

ANNUAL REPORT

YEAR ENDED March 31, 2015

2015



The Akita Bank, Ltd.

Profile

Since its establishment in 1879, The Akita Bank, Ltd., has worked diligently to extend comprehensive financial services geared to the funding requirements of clients in Akita Prefecture. These efforts are underpinned by a philosophy that seeks to contribute to regional prosperity and help the Bank achieve growth as a financial institution in tune with the economic development of the community. The Akita Bank Group, which comprises the Bank and five consolidated subsidiaries, maintains a full line of financial services and provides guarantee and leasing services hinging on the banking business. Several issues that characterize our operating environment are expanding in scope and taking on a greater urgency in terms of management responses. The key priority is well-balanced approach to expand the profitability of the Bank, and to secure common interest of regional clients. Based on the current medium-term management plan, Akigin <Shinka³> Project, the Bank will execute its role as a regional bank, which its network covers the area in eastern Honshu, Japan's largest island, and expand our financial services including international operations emphasizing relations with regional clients.

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In this annual report, statements other than historical facts are forward-looking statements that reflect our plans and expectations. These forward-looking statements involve risks, uncertainties and other factors that may cause our actual results and achievements to differ materially from those anticipated in these statements.

Consolidated Financial Highlight

The Akita Bank, Ltd. and subsidiaries
As of and for the years ended March 31, 2015 and 2014

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
For the years ended March 31			
Total income	¥48,063	¥47,822	\$399,958
Total expenses	36,779	36,344	306,058
Income before income taxes and minority interests	11,283	11,478	93,891
Net income	6,916	6,699	57,551

	Yen	U.S. dollars (Note 1)
Net income per share	¥37.27	\$0.31

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
As of March 31			
Total assets	¥2,883,621	¥2,772,671	\$23,996,180
Trading account securities and securities	1,027,825	1,001,019	8,553,091
Loans and bills discounted	1,545,393	1,492,728	12,860,056
Deposits	2,436,793	2,361,139	20,277,881
Total net assets	174,444	150,788	1,451,643

Notes: (1) U.S. dollar amounts are translated, for convenience only, at ¥120.17 = U.S.\$1.00, the exchange rate prevailing as of March 31, 2015.

(2) Capital adequacy ratio stood at 11.96% and 12.08% as of March 31, 2015 and 2014, respectively, in accordance with guidelines established by the Ministry of Finance and the Financial Services Agency.

Consolidated Five-Year Summary

The Akita Bank, Ltd. and subsidiaries
For the years ended March 31

	Millions of yen				
	2015	2014	2013	2012	2011
Total income	¥48,063	¥47,822	¥51,668	¥50,909	¥52,641
Net income	6,916	6,699	3,758	3,756	2,652

	Yen				
	2015	2014	2013	2012	2011
Net income per share	¥37.27	¥35.64	¥19.88	¥19.73	¥13.72

	Percent				
	2015	2014	2013	2012	2011
Income ratio					
Net income to total assets	0.23	0.24	0.14	0.14	0.11
Net income to owned capital	4.40	4.66	2.75	2.93	2.07
Capital adequacy ratio					
Domestic guidelines	11.96	12.08	12.39	11.96	12.27

Note The Bank's capital adequacy ratio and net income to owned capital ratio are calculated in accordance with guidelines established by the Ministry of Finance and the Financial Services Agency.

Consolidated Balance Sheets

The Akita Bank, Ltd. and subsidiaries
As of March 31, 2015 and 2014

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
ASSETS			
Cash and due from banks (Note 37)	¥ 233,046	¥ 148,214	\$ 1,939,302
Call loans and bills bought	30,406	85,408	253,024
Monetary claims bought	8,032	11,994	66,838
Trading account securities (Note 5)	5	14	41
Money held in trust	8	10	66
Securities (Notes 6 and 12)	1,027,820	1,001,004	8,553,049
Loans and bills discounted (Note 7)	1,545,393	1,492,728	12,860,056
Foreign exchanges (Note 8)	3,236	916	26,928
Other assets (Notes 9 and 12)	19,024	19,444	158,309
Premises and equipment (Notes 10 and 30)	21,137	21,649	175,892
Intangible assets (Note 11)	1,748	1,423	14,546
Net defined benefit asset	4,333	3,921	36,057
Deferred tax assets (Note 14)	161	184	1,339
Customers' liabilities for acceptances and guarantees (Note 13)	7,266	7,500	60,464
Reserve for possible loan losses (Note 7)	(17,998)	(21,744)	(149,771)
Reserve for investment losses	(0)	(2)	(0)
Total assets	¥2,883,621	¥2,772,671	\$23,996,180

See notes to consolidated financial statements.

Consolidated Balance Sheets

The Akita Bank, Ltd. and subsidiaries
As of March 31, 2015 and 2014

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
LIABILITIES			
Deposits (Notes 12 and 15)	¥2,436,793	¥2,361,139	\$20,277,881
Negotiable certificates of deposit	117,324	128,160	976,316
Call money and bills sold	16,703	11,803	138,994
Payables under securities lending transactions (Note 12)	64,884	68,053	539,935
Borrowed money (Notes 12 and 16)	26,198	18,325	218,007
Foreign exchanges (Note 17)	34	95	282
Other liabilities (Note 18)	16,286	11,787	135,524
Reserve for directors' bonuses	20	20	166
Net defined benefit liability (Note 19)	7,995	7,825	66,530
Reserve for directors' retirement benefits	25	28	208
Reserve for reimbursement of dormant deposits	584	582	4,859
Reserve for contingent losses	563	561	4,685
Deferred tax liabilities (Note 14)	12,715	3,998	105,808
Deferred tax liability for land revaluation (Note 20)	1,783	1,999	14,837
Acceptances and guarantees (Note 13)	7,266	7,500	60,464
Total liabilities	¥2,709,177	¥2,621,882	\$22,544,536
NET ASSETS			
Capital stock (Note 34)	14,100	14,100	117,333
Capital surplus	6,271	6,291	52,184
Retained earnings (Note 36)	108,129	103,895	899,800
Treasury stock (Note 34)	(593)	(1,921)	(4,934)
Total stockholders' equity	127,909	122,367	1,064,400
Valuation difference on available-for-sale securities (Note 21)	40,802	22,886	339,535
Deferred losses on hedges	(2,113)	(612)	(17,583)
Land revaluation excess (Note 20)	3,075	2,926	25,588
Remeasurements of defined benefit plans	(1,061)	(2,399)	(8,829)
Total accumulated other comprehensive income	40,702	22,801	338,703
Stock option rights (Note 35)	62	48	515
Minority interests	5,770	5,571	48,015
Total net assets	174,444	150,788	1,451,643
Total liabilities and net assets	¥2,883,621	¥2,772,671	\$23,996,180

See notes to consolidated financial statements.

Consolidated Statements of Income and Comprehensive Income

The Akita Bank, Ltd. and subsidiaries
For the years ended March 31, 2015 and 2014

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Income			
Interest income			
Interest on loans and discounts	¥20,136	¥20,905	\$167,562
Interest and dividends on securities	10,827	9,889	90,097
Other interest income (Note 22)	169	236	1,406
Fees and commissions (Note 23)	6,820	6,609	56,752
Other operating income (Note 24)	6,023	6,556	50,120
Gain on recognition of past service cost (Note 19)	—	2,638	—
Other income (Note 25)	4,084	987	33,985
Total income	48,063	47,822	399,958
Expenses			
Interest expenses			
Interest on deposits	1,410	1,325	11,733
Interest on borrowings, call money and bills sold	163	84	1,356
Other interest expenses (Note 26)	933	517	7,764
Fees and commissions (Note 27)	2,259	2,401	18,798
Other operating expenses (Note 28)	5,260	4,777	43,771
General and administrative expenses	25,536	25,289	212,498
Other expenses (Notes 29 and 30)	1,215	1,947	10,110
Total expenses	36,779	36,344	306,058
Income before income taxes and minority interests	11,283	11,478	93,891
Income taxes (Note 14)			
Current	2,521	1,507	20,978
Deferred	1,683	3,086	14,005
Income before minority interests	7,079	6,883	58,908
Minority interests in net income	162	184	1,348
Net income	¥ 6,916	¥ 6,699	\$ 57,551
Income before minority interests	¥ 7,079	¥ 6,883	\$ 58,908
Other comprehensive income (Note 31)			
Valuation difference on available-for-sale securities	17,960	328	149,454
Deferred losses on hedges	(1,501)	309	(12,490)
Land revaluation excess	183	—	1,522
Remeasurements of defined benefit plans	1,337	—	11,125
Total other comprehensive income	17,980	638	149,621
Comprehensive income	¥25,059	¥ 7,522	\$208,529
Income attributable to:			
Owners of the parent	¥24,851	¥ 7,309	\$206,798
Minority interests	207	212	1,722

	Yen	U.S. dollars (Note 1)
Net income per share (Note 40)	¥37.27	\$0.31

See notes to consolidated financial statements.

Consolidated Statements of Changes in Net Assets

The Akita Bank, Ltd. and subsidiaries
For the years ended March 31, 2015 and 2014

	Millions of yen				
	Stockholders' equity				Total
	Capital stock	Capital surplus	Retained earnings	Treasury stock	
Balance at March 31, 2013	¥14,100	¥6,271	¥ 97,995	¥(1,315)	¥117,052
Changes of items during the period					
Dividends from surplus	—	—	(1,128)	—	(1,128)
Net income	—	—	6,699	—	6,699
Purchase of treasury stock	—	—	—	(813)	(813)
Disposal of treasury stock	—	20	—	207	227
Reversal of land revaluation excess	—	—	329	—	329
Net changes of Items other than stockholders' equity	—	—	—	—	—
Total changes of items during the period	—	20	5,900	(606)	5,314
Balance at March 31, 2014	¥14,100	¥6,291	¥103,895	¥(1,921)	¥122,367
Cumulative effects of changes in accounting policies	—	—	381	—	381
Restated balance	14,100	6,291	104,277	(1,921)	122,748
Changes of items during the period					
Dividends from surplus	—	—	(1,114)	—	(1,114)
Net income	—	—	6,916	—	6,916
Purchase of treasury stock	—	—	—	(884)	(884)
Disposal of treasury stock	—	46	—	162	209
Cancellation of treasury stock	—	(66)	(1,982)	2,049	—
Reversal of revaluation reserve for land	—	—	34	—	34
Net changes of Items other than stockholders' equity	—	—	—	—	—
Total changes of items during the period	—	(20)	3,852	1,328	5,160
Balance at March 31, 2015	¥14,100	¥6,271	¥108,129	¥ (593)	¥127,909

	Millions of yen							
	Accumulated other comprehensive income					Stock option rights	Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred losses on hedges	Land revaluation excess	Remeasurements of defined benefit plans	Total			
Balance at March 31, 2013	¥22,585	¥ (921)	¥3,255	¥ —	¥24,919	¥45	¥5,367	¥147,384
Changes of items during the period								
Dividends from surplus	—	—	—	—	—	—	—	(1,128)
Net income	—	—	—	—	—	—	—	6,699
Purchase of treasury stock	—	—	—	—	—	—	—	(813)
Disposal of treasury stock	—	—	—	—	—	—	—	227
Reversal of land revaluation excess	—	—	—	—	—	—	—	329
Net changes of Items other than stockholders' equity	300	309	(329)	(2,399)	(2,118)	3	204	(1,911)
Total changes of items during the period	300	309	(329)	(2,399)	(2,118)	3	204	3,403
Balance at March 31, 2014	¥22,886	¥ (612)	¥2,926	¥(2,399)	¥22,801	¥48	¥5,571	¥150,788
Cumulative effects of changes in accounting policies	—	—	—	—	—	—	—	381
Restated balance	22,886	(612)	2,926	(2,399)	22,801	48	5,571	151,169
Changes of items during the period								
Dividends from surplus	—	—	—	—	—	—	—	(1,114)
Net income	—	—	—	—	—	—	—	6,916
Purchase of treasury stock	—	—	—	—	—	—	—	(884)
Disposal of treasury stock	—	—	—	—	—	—	—	209
Cancellation of treasury stock	—	—	—	—	—	—	—	—
Reversal of revaluation reserve for land	—	—	—	—	—	—	—	34
Net changes of Items other than stockholders' equity	17,915	(1,501)	149	1,337	17,901	13	198	18,114
Total changes of items during the period	17,915	(1,501)	149	1,337	17,901	13	198	23,274
Balance at March 31, 2015	¥40,802	¥(2,113)	¥3,075	¥(1,061)	¥40,702	¥62	¥5,770	¥174,444

See notes to consolidated financial statements.

Consolidated Statements of Changes in Net Assets

The Akita Bank, Ltd. and subsidiaries
For the years ended March 31, 2015 and 2014

	Thousands of U.S. dollars (Note 1)				
	Stockholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total
Balance at March 31, 2014	\$117,333	\$52,350	\$864,566	\$(15,985)	\$1,018,282
Cumulative effects of changes in accounting policies	—	—	3,170	—	3,170
Restated balance	117,333	52,350	867,745	(15,985)	1,021,452
Changes of items during the period					
Dividends from surplus	—	—	(9,270)	—	(9,270)
Net income	—	—	57,551	—	57,551
Purchase of treasury stock	—	—	—	(7,356)	(7,356)
Disposal of treasury stock	—	382	—	1,348	1,739
Cancellation of treasury stock	—	(549)	(16,493)	17,050	—
Reversal of revaluation reserve for land	—	—	282	—	282
Net changes of Items other than stockholders' equity	—	(166)	32,054	11,051	42,939
Balance at March 31, 2015	\$117,333	\$52,184	\$899,800	\$ (4,934)	\$1,064,400

	Thousands of U.S. dollars (Note 1)							
	Accumulated other comprehensive income							
	Valuation difference on available-for-sale securities	Deferred losses on hedges	Land revaluation excess	Remeasurements of defined benefit plans	Total	Stock option rights	Minority interests	Total net assets
Balance at March 31, 2014	\$190,446	\$ (5,092)	\$24,348	\$(19,963)	\$189,739	\$399	\$46,359	\$1,254,789
Cumulative effects of changes in accounting policies	—	—	—	—	—	—	—	3,170
Restated balance	190,446	(5,092)	24,348	(19,963)	189,739	399	46,359	1,257,959
Changes of items during the period								
Dividends from surplus	—	—	—	—	—	—	—	(9,270)
Net income	—	—	—	—	—	—	—	57,551
Purchase of treasury stock	—	—	—	—	—	—	—	(7,356)
Disposal of treasury stock	—	—	—	—	—	—	—	1,739
Cancellation of treasury stock	—	—	—	—	—	—	—	—
Reversal of revaluation reserve for land	—	—	—	—	—	—	—	282
Net changes of Items other than stockholders' equity	149,080	(12,490)	1,239	11,125	148,963	108	1,647	150,736
Total changes of items during the period	149,080	(12,490)	1,239	11,125	148,963	108	1,647	193,675
Balance at March 31, 2015	\$339,535	\$(17,583)	\$25,588	\$ (8,829)	\$338,703	\$515	\$48,015	\$1,451,643

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

The Akita Bank, Ltd. and subsidiaries
For the years ended March 31, 2015 and 2014

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Cash flows from operating activities			
Income before income taxes and minority interests	¥ 11,283	¥ 11,478	\$ 93,891
Depreciation and amortization	1,952	1,786	16,243
Losses on impairment of fixed assets	118	756	981
Net change in reserve for possible loan losses	(3,745)	(4,644)	(31,164)
Net change in reserve for investment losses	(1)	(8)	(8)
Net change in net defined benefit liability	(56)	647	(466)
Net change in reserve for directors' retirement benefits	(3)	(1)	(24)
Net change in reserve for reimbursement of dormant deposits	2	26	16
Net change in reserve for contingent losses	2	3	16
Gain on fund management	(31,133)	(31,031)	(259,074)
Financing expenses	2,507	1,928	20,862
Net gain related to securities transactions	(2,570)	(1,108)	(21,386)
Net gain from money held in trust	(166)	—	(1,381)
Net foreign exchange gains	(210)	(411)	(1,747)
Net loss on disposal of premises and equipment	243	230	2,022
Net change in loans and bills discounted	(55,631)	(63,419)	(462,935)
Net change in deposits	75,653	90,749	629,549
Net change in negotiable certificates of deposit	(10,835)	6,012	(90,163)
Net change in borrowed money (excluding subordinated borrowing)	7,872	(3,249)	65,507
Net change in due from banks (excluding deposit paid to Bank of Japan)	14,162	30,321	117,849
Net change in call loans	58,944	(32,917)	490,505
Net change in call money	4,899	8,982	40,767
Net change in payable under securities lending transactions	(3,169)	68,053	(26,370)
Net change in foreign exchanges assets	(2,320)	(635)	(19,305)
Net change in foreign exchanges liabilities	(61)	87	(507)
Proceeds from fund management	32,449	32,997	270,025
Payments for finance	(2,436)	(2,209)	(20,271)
Net change in trading account securities	10	25	83
Other, net	7,330	(4,014)	60,996
Sub-total	105,091	110,435	874,519
Income taxes paid	(1,226)	(4,130)	(10,202)
Net cash provided by (used in) operating activities	103,865	106,305	864,317
Cash flows from investing activities			
Purchases of securities	(408,071)	(445,963)	(3,395,780)
Proceeds from sales of securities	262,433	171,670	2,183,847
Proceeds from redemption of securities	144,685	146,448	1,204,002
Decrease in money held in trust	2	2	16
Purchases of premises and equipment	(885)	(1,971)	(7,364)
Proceeds from sales of premises and equipment	15	230	124
Purchases of intangible fixed assets	(1,257)	(406)	(10,460)
Proceeds from sales of intangible fixed assets	0	—	0
Net cash provided by (used in) investing activities	(3,077)	(129,989)	(25,605)
Cash flows from financing activities			
Cash dividends paid	(1,114)	(1,128)	(9,270)
Cash dividends paid to minority shareholders	(8)	(8)	(66)
Purchases of treasury stock	(884)	(813)	(7,356)
Proceeds from sales of treasury stock	207	213	1,722
Net cash provided by (used in) financing activities	(1,800)	(1,736)	(14,978)
Effect of exchange rate change on cash and cash equivalents	7	5	58
Net increase (decrease) in cash and cash equivalents	98,994	(25,415)	823,782
Cash and cash equivalents at beginning of year	117,238	142,654	975,601
Cash and cash equivalents at end of year (Note 37)	¥216,233	¥117,238	\$1,799,392

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

The Akita Bank, Ltd. and consolidated subsidiaries
As of and for the years ended March 31, 2015 and 2014

1. Basis of Presentation of Financial Statements

The accompanying consolidated financial statements of The Akita Bank, Ltd. (the "Bank") and its consolidated subsidiaries are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Bank as required by the Financial Instruments and Exchange Act of Japan.

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

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Bank is incorporated and operates. As permitted by the Financial Instruments and Exchange Act of Japan, amounts of less than one million yen have been rounded down. As a result, the totals shown in the accompanying consolidated financial statements (both in yen and U.S. dollars) do not necessarily agree with the sums of the individual amounts. The translation of Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan, as a matter of arithmetic computation only, at the rate of ¥120.17 to U.S.\$1.00, the prevailing exchange rate at March 31, 2015. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

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

2. Principles of Consolidation

(a) Consolidated subsidiaries

The consolidated financial statements include the accounts of the Bank and five of its subsidiaries, including The Akigin Business Service Ltd., The Akita Guarantee Service Ltd. and others, whose fiscal year end is consistent to that of the Bank. The Akigin Business Service Ltd. was dissolved on March 31, 2015. All significant intercompany transactions and accounts have been eliminated in consolidation. The consolidated financial statements do not include the accounts of limited partnerships due to insignificance.

(b) Information on special purpose entities to be reported

The Bank has no special purpose entities or related transactions to be reported.

3. Summary of Significant Accounting Policies

(a) Trading account securities

Trading account securities are stated at fair value and the cost of securities sold is determined by the moving average method.

(b) Securities

Securities are classified, and accounted for, depending on management's intent, as follows: (1) held-to-maturity debt securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity, are stated at amortized cost computed using the straight-line method and (2) available-for-sale securities are stated at fair value with unrealized holding gains and losses, net of applicable taxes, reported as valuation difference on available-for-sale securities in a separate component of net assets. Securities whose fair values cannot be reliably estimated are stated

at cost determined using the moving-average cost method.

Securities held in money trusts, of which funds are principally invested in securities and are separately managed from other beneficiaries, are carried at fair value with unrealized holding gains and losses included in earnings.

For available-for-sale securities, in cases where the fair value has fallen significantly from the acquisition price and it is considered there is little likelihood of recovery to the acquisition price level, the Bank considers recognizing a loss on impairment. The Bank considers the decline to be significant when the fair value of the available-for-sale securities declines more than 30% of the carrying amount. When the fair value of the available-for-sale securities declines 50% or more, the securities are stated at fair value on the consolidated balance sheets and the difference between the fair value and the acquisition price is recognized as a loss. When the fair value of the available-for-sale securities declines from 30% to less than 50% of the carrying amount, the Bank recognizes a loss based on the recoverability of the securities after examining the trends of market prices and the financial position of the issuers.

(c) Derivatives

Derivatives are carried at fair value which is based on market quotation.

(d) Premises and equipment

The Bank's depreciation policies are in line with the Corporation Tax Act of Japan. Depreciation is charged using the declining balance method over the estimated useful lives of respective assets. The straight-line method is applied to buildings acquired on or after April 1, 1998.

The estimated useful lives of major items are as follows:

Buildings:	3–50 years
Others:	3–20 years

Depreciation of premises and equipment owned by consolidated subsidiaries is predominantly charged using the declining balance method over the estimated useful lives of respective assets.

(e) Intangible assets

Intangible assets are amortized using the straight-line method. Cost of software held for internal-use is amortized over its estimated useful life (mainly 5 years).

(f) Leased assets

Leased assets under finance lease transactions that do not transfer ownership are depreciated using the straight-line method over the lease periods as the useful life of assets with zero residual value. The Bank leases mainly peripheral devices and automobiles, included in premises and equipment, and software, included in intangible assets.

(g) Reserve for possible loan losses

Reserve for possible loan losses is provided as follows, in conformity with the internal policies regarding write-offs and reserves for possible loan losses.

The Bank has established a credit rating system in accordance with the provisions set forth in the Guidelines issued by the Japanese Institute of Certified Public Accountants under which customers are classified into five categories for self-assessment purposes: "Bankrupt Obligors," "Substantially Bankrupt Obligors," "Potential Bankrupt Obligors," "Cautious Obligors" and "Normal Obligors."

For loans to Bankrupt and Substantially Bankrupt Obligors, the Bank has provided a reserve for possible loan losses based on the amount claimed, net of the expected recovery amount from collateral and guarantee. For loans to Potential Bankrupt Obligors, the Bank has provided a reserve at an amount deemed necessary to cover possible losses which are estimated based on the

expected recovery amount from collateral and guarantee as well as other factors of solvency, including the Obligor's future cash flows.

For loans to all other obligors, reserves are maintained at rate derived from default experiences for a certain period in the past.

The Bank applied the DCF method to estimate a reserve for possible loan losses for loans to Potential Bankrupt Obligor, if: (1) the loan balance, net of the amount secured by collateral, exceeds a certain amount and (2) future cash flows of principal and interest are reasonably estimated. Thus, the difference between the amount calculated by discounting future cash flows of principal and interest using the original interest rate of respective loans and its book value is accounted for as reserve for loan losses.

The collectability of all loans is assessed by branches and the credit supervisory division, with an internal audit by the asset review and inspection division, in accordance with the Bank's policies and rules for the self-assessment of asset quality.

The consolidated subsidiaries calculate their reserve for possible loan losses as the amount deemed necessary to cover possible losses, which is estimated based on the actual historical loan loss experience in addition to amounts deemed necessary based on estimation of the collectability of specific loans.

(h) Reserve for investment losses

Reserve for investment losses is provided for possible losses at the estimated amounts based on the financial position of securities' issuers.

(i) Reserve for employees' retirement benefits

Effective from the year ended March 31, 2014, the Bank has applied the Accounting Standard for Retirement Benefits (ASBJ Statement No. 26, May 17, 2012, hereinafter "the Accounting Standard") and the Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, May 17, 2012, hereinafter "the Guidance"), except for the provisions set forth in Paragraph 35 of the Accounting Standard and Paragraph 67 of the Guidance. Under the policy, the excess amount of plan assets over the retirement benefit obligation was recognized as the net defined benefit asset for the pension plan. The amount of retirement benefit obligation for the lump-sum retirement plan was recognized as the net defined benefit liability.

For the year ended March 31, 2014, the Bank applies the straight-line attribution to allocate the projected benefit obligation and service cost. In addition, the Bank transitionally applied this Accounting Standard as determined in its Paragraph 37 and recorded unrecognized actuarial gains and losses and unrecognized past service cost, net of tax, as the remeasurements of defined benefit plans under the accumulated other comprehensive income.

Effective from the year ended March 31, 2015, the Bank has applied the provisions set forth in Paragraph 35 of the aforementioned Accounting Standard and Paragraph 67 of the Guidance (last modified on March 26, 2015), and revised the calculation method of retirement benefit obligation and service costs. The method of attributing expected benefit to period was changed from the straight-line attribution basis to the benefit formula basis. In addition, the method of determining the discount rate applied in the calculation of projected benefit obligation was changed from the method using a single discount rate approximating the expected average remaining working lives of employees to the method using multiple discount rates reflecting the estimated timing and amount of benefit payment in each period. In accordance with the transitional treatment provided in Paragraph 37 of the Accounting Standard, the Bank reflects the impact associated with the change to the method of calculating retirement benefit obligation and service costs in retained earnings at the beginning of the year ended March 31, 2015.

As a result, at the beginning of the year ended March 31, 2015, net defined assets increased by ¥684 million (U.S.\$5,691 thousand), net defined

liability increased by ¥93 million (U.S.\$773 thousand) and retained earnings increased by ¥381 million (U.S.\$3,170 thousand). The impact on operating income and income before income taxes for the year ended March 31, 2015 is insignificant.

Unrecognized net actuarial gains and losses are amortized using the straight-line method over the average remaining service period of employees (10 years), commencing from the next fiscal year after incurrence.

The consolidated subsidiaries apply a simplified method to calculate net defined benefit liability and retirement benefit cost.

(j) Reserve for directors' bonuses

Reserve for directors' bonuses is provided as the amount of the estimated bonuses which are attributable to each fiscal year.

(k) Reserve for retirement benefits to directors

Consolidated subsidiaries of the Bank accrue 100% of obligations for their retirement benefits according to the internal rules, which are based under the assumption that all directors terminate their services at the year end.

(l) Reserve for reimbursement of dormant deposits

Reserve for the reimbursement of dormant deposits which were de-recognized as liabilities under certain conditions is provided for possible losses on the future claims.

(m) Reserve for contingent losses

The Bank provides a reserve for future payments under the Responsibility-sharing System with Credit Guarantee Corporations, at an amount estimated based on historical experience.

(n) Foreign currency transaction

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

(o) Hedge accounting

(1) Hedge against interest rate risk

For interest rate derivatives to mitigate the interest rate risks arising from various financial assets and liabilities, the Bank applies the deferred hedge accounting based on the rules prescribed in the JICPA Industry Audit Committee Report No. 24, the "Accounting and Auditing Treatment of Accounting Standards for Financial Instruments in the Banking Industry." Under these rules, hedge effectiveness is assessed by specifying hedged items (such as securities and loans) and the corresponding hedging instruments (such as interest rate swaps).

(2) Hedge against foreign exchange risk

For foreign exchange risks arising from financial assets and liabilities denominated in foreign currencies, the Bank applies the deferred method of hedge accounting based on the rules prescribed in the JICPA Industry Audit Committee Report No. 25, the "Accounting and Auditing Treatment of Accounting Standards for Foreign Currency Transactions in the Banking Industry." Hedge effectiveness is assessed for designating currency swaps and foreign exchange swaps, etc., which offset foreign exchange risks of claim and debt denominated in foreign currency as hedging instruments, by verifying the correlation between the hedged items and the foreign exchange positions of hedging instruments.

(p) Accounting for leases

(As lessor)

For finance lease transactions which do not transfer ownership of the leased property and commenced before April 1, 2008, the net book value of leased assets included in premises and equipment as of March 31, 2008 is recorded as the initial balance of lease investment assets in accordance with the stipulations of Article 81 of the "Guidance on Accounting Standard for Lease Transactions" (ASBJ Guidance No. 16, March 20, 2007).

(q) Consumption taxes

Transactions are recorded exclusive of consumption taxes.

(r) Cash and cash equivalents

For the purpose of the consolidated statements of cash flows, cash and cash equivalents consist of cash and deposit with the Bank of Japan.

(s) Income taxes

Deferred tax assets and liabilities are recorded based on the temporary differences between the tax basis of assets and liabilities and their reported amounts in the financial statements using the enacted tax rates in effect for the year in which the temporary differences are expected to be settled. Deferred tax assets are also recognized for the estimated future tax effects attributable to the operating loss carried forward. A valuation allowance is recorded to reduce deferred tax assets if it is more likely than not that some or all the deferred tax assets will not be realized.

(t) New accounting standard applied

Effective from the year ended March 31, 2015, the Bank applied the Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts (ASBJ PITF No. 30, December 25, 2013). The Bank continues to apply the previous accounting treatment for the transactions entered before the beginning of the year ended March 31, 2015.

4. Accounting Standards Not Yet Applied

Accounting standard for business combinations and related standards and implementation guidelines (issued on September 13, 2013)

(i) Overview

These accounting standards introduce the revisions to accounting for: (1) changes in the company's ownership interests while retaining their controlling financial interests in their subsidiaries, upon acquisition of additional shares (2) acquisition-related costs, (3) presentation of net income and change from minority interest to non-controlling interest and (4) provisional accounting treatment.

(ii) Effective dates

The Bank will adopt the amendments effective from April 1, 2015.

(iii) Financial impact

The financial impact has yet to be determined.

5. Trading Account Securities

Trading account securities as of March 31, 2015 and 2014 consisted of Japanese government bonds and local government bonds as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Amount in the balance sheet	¥5	¥14	\$41
Valuation gain (loss) included in income for the year	0	(0)	0

6. Securities

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

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Japanese government bonds	¥ 388,751	¥ 403,857	\$3,235,008
Local government bonds	56,685	77,114	471,706
Short term corporate bonds	—	2,999	—
Corporate bonds	338,199	357,863	2,814,338
Share stocks	62,533	47,571	520,371
Other securities	181,649	111,597	1,511,600
Total	¥1,027,820	¥1,001,004	\$8,553,049

Fair value and valuation differences of securities as of March 31, 2015 and 2014 and other related information are stated below.

(a) Held-to-maturity debt securities

The Bank and its consolidated subsidiaries' investments in held-to-maturity debt securities as of March 31, 2015 and 2014 were summarized as follows:

	Millions of yen		
	2015		
	Carrying value	Fair value	Difference
Japanese government bonds	¥596	¥628	¥31
	Millions of yen		
	2014		
	Carrying value	Fair value	Difference
Japanese government bonds	¥595	¥626	¥30
	Thousands of U.S. dollars (Note 1)		
	2015		
	Carrying value	Fair value	Difference
Japanese government bonds	\$4,959	\$5,225	\$257

(b) Available-for-sale securities

The Bank and its consolidated subsidiaries' investments in available-for-sale securities as of March 31, 2015 and 2014 were summarized in the following tables. For presentation purposes, the tables also include: (i) trading account securities, (ii) some negotiable certificates of deposits included in cash and deposits and (iii) a part of securities included in monetary claims bought on the consolidated balance sheets, but exclude the stocks of the Bank's subsidiaries and affiliates.

	Millions of yen		
	2015		
	Carrying value	Cost	Difference
Carrying value exceeding cost:			
Stocks	¥ 60,162	¥ 29,536	¥30,626
Bonds:			
Japanese government bonds	375,193	365,489	9,704
Local government bonds	56,685	55,088	1,597
Corporate bonds	319,457	314,093	5,363
Bonds total	751,336	734,671	16,655
Other	163,126	150,826	12,299
Subtotal	974,626	915,033	59,592
Carrying value not exceeding cost:			
Stocks	655	673	(17)
Bonds:			
Japanese government bonds	12,961	12,999	(38)
Short-term corporate bonds	—	—	—
Corporate bonds	18,742	18,789	(47)
Bonds total	31,703	31,789	(85)
Other	21,693	21,880	(187)
Subtotal	54,052	54,342	(290)
Total	¥1,028,678	¥969,376	¥59,301

	Millions of yen		
	2014		
	Carrying value	Cost	Difference
Carrying value exceeding cost:			
Stocks	¥ 41,162	¥ 24,412	¥16,749
Bonds:			
Japanese government bonds	393,251	387,152	6,099
Local government bonds	77,114	74,808	2,305
Corporate bonds	331,275	326,480	4,795
Bonds total	801,641	788,441	13,200
Other	88,541	82,238	6,302
Subtotal	931,345	895,092	36,253
Carrying value not exceeding cost:			
Stocks	4,769	5,426	(657)
Bonds:			
Japanese government bonds	10,010	10,013	(3)
Short-term corporate bonds	2,999	2,999	(0)
Corporate bonds	26,587	26,642	(54)
Bonds total	39,597	39,655	(58)
Other	28,300	29,162	(862)
Subtotal	72,666	74,245	(1,578)
Total	¥1,004,012	¥969,337	¥34,674

	Thousands of U.S. dollars (Note 1)		
	2015		
	Carrying value	Cost	Difference
Carrying value exceeding cost:			
Stocks	\$ 500,640	\$ 245,785	\$254,855
Bonds:			
Japanese government bonds	3,122,185	3,041,432	80,752
Local government bonds	471,706	458,417	13,289
Corporate bonds	2,658,375	2,613,738	44,628
Bonds total	6,252,275	6,113,597	138,595
Other	1,357,460	1,255,105	102,346
Subtotal	8,110,393	7,614,487	495,897
Carrying value not exceeding cost:			
Stocks	5,450	5,600	(141)
Bonds:			
Japanese government bonds	107,855	108,171	(316)
Short-term corporate bonds	—	—	—
Corporate bonds	155,962	156,353	(391)
Bonds total	263,817	264,533	(707)
Other	180,519	182,075	(1,556)
Subtotal	449,796	452,209	(2,413)
Total	\$8,560,189	\$8,066,705	\$493,475

(c) Available-for-sale securities sold

Available-for-sale securities sold and the gains and losses on sale of those securities for the years ended March 31, 2015 and 2014 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Proceeds from sales	¥239,341	¥170,176	\$1,991,686
Gains	3,707	2,058	30,847
Losses	(172)	(564)	(1,431)

The Bank recognized an impairment loss of ¥117 million (U.S.\$973 thousand) on equity securities for the year ended March 31, 2015. No impairment loss was recognized for the year ended March 31, 2014.

7. Loans and Bills Discounted

(a) Loans and bills discounted as of March 31, 2015 and 2014 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Bills discounted	¥ 6,368	¥ 6,497	\$ 52,991
Loans on notes	50,921	55,993	423,741
Loans on deeds	1,338,245	1,289,858	11,136,265
Overdrafts	149,858	140,379	1,247,050
Total	¥1,545,393	¥1,492,728	\$12,860,056

(b) Non-performing loans

In accordance with the disclosure requirements under the Rules for Bank Accounting in Japan, the following non-performing loans are included in the balance of loans and bills discounted at March 31, 2015 and 2014:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Loans in bankruptcy and dishonored bills (*1)	¥ 1,418	¥ 2,517	\$ 11,799
Delinquent loans (*2)	45,923	52,872	382,150
Loans past due for three months or more (*3)	—	—	—
Restructured loans (*4)	844	1,112	7,023
Total	¥48,186	¥56,502	\$400,981

*1. "Loans in bankruptcy and dishonored bills" consist of non-accrual loans on which the payment of principal or interest is well past due or where there is no prospect of recovery of the principal or interest from the borrower (excluding the written-down portion of the loan). This category also includes the loans cited in Article 96-1-3 and 96-1-4 of the Order for enforcement of Corporation Tax Act (Cabinet Order No. 97 of 1965).

*2. "Delinquent loans" are non-accrual loans, which do not fall under the classifications of loans in bankruptcy and dishonored bills, or financial assistance loans where interest has been suspended for the purpose of business rehabilitation or debtor assistance.

*3. "Loans past due for three months or more" are classified in this category when three months or more have elapsed since the due date with no payment of principal or interest. Excluded from this balance are the balances of loans in bankruptcy and dishonored bills and the balances of delinquent loans.

*4. "Restructured loans" include loans which have been restructured to support the rehabilitation of certain borrowers who are encountering financial difficulties, with the intention of ensuring recovery of the loans by revising terms of repayment favorable to the borrowers (such as by reducing the rate of interest or by providing a grace period for the payment of principal/interest, debt waiver, etc.). Excluded from this balance are the balances of loans in bankruptcy and dishonored bills, the balances of delinquent loans and the balances of loans past due for three months or more.

(c) Bills discounted

Bills discounted are accounted for as financial transactions in accordance with the JICPA Industry Audit Committee Report No. 24, the "Accounting and Auditing Treatment of Accounting Standards for Financial Instruments in the Banking Industry." The Bank has the rights to sell or pledge commercial bills discounted and foreign exchange bills bought without restrictions. Their total face value as of March 31, 2015 and 2014 were ¥6,369 million (U.S. \$52,999 thousand) and ¥6,498 million, respectively.

(d) Contracts of overdraft facilities and loan commitment limits

Contracts of overdraft facilities and loan commitment limits are the contracts detailing that the Bank lends to customers up to the prescribed limits in response to customers' application of loan as long as there is no violation of any condition in the contracts.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Unused balance within the limits	¥549,303	¥536,967	\$4,571,049
Of which, the term of contracts is less than one year or revocable at any time	529,702	529,311	4,407,938

Since many of these commitments expire without being utilized, the unused amount does not necessarily represent a future cash requirement. Most of these contracts have conditions such that the Bank can refuse customers' applications for loans and can decrease the contract limits as they see with proper reasons (e.g., changes in financial situations, deterioration of customers' creditworthiness). At the inception of a contract the Bank obtains real estate, securities, etc. as collateral, if considered necessary. Subsequently, the Bank performs periodic reviews of customers' business results based on internal rules, and takes necessary measures to reconsider conditions in contracts and/or the requirement for additional collateral and guarantees.

8. Foreign Exchange Assets

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

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Due from foreign banks	¥3,235	¥916	\$26,920
Foreign exchange bills bought	1	0	8
Total	¥3,236	¥916	\$26,928

9. Other Assets

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

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Lease receivables and lease investment assets	¥ 8,894	¥ 9,125	\$ 74,011
Domestic exchange settlement	6	—	49
Prepaid expenses	13	17	108
Accrued income	5,810	5,609	48,348
Futures margins	71	—	590
Derivatives	251	345	2,088
Others	3,977	4,345	33,094
Total	¥19,024	¥19,444	\$158,309

10. Premises and Equipment

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

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Buildings	¥ 8,244	¥ 8,337	\$ 68,602
Land	10,947	11,257	91,095
Construction in Progress	1	217	8
Other	1,944	1,837	16,177
Total	¥21,137	¥21,649	\$175,892

The accumulated depreciation of premises and equipment as of March 31, 2015 and 2014 amounted to ¥33,325 million (U.S.\$277,315 thousand) and ¥33,769 million, respectively.

Deferred gain on real estate (Asshuku-kicho) deductible for tax purpose amounted to ¥2,044 million (U.S.\$17,009 thousand) and ¥2,044 million as of March 31, 2015 and 2014, respectively.

11. Intangible Assets

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

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Software	¥1,507	¥1,166	\$12,540
Other	240	257	1,997
Total	¥1,748	¥1,423	\$14,546

12. Assets Pledged

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

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Securities	¥148,500	¥152,051	\$1,235,749
Other assets	110	282	915
Total	¥148,611	¥152,334	\$1,236,673

Liabilities related to above pledged assets as of March 31, 2015 and 2014 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Deposits	¥12,380	¥6,087	\$103,020
Payables under securities lending transactions	64,884	68,053	539,935
Borrowed money	22,640	14,936	188,399

In addition, the following asset was pledged as collateral for settlements of exchange as of March 31, 2015 and 2014, respectively.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Securities	¥88,788	¥44,734	\$738,853

13. Acceptances and Guarantees

The Bank provides guarantees for liabilities of its customers for payment of loans from other financial institutions. As a contra account, "Customers' Liabilities for Acceptances and Guarantees" are shown on the assets side, indicating the Bank's right of indemnity from the applicants.

14. Income Taxes

Income taxes applicable to the Bank and consolidated subsidiaries include corporate tax, inhabitants' tax and enterprise tax, which results in a statutory rate of approximately 35.4% and 37.8% for the years ended March 31, 2015 and 2014, respectively.

(a) Significant components of deferred tax assets and liabilities at March 31, 2015 and 2014 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Deferred tax assets:			
Net defined benefit liability	¥ 2,360	¥2,576	\$ 19,638
Reserve for possible loan losses	5,256	6,866	43,738
Securities	1,217	1,421	10,127
Depreciation	357	474	2,970
Remeasurements of defined benefit plans	501	1,315	4,169
Others	2,627	1,984	21,860
Total deferred tax assets	12,321	14,636	102,529
Valuation allowance	(4,508)	(4,972)	(37,513)
Total deferred tax assets, net	7,812	9,664	65,007
Deferred tax liabilities:			
Gain on establishment of the trust for employees' retirement benefits	(1,890)	(1,642)	(15,727)
Valuation difference on available-for-sale securities	(18,372)	(11,708)	(152,883)
Reserve for advanced depreciation of real estate	(102)	(115)	(848)
Other	(1)	(12)	(8)
Total deferred tax liabilities	(20,366)	(13,478)	(169,476)
Net deferred tax assets (liabilities)	¥(12,553)	¥(3,813)	\$(104,460)

The following summarizes the amounts shown on the consolidated balance sheets.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Deferred tax assets	¥ 161	¥184	\$ 1,339
Deferred tax liabilities	(12,715)	(3,998)	(105,808)
Net deferred tax assets (liabilities)	¥(12,553)	¥(3,813)	\$(104,460)

A reconciliation between the effective income tax rate applied to the consolidated financial statements and the statutory tax rate for the year ended March 31, 2015 and 2014 was as follows:

	2015	2014
Statutory tax rate	35.4 %	37.8 %
(Adjustment)		
Expenses not deductible for income tax purpose	0.3	0.3
Dividend income not included in taxable income	(2.1)	(2.0)
Inhabitant tax on per capital basis	1.0	1.0
Decrease in deferred tax assets due to income tax rate change	3.3	2.0
Change in valuation allowance	(0.3)	0.8
Others	(0.4)	0.1
Actual effective tax rate	37.2 %	40.0 %

In line with the promulgation on March 31, 2014 of the "Act for Partial Revision of the Income Tax Act, etc." (Act No. 10, 2014), the additional tax as Special Corporate Tax for Reconstruction was no longer imposed for the year ended March 31, 2015. Thus, the statutory effective tax rate used to calculate deferred tax assets or liabilities was changed from 37.8% to 35.4%.

In line with the promulgation on March 31, 2015 of the "Act for Partial Revision of the Income Tax Act, etc. (Act No.9, 2015)" and the "Act for Partial Revision of the Local Tax Act, etc., (Act No.2, 2015)" the Bank has changed the effective statutory tax rate to calculate deferred tax assets and deferred tax liabilities for the year ended March 31, 2015, from 35.4% to 32.8% for temporary differences expected to be reversed in the fiscal year beginning on April 1, 2015, and to 32.1% for those expected to be reversed in and after the fiscal year beginning on April 1, 2016.

As a result of this change, deferred tax assets decreased by ¥10 million (\$83 thousand), deferred tax liabilities decreased by ¥1,425 million (\$11,858 thousand), valuation difference on available-for-sale securities increased by ¥1,885 million (\$15,686 thousand), deferred losses on hedges decreased by ¥102 million (\$848 thousand) and income taxes-deferred increased by ¥367 million (\$3,054 thousand). Deferred tax liability for land revaluation decreased by ¥183 million (\$1,522 thousand) and land revaluation excess increased by the same amount.

15. Deposits

An analysis of deposits as of March 31, 2015 and 2014 was as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Current deposits	¥ 116,825	¥ 129,578	\$ 972,164
Ordinary deposits	1,101,564	1,065,531	9,166,713
Saving deposits	40,109	40,689	333,768
Deposits at notice	9,585	10,063	79,762
Time deposits	1,129,935	1,078,712	9,402,804
Installment savings	22	32	183
Other deposits	38,749	36,530	322,451
Total	¥2,436,793	¥2,361,139	\$20,277,881

16. Borrowed Money

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

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Borrowings from other banks	¥26,198	¥18,325	\$218,007

The average interest rates of the loans were 0.313% and 0.250% as of March 31, 2015 and 2014, respectively. The aggregate annual maturities of the loans from banks subsequent to March 31, 2015 were summarized as follows:

	Millions of yen	Thousands of U.S. dollars (Note 1)
2016	¥23,877	\$198,693
2017	944	7,855
2018	647	5,384
2019	499	4,152
2020	222	1,847

17. Foreign Exchanges Liabilities

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

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Foreign exchange bills sold	¥33	¥32	\$274
Foreign exchange bills payable	0	63	0
Total	¥34	¥95	\$282

18. Other Liabilities

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

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Domestic exchange settlement	¥ 68	¥ 57	\$ 565
Income taxes payable	1,410	114	11,733
Accrued expenses	2,585	2,949	21,511
Unearned income	3,029	3,213	25,205
Futures margins	29	—	241
Derivatives	4,992	1,592	41,541
Lease obligations	539	586	4,485
Others	3,631	3,273	30,215
Total	¥16,286	¥11,787	\$135,524

19. Reserve for Employees' Retirement Benefits

The Bank and consolidated subsidiaries have defined benefit plans, i.e., Employees' Pension Fund plan (funded plan), and lump-sum retirement plan (non-funded plan). Under these defined benefit plans, employees are generally entitled to lump-sum payments and/or pension payments, the amounts of which are determined by reference to their basic salary and length of service. Retirement benefit trust is established for the Employees' Pension Fund plans.

Effective from December 1, 2014, the Bank established a defined contribution pension plan. The amount of contribution required to the defined contribution pension plan was ¥ 76 million (U.S.\$632 thousand) for the year ended March 31, 2015.

(a) Changes in projected benefit obligation for the years ended March 31, 2015 and 2014 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Projected benefit obligation			
– Beginning balance	¥24,029	¥26,465	\$199,958
Cumulative effect of changes in accounting policies	(590)	—	(4,909)
Restated balances	23,439	—	195,048
Service cost	625	933	5,200
Interest cost	293	264	2,438
Actuarial gains and losses arising in the year	1,153	110	9,594
Retirement benefits paid	(1,344)	(1,105)	(11,184)
Changes in past service cost (*)	—	(2,638)	—
Other	—	—	—
Projected benefit obligation			
– Ending balance	¥24,168	¥24,029	\$201,115

Note 1: For the year ended March 31, 2014, the Bank revised the terms of its Employees' Pension Fund plans and recalculated the past service cost. The aggregate sum of the changes in past service cost was recorded at lump sum as gain on recognition of past service cost for the year ended March 31, 2014.

(b) Changes in plan assets for the years ended March 31, 2015 and 2014 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Plan assets – Beginning balance	¥20,125	¥17,189	\$167,471
Expected return on plan assets	422	383	3,511
Actuarial gains and losses arising in the year	2,634	2,048	21,918
Employers' contributions	597	1,136	4,967
Retirement benefits paid	(709)	(677)	(5,899)
Partial cancellation of retirement benefit trust	(2,610)	—	(21,719)
Other	45	46	374
Plan assets – Ending balance	¥20,506	¥20,125	\$170,641

(c) Ending balances of projected benefit obligation and plan assets and amounts on the consolidated balance sheets as of March 31, 2015 and 2014 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Projected benefit obligation under funded plan	¥16,173	¥16,203	\$134,584
Plan assets	(20,506)	(20,125)	(170,641)
	(4,333)	(3,921)	(36,057)
Projected benefit obligation under non-funded plan	7,995	7,825	66,530
Net balance on the consolidated balance sheets	¥ 3,661	¥ 3,904	\$ 30,465

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Net defined benefit liability	¥7,995	¥7,825	\$66,530
Net defined benefit asset	(4,333)	(3,921)	(36,057)
Net balance on the consolidated balance sheets	¥3,661	¥3,904	\$30,465

(d) Components of retirement benefit cost as of March 31, 2015 and 2014 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Service cost	¥ 579	¥ 887	\$4,818
Interest cost	293	264	2,438
Expected return on plan assets	(422)	(383)	(3,511)
Amortization of actuarial gains and losses	670	326	5,575
Amortization of past service cost	—	(2,638)	—
Other	—	—	—
Retirement benefit cost	¥1,120	¥(1,543)	\$9,320

(e) Items accounted for as remeasurements of defined benefit plans, before tax effect, for the years ended March 31, 2015 and 2014 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Past service cost	¥ —	¥—	\$ —
Actuarial gains and losses	(2,150)	—	(17,891)
Other	—	—	—
Total	¥ (2,150)	¥—	\$ (17,891)

(f) Remeasurements of defined benefit plans, before tax effect, as of March 31, 2015 and 2014 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Unrecognized past service cost	¥ —	¥ —	\$ —
Unrecognized actuarial gains and losses	1,563	3,714	13,006
Other	—	—	—
Total	¥1,563	¥3,714	\$13,006

(g) Plan assets consisted of the following investments as of March 31, 2015 and 2014.

	2015	2014
Debt securities	28%	29%
Equity securities	58	62
Others	14	9
Total	100%	100%

The total plan assets included the retirement benefit trust established for Employees' Pension Fund plan. The portion to the total plan assets was 32% and 40% as of March 31, 2015 and 2014, respectively.

Long-term expected rate of return on plan assets is determined based on the assumption of: (i) allocation of plan assets and (ii) long-term returns on such assets.

(h) Assumption used for the calculation of actuarial gains and losses

The assumption used for the calculation of actuarial gains and losses, on a basis of weighted average, is as follows.

	2015	2014
Discount rate	0.737 to 1.058%	1.0%
Long-term expected rate of return	1.5 to 2.5	1.8 to 2.5
Expected salary raise	3.3	3.3

20. Land Revaluation Excess

Pursuant to the Law Concerning Land Revaluation (Law No.34, promulgated on March 31, 1998), the Bank recorded the land owned by the Bank at the fair value and related unrealized gain, net of the applicable income tax effect, was reported as "Land revaluation excess" in net assets. The corresponding deferred tax liability amount was recorded as "Deferred tax liability for land revaluation."

Revaluation date: March 31, 2000

Revaluation method stated in Article 3, Section 3 of the Law Concerning Land Revaluation:

The value of land is based on the official notice prices determined by the public notification of the Commissioner of the National Tax Administration and as provided for in the Law Concerning Public Notification of Land Prices, as stipulated in Article 2, Section 4 of the Ordinance Implementing the Law Concerning Land Revaluation (Government Ordinance No. 119, promulgated on March 31, 1998), after making reasonable adjustments, such as for location and quality of sites.

Difference between the fair value and the carrying value were: ¥5,530 million (U.S.\$46,018 thousand) and ¥5,540 million as of March 31, 2015 and 2014, respectively.

21. Valuation Difference on Available-for-sale Securities

The components of valuation difference on available-for-sale securities as of March 31, 2015 and 2014 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Valuation differences:			
Available-for-sale securities	¥59,300	¥34,674	\$493,467
Deferred tax liabilities	(18,372)	(11,708)	(152,883)
Minority interests	(124)	(79)	(1,031)
Valuation differences on available-for-sale securities	¥40,802	¥22,886	\$339,535

22. Other Interest Income

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

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Interest on receivable under resale agreement	¥ —	¥ 1	\$ —
Interest on deposits	98	124	815
Interest on interest swap	10	17	83
Others	60	93	499
Total	¥169	¥236	\$1,406

23. Fees and Commissions-Income

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

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Domestic and foreign exchange	¥1,794	¥1,840	\$14,928
Others	5,026	4,768	41,824
Total	¥6,820	¥6,609	\$56,752

24. Other Operating Income

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

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Gains on trading account securities transactions	¥ 0	¥ 2	\$ 0
Gains of sales and redemption of bonds	1,352	1,730	11,250
Gains on foreign exchange transactions	203	406	1,689
Others	4,467	4,416	37,172
Total	¥6,023	¥6,556	\$50,120

25. Other Income

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

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Reversal of reserve for possible loan losses	¥ 843	¥ 12	\$ 7,015
Recoveries of written off claims	1	7	8
Gains on sales of available-for-sale securities	2,536	327	21,103
Gains on money held in trust	166	—	1,381
Gains on disposal of fixed assets	2	56	16
Others	534	583	4,443
Total	¥4,084	¥987	\$33,985

26. Other Interest Expenses

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

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Interest on interest rate swaps	¥764	¥432	\$6,357
Others	169	85	1,406
Total	¥933	¥517	\$7,764

27. Fees and Commissions—Expenses

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

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Domestic and foreign exchanges	¥ 288	¥ 299	\$ 2,396
Others	1,970	2,102	16,393
Total	¥2,259	¥2,401	\$18,798

28. Other Operating Expenses

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

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Losses on redemption of bonds	¥ 744	¥ 385	\$ 6,191
Losses on sales of bonds	393	458	3,270
Others	4,121	3,932	34,293
Total	¥5,260	¥4,777	\$43,771

29. Other Expenses

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

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Written off of loans	¥ 72	¥ 130	\$ 599
Losses on sales of available-for-sale securities	63	105	524
Losses on devaluation of available-for-sale securities	117	0	973
Losses on disposals of fixed assets	245	287	2,038
Impairment losses	118	756	981
Others	598	668	4,976
Total	¥1,215	¥1,947	\$10,110

30. Losses on Impairment of Fixed Assets

The Bank recognized losses on impairment of the following fixed assets, included in "other expenses", for the years ended March 31, 2015 and 2014.

For the year ended March 31, 2015

Area	Main purpose	Variety	Millions of yen	Thousands of U.S. dollars (Note 1)
Akita Prefecture	Idle Assets	Land and Buildings; four places	¥ 99	\$823
	Branch Buildings	Land and Buildings; one place	18	149
Total			¥118	\$981
Components of impairment losses:				
Building			¥ 27	\$224
Land			91	757

For the year ended March 31, 2014

Area	Main purpose	Variety	Millions of yen
Akita Prefecture	Idle Assets	Land and Buildings; five places	¥638
Out of Akita Prefecture	Branch Buildings	Land and Buildings; one place	117
Total			¥756
Components of impairment losses:			
Building			¥ 58
Land			697

For the purpose of identifying impaired assets, the assets of each individual branch are grouped as a unit.

The recoverable values of such assets are measured as their net realizable values, determined by the appraisal value based on Japanese Real Estate Appraisal Standards (issued by the Ministry of Lands, Infrastructure and Transport) less estimated costs of disposal.

31. Supplementary Information to Consolidated Statements of Comprehensive Income

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Valuation difference on available-for-sale securities:			
Amount arising in the year	¥27,196	¥1,259	\$226,312
Recycling	(2,570)	(1,130)	(21,386)
Before tax effect adjustment	24,625	129	204,918
Tax effect	(6,664)	199	(55,454)
Valuation difference on available-for-sale securities	¥17,960	¥ 328	\$149,454
Deferred losses on hedges:			
Amount arising in the year	¥ (3,078)	¥ 44	\$ (25,613)
Recycling	913	433	7,597
Before tax effect adjustment	(2,164)	477	(18,007)
Tax effect	663	(168)	5,517
Deferred losses on hedges	¥ (1,501)	¥ 309	\$ (12,490)
Land revaluation excess			
Amount arising in the year	¥ —	¥ —	\$ —
Recycling	—	—	—
Before tax effect adjustment	—	—	—
Tax effect	183	—	1,522
Land revaluation excess	¥ 183	¥ —	\$ 1,522
Remeasurements of defined benefit plans			
Amount arising in the year	¥ 1,480	¥ —	\$ 12,315
Recycling	670	—	5,575
Before tax effect adjustment	2,150	—	17,891
Tax effect	(813)	—	(6,765)
Remeasurements of defined benefit plans	¥ 1,337	¥ —	\$ 11,125
Total other comprehensive income	¥17,980	¥ 638	\$149,621

32. Financial Instruments

(a) Status

(1) Policy on Financial Instruments

The Bank and its consolidated subsidiaries (the "Group") engage in banking as the mainstay of business, as well as other financial services such as leasing and guarantee. To execute these services, the Bank utilizes funds acquired primarily from deposits and applies funds mainly to extend loans and purchase securities. To ensure sound and appropriate banking operations without succumbing to the pursuit of excessive profit or risk aversion, the Bank conducts suitable risk management and seeks to maintain the right balance between profit and risk in fund-raising and application activities. The Bank also utilizes derivative transactions to hedge potential risks.

(2) Financial Instruments and Associated Risks

Financial assets held by the Bank and its subsidiaries are primarily loans and investment securities.

Loans are exposed to credit risk, which could lead to losses if the financial status of certain borrowers deteriorates, causing the asset value of collateral to decrease or disappear altogether.

Securities held by the Bank are mainly bonds, stocks, investment trusts, and investments in partnerships through capital contributions. The Bank holds these securities to secure profit, primarily from interest and dividends, for

strategic purposes, such as business alliances, or as held-to-maturity bonds in consolidated subsidiaries. These securities are exposed to the credit risk of the respective issuers as well as market risk that could lead to losses caused by fluctuations, particularly in interest rates, exchange rates and market prices, that erode the value of held assets.

Financial liabilities held by the Bank and its consolidated subsidiaries are mainly deposits. Deposits are exposed to liquidity risk, which could lead to losses if an unexpected outflow of cash, for example, forces the Bank to acquire funds at significantly higher interest rates than usual (funding liquidity risk), or changes in the market environment force the Bank into transactions at prices that are more disadvantageous than usual (market liquidity risk).

The Bank engages in derivative transactions, including interest rate swaps, bond futures, forward exchange contracts and currency options. Interest rate swaps and bond futures serve to hedge against interest rate fluctuations affecting on-balance-sheet transactions. Forward exchange contracts and currency options serve to hedge foreign exchange fluctuations. (Please refer to "3. Summary of Significant Accounting Policies, (o) Hedge accounting", regarding hedging instruments, hedged items, the Bank's accounting standards and qualifying method.)

Some transactions that do not meet hedge accounting criteria are exposed to interest rate risk and foreign exchange risk.

(3) Risk Management for Financial Instruments

To ensure the quality and appropriateness of its banking operations, the Bank undertakes integrated risk management, a self-administered process whereby inherent risks are evaluated according to category, such as credit risk and market risk, and are viewed in total and compared against operating capacity, that is, net worth. Risk management for financial instruments also falls within the scope of this process.

Integrated risk management entails risk capital allocation by division and risk category within net worth on a yearly basis, monitoring risk volume, which is quantified using methods such as Value at Risk (VaR) and the status of allocated risk capital, and sufficient verification of business soundness and capital adequacy. In addition, corporate structures, such as the Board of Directors, are provided with regular updates on risk status and risk volume is capped when conditions require such action.

In setting caps on risk volume, the Bank considers profitability and efficiency, including a suitable assessment of risk and return, to underpin efforts that will enhance operations and results.

(i) Credit Risk Management

Through the application of a credit policy that outlines the Bank's basic lending policy and screening criteria, and a credit risk management standard outlining/detailing specific lending rules, the Bank has established an administration policy for consolidated subsidiaries and strategic investments, in order to prevent excessive loan volume to a specific industry or group, with the aim of making risk management as accurate as possible.

In addition, the Bank maintains a credit rating system for corporate clients to quantify credit risks and is improving loan pricing. Furthermore, for loans and bills discounted, which account for the majority of credit risk, the Bank has separated the screening and administration division from the sales promotion division and set up a screening and administration system that is not influenced by the sales promotion division. Through a specialized screening and loan management and recovery structure, the Bank is able to ensure asset quality and improve asset value.

(ii) Market Risk Management

The Bank's risk volume control structure is supported by regular reports to the ALM Committee on interest rate risk volume associated with the Bank's assets and liabilities, and interest rate, exchange rate and stock price risk volume associated with market transactions.

In its market transactions, the Bank strives for the efficient application of funds and optimum risk and return, within the limits of allocated risk capital determined through integrated risk management and the predetermined annual capital budget. The Bank also maintains a structure with middle offices specializing in risk management that are independent of both front

offices, which engage in market transactions, and back offices, which handle administrative tasks. This structure reinforces the system of mutual checks and balances and helps to prevent potential processing mistakes and unauthorized transactions, although these are very unlikely.

(iii) Liquidity Risk Management

The Bank maintains an appropriate financial position with regard to liquidity risk by continually improving the accuracy of the methods used to estimate and verify fund utilization and acquisition balances. In addition, the Bank strives to prevent liquidity risk through the assessment and analysis of conditions in financial markets and society at large that could affect cash flow. To respond quickly to fund-impacting situations that arise, the Bank has established classifications for cash flow conditions, ranging from "normal" to "cause for concern" and "critical," and procedures are in place for dealing with situations that fall into the "cause for concern" and "critical" categories.

(iv) Risk Management Relating to Derivative Transactions

To manage risks relating to interest rate swaps, the necessity of hedging transactions and the status of derivative transactions are continuously monitored at the ALM Committee. Bond futures are operated based on commitment lines and loss-cut rules as prescribed in the annual operation policy for securities, and the status of its operations is periodically monitored by the market risk management department. Regarding forward exchange contracts and currency options, it is vital to manage total balances including on-balance-sheet and off-balance-sheet transactions, in addition to the assessment of individual transactions.

(v) Quantitative Information on Market Risk

For the Akita Bank Group (hereinafter "the Group"), the key financial instruments influenced by interest rate risk, a major risk variable, are: loans, bonds classified as available-for-sales securities under investment securities, deposits, negotiable certificates of deposit, and interest rate swaps under derivative transactions. The Group uses the measure VaR to calculate changes in the economic value of these financial assets and financial liabilities, which facilitates quantitative analysis for controlling the risk of interest rate fluctuations.

To calculate the associated value impact of interest rate risk on revenues using VaR, the Group divides risk-prone financial assets and financial liabilities into fixed interest rate and floating interest rate groups, breaks down the balances into appropriate periods corresponding to respective interest due dates, and applies the variance-covariance method reflecting the correlation effect among risk factors (holding period: 40 days; confidence interval: 99%; observation period: 5 years) based on interest rate margins, the spread between lending and borrowing rates, for each period. As of March 31, 2015 and 2014, the Group's interest rate risk volume (estimated decrease in economic value) was ¥2,384 million (U.S.\$19,838 thousand) and ¥1,498 million, respectively.

Interest due dates on demand deposits subject to VaR measurement are sorted according to set periods, based on effective due dates estimated using internal models.

The Group also tests financial instruments with market value to compare actual losses at the end of the horizon period with model-derived VaR estimates, in an effort to verify that the measurement models used to identify interest rate risk are suitably accurate. However, VaR measures interest rate risk at a certain degree of probability statistically based on past market movements, so the technique may be unable to identify risk when market conditions are uncharacteristically volatile.

(4) Supplemental Information Relating to Fair Market Values

Fair market values include prices at market as well as values reasonably estimated in cases where there is no available quoted market price. Certain assumptions are used for the calculation of such amounts. Accordingly, the result of such calculations may vary if different assumptions are used.

(b) Fair Value of Financial Instruments

The amounts on the consolidated balance sheets, fair values and their differences as of March 31, 2015 and 2014 are shown below. The securities for which fair value is not reliably determined are excluded from the table.

As of March 31, 2015

	Millions of yen			Thousands of U.S. dollars (Note 1)		
	Book value	Fair value	Difference	Book value	Fair value	Difference
(1) Cash and due from banks	¥ 233,046	¥ 233,046	¥ —	\$ 1,939,302	\$ 1,939,302	\$ —
(2) Call loans and bills bought	30,406	30,406	—	253,024	253,024	—
(3) Monetary claims bought	8,032	8,032	—	66,838	66,838	—
(4) Securities *1						
Held-to-maturity debt securities	596	628	31	4,959	5,225	257
Available-for-sale securities	1,024,069	1,024,069	—	8,521,835	8,521,835	—
(5) Loans and bills discounted	1,545,393			12,860,056		
Reserve for possible loan losses *1	(16,459)			(136,964)		
	1,528,934	1,556,414	27,480	12,723,092	12,951,768	228,676
Total assets	¥2,825,085	¥2,852,597	¥27,512	\$23,509,070	\$23,738,012	\$228,942
(1) Deposits	¥2,436,793	¥2,437,156	¥ 363	\$20,277,881	\$20,280,902	\$3,020
(2) Negotiable certificates of deposits	117,324	117,339	15	976,316	976,441	124
(3) Call moneys and bills sold	16,703	16,703	—	138,994	138,994	—
(4) Payables under securities lending transactions	64,884	64,884	—	539,935	539,935	—
(5) Borrowed money	26,198	26,198	—	218,007	218,007	—
Total liabilities	¥2,661,903	¥2,662,282	¥ 378	\$22,151,144	\$22,154,298	\$ 3,145
Derivative transactions *2						
For which:						
Hedge accounting is not applied	¥ (42)	¥ (42)	¥ —	\$ (349)	\$ (349)	\$ —
Hedge accounting is applied	(4,649)	(4,649)	—	(38,686)	(38,686)	—
Total derivative transactions	¥ (4,692)	¥ (4,692)	¥ —	\$ (39,044)	\$ (39,044)	\$ —

*1. General reserve for possible loan losses, and allowances provided for the individual receivables are deducted. Reserve for investment losses relating to securities is deducted directly from the balance amount because its amount is not significant.

*2. Amounts include all derivative transactions that are included in other assets and other liabilities on the consolidated balance sheets. Figures are net amounts and figures in parenthesis indicate negative amounts.

As of March 31, 2014

	Millions of yen		
	Book value	Fair value	Difference
(1) Cash and due from banks	¥ 148,214	¥ 148,214	¥ —
(2) Call loans and bills bought	85,408	85,408	—
(3) Monetary claims bought	11,994	11,994	—
(4) Securities *1			
Held-to-maturity debt securities	595	626	30
Available-for-sale securities	998,732	998,732	—
(5) Loans and bills discounted	1,492,728		
Reserve for possible loan losses *1	(20,158)		
	1,472,570	1,498,660	26,090
Total assets	¥2,717,516	¥2,743,637	¥26,121
(1) Deposits	¥2,361,139	¥2,361,481	¥ 341
(2) Negotiable certificates of deposits	128,160	128,179	19
(3) Call moneys and bills sold	11,803	11,803	—
(4) Payables under securities lending transactions	68,053	68,053	—
(5) Borrowed money	18,325	18,325	—
Total liabilities	¥2,587,482	¥2,587,844	¥ 361
Derivative transactions *2			
For which:			
Hedge accounting is not applied	¥ (32)	¥ (32)	¥ —
Hedge accounting is applied	(1,180)	(1,180)	—
Total derivative transactions	¥ (1,212)	¥ (1,212)	¥ —

*1. General reserve for possible loan losses, and allowances provided for the individual receivables are deducted. Reserve for investment losses relating to securities is deducted directly from the balance amount because its amount is not significant.

*2. Amounts include all derivative transactions that are included in other assets and other liabilities on the consolidated balance sheets. Figures are net amounts and figures in parenthesis indicate negative amounts.

Fair value measurement

Assets

(1) Cash and due from banks

The book values are deemed fair market value as the fair value approximates such carrying amounts.

(2) Call loans and bills bought

Book values of call loans and bills bought are deemed fair values as the majority of transactions have short contract terms (within three months) and the fair value approximates such carrying amounts.

(3) Monetary claims bought

The fair value of long-term trust beneficiary interest is determined based on the price quoted by the financial institutions. Regarding monetary claims bought other than the long-term trust beneficiary interest, book values are deemed fair values as the majority of such monetary claim are due within three months and the fair value approximates such carrying amounts.

(4) Securities

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

Privately placed bonds are categorized using an internal credit rating and maturity, and their fair value is calculated based on the future cash flows discounted by the market interest rate, after the deduction of credit risk equivalents. For privately placed bonds from potentially bankrupt borrowers, the fair value is deemed to be its carrying amount, net of a specific reserve.

Regarding variable-rate Japanese government bonds, the market quotes are used as fair value. Where market quotes of variable-rate Japanese government bonds cannot be regarded as the fair value because actual transactions are very few and significant price gaps between sell and buy sides exist, the Bank calculates the fair value at discretion of the management.

Please refer to Note 6 "Securities" as to notes regarding securities by holding purpose.

(5) Loans and bills discounted

For loans and bills discounted with floating interest rates, the book values are deemed fair values as the fair values approximate such carrying amounts because the market interest rate is reflected in the interest rate set within a short time period for such floating-rate loans and bills discounted.

Loans and bills discounted with fixed interest rates are categorized by nature, internal credit rating and maturity, and the present value is calculated based on the future cash flows, net of reserves for possible loan loss, discounted by the market interest rate.

Regarding loans to Bankrupt Obligors, Substantially Bankrupt Obligors and Potential Bankrupt Obligors, possible loan losses are estimated based on the collectible amounts from collateral and guarantees. Thus the book value is deemed as fair value since the fair value approximates the carrying value of loans.

Regarding loans and bills discounted which have no predetermined maturity since they are fully secured by collateral, their book values are deemed fair values as the fair values approximate such carrying amounts based on the repayment period and interest rate terms.

Liabilities

(1) Deposits and (2) negotiable certificates of deposits

For demand deposits, the amount payable on demand as of the consolidated balance sheet date (i.e., the book value) is used as the fair value. For time deposits and negotiable certificates of deposits, the fair value is calculated based on the future cash flows discounted by the interest rate applied on new deposits, after each deposit is categorized by product and maturity.

(3) Call money and bills sold and (4) Payables under securities lending transactions

Book values are deemed fair market values as the majority of transactions have short contract terms (within three months) and their fair values approximate such carrying amounts.

(5) Borrowed money

For floating-rate borrowings, the book values are deemed fair values as the fair values approximate such carrying amounts because the market interest rate is reflected in the interest rate set within a short time period and there has been no significant change in creditworthiness of the Bank or its consolidated subsidiaries after execution of such borrowings.

The book values of fixed rate borrowings are used as their fair values as both the amounts on the consolidated balance sheets and the fair values are insignificant.

Derivative transactions

The Bank uses derivative transactions including (i) interest-related derivatives such as interest rate swaps, (ii) currency-related derivatives such as forward exchange contracts and currency options, and (iii) bond-related derivatives such as bond futures. The fair values are determined based on the market quotes at the relevant exchanges or the present values calculated by discounting cash flows or option price models.

The following securities of which market value is not calculable are excluded from "(b) Fair Value of Financial Instruments, (4) Available-for-sale securities" shown above.

Their book values as of March 31, 2015 and 2014 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Non-listed stocks (*1, *2)	¥1,715	¥1,639	\$14,271
Investment in partnerships (*3)	1,125	—	9,361
Other (*4)	38	33	316
Total	¥2,880	¥1,673	\$23,966

*1. Non-listed stocks are not included in the fair value information in the above table ((b) Fair Value of Financial Instruments), because their fair value is not reliably determined.

*2. The Bank recognizes impairment losses in the amount of ¥0 million for the years ended March 31, 2015 and 2014.

*3. When assets held by partnerships consist of non-listed stocks whose fair value is not reliably determined, such investment in partnership is not included in the fair value information in the above table ((b) Fair Value of Financial Instruments).

*4. Other includes non-listed foreign stocks, and is not disclosed in the above table ((b) Fair Value of Financial Instruments), because their fair value is not reliably determined.

Redemption schedules for monetary claims and securities with maturity dates as of March 31, 2015 were as follows:

	Millions of yen					
	Due in 1 year or less	Due from 1 year to 3 years	Due from 3 years to 5 years	Due from 5 years to 7 years	Due from 7 years to 10 years	Due after 10 years
Due from banks	¥198,416	¥ —	¥ —	¥ —	¥ —	¥ —
Call loans and bills bought	30,406	—	—	—	—	—
Monetary claims bought	3,424	—	2,360	—	—	2,247
Securities						
Securities held-to maturity	—	—	—	596	—	—
Japanese government bonds	—	—	—	596	—	—
Available-for-sale securities with maturity	107,143	254,531	223,566	176,749	124,679	47,276
Japanese government bonds	59,796	97,416	34,096	110,883	43,019	42,942
Local government bonds	6,200	39,658	8,033	—	—	2,794
Short-term corporate bonds	—	—	—	—	—	—
Corporate bonds	24,696	93,422	103,049	60,295	56,227	507
Loans and bills discounted (*)	144,231	172,544	218,478	156,359	244,424	411,265
Total	¥483,622	¥427,076	¥444,405	¥333,705	¥369,104	¥460,789

(*) Loans and bills discounted in the above table excluded loans to Bankrupt Obligor, Substantially Bankrupt Obligor and Potential Bankrupt Obligor in the total amount of ¥45,831 million (U.S. \$381,384 thousand) since those principals may not be fully collectible. The table also excluded loans without maturity in the total amount of ¥152,258 million (U.S. \$1,267,021 thousand).

	Thousands of U.S. dollars (Note 1)					
	Due in 1 year or less	Due from 1 year to 3 years	Due from 3 years to 5 years	Due from 5 years to 7 years	Due from 7 years to 10 years	Due after 10 years
Due from banks	\$1,651,127	\$ —	\$ —	\$ —	\$ —	\$ —
Call loans and bills bought	253,024	—	—	—	—	—
Monetary claims bought	28,492	—	19,638	—	—	18,698
Securities						
Securities held-to maturity	—	—	—	4,959	—	—
Japanese government bonds	—	—	—	4,959	—	—
Available-for-sale securities with maturity	891,595	2,118,091	1,860,414	1,470,824	1,037,521	393,409
Japanese government bonds	497,595	810,651	283,731	922,717	357,984	357,343
Local government bonds	51,593	330,015	66,846	—	—	23,250
Short-term corporate bonds	—	—	—	—	—	—
Corporate bonds	205,508	777,415	857,526	501,747	467,895	4,219
Loans and bills discounted	1,200,224	1,435,832	1,818,074	1,301,148	2,033,985	3,422,359
Total	\$4,024,481	\$3,553,931	\$3,698,135	\$2,776,941	\$3,071,515	\$3,834,476

Redemption schedules for borrowed money and interest-bearing debts as of March 31, 2015 were as follows:

	Millions of yen					
	Due in 1 year or less	Due from 1 year to 3 years	Due from 3 years to 5 years	Due from 5 years to 7 years	Due from 7 years to 10 years	Due after 10 years
Deposits (*)	¥2,274,768	¥41,735	¥10,566	¥ —	¥ —	¥ —
Negotiable certificates of deposits	117,324	—	—	—	—	—
Call moneys and bills sold	16,703	—	—	—	—	—
Payables under securities lending transactions	64,884	—	—	—	—	—
Borrowed money	23,877	1,591	721	7	—	—
Total	¥2,497,557	¥43,326	¥11,287	¥ 7	¥ —	¥ —

(*) Demand deposits were included in the "Due in 1 year or less." Cumulative time deposits of ¥109,723 million (U.S.\$913,064 thousand) were not included in the above table.

	Thousands of U.S. dollars (Note 1)					
	Due in 1 year or less	Due from 1 year to 3 years	Due from 3 years to 5 years	Due from 5 years to 7 years	Due from 7 years to 10 years	Due after 10 years
Deposits	\$18,929,583	\$347,299	\$87,925	\$ —	\$ —	\$ —
Negotiable certificates of deposits	976,316	—	—	—	—	—
Call moneys and bills sold	138,994	—	—	—	—	—
Payables under securities lending transactions	539,935	—	—	—	—	—
Borrowed money	198,693	13,239	5,999	58	—	—
Total	\$20,783,531	\$360,539	\$93,925	\$ 58	\$ —	\$ —

33. Derivative Financial Instruments Transaction

Derivative Transactions To Which Hedge Accounting Is Not Applied

Contract amounts, fair value and valuation gains/losses of derivatives outstanding as of March 31, 2015 and 2014 were as follows:

(1) Interest Rate Related Transactions

No transaction to report as of March 31, 2015.

	Millions of yen			
	2014			
As of March 31	Contact amounts	Due after one year	Fair value	Gain/losses
Interest rate swaps (over the counter)				
Receive floating/ pay fixed	¥5,000	¥ —	¥(7)	¥(7)
Total			¥(7)	¥(7)

Changes in fair value of the above derivatives are recognized as income or loss. Fair value of over the counter derivative is calculated at discounted present value.

(2) Foreign Exchange Related Transactions (over the counter)

	Millions of yen			
	2015			
As of March 31	Contact amounts	Due after one year	Fair value	Gain/losses
Forward exchange contracts:				
Sold	¥439	¥ —	¥(13)	¥(13)
Bought	319	—	3	3
Currency options:				
Sold	253	—	(1)	(1)
Bought	204	—	(24)	(24)
Total			¥(36)	¥(36)

Changes in fair value of the above derivatives are recognized as income or loss. Fair value of over the counter derivative is calculated at discounted present value. Fair value of options is calculated using option pricing model.

	Millions of yen			
	2014			
As of March 31	Contact amounts	Due after one year	Fair value	Gain/losses
Forward exchange contracts:				
Sold	¥563	¥ —	¥(3)	¥ (3)
Bought	425	—	3	3
Currency options:				
Sold	209	—	(17)	(17)
Bought	175	—	(7)	(7)
Total			¥(25)	¥(25)

Thousands of U.S. dollars (Note 1)				
2015				
As of March 31	Contact amounts	Due after one year	Fair value	Gain/losses
Forward exchange contracts:				
Sold	\$3,653	\$ —	\$(108)	\$(108)
Bought	2,654	—	24	24
Currency options:				
Sold	2,105	—	(8)	(8)
Bought	1,697	—	(199)	(199)
Total			\$(299)	\$(299)

Changes in fair value of the above derivatives are recognized as income or loss. Fair value is calculated at discounted present value or by option price model.

(3) Bond Futures Related Transactions (listed)

Millions of yen				
2015				
As of March 31	Contact amounts	Due after one year	Fair value	Gain/losses
Bond futures:				
Sold	¥13,000	¥ —	¥(5)	¥(5)
Bought	—	—	—	—
Total			¥(5)	¥(5)

The above derivatives are valued at the closing market price and changes in fair values are recognized as income or loss. No transaction to report as of March 31, 2014.

Thousands of U.S. dollars (Note 1)				
2015				
As of March 31	Contact amounts	Due after one year	Fair value	Gain/losses
Bond futures:				
Sold	\$108,180	\$ —	\$(41)	\$(41)
Bought	—	—	—	—
Total			\$(41)	\$(41)

Derivative Transactions To Which Hedge Accounting Is Applied

(1) Interest Rate Related Transactions

Contract amounts, and fair value of derivatives outstanding as of March 31, 2015 and 2014 were as follow:

Millions of yen				
2015				
As of March 31	Hedged item	Contact amounts	Due after one year	Fair value
Interest rate swaps	Loans and bills discounted/ Securities			
Receive floating/ pay fixed		¥61,000	¥61,000	¥(3,141)
Total				¥(3,141)

Deferred hedge accounting is applied for the interest rate swaps. Fair value is calculated at the discounted present value.

Millions of yen				
2014				
As of March 31	Hedged item	Contact amounts	Due after one year	Fair value
Interest rate swaps	Loans and bills discounted			
Receive floating/ pay fixed		¥21,000	¥21,000	¥(978)
Total				¥(978)

Thousands of U.S. dollars (Note 1)				
2015				
As of March 31	Hedged item	Contact amounts	Due after one year	Fair value
Interest rate swaps	Loans and bills discounted			
Receive floating/ pay fixed		\$507,614	\$507,614	\$(26,137)
Total				\$(26,137)

(2) Foreign Exchange Related Transactions

Millions of yen				
2015				
As of March 31	Hedged item	Contact amounts	Due after one year	Fair value
Currency swap	Foreign exchange	¥25,860	¥24,130	¥ 24
Forward exchange contract	Call loans/ Call money	27,484	—	(1,532)
Total				¥(1,508)

Deferred hedge accounting is applied. Fair value is calculated at the discounted present value.

Millions of yen				
2014				
As of March 31	Hedged item	Contact amounts	Due after one year	Fair value
Currency swap	Foreign exchange	¥22,518	¥20,048	¥ 31
Forward exchange contract	Call loans	42,620	—	(233)
Total				¥(202)

Thousands of U.S. dollars (Note 1)				
2015				
As of March 31	Hedged item	Contact amounts	Due after one year	Fair value
Currency swap	Foreign exchange	\$215,195	\$200,798	\$ 199
Forward exchange contract	Call loans/ Call money	228,709	—	(12,748)
Total				\$(12,548)

34. Capital Stock

The number of the Bank's authorized shares was 687,455,000 as of March 31, 2015 and 2014.

The number of shares in issue was 186,936,439 and 193,936,439 as of March 31, 2015 and 2014, respectively.

The number of treasury stocks held by the Bank, not including shares held by the trust of Employee Stock Ownership Plan was 1,618,665 and 5,602,413 as of March 31, 2015 and 2014, respectively.

Employee Stock Ownership Plan (hereinafter "ESOP")

The Bank resolved at the Board of Directors' meeting held on March 22, 2011 to introduce an employee incentive plan called "ESOP Trust Utilizing Employee Shareholding Association" (hereinafter "the Plan") for the purpose of enhancing employee welfare.

The Plan is an incentive program applicable to all employees who belong to the Akita Bank Employees Shareholding Association (hereinafter "the Association"). Under the Plan, the Bank establishes trusts (hereinafter "ESOP Trust") whose beneficiaries are employees who belong to the Association and fulfill certain requirements. ESOP Trust acquires in advance capital stocks of the Bank that the Association is expected to acquire for the four years until June 2015. Afterwards, ESOP Trust sells off the Bank's stock to the Association. In the case where any funds are accumulated through sales of the Bank's share to the Association, the remaining funds will be distributed to employees who qualify as beneficiaries.

The Bank guarantees the borrowings made by ESOP Trust for the acquisition of the Bank's stock. Therefore, in the case where ESOP Trust fails to repay the borrowed money, the Bank is obliged to pay to lender banks. As of March 31, 2015 and 2014, the balance of borrowings made by ESOP Trust was ¥62 million (U.S.\$15 thousand) and ¥269 million, respectively. The amounts were included in borrowed money on the consolidated financial statements.

As of March 31, 2015 and 2014, the book value of the Bank's stock held by ESOP Trust was ¥118 million (U.S.\$981 thousand) and ¥278 million, respectively. The Bank includes the amounts in treasury stock on the consolidated financial statements.

The following summarizes the number of shares held by ESOP Trust as of March 31, 2015 and 2014.

	Thousands of share	
	2015	2014
Number of shares	511	1,198
Weighted average number of shares	824	1,587

35. Stock Option Rights

(a) Expenses on stock option plan

Expenses on stock option plan amounted to ¥15 million (U.S.\$124thousand) and ¥17 million, included in general and administrative expenses for the years ended March 31, 2015 and 2014, respectively.

(b) Details of stock option

The details of stock option plan adopted are as follows:

	2009	2010	2011	2012	2013	2014
Title and number of recipients	Full-time nine directors	Full-time ten directors	Full-time nine directors	Full-time eight directors	Full-time nine directors	Full-time nine directors
Number of stock options	42,200 shares of common stock	52,300 shares of common stock	68,500 shares of common stock	65,600 shares of common stock	71,600 shares of common stock	57,100 shares of common stock
Grant date	July 31, 2009	July 30, 2010	July 29, 2011	July 31, 2012	July 31, 2013	July 31, 2014
Conditions of exercise	None	None	None	None	None	None
Required service period	None	None	None	None	None	None
Exercise period	August 1, 2009 to July 31, 2039	July 31, 2010 to July 30, 2040	July 30, 2011 to July 29, 2041	August 1, 2012 to July 31, 2042	August 1, 2013 to July 31, 2043	August 1, 2014 to July 31, 2044
Remaining stock options (*1)	17,300 shares	24,900 shares	40,800 shares	41,900 shares	66,900 shares	57,100 shares
Exercise price	¥1 per share	¥1 per share	¥1 per share	¥1 per share	¥1 per share	¥1 per share
Fair value at grant date (*2)	¥334 per share	¥268 per share	¥222 per share	¥209 per share	¥244 per share	¥277 per share

*1. It shows the number of outstanding stock option which is not yet vested as of March 31, 2015.

*2. Fair value at grant date was measured based on dividend adjusted Black-Scholes Option Pricing Model.

36. Retained Earnings

Japanese banks, including the Bank, are required to comply with the Banking Act. In accordance with the Companies Act ("the Act"), the Bank has provided a legal reserve which is included in retained earnings. The Act stipulates that neither additional paid-in capital nor the legal reserve is available for dividends, but that both may be used to reduce or eliminate a deficit. Under the Banking Act, an amount which is at least equal to 20% of the aggregate amount of cash dividends and certain appropriations of retained earnings associated with cash outlays applicable to each fiscal period is to be appropriated as a legal reserve until the aggregate amount of the legal reserve and the capital surplus account equals 100% of the common stock account. The Act also provides that if the total amount of additional paid-in capital and the legal reserve exceeds 100% of the amount of common stock, the excess may be distributed to the shareholders either as a return of capital or as dividends subject to the approval of the stockholders.

The maximum amount which the Bank can distribute as dividends is calculated based on the non-consolidated financial statements of the Bank in accordance with the Act.

37. Cash and Cash Equivalents

Reconciliation between cash and due from banks in the consolidated balance sheets, and cash and cash equivalents in the consolidated statements of cash flows at March 31, 2015 and 2014 was as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Cash and due from banks	¥233,046	¥148,214	\$1,939,302
Due from banks without interest	(480)	(149)	(3,994)
Ordinary due from banks	(767)	(534)	(6,382)
Time deposits with banks	(10,000)	(30,000)	(83,215)
Other	(5,564)	(291)	(46,301)
Cash and cash equivalents	¥216,233	¥117,238	\$1,799,392

38. Segment Information

(a) Outline of reportable segment

A reportable segment is a component of the Group for which discrete financial information is available and whose operating results are regularly reviewed by the Board of Directors to make decisions about resources to be allocated to the segment and assess its performance.

The Group offers total financial services mainly through operating branches with a philosophy that seeks to contribute to regional prosperity. Reportable segments are composed of banking business, leasing business and other businesses including guarantee business and credit card business.

(b) Basis of measurement for the amount of ordinary income (or loss), assets and other items by reporting segment

Accounting procedures applied to operating segments are consistent to those applied to the preparation of consolidated financial statements. Ordinary income from inter-segment transactions is measured on the assumption of arm's length transaction.

(c) Ordinary income, segment profit, assets and other items by reportable segment for the years ended March 31, 2015 and 2014

Year ended March 31, 2015	Millions of yen				Adjustment	Consolidated
	Reportable segment			Total		
	Banking	Leasing	Other			
Ordinary income						
External customers	¥ 42,674	¥ 4,465	¥1,017	¥ 48,156	¥ (95)	¥ 48,061
Inter-segment	77	169	620	867	(867)	—
Total	¥ 42,751	¥ 4,634	¥1,637	¥ 49,023	¥ (962)	¥ 48,061
Segment profit	¥ 11,013	¥ 160	¥ 478	¥ 11,653	¥ (7)	¥ 11,645
Segment assets	2,874,012	14,047	9,279	2,897,339	(13,717)	2,883,621
Segment liabilities	2,706,968	10,288	3,644	2,720,901	(11,723)	2,709,177
Other items:						
Depreciation and amortization	¥ 1,928	¥ 16	¥ 7	¥ 1,952	¥ —	¥ 1,952
Interest income	31,030	16	144	31,192	(58)	31,133
Interest expenses	2,481	77	0	2,559	(52)	2,507
Extraordinary income	2	—	—	2	—	2
Extraordinary losses	363	0	0	363	—	363
(Of which, Impairment losses)	118	—	—	118	—	118
Income taxes	3,945	63	195	4,205	(0)	4,204
Increase in premises & equipment and intangibles	2,136	3	3	2,143	(1)	2,142

Year ended March 31, 2014	Millions of yen				Adjustment	Consolidated
	Reportable segment					
	Banking	Leasing	Other	Total		
Ordinary income						
External customers	¥ 39,714	¥ 4,353	¥1,391	¥ 45,458	¥ (331)	¥ 45,127
Inter-segment	71	166	568	806	(806)	—
Total	¥ 39,785	¥ 4,519	¥1,959	¥ 46,264	¥ (1,137)	¥ 45,127
Segment profit	¥ 8,865	¥ 232	¥ 735	¥ 9,833	¥(6)	¥ 9,826
Segment assets	2,764,743	13,826	9,225	2,787,795	(15,124)	2,772,671
Segment liabilities	2,619,584	10,168	3,922	2,633,676	(11,793)	2,621,882
Other items:						
Depreciation and amortization	¥ 1,759	¥ 21	¥ 6	¥ 1,786	¥ —	¥ 1,786
Interest income	30,895	11	174	31,082	(51)	31,031
Interest expenses	1,898	73	1	1,973	(45)	1,928
Extraordinary income	2,694	—	—	2,694	—	2,694
(Of which, Gain on disposal of premises and equipment)	2,638	—	—	2,638	—	2,638
Extraordinary losses	1,042	0	0	1,043	—	1,043
(Of which, Impairment losses)	756	—	—	756	—	756
Income taxes	4,331	94	169	4,594	(0)	4,594
Increase in premises & equipment and intangibles	2,293	52	6	2,353	(1)	2,352

	Thousands of U.S. dollars (Note 1)						
	Reportable segment						
Year ended March 31, 2015	Banking	Leasing	Other	Total	Adjustment	Consolidated	
Ordinary income							
External customers	\$ 355,113	\$ 37,155	\$ 8,463	\$ 400,732	\$ (790)	\$ 399,941	
Inter-segment	640	1,406	5,159	7,214	(7,214)	—	
Total	\$ 355,754	\$ 38,562	\$13,622	\$ 407,947	\$ (8,005)	\$ 399,941	
Segment profit	\$ 91,645	\$ 1,331	\$ 3,977	\$ 96,970	\$ (58)	\$ 96,904	
Segment assets	23,916,218	116,892	77,215	24,110,335	(114,146)	23,996,180	
Segment liabilities	22,526,154	85,612	30,323	22,642,098	(97,553)	22,544,536	
Other items:							
Depreciation and amortization	\$ 16,043	\$ 133	\$ 58	\$ 16,243	\$ —	\$ 16,243	
Interest income	258,217	133	1,198	259,565	(482)	259,074	
Interest expenses	20,645	640	0	21,294	(432)	20,862	
Extraordinary income	16	—	—	16	—	16	
Extraordinary losses	3,020	0	0	3,020	—	3,020	
(Of which, Impairment losses)	981	—	—	981	—	981	
Income taxes	32,828	524	1,622	34,992	(0)	34,983	
Increase in premises & equipment and intangibles	17,774	24	24	17,833	(8)	17,824	

39. Related Party Transactions

Related party transactions for the years ended March 31, 2015 and 2014 and related information were as follows:

Related party	Category/Business	Account	Amounts of transaction			Balance at end of year		
			Millions of yen		Thousands of U.S. dollars (Note 1)	Millions of yen		Thousands of U.S. dollars (Note 1)
			2015	2014	2015	2015	2014	2015
Yasuhiko Watanabe	Director of the Bank	Loan	¥ —	¥ —	\$ —	¥ 18	¥ 21	\$ 149
Kiichiro Nishimura	Statutory Auditor of the Bank	Loan	4	8	33	26	29	216
Yukihiko Nishimura	Executive Director of YAMANI Co., Ltd.	Loan	—	—	—	49	50	407
Masashi Kitajima	Statutory Auditor of the Bank	(*) (*)	—	—	—	—	—	—
IYATAKA GROUP (*)	Wedding halls	Loan	240	—	1,997	475	—	3,952
		Customers' liabilities for acceptances and guarantees	—	—	—	250	—	2,080
Produce Pro Inc. (*)	Advertising	Loan	—	—	—	49	—	407

The conditions of the above transactions were the same as arm's length transactions.

* 1. Mr. Masashi Kitajima guarantees a loan for IYATAKA GROUP, a third party of the Bank, in the amount of ¥178 million (U.S.\$1,481 thousand) out of ¥475 million (U.S.\$3,952 thousand). Mr. Kitajima also guarantees the Bank's guarantee given to IYATAKA GROUP in the amount of ¥250 million (U.S.\$2,080 thousand).

* 2. Mr. Masashi Kitajima guarantees a loan for Produce Pro Inc., a third party of the Bank, in the amount of ¥49 million (U.S.\$407 thousand).

* 3. Mr. Masashi Kitajima and his family own 56.9% of voting rights of IYATAKA GROUP.

* 4. Mr. Masashi Kitajima and his family own 66.5% of voting rights of Produce Pro Inc.

40. Per Share Information

Consolidated net assets and income per share and related information for the years ended March 31, 2015 and 2014 were as follows:

	Yen		U.S. dollars (Note 1)
	2015	2014	2015
Net assets per share	¥912.36	¥775.73	\$7.59
Net income per share	37.27	35.64	0.31
Diluted net income per share	37.22	35.60	0.30

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Net income	¥ 6,916	¥ 6,699	\$57,551
Net income not attributable to common stock holders	—	—	—
Net income attributable to common stockholders	6,916	6,699	57,551
Average number of common stock (thousand shares)	185,547	187,960	

The number of shares held by ESOP Trust is treated as part of treasury stock upon calculation of the average number of common stock.

As stated in Note 3. "Summary of Significant Accounting Policies, (i) Reserve for employees' retirement benefits," the Bank has applied the transitional treatment provided in Paragraph 37 of the aforementioned Accounting Standard effective from the year ended March 31, 2015. As a result, net assets per share at the beginning of the year ended March 31, 2015 increased by ¥2.04 (U.S.\$0.01). Impact on net income per share for the year ended March 31, 2015 is insignificant.

41. Subsequent Event

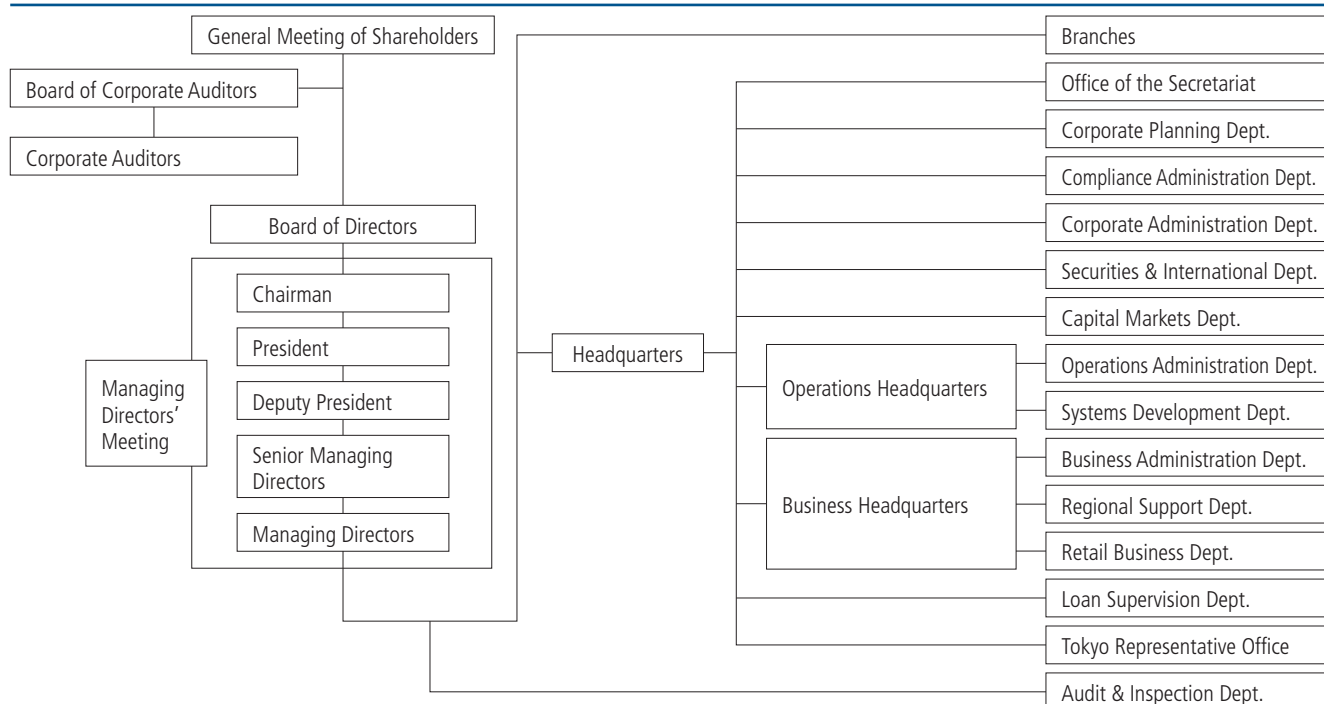
None to report.

Corporate Information

Corporate Data (As of March 31, 2015)

Corporate Name	The Akita Bank, Ltd.
Head Office	2-1, Sanno 3-Chome, Akita-shi, Akita 010-8655, Japan
Date of Establishment	January, 1879
Number of Shares Issued and Outstanding	186,936 thousand shares
Number of Employees	1,417
Number of Branches	97
Paid-in Capital	¥14.1 billion

Organization (As of June 30, 2015)



Directors, Corporate Auditors & Executive Officers (As of June 30, 2015)

President	Takao Minatoya *	Standing Corporate Auditors	Takao Sato
			Hiromi Obuchi
Senior Managing Directors	Akihiro Araya *	Outside Corporate Auditors	Kiichiro Nishimura
	Toshio Shoji		Masashi Kitajima
Managing Directors	Toshiyuki Sasaki	Executive Officers	Satoshi Nojiri
	Masayuki Takada		Makoto Sato
Directors and Executive Officers	Hideto Ono		Hironobu Yamada
	Takanori Kudo		Takashi Kato
	Hitoshi Kimura		Naoki Handa
Outside Directors	Yasuhiko Watanabe		Masahiko Sato
	Yuichi Toyoguchi		Masato Tsuchiya
	Masahiro Morohashi		Manabu Aihara
			Tadami Iwaya

* Representative Director

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2015



The Akita Bank, Ltd.