 31, 1998), land used for business was revalued. Deferred tax on the revaluation of the land was recorded as "Deferred Tax Liabilities for Land Revaluation" under Liabilities, and unrealized gain on the revaluation of the land, net of deferred tax, was recorded as "Land Revaluation Excess" under Net Assets.

Date of Revaluation: March 31, 1999

Revaluation method in accordance with Article 3-3 of Law 34:

Revaluations were made based on the method, determined by the Commissioner of the National Tax Administration, which formed the basis for calculating land value taxes (prescribed by the Land Value Tax Law), as set forth in Article 2-4 of the Order for Enforcement of the Act on Revaluation of Land (Government Ordinance No. 119, dated March 31, 1998), with appropriate adjustments.

The difference between the total fair value at the end of this fiscal year and the total post-revaluation book value of land that is used for business and has been revalued pursuant to Article 10 of Law 34.: ¥ 3,948 million (\$32 million) as of March 31, 2015, and ¥ 5,257 million as of March 31, 2014.

15. Fees and Commissions:

The details of Fees and Commissions for the fiscal years ended March 31, 2015 and 2014 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Deposit, Fixed Income Securities and Lending	431	661	3
Exchange Business	573	405	4
Securities Related Business	7,803	7,075	64
Agency Business	2,259	2,278	18
Guarantee Business	7,339	5,691	61
Trustee Business	18,016	17,645	149
Others	697	528	5
Income on Fees and Commissions Businesses	37,122	34,287	308
Exchange	236	226	1
Others	12,127	11,074	100
Expenses on Fees and Commissions Businesses	12,363	11,301	102

16. Trading Income:

The details of Trading Income for the fiscal years ended March 31, 2015 and 2014 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Income from Trading Account Securities	651	737	5
Income from Trading-Related Financial Derivatives	17,996	14,480	149
Other Trading Income	188	244	1
Total	18,836	15,462	156

17. Trading Losses:

The details of Trading Losses for the fiscal years ended March 31, 2015 and 2014 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Expenses from Trading-Related Securities	231	224	1
Total	231	224	1

18. Other Income:

The details of Other Income for the fiscal years ended March 31, 2015 and 2014 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Gains on sale of stocks and other securities	8,114	6,516	67
Others	1,515	543	12
Total	9,630	7,060	80

19. Consolidated Statement of Comprehensive Income:

For the fiscal year ended March 31, 2015 and 2014

Reclassification adjustment amount and tax effect amount related to Other Comprehensive Income

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Net Unrealized Gains (Losses) on Other Securities:			
The Amount Arising during the Period	175,794	(34,386)	1,463
Reclassification Adjustment Amount	39,425	17,908	328
Prior to Tax Effect Adjustment	215,220	(16,477)	1,791
Tax Effect Amount	(61,543)	4,069	(512)
Net Unrealized Gains (Losses) on Other Securities	153,676	(12,408)	1,279
Net Deferred Gains (Losses) on Hedging Instruments :			
The Amount Arising during the Period	(119,268)	(20,708)	(992)
Reclassification Adjustment Amount	56,778	49,280	472
Prior to Tax Effect Adjustment	(62,489)	28,571	(520)
Tax Effect Amount	17,448	(7,915)	145
Net Deferred Gains (Losses) on Hedging Instruments	(45,041)	20,656	(374)
Land Revaluation Excess:			
The Amount Arising during the Period	—	—	—
Reclassification Adjustment Amount	—	—	—
Prior to Tax Effect Adjustment	—	—	—
Tax Effect Amount	4	(10)	0
Land Revaluation Excess	4	(10)	0
Foreign Currency Translation Adjustments:			
The Amount Arising during the Period	580	1,448	4
Reclassification Adjustment Amount	—	—	—
Prior to Tax Effect Adjustment	—	—	—
Tax Effect Amount	—	—	—
Foreign Currency Translation Adjustments	580	1,448	4
Remeasurements of Defined Benefit Plans:			
The Amount Arising during the Period	709	—	5
Reclassification Adjustment Amount	727	—	6
Prior to Tax Effect Adjustment	1,436	—	11
Tax Effect Amount	(426)	—	(3)
Remeasurements of Defined Benefit Plans	1,009	—	8
Other Comprehensive Income	110,229	9,685	917

20. Changes in Net Assets:

(1) Class and Number of Shares Outstanding, and Class and Number of Shares of Treasury Shares

	Number of Share Units at April 1, 2014 (Thousand Units)	Increase During the Fiscal Year (Thousand Units)	Decrease During the Fiscal Year (Thousand Units)	Number of Share Units at March 31, 2015 (Thousand Units)
Shares Outstanding				
General Common Shares	4,000	—	—	4,000
Preferred Shares (Type-A)	708	—	—	708
Total	4,708	—	—	4,708
Treasury Shares				
General Common Shares	—	—	—	—
Preferred Shares (Type-A)	—	—	—	—
Total	—	—	—	—

(2) Dividends

Dividends paid during the fiscal year ended March 31, 2015

Resolution	Class of share	Total Dividend Amount (Million Yen)	Amount Per Share (Yen)	Record Date	Effective Date
Annual General Meeting of Shareholders, June 20, 2014	Common shares	12,000	3,000	Mar 31, 2014	Jun 20, 2014
	Preferred shares	4,603	6,500	Mar 31, 2014	Jun 20, 2014

Among the dividends whose record date falls within the fiscal year ended March 31, 2015, those whose effective date will fall within the following fiscal year:

Resolution	Class of share	Total Dividend Amount (Million Yen)	Resource of Dividends	Amount Per Share (Yen)	Record Date	Effective Date
Annual General Meeting of Shareholders, June 19, 2015	Common shares	14,000	Retained Earnings	3,500	Mar 31, 2015	Jun 19, 2015
	Preferred shares	4,957	Retained Earnings	7,000	Mar 31, 2015	Jun 19, 2015

21. Income Taxes:

(1) Breakdown of Deferred Tax Assets and Liabilities is as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Deferred Tax Assets:			
Depreciation	2,906	2,857	24
Reserve for Possible Loan Losses	6,656	5,518	55
Net Defined Benefit Liability	6,533	8,480	54
Write-Downs for Securities	4,417	4,675	36
Net Deferred Losses on Hedging Instruments	44,342	26,895	369
Tax Loss Carryforwards	7	5,006	0
Others	4,058	1,817	33
Valuation Allowances	(7,653)	(8,438)	(63)
Total Deferred Tax Assets	61,268	46,812	509

Deferred Tax Liabilities:

Net Unrealized Gains on Other Securities	(169,298)	(107,755)	(1,409)
Others	(449)	(390)	(3)
Total Deferred Tax Liabilities	(169,748)	(108,146)	(1,412)
Net Deferred Tax Liabilities	(108,480)	(61,334)	(902)

(2) Reconciliation between the effective statutory tax rate and the actual effective tax rate for the fiscal years ended March 31, 2015 and 2014:

	2015	2014
Statutory effective tax rate	27.87 %	29.65 %
(Adjustments)		
Change in Valuation Allowances	(2.50%)	(0.58%)
Dividends received, not taxable	(1.49%)	(3.02%)
Reduction and adjustment of Deferred Tax Assets due to changes in tax rate	0.06 %	0.34 %
Others	<u>1.49 %</u>	<u>0.79 %</u>
Actual effective income tax rate after the application of tax effect accounting	<u>25.43 %</u>	<u>27.18 %</u>

(3) Revision of amounts of deferred tax assets and deferred tax liabilities due to a change in the corporate tax rate

Following the promulgation on March 31, 2015, of the Act for Partial Amendment of the Income Tax Act, etc. (Act No. 9, 2015), from fiscal years beginning on or after April 1, 2015, the corporate

tax rate has been reduced. As a result, the effective statutory tax rate used by certain consolidated subsidiaries to calculate deferred tax assets and deferred tax liabilities was changed.

The impact of this change on the financial statements for this fiscal year is immaterial.

22. Retirement Benefit Plans:

(1) Retirement Benefit Scheme

The Bank and some of its consolidated domestic subsidiaries have a defined benefit plan that offers lump-sum payments upon retirement and contributes to the Employees' Pension Fund for all shinkin banks nationwide.

With regard to notes related to employees' retirement benefits based on a multiple-employer plan, they are included in notes related to employees' retirement benefits based on a defined benefit plan.

(2) Defined Benefit Plan as of March 31, 2015 and 2014 is as follows:

(i) Reconciliation of beginning- and end-of-period balance of Retirement Benefit Obligation

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Retirement Benefit Obligation at Beginning of Period	48,120	46,428	400
Cumulative effects of Changes in Accounting Policies	(120)	—	(1)
Restated Balance	47,999	—	399
Service Cost	2,251	2,158	18
Interest Cost	672	650	5
Actuarial Difference Incurred	(170)	264	(1)
Retirement Benefits Paid	(1,445)	(1,381)	(12)
Prior Service Cost	—	—	—
Other	—	—	—
Retirement Benefit Obligation at End of Period	49,307	48,120	410

(ii) Reconciliation of beginning- and end-of-period balance of Pension Plan Assets

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Balance of Pension Plan Assets at Beginning of Period	19,706	18,369	164
Expected Return on Pension Plan Assets	492	642	4
Actuarial Difference Incurred	538	30	4
Contributions by the Employer and Employees	1,490	1,476	12
Retirement Benefits Paid	(827)	(813)	(6)
Other	—	—	—
Balance of Pension Plan Assets at End of Period	21,400	19,706	178

(iii) Reconciliation of end-of-period balance of Retirement Benefit Obligation and Pension Plan Assets with Net Defined Benefit Liability and Net Defined Benefit Asset presented on the consolidated balance sheets

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Funded Plan Retirement Benefit Obligation	39,833	38,812	331
Pension Plan Assets	(21,400)	(19,706)	(178)
	18,433	19,106	153
Unfunded Plan Retirement Benefit Obligation	9,473	9,307	78
Net Amount of Liabilities and Assets Presented on the Consolidated Balance Sheets	27,906	28,414	232
	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Net Defined Benefit Liability	27,906	28,414	232
Net Defined Benefit Asset	—	—	—
Net Amount of Liabilities and Assets Presented on the Consolidated Balance Sheets	27,906	28,414	232

(iv) Breakdown of Retirement Benefit Expense

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Service Cost	2,251	2,158	18
Interest Cost	672	650	5
Expected Return on Pension Plan Assets	(492)	(642)	(4)
Amortization of Actuarial Differences	722	736	6
Amortization of Prior Service Cost	4	(257)	0
Other	(554)	(548)	(4)
Retirement Benefit Expenses Related to Defined Benefit Plan	2,604	2,096	21

Notes: Other includes the employee contribution amount to the Employees' Pension Fund.

(v) Remeasurements of Defined Benefit Plan

Remeasurements of Defined Benefit Plan (before tax effects) comprise the following

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Prior Service Costs	4	—	0
Amortization of Actuarial Differences	1,431	—	11
Other	—	—	—
Total	1,436	—	11

(vi) Accumulated Remeasurements of Defined Benefit Plan

Accumulated Remeasurements of Defined Benefit Plan (before tax effects) comprise the following.

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Unrecognized Actuarial Differences	4	9	0
Unrecognized Prior Service Cost	3,920	5,352	32
Other	—	—	—
Total	3,925	5,361	32

(vii) Pension Plan Assets

(a) The ratios by main asset categories in total pension plan assets are as follows:

	2015	2014
Bonds	67 %	75 %
Stocks	24 %	19 %
Cash and Deposits	7 %	4 %
Other	2 %	2 %
Total	100 %	100 %

(b) Method for setting the Expected Long-term Rate of Return

To set the Expected Long-term Rate of Return on Pension Plan Assets, the Bank takes into account past return performance and the current and future expected rate of return on the diverse range of assets that makes up the pension assets.

(viii) Underlying actuarial assumptions

Main underlying actuarial assumptions as of March 31, 2015 and 2014, are as follows:

	2015	2014
Discount Rate	1.1~1.5 %	1.1~1.5 %
Expected Long-term Rate of Return on Pension Plan Assets	2.5 %	3.5 %
Estimated Rate of Salary Increase	0.0~7.0 %	0.0~7.0 %

23. Leases:

1. Finance Leases

(1) Finance leases that do not transfer ownership

(i) Outline of lease assets

(a) Tangible fixed assets

Hardware related to computer equipment

(b) Intangible fixed assets

Software related to computer equipment

(ii) Lease asset depreciation method

Depreciation method is described in the "Significant Accounting Policies".

(2) Finance leases that do not transfer ownership accounted for in accordance with the ordinary lease transaction method

Data omitted due to immateriality.

2. Operating Leases

Future lease payments related to non-cancelable operating leases: Not applicable

24. Financial Instruments:

1. Matters concerning financial instruments

(1) Policies on financial instruments

Shinkin Central Bank Group (the “Group”) works to ensure the stable procurement of funds through the acceptance of deposits mainly from its Shinkin Bank members and through the issuance of debentures. Additionally, the Group takes steps to diversify its funding methods by procuring funds from short-term money markets depending on market conditions.

Procured funds are invested in short-term money market instruments, marketable securities, and loans.

Moreover, the Group uses derivative transactions for the purpose of risk-hedging in ALM (asset liability management) activities and engages in short-term trading of securities and derivatives.

To appropriately manage the various risks that result from these financial instruments, the Group engages in ALM activities including the above-mentioned derivative transactions. For its trading activities, the Group establishes risk limit and loss limit amounts and engages in transactions within the scopes of these risk limits, as a way to preserve a sound management and to ensure stable earnings.

(2) Types and related risks of financial instruments

Financial assets held by the Group consist mainly of short-term funds, securities, and loans assets.

Short-term funds are invested in the call loan and euro-yen deposits.

These investments are exposed to market risks such as the counterparty credit risk, interest rate risk, and foreign currency risk.

Securities portfolios of the Group consist of domestic securities including Japanese government, corporate bonds and others as well as foreign securities such as government, government-guaranteed, and agency bonds issued in the major industrialized countries. The Group also invests in equity securities and investment funds to diversify its portfolio.

These investments are exposed to market risks such as the individual issuers’ credit risk, interest rate risk, price fluctuation risk, and foreign currency risk, as well as market liquidity risk.

Loans assets consist of direct loans to low-risk borrowers including Shinkin Banks, central and local governments, public service corporations, good standing domestic and overseas companies, and agency loans provided through Shinkin Banks.

These loans are exposed to market risks such as counterparty credit risk, interest rate risk, and foreign currency risk.

Meanwhile, financial liabilities of the Group consist mainly of deposits and debentures.

Deposits include current deposits, ordinary deposits, deposits at notice, term deposits, and foreign currency-denominated deposits, most of which are deposits from Shinkin Bank members.

These deposits are exposed to market risks such as interest rate risk and foreign currency risk, as well as liquidity risk.

As a debenture issuer, the Group issues 5-year interest-bearing debentures each month.

These debentures are exposed to interest rate risk and liquidity risk.

Furthermore, the Group engages in derivative transactions.

Specifically, the Group trades interest rate derivatives (interest swaps, interest futures, and interest options), currency derivatives (foreign currency forwards and currency swaps) and bond derivatives (bond futures and bond futures options).

These transactions are exposed to market risks such as counterparty credit risk, interest rate risk, and foreign currency risk.

The Bank hedges market risks of its financial assets and liabilities through ALM activities.

The Group partially avoids market risks by mitigating (i) interest rate risk through interest rate swaps and (ii) foreign currency risk of foreign currency-denominated assets through foreign currency-denominated fund procurement, currency swaps, and forex swaps.

Hedge accounting is applied to risk hedges through ALM activities including the use of derivatives. As for the hedge accounting, hedged items, hedging methods, policies, and methods of hedge effectiveness assessment, etc. are described in the “Significant Accounting Policies.”

(3) Risk management frameworks of financial instruments

The basic policies for risk management of the Bank are broadly divided into “risks to be minimized” and “risks to be controlled”. Credit risk, market risks, and liquidity risks fall into the latter category. Both categorized risks are managed by risk management divisions that are independent of the client service divisions. For the comprehensive management of these risks, Risk Management Division has been established.

<Integrated risk management>

For the integrated management of risks, the Bank has introduced integrated risk management for quantifiable risks. Integrated risk management is a risk management method of measuring various risks using a uniform risk measure such as Value at Risk (VaR), aggregating the measurements, and comparing the aggregated amounts with the Bank’s capital. The Bank measures credit risks and market risks using VaR methodology, and monitors on a daily basis to prevent risk limits from being breached.

These risk limit amounts are reviewed each fiscal year by the Risk Management Committee and determined at the Executive committee. The values of risk, on the other hand, are measured weekly by the Risk Management Division, which takes steps to prevent any of the various risk limits from being breached, and through a Risk Management Committee, reports regularly to the management and relevant divisions.

The values of risk at consolidated subsidiaries are aggregated and managed through the integrated risk management framework.

(i) Credit risk management

For the accurate identification and strict management of credit risk, the Bank has established credit risk management policies. Moreover, the Bank has created a structure in which divisions responsible for credit control, credit management and credit assessment are clearly segregated from divisions involved in client services, with mutually independent tasks to ensure effective internal checking functions.

The Bank established the Credit Committee and the Risk Management Committee, comprised of senior management and heads of divisions related to credit risk, as bodies to deliberate and make decisions on matters relating to credit risk management. The

Credit Committee deliberates on credit transactions that exceed the credit limit, while the Risk Management Committee deliberates on the establishment and the review of policies regarding credit management. The Executive Committee deliberates and makes decisions on matters related to asset self-assessments including the results of asset self-assessments, asset write-offs and asset reserve provisions.

Divisions responsible for credit control manage the credit risk for each borrower relating to loans and market trading activities. An overall credit limit is set for each borrower according to the credit rating of the borrower. They analyze the Bank's overall credit portfolio according to credit rating, industry, country and other criteria. These analyses are used to monitor the diversification of credit risk as well as changes in portfolio credit risk. Additionally, divisions responsible for credit control quantify credit risk in VaR methodology using Monte Carlo simulation methods and manage credit risks based on the limits set at the Executive Committee.

Divisions responsible for credit management accurately monitor each borrower's financial condition, the purposes for which funds are used and repayment resources. In addition to appropriate assessment and post-transaction management, they continually check whether the client service divisions are conducting appropriate credit control, and provide guidance as necessary.

Divisions responsible for credit assessment undertake and manage operations relating to asset self-assessments, and the calculation of asset write-offs and asset reserve provisions.

Credit risks of consolidated subsidiaries are added to the credit risk of the Bank by each borrower and monitored.

(ii) Market risk management

To maintain an accurate understanding of market risk and rigorously manage this risk, the Bank has issued a market risk management policy. Furthermore, divisions responsible for market risk management are clearly separated from divisions involved in market operations, providing a risk management structure in which internal checks are maintained through independent functions.

The Bank has established the ALM Committee as the body responsible for deliberating and making decisions on matters relating to market risk management. The ALM Committee is comprised of senior management and heads of divisions related to market risk. Based on risk status information—obtained via reports from divisions responsible for market risk management and other sources—the ALM Committee deliberates broadly and in a timely manner ALM related policies and market transactions including the Bank's fund-raising and management as well as the usage of hedging transactions involving derivatives such as interest rate swaps.

Divisions responsible for market risk management quantify and manage market risk mainly by VaR within the limit set by the Executive Committee. In addition, market risk is classified into several categories, and the amount of risk for each category is monitored. Market risk management at the Bank not only uses VaR methodology but takes multi-faceted approaches, that is, monitoring sensitivity to change in individual risk factors such as the interest rate risk based on outlier standard and the basis point value (BPV: the amount of the change in a portfolio's market value from a specific change in the interest rate), stress loss amounts from unexpected market changes, and appraisal losses from financial

instruments. For stress loss amounts, in particular, a supplementary framework has been incorporated into the integrated risk management, in addition to the above monitoring system. In this way, market risks including those that cannot be captured through VaR methods alone are managed.

Moreover, for trading operations, clear regulations are in place concerning the trading instruments and trading management methods, enabling appropriate trading operations by setting a specific loss limit amount.

Market risks of consolidated subsidiaries are not directly added to the values of market risk of the Bank but are managed separately under integrated risk management.

<Quantitative information on market risk>

(a) Financial instruments held for trading purposes

The Bank uses VaR analysis for quantifying market risk of trading securities held within securities and interest-rate and foreign-exchange instruments held for trading purposes within derivative transactions. The VaR model is based on the delta method and uses a 99.0% confidence interval, a holding period of five business days and an observation period of one year. In addition, with regard to market risk related to trading operations at consolidated subsidiaries, which is managed separately within the integrated risk management framework, the Bank uses a market risk-equivalent amount under the regulations on banks' capital ratio.

The market risk amount (estimated loss amount) of the Bank's trading operations was ¥646 million (\$5 million) as of March 31, 2015 and ¥558 million as of March 31, 2014 and the market risk amount (estimated loss amount) of the trading operations of the Bank's consolidated subsidiaries was ¥1,099 million (\$9 million) as of March 31, 2015 and ¥1,027 million as of March 31, 2014.

The Bank conducts back testing to compare VaR calculated using the model with actual loss amounts. Based on the results of back testing covering the fiscal year ended March 31, 2015, the actual loss amount exceeded the VaR model on one occasion, and the Bank believes that the measurement model it uses has an adequate level of accuracy to capture market risk. However, it should be noted that VaR measures the amount of market risk at certain probability levels statistically calculated based on historical market fluctuation. Hence, there may be cases where market risk cannot be captured in situations where market conditions change unprecedentedly.

(b) Financial instruments other than those held for trading purposes

The Bank uses VaR analysis for quantifying market risk of due from banks, securities not held for trading purposes, loans and bills discounted, deposits, debentures, payables under securities lending transactions and, within derivative transactions, interest-rate and foreign-exchange instruments not held for trading purposes. The VaR model is based on the delta method and uses a 99.0% confidence interval, a holding period of one year and an observation period of five years. In addition, with regard to market risk at consolidated subsidiaries related to operations other than trading operations, which is managed separately within the integrated risk management framework, such risk is calculated in accordance with methods used by the Bank.

The Group's market risk amount (estimated loss amount) other than for trading purposes was ¥260,684 million (\$2,169

million) as of March 31, 2015 and ¥235,098 million as of March 31, 2014. The Bank conducts back testing to compare VaR calculated using the model with actual loss amounts, and believes that the measurement model it uses has an adequate level of accuracy to capture market risk. However, it should be noted that VaR measures the amount of market risk at certain probability levels statistically calculated based on historical market fluctuation. Hence, there may be cases where market risk cannot be captured in situations where market conditions change unprecedentedly.

(iii) Liquidity risk management related to fund-raising

For the accurate identification and strict management of liquidity risk, the Bank has established liquidity risk management policies. Divisions responsible for liquidity risk management are clearly separated from divisions involved in cash management and market operations, allowing internal checks to be maintained through the independent functions. In addition, the ALM Committee deliberates and makes decisions on matters relating to liquidity risk management.

Methods used for managing liquidity risk include the setting and daily monitoring of risk limit amounts relating to the gap between cash receipts and payments. This is carried out for individual currencies and periods. In the event that a significant liquidity risk arises, the Bank has preparations to respond rapidly, including the securing of funding sources.

The liquidity risk management frameworks created by the Bank include subsidiaries as well, by providing overdraft facilities for consolidated subsidiaries with operations involving fund movements in relatively large amounts.

(4) Supplementary explanation concerning the fair values of financial instruments

Fair values of financial instruments, in addition to values based on market prices, also include values based on reasonable estimates if market prices are unavailable. Since value estimates are predicated on certain assumptions, values may vary if the underlying assumptions change.

2. Matters concerning fair value and others of financial instruments

Carrying values stated on the consolidated balance sheet, fair value and differences between them are as follows. Unlisted stocks and similar items with significant difficulty in determining fair value are not included in the table below. (See Note 2.)

Immaterial items have been omitted.

As of March 31, 2015

	Millions of Yen		
	Carrying Value	Fair Value	Difference
(1) Cash and Due from Banks	6,861,925	6,861,925	—
(2) Bills Bought and Call Loans	510,601	510,601	—
(3) Receivables under Resale Agreements	49,987	49,987	—
(4) Receivables under Securities Borrowing Transactions	142,726	142,726	—
(5) Monetary Debts Purchased (※1)	231,839	231,858	19
(6) Trading Assets			
Trading Securities	162,707	162,707	—
(7) Money Held in Trust	132,774	132,774	—
(8) Securities			
Held-to-Maturity Debt Securities	1,860,770	1,984,444	123,674
Other Securities	16,983,171	16,983,171	—
(9) Loans and Bills Discounted	5,885,741		
Reserve for Possible Loan Losses (※1)	(39,653)		
	5,846,087	5,902,295	56,208
Total Assets	32,782,591	32,962,492	179,901
(1) Deposits	25,555,350	25,562,742	7,391
(2) Debentures	3,000,680	3,008,919	8,239
(3) Trading Liabilities			
Trading Bonds Sold	47,054	47,054	—
(4) Borrowed Money	935,320	959,514	24,194
(5) Bills Sold and Call Money	415,108	415,108	—
(6) Payables under Repurchase Agreements	73,944	73,944	—
(7) Payables under Securities Lending Transactions	1,299,828	1,299,828	—
Total Liabilities	31,327,286	31,367,112	39,825
Derivatives (※2)			
To which Hedge Accounting is not applied	(14,497)	(14,497)	—
To which Hedge Accounting is applied	(213,144)	(283,042)	(69,898)
Total Derivatives	(227,641)	(297,539)	(69,898)

Millions of U.S.Dollars			
	Carrying Value	Fair Value	Difference
(1) Cash and Due from Banks	57,111	57,111	—
(2) Bills Bought and Call Loans	4,249	4,249	—
(3) Receivables under Resale Agreements	416	416	—
(4) Receivables under Securities Borrowing Transactions	1,187	1,187	—
(5) Monetary Debts Purchased (※1)	1,929	1,929	0
(6) Trading Assets			
Trading Securities	1,354	1,354	—
(7) Money Held in Trust	1,105	1,105	—
(8) Securities			
Held-to-Maturity Debt Securities	15,487	16,516	1,029
Other Securities	141,349	141,349	—
(9) Loans and Bills Discounted	48,986		
Reserve for Possible Loan Losses (※1)	(330)		
	48,656	49,124	467
Total Assets	272,847	274,344	1,497
(1) Deposits	212,695	212,756	61
(2) Debentures	24,974	25,043	68
(3) Trading Liabilities			
Trading Bonds Sold	391	391	—
(4) Borrowed Money	7,784	7,985	201
(5) Bills Sold and Call Money	3,454	3,454	—
(6) Payables under Repurchase Agreements	615	615	—
(7) Payables under Securities Lending Transactions	10,818	10,818	—
Total Liabilities	260,734	261,066	331
Derivatives (※2)			
To which Hedge Accounting is not applied	(120)	(120)	—
To which Hedge Accounting is applied	(1,773)	(2,355)	(581)
Total Derivatives	(1,894)	(2,476)	(581)

※1. General and specific reserves for possible loan losses of Loans and Bills Discounted have been deducted. Loss reserves for Monetary Debts Purchased are immaterial and have therefore been deducted directly from the carrying value.

※2. Derivative transactions stated in trading assets and liabilities, and other assets and liabilities are shown as a single amount.

For net claims and obligations derived from derivative transactions, net amounts are stated. Sums that represent net obligations are shown in parenthesis.

As of March 31, 2014

	Millions of Yen		
	Carrying Value	Fair Value	Difference
(1) Cash and Due from Banks	4,938,807	4,938,807	—
(2) Bills Bought and Call Loans	578,351	578,351	—
(3) Receivables under Resale Agreements	86,980	86,980	—
(4) Receivables under Securities Borrowing Transactions	173,390	173,390	—
(5) Monetary Debts Purchased (※1)	269,564	269,561	(3)
(6) Trading Assets			
Trading Securities	189,153	189,153	—
(7) Money Held in Trust	132,854	132,854	—
(8) Securities			
Held-to-Maturity Debt Securities	2,117,999	2,232,967	114,968
Other Securities	16,050,519	16,050,519	—
(9) Loans and Bills Discounted	5,975,834		
Reserve for Possible Loan Losses (※1)	(35,509)		
	5,940,325	5,994,535	54,210
Total Assets	30,477,947	30,647,123	169,175
(1) Deposits	23,677,799	23,688,362	10,563
(2) Debentures	3,161,810	3,176,809	14,999
(3) Trading Liabilities			
Trading Bonds Sold	68,836	68,836	—
(4) Borrowed Money	937,320	960,779	23,459
(5) Bills Sold and Call Money	408,067	408,067	—
(6) Payables under Repurchase Agreements	35,437	35,437	—
(7) Payables under Securities Lending Transactions	966,659	966,659	—
Total Liabilities	29,255,929	29,304,952	49,022
Derivatives (※2)			
To which Hedge Accounting is not applied	(11,063)	(11,063)	—
To which Hedge Accounting is applied	(160,852)	(210,150)	(49,297)
Total Derivatives	(171,916)	(221,214)	(49,297)

※1. General and specific reserves for possible loan losses of Loans and Bills Discounted have been deducted. Loss reserves for Monetary Debts Purchased are immaterial and have therefore been deducted directly from the carrying value.

※2. Derivative transactions stated in trading assets and liabilities, and other assets and liabilities are shown as a single amount.

For net claims and obligations derived from derivative transactions, net amounts are stated. Sums that represent net obligations are shown in parenthesis.

Notel: Calculation method of fair value for financial instruments

Assets

(1) Cash and Due from Banks

For deposits that do not mature and have maturities with variable-interest-rates, since fair value approximates carrying value, carrying value is used as fair value. For deposits that have maturities with fixed-interest-rate, present value is calculated by discounting future cash flows using the expected interest rate that would be applied to new deposits. For term deposits with short maturities, since fair value approximates carrying value, carrying value is used as fair value.

(2) Bills Bought and Call Loans, (3) Receivables under Resale Agreements and (4) Receivables under Securities Borrowing Transactions

Since contract durations are short-term and fair value approximates carrying value, carrying value is used as fair value.

(5) Monetary Debts Purchased

Monetary debt purchased is stated at amounts obtained from brokers.

(6) Trading Assets

Securities including bonds held for trading are stated at market prices, etc.

(7) Money Held in Trust

Securities managed as trust assets of money held in trust whose main purpose is securities investment are valued at the prices quoted by the exchanges in the case of listed equity shares and at market prices in the case of bonds.

Note concerning securities categorized by holding purpose is stated in “Fair Value of Securities and Money Held in Trust”.

(8) Securities

Stocks are valued at the price quoted by the exchanges. Investment trusts are valued at the announced standard price. Bonds are valued at the quoted market prices or price calculated on the basis of rational estimation, etc.

For Floating-Rate Japanese Government Bonds, since the Bank believes that current market prices may not accurately reflect the bonds’ fair value, the Bank used a valuation technique at the end of the fiscal year that management believes provides a reasonable estimate of the bonds’ fair value. Fair value based on management’s reasonable estimates is calculated using the discounted cash flow approach and others, with the primary price variables including government bond yields and swaption volatility and others.

For overseas Collateralized Loan Obligations (CLOs) and certain other securitized products, fair value has been determined using a valuation technique that management believes provides a reasonable estimate of the securities’ fair value at the end of the fiscal year. Fair value based on management’s reasonable estimates is calculated using the discounted cash flow approach, with the primary price variables including default rates for similar assets, recovery rates, early redemption rates, and discount rates.

Note concerning securities categorized by holding purpose is stated in “Fair Value of Securities and Money Held in Trust”.

(9) Loans and Bills Discounted

For floating rate loans, since market interest is reflected in fair value in short term and fair value approximates carrying value unless the borrower’s credit standing after the lending undergoes significant change, carrying value is used as fair value. For fixed rate loans, categorized by type of loan and internal credit rating, fair value is determined by discounting loans to present value using the interest rate that would conceivably be applied in case of a newly made loan of the same principal and interest total. For loans with short contractual maturities, since fair value approximates carrying value, carrying value is used as fair value.

With regard to loans to Bankrupt Borrowers, Substantially Bankrupt Borrowers or Probably Bankrupt Borrowers, the Bank estimates loan loss based on the present value of estimated future cash flows or the estimated recoverable value from collateral and guarantees. Since fair value therefore approximates the total loan value on the consolidated balance sheet at the consolidated closing date less the total recorded value of the reserve for possible loan losses, this value is used for fair value.

Liabilities

(1) Deposits

For demand deposits, the amount payable upon demand on the balance sheet date (carrying value) is used as fair value. For term deposits, fair value is calculated by discounting future cash flows to present value. The discount rate is the interest rate that would be applicable to newly made deposits. For term deposits with short contractual maturities and term deposits with variable interest rates, since fair value approximates carrying value, carrying value is used as fair value.

(2) Debentures

For debentures issued by the Bank, market prices are used as fair value.

(3) Trading Liabilities

For trading bonds sold, market prices, etc. are used as fair value.

(4) Borrowed Money

For borrowed money, categorized by types of loans, fair value is calculated by discounting borrowed money to present value using the interest rate that would conceivably be applied in case of a newly made loan of the same principal and interest total.

In instances with short contractual maturities, since fair value approximates carrying value, the carrying value is used as fair value.

(5) Bills Sold and Call Money, (6) Payables under Repurchase Agreements, and (7) Payables under Securities Lending Transactions

Since contract durations are short term and fair value approximates carrying value, carrying value is used as fair value.

Derivative Transactions

Derivative transactions consist of interest-rate-related transactions (interest rate futures, interest rate options, interest rate swaps, etc.), currency-related transactions (currency futures, currency swaps, etc.), and bond-related transactions (bond futures, bond future options, etc.), and are stated at exchange-traded transaction prices, discounted present value, or amounts calculated using option pricing models, etc.

Note 2: The following financial instruments have significant difficulty in determining fair value and are not included in fair value information of financial instruments.

Category	Millions of Yen		Millions of U.S.Dollars
	2015	2014	2015
Unlisted stocks, etc.(※1) (※2)	244,745	242,784	2,037
Investment in investment partnerships(※3)	12,792	7,487	106
Total	257,538	250,272	2,143

※1. Unlisted stocks, etc. means unlisted common shares and preferred shares held by the Bank. Since unlisted stocks, etc. have no market prices and therefore are with significant difficulty in determining fair value, unlisted stocks, etc. are not included in fair value disclosure information.

※2. In the fiscal year ended March 31, 2015, the Bank recognized impairment losses totaling ¥23 million (\$0 million) on unlisted stocks.

※3. Investment in investment partnerships is not included in fair value disclosure information given that investment partnership assets include items such as unlisted stocks, etc., which are with significant difficulty in determining fair value.

Note 3: Amounts of monetary claims and securities with maturities scheduled for redemption after the consolidated balance sheet date
As of March 31, 2015

	Millions of Yen					
	Within 1 year	Over 1 year, within 3 years	Over 3 years, within 5 years	Over 5 years, within 7 years	Over 7 years, within 10 years	Over 10 years
Due from Banks (※1)	6,771,462	9,007	63,022	1,000	—	—
Bills Bought and Call Loan	510,601	—	—	—	—	—
Receivables under Resale Agreements	49,987	—	—	—	—	—
Receivables under Securities Borrowing Transactions	142,726	—	—	—	—	—
Monetary Debts Purchased	47,023	6,471	7,659	18,854	9,868	141,858
Securities						
Held-to-Maturity Debt Securities	93,684	623,846	498,811	143,729	114,596	404,488
Japanese Government Bonds	76,600	619,400	456,400	1,800	49,300	395,500
Municipal Government Bonds	—	—	400	—	—	—
Short-term Corporate Bonds	—	—	—	—	—	—
Corporate Bonds	15,400	—	—	—	—	—
Other Securities with maturities	2,418,746	3,466,535	2,656,604	2,732,802	2,475,509	1,039,290
Japanese Government Bonds	1,425,600	2,243,800	1,667,500	1,878,800	1,243,500	799,000
Municipal Government Bonds	50,395	50,366	40,182	7,746	23,814	—
Short-term Corporate Bonds	15,000	—	—	—	—	—
Corporate Bonds	342,476	748,992	655,156	445,297	515,480	29,014
Loans and Bills Discounted (※2)	3,497,311	963,413	717,701	317,338	234,693	146,601
Total	13,531,543	5,069,274	3,943,799	3,213,724	2,834,668	1,732,238

	Millions of U.S.Dollars					
	Within 1 year	Over 1 year, within 3 years	Over 3 years, within 5 years	Over 5 years, within 7 years	Over 7 years, within 10 years	Over 10 years
Due from Banks (※1)	56,358	74	524	8	—	—
Bills Bought and Call Loan	4,249	—	—	—	—	—
Receivables under Resale Agreements	416	—	—	—	—	—
Receivables under Securities Borrowing Transactions	1,187	—	—	—	—	—
Monetary Debts Purchased	391	53	63	156	82	1,180
Securities						
Held-to-Maturity Debt Securities	779	5,192	4,151	1,196	953	3,366
Japanese Government Bonds	637	5,155	3,798	14	410	3,291
Municipal Government Bonds	—	—	3	—	—	—
Short-term Corporate Bonds	—	—	—	—	—	—
Corporate Bonds	128	—	—	—	—	—
Other Securities with maturities	20,131	28,851	22,110	22,744	20,603	8,649
Japanese Government Bonds	11,865	18,674	13,878	15,637	10,349	6,650
Municipal Government Bonds	419	419	334	64	198	—
Short-term Corporate Bonds	124	—	—	—	—	—
Corporate Bonds	2,850	6,233	5,452	3,706	4,290	241
Loans and Bills Discounted (※2)	29,107	8,018	5,973	2,641	1,953	1,220
Total	112,622	42,191	32,823	26,747	23,592	14,417

※1. Current deposits, ordinary deposit, deposits at notice, and transfer deposits, included in “Due from banks,” are stated under amounts redeemable “Within 1 year.”

※2. The loans of ¥8,785 million (\$73 million) which obligor categories are Bankrupt Borrowers, Substantially Bankrupt Borrowers or Probably Bankrupt Borrowers and which periods of redemption cannot be foreseen are not included in Loans and Bills Discounted.

As of March 31, 2014

	Millions of Yen					
	Within 1 year	Over 1 year, within 3 years	Over 3 years, within 5 years	Over 5 years, within 7 years	Over 7 years, within 10 years	Over 10 years
Due from Banks (※1)	4,899,763	5,573	23,588	2,000	—	—
Bills Bought and Call Loan	578,351	—	—	—	—	—
Receivables under Resale Agreements	86,980	—	—	—	—	—
Receivables under Securities Borrowing Transactions	173,390	—	—	—	—	—
Monetary Debts Purchased	3,714	49,778	9,701	16,276	8,899	181,096
Securities						
Held-to-Maturity Debt Securities	235,272	377,611	723,788	194,431	129,971	475,425
Japanese Government Bonds	205,700	360,300	701,400	91,600	9,700	435,000
Municipal Government Bonds	—	—	200	200	—	—
Short-term Corporate Bonds	—	—	—	—	—	—
Corporate Bonds	28,443	15,400	—	—	—	—
Other Securities with maturities	1,651,629	4,423,027	2,370,871	1,891,401	3,028,927	957,080
Japanese Government Bonds	625,000	2,886,500	1,597,000	1,355,000	2,126,000	759,000
Municipal Government Bonds	49,204	67,286	39,068	6,753	19,896	—
Short-term Corporate Bonds	15,000	—	—	—	—	—
Corporate Bonds	451,422	695,742	484,912	306,004	357,688	19,324
Loans and Bills Discounted (※2)	3,715,739	881,687	648,617	335,018	231,299	157,552
Total	11,344,842	5,737,679	3,776,566	2,439,127	3,399,097	1,771,154

※1. Current deposits, ordinary deposit, deposits at notice, and transfer deposits, included in “Due from banks,” are stated under amounts redeemable “Within 1 year.”

※2. The loans of ¥6,484 million which obligor categories are Bankrupt Borrowers, Substantially Bankrupt Borrowers or Probably Bankrupt Borrowers and which periods of redemption cannot be foreseen are not included in Loans and Bills Discounted.

Note 4: Amounts of deposits, debentures and other interest bearing debt scheduled for repayment after the consolidated balance sheet date
As of March 31, 2015

	Millions of Yen					
	Within 1 year	Over 1 year, within 3 years	Over 3 years, within 5 years	Over 5 years, within 7 years	Over 7 years, within 10 years	Over 10 years
Deposits (※1)	13,428,175	9,626,162	957,648	189,464	1,353,900	—
Debentures	581,020	1,158,320	1,261,340	—	—	—
Borrowed Money (※2)	111,500	10,000	—	108,150	216,200	162,480
Bills Sold and Call Money	415,108	—	—	—	—	—
Payables under Repurchase Agreements	73,944	—	—	—	—	—
Payables under Securities Lending Transactions	1,299,828	—	—	—	—	—
Total	15,909,577	10,794,482	2,218,988	297,614	1,570,100	162,480

	Millions of U.S.Dollars					
	Within 1 year	Over 1 year, within 3 years	Over 3 years, within 5 years	Over 5 years, within 7 years	Over 7 years, within 10 years	Over 10 years
Deposits (※1)	111,761	80,117	7,970	1,576	11,268	—
Debentures	4,835	9,640	10,498	—	—	—
Borrowed Money (※2)	928	83	—	900	1,799	1,352
Bills Sold and Call Money	3,454	—	—	—	—	—
Payables under Repurchase Agreements	615	—	—	—	—	—
Payables under Securities Lending Transactions	10,818	—	—	—	—	—
Total	132,414	89,841	18,468	2,477	13,067	1,352

※1. Demand deposits, included in “Deposits,” are stated under amounts payable “Within 1 year.”

※2. Borrowed Money without maturity is not included.

As of March 31, 2014

	Millions of Yen					
	Within 1 year	Over 1 year, within 3 years	Over 3 years, within 5 years	Over 5 years, within 7 years	Over 7 years, within 10 years	Over 10 years
Deposits (※1)	12,161,005	9,336,656	847,704	157,303	1,160,629	14,500
Debentures	798,960	1,159,380	1,203,470	—	—	—
Borrowed Money (※2)	113,500	10,000	—	—	324,350	162,480
Bills Sold and Call Money	408,067	—	—	—	—	—
Payables under Repurchase Agreements	35,437	—	—	—	—	—
Payables under Securities Lending Transactions	966,659	—	—	—	—	—
Total	14,483,629	10,506,036	2,051,174	157,303	1,484,979	176,980

※1. Demand deposits, included in “Deposits,” are stated under amounts payable “Within 1 year.”

※2. Borrowed Money without maturity is not included.

25. Fair Value of Securities and Money Held in Trust:

1. Securities

The following tables contain information relating to Securities, Trading Assets (trading account securities and short-term corporate bonds), Cash and Due from Banks (negotiable certificates of deposit) and Monetary Debts Purchased (loaned claims in trust) in the consolidated balance sheet.

(1) Trading Securities

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Net Unrealized Gains (Losses)			
Recognized as Income	89	99	0

(2) Held-to-Maturity Debt Securities

As of March 31, 2015

		Millions of Yen		
		Carrying Value	Fair Value	Unrealized Gains (Losses)
Items with Fair Value Exceeding Carrying Value	Japanese Government Bonds	1,223,479	1,319,456	95,977
	Municipal Government Bonds	400	422	22
	Short-Term Corporate Bonds	—	—	—
	Corporate Bonds	15,400	15,414	14
	Others	236,356	265,439	29,083
	Total	1,475,636	1,600,733	125,097
Items with Fair Value not Exceeding Carrying Value	Japanese Government Bonds	385,134	383,710	(1,423)
	Municipal Government Bonds	—	—	—
	Short-Term Corporate Bonds	—	—	—
	Corporate Bonds	—	—	—
	Others	2,000	2,000	—
	Total	387,134	385,710	(1,423)
Total		1,862,770	1,986,444	123,674

		Millions of U.S. Dollars		
		Carrying Value	Fair Value	Unrealized Gains (Losses)
Items with Fair Value Exceeding Carrying Value	Japanese Government Bonds	10,182	10,981	798
	Municipal Government Bonds	3	3	0
	Short-Term Corporate Bonds	—	—	—
	Corporate Bonds	128	128	0
	Others	1,967	2,209	242
	Total	12,281	13,322	1,041
Items with Fair Value not Exceeding Carrying Value	Japanese Government Bonds	3,205	3,193	(11)
	Municipal Government Bonds	—	—	—
	Short-Term Corporate Bonds	—	—	—
	Corporate Bonds	—	—	—
	Others	16	16	—
	Total	3,222	3,210	(11)
Total		15,503	16,533	1,029

As of March 31, 2014

		Millions of Yen		
		Carrying Value	Fair Value	Unrealized Gains (Losses)
Items with Fair Value Exceeding Carrying Value	Japanese Government Bonds	1,314,524	1,400,438	85,913
	Municipal Government Bonds	400	426	26
	Short-Term Corporate Bonds	—	—	—
	Corporate Bonds	40,141	40,255	114
	Others	258,875	288,708	29,833
	Total	1,613,941	1,729,829	115,887
Items with Fair Value not Exceeding Carrying Value	Japanese Government Bonds	499,857	498,947	(910)
	Municipal Government Bonds	—	—	—
	Short-Term Corporate Bonds	—	—	—
	Corporate Bonds	3,802	3,801	(1)
	Others	397	389	(7)
	Total	504,058	503,138	(919)
Total		2,117,999	2,232,967	114,968

(3) Other Securities

As of March 31, 2015

		Millions of Yen		
		Carrying Value	Acquisition Cost	Unrealized Gains (Losses)
Items with Carrying Value Exceeding Acquisition Cost	Stocks	68,579	26,908	41,671
	Bonds	12,289,438	12,002,801	286,636
	Japanese Government Bonds	9,611,891	9,352,998	258,893
	Municipal Government Bonds	161,700	159,760	1,940
	Short-Term Corporate Bonds	14,997	14,995	1
	Corporate Bonds	2,500,848	2,475,046	25,801
	Others	4,101,037	3,793,147	307,889
Total		16,459,055	15,822,857	636,198
Items with Carrying Value not Exceeding Acquisition Cost	Stocks	—	—	—
	Bonds	329,975	330,351	(376)
	Japanese Government Bonds	18,224	18,298	(73)
	Municipal Government Bonds	13,736	13,754	(17)
	Short-Term Corporate Bonds	—	—	—
	Corporate Bonds	298,014	298,299	(285)
	Others	411,639	422,133	(10,493)
Total		741,615	752,484	(10,869)
Total		17,200,670	16,575,342	625,328

		Millions of U.S. Dollars		
		Carrying Value	Acquisition Cost	Unrealized Gains (Losses)
Items with Carrying Value Exceeding Acquisition Cost	Stocks	570	223	346
	Bonds	102,284	99,898	2,385
	Japanese Government Bonds	79,999	77,844	2,154
	Municipal Government Bonds	1,345	1,329	16
	Short-Term Corporate Bonds	124	124	0
	Corporate Bonds	20,814	20,599	214
	Others	34,132	31,570	2,562
Total		136,987	131,692	5,295
Items with Carrying Value not Exceeding Acquisition Cost	Stocks	—	—	—
	Bonds	2,746	2,749	(3)
	Japanese Government Bonds	151	152	(0)
	Municipal Government Bonds	114	114	(0)
	Short-Term Corporate Bonds	—	—	—
	Corporate Bonds	2,480	2,482	(2)
	Others	3,426	3,513	(87)
Total		6,172	6,262	(90)
Total		143,159	137,955	5,204

As of March 31, 2014

		Millions of Yen		
		Carrying Value	Acquisition Cost	Unrealized Gains (Losses)
Items with Carrying Value Exceeding Acquisition Cost	Stocks	40,848	27,022	13,825
	Bonds	11,718,637	11,497,500	221,137
	Japanese Government Bonds	9,495,242	9,291,061	204,181
	Municipal Government Bonds	174,440	172,508	1,931
	Short-Term Corporate Bonds	14,996	14,995	0
	Corporate Bonds	2,033,958	2,018,934	15,024
	Others	3,522,239	3,339,934	182,304
Total		15,281,725	14,864,457	417,268
Items with Carrying Value not Exceeding Acquisition Cost	Stocks	—	—	—
	Bonds	520,911	521,336	(425)
	Japanese Government Bonds	180,300	180,339	(39)
	Municipal Government Bonds	10,463	10,489	(25)
	Short-Term Corporate Bonds	—	—	—
	Corporate Bonds	330,147	330,507	(359)
	Others	522,118	527,033	(4,915)
Total		1,043,029	1,048,370	(5,340)
Total		16,324,755	15,912,828	411,927

(4) Held-to-Maturity Debt Securities Sold during the Fiscal Year

Not applicable.

(5) Other Securities Sold during the Fiscal Year

For the Fiscal Year Ended March 31, 2015

	Millions of Yen		
	Amounts of Securities Sold	Aggregate Gains on Sales	Aggregate Losses on Sales
Stocks	37,372	8,106	62
Bonds	1,263,314	18,319	2,463
Japanese Government Bonds	1,250,457	18,319	2,283
Municipal Government Bonds	—	—	—
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	12,857	—	179
Others	200,778	1,535	862
Total	1,501,464	27,962	3,387

	Millions of U.S. Dollars		
	Amounts of Securities Sold	Aggregate Gains on Sales	Aggregate Losses on Sales
Stocks	311	67	0
Bonds	10,514	152	20
Japanese Government Bonds	10,407	152	19
Municipal Government Bonds	—	—	—
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	107	—	1
Others	1,671	12	7
Total	12,496	232	28

For the Fiscal Year Ended March 31, 2014

	Millions of Yen		
	Amounts of Securities Sold	Aggregate Gains on Sales	Aggregate Losses on Sales
Stocks	20,023	6,155	168
Bonds	1,104,718	11,128	1,222
Japanese Government Bonds	1,097,469	11,119	1,218
Municipal Government Bonds	—	—	—
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	7,249	8	4
Others	1,529,994	5,799	27,390
Total	2,654,736	23,083	28,781

(6) Impaired Securities

Of Securities other than Trading Securities (excluding those where there is significant difficulty in determining fair value), if the fair value falls by 30% or more compared with the acquisition price and it is not expected to recover up to the acquisition price in view of the rate of decline over past periods, the securities are devalued and the fair value is recorded as the carrying amount on the consolidated financial balance sheet. In addition the difference between the fair value and the acquisition price is treated as impairment losses in the fiscal year.

In the fiscal year ended March 31, 2015, the amount of impairment losses on securities was ¥249 million (\$2 million) (all impairment losses were incurred on other securities).

In the fiscal year ended March 31, 2014, there were no impairment losses.

2. Money Held in Trust

(1) Money Held in Trust for Trading Purposes

As of March 31, 2015

	Millions of Yen	
	Carrying Value	Unrealized Gains (Losses) Recognized as Income
Money Held in Trust for Trading Purposes	132,774	36

	Millions of U.S. Dollars	
	Carrying Value	Unrealized Gains (Losses) Recognized as Income
Money Held in Trust for Trading Purposes	1,105	0

As of March 31, 2014

	Millions of Yen	
	Carrying Value	Unrealized Gains (Losses) Recognized as Income
Money Held in Trust for Trading Purposes	131,852	(157)

(2) Held-to-Maturity Money Held in Trust

Not applicable.

(3) Other Money Held in Trusts (Money Held in Trust other than Held for Trading Purposes or Held-to-Maturity)

As of March 31, 2015

Not applicable.

As of March 31, 2014

	Millions of Yen				
	Carrying Value	Acquisition Cost	Unrealized Gains (Losses)	Items with Carrying Value Exceeding Acquisition Cost	Items with Carrying Value not Exceeding Acquisition Cost
Other Money Held in Trusts	1,002	1,000	2	2	—

Note:

"Items with Carrying Value Exceeding Acquisition Cost" and "Items with Carrying Value not Exceeding Acquisition Cost" each present a breakdown of "Unrealized Gains (Losses)".

3. Net Unrealized Gains on Other Securities and Other Money Held in Trust

Components of Net Unrealized Gains on Other Securities in the consolidated balance sheets are as follows:

As of March 31, 2015

	Millions of Yen	Millions of U.S. Dollars
Other Securities	609,393	5,071
Other Money Held in Trust	—	—
Net Unrealized Gains	609,393	5,071
Deferred Tax Liabilities	169,303	1,409
Net Unrealized Gains (Prior to Equity Method Adjustment)	440,090	3,662
Minority Interests' Portion	—	—
Parent Company's Portion of Valuation Differential for Other Securities Held by Equity-Method-Applicable Companies	—	—
Net Unrealized Gains	440,090	3,662

Note:

Unrealized Gains on foreign currency translations of foreign currency-denominated other securities where there is significant difficulty in determining fair value are included in "Other Securities" under "Net Unrealized Gains".

As of March 31, 2014

	Millions of Yen
Other Securities	394,171
Other Money Held in Trust	2
Net Unrealized Gains	394,173
Deferred Tax Liabilities	107,760
Net Unrealized Gains (Prior to Equity Method Adjustment)	286,413
Minority Interests' Portion	—
Parent Company's Portion of Valuation Differential for Other Securities Held by Equity-Method-Applicable Companies	—
Net Unrealized Gains	286,413

Note:

Unrealized Gains on foreign currency translations of foreign currency-denominated other securities where there is significant difficulty in determining fair value are included in "Other Securities" under "Net Unrealized Gains".

26. Derivatives:

1. Derivative transactions to which hedge accounting is not applied

The following summarizes the contract values or the contracted principal equivalents, fair values, net unrealized gains (losses) and the valuation methods of the fair values of the Bank's derivative transactions that do not qualify for hedge accounting as of the consolidated balance sheet date, which are classified by types of financial instruments. Please note that the contract values in themselves do not reflect the market risk associated with the Bank's Derivative Transactions.

(1) Interest-Rate-Related Transactions

As of March 31, 2015

	Millions of Yen			
	Total Contract Value	Contract Value (Over 1 Year until Settlement or Expiry)	Fair Value	Net Unrealized Gains (Losses)
Exchange-Traded Transactions				
Interest Rate Futures:				
Sold	—	—	—	—
Bought	—	—	—	—
Interest Rate Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Over the Counter Transactions				
Interest Rate Forwards:				
Sold	—	—	—	—
Bought	—	—	—	—
Interest Rate Swaps:				
Fixed Rate Receivable/Variable Rate Payable	9,648,211	8,339,757	154,881	154,881
Variable Rate Receivable/Fixed Rate Payable	9,586,236	7,355,887	(103,717)	(103,717)
Variable Rate Receivable/Variable Rate Payable	44,200	24,200	8	8
Fixed Rate Receivable/Fixed Rate Payable	30,000	20,000	—	—
Interest Rate Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Others:				
Sold	3,948,400	2,580,000	(58,453)	(7,766)
Bought	3,956,750	2,737,300	(6,045)	(30,306)
Total	—	—	(13,325)	13,099

	Millions of U.S. Dollars			
	Total Contract Value	Contract Value (Over 1 Year until Settlement or Expiry)	Fair Value	Net Unrealized Gains (Losses)
Exchange-Traded Transactions				
Interest Rate Futures:				
Sold	—	—	—	—
Bought	—	—	—	—
Interest Rate Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Over the Counter Transactions				
Interest Rate Forwards:				
Sold	—	—	—	—
Bought	—	—	—	—
Interest Rate Swaps:				
Fixed Rate Receivable/Variable Rate Payable	80,301	69,411	1,289	1,289
Variable Rate Receivable/Fixed Rate Payable	79,785	61,222	(863)	(863)
Variable Rate Receivable/Variable Rate Payable	367	201	0	0
Fixed Rate Receivable/ Fixed Rate Payable	249	166	—	—
Interest Rate Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Others:				
Sold	32,862	21,473	(486)	(64)
Bought	32,931	22,782	(50)	(252)
Total	—	—	(110)	109

Notes:

1. Transactions mentioned above are valued at fair value, and Net Unrealized Gains (Losses) are accounted for in the consolidated statement of income.
2. Fair value calculation: Transactions on exchanges are valued on the basis of closing prices, mainly on the Tokyo Financial Exchange Inc. Over the counter transactions are valued using discounted present value or calculation models for option prices, etc.

As of March 31, 2014

	Millions of Yen			
	Total Contract Value	Contract Value (Over 1 Year until Settlement or Expiry)	Fair Value	Net Unrealized Gains (Losses)
Exchange-Traded Transactions				
Interest Rate Futures:				
Sold	9,981	—	(0)	(0)
Bought	9,981	—	—	—
Interest Rate Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Over the Counter Transactions				
Interest Rate Forwards:				
Sold	—	—	—	—
Bought	—	—	—	—
Interest Rate Swaps:				
Fixed Rate Receivable/Variable Rate Payable	12,614,058	10,047,075	198,444	198,444
Variable Rate Receivable/Fixed Rate Payable	12,266,614	9,132,797	(159,467)	(159,467)
Variable Rate Receivable/Variable Rate Payable	54,200	44,200	22	22
Fixed Rate Receivable / Fixed Rate Payable	30,000	30,000	—	—
Interest Rate Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Others:				
Sold	4,684,400	2,844,400	(48,808)	(1,921)
Bought	4,320,666	2,905,250	(1,522)	(20,917)
Total	—	—	(11,332)	16,159

Notes:

1. Transactions mentioned above are valued at fair value, and Net Unrealized Gains (Losses) are accounted for in the consolidated statements of income.
2. Fair value calculation: Transactions on exchanges are valued on the basis of closing prices, mainly on the Tokyo Financial Exchange Inc.
Over the counter transactions are valued using discounted present value or calculation models for option prices, etc.

(2) Currency-Related Transactions
As of March 31, 2015

	Millions of Yen			
	Total Contract Value	Contract Value (Over 1 Year until Settlement or Expiry)	Fair Value	Net Unrealized Gains (Losses)
Exchange-Traded Transactions				
Currency Futures:				
Sold	—	—	—	—
Bought	—	—	—	—
Currency Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Over the Counter Transactions				
Currency Swaps:	29,268	9,756	(367)	(367)
Forward Foreign Exchange Contracts:				
Sold	63,339	342	(1,268)	(1,268)
Bought	74,315	324	1,027	1,027
Currency Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Others:				
Sold	—	—	—	—
Bought	—	—	—	—
Total	—	—	(607)	(607)

Millions of U.S. Dollars				
	Total Contract Value	Contract Value (Over 1 Year until Settlement or Expiry)	Fair Value	Net Unrealized Gains (Losses)
Exchange-Traded Transactions				
Currency Futures:				
Sold	—	—	—	—
Bought	—	—	—	—
Currency Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Over the Counter Transactions				
Currency Swaps:	243	81	(3)	(3)
Forward Foreign Exchange Contracts:				
Sold	527	2	(10)	(10)
Bought	618	2	8	8
Currency Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Others:				
Sold	—	—	—	—
Bought	—	—	—	—
Total	—	—	(5)	(5)

Notes:

1. Transactions mentioned above are valued at fair value, and Net Unrealized Gains (Losses) are accounted for in the consolidated statements of income.
2. Fair value calculation: Transactions are valued using discounted present value, etc. (for currency swaps, fair value is calculated after deduction of principal)

As of March 31, 2014

	Millions of Yen			
	Total Contract Value	Contract Value (Over 1 Year until Settlement or Expiry)	Fair Value	Net Unrealized Gains (Losses)
Exchange-Traded Transactions				
Currency Futures:				
Sold	—	—	—	—
Bought	—	—	—	—
Currency Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Over the Counter Transactions				
Currency Swaps:	38,924	25,076	(87)	(87)
Forward Foreign Exchange Contracts:				
Sold	87,058	142	(485)	(485)
Bought	64,397	—	719	719
Currency Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Others:				
Sold	—	—	—	—
Bought	—	—	—	—
Total	—	—	146	146

Notes:

1. Transactions mentioned above are valued at fair value, and Net Unrealized Gains (Losses) are accounted for in the consolidated statements of income.
2. Fair value calculation: Transactions are valued using discounted present value, etc. (for currency swaps, fair value is calculated after deduction of principal)

(3) Stock-Related Transactions
Not applicable.

(4) Bond-Related Transactions

As of March 31, 2015

Millions of Yen				
	Total Contract Value	Contract Value (Over 1 Year until Settlement or Expiry)	Fair Value	Net Unrealized Gains (Losses)
Exchange-Traded Transactions				
Bond Futures:				
Sold	7,080	—	13	13
Bought	736	—	(0)	(0)
Bond Futures Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Over the Counter Transactions				
Bond Options:				
Sold	—	—	—	—
Bought	2,000	—	6	(0)
Others:				
Sold	—	—	—	—
Bought	—	—	—	—
Total	—	—	19	12

Millions of U.S. Dollars				
	Total Contract Value	Contract Value (Over 1 Year until Settlement or Expiry)	Fair Value	Net Unrealized Gains (Losses)
Exchange-Traded Transactions				
Bond Futures:				
Sold	58	—	0	0
Bought	6	—	(0)	(0)
Bond Futures Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Over the Counter Transactions				
Bond Options:				
Sold	—	—	—	—
Bought	16	—	0	(0)
Others:				
Sold	—	—	—	—
Bought	—	—	—	—
Total	—	—	0	0

Notes:

1. Transactions mentioned above are valued at fair value, and Net Unrealized Gains (Losses) are accounted for in the consolidated statements of income.
2. Fair value calculation: Transactions on exchanges are valued on the basis of closing prices, mainly on the Osaka Exchange, Inc.
Over the counter transactions are valued using calculation models for option prices, etc.

As of March 31, 2014

	Millions of Yen			
	Total Contract Value	Contract Value (Over 1 Year until Settlement or Expiry)	Fair Value	Net Unrealized Gains (Losses)
Exchange-Traded Transactions				
Bond Futures:				
Sold	4,633	—	5	5
Bought	10,869	—	(23)	(23)
Bond Futures Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Over the Counter Transactions				
Bond Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Others:				
Sold	—	—	—	—
Bought	—	—	—	—
Total	—	—	(17)	(17)

Notes:

1. Transactions mentioned above are valued at fair value, and Net Unrealized Gains (Losses) are accounted for in the consolidated statements of income.
2. Fair value calculation: Transactions on exchanges are valued on the basis of closing prices, mainly on the Osaka Exchange, Inc. Over the counter transactions are valued using calculation models for option prices, etc.

(5) Commodity-Related Derivative Transactions
Not applicable.

(6) Credit Derivative Transactions
Not applicable.

2. Derivative transactions to which hedge accounting is applied

The following summarizes the contract values or the contracted principal equivalents, fair values and the valuation methods of the Bank's derivative transactions that qualify for hedge accounting as of the consolidated balance sheet date, which are classified by types of financial instruments. Please note that the contract values in themselves do not reflect the market risk associated with the Bank's Derivative Transactions.

(1) Interest-Rate-Related Transactions

As of March 31, 2015

		Millions of Yen		
Method for Hedge Accounting	Items	Total Contract Value	Contract Value (Over 1 Year until Settlement or Expiry)	Fair Value
Basic Treatment	Interest Rate Swaps			
	Fixed Rate Receivable/Variable Rate Payable	120,000	80,000	4,796
	Variable Rate Receivable/Fixed Rate Payable	5,795,775	5,071,745	(174,149)
	Variable Rate Receivable/Variable Rate Payable	113,930	—	(1,425)
Exceptional Treatments for Interest Rate Swaps	Interest Rate Swaps			
	Fixed Rate Receivable/Variable Rate Payable	820,000	540,000	4,244
	Variable Rate Receivable/Fixed Rate Payable	979,306	979,306	(74,142)
Total		—	—	(240,676)

		Millions of U.S.Dollars		
Method for Hedge Accounting	Items	Total Contract Value	Contract Value (Over 1 Year until Settlement or Expiry)	Fair Value
Basic Treatment	Interest Rate Swaps			
	Fixed Rate Receivable/Variable Rate Payable	998	665	39
	Variable Rate Receivable/Fixed Rate Payable	48,237	42,211	(1,449)
	Variable Rate Receivable/Variable Rate Payable	948	—	(11)
Exceptional Treatments for Interest Rate Swaps	Interest Rate Swaps			
	Fixed Rate Receivable/Variable Rate Payable	6,824	4,494	35
	Variable Rate Receivable/Fixed Rate Payable	8,150	8,150	(617)
Total		—	—	(2,003)

Notes:

1. Most of hedged items with respect to Basic Treatment are Interest-bearing assets and liabilities such as Loans and Bills Discounted, Other Securities (Bonds) and Deposits.
2. Hedged items with respect to Exceptional Treatments for Interest Rate Swaps are Loans and Bills Discounted, Held-to-Maturity Debt Securities and Debentures.
3. The deferred method of hedge accounting is primarily applied to the transactions mentioned above based on the JICPA Industry Audit Committee Report No. 24, "Accounting and Auditing Treatment of Accounting Standards for Financial Instruments in Banking Industry".
4. Fair value calculation: Transactions on exchanges are valued on the basis of closing prices, mainly on the Tokyo Financial Exchange Inc. Over the counter transactions are valued using discounted present value or calculation models for option prices, etc.

As of March 31, 2014

		Millions of Yen		
Method for Hedge Accounting	Items	Total Contract Value	Contract Value (Over 1 Year until Settlement or Expiry)	Fair Value
Basic Treatment	Interest Rate Swaps			
	Fixed Rate Receivable/Variable Rate Payable	635,000	120,000	6,834
	Variable Rate Receivable/Fixed Rate Payable	5,387,830	5,067,331	(111,509)
	Variable Rate Receivable/Variable Rate Payable	118,340	118,340	(4,975)
Exceptional Treatments for Interest Rate Swaps	Interest Rate Swaps			
	Fixed Rate Receivable/Variable Rate Payable	980,000	820,000	6,927
	Variable Rate Receivable/Fixed Rate Payable	920,020	920,020	(56,225)
Total		—	—	(158,948)

Notes:

1. Most of hedged items with respect to Basic Treatment are Interest-bearing assets and liabilities such as Loans and Bills Discounted, Other Securities (Bonds) and Deposits.
2. Hedged items with respect to Exceptional Treatments for Interest Rate Swaps are Loans and Bills Discounted, Held-to-Maturity Debt Securities and Debentures.
3. The deferred method of hedge accounting is primarily applied to the transactions mentioned above based on the JICPA Industry Audit Committee Report No. 24, "Accounting and Auditing Treatment of Accounting Standards for Financial Instruments in Banking Industry".
4. Fair value calculation: Transactions on exchanges are valued on the basis of closing prices, mainly on the Tokyo Financial Exchange Inc. Over the counter transactions are valued using discounted present value or calculation models for option prices, etc.

(2) Currency-Related Transactions

As of March 31, 2015

		Millions of Yen		
Method for Hedge Accounting	Items	Total Contract Value	Contract Value (Over 1 Year until Settlement or Expiry)	Fair Value
Basic Treatment	Currency Swaps	419,012	263,397	(901)
	Forward Foreign Exchange Contracts:			
	Sold	806,775	—	1,903
	Bought	—	—	—
Total		—	—	1,002

		Millions of U.S.Dollars		
Method for Hedge Accounting	Items	Total Contract Value	Contract Value (Over 1 Year until Settlement or Expiry)	Fair Value
Basic Treatment	Currency Swaps	3,487	2,192	(7)
	Forward Foreign Exchange Contracts:			
	Sold	6,714	—	15
	Bought	—	—	—
Total		—	—	8

Notes:

1. Most of hedged items are foreign currency-denominated securities, Due from Banks etc.
2. The deferred method of hedge accounting is primarily applied to the transactions mentioned above based on the JICPA Industry Audit Committee Report No. 25, "Accounting and Auditing Treatment of Accounting Standards for Foreign Currency Transactions in the Banking Industry".
3. Fair value calculation: Transactions are valued using discounted present value, etc. (for currency swaps, fair value is calculated after deduction of principal)

As of March 31, 2014

Millions of Yen				
Method for Hedge Accounting	Items	Total Contract Value	Contract Value (Over 1 Year until Settlement or Expiry)	Fair Value
Basic Treatment	Currency Swaps	606,086	273,255	(1,819)
	Forward Foreign Exchange Contracts:			
	Sold	1,115,258	—	(9,168)
	Bought	—	—	—
	Total	—	—	(10,988)

Notes:

1. Most of hedged items are foreign currency-denominated securities, Due from Banks etc.
2. The deferred method of hedge accounting is primarily applied to the transactions mentioned above based on the JICPA Industry Audit Committee Report No. 25, "Accounting and Auditing Treatment of Accounting Standards for Foreign Currency Transactions in the Banking Industry".
3. Fair value calculation: Transactions are valued using discounted present value, etc. (for currency swaps, fair value is calculated after deduction of principal)

(3) Stock-Related Transactions
Not applicable.

(4) Bond-Related Transactions
Not applicable.

27. Related Party Transactions:

For the Fiscal Year Ended March 31, 2015

There were no significant related-party transactions.

For the Fiscal Year Ended March 31, 2014

There were no significant related-party transactions.

28. Segment Information:

(1) Description of Reportable Segments

The Group classifies the businesses of the Bank and its consolidated subsidiaries as individual business segments. Among those business segments, the business of the Bank is deemed as the reportable segment.

The Bank, as an individual financial institution, provides such financial services as deposits, debentures, lending, market fund management, trading operations and clearing. As the central financial institution for Shinkin Banks, the Bank complements the functions of the Shinkin Banks and operates the shinkin bank industry's own safety net, including the Shinkin Bank Management Reinforcement System. By doing so, the Bank strives to maintain an orderly financial system within the shinkin bank industry.

(2) Method of Calculating Amounts by Reportable Segment

The accounting methods of the reportable segment are the same as those described in the "Significant Accounting Policies".

Reportable segment profit is based on net income.

(3) Amounts by Reportable Segment

For the Fiscal Year Ended March 31, 2015

(Millions of Yen)

	Reportable segment	Other	Total	Adjustment	Amount presented in the consolidated financial statements
	Shinkin Central Bank business				
Income					
External customers	275,921	32,076	307,997	(103)	307,894
Inter-segment	2,314	2,147	4,462	(4,462)	—
Total	278,236	34,224	312,460	(4,565)	307,894
Segment profit	60,817	2,916	63,734	(1,037)	62,696
Segment assets	33,269,249	320,182	33,589,431	(73,357)	33,516,073
Segment liabilities	31,861,297	235,304	32,096,601	(14,284)	32,082,317
Other items					
Depreciation	4,025	4,417	8,443	(0)	8,442
Interest Income	219,379	464	219,844	(80)	219,763
Interest Expenses	130,710	151	130,862	(20)	130,841
Income Taxes	20,187	1,375	21,562	20	21,583
Increase in Tangible and Intangible Fixed Assets	5,181	4,354	9,536	—	9,536

(Millions of U.S. Dollars)

	Reportable segment	Other	Total	Adjustment	Amount presented in the consolidated financial statements
	Shinkin Central Bank business				
Income					
External customers	2,296	266	2,563	(0)	2,562
Inter-segment	19	17	37	(37)	—
Total	2,315	284	2,600	(37)	2,562
Segment profit	506	24	530	(8)	521
Segment assets	276,897	2,664	279,562	(610)	278,951
Segment liabilities	265,179	1,958	267,137	(118)	267,018
Other items					
Depreciation	33	36	70	(0)	70
Interest Income	1,825	3	1,829	(0)	1,829
Interest Expenses	1,087	1	1,089	(0)	1,088
Income Taxes	168	11	179	0	179
Increase in Tangible and Intangible Fixed Assets	43	36	79	—	79

Notes:

- The “Other” classification comprises the Bank’s eight consolidated subsidiaries which are not included within the reportable segment. The Bank’s consolidated subsidiaries provide such financial services as trust and banking, securities, asset management, consumer credit guarantees, venture capital and M&A intermediary, and data processing outsourcing.
- Adjustment comprises the following.
 - Within adjustment of segment profit, reduction of ¥1,037 million (\$8 million) comprises reduction of ¥586 million (\$4 million) on minority interests and ¥451 million (\$3 million) on inter-segment eliminations, etc.
 - Within adjustment of segment assets, reduction of ¥73,357 million (\$610 million) comprises reduction of ¥53,114 million (\$442 millions) on eliminations relating to capital consolidation and ¥20,242 million (\$168 million) on inter-segment elimination, etc.
 - Reduction of ¥14,284 million (\$118 millions) on the adjustment of segment liabilities comprises inter-segment eliminations, etc.
 - The adjustment for other items comprises inter-segment eliminations, etc.
- Segment profit has been adjusted from Net Income presented in the Consolidated Statement of Income.

For the Fiscal Year Ended March 31, 2014

(Millions of Yen)

	Reportable segment	Other	Total	Adjustment	Amount presented in the consolidated financial statements
	Shinkin Central Bank business				
Income					
External customers	278,879	29,390	308,270	(98)	308,171
Inter-segment	2,092	2,192	4,285	(4,285)	—
Total	280,971	31,583	312,555	(4,383)	308,171
Segment profit	35,396	2,821	38,218	(606)	37,612
Segment assets	30,939,429	312,993	31,252,423	(67,858)	31,184,564
Segment liabilities	29,684,307	231,589	29,915,896	(8,158)	29,907,738
Other items					
Depreciation	4,839	4,195	9,034	(0)	9,033
Interest Income	229,617	473	230,091	(84)	230,006
Interest Expenses	141,222	189	141,411	(27)	141,383
Income Taxes	13,269	1,463	14,732	(428)	14,304
Increase in Tangible and Intangible Fixed Assets	4,269	2,153	6,422	—	6,422

Notes:

- The “Other” classification comprises the Bank’s eight consolidated subsidiaries which are not included within the reportable segment. The Bank’s consolidated subsidiaries provide such financial services as trust and banking, securities, asset management, consumer credit guarantees, venture capital and M&A intermediary, and data processing outsourcing.
- Adjustment comprises the following.
 - Within adjustment of segment profit, reduction of ¥606 million comprises reduction of ¥706 million on minority interests and addition of ¥100 million on inter-segment eliminations, etc.
 - Within adjustment of segment assets, reduction of ¥67,858 million comprises reduction of ¥53,114 million on eliminations relating to capital consolidation and ¥14,743 million on inter-segment elimination, etc.
 - Reduction of ¥8,158 million on the adjustment of segment liabilities comprises inter-segment eliminations, etc.
 - The adjustment for other items comprises inter-segment eliminations, etc.
- Segment profit has been adjusted from Net Income presented in the Consolidated Statement of Income.

(Related Information)

For the Fiscal Year Ended March 31, 2015

1. Information by service

(Millions of Yen)

	Securities investment operations	Lending operations	Other	Total
Income from external customers	211,483	27,652	68,758	307,894

(Millions of U.S. Dollars)

	Securities investment operations	Lending operations	Other	Total
Income from external customers	1,760	230	572	2,562

2. Information by geographic region

(1) Income

(Millions of Yen)

Japan	Europe	United States	Other	Total
179,728	18,483	24,159	85,523	307,894

(Millions of U.S. Dollars)

Japan	Europe	United States	Other	Total
1,495	153	201	711	2,562

Note:

Income from derivative transactions and Trading income is included in Other.

(2) Tangible fixed assets

The Group's tangible fixed assets located in Japan account for over 90% of the tangible fixed assets presented in the Consolidated Balance Sheet. Consequently, this information is omitted.

3. Information by principal customer

(Millions of Yen)

Name of customer	Income	Related segment
The Government of Japan	77,758	Shinkin Central Bank business

(Millions of U.S. Dollars)

Name of customer	Income	Related segment
The Government of Japan	647	Shinkin Central Bank business

For the Fiscal Year Ended March 31, 2014

1. Information by service

(Millions of Yen)

	Securities investment operations	Lending operations	Other	Total
Income from external customers	212,876	33,257	61,702	307,837

2. Information by geographic region

(1) Income

(Millions of Yen)

Japan	Europe	United States	Other	Total
170,031	28,112	23,145	86,548	307,837

Note:

Income from derivative transactions and Trading income is included in Other.

(2) Tangible fixed assets

The Group's tangible fixed assets located in Japan account for over 90% of the tangible fixed assets presented in the Consolidated Balance Sheet. Consequently, this information is omitted.

3. Information by principal customer

(Millions of Yen)

Name of customer	Income	Related segment
The Government of Japan	78,912	Shinkin Central Bank business

(Information related to Impairment losses of Fixed Assets by Reportable Segment)

For the Fiscal Year Ended March 31, 2015

(Millions of Yen)

	Reportable segment	Other	Total
	Shinkin Central Bank business		
Impairment losses	64	—	64

(Millions of U.S. Dollars)

	Reportable segment	Other	Total
	Shinkin Central Bank business		
Impairment losses	0	—	0

For the Fiscal Year Ended March 31, 2014

Not applicable.

Note:

The “Other” classification comprises the Bank’s eight consolidated subsidiaries which are not included within the reportable segment.

The Bank’s consolidated subsidiaries provide such financial services as trust and banking, securities, asset management, consumer credit guarantees, venture capital and M&A intermediary, and data processing outsourcing.

(Information related to Amortization of Goodwill and Balance of Unamortized Goodwill by Reportable Segment)

Not applicable.

(Information related to Accrual of Income from Negative Goodwill by Reportable Segment)

Not applicable.

29. Amounts per Share:

	Yen		U.S. Dollars
	2015	2014	2015
Net Assets per Share	301,997.98	268,795.17	2,513.50
Net Income per Share	12,865.13	7,537.36	107.07
Net Income per Share after Adjustment for Common Share equivalents	—	—	—

Notes:

1. In the calculation of net assets per share and net income per share, preferred dividends are deducted from current net income. However, participating dividends are not deducted from current net income.

2. The basis for calculation of net assets per share is as follows:

		2015	2014	2015	
Total Net Assets	Millions of Yen	1,433,756	1,276,826	Millions of U.S. dollars	11,933
Amount Deducted from Total Net Assets	Millions of Yen	11,883	11,279	Millions of U.S. dollars	98
Minority Interests	Millions of Yen	9,758	9,154	Millions of U.S. dollars	81
Preferred Dividends	Millions of Yen	2,124	2,124	Millions of U.S. dollars	17
Net Assets at Fiscal Year-end Used to Calculate Net Assets per Share	Millions of Yen	1,421,873	1,265,547	Millions of U.S. dollars	11,834
Number of Share Units at Fiscal Year-end	Unit	4,708,222	4,708,222	—	—
Number of Common Share Units	Unit	4,000,000	4,000,000	—	—
Number of Preferred Share Units	Unit	708,222	708,222	—	—

3. The basis for calculation of net income per share is as follows:

		2015	2014	2015	
Net Income	Millions of Yen	62,696	37,612	Millions of U.S. dollars	521
Amount Deducted from Net Income	Millions of Yen	2,124	2,124	Millions of U.S. dollars	17
Preferred Dividend	Millions of Yen	2,124	2,124	Millions of U.S. dollars	17
Net Income Used to Calculate Net Income per share	Millions of Yen	60,571	35,487	Millions of U.S. dollars	504
Average Number of Share Units for the fiscal year	Unit	4,708,222	4,708,222	—	—
Average Number of Common Share Units	Unit	4,000,000	4,000,000	—	—
Average Number of Preferred Share Units	Unit	708,222	708,222	—	—

4. As stated in the note regarding “Changes in Accounting Policies,” from this fiscal year, the Bank adopted provisions of the “Accounting Standard for Retirement Benefits” (ASBJ Statement No. 26, May 17, 2012) and “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25, March 26, 2015). Specifically, the Bank adopted provisions described in paragraph 35 of the main text of the “Accounting Standard for Retirement Benefits”, paragraph 67 of the main text of the “Guidance on Accounting Standard for Retirement Benefits.”, and for transitional provisions, paragraph 37 of the “Accounting Standard for Retirement Benefits.” The impact of these changes on net assets per share and net income per share is immaterial.

5. Net income per Share after adjustment for Common share equivalents is not listed as there are no dilutive securities.

30. Subsequent Events:

On April 24, 2015, the Board of Directors passed a resolution for capital-raising through a private offering of specific common shares. Details of the offering are as follows.

1. Summary of Share Offering

(1) Investors

Shinkin Banks

(2) Offering Amount

Approximately ¥200 billion (Notes 1 and 2)

(3) Funding Method

Specific common shares (Through a change in the Bank’s Articles of Incorporation, the amount of distribution of residual assets per share shall be made up to the amount of contribution, but limited to ¥100,000 per share.)

(4) Closing Date

September 30, 2015

(5) Estimated dividend

¥1,500 per share (1.5% per annum)

(6) Condition precedent

Regarding the change to the Bank’s Articles of Incorporation relating to the private offering of specific common shares, approval by the annual General Assembly of Representatives and authorization by regulatory authorities are set as conditions precedent. (Note 3)

Notes:

1. The issuance price per share is ¥100,000, and the number of shares to be issued is 2,000,000 shares.

2. All of the capital raised will be included in Common Shares and Preferred Shares.

3. At the annual General Assembly of Representatives held on June 19, 2015, the change in Articles of Incorporation relating to the private offering of specific common shares was approved.

2. Purpose of the Capital Increase

The purpose of the Capital Increase is to further enhancing and strengthen the Bank’s financial base in preparation for expected tightening of financial regulations.



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Independent Auditor's Report

The Board of Directors
Shinkin Central Bank

We have audited the accompanying consolidated financial statements of Shinkin Central Bank and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2015, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Shinkin Central Bank and its consolidated subsidiaries as at March 31, 2015, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation

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

Ernst & Young ShinNihon LLC

June 22, 2015
Tokyo, Japan

Non-Consolidated Balance Sheet

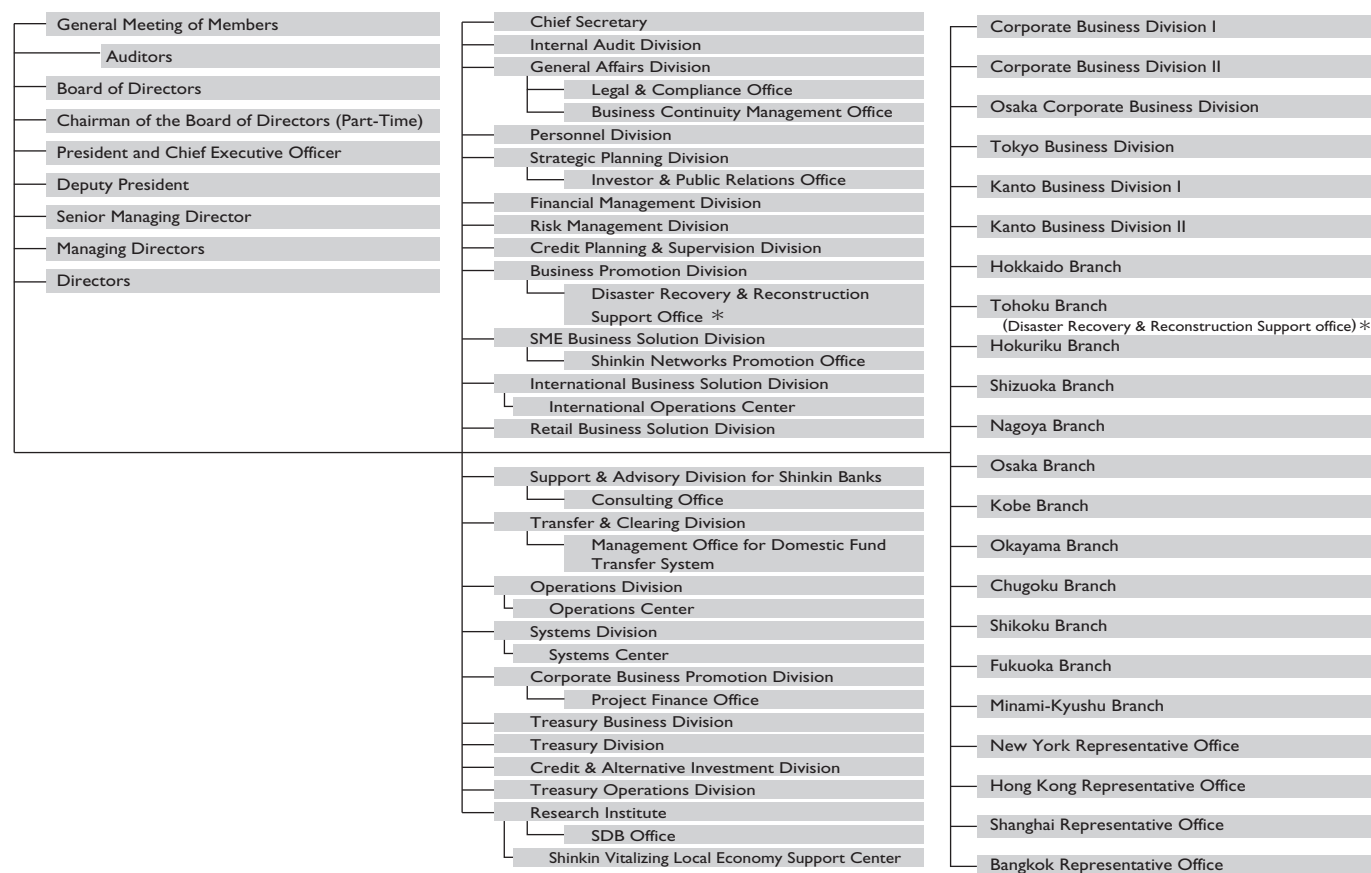
Shinkin Central Bank As of March 31,	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Assets			
Cash and Due from Banks	6,854,374	4,927,322	57,048
Call Loans	510,601	578,351	4,249
Receivables under Resale Agreements	49,987	86,980	416
Receivables under Securities Borrowing Transactions	85,418	104,692	710
Monetary Debts Purchased	229,858	269,583	1,913
Trading Assets	160,130	162,090	1,332
Money Held in Trust	132,774	132,854	1,105
Securities	19,132,160	18,450,501	159,235
Loans and Bills Discounted	5,885,739	5,975,832	48,986
Foreign Exchanges Assets	9,178	5,212	76
Other Assets	79,741	130,148	663
Tangible Fixed Assets	69,773	68,797	580
Intangible Fixed Assets	4,543	4,602	37
Customers' Liabilities for Acceptances and Guarantees	108,691	82,383	904
Reserve for Possible Loan Losses	(43,723)	(39,919)	(363)
Allowance for Investment Losses	-	(5)	-
Total Assets	33,269,249	30,939,429	276,897
Liabilities and Net Assets			
Liabilities			
Deposits	25,571,093	23,689,313	212,826
Debentures	3,007,780	3,168,110	25,033
Trading Liabilities	99,260	89,700	826
Borrowed Money	935,320	937,320	7,784
Call Money	382,108	366,767	3,180
Payables under Repurchase Agreements	73,944	35,437	615
Payables under Securities Lending Transactions	1,281,700	950,945	10,667
Foreign Exchanges Liabilities	264	558	2
Other Liabilities	263,554	273,344	2,193
Reserve for Employee Bonuses	1,235	1,214	10
Reserve for Directors' Bonuses	80	78	0
Reserve for Employee Retirement Benefits	18,049	17,537	150
Reserve for Directors' Retirement Allowances	358	327	2
Deferred Tax Liabilities	111,750	65,164	930
Deferred Tax Liabilities for Land Revaluation	6,106	6,106	50
Acceptances and Guarantees	108,691	82,383	904
Total Liabilities	31,861,297	29,684,307	265,179
Total Net Assets	1,407,951	1,255,122	11,718
Total Liabilities and Net Assets	33,269,249	30,939,429	276,897

Non-Consolidated Statement of Income

Shinkin Central Bank For the year ended March 31,	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Income			
Interest Income:	219,379	229,617	1,825
Interest on Loans and Discounts	27,652	33,257	230
Interest on Due from Banks	7,454	6,471	62
Interest on Call Loans	1,107	891	9
Interest on Receivables under Resale Agreements	58	104	0
Interest on Receivables under Securities Borrowing Transactions	180	255	1
Interest and Dividends on Securities	181,504	186,739	1,510
Others	1,422	1,897	11
Fees and Commissions	7,774	7,485	64
Trading Income	18,185	14,724	151
Other Operating Income	23,266	22,087	193
Other Income	9,630	7,055	80
Total Income	278,236	280,971	2,315
Expenses			
Interest Expenses:	130,710	141,222	1,087
Interest on Deposits	48,545	53,323	404
Interest on Debentures	13,938	23,564	116
Interest on Borrowed Money	11,129	9,584	92
Interest on Call Money	695	652	5
Interest on Payables under Repurchase Agreement	97	1	0
Interest on Payables under Securities Lending Transactions	2,216	2,593	18
Interest Payable on Interest Rate Swaps	52,240	50,268	434
Others	1,845	1,233	15
Fees and Commissions	6,223	6,518	51
Trading Losses	238	243	1
Other Operating Expenses	29,366	45,851	244
General and Administrative Expenses	26,418	26,390	219
Other Expenses	4,273	12,079	35
Total Expenses	197,230	232,305	1,641
Income before Income Taxes	81,005	48,665	674
Income Taxes			
Current	17,686	1,845	147
Deferred	2,501	11,423	20
Total Income Taxes	20,187	13,269	168
Net Income	60,817	35,396	506

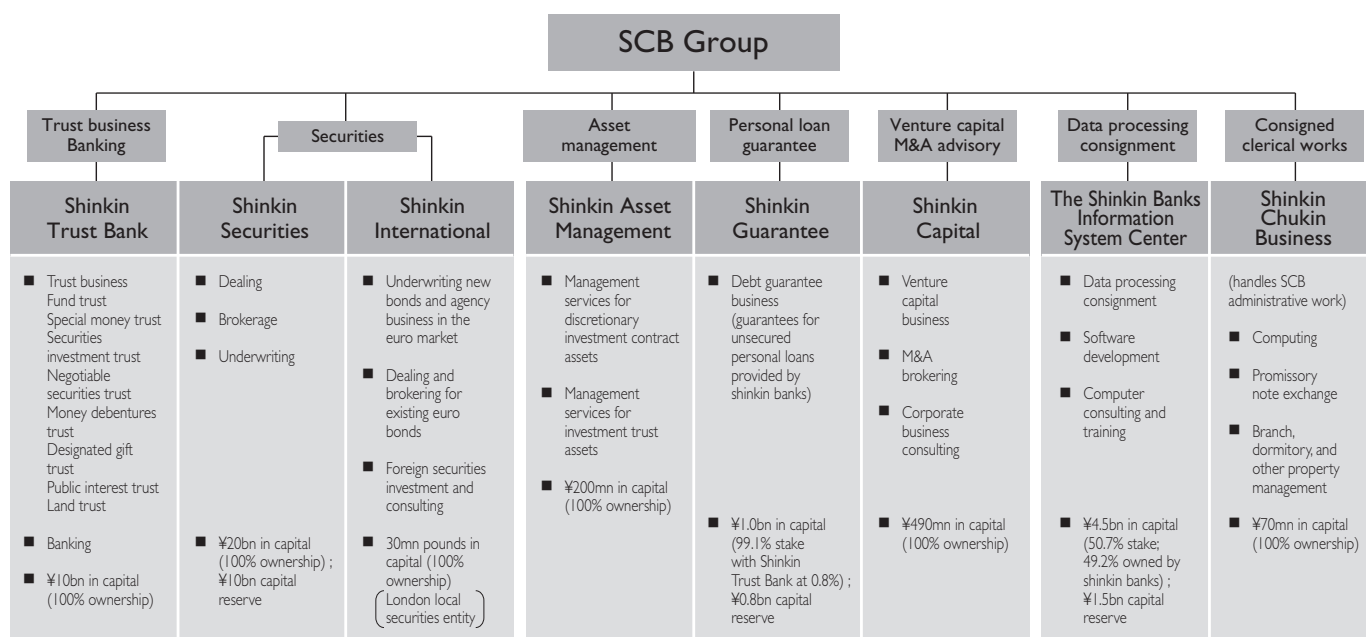
	Yen		U.S. Dollars
	2015	2014	2015
Net Income Per Share	12,466.12	7,066.76	103.75
Dividend Declared per Share (Common Shares)	3,500.00	3,000.00	29.13
Dividend Declared per Share (Preferred Shares)	7,000.00	6,500.00	58.26

Organization (As of July 31, 2015)



* Located in Tohoku Branch

SCB Group



International Directory (As of July 31, 2015)

Deputy President

(in charge of Treasury Operations)
Katsuo Akiyama

Senior Managing Director

(in charge of International Planning)
Hiroyuki Shibata

Senior Managing Director

(in charge of International Operations/
Overseas Offices)
Akira Ito

Strategic Planning Division

(including International Planning)

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Director: Atsushi Kudo

International Business Solution Division

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General Manager: Shigeo Enomoto

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Facsimile: +86-21-6270-3095
Chief Representative: Hiroyuki Niwa

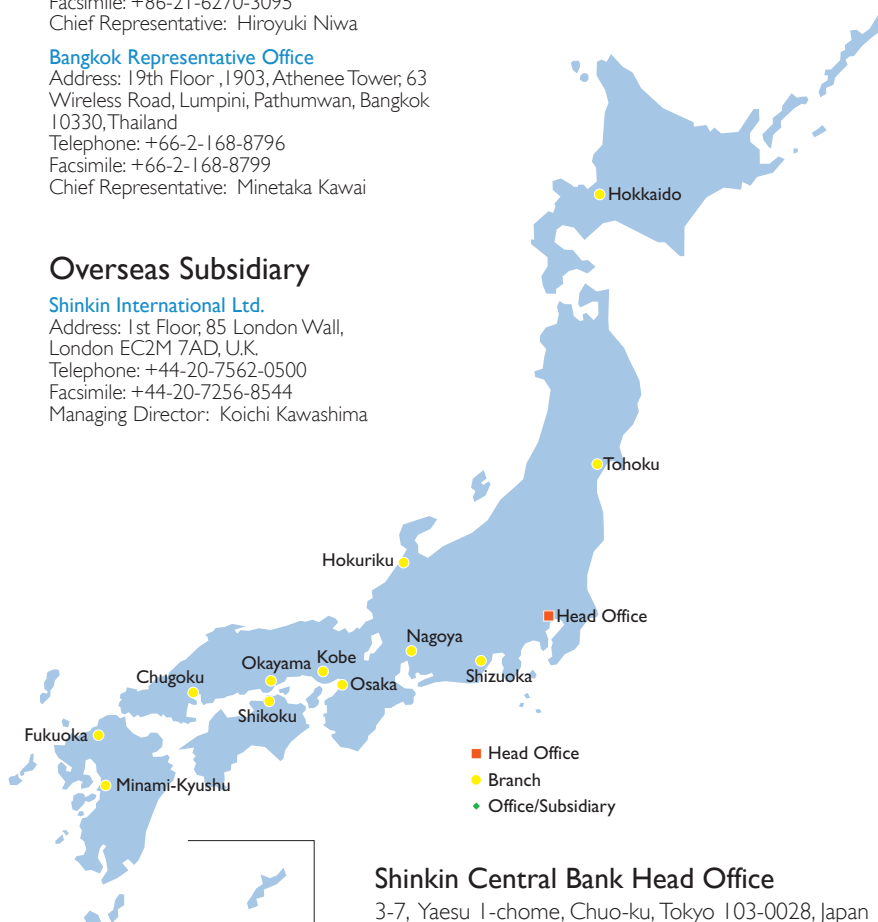
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Facsimile: +66-2-168-8799
Chief Representative: Minetaka Kawai

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Facsimile: +44-20-7256-8544
Managing Director: Koichi Kawashima



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<http://www.shinkin-central-bank.jp/>

The background of the entire page is an abstract design consisting of several overlapping, flowing, wavy bands of different shades of blue, ranging from a deep navy blue to a very light, almost white blue. The waves move generally from the top left towards the bottom right, creating a sense of motion and depth.

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Printed in Japan