ANNUAL REPORT 2018

THE OITA BANK,LTD.

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.

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RED BRICK BUILDING

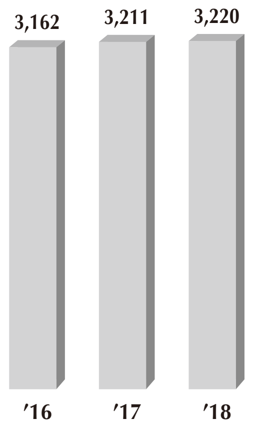

SORINKAN

CONSOLIDATED FINANCIAL HIGHLIGHTS

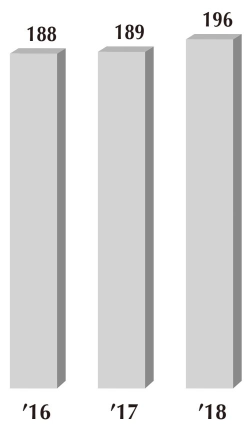
THE OITA BANK, LTD. and Subsidiaries
Years Ended March 31, 2018, 2017 and 2016

	Millions of Yen		
	2018	2017	2016
Deposits	**¥2,918,527**	¥2,831,734	¥2,744,483
Loans and bills discounted	**1,791,972**	1,732,482	1,788,221
Investment securities	**1,069,236**	1,122,147	1,102,051
Common stock	**19,598**	19,598	19,598
Total equity	**196,359**	189,413	188,148
Total assets	**3,220,162**	3,211,036	3,162,073
Profit attributable to owners of the parent	**5,976**	7,540	9,736
Number of branches (Nonconsolidated)	**94**	95	97
Number of employees (Nonconsolidated)	**1,665**	1,665	1,668

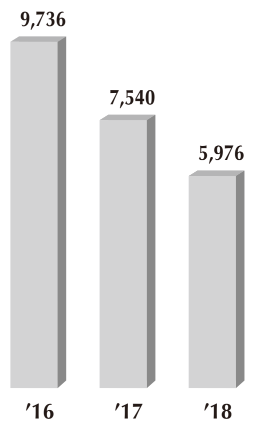
TOTAL ASSETS
Billions of yen



TOTAL EQUITY
Billions of yen



PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT
Millions of yen



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

A MESSAGE FROM THE MANAGEMENT

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.

FY2017 Consolidated Operating Performance

Deposits

As of March 31, 2018, total deposits, including negotiable certificates of deposit, amounted to ¥2,918.5 billion, up ¥86.7 billion from a year earlier, owing to an increase in corporate deposits.

Loans

Total loans outstanding amounted to ¥1,791.9 billion on March 31, 2018, up ¥59.4 billion from one year earlier, owing to a increased volume of loans to businesses outside the prefecture and individual loans in the prefecture.

Marketable Securities

As a result of decreases in Japanese government bonds and corporate bonds, owing to portfolio rebalancing, marketable securities on March 31, 2018 totaled ¥1,069.2 billion, ¥52.9 billion lower than the previous fiscal year-end.

Foreign Exchange

Foreign exchange transactions, including international trade transactions, overseas remittances and foreign currency deposits, totaled US$1,898 million, US$55 million higher than the previous fiscal year-end.

Earnings

Ordinary profit was up ¥1,986 million year on year, to ¥60,966 million. This was due to an increase in gains on the sales of shares, which increased other ordinary income. Nevertheless, other operating income decreased, due to lower gains on the sales of bonds. Ordinary income fell ¥855 million year on year, to ¥9,304 million. Profit attributable to owners of the parent fell ¥1,564 million, to ¥5,976 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.

Taking into overall account the Bank's operating performance for FY2017 and the aim of enhancing shareholder returns, the Bank has set its year-end dividend at ¥80.00 per share, up ¥10.00 from the previous fiscal year.

Capital Adequacy Ratio

As of March 31, 2018, the Bank's capital adequacy ratio was 10.11% on a non-consolidated basis and 10.77% 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 2018

Shoji Himeno
Chairman
S. Himeno

Tomiichiro Goto
President
T. Goto

Consolidated Balance Sheet

THE OITA BANK, LTD. and Consolidated Subsidiaries
March 31, 2018

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2018	2017	2018
ASSETS:			
Cash and due from banks (Notes 19 and 20)	¥ 229,558	¥ 220,844	$ 2,160,749
Call loans (Note 20)	2,124	10,097	19,992
Commercial paper and other debt purchased	6,155	7,855	57,934
Trading account securities (Note 3)		33	
Money held in trust (Note 4)	15,220	7,864	143,260
Investment securities (Notes 3, 9 and 20)	1,069,236	1,122,147	10,064,344
Loans and bills discounted (Notes 5, 10 and 20)	1,791,972	1,732,482	16,867,206
Foreign exchange assets	4,153	4,093	39,090
Lease receivables and leased investment assets (Note 9)	16,157	17,006	152,080
Other assets (Notes 9 and 20)	58,584	61,132	551,430
Premises and equipment (Note 6)	33,306	33,878	313,497
Intangible assets (Note 7)	1,616	2,740	15,210
Asset for retirement benefits (Note 14)	12,380	9,812	116,528
Deferred tax assets (Note 17)	994	1,030	9,356
Customers' liabilities for acceptances and guarantees (Note 8)	9,150	10,555	86,125
Reserve for possible loan losses (Note 20)	(30,452)	(30,539)	(286,634)
TOTAL	¥3,220,162	¥3,211,036	$30,310,259
LIABILITIES:			
Deposits (Notes 9, 11 and 20)	¥2,918,527	¥2,831,734	$27,471,074
Call money (Notes 9 and 20)	5,312	33,657	50,000
Payables under repurchase agreements (Note 9)	23,723	11,216	223,296
Payables under securities lending transactions (Notes 9 and 20)	4,283	37,651	40,314
Borrowed money (Notes 9, 12 and 20)	8,026	28,657	75,545
Foreign exchange liabilities	22	24	207
Bonds with subscription rights to shares (Note 13)	10,624	11,219	100,000
Other liabilities	28,318	40,999	266,547
Liability for retirement benefits (Note 14)	7,594	8,009	71,479
Reserve for reimbursement of deposits	1,484	1,541	13,968
Deferred tax liabilities (Note 17)	2,040	1,654	19,201
Deferred tax liabilities for land revaluation excess	4,693	4,701	44,173
Acceptances and guarantees (Note 8)	9,150	10,555	86,125
Total liabilities	3,023,802	3,021,623	28,461,991
EQUITY (Notes 15 and 25):			
Common stock- authorized, 30,000,000 shares; issued, 16,243,634 shares in 2018 and 2017*	19,598	19,598	184,469
Capital surplus	13,788	13,799	129,781
Stock acquisition rights (Note 16)	182	163	1,713
Retained earnings	132,089	127,197	1,243,307
Treasury stock- at cost, 511,820 shares in 2018 and 517,717 shares in 2017*	(2,322)	(2,349)	(21,856)
Accumulated other comprehensive income:			
Unrealized gain on available-for-sale securities (Note 3)	24,061	25,081	226,477
Deferred loss on derivatives under hedge accounting	(712)	(918)	(6,701)
Land revaluation excess	9,018	9,035	84,883
Defined retirement benefit plans (Note 14)	599	(2,248)	5,638
Total	196,303	189,360	1,847,731
Noncontrolling interests	55	53	517
Total equity	196,359	189,413	1,848,258
TOTAL	¥3,220,162	¥3,211,036	$30,310,259

*Shares have been restated, as appropriate, to reflect a one-for-ten stock consolidation effected October 1, 2017.
See notes to consolidated financial statements.

Consolidated Statement of Income

THE OITA BANK, LTD. and Consolidated Subsidiaries
Year Ended March 31, 2018

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2018	2017	2018
INCOME:			
Interest on:			
Loans and discounts	¥23,044	¥23,698	$216,905
Securities	13,253	12,711	124,745
Other	164	130	1,543
Total interest income	36,462	36,539	343,204
Fees and commissions	8,917	8,669	83,932
Other operating income	10,065	10,488	94,738
Gains on sales of stocks and other securities	4,165	1,619	39,203
Other income	1,356	1,706	12,763
Total income	60,966	59,023	573,851
EXPENSES:			
Interest on:			
Deposits	681	868	6,410
Borrowings and rediscounts	298	467	2,804
Other	528	278	4,969
Total interest expenses	1,508	1,614	14,194
Fees and commissions	1,704	1,628	16,039
Other operating expenses	13,754	11,235	129,461
General and administrative expenses	31,399	31,915	295,547
Provision for possible loan losses	2,579	1,412	24,275
Other expenses	806	1,288	7,586
Total expenses	51,753	49,094	487,132
INCOME BEFORE INCOME TAXES	9,212	9,928	86,709
INCOME TAXES (Note 17):			
Current	3,791	3,049	35,683
Deferred	(557)	(664)	(5,242)
Total income taxes	3,233	2,384	30,431
NET INCOME	5,979	7,543	56,278
NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS	2	2	18
NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT	¥ 5,976	¥ 7,540	$ 56,250

	Yen		U.S. Dollars
	2018	2017*	2018
PER SHARE OF COMMON STOCK (Notes 2. q and 24):			
Basic net income	¥379.90	¥479.54	$ 3.57
Diluted net income	328.60	414.96	3.09
Cash dividends applicable to the year	80.00	70.00	0.75

*Per share figures have been restated, as appropriate, to reflect a one-for-ten stock consolidation effected October 1, 2017.
See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

THE OITA BANK, LTD. and Consolidated Subsidiaries
Year Ended March 31, 2018

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2018	2017	2018
NET INCOME	¥ 5,979	¥ 7,543	$56,278
OTHER COMPREHENSIVE INCOME (LOSS) (Note 18):			
Unrealized loss on available-for-sale securities	(1,020)	(7,197)	(9,600)
Deferred gain on derivatives under hedge accounting	205	243	1,929
Defined retirement benefit plans	2,848	1,727	26,807
Total other comprehensive income (loss)	2,033	(5,227)	19,135
COMPREHENSIVE INCOME	¥ 8,012	¥ 2,316	$75,414
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the parent	¥ 8,010	¥ 2,313	$75,395
Noncontrolling interests	2	3	18

See notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

THE OITA BANK, LTD. and Consolidated Subsidiaries
Year Ended March 31, 2018

	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, 2016	15,720	¥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, ¥70.00 per share*					(1,100)						(1,100)		(1,100)
Purchase of treasury stock	(1)					(4)					(4)		(4)
Disposal of treasury stock	6		(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	15,725	19,598	13,799	163	127,197	(2,349)	25,081	(918)	9,035	(2,248)	189,360	53	189,413
Net income attributable to owners of the parent					5,976						5,976		5,976
Cash dividends, ¥80.00 per share*					(1,101)						(1,101)		(1,101)
Purchase of treasury stock	(3)					(13)					(13)		(13)
Disposal of treasury stock	8		(11)			40					29		29
Transfer from land revaluation excess					16						16		16
Net change in the year				18			(1,019)	205	(16)	2,848	2,036	2	2,037
BALANCE, MARCH 31, 2018	15,731	¥19,598	¥13,788	¥182	¥132,089	¥(2,322)	¥24,061	¥ (712)	¥9,018	¥ 599	¥196,303	¥55	¥196,359

	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, 2017	$184,469	$129,885	$1,534	$1,197,260	$(22,110)	$236,078	$(8,640)	$85,043	$(21,159)	$1,782,379	$498	$1,782,878
Net income attributable to owners of the parent				56,250						56,250		56,250
Cash dividends, $0.75 per share*				(10,363)						(10,363)		(10,363)
Purchase of treasury stock					(122)					(122)		(122)
Disposal of treasury stock		(103)			376					272		272
Transfer from land revaluation excess				150						150		150
Net change in the year			169			(9,591)	1,929	(150)	26,807	19,164	18	19,173
BALANCE, MARCH 31, 2018	$184,469	$129,781	$1,713	$1,243,307	$(21,856)	$226,477	$(6,701)	$84,883	$ 5,638	$1,847,731	$517	$1,848,258

*Shares and per share figures have been restated, as appropriate, to reflect a one-for-ten stock consolidation effected October 1, 2017.
See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

THE OITA BANK, LTD. and Consolidated Subsidiaries
Year Ended March 31, 2018

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2018	2017	**2018**
OPERATING ACTIVITIES:			
Income before income taxes	**¥ 9,212**	¥ 9,928	**$ 86,709**
Adjustments for:			
Income taxes-refunded	**89**	12	**837**
Income taxes-paid	**(2,018)**	(6,624)	**(18,994)**
Depreciation and amortization	**3,404**	3,774	**32,040**
Impairment losses	**11**	228	**103**
Increase (decrease) in reserve for possible loan losses	**(87)**	1,264	**(818)**
Decrease in liability for retirement benefits	**(51)**	(57)	**(480)**
Decrease in asset for retirement benefits	**1,164**	1,048	**10,956**
Increase (decrease) in reserve for reimbursement of deposits	**(57)**	195	**(536)**
Interest income-accrued basis	**(36,462)**	(36,539)	**(343,204)**
Interest expenses-accrued basis	**1,508**	1,614	**14,194**
Net gain on investment securities	**(744)**	(583)	**(7,003)**
Net (gain) loss on money held in trust	**(269)**	18	**(2,532)**
Foreign exchange gains	**(595)**	(21)	**(5,600)**
Net loss on disposal of fixed assets	**80**	2	**753**
Net (increase) decrease in trading account securities	**33**	(7)	**310**
Net (increase) decrease in loans and bills discounted	**(59,490)**	55,739	**(559,958)**
Net increase in deposits	**86,792**	87,250	**816,942**
Net decrease in borrowed money	**(20,631)**	(1,143)	**(194,192)**
Net increase in due from banks (excluding due from the Bank of Japan)	**(2,742)**	(191)	**(25,809)**
Net (increase) decrease in call loans	**9,672**	(10,470)	**91,039**
Net increase (decrease) in call money	**(28,345)**	33,657	**(266,801)**
Net decrease in payables under securities lending transactions	**(33,368)**	(70,321)	**(314,081)**
Net increase in foreign exchange assets	**(60)**	(703)	**(564)**
Net increase (decrease) in foreign exchange liabilities	**(1)**	0	**(9)**
Net decrease in lease receivables and leased investment assets	**848**	239	**7,981**
Interest income-cash basis	**36,295**	36,621	**341,632**
Interest expenses-cash basis	**(1,580)**	(1,717)	**(14,871)**
Other-net	**3,612**	(27,370)	**33,998**
Total adjustments	**(42,993)**	65,912	**(404,678)**
Net cash provided by (used in) operating activities	**(33,781)**	75,841	**(317,968)**
INVESTING ACTIVITIES:			
Purchases of investment securities	**(343,734)**	(380,256)	**(3,235,448)**
Proceeds from sales of investment securities	**166,337**	143,274	**1,565,672**
Proceeds from maturities of investment securities	**227,001**	205,687	**2,136,681**
Payments for increase in money held in trust	**(7,274)**	(3,318)	**(68,467)**
Purchases of premises and equipment	**(1,180)**	(687)	**(11,106)**
Purchases of intangible assets	**(608)**	(379)	**(5,722)**
Proceeds from sales of premises and equipment	**341**	758	**3,209**
Net cash provided by (used in) investing activities	**40,882**	(34,922)	**384,807**
FINANCING ACTIVITIES:			
Dividends paid	**(1,101)**	(1,122)	**(10,363)**
Repayment of lease obligations	**(44)**	(43)	**(414)**
Purchases of treasury stock	**(13)**	(4)	**(122)**
Proceeds from sales of treasury stock	**29**	21	**272**
Net cash used in financing activities	**(1,130)**	(1,148)	**(10,636)**
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	**0**	(27)	**0**
NET INCREASE IN CASH AND CASH EQUIVALENTS	**5,971**	39,742	**56,202**
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	**220,155**	180,413	**2,072,242**
CASH AND CASH EQUIVALENTS, END OF YEAR (Note 19)	**¥ 226,127**	¥ 220,155	**$ 2,128,454**

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

THE OITA BANK, LTD. and Consolidated Subsidiaries
Year Ended March 31, 2018

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 translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥106.24 to $1, the approximate rate of exchange at March 31, 2018. Such translations 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.

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. ***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.

c. ***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.

d. ***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.

e. ***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.

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

g. ***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.

h. ***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 of March 31, 2018 and 2017, the carrying amount of the land after the above one-time revaluation exceeded the market value by ¥11,466 million ($107,925 thousand) and ¥11,526 million, respectively.

i. ***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.

j. ***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.

k. ***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 of consolidated subsidiaries are recorded as a liability at the amount that would be required if all directors retired at the balance sheet date.

l. ***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 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.

m. ***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.

n. ***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.

o. ***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.

p. ***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 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.

q. ***Per Share Information*** - Basic net income per share is computed by dividing net income attributable to common shareholders by the weighted-average number of common shares outstanding for the period. The average number of common shares used in the computation was 15,731 thousand shares and 15,724 thousand shares for the years ended March 31, 2018 and 2017, 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 years, including dividends to be paid after the end of the year.

On October 1, 2017, the Bank effected a one-for-ten stock consolidation based on the resolution of the general shareholders meeting held on June 27, 2017. All prior year share and per share figures have been restated to reflect the impact of the stock consolidation, and to provide data on a basis comparable to the year ended March 31, 2018. Such restatements include calculations regarding the Bank's weighted-average number of common shares, basic net income per share, diluted net income per share, stock option data of the Bank's common stock, and cash dividends per share.

3 TRADING ACCOUNT SECURITIES AND INVESTMENT SECURITIES

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

Investment securities at March 31, 2018 and 2017, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2018	2017	**2018**
Japanese government bonds	**¥ 170,248**	¥ 249,264	**$ 1,602,484**
Local government bonds	**151,511**	136,586	**1,426,120**
Debentures	**292,926**	300,240	**2,757,210**
Equity securities	**72,618**	62,333	**683,527**
Other securities	**381,932**	373,722	**3,594,992**
Total	**¥1,069,236**	¥1,122,147	**$10,064,344**

The costs and aggregate fair value of securities at March 31, 2018 and 2017, were as shown in the table below. Securities below include trading account securities and investment securities.

	Millions of Yen			
March 31, 2018	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	**¥ 42,793**	**¥28,030**	**¥ 341**	**¥ 70,482**
Debt securities	**605,733**	**9,211**	**358**	**614,586**
Other	**377,580**	**5,951**	**8,615**	**374,916**
Held-to-maturity:				
Debt securities	**99**	**3**		**102**

	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

	Thousands of U.S. Dollars			
March 31, 2018	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	**$ 402,795**	**$263,836**	**$ 3,209**	**$ 663,422**
Debt securities	**5,701,553**	**86,699**	**3,369**	**5,784,883**
Other	**3,554,028**	**56,014**	**81,089**	**3,528,953**
Held-to-maturity:				
Debt securities	**931**	**28**		**960**

Securities lending based on noncollateralized contracts were included in investment securities and amounted to ¥20,070 million ($188,911 thousand) and ¥15,013 million at March 31, 2018 and 2017, respectively.

The information related to available-for-sale securities which were sold during the years ended March 31, 2018 and 2017, was as follows:

	Millions of Yen		
March 31, 2018	Proceeds	Realized Gains	Realized Losses
Available-for-sale:			
Equity securities	**¥ 13,675**	**¥3,493**	**¥ 0**
Debt securities	**50,661**	**119**	**64**
Other	**103,724**	**1,453**	**3,795**
Total	**¥168,061**	**¥5,065**	**¥3,861**

	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

	Thousands of U.S. Dollars		
March 31, 2018	Proceeds	Realized Gains	Realized Losses
Available-for-sale:			
Equity securities	**$ 128,717**	**$32,878**	**$ 0**
Debt securities	**476,854**	**1,120**	**602**
Other	**976,317**	**13,676**	**35,721**
Total	**$1,581,899**	**$47,675**	**$36,342**

No impairment losses on available-for-sale securities for the years ended March 31, 2018 and 2017 were recognized.

Net unrealized gain on available-for-sale securities for the years ended March 31, 2018 and 2017, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2018	2017	**2018**
Valuation differences:			
Available-for-sale securities	**¥33,878**	¥ 35,264	**$318,881**
Deferred tax liabilities	**(9,792)**	(10,157)	**(92,168)**
Noncontrolling interests	**(24)**	(25)	**(225)**
Net unrealized gain on available-for-sale securities	**¥24,061**	¥ 25,081	**$226,477**

4 MONEY HELD IN TRUST

The carrying amounts and unrealized gains of money held in trust, as of March 31, 2018 and 2017, were as follows:

Money held in trust held for trading

	Millions of Yen		Thousands of U.S. Dollars
	2018	2017	**2018**
Carrying amounts	**¥15,220**	¥7,864	**$143,260**
Unrealized gains credited to income	**85**	185	**800**

5 LOANS AND BILLS DISCOUNTED

Loans and bills discounted as of March 31, 2018 and 2017, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2018	2017	**2018**
Bills discounted	**¥ 9,828**	¥ 7,154	**$ 92,507**
Loans on notes	**75,071**	69,453	**706,617**
Loans on deeds	**1,555,347**	1,503,087	**14,639,937**
Overdrafts	**151,725**	152,786	**1,428,134**
Total	**¥1,791,972**	¥1,732,482	**$16,867,206**

Bills discounted are accounted for as financial transactions in accordance with the 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 ¥9,832 million ($92,545 thousand) and ¥7,154 million at March 31, 2018 and 2017, respectively.

Loans and bills discounted as of March 31, 2018 and 2017, included the following loans:

	Millions of Yen		Thousands of U.S. Dollars
	2018	2017	**2018**
Loans to obligors in bankruptcy	**¥ 2,092**	¥ 2,531	**$ 19,691**
Past due loans	**48,194**	52,697	**453,633**
Restructured loans	**367**	487	**3,454**
Total	**¥50,654**	¥55,716	**$476,788**

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, 2018 and 2017, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2018	2017	**2018**
Buildings	**¥ 6,508**	¥ 6,962	**$ 61,257**
Land	**23,744**	23,778	**223,493**
Leased assets	**20**	30	**188**
Construction in progress	**7**		**65**
Other	**3,024**	3,107	**28,463**
Total	**¥33,306**	¥33,878	**$313,497**

Accumulated depreciation at March 31, 2018 and 2017, amounted to ¥37,282 million ($350,922 thousand) and ¥36,592 million, respectively.

As of March 31, 2018 and 2017, deferred gains for tax purposes of ¥1,880 million ($17,695 thousand) on premises and equipment sold and replaced with similar assets have been deducted from the cost of newly-acquired premises and equipment.

7 INTANGIBLE ASSETS

Intangible assets as of March 31, 2018 and 2017, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2018	2017	**2018**
Software	**¥1,498**	¥2,621	**$14,100**
Other	**117**	119	**1,101**
Total	**¥1,616**	¥2,740	**$15,210**

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, 2018 and 2017, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2018	2017	**2018**
Assets pledged as collateral:			
Investment securities	**¥73,745**	¥114,959	**$694,135**
Leased investment assets		404	
Other (Collateral paid for financial instruments)	**5,791**	37,253	**54,508**
Relevant liabilities to above assets:			
Deposits	**14,543**	18,589	**136,888**
Call money	**5,312**	33,657	**50,000**
Payables under repurchase agreements	**23,723**	11,216	**223,296**
Payables under securities lending transactions	**4,283**	37,651	**40,314**
Borrowed money		20,190	

In addition, investment securities and others totaling ¥31,922 million ($300,470 thousand) and ¥35,674 million were pledged as collateral or security deposits for exchange settlement and futures contracts at March 31, 2018 and 2017, respectively.

Guarantee deposits on office space amounting to ¥373 million ($3,510 thousand) and ¥406 million were included in other assets at March 31, 2018 and 2017, 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 ¥600,460 million ($5,651,920 thousand) at March 31, 2018, and ¥593,813 million at March 31, 2017, 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 ¥589,732 million ($5,550,941 thousand) at March 31, 2018, and ¥578,169 million at March 31, 2017.

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, 2018 and 2017, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2018	2017	**2018**
Current deposits	**¥ 117,919**	¥ 99,305	**$ 1,109,930**
Ordinary deposits	**1,717,645**	1,603,263	**16,167,592**
Savings at notice	**25,781**	26,816	**242,667**
Deposits at notice	**4,076**	4,174	**38,365**
Time deposits	**888,773**	910,584	**8,365,709**
Installment savings	**10,068**	9,917	**94,766**
Negotiable certificates of deposit	**117,939**	143,107	**1,110,118**
Other deposits	**36,321**	34,565	**341,876**
Total	**¥2,918,527**	¥2,831,734	**$27,471,074**

12 BORROWED MONEY

Borrowed money as of March 31, 2018 and 2017, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2018	2017	**2018**
Borrowings from other financial institutions	**¥8,026**	¥28,657	**$75,545**
Total	**¥8,026**	¥28,657	**$75,545**

The weighted average interest rates of borrowings from other financial institutions were 0.35% and 0.12% at March 31, 2018 and 2017, respectively.

Annual maturities of long-term debt as of March 31, 2018, for the next five years and thereafter were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2019	¥2,648	$24,924
2020	1,827	17,196
2021	1,352	12,725
2022	1,471	13,846
2023	460	4,329
2024 and thereafter	266	2,503
Total	¥8,026	$75,545

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, 2018 and 2017, consisted of the following:

	Rate (%)	Millions of Yen		Thousands of U.S. Dollars
		2018	2017	**2018**
Unsecured convertible bonds with subscription rights to shares, payable in U.S. dollars, due December 2019	Non-interest	**¥10,624**	¥11,219	**$100,000**
Total		**¥10,624**	¥11,219	**$100,000**

Annual maturities of bonds with subscription rights to shares at March 31, 2018 were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2019		
2020	**¥10,624**	**$100,000**
2021		
2022		
2023		
Total	**¥10,624**	**$100,000**

Outline of bonds with subscription rights to shares at March 31, 2018 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	**$41.490**
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.

Issue price of stock has been adjusted, as appropriate, to reflect a one-for-ten stock consolidation effected October 1, 2017.

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 of consolidated subsidiaries is ¥31 million ($291 thousand) and ¥53 million at March 31, 2018 and 2017, respectively.

(1) The changes in defined benefit obligation for the years ended March 31, 2018 and 2017, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2018	2017	**2018**
Balance at beginning of year	**¥33,721**	¥33,939	**$317,403**
Current service cost	**1,072**	1,085	**10,090**
Interest cost	**200**	202	**1,882**
Actuarial (gains) losses	**(612)**	159	**(5,760)**
Benefits paid	**(1,674)**	(1,665)	**(15,756)**
Balance at end of year	**¥32,707**	¥33,721	**$307,859**

(2) The changes in plan assets for the years ended March 31, 2018 and 2017, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2018	2017	**2018**
Balance at beginning of year	**¥35,577**	¥34,293	**$334,873**
Expected return on plan assets	**535**	437	**5,035**
Actuarial gains	**2,210**	1,525	**20,801**
Contributions from the employer		97	
Benefits paid	**(798)**	(776)	**(7,511)**
Balance at end of year	**¥37,525**	¥35,577	**$353,209**

(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
	2018	2017	**2018**
Funded defined benefit obligation	**¥ 32,482**	¥ 33,488	**$ 305,741**
Plan assets	**(37,525)**	(35,577)	**(353,209)**
Total	**(5,042)**	(2,089)	**(47,458)**
Unfunded defined benefit obligation	**224**	232	**2,108**
Net liability (asset) arising from defined benefit obligation	**¥ (4,817)**	¥ (1,856)	**$ (45,340)**

	Millions of Yen		Thousands of U.S. Dollars
	2018	2017	**2018**
Liability for retirement benefits	**¥ 7,563**	¥ 7,955	**$ 71,187**
Asset for retirement benefits	**(12,380)**	(9,812)	**(116,528)**
Net liability (asset) arising from defined benefit obligation	**¥ (4,817)**	¥(1,856)	**$ (45,340)**

(4) The components of net periodic benefit costs for the years ended March 31, 2018 and 2017, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2018	2017	**2018**
Service cost	**¥1,072**	¥1,085	**$10,090**
Interest cost	**200**	202	**1,882**
Expected return on plan assets	**(535)**	(437)	**(5,035)**
Recognized actuarial losses	**1,272**	1,117	**11,972**
Net periodic benefit costs	**¥2,010**	¥1,967	**$18,919**

(5) Amounts recognized in other comprehensive income (before income tax effect) in respect of defined retirement benefit plans for the years ended March 31, 2018 and 2017

	Millions of Yen		Thousands of U.S. Dollars
	2018	2017	**2018**
Actuarial losses	**¥4,095**	¥2,483	**$38,544**
Total	**¥4,095**	¥2,483	**$38,544**

(6) Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of defined retirement benefit plans as of March 31, 2018 and 2017

	Millions of Yen		Thousands of U.S. Dollars
	2018	2017	**2018**
Unrecognized actuarial (gains) losses	**¥(862)**	¥3,233	**$(8,113)**
Total	**¥(862)**	¥3,233	**$(8,113)**

(7) Plan assets

a. Components of plan assets

Plan assets as of March 31, 2018 and 2017, consisted of the following:

	2018	2017
Debt investments	**17%**	18%
Equity investments	**42**	38
Cash and cash equivalents	**0**	1
Others	**41**	43
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, 2018 and 2017, were set forth as follows:

	2018	2017
Discount rate	**0.6%**	0.6%
Expected rate of return on plan assets	**2.1**	1.7
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 a Board of Directors, (2) having independent auditors, (3) having a 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.

On October 1, 2017, the Bank effected a one-for-ten stock consolidation based on the resolution of the general shareholders meeting held on June 27, 2017.

16 STOCK OPTIONS

The stock options outstanding as of March 31, 2018, 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	17,970 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	14,480 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	16,210 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	10,670 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	18,300 shares	August 22, 2016	¥1 ($0.01)	From August 23, 2016 to August 22, 2046
2017 Stock Option	7 directors (excluding non-permanent directors) and 7 executive officers of the Bank	12,100 shares	August 28, 2017	¥1 ($0.01)	From August 29, 2017 to August 28, 2047

The stock option activity during the year ended March 31, 2018, was as follows:

Year Ended March 31, 2018	2012 Stock Option	2013 Stock Option	2014 Stock Option	2015 Stock Option	2016 Stock Option	2017 Stock Option
	(Shares)	(Shares)	(Shares)	(Shares)	(Shares)	(Shares)
Non-vested						
March 31, 2017-Outstanding	4,930	6,230	8,910	9,570	18,300	
Granted						12,100
Canceled						
Vested	1,930	1,460	1,150	1,580	2,720	
March 31, 2018-Outstanding	3,000	4,770	7,760	7,990	15,580	12,100
Vested						
March 31, 2017-Outstanding						
Vested	1,930	1,460	1,150	1,580	2,720	
Exercised	1,930	1,460	1,150	1,580	2,720	
Canceled						
March 31, 2018-Outstanding						
Exercise price	¥1 ($0.01)	¥1 ($0.01)	¥1 ($0.01)	¥1 ($0.01)	¥1 ($0.01)	¥1 ($0.01)
Average stock price at exercise	¥ 441	¥ 441	¥ 441	¥ 438	¥ 438	—
Fair value price at grant date	¥2,150	¥2,790	¥3,590	¥5,210	¥2,950	¥3,910

Shares and per share figures have been restated, as appropriate, to reflect a one-for-ten stock consolidation effected October 1, 2017.

The Assumptions Used to Measure the Fair Value of the 2017 Stock Option

Estimate method:	Black-Scholes option pricing model
Volatility of stock price:	28.3%
Estimated remaining outstanding period:	Three years and eight months
Estimated dividend:	¥7 per share
Risk free interest rate:	(0.13)%

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% for the years ended March 31, 2018 and 2017.

The tax effects of significant temporary differences which resulted in deferred tax assets and liabilities at March 31, 2018 and 2017, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2018	2017	**2018**
Deferred tax assets:			
Reserve for possible loan losses	**¥ 9,144**	¥ 8,963	**$ 86,069**
Liability for employees' retirement benefits	**1,651**	2,558	**15,540**
Depreciation	**1,761**	1,838	**16,575**
Other	**3,324**	3,303	**31,287**
Less valuation allowance	**(5,626)**	(5,635)	**(52,955)**
Total	**10,256**	11,027	**96,536**
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities	**(9,792)**	(10,157)	**(92,168)**
Unrealized gain on employees' retirement benefit trust	**(1,448)**	(1,448)	**(13,629)**
Other	**(62)**	(45)	**(583)**
Total	**(11,302)**	(11,651)	**(106,381)**
Net deferred tax assets (liability)	**¥ (1,046)**	¥ (624)	**$ (9,845)**

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, 2018, with the corresponding figures for 2017 was as follows:

	2018	2017
Normal effective statutory tax rate	**30.7%**	30.7%
Expenses not deductible for income tax purposes	**0.7**	0.7
Income not taxable for income tax purposes	**(0.9)**	(0.9)
Valuation allowance	**(0.1)**	(8.4)
Other-net	**4.7**	1.9
Actual effective tax rate	**35.1%**	24.0%

18 OTHER COMPREHENSIVE INCOME (LOSS)

The components of other comprehensive income (loss) for the years ended March 31, 2018 and 2017, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2018	2017	**2018**
Unrealized loss on available-for-sale securities:			
Losses arising during the year	**¥ (905)**	¥(10,181)	**$ (8,518)**
Reclassification adjustments to profit or loss	**(480)**	(599)	**(4,518)**
Amount before income tax effect	**(1,385)**	(10,780)	**(13,036)**
Income tax effect	**365**	3,583	**3,435**
Total	**¥(1,020)**	¥ (7,197)	**$ (9,600)**
Deferred gain on derivatives under hedge accounting:			
Gains arising during the year	**¥ 348**	¥ 367	**$ 3,275**
Reclassification adjustments to profit or loss	**(52)**	(19)	**(489)**
Amount before income tax effect	**296**	348	**2,786**
Income tax effect	**(90)**	(105)	**(847)**
Total	**¥ 205**	¥ 243	**$ 1,929**
Defined retirement benefit plans:			
Adjustments arising during the year	**¥ 2,823**	¥ 1,366	**$ 26,571**
Reclassification adjustments to profit or loss	**1,272**	1,117	**11,972**
Amount before income tax effect	**4,095**	2,483	**38,544**
Income tax effect	**(1,247)**	(756)	**(11,737)**
Total	**¥ 2,848**	¥ 1,727	**$ 26,807**
Total other comprehensive income (loss)	**¥ 2,033**	¥ (5,227)	**$ 19,135**

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, 2018 and 2017, was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2018	2017	**2018**
Cash and due from banks	**¥229,558**	¥220,844	**$2,160,749**
Less deposits in other banks except for the Bank of Japan	**(3,431)**	(688)	**(32,294)**
Cash and cash equivalents, end of year	**¥226,127**	¥220,155	**$2,128,454**

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, 2018, the Bank's market risk (estimated loss value) on major financial instruments was ¥32,100 million ($302,146 thousand). Of this amount, ¥22,266 million ($209,582 thousand) was attributable to securities and ¥9,833 million ($92,554 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, 2018	Carrying Amount	Fair Value	Unrealized Gain (Loss)
Cash and due from banks	¥ 229,558	¥ 229,558	
Investment securities:			
Held-to-maturity securities	99	102	¥ 3
Available-for-sale securities	1,059,985	1,059,985	
Loans and bills discounted	1,791,972		
Reserve for possible loan losses (*1)	(26,128)		
	1,765,844	1,781,047	15,202
Other assets:			
Collateral paid for financial instruments	35,124	35,124	
Total	¥3,090,612	¥3,105,817	¥15,205
Deposits	¥2,918,527	¥2,918,793	¥ (266)
Total	¥2,918,527	¥2,918,793	¥ (266)
Derivative instruments (*2):			
Hedge accounting is not applied	¥ 6,972	¥ 6,972	
Hedge accounting is applied	250	250	
Total	¥ 7,222	¥ 7,222	

	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	

March 31, 2018	Thousands of U.S. Dollars Carrying Amount	Fair Value	Unrealized Gain (Loss)
Cash and due from banks	$ 2,160,749	$ 2,160,749	
Investment securities:			
Held-to-maturity securities	931	960	$ 28
Available-for-sale securities	9,977,268	9,977,268	
Loans and bills discounted	16,867,206		
Reserve for possible loan losses (*1)	(245,933)		
	16,621,272	16,764,373	143,091
Other assets:			
Collateral paid for financial instruments	330,609	330,609	
Total	$29,090,850	$29,233,970	$143,119
Deposits	$27,471,074	$27,473,578	$ (2,503)
Total	$27,471,074	$27,473,578	$ (2,503)
Derivative instruments (*2):			
Hedge accounting is not applied	$ 65,625	$ 65,625	
Hedge accounting is applied	2,353	2,353	
Total	$ 67,978	$ 67,978	

(*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 to be 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 to be 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 to be 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		Thousands of U.S. Dollars
	2018	2017	2018
Equity securities	¥2,136	¥2,336	$20,105
Other	7,015	5,452	66,029
Total	¥9,151	¥7,789	$86,135

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

	Millions of Yen			
March 31, 2018	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	**¥192,431**			
Call loans	**2,124**			
Investment securities:				
Held-to-maturity securities		**¥ 100**		
Available-for-sale securities	**148,659**	**417,392**	**¥279,988**	**¥101,116**
Loans and bills discounted (*1)	**572,316**	**481,542**	**312,369**	**379,548**
Total	**¥915,532**	**¥899,035**	**¥592,357**	**¥480,665**

	Millions of Yen			
March 31, 2017	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

	Thousands of U.S. Dollars			
March 31, 2018	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	**$1,811,285**			
Call loans	**19,992**			
Investment securities:				
Held-to-maturity securities		**$ 941**		
Available-for-sale securities	**1,399,275**	**3,928,765**	**$2,635,429**	**$ 951,769**
Loans and bills discounted (*1)	**5,387,010**	**4,532,586**	**2,940,220**	**3,572,552**
Total	**$8,617,582**	**$8,462,302**	**$5,575,649**	**$4,524,331**

(*1) Excluded from the loan amount for the years ended March 31, 2018 and 2017, were ¥46,195 million ($434,817 thousand) and ¥51,066 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

	Millions of Yen			
March 31, 2018	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	**¥2,680,544**	**¥236,565**	**¥1,416**	

	Millions of Yen			
March 31, 2017	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	

	Thousands of U.S. Dollars			
March 31, 2018	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	**$25,231,024**	**$2,226,703**	**$13,328**	

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 risk 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

	Millions of Yen			
March 31, 2018	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gain (Loss)
Currency swaps	**¥ 65,868**	**¥50,995**	**¥4,867**	**¥4,867**
Coupon swaps	**155,378**	**77,424**	**115**	**115**
Foreign currency forward contracts:				
Selling	**73,384**	**129**	**2,014**	**2,014**
Buying	**805**	**127**	**(24)**	**(24)**

	Millions of Yen			
March 31, 2017	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

	Thousands of U.S. Dollars			
March 31, 2018	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gain (Loss)
Currency swaps	**$ 619,992**	**$479,998**	**$45,811**	**$45,811**
Coupon swaps	**1,462,518**	**728,765**	**1,082**	**1,082**
Foreign currency forward contracts:				
Selling	**690,737**	**1,214**	**18,957**	**18,957**
Buying	**7,577**	**1,195**	**(225)**	**(225)**

Derivative Transactions to Which Hedge Accounting Is Applied

		Millions of Yen		
March 31, 2018	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**	**¥250**

		Millions of Yen		
March 31, 2017	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

		Thousands of U.S. Dollars		
March 31, 2018	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**	**$65,888**	**$65,888**	**$2,353**

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 Accounting Standards Board of Japan ("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 businesses. 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						
	2018						
	Reportable Segment						
	Banking	Leasing	Total	Other	Total	Reconciliations	Consolidated
Ordinary income:							
Ordinary income from external customers	**¥ 50,469**	**¥ 8,658**	**¥ 59,128**	**¥ 1,857**	**¥ 60,985**	**¥ (19)**	**¥ 60,966**
Intersegment ordinary income	**225**	**265**	**491**	**1,070**	**1,562**	**(1,562)**	
Total	**¥ 50,695**	**¥ 8,924**	**¥ 59,619**	**¥ 2,928**	**¥ 62,548**	**¥ (1,582)**	**¥ 60,966**
Segment profit	**¥ 8,374**	**¥ 244**	**¥ 8,619**	**¥ 672**	**¥ 9,292**	**¥ 11**	**¥ 9,304**
Segment assets	**3,201,068**	**22,695**	**3,223,764**	**15,771**	**3,239,535**	**(19,373)**	**3,220,162**
Other:							
Depreciation	**3,247**	**111**	**3,359**	**59**	**3,418**	**(14)**	**3,404**
Total interest income	**36,016**	**13**	**36,029**	**1,017**	**37,046**	**(584)**	**36,462**
Total interest expenses	**1,486**	**74**	**1,561**	**5**	**1,566**	**(58)**	**1,508**
Increase in premises and equipment and intangible assets	**1,640**	**104**	**1,744**	**44**	**1,789**		**1,789**
Impairment losses of assets	**11**		**11**		**11**		**11**

	Millions of Yen						
	2017						
	Reportable Segment						
	Banking	Leasing	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

	Thousands of U.S. Dollars						
	2018						
	Reportable Segment						
	Banking	Leasing	Total	Other	Total	Reconciliations	Consolidated
Ordinary income:							
Ordinary income from external customers	$ 475,047	$ 81,494	$ 556,551	$ 17,479	$ 574,030	$ (178)	$ 573,851
Intersegment ordinary income	2,117	2,494	4,621	10,071	14,702	(14,702)	
Total	$ 477,174	$ 83,998	$ 561,172	$ 27,560	$ 588,742	$ (14,890)	$ 573,851
Segment profit	$ 78,821	$ 2,296	$ 81,127	$ 6,325	$ 87,462	$ 103	$ 87,575
Segment assets	30,130,534	213,620	30,344,164	148,446	30,492,611	(182,351)	30,310,259
Other:							
Depreciation	30,562	1,044	31,617	555	32,172	(131)	32,040
Total interest income	339,006	122	339,128	9,572	348,701	(5,496)	343,204
Total interest expenses	13,987	696	14,693	47	14,740	(545)	14,194
Increase in premises and equipment and intangible assets	15,436	978	16,415	414	16,839		16,839
Impairment losses of assets	103		103		103		103

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, 2018 and 2017, were as follows:
(1) A downward reconciliation in ordinary income from external customers of ¥19 million ($178 thousand) was made to the adjust gain on reversal of reserve for possible loan losses.
(2) Segment profit reconciliations of ¥11 million ($103 thousand) and ¥12 million were made to eliminate intersegment transactions.
(3) A downward reconciliation in segment assets of ¥19,373 million ($182,351 thousand) and ¥18,596 million was made to eliminate intersegment transactions.
(4) A downward reconciliation in depreciation of ¥14 million ($131 thousand) and ¥4 million was made to eliminate intersegment transactions.
(5) A downward reconciliation in total interest income of ¥584 million ($5,496 thousand) and ¥553 million was made to eliminate intersegment transactions.
(6) A downward reconciliation in total interest expenses of ¥58 million ($545 thousand) and ¥59 million was made to eliminate intersegment transactions.
(7) A downward reconciliation in increase in premises and equipment and intangible assets of ¥0 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, 2018 and 2017.
"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, 2018 and 2017.

Related Information

(1) Information by Services

Income regarding major service for the years ended March 31, 2018 and 2017, was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2018	2017	2018
Loan Businesses	¥23,014	¥23,582	$216,622
Securities Investment Businesses	18,319	15,867	172,430
Other	19,632	19,531	184,789
Total	¥60,966	¥58,980	$573,851

(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, 2018 and 2017; 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, 2018 and 2017; 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, 2018 and 2017; therefore, major customer information is not presented.

23 RELATED PARTY TRANSACTIONS

Significant related party transactions for the years ended March 31, 2018 and 2017, were as follows:

		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
Related Party	Account Classification	2018		2018	
Kunihiko Okamura	Loans and bills discounted	¥ 32	$ 301	¥ 32	$ 301
Tamanoyu Co., Ltd.	Loans and bills discounted	31	291	35	329
Tamanoyu Sangyou Co., Ltd.	Loans and bills discounted	108	1,016	114	1,073

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.

		Transactions for the Year	Balance at End of Year
		Millions of Yen	Millions of Yen
Related Party	Account Classification	2017	2017
Kunihiko Okamura	Loans and bills discounted	¥ 35	¥35
Tamanoyu Co., Ltd.	Loans and bills discounted	29	32
Tamanoyu Sangyou Co., Ltd.	Loans and bills discounted	105	96

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, 2018 and 2017, was as follows:

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
Year Ended March 31, 2018	Net Income Attributable to Owners of the Parent	Weighted-Average Shares*	EPS*	
Basic EPS—Net income available to common shareholders	**¥5,976**	**15,731**	**¥379.90**	**$ 3.57**
Effect of dilutive securities:				
Stock Option		**2,455**	**(51.30)**	**(0.48)**
Diluted EPS—Net income for computation	**¥5,976**	**18,186**	**¥328.60**	**$ 3.09**
Year Ended March 31, 2017				
Basic EPS—Net income available to common shareholders	¥7,540	15,724	¥479.54	
Effect of dilutive securities:				
Stock Option		2,447	(64.58)	
Diluted EPS—Net income for computation	¥7,540	18,172	¥414.96	

*Shares and per share figures have been restated, as appropriate, to reflect a one-for-ten stock consolidation effected October 1, 2017.

25 SUBSEQUENT EVENTS

Appropriations of Retained Earnings

At the Bank's general shareholders meeting held on June 26, 2018, the Bank's shareholders' approved the following:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥45.0 ($0.42) per share	**¥707**	**$6,654**

Deloitte.

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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. and its consolidated subsidiaries as of March 31, 2018, 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, 2018, 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 26, 2018

Member of
Deloitte Touche Tohmatsu Limited

Summary of Nonconsolidated Balance Sheet (Unaudited)

THE OITA BANK, LTD.
March 31, 2018

	Millions of Yen		Thousands of U.S. Dollars
	2018	2017	2018
ASSETS:			
Cash and due from banks	¥ 229,548	¥ 220,730	$ 2,160,655
Call loans	2,124	10,097	19,992
Commercial paper and other debt purchased	6,155	7,855	57,934
Trading account securities		33	
Money held in trust	15,220	7,864	143,260
Investment securities	1,073,392	1,126,223	10,103,463
Loans and bills discounted	1,798,360	1,738,994	16,927,334
Foreign exchange assets	4,153	4,093	39,090
Other assets	49,769	52,787	468,458
Premises and equipment	31,592	32,129	297,364
Intangible assets	1,501	2,611	14,128
Prepaid pension cost	10,340	11,505	97,326
Customers' liabilities for acceptances and guarantees	9,135	10,533	85,984
Reserve for possible loan losses	(27,954)	(28,280)	(263,121)
TOTAL	¥3,203,341	¥3,197,179	$30,151,929
LIABILITIES:			
Deposits	¥2,931,131	¥2,843,293	$27,589,711
Call money	5,312	33,657	50,000
Payables under repurchase agreements	23,723	11,216	223,296
Payables under securities lending transactions	4,283	37,651	40,314
Borrowed money	1,382	21,817	13,008
Foreign exchange liabilities	22	24	207
Bonds with subscription rights to shares	10,624	11,219	100,000
Other liabilities	20,318	32,847	191,246
Liability for retirement benefits	6,160	6,182	57,981
Reserve for reimbursement of deposits	1,484	1,541	13,968
Deferred tax liabilities	1,777	2,639	16,726
Deferred tax liabilities for land revaluation excess	4,693	4,701	44,173
Acceptances and guarantees	9,135	10,533	85,984
Total liabilities	3,020,050	3,017,325	28,426,675
EQUITY:			
Common stock- authorized, 30,000,000 shares; issued, 16,243,634 shares in 2018 and 2017*	19,598	19,598	184,469
Capital surplus	10,602	10,613	99,792
Stock acquisition rights	182	163	1,713
Retained earnings:			
Legal reserve	10,431	10,431	98,183
Unappropriated	112,503	108,247	1,058,951
Total retained earnings	122,934	118,678	1,157,134
Unrealized gain on available-for-sale securities	23,989	25,031	225,800
Deferred loss on derivatives under hedge accounting	(712)	(918)	(6,701)
Land revaluation excess	9,018	9,035	84,883
Treasury stock- at cost, 511,820 shares in 2018 and 517,717 shares in 2017*	(2,322)	(2,349)	(21,856)
Total equity	183,290	179,853	1,725,244
TOTAL	¥3,203,341	¥3,197,179	$30,151,929

*Shares have been restated, as appropriate, to reflect a one-for-ten stock consolidation effected October 1, 2017.
Note: Amounts stated in U.S. dollars are translated from Japanese yen, solely for convenience, at the rate of ¥106.24=U.S. $1, the approximate exchange rate prevailing at March 31, 2018.

Summary of Nonconsolidated Statement of Income (Unaudited)

THE OITA BANK, LTD.
Year Ended March 31, 2018

	Millions of Yen		Thousands of U.S. Dollars
	2018	2017	**2018**
INCOME:			
Interest on:			
Loans and discounts	**¥22,610**	¥23,243	**$212,820**
Securities	**13,251**	12,860	**124,727**
Other	**165**	130	**1,553**
Total interest income	**36,027**	36,233	**339,109**
Fees and commissions	**8,163**	7,960	**76,835**
Other operating income	**900**	1,540	**8,471**
Gains on sales of stocks and other securities	**4,102**	1,510	**38,610**
Other income	**1,500**	1,811	**14,118**
Total income	**50,693**	49,056	**477,155**
EXPENSES:			
Interest on:			
Deposits	**682**	868	**6,419**
Borrowings and rediscounts	**271**	431	**2,550**
Other	**528**	278	**4,969**
Total interest expenses	**1,482**	1,578	**13,949**
Fees and commissions	**2,228**	2,119	**20,971**
Other operating expenses	**5,733**	3,576	**53,962**
General and administrative expenses	**30,046**	30,528	**282,812**
Other expenses	**2,974**	2,347	**27,993**
Total expenses	**42,465**	40,150	**399,708**
INCOME BEFORE INCOME TAXES	**8,227**	8,905	**77,437**
INCOME TAXES:			
Current	**3,470**	2,681	**32,661**
Deferred	**(584)**	(703)	**(5,496)**
Total income taxes	**2,886**	1,977	**27,164**
NET INCOME	**¥ 5,340**	¥ 6,927	**$ 50,263**

	Yen		U.S. Dollars
PER SHARE OF COMMON STOCK:			
Basic net income*	**¥339.47**	¥440.56	**$ 3.19**
Diluted net income*	**293.63**	381.22	**2.76**
Cash dividends applicable to the year*	**80.00**	70.00	**0.75**

*Per share figures have been restated, as appropriate, to reflect a one-for-ten stock consolidation effected October 1, 2017.

Note: Amounts stated in U.S. dollars are translated from Japanese yen, solely for convenience, at the rate of ¥106.24=U.S. $1, the approximate exchange rate prevailing at March 31, 2018.

Summary of Nonconsolidated Statement of Changes in Equity (Unaudited)

THE OITA BANK, LTD.
Year Ended March 31, 2018

	Thousands	Millions of Yen									
					Retained Earnings						
	Outstanding Number of Shares of Common Stock*	Common Stock	Capital Surplus	Stock Acquisition Rights	Legal Reserve	Unappropriated	Unrealized Gain on Available-for-sale Securities	Deferred Loss on Derivatives under Hedge Accounting	Land Revaluation Excess	Treasury Stock	Total Equity
BALANCE, APRIL 1, 2016	**15,720**	**¥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, ¥70.00 per share*						(1,100)					(1,100)
Purchase of treasury stock	(1)									(4)	(4)
Disposal of treasury stock	6		(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	**15,725**	**19,598**	**10,613**	**163**	**10,431**	**108,247**	**25,031**	**(918)**	**9,035**	**(2,349)**	**179,853**
Net income						5,340					5,340
Cash dividends, ¥80.00 per share*						(1,101)					(1,101)
Purchase of treasury stock	(3)									(13)	(13)
Disposal of treasury stock	8		(11)							40	29
Transfer from land revaluation excess						16					16
Net change in the year				18			(1,041)	205	(16)		(834)
BALANCE, MARCH 31, 2018	**15,731**	**¥19,598**	**¥10,602**	**¥182**	**¥10,431**	**¥112,503**	**¥23,989**	**¥ (712)**	**¥9,018**	**¥(2,322)**	**¥183,290**

	Thousands of U.S. Dollars									
				Retained Earnings						
	Common Stock	Capital Surplus	Stock Acquisition Rights	Legal Reserve	Unappropriated	Unrealized Gain on Available-for-sale Securities	Deferred Loss on Derivatives under Hedge Accounting	Land Revaluation Excess	Treasury Stock	Total Equity
BALANCE, MARCH 31, 2017	**$184,469**	**$99,896**	**$1,534**	**$98,183**	**$1,018,891**	**$235,608**	**$(8,640)**	**$85,043**	**$(22,110)**	**$1,692,893**
Net income					50,263					50,263
Cash dividends, $0.75 per share*					(10,363)					(10,363)
Purchase of treasury stock									(122)	(122)
Disposal of treasury stock		(103)							376	272
Transfer from land revaluation excess					150					150
Net change in the year			169			(9,798)	1,929	(150)		(7,850)
BALANCE, MARCH 31, 2018	**$184,469**	**$99,792**	**$1,713**	**$98,183**	**$1,058,951**	**$225,800**	**$(6,701)**	**$84,883**	**$(21,856)**	**$1,725,244**

*Shares and per share figures have been restated, as appropriate, to reflect a one-for-ten stock consolidation effected October 1, 2017.
Note: Amounts stated in U.S. dollars are translated from Japanese yen, solely for convenience, at the rate of ¥106.24=U.S. $1, the approximate exchange rate prevailing at March 31, 2018.

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NUMBER OF MONEY EXCHANGE OFFICES
35

NUMBER OF OFFICES BY DISTRICT

Oita Prefecture	83
Miyazaki Prefecture	2
Kumamoto Prefecture	1
Fukuoka Prefecture	6
Osaka	1
Tokyo	1
Total	94

(As of September 30, 2018)

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
Izumi Kuwano
Yoshimi Osaki

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, 2018)

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