ANNUAL REPORT 2017

THE OITA BANK, LTD.

OITA BANK PROFILE

The Oita Bank, Ltd., was founded in 1893 in Oita Prefecture, Kyushu, in the southwest of the Japanese archipelago. For more than a century, the Bank has provided outstanding financial services to individual and corporate clients, contributing significantly to the economic growth and prosperity of Oita Prefecture and the greater Kyushu region.

In Oita Prefecture, there was a steady stream of capital investment from some of the world's most prominent enterprises in the high-tech and automotive industries, which has had a major impact on the economy of the prefecture. At the same time, the prefecture continues to reinforce infrastructure to support its development as a hub of international business.

As the leading bank native to Oita Prefecture, the Oita Bank strives to strengthen its management structure and enhance financial services, thereby contributing to the region's prosperity.

CONTENTS

Consolidated Financial Highlights 1
Corporate Data 1
A Message from the Management 2
Consolidated Financial Statements 3
Independent Auditors' Report 22
Summary of Nonconsolidated Financial Statements 23


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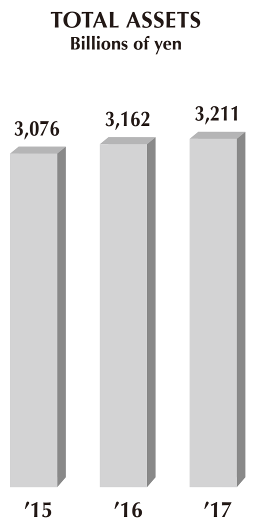
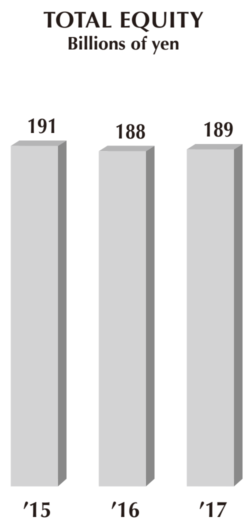
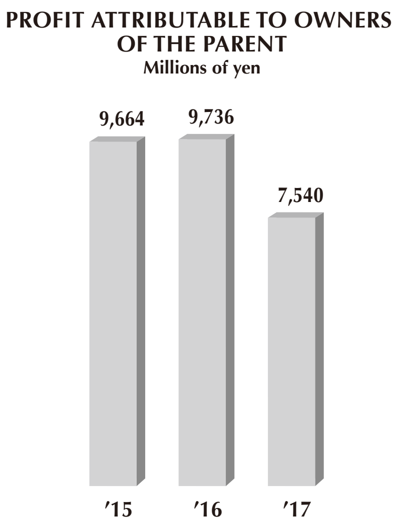
CONSOLIDATED FINANCIAL HIGHLIGHTS

THE OITA BANK, LTD. and Subsidiaries
Years Ended March 31, 2017, 2016 and 2015

	Millions of Yen		
	2017	2016	2015
Deposits	**¥2,831,734**	¥2,744,483	¥2,678,965
Loans and bills discounted	**1,732,482**	1,788,221	1,779,883
Investment securities	**1,122,147**	1,102,051	1,099,579
Common stock	**19,598**	19,598	19,598
Total equity	**189,413**	188,148	191,601
Total assets	**3,211,036**	3,162,073	3,076,987
Profit attributable to owners of the parent	**7,540**	9,736	9,664
Number of branches (Nonconsolidated)	**95**	97	98
Number of employees (Nonconsolidated)	**1,665**	1,668	1,708







Note: All graph figures are for the years ended March 31.

Best Quality

Oita Bank sincerely appreciates the continued patronage of all our stakeholders.

Since its founding in 1893, the Oita Bank has continued to operate as a regional financial institution built on solid foundations. We extend our warmest thanks to all our stakeholders for your support over the years.

To take over and develop community-based strategies implemented up to now, in order to properly respond to customers true needs and provide satisfaction, the Bank will unite to engage in various measures focused on Creating Shared Value (CSV) as a fundamental policy under "Best Quality," the basic theme of Medium-Term Management Plan 2016. In these ways, we will create value that customers consider meaningful.

With Oita Prefecture being its base of operations, the Bank is undertaking full-fledged efforts to invigorate the region. Oita Bank believes that helping to revitalizing the local economy is its obligation as a regional bank. The Bank will continue to grow along with regional communities by creating shared value through proactive engagement in the resolution of numerous issues facing regional communities.

FY2016 Consolidated Operating Performance

Deposits

As of March 31, 2017, total deposits, including negotiable certificates of deposit, amounted to ¥2,831.7 billion, up ¥87.2 billion from a year earlier, owing to an increase in individual deposits.

Loans

Total loans outstanding amounted to ¥1,732.4 billion on March 31, 2017, down ¥55.7 billion from one year earlier, owing to a decreased volume of loans to businesses in and outside the prefecture.

Marketable Securities

As a result of increases in local government bonds and investment trusts, etc., owing to portfolio rebalancing, marketable securities on March 31, 2017 totaled ¥1,122.1 billion, ¥20.0 billion higher than the previous fiscal year-end.

Foreign Exchange

Foreign exchange transactions, including international trade transactions, overseas remittances and foreign currency deposits, totaled US$1,843 million, US$167 million lower than the previous fiscal year-end.

Earnings

Ordinary profit was down ¥1,112 million year on year, to ¥58,980 million. This was due to a fall in interest income due to lower interest on loans and discounts, as well as to a reduction in gains on the sale of shares, which reduced other income. Nevertheless, other operating income increased, due to higher gains on the sales of bonds. Ordinary income fell ¥4,414 million year on year, to ¥10,159 million. Profit attributable to owners of the parent fell ¥2,196 million, to ¥7,540 million.

Dividend Policy

In due consideration of its responsibility to the public as a financial institution, the Bank's fundamental dividend policy is stable and continuous profit distribution. To this end, we are striving to strengthen its financial structure by reinforcing the long-term stability of its management base, improving management efficiency and building sufficient reserves.

In FY2016, the Bank's annual dividend was ¥7.00 per share (including an interim dividend per share of ¥3.50).

Capital Adequacy Ratio

As of March 31, 2017, the Bank's capital adequacy ratio was 10.34% on a non-consolidated basis and 10.99% on a consolidated basis, both of which easily exceed the domestic standard of 4%.

For customers to be able do transactions with us with peace of mind, we will strive to further increase our capital adequacy and strengthen our management structure.

Credit Rating

On September 29, 2000, the Bank attained an "A+" long-term preferred debt rating from Japan Credit Rating Agency, Ltd. (JCR), and the Bank has maintained that rating to the present.

Given that "A+" is the highest of the three kinds of "A," the JCR rating attests to the stability and soundness of the Oita Bank.

Conclusion

Oita Bank recognizes its responsibilities as a regional bank with Oita Prefecture as its base of operations. Accordingly, we work proactively to contribute to regional communities through our banking operations.

We ask our stakeholders for their understanding and support of the Bank's endeavors.

August 2017

Shoji Himeno
Chairman

S. Himeno

Tomiichiro Goto
President

T. Goto

Consolidated Balance Sheet

THE OITA BANK, LTD. and Consolidated Subsidiaries
March 31, 2017

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
ASSETS:			
Cash and due from banks (Notes 19 and 20)	¥ 220,844	¥ 180,909	$ 1,968,482
Call loans (Note 20)	10,097		89,999
Commercial paper and other debt purchased	7,855	7,481	70,015
Trading account securities (Note 3)	33	26	294
Money held in trust (Note 4)	7,864	4,572	70,095
Investment securities (Notes 3, 9 and 20)	1,122,147	1,102,051	10,002,201
Loans and bills discounted (Notes 5, 10 and 20)	1,732,482	1,788,221	15,442,392
Foreign exchange assets	4,093	3,389	36,482
Lease receivables and leased investment assets (Note 9)	17,006	17,245	151,582
Other assets (Notes 9 and 20)	61,132	20,930	544,897
Premises and equipment (Note 6)	33,878	35,822	301,969
Intangible assets (Note 7)	2,740	4,175	24,422
Asset for retirement benefits (Note 14)	9,812	8,492	87,458
Deferred tax assets (Note 17)	1,030	1,078	9,180
Customers' liabilities for acceptances and guarantees (Note 8)	10,555	16,949	94,081
Reserve for possible loan losses (Note 20)	(30,539)	(29,275)	(272,207)
TOTAL	¥3,211,036	¥3,162,073	$28,621,410
LIABILITIES:			
Deposits (Notes 9, 11 and 20)	¥2,831,734	¥2,744,484	$25,240,520
Call money (Notes 9 and 20)	33,657		300,000
Payables under repurchase agreements (Note 9)	11,216		99,973
Payables under securities lending transactions (Notes 9 and 20)	37,651	107,972	335,600
Borrowed money (Notes 9, 12 and 20)	28,657	29,801	255,432
Foreign exchange liabilities	24	24	213
Bonds with subscription rights to shares (Note 13)	11,219	11,268	100,000
Other liabilities	40,999	44,104	365,442
Liability for retirement benefits (Note 14)	8,009	8,181	71,387
Reserve for reimbursement of deposits	1,541	1,346	13,735
Deferred tax liabilities (Note 17)	1,654	4,948	14,742
Deferred tax liabilities for land revaluation excess	4,701	4,843	41,902
Acceptances and guarantees (Note 8)	10,555	16,949	94,081
Total liabilities	3,021,623	2,973,924	26,933,086
EQUITY (Notes 15 and 25):			
Common stock- authorized, 300,000,000 shares; issued, 162,436,342 shares in 2017 and 2016	19,598	19,598	174,685
Capital surplus	13,799	13,809	122,996
Stock acquisition rights (Note 16)	163	130	1,452
Retained earnings	127,197	120,463	1,133,764
Treasury stock- at cost, 5,177,172 shares in 2017 and 5,233,034 shares in 2016	(2,349)	(2,375)	(20,937)
Accumulated other comprehensive income:			
Unrealized gain on available-for-sale securities (Note 3)	25,081	32,279	223,558
Deferred loss on derivatives under hedge accounting	(918)	(1,161)	(8,182)
Land revaluation excess	9,035	9,329	80,533
Defined retirement benefit plans (Note 14)	(2,248)	(3,975)	(20,037)
Total	189,360	188,098	1,687,850
Noncontrolling interests	53	50	472
Total equity	189,413	188,148	1,688,323
TOTAL	¥3,211,036	¥3,162,073	$28,621,410

See notes to consolidated financial statements.

Consolidated Statement of Income

THE OITA BANK, LTD. and Consolidated Subsidiaries
Year Ended March 31, 2017

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
INCOME:			
Interest on:			
Loans and discounts	¥23,698	¥24,390	$211,230
Securities	12,711	12,590	113,298
Other	130	121	1,158
Total interest income	36,539	37,102	325,688
Fees and commissions	8,669	8,795	77,270
Other operating income	10,488	9,289	93,484
Gains on sales of stocks and other securities	1,619	3,875	14,430
Other income	1,706	1,042	15,206
Total income	59,023	60,105	526,098
EXPENSES:			
Interest on:			
Deposits	868	1,169	7,736
Borrowings and rediscounts	467	81	4,162
Other	278	591	2,477
Total interest expenses	1,614	1,842	14,386
Fees and commissions	1,628	1,572	14,511
Other operating expenses	11,235	8,447	100,142
General and administrative expenses	31,915	31,892	284,472
Provision for possible loan losses	1,412	577	12,585
Other expenses	1,288	1,477	11,480
Total expenses	49,094	45,810	437,596
INCOME BEFORE INCOME TAXES	9,928	14,294	88,492
INCOME TAXES (Note 17):			
Current	3,049	4,969	27,177
Deferred	(664)	(720)	(5,918)
Total income taxes	2,384	4,248	21,249
NET INCOME	7,543	10,045	67,234
NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS	2	309	17
NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT	¥ 7,540	¥ 9,736	$ 67,207

	Yen		U.S. Dollars
	2017	2016	2017
PER SHARE OF COMMON STOCK (Notes 2 and 24):			
Basic net income	¥ 47.95	¥ 62.84	$ 0.42
Diluted net income	41.49	54.31	0.36
Cash dividends applicable to the year	7.00	7.00	0.06

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

THE OITA BANK, LTD. and Consolidated Subsidiaries
Year Ended March 31, 2017

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
NET INCOME	¥ 7,543	¥ 10,045	$ 67,234
OTHER COMPREHENSIVE LOSS (Note 18):			
Unrealized loss on available-for-sale securities	(7,197)	(8,069)	(64,150)
Deferred gain (loss) on derivatives under hedge accounting	243	(3)	2,165
Land revaluation excess		253	
Defined retirement benefit plans	1,727	(3,741)	15,393
Total other comprehensive loss	(5,227)	(11,560)	(46,590)
COMPREHENSIVE INCOME (LOSS)	¥ 2,316	¥ (1,514)	$ 20,643
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:			
Owners of the parent	¥ 2,313	¥ (1,815)	$ 20,616
Noncontrolling interests	3	301	26

See notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

THE OITA BANK, LTD. and Consolidated Subsidiaries
Year Ended March 31, 2017

	Thousands	Millions of Yen											
							Accumulated Other Comprehensive Income						
	Outstanding Number of Shares of Common Stock	Common Stock	Capital Surplus	Stock Acquisition Rights	Retained Earnings	Treasury Stock	Unrealized Gain on Available-for-Sale Securities	Deferred Loss on Derivatives under Hedge Accounting	Land Revaluation Excess	Defined Retirement Benefit Plans	Total	Non-controlling Interests	Total Equity
BALANCE, APRIL 1, 2015	154,449	¥19,598	¥10,745	¥123	¥111,806	¥(3,552)	¥40,340	¥(1,157)	¥9,158	¥ (234)	¥186,827	¥ 4,773	¥191,601
Net income attributable to owners of the parent					9,736						9,736		9,736
Cash dividends, ¥7.00 per share					(1,162)						(1,162)		(1,162)
Purchase of treasury stock	(16)					(7)					(7)		(7)
Disposal of treasury stock	2,770		40			1,184					1,225		1,225
Transfer from land revaluation excess					82						82		82
Change in the parent's ownership interest due to transactions with noncontrolling interests			3,023								3,023		3,023
Net change in the year				7			(8,061)	(3)	170	(3,741)	(11,627)	¥(4,723)	(16,350)
BALANCE, MARCH 31, 2016	157,203	19,598	13,809	130	120,463	(2,375)	32,279	(1,161)	9,329	(3,975)	188,098	50	188,148
Net income attributable to owners of the parent					7,540						7,540		7,540
Cash dividends, ¥7.00 per share					(1,100)						(1,100)		(1,100)
Purchase of treasury stock	(12)					(4)					(4)		(4)
Disposal of treasury stock	67		(9)			30					21		21
Transfer from land revaluation excess					293						293		293
Net change in the year				32			(7,198)	243	(293)	1,727	(5,488)	3	(5,485)
BALANCE, MARCH 31, 2017	157,259	¥19,598	¥13,799	¥163	¥127,197	¥(2,349)	¥25,081	¥ (918)	¥9,035	¥(2,248)	¥189,360	¥ 53	¥189,413

	Thousands of U.S. Dollars (Note 1)											
						Accumulated Other Comprehensive Income						
	Common Stock	Capital Surplus	Stock Acquisition Rights	Retained Earnings	Treasury Stock	Unrealized Gain on Available-for-Sale Securities	Deferred Loss on Derivatives under Hedge Accounting	Land Revaluation Excess	Defined Retirement Benefit Plans	Total	Non-controlling Interests	Total Equity
BALANCE, MARCH 31, 2016	$174,685	$123,085	$1,158	$1,073,740	$(21,169)	$287,717	$(10,348)	$83,153	$(35,430)	$1,676,602	$445	$1,677,047
Net income attributable to owners of the parent				67,207						67,207		67,207
Cash dividends, $0.06 per share				(9,804)						(9,804)		(9,804)
Purchase of treasury stock					(35)					(35)		(35)
Disposal of treasury stock		(80)			267					187		187
Transfer from land revaluation excess				2,611						2,611		2,611
Net change in the year			285			(64,159)	2,165	(2,611)	15,393	(48,917)	26	(48,890)
BALANCE, MARCH 31, 2017	$174,685	$122,996	$1,452	$1,133,764	$(20,937)	$223,558	$ (8,182)	$80,533	$(20,037)	$1,687,850	$472	$1,688,323

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

THE OITA BANK, LTD. and Consolidated Subsidiaries
Year Ended March 31, 2017

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
OPERATING ACTIVITIES:			
Income before income taxes	¥ 9,928	¥ 14,294	$ 88,492
Adjustments for:			
Income taxes-refunded	12	363	106
Income taxes-paid	(6,624)	(2,286)	(59,042)
Depreciation and amortization	3,774	4,031	33,639
Impairment losses	228	199	2,032
Increase (decrease) in reserve for possible loan losses	1,264	(914)	11,266
Decrease in liability for retirement benefits	(57)	(3,236)	(508)
(Increase) decrease in asset for retirement benefits	1,048	(270)	9,341
Increase (decrease) in reserve for reimbursement of deposits	195	(3)	1,738
Interest income-accrued basis	(36,539)	(37,102)	(325,688)
Interest expenses-accrued basis	1,614	1,842	14,386
Net gain on investment securities	(583)	(3,313)	(5,196)
Net (gain) loss on money held in trust	18	(38)	160
Foreign exchange gains	(21)	(708)	(187)
Net loss on disposal of fixed assets	2	79	17
Net increase in trading account securities	(7)	(9)	(62)
Net (increase) decrease in loans and bills discounted	55,739	(8,338)	496,826
Net increase in deposits	87,250	65,518	777,698
Net decrease in borrowed money	(1,143)	(726)	(10,188)
Net (increase) decrease in due from banks (excluding due from the Bank of Japan)	(191)	841	(1,702)
Net (increase) decrease in call loans	(10,470)	357	(93,323)
Net increase (decrease) in call money	33,657	(38,411)	300,000
Net increase (decrease) in payables under securities lending transactions	(70,321)	76,036	(626,802)
Net (increase) decrease in foreign exchange assets	(703)	796	(6,266)
Net increase in foreign exchange liabilities	0	6	0
Net (increase) decrease in lease receivables and leased investment assets	239	(312)	2,130
Interest income-cash basis	36,621	37,175	326,419
Interest expenses-cash basis	(1,717)	(1,999)	(15,304)
Other-net	(27,370)	(8,645)	(243,961)
Total adjustments	65,912	80,930	587,503
Net cash provided by operating activities	75,841	95,225	676,004
INVESTING ACTIVITIES:			
Purchases of investment securities	(380,256)	(246,085)	(3,389,392)
Proceeds from sales of investment securities	143,274	66,271	1,277,065
Proceeds from maturities of investment securities	205,687	169,464	1,833,380
Payments for increase in money held in trust	(3,318)		(29,574)
Purchases of premises and equipment	(687)	(1,905)	(6,123)
Purchases of intangible assets	(379)	(510)	(3,378)
Proceeds from sales of premises and equipment	758	508	6,756
Net cash used in investing activities	(34,922)	(12,257)	(311,275)
FINANCING ACTIVITIES:			
Dividends paid	(1,122)	(1,163)	(10,000)
Dividends paid by consolidated subsidiaries to noncontrolling shareholders		(5)	
Repayment of lease obligations	(43)	(44)	(383)
Purchases of treasury stock	(4)	(7)	(35)
Proceeds from sales of treasury stock	21	211	187
Purchases of ownership interests in subsidiaries without a change in consolidation scope		(951)	
Net cash used in financing activities	(1,148)	(1,961)	(10,232)
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	(27)	(40)	(240)
NET INCREASE IN CASH AND CASH EQUIVALENTS	39,742	80,966	354,238
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	180,413	99,446	1,608,102
CASH AND CASH EQUIVALENTS, END OF YEAR (Note 19)	¥ 220,155	¥ 180,413	$ 1,962,340

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

THE OITA BANK, LTD. and Consolidated Subsidiaries
Year Ended March 31, 2017

1 BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of THE OITA BANK, LTD. (the "Bank") and its eight consolidated subsidiaries have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act, its related accounting regulations and the Enforcement Regulation for the Banking Law of Japan (the "Banking Law"), and in accordance with accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

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

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Bank is incorporated and operates. Amounts of less than one million yen have been omitted in the accompanying consolidated financial statements as permitted by the Japanese Financial Instruments and Exchange Act. Consequently, the totals shown in the accompanying consolidated financial statements do not necessarily agree with the sums of the individual amounts.

The translation of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥112.19 to $1, the approximate rate of exchange at March 31, 2017. Such translation should not be construed as representation that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. ***Consolidation*** - The consolidated financial statements include the accounts of the Bank and its eight significant subsidiaries (together, "the Companies"). The fiscal periods of all consolidated subsidiaries end on March 31.

Under the control and influence concepts, those companies in which the Bank, directly or indirectly, is able to exercise control over operations are fully consolidated.

Investments in the remaining unconsolidated subsidiaries are stated at cost. If the equity method of accounting had been applied to the investments in these companies, the effect on the accompanying consolidated financial statements would not be material.

On April 1, 2016, Daigin Accounting Services, Ltd. and Daigin Staff Services, Ltd. merged, with Daigin Staff Services, Ltd. as the surviving company, and Daigin Office Services, Ltd. as the trade name of the new company. Consequently, the number of consolidated subsidiaries decreased from nine to eight as of March 31, 2017.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Companies is also eliminated.

b. ***Business Combinations*** - Business combinations are accounted for using the purchase method. Acquisition-related costs, such as advisory fees or professional fees, are accounted for as expenses in the periods in which the costs are incurred. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, an acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, which shall not exceed one year from the acquisition, the acquirer shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and that would have affected the measurement of the amounts recognized as of that date. Such adjustments shall be recognized as if the accounting for the business combination had been completed at the acquisition date. The acquirer recognizes any bargain purchase gain in profit or loss immediately on the acquisition date after reassessing and confirming that all of the assets acquired and all of the liabilities assumed have been identified after a review of the procedures used in the purchase price allocation. A parent's ownership interest in a subsidiary might change if the parent purchases or sells ownership interests in its subsidiary. The carrying amount of noncontrolling interest is adjusted to reflect the change in the parent's ownership interest in its subsidiary while the parent retains its controlling interest in its subsidiary. Any difference between the fair value of the consideration received or paid and the amount by which the noncontrolling interest is adjusted is accounted for as capital surplus as long as the parent retains control over its subsidiary.

c. ***Cash and Cash Equivalents*** - For the purpose of reporting cash flows, cash and cash equivalents represent cash and amounts due from the Bank of Japan.

d. ***Trading Account Securities*** - Trading account securities, which are held for the purpose of earning capital gains in the near term, are reported at fair value and the related unrealized gains and losses are included in earnings. The cost of trading account securities sold is determined by the moving-average method.

e. ***Investment Securities and Money Held in Trust*** - All applicable securities are classified and accounted for, depending on management's intent, as follows: (i) held-to-maturity debt securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity are reported at amortized cost, and (ii) available-for-sale securities, which are not classified as either of trading account securities or held-to-maturity debt securities, are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity. The cost of available-for-sale securities sold is determined based on the moving-average method.

Nonmarketable available-for-sale securities are stated at cost or amortized cost determined by the moving-average method.

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

Securities managed through money held in trust accounts are reported at fair value and the related unrealized gains and losses are included in earnings.

f. ***Premises and Equipment*** - Premises and equipment are stated at cost less accumulated depreciation. Depreciation of premises and equipment is principally computed using the declining-balance method over the estimated useful lives of the assets and depreciation of leased premises and equipment is provided on the straight-line method over the lease periods.

Pursuant to an amendment to the Corporate Tax Act, consolidated subsidiaries adopted Accounting Standards Board of Japan ("ASBJ") Practical Issues Task Force No. 32 "Practical Solution on a change in depreciation method due to Tax Reform 2016" and changed the depreciation method for building improvements and structures acquired on or after April 1, 2016, from the declining-balance method to the straight-line method. As a result, the effect on consolidated financial statements for the year ended March 31, 2017, is immaterial.

g. ***Software*** - Cost of computer software obtained for internal use is amortized using the straight-line method over the estimated useful lives of five years.

h. ***Long-Lived Assets*** - The Companies review their long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss is recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

i. ***Land Revaluation*** - Under the "Law of Land Revaluation," the Bank elected a one-time revaluation of its own-use land to a value based on real estate appraisal information as of March 31, 1998.

The resulting land revaluation excess represents unrealized appreciation of land and is stated, net of income taxes, as a component of equity. There was no effect on the statement of income. Continuous readjustment is not permitted unless the land value subsequently declines significantly such that the amount of the decline in value should be removed from the land revaluation excess account and related deferred tax liabilities.

As March 31, 2017 and 2016, the carrying amount of the land after the above one-time revaluation exceeded the market value by ¥11,526 million ($102,736 thousand) and ¥12,073 million, respectively.

j. ***Foreign Currency Items*** - All assets and liabilities denominated in foreign currencies are translated into Japanese yen at the current exchange rates at each balance sheet date.

k. ***Reserve for Possible Loan Losses*** - The Bank determines the amount of the reserve for possible loan losses by means of management's judgment and assessment of future losses based on the self-assessment system. This system reflects past experience of credit losses, possible credit losses, business and economic conditions, the character, quality and performance of the portfolio, and other pertinent indicators.

The Bank implemented the self-assessment system for its asset quality. The quality of all loans are assessed by branches and the credit supervisory division with a subsequent audit by the Bank's asset review and inspection division in accordance with the Bank's policy and rules for self-assessment of asset quality.

The Bank has established a credit rating system under which its customers are classified into five categories. The credit rating system is used for self-assessment of asset quality. All loans are classified into five categories for self-assessment purposes such as "normal," "caution," "possible bankruptcy," "virtual bankruptcy" and "legal bankruptcy."

Reserve for possible loan losses is calculated based on the actual past loss ratio for normal and caution categories, and the fair value of the collateral for collateral-dependent loans and other factors of solvency including value of future cash flows for other self-assessment categories. For loans such as possible bankruptcy, the reserve for possible loan losses is provided for in an amount deemed necessary to cover possible losses on loans considering the customer's solvency and other factors, after the estimated fair value of the collateral real estate or guaranteed amount has been deducted. For loans such as virtual bankruptcy or legal bankruptcy, the reserve for possible loan losses is provided based upon the loan amount, after the estimated fair value of the collateral real estate or guaranteed amount has been deducted.

In addition, for loans which were mainly classified into possible bankruptcy and restructured loans as defined in Note 5 below, if the exposure to an obligor exceeds a certain specific amount and if future cash flows of the principal and interest can be reasonably estimated, the discounted cash flow method is used to calculate the reserve for possible loan losses, under which method the reserve is determined as the difference between the book value of the loan and the present value of future cash flows discounted using the contractual interest rate before the loan was classified as one of the above loans.

The consolidated subsidiaries determine the amount of the reserve for possible loan losses by a comparable self-assessment system as the Bank.

l. ***Retirement and Pension Plans*** - The Bank has contributory funded defined benefit pension plans and unfunded retirement benefit plans for employees. Consolidated subsidiaries have unfunded retirement benefit plans.

The Company accounts for the liability for retirement benefits based on the projected benefit obligations and plan assets at the balance sheet date. The projected benefit obligations are attributed to periods on a benefit formula basis. Actuarial gains and losses and past service costs that are yet to be recognized in profit or loss are recognized within equity (accumulated other comprehensive income), after adjusting for tax effects and are recognized in profit or loss over 10 years no longer than the expected average remaining service period of the employees. The discount rate is determined using a single weighted-average discount rate reflecting the estimated timing and amount of benefit payment.

Retirement allowances for directors and Audit & Supervisory Board members of consolidated subsidiaries are recorded as a liability at the amount that would be required if all directors and Audit & Supervisory Board members retired at the balance sheet date.

m. ***Stock Options*** - The accounting standard for stock options requires companies to measure the cost of employee stock options based on the fair value at the date of grant and recognize compensation expense over the vesting period as consideration for receiving goods or services. The standard also requires companies to account for stock options granted to non-employees based on the fair value of either the stock options or the goods or services received. In the balance sheet, stock options are presented as a stock acquisition rights as a separate component of equity 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 they cannot reliably estimate fair value.

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

The Bank and its consolidated subsidiaries applied ASBJ Guidance No. 26, "Guidance on Recoverability of Deferred Tax Assets," effective April 1, 2016. There was no impact from this for the year ended March 31, 2017.

o. ***Reserve for Reimbursement of Deposits*** - Reserve for reimbursement of deposits is provided for the deposits derecognized from the liabilities at the estimated amount of future claims for withdrawal.

p. ***Leases*** - As Lessor, lease revenue is recognized at the date of each lease payment according to the lease contracts. As Lessee, all finance lease transactions are capitalized to recognize lease assets and lease obligations in the balance sheet.

q. ***Derivatives and Method of Hedge Accounting*** - The Bank's policy is to use derivative financial instruments ("derivatives") primarily for the purpose of reducing market risks associated with its assets and liabilities. The Bank also utilizes derivatives as a part of its trading activities. Consolidated subsidiaries do not utilize any derivatives.

The Bank enters into interest rate swaps as a means of hedging its interest rate risk on certain loans and investment securities. The Bank also enters into foreign exchange forward contracts and currency swaps, futures and options to hedge exchange risk associated with its assets and liabilities denominated in foreign currencies.

The Bank applies deferred hedge accounting, which is stipulated in the "Treatment of Accounting and Auditing of Application of Accounting Standard for Financial Instruments in the Banking Industry" (the Japanese Institute of Certified Public Accountants (the "JICPA") Industry Audit Committee, Report No. 24), to the interest risk caused by its financial assets and liabilities.

In evaluating the effectiveness of a hedge, the hedged item, such as loans and deposits, and the hedge instruments, such as interest rate swaps, are specified and evaluated regarding the hedging approach. Effectiveness of the hedging approach is evaluated by verifying the correlation of the interest fluctuation factor of the hedged item and the hedge instruments.

r. ***Per Share Information*** - The weighted-average number of shares of common stock used in the computation of basic net income per share during the year excludes treasury stock held by the Bank in its own name, as well as shares of treasury stock owned by the "Employee Stock Ownership Plan Trust" (285 thousand shares for the year ended March 31, 2016). The average number of common shares used in the computation was 157,249 thousand shares and 154,921 thousand shares for the years ended March 31, 2017 and 2016, respectively.

Diluted net income per share reflects the potential dilution that could occur if the outstanding stock options and convertible bonds were exercised. Diluted net income per share assumes full exercise of the outstanding stock options and convertible bonds at the beginning of the year (or at the time of grant).

Cash dividends per share presented in the accompanying consolidated statement of income are dividends applicable to the respective year including dividends to be paid after the end of the year.

3 TRADING ACCOUNT SECURITIES AND INVESTMENT SECURITIES

Trading account securities at March 31, 2017 and 2016, consisted of Japanese government bonds and local government bonds.

Investment securities at March 31, 2017 and 2016, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Japanese government bonds	¥ 249,264	¥ 269,218	$ 2,221,802
Local government bonds	136,586	105,095	1,217,452
Debentures	300,240	320,576	2,676,174
Equity securities	62,333	54,651	555,602
Other securities	373,722	352,509	3,331,152
Total	¥1,122,147	¥1,102,051	$10,002,201

The costs and aggregate fair value of securities at March 31, 2017 and 2016, were as shown in the table below. Securities below include trading account securities and investment securities.

	Millions of Yen			
March 31, 2017	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Trading:				¥ 33
Available-for-sale:				
Equity securities	¥ 38,017	¥22,122	¥ 144	59,996
Debt securities	674,451	12,118	677	685,891
Other	366,424	7,667	5,822	368,269
Held-to-maturity:				
Debt securities	198	4		203

	Millions of Yen			
March 31, 2016	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Trading:				¥ 26
Available-for-sale:				
Equity securities	¥ 36,065	¥16,806	¥ 458	52,414
Debt securities	676,833	17,901	44	694,691
Other	335,341	14,662	2,822	347,180
Held-to-maturity:				
Debt securities	198	6		205

	Thousands of U.S. Dollars			
March 31, 2017	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Trading:				$ 294
Available-for-sale:				
Equity securities	$ 338,862	$197,183	$ 1,283	534,771
Debt securities	6,011,685	108,013	6,034	6,113,655
Other	3,266,102	68,339	51,894	3,282,547
Held-to-maturity:				
Debt securities	1,764	35		1,809

Securities lending based on noncollateralized contracts were included in investment securities and amounted to ¥15,013 million ($133,817 thousand) as of March 31, 2017.

The information related to available-for-sale securities which were sold during the years ended March 31, 2017 and 2016, was as follows:

	Millions of Yen		
March 31, 2017	Proceeds	Realized Gains	Realized Losses
Available-for-sale:			
Equity securities	¥ 7,549	¥1,509	¥ 76
Debt securities	65,501	748	150
Other	70,214	898	1,997
Total	¥143,264	¥3,155	¥2,224

	Millions of Yen		
March 31, 2016	Proceeds	Realized Gains	Realized Losses
Available-for-sale:			
Equity securities	¥14,369	¥3,761	¥469
Debt securities	22,544	254	0
Other	15,537	491	426
Total	¥52,452	¥4,506	¥896

	Thousands of U.S. Dollars		
March 31, 2017	Proceeds	Realized Gains	Realized Losses
Available-for-sale:			
Equity securities	$ 67,287	$13,450	$ 677
Debt securities	583,839	6,667	1,337
Other	625,849	8,004	17,800
Total	$1,276,976	$28,121	$19,823

No impairment losses on available-for-sale securities for the years ended March 31, 2017 and 2016 were recognized.

Net unrealized gain on available-for-sale securities for the years ended March 31, 2017 and 2016, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Valuation differences:			
Available-for-sale securities	¥ 35,264	¥ 46,045	$314,323
Deferred tax liabilities	(10,157)	(13,740)	(90,533)
Noncontrolling interests	(25)	(24)	(222)
Net unrealized gain on available-for sale securities	¥ 25,081	¥ 32,279	$223,558

4 MONEY HELD IN TRUST

The carrying amounts and unrealized gains (losses) of money held in trust, as of March 31, 2017 and 2016, were as follows:

Money held in trust held for trading

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Carrying amounts	¥7,864	¥4,572	$70,095
Unrealized gains (losses) credited to income	185	(427)	1,648

5 LOANS AND BILLS DISCOUNTED

Loans and bills discounted as of March 31, 2017 and 2016, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Bills discounted	¥ 7,154	¥ 7,829	$ 63,766
Loans on notes	69,453	77,246	619,065
Loans on deeds	1,503,087	1,534,465	13,397,691
Overdrafts	152,786	168,680	1,361,850
Total	¥1,732,482	¥1,788,221	$15,442,392

Bills discounted are accounted for as financial transactions in accordance with JICPA Industry Audit Committee Report No. 24. The Bank has rights to sell or pledge these bills discounted. The total of the face value of bills discounted was ¥7,154 million ($63,766 thousand) and ¥7,838 million at March 31, 2017 and 2016, respectively.

Loans and bills discounted as of March 31, 2017 and 2016, included the following loans:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Loans to obligors in bankruptcy	¥ 2,531	¥ 2,615	$ 22,559
Past due loans	52,697	53,288	469,712
Restructured loans	487	1,858	4,340
Total	¥55,716	¥57,763	$496,621

Loans to obligors in bankruptcy represent nonaccrual loans to debtors who are legally bankrupt, which are defined in the Enforcement Ordinance for the Corporation Tax Law.

Past due loans are nonaccrual loans, which include loans classified as "possible bankruptcy" and "virtual bankruptcy."

Nonaccrual loans are defined as loans (after the partial charge-off of claims deemed uncollectible) in which the Companies discontinue the accruing of interest income when substantial doubt is judged to exist as to the ultimate collectability of either principal or interest if they are past due for a certain period or for other reasons.

Accruing loans contractually past due three months or more are loans in which the principal or interest is three months or more past due. The Companies do not have any such loans and bills discounted.

Restructured loans, designed to assist in the recovery of the financial soundness of debtors, are loans on which the Companies granted concessions (e.g., reduction of the stated interest rate, deferral of interest payment, extension of maturity date, reduction of the face amount). Loans classified as nonaccrual loans or accruing loans contractually past due three months or more are excluded.

6 PREMISES AND EQUIPMENT

Premises and equipment as of March 31, 2017 and 2016, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	**2017**
Buildings	**¥ 6,962**	¥ 7,699	**$ 62,055**
Land	**23,778**	24,205	**211,944**
Leased assets	**30**	12	**267**
Construction in progress		3	
Other	**3,107**	3,901	**27,694**
Total	**¥33,878**	¥35,822	**$301,969**

Accumulated depreciation at March 31, 2017 and 2016, amounted to ¥36,592 million ($326,160 thousand) and ¥36,368 million, respectively.

As of March 31, 2017 and 2016, deferred gains for tax purposes of ¥1,880 million ($16,757 thousand) and ¥1,970 million, respectively, on premises and equipment sold and replaced with similar assets have been deducted from the cost of newly-acquired premises and equipment.

The Companies review their long-lived assets for impairment continuously. As of March 31, 2017 and 2016, the Bank recognized impairment losses of ¥228 million ($2,032 thousand) and ¥199 million as other expense for certain idle fixed assets and assets held for sale due to the carrying amounts of the assets exceeded their recoverable amounts and the carrying amounts of the relevant assets were written down to the recoverable amount.

The Companies principally group operating assets by branch office, which is the minimum unit for management accounting, idle fixed assets and assets held for sale are individually assessed for impairment.

The recoverable amount of operating assets, idle fixed assets and assets held for sale are measured at its net selling price determined by quotations from third-party vendors.

7 INTANGIBLE ASSETS

Intangible assets as of March 31, 2017 and 2016, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	**2017**
Software	**¥2,621**	¥4,056	**$23,362**
Other	**119**	119	**1,060**
Total	**¥2,740**	¥4,175	**$24,422**

8 CUSTOMERS' LIABILITIES FOR ACCEPTANCES AND GUARANTEES

All contingent liabilities arising from acceptances and guarantees are reflected in "Acceptances and guarantees." As a contra account, "Customers' liabilities for acceptances and guarantees" are shown on the asset side representing the Bank's right of indemnity from the applicants.

9 ASSETS PLEDGED

Assets pledged as collateral and their relevant liabilities at March 31, 2017 and 2016, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	**2017**
Assets pledged as collateral:			
Investment securities	**¥114,959**	¥173,765	**$1,024,681**
Leased investment assets	**404**	1,088	**3,601**
Other (Collateral paid for financial instruments)	**37,253**		**332,052**
Relevant liabilities to above assets:			
Deposits	**18,589**	17,198	**165,692**
Call money	**33,657**		**300,000**
Payables under repurchase agreements	**11,216**		**99,973**
Payables under securities lending transactions	**37,651**	107,972	**335,600**
Borrowed money	**20,190**	20,765	**179,962**

In addition, investment securities and others totaling ¥35,674 million ($317,978 thousand) and ¥37,504 million were pledged as collateral or security deposits for exchange settlement and futures contracts at March 31, 2017 and 2016, respectively.

Guarantee deposits on office space amounting to ¥406 million ($3,618 thousand) and ¥390 million were included in other assets at March 31, 2017 and 2016, respectively.

10 LOAN COMMITMENTS

Contracts of overdraft facilities and loan commitment limits are contracts where the Companies lend to customers up to the prescribed limits in response to customers' applications for loans as long as there is no violation of any conditions in the contracts. The unused amounts within the limits totaled ¥593,813 million ($5,292,922 thousand) at March 31, 2017, and ¥590,436 million at March 31, 2016, for these contracts. Of the above, the amounts for which the original agreement period was within a year or agreements which the Companies could cancel at any time without penalty totaled ¥578,169 million ($5,153,480 thousand) at March 31, 2017, and ¥576,436 million at March 31, 2016.

Since many of these commitments expire without being drawn upon, the unused amount does not necessarily represent a future cash requirement. Most of these contracts have conditions that the Companies can refuse a customers' application for loans or decrease the contract limits with proper reasons (e.g., changes in financial situation, deterioration in customers' creditworthiness). At the inception of the contracts, the Companies obtain real estate, securities, etc., as collateral if considered necessary. Subsequently, the Companies perform periodic reviews of the customers' business results based on internal rules and take necessary measures to reconsider conditions in contracts and require additional collateral and guarantees, if necessary.

11 DEPOSITS

Deposits at March 31, 2017 and 2016, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	**2017**
Current deposits	**¥ 99,305**	¥ 86,557	**$ 885,150**
Ordinary deposits	**1,603,263**	1,522,468	**14,290,605**
Savings at notice	**26,816**	28,362	**239,023**
Deposits at notice	**4,174**	3,581	**37,204**
Time deposits	**910,584**	914,534	**8,116,445**
Installment savings	**9,917**	9,717	**88,394**
Negotiable certificates of deposit	**143,107**	137,273	**1,275,577**
Other deposits	**34,565**	41,988	**308,093**
Total	**¥2,831,734**	¥2,744,484	**$25,240,520**

12 BORROWED MONEY

Borrowed money as of March 31, 2017 and 2016, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	**2017**
Borrowings from other financial institutions	**¥28,657**	¥29,801	**$255,432**
Total	**¥28,657**	¥29,801	**$255,432**

The weighted average interest rates of borrowings from other financial institutions were 0.12% and 0.22% at March 31, 2017 and 2016, respectively.

Annual maturities of long-term debt as of March 31, 2017, for the next five years and thereafter were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2018	¥22,971	$204,750
2019	2,004	17,862
2020	1,375	12,255
2021	888	7,915
2022	1,150	10,250
2023 and thereafter	269	2,397
Total	¥28,657	$255,432

Please see Note 9 for assets pledged as collateral and their relevant borrowed money.

13 BONDS WITH SUBSCRIPTION RIGHTS TO SHARES

Bonds with subscription rights to shares at March 31, 2017 and 2016, consisted of the following:

	Rate (%)	Millions of Yen		Thousands of U.S. Dollars
		2017	2016	**2017**
Unsecured convertible bonds with subscription rights to shares, payable in U.S. dollars, due December 2019	Non-interest	**¥11,219**	¥11,268	**$100,000**
Total		**¥11,219**	¥11,268	**$100,000**

Annual maturities of bonds with subscription rights to shares at March 31, 2017 were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2018		
2019		
2020	**¥11,219**	**$100,000**
2021		
2022		
Total	**¥11,219**	**$100,000**

Outline of bonds with subscription rights to shares at March 31, 2017 were follows:

	Unsecured convertible bonds with subscription rights to shares, payable in U.S. dollars, due December 2019
Type of stock involved	**Common stock**
Issue price of stock acquisition rights	**Gratis**
Issue price of stock	**$4.158**
Total amount of issue	**U.S. $100,000,000**
Total amount of stock acquisition rights exercised	**—**
Percentage of stock acquisition right granted	**100.0%**
Exercise period of stock acquisition rights	**From January 5, 2015 to December 4, 2019**

Upon exercise of the subscription rights to shares from the bondholders, the bonds related to the subscription rights to shares shall be used to pay, and the value of the bonds to be used for payment shall be equal to the face value.

14 RETIREMENT AND PENSION PLANS

Consolidated subsidiaries have severance payment plans for employees, directors and Audit & Supervisory Board members. The Bank terminated its retirement benefits plan for directors and Audit & Supervisory Board members at the Bank's general shareholders meeting held on June 26, 2012.

Under most circumstances, employees whose service with the Companies is terminated are entitled to retirement and pension benefits determined by reference to base rates of pay at the time of termination, length of service and conditions under which the termination occurs. If the termination is involuntary, caused by retirement at the mandatory retirement age or caused by death, the employee is entitled to greater payment than in the case of voluntary termination.

The liability for retirement benefits for directors and Audit & Supervisory Board members of consolidated subsidiaries is ¥53 million ($472 thousand) and ¥44 million at March 31, 2017 and 2016, respectively.

(1) The changes in defined benefit obligation for the years ended March 31, 2017 and 2016, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	**2017**
Balance at beginning of year (as restated)	**¥33,939**	¥30,159	**$302,513**
Current service cost	**1,085**	920	**9,671**
Interest cost	**202**	449	**1,800**
Actuarial losses	**159**	4,114	**1,417**
Benefits paid	**(1,665)**	(1,704)	**(14,840)**
Balance at end of year	**¥33,721**	¥33,939	**$300,570**

(2) The changes in plan assets for the years ended March 31, 2017 and 2016, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	**2017**
Balance at beginning of year	**¥34,293**	¥32,378	**$305,668**
Expected return on plan assets	**437**	454	**3,895**
Actuarial gains (losses)	**1,525**	(1,308)	**13,593**
Contributions from the employer	**97**	523	**864**
Benefits paid	**(776)**	(752)	**(6,916)**
Contributions to retirement benefit trust		3,000	
Balance at end of year	**¥35,577**	¥34,293	**$317,113**

(3) Reconciliation between the liability recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	**2017**
Funded defined benefit obligation	**¥ 33,488**	¥ 33,728	**$ 298,493**
Plan assets	**(35,577)**	(34,293)	**(317,113)**
Total	**(2,089)**	(565)	**(18,620)**
Unfunded defined benefit obligation	**232**	210	**2,067**
Net liability (asset) arising from defined benefit obligation	**¥ (1,856)**	¥ (354)	**$ (16,543)**

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	**2017**
Liability for retirement benefits	**¥ 7,955**	¥ 8,137	**$ 70,906**
Asset for retirement benefits	**(9,812)**	(8,492)	**(87,458)**
Net liability (asset) arising from defined benefit obligation	**¥(1,856)**	¥ (354)	**$(16,543)**

(4) The components of net periodic benefit costs for the years ended March 31, 2017 and 2016, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	**2017**
Service cost	**¥1,085**	¥ 920	**$ 9,671**
Interest cost	**202**	449	**1,800**
Expected return on plan assets	**(437)**	(454)	**(3,895)**
Amortization of prior service cost		(145)	
Recognized actuarial losses	**1,117**	196	**9,956**
Net periodic benefit costs	**¥1,967**	¥ 965	**$17,532**

(5) Amounts recognized in other comprehensive income (before income tax effect) in respect of defined retirement benefit plans for the years ended March 31, 2017 and 2016

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	**2017**
Prior service cost		¥ (145)	
Actuarial (gains) losses	**¥2,483**	(5,227)	**$22,132**
Total	**¥2,483**	¥(5,372)	**$22,132**

(6) Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of defined retirement benefit plans as of March 31, 2017 and 2016

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	**2017**
Unrecognized actuarial losses	**¥3,233**	¥5,717	**$28,817**
Total	**¥3,233**	¥5,717	**$28,817**

(7) Plan assets

a. Components of plan assets

Plan assets as of March 31, 2017 and 2016, consisted of the following:

	2017	2016
Debt investments	**18%**	26%
Equity investments	**38**	36
Cash and cash equivalents	**1**	4
Others	**43**	34
Total	**100%**	100%

b. Method of determining the expected rate of return on plan assets

The expected rate of return on plan assets is determined considering the long-term rates of return which are expected currently and in the future from the various components of the plan assets.

(8) Assumptions used for the years ended March 31, 2017 and 2016, were set forth as follows:

	2017	2016
Discount rate	**0.6%**	0.6%
Expected rate of return on plan assets	**1.7**	2.0
Expected rate of salary increases	**6.2**	6.2

15 EQUITY

Japanese companies are subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

a. Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders' meeting. For companies that meet certain criteria such as (1) having the Board of Directors, (2) having independent auditors, (3) having the Board of Audit & Supervisory Board members, and (4) the term of service of the directors being prescribed as one year rather than the normal two-year term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. However, the Bank cannot do so because it does not meet all the above criteria.

The Companies Act permits companies to distribute dividends-in-kind (noncash assets) to shareholders subject to a certain limitation and additional requirements.

Semi-annual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act and the Banking Law provides certain limitations on the amounts available for dividends or the purchase of treasury stock.

b. Increases/Decreases and Transfer of Common Stock, Reserve and Surplus

The Banking Law requires that an amount equal to 20% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus), depending on the equity account charged upon the payment of such dividends until the aggregate amount of legal reserve and additional paid-in capital equals 100% of the common stock. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

c. Treasury Stock and Treasury Stock Acquisition Rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by a specific formula. Under the Companies Act, stock acquisition rights are presented as a separate component of equity. The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

16 STOCK OPTIONS

The stock options outstanding as of March 31, 2017, were as follows:

Stock Option	Persons Granted	Number of Options Granted	Date of Grant	Exercise Price	Exercise Period
2012 Stock Option	9 directors (excluding outside directors) of the Bank	179,700 shares	August 6, 2012	¥1 ($0.01)	From August 7, 2012 to August 6, 2042
2013 Stock Option	10 directors (excluding outside directors) of the Bank	144,800 shares	August 19, 2013	¥1 ($0.01)	From August 20, 2013 to August 19, 2043
2014 Stock Option	8 directors (excluding non-permanent directors) and 8 executive officers of the Bank	162,100 shares	August 18, 2014	¥1 ($0.01)	From August 19, 2014 to August 18, 2044
2015 Stock Option	7 directors (excluding non-permanent directors) and 7 executive officers of the Bank	106,700 shares	August 17, 2015	¥1 ($0.01)	From August 18, 2015 to August 17, 2045
2016 Stock Option	7 directors (excluding non-permanent directors) and 7 executive officers of the Bank	183,000 shares	August 22, 2016	¥1 ($0.01)	From August 23, 2016 to August 22, 2046

The stock option activity during the year ended March 31, 2017, was as follows:

Year Ended March 31, 2017	2012 Stock Option	2013 Stock Option	2014 Stock Option	2015 Stock Option	2016 Stock Option
	(Shares)	(Shares)	(Shares)	(Shares)	(Shares)
Non-vested					
March 31, 2016-Outstanding	73,400	80,500	103,400	106,700	
Granted					183,000
Canceled					
Vested	24,100	18,200	14,300	11,000	
March 31, 2017-Outstanding	49,300	62,300	89,100	95,700	183,000
Vested					
March 31, 2016-Outstanding					
Vested	24,100	18,200	14,300	11,000	
Exercised	24,100	18,200	14,300	11,000	
Canceled					
March 31, 2017-Outstanding					
Exercise price	¥1 ($0.01)	¥1 ($0.01)	¥1 ($0.01)	¥1 ($0.01)	¥1 ($0.01)
Average stock price at exercise	¥303	¥303	¥303	¥303	—
Fair value price at grant date	¥215	¥279	¥359	¥521	¥295

The Assumptions Used to Measure the Fair Value of the 2016 Stock Option

Estimate method:	Black-Scholes option pricing model
Volatility of stock price:	31.3%
Estimated remaining outstanding period:	Three years and nine months
Estimated dividend:	¥7 per share
Risk free interest rate:	(0.19%)

17 INCOME TAXES

The Companies are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rates of approximately 30.7% and 32.8% for the years ended March 31, 2017 and 2016, respectively.

The tax effects of significant temporary differences which resulted in 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**
Deferred tax assets:			
Reserve for possible loan losses	**¥ 8,963**	¥ 9,045	**$ 79,891**
Liability for employees' retirement benefits	**2,558**	3,015	**22,800**
Depreciation	**1,838**	1,948	**16,382**
Other	**3,303**	3,985	**29,441**
Less valuation allowance	**(5,635)**	(6,473)	**(50,227)**
Total	**11,027**	11,520	**98,288**
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities	**(10,157)**	(13,740)	**(90,533)**
Unrealized gain on employees' retirement benefit trust	**(1,448)**	(1,599)	**(12,906)**
Other	**(45)**	(50)	**(401)**
Total	**(11,651)**	(15,390)	**(103,850)**
Net deferred tax assets (liability)	**¥ (624)**	¥ (3,870)	**$ (5,561)**

A reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statement of income for the year ended March 31, 2017, with the corresponding figures for 2016 was as follows:

	2017	2016
Normal effective statutory tax rate	**30.7%**	32.8%
Expenses not deductible for income tax purposes	**0.7**	0.5
Income not taxable for income tax purposes	**(0.9)**	(0.7)
Effect of change in tax rate		2.2
Valuation allowance	**(8.4)**	(5.7)
Other-net	**1.9**	0.6
Actual effective tax rate	**24.0%**	29.7%

18 OTHER COMPREHENSIVE LOSS

The components of other comprehensive loss for the years ended March 31, 2017 and 2016, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	**2017**
Unrealized loss on available-for-sale securities:			
Losses arising during the year	**¥(10,181)**	¥ (8,887)	**$(90,747)**
Reclassification adjustments to profit or loss	**(599)**	(3,305)	**(5,339)**
Amount before income tax effect	**(10,780)**	(12,193)	**(96,086)**
Income tax effect	**3,583**	4,124	**31,936**
Total	**¥ (7,197)**	¥ (8,069)	**$(64,150)**
Deferred gain (loss) on derivatives under hedge accounting:			
Gains (losses) arising during the year	**¥ 367**	¥ (348)	**$ 3,271**
Reclassification adjustments to profit or loss	**(19)**	382	**(169)**
Amount before income tax effect	**348**	34	**3,101**
Income tax effect	**(105)**	(38)	**(935)**
Total	**¥ 243**	¥ (3)	**$ 2,165**
Land revaluation excess:			
Reclassification adjustments to profit or loss			
Amount before income tax effect			
Income tax effect		¥ 253	
Total		¥ 253	
Defined retirement benefit plans:			
Adjustments arising during the year	**¥ 1,366**	¥ (5,423)	**$ 12,175**
Reclassification adjustments to profit or loss	**1,117**	50	**9,956**
Amount before income tax effect	**2,483**	(5,372)	**22,132**
Income tax effect	**(756)**	1,630	**(6,738)**
Total	**¥ 1,727**	¥ (3,741)	**$ 15,393**
Total other comprehensive loss	**¥ (5,227)**	¥(11,560)	**$(46,590)**

19 CASH AND CASH EQUIVALENTS

The reconciliation of cash and due from banks in the consolidated balance sheet to cash and cash equivalents at March 31, 2017 and 2016, was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	**2017**
Cash and due from banks	**¥220,844**	¥180,909	**$1,968,482**
Less deposits in other banks except for the Bank of Japan	**(688)**	(496)	**(6,132)**
Cash and cash equivalents, end of year	**¥220,155**	¥180,413	**$1,962,340**

20 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

(1) Bank Policy for Financial Instruments

The Bank's operations mainly include accepting deposits, providing loans, discounting bills, and buying and selling marketable securities and other financial instruments. Through these activities, the Bank holds substantial financial assets and financial liabilities that are subject to fluctuations in interest rates. To protect itself from the negative effects of interest rate fluctuations, the Bank conducts derivative transactions as part of its asset and liability management (ALM) activities.

In addition, the consolidated subsidiaries that engage in leasing and credit card businesses handle financial instruments as their principal business.

(2) Nature and Extent of Risks Arising from Financial Instruments

Of the principal financial assets held by the Companies, loans are subject to credit risk, or default on the part of the customer. The Companies hold trading account securities and investment securities, for holding to maturity and for purely trading purposes, as well as to promote business activities. These securities are subject to issuer credit risk, interest rate fluctuation risk and market price fluctuation risk.

Of financial liabilities, deposits and borrowed money are subject to liquidity risk, or the possibility that the Companies may become unable to meet payment obligations when due in the event that they become unable to utilize markets in certain circumstances.

Among derivative transactions, the Bank employs interest rate swap transactions to hedge risk using ALM. To offset the risk of interest rate increases, the Bank employs variable receipt/fixed payment and fired receipt/variable payment interest rate swap transactions on loans bearing long-term, fixed rates of interest, and securities.

With respect to currencies, the Bank employs currency swap transactions, forward exchange contracts and coupon swap transactions, primarily to hedge the exchange rate fluctuation risks on foreign currency assets and liabilities.

The Bank engages in bond futures transactions, mainly as part of its dealing operations. With regard to the methods of hedge accounting for interest risks on financial assets and liabilities, the Bank employs deferred hedge accounting as provided in JICPA Industry Audit Committee Report No. 24. To evaluate hedging effectiveness, for hedges designed to offset market fluctuations, the Bank performs specified evaluations of hedged loans at individual hedge stages grouped by (remaining) term.

The consolidated subsidiaries do not conduct derivative transactions.

(3) Risk Management for Financial Instruments

Credit risk management

The Bank has in place various provisions, including a Credit Risk Management Policy and Credit Risk Management Provisions. These provisions, which extend beyond lending activities and include market transactions and off-balance-sheet assets, are in place to manage credit risks related to all manners of banking operations. For each activity, the Bank conducts credit screenings, manages credit limits, manages credit information and employs an internal rating system. The Bank also has in place a credit management system to support management improvements and handle loans that have become delinquent or present collection difficulties. The consolidated subsidiaries also have in place various credit risk management and other provisions. They act in accordance with these provisions to manage credit risks appropriately.

To manage these credit risks, the Companies have established credit risk management divisions, including screening divisions, credit management divisions and problem loan management divisions. The Bank's Risk Management Division takes overall responsibility for credit risk management, including the status of credit risk and accompanying problems.

With regard to credit screening, the Bank's Audit Division checks the Bank's Risk Management Division and each risk management division to ascertain the appropriateness of credit risk management.

Market risk management

The Bank has in place a system for managing market risk. All items that require market risk management, including deposit and loan transactions, market transactions and off-balance-sheet transactions, are managed in accordance with the Bank's Market Risk Management Policy and Market Risk Management Provisions. The ALM divisions manage market risk related to deposits and loans, while market-related divisions mainly manage market risk related to market transactions. The Bank's Risk Management Division provides comprehensive reports to the ALM Risk Management Committee indicating risk amounts, stress test results and other information. Market Risk Management Policy and Provisions are also in place at consolidated subsidiaries, in line with each company's risk profile. In this manner, systems are in place to ensure the appropriate management of market risk.

The market risk management divisions of the Companies manage market risks in this way and the Bank's Risk Management Division serves as the central division for the management of market risk and addressing related problems.

With regard to audits of market risk management, the Bank's Audit Division checks the Bank's Risk Management Division and each market risk management division to ascertain the appropriateness of market risk management.

(Quantitative information concerning market risks)

Major financial instruments held by the Bank, which are subject to the primary risk parameters such as interest rate risk and price fluctuation risk, are loans, securities (held-to-maturity debt securities and other securities), deposits and negotiable certificates of deposit, and interest rate swap transactions in derivative transactions.

For these financial assets and financial liabilities, the Bank estimates the amount of loss that they will have after specific periods of time by using a statistical method and assumes it as the market risk quantities. Also, the Bank employs it as a quantitative analysis to manage the risk of interest rate and price fluctuation. Value at Risk (VaR) is used to calculate the impact amount.

A historical simulation model has been adopted for the current fiscal year to measure VaR. The conditions are an observation period of 1,250 business days, a confidence interval of 99%, and a holding period of 60 business days (125 business days for strategic holdings).

As of March 31, 2017, the Bank's market risk (estimated loss value) on major financial instruments was ¥32,845 million ($292,762 thousand). Of this amount, ¥23,013 million ($205,125 thousand) was attributable to securities and ¥9,832 million ($87,637 thousand) was attributable to instruments other than securities, such as deposits and loans.

The Bank also conducts back-testing, comparing the VaR calculated using this model with actual profits or losses. During the consolidated fiscal year under review, back-testing demonstrated that its approximation model was sufficiently precise to capture market risk.

However, it is important to recognize that VaR estimation is a calculation based on a statistical process, and that results may differ depending on the preconditions and calculation methods used. Further, this process does not forecast maximum losses, and future market conditions may differ substantially from past conditions.

Furthermore, quantitative analysis is not applied to certain financial instruments whose impact is immaterial or those held by consolidated subsidiaries.

Liquidity risk management

The Bank manages liquidity risk in accordance with its Liquidity Risk Management Policy and Liquidity Risk Management Provisions. The Market Financing Division manages cash on a daily basis, and the Bank's Risk Management Division, which serves as the management division, monitors this risk, providing comprehensive reports to the ALM Risk Management Committee including the status of risks, the status of assets available for payment, the results of stress tests and other information.

With regard to audits of liquidity risk management, the Bank's Audit Division checks the Bank's Risk Management Division and each liquidity risk management division to ascertain the appropriateness of liquidity risk management.

(4) Fair Values of Financial Instruments

Fair values of financial instruments are based on quoted prices in active markets. If a quoted price is not available, another rational valuation technique is used instead. Please see Note 21 for the details of fair value for derivatives.

(a) Fair value of financial instruments

	Millions of Yen		
March 31, 2017	Carrying Amount	Fair Value	Unrealized Gain (Loss)
Cash and due from banks	¥ 220,844	¥ 220,844	
Investment securities:			
Held-to-maturity securities	198	203	¥ 4
Available-for-sale securities	1,114,158	1,114,158	
Loans and bills discounted	1,732,482		
Reserve for possible loan losses (*1)	(26,454)		
	1,706,027	1,720,355	14,327
Other assets:			
Collateral paid for financial instruments	44,467	44,467	
Total	¥3,085,696	¥3,100,029	¥14,332
Deposits	¥2,831,734	¥2,831,984	¥ (250)
Call money	33,657	33,657	
Payables under securities lending transactions	37,651	37,651	
Borrowed money	28,657	28,657	
Total	¥2,931,700	¥2,931,951	¥ (250)
Derivative instruments (*2):			
Hedge accounting is not applied	¥ 2,254	¥ 2,254	
Hedge accounting is applied	284	284	
Total	¥ 2,539	¥ 2,539	

	Millions of Yen		
March 31, 2016	Carrying Amount	Fair Value	Unrealized Gain (Loss)
Cash and due from banks	¥ 180,909	¥ 180,909	
Investment securities:			
Held-to-maturity securities	198	205	¥ 6
Available-for-sale securities	1,094,286	1,094,286	
Loans and bills discounted	1,788,221		
Reserve for possible loan losses (*1)	(25,513)		
	1,762,708	1,781,456	18,748
Total	¥3,038,103	¥3,056,858	¥18,754
Deposits	¥2,744,484	¥2,744,717	¥ (233)
Payables under securities lending transactions	107,972	107,972	
Borrowed money	29,801	29,801	
Total	¥2,882,258	¥2,882,492	¥ (233)
Derivative instruments (*2):			
Hedge accounting is not applied	¥ 6,055	¥ 6,055	
Hedge accounting is applied	(1,669)	(1,669)	
Total	¥ 4,385	¥ 4,385	

March 31, 2017	Thousands of U.S. Dollars Carrying Amount	Fair Value	Unrealized Gain (Loss)
Cash and due from banks	$ 1,968,482	$ 1,968,482	
Investment securities:			
Held-to-maturity securities	1,764	1,809	$ 35
Available-for-sale securities	9,930,992	9,930,992	
Loans and bills discounted	15,442,392		
Reserve for possible loan losses (*1)	(235,796)		
	15,026,587	15,334,298	127,703
Other assets:			
Collateral paid for financial instruments	396,354	396,354	
Total	$27,504,198	$27,631,954	$127,747
Deposits	$25,240,520	$25,242,748	$ (2,228)
Call money	300,000	300,000	
Payables under securities lending transactions	335,600	335,600	
Borrowed money	255,432	255,432	
Total	$26,131,562	$26,113,799	$ (2,228)
Derivative instruments (*2):			
Hedge accounting is not applied	$ 20,090	$ 20,090	
Hedge accounting is applied	2,531	2,531	
Total	$ 22,631	$ 22,631	

(*1) Reserve for possible loan losses relevant to loans and bills discounted have been deducted.
(*2) Derivative instruments are disclosed in the net amount of assets and liabilities.

Cash and Due from Banks

With regard to amounts due from banks that have not matured and short-term due from banks, as these instruments are settled within a short term and their fair value and book value are nearly identical, their book value is assumed to be their fair value. Long-term due from banks with maturities are segmented according to deposit period, and fair value is calculated by discounting them to their present value, using an assumed rate of interest on new amounts due from banks of the same type.

Investment Securities

The fair value of equity securities is determined by their prices on stock exchanges. The fair value of bonds is determined by their prices on exchanges or at rates indicated by financial institutions handling these transactions for the Bank. The fair value of investment trusts is based on the base value publicly disclosed.

Privately placed bonds guaranteed by the Bank are segmented according to an internal rating and term, and fair value is determined by discounting the total amount of principal and interest by the assumed interest rate on new issue bonds of the same type.

For information pertaining to investment securities by holding purpose, please refer to Note 3.

Loans and Bills Discounted

As loans with floating rates of interest reflect market rates of interest in the short term, unless credit conditions of the lending entity have changed significantly after lending the loans, their fair value and book value are nearly identical, so their book value is assumed to be their fair value. Fixed-rate loans are segmented by loan type, internal rating and period, and their fair value is determined by discounting the total amount of principal and interest by the assumed interest rate on new lendings of the same type. However, for items with a short commitment term (within three months), as their fair value and book value are nearly identical, their book value is assumed as their fair value.

The fair value of loans provided to entities that are classified as legal bankruptcy, virtual bankruptcy or possible bankruptcy are determined according to the current value of expected future cash flows or the amount of collateral that is expected to be recoverable or guarantee amounts that are determined to be recoverable. As these amounts are nearly identical to the book value after deducting the allowance for doubtful accounts, these amounts are assumed as their fair value.

For loans that are fully secured by collateral and that have no specified repayment term, since, in terms of their expected repayment periods and interest conditions their fair value and book value are nearly identical, their book value is assumed to be their fair value.

Other Assets

With regard to collateral paid for financial instruments, the term of this asset is short, its fair value and book value are nearly identical. The book value is assumed to be the fair value.

Deposits

For demand deposits, fair value is assumed to be the amount to be paid when demanded on the balance sheet date (i.e., the book value). The fair value of time deposits is determined by segmenting such deposits by term and discounting future cash flows to their current value. The discount rate used is the rate of interest on new deposits of the same type. As the term on deposits is short (within three months), their fair value and book value are nearly identical, so their book value is assumed as their fair value.

Call Money and Payables under Securities Lending Transactions

For items with a short commitment term (within three months), as their fair value and book value are nearly identical, their book value is assumed to be their fair value.

Borrowed Money

For borrowed money, interest rates on floating-rate borrowings reflect market interest rates in the short term. The credit conditions of the Companies have not changed significantly since the time of borrowing, therefore their fair value and book value are nearly identical, so their book value is assumed to be their fair value. Such borrowings with fixed interest rates are segmented by term, the total amount of principal and interest on the borrowed money is divided by time period, and their present value is calculated by discounting according to the assumed interest rate. For items with a short commitment term (within three months), as their fair value and book value are nearly identical, their book value is assumed to be their fair value.

Derivatives

Fair value information for derivatives is included in Note 21.

(b) Carrying amount of financial instruments whose fair value cannot be reliably determined

	Millions of Yen 2017	Millions of Yen 2016	Thousands of U.S. Dollars 2017
Equity securities	¥2,336	¥2,237	$20,821
Other	5,452	5,328	48,596
Total	¥7,789	¥7,566	$69,426

(5) Maturity Analysis for Financial Assets and Securities with Contractual Maturities

March 31, 2017	Millions of Yen Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through Ten Years	Due after Ten Years
Due from banks	¥187,675			
Call loans	10,097			
Investment securities:				
Held-to-maturity securities	100	¥ 100		
Available-for-sale securities	171,231	430,308	¥352,788	¥ 62,931
Loans and bills discounted (*1)	547,103	461,972	303,773	368,565
Total	¥916,207	¥892,381	¥656,562	¥431,497

March 31, 2016	Millions of Yen			
	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through Ten Years	Due after Ten Years
Due from banks	¥146,728			
Investment securities:				
Held-to-maturity securities		¥ 200		
Available-for-sale securities	138,194	468,871	¥355,557	¥ 37,863
Loans and bills discounted (*1)	588,023	472,313	312,256	364,030
Total	¥872,946	¥941,386	¥667,815	¥401,893

March 31, 2017	Thousands of U.S. Dollars			
	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through Ten Years	Due after Ten Years
Due from banks	$1,672,831			
Call loans	89,999			
Investment securities:				
Held-to-maturity securities	891	$ 891		
Available-for-sale securities	1,526,259	3,835,529	$3,144,558	$ 560,932
Loans and bills discounted (*1)	4,876,575	4,117,764	2,707,665	3,285,185
Total	$8,166,565	$7,954,193	$5,852,232	$3,846,127

(*1) Excluded from the loan amount for the years ended March 31, 2017 and 2016, were ¥51,066 million ($455,174 thousand) and ¥51,596 million, respectively, in loans classified as "possible bankruptcy," "virtual bankruptcy" and "legal bankruptcy" on which the redemption amount cannot be forecasted.

(6) Maturity Analysis for Deposits with Contractual Maturities

March 31, 2017	Millions of Yen			
	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through Ten Years	Due after Ten Years
Deposits	¥2,572,647	¥257,430	¥1,655	

March 31, 2016	Millions of Yen			
	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through Ten Years	Due after Ten Years
Deposits	¥2,470,767	¥271,452	¥2,264	

March 31, 2017	Thousands of U.S. Dollars			
	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through Ten Years	Due after Ten Years
Deposits	$22,931,161	$2,294,589	$14,751	

Please see Note 12 for annual maturities of borrowed money.

21 DERIVATIVES

It is the Bank's policy to use derivative financial instruments ("derivatives") primarily for the purpose of reducing market risks associated with its assets and liabilities.

The Bank enters into interest rate swaps as a means of hedging its interest rate risk on certain loans and investment securities. The Bank also enters into foreign exchange forward contracts and currency swaps to hedge exchange risk associated with its assets and liabilities denominated in foreign currencies.

Derivatives are subject to market risk and credit risk. Market risk is the exposure created by potential fluctuations of market conditions, including interest and foreign exchange rates. Credit risk is the possibility that a loss may result from a counterparty's failure to perform under a contract. Because the counterparties to these derivatives are limited to major financial institutions and securities companies, the Bank does not anticipate material losses arising from credit risk.

Concerning risk management associated with derivative transactions, the front and back offices of the trading divisions (the Market Financing Division) are clearly separated, while the Asset and Liabilities Management Office synthetically manages the Bank's market risks. In this manner, an internal monitoring system is effectively secured. Derivative transactions entered into by the Bank have been made in accordance with internal policies, which regulate the trading activities, and credit risk management has formal risk limits and credit lines. The Bank's gains and losses on positions and other conditions are periodically reported to management.

Derivative Transactions to Which Hedge Accounting Is Not Applied

March 31, 2017	Millions of Yen			
	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gain
Currency swaps	¥ 54,412	¥ 50,485	¥1,541	¥1,541
Coupon swaps	186,083	111,827	106	106
Foreign currency forward contracts:				
Selling	88,783	23	235	235
Buying	38,421		370	370

March 31, 2016	Millions of Yen			
	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gain
Currency swaps	¥ 45,072	¥ 45,072	¥1,619	¥1,619
Coupon swaps	180,650	127,462	53	53
Foreign currency forward contracts:				
Selling	88,528	48	4,047	4,047
Buying	18,979		334	334

March 31, 2017	Thousands of U.S. Dollars			
	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gain
Currency swaps	$ 484,998	$449,995	$13,735	$13,735
Coupon swaps	1,658,641	996,764	944	944
Foreign currency forward contracts:				
Selling	791,362	205	2,094	2,094
Buying	342,463		3,297	3,297

Derivative Transactions to Which Hedge Accounting Is Applied

March 31, 2017		Millions of Yen		
	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value
Interest rate swaps (floating rate payment, fixed rate receipt)	Loans and bills discounted	¥7,000	¥7,000	¥284

March 31, 2016		Millions of Yen		
	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value
Interest rate swaps				
(floating rate payment, fixed rate receipt)	Loans and bills discounted	¥ 7,000	¥ 7,000	¥ 375
(fixed rate payment, floating rate receipt)		26,451	25,808	(2,045)

March 31, 2017		Thousands of U.S. Dollars		
	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value
Interest rate swaps (floating rate payment, fixed rate receipt)	Loans and bills discounted	$62,394	$62,394	$2,531

The fair value of derivative transactions is calculated by discounting them to their present value.

The contract or notional amounts of derivatives which are shown in the above table do not represent the amounts exchanged by the parties and do not measure the Bank's exposure to credit or market risk.

22 SEGMENT INFORMATION

Under ASBJ Statement No. 17, "Accounting Standard for Segment Information Disclosures" and ASBJ Guidance No. 20, "Guidance on Accounting Standard for Segment Information Disclosures," an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

(1) Description of Reportable Segments

The Companies' reportable segments are those for which separate financial information is available and regular evaluation by the Board of Directors is being performed in order to decide how management resources are allocated and in assessing performance. The Companies concentrate on the banking business, and also conduct other financial services including the leasing and the credit-card business. Therefore, the Companies' reportable segments consist of Banking and Lease.

(2) Methods of Measurement for the Amounts of Ordinary Income, Profit, Assets and Other Items for Each Reportable Segment

The accounting policies of each reportable segment are consistent with those disclosed in Note 2, "Summary of Significant Accounting Policies."

(3) Information about Ordinary Income, Profit, Assets and Other Items

	Millions of Yen						
	2017						
	Reportable Segment						
	Banking	Lease	Total	Other	Total	Reconciliations	Consolidated
Ordinary income:							
Ordinary income from external customers	¥ 48,674	¥ 8,405	¥ 57,080	¥ 1,900	¥ 58,980		¥ 58,980
Intersegment ordinary income	195	338	533	997	1,531	¥ (1,531)	
Total	¥ 48,870	¥ 8,743	¥ 57,614	¥ 2,897	¥ 60,512	¥ (1,531)	¥ 58,980
Segment profit	¥ 9,044	¥ 363	¥ 9,408	¥ 738	¥ 10,147	¥ 12	¥ 10,159
Segment assets	3,191,169	23,265	3,214,434	15,198	3,229,633	(18,596)	3,211,036
Other:							
Depreciation	3,638	83	3,722	57	3,779	(4)	3,774
Total interest income	36,071	13	36,085	1,008	37,093	(553)	36,539
Total interest expenses	1,583	85	1,668	5	1,673	(59)	1,614
Increase in premises and equipment and intangible assets	917	148	1,066	48	1,114	(0)	1,114
Impairment losses of assets	228		228		228		228

	Millions of Yen						
	2016						
	Reportable Segment						
	Banking	Lease	Total	Other	Total	Reconciliations	Consolidated
Ordinary income:							
Ordinary income from external customers	¥ 50,178	¥ 8,101	¥ 58,280	¥ 1,955	¥ 60,235	¥ (143)	¥ 60,092
Intersegment ordinary income	214	418	632	992	1,625	(1,625)	
Total	¥ 50,393	¥ 8,519	¥ 58,912	¥ 2,947	¥ 61,860	¥ (1,768)	¥ 60,092
Segment profit	¥ 13,059	¥ 496	¥ 13,555	¥ 1,003	¥ 14,558	¥ 14	¥ 14,573
Segment assets	3,142,530	23,230	3,165,760	14,774	3,180,534	(18,461)	3,162,073
Other:							
Depreciation	3,904	79	3,983	52	4,036	(4)	4,031
Total interest income	36,607	11	36,618	1,002	37,621	(519)	37,102
Total interest expenses	1,802	99	1,901	6	1,908	(65)	1,842
Increase in premises and equipment and intangible assets	2,370	72	2,443	32	2,475	(3)	2,471
Impairment losses of assets	199		199		199		199

	Thousands of U.S. Dollars						
	2017						
	Reportable Segment						
	Banking	Lease	Total	Other	Total	Reconciliations	Consolidated
Ordinary income:							
Ordinary income from external customers	$ 433,853	$ 74,917	$ 508,779	$ 16,935	$ 525,715		$ 525,715
Intersegment ordinary income	1,738	3,012	4,750	8,886	13,646	$ (13,646)	
Total	$ 435,600	$ 77,930	$ 513,539	$ 25,822	$ 539,370	$ (13,646)	$ 525,715
Segment profit	$ 80,613	$ 3,235	$ 83,857	$ 6,578	$ 90,444	$ 106	$ 90,551
Segment assets	28,444,326	207,371	28,651,698	135,466	28,787,173	(165,754)	28,621,410
Other:							
Depreciation	32,427	739	33,175	508	33,683	(35)	33,639
Total interest income	321,517	115	321,641	8,984	330,626	(4,929)	325,688
Total interest expenses	14,109	757	14,867	44	14,912	(525)	14,386
Increase in premises and equipment and intangible assets	8,173	1,319	9,501	427	9,929	(0)	9,929
Impairment losses of assets	2,032		2,032		2,032		2,032

Notes: 1. The "Other" segment contains businesses that are not included in these reporting segments, such as the credit card business.
2. Adjustment amounts for the years ended March 31, 2017 and 2016, were as follows:
(1) A downward reconciliation in ordinary income from external customers of ¥143 million was made to the adjust gain on reversal of reserve for possible loan losses.
(2) Segment profit reconciliations of ¥12 million ($106 thousand) and ¥14 million were made to eliminate intersegment transactions.
(3) A downward reconciliation in segment assets of ¥18,596 million ($165,754 thousand) and ¥18,461 million was made to eliminate intersegment transactions.
(4) A downward reconciliation in depreciation of ¥4 million ($35 thousand) and ¥4 million was made to eliminate intersegment transactions.
(5) A downward reconciliation in total interest income of ¥553 million ($4,929 thousand) and ¥519 million was made to eliminate intersegment transactions.
(6) A downward reconciliation in total interest expenses of ¥59 million ($525 thousand) and ¥65 million was made to eliminate intersegment transactions.
(7) A downward reconciliation in increase in premises and equipment and intangible assets of ¥0 million ($0 thousand) and ¥3 million was made to eliminate intersegment transactions.
3. Segment profit is reflected as an adjustment to ordinary profit.
4. Ordinary profits, ordinary income and ordinary expenses are defined as follows:
"Ordinary profits" means "Ordinary income" less "Ordinary expenses."
"Ordinary income" represents total income less certain special income included in other income in the accompanying consolidated statement of income for the years ended March 31, 2017 and 2016.
"Ordinary expenses" represents total expenses less certain special expenses included in other expenses in the accompanying consolidated statement of income for the years ended March 31, 2017 and 2016.

Related Information

(1) Information by Services

Income regarding major service for the years ended March 31, 2017 and 2016, was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	**2017**
Loan Businesses	**¥23,582**	¥24,327	**$210,196**
Securities Investment Businesses	**15,867**	17,097	**141,429**
Other	**19,531**	18,667	**174,088**
Total	**¥58,980**	¥60,092	**$525,715**

(2) Geographical Information

(a) Ordinary income

Ordinary income from external domestic customers exceeded 90% of total ordinary income on the consolidated statement of income for the years ended March 31, 2017 and 2016; therefore, geographical ordinary income information is not presented.

(b) Premises and equipment

The balance of domestic premises and equipment exceeded 90% of total balance of premises and equipment in the consolidated balance sheet at March 31, 2017 and 2016; therefore, geographical premises and equipment information is not presented.

(3) Major Customer Information

Ordinary income from a specific customer did not reach 10% of total ordinary income in the consolidated statement of income for the years ended March 31, 2017 and 2016; therefore, major customer information is not presented.

23 RELATED PARTY TRANSACTIONS

Significant related party transactions for the years ended March 31, 2017 and 2016, were as follows:

Related Party	Account Classification	Transactions for the Year		Balance at End of Year	
		Millions of Yen	Thousands of U.S. Dollars	Millions of Yen	Thousands of U.S. Dollars
		2017		**2017**	
Kunihiko Okamura	Loans and bills discounted	**¥ 35**	**$311**	**¥35**	**$311**
Tamanoyu Co., Ltd.	Loans and bills discounted	**29**	**258**	**32**	**285**
Tamanoyu Sangyou Co., Ltd.	Loans and bills discounted	**105**	**935**	**96**	**855**

Notes: 1. A director of the Bank and its close relatives own 100% of voting rights of Tamanoyu Co., Ltd. and Tamanoyu Sangyou Co., Ltd.
2. Terms are substantially the same as for similar transactions with third parties.
3. Amounts of transactions were reported at the average balance for the period.

Related Party	Account Classification	Transactions for the Year	Balance at End of Year
		Millions of Yen	Millions of Yen
		2016	2016
Tamanoyu Co., Ltd.	Loans and bills discounted	¥ 19	¥ 30
Tamanoyu Sangyou Co., Ltd.	Loans and bills discounted	123	114

Notes: 1. A director of the Bank and its close relatives own 100% of voting rights of Tamanoyu Co., Ltd. and Tamanoyu Sangyou Co., Ltd.
2. Terms are substantially the same as for similar transactions with third parties.
3. Amounts of transactions were reported at the average balance for the period.

24 NET INCOME PER SHARE

Reconciliation of the differences between basic and diluted net income per share ("EPS") for the years ended March 31, 2017 and 2016, was as follows:

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
Year Ended March 31, 2017	Net Income Attributable to Owners of the Parent	Weighted-Average Shares	EPS	
Basic EPS—Net income available to common shareholders	**¥7,540**	**157,249**	**¥47.95**	**$0.42**
Effect of dilutive securities:				
Stock Option		**24,472**	**(6.46)**	**(0.05)**
Diluted EPS—Net income for computation	**¥7,540**	**181,721**	**¥41.49**	**$0.36**
Year Ended March 31, 2016				
Basic EPS—Net income available to common shareholders	¥9,736	154,921	¥62.84	
Effect of dilutive securities:				
Stock Option		24,339	(8.53)	
Diluted EPS—Net income for computation	¥9,736	179,260	¥54.31	

25 SUBSEQUENT EVENTS

(1) Appropriations of Retained Earnings

At the Bank's general shareholders meeting held on June 27, 2017, the Bank's shareholders' approved the following:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥3.50 ($0.03) per share	**¥550**	**$4,902**

(2) Consolidation of Shares, Change in the Number of Shares Constituting One Unit of Stock and Partial Amendments to the Articles of Incorporation

The Company resolved at the Board of Directors' meeting held on May 12, 2017 to submit a proposal of partial amendment to the articles of incorporation for the consolidation of shares and revision of the number of shares per trading unit, and the proposal will be approved by resolution at the 211th Ordinary General Meeting of Shareholders held on June 27, 2017.

a. Reason for consolidation of shares and change the number of shares constituting one unit of stock

The Japanese stock exchanges announced the "Action Plan for Consolidating Trading Units" and are pursuing the goal of consolidation of the trading units of listed companies at 100 shares. Keeping this action plan in mind, the Company proposes to change the number of shares per trading unit from 1,000 to 100 shares and consolidate its shares in order to fit the standard of the investment unit (¥50,000 or more and less than ¥500,000) that would be considered desirable by the Japanese stock exchanges.

b. Details of the consolidation of shares

(a) Type of shares to be consolidated

Common stocks

(b) Method and rate of the consolidation of shares

The Company shall consolidate the shares on October 1, 2017 by a factor of 10 to 1 based on the shareholders registered on September 30, 2017.

(c) Decrease in the number of common stocks due to the consolidation of shares

	Shares
Number of common stocks issued before the consolidation of shares (As of March 31, 2017)	162,436,342
Number of common stocks to be decreased by the consolidation of shares	146,192,708
Number of common stocks issued after the consolidation of shares	16,243,634

Note: Number of common stocks to be decreased by the consolidation of shares and number of common stocks issued after the consolidation of shares are the theoretical values calculated from the rate of the consolidation of shares.

(d) Processing for a fraction of less than one share

If a fraction of less than one share is created due to the consolidation of shares, such fractional shares will be sold together pursuant to the provisions of the Companies Act, and the proceeds will be distributed to shareholders who held the fractional shares in proportion to the number of fractional shares they held.

c. Details of the change in the number of shares

As of October 1, 2017, the number of shares of common stock constituting one trading unit will be changed from 1,000 shares to 100 shares.

The effective date of the consolidation of shares and the change in the number of shares is October 1, 2017, but the trading unit on the Tokyo Stock Exchange and the Fukuoka Stock Exchange will be changed from 1,000 shares to 100 shares, and the effect of the consolidation of shares is reflected in stock price, on September 27, 2017, due to the stock transfer procedure after stock trading.

d. Partial amendments to the articles of incorporation

As of October 1, 2017, in order to reduce the authorized number of shares at the ratio of the consolidation of shares, the authorized number of shares of common stock will be reduced from 300 million shares to 30 million shares, and the number of shares of common stock constituting one trading unit will be changed from 1,000 shares to 100 shares.

e. Impact on per share information

Per share information for the fiscal years ended March 31, 2017 and 2016 is as follows, assuming that the shares were consolidated as such at the beginning of the fiscal year ended March 31, 2016.

	Yen		U.S. Dollars
	2017	2016	**2017**
Net assets per share	**¥12,030.85**	¥11,956.95	**$107.23**
Basic earnings per share	**479.54**	628.49	**4.27**
Diluted earnings per share	**414.96**	543.15	**3.69**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of THE OITA BANK, LTD.:

We have audited the accompanying consolidated balance sheet of THE OITA BANK, LTD. (the "Bank") and its consolidated subsidiaries as of March 31, 2017, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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, but 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 referred to above present fairly, in all material respects, the consolidated financial position of THE OITA BANK, LTD. and its consolidated subsidiaries as of March 31, 2017, and the consolidated results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 1 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu LLC

June 27, 2017

Member of
Deloitte Touche Tohmatsu Limited

Summary of Nonconsolidated Balance Sheet (Unaudited)

THE OITA BANK, LTD.
March 31, 2017

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	**2017**
ASSETS:			
Cash and due from banks	**¥ 220,730**	¥ 180,883	**$ 1,967,465**
Call loans	**10,097**		**89,999**
Commercial paper and other debt purchased	**7,855**	7,481	**70,015**
Trading account securities	**33**	26	**294**
Money held in trust	**7,864**	4,572	**70,095**
Investment securities	**1,126,223**	1,106,088	**10,038,532**
Loans and bills discounted	**1,738,994**	1,794,575	**15,500,436**
Foreign exchange assets	**4,093**	3,389	**36,482**
Other assets	**52,787**	13,443	**470,514**
Premises and equipment	**32,129**	34,086	**286,380**
Intangible assets	**2,611**	4,049	**23,273**
Prepaid pension cost	**11,505**	12,553	**102,549**
Customers' liabilities for acceptances and guarantees	**10,533**	16,884	**93,885**
Reserve for possible loan losses	**(28,280)**	(27,159)	**(252,072)**
TOTAL	**¥3,197,179**	¥3,150,876	**$28,497,896**
LIABILITIES:			
Deposits	**¥2,843,293**	¥2,755,872	**$25,343,551**
Call money	**33,657**		**300,000**
Payables under repurchase agreements	**11,216**		**99,973**
Payables under securities lending transactions	**37,651**	107,972	**335,600**
Borrowed money	**21,817**	22,266	**194,464**
Foreign exchange liabilities	**24**	24	**213**
Bonds with subscription rights to shares	**11,219**	11,268	**100,000**
Other liabilities	**32,856**	36,486	**292,860**
Liability for retirement benefits	**6,182**	6,271	**55,102**
Reserve for reimbursement of deposits	**1,541**	1,346	**13,735**
Deferred tax liabilities	**2,639**	6,689	**23,552**
Deferred tax liabilities for land revaluation excess	**4,701**	4,843	**41,902**
Acceptances and guarantees	**10,533**	16,884	**93,885**
Total liabilities	**3,017,325**	2,969,925	**26,894,776**
EQUITY:			
Common stock- authorized, 300,000,000 shares; issued, 162,436,342 shares in 2017 and 2016	**19,598**	19,598	**174,685**
Capital surplus	**10,613**	10,623	**94,598**
Stock acquisition rights	**163**	130	**1,452**
Retained earnings:			
Legal reserve	**10,431**	10,431	**92,976**
Unappropriated	**108,247**	102,126	**964,854**
Total retained earnings	**118,678**	112,557	**1,057,830**
Unrealized gain on available-for-sale securities	**25,031**	32,248	**223,112**
Deferred loss on derivatives under hedge accounting	**(918)**	(1,161)	**(8,182)**
Land revaluation excess	**9,035**	9,329	**80,533**
Treasury stock- at cost, 5,177,172 shares in 2017 and 5,233,034 shares in 2016	**(2,349)**	(2,375)	**(20,937)**
Total equity	**179,853**	180,951	**1,603,110**
TOTAL	**¥3,197,179**	¥3,150,876	**$28,497,896**

Note: Amounts stated in U.S. dollars are translated from Japanese yen, solely for convenience, at the rate of ¥112.19=U.S. $1, the approximate exchange rate prevailing at March 31, 2017.

Summary of Nonconsolidated Statement of Income (Unaudited)

THE OITA BANK, LTD.
Year Ended March 31, 2017

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	**2017**
INCOME:			
Interest on:			
Loans and discounts	**¥23,243**	¥23,916	**$207,175**
Securities	**12,860**	12,582	**114,626**
Other	**130**	121	**1,158**
Total interest income	**36,233**	36,619	**322,961**
Fees and commissions	**7,960**	8,119	**70,951**
Other operating income	**1,540**	685	**13,726**
Gains on sales of stocks and other securities	**1,510**	3,792	**13,459**
Other income	**1,811**	1,125	**16,142**
Total income	**49,056**	50,343	**437,258**
EXPENSES:			
Interest on:			
Deposits	**868**	1,171	**7,736**
Borrowings and rediscounts	**431**	35	**3,841**
Other	**278**	590	**2,477**
Total interest expenses	**1,578**	1,797	**14,065**
Fees and commissions	**2,119**	2,026	**18,887**
Other operating expenses	**3,576**	1,118	**31,874**
General and administrative expenses	**30,528**	30,570	**272,109**
Other expenses	**2,347**	2,098	**20,919**
Total expenses	**40,150**	37,611	**357,875**
INCOME BEFORE INCOME TAXES	**8,905**	12,732	**79,374**
INCOME TAXES:			
Current	**2,681**	4,502	**23,896**
Deferred	**(703)**	(864)	**(6,266)**
Total income taxes	**1,977**	3,638	**17,621**
NET INCOME	**¥ 6,927**	¥ 9,093	**$ 61,743**

	Yen		U.S. Dollars
PER SHARE OF COMMON STOCK:			
Basic net income	**¥ 44.05**	¥ 58.70	**$ 0.39**
Diluted net income	**38.12**	50.73	**0.34**
Cash dividends applicable to the year	**7.00**	7.00	**0.06**

Note: Amounts stated in U.S. dollars are translated from Japanese yen, solely for convenience, at the rate of ¥112.19=U.S. $1, the approximate exchange rate prevailing at March 31, 2017.

Summary of Nonconsolidated Statement of Changes in Equity (Unaudited)

THE OITA BANK, LTD.
Year Ended March 31, 2017

	Thousands	Millions of Yen									
					Retained Earnings						
	Outstanding Number of Shares of Common Stock	Common Stock	Capital Surplus	Stock Acquisition Rights	Legal Reserve	Unappropri-ated	Unrealized Gain on Available-for-sale Securities	Deferred Loss on Derivatives under Hedge Accounting	Land Revaluation Excess	Treasury Stock	Total Equity
BALANCE, APRIL 1, 2015	154,449	¥19,598	¥10,582	¥123	¥10,431	¥ 94,112	¥40,301	¥(1,157)	¥9,158	¥(3,552)	¥179,596
Net income						9,093					9,093
Cash dividends, ¥7.00 per share						(1,162)					(1,162)
Purchase of treasury stock	(15)									(7)	(7)
Disposal of treasury stock	2,770		40							1,184	1,225
Transfer from land revaluation excess						82					82
Net change in the year				7			(8,052)	(3)	170		(7,877)
BALANCE, MARCH 31, 2016	157,204	19,598	10,623	130	10,431	102,126	32,248	(1,161)	9,329	(2,375)	180,951
Net income						6,927					6,927
Cash dividends, ¥7.00 per share						(1,100)					(1,100)
Purchase of treasury stock	(12)									(4)	(4)
Disposal of treasury stock	67		(9)							30	21
Transfer from land revaluation excess						293					293
Net change in the year				32			(7,217)	243	(293)		(7,234)
BALANCE, MARCH 31, 2017	157,259	¥19,598	¥10,613	¥163	¥10,431	¥108,247	¥25,031	¥ (918)	¥9,035	¥(2,349)	¥179,853

	Thousands of U.S. Dollars									
				Retained Earnings						
	Common Stock	Capital Surplus	Stock Acquisition Rights	Legal Reserve	Unappropri-ated	Unrealized Gain on Available-for-sale Securities	Deferred Loss on Derivatives under Hedge Accounting	Land Revaluation Excess	Treasury Stock	Total Equity
BALANCE, MARCH 31, 2016	$174,685	$94,687	$1,158	$92,976	$910,295	$287,440	$(10,348)	$83,153	$(21,169)	$1,612,897
Net income					61,743					61,743
Cash dividends, $0.06 per share					(9,804)					(9,804)
Purchase of treasury stock									(35)	(35)
Disposal of treasury stock		(80)							267	187
Transfer from land revaluation excess					2,611					2,611
Net change in the year			285			(64,328)	2,165	(2,611)		(64,479)
BALANCE, MARCH 31, 2017	$174,685	$94,598	$1,452	$92,976	$964,854	$223,112	$ (8,182)	$80,533	$(20,937)	$1,603,110

Note: Amounts stated in U.S. dollars are translated from Japanese yen, solely for convenience, at the rate of ¥112.19=U.S. $1, the approximate exchange rate prevailing at March 31, 2017.

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NUMBER OF MONEY EXCHANGE OFFICES
35

NUMBER OF OFFICES BY DISTRICT

Oita Prefecture	84
Miyazaki Prefecture	2
Kumamoto Prefecture	1
Fukuoka Prefecture	6
Osaka	1
Tokyo	1
Total	95

(As of September 30, 2017)

BOARD OF DIRECTORS AND AUDITORS

Chairman
Shoji Himeno

President
Tomiichiro Goto

Senior Managing Director
Masaki Kodama

Managing Directors
Kunihiro Kikuguchi
Hideyuki Tanaka
Kenji Tanaka

Director
Yasuhide Takahashi

Outside Directors
Norio Shimoda
Izumi Kuwano

Standing Auditors
Hideki Eto
Tadashi Kimoto

Outside Auditors
Tsunemasa Kojima
Kunihiko Okamura

Managing Executive Officers
Masayuki Takeshima
Nobuhiko Okamatsu

Executive Officers
Masayuki Sagara
Kazuyoshi Kai
Hiroaki Shimonomura
Yasunori Sato
Hideki Nagamatsu

(As of June 30, 2017)

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