PROFILE

Aichi Bank is a regional bank whose business base is Aichi Prefecture, the central prefecture of the Tokai region, one of the country's three main industrial areas. Since its establishment in 1910, the Bank has worked to meet the diverse needs of customers in the region, based on its corporate mission of contributing to the prosperity of the community via a thorough commitment to sound management and business growth.

Aichi Bank has a domestic service network comprising 106 branches, and also engages in international operations. The Bank's head office is located in Nagoya, Aichi Prefecture, Japan's fourth-largest prefecture by population, and an area that combines a beautiful natural environment with a rich historical and cultural heritage.

As of March 31, 2016, the Bank had total assets of ¥3,003,317 million (US$26,653 million) on a consolidated basis, and deposits amounting to ¥2,661,691 million (US$23,621 million). Its capital ratio, calculated according to standards for banks operating only in Japan, stood at 12.09%.

FINANCIAL HIGHLIGHTS Years ended March 31, 2016 and 2015

	Millions of Yen		Thousands of U.S. Dollars	
Consolidated	**2016**	2015	**2016**	2015
For the year:				
Total income	¥ **49,553**	¥ 49,308	$ **439,767**	$ 437,593
Total expenses	**40,892**	39,897	**362,903**	354,073
Profit before income taxes	**8,660**	9,411	**76,854**	83,519
Profit attributable to owners of parent	**5,257**	5,822	**46,654**	51,668
At year-end:				
Deposits	¥ **2,661,691**	¥ 2,638,408	$ **23,621,680**	$23,415,051
Loans and bills discounted	**1,679,941**	1,655,157	**14,908,954**	14,689,004
Investment securities	**1,147,715**	1,159,493	**10,185,614**	10,290,140
Total assets	**3,003,317**	3,034,142	**26,653,505**	26,927,067
Total net assets	**226,670**	236,300	**2,011,625**	2,097,089

Note: The U.S. dollar amounts represent translation of Japanese yen at the rate of ¥112.68 = US$1.00 on March 31, 2016.

MESSAGE FROM THE MANAGEMENT

Business and Financial Conditions

Shinichi Koide, *Chairman* & Katsuyuki Yazawa, *President*

Looking back at Japan's economy during the year ended March 31, 2016, in the first half of the year, although the overall economy maintained a moderate tone of recovery backed by the continued improvement in the employment and income environment, which reflected solid corporate results, there are starting to be signs of a downside risk for the economy due to the impact of an unstable financial market, such as the ongoing rapid appreciation of the yen in and after January.

Regarding our business base, which is centered in Aichi Prefecture, in the automobile industry, one of the prefecture's primary industries, the economy is steadily continuing to recover due to various elements such as an increase in exports and manufacturing, backed by the strong U.S. economy; a continued trend toward improvement in business conditions; in addition to an increase in capital investment, an upturn in housing investment and personal consumption, and others.

Looking forward, although there are causes for uncertainty such as the economic conditions overseas and financial market trends, the economy is expected to follow a modest recovery track following increases in capital investment and ongoing improvement in the employment and income environment.

In the financial sector, the Bank of Japan has been conveying strong determination with respect to its ongoing aims of economic recovery, despite the postponement of the achievement period for the 2% year-on-year increase in the consumer price index from "approx. the second half of fiscal year 2016" to "approx. the first half of fiscal year 2017," which was mainly a result of the drop in crude oil prices. This determination is exemplified by their decision in January to introduce negative interest rates while beginning to include further added monetary easing into their outlooks.

As a result of these factors, there was firm price fluctuation in the first half of the fiscal year such as the Nikkei Stock Average marking an 18.5-year high of 20,868 points on June 24 of last year. However, the economy stagnated in the second half of the fiscal year following increased uncertainty regarding the global economy's future prospects. The Nikkei Stock Average subsequently ended the fiscal year at 16,758 points, a drop of 2,448 points from the previous fiscal year-end.

Earnings

Our business results on a consolidated basis for the year ended March 31, 2016 are as follows.

Total income increased ¥245 million year on year to ¥49,553 million (US$439 million) due to gain on refund from retirement benefit trusts in the amount of ¥856 million being recorded under “Other income,” and despite a decrease in return of credit expenses among others. Total expenses increased ¥995 million year on year to ¥40,892 million (US$362 million) mainly due to an increase in loss on the disposal of investment securities. As a result, profit attributable to owners of parent decreased ¥565 million year on year to ¥5,257 million (US$46 million).

By segment, ordinary income of the banking segment decreased ¥733 million year on year to ¥42,896 million (US$380 million) and its segment profit decreased ¥1,486 million to ¥7,807 million (US$69 million). Ordinary income of the leasing segment increased ¥291 million to ¥5,431 million (US$48 million), and its segment profit decreased ¥27 million to ¥238 million (US$2 million).

Cash Flows

For the year ended March 31, 2016, net cash used in operating activities amounted to ¥31,382 million (US$278 million), an increase in cash used of ¥68,723 million year on year. This was mainly attributable to a decrease in security deposits received related to securities lending transactions and an increase in loans and bills discounted. Net cash used in investing activities amounted to ¥2,178 million (US$19 million), a decrease in cash used of ¥33,199 million. This is mainly attributable to purchases of tangible fixed assets. Net cash used in financing activities amounted to ¥940 million (US$8 million), an increase in cash used of ¥103 million. This is mainly due to dividends paid.

As a result, cash and cash equivalents at the end of the year stood at ¥104,000 million (US$922 million), a decrease of ¥34,501 million from the previous year-end.

Medium-term Strategy

In our tenth medium-term management plan we describe what we aim to be in ten years as “The leading bank in Aichi that puts serious effort into regional procurement and regional operation, and contributes to the development of regional communities and the betterment of our customer’s lives.”

Contributing to the development of regional communities has been a major theme for us, with efforts such as increasing staff at sales branches by primarily establishing the new business structure, started in October of last year, and streamlining head office organizations, which has led to increased opportunities to visit our customers in small and medium sized enterprises.

S. Koide K. Yazawa

Shinichi Koide
Chairman

Katsuyuki Yazawa
President

BOARD OF DIRECTORS AND CORPORATE AUDITORS

Chairman

Shinichi Koide

President

Katsuyuki Yazawa

Managing Directors

Jun Hayakawa

Eiji Miyachi

Minoru Ogura

Masato Kobayashi

Yoshihiro Ito

Directors

Yukinori Ito

Tomoyuki Takahashi

Wataru Ota

Hiroyasu Matsuno

Nobuhiko Kuratomi

Teruyuki Ariga

Directors

Audit and Supervisory Committee Members

Shigemasa Yoshida*[1]

Akira Katsuragawa*[3]

Hiroshi Okamoto*[3]

Akio Hayashi*[3]

Ichio Miwa*[2]

Toshiyasu Hayashi*[3]

*[1] Standing Audit and Supervisory Committee Member

*[2] Non-Standing Audit and Supervisory Committee Member

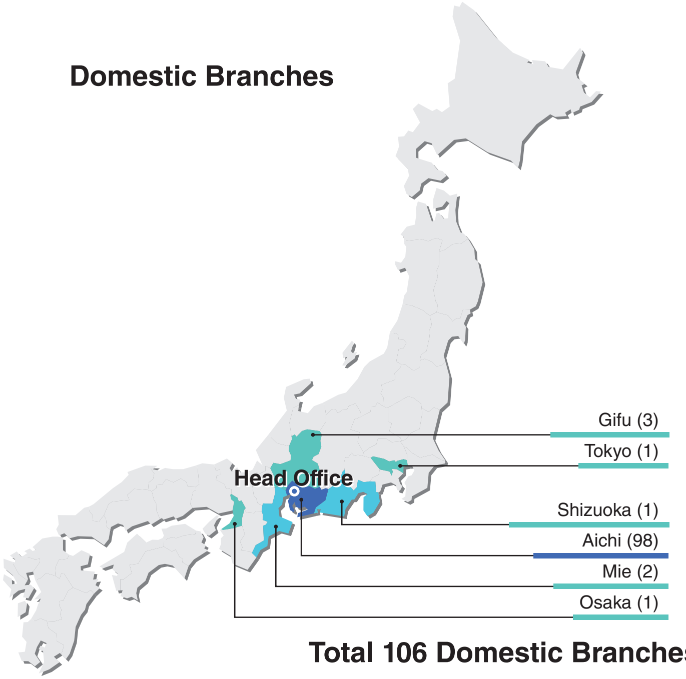
*[3] Outside Audit and Supervisory Committee Member

CORPORATE DIRECTORY

Service Network

Head Office (Securities & Foreign Business Department)
14-12, Sakae 3-chome, Naka-ku, Nagoya 460-8678 Telephone: 81-52-251-3211 SWIFT: AICHJPJN Facsimile: 81-52-262-5793

Domestic Branches



Total 106 Domestic Branches

Consolidated Companies

Aigin Business Service Co., Ltd.
Aigin DC Card Co., Ltd.
Aigin Lease Co., Ltd.
Aigin Computer Service Co., Ltd.

The Aichi Bank, Ltd.

Consolidated Financial Statements

March 31, 2016 and 2015

KPMG AZSA LLC

KPMG

Independent Auditor's Report

To the Board of Directors of The Aichi Bank, Ltd.:

We have audited the accompanying consolidated financial statements of The Aichi Bank, Ltd. and its subsidiaries, which comprise the consolidated balance sheets as at March 31, 2016 and 2015, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in net assets and consolidated statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of The Aichi Bank, Ltd. and its subsidiaries as at March 31, 2016 and 2015, and their financial performance and cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the years ended March 31, 2016 and 2015 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 of the Notes to Consolidated Financial Statements.

August 10, 2016
Nagoya, Japan

KPMG AZSA LLC

The Aichi Bank, Ltd. and Subsidiaries
Consolidated Balance Sheets
March 31, 2016 and 2015

	Millions of yen		Thousands of U.S. dollars	
	2016	2015	2016	2015
Assets:				
Cash and due from banks (Note 3)	¥ 104,722	¥ 139,407	$ 929,375	$ 1,237,193
Call loans and bills purchased (Note 3)	2,753	2,171	24,432	19,266
Trading securities (Notes 3 and 4)	-	77	-	683
Investment securities (Notes 3, 4 and 8)	1,147,715	1,159,493	10,185,614	10,290,140
Reserve for possible losses on investments	(11)	(14)	(97)	(124)
Loans and bills discounted (Notes 3, 5, 15 and 20)	1,679,941	1,655,157	14,908,954	14,689,004
Foreign exchange (Note 6)	2,717	3,636	24,112	32,268
Other assets	24,565	25,681	218,006	227,910
Tangible fixed assets (Note 7)	35,219	34,841	312,557	309,203
Intangible fixed assets	173	248	1,535	2,200
Employee retirement benefit asset (Note 11)	3,002	11,619	26,641	103,115
Deferred tax assets (Note 17)	179	249	1,588	2,209
Customers' liabilities for acceptances and guarantees (Note 12)	11,174	12,204	99,165	108,306
Reserve for possible loan losses	(8,835)	(10,633)	(78,407)	(94,364)
Total assets	¥ 3,003,317	¥ 3,034,142	$ 26,653,505	$ 26,927,067

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

The Aichi Bank, Ltd. and Subsidiaries
Consolidated Balance Sheets (Continued)
March 31, 2016 and 2015

	Millions of yen		Thousands of U.S. dollars	
	2016	2015	2016	2015
Liabilities:				
Deposits (Notes 3 and 9)	¥ 2,661,691	¥ 2,638,408	$ 23,621,680	$ 23,415,051
Security deposits received related to securities lending transactions (Notes 3 and 8)	37,574	75,085	333,457	666,356
Borrowings (Notes 3 and 10)	18,915	17,655	167,864	156,682
Foreign exchange (Note 6)	706	980	6,265	8,697
Other liabilities (Note 10)	17,114	17,660	151,881	156,727
Reserve for employee bonuses	652	653	5,786	5,795
Reserve for bonuses to directors	47	47	417	417
Employee retirement benefit liability (Note 11)	1,353	766	12,007	6,798
Reserve for executive retirement benefits	4	9	35	79
Reserve for reimbursement of deposits	104	147	922	1,304
Reserve for contingencies	1,848	1,588	16,400	14,093
Deferred tax liabilities (Note 17)	20,716	27,601	183,848	244,950
Deferred tax liabilities for revaluation (Note 7)	4,742	5,032	42,083	44,657
Acceptances and guarantees (Note 12)	11,174	12,204	99,165	108,306
Total liabilities	2,776,646	2,797,842	24,641,870	24,829,978
Net assets (Note 13):				
Common stock	18,000	18,000	159,744	159,744
Capital surplus	13,883	13,883	123,207	123,207
Retained earnings	125,966	121,529	1,117,909	1,078,532
Less treasury stock, at cost	(787)	(774)	(6,984)	(6,869)
Total shareholders’ equity	157,063	152,639	1,393,885	1,354,623
Accumulated other comprehensive income	65,604	79,808	582,215	708,271
Stock acquisition rights	194	148	1,721	1,313
Non-controlling interests	3,806	3,704	33,777	32,871
Total net assets	226,670	236,300	2,011,625	2,097,089
Total liabilities and net assets	¥ 3,003,317	¥ 3,034,142	$ 26,653,505	$ 26,927,067

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

The Aichi Bank, Ltd. and Subsidiaries
Consolidated Statements of Income
For the Years Ended March 31, 2016 and 2015

	Millions of yen		Thousands of U.S. dollars	
	2016	2015	2016	2015
Income:				
Interest and dividend income:				
Interest on loans and bills discounted and purchased	¥ 19,791	¥ 21,386	$ 175,638	$ 189,794
Interest on and dividends from securities	12,649	11,118	112,255	98,668
Other interest and dividend income	97	94	860	834
Total interest and dividend income	32,538	32,599	288,764	289,305
Fees and commissions	11,982	11,692	106,336	103,762
Other operating income (Note 4)	1,555	1,340	13,800	11,892
Other income (Notes 2(o) and 4)	3,475	3,676	30,839	32,623
Total income (Note 19)	49,553	49,308	439,767	437,593
Expenses:				
Interest expense:				
Interest on deposits	1,569	1,563	13,924	13,871
Interest on borrowings	38	38	337	337
Other interest expense	23	30	204	266
Total interest expense	1,630	1,633	14,465	14,492
Fees and commissions	7,640	7,178	67,802	63,702
Other operating expenses (Note 4)	1,901	381	16,870	3,381
General and administrative expenses (Notes 14 and 18)	26,818	28,844	238,001	255,981
Impairment loss on fixed assets (Note 2(k))	230	97	2,041	860
Other expenses (Note 4)	2,671	1,761	23,704	15,628
Total expenses (Note 19)	40,892	39,897	362,903	354,073
Profit before income taxes	8,660	9,411	76,854	83,519
Income taxes (Note 17)	3,283	3,481	29,135	30,892
Profit	5,376	5,929	47,710	52,618
Profit attributable to non-controlling interests	118	107	1,047	949
Profit attributable to owners of parent	¥ 5,257	¥ 5,822	$ 46,654	$ 51,668

	Yen		U.S. dollars	
Earnings per share:				
Basic	¥ 484.99	¥ 536.59	$ 4.30	$ 4.76
Diluted	483.31	535.09	4.28	4.74
Cash dividends	80.00	80.00	0.70	0.70

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

The Aichi Bank, Ltd. and Subsidiaries
Consolidated Statements of Comprehensive Income
For the Years Ended March 31, 2016 and 2015

	Millions of yen		Thousands of U.S. dollars	
	2016	2015	2016	2015
Profit	¥ 5,376	¥ 5,929	$ 47,710	$ 52,618
Other comprehensive income (Note 21):				
Unrealized gains on available-for-sale securities	(10,667)	24,665	(94,666)	218,894
Land revaluation increment	241	512	2,138	4,543
Retirement benefit adjustment	(3,689)	2,870	(32,738)	25,470
Total other comprehensive income	(14,116)	28,048	(125,275)	248,917
Comprehensive income	¥ (8,739)	¥ 33,978	$ (77,555)	$ 301,544
Comprehensive income attributable to:				
Owners of parent	¥ (8,843)	¥ 33,831	$ (78,478)	$ 300,239
Non-controlling interests	104	146	922	1,295
Total comprehensive income	¥ (8,739)	¥ 33,978	$ (77,555)	$ 301,544

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

The Aichi Bank, Ltd. and Subsidiaries
Consolidated Statements of Changes in Net Assets
For the Years Ended March 31, 2016 and 2015

Millions of yen

		Shareholders' equity					Accumulated other comprehensive income						
	Number of shares of common stock issued	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains on available-for-sale securities (Note 4)	Land revaluation increment (Note 7)	Retirement benefit adjustment (Note 11)	Total accumulated other comprehensive income	Stock acquisition rights	Non-controlling interests	Total net assets
Balance at April 1, 2014	10,943,240	¥ 18,000	¥ 13,883	¥ 115,345	¥ (712)	¥ 146,516	¥ 45,180	¥ 7,796	¥ (1,114)	¥ 51,863	¥ 102	¥ 3,559	¥ 202,042
Cumulative effects of changes in accounting policies	-	-	-	1,058	-	1,058	-	-	-	-	-	-	1,058
Restated balance at April 1, 2014	10,943,240	18,000	13,883	116,404	(712)	147,575	45,180	7,796	(1,114)	51,863	102	3,559	203,101
Profit attributable to owners of parent	-	-	-	5,822	-	5,822	-	-	-	-	-	-	5,822
Cash dividends	-	-	-	(759)	-	(759)	-	-	-	-	-	-	(759)
Reversal of land revaluation increment	-	-	-	63	-	63	-	-	-	-	-	-	63
Treasury stock acquired, net	-	-	(0)	-	(62)	(63)	-	-	-	-	-	-	(63)
Transfer to capital surplus from retained earnings	-	-	0	(0)	-	-	-	-	-	-	-	-	-
Net changes in items other than shareholders' equity	-	-	-	-	-	-	24,625	449	2,870	27,945	45	144	28,135
Balance at March 31, 2015	10,943,240	18,000	13,883	121,529	(774)	152,639	69,806	8,246	1,756	79,808	148	3,704	236,300
Profit attributable to owners of parent	-	-	-	5,257	-	5,257	-	-	-	-	-	-	5,257
Cash dividends	-	-	-	(921)	-	(921)	-	-	-	-	-	-	(921)
Reversal of land revaluation increment	-	-	-	102	-	102	-	-	-	-	-	-	102
Treasury stock acquired, net	-	-	(1)	-	(12)	(14)	-	-	-	-	-	-	(14)
Transfer to capital surplus from retained earnings	-	-	1	(1)	-	-	-	-	-	-	-	-	-
Net changes in items other than shareholders' equity	-	-	-	-	-	-	(10,653)	139	(3,689)	(14,203)	46	102	(14,054)
Balance at March 31, 2016	10,943,240	¥ 18,000	¥ 13,883	¥ 125,966	¥ (787)	¥ 157,063	¥ 59,152	¥ 8,385	¥ (1,933)	¥ 65,604	¥ 194	¥ 3,806	¥ 226,670

Thousands of U.S. dollars

	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains on available-for-sale securities (Note 4)	Land revaluation increment (Note 7)	Retirement benefit adjustment (Note 11)	Total accumulated other comprehensive income	Stock acquisition rights	Non-controlling interests	Total net assets
Balance at April 1, 2014	$ 159,744	$ 123,207	$ 1,023,651	$ (6,318)	$ 1,300,283	$ 400,958	$ 69,187	$ (9,886)	$ 460,268	$ 905	$ 31,585	$ 1,793,059
Cumulative effects of changes in accounting policies	-	-	9,389	-	9,389	-	-	-	-	-	-	9,389
Restated balance at April 1, 2014	159,744	123,207	1,033,049	(6,318)	1,309,682	400,958	69,187	(9,886)	460,268	905	31,585	1,802,458
Profit attributable to owners of parent	-	-	51,668	-	51,668	-	-	-	-	-	-	51,668
Cash dividends	-	-	(6,735)	-	(6,735)	-	-	-	-	-	-	(6,735)
Reversal of land revaluation increment	-	-	559	-	559	-	-	-	-	-	-	559
Treasury stock acquired, net	-	(0)	-	(550)	(559)	-	-	-	-	-	-	(559)
Transfer to capital surplus from retained earnings	-	0	(0)	-	-	-	-	-	-	-	-	-
Net changes in items other than shareholders' equity	-	-	-	-	-	218,539	3,984	25,470	248,003	399	1,277	249,689
Balance at March 31, 2015	159,744	123,207	1,078,532	(6,869)	1,354,623	619,506	73,180	15,583	708,271	1,313	32,871	2,097,089
Profit attributable to owners of parent	-	-	46,654	-	46,654	-	-	-	-	-	-	46,654
Cash dividends	-	-	(8,173)	-	(8,173)	-	-	-	-	-	-	(8,173)
Reversal of land revaluation increment	-	-	905	-	905	-	-	-	-	-	-	905
Treasury stock acquired, net	-	(8)	-	(106)	(124)	-	-	-	-	-	-	(124)
Transfer to capital surplus from retained earnings	-	8	(8)	-	-	-	-	-	-	-	-	-
Net changes in items other than shareholders' equity	-	-	-	-	-	(94,542)	1,233	(32,738)	(126,047)	408	905	(124,724)
Balance at March 31, 2016	$ 159,744	$ 123,207	$ 1,117,909	$ (6,984)	$ 1,393,885	$ 524,955	$ 74,414	$ (17,154)	$ 582,215	$ 1,721	$ 33,777	$ 2,011,625

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

The Aichi Bank, Ltd. and Subsidiaries
Consolidated Statements of Cash Flows
For the Years Ended March 31, 2016 and 2015

	Millions of yen		Thousands of U.S. dollars	
	2016	2015	2016	2015
Cash flows from operating activities:				
Profit before income taxes	¥ 8,660	¥ 9,411	$ 76,854	$ 83,519
Adjustments for:				
Depreciation	1,456	1,417	12,921	12,575
Impairment loss on fixed assets	230	97	2,041	860
Gain on refund from retirement benefit trusts	(856)	-	(7,596)	-
Decrease in reserve for possible loan losses	(1,797)	(4,001)	(15,947)	(35,507)
Contribution to retirement benefit trusts	-	(4,000)	-	(35,498)
Interest and dividend income	(32,538)	(32,599)	(288,764)	(289,305)
Interest expense	1,630	1,633	14,465	14,492
Decrease in trading securities	77	33	683	292
Increase in loans and bills discounted	(24,783)	(18,487)	(219,941)	(164,066)
(Increase) decrease in call loans and bills purchased	(581)	1,609	(5,156)	14,279
Increase in deposits	23,283	45,858	206,629	406,975
(Decrease) increase in security deposits received related to securities lending transactions	(37,511)	13,251	(332,898)	117,598
Increase in borrowings (excluding subordinated borrowings)	1,260	4,810	11,182	42,687
Gain on securities transactions	(764)	(2,150)	(6,780)	(19,080)
Loss (gain) on foreign currency transactions	3,890	(6,945)	34,522	(61,634)
Increase (decrease) in reserve for contingencies	259	(204)	2,298	(1,810)
Interest and dividend income received	33,632	33,937	298,473	301,180
Interest expense paid	(1,784)	(2,508)	(15,832)	(22,257)
Other, net	(3,190)	(1,926)	(28,310)	(17,092)
Subtotal	(29,426)	39,234	(261,146)	348,189
Income taxes paid	(1,955)	(1,893)	(17,350)	(16,799)
Net cash (used in) provided by operating activities	(31,382)	37,341	(278,505)	331,389
Cash flows from investing activities:				
Purchases of securities	(329,188)	(337,844)	(2,921,441)	(2,998,260)
Proceeds from sales and maturities of securities	328,891	305,045	2,918,805	2,707,179
Purchases of tangible fixed assets	(1,913)	(2,650)	(16,977)	(23,517)
Proceeds from sales of tangible fixed assets	94	131	834	1,162
Purchases of intangible fixed assets	(26)	(12)	(230)	(106)
Payment for asset retirement obligations	(36)	(47)	(319)	(417)
Net cash used in investing activities	(2,178)	(35,378)	(19,329)	(313,968)
Cash flows from financing activities:				
Dividends paid	(921)	(759)	(8,173)	(6,735)
Other, net	(18)	(76)	(159)	(674)
Net cash used in financing activities	(940)	(836)	(8,342)	(7,419)
Net (decrease) increase in cash and cash equivalents	(34,501)	1,125	(306,185)	9,984
Cash and cash equivalents at beginning of year	138,501	137,375	1,229,153	1,219,160
Cash and cash equivalents at end of year (Note 2(b))	¥ 104,000	¥ 138,501	$ 922,967	$ 1,229,153

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

1. Basis of Presenting Consolidated Financial Statements

The consolidated financial statements of The Aichi Bank, Ltd. (the "Bank") and its subsidiaries (collectively the "Group") have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act of Japan and its related accounting regulations and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to the application and disclosure requirements from International Financial Reporting Standards. The accompanying consolidated financial statements have been reformatted and translated into English with some expanded descriptions from the consolidated financial statements of the Bank prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Act. Certain supplementary information included in the statutory Japanese language consolidated financial statements is not presented in the accompanying consolidated financial statements.

The translation of the Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2016, which was ¥112.68 to U.S. $1.00. This translation should not be construed as a representation that the Japanese yen amounts have been, could have been or could in the future be converted into U.S. dollars at this or any other rate of exchange.

The Japanese yen amounts in the accompanying consolidated financial statements are expressed in millions of Japanese yen and have been rounded down. U.S. dollar amounts in the accompanying consolidated financial statements are expressed in thousands of U.S. dollars and also have been rounded down. As a result, total amounts expressed in both Japanese yen and U.S. dollars appearing in the consolidated financial statements and the notes thereto may not be equal to the sum of the individual amounts.

2. Summary of Significant Accounting Policies

(a) Principles of consolidation

The consolidated financial statements include the accounts of the Bank and all of its subsidiaries, which are engaged primarily in providing a wide range of financial services. At both March 31, 2016 and 2015, the Bank had four subsidiaries but no affiliates. All intercompany transactions and accounts have been eliminated.

(b) Cash and cash equivalents

For the purpose of the consolidated statements of cash flows, cash and cash equivalents consisted of cash and due from the Bank of Japan as follows:

	Millions of yen		Thousands of U.S. dollars	
	2016	2015	2016	2015
Cash and due from banks	¥ 104,722	¥ 139,407	$ 929,375	$ 1,237,193
Less due from banks other than Bank of Japan	(722)	(906)	(6,407)	(8,040)
Cash and cash equivalents	¥ 104,000	¥ 138,501	$ 922,967	$ 1,229,153

(c) Trading securities

Trading securities are stated at fair value at the end of the fiscal year. Related gains and losses, both realized and unrealized, are included in the consolidated statements of income. Accrued interest on trading securities is included in "Other assets."

(d) Investment securities

Debt securities for which the Group has both the intent and the ability to hold to maturity are classified as held-to-maturity debt securities and are stated at amortized cost determined by the moving average method. In principle, available-for-sale securities are carried at the fair value as of the balance sheet date. Net unrealized gain and loss on these securities, net of tax, are reported as a component of accumulated other comprehensive income in net assets. Available-for-sale securities for which the fair value is extremely difficult to determine are stated at moving average cost. The carrying value of individual investment securities is reduced, if necessary, through a write-down when a decline in value is deemed other than temporary. Gain and loss on the disposal of investment securities are computed principally using the moving average method. Accrued interest on securities is included in "Other assets."

(e) Derivative financial instruments

Derivative financial instruments are recorded at fair value if hedge accounting is not applied, and gain and loss on the derivatives are recognized in the consolidated statements of income.

(f) Reserve for possible losses on investments

Pursuant to the internal rules of the Bank, a reserve for possible losses on investments is provided in an amount necessary to absorb future losses after considering the financial positions of the issuers of the securities. A provision of reserve for possible losses on investments is included in "Other expenses" and amounted to none and ¥1 million ($8 thousand) for the years ended March 31, 2016 and 2015, respectively.

(g) Loans and bills discounted and reserve for possible loan losses

Loans and bills discounted are stated at the amount of unpaid principal. Unearned interest and discounts are recorded as liabilities and recognized as income over the term of the loan or bill.

A reserve for possible loan losses of the Bank is provided to cover future credit losses in accordance with internal rules for self-assessment of asset quality. Loans written off are charged either to a reserve for possible loan losses and/or current income. Recoveries on loans that have been written off are recorded as other income. The reserve for possible loan losses is made based on the Bank's internal rules in accordance with Report No. 4 of the Ad Hoc Committee for Audits of Banks, "Practical Guideline for Audits of Write-off of Bad Loans and Allowance for Doubtful Loans of Banks and Similar Financial Institutions," issued by the Japanese Institute of Certified Public Accountants ("JICPA"). For loans to borrowers that are legally or substantially bankrupt, a reserve is provided based on the amount of the claims, net of amounts expected to be collected through the disposal of collateral or the execution of guarantees. For loans to borrowers who are likely to become bankrupt, a reserve is provided based on an overall solvency assessment, net of amounts expected to be collected through the disposal of collateral or the execution of guarantees. For loans to borrowers not mentioned above, a reserve is provided based on the historical loss experience of the Bank for a certain past period. All claims are assessed by the Bank's operating divisions based on the Bank's internal rules for self-assessment of asset quality. The inspection division, which is independent from the operating divisions, conducts examinations of these assessments.

A reserve for possible loan losses of the subsidiaries is made for the aggregate amount of estimated credit loss based on an individual financial review of doubtful or troubled receivables and a general reserve based on historical loss experience for other receivables.

(h) Tangible fixed assets and depreciation (except for leases)

Tangible fixed assets of the Bank are stated at cost, less accumulated depreciation. Depreciation is computed using the declining balance method over the estimated useful life of the asset, except for buildings acquired on or after April 1, 1998. Such buildings, excluding facilities attached thereto, are depreciated using the straight-line method. The useful lives of tangible fixed assets range from 8 to 50 years for buildings and from 3 to 20 years for other fixed assets.

Tangible fixed assets of the subsidiaries are depreciated principally by the straight-line method over the estimated useful life of the asset.

(i) Intangible fixed assets and amortization (except for leases)

Intangible fixed assets are amortized using the straight-line method. Costs of computer software developed or obtained for internal use are deferred and amortized by the straight-line method principally over the estimated useful life of five years as determined by the Bank and its subsidiaries.

(j) Leases

All finance lease transactions are accounted for in a manner similar to that used for ordinary sale and purchase transactions.

(Accounting for leases as lessee)
The Group, as lessee, capitalizes lease assets used under finance leases, except for certain immaterial or short-term finance leases which are accounted for as operating leases as permitted under the accounting standard for leases. Depreciation of the leased assets capitalized in finance lease transactions are computed by the straight-line method over the lease term, which is used as the useful life, and with the assumption of no residual value.

(Accounting for leases as lessor)
A certain subsidiary engaged primarily in leasing operations as a lessor recognizes “investments in leased assets” for finance leases that do not transfer ownership of the leased assets to the lessee in a manner similar to the accounting treatment for ordinary sales transactions. The “investment in leased assets” account is presented as other assets in the accompanying consolidated balance sheets. The total amount equivalent to interest is allocated over the lease term using the effective interest method, and the subsidiary recognizes leasing income for lease payments received from customers and related costs, net of imputed interest, when it receives the lease payments, as permitted under the accounting standard for leases.

(k) Impairment loss on fixed assets

Fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the carrying value of an asset or a group of assets exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposal of the asset or group of assets, impairment loss is recognized in the income statement by reducing the carrying value of the impaired asset or group of assets to the recoverable amount, measured as the higher of net selling price or value in use. Fixed assets include intangible assets as well as land, buildings and other forms of property and are grouped at the lowest level for which there are cash flows identifiably different from those of other groups of assets. To recognize and measure an impairment loss, fixed assets are grouped into cash-generating units such as operating business branches, other than idle or unused property. Recoverable amounts of the assets are based on value in use, calculated using the discounted future cash flows at interest rates principally of 8.0% and 6.5% for the years ended March 31, 2016 and 2015, respectively, or net selling prices based primarily on appraisal valuations, net of estimated costs of disposal.

For the years ended March 31, 2016 and 2015, the Group recognized impairment loss including removal costs for the property of operating business branches and idle property, which is included in “Impairment loss on fixed assets,” in the accompanying consolidated statements of income as follows:

	Millions of yen				
	2016				
	Land	Buildings and structures	Other properties	Removal costs	Total
Operating assets:					
Aichi Prefecture	¥ 33	¥ 26	¥ -	¥ -	¥ 60
Other	1	22	0	-	23
Idle assets:					
Aichi Prefecture	116	1	-	-	117
Other	18	10	-	-	29
Total	¥ 169	¥ 61	¥ 0	¥ -	¥ 230

	Millions of yen				
	2015				
	Land	Buildings and structures	Other properties	Removal costs	Total
Operating assets:					
Aichi Prefecture	¥ -	¥ 11	¥ -	¥ -	¥ 11
Other	-	12	0	-	12
Idle assets:					
Aichi Prefecture	1	0	-	-	2
Other	53	5	-	12	71
Total	¥ 54	¥ 30	¥ 0	¥ 12	¥ 97

	Thousands of U.S. dollars				
	2016				
	Land	Buildings and structures	Other properties	Removal costs	Total
Operating assets:					
Aichi Prefecture	$ 292	$ 230	$ -	$ -	$ 532
Other	8	195	0	-	204
Idle assets:					
Aichi Prefecture	1,029	8	-	-	1,038
Other	159	88	-	-	257
Total	$ 1,499	$ 541	$ 0	$ -	$ 2,041

	Thousands of U.S. dollars				
	2015				
	Land	Buildings and structures	Other properties	Removal costs	Total
Operating assets:					
Aichi Prefecture	$ -	$ 97	$ -	$ -	$ 97
Other	-	106	0	-	106
Idle assets:					
Aichi Prefecture	8	0	-	-	17
Other	470	44	-	106	630
Total	$ 479	$ 266	$ 0	$ 106	$ 860

(l) Foreign currency translation

Assets and liabilities denominated in foreign currencies are generally translated into Japanese yen at the exchange rate prevailing at the balance sheet date. Income and expenses are translated at the exchange rate in effect at the transaction date. Gain and loss resulting from foreign currency translation are included in the consolidated statements of income.

(m) Reserve for employee bonuses

A reserve for employee bonuses is provided based on the estimated amounts of future payments attributable to the respective fiscal year.

(n) Reserve for bonuses to directors

A reserve for bonuses to directors and audit and supervisory board members is provided for future bonus payments to directors and audit and supervisory board members that reflect an amount estimated to have accrued as of the consolidated balance sheet date.

(o) Employee retirement benefits

Employees who terminate their service with the Group are entitled to retirement benefits generally determined with reference to the basic salary at the time of termination, years of service and conditions under which the termination occurs.

The Group recognizes retirement benefits, including pension costs and related liabilities, based principally on the actuarial present value of the retirement benefit obligation using an actuarial appraisal approach and the value of pension plan assets available for benefits at the fiscal year-end.

In determining retirement benefit obligation, the benefit formula method is used for attributing expected retirement benefits to the period up to the end of the respective fiscal year-end. Actuarial differences arising from changes in the projected benefit obligation or value of pension plan assets resulting from outcomes which are different from those assumed and from changes in the assumptions themselves are amortized on a straight-line basis principally over 13 to 14 years, a period within the average remaining years of service of employees at the time when the differences arise, from the fiscal year after the year the differences arise.

(Additional information)
The Bank has set up retirement benefit trusts to prepare for future payment of retirement benefits. However, because the pension assets, including those in the retirement benefit trusts, substantially exceed the retirement benefit obligations and because the overfunded status is expected to continue, the Bank received equity securities of ¥5,245 million ($46,547 thousand) as a partial refund from the retirement benefit trusts on June 29, 2015. As a result, gain on refund from retirement benefit trusts in the amount of ¥856 million ($7,596 thousand) was recorded under “Other income” for the year ended March 31, 2016.

(p) Reserve for executive retirement benefits

A reserve for executive retirement benefits is provided for payment of retirement benefits to directors, audit and supervisory board members and other executive officers in the amount deemed to have accrued at the consolidated balance sheet date according to the internal rules of the Group.

(q) Reserve for reimbursement of deposits

A reserve for reimbursement of deposits is provided for possible losses on the future claims of withdrawal based on historical reimbursement experience. A provision of reserve for reimbursement of deposits was included in “Other expenses” and amounted to ¥65 million ($576 thousand) and ¥27 million ($239 thousand) for the years ended March 31, 2016 and 2015, respectively.

(r) Reserve for contingencies

A provision is made in an amount deemed necessary to cover possible losses resulting from the default of loans under a responsibility-sharing system with Credit Guarantee Corporation based primarily on historical default rates. A provision of reserve for contingencies is included in “Other expenses” and an amount of ¥259 million ($2,298 thousand) and none were recorded for the years ended March 31, 2016 and 2015, respectively.

(s) Stock options

The Group has applied ASBJ Statement No. 8, “Accounting Standard for Stock Options,” and its related guidance. This standard and guidance are applicable to stock options granted on or after May 1, 2006. This standard requires companies to measure the cost of employee stock options based on the fair value at the date of such grant and recognize compensation expense over the vesting period as consideration for receiving goods or services from such employees. The standard also requires companies to account for stock options granted to non-employees based on the fair values of either the stock options or goods or services received from such non-employees. In the balance sheets, stock options are presented as stock acquisition rights, a separate component of net assets, until exercised. The standard covers equity-settled, share-based payment transactions, but does not cover cash-settled, share-based payment transactions. In addition, the standard allows unlisted companies to measure options at their intrinsic value if the fair value cannot be reliably estimated.

(t) Income taxes

Income taxes are accounted for using the asset-liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the carrying values of existing assets and liabilities and their respective tax bases and operating loss carryforwards. Deferred tax assets and liabilities are measured using the enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the period that includes the promulgation date.

(u) Appropriation of retained earnings

Cash dividends are recorded in the fiscal year when a proposed appropriation of retained earnings is approved by the shareholders.

(v) Per share data

Earnings per share is computed by dividing profit attributable to owners of parent by the weighted average number of shares of common stock outstanding during the respective year.

Diluted earnings per share is computed to reflect the potential dilution that could occur if securities were exercised or converted into common stock, assuming the full exercise of the outstanding stock options.

Cash dividends per share shown in the accompanying consolidated statements of income represent dividends declared by the Bank as applicable to the respective year.

(w) Change in Accounting Policy

(Application of Accounting Standards for Business Combinations, etc.)
The Bank has applied the revised “Accounting Standard for Business Combinations” (Accounting Standards Board of Japan (“ASBJ”) Statement No. 21, issued on September 13, 2013), the revised “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, issued on September 13, 2013) and the revised “Accounting Standards for Business Divestitures” (ASBJ Statement No. 7, issued on September 13, 2013) from the fiscal year ended March 31, 2016. Under the revised accounting standards, the difference arising from a change in the Bank’s ownership interest in a subsidiary is accounted for as capital surplus as long as the Bank retains control over the subsidiary, and

the acquisition related costs are accounted for as expenses in the fiscal year in which the costs are incurred. Furthermore, adjustments of acquisition cost allocation resulting from finalizing provisional accounting treatments for a business combination are reflected in the consolidated financial statements for the fiscal year to which the date of business combination belongs, effective for a business combination which occurs on or after the beginning of the fiscal year ended March 31, 2016. In addition, the presentation method for net income and other related items was changed, and the presentation of "minority interests" was changed to "non-controlling interests." Certain reclassifications have been made to the consolidated financial statements for the year ended March 31, 2015 to reflect these presentation changes.

In accordance with the transitional treatment provided for in Paragraph 58-2 (4) of the revised "Accounting Standard for Business Combinations," in Paragraph 44-5 (4) of the revised "Accounting Standard for Consolidated Financial Statements" and in Paragraph 57-4 (4) of the revised "Accounting Standards for Business Divestitures," the revised accounting standards have been prospectively applied from April 1, 2015. These changes have had no effect on the consolidated financial statements and per share data for the year ended March 31, 2016.

(x) New accounting standards not yet adopted by the Group

Implementation Guidance on Recoverability of Deferred Tax Assets (ASBJ Guidance No. 26, issued on March 28, 2016, hereinafter the "Implementation Guidance")

i) Overview

The Implementation Guidance basically continues to apply the framework stipulated in the Auditing Guidance No. 66, Auditing Treatment for Judgment of Recoverability of Deferred Assets, issued by Japanese Institute of Certified Public Accountants with certain revisions.

ii) Date of Application

The Implementation Guidance is applied effective from the beginning of the fiscal year ending March 31, 2017.

iii) Effect of application

The resulting effect of applying the Implementation Guidance on the consolidated financial statements is currently under assessment.

3. Financial Instruments

(a) Qualitative information on financial instruments

i) Policies for financial instruments

The Group procures funds by accepting deposits from clients and utilizes the funds for financial investments in the bond and stock markets and for making loans to corporate and individual clients.

The Group enters into derivative transactions in order to avoid the risk of foreign currency fluctuations on customers' funds as well as to conduct foreign financing transactions and to avoid the risk of rising interest rates for the Bank. From an overall risk management standpoint, the Bank uses derivative instruments as hedging instruments in order to avoid the market risk to which financial assets and liabilities are exposed.

ii) Details of financial instruments and related risks

Financial assets of the Group consist mainly of loans to corporate and individual clients and are exposed to interest rate risk and credit risk resulting from any deterioration in the financial condition of the counterparty.

Investment securities comprise mainly debt and equity securities. The Group holds debt securities classified as held-for-sale, available-for-sale or held-to-maturity and equity securities to pursue capital gain or to maintain relationships with corporate clients. These securities are exposed to the credit risk of the issuers, interest rate risk, market risk and foreign currency risk. Deposits consist of demand deposits and time deposits. The maturities of time deposits are within five years.

Asset-liability management techniques are employed to manage financial assets and liabilities sensitive to interest rate fluctuations.

iii) Risk management for financial instruments

Credit risk management

The Bank manages credit risk by conducting strict credit examinations on respective debtors. Additionally, the Bank analyzes the risk by credit rating and industry in chronological order and diversifies the risk of its portfolios in the entirety.

The Group manages credit risk under the Credit Supervision Section, examining and assessing financial circumstances, industry trends, purposes of loans and repayment plans of respective debtors. Assessments are conducted to evaluate the credit standing of prospective debtors before entering into a transaction, for credit management after execution, as a self-assessment on a regular basis and at any time when a relevant event occurs. By the self-assessment, assets are classified by the degree of risk based on the debtor's classification and the existence of any collateral or guarantees. The results of the self-assessments are examined by the Self-Assessment Verification Section and are reported to the Asset Assessment Committee and management.

As to the credit portfolios in the entirety, the level of concentration in the industry and large transactions are monitored by the Credit Management Section on a regular basis in order to construct portfolios that exclude concentration risk. The Credit Management Section periodically reports the results to management.

Moreover, an internal credit rating system has been introduced that classifies debtors according to creditworthiness. The Bank uses the credit rating for screening and credit management of debtors as well as monitoring the credit portfolio.

Credit risk is quantified, which enables the Bank to manage the credit risk effectively.

Market risk management

The Risk Control Department of the Bank monitors market risk. The department quantifies the risk whenever possible and performs stress tests and simulation analyses to analyze the possible effects of changes in market variables such as interest rates, stock prices and exchange rates on the amount of market risk the Bank is exposed to and on the profit and loss of the Bank. The results of the analyses are regularly reported to the Board of Directors, the Risk Management Committee and other relevant parties. The Risk Management Committee and other relevant parties confirm that the level of risk is sufficiently limited considering the equity of the Bank and review the policies for controlling market risk.

Interest rate risk and stock price risk are significant risks for the Group. Major financial instruments which are exposed to interest rate risk are "Loans and bills discounted," debt securities classified as available-for-sale securities under "Investment securities" and "Deposits." Financial instruments which are exposed to stock price risk are equity securities classified as available-for-sale securities in "Investment securities." The Group uses Value at Risk ("VaR") calculated based on the financial assets and liabilities categorized into "loans and deposits," "debt securities," "equity securities held for investment" and "strategically held equity securities" to perform quantitative analysis and manage interest rate and stock price fluctuation risks. For the years ended March 31, 2016 and 2015, VaR was calculated using the historical simulation method (and assuming a holding period of 125 business days, a 99% confidence interval and an observation period of 5 years).

The total market risk exposure of the Group as estimated loss amounted to ¥18,022 million ($159,939 thousand) and ¥14,048 million ($124,671 thousand) as of March 31, 2016 and 2015, respectively. In calculating VaR, VaR amounts for interest rate risk associated with the banking account and price fluctuation risk associated with the equity securities held for investment were summed with that for price fluctuation risk associated with strategically held equity securities.

The Group ensures the reliability and accuracy of the measurement model by performing back-testing, that is, comparing VaR amounts measured using the model with actual amounts of profit and loss. However, VaR reflects market risk exposures statistically calculated under certain probabilities based on historical market volatility; therefore, it may not be able to accurately reflect the risks when the market environment changes extraordinarily.

iv) Supplemental information on fair value of financial instruments

Fair values of financial instruments are estimated based on quoted market prices or based on reasonably calculated prices if quoted market prices are not available. Certain assumptions are used to calculate such prices. Therefore, prices may be different under different assumptions.

(b) Fair value of financial instruments

The following is a summary of the carrying values and fair values of financial instruments at March 31, 2016 and 2015.

	Millions of yen		
	2016		
	Carrying value	Fair value	Difference
Financial assets:			
Cash and due from banks	¥ 104,722	¥ 104,722	¥ -
Call loans and bills purchased	2,753	2,753	-
Trading securities	-	-	-
Investment securities:			
Available-for-sale securities *(*1)*	1,145,397	1,145,397	-
Loans and bills discounted:			
Loans and bills discounted	1,679,941		
Reserve for possible loan losses *(*2)*	(8,118)		
Loans and bills discounted, net	1,671,822	1,700,258	28,435
Total assets	¥ 2,924,695	¥ 2,953,131	¥ 28,435
Financial liabilities:			
Deposits	¥ 2,661,691	¥ 2,662,602	¥ 910
Security deposits received related to securities lending transactions	37,574	37,574	-
Borrowings	18,915	18,957	42
Total liabilities	¥ 2,718,181	¥ 2,719,134	¥ 953
Derivative transactions *(*3)*:			
Not qualifying for hedge accounting	¥ 960	¥ 960	¥ -
Total derivative transactions	¥ 960	¥ 960	¥ -

	2015		
	Carrying value	Fair value	Difference
Financial assets:			
Cash and due from banks	¥ 139,407	¥ 139,407	¥ -
Call loans and bills purchased	2,171	2,171	-
Trading securities	77	77	-
Investment securities:			
Available-for-sale securities *(*1)*	1,157,415	1,157,415	-
Loans and bills discounted:			
Loans and bills discounted	1,655,157		
Reserve for possible loan losses *(*2)*	(9,900)		
Loans and bills discounted, net	1,645,256	1,669,942	24,685
Total assets	¥ 2,944,328	¥ 2,969,014	¥ 24,685
Financial liabilities:			
Deposits	¥ 2,638,408	¥ 2,638,976	¥ 568
Security deposits received related to securities lending transactions	75,085	75,085	-
Borrowings	17,655	17,678	23
Total liabilities	¥ 2,731,148	¥ 2,731,740	¥ 591
Derivative transactions *(*3)*:			
Not qualifying for hedge accounting	¥ (202)	¥ (202)	¥ -
Total derivative transactions	¥ (202)	¥ (202)	¥ -

	Thousands of U.S. dollars		
	2016		
	Carrying value	Fair value	Difference
Financial assets:			
Cash and due from banks	$ 929,375	$ 929,375	$ -
Call loans and bills purchased	24,432	24,432	-
Trading securities	-	-	-
Investment securities:			
Available-for-sale securities *(*1)*	10,165,042	10,165,042	-
Loans and bills discounted:			
Loans and bills discounted	14,908,954		
Reserve for possible loan losses *(*2)*	(72,044)		
Loans and bills discounted, net	14,836,900	15,089,261	252,351
Total assets	$ 25,955,759	$ 26,208,120	$ 252,351
Financial liabilities:			
Deposits	$ 23,621,680	$ 23,629,765	$ 8,075
Security deposits received related to securities lending transactions	333,457	333,457	-
Borrowings	167,864	168,237	372
Total liabilities	$ 24,123,012	$ 24,131,469	$ 8,457
Derivative transactions *(*3)*:			
Not qualifying for hedge accounting	$ 8,519	$ 8,519	$ -
Total derivative transactions	$ 8,519	$ 8,519	$ -

	2015		
	Carrying value	Fair value	Difference
Financial assets:			
Cash and due from banks	$ 1,237,193	$ 1,237,193	$ -
Call loans and bills purchased	19,266	19,266	-
Trading securities	683	683	-
Investment securities:			
Available-for-sale securities *(*1)*	10,271,698	10,271,698	-
Loans and bills discounted:			
Loans and bills discounted	14,689,004		
Reserve for possible loan losses *(*2)*	(87,859)		
Loans and bills discounted, net	14,601,135	14,820,216	219,071
Total assets	$ 26,129,996	$ 26,349,077	$ 219,071
Financial liabilities:			
Deposits	$ 23,415,051	$ 23,420,092	$ 5,040
Security deposits received related to securities lending transactions	666,356	666,356	-
Borrowings	156,682	156,886	204
Total liabilities	$ 24,238,090	$ 24,243,343	$ 5,244
Derivative transactions *(*3)*:			
Not qualifying for hedge accounting	$ (1,792)	$ (1,792)	$ -
Total derivative transactions	$ (1,792)	$ (1,792)	$ -

Notes:

*(*1) The following securities were excluded from the above tables because their fair values were extremely difficult to determine.*

	Millions of yen		*Thousands of U.S. dollars*	
	2016	*2015*	*2016*	*2015*
*Unlisted stocks**	*¥ 1,852*	*¥ 1,757*	*$ 16,435*	*$ 15,592*
Other nonmarketable securities	*465*	*321*	*4,126*	*2,848*
	¥ 2,318	*¥ 2,078*	*$ 20,571*	*$ 18,441*

* *For the year ended March 31, 2015, there was no write-down of these securities. For the year ended March 31, 2016, loss on the write-down of these securities was recognized in the amount of ¥2 million ($17 thousand).*

*(*2) Reserve for possible loan losses on ordinary and specific claims corresponding to loans and bills discounted is deducted.*

*(*3) Derivative transactions recorded in other assets and liabilities are presented in a lump sum on a net basis. A net liability position is shown in parenthesis.*

Methods for calculating the fair value of financial instruments were as follows:

Financial assets:

- Cash and due from banks – The fair value of due from banks without maturities approximates the carrying value. As for those with maturities, the present value calculated by discounting the amount categorized based on the remaining term to maturity as of the consolidated balance sheet date at the risk free rate is used as the fair value. As for those with maturities up to one year as of the consolidated balance sheet date, the carrying value is used as the fair value after it is confirmed that the fair value approximates the carrying value.

- Call loans and bills purchased – The present value calculated by discounting the amount categorized based on the remaining term to maturity as of the consolidated balance sheet date at the risk free rate is used as the fair value of call loans and bills purchased. As for those with maturities up to one year as of the consolidated balance sheet date, the carrying value is used as the fair value after it is confirmed that the fair value approximates the carrying value.

- Trading securities – The fair value of trading securities such as debt securities held for dealing operations is based on the quoted market price or the price obtained from the counterparty financial institution.

- Investment securities – The fair value of equity securities is based on the quoted market price. The fair value of debt securities is based on the quoted market price or the price obtained from the counterparty financial institution. The fair value of investment trust funds is based on the constant value.

  The fair value of private placement bonds guaranteed by the Bank is calculated by discounting the future cash flows at the risk free rate to which the consideration (risk premium) to cover uncertainty inherent in cash flows (credit risk and others), which is calculated based on the amount expected to be collected according to the internal credit rating and the existence of collateral or guarantees, is added. As for transactions with maturities up to one year as of the consolidated balance sheet date, the carrying value is used as the fair value after it is confirmed that the fair value approximates the carrying value. Additional information on securities classified by holding purpose is presented in Note 4, Trading Securities and Investment Securities.

- Loans and bills discounted – The fair value of loans and bills discounted to corporate clients is calculated by discounting the future cash flows at the risk free rate to which the consideration (risk premium) to cover uncertainty inherent in cash flows (credit risk and others), which is calculated based on the amount expected to be collected according to the internal credit rating and the existence of collateral or guarantees, is added. The fair value of those to individual clients is calculated as the total of principal and interest discounted by the rate assumed when a similar loan is executed.

  As for transactions whose due date is within one year as of the consolidated balance sheet date, the carrying value is used as the fair value after it is confirmed that the fair value approximates the carrying value.

  As for loans to borrowers that are legally or substantially bankrupt and those who are likely to become bankrupt, the estimated loan losses are calculated based on the present value of the estimated future cash flows or the amount expected to be collected due to collateral or guarantees. As a result, the fair value approximates the carrying value as of the consolidated balance sheet date minus the reserve for possible loan losses.

Financial liabilities:

- Deposits – The fair value of demand deposits is deemed as the amount that would be paid if demanded by the clients as of the consolidated balance sheet date (the carrying value). As for time deposits, the present value, the discounted future cash flows by the amount categorized based on a certain period, is used as the fair value. The discount rate is that used when a new deposit is accepted. As for those with maturities up to one year as of the consolidated balance sheet date, the carrying value is used as the fair value after it is confirmed that the fair value approximates the carrying value.

- Security deposits received related to securities lending transactions and borrowings – The present value calculated by discounting the amount categorized based on the remaining term to maturity as of the consolidated balance sheet date at the risk free rate is used as the fair value. As for transactions with maturities up to one year as of the consolidated balance sheet date, the carrying value is used as the fair value after it is confirmed that the fair value approximates the carrying value.

Derivative transactions:

Information on fair value of derivative transactions is presented in Note 16, "Derivative Financial Instruments."

(c) Redemption schedule for financial instruments with maturities

The redemption schedule for financial instruments with maturities at March 31, 2016 was as follows:

	Millions of yen					
	2016					
	Due in 1 year or less	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years
Financial assets:						
Due from banks	¥ 67,067	¥ -	¥ -	¥ -	¥ -	¥ -
Call loans and bills purchased	2,753	-	-	-	-	-
Investment securities:						
Available-for-sale securities:						
Japanese government bonds	17,500	60,100	143,000	23,600	-	11,000
Local government bonds	15,879	25,503	43,063	13,408	9,805	-
Corporate bonds	75,305	155,038	92,385	48,560	20,973	7,795
Foreign bonds	24,640	17,730	18,287	-	-	-
Other	9	8,471	36,948	9,443	76,937	3,521
Total investment securities	133,335	266,844	333,686	95,012	107,716	22,316
Loans and bills discounted *(*1)*	316,660	345,391	227,238	112,804	124,795	308,215
	¥ 519,816	¥ 612,236	¥ 560,924	¥ 207,816	¥ 232,511	¥ 330,532
Financial liabilities:						
Deposits *(*2)*	¥ 2,378,489	¥ 266,207	¥ 16,995	¥ -	¥ -	¥ -
Security deposits received related to securities lending transactions	37,574	-	-	-	-	-
Borrowings	14,340	3,015	1,560	-	-	-
	¥ 2,430,403	¥ 269,222	¥ 18,555	¥ -	¥ -	¥ -

	Thousands of U.S. dollars					
	2016					
	Due in 1 year or less	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years
Financial assets:						
Due from banks	$ 595,198	$ -	$ -	$ -	$ -	$ -
Call loans and bills purchased	24,432	-	-	-	-	-
Investment securities:						
Available-for-sale securities:						
Japanese government bonds	155,307	533,368	1,269,080	209,442	-	97,621
Local government bonds	140,921	226,331	382,170	118,991	87,016	-
Corporate bonds	668,308	1,375,914	819,888	430,954	186,128	69,178
Foreign bonds	218,672	157,348	162,291	-	-	-
Other	79	75,177	327,902	83,803	682,791	31,247
Total investment securities	1,183,306	2,368,157	2,961,359	843,201	955,946	198,047
Loans and bills discounted *(*1)*	2,810,259	3,065,237	2,016,666	1,001,100	1,107,516	2,735,312
	$ 4,613,205	$ 5,433,404	$ 4,978,026	$ 1,844,302	$ 2,063,462	$ 2,933,368
Financial liabilities:						
Deposits *(*2)*	$ 21,108,351	$ 2,362,504	$ 150,825	$ -	$ -	$ -
Security deposits received related to securities lending transactions	333,457	-	-	-	-	-
Borrowings	127,263	26,757	13,844	-	-	-
	$ 21,569,071	$ 2,389,261	$ 164,669	$ -	$ -	$ -

Notes:

*(*1) At March 31, 2016, the total amount of loans which were not expected to be recovered, including claims to borrowers that were legally or substantially bankrupt and to those who were likely to become bankrupt, amounted to ¥49,245 million ($437,034 thousand). Loans without due dates in the amount of ¥195,590 million ($1,735,800 thousand) were excluded.*

*(*2) Demand deposits were included in "Due in 1 year or less."*

4. Trading Securities and Investment Securities

There was no carrying value of trading securities at March 31, 2016. At March 31, 2015, trading securities consisted of Japanese government bonds only.

At March 31, 2016 and 2015, investment securities consisted of the following:

	Millions of yen		Thousands of U.S. dollars	
	2016	2015	2016	2015
Japanese government bonds	¥ 266,501	¥ 308,125	$ 2,365,113	$ 2,734,513
Local government bonds	111,059	113,504	985,614	1,007,312
Bonds and debentures	409,205	421,022	3,631,567	3,736,439
Equity securities	121,847	129,090	1,081,354	1,145,633
Other	239,103	187,750	2,121,964	1,666,222
	¥ 1,147,715	¥ 1,159,493	$ 10,185,614	$ 10,290,140

At March 31, 2016 and 2015, investment securities included Japanese government bonds of ¥7,447 million ($66,089 thousand) and ¥6,366 million ($56,496 thousand), respectively, as loans without collateral (securities lending transactions).

At March 31, 2016 and 2015, liabilities for guarantees on corporate bonds included in "Investment securities," which were issued by private placement (Article 2, Paragraph 3 of the Financial Instruments and Exchange Act), amounted to ¥12,777 million ($113,391 thousand) and ¥14,027 million ($124,485 thousand), respectively.

Securities are classified as trading, held-to-maturity or available-for-sale. The classification determines the respective accounting method that should be used to account for these securities, as stipulated by the accounting standard for financial instruments. At March 31, 2016 and 2015, the carrying values of trading securities and the related valuation differences included in the consolidated statements of income were as follows:

	Millions of yen				Thousands of U.S. dollars			
	2016		2015		2016		2015	
	Carrying value	Valuation difference	Carrying value	Valuation difference	Carrying value	Valuation difference	Carrying value	Valuation difference
Trading securities	¥ -	¥ -	¥ 77	¥ (0)	$ -	$ -	$ 683	$ (0)

The Group did not have any held-to-maturity debt securities as of March 31, 2016 and 2015.

At March 31, 2016 and 2015, gross unrealized gains and losses for available-for-sale securities with fair value were as follows:

	Millions of yen			
	2016			
	Cost	Gross unrealized gains	Gross unrealized losses	Fair and carrying value
Available-for-sale securities with fair value:				
Japanese government bonds	¥ 258,223	¥ 8,277	¥ -	¥ 266,501
Local government bonds	108,116	2,942	(0)	111,059
Bonds and debentures	401,497	7,830	(122)	409,205
Equity securities	60,995	61,443	(2,444)	119,994
Other	232,334	8,059	(1,756)	238,637
	¥ 1,061,166	¥ 88,553	¥ (4,323)	¥ 1,145,397

	Millions of yen			
	2015			
	Cost	Gross unrealized gains	Gross unrealized losses	Fair and carrying value
Available-for-sale securities with fair value:				
Japanese government bonds	¥ 300,202	¥ 7,962	¥ (38)	¥ 308,125
Local government bonds	110,602	2,919	(17)	113,504
Bonds and debentures	414,137	6,972	(87)	421,022
Equity securities	54,294	73,168	(129)	127,333
Other	176,605	10,993	(170)	187,428
	¥ 1,055,842	¥ 102,015	¥ (442)	¥ 1,157,415

	Thousands of U.S. dollars			
	2016			
	Cost	Gross unrealized gains	Gross unrealized losses	Fair and carrying value
Available-for-sale securities with fair value:				
Japanese government bonds	$ 2,291,648	$ 73,455	$ -	$ 2,365,113
Local government bonds	959,495	26,109	(0)	985,614
Bonds and debentures	3,563,161	69,488	(1,082)	3,631,567
Equity securities	541,311	545,287	(21,689)	1,064,909
Other	2,061,892	71,521	(15,583)	2,117,829
	$ 9,417,518	$ 785,880	$ (38,365)	$ 10,165,042

	Thousands of U.S. dollars			
	2015			
	Cost	Gross unrealized gains	Gross unrealized losses	Fair and carrying value
Available-for-sale securities with fair value:				
Japanese government bonds	$ 2,664,199	$ 70,660	$ (337)	$ 2,734,513
Local government bonds	981,558	25,905	(150)	1,007,312
Bonds and debentures	3,675,337	61,874	(772)	3,736,439
Equity securities	481,842	649,343	(1,144)	1,130,040
Other	1,567,314	97,559	(1,508)	1,663,365
	$ 9,370,269	$ 905,351	$ (3,922)	$ 10,271,698

During the years ended March 31, 2016 and 2015, the Group recorded losses on the write-down of available-for-sale securities with fair value due to other than temporary decline in value as follows:

	Millions of yen		Thousands of U.S. dollars	
	2016	2015	2016	2015
Equity securities	¥ 55	¥ -	$ 488	$ -
Corporate bonds	3	1	26	8

The Group recognizes the write-down of available-for-sale securities with fair value in the case of a decline in value by 50% or more below cost or an other than temporary decline ranging from 30% to 50% below cost.

At March 31, 2016 and 2015, net unrealized gains on available-for-sale securities, net of applicable income taxes and non-controlling interests, recorded as a component of accumulated other comprehensive income in net assets on the consolidated balance sheets were as follows:

	Millions of yen		Thousands of U.S. dollars	
	2016	2015	2016	2015
Unrealized gains	¥ 84,230	¥ 101,572	$ 747,515	$ 901,419
Less applicable income taxes	(25,009)	(31,684)	(221,947)	(281,185)
Less non-controlling interests portion	(67)	(82)	(594)	(727)
Net unrealized gains	¥ 59,152	¥ 69,806	$ 524,955	$ 619,506

During the years ended March 31, 2016 and 2015, the Group sold available-for-sale securities and recorded gains and losses on sales of these securities on the consolidated statements of income as follows:

	Millions of yen		Thousands of U.S. dollars	
	2016	2015	2016	2015
Gains on sales of:				
Equity securities	¥ 2,157	¥ 1,570	$ 19,142	$ 13,933
Bonds and others	1,481	1,195	13,143	10,605
	¥ 3,638	¥ 2,765	$ 32,286	$ 24,538
Losses on sales of:				
Equity securities	¥ 987	¥ 232	$ 8,759	$ 2,058
Bonds and others	1,828	380	16,222	3,372
	¥ 2,815	¥ 612	$ 24,982	$ 5,431

5. Loans and Bills Discounted

At March 31, 2016 and 2015, loans and bills discounted consisted of the following:

	Millions of yen		Thousands of U.S. dollars	
	2016	2015	2016	2015
Bills discounted	¥ 25,714	¥ 26,934	$ 228,203	$ 239,030
Loans on bills	53,651	60,626	476,135	538,036
Loans on deeds	1,402,379	1,359,374	12,445,678	12,064,022
Overdrafts	198,195	208,221	1,758,919	1,847,896
	¥ 1,679,941	¥ 1,655,157	$ 14,908,954	$ 14,689,004

Bills discounted are accounted for as financial transactions in accordance with the JICPA Industry Audit Committee Report No. 24 issued on February 13, 2002, "Treatment of Accounting and Auditing

Concerning Application of Accounting Standard for Financial Instruments in Banking Industry." The Group has the right to sell or pledge (repledge) bankers' acceptances, commercial bills, documentary bills and foreign bills of exchange purchased without restrictions. The total face value of these bills amounted to ¥25,800 million ($228,966 thousand) and ¥27,110 million ($240,592 thousand) at March 31, 2016 and 2015, respectively.

Claims to borrowers in bankruptcy and past due loans amounted to ¥49,244 million ($437,025 thousand) and ¥53,228 million ($472,381 thousand) at March 31, 2016 and 2015, respectively, and are included in "Loans and bills discounted." Loans are generally placed on non-accrual status when there is substantial doubt about the ultimate collectability of either principal or interest because the principal or interest is past due for a considerable period or for other reasons. Claims to borrowers in bankruptcy represent non-accrual loans after charge-off to legally bankrupt borrowers as defined in Article 96, Paragraph 1, Subparagraph 3 and 4 of the Order for Enforcement of the Corporation Tax Act of Japan. Past due loans are non-accrual loans other than claims to borrowers in bankruptcy and loans for which interest payments are deferred in order to assist the financial recovery of borrowers in financial difficulties.

At March 31, 2016 and 2015, delinquent loans for which the payment of principal or interest was contractually past due three months or more, excluding non-accrual loans, amounted to ¥892 million ($7,916 thousand) and ¥509 million ($4,517 thousand), respectively.

At March 31, 2016 and 2015, restructured loans for which the Bank had restructured the terms and conditions in favor of borrowers in financial difficulties, such as a reduction or exemption of the original interest rate, extension of interest payments and/or principal repayments and debt forgiveness in order to support the borrowers in their financial recovery or restructuring, excluding "claims to borrowers in bankruptcy," "past due loans" and "delinquent loans contractually past due three months or more" disclosed above, amounted to ¥6,016 million ($53,390 thousand) and ¥8,067 million ($71,592 thousand), respectively.

Total non-performing assets before charge-offs of claims deemed uncollectible, consisting of "claims to borrowers in bankruptcy," "past due loans," "delinquent loans contractually past due three months or more" and "restructured loans," aggregated ¥56,154 million ($498,349 thousand) and ¥61,804 million ($548,491 thousand) at March 31, 2016 and 2015, respectively.

A provision of reserve for possible loan losses amounted to ¥126 million ($1,118 thousand) and none for the years ended March 31, 2016 and 2015, respectively, and is included in "Other expenses" in the accompanying consolidated statements of income.

6. Foreign Exchange

At March 31, 2016 and 2015, foreign exchange consisted of the following:

	Millions of yen		Thousands of U.S. dollars	
	2016	2015	2016	2015
Assets:				
Due from banks	¥ 2,165	¥ 2,896	$ 19,213	$ 25,701
Foreign bills of exchange purchased	86	176	763	1,561
Foreign bills of exchange receivable	466	563	4,135	4,996
	¥ 2,717	¥ 3,636	$ 24,112	$ 32,268

	Millions of yen		Thousands of U.S. dollars	
	2016	2015	2016	2015
Liabilities:				
Foreign bills of exchange sold	¥ 503	¥ 458	$ 4,463	$ 4,064
Foreign bills of exchange payable	202	521	1,792	4,623
	¥ 706	¥ 980	$ 6,265	$ 8,697

7. Tangible Fixed Assets

At March 31, 2016 and 2015, tangible fixed assets consisted of the following:

	Millions of yen		Thousands of U.S. dollars	
	2016	2015	2016	2015
Land	¥ 23,249	¥ 23,559	$ 206,327	$ 209,078
Buildings and structures	8,428	7,942	74,795	70,482
Construction in progress	34	32	301	283
Other tangible fixed assets	3,507	3,307	31,123	29,348
Tangible fixed assets	¥ 35,219	¥ 34,841	$ 312,557	$ 309,203

Accumulated depreciation of tangible fixed assets at March 31, 2016 and 2015 was ¥22,931 million ($203,505 thousand) and ¥22,865 million ($202,919 thousand), respectively.

As permitted by the accounting principles and practices generally accepted in Japan, deferred capital gains on sales of real property are deducted from the original acquisition cost of property newly acquired for replacement purposes in the same line of business as the property sold. At March 31, 2016 and 2015, the amount of ¥2,286 million ($20,287 thousand) was directly reduced from the acquisition cost of land, respectively.

The Bank elected the one-time revaluation of land used for the banking business effective on March 31, 1998, reflecting appropriate adjustments for land shape and other factors based on the appraisal values issued by the Japanese National Tax Agency under the Act on Revaluation of Land. According to the Act, the amount equivalent to the tax effect on the excess of sound reassessed values over the original book value is stated as "Deferred tax liabilities for revaluation," and the rest of the excess, net of the tax effect, is disclosed as "Land revaluation increment" and included in a component of accumulated other comprehensive income in net assets on the consolidated balance sheets. At March 31, 2016 and 2015, the differences in the carrying values of land used for the banking business after reassessment over the market values amounted to ¥2,868 million ($25,452 thousand) and ¥3,792 million ($33,652 thousand), respectively.

8. Pledged Assets

At March 31, 2016 and 2015, investment securities totaling ¥100,759 million ($894,204 thousand) and ¥138,553 million ($1,229,614 thousand), respectively, were pledged as collateral for “Security deposits received related to securities lending transactions” of ¥37,574 million ($333,457 thousand) and ¥75,085 million ($666,356 thousand) as well as for “Borrowings” of ¥12,200 million ($108,271 thousand) and ¥12,400 million ($110,046 thousand), respectively.

At March 31, 2016 and 2015, investment securities totaling ¥25,254 million ($224,121 thousand) and ¥24,953 million ($221,450 thousand), respectively, were pledged as collateral for the settlement of exchange and other transactions.

9. Deposits

At March 31, 2016 and 2015, deposits consisted of the following:

	Millions of yen		Thousands of U.S. dollars	
	2016	2015	2016	2015
Demand deposits	¥ 1,373,221	¥ 1,358,867	$ 12,186,909	$ 12,059,522
Time deposits	1,257,601	1,251,027	11,160,818	11,102,476
Other	30,869	28,512	273,952	253,035
	¥ 2,661,691	¥ 2,638,408	$ 23,621,680	$ 23,415,051

10. Borrowings and Lease Obligations

At March 31, 2016 and 2015, borrowings, which consisted of the borrowings from other financial institutions, amounted to ¥18,915 million ($167,864 thousand) and ¥17,655 million ($156,682 thousand), respectively. At March 31, 2016, the annual maturities of borrowings due through February 2021 at an average interest rate of 0.18% per annum were as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2017	¥ 14,340	$ 127,263
2018	1,715	15,220
2019	1,300	11,537
2020	970	8,608
2021	590	5,236
	¥ 18,915	$ 167,864

At March 31, 2016 and 2015, other liabilities included lease obligations of 13 million ($115 thousand) and none, respectively.

11. Employee Retirement Benefits

The Group has corporate pension fund plans and lump-sum retirement benefit plans as defined benefit plans that cover substantially all employees. Furthermore, retirement benefit trusts are set up to cover lump-sum retirement benefit plans. At March 31, 2016 and 2015, employee retirement benefits consisted of the following:

(Defined benefit plans)
(a) Movement in retirement benefit obligations:

	Millions of yen				Thousands of U.S. dollars			
	2016		2015		2016		2015	
Retirement benefit obligations at beginning of year	¥	20,289	¥	21,941	$	180,058	$	194,719
Cumulative effects of changes in accounting policies		-		(1,637)		-		(14,527)
Restated balance		-		20,304		-		180,191
Service cost		668		690		5,928		6,123
Interest cost		249		249		2,209		2,209
Actuarial differences		2,624		127		23,287		1,127
Retirement benefits paid		(1,199)		(1,083)		(10,640)		(9,611)
Retirement benefit obligations at end of year	¥	22,632	¥	20,289	$	200,851	$	180,058

(b) Movement in plan assets:

	Millions of yen				Thousands of U.S. dollars			
	2016		2015		2016		2015	
Plan assets at beginning of year	¥	31,141	¥	23,085	$	276,366	$	204,872
Expected return on plan assets		613		292		5,440		2,591
Actuarial differences		(1,661)		3,688		(14,740)		32,729
Contribution paid by the employer		357		960		3,168		8,519
Contribution to retirement benefit trusts		-		4,000		-		35,498
Refund of equity securities from retirement benefit trusts		(5,245)		-		(46,547)		-
Retirement benefits paid		(924)		(885)		(8,200)		(7,854)
Plan assets at end of year	¥	24,281	¥	31,141	$	215,486	$	276,366

(c) Reconciliation from retirement benefit obligations and plan assets to employee retirement benefit asset or liability recorded on the consolidated balance sheet:

	Millions of yen				Thousands of U.S. dollars			
	2016		2015		2016		2015	
Funded retirement benefit obligations	¥	22,632	¥	20,289	$	200,851	$	180,058
Plan assets		(24,281)		(31,141)		(215,486)		(276,366)
		(1,648)		(10,852)		(14,625)		(96,308)
Unfunded retirement benefit obligations		-		-		-		-
Net balance of (asset)/liability for retirement benefits recorded on the consolidated balance sheet at end of year		(1,648)		(10,852)		(14,625)		(96,308)
Employee retirement benefit liability		1,353		766		12,007		6,798
Employee retirement benefit asset		(3,002)		(11,619)		(26,641)		(103,115)
Net balance of (asset)/liability for retirement benefits recorded on the consolidated balance sheet at end of year	¥	(1,648)	¥	(10,852)	$	(14,625)	$	(96,308)

(d) Net periodic retirement benefit expenses and their breakdown:

	Millions of yen		Thousands of U.S. dollars	
	2016	2015	2016	2015
Service cost	¥ 668	¥ 690	$ 5,928	$ 6,123
Interest cost	249	249	2,209	2,209
Expected return on plan assets	(613)	(292)	(5,440)	(2,591)
Amortization of actuarial differences	(224)	746	(1,987)	6,620
Gain on refund from retirement benefit trusts *	(856)	-	(7,596)	-
Other	37	38	328	337
Net periodic retirement benefit expenses under defined benefit plans	¥ (739)	¥ 1,432	$ (6,558)	$ 12,708

*Note: * Gain on refund from retirement benefit trusts of ¥856 million ($7,596 thousand) for the year ended March 31, 2016 was included in "Other income."*

(e) Retirement benefit adjustment in other comprehensive income, before tax effects:

	Millions of yen		Thousands of U.S. dollars	
	2016	2015	2016	2015
Actuarial differences	¥ (5,367)	¥ 4,307	$ (47,630)	$ 38,223
Total	¥ (5,367)	¥ 4,307	$ (47,630)	$ 38,223

(f) Retirement benefit adjustment in accumulated other comprehensive income, before tax effects:

	Millions of yen		Thousands of U.S. dollars	
	2016	2015	2016	2015
Actuarial differences that are yet to be recognized	¥ (2,781)	¥ 2,585	$ (24,680)	$ 22,941
Total	¥ (2,781)	¥ 2,585	$ (24,680)	$ 22,941

(g) Plan assets

i) Plan assets comprise:

	2016	2015
Debt securities	43.7%	25.1%
Equity securities	36.8	48.1
Cash and deposits	5.3	0.0
General account	13.5	10.4
Other	0.7	16.4
Total	100.0%	100.0%

Note: At March 31, 2016 and 2015, 34.9% and 47.1% of plan assets consisted of retirement benefit trusts that are set up for corporate pension plans and lump-sum retirement benefit plans, respectively.

ii) Determination of expected long-term rate of plan assets

The expected long-term rate of return on plan assets is determined considering current and future portfolio of plan assets and current and expected long-term rate of return generated from various components of the plan assets.

(h) Actuarial assumptions at end of year:

	2016	2015
Discount rate for corporate pension plans	0.3%	1.2%
Discount rate for lump-sum retirement benefit plans	0.2%	1.1%
Expected long-term rate of return on plan assets	3.0%	2.0%

12. Acceptances and Guarantees

The Bank provides guarantees for liabilities of its customers for payments on loans from other financial institutions. A contra account, "Customers' liabilities for acceptances and guarantees," is classified as an asset in the consolidated balance sheets, indicating the Bank's right of indemnity from customers.

13. Net Assets

At March 31, 2016 and 2015, the authorized number of shares of common stock without par value was 30 million, and the number of shares of common stock issued was 10,943,240 shares. At March 31, 2016 and 2015, the number of shares of treasury stock held by the Group was 102,855 and 100,763 shares, respectively.

At March 31, 2016 and 2015, capital surplus consisted principally of additional paid-in capital. Included in retained earnings was the legal earnings reserve of the Bank in the amount of ¥5,392 million ($47,852 thousand) at both March 31, 2016 and 2015. The Japanese Banking Act provides that an amount equivalent to at least 20% of the cash payments as appropriations of retained earnings shall be appropriated as the legal earnings reserve until the total amount of additional paid-in capital and such reserve equals the common stock. The legal earnings reserve is not available for distributions as dividends, but may be used to reduce a deficit or may be transferred to common stock by proper action of the Board of Directors and/or the shareholders.

In November 2015, the Board of Directors of the Bank resolved to pay interim dividends of ¥433 million ($3,842 thousand) at ¥40 per share ($0.35 per share). The shareholders of the Bank approved the following appropriation of retained earnings at the annual shareholders meeting on June 24, 2016.

	Millions of yen	Thousands of U.S. dollars
Cash dividends, ¥40 per share ($0.35 per share)	¥ 433	$ 3,842

14. Stock Options

(a) Stock option expenses

The Bank recorded stock option expenses of ¥48 million ($425 thousand) and ¥45 million ($399 thousand) in “General and administrative expenses” for the years ended March 31, 2016 and 2015, respectively.

(b) Outline of stock options and size of and changes in stock options

i) Outline of stock options:

	2012 stock options	2013 stock options	2014 stock options	2015 stock options
Position and number of grantees	13 directors of the Bank (excluding outside directors)	13 directors of the Bank (excluding outside directors)	13 directors of the Bank (excluding outside directors)	13 directors of the Bank (excluding outside directors)
Number of options granted*	13,000 common shares of the Bank	12,200 common shares of the Bank	9,100 common shares of the Bank	7,100 common shares of the Bank
Grant date	July 20, 2012	July 19, 2013	July 25, 2014	July 24, 2015
Conditions for vesting	Not defined	Not defined	Not defined	Not defined
Requisite service period	Not defined	Not defined	Not defined	Not defined
Exercise period	From July 21, 2012 to July 20, 2042	From July 20, 2013 to July 19, 2043	From July 26, 2014 to July 25, 2044	From July 25, 2015 to July 24, 2045

*Note: * Calculated in terms of the number of shares.*

ii) Size of and changes in stock options:

The following describes the size of and changes in stock options that existed during the years ended March 31, 2016 and 2015. The number of stock options is calculated in terms of the number of shares.

a) Number of stock options

	2012 stock options	2013 stock options	2014 stock options	2015 stock options
Non-vested:				
Outstanding at April 1, 2014	-	-	-	-
Granted	-	-	9,100 shares	-
Forfeited	-	-	-	-
Vested	-	-	(9,100 shares)	-
Outstanding at March 31, 2015	-	-	-	-
Granted	-	-	-	7,100 shares
Forfeited	-	-	-	-
Vested	-	-	-	(7,100 shares)
Outstanding at March 31, 2016	-	-	-	-
Vested:				
Outstanding at April 1, 2014	13,000 shares	12,200 shares	-	-
Vested	-	-	9,100 shares	-
Exercised	-	-	-	-
Forfeited	-	-	-	-
Outstanding at March 31, 2015	13,000 shares	12,200 shares	9,100 shares	-
Vested	-	-	-	7,100 shares
Exercised	(400 shares)	-	-	-
Forfeited	-	-	-	-
Outstanding at March 31, 2016	12,600 shares	12,200 shares	9,100 shares	7,100 shares

b) Price information

	2012 stock options	2013 stock options	2014 stock options	2015 stock options
(per share)				
Exercise price	¥1 ($0.00)	¥1 ($0.00)	¥1 ($0.00)	¥1 ($0.00)
Average stock price at exercise	¥6,520 ($57.86)	-	-	-
Fair value at grant date	¥3,645 ($32.34)	¥4,556 ($40.43)	¥4,959 ($44.00)	¥6,811 ($60.44)

iii) Valuation technique to estimate fair value of stock options granted for the years ended March 31, 2016 and 2015:

(1) 2014 stock options:

a) Valuation technique used: Black-Scholes model

b) Major assumptions and estimation method

	2014 stock options
Expected volatility *(*1)*	34.441%
Expected life *(*2)*	1.3 years
Expected dividends *(*3)*	¥70 ($0.62) per share
Risk free interest rate *(*4)*	0.050%

*Notes: (*1) Expected volatility is calculated based on the actual stock prices during the period from March 2013 to July 2014, which corresponds to the expected life of the options.*

*(*2) Expected life is estimated based on the difference between the average term of office of directors who retired during the past 10 years and the average term of office of existing directors in office.*

*(*3) Expected dividends are the actual dividends for the year ended March 31, 2014.*

*(*4) Risk free interest rate is a Japanese government bond yield which corresponds to the expected life.*

(2) 2015 stock options:

a) Valuation technique used: Black-Scholes model

b) Major assumptions and estimation method

	2015 stock options
Expected volatility *(*1)*	30.435%
Expected life *(*2)*	2.0 years
Expected dividends *(*3)*	¥80 ($0.70) per share
Risk free interest rate *(*4)*	0.000%

*Notes: (*1) Expected volatility is calculated based on the actual stock prices during the period from July 2013 to July 2015, which corresponds to the expected life of the options.*

*(*2) Expected life is estimated based on the difference between the average term of office of directors who retired during the past 10 years and the average term of office of existing directors in office.*

*(*3) Expected dividends are the actual dividends for the year ended March 31, 2015.*

*(*4) Risk free interest rate is a Japanese government bond yield which corresponds to the expected life.*

iv) Method of estimating number of stock options vested

Basically, only the actual number of forfeited stock options is reflected because it is difficult to rationally estimate the number of stock options to be forfeited in the future.

15. Commitments

(a) Loan commitments

Contracts related to overdraft facilities and loan commitment lines are agreements that allow customers to extend overdrafts or loans up to prescribed limits unless there is violation of any condition in the contract. At March 31, 2016 and 2015, the unused amounts within the limits of these contracts, which originally expire within one year or are revocable by the Bank at any time without any conditions, aggregated ¥597,553 million ($5,303,097 thousand) and ¥574,824 million ($5,101,384 thousand), respectively.

Since many of these commitments expire without being drawn down, the unused amount does not necessarily represent a future cash flow. In addition, most of these contracts have conditions that the Group can refuse customer applications or decrease the contract limits for appropriate reasons such as changes in the financial situation or deterioration in creditworthiness of the customer. At the execution of the contract, the Bank obtains real estate, securities, etc., as collateral if considered necessary. Subsequently, the Bank performs periodic reviews of the customer's business performance in accordance with the Bank's internal rules and takes necessary measures such as reconsidering conditions of the contracts and/or requiring additional collateral and/or guarantees if necessary.

(b) Lease commitments

The Group has entered into various lease agreements as a lessee principally for land for office space. These leases are generally cancelable with a few months advance notice and are accounted for as operating leases. The Group has also entered into non-cancelable operating lease agreements. The future minimum lease payments under these non-cancellable operating leases as of March 31, 2016 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars	
	2016	2015	2016	2015
Due within one year	¥ 102	¥ 98	$ 905	$ 869
Due after one year	1,154	958	10,241	8,501
	¥ 1,257	¥ 1,056	$ 11,155	$ 9,371

In addition, a subsidiary engaged in the leasing business as a lessor has entered into various long-term, non-cancelable lease agreements with third parties that were categorized as finance leases. Information concerning future minimum lease payments to be received as of March 31, 2016 and 2015 for finance leases which do not transfer ownership of the leased assets to the lessee was as follows:

	Millions of yen		Thousands of U.S. dollars	
	2016	2015	2016	2015
Total future minimum lease payments to be received	¥ 12,488	¥ 11,465	$ 110,827	$ 101,748
Estimated residual value of leased assets	697	683	6,185	6,061
Imputed interest	(538)	(665)	(4,774)	(5,901)

The aggregate annual maturities of future minimum lease payments to be received as of March 31, 2016 were as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2017	¥ 3,530	$ 31,327
2018	2,896	25,701
2019	2,257	20,030
2020	1,626	14,430
2021	993	8,812
2022 and thereafter	1,183	10,498
	¥ 12,488	$ 110,827

As permitted by the accounting standard for lease transactions with respect to finance leases entered into before April 1, 2008, the appropriate carrying value, net of accumulated depreciation, of the underlying assets at March 31, 2008 is recognized as the value of the investment in the leased assets, and the total amount equivalent to interest income on these transactions is allocated over the lease term using the straight-line method, instead of the effective interest method, as the principal method of the accounting standard. As a result, profit before income taxes for the years ended March 31, 2016 and 2015 were ¥6 million ($53 thousand) and ¥10 million ($88 thousand) more, respectively, than the amounts that would have been recorded under the effective interest method based on lease payments receivable.

16. Derivative Financial Instruments

Derivative financial instruments, other than those to which hedge accounting was applied, which were traded on the over-the-counter market and stated at fair value and whose valuation gains and losses are recognized in the consolidated statements of income, as of March 31, 2016 and 2015 are summarized as follows:

	Millions of yen			
	Notional principal or contract amounts			
	Total	Over one year	Fair value*	Valuation gains (losses)
Currency swap:				
At March 31, 2016	¥ 5,623	¥ -	¥ (25)	¥ (25)
At March 31, 2015	-	-	-	-
Foreign exchange forward contracts:				
At March 31, 2016	¥ 34,604	¥ -	¥ 986	¥ 986
At March 31, 2015	36,602	-	(202)	(202)

	Thousands of U.S. dollars			
	Notional principal or contract amounts			
	Total	Over one year	Fair value*	Valuation gains (losses)
Currency swap:				
At March 31, 2016	$ 49,902	$ -	$ (221)	$ (221)
At March 31, 2015	-	-	-	-
Foreign exchange forward contracts:				
At March 31, 2016	$ 307,099	$ -	$ 8,750	$ 8,750
At March 31, 2015	324,831	-	(1,792)	(1,792)

*Note: * Fair value was based on the discounted cash flow method.*

There were no outstanding derivative financial instruments to which hedge accounting was applied as of March 31, 2016 and 2015.

17. Income Taxes

Income taxes for the years ended March 31, 2016 and 2015 consisted of the following:

	Millions of yen		Thousands of U.S. dollars	
	2016	2015	2016	2015
Income taxes:				
Current	¥ 1,795	¥ 1,489	$ 15,930	$ 13,214
Deferred	1,488	1,992	13,205	17,678
Total income taxes	¥ 3,283	¥ 3,481	$ 29,135	$ 30,892

The tax effects of temporary differences that gave rise to a significant portion of deferred tax assets and liabilities at March 31, 2016 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars	
	2016	2015	2016	2015
Deferred tax assets:				
Reserve for possible loan losses	¥ 2,286	¥ 3,050	$ 20,287	$ 27,067
Employee retirement benefit asset	39	390	346	3,461
Employee retirement benefit liability	1,634	1,528	14,501	13,560
Investment securities	1,512	1,664	13,418	14,767
Other	3,169	3,427	28,123	30,413
Subtotal	8,642	10,061	76,695	89,288
Less valuation allowance	(2,208)	(2,312)	(19,595)	(20,518)
Total deferred tax assets	6,434	7,749	57,099	68,769
Deferred tax liabilities:				
Unrealized gains on available-for-sale securities	(25,009)	(31,684)	(221,947)	(281,185)
Gains on transfer of investment securities to trusts for retirement benefit plans	(1,755)	(3,194)	(15,575)	(28,345)
Deferred gains on sale of property and other	(205)	(222)	(1,819)	(1,970)
Total deferred tax liabilities	(26,971)	(35,101)	(239,359)	(311,510)
Net deferred tax liabilities	¥ (20,536)	¥ (27,352)	$ (182,250)	$ (242,740)

At March 31, 2016 and 2015, deferred tax assets and liabilities reported on the accompanying consolidated balance sheets were as follows:

	Millions of yen		Thousands of U.S. dollars	
	2016	2015	2016	2015
Deferred tax assets	¥ 179	¥ 249	$ 1,588	$ 2,209
Deferred tax liabilities	20,716	27,601	183,848	244,950

In assessing the realizability of deferred tax assets, management of the Group considers whether some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. At March 31, 2016 and 2015, a valuation allowance was provided to reduce deferred tax assets to the extent that the management believed that the deferred tax assets were not realizable.

A reconciliation of the Japanese statutory tax rate and the effective income tax rate on pre-tax income reflected in the accompanying consolidated statements of income for the year ended March 31, 2016 was as follows:

	2016
Japanese statutory income tax rate	32.82%
Increase (decrease) due to:	
Permanently non-deductible expenses	4.26
Tax exempt income	(1.93)
Change in valuation allowance	0.03
Change in tax rate	1.76
Other	0.97
Effective income tax rate	37.91%

A reconciliation between the Japanese statutory tax rate and the effective income tax rate on pre-tax income reflected in the accompanying consolidated statements of income for the year ended March 31, 2015 was not disclosed because the difference between the Japanese statutory tax rate and the effective income tax rate was less than 5% of the Japanese statutory tax rate.

The "Act for Partial Revision of the Income Tax Act, etc." (Act No. 15 of 2016) and the "Act for Partial Revision of the Local Tax Act, etc." (Act No. 13 of 2016) were enacted on March 29, 2016, reducing the corporate statutory tax rate from the year beginning on or after April 1, 2016. The statutory tax rate used to calculate deferred tax assets and deferred tax liabilities (limited to those to be realized or settled on or after April 1, 2016) was changed from 32.06% to 30.69% for temporary differences expected to be reversed in the year beginning on April 1, 2016, to 30.74% for temporary differences expected to be reversed in the year beginning on April 1, 2017 and to 30.50% for temporary differences expected to reversed in the year beginning on or after April 1, 2018.

As a result of this change, as of March 31, 2016, "Deferred tax assets," "Deferred tax liabilities" and "Retirement benefit adjustment" in accumulated other comprehensive income decreased by ¥1 million ($8 thousand), ¥1,074 million ($9,531 thousand) and ¥43 million ($381 thousand), respectively, while "Unrealized gains on available-for-sale securities" increased by ¥1,269 million ($11,261 thousand). "Income taxes – deferred" increased by ¥153 million ($1,357 thousand) for the year ended March 31, 2016. "Deferred tax liabilities for revaluation" decreased by ¥241 million ($2,138 thousand), and "Land revaluation increment" increased by the same amount as of March 31, 2016.

18. General and administrative expenses

General and administrative expenses for the years ended March 31, 2016 and 2015 included following items:

	Millions of yen		Thousands of U.S. dollars	
	2016	2015	2016	2015
General and administrative expenses:				
Salaries and allowances	¥ 12,649	¥ 12,786	$ 112,255	$ 113,471
Net periodic retirement benefit expenses	116	1,432	1,029	12,708
Rental expenses for land, buildings and machinery	2,882	2,878	25,576	25,541

19. Segment Information

(a) General information about reportable segments

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

The Group engages in a wide range of financial services to customers primarily in the areas of banking and leasing. The reportable segments of the Group are based on operating segments as follows:

"Banking"

- Deposits and loans
- Foreign exchange transactions
- Over-the-counter sales of investment trusts and life insurance products
- Securities business

"Leasing"

- Leasing business

(b) Bases used to measure reported segment profit, segment assets, segment liabilities and other material items

Bases used to measure operating segment information follow the accounting principles used in the consolidated financial statements as described in Note 2, "Summary of Significant Accounting Policies." The segment profit is based on ordinary income, which is defined as "Total income" less certain special income included in "Other income" in the accompanying consolidated statements of income, and intersegment income is accounted for based on prices in ordinary transactions with independent third parties.

(c) Information about reported segment profit, segment assets, segment liabilities and other material items

Segment information as of and for the year ended March 31, 2016 was as follows:

	Millions of yen 2016													
	Reported segment													
	Banking		Leasing		Total		Other *(*2)*		Total		Reconciliation *(*3)*		Consolidated	
Ordinary income *(*1)*:														
External customers	¥	42,587	¥	5,088	¥	47,675	¥	1,020	¥	48,695	¥	-	¥	48,695
Intersegment		309		343		652		589		1,241		(1,241)		-
Total ordinary income		42,896		5,431		48,328		1,609		49,937		(1,241)		48,695
Segment profit *(*4)*		7,807		238		8,045		247		8,293		(182)		8,111
Segment assets		2,988,280		18,024		3,006,304		5,782		3,012,087		(8,769)		3,003,317
Segment liabilities		2,771,412		12,930		2,784,342		1,075		2,785,418		(8,771)		2,776,646
Other material items:														
Depreciation	¥	1,284	¥	128	¥	1,412	¥	43	¥	1,456	¥	-	¥	1,456
Interest and dividend income		32,687		11		32,699		54		32,753		(214)		32,538
Interest expense		1,655		57		1,712		4		1,716		(86)		1,630
Provision of reserve for possible loan losses		77		44		121		5		126		(0)		126
Loss on write-down of securities		61		-		61		-		61		-		61
Increase in tangible fixed assets and intangible fixed assets		1,895		16		1,911		44		1,956		-		1,956

	Thousands of U.S. dollars 2016													
	Reported segment													
	Banking		Leasing		Total		Other *(*2)*		Total		Reconciliation *(*3)*		Consolidated	
Ordinary income *(*1)*:														
External customers	$	377,946	$	45,154	$	423,100	$	9,052	$	432,152	$	-	$	432,152
Intersegment		2,742		3,044		5,786		5,227		11,013		(11,013)		-
Total ordinary income		380,688		48,198		428,895		14,279		443,175		(11,013)		432,152
Segment profit *(*4)*		69,284		2,112		71,396		2,192		73,597		(1,615)		71,982
Segment assets		26,520,056		159,957		26,680,014		51,313		26,731,336		(77,822)		26,653,505
Segment liabilities		24,595,420		114,749		24,710,170		9,540		24,719,719		(77,839)		24,641,870
Other material items:														
Depreciation	$	11,395	$	1,135	$	12,531	$	381	$	12,921	$	-	$	12,921
Interest and dividend income		290,086		97		290,193		479		290,672		(1,899)		288,764
Interest expense		14,687		505		15,193		35		15,228		(763)		14,465
Provision of reserve for possible loan losses		683		390		1,073		44		1,118		(0)		1,118
Loss on write-down of securities		541		-		541		-		541		-		541
Increase in tangible fixed assets and intangible fixed assets		16,817		141		16,959		390		17,358		-		17,358

Notes:

*(*1) Ordinary income represents "Total income" less certain special income included in "Other income" in the accompanying consolidated statements of income. "Total income" of ¥49,553 million ($439,767 thousand) in the accompanying consolidated statement of income is derived from ordinary income of ¥48,695 million ($432,152 thousand) through the addition of certain special income of ¥857 million ($7,605 thousand).*

*(*2) The "Other" business segment in the table above represents operating segments not included in the reported segments and includes credit card business, administrative outsourcing business and information technology management operations.*

*(*3) Reconciliation represents the eliminations of intersegment transactions.*

*(*4) Segment profit is reconciled to ordinary profit, which represents ordinary income less ordinary expenses. Ordinary expenses represent "Total expenses" of ¥40,892 million ($362,903 thousand) less certain special expenses of ¥307 million ($2,724 thousand) included in "Other expenses" in the accompanying consolidated statements of income. Therefore, consolidated segment profit, which shows ordinary profit of ¥8,111 million ($71,982 thousand), is reconciled to "Profit before income taxes" of ¥8,660 million ($76,854 thousand) through the addition/deduction of certain special income/ (expenses), net.*

Segment information as of and for the year ended March 31, 2015 was as follows:

	Millions of yen						
	2015						
	Reported segment						
	Banking	Leasing	Total	Other *(*2)*	Total	Reconciliation *(*3)*	Consolidated
Ordinary income *(*1)*:							
External customers	¥ 43,509	¥ 4,794	¥ 48,304	¥ 994	¥ 49,298	¥ -	¥ 49,298
Intersegment	120	345	466	585	1,051	(1,051)	-
Total ordinary income	43,629	5,140	48,770	1,579	50,350	(1,051)	49,298
Segment profit *(*4)*	9,293	266	9,559	179	9,738	(3)	9,735
Segment assets	3,020,244	15,196	3,035,440	5,808	3,041,248	(7,105)	3,034,142
Segment liabilities	2,793,660	10,250	2,803,910	1,037	2,804,948	(7,106)	2,797,842
Other material items:							
Depreciation	¥ 1,223	¥ 152	¥ 1,376	¥ 41	¥ 1,417	¥ -	¥ 1,417
Interest and dividend income	32,558	9	32,568	62	32,630	(30)	32,599
Interest expense	1,654	56	1,710	4	1,714	(81)	1,633
Provision of reserve for possible loan losses	(1,510)	(5)	(1,515)	23	(1,491)	(0)	(1,491)
Loss on write-down of securities	1	-	1	-	1	-	1
Increase in tangible fixed assets and intangible fixed assets	2,619	6	2,626	37	2,663	-	2,663

	Thousands of U.S. dollars						
	2015						
	Reported segment						
	Banking	Leasing	Total	Other *(*2)*	Total	Reconciliation *(*3)*	Consolidated
Ordinary income *(*1)*:							
External customers	$ 386,128	$ 42,545	$ 428,682	$ 8,821	$ 437,504	$ -	$ 437,504
Intersegment	1,064	3,061	4,135	5,191	9,327	(9,327)	-
Total ordinary income	387,193	45,615	432,818	14,013	446,840	(9,327)	437,504
Segment profit *(*4)*	82,472	2,360	84,833	1,588	86,421	(26)	86,395
Segment assets	26,803,727	134,859	26,938,587	51,544	26,990,131	(63,054)	26,927,067
Segment liabilities	24,792,864	90,965	24,883,830	9,203	24,893,042	(63,063)	24,829,978
Other material items:							
Depreciation	$ 10,853	$ 1,348	$ 12,211	$ 363	$ 12,575	$ -	$ 12,575
Interest and dividend income	288,942	79	289,030	550	289,581	(266)	289,305
Interest expense	14,678	496	15,175	35	15,211	(718)	14,492
Provision of reserve for possible loan losses	(13,400)	(44)	(13,445)	204	(13,232)	(0)	(13,232)
Loss on write-down of securities	8	-	8	-	8	-	8
Increase in tangible fixed assets and intangible fixed assets	23,242	53	23,304	328	23,633	-	23,633

Notes:

*(*1) Ordinary income represents "Total income" less certain special income included in "Other income" in the accompanying consolidated statements of income. "Total income" of ¥49,308 million ($437,593 thousand) in the accompanying consolidated statement of income is derived from ordinary income of ¥49,298 million ($437,504 thousand) through the addition of certain special income of ¥9 million ($79 thousand).*

*(*2) The "Other" business segment in the table above represents operating segments not included in the reported segments and includes credit card business, administrative outsourcing business and information technology management operations.*

*(*3) Reconciliation represents the eliminations of intersegment transactions.*

*(*4) Segment profit is reconciled to ordinary profit, which represents ordinary income less ordinary expenses. Ordinary expenses represent "Total expenses" of ¥39,897 million ($354,073 thousand) less certain special expenses of ¥333 million ($2,955 thousand) included in "Other expenses" in the accompanying consolidated statements of income. Therefore, consolidated segment profit, which shows ordinary profit of ¥9,735 million ($86,395 thousand), is reconciled to "Profit before income taxes" of ¥9,411 million ($83,519 thousand) through the addition/deduction of certain special income/ (expenses), net.*

(d) Other information

i) Information by service

	Millions of yen				
	Service				
	Loans	Security investments	Leasing	Other	Total
Ordinary income from external customers:					
For the year ended March 31, 2016	¥ 19,803	¥ 16,349	¥ 5,088	¥ 7,454	¥ 48,695
For the year ended March 31, 2015	21,374	13,943	4,794	9,186	49,298

	Thousands of U.S. dollars				
	Service				
	Loans	Security investments	Leasing	Other	Total
Ordinary income from external customers:					
For the year ended March 31, 2016	$ 175,745	$ 145,092	$ 45,154	$ 66,151	$ 432,152
For the year ended March 31, 2015	189,687	123,739	42,545	81,522	437,504

ii) Information by geographical area for the years ended March 31, 2016 and 2015 is omitted since income in Japan accounted for more than 90% of the consolidated ordinary income and all tangible fixed assets were located in Japan.

iii) Information by major customer for the years ended March 31, 2016 and 2015 is omitted since there was no single external customer accounting for 10% or more of the consolidated ordinary income.

(e) Information about impairment loss on fixed assets by reportable segment

	Millions of yen				
	Reportable segment				
	Banking	Leasing	Total	Other	Total
Impairment loss:					
For the year ended March 31, 2016	¥ 229	¥ -	¥ 229	¥ 0	¥ 230
For the year ended March 31, 2015	97	-	97	-	97

	Thousands of U.S. dollars				
	Reportable segment				
	Banking	Leasing	Total	Other	Total
Impairment loss:					
For the year ended March 31, 2016	$ 2,032	$ -	$ 2,032	$ 0	$ 2,041
For the year ended March 31, 2015	860	-	860	-	860

20. Transactions with Related Parties

Significant transactions with parties related to the Group for the years ended March 31, 2016 and 2015 were as follows:

(a) Transactions with relatives of the Bank's directors:

Name	Business	Description of the Bank's transaction	Transaction amounts: Millions of yen	Transaction amounts: Thousands of U.S. dollars	Account	Balances: Millions of yen	Balances: Thousands of U.S. dollars
For the year ended March 31, 2016:							
Chieko Hayashi	Real estate leasing business	Loan	(Average balance during period) ¥ 19 (Interest income) ¥ 0	$ 168 $ 0	Loans and bills discounted	¥ 19	$ 168
For the year ended March 31, 2015:							
Chieko Hayashi	Real estate leasing business	Loan	(Average balance during period) ¥ 20 (Interest income) ¥ 0	$ 177 $ 0	Loans and bills discounted	¥ 20	$ 177

Note: Terms and conditions of the loans are determined in the same manner as loans under general lending transactions with third parties.

(b) Transactions with corporate pension plans for employees

Name	Business	Description of the Bank's transaction	Transaction amounts: Millions of yen	Transaction amounts: Thousands of U.S. dollars	Account	Balances: Millions of yen	Balances: Thousands of U.S. dollars
For the year ended March 31, 2016:							
Retirement benefit trusts	Corporate pension plan	Partial refund of pension assets	¥5,245	$ 46,547	-	-	-

For the year ended March 31, 2015:

No applicable transactions occurred during the year ended March 31, 2015.

21. Comprehensive Income

Amounts reclassified to profit (loss) in the current period that were recognized in other comprehensive income in the current or previous periods and the tax effects for each component of other comprehensive income for the years ended March 31, 2016 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars	
	2016	2015	2016	2015
Net unrealized gains on available-for-sale securities:				
Increase (decrease) during the year	¥ (15,078)	¥ 35,416	$ (133,812)	$ 314,305
Reclassification adjustments	(2,263)	(2,785)	(20,083)	(24,716)
Pre-tax amount	(17,342)	32,630	(153,904)	289,581
Tax effect amount	6,674	(7,965)	59,229	(70,686)
Net unrealized gains on available-for-sale securities, net of tax	(10,667)	24,665	(94,666)	218,894
Land revaluation increment:				
Increase during the year	-	-	-	-
Reclassification adjustments	-	-	-	-
Pre-tax amount	-	-	-	-
Tax effect amount	241	512	2,138	4,543
Land revaluation increment, net of tax	241	512	2,138	4,543
Retirement benefit adjustment:				
Increase (decrease) during the year	(4,333)	3,561	(38,454)	31,602
Reclassification adjustments	(1,033)	746	(9,167)	6,620
Pre-tax amount	(5,367)	4,307	(47,630)	38,223
Tax effect amount	1,677	(1,437)	14,882	(12,752)
Retirement benefit adjustment, net of tax	(3,689)	2,870	(32,738)	25,470
Total other comprehensive income	¥ (14,116)	¥ 28,048	$ (125,275)	$ 248,917

KPMG

Independent Auditor's Report

To the Board of Directors of The Aichi Bank, Ltd.:

We have audited the accompanying consolidated financial statements of The Aichi Bank, Ltd. and its subsidiaries, which comprise the consolidated balance sheets as at March 31, 2016 and 2015, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in net assets and consolidated statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of The Aichi Bank, Ltd. and its subsidiaries as at March 31, 2016 and 2015, and their financial performance and cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the years ended March 31, 2016 and 2015 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 of the Notes to Consolidated Financial Statements.

KPMG AZSA LLC

August 10, 2016
Nagoya, Japan

The Aichi Bank, Ltd. and Subsidiaries
Consolidated Balance Sheets
March 31, 2016 and 2015

	Millions of yen		Thousands of U.S. dollars	
	2016	2015	2016	2015
Assets:				
Cash and due from banks (Note 3)	¥ 104,722	¥ 139,407	$ 929,375	$ 1,237,193
Call loans and bills purchased (Note 3)	2,753	2,171	24,432	19,266
Trading securities (Notes 3 and 4)	-	77	-	683
Investment securities (Notes 3, 4 and 8)	1,147,715	1,159,493	10,185,614	10,290,140
Reserve for possible losses on investments	(11)	(14)	(97)	(124)
Loans and bills discounted (Notes 3, 5, 15 and 20)	1,679,941	1,655,157	14,908,954	14,689,004
Foreign exchange (Note 6)	2,717	3,636	24,112	32,268
Other assets	24,565	25,681	218,006	227,910
Tangible fixed assets (Note 7)	35,219	34,841	312,557	309,203
Intangible fixed assets	173	248	1,535	2,200
Employee retirement benefit asset (Note 11)	3,002	11,619	26,641	103,115
Deferred tax assets (Note 17)	179	249	1,588	2,209
Customers' liabilities for acceptances and guarantees (Note 12)	11,174	12,204	99,165	108,306
Reserve for possible loan losses	(8,835)	(10,633)	(78,407)	(94,364)
Total assets	¥ 3,003,317	¥ 3,034,142	$ 26,653,505	$ 26,927,067

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

The Aichi Bank, Ltd. and Subsidiaries
Consolidated Balance Sheets (Continued)
March 31, 2016 and 2015

	Millions of yen		Thousands of U.S. dollars	
	2016	2015	2016	2015
Liabilities:				
Deposits (Notes 3 and 9)	¥ 2,661,691	¥ 2,638,408	$ 23,621,680	$ 23,415,051
Security deposits received related to securities lending transactions (Notes 3 and 8)	37,574	75,085	333,457	666,356
Borrowings (Notes 3 and 10)	18,915	17,655	167,864	156,682
Foreign exchange (Note 6)	706	980	6,265	8,697
Other liabilities (Note 10)	17,114	17,660	151,881	156,727
Reserve for employee bonuses	652	653	5,786	5,795
Reserve for bonuses to directors	47	47	417	417
Employee retirement benefit liability (Note 11)	1,353	766	12,007	6,798
Reserve for executive retirement benefits	4	9	35	79
Reserve for reimbursement of deposits	104	147	922	1,304
Reserve for contingencies	1,848	1,588	16,400	14,093
Deferred tax liabilities (Note 17)	20,716	27,601	183,848	244,950
Deferred tax liabilities for revaluation (Note 7)	4,742	5,032	42,083	44,657
Acceptances and guarantees (Note 12)	11,174	12,204	99,165	108,306
Total liabilities	2,776,646	2,797,842	24,641,870	24,829,978
Net assets (Note 13):				
Common stock	18,000	18,000	159,744	159,744
Capital surplus	13,883	13,883	123,207	123,207
Retained earnings	125,966	121,529	1,117,909	1,078,532
Less treasury stock, at cost	(787)	(774)	(6,984)	(6,869)
Total shareholders' equity	157,063	152,639	1,393,885	1,354,623
Accumulated other comprehensive income	65,604	79,808	582,215	708,271
Stock acquisition rights	194	148	1,721	1,313
Non-controlling interests	3,806	3,704	33,777	32,871
Total net assets	226,670	236,300	2,011,625	2,097,089
Total liabilities and net assets	¥ 3,003,317	¥ 3,034,142	$ 26,653,505	$ 26,927,067

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

The Aichi Bank, Ltd. and Subsidiaries
Consolidated Statements of Income
For the Years Ended March 31, 2016 and 2015

	Millions of yen		Thousands of U.S. dollars	
	2016	2015	2016	2015
Income:				
Interest and dividend income:				
Interest on loans and bills discounted and purchased	¥ 19,791	¥ 21,386	$ 175,638	$ 189,794
Interest on and dividends from securities	12,649	11,118	112,255	98,668
Other interest and dividend income	97	94	860	834
Total interest and dividend income	32,538	32,599	288,764	289,305
Fees and commissions	11,982	11,692	106,336	103,762
Other operating income (Note 4)	1,555	1,340	13,800	11,892
Other income (Notes 2(o) and 4)	3,475	3,676	30,839	32,623
Total income (Note 19)	49,553	49,308	439,767	437,593
Expenses:				
Interest expense:				
Interest on deposits	1,569	1,563	13,924	13,871
Interest on borrowings	38	38	337	337
Other interest expense	23	30	204	266
Total interest expense	1,630	1,633	14,465	14,492
Fees and commissions	7,640	7,178	67,802	63,702
Other operating expenses (Note 4)	1,901	381	16,870	3,381
General and administrative expenses (Notes 14 and 18)	26,818	28,844	238,001	255,981
Impairment loss on fixed assets (Note 2(k))	230	97	2,041	860
Other expenses (Note 4)	2,671	1,761	23,704	15,628
Total expenses (Note 19)	40,892	39,897	362,903	354,073
Profit before income taxes	8,660	9,411	76,854	83,519
Income taxes (Note 17)	3,283	3,481	29,135	30,892
Profit	5,376	5,929	47,710	52,618
Profit attributable to non-controlling interests	118	107	1,047	949
Profit attributable to owners of parent	¥ 5,257	¥ 5,822	$ 46,654	$ 51,668

	Yen		U.S. dollars	
Earnings per share:				
Basic	¥ 484.99	¥ 536.59	$ 4.30	$ 4.76
Diluted	483.31	535.09	4.28	4.74
Cash dividends	80.00	80.00	0.70	0.70

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

The Aichi Bank, Ltd. and Subsidiaries
Consolidated Statements of Comprehensive Income
For the Years Ended March 31, 2016 and 2015

	Millions of yen		Thousands of U.S. dollars	
	2016	2015	2016	2015
Profit	¥ 5,376	¥ 5,929	$ 47,710	$ 52,618
Other comprehensive income (Note 21):				
Unrealized gains on available-for-sale securities	(10,667)	24,665	(94,666)	218,894
Land revaluation increment	241	512	2,138	4,543
Retirement benefit adjustment	(3,689)	2,870	(32,738)	25,470
Total other comprehensive income	(14,116)	28,048	(125,275)	248,917
Comprehensive income	¥ (8,739)	¥ 33,978	$ (77,555)	$ 301,544
Comprehensive income attributable to:				
Owners of parent	¥ (8,843)	¥ 33,831	$ (78,478)	$ 300,239
Non-controlling interests	104	146	922	1,295
Total comprehensive income	¥ (8,739)	¥ 33,978	$ (77,555)	$ 301,544

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

The Aichi Bank, Ltd. and Subsidiaries
Consolidated Statements of Changes in Net Assets
For the Years Ended March 31, 2016 and 2015

		Millions of yen											
		Shareholders' equity					Accumulated other comprehensive income						
	Number of shares of common stock issued	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains on available-for-sale securities (Note 4)	Land revaluation increment (Note 7)	Retirement benefit adjustment (Note 11)	Total accumulated other comprehensive income	Stock acquisition rights	Non-controlling interests	Total net assets
Balance at April 1, 2014	10,943,240	¥ 18,000	¥ 13,883	¥ 115,345	¥ (712)	¥ 146,516	¥ 45,180	¥ 7,796	¥ (1,114)	¥ 51,863	¥ 102	¥ 3,559	¥ 202,042
Cumulative effects of changes in accounting policies	-	-	-	1,058	-	1,058	-	-	-	-	-	-	1,058
Restated balance at April 1, 2014	10,943,240	18,000	13,883	116,404	(712)	147,575	45,180	7,796	(1,114)	51,863	102	3,559	203,101
Profit attributable to owners of parent	-	-	-	5,822	-	5,822	-	-	-	-	-	-	5,822
Cash dividends	-	-	-	(759)	-	(759)	-	-	-	-	-	-	(759)
Reversal of land revaluation increment	-	-	-	63	-	63	-	-	-	-	-	-	63
Treasury stock acquired, net	-	-	(0)	-	(62)	(63)	-	-	-	-	-	-	(63)
Transfer to capital surplus from retained earnings	-	-	0	(0)	-	-	-	-	-	-	-	-	-
Net changes in items other than shareholders' equity	-	-	-	-	-	-	24,625	449	2,870	27,945	45	144	28,135
Balance at March 31, 2015	10,943,240	18,000	13,883	121,529	(774)	152,639	69,806	8,246	1,756	79,808	148	3,704	236,300
Profit attributable to owners of parent	-	-	-	5,257	-	5,257	-	-	-	-	-	-	5,257
Cash dividends	-	-	-	(921)	-	(921)	-	-	-	-	-	-	(921)
Reversal of land revaluation increment	-	-	-	102	-	102	-	-	-	-	-	-	102
Treasury stock acquired, net	-	-	(1)	-	(12)	(14)	-	-	-	-	-	-	(14)
Transfer to capital surplus from retained earnings	-	-	1	(1)	-	-	-	-	-	-	-	-	-
Net changes in items other than shareholders' equity	-	-	-	-	-	-	(10,653)	139	(3,689)	(14,203)	46	102	(14,054)
Balance at March 31, 2016	10,943,240	¥ 18,000	¥ 13,883	¥ 125,966	¥ (787)	¥ 157,063	¥ 59,152	¥ 8,385	¥ (1,933)	¥ 65,604	¥ 194	¥ 3,806	¥ 226,670

	Thousands of U.S. dollars											
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains on available-for-sale securities (Note 4)	Land revaluation increment (Note 7)	Retirement benefit adjustment (Note 11)	Total accumulated other comprehensive income	Stock acquisition rights	Non-controlling interests	Total net assets
Balance at April 1, 2014	$ 159,744	$ 123,207	$ 1,023,651	$ (6,318)	$ 1,300,283	$ 400,958	$ 69,187	$ (9,886)	$ 460,268	$ 905	$ 31,585	$ 1,793,059
Cumulative effects of changes in accounting policies	-	-	9,389	-	9,389	-	-	-	-	-	-	9,389
Restated balance at April 1, 2014	159,744	123,207	1,033,049	(6,318)	1,309,682	400,958	69,187	(9,886)	460,268	905	31,585	1,802,458
Profit attributable to owners of parent	-	-	51,668	-	51,668	-	-	-	-	-	-	51,668
Cash dividends	-	-	(6,735)	-	(6,735)	-	-	-	-	-	-	(6,735)
Reversal of land revaluation increment	-	-	559	-	559	-	-	-	-	-	-	559
Treasury stock acquired, net	-	(0)	-	(550)	(559)	-	-	-	-	-	-	(559)
Transfer to capital surplus from retained earnings	-	0	(0)	-	-	-	-	-	-	-	-	-
Net changes in items other than shareholders' equity	-	-	-	-	-	218,539	3,984	25,470	248,003	399	1,277	249,689
Balance at March 31, 2015	159,744	123,207	1,078,532	(6,869)	1,354,623	619,506	73,180	15,583	708,271	1,313	32,871	2,097,089
Profit attributable to owners of parent	-	-	46,654	-	46,654	-	-	-	-	-	-	46,654
Cash dividends	-	-	(8,173)	-	(8,173)	-	-	-	-	-	-	(8,173)
Reversal of land revaluation increment	-	-	905	-	905	-	-	-	-	-	-	905
Treasury stock acquired, net	-	(8)	-	(106)	(124)	-	-	-	-	-	-	(124)
Transfer to capital surplus from retained earnings	-	8	(8)	-	-	-	-	-	-	-	-	-
Net changes in items other than shareholders' equity	-	-	-	-	-	(94,542)	1,233	(32,738)	(126,047)	408	905	(124,724)
Balance at March 31, 2016	$ 159,744	$ 123,207	$ 1,117,909	$ (6,984)	$ 1,393,885	$ 524,955	$ 74,414	$ (17,154)	$ 582,215	$ 1,721	$ 33,777	$ 2,011,625

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

The Aichi Bank, Ltd. and Subsidiaries
Consolidated Statements of Cash Flows
For the Years Ended March 31, 2016 and 2015

	Millions of yen		Thousands of U.S. dollars	
	2016	2015	2016	2015
Cash flows from operating activities:				
Profit before income taxes	¥ 8,660	¥ 9,411	$ 76,854	$ 83,519
Adjustments for:				
Depreciation	1,456	1,417	12,921	12,575
Impairment loss on fixed assets	230	97	2,041	860
Gain on refund from retirement benefit trusts	(856)	-	(7,596)	-
Decrease in reserve for possible loan losses	(1,797)	(4,001)	(15,947)	(35,507)
Contribution to retirement benefit trusts	-	(4,000)	-	(35,498)
Interest and dividend income	(32,538)	(32,599)	(288,764)	(289,305)
Interest expense	1,630	1,633	14,465	14,492
Decrease in trading securities	77	33	683	292
Increase in loans and bills discounted	(24,783)	(18,487)	(219,941)	(164,066)
(Increase) decrease in call loans and bills purchased	(581)	1,609	(5,156)	14,279
Increase in deposits	23,283	45,858	206,629	406,975
(Decrease) increase in security deposits received related to securities lending transactions	(37,511)	13,251	(332,898)	117,598
Increase in borrowings (excluding subordinated borrowings)	1,260	4,810	11,182	42,687
Gain on securities transactions	(764)	(2,150)	(6,780)	(19,080)
Loss (gain) on foreign currency transactions	3,890	(6,945)	34,522	(61,634)
Increase (decrease) in reserve for contingencies	259	(204)	2,298	(1,810)
Interest and dividend income received	33,632	33,937	298,473	301,180
Interest expense paid	(1,784)	(2,508)	(15,832)	(22,257)
Other, net	(3,190)	(1,926)	(28,310)	(17,092)
Subtotal	(29,426)	39,234	(261,146)	348,189
Income taxes paid	(1,955)	(1,893)	(17,350)	(16,799)
Net cash (used in) provided by operating activities	(31,382)	37,341	(278,505)	331,389
Cash flows from investing activities:				
Purchases of securities	(329,188)	(337,844)	(2,921,441)	(2,998,260)
Proceeds from sales and maturities of securities	328,891	305,045	2,918,805	2,707,179
Purchases of tangible fixed assets	(1,913)	(2,650)	(16,977)	(23,517)
Proceeds from sales of tangible fixed assets	94	131	834	1,162
Purchases of intangible fixed assets	(26)	(12)	(230)	(106)
Payment for asset retirement obligations	(36)	(47)	(319)	(417)
Net cash used in investing activities	(2,178)	(35,378)	(19,329)	(313,968)
Cash flows from financing activities:				
Dividends paid	(921)	(759)	(8,173)	(6,735)
Other, net	(18)	(76)	(159)	(674)
Net cash used in financing activities	(940)	(836)	(8,342)	(7,419)
Net (decrease) increase in cash and cash equivalents	(34,501)	1,125	(306,185)	9,984
Cash and cash equivalents at beginning of year	138,501	137,375	1,229,153	1,219,160
Cash and cash equivalents at end of year (Note 2(b))	¥ 104,000	¥ 138,501	$ 922,967	$ 1,229,153

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

The Aichi Bank, Ltd. and Subsidiaries
Notes to Consolidated Financial Statements
For the Years Ended March 31, 2016 and 2015

1. Basis of Presenting Consolidated Financial Statements

The consolidated financial statements of The Aichi Bank, Ltd. (the “Bank”) and its subsidiaries (collectively the “Group”) have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act of Japan and its related accounting regulations and in conformity with accounting principles generally accepted in Japan (“Japanese GAAP”), which are different in certain respects as to the application and disclosure requirements from International Financial Reporting Standards. The accompanying consolidated financial statements have been reformatted and translated into English with some expanded descriptions from the consolidated financial statements of the Bank prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Act. Certain supplementary information included in the statutory Japanese language consolidated financial statements is not presented in the accompanying consolidated financial statements.

The translation of the Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2016, which was ¥112.68 to U.S. $1.00. This translation should not be construed as a representation that the Japanese yen amounts have been, could have been or could in the future be converted into U.S. dollars at this or any other rate of exchange.

The Japanese yen amounts in the accompanying consolidated financial statements are expressed in millions of Japanese yen and have been rounded down. U.S. dollar amounts in the accompanying consolidated financial statements are expressed in thousands of U.S. dollars and also have been rounded down. As a result, total amounts expressed in both Japanese yen and U.S. dollars appearing in the consolidated financial statements and the notes thereto may not be equal to the sum of the individual amounts.

2. Summary of Significant Accounting Policies

(a) Principles of consolidation

The consolidated financial statements include the accounts of the Bank and all of its subsidiaries, which are engaged primarily in providing a wide range of financial services. At both March 31, 2016 and 2015, the Bank had four subsidiaries but no affiliates. All intercompany transactions and accounts have been eliminated.

(b) Cash and cash equivalents

For the purpose of the consolidated statements of cash flows, cash and cash equivalents consisted of cash and due from the Bank of Japan as follows:

	Millions of yen		Thousands of U.S. dollars	
	2016	2015	2016	2015
Cash and due from banks	¥ 104,722	¥ 139,407	$ 929,375	$ 1,237,193
Less due from banks other than Bank of Japan	(722)	(906)	(6,407)	(8,040)
Cash and cash equivalents	¥ 104,000	¥ 138,501	$ 922,967	$ 1,229,153

(c) Trading securities

Trading securities are stated at fair value at the end of the fiscal year. Related gains and losses, both realized and unrealized, are included in the consolidated statements of income. Accrued interest on trading securities is included in "Other assets."

(d) Investment securities

Debt securities for which the Group has both the intent and the ability to hold to maturity are classified as held-to-maturity debt securities and are stated at amortized cost determined by the moving average method. In principle, available-for-sale securities are carried at the fair value as of the balance sheet date. Net unrealized gain and loss on these securities, net of tax, are reported as a component of accumulated other comprehensive income in net assets. Available-for-sale securities for which the fair value is extremely difficult to determine are stated at moving average cost. The carrying value of individual investment securities is reduced, if necessary, through a write-down when a decline in value is deemed other than temporary. Gain and loss on the disposal of investment securities are computed principally using the moving average method. Accrued interest on securities is included in "Other assets."

(e) Derivative financial instruments

Derivative financial instruments are recorded at fair value if hedge accounting is not applied, and gain and loss on the derivatives are recognized in the consolidated statements of income.

(f) Reserve for possible losses on investments

Pursuant to the internal rules of the Bank, a reserve for possible losses on investments is provided in an amount necessary to absorb future losses after considering the financial positions of the issuers of the securities. A provision of reserve for possible losses on investments is included in "Other expenses" and amounted to none and ¥1 million ($8 thousand) for the years ended March 31, 2016 and 2015, respectively.

(g) Loans and bills discounted and reserve for possible loan losses

Loans and bills discounted are stated at the amount of unpaid principal. Unearned interest and discounts are recorded as liabilities and recognized as income over the term of the loan or bill.

A reserve for possible loan losses of the Bank is provided to cover future credit losses in accordance with internal rules for self-assessment of asset quality. Loans written off are charged either to a reserve for possible loan losses and/or current income. Recoveries on loans that have been written off are recorded as other income. The reserve for possible loan losses is made based on the Bank's internal rules in accordance with Report No. 4 of the Ad Hoc Committee for Audits of Banks, "Practical Guideline for Audits of Write-off of Bad Loans and Allowance for Doubtful Loans of Banks and Similar Financial Institutions," issued by the Japanese Institute of Certified Public Accountants ("JICPA"). For loans to borrowers that are legally or substantially bankrupt, a reserve is provided based on the amount of the claims, net of amounts expected to be collected through the disposal of collateral or the execution of guarantees. For loans to borrowers who are likely to become bankrupt, a reserve is provided based on an overall solvency assessment, net of amounts expected to be collected through the disposal of collateral or the execution of guarantees. For loans to borrowers not mentioned above, a reserve is provided based on the historical loss experience of the Bank for a certain past period. All claims are assessed by the Bank's operating divisions based on the Bank's internal rules for self-assessment of asset quality. The inspection division, which is independent from the operating divisions, conducts examinations of these assessments.

A reserve for possible loan losses of the subsidiaries is made for the aggregate amount of estimated credit loss based on an individual financial review of doubtful or troubled receivables and a general reserve based on historical loss experience for other receivables.

(h) Tangible fixed assets and depreciation (except for leases)

Tangible fixed assets of the Bank are stated at cost, less accumulated depreciation. Depreciation is computed using the declining balance method over the estimated useful life of the asset, except for buildings acquired on or after April 1, 1998. Such buildings, excluding facilities attached thereto, are depreciated using the straight-line method. The useful lives of tangible fixed assets range from 8 to 50 years for buildings and from 3 to 20 years for other fixed assets.

Tangible fixed assets of the subsidiaries are depreciated principally by the straight-line method over the estimated useful life of the asset.

(i) Intangible fixed assets and amortization (except for leases)

Intangible fixed assets are amortized using the straight-line method. Costs of computer software developed or obtained for internal use are deferred and amortized by the straight-line method principally over the estimated useful life of five years as determined by the Bank and its subsidiaries.

(j) Leases

All finance lease transactions are accounted for in a manner similar to that used for ordinary sale and purchase transactions.

(Accounting for leases as lessee)
The Group, as lessee, capitalizes lease assets used under finance leases, except for certain immaterial or short-term finance leases which are accounted for as operating leases as permitted under the accounting standard for leases. Depreciation of the leased assets capitalized in finance lease transactions are computed by the straight-line method over the lease term, which is used as the useful life, and with the assumption of no residual value.

(Accounting for leases as lessor)
A certain subsidiary engaged primarily in leasing operations as a lessor recognizes “investments in leased assets” for finance leases that do not transfer ownership of the leased assets to the lessee in a manner similar to the accounting treatment for ordinary sales transactions. The “investment in leased assets” account is presented as other assets in the accompanying consolidated balance sheets. The total amount equivalent to interest is allocated over the lease term using the effective interest method, and the subsidiary recognizes leasing income for lease payments received from customers and related costs, net of imputed interest, when it receives the lease payments, as permitted under the accounting standard for leases.

(k) Impairment loss on fixed assets

Fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the carrying value of an asset or a group of assets exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposal of the asset or group of assets, impairment loss is recognized in the income statement by reducing the carrying value of the impaired asset or group of assets to the recoverable amount, measured as the higher of net selling price or value in use. Fixed assets include intangible assets as well as land, buildings and other forms of property and are grouped at the lowest level for which there are cash flows identifiably different from those of other groups of assets. To recognize and measure an impairment loss, fixed assets are grouped into cash-generating units such as operating business branches, other than idle or unused property. Recoverable amounts of the assets are based on value in use, calculated using the discounted future cash flows at interest rates principally of 8.0% and 6.5% for the years ended March 31, 2016 and 2015, respectively, or net selling prices based primarily on appraisal valuations, net of estimated costs of disposal.

For the years ended March 31, 2016 and 2015, the Group recognized impairment loss including removal costs for the property of operating business branches and idle property, which is included in “Impairment loss on fixed assets,” in the accompanying consolidated statements of income as follows:

	Millions of yen				
	2016				
	Land	Buildings and structures	Other properties	Removal costs	Total
Operating assets:					
Aichi Prefecture	¥ 33	¥ 26	¥ -	¥ -	¥ 60
Other	1	22	0	-	23
Idle assets:					
Aichi Prefecture	116	1	-	-	117
Other	18	10	-	-	29
Total	¥ 169	¥ 61	¥ 0	¥ -	¥ 230

	Millions of yen				
	2015				
	Land	Buildings and structures	Other properties	Removal costs	Total
Operating assets:					
Aichi Prefecture	¥ -	¥ 11	¥ -	¥ -	¥ 11
Other	-	12	0	-	12
Idle assets:					
Aichi Prefecture	1	0	-	-	2
Other	53	5	-	12	71
Total	¥ 54	¥ 30	¥ 0	¥ 12	¥ 97

	Thousands of U.S. dollars				
	2016				
	Land	Buildings and structures	Other properties	Removal costs	Total
Operating assets:					
Aichi Prefecture	$ 292	$ 230	$ -	$ -	$ 532
Other	8	195	0	-	204
Idle assets:					
Aichi Prefecture	1,029	8	-	-	1,038
Other	159	88	-	-	257
Total	$ 1,499	$ 541	$ 0	$ -	$ 2,041

	Thousands of U.S. dollars				
	2015				
	Land	Buildings and structures	Other properties	Removal costs	Total
Operating assets:					
Aichi Prefecture	$ -	$ 97	$ -	$ -	$ 97
Other	-	106	0	-	106
Idle assets:					
Aichi Prefecture	8	0	-	-	17
Other	470	44	-	106	630
Total	$ 479	$ 266	$ 0	$ 106	$ 860

(l) Foreign currency translation

Assets and liabilities denominated in foreign currencies are generally translated into Japanese yen at the exchange rate prevailing at the balance sheet date. Income and expenses are translated at the exchange rate in effect at the transaction date. Gain and loss resulting from foreign currency translation are included in the consolidated statements of income.

(m) Reserve for employee bonuses

A reserve for employee bonuses is provided based on the estimated amounts of future payments attributable to the respective fiscal year.

(n) Reserve for bonuses to directors

A reserve for bonuses to directors and audit and supervisory board members is provided for future bonus payments to directors and audit and supervisory board members that reflect an amount estimated to have accrued as of the consolidated balance sheet date.

(o) Employee retirement benefits

Employees who terminate their service with the Group are entitled to retirement benefits generally determined with reference to the basic salary at the time of termination, years of service and conditions under which the termination occurs.

The Group recognizes retirement benefits, including pension costs and related liabilities, based principally on the actuarial present value of the retirement benefit obligation using an actuarial appraisal approach and the value of pension plan assets available for benefits at the fiscal year-end.

In determining retirement benefit obligation, the benefit formula method is used for attributing expected retirement benefits to the period up to the end of the respective fiscal year-end. Actuarial differences arising from changes in the projected benefit obligation or value of pension plan assets resulting from outcomes which are different from those assumed and from changes in the assumptions themselves are amortized on a straight-line basis principally over 13 to 14 years, a period within the average remaining years of service of employees at the time when the differences arise, from the fiscal year after the year the differences arise.

(Additional information)
The Bank has set up retirement benefit trusts to prepare for future payment of retirement benefits. However, because the pension assets, including those in the retirement benefit trusts, substantially exceed the retirement benefit obligations and because the overfunded status is expected to continue, the Bank received equity securities of ¥5,245 million ($46,547 thousand) as a partial refund from the retirement benefit trusts on June 29, 2015. As a result, gain on refund from retirement benefit trusts in the amount of ¥856 million ($7,596 thousand) was recorded under “Other income” for the year ended March 31, 2016.

(p) Reserve for executive retirement benefits

A reserve for executive retirement benefits is provided for payment of retirement benefits to directors, audit and supervisory board members and other executive officers in the amount deemed to have accrued at the consolidated balance sheet date according to the internal rules of the Group.

(q) Reserve for reimbursement of deposits

A reserve for reimbursement of deposits is provided for possible losses on the future claims of withdrawal based on historical reimbursement experience. A provision of reserve for reimbursement of deposits was included in “Other expenses” and amounted to ¥65 million ($576 thousand) and ¥27 million ($239 thousand) for the years ended March 31, 2016 and 2015, respectively.

(r) Reserve for contingencies

A provision is made in an amount deemed necessary to cover possible losses resulting from the default of loans under a responsibility-sharing system with Credit Guarantee Corporation based primarily on historical default rates. A provision of reserve for contingencies is included in "Other expenses" and an amount of ¥259 million ($2,298 thousand) and none were recorded for the years ended March 31, 2016 and 2015, respectively.

(s) Stock options

The Group has applied ASBJ Statement No. 8, "Accounting Standard for Stock Options," and its related guidance. This standard and guidance are applicable to stock options granted on or after May 1, 2006. This standard requires companies to measure the cost of employee stock options based on the fair value at the date of such grant and recognize compensation expense over the vesting period as consideration for receiving goods or services from such employees. The standard also requires companies to account for stock options granted to non-employees based on the fair values of either the stock options or goods or services received from such non-employees. In the balance sheets, stock options are presented as stock acquisition rights, a separate component of net assets, until exercised. The standard covers equity-settled, share-based payment transactions, but does not cover cash-settled, share-based payment transactions. In addition, the standard allows unlisted companies to measure options at their intrinsic value if the fair value cannot be reliably estimated.

(t) Income taxes

Income taxes are accounted for using the asset-liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the carrying values of existing assets and liabilities and their respective tax bases and operating loss carryforwards. Deferred tax assets and liabilities are measured using the enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the period that includes the promulgation date.

(u) Appropriation of retained earnings

Cash dividends are recorded in the fiscal year when a proposed appropriation of retained earnings is approved by the shareholders.

(v) Per share data

Earnings per share is computed by dividing profit attributable to owners of parent by the weighted average number of shares of common stock outstanding during the respective year.

Diluted earnings per share is computed to reflect the potential dilution that could occur if securities were exercised or converted into common stock, assuming the full exercise of the outstanding stock options.

Cash dividends per share shown in the accompanying consolidated statements of income represent dividends declared by the Bank as applicable to the respective year.

(w) Change in Accounting Policy

(Application of Accounting Standards for Business Combinations, etc.)
The Bank has applied the revised "Accounting Standard for Business Combinations" (Accounting Standards Board of Japan ("ASBJ") Statement No. 21, issued on September 13, 2013), the revised "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, issued on September 13, 2013) and the revised "Accounting Standards for Business Divestitures" (ASBJ Statement No. 7, issued on September 13, 2013) from the fiscal year ended March 31, 2016. Under the revised accounting standards, the difference arising from a change in the Bank's ownership interest in a subsidiary is accounted for as capital surplus as long as the Bank retains control over the subsidiary, and

the acquisition related costs are accounted for as expenses in the fiscal year in which the costs are incurred. Furthermore, adjustments of acquisition cost allocation resulting from finalizing provisional accounting treatments for a business combination are reflected in the consolidated financial statements for the fiscal year to which the date of business combination belongs, effective for a business combination which occurs on or after the beginning of the fiscal year ended March 31, 2016. In addition, the presentation method for net income and other related items was changed, and the presentation of "minority interests" was changed to "non-controlling interests." Certain reclassifications have been made to the consolidated financial statements for the year ended March 31, 2015 to reflect these presentation changes.

In accordance with the transitional treatment provided for in Paragraph 58-2 (4) of the revised "Accounting Standard for Business Combinations," in Paragraph 44-5 (4) of the revised "Accounting Standard for Consolidated Financial Statements" and in Paragraph 57-4 (4) of the revised "Accounting Standards for Business Divestitures," the revised accounting standards have been prospectively applied from April 1, 2015. These changes have had no effect on the consolidated financial statements and per share data for the year ended March 31, 2016.

(x) New accounting standards not yet adopted by the Group

Implementation Guidance on Recoverability of Deferred Tax Assets (ASBJ Guidance No. 26, issued on March 28, 2016, hereinafter the "Implementation Guidance")

i) Overview

The Implementation Guidance basically continues to apply the framework stipulated in the Auditing Guidance No. 66, Auditing Treatment for Judgment of Recoverability of Deferred Assets, issued by Japanese Institute of Certified Public Accountants with certain revisions.

ii) Date of Application

The Implementation Guidance is applied effective from the beginning of the fiscal year ending March 31, 2017.

iii) Effect of application

The resulting effect of applying the Implementation Guidance on the consolidated financial statements is currently under assessment.

3. Financial Instruments

(a) Qualitative information on financial instruments

i) Policies for financial instruments

The Group procures funds by accepting deposits from clients and utilizes the funds for financial investments in the bond and stock markets and for making loans to corporate and individual clients.

The Group enters into derivative transactions in order to avoid the risk of foreign currency fluctuations on customers' funds as well as to conduct foreign financing transactions and to avoid the risk of rising interest rates for the Bank. From an overall risk management standpoint, the Bank uses derivative instruments as hedging instruments in order to avoid the market risk to which financial assets and liabilities are exposed.

ii) Details of financial instruments and related risks

Financial assets of the Group consist mainly of loans to corporate and individual clients and are exposed to interest rate risk and credit risk resulting from any deterioration in the financial condition of the counterparty.

Investment securities comprise mainly debt and equity securities. The Group holds debt securities classified as held-for-sale, available-for-sale or held-to-maturity and equity securities to pursue capital gain or to maintain relationships with corporate clients. These securities are exposed to the credit risk of the issuers, interest rate risk, market risk and foreign currency risk. Deposits consist of demand deposits and time deposits. The maturities of time deposits are within five years.

Asset-liability management techniques are employed to manage financial assets and liabilities sensitive to interest rate fluctuations.

iii) Risk management for financial instruments

Credit risk management

The Bank manages credit risk by conducting strict credit examinations on respective debtors. Additionally, the Bank analyzes the risk by credit rating and industry in chronological order and diversifies the risk of its portfolios in the entirety.

The Group manages credit risk under the Credit Supervision Section, examining and assessing financial circumstances, industry trends, purposes of loans and repayment plans of respective debtors. Assessments are conducted to evaluate the credit standing of prospective debtors before entering into a transaction, for credit management after execution, as a self-assessment on a regular basis and at any time when a relevant event occurs. By the self-assessment, assets are classified by the degree of risk based on the debtor's classification and the existence of any collateral or guarantees. The results of the self-assessments are examined by the Self-Assessment Verification Section and are reported to the Asset Assessment Committee and management.

As to the credit portfolios in the entirety, the level of concentration in the industry and large transactions are monitored by the Credit Management Section on a regular basis in order to construct portfolios that exclude concentration risk. The Credit Management Section periodically reports the results to management.

Moreover, an internal credit rating system has been introduced that classifies debtors according to creditworthiness. The Bank uses the credit rating for screening and credit management of debtors as well as monitoring the credit portfolio.

Credit risk is quantified, which enables the Bank to manage the credit risk effectively.

Market risk management

The Risk Control Department of the Bank monitors market risk. The department quantifies the risk whenever possible and performs stress tests and simulation analyses to analyze the possible effects of changes in market variables such as interest rates, stock prices and exchange rates on the amount of market risk the Bank is exposed to and on the profit and loss of the Bank. The results of the analyses are regularly reported to the Board of Directors, the Risk Management Committee and other relevant parties. The Risk Management Committee and other relevant parties confirm that the level of risk is sufficiently limited considering the equity of the Bank and review the policies for controlling market risk.

Interest rate risk and stock price risk are significant risks for the Group. Major financial instruments which are exposed to interest rate risk are "Loans and bills discounted," debt securities classified as available-for-sale securities under "Investment securities" and "Deposits." Financial instruments which are exposed to stock price risk are equity securities classified as available-for-sale securities in "Investment securities." The Group uses Value at Risk ("VaR") calculated based on the financial assets and liabilities categorized into "loans and deposits," "debt securities," "equity securities held for investment" and "strategically held equity securities" to perform quantitative analysis and manage interest rate and stock price fluctuation risks. For the years ended March 31, 2016 and 2015, VaR was calculated using the historical simulation method (and assuming a holding period of 125 business days, a 99% confidence interval and an observation period of 5 years).

The total market risk exposure of the Group as estimated loss amounted to ¥18,022 million ($159,939 thousand) and ¥14,048 million ($124,671 thousand) as of March 31, 2016 and 2015, respectively. In calculating VaR, VaR amounts for interest rate risk associated with the banking account and price fluctuation risk associated with the equity securities held for investment were summed with that for price fluctuation risk associated with strategically held equity securities.

The Group ensures the reliability and accuracy of the measurement model by performing back-testing, that is, comparing VaR amounts measured using the model with actual amounts of profit and loss. However, VaR reflects market risk exposures statistically calculated under certain probabilities based on historical market volatility; therefore, it may not be able to accurately reflect the risks when the market environment changes extraordinarily.

iv) Supplemental information on fair value of financial instruments

Fair values of financial instruments are estimated based on quoted market prices or based on reasonably calculated prices if quoted market prices are not available. Certain assumptions are used to calculate such prices. Therefore, prices may be different under different assumptions.

(b) Fair value of financial instruments

The following is a summary of the carrying values and fair values of financial instruments at March 31, 2016 and 2015.

	Millions of yen		
	2016		
	Carrying value	Fair value	Difference
Financial assets:			
Cash and due from banks	¥ 104,722	¥ 104,722	¥ -
Call loans and bills purchased	2,753	2,753	-
Trading securities	-	-	-
Investment securities:			
Available-for-sale securities *(*1)*	1,145,397	1,145,397	-
Loans and bills discounted:			
Loans and bills discounted	1,679,941		
Reserve for possible loan losses *(*2)*	(8,118)		
Loans and bills discounted, net	1,671,822	1,700,258	28,435
Total assets	¥ 2,924,695	¥ 2,953,131	¥ 28,435
Financial liabilities:			
Deposits	¥ 2,661,691	¥ 2,662,602	¥ 910
Security deposits received related to securities lending transactions	37,574	37,574	-
Borrowings	18,915	18,957	42
Total liabilities	¥ 2,718,181	¥ 2,719,134	¥ 953
Derivative transactions *(*3)*:			
Not qualifying for hedge accounting	¥ 960	¥ 960	¥ -
Total derivative transactions	¥ 960	¥ 960	¥ -

	2015		
	Carrying value	Fair value	Difference
Financial assets:			
Cash and due from banks	¥ 139,407	¥ 139,407	¥ -
Call loans and bills purchased	2,171	2,171	-
Trading securities	77	77	-
Investment securities:			
Available-for-sale securities *(*1)*	1,157,415	1,157,415	-
Loans and bills discounted:			
Loans and bills discounted	1,655,157		
Reserve for possible loan losses *(*2)*	(9,900)		
Loans and bills discounted, net	1,645,256	1,669,942	24,685
Total assets	¥ 2,944,328	¥ 2,969,014	¥ 24,685
Financial liabilities:			
Deposits	¥ 2,638,408	¥ 2,638,976	¥ 568
Security deposits received related to securities lending transactions	75,085	75,085	-
Borrowings	17,655	17,678	23
Total liabilities	¥ 2,731,148	¥ 2,731,740	¥ 591
Derivative transactions *(*3)*:			
Not qualifying for hedge accounting	¥ (202)	¥ (202)	¥ -
Total derivative transactions	¥ (202)	¥ (202)	¥ -

	Thousands of U.S. dollars		
	2016		
	Carrying value	Fair value	Difference
Financial assets:			
Cash and due from banks	$ 929,375	$ 929,375	$ -
Call loans and bills purchased	24,432	24,432	-
Trading securities	-	-	-
Investment securities:			
Available-for-sale securities *(*1)*	10,165,042	10,165,042	-
Loans and bills discounted:			
Loans and bills discounted	14,908,954		
Reserve for possible loan losses *(*2)*	(72,044)		
Loans and bills discounted, net	14,836,900	15,089,261	252,351
Total assets	$ 25,955,759	$ 26,208,120	$ 252,351
Financial liabilities:			
Deposits	$ 23,621,680	$ 23,629,765	$ 8,075
Security deposits received related to securities lending transactions	333,457	333,457	-
Borrowings	167,864	168,237	372
Total liabilities	$ 24,123,012	$ 24,131,469	$ 8,457
Derivative transactions *(*3)*:			
Not qualifying for hedge accounting	$ 8,519	$ 8,519	$ -
Total derivative transactions	$ 8,519	$ 8,519	$ -

	2015		
	Carrying value	Fair value	Difference
Financial assets:			
Cash and due from banks	$ 1,237,193	$ 1,237,193	$ -
Call loans and bills purchased	19,266	19,266	-
Trading securities	683	683	-
Investment securities:			
Available-for-sale securities *(*1)*	10,271,698	10,271,698	-
Loans and bills discounted:			
Loans and bills discounted	14,689,004		
Reserve for possible loan losses *(*2)*	(87,859)		
Loans and bills discounted, net	14,601,135	14,820,216	219,071
Total assets	$ 26,129,996	$ 26,349,077	$ 219,071
Financial liabilities:			
Deposits	$ 23,415,051	$ 23,420,092	$ 5,040
Security deposits received related to securities lending transactions	666,356	666,356	-
Borrowings	156,682	156,886	204
Total liabilities	$ 24,238,090	$ 24,243,343	$ 5,244
Derivative transactions *(*3)*:			
Not qualifying for hedge accounting	$ (1,792)	$ (1,792)	$ -
Total derivative transactions	$ (1,792)	$ (1,792)	$ -

Notes:

*(*1) The following securities were excluded from the above tables because their fair values were extremely difficult to determine.*

	Millions of yen		*Thousands of U.S. dollars*	
	2016	*2015*	*2016*	*2015*
*Unlisted stocks**	*¥ 1,852*	*¥ 1,757*	*$ 16,435*	*$ 15,592*
Other nonmarketable securities	*465*	*321*	*4,126*	*2,848*
	¥ 2,318	*¥ 2,078*	*$ 20,571*	*$ 18,441*

* *For the year ended March 31, 2015, there was no write-down of these securities. For the year ended March 31, 2016, loss on the write-down of these securities was recognized in the amount of ¥2 million ($17 thousand).*

(*2) *Reserve for possible loan losses on ordinary and specific claims corresponding to loans and bills discounted is deducted.*

(*3) *Derivative transactions recorded in other assets and liabilities are presented in a lump sum on a net basis. A net liability position is shown in parenthesis.*

Methods for calculating the fair value of financial instruments were as follows:

Financial assets:

- Cash and due from banks – The fair value of due from banks without maturities approximates the carrying value. As for those with maturities, the present value calculated by discounting the amount categorized based on the remaining term to maturity as of the consolidated balance sheet date at the risk free rate is used as the fair value. As for those with maturities up to one year as of the consolidated balance sheet date, the carrying value is used as the fair value after it is confirmed that the fair value approximates the carrying value.

- Call loans and bills purchased – The present value calculated by discounting the amount categorized based on the remaining term to maturity as of the consolidated balance sheet date at the risk free rate is used as the fair value of call loans and bills purchased. As for those with maturities up to one year as of the consolidated balance sheet date, the carrying value is used as the fair value after it is confirmed that the fair value approximates the carrying value.

- Trading securities – The fair value of trading securities such as debt securities held for dealing operations is based on the quoted market price or the price obtained from the counterparty financial institution.

- Investment securities – The fair value of equity securities is based on the quoted market price. The fair value of debt securities is based on the quoted market price or the price obtained from the counterparty financial institution. The fair value of investment trust funds is based on the constant value.

  The fair value of private placement bonds guaranteed by the Bank is calculated by discounting the future cash flows at the risk free rate to which the consideration (risk premium) to cover uncertainty inherent in cash flows (credit risk and others), which is calculated based on the amount expected to be collected according to the internal credit rating and the existence of collateral or guarantees, is added. As for transactions with maturities up to one year as of the consolidated balance sheet date, the carrying value is used as the fair value after it is confirmed that the fair value approximates the carrying value. Additional information on securities classified by holding purpose is presented in Note 4, Trading Securities and Investment Securities.

- Loans and bills discounted – The fair value of loans and bills discounted to corporate clients is calculated by discounting the future cash flows at the risk free rate to which the consideration (risk premium) to cover uncertainty inherent in cash flows (credit risk and others), which is calculated based on the amount expected to be collected according to the internal credit rating and the existence of collateral or guarantees, is added. The fair value of those to individual clients is calculated as the total of principal and interest discounted by the rate assumed when a similar loan is executed.

  As for transactions whose due date is within one year as of the consolidated balance sheet date, the carrying value is used as the fair value after it is confirmed that the fair value approximates the carrying value.

  As for loans to borrowers that are legally or substantially bankrupt and those who are likely to become bankrupt, the estimated loan losses are calculated based on the present value of the estimated future cash flows or the amount expected to be collected due to collateral or guarantees. As a result, the fair value approximates the carrying value as of the consolidated balance sheet date minus the reserve for possible loan losses.

Financial liabilities:

- Deposits – The fair value of demand deposits is deemed as the amount that would be paid if demanded by the clients as of the consolidated balance sheet date (the carrying value). As for time deposits, the present value, the discounted future cash flows by the amount categorized based on a certain period, is used as the fair value. The discount rate is that used when a new deposit is accepted. As for those with maturities up to one year as of the consolidated balance sheet date, the carrying value is used as the fair value after it is confirmed that the fair value approximates the carrying value.

- Security deposits received related to securities lending transactions and borrowings – The present value calculated by discounting the amount categorized based on the remaining term to maturity as of the consolidated balance sheet date at the risk free rate is used as the fair value. As for transactions with maturities up to one year as of the consolidated balance sheet date, the carrying value is used as the fair value after it is confirmed that the fair value approximates the carrying value.

Derivative transactions:

Information on fair value of derivative transactions is presented in Note 16, “Derivative Financial Instruments.”

(c) Redemption schedule for financial instruments with maturities

The redemption schedule for financial instruments with maturities at March 31, 2016 was as follows:

	Millions of yen					
	2016					
	Due in 1 year or less	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years
Financial assets:						
Due from banks	¥ 67,067	¥ -	¥ -	¥ -	¥ -	¥ -
Call loans and bills purchased	2,753	-	-	-	-	-
Investment securities:						
Available-for-sale securities:						
Japanese government bonds	17,500	60,100	143,000	23,600	-	11,000
Local government bonds	15,879	25,503	43,063	13,408	9,805	-
Corporate bonds	75,305	155,038	92,385	48,560	20,973	7,795
Foreign bonds	24,640	17,730	18,287	-	-	-
Other	9	8,471	36,948	9,443	76,937	3,521
Total investment securities	133,335	266,844	333,686	95,012	107,716	22,316
Loans and bills discounted *(*1)*	316,660	345,391	227,238	112,804	124,795	308,215
	¥ 519,816	¥ 612,236	¥ 560,924	¥ 207,816	¥ 232,511	¥ 330,532
Financial liabilities:						
Deposits *(*2)*	¥ 2,378,489	¥ 266,207	¥ 16,995	¥ -	¥ -	¥ -
Security deposits received related to securities lending transactions	37,574	-	-	-	-	-
Borrowings	14,340	3,015	1,560	-	-	-
	¥ 2,430,403	¥ 269,222	¥ 18,555	¥ -	¥ -	¥ -

	Thousands of U.S. dollars					
	2016					
	Due in 1 year or less	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years
Financial assets:						
Due from banks	$ 595,198	$ -	$ -	$ -	$ -	$ -
Call loans and bills purchased	24,432	-	-	-	-	-
Investment securities:						
Available-for-sale securities:						
Japanese government bonds	155,307	533,368	1,269,080	209,442	-	97,621
Local government bonds	140,921	226,331	382,170	118,991	87,016	-
Corporate bonds	668,308	1,375,914	819,888	430,954	186,128	69,178
Foreign bonds	218,672	157,348	162,291	-	-	-
Other	79	75,177	327,902	83,803	682,791	31,247
Total investment securities	1,183,306	2,368,157	2,961,359	843,201	955,946	198,047
Loans and bills discounted *(*1)*	2,810,259	3,065,237	2,016,666	1,001,100	1,107,516	2,735,312
	$ 4,613,205	$ 5,433,404	$ 4,978,026	$ 1,844,302	$ 2,063,462	$ 2,933,368
Financial liabilities:						
Deposits *(*2)*	$ 21,108,351	$ 2,362,504	$ 150,825	$ -	$ -	$ -
Security deposits received related to securities lending transactions	333,457	-	-	-	-	-
Borrowings	127,263	26,757	13,844	-	-	-
	$ 21,569,071	$ 2,389,261	$ 164,669	$ -	$ -	$ -

Notes:

*(*1) At March 31, 2016, the total amount of loans which were not expected to be recovered, including claims to borrowers that were legally or substantially bankrupt and to those who were likely to become bankrupt, amounted to ¥49,245 million ($437,034 thousand). Loans without due dates in the amount of ¥195,590 million ($1,735,800 thousand) were excluded.*

*(*2) Demand deposits were included in "Due in 1 year or less."*

4. Trading Securities and Investment Securities

There was no carrying value of trading securities at March 31, 2016. At March 31, 2015, trading securities consisted of Japanese government bonds only.

At March 31, 2016 and 2015, investment securities consisted of the following:

	Millions of yen		Thousands of U.S. dollars	
	2016	2015	2016	2015
Japanese government bonds	¥ 266,501	¥ 308,125	$ 2,365,113	$ 2,734,513
Local government bonds	111,059	113,504	985,614	1,007,312
Bonds and debentures	409,205	421,022	3,631,567	3,736,439
Equity securities	121,847	129,090	1,081,354	1,145,633
Other	239,103	187,750	2,121,964	1,666,222
	¥ 1,147,715	¥ 1,159,493	$ 10,185,614	$ 10,290,140

At March 31, 2016 and 2015, investment securities included Japanese government bonds of ¥7,447 million ($66,089 thousand) and ¥6,366 million ($56,496 thousand), respectively, as loans without collateral (securities lending transactions).

At March 31, 2016 and 2015, liabilities for guarantees on corporate bonds included in "Investment securities," which were issued by private placement (Article 2, Paragraph 3 of the Financial Instruments and Exchange Act), amounted to ¥12,777 million ($113,391 thousand) and ¥14,027 million ($124,485 thousand), respectively.

Securities are classified as trading, held-to-maturity or available-for-sale. The classification determines the respective accounting method that should be used to account for these securities, as stipulated by the accounting standard for financial instruments. At March 31, 2016 and 2015, the carrying values of trading securities and the related valuation differences included in the consolidated statements of income were as follows:

	Millions of yen				Thousands of U.S. dollars			
	2016		2015		2016		2015	
	Carrying value	Valuation difference	Carrying value	Valuation difference	Carrying value	Valuation difference	Carrying value	Valuation difference
Trading securities	¥ -	¥ -	¥ 77	¥ (0)	$ -	$ -	$ 683	$ (0)

The Group did not have any held-to-maturity debt securities as of March 31, 2016 and 2015.

At March 31, 2016 and 2015, gross unrealized gains and losses for available-for-sale securities with fair value were as follows:

	Millions of yen			
	2016			
	Cost	Gross unrealized gains	Gross unrealized losses	Fair and carrying value
Available-for-sale securities with fair value:				
Japanese government bonds	¥ 258,223	¥ 8,277	¥ -	¥ 266,501
Local government bonds	108,116	2,942	(0)	111,059
Bonds and debentures	401,497	7,830	(122)	409,205
Equity securities	60,995	61,443	(2,444)	119,994
Other	232,334	8,059	(1,756)	238,637
	¥ 1,061,166	¥ 88,553	¥ (4,323)	¥ 1,145,397

	Millions of yen			
	2015			
	Cost	Gross unrealized gains	Gross unrealized losses	Fair and carrying value
Available-for-sale securities with fair value:				
Japanese government bonds	¥ 300,202	¥ 7,962	¥ (38)	¥ 308,125
Local government bonds	110,602	2,919	(17)	113,504
Bonds and debentures	414,137	6,972	(87)	421,022
Equity securities	54,294	73,168	(129)	127,333
Other	176,605	10,993	(170)	187,428
	¥ 1,055,842	¥ 102,015	¥ (442)	¥ 1,157,415

	Thousands of U.S. dollars			
	2016			
	Cost	Gross unrealized gains	Gross unrealized losses	Fair and carrying value
Available-for-sale securities with fair value:				
Japanese government bonds	$ 2,291,648	$ 73,455	$ -	$ 2,365,113
Local government bonds	959,495	26,109	(0)	985,614
Bonds and debentures	3,563,161	69,488	(1,082)	3,631,567
Equity securities	541,311	545,287	(21,689)	1,064,909
Other	2,061,892	71,521	(15,583)	2,117,829
	$ 9,417,518	$ 785,880	$ (38,365)	$ 10,165,042

	Thousands of U.S. dollars			
	2015			
	Cost	Gross unrealized gains	Gross unrealized losses	Fair and carrying value
Available-for-sale securities with fair value:				
Japanese government bonds	$ 2,664,199	$ 70,660	$ (337)	$ 2,734,513
Local government bonds	981,558	25,905	(150)	1,007,312
Bonds and debentures	3,675,337	61,874	(772)	3,736,439
Equity securities	481,842	649,343	(1,144)	1,130,040
Other	1,567,314	97,559	(1,508)	1,663,365
	$ 9,370,269	$ 905,351	$ (3,922)	$ 10,271,698

During the years ended March 31, 2016 and 2015, the Group recorded losses on the write-down of available-for-sale securities with fair value due to other than temporary decline in value as follows:

	Millions of yen		Thousands of U.S. dollars	
	2016	2015	2016	2015
Equity securities	¥ 55	¥ -	$ 488	$ -
Corporate bonds	3	1	26	8

The Group recognizes the write-down of available-for-sale securities with fair value in the case of a decline in value by 50% or more below cost or an other than temporary decline ranging from 30% to 50% below cost.

At March 31, 2016 and 2015, net unrealized gains on available-for-sale securities, net of applicable income taxes and non-controlling interests, recorded as a component of accumulated other comprehensive income in net assets on the consolidated balance sheets were as follows:

	Millions of yen		Thousands of U.S. dollars	
	2016	2015	2016	2015
Unrealized gains	¥ 84,230	¥ 101,572	$ 747,515	$ 901,419
Less applicable income taxes	(25,009)	(31,684)	(221,947)	(281,185)
Less non-controlling interests portion	(67)	(82)	(594)	(727)
Net unrealized gains	¥ 59,152	¥ 69,806	$ 524,955	$ 619,506

During the years ended March 31, 2016 and 2015, the Group sold available-for-sale securities and recorded gains and losses on sales of these securities on the consolidated statements of income as follows:

	Millions of yen		Thousands of U.S. dollars	
	2016	2015	2016	2015
Gains on sales of:				
Equity securities	¥ 2,157	¥ 1,570	$ 19,142	$ 13,933
Bonds and others	1,481	1,195	13,143	10,605
	¥ 3,638	¥ 2,765	$ 32,286	$ 24,538
Losses on sales of:				
Equity securities	¥ 987	¥ 232	$ 8,759	$ 2,058
Bonds and others	1,828	380	16,222	3,372
	¥ 2,815	¥ 612	$ 24,982	$ 5,431

5. Loans and Bills Discounted

At March 31, 2016 and 2015, loans and bills discounted consisted of the following:

	Millions of yen		Thousands of U.S. dollars	
	2016	2015	2016	2015
Bills discounted	¥ 25,714	¥ 26,934	$ 228,203	$ 239,030
Loans on bills	53,651	60,626	476,135	538,036
Loans on deeds	1,402,379	1,359,374	12,445,678	12,064,022
Overdrafts	198,195	208,221	1,758,919	1,847,896
	¥ 1,679,941	¥ 1,655,157	$ 14,908,954	$ 14,689,004

Bills discounted are accounted for as financial transactions in accordance with the JICPA Industry Audit Committee Report No. 24 issued on February 13, 2002, “Treatment of Accounting and Auditing

Concerning Application of Accounting Standard for Financial Instruments in Banking Industry." The Group has the right to sell or pledge (repledge) bankers' acceptances, commercial bills, documentary bills and foreign bills of exchange purchased without restrictions. The total face value of these bills amounted to ¥25,800 million ($228,966 thousand) and ¥27,110 million ($240,592 thousand) at March 31, 2016 and 2015, respectively.

Claims to borrowers in bankruptcy and past due loans amounted to ¥49,244 million ($437,025 thousand) and ¥53,228 million ($472,381 thousand) at March 31, 2016 and 2015, respectively, and are included in "Loans and bills discounted." Loans are generally placed on non-accrual status when there is substantial doubt about the ultimate collectability of either principal or interest because the principal or interest is past due for a considerable period or for other reasons. Claims to borrowers in bankruptcy represent non-accrual loans after charge-off to legally bankrupt borrowers as defined in Article 96, Paragraph 1, Subparagraph 3 and 4 of the Order for Enforcement of the Corporation Tax Act of Japan. Past due loans are non-accrual loans other than claims to borrowers in bankruptcy and loans for which interest payments are deferred in order to assist the financial recovery of borrowers in financial difficulties.

At March 31, 2016 and 2015, delinquent loans for which the payment of principal or interest was contractually past due three months or more, excluding non-accrual loans, amounted to ¥892 million ($7,916 thousand) and ¥509 million ($4,517 thousand), respectively.

At March 31, 2016 and 2015, restructured loans for which the Bank had restructured the terms and conditions in favor of borrowers in financial difficulties, such as a reduction or exemption of the original interest rate, extension of interest payments and/or principal repayments and debt forgiveness in order to support the borrowers in their financial recovery or restructuring, excluding "claims to borrowers in bankruptcy," "past due loans" and "delinquent loans contractually past due three months or more" disclosed above, amounted to ¥6,016 million ($53,390 thousand) and ¥8,067 million ($71,592 thousand), respectively.

Total non-performing assets before charge-offs of claims deemed uncollectible, consisting of "claims to borrowers in bankruptcy," "past due loans," "delinquent loans contractually past due three months or more" and "restructured loans," aggregated ¥56,154 million ($498,349 thousand) and ¥61,804 million ($548,491 thousand) at March 31, 2016 and 2015, respectively.

A provision of reserve for possible loan losses amounted to ¥126 million ($1,118 thousand) and none for the years ended March 31, 2016 and 2015, respectively, and is included in "Other expenses" in the accompanying consolidated statements of income.

6. Foreign Exchange

At March 31, 2016 and 2015, foreign exchange consisted of the following:

	Millions of yen		Thousands of U.S. dollars	
	2016	2015	2016	2015
Assets:				
Due from banks	¥ 2,165	¥ 2,896	$ 19,213	$ 25,701
Foreign bills of exchange purchased	86	176	763	1,561
Foreign bills of exchange receivable	466	563	4,135	4,996
	¥ 2,717	¥ 3,636	$ 24,112	$ 32,268

	Millions of yen		Thousands of U.S. dollars	
	2016	2015	2016	2015
Liabilities:				
Foreign bills of exchange sold	¥ 503	¥ 458	$ 4,463	$ 4,064
Foreign bills of exchange payable	202	521	1,792	4,623
	¥ 706	¥ 980	$ 6,265	$ 8,697

7. Tangible Fixed Assets

At March 31, 2016 and 2015, tangible fixed assets consisted of the following:

	Millions of yen		Thousands of U.S. dollars	
	2016	2015	2016	2015
Land	¥ 23,249	¥ 23,559	$ 206,327	$ 209,078
Buildings and structures	8,428	7,942	74,795	70,482
Construction in progress	34	32	301	283
Other tangible fixed assets	3,507	3,307	31,123	29,348
Tangible fixed assets	¥ 35,219	¥ 34,841	$ 312,557	$ 309,203

Accumulated depreciation of tangible fixed assets at March 31, 2016 and 2015 was ¥22,931 million ($203,505 thousand) and ¥22,865 million ($202,919 thousand), respectively.

As permitted by the accounting principles and practices generally accepted in Japan, deferred capital gains on sales of real property are deducted from the original acquisition cost of property newly acquired for replacement purposes in the same line of business as the property sold. At March 31, 2016 and 2015, the amount of ¥2,286 million ($20,287 thousand) was directly reduced from the acquisition cost of land, respectively.

The Bank elected the one-time revaluation of land used for the banking business effective on March 31, 1998, reflecting appropriate adjustments for land shape and other factors based on the appraisal values issued by the Japanese National Tax Agency under the Act on Revaluation of Land. According to the Act, the amount equivalent to the tax effect on the excess of sound reassessed values over the original book value is stated as "Deferred tax liabilities for revaluation," and the rest of the excess, net of the tax effect, is disclosed as "Land revaluation increment" and included in a component of accumulated other comprehensive income in net assets on the consolidated balance sheets. At March 31, 2016 and 2015, the differences in the carrying values of land used for the banking business after reassessment over the market values amounted to ¥2,868 million ($25,452 thousand) and ¥3,792 million ($33,652 thousand), respectively.

8. Pledged Assets

At March 31, 2016 and 2015, investment securities totaling ¥100,759 million ($894,204 thousand) and ¥138,553 million ($1,229,614 thousand), respectively, were pledged as collateral for “Security deposits received related to securities lending transactions” of ¥37,574 million ($333,457 thousand) and ¥75,085 million ($666,356 thousand) as well as for “Borrowings” of ¥12,200 million ($108,271 thousand) and ¥12,400 million ($110,046 thousand), respectively.

At March 31, 2016 and 2015, investment securities totaling ¥25,254 million ($224,121 thousand) and ¥24,953 million ($221,450 thousand), respectively, were pledged as collateral for the settlement of exchange and other transactions.

9. Deposits

At March 31, 2016 and 2015, deposits consisted of the following:

	Millions of yen		Thousands of U.S. dollars	
	2016	2015	2016	2015
Demand deposits	¥ 1,373,221	¥ 1,358,867	$ 12,186,909	$ 12,059,522
Time deposits	1,257,601	1,251,027	11,160,818	11,102,476
Other	30,869	28,512	273,952	253,035
	¥ 2,661,691	¥ 2,638,408	$ 23,621,680	$ 23,415,051

10. Borrowings and Lease Obligations

At March 31, 2016 and 2015, borrowings, which consisted of the borrowings from other financial institutions, amounted to ¥18,915 million ($167,864 thousand) and ¥17,655 million ($156,682 thousand), respectively. At March 31, 2016, the annual maturities of borrowings due through February 2021 at an average interest rate of 0.18% per annum were as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2017	¥ 14,340	$ 127,263
2018	1,715	15,220
2019	1,300	11,537
2020	970	8,608
2021	590	5,236
	¥ 18,915	$ 167,864

At March 31, 2016 and 2015, other liabilities included lease obligations of 13 million ($115 thousand) and none, respectively.

11. Employee Retirement Benefits

The Group has corporate pension fund plans and lump-sum retirement benefit plans as defined benefit plans that cover substantially all employees. Furthermore, retirement benefit trusts are set up to cover lump-sum retirement benefit plans. At March 31, 2016 and 2015, employee retirement benefits consisted of the following:

(Defined benefit plans)

(a) Movement in retirement benefit obligations:

	Millions of yen		Thousands of U.S. dollars	
	2016	2015	2016	2015
Retirement benefit obligations at beginning of year	¥ 20,289	¥ 21,941	$ 180,058	$ 194,719
Cumulative effects of changes in accounting policies	-	(1,637)	-	(14,527)
Restated balance	-	20,304	-	180,191
Service cost	668	690	5,928	6,123
Interest cost	249	249	2,209	2,209
Actuarial differences	2,624	127	23,287	1,127
Retirement benefits paid	(1,199)	(1,083)	(10,640)	(9,611)
Retirement benefit obligations at end of year	¥ 22,632	¥ 20,289	$ 200,851	$ 180,058

(b) Movement in plan assets:

	Millions of yen		Thousands of U.S. dollars	
	2016	2015	2016	2015
Plan assets at beginning of year	¥ 31,141	¥ 23,085	$ 276,366	$ 204,872
Expected return on plan assets	613	292	5,440	2,591
Actuarial differences	(1,661)	3,688	(14,740)	32,729
Contribution paid by the employer	357	960	3,168	8,519
Contribution to retirement benefit trusts	-	4,000	-	35,498
Refund of equity securities from retirement benefit trusts	(5,245)	-	(46,547)	-
Retirement benefits paid	(924)	(885)	(8,200)	(7,854)
Plan assets at end of year	¥ 24,281	¥ 31,141	$ 215,486	$ 276,366

(c) Reconciliation from retirement benefit obligations and plan assets to employee retirement benefit asset or liability recorded on the consolidated balance sheet:

	Millions of yen		Thousands of U.S. dollars	
	2016	2015	2016	2015
Funded retirement benefit obligations	¥ 22,632	¥ 20,289	$ 200,851	$ 180,058
Plan assets	(24,281)	(31,141)	(215,486)	(276,366)
	(1,648)	(10,852)	(14,625)	(96,308)
Unfunded retirement benefit obligations	-	-	-	-
Net balance of (asset)/liability for retirement benefits recorded on the consolidated balance sheet at end of year	(1,648)	(10,852)	(14,625)	(96,308)
Employee retirement benefit liability	1,353	766	12,007	6,798
Employee retirement benefit asset	(3,002)	(11,619)	(26,641)	(103,115)
Net balance of (asset)/liability for retirement benefits recorded on the consolidated balance sheet at end of year	¥ (1,648)	¥ (10,852)	$ (14,625)	$ (96,308)

(d) Net periodic retirement benefit expenses and their breakdown:

	Millions of yen		Thousands of U.S. dollars	
	2016	2015	2016	2015
Service cost	¥ 668	¥ 690	$ 5,928	$ 6,123
Interest cost	249	249	2,209	2,209
Expected return on plan assets	(613)	(292)	(5,440)	(2,591)
Amortization of actuarial differences	(224)	746	(1,987)	6,620
Gain on refund from retirement benefit trusts *	(856)	-	(7,596)	-
Other	37	38	328	337
Net periodic retirement benefit expenses under defined benefit plans	¥ (739)	¥ 1,432	$ (6,558)	$ 12,708

*Note: * Gain on refund from retirement benefit trusts of ¥856 million ($7,596 thousand) for the year ended March 31, 2016 was included in "Other income."*

(e) Retirement benefit adjustment in other comprehensive income, before tax effects:

	Millions of yen		Thousands of U.S. dollars	
	2016	2015	2016	2015
Actuarial differences	¥ (5,367)	¥ 4,307	$ (47,630)	$ 38,223
Total	¥ (5,367)	¥ 4,307	$ (47,630)	$ 38,223

(f) Retirement benefit adjustment in accumulated other comprehensive income, before tax effects:

	Millions of yen		Thousands of U.S. dollars	
	2016	2015	2016	2015
Actuarial differences that are yet to be recognized	¥ (2,781)	¥ 2,585	$ (24,680)	$ 22,941
Total	¥ (2,781)	¥ 2,585	$ (24,680)	$ 22,941

(g) Plan assets

i) Plan assets comprise:

	2016	2015
Debt securities	43.7%	25.1%
Equity securities	36.8	48.1
Cash and deposits	5.3	0.0
General account	13.5	10.4
Other	0.7	16.4
Total	100.0%	100.0%

Note: At March 31, 2016 and 2015, 34.9% and 47.1% of plan assets consisted of retirement benefit trusts that are set up for corporate pension plans and lump-sum retirement benefit plans, respectively.

ii) Determination of expected long-term rate of plan assets

The expected long-term rate of return on plan assets is determined considering current and future portfolio of plan assets and current and expected long-term rate of return generated from various components of the plan assets.

(h) Actuarial assumptions at end of year:

	2016	2015
Discount rate for corporate pension plans	0.3%	1.2%
Discount rate for lump-sum retirement benefit plans	0.2%	1.1%
Expected long-term rate of return on plan assets	3.0%	2.0%

12. Acceptances and Guarantees

The Bank provides guarantees for liabilities of its customers for payments on loans from other financial institutions. A contra account, “Customers’ liabilities for acceptances and guarantees,” is classified as an asset in the consolidated balance sheets, indicating the Bank’s right of indemnity from customers.

13. Net Assets

At March 31, 2016 and 2015, the authorized number of shares of common stock without par value was 30 million, and the number of shares of common stock issued was 10,943,240 shares. At March 31, 2016 and 2015, the number of shares of treasury stock held by the Group was 102,855 and 100,763 shares, respectively.

At March 31, 2016 and 2015, capital surplus consisted principally of additional paid-in capital. Included in retained earnings was the legal earnings reserve of the Bank in the amount of ¥5,392 million ($47,852 thousand) at both March 31, 2016 and 2015. The Japanese Banking Act provides that an amount equivalent to at least 20% of the cash payments as appropriations of retained earnings shall be appropriated as the legal earnings reserve until the total amount of additional paid-in capital and such reserve equals the common stock. The legal earnings reserve is not available for distributions as dividends, but may be used to reduce a deficit or may be transferred to common stock by proper action of the Board of Directors and/or the shareholders.

In November 2015, the Board of Directors of the Bank resolved to pay interim dividends of ¥433 million ($3,842 thousand) at ¥40 per share ($0.35 per share). The shareholders of the Bank approved the following appropriation of retained earnings at the annual shareholders meeting on June 24, 2016.

	Millions of yen	Thousands of U.S. dollars
Cash dividends, ¥40 per share ($0.35 per share)	¥ 433	$ 3,842

14. Stock Options

(a) Stock option expenses

The Bank recorded stock option expenses of ¥48 million ($425 thousand) and ¥45 million ($399 thousand) in “General and administrative expenses” for the years ended March 31, 2016 and 2015, respectively.

(b) Outline of stock options and size of and changes in stock options

i) Outline of stock options:

	2012 stock options	2013 stock options	2014 stock options	2015 stock options
Position and number of grantees	13 directors of the Bank (excluding outside directors)	13 directors of the Bank (excluding outside directors)	13 directors of the Bank (excluding outside directors)	13 directors of the Bank (excluding outside directors)
Number of options granted*	13,000 common shares of the Bank	12,200 common shares of the Bank	9,100 common shares of the Bank	7,100 common shares of the Bank
Grant date	July 20, 2012	July 19, 2013	July 25, 2014	July 24, 2015
Conditions for vesting	Not defined	Not defined	Not defined	Not defined
Requisite service period	Not defined	Not defined	Not defined	Not defined
Exercise period	From July 21, 2012 to July 20, 2042	From July 20, 2013 to July 19, 2043	From July 26, 2014 to July 25, 2044	From July 25, 2015 to July 24, 2045

*Note: * Calculated in terms of the number of shares.*

ii) Size of and changes in stock options:

The following describes the size of and changes in stock options that existed during the years ended March 31, 2016 and 2015. The number of stock options is calculated in terms of the number of shares.

a) Number of stock options

	2012 stock options	2013 stock options	2014 stock options	2015 stock options
Non-vested:				
Outstanding at April 1, 2014	-	-	-	-
Granted	-	-	9,100 shares	-
Forfeited	-	-	-	-
Vested	-	-	(9,100 shares)	-
Outstanding at March 31, 2015	-	-	-	-
Granted	-	-	-	7,100 shares
Forfeited	-	-	-	-
Vested	-	-	-	(7,100 shares)
Outstanding at March 31, 2016	-	-	-	-
Vested:				
Outstanding at April 1, 2014	13,000 shares	12,200 shares	-	-
Vested	-	-	9,100 shares	-
Exercised	-	-	-	-
Forfeited	-	-	-	-
Outstanding at March 31, 2015	13,000 shares	12,200 shares	9,100 shares	-
Vested	-	-	-	7,100 shares
Exercised	(400 shares)	-	-	-
Forfeited	-	-	-	-
Outstanding at March 31, 2016	12,600 shares	12,200 shares	9,100 shares	7,100 shares

b) Price information

(per share)	2012 stock options	2013 stock options	2014 stock options	2015 stock options
Exercise price	¥1 ($0.00)	¥1 ($0.00)	¥1 ($0.00)	¥1 ($0.00)
Average stock price at exercise	¥6,520 ($57.86)	-	-	-
Fair value at grant date	¥3,645 ($32.34)	¥4,556 ($40.43)	¥4,959 ($44.00)	¥6,811 ($60.44)

iii) Valuation technique to estimate fair value of stock options granted for the years ended March 31, 2016 and 2015:

(1) 2014 stock options:

a) Valuation technique used: Black-Scholes model
b) Major assumptions and estimation method

	2014 stock options
Expected volatility *(*1)*	34.441%
Expected life *(*2)*	1.3 years
Expected dividends *(*3)*	¥70 ($0.62) per share
Risk free interest rate *(*4)*	0.050%

*Notes: (*1) Expected volatility is calculated based on the actual stock prices during the period from March 2013 to July 2014, which corresponds to the expected life of the options.*
*(*2) Expected life is estimated based on the difference between the average term of office of directors who retired during the past 10 years and the average term of office of existing directors in office.*
*(*3) Expected dividends are the actual dividends for the year ended March 31, 2014.*
*(*4) Risk free interest rate is a Japanese government bond yield which corresponds to the expected life.*

(2) 2015 stock options:

a) Valuation technique used: Black-Scholes model
b) Major assumptions and estimation method

	2015 stock options
Expected volatility *(*1)*	30.435%
Expected life *(*2)*	2.0 years
Expected dividends *(*3)*	¥80 ($0.70) per share
Risk free interest rate *(*4)*	0.000%

*Notes: (*1) Expected volatility is calculated based on the actual stock prices during the period from July 2013 to July 2015, which corresponds to the expected life of the options.*
*(*2) Expected life is estimated based on the difference between the average term of office of directors who retired during the past 10 years and the average term of office of existing directors in office.*
*(*3) Expected dividends are the actual dividends for the year ended March 31, 2015.*
*(*4) Risk free interest rate is a Japanese government bond yield which corresponds to the expected life.*

iv) Method of estimating number of stock options vested

Basically, only the actual number of forfeited stock options is reflected because it is difficult to rationally estimate the number of stock options to be forfeited in the future.

15. Commitments

(a) Loan commitments

Contracts related to overdraft facilities and loan commitment lines are agreements that allow customers to extend overdrafts or loans up to prescribed limits unless there is violation of any condition in the contract. At March 31, 2016 and 2015, the unused amounts within the limits of these contracts, which originally expire within one year or are revocable by the Bank at any time without any conditions, aggregated ¥597,553 million ($5,303,097 thousand) and ¥574,824 million ($5,101,384 thousand), respectively.

Since many of these commitments expire without being drawn down, the unused amount does not necessarily represent a future cash flow. In addition, most of these contracts have conditions that the Group can refuse customer applications or decrease the contract limits for appropriate reasons such as changes in the financial situation or deterioration in creditworthiness of the customer. At the execution of the contract, the Bank obtains real estate, securities, etc., as collateral if considered necessary. Subsequently, the Bank performs periodic reviews of the customer's business performance in accordance with the Bank's internal rules and takes necessary measures such as reconsidering conditions of the contracts and/or requiring additional collateral and/or guarantees if necessary.

(b) Lease commitments

The Group has entered into various lease agreements as a lessee principally for land for office space. These leases are generally cancelable with a few months advance notice and are accounted for as operating leases. The Group has also entered into non-cancelable operating lease agreements. The future minimum lease payments under these non-cancellable operating leases as of March 31, 2016 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars	
	2016	2015	2016	2015
Due within one year	¥ 102	¥ 98	$ 905	$ 869
Due after one year	1,154	958	10,241	8,501
	¥ 1,257	¥ 1,056	$ 11,155	$ 9,371

In addition, a subsidiary engaged in the leasing business as a lessor has entered into various long-term, non-cancelable lease agreements with third parties that were categorized as finance leases. Information concerning future minimum lease payments to be received as of March 31, 2016 and 2015 for finance leases which do not transfer ownership of the leased assets to the lessee was as follows:

	Millions of yen		Thousands of U.S. dollars	
	2016	2015	2016	2015
Total future minimum lease payments to be received	¥ 12,488	¥ 11,465	$ 110,827	$ 101,748
Estimated residual value of leased assets	697	683	6,185	6,061
Imputed interest	(538)	(665)	(4,774)	(5,901)

The aggregate annual maturities of future minimum lease payments to be received as of March 31, 2016 were as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2017	¥ 3,530	$ 31,327
2018	2,896	25,701
2019	2,257	20,030
2020	1,626	14,430
2021	993	8,812
2022 and thereafter	1,183	10,498
	¥ 12,488	$ 110,827

As permitted by the accounting standard for lease transactions with respect to finance leases entered into before April 1, 2008, the appropriate carrying value, net of accumulated depreciation, of the underlying assets at March 31, 2008 is recognized as the value of the investment in the leased assets, and the total amount equivalent to interest income on these transactions is allocated over the lease term using the straight-line method, instead of the effective interest method, as the principal method of the accounting standard. As a result, profit before income taxes for the years ended March 31, 2016 and 2015 were ¥6 million ($53 thousand) and ¥10 million ($88 thousand) more, respectively, than the amounts that would have been recorded under the effective interest method based on lease payments receivable.

16. Derivative Financial Instruments

Derivative financial instruments, other than those to which hedge accounting was applied, which were traded on the over-the-counter market and stated at fair value and whose valuation gains and losses are recognized in the consolidated statements of income, as of March 31, 2016 and 2015 are summarized as follows:

	Millions of yen			
	Notional principal or contract amounts			
	Total	Over one year	Fair value*	Valuation gains (losses)
Currency swap:				
At March 31, 2016	¥ 5,623	¥ -	¥ (25)	¥ (25)
At March 31, 2015	-	-	-	-
Foreign exchange forward contracts:				
At March 31, 2016	¥ 34,604	¥ -	¥ 986	¥ 986
At March 31, 2015	36,602	-	(202)	(202)

	Thousands of U.S. dollars			
	Notional principal or contract amounts			
	Total	Over one year	Fair value*	Valuation gains (losses)
Currency swap:				
At March 31, 2016	$ 49,902	$ -	$ (221)	$ (221)
At March 31, 2015	-	-	-	-
Foreign exchange forward contracts:				
At March 31, 2016	$ 307,099	$ -	$ 8,750	$ 8,750
At March 31, 2015	324,831	-	(1,792)	(1,792)

*Note: * Fair value was based on the discounted cash flow method.*

There were no outstanding derivative financial instruments to which hedge accounting was applied as of March 31, 2016 and 2015.

17. Income Taxes

Income taxes for the years ended March 31, 2016 and 2015 consisted of the following:

	Millions of yen		Thousands of U.S. dollars	
	2016	2015	2016	2015
Income taxes:				
Current	¥ 1,795	¥ 1,489	$ 15,930	$ 13,214
Deferred	1,488	1,992	13,205	17,678
Total income taxes	¥ 3,283	¥ 3,481	$ 29,135	$ 30,892

The tax effects of temporary differences that gave rise to a significant portion of deferred tax assets and liabilities at March 31, 2016 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars	
	2016	2015	2016	2015
Deferred tax assets:				
Reserve for possible loan losses	¥ 2,286	¥ 3,050	$ 20,287	$ 27,067
Employee retirement benefit asset	39	390	346	3,461
Employee retirement benefit liability	1,634	1,528	14,501	13,560
Investment securities	1,512	1,664	13,418	14,767
Other	3,169	3,427	28,123	30,413
Subtotal	8,642	10,061	76,695	89,288
Less valuation allowance	(2,208)	(2,312)	(19,595)	(20,518)
Total deferred tax assets	6,434	7,749	57,099	68,769
Deferred tax liabilities:				
Unrealized gains on available-for-sale securities	(25,009)	(31,684)	(221,947)	(281,185)
Gains on transfer of investment securities to trusts for retirement benefit plans	(1,755)	(3,194)	(15,575)	(28,345)
Deferred gains on sale of property and other	(205)	(222)	(1,819)	(1,970)
Total deferred tax liabilities	(26,971)	(35,101)	(239,359)	(311,510)
Net deferred tax liabilities	¥ (20,536)	¥ (27,352)	$ (182,250)	$ (242,740)

At March 31, 2016 and 2015, deferred tax assets and liabilities reported on the accompanying consolidated balance sheets were as follows:

	Millions of yen		Thousands of U.S. dollars	
	2016	2015	2016	2015
Deferred tax assets	¥ 179	¥ 249	$ 1,588	$ 2,209
Deferred tax liabilities	20,716	27,601	183,848	244,950

In assessing the realizability of deferred tax assets, management of the Group considers whether some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. At March 31, 2016 and 2015, a valuation allowance was provided to reduce deferred tax assets to the extent that the management believed that the deferred tax assets were not realizable.

A reconciliation of the Japanese statutory tax rate and the effective income tax rate on pre-tax income reflected in the accompanying consolidated statements of income for the year ended March 31, 2016 was as follows:

	2016
Japanese statutory income tax rate	32.82%
Increase (decrease) due to:	
Permanently non-deductible expenses	4.26
Tax exempt income	(1.93)
Change in valuation allowance	0.03
Change in tax rate	1.76
Other	0.97
Effective income tax rate	37.91%

A reconciliation between the Japanese statutory tax rate and the effective income tax rate on pre-tax income reflected in the accompanying consolidated statements of income for the year ended March 31, 2015 was not disclosed because the difference between the Japanese statutory tax rate and the effective income tax rate was less than 5% of the Japanese statutory tax rate.

The “Act for Partial Revision of the Income Tax Act, etc.” (Act No. 15 of 2016) and the “Act for Partial Revision of the Local Tax Act, etc.” (Act No. 13 of 2016) were enacted on March 29, 2016, reducing the corporate statutory tax rate from the year beginning on or after April 1, 2016. The statutory tax rate used to calculate deferred tax assets and deferred tax liabilities (limited to those to be realized or settled on or after April 1, 2016) was changed from 32.06% to 30.69% for temporary differences expected to be reversed in the year beginning on April 1, 2016, to 30.74% for temporary differences expected to be reversed in the year beginning on April 1, 2017 and to 30.50% for temporary differences expected to reversed in the year beginning on or after April 1, 2018.

As a result of this change, as of March 31, 2016, “Deferred tax assets,” “Deferred tax liabilities” and “Retirement benefit adjustment” in accumulated other comprehensive income decreased by ¥1 million ($8 thousand), ¥1,074 million ($9,531 thousand) and ¥43 million ($381 thousand), respectively, while “Unrealized gains on available-for-sale securities” increased by ¥1,269 million ($11,261 thousand). “Income taxes – deferred” increased by ¥153 million ($1,357 thousand) for the year ended March 31, 2016. “Deferred tax liabilities for revaluation” decreased by ¥241 million ($2,138 thousand), and “Land revaluation increment” increased by the same amount as of March 31, 2016.

18. General and administrative expenses

General and administrative expenses for the years ended March 31, 2016 and 2015 included following items:

	Millions of yen		Thousands of U.S. dollars	
	2016	2015	2016	2015
General and administrative expenses:				
Salaries and allowances	¥ 12,649	¥ 12,786	$ 112,255	$ 113,471
Net periodic retirement benefit expenses	116	1,432	1,029	12,708
Rental expenses for land, buildings and machinery	2,882	2,878	25,576	25,541

19. Segment Information

(a) General information about reportable segments

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

The Group engages in a wide range of financial services to customers primarily in the areas of banking and leasing. The reportable segments of the Group are based on operating segments as follows:

“Banking”

- Deposits and loans
- Foreign exchange transactions
- Over-the-counter sales of investment trusts and life insurance products
- Securities business

“Leasing”

- Leasing business

(b) Bases used to measure reported segment profit, segment assets, segment liabilities and other material items

Bases used to measure operating segment information follow the accounting principles used in the consolidated financial statements as described in Note 2, “Summary of Significant Accounting Policies.” The segment profit is based on ordinary income, which is defined as “Total income” less certain special income included in “Other income” in the accompanying consolidated statements of income, and intersegment income is accounted for based on prices in ordinary transactions with independent third parties.

(c) Information about reported segment profit, segment assets, segment liabilities and other material items

Segment information as of and for the year ended March 31, 2016 was as follows:

	Millions of yen						
	2016						
	Reported segment						
	Banking	Leasing	Total	Other *(*2)*	Total	Reconciliation *(*3)*	Consolidated
Ordinary income *(*1)*:							
External customers	¥ 42,587	¥ 5,088	¥ 47,675	¥ 1,020	¥ 48,695	¥ -	¥ 48,695
Intersegment	309	343	652	589	1,241	(1,241)	-
Total ordinary income	42,896	5,431	48,328	1,609	49,937	(1,241)	48,695
Segment profit *(*4)*	7,807	238	8,045	247	8,293	(182)	8,111
Segment assets	2,988,280	18,024	3,006,304	5,782	3,012,087	(8,769)	3,003,317
Segment liabilities	2,771,412	12,930	2,784,342	1,075	2,785,418	(8,771)	2,776,646
Other material items:							
Depreciation	¥ 1,284	¥ 128	¥ 1,412	¥ 43	¥ 1,456	¥ -	¥ 1,456
Interest and dividend income	32,687	11	32,699	54	32,753	(214)	32,538
Interest expense	1,655	57	1,712	4	1,716	(86)	1,630
Provision of reserve for possible loan losses	77	44	121	5	126	(0)	126
Loss on write-down of securities	61	-	61	-	61	-	61
Increase in tangible fixed assets and intangible fixed assets	1,895	16	1,911	44	1,956	-	1,956

	Thousands of U.S. dollars						
	2016						
	Reported segment						
	Banking	Leasing	Total	Other *(*2)*	Total	Reconciliation *(*3)*	Consolidated
Ordinary income *(*1)*:							
External customers	$ 377,946	$ 45,154	$ 423,100	$ 9,052	$ 432,152	$ -	$ 432,152
Intersegment	2,742	3,044	5,786	5,227	11,013	(11,013)	-
Total ordinary income	380,688	48,198	428,895	14,279	443,175	(11,013)	432,152
Segment profit *(*4)*	69,284	2,112	71,396	2,192	73,597	(1,615)	71,982
Segment assets	26,520,056	159,957	26,680,014	51,313	26,731,336	(77,822)	26,653,505
Segment liabilities	24,595,420	114,749	24,710,170	9,540	24,719,719	(77,839)	24,641,870
Other material items:							
Depreciation	$ 11,395	$ 1,135	$ 12,531	$ 381	$ 12,921	$ -	$ 12,921
Interest and dividend income	290,086	97	290,193	479	290,672	(1,899)	288,764
Interest expense	14,687	505	15,193	35	15,228	(763)	14,465
Provision of reserve for possible loan losses	683	390	1,073	44	1,118	(0)	1,118
Loss on write-down of securities	541	-	541	-	541	-	541
Increase in tangible fixed assets and intangible fixed assets	16,817	141	16,959	390	17,358	-	17,358

Notes:

*(*1) Ordinary income represents "Total income" less certain special income included in "Other income" in the accompanying consolidated statements of income. "Total income" of ¥49,553 million ($439,767 thousand) in the accompanying consolidated statement of income is derived from ordinary income of ¥48,695 million ($432,152 thousand) through the addition of certain special income of ¥857 million ($7,605 thousand).*

*(*2) The "Other" business segment in the table above represents operating segments not included in the reported segments and includes credit card business, administrative outsourcing business and information technology management operations.*

*(*3) Reconciliation represents the eliminations of intersegment transactions.*

*(*4) Segment profit is reconciled to ordinary profit, which represents ordinary income less ordinary expenses. Ordinary expenses represent "Total expenses" of ¥40,892 million ($362,903 thousand) less certain special expenses of ¥307 million ($2,724 thousand) included in "Other expenses" in the accompanying consolidated statements of income. Therefore, consolidated segment profit, which shows ordinary profit of ¥8,111 million ($71,982 thousand), is reconciled to "Profit before income taxes" of ¥8,660 million ($76,854 thousand) through the addition/deduction of certain special income/ (expenses), net.*

Segment information as of and for the year ended March 31, 2015 was as follows:

	Millions of yen						
	2015						
	Reported segment						
	Banking	Leasing	Total	Other *(*2)*	Total	Reconciliation *(*3)*	Consolidated
Ordinary income *(*1)*:							
External customers	¥ 43,509	¥ 4,794	¥ 48,304	¥ 994	¥ 49,298	¥ -	¥ 49,298
Intersegment	120	345	466	585	1,051	(1,051)	-
Total ordinary income	43,629	5,140	48,770	1,579	50,350	(1,051)	49,298
Segment profit *(*4)*	9,293	266	9,559	179	9,738	(3)	9,735
Segment assets	3,020,244	15,196	3,035,440	5,808	3,041,248	(7,105)	3,034,142
Segment liabilities	2,793,660	10,250	2,803,910	1,037	2,804,948	(7,106)	2,797,842
Other material items:							
Depreciation	¥ 1,223	¥ 152	¥ 1,376	¥ 41	¥ 1,417	¥ -	¥ 1,417
Interest and dividend income	32,558	9	32,568	62	32,630	(30)	32,599
Interest expense	1,654	56	1,710	4	1,714	(81)	1,633
Provision of reserve for possible loan losses	(1,510)	(5)	(1,515)	23	(1,491)	(0)	(1,491)
Loss on write-down of securities	1	-	1	-	1	-	1
Increase in tangible fixed assets and intangible fixed assets	2,619	6	2,626	37	2,663	-	2,663

	Thousands of U.S. dollars						
	2015						
	Reported segment						
	Banking	Leasing	Total	Other *(*2)*	Total	Reconciliation *(*3)*	Consolidated
Ordinary income *(*1)*:							
External customers	$ 386,128	$ 42,545	$ 428,682	$ 8,821	$ 437,504	$ -	$ 437,504
Intersegment	1,064	3,061	4,135	5,191	9,327	(9,327)	-
Total ordinary income	387,193	45,615	432,818	14,013	446,840	(9,327)	437,504
Segment profit *(*4)*	82,472	2,360	84,833	1,588	86,421	(26)	86,395
Segment assets	26,803,727	134,859	26,938,587	51,544	26,990,131	(63,054)	26,927,067
Segment liabilities	24,792,864	90,965	24,883,830	9,203	24,893,042	(63,063)	24,829,978
Other material items:							
Depreciation	$ 10,853	$ 1,348	$ 12,211	$ 363	$ 12,575	$ -	$ 12,575
Interest and dividend income	288,942	79	289,030	550	289,581	(266)	289,305
Interest expense	14,678	496	15,175	35	15,211	(718)	14,492
Provision of reserve for possible loan losses	(13,400)	(44)	(13,445)	204	(13,232)	(0)	(13,232)
Loss on write-down of securities	8	-	8	-	8	-	8
Increase in tangible fixed assets and intangible fixed assets	23,242	53	23,304	328	23,633	-	23,633

Notes:

*(*1) Ordinary income represents "Total income" less certain special income included in "Other income" in the accompanying consolidated statements of income. "Total income" of ¥49,308 million ($437,593 thousand) in the accompanying consolidated statement of income is derived from ordinary income of ¥49,298 million ($437,504 thousand) through the addition of certain special income of ¥9 million ($79 thousand).*

*(*2) The "Other" business segment in the table above represents operating segments not included in the reported segments and includes credit card business, administrative outsourcing business and information technology management operations.*

*(*3) Reconciliation represents the eliminations of intersegment transactions.*

*(*4) Segment profit is reconciled to ordinary profit, which represents ordinary income less ordinary expenses. Ordinary expenses represent "Total expenses" of ¥39,897 million ($354,073 thousand) less certain special expenses of ¥333 million ($2,955 thousand) included in "Other expenses" in the accompanying consolidated statements of income. Therefore, consolidated segment profit, which shows ordinary profit of ¥9,735 million ($86,395 thousand), is reconciled to "Profit before income taxes" of ¥9,411 million ($83,519 thousand) through the addition/deduction of certain special income/ (expenses), net.*

(d) Other information

i) Information by service

	Millions of yen				
	Service				
	Loans	Security investments	Leasing	Other	Total
Ordinary income from external customers:					
For the year ended March 31, 2016	¥ 19,803	¥ 16,349	¥ 5,088	¥ 7,454	¥ 48,695
For the year ended March 31, 2015	21,374	13,943	4,794	9,186	49,298

	Thousands of U.S. dollars				
	Service				
	Loans	Security investments	Leasing	Other	Total
Ordinary income from external customers:					
For the year ended March 31, 2016	$ 175,745	$ 145,092	$ 45,154	$ 66,151	$ 432,152
For the year ended March 31, 2015	189,687	123,739	42,545	81,522	437,504

ii) Information by geographical area for the years ended March 31, 2016 and 2015 is omitted since income in Japan accounted for more than 90% of the consolidated ordinary income and all tangible fixed assets were located in Japan.

iii) Information by major customer for the years ended March 31, 2016 and 2015 is omitted since there was no single external customer accounting for 10% or more of the consolidated ordinary income.

(e) Information about impairment loss on fixed assets by reportable segment

	Millions of yen				
	Reportable segment				
	Banking	Leasing	Total	Other	Total
Impairment loss:					
For the year ended March 31, 2016	¥ 229	¥ -	¥ 229	¥ 0	¥ 230
For the year ended March 31, 2015	97	-	97	-	97

	Thousands of U.S. dollars				
	Reportable segment				
	Banking	Leasing	Total	Other	Total
Impairment loss:					
For the year ended March 31, 2016	$ 2,032	$ -	$ 2,032	$ 0	$ 2,041
For the year ended March 31, 2015	860	-	860	-	860

20. Transactions with Related Parties

Significant transactions with parties related to the Group for the years ended March 31, 2016 and 2015 were as follows:

(a) Transactions with relatives of the Bank's directors:

Name	Business	Description of the Bank's transaction	Transaction amounts: Millions of yen	Transaction amounts: Thousands of U.S. dollars	Account	Balances: Millions of yen	Balances: Thousands of U.S. dollars
For the year ended March 31, 2016:							
Chieko Hayashi	Real estate leasing business	Loan	(Average balance during period) ¥ 19	$ 168	Loans and bills discounted	¥ 19	$ 168
			(Interest income) ¥ 0	$ 0			
For the year ended March 31, 2015:							
Chieko Hayashi	Real estate leasing business	Loan	(Average balance during period) ¥ 20	$ 177	Loans and bills discounted	¥ 20	$ 177
			(Interest income) ¥ 0	$ 0			

Note: Terms and conditions of the loans are determined in the same manner as loans under general lending transactions with third parties.

(b) Transactions with corporate pension plans for employees

Name	Business	Description of the Bank's transaction	Transaction amounts: Millions of yen	Transaction amounts: Thousands of U.S. dollars	Account	Balances: Millions of yen	Balances: Thousands of U.S. dollars
For the year ended March 31, 2016:							
Retirement benefit trusts	Corporate pension plan	Partial refund of pension assets	¥5,245	$ 46,547	-	-	-

For the year ended March 31, 2015:

No applicable transactions occurred during the year ended March 31, 2015.

21. Comprehensive Income

Amounts reclassified to profit (loss) in the current period that were recognized in other comprehensive income in the current or previous periods and the tax effects for each component of other comprehensive income for the years ended March 31, 2016 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars	
	2016	2015	2016	2015
Net unrealized gains on available-for-sale securities:				
Increase (decrease) during the year	¥ (15,078)	¥ 35,416	$ (133,812)	$ 314,305
Reclassification adjustments	(2,263)	(2,785)	(20,083)	(24,716)
Pre-tax amount	(17,342)	32,630	(153,904)	289,581
Tax effect amount	6,674	(7,965)	59,229	(70,686)
Net unrealized gains on available-for-sale securities, net of tax	(10,667)	24,665	(94,666)	218,894
Land revaluation increment:				
Increase during the year	-	-	-	-
Reclassification adjustments	-	-	-	-
Pre-tax amount	-	-	-	-
Tax effect amount	241	512	2,138	4,543
Land revaluation increment, net of tax	241	512	2,138	4,543
Retirement benefit adjustment:				
Increase (decrease) during the year	(4,333)	3,561	(38,454)	31,602
Reclassification adjustments	(1,033)	746	(9,167)	6,620
Pre-tax amount	(5,367)	4,307	(47,630)	38,223
Tax effect amount	1,677	(1,437)	14,882	(12,752)
Retirement benefit adjustment, net of tax	(3,689)	2,870	(32,738)	25,470
Total other comprehensive income	¥ (14,116)	¥ 28,048	$ (125,275)	$ 248,917