MINATO BANK

ANNUAL REPORT 2015

For the year ended March 31, 2015

TO OUR STAKEHOLDERS

We sincerely thank you for your continued patronage of Minato Bank.

The 2015 Annual report has been prepared to help you gain a deeper understanding of Minato Bank.

In this 2015 Annual Report, we seek to present Minato Bank's management policy, business overview, earnings results for fiscal 2014 (the fiscal year ended March 31, 2015), corporate governance and risk management structure as clearly as possible. We hope that you will find it a useful reference.

Minato Bank will continue to address its clients' wide-ranging needs by expanding its products and services, and as a regional-based financial institution of Sumitomo Mitsui Financial Group, the Bank will seek to become a more useful and helpful bank in the region by providing financial and information services.

To that end, we look forward to your continued understanding and support.

July 2015

Shunji Ono
President

CONTENTS

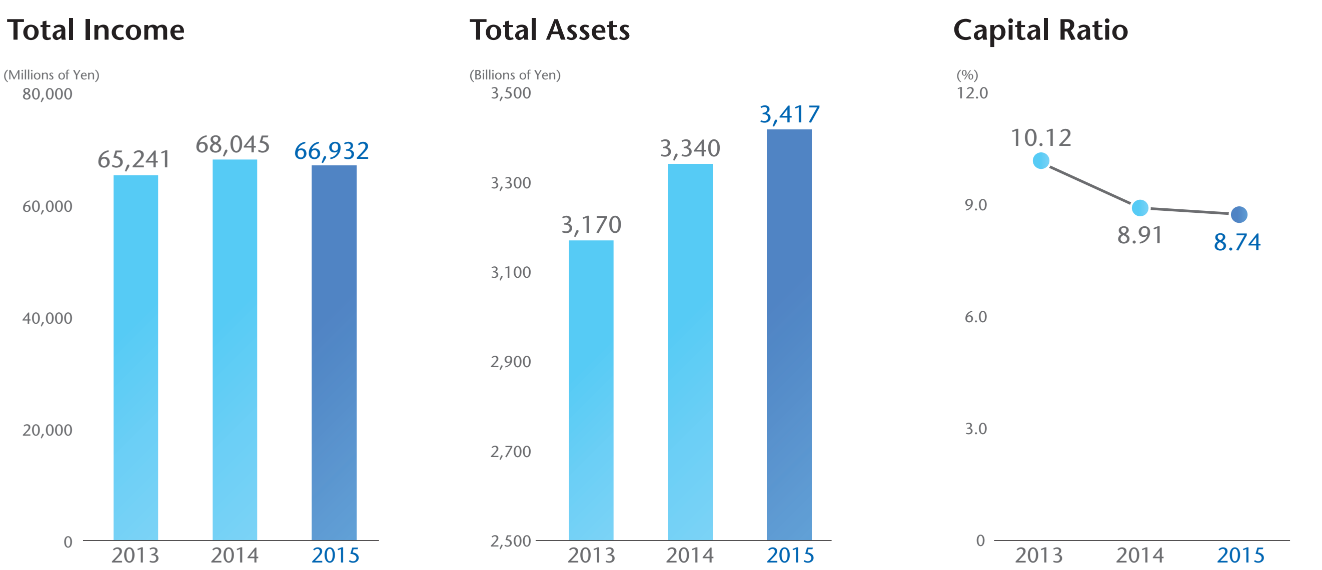
This annual report includes descriptions of future business performance. These forecasts do not guarantee future business performance and contain risks and uncertainties. Please note future business performance will differ from the forecasts in accordance with changes in the operational environment.

CONSOLIDATED FINANCIAL HIGHLIGHTS

The Minato Bank, Ltd. and Subsidiaries
Years Ended March 31, 2015, 2014 and 2013

	Millions of Yen			Thousands of U.S. Dollars (Note)
	2015	2014	2013	2015
FOR THE YEAR:				
Total income	¥ 66,932	¥ 68,045	¥ 65,241	$ 556,607
Total expenses	52,891	54,573	53,162	439,846
Income before Income taxes and minority interests	14,041	13,472	12,079	116,761
Net income	7,478	7,512	6,949	62,188
AT YEAR-END:				
Total assets	¥3,417,209	¥ 3,340,993	¥ 3,169,836	$28,417,542
Deposits	3,079,100	3,073,690	2,876,385	25,605,821
Loans and bills discounted	2,407,835	2,337,806	2,245,483	20,023,575
Investment securities	533,506	604,994	800,648	4,436,639
Minority interests	1,014	908	10,800	8,429
Common stock	27,485	27,485	27,484	228,564
Total equity	137,180	122,269	128,166	1,140,792
Capital ratio	8.74%	8.91%	10.12%	

Note: U.S. dollar amounts represent translation of Japanese Yen at the rate of ¥120.25 to US$1.00 on March 31, 2015, the final business day of term.
From the fiscal year ended March 31, 2015, the capital ratio has been calculated based on the Basel III standard.



In the above table, the capital ratio is calculated on a consolidated basis based on the domestic standard and formula prescribed in the Notification of the Financial Services Agency of Japan No. 19, 2006 in compliance with the provisions of Article 14-2 of the Banking Law.
From the fiscal year ended March 31, 2015, the capital ratio has been calculated based on the Basel III standard.

MESSAGE FROM THE PRESIDENT

Shunji Ono
President

In fiscal 2014, the Japanese economy continued to follow a gradual recovery trend, supported by improved corporate earnings and other factors, mainly at major export companies, who benefited from the yen's depreciation and the fall in oil prices. On the other hand, there was a downturn in personal consumption following an increase in the consumption tax rate. In Hyogo Prefecture, the main operating base of the Bank, business confidence continued to improve gradually, with some differences apparent between company scales, industries, and regions.

However, Japan is experiencing a major upheaval due to socio-structural changes, such as a continuing declining birthrate and aging population, a declining population, and a rapid spread of information technology (IT). The environment for financial institutions has changed significantly.

Earnings for Fiscal 2014

The Bank launched a new Mid-Term Management Plan in the previous fiscal year, called "MINATO Innovation 3" – Challenge toward Further Progress (for fiscal 2014-2016), under which we have been urgently working to promote a raft of measures under the three basic policies "Further Contribution to the Development of the Local Community," "Provision of Products and Services from a Customer Perspective," and "Establishment of a Structure toward Continual Growth," aiming to become the region's most trusted core bank.

Fiscal 2014 was the first year of the plan. We made a good start on our three-year cumulative target for consolidated net income of ¥20 billion or more, achieving an actual net income of ¥7.4 billion. This was achieved thanks to the help of our customers, shareholders, and the local people living in regions where we operate. I'd like to stress once again how grateful we are for your support.

Initiatives for Regional Community Creation

The Bank established the "Regional Community Creation Project Team" in April 2015 to enhance cooperation with local governments. By strengthening the promotion structure, including at Group companies, we intend to revitalize local economies.

Through proactive initiatives in "Regional Community Creation," the Bank aims to grow together with the development of local communities. We will contribute not only through our core operation of supplying funds, but also by providing support in business succession, M&As, business matching, and growth fields such as agriculture and healthcare. At the same time, we will focus on enhancing services such as inheritance-related services and Internet banking.

Looking ahead, the Minato Bank will continue under its management philosophy, "the bank exists and prospers together with the people in the region," to strive to be "Minato Bank: A Bank with a Strong Presence," that can sufficiently satisfy the expectations of its customers. To this end, we will work together as a group to ensure that we can contribute to the further development and prosperity of the local community.

July 2015

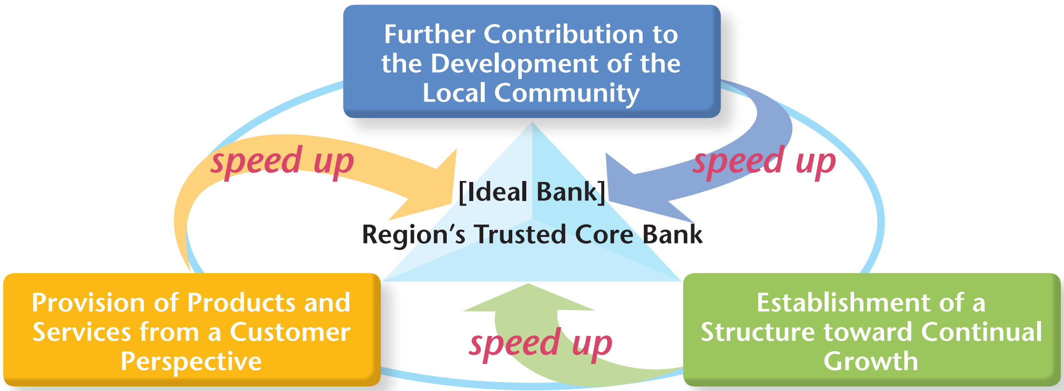
Shunji Ono
President

Mid-Term Management Plan

Slogan

"MINATO Innovation 3"
– Challenge toward Further Progress –

Basic Policy



Concept

The three years leading to further "progress" through the "contribution to development and growth of the local community" with the functions of a local financial institution as the declining birthrate, aging population and the internet/mobile society advance

Period

April 2014 through March 2017 (three years)

Key Indicators

Net income:	**¥20** billion or more	(three years accumulated, on a consolidated basis)
Core capital ratio(*):	**6** % or more	(as of March 31, 2017, exclusive of transitional measures, on a consolidated basis)
Aggregate loan balance:	**¥2,600** billion or more	(as of March 31, 2017)

(*) Minimum required level of capital adequacy ratio under the regulations for banks subject to domestic standards regarding BASEL III (new standards): 4%

Major Initiatives

Further Contribution to the Development of the Local Community
- Establishment of the Regional Strategy Division
- Further strengthening of business matching services
- Strengthening of support for regional growth areas
- Active efforts for business succession operations
- Permanent efforts toward finance facilitation

Provision of Products and Services from a Customer Perspective
- Establishment of the Direct Banking Department
- Improvement of the functions of the group companies
- Expansion of the inheritance consulting operations
- Improvement of the customer support functions
- Improvement of product/service lineup

Establishment of a Structure toward Continual Growth
- Development and vitalization of personnel
- Ensuring thorough compliance
- Maintaining and improving management of capital adequacy
- Strengthening risk management
- Improvement of the system base
- Strengthening and enhancing ALM management

Corporate Governance

Basic Concept for Corporate Governance

Reinforcing and enhancing corporate governance is defined as a critical management issue at our Bank and each group company. We adhere to the "Management Philosophy" and "Principles of Conduct" described below, and strive to sustain sound operations and contribute to the sound development of regional communities.

Management Philosophy

The Bank Exists and Prospers Together with the People in the Region.

We contribute to our region through the provision of financial and information services.

Principles of Conduct (Corporate Ethics)

Awareness of the public nature and social responsibility of the Bank

A bank should be aware of its public role, execute sound operations according to principles of self-responsibility, and contribute to the steady development of the regional economy and society through the fulfillment of its social commitments.

Fully customer-focused

We are always conscious of our "customer-first" policy, and attend to our customers with an honest, faithful and kind spirit, listening to customer requests with a sincere attitude and providing precise, prompt and customer-satisfying financial services.

Sincere and fair conduct

We abide by laws, regulations and their spirit, and always behave in a fair and faithful manner so as to not deviate from social norms.

Contributing to and harmony with regional communities

To express the Bank's management philosophy, "We contribute to our region," we make it one of our primary policies to contribute to and progress together with our region and its communities. The Bank's principles of conduct serve not only to contribute to our region, but to call for removing anti-social and anti-ethical conduct from the course of our operations with the aim of becoming closer to being an ideal "bona fide corporate citizen." To realize this, we endeavor to hold close communications with society and ensure the Bank executes corporate activities in line with social common sense and expectations.

Respect for humanity

We are committed to developing a corporate culture which ensures respect for the open and rich spirit of our employees, brimming with vitality and feelings of value for their employment at the Bank.

Corporate Governance Code

The Corporate Governance Code is designed to ensure transparent, fair, and swift decision-making among listed companies. It began to be applied in June 2015, and the Bank will take steps to prepare the required structures.

Corporate Governance Structure

We have a basic policy for internal control systems and the following structure designed to strengthen and improve our corporate governance so that directors, employees and corporate auditors will be able to cope with their responsibilities in an appropriate and efficient manner.

Board of Directors

Board of Directors meeting is in principle held once a month to make important decisions for the Bank's management issues and oversee the execution of the Directors' responsibilities.

Board of Corporate Auditors

The Bank has adopted a corporate auditor system, and Board of Corporate Auditor meetings are in principle held once a month. Based on the audit policy and audit plan made by the Board of Corporate Auditors, the Corporate Auditors have performed their audit procedures appropriately by attending Board of Director and other important meetings, examining business operations and assets, etc.

The Office of Corporate Auditors was established to support the Corporate Auditors carry out their audit procedures.

Management Committee

The Management Committee in principle meets once a week and makes decisions on important issues related to execution of the Bank's business, based on Board of Director decisions and Management Committee policies.

Significant items related to risk management are determined by the Corporate Risk Management Committee, which is part of the Management Committee.

Committees

Compliance Committee

The Compliance Committee in principle meets once every three months to check and confirm the progress and implementation of the initiatives and compliance programs designed to build corporate ethics focused on legal compliance, and discuss and consider preventative measures for misconduct.

CS (Customer Satisfaction) Committee

To win solid support from the local community and continuously raise customer satisfaction standards, members of the CS Committee formulate improvement policies, set targets for the whole Bank, and discuss and review measures to improve customer satisfaction. The CS Committee meets once every three months as a rule.

Financial Facilitation Committee

The Financial Facilitation Committee was set up as a cross-sectional body to discuss how to facilitate financing for small and medium-sized companies. Committee members discuss measures, study actual issues faced by each department, and coordinate action across departments. The Committee meets once every three months as a rule.

Regional Strategy Committee

The Regional Strategy Committee was established on April 1, 2015 through a developmental merger of the previous Regional-Oriented Financial Promotion Committee and the CSR Committee. In addition to the functions of its predecessors—discussing policies and measures related to regional-oriented financing promotion and formulating action plans on CSR initiatives—the new committee will also aim to support and promote the formulation of comprehensive strategies at the regional level. It meets once every three months, in principle, starting in June 2015.

IT Systems Committee

The IT Systems Committee meets as a general rule once every three months with the objectives of reporting information about the status of the IT systems to the management and deliberating and determining the measures, etc. that must be taken.

Credit Risk Management Committee

The Credit Risk Management Committee in principle meets once every three months to identify, review and communicate credit risk status, consider and determine policies or countermeasures for credit risks, manage credit portfolios and big customer concentrated risks, and discuss and consider operating policies.

Asset and Liability Management (ALM) Committee

The ALM Committee in principle meets once a month to discuss and consider how to maintain a healthy balance sheet and improve profitability, strategies for proper fund operations, and unifies management of market risks (interest risk, foreign exchange risk, share price risk, etc.) and liquidity risks (cash flow risk, market liquidity risk, etc.) related to assets and liabilities.

Operational Risk Management Committee

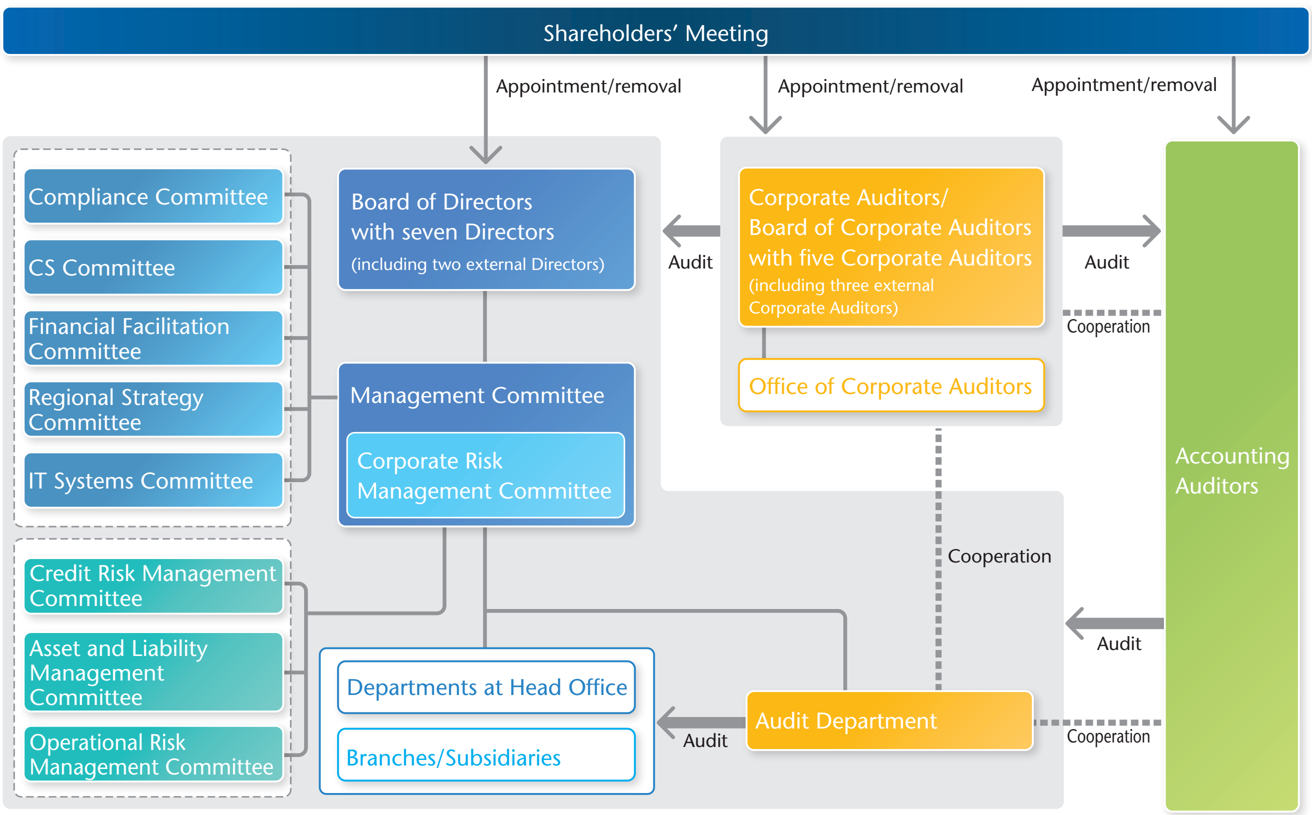
The Operational Risk Management Committee in principle meets once a month, and analyzes and communicates operational risk related information (improper or non-functioning internal processes, staff or systems, or risk of losses related to external occurrences), discusses and considers various measures required to reduce operational risks, analyzes the causes of operational risk exposure incidents, and discusses and considers measures to prevent the reoccurrence of such incidents and potential risk exposure.

Internal Audit

The Audit Department, an internal audit organization which is independent from other departments, engages in monitoring the status of business operations and risk management at the head office, branches and subsidiaries and issues instructions and proposals for improvement. The department's monitoring results are reported to the Board of Directors and Board of Corporate Auditors.

There is a cooperative system among the Audit Department, Corporate Auditors and accounting auditors for exchanging information.

Corporate Governance Structure



Corporate Social Responsibility (CSR)

Basic Policy for CSR

The Bank's management philosophy is "we contribute to our region through the provision of financial and information services." We endeavor to provide financial and information services with the aim of contributing to the development of regional communities.

The Bank and its group companies define CSR as contributing to the sustainable development of regional communities through providing higher values to (i) our customers, (ii) our shareholders and markets, (iii) society and environment and (iv) our employees in the course of our business operations.

Principles of Conduct at the Bank consisting of five items, "awareness of the public nature and social responsibility of the Bank," "fully customer-focused," "fair and faithful conduct," "contributing to and harmony with regional communities" and "respect for humanity" are established as the common philosophy for the Bank and its group companies.

Focal Point for CSR Initiatives

We will reinforce the management system to a greater extent by enhancing the corporate governance structure, internal audit structure, compliance structure and risk management structure. We will also accurately identify each stakeholder's expectations and provide higher value to them.

- We will provide our customers with products and services of higher value and develop together with our customers.
- We will endeavor to sustain sound operations and increase shareholder value, through appropriate information disclosure and organized internal controls.
- We will be continuously and proactively involved in social contribution and environmental activities which contribute to regional communities and restore the global environment.
- We will pay respect to people and grow a corporate culture which allows our employees to fully utilize their own skills and talents.

Through these activities, we will support the sustained development of our regional communities.

Compliance System

Based on its management policy, the Bank's basic legal compliance related policy is for the Bank's officers and employees to recognize the significance of the Bank's social responsibilities and public commitments, and strictly comply with laws and rules with an emphasis on corporate ethics, thereby contributing to the region.

All officers and employees are required to recognize the importance of legal compliance and behave in the most appropriate manner with constant awareness in the execution of day-to-day operations.

1. Establishment of the Legal Compliance Department

The Legal Compliance Department was established to manage and control overall compliance related issues.

The Legal Compliance Department is responsible for educating and encouraging officers and employees to comply with laws, regulations and social norms, placing its highest priority on the prevention of illegal conduct.

2. Appointment of Administrative Compliance Officer

General managers of the head office and each branch are fully responsible to manage and execute assigned operations in conformity with compliance policies.

A compliance officer has been appointed for each of the above locations, and is required to prevent anti-compliance conduct and detect the occurrence of such conduct in its early stages.

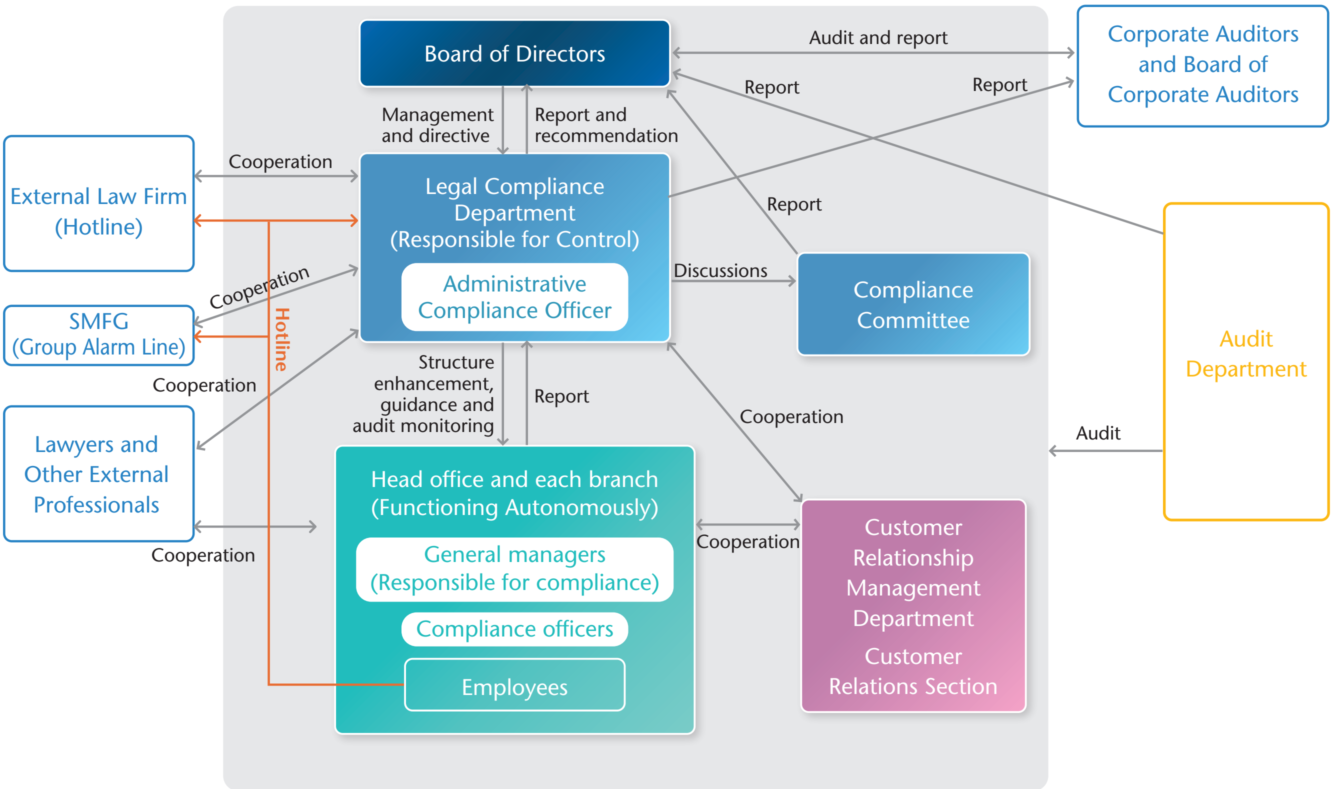
In addition, an administrative compliance officer is assigned to the Legal Compliance Department, to direct and supervise the compliance officers and responsible individuals of the above locations, investigate compliance conditions at each location, and provide education and guidance.

3. Establishment of the Compliance Committee

The Compliance Committee was established to strengthen the legal compliance system and incident-preventing measures.

This Committee deliberates upon various measures necessary to build corporate ethics focused on legal compliance and the implementation status of compliance programs.

The Bank's Compliance System



Implementing Compliance

The Bank requires all officers and employees to recognize the public mission and social responsibilities to be fulfilled by the Bank and to act in line with the highest moral standards.

Accordingly, we must comply with social norms as well as laws and regulations and behave fairly with a determined sense of ethics.

The Bank has created a Compliance Manual providing specific explanations about the laws and regulations that the officers and employees must observe to put the above matters into practice.

The Compliance Manual mainly consists of the following regulations to achieve complete compliance by each of the officers and employees: the Compliance Policy comprehensively describes overall compliance related matters (structure, system, roles, procedures, etc.) in a way that is easy to understand; the Code of Conduct providing principles and guidance for all officers and employees to comply with; and the Detailed Operating Policies for Conduct Management compiled in the form of a case study guidebook.

Principles of Conduct at the Bank

1. Awareness of the public nature and social responsibility of the Bank
2. Fully customer-focused
3. Sincere and fair conduct
4. Contributing to and harmony with regional communities
5. Respect for humanity

Guidance of Conduct for Officers and Employees

- Compliance with laws, regulations and rules
- Prohibition of unfair competition
- Duty of confidentiality
- Prohibition of illegal use of information
- Obligation to explain products and services
- Internal reporting requirements, etc.

Risk Management Structure

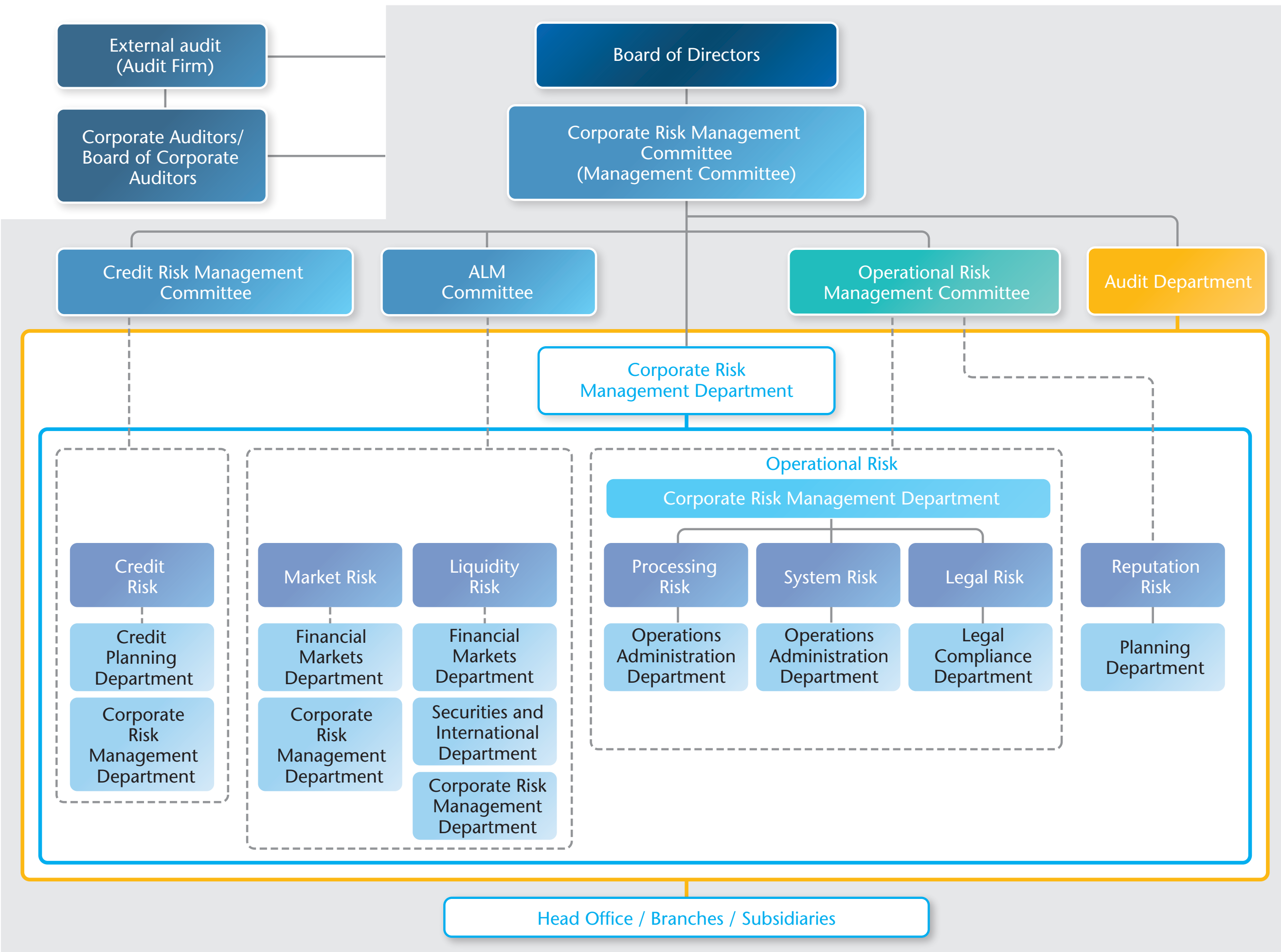
Banks are facing increasingly diversified and complicated risks due to their expanding scope of operations and financial technology innovations. It is therefore important to accurately monitor each individual risk, monitor the risks in an integrated manner, and control them within a scope that is tolerable for the overall bank, in order to maintain and improve sound banking management.

The establishment of a risk management structure is positioned as one of the most critical management issues at our Bank. We have established departments and sections in charge of risk management by risk type and monitor a range of risks in a precise manner. We also established the Corporate Risk Management Department which is responsible for overview and managing different risks in an integrated manner with the aim of reinforcing our structure to comprehensively manage and control various risks.

As organs to deliberate and determine matters related to risk management, we established the Corporate Risk Management Committee and its three committees: the Credit Risk Management Committee, the Asset and Liability Management (ALM) Committee and the Operational Risk Management Committee. The Corporate Risk Management Committee identifies and assesses the condition of bank-wide risks and deliberates and determines countermeasures and policies, while each committee identifies and assesses each risk on a cross-sectional and uniform basis and deliberates and determines countermeasures and policies.

As an internal audit organization operating independently from other departments, the Audit Department reviews and checks the status of business operations and risk management of the head office, branches and subsidiaries. We also have an external audit system led by an independent audit firm.

Risk Management System



1. Credit Risk Management

Credit risk is the possibility of loss arising from financial deterioration, changes in a customer's financial condition, which causes the asset value of loans receivables, etc. to become impaired or worthless.

The Bank strictly complies with the Credit Policy that explicitly prescribes our lending operation rules to achieve sound and proper business operations. We work to maintain and improve the soundness of assets and profitability through proper controls over credit risks and effective credit review operations according to degrees of credit risk based on the Credit Risk Management Policy which prescribes basic policies for credit risk management.

As a basis of such risk management, we have adopted a credit rating system. A credit rating is a borrower classification ranked according to the probability of loan performance, and is used as an objective indicator to measure the degree of risk pertaining to a borrower.
Classifying borrowers according to the degree of risk promotes effective credit review operations.

In concrete terms, we established a credit approval policy for lending contracts based on credit ratings as well as lending approval authorizing standards, etc. to perform focused (efficient) credit screenings according to degrees of risk. At the same time, we monitor credit status on a constant basis to detect early signs of credit issues, and adjust the depth and efficiency of management based on the extent of such issues.

In addition, we perform self-assessments of our assets to maintain soundness of assets, prepare financial statements properly reflecting asset condition, and account for appropriate levels of write-offs and reserves. Self-assessments are designed to classify assets held by the Bank according to degrees of risk pertaining to collectibility or value deterioration, and play a significant role as a means of managing credit risks. Based on the results of self-assessments, we provide accurate and timely estimation of future potential losses of loans, etc. in consideration of bad debt conditions, and account for write-offs and reserves based on estimates to maintain asset soundness.

We utilize credit ratings and self-assessments to quantitatively grasp and manage credit risks to maintain control over the degree of credit risk for our overall credit portfolio and any risk concentration on specific industries and large accounts, and report findings to management. As appropriate, we establish and implement remedial measures for our credit portfolio including proper risk controls, risk diversification and reduction of troubled credit, etc.

As for concrete measures to enforce our monitoring system, we have set up a section in the monitoring department, which deals with corporate rehabilitation support, and manages doubtful receivables, etc.

In our effort to maintain soundness of assets, the Audit Department, which operates independently from the credit related departments, checks the accuracy of the credit ratings and self-assessments as well as the condition of credit review operations.

For loan arrangements, the Bank may require collateral or guarantees to mitigate credit risks with comprehensive determination of matters related to the financial position of the borrower, intended purpose of financing, loan collectibility, etc. We properly handle collateral and guarantees in accordance with Internal Operational Policies of Collateral and Guarantees and Operational Procedures that prescribe classifications according to types of collateral or qualifications of guarantors as well as methods for their management, valuation, etc. Particularly, we have detailed rules for mortgage collateral, comprising the majority of collateral, to perform impartial collateral valuations in a timely and proper manner.

2. Operational Risk Management

Operational risk is the possibility of losses arising from inadequate or failed internal processes, personnel and systems or external events.

The fundamental policy of the Bank is to establish the Operational Risk Management Policy prescribing basic matters concerning operational risk management and maintenance of an effective framework for identification, valuation, control and monitoring procedures according to characteristics of operations and risks. We manage operational risks on an individual basis classified into processing risks, system risks and legal risks, and have established a department responsible for overall management of operational risks in an integrated and centralized manner. To increase the effectiveness of risk management, operational risk officers are appointed for each department and section and are required to cooperate with the section in charge of corporate operational risk management so individual operational risks can be managed in an integrated fashion within a common framework. Also, the Operational Risk Management Committee, a cross-sectional in-house organization, is in place as a highly effective system to oversee and examine various risk conditions from a companywide viewpoint and deliberate and determine policies and measures on a regular basis.

We compile a database of internal loss data incurred by each department and section and analyze this data on a regular basis for use in risk management. All departments and sections are required to provide all possible risk scenarios. A risk and control assessment (self-assessment of risk and effectiveness of controls) is performed for such risk scenarios to estimate the frequency and amount of losses attributable to each scenario.

Such risk scenarios, being important data to recognize risk conditions, are compiled as a database and constantly updated based on collected internal and external loss data and objective information such as operating environment and internal control factors. We strive to reflect various information to the database appropriately and ensure those scenarios are comprehensive and appropriate for conducting risk and control assessments on a regular basis.

In this way, we compile a database of the scenarios reflecting the Bank's risk profile. Each scenario is assessed for the degree of risk impact. For scenarios with a high degree of risk impact, each department and section considers and implements a risk reduction plan. Using this risk quantification system, we are able to manage operational risks efficiently and effectively.

Processing and Systems Risk Management

Processing risk is the possibility of losses arising from negligent processing by employees, accidents, or unauthorized activities.

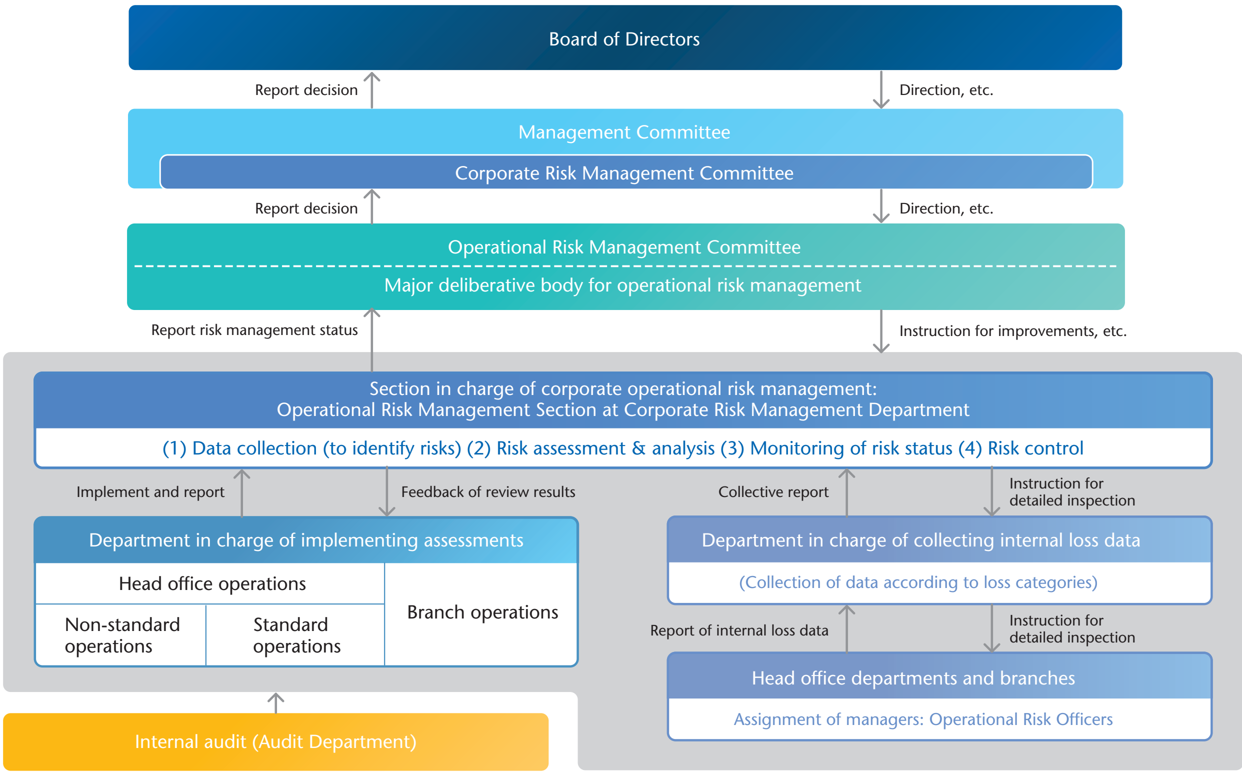
We promote streamlining and head-office centralized processing operations, and provide group training and on-site guidance offered by the Operations Administration Department to reduce processing risks and improve the level of processing ability. Moreover, the Audit Department periodically conducts branch field audits while head office and branches perform self-inspections to prevent accidents and fraud from occurring.

Systems risk is the possibility of losses arising from the failure, malfunction, unauthorized use of or data leakage from computer systems.

Due to the significance of potential impact, we recognize our social responsibility to maintain stable computer system operations and proper management for customer information. We established systems risk management policies and practical management standards, including the Security Policy, and strictly adhere to these policies in operating and managing our systems. To prepare for unforeseeable circumstances, we developed contingency plans and provide simulation training on a regular basis.

We provide internal and external audits for periodic system evaluation and upgrades, and strive for the more secure computer system operations and strict data controls.

Operational Risk Management Structure



3. Market and Liquidity Risk Management

Market risk is the possibility that fluctuations in interest rates, foreign exchange rates, or stock prices will change the value of financial assets and liabilities, leading to losses.

Liquidity risk is the possibility of encountering cash-flow problems due to differing fund source and usage periods or unexpected fund outflows, or losses caused by being forced to raise funds at interest rates markedly higher than ordinary interest rates.

We segregated front, middle and back office operations systematically to secure mutual check and balance functions, and established a system for the audit department to examine the appropriateness of risk management processes, etc.

With respect to market risk, we review market forecasts, operational policies for ALM and marketable securities as well as financial strength on a biannual basis to determine allowable ranges of market risk exposure and set individual risk limits for risk capital limits (*1), loss limits, VaR limits (*2) and position limits. Based on these procedures, we work to maintain management and operations within predetermined ranges of risk exposure (risk limits).

Specifically each department handling transactions (the front office sections) works to improve profitability within these limits. The middle office monitors and manages on a daily basis valuation gain or loss on securities and the price fluctuation risk such as for stocks, the loan interest rate risk, and on a monthly basis, the interest rate risk for all assets and liabilities.

With respect to liquidity risk, we place the highest priority on cash-flow security, and periodically set and manage funding gap limits (*3). We developed the Contingency Plan for Liquidity Emergency prescribing an emergency action plan, and take all possible measures for maintaining a system that ensures our operating transactions are not hindered in the event of market confusion, by holding sufficient assets easily convertible to cash, such as government bonds.

We hold ALM Committee meetings every month to prepare forecasted economic, interest rate, stock price, and foreign exchange rate trends and report profit conditions. The Committee also prepares reports and analyses of the status of compliance with market and liquidity risk limits, and discusses and considers market risk controls, fund sourcing and fund operations to develop an asset and liability structure that ensures stable profitability.

(*1) Risk capital limit
A portion of the Bank's capital allocated to provide for the Bank's ability to cover within the scope of its resources, losses realized in the period, valuation losses currently being incurred and probable future maximum loss estimates.

(*2) Value at Risk (VaR)
The probable future maximum loss statistically calculated using existing assets and liabilities and historical market fluctuation data.

(*3) Funding gap
The estimated amount of future financing requirements arising from the mismatch of periods between fund sourcing and fund operations.

4. Reputation Risk Management

Reputation risk is the possibility of tangible and intangible losses due to damage to the Bank's reputation attributable to rumors about various risk incidents related to our operating activities or the dissemination of false rumors or slander.

We endeavor to disclose information to our stakeholders such as customers, regional communities, shareholders investors and employees in a timely and appropriate manner through constant and active promotion of public and investor relation activities and increased management transparency to minimize reputation risk exposure.

We also monitor and assess rumors on a regular basis, and have prepared a system to take countermeasures promptly when reputation risk exposure becomes apparent.

The Status of Initiatives for the Management Improvement of SME Clients and Regional Revitalization

1. Policies for Initiatives Related to Management Support for SME Clients

The Bank considers "initiatives for management support to SME clients" to be one of the most important items in "promoting regional-oriented financing." It has therefore stipulated a Basic Policy of "further contributing to the development of the local community" in the new Mid-Term Management Plan, "MINATO Innovation 3" – Challenge toward Further Progress, which began in fiscal 2014, and is making active efforts to achieve that policy.

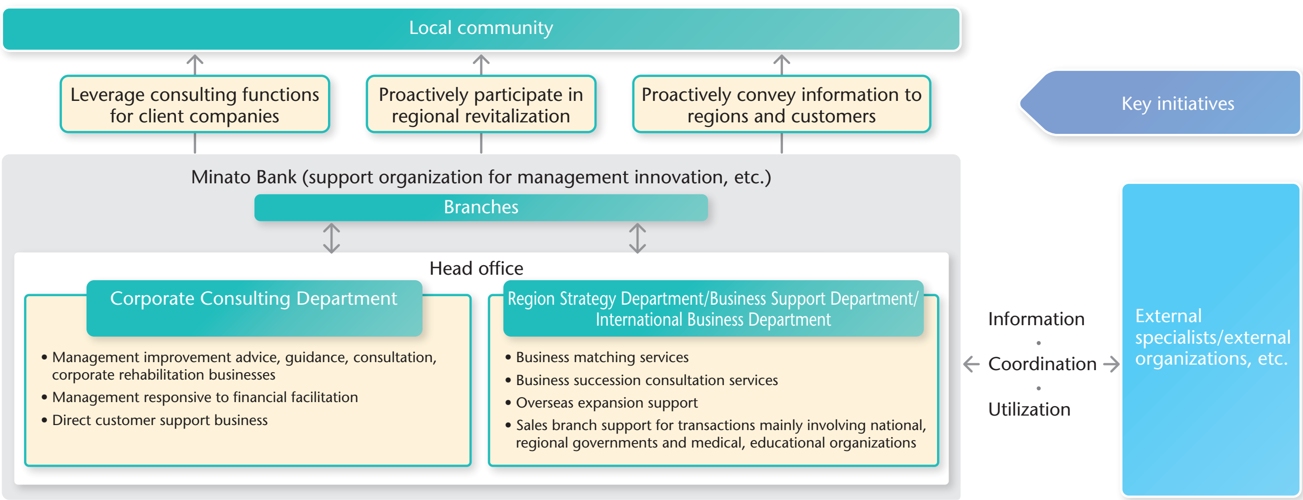
2. Status of the Development of Structures for Management Support of Our SME Clients

In April 2015, we made the Regional Strategy Department under the Business Planning Department independent, and prepared our structures for supporting regional revitalization such as formulating and supporting the Regional General Strategy to be undertaken by local government organizations.

Furthermore, we established the International Business Department as we have strengthened our international operations, and we made the Business Support Division within the Branch Support Department independent to improve customer support functions by centralizing business matching and consulting operations.

Moreover, to enhance our consulting function for client customers and to provide more efficient and concentrated credit management functions, we established the Marketing Branch Support Group within the Corporate Consulting Department, and reorganized the Corporate Revitalization Support Office in the department into the Corporate Revitalization Support Group.

Structure for Promoting Regional-Oriented Financing



Consolidated Balance Sheets

The Minato 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 (Notes 3 and 30)	¥ 396,808	¥ 312,014	$ 3,299,860
Call loans and bills bought (Note 30)	460	1,087	3,827
Receivables under resale agreements	—	5,000	—
Monetary claims bought	2,189	2,534	18,200
Trading account securities (Notes 26 and 30)	530	517	4,406
Securities (Notes 4, 10, 26 and 30)	533,506	604,994	4,436,639
Loans and bills discounted (Notes 5, 11 and 30)	2,407,835	2,337,806	20,023,575
Foreign exchange (Note 6)	8,690	5,814	72,264
Lease receivables and investment assets	9,596	10,027	79,805
Other assets (Notes 7 and 10)	24,026	22,798	199,797
Tangible fixed assets (Note 8)	34,789	35,886	289,308
Intangible fixed assets	5,167	5,388	42,974
Asset for retirement benefits (Note 23)	1,904	779	15,836
Deferred tax assets (Note 25)	2,093	9,637	17,403
Customers' liabilities for acceptances and guarantees (Note 16)	12,016	12,841	99,925
Allowance for loan losses (Note 30)	(22,400)	(26,129)	(186,277)
Total assets	¥3,417,209	¥3,340,993	$28,417,542
LIABILITIES:			
Deposits (Notes 10, 12 and 30)	¥3,079,100	¥3,073,690	$25,605,821
Payables under securities lending transactions (Notes 10 and 30)	39,479	25,434	328,309
Borrowed money (Notes 13 and 30)	92,647	49,534	770,453
Foreign exchange (Note 6)	88	58	733
Bonds payable (Notes 14 and 30)	28,000	28,000	232,848
Other liabilities (Notes 10 and 15)	25,572	23,576	212,655
Provision for bonuses	1,034	984	8,596
Liability for retirement benefits (Note 23)	1,118	3,701	9,301
Provision for directors' retirement benefits	65	69	539
Provision for reimbursement of deposits	672	653	5,588
Deferred tax liabilities (Note 25)	238	184	1,982
Acceptances and guarantees (Note 16)	12,016	12,841	99,925
Total liabilities	3,280,029	3,218,724	27,276,750
EQUITY (Note 17)**:**			
Capital stock, authorized, 900,000,000 shares; issued, 410,951,977 shares as March of 31, 2015 and 2014	27,485	27,485	228,564
Capital surplus	49,581	49,530	412,318
Retained earnings	42,648	38,361	354,667
Treasury stock-at cost, 3,665,450 shares and 4,502,532 shares as of March 31, 2015 and 2014, respectively	(523)	(641)	(4,352)
Total shareholders' equity	119,191	114,735	991,197
Valuation difference on available-for-sale securities	16,213	6,974	134,830
Accumulated other comprehensive income on defined retirement benefit plans	619	(435)	5,143
Total accumulated other comprehensive income	16,832	6,539	139,973
Equity warrant	143	87	1,193
Minority interests	1,014	908	8,429
Total net assets	137,180	122,269	1,140,792
Total liabilities and net assets	¥3,417,209	¥3,340,993	$28,417,542

See Notes to Consolidated Financial Statements.

Consolidated Statements of Income

The Minato Bank, Ltd. and Subsidiaries
Years Ended March 31, 2015 and 2014

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2015	2014	2015
ORDINARY INCOME:			
Interest income:			
Interest on loans and discounts	¥33,166	¥34,039	$275,809
Interest and dividends on securities	4,300	4,628	35,758
Other interest income	997	812	8,292
Fees and commissions	14,304	13,444	118,954
Other ordinary income (Note 18)	8,307	9,054	69,081
Other income (Note 19)	5,858	6,068	48,713
Total income	66,932	68,045	556,607
ORDINARY EXPENSES:			
Financing expenses:			
Interest on deposits	1,690	1,794	14,056
Interest on borrowings and rediscounts	202	171	1,684
Other financing expenses	699	698	5,815
Fees and commissions payments	3,159	3,373	26,269
Other ordinary expenses (Note 20)	5,882	8,171	48,912
General and administrative expenses	35,780	35,176	297,546
Other expenses (Notes 9 and 21)	5,479	5,190	45,564
Total expenses	52,891	54,573	439,846
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	14,041	13,472	116,761
INCOME TAXES (Note 25)**:**			
Current	2,966	4,526	24,668
Deferred	3,494	950	29,052
INCOME BEFORE MINORITY INTERESTS	7,581	7,996	63,041
MINORITY INTERESTS IN INCOME	103	484	853
NET INCOME	¥ 7,478	¥ 7,512	$ 62,188

	Yen		U.S. Dollars
	2015	2014	2015
PER SHARE INFORMATION (Note 29)**:**			
Basic net income	¥18.37	¥18.50	$0.15
Diluted net income	18.33	18.47	0.15
Cash dividends applicable to the year	5.00	6.00	0.04

See Notes to Consolidated Financial Statements.
The dividend per share in 2014 includes a 1.00 yen per share dividend to commemorate our 15th anniversary.

Consolidated Statements of Comprehensive Income

The Minato Bank, Ltd. and Subsidiaries
Years Ended March 31, 2015 and 2014

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2015	2014	2015
INCOME BEFORE MINORITY INTERESTS:	¥ 7,581	¥ 7,996	$ 63,041
Unrealized (losses) gains on available-for-sale securities	9,271	(1,251)	77,104
Other comprehensive income on defined retirement benefit plans	1,054	—	8,765
Comprehensive income	17,906	6,745	148,910
(Attributable to)			
Shareholders of parent	17,771	6,239	147,786
Minority interest	135	506	1,124

See Notes to Consolidated Financial Statements.

Consolidated Statements of Changes in Net Assets

The Minato Bank, Ltd. and Subsidiaries
Years Ended March 31, 2015 and 2014

	Thousands	Millions of Yen										
	Outstanding Number of Shares of Capital stock	Capital Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity	Valuation Difference on Available-for-Sale Securities	Accumulated Other Comprehensive Income on Defined Retirement Benefit Plans	Total Accumulated Other Comprehensive Income	Equity Warrant	Minority Interests	Total Net Assets
Balance as of March 31,2013	405,458	¥27,484	¥49,500	¥32,877	¥(778)	¥109,083	¥ 8,247	¥ —	¥ 8,247	¥ 36	¥10,800	¥128,166
Issuance of new shares	11	1	1	—	—	2	—	—	—	—	—	2
Net income	—	—	—	7,512	—	7,512	—	—	—	—	—	7,512
Dividends from surplus	—	—	—	(2,028)	—	(2,028)	—	—	—	—	—	(2,028)
Purchase of treasury stock	(35)	—	—	—	(6)	(6)	—	—	—	—	—	(6)
Disposal of treasury stock	1,015	—	29	—	143	172	—	—	—	—	—	172
Total changes of items during the period	—	—	—	—	—	—	(1,273)	(435)	(1,708)	51	(9,892)	(11,549)
Balance as of March 31, 2014	406,449	27,485	49,530	38,361	(641)	114,735	6,974	(435)	6,539	87	908	122,269
Cumulative effect of accounting change	—	—	—	(752)	—	(752)	—	—	—	—	—	(752)
Balance as of March 31, 2014 (as restated)	—	27,485	49,530	37,609	(641)	113,983	6,974	(435)	6,539	87	908	121,517
Net income	—	—	—	7,478	—	7,478	—	—	—	—	—	7,478
Dividends from surplus	—	—	—	(2,439)	—	(2,439)	—	—	—	—	—	(2,439)
Purchase of treasury stock	(17)	—	—	—	(4)	(4)	—	—	—	—	—	(4)
Disposal of treasury stock	855	—	51	—	122	173	—	—	—	—	—	173
Total changes of items during the period	—	—	—	—	—	—	9,239	1,054	10,293	56	106	10,455
Balance as of March 31, 2015	407,286	¥27,485	¥49,581	¥42,648	¥(523)	¥119,191	¥16,213	¥ 619	¥16,832	¥143	¥ 1,014	¥137,180

	Thousands of U.S. Dollars (Note 1)										
	Capital Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity	Valuation Difference on Available-for-Sale Securities	Accumulated Other Comprehensive Income on Defined Retirement Benefit Plans	Total Accumulated Other Comprehensive Income	Equity Warrant	Minority Interests	Total Net Assets
Balance as of March 31, 2014	$228,564	$411,890	$319,013	$(5,327)	$954,140	$ 57,997	$(3,622)	$ 54,375	$ 725	$7,546	$1,016,786
Cumulative effect of accounting change	—	—	(6,254)	—	(6,254)	—	—	—	—	—	(6,254)
Balance as of March 31, 2014 (as restated)	228,564	411,890	312,759	(5,327)	947,886	57,997	(3,622)	54,375	725	7,546	1,010,532
Net income	—	—	62,188	—	62,188	—	—	—	—	—	62,188
Dividends from surplus	—	—	(20,280)	—	(20,280)	—	—	—	—	—	(20,280)
Purchase of treasury stock	—	—	—	(33)	(33)	—	—	—	—	—	(33)
Disposal of treasury stock	—	428	—	1,008	1,436	—	—	—	—	—	1,436
Total changes of items during the period	—	—	—	—	—	76,833	8,765	85,598	468	883	86,949
Balance as of March 31, 2015	$228,564	$412,318	$354,667	$(4,352)	$991,197	$134,830	$ 5,143	$139,973	$1,193	$8,429	$1,140,792

See Notes to Consolidated Financial Statements.

Consolidated Statements of Cash Flows

The Minato Bank, Ltd. and Subsidiaries
Years Ended March 31, 2015 and 2014

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2015	2014	2015
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	¥ 14,041	¥ 13,472	$ 116,761
Depreciation and amortization	3,624	3,383	30,136
Impairment loss	1,274	116	10,597
Increase (decrease) in allowance for loan losses	2,981	3,256	24,790
Increase (decrease) in provision for bonuses	49	56	410
Increase (decrease) in provision for retirement benefits	—	(4,996)	—
Increase (decrease) in liability for retirement benefits	(210)	4,959	(1,745)
Decrease (increase) in prepaid pension costs	—	2,870	—
Decrease (increase) in asset for retirement benefits	(506)	(2,713)	(4,208)
Increase (decrease) in provision for directors' retirement benefits	(4)	5	(32)
Increase (decrease) in provision for reimbursement of deposits	19	36	158
Gain on fund management	(38,463)	(39,479)	(319,859)
Financing expenses	2,592	2,663	21,555
Loss (gain) related to securities	(2,758)	(3,347)	(22,933)
Foreign exchange (gain) loss	(2,781)	(2,473)	(23,127)
Loss (gain) on disposal of noncurrent assets	129	84	1,071
Gain on securities contributed to employee retirement benefit trust	(1,889)	—	(15,708)
Net decrease (increase) in trading account securities	(11)	200	(87)
Net decrease (increase) in loans and bills discounted	(77,164)	(97,441)	(641,695)
Net increase (decrease) in deposit	5,864	197,881	48,768
Net increase (decrease) in borrowed money (excluding subordinated borrowings)	43,113	35,233	358,525
Net decrease (increase) in interest-bearing due from banks	(525)	76	(4,366)
Net decrease (increase) in call loans	5,972	303	49,662
Net increase (decrease) in payables under securities lending transactions	14,045	(29,851)	116,800
Net decrease (increase) in foreign exchanges-assets	(2,876)	157	(23,920)
Net increase (decrease) in foreign exchanges-liabilities	31	24	254
Net decrease (increase) in lease receivables and investment assets	430	(558)	3,576
Proceeds from fund management	40,173	42,230	334,077
Payments for finance	(2,663)	(2,922)	(22,142)
Other, net	(1,363)	875	(11,337)
Subtotal	3,124	124,099	25,981
Income taxes paid	(4,895)	(5,026)	(40,706)
Income taxes refund	6	1	49
Net cash provided by (used in) operating activities	(1,765)	119,074	(14,676)
INVESTING ACTIVITIES:			
Purchases of securities	(228,554)	(263,256)	(1,900,656)
Proceeds from sales of securities	200,263	369,299	1,665,391
Proceeds from redemptions of securities	120,509	69,458	1,002,149
Purchases of tangible fixed assets	(2,358)	(2,857)	(19,608)
Proceeds from sales of tangible fixed assets	159	177	1,324
Purchase of intangible fixed assets	(1,448)	(1,883)	(12,042)
Other	(3)	(27)	(23)
Net cash provided by (used in) investing activities	88,568	170,911	736,535
FINANCING ACTIVITIES:			
Repayment of subordinated bonds	—	(2,000)	—
Proceeds from contributions paid by minority interests	25	1	207
Repayments to minority interests	(54)	(10,000)	(448)
Cash dividends paid	(2,436)	(2,026)	(20,253)
Cash dividends paid to minority interests	—	(484)	—
Repayment of lease obligations	(234)	(217)	(1,948)
Purchase of treasury stock	(4)	(6)	(33)
Proceeds from sales of treasury stock	173	173	1,437
Net cash used in financing activities	(2,530)	(14,559)	(21,038)
EFFECT OF EXCHANGE RATE CHANGE ON CASH AND CASH EQUIVALENTS	(4)	(18)	(39)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	84,269	275,408	700,782
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	310,812	35,404	2,584,716
CASH AND CASH EQUIVALENTS AT END OF PERIOD (Note 3)	¥ 395,081	¥ 310,812	$ 3,285,498

See Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements

The Minato Bank, Ltd. and Subsidiaries
Years Ended March 31, 2015 and 2014

1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of The Minato Bank, Ltd. (the "Bank") and its subsidiaries have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and the Enforcement Regulation for the Banking Act and in conformity with accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards. In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan.

The accompanying consolidated financial statements are stated in Japanese yen, the currency of the country in which the Bank is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥120.25 to $1, the approximate rate of exchange at March 31, 2015, the final business day of the term. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Consolidation

The consolidated financial statements include the accounts of the Bank and all (15 and 16 subsidiaries in 2015 and 2014) of its subsidiaries (together, the "Group"). Under the control concept, those companies in which the Bank, directly or indirectly, is able to exercise control over operations are fully consolidated. All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is eliminated.

Assets and liabilities of consolidated subsidiaries including the portion attributable to the minority shareholders are valuated for consolidation at fair value when the Bank acquired control.

b. Consolidated subsidiaries' fiscal year-end

Fiscal years of 8 consolidated subsidiaries ended on March 31, 2015 and 2014, while 7 others ended on December 31, 2015 and 2014 and one consolidated subsidiary ended on January 24, 2014. Significant transactions between December 31 or January 24 and March 31 are adjusted in consolidation.

c. Cash equivalents

For purposes of the consolidated statements of cash flows, the Group considers noninterest-bearing deposits included in "Cash and due from banks" in the consolidated balance sheets to be cash equivalents.

d. Trading account securities

Trading account securities, which are held for the purpose of earning capital gains in the near term are reported at fair value, and the related unrealized gains and losses are included in the consolidated statements of income.

e. Securities

Securities with readily obtainable fair values are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity. The cost of securities sold is determined based on the moving-average method.

Available-for-sale securities, the fair values of which are extremely difficult to calculate are stated at cost determined by the moving-average method.

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

f. Derivative transactions

In accordance with the Industry Audit Committee Report No.24, "Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry." Issued by the Japanese Institute of Certified Public Accountants ("JICPA"), the Bank applies hedge accounting to manage its exposures to fluctuations in interest rates associated with certain assets and liabilities. The Bank enters into derivative financial instruments, such as interest rate swaps, currency options and foreign exchange contracts. Subsidiaries do not perform any derivative transactions.

The Bank enters into derivatives principally as a means of managing its interest rate and foreign exchange rate exposures on certain assets. In addition, the Bank uses derivatives actively to meet its customers' needs for new financial instruments.

Derivative financial instruments are classified and accounted for as follows: a) all derivatives are recognized as either assets or liabilities and measured at fair value, and gains or losses on derivative transactions are recognized in the consolidated statements of income and b) for derivatives used for hedging purposes, if derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until maturity of the hedged transactions. Net unrealized losses related to hedging are classified as deferred unrealized losses on hedges in equity.

g. Bills discounted

Bills discounted are accounted for as financial transactions in accordance with JICPA Industry Audit Committee Report No.24, "Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry." The Bank has rights to sell or pledge bank acceptance bought, commercial bills discounted, documentary bills and foreign exchanges bought without restrictions. The total face values at March 31, 2015 and 2014 were ¥23,472 million ($195,196 thousand) and ¥24,377 million, respectively.

h. Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation of tangible fixed assets and equipment of the Bank is computed using the declining-balance method while the straight-line method is applied to buildings at rates based on the estimated useful lives of the assets. The range of useful lives is principally from 8 to 50 years for buildings and from 2 to 20 years for equipment. Depreciation of tangible fixed assets owned by subsidiaries is computed principally using the straight-line method over the estimated useful lives of the assets. Under certain conditions such as exchanges of fixed assets of similar kinds and sales and purchases resulting from expropriation, Japanese tax laws permit companies to defer the profit arising from such transactions by reducing the cost of the assets acquired or by providing special reserve in the equity section. The Bank adopted the former treatment and reduced the cost of the assets acquired by ¥81 million ($677 thousand) as of March 31, 2015 and 2014.

i. Long-lived assets

The Group reviews its long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition. Accumulated impairment loss is directly deducted from the respective tangible fixed assets.

j. Software

Software costs for internal use are capitalized (included in other assets) and amortized by the straight-line method over the estimated useful life of 5 years.

k. Allowance for loan losses

The amount of the allowance for loan losses is determined based on management's judgment and assessment of future losses based on the self-assessment system. This system reflects past experience of credit losses, possible credit losses, business and economic conditions, the character, quality and performance of the portfolio and other pertinent indicators. The Bank implemented the self-assessment system for asset quality. The quality of all loans is assessed by branches and the Credit Administration Division with a subsequent audit by the Credit Review and Audit Division in accordance with the Bank's policy and rules for self-assessment of asset quality. The Bank has established a credit rating system under which its customers are classified into five categories. The credit rating system is used for self-assessment of asset quality. All loans are classified into five categories for self-assessment purposes such as "normal," "caution," "possible bankruptcy," "virtual bankruptcy" and "legal bankruptcy." For claims to debtors classified as legal bankruptcy or virtual bankruptcy, an allowance is provided for the remaining amount of claims after deduction of the amounts collectible through the disposal of collateral or execution of guarantees. For claims to debtors classified as possible bankruptcy, who are currently neither legally nor virtually bankrupt but are likely to become bankrupt, an allowance is provided at the amounts deemed necessary based on an overall solvency assessment performed for remaining claims after deduction of the amounts collectible through the disposal of collateral or execution of guarantees. For other claims, an allowance is provided based on historical loan loss experience. Subsidiaries provide an allowance for general claims based on historical loan loss experience and for specific claims at the amounts individually estimated to be uncollectible.

l. Provision for bonuses

The provision for bonuses is provided for the payment of employees' bonuses based on estimated amounts of the future payments attributed to the current fiscal year.

m. Provision for retirement benefits

In calculating the projected benefit obligation, a benefit formula basis is used to attribute the expected benefit attributable to the respective fiscal year.

Prior service cost is deferred and amortized using the straight-line method over certain years (9 years) within the average remaining service period of the eligible employees.

Unrealized actuarial losses are deferred and amortized using the straight-line method over certain years (9 years) commencing with the following year, which is shorter than the average remaining service period of the eligible employees.

Subsidiaries provide for the liability for employees' severance payments based on amounts which would be required to be paid if all eligible employees voluntarily terminated their employment at the balance sheet date.

In July 2008, the Accounting Standards Board of Japan ("ASBJ") issued ASBJ Statement No.19, "Partial Amendments to Accounting Standard for Retirement Benefits (Part 3)." The Group applied the revised accounting standard effective April 1, 2009. This accounting change had no material impact on consolidated financial statements.

(Accounting change)

From the fiscal year ended March 31, 2015, the Bank and its consolidated subsidiaries have adopted the Accounting Standard for Retirement Benefits (ASBJ Statement No.26, May 17, 2012) and the Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No.25, March 26, 2015), in terms of regulations stipulated in the text of the Accounting Standard, Paragraph 35 and the Guidance, Paragraph 67. We have reviewed the calculation methods of the projected benefit obligations and service cost, changed the method of attributing the expected projected benefit obligations to periods of service from a straight-line basis to a benefit formula basis, and changed the method of determining the discount rate from the discount rate using the discount rate based on the average remaining service years of employees to the weighted average discount rate based on the estimated timing of each benefit payment.

The Accounting Standard and the Guidance have been applied in accordance with the transitional treatment stipulated in the Accounting Standard, Paragraph 37, and the amount of financial impact resulting from the change in the calculation method of the projected obligations and service cost was added to or deducted from Retained earnings at the beginning of the fiscal year ended March 31, 2015.

As a result of this change, net defined benefit asset decreased by ¥775 million ($6,443 thousand), net defined benefit liability increased by ¥393 million ($3,268 thousand), deferred tax assets increased by ¥416 million ($3,456 thousand), retained earnings decreased by ¥752 million ($6,254 thousand) at the beginning of the fiscal year ended March 31, 2015 and income before income taxes and minority interests increased by ¥85 million ($710 thousand) for the fiscal year ended March 31, 2015.

n. Provision for reimbursement of deposits

Provision for reimbursement of deposits which were derecognized as liabilities under certain conditions is provided for the possible losses on the future claims of withdrawal based on the historical reimbursement experience.

o. Foreign currency transactions

Foreign currency denominated assets and liabilities are translated into Japanese yen at the exchange rates prevailing at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated statements of income.

p. Leases

In March 2007, the ASBJ issued ASBJ Statement No.13, "Accounting Standard for Lease Transactions," which revised the previous accounting standard for lease transactions issued in June 1993. The revised accounting standard for lease transactions was effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted for fiscal years beginning on or after April 1, 2007. Under the previous accounting standard, finance leases that were deemed to transfer ownership of the leased property to the lessee were treated as sales. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if sold" information was disclosed in the note to the lessor's financial statements. The revised accounting standard requires that all finance leases that deem to transfer ownership of the leased property to the lessee recognized as lease receivables, and all finance leases that deem not to transfer ownership of the leased property to the lessee should be recognized as lease investment assets. Income for finance leases is recognized by allocating interest equivalents to applicable fiscal years instead of recording sale of lease assets. And income for finance leases is measured at total of interest equivalents, instead of the amount of lease transactions. Leased properties on finance lease transactions that do not transfer ownership are depreciated over the useful life of assets, equal to the lease term, by the straight-line method to a residual value of zero or residual value on the lease contract.

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

r. Appropriations of retained earnings
Appropriations of retained earnings are reflected in the consolidated financial statements for the following year upon shareholders' approval.

s. Per share information
Basic net income per share is computed by dividing net income available to Capital shareholders by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits. Cash dividends per share presented in the accompanying consolidated statements of income are dividends applicable to the respective years including dividends to be paid after the end of the year.

t. Accounting change
From the fiscal year ended March 31, 2015, the Bank has adopted the Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts (ASBJ PITF No.30, March 26, 2015).

The practical solution has been applied in accordance with the transitional treatment stipulated in the Practical Solution Paragraph 20, trust agreements concluded prior to April 1, 2014 have been accounted for using the same method as before.

u. Additional information
The Bank conducts transactions whereby it issues shares of treasury stock through a trust to the employee shareholding association, to secure the welfare of employees.

(1) Outline of the transaction
Under this system, a trust (the "Trust") that holds and disposes of the Banks shares is established, and the trustee of the Trust, Sumitomo Mitsui Bank Corporation (the "Trustee") takes steps to assist the continuous and stable acquisition of the Bank's shares by the Bank's employee shareholding association, the Minato Bank Employee Shareholding Association (the "Bank's Shareholding Association") as follows: (i) using funds procured through borrowings, the Trustee acquires the Bank's shares that are treasury stocks to be disposed of by the Bank, and sells the Bank's shares that are trust assets of the Trust; (ii) the Trustee exercises voting rights of the Banks shares that are trust assets of the Trust in a manner that reflects the will of the members of the Bank's Shareholding Association (the "Members"); and (iii) in the case where a surplus arises after repaying the borrowings by selling the Bank's shares that are trust assets of the Trust, the Trustee disburses the money to the Members.

The Bank guarantees the borrowings of the Trustee, so if a shortfall were to occur in the repayment of borrowings by sale of the Bank's shares by the termination of the Trust, the Bank would be obliged to perform the guarantee. In other words, if the Bank's share price were to fall so that at the time of termination of the Trust, there were an outstanding borrowing liability in the trust corresponding to the loss on sale of the Bank's shares with the trust assets, the Bank would make full repayment of the liability as the guarantor under the guaranty agreement (performance of guaranty), however there would be no additional burden whatsoever on the employees (Members).

(2) The company has adopted Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts (ASBJ PITF No.30, March 26, 2015); however trust agreements have been accounted for using the same method as before.

(3) Matters relating to treasury stocks held in the trust

1) Carrying amount within the Trust
Fiscal year ended March 31, 2014: ¥571 million
Fiscal year ended March 31, 2015: ¥446 million ($3,705 thousand)

2) Recording of the Bank's own issued shares as treasury stock within shareholders' equity
The banks shares held by the Trust are recorded as treasury stock within shareholders' equity

3) Number of shares at fiscal year-end and average number of shares during the fiscal year
Number of shares at fiscal year-end
Fiscal year ended March 31, 2014 3,886 thousand
Fiscal year ended March 31, 2015 3,031 thousand
Average number of shares during the fiscal year
Fiscal year ended March 31, 2014 4,369 thousand
Fiscal year ended March 31, 2015 3,415 thousand

4) Inclusion of deducted treasury shares in calculation of the per-share data using the number of shares in 3).
The number of shares at the end of the fiscal year and the average number of shares during the fiscal year include deducted treasury stocks when calculating per-share data.

3. CASH AND CASH EQUIVALENTS

The reconciliation of "Cash and cash equivalents" and "Cash and due from banks" in the consolidated balance sheets at March 31, 2015 and 2014 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Cash and due from banks	¥396,808	¥312,014	$3,299,860
Interest-bearing due from banks included in due from banks	(1,727)	(1,202)	(14,362)
Cash and cash equivalents	¥395,081	¥310,812	$3,285,498

4. SECURITIES

The fair values of floating rate Japanese government bonds were previously measured at their market prices. However, after consideration of Practice Issues Task Force No.25, "Practical Solution on Measurement of Fair Value for Financial Assets," issued by the ASBJ and the recent market environment, management has concluded that current market prices are no longer indicative of the fair values.

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

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Japanese government bonds	¥184,511	¥207,493	$1,534,393
Japanese local government bonds	85,566	140,647	711,569
Japanese corporate bonds	125,581	123,776	1,044,337
Corporate stocks	31,208	25,061	259,523
Other securities	106,640	108,017	886,817
Total	¥533,506	¥604,994	$4,436,639

5. LOANS AND BILLS DISCOUNTED

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

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Bills discounted	¥ 22,448	¥ 23,079	$ 186,679
Loans on bills	64,446	60,554	535,932
Loans on deeds	2,144,121	2,074,792	17,830,528
Overdrafts	176,820	179,381	1,470,436
Total	¥2,407,835	¥2,337,806	$20,023,575

Loans in legal bankruptcy totaled ¥1,749 million ($14,545 thousand) and ¥4,078 million as of March 31, 2015 and 2014, respectively. Nonaccrual loans totaled ¥53,762 million ($447,084 thousand) and ¥67,242 million as of March 31, 2015 and 2014, respectively. Loans in legal bankruptcy are loans for which the interest accrual has been discontinued (excluding the portion recognized as bad debts), based on management's judgment as to the collectability of principal or interest resulting from the delay in payments of interest or principal for a considerable period of time and other factors. Nonaccrual loans are loans in which the interest accrual is discontinued, other than loans in legal bankruptcy and loans granting deferral of interest payment to the debtors in financial difficulties to assist them in their recovery. Accruing loans contractually past due three months or more as to principal or interest payments totaled ¥490 million ($4,078 thousand) and ¥579 million as of March 31, 2015 and 2014, respectively. Loans classified as loans in legal bankruptcy and past due loans are excluded. Restructured loans totaled ¥5,286 million ($43,963 thousand) and ¥6,373 million as of March 31, 2015 and 2014, respectively. Such restructured loans are loans on which creditors grant concessions (e.g., reduction of the stated interest rate, deferral of interest payment, extension of maturity date, waiver of the face amount, or other concessive measures) to the debtors to assist them to recover from their financial difficulties and eventually be able to pay creditors. Loans classified as loans in legal bankruptcy, nonaccrual loans and accruing contractually past due three months or more are excluded from these restructured loans.

6. FOREIGN EXCHANGES

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

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Assets:			
Due from foreign correspondents	¥4,712	¥1,372	$39,185
Foreign bills of exchange receivable	2,954	3,144	24,562
Foreign bills of exchange purchased	1,024	1,298	8,517
Total	¥8,690	¥5,814	$72,264
Liabilities:			
Due to foreign correspondents	¥ 3	¥ —	$ 21
Foreign bills of exchange sold	75	50	625
Accrued foreign bills of exchange	10	8	87
Total	¥ 88	¥ 58	$ 733

7. OTHER ASSETS

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

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Prepaid expenses	¥ 52	¥ 38	$ 434
Accrued income	2,508	2,700	20,853
Derivatives	4,392	2,266	36,520
Other	17,074	17,794	141,990
Total	¥24,026	¥22,798	$199,797

8. TANGIBLE FIXED ASSETS

Accumulated depreciation on tangible fixed assets at March 31, 2015 and 2014 amounted to ¥23,131 million ($192,355 thousand) and ¥21,835 million, respectively.

9. LONG-LIVED ASSETS

The Group recognized impairment losses for the years ended March 31, 2015 and 2014 as follows:

			Millions of Yen	Thousands of U.S. Dollars
			2015	2015
Location	Description	Classification	Impairment Losses	Impairment Losses
Hyogo prefecture	Idle assets	Buildings	¥ 3	$ 25
Hyogo prefecture	Idle assets	Land and buildings	1,270	10,564
Osaka prefecture	Idle assets	Buildings	1	8
Total			¥1,274	$10,597

			Millions of Yen
			2014
Location	Description	Classification	Impairment Losses
Hyogo prefecture	Idle assets	Buildings	¥ 6
Osaka prefecture	Book storeroom	Land and buildings	97
Hyogo prefecture	Idle assets	Buildings	3
Hyogo prefecture	Idle assets	Buildings	5
Hyogo prefecture	Idle assets	Buildings	5
Total			¥116

The Bank groups operating retail premises by operating block (a group of operation branches in close relationship). Each of the subsidiaries is grouped as a single unit.

The Bank treats the head office, the computer center, the business concentration center, company condominiums and dormitories, and other, which do not generate independent cash flows, as assets in common use. Idle assets of the Group are treated as an independent unit. The Group wrote down the carrying amounts to the recoverable amounts and recognized impairment losses of ¥1,274 million ($10,597 thousand) and ¥116 million for the years ended March 31, 2015 and 2014, respectively as other expenses, since the carrying amounts of the assets held by the above branches and other exceeded the sum of the undiscounted future cash flows. The recoverable amounts of such assets were measured at their net realizable selling prices determined by quotations from real estate appraisal information less estimated costs to dispose.

10. ASSETS PLEDGED

Assets pledged as collateral and related liabilities at March 31, 2015 and 2014 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Securities	¥155,217	¥95,485	$1,290,784
Due from banks	0	0	0
Other assets	91	90	754

Related liabilities:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Deposits	¥ 3,800	¥ 2,899	$ 31,598
Borrowed money	83,411	39,821	693,644
Payables under securities lending transactions	39,479	25,434	328,309

In addition, Securities totaling ¥38,676 million ($321,628 thousand) and ¥38,641 million at March 31, 2015 and 2014, respectively, and other assets totaling ¥57 million ($474 thousand) and ¥57 million at March 31, 2015 and 2014, respectively, were pledged as collateral for settlement of exchange, fund settlement for joint systems of the industry and derivative transactions. Other assets include guarantee deposits of ¥2,941 million ($24,461 thousand) and ¥3,173 million at March 31, 2015 and 2014, respectively.

11. COMMITMENT LINE

Commitment line contracts on overdrafts and loans are agreements to lend to customers when they apply for borrowing, to the prescribed amount as long as there is no violation of any condition established in the contracts. At March 31, 2015 and 2014, the amount of unused commitments amounts to ¥473,324 million ($3,936,163 thousand) and ¥460,575 million, respectively, of which commitments aggregating ¥463,504 million ($3,854,507 thousand) and ¥452,245 million, respectively, have original contract terms that expire within one year or are unconditionally cancelable at any time. Since many of these commitments are expected to expire without being drawn upon, the total amount of unused commitments does not necessarily represent actual future cash flow requirements. Many of these commitments have clauses that allow the Bank to reject the application from customers or reduce the contract amounts in some cases, such as change in economic conditions, the Bank need to secure their credit, or other events occur. In addition, the Bank requests customers to pledge collateral such as premises and securities at execution of the contracts, and takes necessary measures such as understanding customers' financial positions, revising contracts when the need arises and securing claims after execution of the contracts.

12. DEPOSITS

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

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Current deposits	¥ 150,729	¥ 159,024	$ 1,253,462
Ordinary deposits	1,671,115	1,596,786	13,897,010
Savings deposits	20,235	20,732	168,269
Deposits at notice	9,166	19,577	76,228
Time deposits	1,175,805	1,204,189	9,778,007
Other deposits	38,288	37,348	318,400
Sub-total	3,065,338	3,037,656	25,491,376
Negotiable certificates of deposit	13,762	36,034	114,445
Total	¥3,079,100	¥3,073,690	$25,605,821

13. BORROWED MONEY

At March 31, 2015 and 2014, the weighted average interest rates applicable to the borrowed money were 0.25% and 0.37%, respectively and at March 31, 2015 and 2014, the weighted average interest rate applicable to the lease obligation was 5.13% and 5.23% respectively. Borrowed money at March 31, 2015 and 2014 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Borrowed money	¥92,647	¥49,534	$770,453
Subordinated borrowings	8,200	8,200	68,191
Borrowings from banks and other	84,447	41,334	702,262
Short-term lease obligation	188	228	1,566
Lease obligation (other than short-term)	117	262	977

Annual maturities of borrowed money and lease obligation at March 31, 2015, were as follows:

	Millions of Yen		Thousands of U.S. Dollars	
	2015		2015	
Year Ending March 31	Borrowed Money	Lease Obligation	Borrowed Money	Lease Obligation
2016	¥ 8,050	¥188	$ 66,947	$1,566
2017	34,084	82	283,442	679
2018	203	13	1,690	110
2019	42,070	12	349,850	94
2020	40	10	333	85
2021 and thereafter	8,200	1	68,191	9
Total	¥92,647	¥306	$770,453	$2,543

14. BONDS PAYABLE

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

	Millions of Yen		Thousands of U.S. Dollars		
Description	2015	2014	2015	Interest Rate	Due
Subordinated bonds	¥ 9,700	¥ 9,700	$ 80,665	2.45%	Mar. 2011 – Mar. 2021
Subordinated bonds	18,300	18,300	152,183	2.19	Sep. 2011 – Sep. 2021

15. OTHER LIABILITIES

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

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Domestic exchange settlement	¥ 301	¥ 336	$ 2,503
Accrued income taxes	306	1,951	2,540
Accrued expenses	1,909	2,122	15,877
Unearned income	6,994	7,190	58,163
Derivatives	3,499	1,536	29,095
Other	12,563	10,441	104,477
Total	¥25,572	¥23,576	$212,655

16. ACCEPTANCES AND GUARANTEES

All contingent liabilities arising from acceptances and guarantees are reflected in “Acceptances and guarantees.” As a contra account, “Customers’ liabilities for acceptances and guarantees,” is shown as an asset representing the Bank’s right of indemnity from the applicants. At March 31, 2015 and 2014, the amounts of “Acceptances and guarantees” and “Customers’ liabilities for acceptances and guarantees,” which were set off were ¥26,444 million ($219,905 thousand) and ¥23,188 million, because which were relevant to corporate bonds, and the guaranteed bonds were held by the Bank itself.

17. EQUITY

Since May 1, 2006, Japanese companies have been subject to the Companies Act of Japan (the "Companies Act"). The significant changes in the Companies Act that affect financial and accounting matters are summarized below:

a. Dividends

Under the Companies Act companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders meeting. For companies that meet certain criteria such as; (1) having the Board of Directors, (2) having accounting auditors, (3) having the Board of Corporate Auditors, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends in kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. However, the Bank cannot do so because it does not meet all the above criteria. The Companies Act permits companies to distribute dividends-in-kind (non-cash assets) to shareholders subject to a certain limitation and additional requirements. Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

b. Increases/decreases and transfer of Capital stock, reserve and surplus

The Companies Act requires that an amount equal to 10% (20% for banks pursuant to the Banking Law) of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of aggregate amount of legal reserve and additional paid-in capital equals 25% (100% for banks pursuant to the Banking Law) of the Capital stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that Capital stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

c. Treasury stock and treasury stock acquisition rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by specific formula. Under the Companies Act stock acquisition rights are presented as a separate component of equity. The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights. At the Shareholders' Extraordinary Meeting held on December 22, 1998, the Bank's shareholders approved amendment of the Bank's Articles of Incorporation to authorize the Bank to issue preferred stock of 100,000,000 shares. No preferred stocks have been issued.

18. OTHER ORDINARY INCOME

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

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Gains on foreign exchange transactions-net	¥ 334	¥ 384	$ 2,778
Gains on sales of bonds	1,245	1,452	10,356
Other	6,728	7,218	55,947
Total	¥8,307	¥9,054	$69,081

19. OTHER INCOME

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

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Gains on sales of stocks and other securities	¥1,628	¥3,730	$13,541
Gains on disposal of tangible fixed assets	—	67	—
Recovery of claims previously charged-off	12	12	93
Other	4,218	2,259	35,079
Total	¥5,858	¥6,068	$48,713

20. OTHER ORDINARY EXPENSES

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

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Losses on sales of bonds	¥ 100	¥1,676	$ 830
Other	5,782	6,495	48,082
Total	¥5,882	¥8,171	$48,912

21. 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
	2015	2014	2015
Provision for possible loan losses	¥2,981	¥3,256	$24,790
Losses on sales of stocks and other securities	15	148	124
Losses on devaluation of stocks and other securities	1	12	11
Loss on disposal of noncurrent assets	129	151	1,071
Impairment loss	1,274	116	10,597
Other	1,079	1,507	8,971
Total	¥5,479	¥5,190	$45,564

22. OTHER COMPREHENSIVE INCOME

Reclassification adjustments and the related tax effects concerning other comprehensive income for the years ended March 31, 2015 and 2014 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Valuation difference on available-for-sale securities			
The amount arising during the period	¥18,477	¥ 1,286	$153,658
Reclassification adjustments	(5,219)	(3,323)	(43,405)
Before adjustments to tax effect	13,258	(2,037)	110,253
The amount of tax effect	(3,986)	787	(33,150)
Valuation difference on available-for-sale securities	9,272	(1,250)	77,103
Other comprehensive income on defined retirement benefit plans			
The amount arising during the period	1,192	—	9,913
Reclassification adjustments	396	—	3,297
Before adjustments to tax effect	1,588	—	13,210
The amount of tax effect	(534)	—	(4,445)
Other comprehensive income on defined retirement benefit plans	1,054	—	8,765
Total other comprehensive income	¥10,326	¥(1,250)	$ 85,868

23. RETIREMENT BENEFITS

The Bank has a contributory funded pension plan and an unfunded lump-sum severance payment plan. Subsidiaries have unfunded lump-sum severance payment plans and calculate liability for retirement benefits and retirement benefit cost using simplified method. The Bank transferred part of the defined benefit plan to the defined contribution plan on October 1, 2013.

For the year ended March 31, 2015 and 2014

Reconciliation of the projected benefit obligation for the years ended March 31, 2015 and 2014 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Balance at beginning of year	¥18,559	¥21,794	$154,336
Cumulative effect of accounting change	1,168	—	9,711
Balance at beginning of year (as restated)	19,727	—	164,047
Service cost	501	550	4,169
Interest cost	147	300	1,222
Actuarial net loss incurred	(110)	78	(912)
Payment of retirement benefit	(1,015)	(756)	(8,443)
Recognized prior service cost	—	(75)	—
Decrease due to transfer to defined contribution plan	—	(3,332)	—
Balance at end of year	¥19,250	¥18,559	$160,083

Reconciliation of the plan assets for the years ended March 31, 2015 and 2014 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Balance at beginning of year	¥15,637	¥16,538	$130,036
Expected return on plan assets	156	167	1,297
Actuarial net loss incurred	1,082	1,057	9,001
Contribution by the employer	1,082	1,192	8,994
Payment of retirement benefit	(492)	(255)	(4,092)
Increase due to additional retirement benefit trust	2,571	—	21,382
Decrease due to transfer to defined contribution plan	—	(3,062)	—
Balance at end of year	¥20,036	¥15,637	$166,618

Reconciliation of the projected benefit obligation and plan assets between net defined benefit liability and net defined benefit asset is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Retirement benefit obligation of the funded pension plan	¥ 19,250	¥ 18,559	$ 160,083
Plan assets	(20,036)	(15,637)	(166,618)
	(786)	2,922	(6,535)
Retirement benefit obligation of the unfunded pension plan	—	—	—
Net defined benefit liability and asset on the consolidated balance sheet	¥ (786)	¥ 2,922	$ (6,535)

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Liability for retirement benefits	¥ 1,118	¥3,701	$ 9,301
Asset for retirement benefits	(1,904)	(779)	(15,836)
Net liability and asset for defined benefits on the consolidated balance sheet	¥ (786)	¥2,922	$ (6,535)

Components of retirement benefit expenses are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Service cost	¥ 501	¥ 550	$ 4,169
Interest cost	147	300	1,222
Expected return on plan assets	(156)	(167)	(1,297)
Amortization of prior service cost	361	585	2,998
Recognized actuarial net loss	36	37	299
Other	56	38	468
Retirement benefit expenses in defined benefit pension plan	945	1,343	7,859
Loss to transfer to defined contribution plan	¥ —	¥ 507	$ —

Components of other comprehensive income of defined benefit plans are as follows (Before deferred tax assets deduction):

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Unrecognized prior service cost	¥ (36)	¥—	$ (299)
Unrecognized actuarial net loss	(1,552)	—	(12,911)
Total	¥(1,558)	¥—	$(13,210)

Components of accumulated other comprehensive income of defined benefit plans are as follows (Before deferred tax assets deduction):

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Unrecognized prior service cost	¥ (62)	¥ (26)	$ (519)
Unrecognized actuarial net loss	(850)	702	(7,067)
Total	¥(912)	¥676	$(7,586)

Proportions of major components of plan assets are as follows:

	2015	2014
Bonds	2.4%	2.9%
Equities	42.5%	31.6%
General account	53.0%	63.4%
Others	1.9%	2.0%
Total	100.0%	100.0%

Note: Total plan assets include 33.4% of retirement benefit trust for the year ended March 31, 2014 and 44.4% for the year ended March 31, 2015.

Expected rate of return on pension plan assets is determined considering current and future portfolio of pension assets and current and future long term expected rate of return on various assets.
Assumptions used for the years ended March 31, 2015 and 2014:

	2015	2014
Discount rate	0.75%	1.5%
Expected rate of return on plan assets	0–1.5%	0–1.5%
Expected increase rate in salary	7.78%	8.00%

Defined contribution pension plan
The amount required to be contributed by the Bank is ¥229 million ($1,903 thousand) and ¥97 million.
The effects of transfer of the defined benefit plan to the defined contribution plan as of March 31, 2014 are as follows:

	Millions of Yen
	2014
Decrease of defined benefit obligation	¥3,332
Unrecognized actuarial net loss	(771)
Unrecognized prior service cost	(6)

Transfer of pension assets to the defined contribution plans is ¥3,063 million

24. STOCK OPTIONS

Information on stock acquisition rights for the years ended March 31, 2015 and 2014 were as follows:
1. Share-based compensation expenses which were accounted for as general and administrative expenses

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Share-based compensation expenses	¥56	¥52	$468

2. Outline of stock options and changes
(1) Outline of stock options

	3rd Stock Option	2nd Stock Option	1st Stock Option
Title and number of grantees	7 directors of the Bank and 16 executive officers of the Bank	7 directors of the Bank and 12 executive officers of the Bank	7 directors of the Bank and 12 executive officers of the Bank
Number of stock options	Common shares: 320,000	Common shares: 334,000	Common shares: 368,000
Grant date	July 18, 2014	July 19, 2013	July 20, 2012
Condition for vesting	Loss of director or executive officer position	Loss of director or executive officer position	N.A.
Requisite service period	June 27, 2014 to June 26, 2015	June 27, 2013 to June 27, 2014	N.A.
Exercise period	July 19, 2014 to July 18 2044	July 20, 2013 to July 19 2043	July 21, 2012 to July 20 2042

(2) Stock options granted and changes
Number of stock options

	3rd Stock Option	2nd Stock Option	1st Stock Option
Before vested			
Previous fiscal year end	—	306,000	272,000
Granted	320,000	—	—
Forfeited	12,000	—	—
Vested	46,000	83,000	70,000
Outstanding	262,000	223,000	202,000
After vested			
Previous fiscal year end	—	22,000	73,000
Vested	46,000	83,000	70,000
Exercised	—	—	—
Forfeited	—	—	—
Exercisable	46,000	105,000	143,000

Price information

	Yen	U.S. Dollars
	1st Stock Option	1st Stock Option
Exercise price	¥ 1	$ 0
Average exercise price	—	—
Fair value at the grant date	132	1

	Yen	U.S. Dollars
	2nd Stock Option	2nd Stock Option
Exercise price	¥ 1	$ 0
Average exercise price	—	—
Fair value at the grant date	166	1

	Yen	U.S. Dollars
	3rd Stock Option	3rd Stock Option
Exercise price	¥ 1	$ 0
Average exercise price	—	—
Fair value at the grant date	181	2

(3) Valuation technique used for valuating fair value of stock options
Stock options granted in the fiscal year ended March 31, 2015 were valued using the Black-Scholes option pricing model and the principal parameters were as follows:

	3rd Stock Option
Expected volatility (Note 1)	26.49%
Average expected life (Note 2)	2 years
Expected dividends (Note 3)	¥5 per share
Risk-free interest rate (Note 4)	0.06%

Notes: 1. Calculated based on actual stock priced from July 19, 2012 to July 18, 2014.
2. The average tenure of the directors and executive officers who retired in the past.
3. The actual dividends on common stock for the year ended March 31, 2014. (Excluding commemorative dividend)
4. Japanese government bond yield corresponding to the average expected life.

(4) Method of estimating number of stock options vested
Only the actual number of forfeited stock options is reflected because it is difficult to rationally estimate the actual number of stock options that will be forfeited in the future.

25. INCOME TAXES

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

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Deferred tax assets:			
Allowance for loan losses	¥ 8,669	¥10,712	$ 72,090
Liability for retirement benefits	2,939	3,174	24,444
Provision for bonuses	342	351	2,846
Accrued enterprise tax	91	206	759
Devaluation of stocks and other securities	499	834	4,145
Depreciation	710	156	5,903
Tax loss carryforwards	16	15	135
Other	1,177	1,572	9,790
Less valuation allowance	(2,646)	(2,270)	(22,005)
Total	¥11,797	¥14,750	$ 98,107
Deferred tax liabilities			
Net unrealized gains on available-for-sale securities	¥ (7,652)	¥ (3,666)	$(63,633)
Gains on securities contributed to employee retirement benefit trust	(1,152)	(600)	(9,579)
Asset for retirement benefits	(791)	(966)	(6,579)
Other	(348)	(65)	(2,895)
Total	¥ (9,943)	¥ (5,297)	$(82,686)
Net deferred tax assets	¥ 1,854	¥ 9,453	$ 15,421

A reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statements of income of the years ended March 31, 2015 and 2014 are as follows.

	2015	2014
Normal effective statutory tax rate	35.5%	37.9%
Permanent differences-expenses	0.3	0.2
Permanent differences-income	(1.4)	(0.7)
Corporate inhabitant tax per capita	0.5	0.5
Valuation allowance	4.7	0.3
Changes in effective statutory tax rate	6.4	3.4
Other	0.0	(1.0)
Actual effective tax rate	46.0%	40.6%

“Act on Partial Amendment to the Income Tax Act, etc.” (Act No.9, 2015) was promulgated on March 31, 2015, and the corporate tax rate and other rates have been lowered from the fiscal year beginning on or after April 1, 2015. Due to this change, the effective statutory tax rate used for the calculation of deferred tax assets and deferred tax liabilities has been revised from the previous rate of 35.5%. The rate of 33.0% has been applied to the temporary differences, expected to be either deductible, taxable or expired in the fiscal year beginning on April 1, 2015, while the rate of 32.2% has been applied to the temporary differences, expected to be either deductible, taxable, or expired in or after the fiscal year beginning on April 1, 2016. As a result of this change, deferred tax assets decreased by ¥87 million ($721 thousand) and deferred tax liabilities decreased by ¥26 million ($215 thousand) and valuation difference on available-for-sale securities increased by ¥801 million ($6,663 thousand) and deferred income taxes increased by ¥893 million ($7,426 thousand).

26. FAIR VALUE AND OTHER INFORMATION ON SECURITIES

Fair value and other information on securities as of March 31, 2015 and 2014 were as follows:

Securities

(1) Bonds classified as trading

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
	Gains (Losses) Included in Profit/Loss during the Fiscal Year	Gains (Losses) Included in Profit/Loss during the Fiscal Year	Gains (Losses) Included in Profit/Loss during the Fiscal Year
Bonds classified as trading	¥4	¥1	$33

(2) Bonds classified as held-to-maturity securities that have fair value as of March 31, 2015 and 2014.

		Millions of Yen			Thousands of U.S. Dollars		
		2015			2015		
		Consolidated Balance Sheet Amount	Fair Value	Difference	Consolidated Balance Sheet Amount	Fair Value	Difference
Unrealized Gains	Japanese local government bonds	¥37,872	¥37,984	¥112	$314,945	$315,873	$ 928
	Japanese corporate bonds	6,687	6,702	15	55,610	55,734	124
	Sub-total	44,559	44,686	127	370,555	371,607	1,052
Unrealized Losses	Japanese local government bonds	—	—	—	—	—	—
	Japanese corporate bonds	—	—	—	—	—	—
	Sub-total	—	—	—	—	—	—
Total		¥44,559	¥44,686	¥127	$370,555	$371,607	$1,052

		Millions of Yen		
		2014		
		Consolidated Balance Sheet Amount	Fair Value	Difference
Unrealized Gains	Japanese local government bonds	¥58,437	¥58,705	¥268
	Japanese corporate bonds	1,490	1,501	11
	Sub-total	59,927	60,206	279
Unrealized Losses	Japanese local government bonds	1,883	1,882	(1)
	Japanese corporate bonds	5,196	5,183	(13)
	Sub-total	7,079	7,065	(14)
Total		¥67,006	¥67,271	¥265

(3) Available-for-sale securities that have fair value:

		Millions of Yen			Thousands of U.S. Dollars		
		2015			2015		
		Consolidated Balance Sheet Amount	Cost	Difference	Consolidated Balance Sheet Amount	Cost	Difference
Unrealized Gains	Stocks	¥ 27,644	¥ 11,971	¥15,673	$ 229,888	$ 99,550	$130,338
	Bonds:	335,017	332,709	2,308	2,786,005	2,766,811	19,194
	Japanese government bonds	184,511	183,223	1,288	1,534,393	1,523,688	10,705
	Japanese local government bonds	44,947	44,748	199	373,779	372,121	1,658
	Short-term Japanese corporate bonds	—	—	—	—	—	—
	Japanese corporate bonds	105,559	104,738	821	877,833	871,002	6,831
	Other	96,256	89,841	6,414	800,467	747,123	53,344
	Sub-total	458,917	434,521	24,396	3,816,360	3,613,484	202,876
Unrealized Losses	Stocks	1,032	1,236	(204)	8,578	10,279	(1,701)
	Bonds:	16,082	16,165	(83)	133,739	134,428	(689)
	Japanese government bonds	—	—	—	—	—	—
	Japanese local government bonds	2,747	2,759	(12)	22,845	22,946	(101)
	Short-term Japanese corporate bonds	—	—	—	—	—	—
	Japanese corporate bonds	13,335	13,406	(71)	110,894	111,482	(588)
	Other	8,542	8,675	(133)	71,036	72,139	(1,103)
	Sub-total	25,656	26,076	(420)	213,353	216,846	(3,493)
Total		¥484,573	¥460,597	¥23,976	$4,029,713	$3,830,330	$199,383

		Millions of Yen		
		2014		
		Consolidated Balance Sheet Amount	Cost	Difference
Unrealized Gains	Stocks	¥ 21,488	¥ 12,094	¥ 9,394
	Bonds:	355,970	354,060	1,910
	Japanese government bonds	197,491	196,649	842
	Japanese local government bonds	76,600	76,090	510
	Short-term Japanese corporate bonds	—	—	—
	Japanese corporate bonds	81,879	81,321	558
	Other	45,266	44,228	1,038
	Sub-total	422,724	410,382	12,342
Unrealized Losses	Stocks	1,323	1,650	(327)
	Bonds:	48,940	49,072	(132)
	Japanese government bonds	10,002	10,004	(2)
	Japanese local government bonds	3,727	3,750	(23)
	Short-term Japanese corporate bonds	—	—	—
	Japanese corporate bonds	35,211	35,318	(107)
	Other	61,320	62,485	(1,165)
	Sub-total	111,583	113,207	(1,624)
Total		¥534,307	¥523,589	¥10,718

(4) Bonds classified as held-to-maturity have not been sold.

(5) Available-for-sale securities sold:

	Millions of Yen			Thousands of U.S. Dollars		
	2015			2015		
	Sales Amount	Gains on Sales	Losses on Sales	Sales Amount	Gains on Sales	Losses on Sales
Stocks	¥ 68	¥ 20	¥ 15	$ 563	$ 164	$125
Bonds:	33,693	138	—	280,193	1,147	—
Japanese government bonds	31,677	122	—	263,431	1,013	—
Japanese local government bonds	—	—	—	—	—	—
Short-term Japanese corporate bonds	—	—	—	—	—	—
Japanese corporate bonds	2,016	16	—	16,762	134	—
Other	166,502	2,716	100	1,384,635	22,586	830
Total	¥200,263	¥2,874	¥115	$1,665,391	$23,897	$955

	Millions of Yen		
	2014		
	Sales Amount	Gains on Sales	Losses on Sales
Stocks	¥ 268	¥ 57	¥ 1
Bonds:	309,614	1,285	1,675
Japanese government bonds	297,789	1,152	1,675
Japanese local government bonds	—	—	—
Short-term Japanese corporate bonds	—	—	—
Japanese corporate bonds	11,825	133	0
Other	61,384	3,840	147
Total	¥371,266	¥5,182	¥1,823

(6) The classification of securities has not been changed.

Net Unrealized Gains on Available-for-sale Securities

Available-for-sale Securities were valued at market and net unrealized gains on valuation were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
	Consolidated Balance Sheet Amount	Consolidated Balance Sheet Amount	Consolidated Balance Sheet Amount
Net unrealized gains on securities	¥23,976	¥10,718	$199,383
Deferred tax assets (liabilities)	7,652	3,666	63,633
Net unrealized gains on valuation (before adjustment)	16,324	7,052	135,750
(Minority interests)	111	78	920
Net unrealized gains on valuation	16,213	6,974	134,830

Securities Subject to Impairment Charges

Fair values of securities other than trading securities for the years ended March 31, 2015 and 2014 that have fair value have decreased significantly from the original acquisition cost.

Securities deemed to have no chance of recovering their value up to their original acquisition cost are listed on the balance sheet (consolidated basis) at their market price, and the valuation difference is booked as a loss ("impairment loss") for the consolidated fiscal year under review.

The total amount of such impairment charges for the consolidated fiscal years ended March 31, 2015 and 2014 under review were ¥24 million ($199 thousand) and ¥9 million.

Standards used to determine when a security has "decreased significantly" in value under the Bank's self-assessment system for asset quality are as follows, classified by creditworthiness category.

Issuer is in "legal bankruptcy," "virtual bankruptcy" or "possible bankruptcy:"	Fair value is below acquisition cost
Issuer requires "caution:"	Fair value is 30% or more below acquisition cost
Issuer has "normal" status:	Fair value is 50% or more below acquisition cost

Among issuers with "normal" status under the above-mentioned self-assessment asset screening, for those whose securities' fair value is between 30% and 50% below the original acquisition cost, a decision on the likelihood of recoverability up to acquisition cost is made on a case-by-case basis. Impairment charges are booked in all cases if acquisition cost is not deemed fully recoverable.

Legally bankrupt issuing companies include those that are bankrupt, and those whose businesses have legally failed and that have effectively gone in to special liquidation proceedings, under law. Virtually bankrupt companies are those facing the same circumstances as legally bankrupt companies. Companies in possible bankruptcy are companies that, though currently going concerns, are recognized as having a high probability of failure in the future. Companies requiring caution are those whose management will need monitoring.

Companies performing normally are those which fall into none of the above categories.

27. FAIR VALUE INFORMATION ON DERIVATIVE TRANSACTIONS

Derivatives are subject to market risk, which is the possibility that a loss may result from fluctuations in market conditions, and credit risk, which is the possibility that a loss may result from a counterparty's failure to perform according to the terms and conditions of the contract. Since most of the Bank's derivative transactions are conducted to hedge underlying business exposures, market gain or risk in the derivative instruments is expected to be offset by an opposite movement in the value of hedged assets or liabilities. These figures are the measures used in the calculation of risk-based capital ratios under the Japanese capital ratio guidelines. The Bank adopts the current exposure method stipulated by the guidelines in calculating the amount. As a risk control system for derivatives, the Bank has established a risk management division that operates independently from divisions executing derivative transactions. Derivative transactions entered into by the Bank have been made in accordance with internal policies which regulate the authorization and credit limit amounts. In addition, positions and related gains or losses from derivatives are reported to management on a daily basis for monitoring and evaluation purposes. The contract amounts of forward exchange contracts and option agreements do not necessarily measure the Bank's exposure to credit or market risk.

Derivative transactions to which the deferred hedge accounting method is not applied

Contractual value, fair value, unrealized gains or losses, and computation method for fair value by types of transactions as of March 2015 and 2014 were as follows. The contract amounts do not necessarily measure the Bank's exposure to market risk:

(1) Interest-rate-related transactions

	Millions of Yen				Thousands of U.S. Dollars			
	2015				2015			
	Contractual Value	Contractual Value Due after One Year	Fair Value	Net Unrealized Gains (Losses)	Contractual Value	Contractual Value Due after One Year	Fair Value	Net Unrealized Gains (Losses)
Over-the-counter:								
Interest rate swaps:								
Receive fixed and pay floating	¥52,875	¥47,483	¥1,872	¥1,872	$439,705	$394,872	$15,568	$15,568
Receive floating and pay fixed	52,875	47,483	(955)	(956)	439,705	394,872	(7,945)	(7,946)
Others:								
Sold	5,803	4,768	30	53	48,260	39,653	246	437
Bought	5,803	4,768	(7)	(21)	48,260	39,653	(54)	(176)
Total	¥ —	¥ —	¥ 940	¥ 948	$ —	$ —	$ 7,815	$ 7,883

	Millions of Yen			
	2014			
	Contractual Value	Contractual Value Due after One Year	Fair Value	Net Unrealized Gains (Losses)
Over-the-counter:				
Interest rate swaps:				
Receive fixed and pay floating	¥43,033	¥40,899	¥1,242	¥1,243
Receive floating and pay fixed	43,033	40,899	(602)	(602)
Others:				
Sold	5,161	4,776	(2)	45
Bought	5,161	4,776	2	(30)
Total	¥ —	¥ —	¥ 640	¥ 656

Notes: 1. The above transactions were revalued at the end of the year and the related gain and loss were reflected in the accompanying consolidated statements of income.
2. The fair values were mainly calculated using the discounted present values.

(2) Currency-related transactions

	Millions of Yen				Thousands of U.S. Dollars			
	2015				2015			
	Contractual Value	Contractual Value Due after One Year	Fair Value	Net Unrealized Gains (Losses)	Contractual Value	Contractual Value Due after One Year	Fair Value	Net Unrealized Gains (Losses)
Over-the-counter:								
Currency swaps:	¥126,008	¥109,715	¥ 142	¥ 142	$1,047,883	$912,393	$ 1,177	$ 1,177
Forward exchange contracts:								
Sold	32,312	3,949	(838)	(838)	268,706	32,839	(6,965)	(6,965)
Bought	15,667	2,224	643	643	130,287	18,491	5,348	5,348
Currency options:								
Sold	722	475	(86)	(46)	6,000	3,950	(714)	(378)
Bought	722	475	92	52	6,000	3,950	764	428
Total	¥ —	¥ —	¥ (47)	¥ (47)	$ —	$ —	$ (390)	$ (390)

	Millions of Yen			
	2014			
	Contractual Value	Contractual Value Due after One Year	Fair Value	Net Unrealized Gains (Losses)
Over-the-counter:				
Currency swaps:	¥84,500	¥76,045	¥ 126	¥ 126
Forward exchange contracts:				
Sold	15,024	5	(123)	(123)
Bought	7,181	—	82	81
Currency options:				
Sold	494	309	(54)	(19)
Bought	494	309	59	25
Total	¥ —	¥ —	¥ 90	¥ 90

Notes: 1. The above transactions were revalued at the end of the year and the related gain and loss were reflected in the accompanying consolidated statements of income.
2. The fair values were mainly calculated using the discounted present values.

(3) Stock-related transactions are not performed.

(4) Bond-related transactions are not performed.

(5) Financial product-related transactions are not performed.

(6) Credit derivative transactions are not performed.

Derivative transactions to which the deferred hedge accounting method is applied
There were no derivative transactions to which the deferred hedge accounting method is applied for the years ended March 31, 2015 and 2014.

28. RELATED PARTY TRANSACTIONS

At March 31, 2015 and 2014, Sumitomo Mitsui Financial Group and Sumitomo Mitsui Banking Corporation are the parent companies of the Bank.

There were no material transactions between related parties for the year ended March 31, 2015 and 2014.

29. NET INCOME PER SHARE

Reconciliation of net income per share (“EPS”) for the years ended March 31, 2015 and 2014 were as follows:

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
	Net Income	Weighted Average Shares	EPS	EPS
For the year ended March 31, 2015				
Basic EPS				
Net income available to capital shareholders	¥7,478	406,911	¥18.37	$0.15
For the year ended March 31, 2014				
Basic EPS				
Net income available to capital shareholders	¥7,512	405,992	¥18.50	

	Thousands of Shares	Yen	U.S. Dollars
	Increased Shares	Diluted EPS	Diluted EPS
For the year ended March 31, 2015			
Diluted EPS			
Net income available to capital shareholders	922	¥18.33	$0.15
For the year ended March 31, 2014			
Diluted EPS			
Net income available to capital shareholders	596	¥18.47	

30. FINANCIAL INSTRUMENTS

1. Financial instruments

(1) Financial instrument management plan

The Group operates primarily banking and other financial service businesses related to credit cards, credit guarantees, and leasing. To operate these businesses, the Group raises funds by accepting customer deposits while regulating the balance between market conditions and the long and short terms, by indirect financing through borrowings, and by issuing treasury bonds. Because the Group mainly holds financial assets and liabilities with fluctuating interest rates, the Bank operates its business using Asset Liability Management (ALM) to prevent an unfavorable impact caused by interest rate changes. As part of ALM, the Bank conducts derivative transactions.

Some of the consolidated subsidiaries of the Bank hold marketable securities.

(2) Financial instrument attributes and risks

The financial assets held by the Group are primarily commercial loans made to businesses and individuals in Japan. These assets are subject to credit risk arising from client default on loan contracts. There is the possibility that these debts may not be fulfilled in accordance with the contract terms and conditions due to changes in the borrowers’ financial conditions and particular conditions in various industries; economic and financial environmental changes in interest rates, share prices, and real estate values. Further, marketable securities and trading account securities held by the Bank are mainly comprised of stocks and bonds, held-to-maturity for net investment and business promotion purposes. These securities are subject to the issuer’s credit risk, interest rate fluctuation risk, and market value change risk.

The Group is subject to liquidity risk in its borrowings and bonds, and should it be unable to access the markets under certain conditions, this may prevent the Bank from making payments by contractual due dates. Further, the Group makes loans with variable interest rates and is therefore subject to the risk of fluctuating interest rates.

The Bank engages in interest rate swap transactions as part of ALM. The Bank applies hedge accounting to interest rate swaps as a hedging instrument against the risk of fluctuating interest rates arising from hedged financial assets and liabilities. To evaluate hedge effectiveness, deposits and loans (hedged items) and interest rate swap derivatives (hedging instruments) are grouped for each specified period of time, and hedges for offsetting market price fluctuations are identified from the group and assessed.

Further, the Bank also trades bond futures to offset market price fluctuations of bonds held as available-for-sale securities.

Some consolidated subsidiaries hold marketable securities, and these financial instruments are exposed to interest rate risk, market price fluctuation risk, and credit risk.

(3) Financial instrument risk management system

1. Credit risk management

The Group has established and operates a credit management system for commercial loans. The system performs credit reviews, manages credit limits and credit data, establishes internal ratings, guarantees and collateral, and deals with problem debt in accordance with the Bank's financing rules and other credit risk management rules and regulations. These credit management procedures are conducted by the relevant credit review and sales departments. In addition, the credit management status is reported at regularly-held management meetings and board of directors' meetings for deliberation, and is also subject to corporate auditor reviews.

The Corporate Risk Management Department oversees the credit risk of issuers of the marketable securities and counterparty risk of derivative transactions by periodically collecting credit information and market values.

2. Market risk management

(i) Interest risk management

The Bank conducts Asset Liability Management (ALM) to manage interest rate risk. The risk management methods and procedures are described in detail in ALM regulations and the status of their implementation is checked and verified and future actions are discussed in general risk meetings (management meetings), based on ALM policies reviewed in the ALM Committee. In practice, the Corporate Risk Management Department primarily oversees overall interest rates and terms of financial assets and liabilities and monitors them using gap and interest rate sensitivity analysis, reporting to the ALM Committee monthly. The Bank trades interest rate swaps and other derivative transactions to hedge interest rate risk.

(ii) Exchange risk management

The Group manages exchange risk on individual transactions and oversees exchange positions.

(iii) Price fluctuation risk management

The decision to hold investment instruments including marketable securities is made at general risk meetings based on the policies of the ALM Committee, and carried out following rules and regulations on market risk management. The Financial Markets Department purchases investment instruments from outside sources and mitigates price fluctuation risk by conducting preliminary reviews and setting investment limits, and through consistent monitoring. Shares managed by the Operations Planning Department are held for the purposes of promoting business, including business and capital tie-ups, thereby allowing it to monitor the market environments and financial conditions of its business partners. This information is reported periodically to the ALM Committee and the Management Committee.

Some consolidated subsidiaries hold marketable securities, and these are managed in accordance with the subsidiaries' market and liquidity risk management rules and monitored by the Bank.

(iv) Derivative transactions

For derivative transactions, the Group has created separate divisions for derivative trading, evaluation of hedge effectiveness and business administration, thereby establishing a system of checks and balances. These divisions operate based on market risk management rules and regulations.

(v) Quantitative information related to market risk

In the Bank, financial instruments influenced by interest risk which is a main risk variable number are loans and bills discounted, bonds classified in securities and deposits and financial instruments influenced by stocks price fluctuation risk are stocks and investment trust in securities. The Bank uses the variance-covariance method for the measurement of VaR (a holding period of one day, an observation period of one day and a confidence interval of 99%).

As of March 31, 2015, the market risk amount (estimated value of latent loss) of the main financial instruments in banking account was ¥1,883 million ($15,658 thousand).

The Bank considers that the measurement model used captures market risks with sufficient accuracy. However, VaR measures the amount of market risk by certain occurrence probabilities which are statistically calculated based on past market movements. Therefore, there are cases in which VaR cannot capture risk under sudden and dramatic changes in market beyond normal circumstances.

3. Fund procurement liquidity risk management

The Group manages liquidity risk through timely fund management, diversified fund procurement sources and regulating the balance between long and short term funding in light of market conditions.

(4) Additional information on the fair value of financial instruments, etc.

The fair values of financial instruments include values based on fair values and reasonably calculated values when the fair value is not available. As said values are calculated using certain assumptions, these values may vary when different assumptions are used.

2. Financial instruments' fair values

Consolidated balance sheet amount, fair value, and unrealized gains or losses as of March 31, 2015 and 2014 were as follows. Unlisted securities, the fair values of which were extremely difficult to calculate were excluded from the table below:

	Millions of Yen			Thousands of U.S. Dollars		
	2015			2015		
	Consolidated Balance Sheet Amount	Fair Value	Difference	Consolidated Balance Sheet Amount	Fair Value	Difference
Cash and due from banks	¥ 396,808	¥ 396,808	¥ —	$ 3,299,860	$ 3,299,860	$ —
Call loans and bills bought	460	460	—	3,827	3,827	—
Trading account securities:						
Trading securities	530	530	—	4,406	4,406	—
Securities:						
Held-to-maturity securities	44,560	44,686	126	370,556	371,607	1,051
Available-for-sale securities	484,573	484,573	—	4,029,713	4,029,713	—
Loans and bills discounted:	2,407,835			20,023,575		
Allowance for possible loan losses	(21,376)			(177,762)		
	2,386,459	2,390,414	3,955	19,845,813	19,878,704	32,891
Assets total	3,313,390	3,317,471	4,081	27,554,175	27,588,117	33,942
Deposits	3,065,338	3,065,783	(445)	25,491,376	25,495,075	(3,699)
Negotiable certificate of deposits	13,762	13,764	(2)	114,445	114,463	(18)
Payables under securities lending transactions	39,479	39,479	—	328,310	328,310	—
Borrowed money	92,647	88,709	3,938	770,453	737,701	32,752
Bonds payable	28,000	28,112	(112)	232,848	233,782	(934)
Liabilities total	3,239,226	3,235,847	3,379	26,937,432	26,909,331	28,101
Derivative transactions:						
Deferred hedge accounting is applied	893	893	—	7,424	7,424	—
Deferred hedge accounting is not applied	—	—	—	—	—	—
Derivative transactions total	¥ 893	¥ 893	¥ —	$ 7,424	$ 7,424	$ —

	Millions of Yen		
	2014		
	Consolidated Balance Sheet Amount	Fair Value	Difference
Cash and due from banks	¥ 312,014	¥ 312,014	¥ —
Call loans and bills bought	1,087	1,087	—
Trading account securities:			
Trading securities	517	517	—
Securities:			
Held-to-maturity securities	67,006	67,271	265
Available-for-sale securities	534,307	534,307	—
Loans and bills discounted:	2,337,805		
Allowance for possible loan losses	(25,075)		
	2,312,730	2,314,031	1,301
Assets total	3,227,661	3,229,227	1,566
Deposits	3,037,657	3,038,134	(477)
Negotiable certificate of deposits	36,034	36,037	(3)
Payables under securities lending transactions	25,434	25,434	—
Borrowed money	49,534	48,749	785
Bonds payable	28,000	28,228	(228)
Liabilities total	3,176,659	3,176,582	77
Derivative transactions:			
Deferred hedge accounting is applied	731	731	—
Deferred hedge accounting is not applied	—	—	—
Derivative transactions total	¥ 731	¥ 731	¥ —

Notes: 1. Allowance for possible loan losses to loans and bills discounted are excluded.
2. Derivative transactions recorded in Other assets and Other liabilities are presented as a lump sum. Net claims and debts that arose from derivative transactions are presented on a net basis.

(Note 1) Calculating method for the fair values of financial instruments was as follows:

Assets

(1) Cash and due from banks

The fair values of non-term deposits approximate the book values, therefore said book values shall be the fair values. For term deposits, present values are calculated for each category based on the deposit term, discounting by the applicable interest rate assumed for any new deposit transaction.

(2) Call loans and bills bought

These transactions have short remaining contract terms (six months or less), and as their fair values approximate the book values, said book values shall be the fair values.

(3) Trading account securities

Values of marketable securities such as bonds held for dealing are based on their securities exchange prices.

(4) Securities

Stock prices are based on their stock exchange prices, while bond prices are based either on their stock exchange prices or on the prices provided by the correspondent financial institutions. Investment trust prices are based on the standard prices publicly released. The fair values of each privately placed bond group, categorized by internal rating and term period, are calculated by discounting the total principal and interest at an interest rate that reflects the risk free rate, estimated default probability based on the internal ratings of the bond issuer, and the estimated uncollectibility rate at default based on guarantees.

Comments regarding available-for-sale securities for each holding category are noted in the "Securities" section.

(5) Loans and bills discounted

Fair values of loans categorized by internal rating and term are calculated by discounting the total principal and interest at an interest rate that reflects the risk free rate, estimated default probability based on the internal ratings of the borrower, and the estimated uncollectibility rate at default based on collateral and guarantees.

Further, loans to borrowers in legal bankruptcy, virtual bankruptcy and possible bankruptcy are calculated based upon the estimated loan losses using the probable recoverable amount based upon collateral and guarantee amounts. Thus, the fair value is approximately the amount on the consolidated balance sheet as of the consolidated settlement date, minus the current loan loss estimate. This figure is used as the market price.

Note that where the repayment period has not been stipulated, like some overdraft facilities, the market price is assumed to approximate the book value from the probable repayment period or the interest rate terms. Therefore, the book value shall be the market price.

Liabilities

(1) Deposits, and (2) Negotiable certificates of deposits

The fair value of demand deposits is considered to be the payment amount (book value) sought on the consolidated settlement date. Time deposits and negotiable certificates of deposit are categorized by given term periods, and their present values are calculated discounting their future cash flow. This discount rate is based upon the rate used when new deposits are accepted.

(3) Payables under securities lending transactions

Book values are used for fair values because these products have short remaining contract terms (six months or less) and the market prices approximate the book values.

(4) Borrowed money

The present value is calculated by discounting the total principal and interest of said borrowings, which have been categorized by specific term periods, at an assumed interest rate for similar borrowings.

(5) Bonds payable

The present value is calculated by discounting the total principal and interest of said bonds payable, which have been categorized by specific time periods, at an assumed interest rate when similar bonds payable are issued.

(Note 2) Financial Instruments, the fair values of which were extremely difficult to calculate were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
	Consolidated Balance Sheet Amount	Consolidated Balance Sheet Amount	Consolidated Balance Sheet Amount
Unlisted stocks	¥2,532	¥2,249	$21,057
Limited partnership for investment	1,842	1,432	15,314
Total	¥4,374	¥3,681	$36,371

Notes: 1. Unlisted stocks are excluded as there are no market prices and extremely difficult to calculate fair values.
2. For the year ended March 31, 2015 and 2014, impairment losses for unlisted stocks amounted to ¥1 million ($10 thousand) and ¥12 million.
3. Limited partnership for investment made up of unlisted securities, the fair values of which are extremely difficult to calculate are excluded from the table.

(Note 3) Maturities of money claims and securities that have maturities were as follows:

	Millions of Yen					
	2015					
	1 Year or Less	1 to 3 Years	3 to 5 Years	5 to 7 Years	7 to 10 Years	Over 10 Years
Deposits with banks	¥ 1,500	¥ —	¥ —	¥ —	¥ —	¥ —
Call loans and bills bought	460	—	—	—	—	—
Securities:	92,307	192,094	104,222	33,210	38,237	7,815
Held-to-maturity securities:	22,862	15,642	5,926	—	—	—
Japanese government bonds	—	—	—	—	—	—
Japanese local government bonds	21,375	15,141	1,216	—	—	—
Japanese corporate bonds	1,487	501	4,710	—	—	—
Available-for-sale securities:	69,445	176,452	98,296	33,210	38,237	7,815
Japanese government bonds	13,000	72,000	65,000	30,000	—	—
Japanese local government bonds	26,238	17,282	2,754	797	—	—
Japanese corporate bonds	13,109	71,030	26,574	2,360	5,030	—
Others	17,098	16,140	3,968	53	33,207	7,815
Loans and bills discounted	543,209	499,999	330,224	190,178	218,280	555,400
Total	¥637,476	¥692,093	¥434,446	¥223,388	¥256,517	¥563,215

	Thousands of U.S. Dollars					
	2015					
	1 Year or Less	1 to 3 Years	3 to 5 Years	5 to 7 Years	7 to 10 Years	Over 10 Years
Deposits with banks	$ 12,474	$ —	$ —	$ —	$ —	$ —
Call loans and bills bought	3,828	—	—	—	—	—
Securities:	767,625	1,597,456	866,710	276,173	317,980	64,990
Held-to-maturity securities:	190,121	130,080	49,277	—	—	—
Japanese government bonds	—	—	—	—	—	—
Japanese local government bonds	177,755	125,913	10,112	—	—	—
Japanese corporate bonds	12,366	4,167	39,165	—	—	—
Available-for-sale securities:	577,504	1,467,376	817,433	276,173	317,980	64,990
Japanese government bonds	108,108	598,753	540,540	249,480	—	—
Japanese local government bonds	218,197	143,713	22,906	6,624	—	—
Japanese corporate bonds	109,011	590,688	220,993	19,626	41,829	—
Others	142,188	134,222	32,994	443	276,151	64,990
Loans and bills discounted	4,517,325	4,157,999	2,746,148	1,581,528	1,815,218	4,618,711
Total	$5,301,252	$5,755,455	$3,612,858	$1,857,701	$2,133,198	$4,683,701

	Millions of Yen					
	2014					
	1 Year or Less	1 to 3 Years	3 to 5 Years	5 to 7 Years	7 to 10 Years	Over 10 Years
Deposits with banks	¥ 1,000	¥ —	¥ —	¥ —	¥ —	¥ —
Call loans and bills bought	1,087	—	—	—	—	—
Securities:	82,078	173,351	228,215	51,896	13,718	—
Held-to-maturity securities:	22,303	36,203	8,227	—	—	—
Japanese government bonds	—	—	—	—	—	—
Japanese local government bonds	22,303	34,716	3,016	—	—	—
Japanese corporate bonds	—	1,487	5,211	—	—	—
Available-for-sale securities:	59,775	137,148	219,988	51,896	13,718	—
Japanese government bonds	2,000	45,000	115,000	30,000	10,000	—
Japanese local government bonds	32,563	38,937	5,585	1,129	759	—
Japanese corporate bonds	15,043	29,699	66,045	3,161	2,630	—
Others	10,169	23,512	33,358	17,606	329	—
Loans and bills discounted	509,353	471,092	335,852	191,330	206,911	537,032
Total	¥593,518	¥644,443	¥564,067	¥243,226	¥220,629	¥537,032

Note: Loans in legal bankruptcy, virtual bankruptcy and potential bankruptcy amounting to ¥56,273 million ($467,969 thousand) and ¥72,231 million and loans and bills discounted without maturities amounting to ¥14,271 million ($118,677 thousand) and ¥14,004 million were excluded from the table above as of March 31, 2015 and 2014.

(Note 4) Maturities of borrowed money and others were as follows:

	Millions of Yen					
	2015					
	1 Year or Less	1 to 3 Years	3 to 5 Years	5 to 7 Years	7 to 10 Years	Over 10 Years
Deposits	¥2,968,544	¥ 82,128	¥14,666	¥ —	¥—	¥—
Negotiable certificate of deposits	13,762	—	—	—	—	—
Payables under securities lending transactions	39,479	—	—	—	—	—
Borrowed money	8,050	34,287	42,110	8,200	—	—
Corporate bonds	—	—	—	28,000	—	—
Total	¥3,029,835	¥116,415	¥56,776	¥36,200	¥—	¥—

	Thousands of U.S. Dollars					
	2015					
	1 Year or Less	1 to 3 Years	3 to 5 Years	5 to 7 Years	7 to 10 Years	Over 10 Years
Deposits	$24,686,436	$682,977	$121,964	$ —	$—	$—
Negotiable certificate of deposits	114,445	—	—	—	—	—
Payables under securities lending transactions	328,309	—	—	—	—	—
Borrowed money	66,947	285,132	350,183	68,192	—	—
Corporate bonds	—	—	—	232,848	—	—
Total	$25,196,137	$968,109	$472,147	$301,040	$—	$—

	Millions of Yen					
	2014					
	1 Year or Less	1 to 3 Years	3 to 5 Years	5 to 7 Years	7 to 10 Years	Over 10 Years
Deposits	¥2,936,216	¥ 85,549	¥15,892	¥ —	¥ —	¥—
Negotiable certificate of deposits	36,034	—	—	—	—	—
Payables under securities lending transactions	25,434	—	—	—	—	—
Borrowed money	2,811	37,903	620	5,200	3,000	—
Corporate bonds	—	—	—	9,700	18,300	—
Total	¥3,000,495	¥123,452	¥16,512	¥14,900	¥21,300	¥—

Note: Demand deposits were included in "1 Year or Less."

31. SEGMENT INFORMATION

Segment Information

(1) Outline of the reported segments

The reported segments of the Company are those units for which separate financial statements can be obtained and which are regularly examined by the management meeting for decisions on the allocation of management resources and for assessing business performance.

The Group engages in financial services such as credit card operations, credit guarantee operations, lease operations, agent for office functions, management consulting business centering on banking operations.

As the banking operations accounts for the large portion of the Group, the reported segment of the Group is only "Banking Operations Segment" conducted by the Bank and other operations conducted by the consolidated subsidiaries are included in "Other."

(2) Calculation method of the amount of ordinary income, segment profit or loss, assets and other items by the reported segment

Accounting method of the reported segment is almost the same to the mention in "Significant Accounting Policies." Business conditions of the transactions between the reported segment and "Other" and transactions in "Other" are same as general trade.

Differences between total of the segment profit and other and the profit on the consolidated statement of income and the segment asset and "Other" asset and asset on the consolidated balance sheet are described in (3).

(3) Information related to operating income, segment profit or loss, assets and other items by the reported segment

For the year ended March 31, 2015

	Millions of Yen				
	2015				
	Reported Segment				
	Banking	Other	Total	Adjustments	Consolidated
Operating income:					
Outside customers	¥ 56,216	¥ 8,827	¥ 65,043	¥ —	¥ 65,043
Intersegment income	801	2,901	3,702	(3,702)	—
Total	57,017	11,728	68,745	(3,702)	65,043
Segment profit	12,383	1,651	14,034	(479)	13,555
Segment asset	3,412,082	677,091	4,089,173	(671,964)	3,417,209
Other items:					
Depreciation	3,534	77	3,611	4	3,615
Interest income	38,458	723	39,181	(718)	38,463
Financing expenses	2,638	143	2,781	(189)	2,592
Increase in tangible and intangible fixed assets	3,733	169	3,902	—	3,902

	Thousands of U.S. dollars				
	2015				
	Reported Segment				
	Banking	Other	Total	Adjustments	Consolidated
Operating income:					
Outside customers	$ 467,497	$ 73,402	$ 540,899	$ —	$ 540,899
Intersegment income	6,662	24,125	30,787	(30,787)	—
Total	474,159	97,527	571,686	(30,787)	540,899
Segment profit	102,976	13,728	116,704	(3,983)	112,721
Segment asset	28,374,906	5,630,690	34,005,596	(5,588,054)	28,417,542
Other items:					
Depreciation	29,389	638	30,027	36	30,063
Interest income	319,818	6,011	325,829	(5,970)	319,859
Financing expenses	21,934	1,193	23,127	(1,572)	21,555
Increase in tangible and intangible fixed assets	31,048	1,405	32,453	—	32,453

Notes: 1. Operating income means total income less certain special income included in other income in the accompanying consolidated statements of income.
2. "Other" consists of other banking related activities such as credit card operations, credit guarantee, leasing operations, entrusted account and venture capital.
3. Adjustments include items below.
a. Segment profit adjustments –¥479 million (–$3,983 thousand) are adjustment in consolidation accounting.
b. Segment assets adjustments –¥671,964 million (–$5,588,054 thousand) are adjustment in consolidation accounting.
c. Depreciation adjustments ¥4 million ($36 thousand), interest income adjustments –¥718 million (–$5,970 thousand), financing expenses –¥189 million (–$1,572 thousand) are adjustment in consolidation accounting.
4. Segment profit is adjusted to ordinary income on the consolidated statements of income.

For the year ended March 31, 2014

	Millions of Yen				
	2014				
	Reported Segment				
	Banking	Other	Total	Adjustments	Consolidated
Operating income:					
Outside customers	¥ 58,346	¥ 9,631	¥ 67,977	¥ —	¥ 67,977
Intersegment income	814	3,448	4,262	(4,262)	—
Total	59,160	13,079	72,239	(4,262)	67,977
Segment profit	12,477	2,159	14,636	(458)	14,178
Segment asset	3,335,386	673,266	4,008,652	(667,659)	3,340,993
Other items:					
Depreciation	3,292	76	3,368	(1)	3,367
Interest income	39,423	1,187	40,610	(1,131)	39,479
Financing expenses	3,115	154	3,269	(606)	2,663
Increase in tangible and intangible fixed assets	4,686	159	4,845	—	4,845

Notes: 1. Operating income means total income less certain special income included in other income in the accompanying consolidated statements of income.
2. "Other" consists of other banking related activities such as credit card operations, credit guarantee, leasing operations, entrusted account and venture capital.
3. Adjustments include items below.
a. Segment profit adjustments –¥458 million are adjustment in consolidation accounting.
b. Segment assets adjustments –¥667,659 million are adjustment in consolidation accounting.
c. Depreciation adjustments –¥1 million, interest income adjustments –¥1,131 million, financing expenses –¥606 million are adjustment in consolidation accounting.
4. Segment profit is adjusted to ordinary income on the consolidated statements of income.

CORPORATE INFORMATION

Corporate Organization (As of April 1, 2015)

[Section, etc. under Department]

- Shareholders' Meeting
  - Board of Corporate Auditors / Corporate Auditors
    - Office of Corporate Auditors
- Board of Directors
- Management Committee
  - Audit Department
  - Legal Compliance Department
  - Corporate Risk Management Department
    - Market Risk Management Section
    - Operational Risk Management Section
  - Planning Department
    - Tokyo Office
    - Public Relations Section
    - Subsidiaries and Affiliates Section
  - Financial Department
  - Personnel Department
    - Secretariat
    - Training Section
    - Diversity Promotion Section
  - General Affairs Department
    - Property Administration Section
  - Customers Relationship Management Department
    - Customer Relations Section
  - Business Planning Department
    - Channel Strategy Section
    - Financial Instruments Transaction Management Section
  - Branch Support Department
    - Branch Support Divisions I-III
    - Securities Marketing Division
  - Region Strategy Department
  - Business Support Department
  - International Business Department
    - Asia Business Promotion Section
    - Shanghai Representative Office
  - Loan Promotion Department
  - Direct Banking Department
    - Inheritance Consulting Center
  - Credit Planning Department
  - Credit Department
  - Corporate Consulting Department
  - Credit Administration Department
  - Loan Credit Section
  - Financial Markets Department
  - Securities and International Department
    - International Operations Center
  - Operations Administration Department
  - Operations Department

Corporate Officers (As of June 26, 2015)

Directors, Corporate Auditors and Executive Officers

President (Representative Director)
Shunji Ono*

Deputy President (Representative Director)
Hiroaki Hattori*

Senior Managing Director (Representative Directors)
Shinya Kimura*

Managing Directors
Hisashi Yasukuni*
Tomohiko Kondo*

Directors
Tadaharu Ohashi *(external)*
Wataru Takahashi *(external)*

Corporate Auditors
Takatsugu Nishimura *(full-time)*
Takeshi Morimoto *(full-time)*
Katsuyuki Watanabe *(external)*
Hironori Oasa *(external)*
Nobuya Amabe *(external)*

* Executive Officers

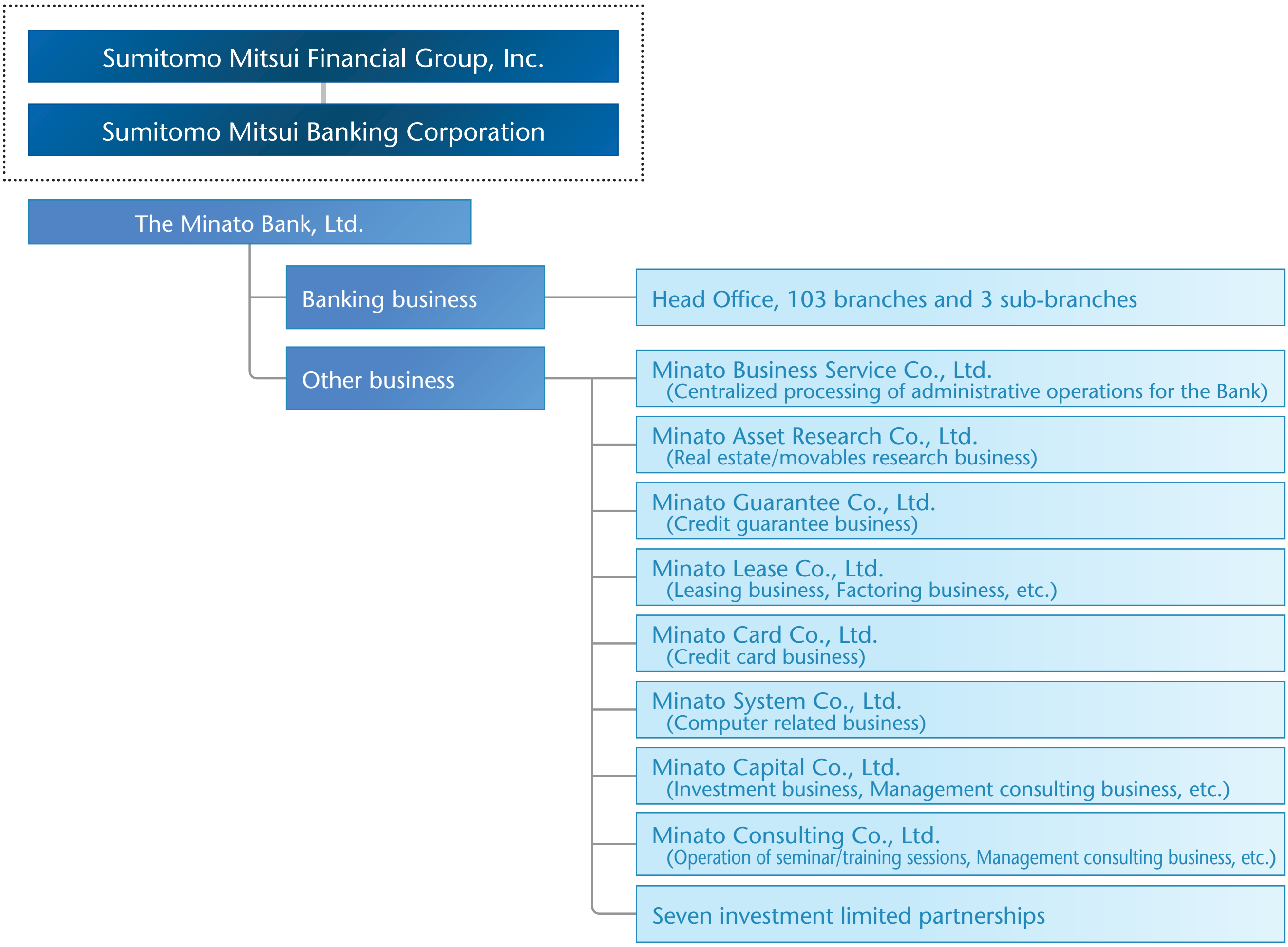
Managing Executive Officers
Toshihiko Kishimoto
Toru Nakajima
Kenjiro Oda
Kaoru Aso

Executive Officers
Tomoyuki Kawai
Katsushi Yamashita
Katsuaki Maruyama
Teruji Tanaka
Takao Ogasawara
Ikuya Fujii
Koichi Kato
Koji Yamazaki
Yoshiki iba
Ichiro Sakamoto
Shinji Okabe
Masanao Nishioka
Tsuyoshi Fujimoto

Corporate Data (As of March 31, 2015)

Company Name:	The Minato Bank, Ltd.
Head Office:	1-1, Sannomiya-cho 2-chome, Chuo-ku, Kobe, Hyogo, 651-0193, Japan Phone: 078-331-8141 URL: http://www.minatobk.co.jp
Authorized Shares:	1,000 million shares
Outstanding Shares:	410,951 thousand shares
Stated Capital:	27.4 billion yen
Number of Shareholders:	7,825
Date of Incorporation:	September 1949 (Company name was changed to The Minato Bank, Ltd. in April 1999.)
Domestic Network:	107 locations (Hyogo: 102, Osaka: 4, Tokyo: 1)
Number of Employees:	2,136
Stock Listings:	The 1st Section of the Tokyo Stock Exchange
Credit Rating:	Long-term senior debt rating: A (Japan Credit Rating Agency, Ltd.) Moody's long-term deposit rating: A2 (Moody's (JAPAN) K.K)

Group Structure (As of March 31, 2015)



Major Shareholders (As of March 31, 2015)

Name	Number of Shares (Thousands)	Percentage (%)
Sumitomo Mitsui Banking Corporation	184,834	45.04
Minato Bank Kyoueikai	31,293	7.62
Nippon Life Insurance Company	10,801	2.63
Japan Trustee Services Bank, Ltd. (trust accounts)	9,862	2.40
Minato Bank Employees' Shareholding Association	8,979	2.18
CHASE MANHATTAN BANK GTS CLIENTS ACCOUNT ESCROW	8,636	2.10
Aioi Nissay Dowa Insurance Co., Ltd.	5,661	1.37
Mitsui Sumitomo Insurance Co., Ltd.	5,220	1.27
Sumitomo Life Insurance Company	5,203	1.26
Meiji Yasuda Life Insurance Company	3,532	0.86

MINATO BANK

The Minato Bank, Ltd.
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