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, 2017, the Bank had total assets of ¥3,109,996 million (US$27,720 million) on a consolidated basis, and deposits amounting to ¥2,703,993 million (US$24,101 million). Its capital ratio, calculated according to standards for banks operating only in Japan, stood at 11.94%.

FINANCIAL HIGHLIGHTS Years ended March 31, 2017 and 2016

	Millions of Yen		Thousands of U.S. Dollars	
Consolidated	**2017**	2016	**2017**	2016
For the year:				
Total income	**¥ 50,031**	¥ 49,553	**$ 445,948**	$ 441,688
Total expenses	**42,470**	40,892	**378,554**	364,488
Profit before income taxes	**7,561**	8,660	**67,394**	77,190
Profit attributable to owners of parent	**5,067**	5,257	**45,164**	46,858
At year-end:				
Deposits	**¥ 2,703,993**	¥ 2,661,691	**$24,101,907**	$23,724,850
Loans and bills discounted	**1,733,008**	1,679,941	**15,447,080**	14,974,070
Investment securities	**1,140,769**	1,147,715	**10,168,187**	10,230,100
Total assets	**3,109,996**	3,003,317	**27,720,795**	26,769,917
Total net assets	**225,475**	226,670	**2,009,760**	2,020,411

Note: The U.S. dollar amounts represent translation of Japanese yen at the rate of ¥112.19 = US$1.00 on March 31, 2017.

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, 2017, in the first half of the year, exports and production were sluggish due to slowdown in the global economy among other factors. Later, however, strong corporate earnings were posted, particularly among export-reliant companies, amid ongoing yen depreciation against the backdrop of a feeling of hope regarding the economic policies of the new U.S. administration that took office in January, and monetary easing policies of the Bank of Japan. Overall, Japan has maintained a moderate track of economic recovery.

The local economy of our business base, which is centered in Aichi Prefecture, continues to expand moderately, particularly for the automobile industry, one of the major local industries, with production, exports and capital expenditure all on the rise.

Looking forward, the economic outlook does contain elements of concern, not only with respect to the deepening labor shortage caused by labor demand increasingly outweighing supply but also due to other factors such as the political situations in Europe and the U. S. and an escalation of geopolitical risk. Nevertheless, the growing levels of capital investment and the improvement in the employment and income environment are expected to underpin economic activity.

In the financial sector, the Bank of Japan, despite revising the achievement period for the 2% year-on-year increase in the consumer price index to around fiscal year 2018, adopted a new policy framework of "Quantitative and Qualitative Monetary Easing with Yield Curve Control" in September 2016 and is demonstrating a strong commitment to achieving continued economic recovery.

The Nikkei Stock Average showed instability in the first half of the fiscal year, dropping below the 15,000 point mark for the first time in 20 months, reflecting the uncertainty toward the global economy in response to the U.K.'s decision to leave the EU. During the second half of the fiscal year, the increasingly pronounced trend of yen depreciation against the U.S. dollar in foreign currency exchange under the new U.S. administration has caused stocks to rise mostly for export-dependent companies, and the Nikkei Stock Average closed on March 31 at 18,909 points, a year-on-year rise of 2,150 points.

The Bank has been proceeding with the three-year "Tenth Medium-Term Management Plan," which took effect in April 2016. We are undertaking various initiatives under the plan, in which 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."

Earnings

Our business results on a consolidated basis for the year ended March 31, 2017 are as follows.

Total income increased ¥478 million year on year to ¥50,031 million (US$445 million) mainly due to the increase in other income, which principally resulted from an increase in gains on sales of equity securities. Total expenses increased ¥1,578 million year on year to ¥42,470 million (US$378 million) mainly due to the increase in other expenses, which principally resulted from an increase in losses on sales of bonds and others. As a result, profit attributable to owners of parent decreased ¥190 million year on year to ¥5,067 million (US$45 million).

By segment, ordinary income of the banking segment increased ¥552 million year on year to ¥43,449 million (US$387 million) and its segment profit decreased ¥484 million to ¥7,323 million (US$65 million). Ordinary income of the leasing segment increased ¥838 million year on year to ¥6,270 million (US$55 million), and its segment profit increased ¥129 million to ¥368 million (US$3 million).

Cash Flows

For the year ended March 31, 2017, net cash provided by operating activities increased ¥85,636 million year on year to ¥54,254 million (US$483 million). This was mainly attributable to increases in security deposits received related to securities lending transactions and deposits. Net cash provided by investing activities increased ¥7,582 million to ¥5,403 million (US$48 million). This is mainly attributable to maturities of securities. Net cash used in financing activities amounted to ¥868 million (US$7 million), a decrease in cash used of ¥71 million. This is mainly due to dividends paid.

As a result, cash and cash equivalents at the end of the year stood at ¥162,789 million (US$1,451 million), an increase of ¥58,789 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

Eiji Miyachi

Masato Kobayashi

Yoshihiro Ito

Yukinori Ito

Tomoyuki Takahashi

Directors

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

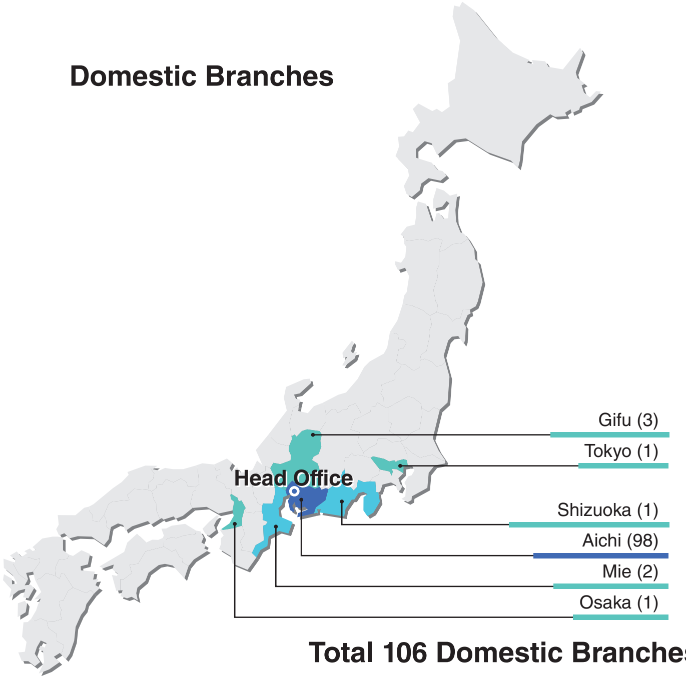
*[3] Outside Audit and Supervisory Committee Member

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, 2017 and 2016

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, 2017 and 2016, 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, 2017 and 2016, 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, 2017 and 2016 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, 2017
Nagoya, Japan

The Aichi Bank, Ltd. and Subsidiaries
Consolidated Balance Sheets
March 31, 2017 and 2016

	Millions of yen		Thousands of U.S. dollars	
	2017	2016	2017	2016
Assets:				
Cash and due from banks (Note 3)	¥ 164,668	¥ 104,722	$ 1,467,760	$ 933,434
Call loans and bills purchased (Note 3)	3,487	2,753	31,081	24,538
Trading securities (Notes 3 and 4)	20	-	178	-
Investment securities (Notes 3, 4 and 8)	1,140,769	1,147,715	10,168,187	10,230,100
Reserve for possible losses on investments	(17)	(11)	(151)	(98)
Loans and bills discounted (Notes 3, 5, 15 and 20)	1,733,008	1,679,941	15,447,080	14,974,070
Foreign exchange (Note 6)	1,497	2,717	13,343	24,217
Other assets	25,920	24,565	231,036	218,958
Tangible fixed assets (Note 7)	35,468	35,219	316,142	313,922
Intangible fixed assets	572	173	5,098	1,542
Employee retirement benefit asset (Note 11)	3,117	3,002	27,783	26,758
Deferred tax assets (Note 17)	148	179	1,319	1,595
Customers' liabilities for acceptances and guarantees (Note 12)	9,356	11,174	83,394	99,598
Allowance for possible loan losses	(8,020)	(8,835)	(71,485)	(78,750)
Total assets	¥ 3,109,996	¥ 3,003,317	$ 27,720,795	$ 26,769,917

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

The Aichi Bank, Ltd. and Subsidiaries
Consolidated Balance Sheets (Continued)
March 31, 2017 and 2016

	Millions of yen		Thousands of U.S. dollars	
	2017	2016	2017	2016
Liabilities:				
Deposits (Notes 3 and 9)	¥ 2,703,993	¥ 2,661,691	$ 24,101,907	$ 23,724,850
Negotiable certificates of deposit (Note 3 and 9)	4,100	-	36,545	-
Security deposits received related to securities lending transactions (Notes 3 and 8)	83,042	37,574	740,190	334,913
Borrowings (Notes 3 and 10)	29,975	18,915	267,180	168,597
Foreign exchange (Note 6)	519	706	4,626	6,292
Other liabilities (Note 10)	26,918	17,114	239,932	152,544
Reserve for employee bonuses	648	652	5,775	5,811
Reserve for bonuses to directors	46	47	410	418
Employee retirement benefit liability (Note 11)	1,094	1,353	9,751	12,059
Reserve for executive retirement benefits	7	4	62	35
Reserve for reimbursement of deposits	105	104	935	926
Reserve for contingencies	1,323	1,848	11,792	16,472
Deferred tax liabilities (Note 17)	18,648	20,716	166,218	184,651
Deferred tax liabilities for revaluation (Note 7)	4,740	4,742	42,249	42,267
Acceptances and guarantees (Note 12)	9,356	11,174	83,394	99,598
Total liabilities	2,884,520	2,776,646	25,711,025	24,749,496
Net assets (Note 13):				
Common stock	18,000	18,000	160,442	160,442
Capital surplus	13,883	13,883	123,745	123,745
Retained earnings	130,155	125,966	1,160,130	1,122,791
Less treasury stock, at cost	(768)	(787)	(6,845)	(7,014)
Total shareholders' equity	161,270	157,063	1,437,472	1,399,973
Accumulated other comprehensive income	60,027	65,604	535,047	584,757
Stock acquisition rights	228	194	2,032	1,729
Non-controlling interests	3,949	3,806	35,199	33,924
Total net assets	225,475	226,670	2,009,760	2,020,411
Total liabilities and net assets	¥ 3,109,996	¥ 3,003,317	$ 27,720,795	$ 26,769,917

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, 2017 and 2016

	Millions of yen		Thousands of U.S. dollars	
	2017	2016	2017	2016
Income:				
Interest and dividend income:				
Interest on loans and bills discounted and purchased	¥ 18,119	¥ 19,791	$ 161,502	$ 176,406
Interest on and dividends from securities	12,800	12,649	114,092	112,746
Other interest and dividend income	96	97	855	864
Total interest and dividend income	31,015	32,538	276,450	290,025
Fees and commissions	12,716	11,982	113,343	106,800
Other operating income (Note 4)	1,501	1,555	13,379	13,860
Other income (Notes 4 and 11)	4,797	3,475	42,757	30,974
Total income (Note 19)	50,031	49,553	445,948	441,688
Expenses:				
Interest expense:				
Interest on deposits	1,240	1,569	11,052	13,985
Interest on borrowings	29	38	258	338
Other interest expense	11	23	98	205
Total interest expense	1,282	1,630	11,427	14,528
Fees and commissions	8,228	7,640	73,339	68,098
Other operating expenses (Note 4)	3,936	1,901	35,083	16,944
General and administrative expenses (Notes 14 and 18)	27,054	26,818	241,144	239,040
Impairment loss on fixed assets (Note 2(k))	51	230	454	2,050
Other expenses (Notes 4 and 5)	1,918	2,671	17,095	23,807
Total expenses (Note 19)	42,470	40,892	378,554	364,488
Profit before income taxes	7,561	8,660	67,394	77,190
Income taxes (Note 17)	2,337	3,283	20,830	29,262
Profit	5,223	5,376	46,554	47,918
Profit attributable to non-controlling interests	156	118	1,390	1,051
Profit attributable to owners of parent	¥ 5,067	¥ 5,257	$ 45,164	$ 46,858

	Yen		U.S. dollars	
Earnings per share:				
Basic	¥ 467.37	¥ 484.99	$ 4.16	$ 4.32
Diluted	465.64	483.31	4.15	4.30
Cash dividends	90.00	80.00	0.80	0.71

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, 2017 and 2016

	Millions of yen		Thousands of U.S. dollars	
	2017	2016	2017	2016
Profit	¥ 5,223	¥ 5,376	$ 46,554	$ 47,918
Other comprehensive income (Note 21):				
Unrealized gains on available-for-sale securities	(5,658)	(10,667)	(50,432)	(95,079)
Land revaluation increment	-	241	-	2,148
Retirement benefit adjustment	71	(3,689)	632	(32,881)
Total other comprehensive income	(5,586)	(14,116)	(49,790)	(125,822)
Comprehensive income	¥ (362)	¥ (8,739)	$ (3,226)	$ (77,894)
Comprehensive income attributable to:				
Owners of parent	¥ (506)	¥ (8,843)	$ (4,510)	$ (78,821)
Non-controlling interests	144	104	1,283	926
Total comprehensive income	¥ (362)	¥ (8,739)	$ (3,226)	$ (77,894)

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, 2017 and 2016

		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, 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
Profit attributable to owners of parent	-	-	-	5,067	-	5,067	-	-	-	-	-	-	5,067
Cash dividends	-	-	-	(867)	-	(867)	-	-	-	-	-	-	(867)
Reversal of land revaluation increment	-	-	-	3	-	3	-	-	-	-	-	-	3
Treasury stock acquired, net	-	-	(14)	-	18	3	-	-	-	-	-	-	3
Transfer to capital surplus from retained earnings	-	-	14	(14)	-	-	-	-	-	-	-	-	-
Net changes in items other than shareholders' equity	-	-	-	-	-	-	(5,645)	(3)	71	(5,577)	33	142	(5,401)
Balance at March 31, 2017	10,943,240	¥ 18,000	¥ 13,883	¥ 130,155	¥ (768)	¥ 161,270	¥ 53,506	¥ 8,381	¥ (1,861)	¥ 60,027	¥ 228	¥ 3,949	¥ 225,475
		Thousands of U.S. dollars											
Balance at April 1, 2015		$ 160,442	$ 123,745	$ 1,083,242	$ (6,899)	$ 1,360,540	$ 622,212	$ 73,500	$ 15,652	$ 711,364	$ 1,319	$ 33,015	$ 2,106,248
Profit attributable to owners of parent		-	-	46,858	-	46,858	-	-	-	-	-	-	46,858
Cash dividends		-	-	(8,209)	-	(8,209)	-	-	-	-	-	-	(8,209)
Reversal of land revaluation increment		-	-	909	-	909	-	-	-	-	-	-	909
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		-	-	-	-	-	(94,954)	1,238	(32,881)	(126,597)	410	909	(125,269)
Balance at March 31, 2016		160,442	123,745	1,122,791	(7,014)	1,399,973	527,248	74,739	(17,229)	584,757	1,729	33,924	2,020,411
Profit attributable to owners of parent		-	-	45,164	-	45,164	-	-	-	-	-	-	45,164
Cash dividends		-	-	(7,727)	-	(7,727)	-	-	-	-	-	-	(7,727)
Reversal of land revaluation increment		-	-	26	-	26	-	-	-	-	-	-	26
Treasury stock acquired, net		-	(124)	-	160	26	-	-	-	-	-	-	26
Transfer to capital surplus from retained earnings		-	124	(124)	-	-	-	-	-	-	-	-	-
Net changes in items other than shareholders' equity		-	-	-	-	-	(50,316)	(26)	632	(49,710)	294	1,265	(48,141)
Balance at March 31, 2017		$ 160,442	$ 123,745	$ 1,160,130	$ (6,845)	$ 1,437,472	$ 476,923	$ 74,703	$ (16,587)	$ 535,047	$ 2,032	$ 35,199	$ 2,009,760

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, 2017 and 2016

	Millions of yen		Thousands of U.S. dollars	
	2017	2016	2017	2016
Cash flows from operating activities:				
Profit before income taxes	¥ 7,561	¥ 8,660	$ 67,394	$ 77,190
Adjustments for:				
Depreciation	1,306	1,456	11,640	12,977
Impairment loss on fixed assets	51	230	454	2,050
Gain on refund from retirement benefit trusts	-	(856)	-	(7,629)
Decrease in allowance for possible loan losses	(815)	(1,797)	(7,264)	(16,017)
Interest and dividend income	(31,015)	(32,538)	(276,450)	(290,025)
Interest expense	1,282	1,630	11,427	14,528
(Increase) decrease in trading securities	(20)	77	(178)	686
Increase in loans and bills discounted	(53,067)	(24,783)	(473,010)	(220,902)
Increase in call loans and bills purchased	(734)	(581)	(6,542)	(5,178)
Increase in deposits	42,301	23,283	377,047	207,531
Increase in negotiable certificates of deposit	4,100	-	36,545	-
Increase (decrease) in security deposits received related to securities lending transactions	45,468	(37,511)	405,276	(334,352)
Increase in borrowings (excluding subordinated borrowings)	11,060	1,260	98,582	11,230
Gain on securities transactions	(912)	(764)	(8,129)	(6,809)
(Gain) loss on foreign currency transactions	(183)	3,890	(1,631)	34,673
(Decrease) increase in reserve for contingencies	(524)	259	(4,670)	2,308
Interest and dividend income received	32,122	33,632	286,317	299,777
Interest expense paid	(1,590)	(1,784)	(14,172)	(15,901)
Other, net	(237)	(3,190)	(2,112)	(28,433)
Subtotal	56,152	(29,426)	500,508	(262,287)
Income taxes paid	(1,897)	(1,955)	(16,908)	(17,425)
Net cash provided by (used in) operating activities	54,254	(31,382)	483,590	(279,721)
Cash flows from investing activities:				
Purchases of securities	(247,778)	(329,188)	(2,208,556)	(2,934,200)
Proceeds from sales and maturities of securities	255,099	328,891	2,273,812	2,931,553
Purchases of tangible fixed assets	(1,544)	(1,913)	(13,762)	(17,051)
Proceeds from sales of tangible fixed assets	109	94	971	837
Purchases of intangible fixed assets	(482)	(26)	(4,296)	(231)
Payment for asset retirement obligations	-	(36)	-	(320)
Net cash provided by (used in) investing activities	5,403	(2,178)	48,159	(19,413)
Cash flows from financing activities:				
Dividends paid	(867)	(921)	(7,727)	(8,209)
Other, net	(1)	(18)	(8)	(160)
Net cash used in financing activities	(868)	(940)	(7,736)	(8,378)
Net increase (decrease) in cash and cash equivalents	58,789	(34,501)	524,012	(307,522)
Cash and cash equivalents at beginning of year	104,000	138,501	926,998	1,234,521
Cash and cash equivalents at end of year (Note 2(b))	¥ 162,789	¥ 104,000	$ 1,451,011	$ 926,998

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, 2017, which was ¥112.19 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, 2017 and 2016, 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	
	2017	2016	2017	2016
Cash and due from banks	¥ 164,668	¥ 104,722	$ 1,467,760	$ 933,434
Less due from banks other than Bank of Japan	(1,878)	(722)	(16,739)	(6,435)
Cash and cash equivalents	¥ 162,789	¥ 104,000	$ 1,451,011	$ 926,998

(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 ¥6 million ($53 thousand) and none for the years ended March 31, 2017 and 2016, respectively.

(g) Loans and bills discounted and allowance 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.

An allowance 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 an allowance for possible loan losses and/or current income. Recoveries on loans that have been written off are recorded as other income. The allowance 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, an allowance 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, an allowance 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, an allowance 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.

An allowance 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 principally computed using the declining balance method over the estimated useful life of the asset. Buildings, excluding facilities attached thereto, acquired on or after April 1, 1998 and facilities attached to buildings and structures acquired on or after April 1, 2016 are, however, 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 leased 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)
In accordance with the relevant accounting standards for leases, 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 amount equivalent to total interest is allocated over the lease term using the effective interest method, and lease income from lease payments and related costs, net of imputed interest, are recognized when the lease payments are received.

(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 9.5% and 8.0% for the years ended March 31, 2017 and 2016, respectively, or net selling prices based primarily on appraisal valuations, net of the estimated costs of disposal.

For the years ended March 31, 2017 and 2016, the Group recognized impairment loss, which is included in "Impairment loss on fixed assets," in the accompanying consolidated statements of income as follows:

	Millions of yen			
	2017			
	Land	Buildings and structures	Other properties	Total
Operating assets:				
Aichi Prefecture	¥ -	¥ 34	¥ -	¥ 34
Other	0	9	-	9
Idle assets:				
Aichi Prefecture	5	-	-	5
Other	1	0	-	1
Total	¥ 7	¥ 44	¥ -	¥ 51

	Millions of yen			
	2016			
	Land	Buildings and structures	Other properties	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

	Thousands of U.S. dollars			
	2017			
	Land	Buildings and structures	Other properties	Total
Operating assets:				
Aichi Prefecture	$ -	$ 303	$ -	$ 303
Other	0	80	-	80
Idle assets:				
Aichi Prefecture	44	-	-	44
Other	8	0	-	8
Total	$ 62	$ 392	$ -	$ 454

	Thousands of U.S. dollars			
	2016			
	Land	Buildings and structures	Other properties	Total
Operating assets:				
Aichi Prefecture	$ 294	$ 231	$ -	$ 534
Other	8	196	0	205
Idle assets:				
Aichi Prefecture	1,033	8	-	1,042
Other	160	89	-	258
Total	$ 1,506	$ 543	$ 0	$ 2,050

(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. 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 the employees at the time when the differences arise, from the fiscal year after the year the differences arise.

(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 ¥88 million ($784 thousand) and ¥65 million ($579 thousand) for the years ended March 31, 2017 and 2016, respectively.

(r) Reserve for contingencies

A provision of reserve for contingencies included in “Other expenses” 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. For the years ended March 31, 2017 and 2016, the provision was recorded in the amount of none and ¥259 million ($2,308 thousand), 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 grant date and recognize compensation expense over the vesting period as consideration for the goods or services received from the 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 the 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 enactment 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 Practical Solution on a Change in Depreciation Method due to Tax Reform 2016)
Following the revision to the Corporation Tax Act of Japan, the Bank has applied the “Practical Solution on a Change in Depreciation Method due to Tax Reform 2016” (Accounting Standards Board of Japan (“ASBJ”) Practical Issues Task Force No. 32, issued on June 17, 2016) from the fiscal year ended March 31, 2017 and changed the depreciation method for facilities attached to buildings and structures acquired on or after April 1, 2016 from the declining balance method to the straight-line method. The effect of this change on profit before income taxes for the fiscal year ended March 31, 2017 was insignificant.

(x) Additional information

(Application of Implementation Guidance on Recoverability of Deferred Tax Assets)
The Group has applied the “Implementation Guidance on Recoverability of Deferred Tax Assets” (ASBJ Guidance No. 26, issued on March 28, 2016) from the fiscal year ended March 31, 2017.

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 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 avoid 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.

As credit risk is quantified, the Bank is able to manage the credit risk more effectively.

Market risk management

The Compliance and 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 “integrated market risk,” “debt securities,” “investment trust and other securities,” “equity securities held for investment” and “strategically held equity securities” to perform quantitative analysis and manage interest rate and stock price fluctuation risks. VaR was calculated using the historical simulation method with the assumption of a holding period of 125 business days, a 99% confidence interval and an observation period of 5 years for the year ended March 31, 2016, and of a holding period of 125 business days, a 99% confidence interval and an observation period of 10 years for the year ended March 31, 2017.

The total market risk exposure of the Group as estimated loss amounted to ¥37,190 million ($331,491 thousand) and ¥18,022 million ($160,638 thousand) as of March 31, 2017 and 2016, respectively. In calculating VaR as of March 31, 2017, VaR amounts for interest rate risk associated with the banking account and price fluctuation risk associated with the investment trust and other securities and fluctuation risk associated with the equity securities held for investment were summed with that for price fluctuation risk associated with strategically held equity securities. In calculating VaR as of March 31, 2016, 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, 2017 and 2016.

	Millions of yen		
	2017		
	Carrying value	Fair value	Difference
Financial assets:			
Cash and due from banks	¥ 164,668	¥ 164,668	¥ -
Call loans and bills purchased	3,487	3,487	-
Trading securities	20	20	-
Investment securities:			
Available-for-sale securities *(*1)*	1,138,631	1,138,631	-
Loans and bills discounted:			
Loans and bills discounted	1,733,008		
Allowance for possible loan losses *(*2)*	(7,329)		
Loans and bills discounted, net	1,725,679	1,751,889	26,209
Total assets	¥ 3,032,486	¥ 3,058,696	¥ 26,209
Financial liabilities:			
Deposits	¥ 2,703,993	¥ 2,704,873	¥ 879
Negotiable certificates of deposit	4,100	4,100	-
Security deposits received related to securities lending transactions	83,042	83,042	-
Borrowings	29,975	30,013	38
Total liabilities	¥ 2,821,111	¥ 2,822,029	¥ 917
Derivative transactions *(*3)*:			
Not qualifying for hedge accounting	¥ (229)	¥ (229)	¥ -
Total derivative transactions	¥ (229)	¥ (229)	¥ -

	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		
Allowance 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	¥ -

	Thousands of U.S. dollars		
	2017		
	Carrying value	Fair value	Difference
Financial assets:			
Cash and due from banks	$ 1,467,760	$ 1,467,760	$ -
Call loans and bills purchased	31,081	31,081	-
Trading securities	178	178	-
Investment securities:			
Available-for-sale securities *(*1)*	10,149,130	10,149,130	-
Loans and bills discounted:			
Loans and bills discounted	15,447,080		
Allowance for possible loan losses *(*2)*	(65,326)		
Loans and bills discounted, net	15,381,754	15,615,375	233,612
Total assets	$ 27,029,913	$ 27,263,535	$ 233,612
Financial liabilities:			
Deposits	$ 24,101,907	$ 24,109,751	$ 7,834
Negotiable certificates of deposit	36,545	36,545	-
Security deposits received related to securities lending transactions	740,190	740,190	-
Borrowings	267,180	267,519	338
Total liabilities	$ 25,145,832	$ 25,154,015	$ 8,173
Derivative transactions *(*3)*:			
Not qualifying for hedge accounting	$ (2,041)	$ (2,041)	$ -
Total derivative transactions	$ (2,041)	$ (2,041)	$ -

	2016		
	Carrying value	Fair value	Difference
Financial assets:			
Cash and due from banks	$ 933,434	$ 933,434	$ -
Call loans and bills purchased	24,538	24,538	-
Trading securities	-	-	-
Investment securities:			
Available-for-sale securities *(*1)*	10,209,439	10,209,439	-
Loans and bills discounted:			
Loans and bills discounted	14,974,070		
Allowance for possible loan losses *(*2)*	(72,359)		
Loans and bills discounted, net	14,901,702	15,155,165	253,453
Total assets	$ 26,069,123	$ 26,322,586	$ 253,453
Financial liabilities:			
Deposits	$ 23,724,850	$ 23,732,970	$ 8,111
Security deposits received related to securities lending transactions	334,913	334,913	-
Borrowings	168,597	168,972	374
Total liabilities	$ 24,228,371	$ 24,236,866	$ 8,494
Derivative transactions *(*3)*:			
Not qualifying for hedge accounting	$ 8,556	$ 8,556	$ -
Total derivative transactions	$ 8,556	$ 8,556	$ -

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*	
	2017	*2016*	*2017*	*2016*
*Unlisted stocks**	*¥ 1,643*	*¥ 1,852*	*$ 14,644*	*$ 16,507*
Other nonmarketable securities	*494*	*465*	*4,403*	*4,144*
	¥ 2,138	*¥ 2,318*	*$ 19,056*	*$ 20,661*

* *For the years ended March 31, 2017 and 2016, loss on the write-down of these securities was recognized in the amount of ¥8 million ($71 thousand) and ¥2 million ($17 thousand), respectively.*

(*2) *Allowance 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 allowance for possible loan losses.

Financial liabilities:

- Deposits and negotiable certificates of deposit – 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). The fair value of time deposits is the present value calculated by discounting future cash flows of the amount categorized based on a certain period. The discount rate is the rate that would apply 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, 2017 was as follows:

	Millions of yen					
	2017					
	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	¥ 128,319	¥ -	¥ -	¥ -	¥ -	¥ -
Call loans and bills purchased	3,487	-	-	-	-	-
Investment securities:						
Available-for-sale securities:						
Japanese government bonds	39,800	63,800	123,100	-	2,000	26,500
Local government bonds	18,908	28,261	32,644	6,539	19,639	-
Corporate bonds	105,238	109,579	88,393	28,733	11,154	7,205
Foreign bonds	9,143	21,475	25,486	-	-	-
Other	4,051	27,807	39,262	8,879	110,310	-
Total investment securities	177,141	250,923	308,887	44,152	143,103	33,705
Loans and bills discounted *(*1)*	294,626	356,142	229,656	129,824	154,026	330,342
	¥ 603,574	¥ 607,066	¥ 538,544	¥ 173,977	¥ 297,130	¥ 364,048
Financial liabilities:						
Deposits *(*2)*	¥ 2,399,338	¥ 296,109	¥ 8,545	¥ -	¥ -	¥ -
Negotiable certificates of deposit	4,100	-	-	-	-	-
Security deposits received related to securities lending transactions	83,042	-	-	-	-	-
Borrowings	23,855	3,950	2,170	-	-	-
	¥ 2,510,336	¥ 300,059	¥ 10,715	¥ -	¥ -	¥ -

	Thousands of U.S. dollars					
	2017					
	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	$ 1,143,765	$ -	$ -	$ -	$ -	$ -
Call loans and bills purchased	31,081	-	-	-	-	-
Investment securities:						
Available-for-sale securities:						
Japanese government bonds	354,755	568,678	1,097,245	-	17,826	236,206
Local government bonds	168,535	251,903	290,970	58,285	175,051	-
Corporate bonds	938,033	976,726	787,886	256,110	99,420	64,221
Foreign bonds	81,495	191,416	227,168	-	-	-
Other	36,108	247,856	349,959	79,142	983,242	-
Total investment securities	1,578,937	2,236,589	2,753,248	393,546	1,275,541	300,427
Loans and bills discounted *(*1)*	2,626,134	3,174,454	2,047,027	1,157,179	1,372,903	2,944,487
	$ 5,379,926	$ 5,411,052	$ 4,800,285	$ 1,550,735	$ 2,648,453	$ 3,244,923
Financial liabilities:						
Deposits *(*2)*	$ 21,386,380	$ 2,639,352	$ 76,165	$ -	$ -	$ -
Negotiable certificates of deposit	36,545	-	-	-	-	-
Security deposits received related to securities lending transactions	740,190	-	-	-	-	-
Borrowings	212,630	35,208	19,342	-	-	-
	$ 22,375,755	$ 2,674,561	$ 95,507	$ -	$ -	$ -

Notes:

*(*1) At March 31, 2017, 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 ¥36,965 million ($329,485 thousand). Loans without due dates in the amount of ¥201,424 million ($1,795,382 thousand) were excluded.*

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

4. Trading Securities and Investment Securities

At March 31, 2017, trading securities consisted of Japanese government bonds only. There was no carrying value of trading securities at March 31, 2016.

At March 31, 2017 and 2016, investment securities consisted of the following:

	Millions of yen		Thousands of U.S. dollars	
	2017	2016	2017	2016
Japanese government bonds	¥ 264,875	¥ 266,501	$ 2,360,950	$ 2,375,443
Local government bonds	108,396	111,059	966,182	989,918
Bonds and debentures	356,602	409,205	3,178,554	3,647,428
Equity securities	125,217	121,847	1,116,115	1,086,077
Other	285,677	239,103	2,546,367	2,131,232
	¥ 1,140,769	¥ 1,147,715	$ 10,168,187	$ 10,230,100

At March 31, 2017 and 2016, investment securities included Japanese government bonds of ¥2,110 million ($18,807 thousand) and ¥7,447 million ($66,378 thousand), respectively, as loans without collateral (securities lending transactions).

At March 31, 2017 and 2016, 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 ¥15,068 million ($134,307 thousand) and ¥12,777 million ($113,887 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, 2017 and 2016, 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			
	2017		2016		2017		2016	
	Carrying value	Valuation difference	Carrying value	Valuation difference	Carrying value	Valuation difference	Carrying value	Valuation difference
Trading securities	¥ 20	¥ 0	¥ -	¥ -	$ 178	$ 0	$ -	$ -

The Group did not have any held-to-maturity debt securities as of March 31, 2017 and 2016.

At March 31, 2017 and 2016, gross unrealized gains and losses for available-for-sale securities with fair value were as follows:

	Millions of yen			
	2017			
	Cost	Gross unrealized gains	Gross unrealized losses	Fair and carrying value
Available-for-sale securities with fair value:				
Japanese government bonds	¥ 259,664	¥ 5,756	¥ (545)	¥ 264,875
Local government bonds	106,297	2,176	(77)	108,396
Bonds and debentures	351,141	5,562	(101)	356,602
Equity securities	57,990	66,377	(794)	123,574
Other	287,705	5,100	(7,622)	285,182
	¥ 1,062,800	¥ 84,973	¥ (9,142)	¥ 1,138,631

	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

	Thousands of U.S. dollars			
	2017			
	Cost	Gross unrealized gains	Gross unrealized losses	Fair and carrying value
Available-for-sale securities with fair value:				
Japanese government bonds	$ 2,314,502	$ 51,305	$ (4,857)	$ 2,360,950
Local government bonds	947,473	19,395	(686)	966,182
Bonds and debentures	3,129,877	49,576	(900)	3,178,554
Equity securities	516,890	591,648	(7,077)	1,101,470
Other	2,564,444	45,458	(67,938)	2,541,955
	$ 9,473,215	$ 757,402	$ (81,486)	$ 10,149,130

	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	$ 2,301,657	$ 73,776	$ -	$ 2,375,443
Local government bonds	963,686	26,223	(0)	989,918
Bonds and debentures	3,578,723	69,792	(1,087)	3,647,428
Equity securities	543,675	547,669	(21,784)	1,069,560
Other	2,070,897	71,833	(15,652)	2,127,079
	$ 9,458,650	$ 789,312	$ (38,532)	$ 10,209,439

During the years ended March 31, 2017 and 2016, 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	
	2017	2016	2017	2016
Equity securities	¥ -	¥ 55	$ -	$ 490
Corporate bonds	-	3	-	26

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, 2017 and 2016, 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	
	2017	2016	2017	2016
Unrealized gains	¥ 75,830	¥ 84,230	$ 675,906	$ 750,779
Less applicable income taxes	(22,268)	(25,009)	(198,484)	(222,916)
Less non-controlling interests portion	(55)	(67)	(490)	(597)
Net unrealized gains	¥ 53,506	¥ 59,152	$ 476,923	$ 527,248

During the years ended March 31, 2017 and 2016, the Group sold available-for-sale securities and recorded gains and losses on the consolidated statements of income as follows:

	Millions of yen		Thousands of U.S. dollars	
	2017	2016	2017	2016
Gains on sales of:				
Equity securities	¥ 3,858	¥ 2,157	$ 34,388	$ 19,226
Bonds and others	1,495	1,481	13,325	13,200
	¥ 5,353	¥ 3,638	$ 47,713	$ 32,427
Losses on sales of:				
Equity securities	¥ 838	¥ 987	$ 7,469	$ 8,797
Bonds and others	3,593	1,828	32,026	16,293
	¥ 4,432	¥ 2,815	$ 39,504	$ 25,091

5. Loans and Bills Discounted

At March 31, 2017 and 2016, loans and bills discounted consisted of the following:

	Millions of yen		Thousands of U.S. dollars	
	2017	2016	2017	2016
Bills discounted	¥ 24,093	¥ 25,714	$ 214,751	$ 229,200
Loans on bills	49,494	53,651	441,162	478,215
Loans on deeds	1,455,604	1,402,379	12,974,454	12,500,035
Overdrafts	203,816	198,195	1,816,703	1,766,601
	¥ 1,733,008	¥ 1,679,941	$ 15,447,080	$ 14,974,070

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 ¥24,138 million ($215,152 thousand) and ¥25,800 million ($229,967 thousand) at March 31, 2017 and 2016, respectively.

Claims to borrowers in bankruptcy and past due loans amounted to ¥36,964 million ($329,476 thousand) and ¥49,244 million ($438,933 thousand) at March 31, 2017 and 2016, 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, 2017 and 2016, delinquent loans for which the payment of principal or interest was contractually past due three months or more, excluding non-accrual loans, amounted to ¥543 million ($4,840 thousand) and ¥892 million ($7,950 thousand), respectively.

For borrowers in financial difficulties, the Bank may support their financial recovery or restructuring by restructuring the terms and conditions of their loans such as by a reduction or exemption of the original interest rate, extension of interest payments and/or principal repayments or debt forgiveness. At March 31, 2017 and 2016, restructured loans for which the Bank had restructured the terms and conditions in favor of borrowers in financial difficulties, excluding "claims to borrowers in bankruptcy," "past due loans" and "delinquent loans contractually past due three months or more" described above, amounted to ¥5,177 million ($46,144 thousand) and ¥6,016 million ($53,623 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 ¥42,685 million ($380,470 thousand) and ¥56,154 million ($500,525 thousand) at March 31, 2017 and 2016, respectively.

A provision of allowance for possible loan losses in the amount of none and ¥126 million ($1,123 thousand) for the years ended March 31, 2017 and 2016, respectively, is included in "Other expenses" in the accompanying consolidated statements of income.

6. Foreign Exchange

At March 31, 2017 and 2016, foreign exchange consisted of the following:

	Millions of yen		Thousands of U.S. dollars	
	2017	2016	2017	2016
Assets:				
Due from banks	¥ 982	¥ 2,165	$ 8,753	$ 19,297
Foreign bills of exchange purchased	45	86	401	766
Foreign bills of exchange receivable	469	466	4,180	4,153
	¥ 1,497	¥ 2,717	$ 13,343	$ 24,217

	Millions of yen		Thousands of U.S. dollars	
	2017	2016	2017	2016
Liabilities:				
Foreign bills of exchange sold	¥ 463	¥ 503	$ 4,126	$ 4,483
Foreign bills of exchange payable	55	202	490	1,800
	¥ 519	¥ 706	$ 4,626	$ 6,292

7. Tangible Fixed Assets

At March 31, 2017 and 2016, tangible fixed assets consisted of the following:

	Millions of yen		Thousands of U.S. dollars	
	2017	2016	2017	2016
Land	¥ 23,300	¥ 23,249	$ 207,683	$ 207,228
Buildings and structures	8,620	8,428	76,833	75,122
Construction in progress	1	34	8	303
Other tangible fixed assets	3,547	3,507	31,616	31,259
Tangible fixed assets	¥ 35,468	¥ 35,219	$ 316,142	$ 313,922

Accumulated depreciation of tangible fixed assets at March 31, 2017 and 2016 was ¥23,322 million ($207,879 thousand) and ¥22,931 million ($204,394 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 both March 31, 2017 and 2016, the amount of ¥2,286 million ($20,376 thousand) of deferred capital gains was directly reduced from the acquisition cost of land.

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 the 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, 2017 and 2016, the differences in the carrying values of land used for the banking business after reassessment over the market values amounted to ¥1,114 million ($9,929 thousand) and ¥2,868 million ($25,563 thousand), respectively.

8. Pledged Assets

At March 31, 2017 and 2016, investment securities totaling ¥145,822 million ($1,299,777 thousand) and ¥100,759 million ($898,110 thousand), respectively, were pledged as collateral for "Security deposits received related to securities lending transactions" of ¥83,042 million ($740,190 thousand) and ¥37,574 million ($334,913 thousand) and for "Borrowings" of ¥21,300 million ($189,856 thousand) and ¥12,200 million ($108,744 thousand), respectively.

At March 31, 2017 and 2016, investment securities totaling ¥24,929 million ($222,203 thousand) and ¥25,254 million ($225,100 thousand), respectively, were pledged as collateral for the settlement of exchange and other transactions.

9. Deposits and Negotiable Certificates of Deposit

At March 31, 2017 and 2016, deposits consisted of the following:

	Millions of yen		Thousands of U.S. dollars	
	2017	2016	2017	2016
Demand deposits	¥ 1,465,667	¥ 1,373,221	$ 13,064,150	$ 12,240,137
Time deposits	1,207,227	1,257,601	10,760,557	11,209,564
Other	31,098	30,869	277,190	275,149
Deposits	2,703,993	2,661,691	24,101,907	23,724,850
Negotiable certificates of deposit	4,100	-	36,545	-
	¥ 2,708,093	¥ 2,661,691	$ 24,138,452	$ 23,724,850

10. Borrowings and Lease Obligations

At March 31, 2017 and 2016, borrowings, which consisted of the borrowings from other financial institutions, amounted to ¥29,975 million ($267,180 thousand) and ¥18,915 million ($168,597 thousand), respectively. At March 31, 2017, the annual maturities of borrowings due through February 2022 at an average interest rate of 0.08% per annum were as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2018	¥ 23,855	$ 212,630
2019	2,140	19,074
2020	1,810	16,133
2021	1,430	12,746
2022	740	6,595
	¥ 29,975	$ 267,180

At March 31, 2017 and 2016, other liabilities included lease obligations of ¥10 million ($89 thousand) and ¥13 million ($115 thousand), 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, 2017 and 2016, employee retirement benefits consisted of the following:

(Defined benefit plans)

(a) Movement in retirement benefit obligations:

	Millions of yen		Thousands of U.S. dollars	
	2017	2016	2017	2016
Retirement benefit obligations at beginning of year	¥ 22,632	¥ 20,289	$ 201,729	$ 180,844
Service cost	786	668	7,005	5,954
Interest cost	73	249	650	2,219
Actuarial differences	291	2,624	2,593	23,388
Retirement benefits paid	(1,257)	(1,199)	(11,204)	(10,687)
Retirement benefit obligations at end of year	¥ 22,525	¥ 22,632	$ 200,775	$ 201,729

(b) Movement in plan assets:

	Millions of yen		Thousands of U.S. dollars	
	2017	2016	2017	2016
Plan assets at beginning of year	¥ 24,281	¥ 31,141	$ 216,427	$ 277,573
Expected return on plan assets	620	613	5,526	5,463
Actuarial differences	220	(1,661)	1,960	(14,805)
Contribution paid by the employer	301	357	2,682	3,182
Refund of equity securities from retirement benefit trusts	-	(5,245)	-	(46,751)
Retirement benefits paid	(874)	(924)	(7,790)	(8,236)
Plan assets at end of year	¥ 24,548	¥ 24,281	$ 218,807	$ 216,427

(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	
	2017	2016	2017	2016
Funded retirement benefit obligations	¥ 22,525	¥ 22,632	$ 200,775	$ 201,729
Plan assets	(24,548)	(24,281)	(218,807)	(216,427)
	(2,023)	(1,648)	(18,031)	(14,689)
Unfunded retirement benefit obligations	-	-	-	-
Net balance of (asset) liability for retirement benefits recorded on the consolidated balance sheet at end of year	(2,023)	(1,648)	(18,031)	(14,689)
Employee retirement benefit liability	1,094	1,353	9,751	12,059
Employee retirement benefit asset	(3,117)	(3,002)	(27,783)	(26,758)
Net balance of (asset) liability for retirement benefits recorded on the consolidated balance sheet at end of year	¥ (2,023)	¥ (1,648)	$ (18,031)	$ (14,689)

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

	Millions of yen		Thousands of U.S. dollars	
	2017	2016	2017	2016
Service cost	¥ 786	¥ 668	$ 7,005	$ 5,954
Interest cost	73	249	650	2,219
Expected return on plan assets	(620)	(613)	(5,526)	(5,463)
Amortization of actuarial differences	174	(224)	1,550	(1,996)
Gain on refund from retirement benefit trusts *	-	(856)	-	(7,629)
Other	43	37	383	329
Net periodic retirement benefit expenses under defined benefit plans	¥ 457	¥ (739)	$ 4,073	$ (6,587)

*Note: * Gain on refund from retirement benefit trusts of ¥856 million ($7,629 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	
	2017	2016	2017	2016
Actuarial differences	¥ 103	¥ (5,367)	$ 918	$ (47,838)
Total	¥ 103	¥ (5,367)	$ 918	$ (47,838)

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

	Millions of yen		Thousands of U.S. dollars	
	2017	2016	2017	2016
Actuarial differences yet to be recognized	¥ (2,678)	¥ (2,781)	$ (23,870)	$ (24,788)
Total	¥ (2,678)	¥ (2,781)	$ (23,870)	$ (24,788)

(g) Plan assets

i) Plan assets comprise:

	2017	2016
Debt securities	38.9%	43.7%
Equity securities	39.3	36.8
Cash and deposits	7.8	5.3
General account	13.3	13.5
Other	0.7	0.7
Total	100.0%	100.0%

Note: At March 31, 2017 and 2016, 36.4% and 34.9% 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 by considering the current and future portfolios of plan assets and the current and expected long-term rates of return generated from various components of the plan assets.

(h) Actuarial assumptions at end of year:

	2017	2016
Discount rate for corporate pension plans	0.3%	0.3%
Discount rate for lump-sum retirement benefit plans	0.2%	0.2%
Expected long-term rate of return on plan assets	3.0%	3.0%

12. Acceptances and Guarantees

The Bank provides guarantees for liabilities of certain customers for payments on the customers' 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 these customers.

13. Net Assets

At March 31, 2017 and 2016, 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, 2017 and 2016, the number of shares of treasury stock held by the Group was 102,855 and 100,916 shares, respectively.

At March 31, 2017 and 2016, 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 ($48,061 thousand) at both March 31, 2017 and 2016. 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 2016, the Board of Directors of the Bank resolved to pay interim dividends of ¥433 million ($3,859 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 23, 2017.

	Millions of yen	Thousands of U.S. dollars
Cash dividends, ¥50 per share ($0.44 per share)	¥ 542	$ 4,831

14. Stock Options

(a) Stock option expenses

The Bank recorded stock option expenses of ¥47 million ($418 thousand) and ¥48 million ($427 thousand) in "General and administrative expenses" for the years ended March 31, 2017 and 2016, 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	2016 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)	13 directors of the Bank (excluding directors who are Audit and Supervisory Committee Members and 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	10,600 common shares of the Bank
Grant date	July 20, 2012	July 19, 2013	July 25, 2014	July 24, 2015	July 22, 2016
Conditions for vesting	Not defined	Not defined	Not defined	Not defined	Not defined
Requisite service period	Not defined	Not defined	Not defined	Not defined	Not defined
Exercise period	July 21, 2012 to July 20, 2042	July 20, 2013 to July 19, 2043	July 26, 2014 to July 25, 2044	July 25, 2015 to July 24, 2045	July 23, 2016 to July 22, 2046

*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, 2017 and 2016. 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	2016 stock options
Non-vested:					
Outstanding at April 1, 2015	-	-	-	-	-
Granted	-	-	-	7,100 shares	-
Forfeited	-	-	-	-	-
Vested	-	-	-	(7,100 shares)	-
Outstanding at March 31, 2016	-	-	-	-	-
Granted	-	-	-	-	10,600 shares
Forfeited	-	-	-	-	-
Vested	-	-	-	-	(10,600 shares)
Outstanding at March 31, 2017	-	-	-	-	-
Vested:					
Outstanding at April 1, 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	-
Vested	-	-	-	-	10,600 shares
Exercised	(3,700 shares)	-	-	-	-
Forfeited	-	-	-	-	-
Outstanding at March 31, 2017	8,900 shares	12,200 shares	9,100 shares	7,100 shares	10,600 shares

b) Price information

	2012 stock options	2013 stock options	2014 stock options	2015 stock options	2016 stock options
(per share)					
Exercise price	¥1 ($0.00)	¥1 ($0.00)	¥1 ($0.00)	¥1 ($0.00)	¥1 ($0.00)
Average stock price at exercise	¥5,193 ($46.28)	-	-	-	-
Fair value at grant date	¥3,645 ($32.48)	¥4,556 ($40.60)	¥4,959 ($44.20)	¥6,811 ($60.70)	¥4,466 ($39.80)

iii) Valuation technique to estimate fair value of stock options granted for the years ended March 31, 2017 and 2016:

(1) 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 ($0.71) 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.*

(2) 2016 stock options:

a) Valuation technique used: Black-Scholes model

b) Major assumptions and estimation method

	2016 stock options
Expected volatility *(*1)*	36.579%
Expected life *(*2)*	2.2 years
Expected dividends *(*3)*	¥80 ($0.71) per share
Risk free interest rate *(*4)*	(0.342)%

*Notes: (*1) Expected volatility is calculated based on the actual stock prices during the period from May 2014 to July 2016, 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, 2016.*

*(*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 overdraw or borrow up to prescribed limits unless there is violation of any condition in the contract. At March 31, 2017 and 2016, 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 ¥595,114 million ($5,304,519 thousand) and ¥597,553 million ($5,326,259 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 modifying the terms and 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, 2017 and 2016 were as follows:

	Millions of yen		Thousands of U.S. dollars	
	2017	2016	2017	2016
Due within one year	¥ 101	¥ 102	$ 900	$ 909
Due after one year	1,170	1,154	10,428	10,286
	¥ 1,272	¥ 1,257	$ 11,337	$ 11,204

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, 2017 and 2016 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	
	2017	2016	2017	2016
Total future minimum lease payments to be received	¥ 13,579	¥ 12,488	$ 121,035	$ 111,311
Estimated residual value of leased assets	726	697	6,471	6,212
Imputed interest	(408)	(538)	(3,636)	(4,795)

The aggregate annual maturities of future minimum lease payments to be received as of March 31, 2017 were as follows:

Year ending March 31,	Millions of yen		Thousands of U.S. dollars	
2018	¥	3,746	$	33,389
2019		3,110		27,720
2020		2,461		21,936
2021		1,817		16,195
2022		1,096		9,769
2023 and thereafter		1,345		11,988
	¥	13,579	$	121,035

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, 2017 and 2016 were ¥5 million ($44 thousand) and ¥6 million ($53 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, 2017 and 2016 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, 2017	¥ -	¥ -	¥ -	¥ -
At March 31, 2016	5,623	-	(25)	(25)
Foreign exchange forward contracts:				
At March 31, 2017	¥ 42,490	¥ -	¥ (229)	¥ (229)
At March 31, 2016	34,604	-	986	986

	Thousands of U.S. dollars			
	Notional principal or contract amounts			
	Total	Over one year	Fair value*	Valuation gains (losses)
Currency swap:				
At March 31, 2017	$ -	$ -	$ -	$ -
At March 31, 2016	50,120	-	(222)	(222)
Foreign exchange forward contracts:				
At March 31, 2017	$ 378,732	$ -	$ (2,041)	$ (2,041)
At March 31, 2016	308,441	-	8,788	8,788

*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, 2017 and 2016.

17. Income Taxes

Income taxes for the years ended March 31, 2017 and 2016 consisted of the following:

	Millions of yen		Thousands of U.S. dollars	
	2017	2016	2017	2016
Income taxes:				
Current	¥ 1,665	¥ 1,795	$ 14,840	$ 15,999
Deferred	671	1,488	5,980	13,263
Total income taxes	¥ 2,337	¥ 3,283	$ 20,830	$ 29,262

The tax effects of temporary differences that gave rise to a significant portion of deferred tax assets and liabilities at March 31, 2017 and 2016 were as follows:

	Millions of yen		Thousands of U.S. dollars	
	2017	2016	2017	2016
Deferred tax assets:				
Allowance for possible loan losses	¥ 1,796	¥ 2,286	$ 16,008	$ 20,376
Employee retirement benefit asset	-	39	-	347
Employee retirement benefit liability	1,554	1,634	13,851	14,564
Investment securities	1,499	1,512	13,361	13,477
Other	2,971	3,169	26,481	28,246
Subtotal	7,822	8,642	69,721	77,030
Less valuation allowance	(2,297)	(2,208)	(20,474)	(19,680)
Total deferred tax assets	5,524	6,434	49,237	57,349
Deferred tax liabilities:				
Employee retirement benefit asset	(187)	-	(1,666)	-
Unrealized gains on available-for-sale securities	(22,268)	(25,009)	(198,484)	(222,916)
Gains on transfer of investment securities to trusts for retirement benefit plans	(1,356)	(1,755)	(12,086)	(15,643)
Deferred gains on sale of property and other	(211)	(205)	(1,880)	(1,827)
Total deferred tax liabilities	(24,025)	(26,971)	(214,145)	(240,404)
Net deferred tax liabilities	¥ (18,500)	¥ (20,536)	$ (164,898)	$ (183,046)

At March 31, 2017 and 2016, deferred tax assets and liabilities reported on the accompanying consolidated balance sheets were as follows:

	Millions of yen		Thousands of U.S. dollars	
	2017	2016	2017	2016
Deferred tax assets	¥ 148	¥ 179	$ 1,319	$ 1,595
Deferred tax liabilities	18,648	20,716	166,218	184,651

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, 2017 and 2016, 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, 2017 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.

18. General and administrative expenses

General and administrative expenses for the years ended March 31, 2017 and 2016 included following items:

	Millions of yen		Thousands of U.S. dollars	
	2017	2016	2017	2016
General and administrative expenses:				
Salaries and allowances	¥ 12,532	¥ 12,649	$ 111,703	$ 112,746
Net periodic retirement benefit expenses	457	116	4,073	1,033
Rental expenses for land, buildings and machinery	2,960	2,882	26,383	25,688

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, therefore, 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) Accounting treatment for reportable segment profit, segment assets, segment liabilities and other material items

The accounting treatment for reportable segment information follows 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 reportable segment profit, segment assets, segment liabilities and other material items

Segment information as of and for the year ended March 31, 2017 was as follows:

	Millions of yen						
	2017						
	Reportable segment						
	Banking	Leasing	Total	Other *(*1)*	Total	Reconciliation *(*2)*	Consolidated
Ordinary income:							
External customers	¥ 43,147	¥ 5,898	¥ 49,045	¥ 986	¥ 50,031	¥ -	¥ 50,031
Intersegment	302	371	673	357	1,031	(1,031)	-
Total ordinary income	43,449	6,270	49,719	1,343	51,062	(1,031)	50,031
Segment profit *(*3)*	7,323	368	7,691	140	7,832	(184)	7,648
Segment assets	3,093,554	21,340	3,114,894	5,484	3,120,379	(10,382)	3,109,996
Segment liabilities	2,878,006	15,984	2,893,991	913	2,894,904	(10,383)	2,884,520
Other material items:							
Depreciation	¥ 1,187	¥ 101	¥ 1,288	¥ 18	¥ 1,306	¥ -	¥ 1,306
Interest and dividend income	31,174	9	31,184	44	31,228	(212)	31,015
Interest expense	1,305	55	1,361	3	1,365	(83)	1,282
Provision of allowance for possible loan losses	(7)	(18)	(25)	18	(7)	(0)	(7)
Loss on write-down of securities	8	-	8	-	8	-	8
Increase in tangible fixed assets and intangible fixed assets	2,004	-	2,004	50	2,055	-	2,055

	Thousands of U.S. dollars						
	2017						
	Reportable segment						
	Banking	Leasing	Total	Other *(*1)*	Total	Reconciliation *(*2)*	Consolidated
Ordinary income:							
External customers	$ 384,588	$ 52,571	$ 437,160	$ 8,788	$ 445,948	$ -	$ 445,948
Intersegment	2,691	3,306	5,998	3,182	9,189	(9,189)	-
Total ordinary income	387,280	55,887	443,167	11,970	455,138	(9,189)	445,948
Segment profit *(*3)*	65,273	3,280	68,553	1,247	69,810	(1,640)	68,170
Segment assets	27,574,240	190,213	27,764,453	48,881	27,813,343	(92,539)	27,720,795
Segment liabilities	25,652,963	142,472	25,795,445	8,137	25,803,583	(92,548)	25,711,025
Other material items:							
Depreciation	$ 10,580	$ 900	$ 11,480	$ 160	$ 11,640	$ -	$ 11,640
Interest and dividend income	277,867	80	277,957	392	278,349	(1,889)	276,450
Interest expense	11,632	490	12,131	26	12,166	(739)	11,427
Provision of allowance for possible loan losses	(62)	(160)	(222)	160	(62)	(0)	(62)
Loss on write-down of securities	71	-	71	-	71	-	71
Increase in tangible fixed assets and intangible fixed assets	17,862	-	17,862	445	18,317	-	18,317

Notes:

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

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

*(*3) Segment profit is reconciled to ordinary profit, which represents ordinary income less ordinary expenses. Ordinary expenses represent "Total expenses" of ¥42,470 million ($378,554 thousand) less certain special expenses of ¥86 million ($766 thousand) included in "Other expenses" in the accompanying consolidated statements of income. Therefore, consolidated segment profit, which shows ordinary profit of ¥7,648 million ($68,170 thousand), is reconciled to "Profit before income taxes" of ¥7,561 million ($67,394 thousand) through the deduction of certain special expenses, net.*

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

	Millions of yen						
	2016						
	Reportable 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 allowance 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						
	Reportable segment						
	Banking	Leasing	Total	Other *(*2)*	Total	Reconciliation *(*3)*	Consolidated
Ordinary income *(*1)*:							
External customers	$ 379,597	$ 45,351	$ 424,948	$ 9,091	$ 434,040	$ -	$ 434,040
Intersegment	2,754	3,057	5,811	5,250	11,061	(11,061)	-
Total ordinary income	382,351	48,408	430,769	14,341	445,110	(11,061)	434,040
Segment profit *(*4)*	69,587	2,121	71,708	2,201	73,919	(1,622)	72,296
Segment assets	26,635,885	160,656	26,796,541	51,537	26,848,088	(78,162)	26,769,917
Segment liabilities	24,702,843	115,250	24,818,094	9,581	24,827,685	(78,179)	24,749,496
Other material items:							
Depreciation	$ 11,444	$ 1,140	$ 12,585	$ 383	$ 12,977	$ -	$ 12,977
Interest and dividend income	291,353	98	291,460	481	291,942	(1,907)	290,025
Interest expense	14,751	508	15,259	35	15,295	(766)	14,528
Provision of allowance for possible loan losses	686	392	1,078	44	1,123	(0)	1,123
Loss on write-down of securities	543	-	543	-	543	-	543
Increase in tangible fixed assets and intangible fixed assets	16,890	142	17,033	392	17,434	-	17,434

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 ($441,688 thousand) in the accompanying consolidated statement of income is derived from ordinary income of ¥48,695 million ($434,040 thousand) through the addition of certain special income of ¥857 million ($7,638 thousand).*

*(*2) The "Other" business segment in the table above represents operating segments not included in the reportable 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 ($364,488 thousand) less certain special expenses of ¥307 million ($2,736 thousand) included in "Other expenses" in the accompanying consolidated statements of income. Therefore, consolidated segment profit, which shows ordinary profit of ¥8,111 million ($72,296 thousand), is reconciled to "Profit before income taxes" of ¥8,660 million ($77,190 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, 2017	¥ 18,209	¥ 18,214	¥ 5,898	¥ 7,708	¥ 50,031
For the year ended March 31, 2016	19,803	16,349	5,088	7,454	48,695

	Thousands of U.S. dollars				
	Service				
	Loans	Security investments	Leasing	Other	Total
Ordinary income from external customers:					
For the year ended March 31, 2017	$ 162,305	$ 162,349	$ 52,571	$ 68,704	$ 445,948
For the year ended March 31, 2016	176,513	145,726	45,351	66,440	434,040

ii) Information by geographical area for the years ended March 31, 2017 and 2016 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, 2017 and 2016 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, 2017	¥ 51	¥ -	¥ 51	¥ -	¥ 51
For the year ended March 31, 2016	229	-	229	0	230

	Thousands of U.S. dollars				
	Reportable segment				
	Banking	Leasing	Total	Other	Total
Impairment loss:					
For the year ended March 31, 2017	$ 454	$ -	$ 454	$ -	$ 454
For the year ended March 31, 2016	2,041	-	2,041	0	2,050

20. Transactions with Related Parties

Significant transactions with parties related to the Group for the years ended March 31, 2017 and 2016 were as follows:

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

			Transaction amounts			Balances	
Name	Business	Description of the Bank's transaction	Millions of yen	Thousands of U.S. dollars	Account	Millions of yen	Thousands of U.S. dollars
For the year ended March 31, 2017:							
Chieko Hayashi	Real estate leasing business	Loan	(Average balance during period) ¥ 19	$ 169	Loans and bills discounted	¥ 19	$ 169
			(Interest income) ¥ 0	$ 0			
For the year ended March 31, 2016:							
Chieko Hayashi	Real estate leasing business	Loan	(Average balance during period) ¥ 19	$ 169	Loans and bills discounted	¥ 19	$ 169
			(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

			Transaction amounts			Balances	
Name	Business	Description of the Bank's transaction	Millions of yen	Thousands of U.S. dollars	Account	Millions of yen	Thousands of U.S. dollars
For the year ended March 31, 2017:							
No applicable transactions occurred during the year ended March 31, 2017.							
For the year ended March 31, 2016:							
Retirement benefit trusts	Corporate pension plan	Partial refund of pension assets	¥5,24 5	$ 46,751	-	-	-

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, 2017 and 2016 were as follows:

	Millions of yen		Thousands of U.S. dollars	
	2017	2016	2017	2016
Net unrealized gains on available-for-sale securities:				
Decrease during the year	¥ (4,728)	¥ (15,078)	$ (42,142)	$ (134,397)
Reclassification adjustments	(3,670)	(2,263)	(32,712)	(20,171)
Pre-tax amount	(8,399)	(17,342)	(74,864)	(154,577)
Tax effect amount	2,741	6,674	24,431	59,488
Net unrealized gains on available-for-sale securities, net of tax	(5,658)	(10,667)	(50,432)	(95,079)
Land revaluation increment:				
Increase (decrease) during the year	-	-	-	-
Reclassification adjustments	-	-	-	-
Pre-tax amount	-	-	-	-
Tax effect amount	-	241	-	2,148
Land revaluation increment, net of tax	-	241	-	2,148
Retirement benefit adjustment:				
Decrease during the year	(70)	(4,333)	(623)	(38,621)
Reclassification adjustments	174	(1,033)	1,550	(9,207)
Pre-tax amount	103	(5,367)	918	(47,838)
Tax effect amount	(31)	1,677	(276)	14,947
Retirement benefit adjustment, net of tax	71	(3,689)	632	(32,881)
Total other comprehensive income	¥ (5,586)	¥ (14,116)	$ (49,790)	$ (125,822)

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, 2017 and 2016, 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, 2017 and 2016, 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, 2017 and 2016 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, 2017
Nagoya, Japan

The Aichi Bank, Ltd. and Subsidiaries
Consolidated Balance Sheets
March 31, 2017 and 2016

	Millions of yen		Thousands of U.S. dollars	
	2017	2016	2017	2016
Assets:				
Cash and due from banks (Note 3)	¥ 164,668	¥ 104,722	$ 1,467,760	$ 933,434
Call loans and bills purchased (Note 3)	3,487	2,753	31,081	24,538
Trading securities (Notes 3 and 4)	20	-	178	-
Investment securities (Notes 3, 4 and 8)	1,140,769	1,147,715	10,168,187	10,230,100
Reserve for possible losses on investments	(17)	(11)	(151)	(98)
Loans and bills discounted (Notes 3, 5, 15 and 20)	1,733,008	1,679,941	15,447,080	14,974,070
Foreign exchange (Note 6)	1,497	2,717	13,343	24,217
Other assets	25,920	24,565	231,036	218,958
Tangible fixed assets (Note 7)	35,468	35,219	316,142	313,922
Intangible fixed assets	572	173	5,098	1,542
Employee retirement benefit asset (Note 11)	3,117	3,002	27,783	26,758
Deferred tax assets (Note 17)	148	179	1,319	1,595
Customers' liabilities for acceptances and guarantees (Note 12)	9,356	11,174	83,394	99,598
Allowance for possible loan losses	(8,020)	(8,835)	(71,485)	(78,750)
Total assets	¥ 3,109,996	¥ 3,003,317	$ 27,720,795	$ 26,769,917

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

The Aichi Bank, Ltd. and Subsidiaries
Consolidated Balance Sheets (Continued)
March 31, 2017 and 2016

	Millions of yen		Thousands of U.S. dollars	
	2017	2016	2017	2016
Liabilities:				
Deposits (Notes 3 and 9)	¥ 2,703,993	¥ 2,661,691	$ 24,101,907	$ 23,724,850
Negotiable certificates of deposit (Note 3 and 9)	4,100	-	36,545	-
Security deposits received related to securities lending transactions (Notes 3 and 8)	83,042	37,574	740,190	334,913
Borrowings (Notes 3 and 10)	29,975	18,915	267,180	168,597
Foreign exchange (Note 6)	519	706	4,626	6,292
Other liabilities (Note 10)	26,918	17,114	239,932	152,544
Reserve for employee bonuses	648	652	5,775	5,811
Reserve for bonuses to directors	46	47	410	418
Employee retirement benefit liability (Note 11)	1,094	1,353	9,751	12,059
Reserve for executive retirement benefits	7	4	62	35
Reserve for reimbursement of deposits	105	104	935	926
Reserve for contingencies	1,323	1,848	11,792	16,472
Deferred tax liabilities (Note 17)	18,648	20,716	166,218	184,651
Deferred tax liabilities for revaluation (Note 7)	4,740	4,742	42,249	42,267
Acceptances and guarantees (Note 12)	9,356	11,174	83,394	99,598
Total liabilities	2,884,520	2,776,646	25,711,025	24,749,496
Net assets (Note 13):				
Common stock	18,000	18,000	160,442	160,442
Capital surplus	13,883	13,883	123,745	123,745
Retained earnings	130,155	125,966	1,160,130	1,122,791
Less treasury stock, at cost	(768)	(787)	(6,845)	(7,014)
Total shareholders' equity	161,270	157,063	1,437,472	1,399,973
Accumulated other comprehensive income	60,027	65,604	535,047	584,757
Stock acquisition rights	228	194	2,032	1,729
Non-controlling interests	3,949	3,806	35,199	33,924
Total net assets	225,475	226,670	2,009,760	2,020,411
Total liabilities and net assets	¥ 3,109,996	¥ 3,003,317	$ 27,720,795	$ 26,769,917

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, 2017 and 2016

	Millions of yen		Thousands of U.S. dollars	
	2017	2016	2017	2016
Income:				
Interest and dividend income:				
Interest on loans and bills discounted and purchased	¥ 18,119	¥ 19,791	$ 161,502	$ 176,406
Interest on and dividends from securities	12,800	12,649	114,092	112,746
Other interest and dividend income	96	97	855	864
Total interest and dividend income	31,015	32,538	276,450	290,025
Fees and commissions	12,716	11,982	113,343	106,800
Other operating income (Note 4)	1,501	1,555	13,379	13,860
Other income (Notes 4 and 11)	4,797	3,475	42,757	30,974
Total income (Note 19)	50,031	49,553	445,948	441,688
Expenses:				
Interest expense:				
Interest on deposits	1,240	1,569	11,052	13,985
Interest on borrowings	29	38	258	338
Other interest expense	11	23	98	205
Total interest expense	1,282	1,630	11,427	14,528
Fees and commissions	8,228	7,640	73,339	68,098
Other operating expenses (Note 4)	3,936	1,901	35,083	16,944
General and administrative expenses (Notes 14 and 18)	27,054	26,818	241,144	239,040
Impairment loss on fixed assets (Note 2(k))	51	230	454	2,050
Other expenses (Notes 4 and 5)	1,918	2,671	17,095	23,807
Total expenses (Note 19)	42,470	40,892	378,554	364,488
Profit before income taxes	7,561	8,660	67,394	77,190
Income taxes (Note 17)	2,337	3,283	20,830	29,262
Profit	5,223	5,376	46,554	47,918
Profit attributable to non-controlling interests	156	118	1,390	1,051
Profit attributable to owners of parent	¥ 5,067	¥ 5,257	$ 45,164	$ 46,858

	Yen		U.S. dollars	
Earnings per share:				
Basic	¥ 467.37	¥ 484.99	$ 4.16	$ 4.32
Diluted	465.64	483.31	4.15	4.30
Cash dividends	90.00	80.00	0.80	0.71

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, 2017 and 2016

	Millions of yen		Thousands of U.S. dollars	
	2017	2016	2017	2016
Profit	¥ 5,223	¥ 5,376	$ 46,554	$ 47,918
Other comprehensive income (Note 21):				
Unrealized gains on available-for-sale securities	(5,658)	(10,667)	(50,432)	(95,079)
Land revaluation increment	-	241	-	2,148
Retirement benefit adjustment	71	(3,689)	632	(32,881)
Total other comprehensive income	(5,586)	(14,116)	(49,790)	(125,822)
Comprehensive income	¥ (362)	¥ (8,739)	$ (3,226)	$ (77,894)
Comprehensive income attributable to:				
Owners of parent	¥ (506)	¥ (8,843)	$ (4,510)	$ (78,821)
Non-controlling interests	144	104	1,283	926
Total comprehensive income	¥ (362)	¥ (8,739)	$ (3,226)	$ (77,894)

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, 2017 and 2016

		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, 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
Profit attributable to owners of parent	-	-	-	5,067	-	5,067	-	-	-	-	-	-	5,067
Cash dividends	-	-	-	(867)	-	(867)	-	-	-	-	-	-	(867)
Reversal of land revaluation increment	-	-	-	3	-	3	-	-	-	-	-	-	3
Treasury stock acquired, net	-	-	(14)	-	18	3	-	-	-	-	-	-	3
Transfer to capital surplus from retained earnings	-	-	14	(14)	-	-	-	-	-	-	-	-	-
Net changes in items other than shareholders' equity	-	-	-	-	-	-	(5,645)	(3)	71	(5,577)	33	142	(5,401)
Balance at March 31, 2017	10,943,240	¥ 18,000	¥ 13,883	¥ 130,155	¥ (768)	¥ 161,270	¥ 53,506	¥ 8,381	¥ (1,861)	¥ 60,027	¥ 228	¥ 3,949	¥ 225,475

	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, 2015	$ 160,442	$ 123,745	$ 1,083,242	$ (6,899)	$ 1,360,540	$ 622,212	$ 73,500	$ 15,652	$ 711,364	$ 1,319	$ 33,015	$ 2,106,248
Profit attributable to owners of parent	-	-	46,858	-	46,858	-	-	-	-	-	-	46,858
Cash dividends	-	-	(8,209)	-	(8,209)	-	-	-	-	-	-	(8,209)
Reversal of land revaluation increment	-	-	909	-	909	-	-	-	-	-	-	909
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	-	-	-	-	-	(94,954)	1,238	(32,881)	(126,597)	410	909	(125,269)
Balance at March 31, 2016	160,442	123,745	1,122,791	(7,014)	1,399,973	527,248	74,739	(17,229)	584,757	1,729	33,924	2,020,411
Profit attributable to owners of parent	-	-	45,164	-	45,164	-	-	-	-	-	-	45,164
Cash dividends	-	-	(7,727)	-	(7,727)	-	-	-	-	-	-	(7,727)
Reversal of land revaluation increment	-	-	26	-	26	-	-	-	-	-	-	26
Treasury stock acquired, net	-	(124)	-	160	26	-	-	-	-	-	-	26
Transfer to capital surplus from retained earnings	-	124	(124)	-	-	-	-	-	-	-	-	-
Net changes in items other than shareholders' equity	-	-	-	-	-	(50,316)	(26)	632	(49,710)	294	1,265	(48,141)
Balance at March 31, 2017	$ 160,442	$ 123,745	$ 1,160,130	$ (6,845)	$ 1,437,472	$ 476,923	$ 74,703	$ (16,587)	$ 535,047	$ 2,032	$ 35,199	$ 2,009,760

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, 2017 and 2016

	Millions of yen		Thousands of U.S. dollars	
	2017	2016	2017	2016
Cash flows from operating activities:				
Profit before income taxes	¥ 7,561	¥ 8,660	$ 67,394	$ 77,190
Adjustments for:				
Depreciation	1,306	1,456	11,640	12,977
Impairment loss on fixed assets	51	230	454	2,050
Gain on refund from retirement benefit trusts	-	(856)	-	(7,629)
Decrease in allowance for possible loan losses	(815)	(1,797)	(7,264)	(16,017)
Interest and dividend income	(31,015)	(32,538)	(276,450)	(290,025)
Interest expense	1,282	1,630	11,427	14,528
(Increase) decrease in trading securities	(20)	77	(178)	686
Increase in loans and bills discounted	(53,067)	(24,783)	(473,010)	(220,902)
Increase in call loans and bills purchased	(734)	(581)	(6,542)	(5,178)
Increase in deposits	42,301	23,283	377,047	207,531
Increase in negotiable certificates of deposit	4,100	-	36,545	-
Increase (decrease) in security deposits received related to securities lending transactions	45,468	(37,511)	405,276	(334,352)
Increase in borrowings (excluding subordinated borrowings)	11,060	1,260	98,582	11,230
Gain on securities transactions	(912)	(764)	(8,129)	(6,809)
(Gain) loss on foreign currency transactions	(183)	3,890	(1,631)	34,673
(Decrease) increase in reserve for contingencies	(524)	259	(4,670)	2,308
Interest and dividend income received	32,122	33,632	286,317	299,777
Interest expense paid	(1,590)	(1,784)	(14,172)	(15,901)
Other, net	(237)	(3,190)	(2,112)	(28,433)
Subtotal	56,152	(29,426)	500,508	(262,287)
Income taxes paid	(1,897)	(1,955)	(16,908)	(17,425)
Net cash provided by (used in) operating activities	54,254	(31,382)	483,590	(279,721)
Cash flows from investing activities:				
Purchases of securities	(247,778)	(329,188)	(2,208,556)	(2,934,200)
Proceeds from sales and maturities of securities	255,099	328,891	2,273,812	2,931,553
Purchases of tangible fixed assets	(1,544)	(1,913)	(13,762)	(17,051)
Proceeds from sales of tangible fixed assets	109	94	971	837
Purchases of intangible fixed assets	(482)	(26)	(4,296)	(231)
Payment for asset retirement obligations	-	(36)	-	(320)
Net cash provided by (used in) investing activities	5,403	(2,178)	48,159	(19,413)
Cash flows from financing activities:				
Dividends paid	(867)	(921)	(7,727)	(8,209)
Other, net	(1)	(18)	(8)	(160)
Net cash used in financing activities	(868)	(940)	(7,736)	(8,378)
Net increase (decrease) in cash and cash equivalents	58,789	(34,501)	524,012	(307,522)
Cash and cash equivalents at beginning of year	104,000	138,501	926,998	1,234,521
Cash and cash equivalents at end of year (Note 2(b))	¥ 162,789	¥ 104,000	$ 1,451,011	$ 926,998

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, 2017 and 2016

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, 2017, which was ¥112.19 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, 2017 and 2016, 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	
	2017	2016	2017	2016
Cash and due from banks	¥ 164,668	¥ 104,722	$ 1,467,760	$ 933,434
Less due from banks other than Bank of Japan	(1,878)	(722)	(16,739)	(6,435)
Cash and cash equivalents	¥ 162,789	¥ 104,000	$ 1,451,011	$ 926,998

(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 ¥6 million ($53 thousand) and none for the years ended March 31, 2017 and 2016, respectively.

(g) Loans and bills discounted and allowance 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.

An allowance 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 an allowance for possible loan losses and/or current income. Recoveries on loans that have been written off are recorded as other income. The allowance 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, an allowance 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, an allowance 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, an allowance 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.

An allowance 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 principally computed using the declining balance method over the estimated useful life of the asset. Buildings, excluding facilities attached thereto, acquired on or after April 1, 1998 and facilities attached to buildings and structures acquired on or after April 1, 2016 are, however, 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 leased 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)
In accordance with the relevant accounting standards for leases, 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 amount equivalent to total interest is allocated over the lease term using the effective interest method, and lease income from lease payments and related costs, net of imputed interest, are recognized when the lease payments are received.

(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 9.5% and 8.0% for the years ended March 31, 2017 and 2016, respectively, or net selling prices based primarily on appraisal valuations, net of the estimated costs of disposal.

For the years ended March 31, 2017 and 2016, the Group recognized impairment loss, which is included in “Impairment loss on fixed assets,” in the accompanying consolidated statements of income as follows:

	Millions of yen			
	2017			
	Land	Buildings and structures	Other properties	Total
Operating assets:				
Aichi Prefecture	¥ -	¥ 34	¥ -	¥ 34
Other	0	9	-	9
Idle assets:				
Aichi Prefecture	5	-	-	5
Other	1	0	-	1
Total	¥ 7	¥ 44	¥ -	¥ 51

	Millions of yen			
	2016			
	Land	Buildings and structures	Other properties	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

	Thousands of U.S. dollars			
	2017			
	Land	Buildings and structures	Other properties	Total
Operating assets:				
Aichi Prefecture	$ -	$ 303	$ -	$ 303
Other	0	80	-	80
Idle assets:				
Aichi Prefecture	44	-	-	44
Other	8	0	-	8
Total	$ 62	$ 392	$ -	$ 454

	Thousands of U.S. dollars			
	2016			
	Land	Buildings and structures	Other properties	Total
Operating assets:				
Aichi Prefecture	$ 294	$ 231	$ -	$ 534
Other	8	196	0	205
Idle assets:				
Aichi Prefecture	1,033	8	-	1,042
Other	160	89	-	258
Total	$ 1,506	$ 543	$ 0	$ 2,050

(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. 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 the employees at the time when the differences arise, from the fiscal year after the year the differences arise.

(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 ¥88 million ($784 thousand) and ¥65 million ($579 thousand) for the years ended March 31, 2017 and 2016, respectively.

(r) Reserve for contingencies

A provision of reserve for contingencies included in “Other expenses” 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. For the years ended March 31, 2017 and 2016, the provision was recorded in the amount of none and ¥259 million ($2,308 thousand), 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 grant date and recognize compensation expense over the vesting period as consideration for the goods or services received from the 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 the 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 enactment 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 Practical Solution on a Change in Depreciation Method due to Tax Reform 2016)
Following the revision to the Corporation Tax Act of Japan, the Bank has applied the “Practical Solution on a Change in Depreciation Method due to Tax Reform 2016” (Accounting Standards Board of Japan (“ASBJ”) Practical Issues Task Force No. 32, issued on June 17, 2016) from the fiscal year ended March 31, 2017 and changed the depreciation method for facilities attached to buildings and structures acquired on or after April 1, 2016 from the declining balance method to the straight-line method. The effect of this change on profit before income taxes for the fiscal year ended March 31, 2017 was insignificant.

(x) Additional information

(Application of Implementation Guidance on Recoverability of Deferred Tax Assets)
The Group has applied the “Implementation Guidance on Recoverability of Deferred Tax Assets” (ASBJ Guidance No. 26, issued on March 28, 2016) from the fiscal year ended March 31, 2017.

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 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 avoid 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.

As credit risk is quantified, the Bank is able to manage the credit risk more effectively.

Market risk management

The Compliance and 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 "integrated market risk," "debt securities," "investment trust and other securities," "equity securities held for investment" and "strategically held equity securities" to perform quantitative analysis and manage interest rate and stock price fluctuation risks. VaR was calculated using the historical simulation method with the assumption of a holding period of 125 business days, a 99% confidence interval and an observation period of 5 years for the year ended March 31, 2016, and of a holding period of 125 business days, a 99% confidence interval and an observation period of 10 years for the year ended March 31, 2017.

The total market risk exposure of the Group as estimated loss amounted to ¥37,190 million ($331,491 thousand) and ¥18,022 million ($160,638 thousand) as of March 31, 2017 and 2016, respectively. In calculating VaR as of March 31, 2017, VaR amounts for interest rate risk associated with the banking account and price fluctuation risk associated with the investment trust and other securities and fluctuation risk associated with the equity securities held for investment were summed with that for price fluctuation risk associated with strategically held equity securities. In calculating VaR as of March 31, 2016, 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, 2017 and 2016.

	Millions of yen		
	2017		
	Carrying value	Fair value	Difference
Financial assets:			
Cash and due from banks	¥ 164,668	¥ 164,668	¥ -
Call loans and bills purchased	3,487	3,487	-
Trading securities	20	20	-
Investment securities:			
Available-for-sale securities *(*1)*	1,138,631	1,138,631	-
Loans and bills discounted:			
Loans and bills discounted	1,733,008		
Allowance for possible loan losses *(*2)*	(7,329)		
Loans and bills discounted, net	1,725,679	1,751,889	26,209
Total assets	¥ 3,032,486	¥ 3,058,696	¥ 26,209
Financial liabilities:			
Deposits	¥ 2,703,993	¥ 2,704,873	¥ 879
Negotiable certificates of deposit	4,100	4,100	-
Security deposits received related to securities lending transactions	83,042	83,042	-
Borrowings	29,975	30,013	38
Total liabilities	¥ 2,821,111	¥ 2,822,029	¥ 917
Derivative transactions *(*3)*:			
Not qualifying for hedge accounting	¥ (229)	¥ (229)	¥ -
Total derivative transactions	¥ (229)	¥ (229)	¥ -

	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		
Allowance 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	¥ -

	Thousands of U.S. dollars		
	2017		
	Carrying value	Fair value	Difference
Financial assets:			
Cash and due from banks	$ 1,467,760	$ 1,467,760	$ -
Call loans and bills purchased	31,081	31,081	-
Trading securities	178	178	-
Investment securities:			
Available-for-sale securities *(*1)*	10,149,130	10,149,130	-
Loans and bills discounted:			
Loans and bills discounted	15,447,080		
Allowance for possible loan losses *(*2)*	(65,326)		
Loans and bills discounted, net	15,381,754	15,615,375	233,612
Total assets	$ 27,029,913	$ 27,263,535	$ 233,612
Financial liabilities:			
Deposits	$ 24,101,907	$ 24,109,751	$ 7,834
Negotiable certificates of deposit	36,545	36,545	-
Security deposits received related to securities lending transactions	740,190	740,190	-
Borrowings	267,180	267,519	338
Total liabilities	$ 25,145,832	$ 25,154,015	$ 8,173
Derivative transactions *(*3)*:			
Not qualifying for hedge accounting	$ (2,041)	$ (2,041)	$ -
Total derivative transactions	$ (2,041)	$ (2,041)	$ -

	2016		
	Carrying value	Fair value	Difference
Financial assets:			
Cash and due from banks	$ 933,434	$ 933,434	$ -
Call loans and bills purchased	24,538	24,538	-
Trading securities	-	-	-
Investment securities:			
Available-for-sale securities *(*1)*	10,209,439	10,209,439	-
Loans and bills discounted:			
Loans and bills discounted	14,974,070		
Allowance for possible loan losses *(*2)*	(72,359)		
Loans and bills discounted, net	14,901,702	15,155,165	253,453
Total assets	$ 26,069,123	$ 26,322,586	$ 253,453
Financial liabilities:			
Deposits	$ 23,724,850	$ 23,732,970	$ 8,111
Security deposits received related to securities lending transactions	334,913	334,913	-
Borrowings	168,597	168,972	374
Total liabilities	$ 24,228,371	$ 24,236,866	$ 8,494
Derivative transactions *(*3)*:			
Not qualifying for hedge accounting	$ 8,556	$ 8,556	$ -
Total derivative transactions	$ 8,556	$ 8,556	$ -

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*	
	2017	*2016*	*2017*	*2016*
*Unlisted stocks**	*¥ 1,643*	*¥ 1,852*	*$ 14,644*	*$ 16,507*
Other nonmarketable securities	*494*	*465*	*4,403*	*4,144*
	¥ 2,138	*¥ 2,318*	*$ 19,056*	*$ 20,661*

** For the years ended March 31, 2017 and 2016, loss on the write-down of these securities was recognized in the amount of ¥8 million ($71 thousand) and ¥2 million ($17 thousand), respectively.*

*(*2) Allowance 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 allowance for possible loan losses.

Financial liabilities:

- Deposits and negotiable certificates of deposit – 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). The fair value of time deposits is the present value calculated by discounting future cash flows of the amount categorized based on a certain period. The discount rate is the rate that would apply 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, 2017 was as follows:

	Millions of yen					
	2017					
	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	¥ 128,319	¥ -	¥ -	¥ -	¥ -	¥ -
Call loans and bills purchased	3,487	-	-	-	-	-
Investment securities:						
Available-for-sale securities:						
Japanese government bonds	39,800	63,800	123,100	-	2,000	26,500
Local government bonds	18,908	28,261	32,644	6,539	19,639	-
Corporate bonds	105,238	109,579	88,393	28,733	11,154	7,205
Foreign bonds	9,143	21,475	25,486	-	-	-
Other	4,051	27,807	39,262	8,879	110,310	-
Total investment securities	177,141	250,923	308,887	44,152	143,103	33,705
Loans and bills discounted *(*1)*	294,626	356,142	229,656	129,824	154,026	330,342
	¥ 603,574	¥ 607,066	¥ 538,544	¥ 173,977	¥ 297,130	¥ 364,048
Financial liabilities:						
Deposits *(*2)*	¥ 2,399,338	¥ 296,109	¥ 8,545	¥ -	¥ -	¥ -
Negotiable certificates of deposit	4,100	-	-	-	-	-
Security deposits received related to securities lending transactions	83,042	-	-	-	-	-
Borrowings	23,855	3,950	2,170	-	-	-
	¥ 2,510,336	¥ 300,059	¥ 10,715	¥ -	¥ -	¥ -

	Thousands of U.S. dollars					
	2017					
	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	$ 1,143,765	$ -	$ -	$ -	$ -	$ -
Call loans and bills purchased	31,081	-	-	-	-	-
Investment securities:						
Available-for-sale securities:						
Japanese government bonds	354,755	568,678	1,097,245	-	17,826	236,206
Local government bonds	168,535	251,903	290,970	58,285	175,051	-
Corporate bonds	938,033	976,726	787,886	256,110	99,420	64,221
Foreign bonds	81,495	191,416	227,168	-	-	-
Other	36,108	247,856	349,959	79,142	983,242	-
Total investment securities	1,578,937	2,236,589	2,753,248	393,546	1,275,541	300,427
Loans and bills discounted *(*1)*	2,626,134	3,174,454	2,047,027	1,157,179	1,372,903	2,944,487
	$ 5,379,926	$ 5,411,052	$ 4,800,285	$ 1,550,735	$ 2,648,453	$ 3,244,923
Financial liabilities:						
Deposits *(*2)*	$ 21,386,380	$ 2,639,352	$ 76,165	$ -	$ -	$ -
Negotiable certificates of deposit	36,545	-	-	-	-	-
Security deposits received related to securities lending transactions	740,190	-	-	-	-	-
Borrowings	212,630	35,208	19,342	-	-	-
	$ 22,375,755	$ 2,674,561	$ 95,507	$ -	$ -	$ -

Notes:

*(*1) At March 31, 2017, 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 ¥36,965 million ($329,485 thousand). Loans without due dates in the amount of ¥201,424 million ($1,795,382 thousand) were excluded.*

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

4. Trading Securities and Investment Securities

At March 31, 2017, trading securities consisted of Japanese government bonds only. There was no carrying value of trading securities at March 31, 2016.

At March 31, 2017 and 2016, investment securities consisted of the following:

	Millions of yen		Thousands of U.S. dollars	
	2017	2016	2017	2016
Japanese government bonds	¥ 264,875	¥ 266,501	$ 2,360,950	$ 2,375,443
Local government bonds	108,396	111,059	966,182	989,918
Bonds and debentures	356,602	409,205	3,178,554	3,647,428
Equity securities	125,217	121,847	1,116,115	1,086,077
Other	285,677	239,103	2,546,367	2,131,232
	¥ 1,140,769	¥ 1,147,715	$ 10,168,187	$ 10,230,100

At March 31, 2017 and 2016, investment securities included Japanese government bonds of ¥2,110 million ($18,807 thousand) and ¥7,447 million ($66,378 thousand), respectively, as loans without collateral (securities lending transactions).

At March 31, 2017 and 2016, 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 ¥15,068 million ($134,307 thousand) and ¥12,777 million ($113,887 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, 2017 and 2016, 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			
	2017		2016		2017		2016	
	Carrying value	Valuation difference	Carrying value	Valuation difference	Carrying value	Valuation difference	Carrying value	Valuation difference
Trading securities	¥ 20	¥ 0	¥ -	¥ -	$ 178	$ 0	$ -	$ -

The Group did not have any held-to-maturity debt securities as of March 31, 2017 and 2016.

At March 31, 2017 and 2016, gross unrealized gains and losses for available-for-sale securities with fair value were as follows:

	Millions of yen			
	2017			
	Cost	Gross unrealized gains	Gross unrealized losses	Fair and carrying value
Available-for-sale securities with fair value:				
Japanese government bonds	¥ 259,664	¥ 5,756	¥ (545)	¥ 264,875
Local government bonds	106,297	2,176	(77)	108,396
Bonds and debentures	351,141	5,562	(101)	356,602
Equity securities	57,990	66,377	(794)	123,574
Other	287,705	5,100	(7,622)	285,182
	¥ 1,062,800	¥ 84,973	¥ (9,142)	¥ 1,138,631

	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

	Thousands of U.S. dollars			
	2017			
	Cost	Gross unrealized gains	Gross unrealized losses	Fair and carrying value
Available-for-sale securities with fair value:				
Japanese government bonds	$ 2,314,502	$ 51,305	$ (4,857)	$ 2,360,950
Local government bonds	947,473	19,395	(686)	966,182
Bonds and debentures	3,129,877	49,576	(900)	3,178,554
Equity securities	516,890	591,648	(7,077)	1,101,470
Other	2,564,444	45,458	(67,938)	2,541,955
	$ 9,473,215	$ 757,402	$ (81,486)	$ 10,149,130

	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	$ 2,301,657	$ 73,776	$ -	$ 2,375,443
Local government bonds	963,686	26,223	(0)	989,918
Bonds and debentures	3,578,723	69,792	(1,087)	3,647,428
Equity securities	543,675	547,669	(21,784)	1,069,560
Other	2,070,897	71,833	(15,652)	2,127,079
	$ 9,458,650	$ 789,312	$ (38,532)	$ 10,209,439

During the years ended March 31, 2017 and 2016, 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	
	2017	2016	2017	2016
Equity securities	¥ -	¥ 55	$ -	$ 490
Corporate bonds	-	3	-	26

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, 2017 and 2016, 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	
	2017	2016	2017	2016
Unrealized gains	¥ 75,830	¥ 84,230	$ 675,906	$ 750,779
Less applicable income taxes	(22,268)	(25,009)	(198,484)	(222,916)
Less non-controlling interests portion	(55)	(67)	(490)	(597)
Net unrealized gains	¥ 53,506	¥ 59,152	$ 476,923	$ 527,248

During the years ended March 31, 2017 and 2016, the Group sold available-for-sale securities and recorded gains and losses on the consolidated statements of income as follows:

	Millions of yen		Thousands of U.S. dollars	
	2017	2016	2017	2016
Gains on sales of:				
Equity securities	¥ 3,858	¥ 2,157	$ 34,388	$ 19,226
Bonds and others	1,495	1,481	13,325	13,200
	¥ 5,353	¥ 3,638	$ 47,713	$ 32,427
Losses on sales of:				
Equity securities	¥ 838	¥ 987	$ 7,469	$ 8,797
Bonds and others	3,593	1,828	32,026	16,293
	¥ 4,432	¥ 2,815	$ 39,504	$ 25,091

5. Loans and Bills Discounted

At March 31, 2017 and 2016, loans and bills discounted consisted of the following:

	Millions of yen		Thousands of U.S. dollars	
	2017	2016	2017	2016
Bills discounted	¥ 24,093	¥ 25,714	$ 214,751	$ 229,200
Loans on bills	49,494	53,651	441,162	478,215
Loans on deeds	1,455,604	1,402,379	12,974,454	12,500,035
Overdrafts	203,816	198,195	1,816,703	1,766,601
	¥ 1,733,008	¥ 1,679,941	$ 15,447,080	$ 14,974,070

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 ¥24,138 million ($215,152 thousand) and ¥25,800 million ($229,967 thousand) at March 31, 2017 and 2016, respectively.

Claims to borrowers in bankruptcy and past due loans amounted to ¥36,964 million ($329,476 thousand) and ¥49,244 million ($438,933 thousand) at March 31, 2017 and 2016, 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, 2017 and 2016, delinquent loans for which the payment of principal or interest was contractually past due three months or more, excluding non-accrual loans, amounted to ¥543 million ($4,840 thousand) and ¥892 million ($7,950 thousand), respectively.

For borrowers in financial difficulties, the Bank may support their financial recovery or restructuring by restructuring the terms and conditions of their loans such as by a reduction or exemption of the original interest rate, extension of interest payments and/or principal repayments or debt forgiveness. At March 31, 2017 and 2016, restructured loans for which the Bank had restructured the terms and conditions in favor of borrowers in financial difficulties, excluding "claims to borrowers in bankruptcy," "past due loans" and "delinquent loans contractually past due three months or more" described above, amounted to ¥5,177 million ($46,144 thousand) and ¥6,016 million ($53,623 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 ¥42,685 million ($380,470 thousand) and ¥56,154 million ($500,525 thousand) at March 31, 2017 and 2016, respectively.

A provision of allowance for possible loan losses in the amount of none and ¥126 million ($1,123 thousand) for the years ended March 31, 2017 and 2016, respectively, is included in "Other expenses" in the accompanying consolidated statements of income.

6. Foreign Exchange

At March 31, 2017 and 2016, foreign exchange consisted of the following:

	Millions of yen		Thousands of U.S. dollars	
	2017	2016	2017	2016
Assets:				
Due from banks	¥ 982	¥ 2,165	$ 8,753	$ 19,297
Foreign bills of exchange purchased	45	86	401	766
Foreign bills of exchange receivable	469	466	4,180	4,153
	¥ 1,497	¥ 2,717	$ 13,343	$ 24,217

	Millions of yen		Thousands of U.S. dollars	
	2017	2016	2017	2016
Liabilities:				
Foreign bills of exchange sold	¥ 463	¥ 503	$ 4,126	$ 4,483
Foreign bills of exchange payable	55	202	490	1,800
	¥ 519	¥ 706	$ 4,626	$ 6,292

7. Tangible Fixed Assets

At March 31, 2017 and 2016, tangible fixed assets consisted of the following:

	Millions of yen		Thousands of U.S. dollars	
	2017	2016	2017	2016
Land	¥ 23,300	¥ 23,249	$ 207,683	$ 207,228
Buildings and structures	8,620	8,428	76,833	75,122
Construction in progress	1	34	8	303
Other tangible fixed assets	3,547	3,507	31,616	31,259
Tangible fixed assets	¥ 35,468	¥ 35,219	$ 316,142	$ 313,922

Accumulated depreciation of tangible fixed assets at March 31, 2017 and 2016 was ¥23,322 million ($207,879 thousand) and ¥22,931 million ($204,394 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 both March 31, 2017 and 2016, the amount of ¥2,286 million ($20,376 thousand) of deferred capital gains was directly reduced from the acquisition cost of land.

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 the 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, 2017 and 2016, the differences in the carrying values of land used for the banking business after reassessment over the market values amounted to ¥1,114 million ($9,929 thousand) and ¥2,868 million ($25,563 thousand), respectively.

8. Pledged Assets

At March 31, 2017 and 2016, investment securities totaling ¥145,822 million ($1,299,777 thousand) and ¥100,759 million ($898,110 thousand), respectively, were pledged as collateral for "Security deposits received related to securities lending transactions" of ¥83,042 million ($740,190 thousand) and ¥37,574 million ($334,913 thousand) and for "Borrowings" of ¥21,300 million ($189,856 thousand) and ¥12,200 million ($108,744 thousand), respectively.

At March 31, 2017 and 2016, investment securities totaling ¥24,929 million ($222,203 thousand) and ¥25,254 million ($225,100 thousand), respectively, were pledged as collateral for the settlement of exchange and other transactions.

9. Deposits and Negotiable Certificates of Deposit

At March 31, 2017 and 2016, deposits consisted of the following:

	Millions of yen		Thousands of U.S. dollars	
	2017	2016	2017	2016
Demand deposits	¥ 1,465,667	¥ 1,373,221	$ 13,064,150	$ 12,240,137
Time deposits	1,207,227	1,257,601	10,760,557	11,209,564
Other	31,098	30,869	277,190	275,149
Deposits	2,703,993	2,661,691	24,101,907	23,724,850
Negotiable certificates of deposit	4,100	-	36,545	-
	¥ 2,708,093	¥ 2,661,691	$ 24,138,452	$ 23,724,850

10. Borrowings and Lease Obligations

At March 31, 2017 and 2016, borrowings, which consisted of the borrowings from other financial institutions, amounted to ¥29,975 million ($267,180 thousand) and ¥18,915 million ($168,597 thousand), respectively. At March 31, 2017, the annual maturities of borrowings due through February 2022 at an average interest rate of 0.08% per annum were as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2018	¥ 23,855	$ 212,630
2019	2,140	19,074
2020	1,810	16,133
2021	1,430	12,746
2022	740	6,595
	¥ 29,975	$ 267,180

At March 31, 2017 and 2016, other liabilities included lease obligations of ¥10 million ($89 thousand) and ¥13 million ($115 thousand), 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, 2017 and 2016, employee retirement benefits consisted of the following:

(Defined benefit plans)

(a) Movement in retirement benefit obligations:

	Millions of yen		Thousands of U.S. dollars	
	2017	2016	2017	2016
Retirement benefit obligations at beginning of year	¥ 22,632	¥ 20,289	$ 201,729	$ 180,844
Service cost	786	668	7,005	5,954
Interest cost	73	249	650	2,219
Actuarial differences	291	2,624	2,593	23,388
Retirement benefits paid	(1,257)	(1,199)	(11,204)	(10,687)
Retirement benefit obligations at end of year	¥ 22,525	¥ 22,632	$ 200,775	$ 201,729

(b) Movement in plan assets:

	Millions of yen		Thousands of U.S. dollars	
	2017	2016	2017	2016
Plan assets at beginning of year	¥ 24,281	¥ 31,141	$ 216,427	$ 277,573
Expected return on plan assets	620	613	5,526	5,463
Actuarial differences	220	(1,661)	1,960	(14,805)
Contribution paid by the employer	301	357	2,682	3,182
Refund of equity securities from retirement benefit trusts	-	(5,245)	-	(46,751)
Retirement benefits paid	(874)	(924)	(7,790)	(8,236)
Plan assets at end of year	¥ 24,548	¥ 24,281	$ 218,807	$ 216,427

(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	
	2017	2016	2017	2016
Funded retirement benefit obligations	¥ 22,525	¥ 22,632	$ 200,775	$ 201,729
Plan assets	(24,548)	(24,281)	(218,807)	(216,427)
	(2,023)	(1,648)	(18,031)	(14,689)
Unfunded retirement benefit obligations	-	-	-	-
Net balance of (asset) liability for retirement benefits recorded on the consolidated balance sheet at end of year	(2,023)	(1,648)	(18,031)	(14,689)
Employee retirement benefit liability	1,094	1,353	9,751	12,059
Employee retirement benefit asset	(3,117)	(3,002)	(27,783)	(26,758)
Net balance of (asset) liability for retirement benefits recorded on the consolidated balance sheet at end of year	¥ (2,023)	¥ (1,648)	$ (18,031)	$ (14,689)

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

	Millions of yen		Thousands of U.S. dollars	
	2017	2016	2017	2016
Service cost	¥ 786	¥ 668	$ 7,005	$ 5,954
Interest cost	73	249	650	2,219
Expected return on plan assets	(620)	(613)	(5,526)	(5,463)
Amortization of actuarial differences	174	(224)	1,550	(1,996)
Gain on refund from retirement benefit trusts *	-	(856)	-	(7,629)
Other	43	37	383	329
Net periodic retirement benefit expenses under defined benefit plans	¥ 457	¥ (739)	$ 4,073	$ (6,587)

*Note: * Gain on refund from retirement benefit trusts of ¥856 million ($7,629 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	
	2017	2016	2017	2016
Actuarial differences	¥ 103	¥ (5,367)	$ 918	$ (47,838)
Total	¥ 103	¥ (5,367)	$ 918	$ (47,838)

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

	Millions of yen		Thousands of U.S. dollars	
	2017	2016	2017	2016
Actuarial differences yet to be recognized	¥ (2,678)	¥ (2,781)	$ (23,870)	$ (24,788)
Total	¥ (2,678)	¥ (2,781)	$ (23,870)	$ (24,788)

(g) Plan assets

i) Plan assets comprise:

	2017	2016
Debt securities	38.9%	43.7%
Equity securities	39.3	36.8
Cash and deposits	7.8	5.3
General account	13.3	13.5
Other	0.7	0.7
Total	100.0%	100.0%

Note: At March 31, 2017 and 2016, 36.4% and 34.9% 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 by considering the current and future portfolios of plan assets and the current and expected long-term rates of return generated from various components of the plan assets.

(h) Actuarial assumptions at end of year:

	2017	2016
Discount rate for corporate pension plans	0.3%	0.3%
Discount rate for lump-sum retirement benefit plans	0.2%	0.2%
Expected long-term rate of return on plan assets	3.0%	3.0%

12. Acceptances and Guarantees

The Bank provides guarantees for liabilities of certain customers for payments on the customers' 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 these customers.

13. Net Assets

At March 31, 2017 and 2016, 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, 2017 and 2016, the number of shares of treasury stock held by the Group was 102,855 and 100,916 shares, respectively.

At March 31, 2017 and 2016, 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 ($48,061 thousand) at both March 31, 2017 and 2016. 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 2016, the Board of Directors of the Bank resolved to pay interim dividends of ¥433 million ($3,859 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 23, 2017.

	Millions of yen	Thousands of U.S. dollars
Cash dividends, ¥50 per share ($0.44 per share)	¥ 542	$ 4,831

14. Stock Options

(a) Stock option expenses

The Bank recorded stock option expenses of ¥47 million ($418 thousand) and ¥48 million ($427 thousand) in "General and administrative expenses" for the years ended March 31, 2017 and 2016, 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	2016 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)	13 directors of the Bank (excluding directors who are Audit and Supervisory Committee Members and 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	10,600 common shares of the Bank
Grant date	July 20, 2012	July 19, 2013	July 25, 2014	July 24, 2015	July 22, 2016
Conditions for vesting	Not defined	Not defined	Not defined	Not defined	Not defined
Requisite service period	Not defined	Not defined	Not defined	Not defined	Not defined
Exercise period	July 21, 2012 to July 20, 2042	July 20, 2013 to July 19, 2043	July 26, 2014 to July 25, 2044	July 25, 2015 to July 24, 2045	July 23, 2016 to July 22, 2046

*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, 2017 and 2016. 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	2016 stock options
Non-vested:					
Outstanding at April 1, 2015	-	-	-	-	-
Granted	-	-	-	7,100 shares	-
Forfeited	-	-	-	-	-
Vested	-	-	-	(7,100 shares)	-
Outstanding at March 31, 2016	-	-	-	-	-
Granted	-	-	-	-	10,600 shares
Forfeited	-	-	-	-	-
Vested	-	-	-	-	(10,600 shares)
Outstanding at March 31, 2017	-	-	-	-	-
Vested:					
Outstanding at April 1, 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	-
Vested	-	-	-	-	10,600 shares
Exercised	(3,700 shares)	-	-	-	-
Forfeited	-	-	-	-	-
Outstanding at March 31, 2017	8,900 shares	12,200 shares	9,100 shares	7,100 shares	10,600 shares

b) Price information

	2012 stock options	2013 stock options	2014 stock options	2015 stock options	2016 stock options
(per share)					
Exercise price	¥1 ($0.00)	¥1 ($0.00)	¥1 ($0.00)	¥1 ($0.00)	¥1 ($0.00)
Average stock price at exercise	¥5,193 ($46.28)	-	-	-	-
Fair value at grant date	¥3,645 ($32.48)	¥4,556 ($40.60)	¥4,959 ($44.20)	¥6,811 ($60.70)	¥4,466 ($39.80)

iii) Valuation technique to estimate fair value of stock options granted for the years ended March 31, 2017 and 2016:

(1) 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 ($0.71) 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.*

(2) 2016 stock options:

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

	2016 stock options
Expected volatility *(*1)*	36.579%
Expected life *(*2)*	2.2 years
Expected dividends *(*3)*	¥80 ($0.71) per share
Risk free interest rate *(*4)*	(0.342)%

*Notes: (*1) Expected volatility is calculated based on the actual stock prices during the period from May 2014 to July 2016, 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, 2016.*
*(*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 overdraw or borrow up to prescribed limits unless there is violation of any condition in the contract. At March 31, 2017 and 2016, 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 ¥595,114 million ($5,304,519 thousand) and ¥597,553 million ($5,326,259 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 modifying the terms and 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, 2017 and 2016 were as follows:

	Millions of yen		Thousands of U.S. dollars	
	2017	2016	2017	2016
Due within one year	¥ 101	¥ 102	$ 900	$ 909
Due after one year	1,170	1,154	10,428	10,286
	¥ 1,272	¥ 1,257	$ 11,337	$ 11,204

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, 2017 and 2016 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	
	2017	2016	2017	2016
Total future minimum lease payments to be received	¥ 13,579	¥ 12,488	$ 121,035	$ 111,311
Estimated residual value of leased assets	726	697	6,471	6,212
Imputed interest	(408)	(538)	(3,636)	(4,795)

The aggregate annual maturities of future minimum lease payments to be received as of March 31, 2017 were as follows:

Year ending March 31,	Millions of yen		Thousands of U.S. dollars	
2018	¥	3,746	$	33,389
2019		3,110		27,720
2020		2,461		21,936
2021		1,817		16,195
2022		1,096		9,769
2023 and thereafter		1,345		11,988
	¥	13,579	$	121,035

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, 2017 and 2016 were ¥5 million ($44 thousand) and ¥6 million ($53 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, 2017 and 2016 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, 2017	¥ -	¥ -	¥ -	¥ -
At March 31, 2016	5,623	-	(25)	(25)
Foreign exchange forward contracts:				
At March 31, 2017	¥ 42,490	¥ -	¥ (229)	¥ (229)
At March 31, 2016	34,604	-	986	986

	Thousands of U.S. dollars			
	Notional principal or contract amounts			
	Total	Over one year	Fair value*	Valuation gains (losses)
Currency swap:				
At March 31, 2017	$ -	$ -	$ -	$ -
At March 31, 2016	50,120	-	(222)	(222)
Foreign exchange forward contracts:				
At March 31, 2017	$ 378,732	$ -	$ (2,041)	$ (2,041)
At March 31, 2016	308,441	-	8,788	8,788

*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, 2017 and 2016.

17. Income Taxes

Income taxes for the years ended March 31, 2017 and 2016 consisted of the following:

	Millions of yen		Thousands of U.S. dollars	
	2017	2016	2017	2016
Income taxes:				
Current	¥ 1,665	¥ 1,795	$ 14,840	$ 15,999
Deferred	671	1,488	5,980	13,263
Total income taxes	¥ 2,337	¥ 3,283	$ 20,830	$ 29,262

The tax effects of temporary differences that gave rise to a significant portion of deferred tax assets and liabilities at March 31, 2017 and 2016 were as follows:

	Millions of yen		Thousands of U.S. dollars	
	2017	2016	2017	2016
Deferred tax assets:				
Allowance for possible loan losses	¥ 1,796	¥ 2,286	$ 16,008	$ 20,376
Employee retirement benefit asset	-	39	-	347
Employee retirement benefit liability	1,554	1,634	13,851	14,564
Investment securities	1,499	1,512	13,361	13,477
Other	2,971	3,169	26,481	28,246
Subtotal	7,822	8,642	69,721	77,030
Less valuation allowance	(2,297)	(2,208)	(20,474)	(19,680)
Total deferred tax assets	5,524	6,434	49,237	57,349
Deferred tax liabilities:				
Employee retirement benefit asset	(187)	-	(1,666)	-
Unrealized gains on available-for-sale securities	(22,268)	(25,009)	(198,484)	(222,916)
Gains on transfer of investment securities to trusts for retirement benefit plans	(1,356)	(1,755)	(12,086)	(15,643)
Deferred gains on sale of property and other	(211)	(205)	(1,880)	(1,827)
Total deferred tax liabilities	(24,025)	(26,971)	(214,145)	(240,404)
Net deferred tax liabilities	¥ (18,500)	¥ (20,536)	$ (164,898)	$ (183,046)

At March 31, 2017 and 2016, deferred tax assets and liabilities reported on the accompanying consolidated balance sheets were as follows:

	Millions of yen		Thousands of U.S. dollars	
	2017	2016	2017	2016
Deferred tax assets	¥ 148	¥ 179	$ 1,319	$ 1,595
Deferred tax liabilities	18,648	20,716	166,218	184,651

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, 2017 and 2016, 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, 2017 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.

18. General and administrative expenses

General and administrative expenses for the years ended March 31, 2017 and 2016 included following items:

	Millions of yen		Thousands of U.S. dollars	
	2017	2016	2017	2016
General and administrative expenses:				
Salaries and allowances	¥ 12,532	¥ 12,649	$ 111,703	$ 112,746
Net periodic retirement benefit expenses	457	116	4,073	1,033
Rental expenses for land, buildings and machinery	2,960	2,882	26,383	25,688

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, therefore, 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) Accounting treatment for reportable segment profit, segment assets, segment liabilities and other material items

The accounting treatment for reportable segment information follows 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 reportable segment profit, segment assets, segment liabilities and other material items

Segment information as of and for the year ended March 31, 2017 was as follows:

	Millions of yen													
	2017													
	Reportable segment													
	Banking		Leasing		Total		Other *(*1)*		Total		Reconciliation *(*2)*		Consolidated	
Ordinary income:														
External customers	¥	43,147	¥	5,898	¥	49,045	¥	986	¥	50,031	¥	-	¥	50,031
Intersegment		302		371		673		357		1,031		(1,031)		-
Total ordinary income		43,449		6,270		49,719		1,343		51,062		(1,031)		50,031
Segment profit *(*3)*		7,323		368		7,691		140		7,832		(184)		7,648
Segment assets		3,093,554		21,340		3,114,894		5,484		3,120,379		(10,382)		3,109,996
Segment liabilities		2,878,006		15,984		2,893,991		913		2,894,904		(10,383)		2,884,520
Other material items:														
Depreciation	¥	1,187	¥	101	¥	1,288	¥	18	¥	1,306	¥	-	¥	1,306
Interest and dividend income		31,174		9		31,184		44		31,228		(212)		31,015
Interest expense		1,305		55		1,361		3		1,365		(83)		1,282
Provision of allowance for possible loan losses		(7)		(18)		(25)		18		(7)		(0)		(7)
Loss on write-down of securities		8		-		8		-		8		-		8
Increase in tangible fixed assets and intangible fixed assets		2,004		-		2,004		50		2,055		-		2,055

	Thousands of U.S. dollars													
	2017													
	Reportable segment													
	Banking		Leasing		Total		Other *(*1)*		Total		Reconciliation *(*2)*		Consolidated	
Ordinary income:														
External customers	$	384,588	$	52,571	$	437,160	$	8,788	$	445,948	$	-	$	445,948
Intersegment		2,691		3,306		5,998		3,182		9,189		(9,189)		-
Total ordinary income		387,280		55,887		443,167		11,970		455,138		(9,189)		445,948
Segment profit *(*3)*		65,273		3,280		68,553		1,247		69,810		(1,640)		68,170
Segment assets		27,574,240		190,213		27,764,453		48,881		27,813,343		(92,539)		27,720,795
Segment liabilities		25,652,963		142,472		25,795,445		8,137		25,803,583		(92,548)		25,711,025
Other material items:														
Depreciation	$	10,580	$	900	$	11,480	$	160	$	11,640	$	-	$	11,640
Interest and dividend income		277,867		80		277,957		392		278,349		(1,889)		276,450
Interest expense		11,632		490		12,131		26		12,166		(739)		11,427
Provision of allowance for possible loan losses		(62)		(160)		(222)		160		(62)		(0)		(62)
Loss on write-down of securities		71		-		71		-		71		-		71
Increase in tangible fixed assets and intangible fixed assets		17,862		-		17,862		445		18,317		-		18,317

Notes:

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

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

*(*3) Segment profit is reconciled to ordinary profit, which represents ordinary income less ordinary expenses. Ordinary expenses represent "Total expenses" of ¥42,470 million ($378,554 thousand) less certain special expenses of ¥86 million ($766 thousand) included in "Other expenses" in the accompanying consolidated statements of income. Therefore, consolidated segment profit, which shows ordinary profit of ¥7,648 million ($68,170 thousand), is reconciled to "Profit before income taxes" of ¥7,561 million ($67,394 thousand) through the deduction of certain special expenses, net.*

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

	Millions of yen						
	2016						
	Reportable 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 allowance 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						
	Reportable segment						
	Banking	Leasing	Total	Other *(*2)*	Total	Reconciliation *(*3)*	Consolidated
Ordinary income *(*1)*:							
External customers	$ 379,597	$ 45,351	$ 424,948	$ 9,091	$ 434,040	$ -	$ 434,040
Intersegment	2,754	3,057	5,811	5,250	11,061	(11,061)	-
Total ordinary income	382,351	48,408	430,769	14,341	445,110	(11,061)	434,040
Segment profit *(*4)*	69,587	2,121	71,708	2,201	73,919	(1,622)	72,296
Segment assets	26,635,885	160,656	26,796,541	51,537	26,848,088	(78,162)	26,769,917
Segment liabilities	24,702,843	115,250	24,818,094	9,581	24,827,685	(78,179)	24,749,496
Other material items:							
Depreciation	$ 11,444	$ 1,140	$ 12,585	$ 383	$ 12,977	$ -	$ 12,977
Interest and dividend income	291,353	98	291,460	481	291,942	(1,907)	290,025
Interest expense	14,751	508	15,259	35	15,295	(766)	14,528
Provision of allowance for possible loan losses	686	392	1,078	44	1,123	(0)	1,123
Loss on write-down of securities	543	-	543	-	543	-	543
Increase in tangible fixed assets and intangible fixed assets	16,890	142	17,033	392	17,434	-	17,434

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 ($441,688 thousand) in the accompanying consolidated statement of income is derived from ordinary income of ¥48,695 million ($434,040 thousand) through the addition of certain special income of ¥857 million ($7,638 thousand).*

*(*2) The "Other" business segment in the table above represents operating segments not included in the reportable 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 ($364,488 thousand) less certain special expenses of ¥307 million ($2,736 thousand) included in "Other expenses" in the accompanying consolidated statements of income. Therefore, consolidated segment profit, which shows ordinary profit of ¥8,111 million ($72,296 thousand), is reconciled to "Profit before income taxes" of ¥8,660 million ($77,190 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, 2017	¥ 18,209	¥ 18,214	¥ 5,898	¥ 7,708	¥ 50,031
For the year ended March 31, 2016	19,803	16,349	5,088	7,454	48,695

	Thousands of U.S. dollars				
	Service				
	Loans	Security investments	Leasing	Other	Total
Ordinary income from external customers:					
For the year ended March 31, 2017	$ 162,305	$ 162,349	$ 52,571	$ 68,704	$ 445,948
For the year ended March 31, 2016	176,513	145,726	45,351	66,440	434,040

ii) Information by geographical area for the years ended March 31, 2017 and 2016 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, 2017 and 2016 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, 2017	¥ 51	¥ -	¥ 51	¥ -	¥ 51
For the year ended March 31, 2016	229	-	229	0	230

	Thousands of U.S. dollars				
	Reportable segment				
	Banking	Leasing	Total	Other	Total
Impairment loss:					
For the year ended March 31, 2017	$ 454	$ -	$ 454	$ -	$ 454
For the year ended March 31, 2016	2,041	-	2,041	0	2,050

20. Transactions with Related Parties

Significant transactions with parties related to the Group for the years ended March 31, 2017 and 2016 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, 2017:							
Chieko Hayashi	Real estate leasing business	Loan	(Average balance during period) ¥ 19 (Interest income) ¥ 0	$ 169 $ 0	Loans and bills discounted	¥ 19	$ 169
For the year ended March 31, 2016:							
Chieko Hayashi	Real estate leasing business	Loan	(Average balance during period) ¥ 19 (Interest income) ¥ 0	$ 169 $ 0	Loans and bills discounted	¥ 19	$ 169

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, 2017:

No applicable transactions occurred during the year ended March 31, 2017.

For the year ended March 31, 2016:

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
Retirement benefit trusts	Corporate pension plan	Partial refund of pension assets	¥5,245	$ 46,751	-	-	-

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, 2017 and 2016 were as follows:

	Millions of yen		Thousands of U.S. dollars	
	2017	2016	2017	2016
Net unrealized gains on available-for-sale securities:				
Decrease during the year	¥ (4,728)	¥ (15,078)	$ (42,142)	$ (134,397)
Reclassification adjustments	(3,670)	(2,263)	(32,712)	(20,171)
Pre-tax amount	(8,399)	(17,342)	(74,864)	(154,577)
Tax effect amount	2,741	6,674	24,431	59,488
Net unrealized gains on available-for-sale securities, net of tax	(5,658)	(10,667)	(50,432)	(95,079)
Land revaluation increment:				
Increase (decrease) during the year	-	-	-	-
Reclassification adjustments	-	-	-	-
Pre-tax amount	-	-	-	-
Tax effect amount	-	241	-	2,148
Land revaluation increment, net of tax	-	241	-	2,148
Retirement benefit adjustment:				
Decrease during the year	(70)	(4,333)	(623)	(38,621)
Reclassification adjustments	174	(1,033)	1,550	(9,207)
Pre-tax amount	103	(5,367)	918	(47,838)
Tax effect amount	(31)	1,677	(276)	14,947
Retirement benefit adjustment, net of tax	71	(3,689)	632	(32,881)
Total other comprehensive income	¥ (5,586)	¥ (14,116)	$ (49,790)	$ (125,822)