Notes to Consolidated Financial Statements

THE 77 BANK, LTD. AND SUBSIDIARIES
Year Ended March 31, 2016

1. Basis Of Presenting Consolidated Financial Statements

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and the Enforcement Regulation for the Banking 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. In addition, certain reclassifications have been made to the 2015 consolidated financial statements to conform to the classifications used in 2016.

In accordance with the Japanese Financial Instruments and Exchange Act and other relevant regulations, all Japanese yen figures in the consolidated financial statements have been rounded down to the nearest million yen, except for per share data. Accordingly, the total of each account may not be equal to the combined total of individual items. Also, U.S. dollar amounts have been rounded down to the nearest thousand dollars.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which The 77 Bank, Ltd. (the "Bank") is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥112.68 to U.S.$1, the approximate rate of exchange as of March 31, 2016. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. Summary Of Significant Accounting Policies

a. Consolidation—The consolidated financial statements include the accounts of the Bank and its subsidiaries (collectively, the "Companies"). There were six consolidated subsidiaries as of March 31, 2016 and 2015.

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.

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

b. Cash and Cash Equivalents—For the purpose of the consolidated statement of cash flows, cash and cash equivalents represent cash and amounts due from the Bank of Japan.

c. Trading Account Securities, Investment Securities and Money Held in Trust—Securities other than investments in affiliates are classified into three categories, based principally on the Companies' intent, as follows: (1) 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; (2) 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 (3) available-for-sale securities, which are not classified as either of the aforementioned 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 trading account securities and available-for-sale securities sold is determined based on the moving-average method.

Available-for-sale securities for which fair value is extremely difficult to determine are reported at 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 included in money held in trust are also classified and accounted for using the same method as above.

The components of trust assets are accounted for based on the standard appropriate for each asset type. Instruments held in trust for trading purposes are recorded at fair value and unrealized gains and losses are recorded in other income/expenses. Instruments held in trust classified as available-for-sale are recorded at fair value with the corresponding unrealized gains/losses recorded directly in a separate component of equity. Instruments held in trust classified as held to maturity are carried at amortized cost.

d. Tangible Fixed Assets—Tangible fixed assets are stated at cost less accumulated depreciation and gains deferred on the sale and replacement of certain assets. Depreciation of tangible fixed assets, except for lease assets, is mainly computed using the declining-balance method at rates based on the estimated useful lives of the assets. The range of useful lives is principally from 5 to 31 years for buildings and from 4 to 20 years for equipment. Lease assets under finance lease transactions, in which substantial ownership is not deemed to have been transferred, are depreciated using the straight-line method over the lease term. The salvage value is zero or the guaranteed amounts if specified in the lease contracts (see Note 2.o).

e. Intangible Fixed Assets—The amortization of intangible fixed assets is calculated using the straight-line method. Capitalized costs of computer software developed/obtained for internal use are amortized using the straight-line method over the estimated useful lives of five years.

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

g. Foreign Currency Items—Assets and liabilities denominated in foreign currencies held by the Bank at year-end are translated into Japanese yen at the current exchange rates in effect at each consolidated balance sheet date. Exchange gains and losses are recognized in the fiscal periods in which they occur.

h. 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 a self-assessment system. This system reflects past experience of credit losses, possible future credit losses, business and economic conditions, the character, quality and performance of the portfolio, and other pertinent indicators.

As part of the Bank's self-assessment system, the quality of all loans is 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 debtors are classified into five categories. The credit rating system is used in the self-assessment of asset quality. All loans are classified into one of the following five categories for self-assessment purposes: "normal," "caution," "possible bankruptcy," "virtual bankruptcy," and "legal bankruptcy."

For large debtors who are likely to become bankrupt and debtors with restructured loans, if the cash flows from collection of the principal and interest can be reasonably estimated, the reserve is provided based on the difference between the relevant cash flows discounted by the initial contractual interest rates and the carrying amounts of the loans (the "DCF method").

The reserve for other possible loan losses is calculated based on the specific actual past loss ratio for normal and caution categories and the fair value of the collateral for collateral-dependent loans and other solvency factors including the value of future cash flows for the other self-assessment categories.

The Bank's subsidiaries determine the reserve for possible loan losses by a similar self-assessment system as that of the Bank.

***i. Reserve for Reimbursement of Deposits*—**Reserve for reimbursement of deposits which were derecognized as liabilities is provided for the future estimated payments for reimbursement claims on dormant deposit accounts based on the historical reimbursement experience.

***j. Reserve for Contingent Losses*—**Reserve for contingent losses is provided for the future estimated payments of burden money to the Credit Guarantee Corporations based on the historical experience of subrogation.

***k. Reserve for Disaster Losses*—**Reserve for disaster losses is provided for the future estimated payments of repairs required for restoration of the branches damaged by the Great East Japan Earthquake based on reasonable estimates.

***l. Employees' Retirement and Pension Plans*—**In calculation of projected benefit obligations, expected benefits are attributed to periods on a benefit formula basis. Treatment of prior service cost and actuarial gains and losses is as follows:

Prior service cost is charged to expenses when incurred.

Unrecognized actuarial gains and losses are amortized by the straight-line method from the following fiscal year after the fiscal year when they were incurred over a definite period (10 years) with the employees' average remaining service period when incurred.

Consolidated subsidiaries apply a shortcut method whereby the amount of the retirement benefits required to be paid if all the employees voluntarily retired at the end of the fiscal year is regarded as projected benefit obligations in determining the liability for employees' retirement benefits and net periodic retirement benefit costs.

***m. Asset Retirement Obligations*—**The asset retirement obligation is recognized as the sum of the DCFs required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of the asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an increase or a decrease in the carrying amount of the liability and the capitalized amount of the related asset retirement cost.

***n. Stock Options*—**The Bank recognizes compensation expense for employee stock options based on the fair value at the date of grant and over the vesting period as consideration for receiving goods or services. The Bank also accounts for stock options granted to nonemployees based on the fair value of either the stock option or the goods or services received. In the consolidated balance sheet, the stock option is presented as a stock acquisition right as a separate component of equity until exercised.

o. Leases

As a lessee

Finance lease transactions are capitalized to recognize lease assets and lease obligations in the consolidated balance sheet.

As a lessor

All finance leases that are deemed to transfer ownership of the leased property to the lessee are recognized as lease receivables, and all finance leases that are deemed not to transfer ownership of the leased property to the lessee are recognized as investments in leases.

***p. 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 tax laws to the temporary differences.

***q. Derivatives and Hedging Activities*—**It is the Bank's policy to use derivative financial instruments ("derivatives") primarily for the purpose of reducing market risks associated with its assets and liabilities. The Bank also utilizes derivatives to meet the needs of its clients while entering into derivatives as a part of its trading activities. The Bank enters into interest rate swaps and interest rate swaptions as a means of hedging its interest rate risk on certain loans and investment securities and to meet the needs of its clients. The Bank also enters into currency swaps, foreign exchange forward contracts, and currency options to hedge foreign currency exchange risk associated with its assets and liabilities denominated in foreign currencies and to meet the needs of its clients.

Derivatives are recognized as either assets or liabilities and measured at fair value. Gains or losses on derivative transactions are recognized in the consolidated statement of income. If derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, the gains or losses on derivatives are deferred until maturity of the hedged transactions.

The interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value, but the differential paid or received under the swap agreements is recognized and included in interest expense or income.

***r. Per Share Information*—**Basic net income per share is computed by dividing net income attributable to common stockholders by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits.

Diluted net income per share reflects the potential dilution that could occur if securities were exercised or converted into common stock. Diluted net income per share of common stock assumes full conversion of the outstanding convertible notes and bonds at the beginning of the year (or at the time of issuance) with an applicable adjustment for related interest expense, net of tax, and full exercise of outstanding warrants.

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

s. Changes in Accounting Policies

***Revised Accounting Standard for Business Combinations, Etc.*—**Effective from the year ended March 31, 2016, the Bank applied "Revised Accounting Standard for Business Combinations" (the Accounting Standards Board of Japan ("ASBJ") Statement No. 21 of September 13, 2013), "Revised Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22 of September 13, 2013), "Revised Accounting Standard for Business Divestitures" (ASBJ Statement No. 7 of September 13, 2013) and other related guidance. Additionally, the Bank changed the presentation of net income, etc. and the term "Noncontrolling interests" is used instead of "Minority interests." The related accounts in the prior year comparative information were reclassified to reflect these changes in the current year presentation.

t. New Accounting Pronouncements

Tax Effect Accounting— On December 28, 2015, the ASBJ issued ASBJ Guidance No. 26, "Guidance on Recoverability of Deferred Tax Assets," which included certain revisions of the previous accounting and auditing guidance issued by the Japanese Institute of Certified Public Accountants (the "JICPA"). While the new guidance continues to follow the basic framework of the previous guidance, it provides new guidance for the application of judgment in assessing the recoverability of deferred tax assets.

The previous guidance provided a basic framework which included certain specific restrictions on recognizing deferred tax assets depending on the company's classification in respect of its profitability, taxable profit and temporary differences, etc.

The new guidance does not change such basic framework but, in limited cases, allows companies to recognize deferred tax assets even for a deductible temporary difference for which it was specifically prohibited to recognize a deferred tax asset under the previous guidance, if the company can justify, with reasonable grounds, that it is probable that the deductible temporary difference will be utilized against future taxable profit in some future period.

The new guidance is effective for the beginning of annual periods beginning on or after April 1, 2016. Earlier application is permitted for annual periods ending on or after March 31, 2016. The new guidance shall not be applied retrospectively and any adjustments from the application of the new guidance at the beginning of the reporting period shall be reflected within retained earnings or accumulated other comprehensive income at the beginning of the reporting period.

The Companies expect to apply the new guidance on recoverability of deferred tax assets effective April 1, 2016, and are in the process of measuring the effects of applying the new guidance in future applicable periods.

3. Cash And Cash Equivalents

The reconciliation of cash and cash equivalents at the end of the year and cash and due from banks in the consolidated balance sheet as of March 31, 2016 and 2015, was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	**2016**
Cash and due from banks	**¥485,921**	¥514,617	**$4,312,397**
Due from banks, excluding due from the Bank of Japan	**(3,187)**	(2,534)	**(28,283)**
Cash and cash equivalents at the end of year	**¥482,733**	¥512,082	**$4,284,105**

4. Trading Account Securities And Investment Securities

Trading account securities as of March 31, 2016 and 2015, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	**2016**
National government bonds	**¥ 590**	¥ 886	**$ 5,236**
Local government bonds	**5,464**	2,512	**48,491**
Other securities	**22,001**	7,998	**195,252**
Total	**¥28,056**	¥11,397	**$248,988**

Investment securities as of March 31, 2016 and 2015, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	**2016**
National government bonds	**¥1,569,246**	¥2,012,132	**$13,926,570**
Local government bonds	**232,856**	80,330	**2,066,524**
Corporate bonds	**997,218**	950,662	**8,850,000**
Equity securities	**125,613**	142,928	**1,114,776**
Other securities	**566,575**	511,516	**5,028,177**
Total	**¥3,491,511**	¥3,697,570	**$30,986,075**

Securities loaned under securities lending agreements are included in the above national government bonds in the amount of ¥20,242 million ($179,641 thousand) and ¥20,204 million as of March 31, 2016 and 2015, respectively.

The carrying amounts and aggregate fair values of securities as of March 31, 2016 and 2015, were as follows:

Securities below include trading account securities and investment securities:

	Millions of Yen			
	2016			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Trading				**¥ 28,056**
Available-for-sale:				
Equity securities*	**¥ 59,413**	**¥65,160**	**¥ 893**	**123,680**
Debt securities	**2,737,666**	**49,477**	**22**	**2,787,121**
Other securities*	**525,404**	**46,355**	**7,495**	**564,263**
Held to maturity	**12,201**	**81**		**12,282**

	Millions of Yen			
	2015			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Trading				¥ 11,397
Available-for-sale:				
Equity securities*	¥ 60,132	¥81,310	¥ 511	140,931
Debt securities	2,990,549	39,555	481	3,029,622
Other securities*	445,532	68,207	4,013	509,726
Held to maturity	13,502	36	1	13,538

	Thousands of U.S. Dollars			
	2016			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Trading				**$ 248,988**
Available-for-sale:				
Equity securities*	**$ 527,271**	**$578,274**	**$ 7,925**	**1,097,621**
Debt securities	**24,295,935**	**439,093**	**195**	**24,734,833**
Other securities*	**4,662,797**	**411,386**	**66,515**	**5,007,658**
Held to maturity	**108,280**	**718**		**108,998**

* Unlisted equity securities for which the fair value is extremely difficult to determine are not included.

Securities, other than trading account securities, with readily determinable fair value, whose fair value significantly declined compared with the acquisition cost and whose fair value is not considered likely to recover to their acquisition cost, are written down to the respective fair value. The related losses on revaluation are charged to income for the fiscal year.

Impairment losses were recognized for available-for-sale securities in the amount of ¥4,756 million ($42,208 thousand), consisting of ¥764 million ($6,780 thousand) of equity securities and ¥3,991 million ($35,418 thousand) of other securities, and ¥635 million for the years ended March 31, 2016 and 2015, respectively.

The criteria for determining whether the fair value has "significantly declined" are defined based on the asset classification of the issuer in the internal standards for asset quality self-assessment as follows:

(a) Normal issuer: Fair value declined by 50% or more of the acquisition cost or fair value declined between 30% and 50% and average fair value during the past one month declined by 50% or more (30% or more for issuers who have credit risk more than a certain level).

(b) Caution issuers: Fair value declined by 30% or more of the acquisition cost.

(c) Legally bankrupt, virtually bankrupt, and possibly bankrupt issuers: Fair value is lower than the acquisition cost.

Proceeds from sales of available-for-sale securities for the years ended March 31, 2016 and 2015, were ¥90,397 million ($802,245 thousand) and ¥141,789 million, respectively. Gross realized gains and losses on these sales, computed on a moving average cost basis, were ¥2,784 million ($24,707 thousand) and ¥280 million ($2,484 thousand), respectively, for the year ended March 31, 2016, and ¥2,388 million and ¥657 million, respectively, for the year ended March 31, 2015.

Unrealized gains on available-for-sale securities as of March 31, 2016 and 2015, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Valuation differences:			
Available-for-sale securities	¥152,581	¥184,066	$1,354,108
Available-for-sale money held in trust	11,320	18,871	100,461
Deferred tax liabilities	(48,410)	(63,279)	(429,623)
Noncontrolling interests	(269)	(262)	(2,387)
Unrealized gains on available-for-sale securities	¥115,223	¥139,396	$1,022,568

5. Money Held In Trust

The carrying amounts and aggregate fair values of money held in trust as of March 31, 2016 and 2015, were as follows:

	Millions of Yen			
	2016			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Money held in trust classified as:				
Trading				¥43,375
Available-for-sale	¥21,581	¥11,320		32,902
Total	¥21,581	¥11,320		¥76,278

	Millions of Yen			
	2015			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Money held in trust classified as:				
Trading				¥43,639
Available-for-sale	¥21,581	¥18,871		40,453
Total	¥21,581	¥18,871		¥84,093

	Thousands of U.S. Dollars			
	2016			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Money held in trust classified as:				
Trading				$384,939
Available-for-sale	$191,524	$100,461		291,995
Total	$191,524	$100,461		$676,943

Available-for-sale securities held in trust, whose fair value significantly declined compared with the acquisition cost and whose fair value is not considered likely to recover to their acquisition cost, are written down to the respective fair value.

No impairment loss was recognized for money held in trust for the years ended March 31, 2016 and 2015.

6. Loans And Bills Discounted

Loans and bills discounted as of March 31, 2016 and 2015, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Bills discounted	¥ 10,331	¥ 12,104	$ 91,684
Loans on bills	160,996	166,062	1,428,789
Loans on deeds	3,629,488	3,446,428	32,210,578
Overdrafts	549,979	595,026	4,880,892
Total	¥4,350,795	¥4,219,621	$38,611,954

Bills discounted are accounted for as financial transactions in accordance with "Treatment of Accounting and Auditing of Application of Accounting Standard for Financial Instruments in the Banking Industry" (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 ¥10,501 million ($93,193 thousand) and ¥12,430 million as of March 31, 2016 and 2015, respectively.

Loans and bills discounted as of March 31, 2016 and 2015, included the following loans:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Loans to borrowers in bankruptcy	¥ 1,476	¥ 1,336	$ 13,099
Past due loans	80,965	91,246	718,539
Past due loans (three months or more)	612	397	5,431
Restructured loans	32,709	31,406	290,282
Total	¥115,764	¥124,387	$1,027,369

Loans to borrowers in bankruptcy represent nonaccrual loans to debtors who are legally bankrupt, as 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) for which the Bank has discontinued accruing interest income due to substantial doubt existing about the ultimate collection of principal and/or interest. Such loans are classified either as "possible bankruptcy" or "virtual bankruptcy" under the Bank's self-assessment guidelines.

In addition to past due loans, certain other loans classified as "caution" under the Bank's self-assessment guidelines include past due loans (three months or more) which consist of loans for which the principal and/or interest is three months or more past due, but exclude loans to borrowers in bankruptcy and past due loans.

Restructured loans are loans where the Bank and its subsidiaries relax lending conditions by reducing the original interest rate or by forbearing interest payments or principal repayments to support the borrower's reorganization. Restructured loans exclude loans to borrowers in bankruptcy, past due loans or past due loans (three months or more).

7. Foreign Exchanges

Foreign exchange assets and liabilities as of March 31, 2016 and 2015, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Assets			
Foreign exchange bills bought	¥ 170	¥ 326	$ 1,508
Foreign exchange bills receivable	3	2	26
Due from foreign correspondent accounts	4,139	2,999	36,732
Total	¥4,313	¥3,328	$38,276
Liabilities			
Foreign exchange bills sold	¥25	¥199	$221
Foreign exchange bills payable	56	96	496
Total	¥82	¥296	$727

8. Tangible Fixed Assets

The accumulated depreciation of tangible fixed assets as of March 31, 2016 and 2015, amounted to ¥79,051 million ($701,553 thousand) and ¥76,427 million, respectively.

As of March 31, 2016 and 2015, deferred gains for tax purposes of ¥7,713 million ($68,450 thousand) and ¥7,726 million, respectively, on tangible fixed assets sold and replaced with similar assets have been deducted from the cost of newly acquired tangible fixed assets.

9. Long-Lived Assets

The Bank recognized impairment losses of ¥438 million ($3,887 thousand) and ¥184 million on certain operating branches, business premises, branches to be closed, and unused facilities for the years ended March 31, 2016 and 2015, respectively.

The impairment losses were composed of ¥78 million ($692 thousand) on buildings, ¥341 million ($3,026 thousand) on land and ¥18 million ($159 thousand) on other fixed assets for the year ended March 31, 2016, and ¥79 million on buildings, ¥55 million on land and ¥49 million on other fixed assets for the year ended March 31, 2015.

For the purpose of testing for impairment, the Bank recognizes each individual branch office as a cash-generating unit for which it continues to manage and monitor identifiable cash flows. Branch offices to be closed and facilities not in operation are individually assessed for impairment. Subsidiaries recognize each company as a cash-generating unit. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group.

The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the DCFs from the continued use and eventual disposition of the asset or the net selling price at disposition. The DCFs were calculated using discount rates of 4.2% and 2.8% for the years ended March 31, 2016 and 2015, respectively, and the net selling price was determined by quotation from a third-party vendor.

10. Customers' Liabilities For Acceptances And Guarantees

All contingent liabilities arising from acceptances and guarantees are reflected in "Acceptances and guarantees." "Customers' liabilities for acceptances and guarantees" are shown as contra assets, representing the Bank's right to receive indemnity from the applicants.

The amount of guarantee obligations for privately placed corporate bonds included in securities as of March 31, 2016 and 2015, was ¥2,902 million ($25,754 thousand) and ¥4,448 million, respectively.

11. Assets Pledged

Assets pledged as collateral and their relevant liabilities as of March 31, 2016 and 2015, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Assets pledged as collateral:			
Investment securities	¥239,037	¥258,231	$2,121,379
Other assets	141	141	1,251
Relevant liabilities to above assets:			
Deposits	53,470	76,985	474,529
Payables under securities lending transactions	20,908	39,264	185,552

Additionally, investment securities amounting to ¥135,567 million ($1,203,115 thousand) and ¥134,705 million as of March 31, 2016 and 2015, respectively, are pledged as collateral for transactions, such as exchange settlement transactions or as substitute securities for future transaction initial margin and others.

Other assets include guarantee deposits for leased tangible fixed assets (lessee side) amounting to ¥95 million ($843 thousand) and ¥94 million as of March 31, 2016 and 2015, respectively.

12. Loan Commitments

Contracts of overdraft facilities and loan commitments are contracts with customers to lend up to the prescribed limits in response to customers' applications for a loan, as long as there is no violation of any condition within the contracts. As of March 31, 2016, the unused amount of such contracts totaled ¥1,652,504 million ($14,665,459 thousand), of which amounts with original agreement terms of less than one year were ¥1,600,103 million ($14,200,417 thousand). As of March 31, 2015, the unused amount of such contracts totaled ¥1,645,147 million, of which amounts with original agreement terms of less than one year were ¥1,599,474 million.

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

13. Deposits

Deposits as of March 31, 2016 and 2015, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Current deposits	¥ 179,778	¥ 169,416	$ 1,595,473
Ordinary deposits	4,425,651	4,244,724	39,276,277
Deposits at notice	11,126	11,591	98,739
Time deposits	2,476,197	2,505,436	21,975,479
Negotiable certificates of deposit	643,630	659,390	5,712,016
Other deposits	227,355	258,740	2,017,705
Total	¥7,963,738	¥7,849,299	$70,675,701

14. Borrowed Money

Borrowed money as of March 31, 2016 and 2015, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	**2016**
Borrowings from banks and other	**¥4,466**	¥24,871	**$39,634**

Borrowed money as of March 31, 2015, included subordinated borrowings in the amount of ¥20,000 million.

Annual maturities of borrowed money as of March 31, 2016, were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2017	**¥2,305**	**$20,456**
2018	**891**	**7,907**
2019	**523**	**4,641**
2020	**373**	**3,310**
2021	**97**	**860**
2022 and thereafter	**274**	**2,431**
Total	**¥4,466**	**$39,634**

At March 31, 2016 and 2015, the weighted-average annual interest rates applicable to borrowed money were 0.717% and 0.287%, respectively.

15. Liability For Employees' Retirement Benefits

The Companies have severance payment plans consisting of contributory pension fund plans and noncontributory lump-sum payment plans for employees.

Under most circumstances, employees terminating their employment are entitled to retirement benefits based on the rate of pay at the time of termination, years of service, and certain other factors. Such retirement benefits are made in the form of a lump-sum severance payment from the Companies and annuity payments from trustees. Employees are entitled to larger payments if the termination is involuntary, by retirement at the mandatory retirement age, by death or by voluntary retirement at certain specific ages prior to the mandatory retirement age.

(1) The changes in projected benefit obligations for the years ended March 31, 2016 and 2015, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	**2016**
Balance at beginning of year (as previously reported)	**¥64,799**	¥62,929	**$575,070**
Cumulative effect of changes in accounting policies		2,204	
Balance at beginning of year (as restated)	**64,799**	65,134	**575,070**
Service cost	**1,532**	1,590	**13,596**
Interest cost	**943**	948	**8,368**
Actuarial losses	**8,145**	311	**72,284**
Benefits paid	**(3,394)**	(3,371)	**(30,120)**
Prior service cost			
Others	**185**	186	**1,641**
Balance at end of year	**¥72,211**	¥64,799	**$640,850**

(2) The changes in plan assets for the years ended March 31, 2016 and 2015, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	**2016**
Balance at beginning of year	**¥37,095**	¥25,490	**$329,206**
Expected return on plan assets	**1,298**	892	**11,519**
Actuarial (losses) gains	**(2,478)**	2,662	**(21,991)**
Contributions from the employer	**1,738**	9,747	**15,424**
Benefits paid	**(1,905)**	(1,883)	**(16,906)**
Others	**185**	186	**1,641**
Balance at end of year	**¥35,933**	¥37,095	**$318,894**

(Note) Plan assets related to the multiemployer welfare pension fund plans adopted by certain consolidated subsidiaries are not included in the above plan assets.

(3) Reconciliation between the liability recorded in the consolidated balance sheet and the balances of projected benefit obligations and plan assets as of March 31, 2016 and 2015

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	**2016**
Funded projected benefit obligations	**¥ 49,121**	¥ 42,836	**$ 435,933**
Plan assets	**(35,933)**	(37,095)	**(318,894)**
Total	**13,187**	5,740	**117,030**
Unfunded projected benefit obligations	**23,090**	21,963	**204,916**
Net liability arising from projected benefit obligations	**¥ 36,278**	¥ 27,703	**$ 321,955**

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	**2016**
Liability for employees' retirement benefits	**¥36,278**	¥27,703	**$321,955**
Asset for employees' retirement benefits			
Net liability arising from projected benefit obligations	**¥36,278**	¥27,703	**$321,955**

(4) The components of net periodic retirement benefit costs for the years ended March 31, 2016 and 2015, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	**2016**
Service cost	**¥ 1,538**	¥1,608	**$ 13,649**
Interest cost	**943**	948	**8,368**
Expected return on plan assets	**(1,298)**	(892)	**(11,519)**
Recognized actuarial losses	**825**	1,036	**7,321**
Amortization of prior service cost			
Others			
Net periodic retirement benefit costs	**¥ 2,009**	¥2,701	**$ 17,829**

(Notes) 1. Employees' contribution to corporate pension funds is deducted.

2. Net periodic retirement benefit costs of the consolidated subsidiaries which adopt a shortcut method are included in "Service cost."

(5) Amounts recognized in other comprehensive income (before income tax effect) in respect of defined retirement benefit plans for the years ended March 31, 2016 and 2015

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Prior service cost			
Actuarial (losses) gains	¥(9,799)	¥3,387	$(86,963)
Others			
Total	¥(9,799)	¥3,387	$(86,963)

(6) Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of defined retirement benefit plans as of March 31, 2016 and 2015

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Unrecognized prior service cost			
Unrecognized actuarial gains	¥12,206	¥2,407	$108,324
Others			
Total	¥12,206	¥2,407	$108,324

(7) Plan assets as of March 31, 2016 and 2015

a. Components of plan assets

Plan assets consisted of the following:

	2016	2015
Debt investments	26%	21%
Equity investments	42	34
Cash and cash equivalents		
Life insurance company accounts (general accounts)	28	20
Call loans, etc.	4	25
Others		
Total	100%	100%

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

The expected rate of return on plan assets is determined considering allocation of plan assets which are expected currently and in the future and 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, 2016 and 2015, were set forth as follows:

	2016	2015
Discount rate	0.6%	1.5%
Long-term expected rate of return on plan assets	3.5	3.5
Expected rate of salary increase	4.5	5.2

16. Asset Retirement Obligations

Asset retirement obligations which were recognized on the consolidated balance sheet for the years ended March 31, 2016 and 2015, were as follows:

a. Overview of asset retirement obligations

Asset retirement obligations are recognized for obligations of restoring leased buildings, such as branch premises, to their original state, based on the real estate lease contracts and asbestos removal costs.

b. Calculation of asset retirement obligations

Asset retirement obligations are calculated based on the estimated available periods of 16 to 31 years depending on the expected useful lives of buildings using discount rates from 1.166% to 2.324%.

c. The changes in asset retirement obligations for the years ended March 31, 2016 and 2015, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Balance at beginning of year	¥626	¥614	$5,555
Increase due to acquisition of tangible assets	11	21	97
Reconciliation associated with passage of time	8	11	70
Decrease due to execution of asset retirement obligations	(5)	(14)	(44)
Other		(5)	
Balance at end of year	¥641	¥626	$5,688

17. Equity

Japanese banks are subject to the Banking Law and to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act and the Banking Law 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 general meeting of stockholders. For companies that meet certain criteria such as (1) having a Board of Directors, (2) having independent auditors, (3) having an Audit & Supervisory Board, and (4) the term of service of the directors being prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. The Bank meets all the above criteria. The Companies Act permits companies to distribute dividends-in-kind (noncash assets) to stockholders subject to certain limitations and additional requirements. Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Bank can do so because it stipulates this in its articles of incorporation. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the stockholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

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 total of the aggregate amount of the legal reserve and additional paid-in capital equals 100% of stated capital.

Under the Companies Act and the Banking Law, the aggregate amount of additional paid-in capital and the legal reserve that exceeds 100% of the stated capital may be made available for dividends by resolution of the stockholders after transferring such excess to retained earnings in accordance with the Companies Act. Under the Companies Act, the total amount of additional paid-in capital and the legal reserve may be reversed without limitation. The Companies Act also provides that stated capital, 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 stockholders.

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 stockholders 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.

18. Stock Options

Expenses related to stock options in the amount of ¥138 million ($1,224 thousand) and ¥130 million are recorded under general and administrative expenses for the years ended March 31, 2016 and 2015, respectively.

The stock options outstanding as of March 31, 2016, are as follows:

Nature and extent of stock options:

	2009 Stock Option	2010 Stock Option	2011 Stock Option	2012 Stock Option	2013 Stock Option	2014 Stock Option	2015 Stock Option
Persons granted	16 directors of the Bank	16 directors of the Bank	16 directors of the Bank	16 directors of the Bank	15 directors of the Bank (excluding outside directors)	13 directors (excluding outside directors) and 4 executive officers (excluding executive directors) of the Bank	13 directors (excluding outside directors) and 6 executive officers (excluding executive directors) of the Bank
Number of stock options by type of share*	281,800 shares of common stock of the Bank	357,500 shares of common stock of the Bank	498,900 shares of common stock of the Bank	498,900 shares of common stock of the Bank	296,800 shares of common stock of the Bank	245,800 shares of common stock of the Bank	183,100 shares of common stock of the Bank
Date of grant	August 3, 2009	August 2, 2010	August 1, 2011	July 27, 2012	July 29, 2013	August 1, 2014	July 31, 2015
Vesting conditions	Not defined	Not defined	Not defined	Not defined	Not defined	Not defined	Not defined
Eligible service period	Not defined	Not defined	Not defined	Not defined	Not defined	Not defined	Not defined
Exercise period	From August 4, 2009 to August 3, 2034	From August 3, 2010 to August 2, 2035	From August 2, 2011 to August 1, 2036	From July 28, 2012 to July 27, 2037	From July 30, 2013 to July 29, 2038	From August 2, 2014 to August 1, 2039	From August 1, 2015 to July 31, 2040

**Number of stock options is converted into number of shares.*

Stock option activity is as follows:

	2009 Stock Option	2010 Stock Option	2011 Stock Option	2012 Stock Option	2013 Stock Option	2014 Stock Option	2015 Stock Option
				(Shares)			
Non-vested							
March 31, 2015 —Outstanding	153,600	216,800	345,800	367,400	260,300	245,800	
Granted							183,100
Forfeited							
Vested					13,100	10,300	
March 31, 2016 —Outstanding	153,600	216,800	345,800	367,400	247,200	235,500	183,100
Vested							
March 31, 2015 —Outstanding							
Vested					13,100	10,300	
Exercised					13,100	10,300	
Forfeited							
March 31, 2016 —Outstanding							

Unit price information is as follows:

	2009 Stock Option	2010 Stock Option	2011 Stock Option	2012 Stock Option	2013 Stock Option	2014 Stock Option	2015 Stock Option
Exercise price	¥1 ($0.00)	¥1 ($0.00)	¥1 ($0.00)	¥1 ($0.00)	¥1 ($0.00)	¥1 ($0.00)	¥1 ($0.00)
Average stock price at the time of exercise					¥748 ($6.63)	¥748 ($6.63)	
Fair value at the date of grant	¥523 ($4.64)	¥415 ($3.68)	¥317 ($2.81)	¥275 ($2.44)	¥444 ($3.94)	¥527 ($4.67)	¥775 ($6.87)

The estimation method for the fair value of the 2015 Stock Option granted in the year ended March 31, 2016, is as follows:

(1) The valuation technique used is the Black-Scholes option-pricing model.

(2) Major assumptions are as follows:

Stock price volatility (see Note 1 below)	30.472%
Expected remaining service period (see Note 2 below)	3 years and 8 months
Expected cash dividend (see Note 3 below)	¥8.5 per share
Risk-free interest rate (see Note 4 below)	0.046%

Notes: 1. *Stock price volatility is computed based on past stock prices during the period from November 2011 to July 2015 corresponding to the expected remaining period of 3 years and 8 months.*
2. *The expected remaining service period is estimated by deducting the current service period and age from the presumed remaining service period calculated from average terms of office and retirement ages of the directors who retired within the past 10 years.*
3. *Actual cash dividends for the year ended March 31, 2015*
4. *Risk-free interest rate refers to yields of Japanese government bonds corresponding to the expected remaining period.*

The estimation method of the number of stock options to be vested is as follows:

The Bank uses the method to reflect the actual forfeited options, since it is difficult to estimate the number of stock options to be forfeited in the future on a reasonable basis.

19. Other Operating Income

Other operating income for the years ended March 31, 2016 and 2015, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	**2016**
Gain on sales and redemption of bonds and other securities	**¥ 562**	¥ 1,533	**$ 4,987**
Lease receipts	**7,158**	7,282	**63,525**
Other	**2,792**	2,926	**24,778**
Total	**¥10,514**	¥11,742	**$93,308**

20. Other Income

Other income for the years ended March 31, 2016 and 2015, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	**2016**
Gains on sales of stocks and other securities	**¥2,312**	¥1,082	**$20,518**
Gains on sales of tangible fixed assets	**134**	61	**1,189**
Other	**1,768**	1,297	**15,690**
Total	**¥4,215**	¥2,441	**$37,406**

21. Other Operating Expenses

Other operating expenses for the years ended March 31, 2016 and 2015, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Losses on sales, redemption and devaluation of bonds and other securities	¥ 4,983	¥1,702	$ 44,222
Lease costs	6,498	6,542	57,667
Other	2,020	1,089	17,926
Total	¥13,502	¥9,334	$119,826

22. Other Expenses

Other expenses for the years ended March 31, 2016 and 2015, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Bad debt losses	¥ 11	¥ 36	$ 97
Losses on dispositions of money held in trust	235		2,085
Losses on sales of loans	182	466	1,615
Losses on impairments and disposals of fixed assets	500	466	4,437
Provision for reserve for reimbursement of deposits	236	202	2,094
Other	999	497	8,865
Total	¥2,166	¥1,669	$19,222

23. Income Taxes

The Companies are subject to Japanese national and local income taxes which, in the aggregate, resulted in normal effective statutory tax rates of approximately 33.0% and 35.5% for the years ended March 31, 2016 and 2015, respectively.

The tax effects of significant temporary differences which resulted in deferred tax assets and liabilities as of March 31, 2016 and 2015, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Deferred tax assets:			
Reserve for possible loan losses	¥ 20,640	¥ 24,464	$ 183,173
Liability for employees' retirement benefits	11,058	8,916	98,136
Fixed assets (depreciation)	7,404	5,771	65,708
Losses on devaluation of stocks and other securities	3,390	2,241	30,085
Other	7,358	6,340	65,299
Less valuation allowance	(16,773)	(18,521)	(148,855)
Total	33,079	29,212	293,565
Deferred tax liabilities:			
Unrealized gains on available-for-sale securities	48,410	63,279	429,623
Fixed assets (deferred gain on sales and replacements)	343	343	3,044
Other	10	11	88
Total	48,763	63,634	432,756
Net deferred tax liabilities	¥(15,684)	¥(34,421)	$(139,190)

A reconciliation between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statement of income for the years ended March 31, 2016 and 2015, was as follows:

	2016	2015
Normal effective statutory tax rate	33.0%	35.5%
Expenses not deductible for income tax purposes	0.3	0.3
Nontaxable dividend income	(1.0)	(2.7)
Inhabitants taxes	0.2	0.2
Valuation allowance	(3.4)	2.6
Reduction of deferred tax assets due to tax rate changes	4.9	7.8
Other—net	1.1	0.2
Actual effective tax rate	35.1%	43.9%

Adjustments of Deferred Tax Assets and Liabilities Due to a Change in the Corporate Income Tax Rate, Etc.

"Partial Amendments to Income Tax Act, etc." (Act No. 15, 2016) and "Partial Amendments to Local Tax Act, etc." (Act No. 13, 2016) enacted by the Japanese Diet on March 29, 2016, reduced corporate income tax rates, etc., from the year beginning on or after April 1, 2016. As a result, the normal effective statutory tax rate to be used in computing deferred tax assets and liabilities has been reduced from 33.0% to 30.8% for the temporary differences expected to be eliminated in the year beginning on April 1, 2016, to 30.6% for those expected to be eliminated in the year beginning on April 1, 2017, and to 30.4% for those expected to be eliminated in the years beginning on and after April 1, 2018. As a result, deferred tax assets and deferred tax liabilities decreased by ¥33 million ($292 thousand) and ¥986 million ($8,750 thousand), respectively, and unrealized gains on available-for-sale securities and income taxes—deferred increased by ¥2,543 million ($22,568 thousand) and ¥1,316 million ($11,679 thousand), respectively.

24. Other Comprehensive (Loss) Income

The components of other comprehensive (loss) income for the years ended March 31, 2016 and 2015, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Unrealized (losses) gains on available-for-sale securities:			
(Loss) gain arising during the year	¥(41,037)	¥ 81,950	$(364,190)
Reclassification adjustment to profit or loss	2,001	(952)	17,758
Amount before income tax effect	(39,035)	80,998	(346,423)
Income tax effect	14,869	(21,931)	131,957
Total	¥(24,166)	¥ 59,066	$(214,465)
Deferred losses on derivatives under hedge accounting:			
Loss arising during the year	¥ (4,955)	¥ (626)	$ (43,974)
Reclassification adjustment to profit or loss	614	399	5,449
Amount before income tax effect	(4,340)	(227)	(38,516)
Income tax effect	1,309	60	11,616
Total	¥ (3,030)	¥ (167)	$ (26,890)
Defined retirement benefit plans:			
(Loss) gain arising during the year	¥(10,624)	¥ 2,350	$ (94,284)
Reclassification adjustment to profit or loss	825	1,036	7,321
Amount before income tax effect	(9,799)	3,387	(86,963)
Income tax effect	2,940	(1,275)	26,091
Total	¥ (6,858)	¥ 2,112	$ (60,862)
Total other comprehensive (loss) income	¥(34,055)	¥ 61,011	$(302,227)

25. Leases

Finance Leases

a. Lessee
The Companies lease certain machinery, computer equipment, and other assets including software.

b. Lessor
A subsidiary leases certain equipment and other assets to various customers.
The net investments in leases as of March 31, 2016 and 2015, are summarized as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Gross lease receivables	¥16,216	¥16,799	$143,911
Estimated residual values	1,022	976	9,069
Unearned interest income	(1,768)	(1,923)	(15,690)
Investments in leases	¥15,470	¥15,851	$137,291

Maturities of lease receivables for finance leases that are deemed not to transfer ownership of the leased property to the lessee as of March 31, 2016, are as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2017	¥40	$354
2018	38	337
2019	11	97
Total	¥90	$798

Maturities of investment in leases for finance leases that are deemed not to transfer ownership of the leased property to the lessee as of March 31, 2016, are as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2017	¥ 5,554	$ 49,290
2018	4,233	37,566
2019	3,093	27,449
2020	1,926	17,092
2021	917	8,138
2022 and thereafter	490	4,348
Total	¥16,216	$143,911

Operating Leases
As of March 31, 2016 and 2015, future lease payment receivables including interest receivables under noncancelable operating leases were as follows:
Future Lease Payment Receivables

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Due within one year	¥1	¥5	$8
Due after one year		1	
Total	¥1	¥6	$8

26. Financial Instruments And Related Disclosures

(1) Group Policy for Financial Instruments
The Companies provide financial services such as credit card business and leasing operations in addition to banking operations. In the course of these operations, the Companies raise funds principally through deposit taking and invest funds in loans, securities, and others. As such, the Bank holds financial assets and liabilities which are subject to fluctuation in interest rates and conducts comprehensive Asset and Liability Management ("ALM") to avoid unfavorable effects from interest rate fluctuations. Derivatives are also employed by the Bank as part of ALM.
(2) Nature and Extent of Risks Arising from Financial Instruments
Financial assets held by the Companies mainly consist of loans to domestic corporations, local government agencies, and individual customers which are exposed to credit risk that the Companies may suffer from losses resulting from nonperformance of borrowers and interest rate risk that the Companies may suffer from losses resulting from fluctuations in interest rates.
Securities, mainly debt securities, equity securities, and investment trusts are held to maturity and for other purposes and also certain debt securities are held for the purpose of selling to customers. These securities are exposed to credit risk of issuers and market risks of fluctuations in interest rates and market prices. In addition, they are exposed to market liquidity risk that the Companies may suffer from losses resulting from difficulties in executing financial transactions in certain environments such as market turmoil.
Financial liabilities, mainly consisting of liquid deposits or time deposits taken from corporate and individual customers, are exposed to cash flow risk that the Bank may experience a situation where unexpected cash flows are incurred in certain environments where the credit rating of the Bank may be lowered and, accordingly, necessary funding may become difficult.
Foreign currency denominated assets and liabilities are exposed to foreign exchange risk that the Bank may suffer from losses resulting from fluctuations in foreign exchange rates.
Derivatives mainly include interest rate swaps and bond futures, which are used to manage exposure to market risks from changes in interest rates of loans and investment securities, and foreign exchange forward contracts, which are used to hedge foreign exchange risk associated with foreign currency-denominated assets and liabilities. Hedge accounting is applied to certain hedging activities related to loans and investment securities as hedged items.
(3) Risk Management for Financial Instruments
Credit risk management
The Bank has established the "Credit Risk Control Policy" as a basic policy for credit risk management and various rules concerning credit risk management. Based on these policies and rules, the Companies clarify fundamental approaches to secure the soundness of assets and control procedures for identifying, monitoring, and controlling credit risk. Additionally, the Bank utilizes the "Credit Rating System" applied to counterparties granted with credit from the viewpoint of identifying credit risk objectively and enhancing credit risk control.
In addition, as an organization responsible for credit risk management, credit risk control functions and review functions have been established to secure the effectiveness of credit risk management.
The Risk Management Division, as a credit risk control function, is engaged in identifying the level of future possible credit risk and the status of credit concentration in major borrowers through measurement of the level of credit risk and analysis of credit portfolios.
The Credit Supervision Division, as a review control function, is engaged in reviewing lending operations based on strict examination standards, system development for strengthening the daily control of loan receivables, and appropriate maintenance of operational procedures.
Market risk management
a. Market Risk Management System
The Bank has established the "Market Risk Control Policy" as a basic policy for market risk management and various rules concerning market risk management. Based on these policies and rules, the Bank clarifies fundamental approaches for appropriate market risk control operations and control procedures for identifying, monitoring and controlling market risk.
As an organization responsible for market risk management, a market risk control function (middle office) has been established and furthermore, the operating function (front office) and the administration function (back office) have been separated. Additionally, market risk control function staffs are assigned to the operating function to secure the effectiveness of market risk management.
The Risk Management Division, as a market risk control function, measures the level of market risk of the Bank as a whole using Value-at-Risk ("VaR") approach models and other models and regularly monitors the status of compliance with position limits and loss limits established according to the type and characteristics of transactions to control the level of market risk within a certain range.

In addition, an ALM and Income Control Committee was established for the purpose of analyzing flexible investment strategies in order to prevent risks resulting from fluctuations in interest rates and market prices, while forecasting future interest rates, market prices, and trends of fund and business conditions. The committee is also responsible for securing the soundness of management and also improving profitability at the same time based on appropriate asset and liability management through the unification of risk management and earnings control.

b. Quantitative Information about Market Risk

The Bank adopts the variance-covariance method (holding period: 125 business days for strategic equity securities and 60 business days for others; confidence interval: 99.0%; observation period: 250 business days) in computing the VaR with respect to securities, Japanese yen deposits and loans, and Japanese yen money market funds. The volume of market risk (estimated losses) that the Bank is exposed to as of March 31, 2016, amounts to ¥130,849 million ($1,161,244 thousand) (¥72,897 million in 2015) as a whole. However, the risk under certain abnormal market fluctuations may not be captured since, under the VaR method, the volume of market risk under a definite probability of statistically computed incidence is measured based on historical market fluctuations.

The Bank implements back testing to compare the VaR computed by the model with actual profit and loss in the securities and confirms that the measurement model in use captures the market risk with sufficient precision.

Liquidity risk management

The Bank has established the "Liquidity Risk Control Policy" as a basic policy for liquidity risk management and various rules concerning liquidity risk management. Based on these policies and rules, the Bank clarifies fundamental approaches for stable funding of operations and control procedures for identifying, monitoring and controlling liquidity risk. In addition, the Bank has established the "Contingency Plan for Liquidity" to enable it to make quick and correct responses to unexpected events.

Furthermore, as an organization responsible for liquidity risk management, a liquidity risk control function has been established and a cash management function and a settlement control function have been established to control daily cash management and settlement related to cash and securities.

The Risk Management Division, as a liquidity risk control function, manages the liquidity risk of the Bank as a whole by identifying, monitoring and controlling liquidity risk.

The Treasury Administration and International Division, as a cash management control function and settlement control function, prepares daily or monthly cash flow projections and conducts cash management by identifying possible funds and liquidity of assets and verifying the concentration of settlement of major account funds to a certain date. The Division also controls settlement by identifying the status of settlement through systems such as the BOJ-NET and among financial institutions.

Risk management system of subsidiaries

The subsidiaries have a risk management system similar to that of the Bank.

(4) Supplementary Explanation about Fair Values of Financial Instruments

The fair values of financial instruments include, in addition to the value determined based on market prices, valuations calculated on a reasonable basis if no market prices are available. Since certain assumptions are used in calculating the value, the outcome of such calculation may vary if different assumptions are used.

(5) Fair Values of Financial Instruments

The carrying amount, the fair value, and the differences thereof as of March 31, 2016 and 2015, are disclosed below. Note that unlisted equity securities for which fair value is extremely difficult to determine are not included in the following table (see Note 2 below) and insignificant accounts in terms of the carrying amount are omitted:

	Millions of Yen		
March 31, 2016	Carrying Amount	Fair Value	Difference
(1) Cash and due from banks	¥ 485,921	¥ 485,921	
(2) Call loans and bills bought	115,560	115,560	
(3) Investment securities	3,487,266	3,487,347	¥ 81
Held-to-maturity securities	12,201	12,282	81
Available-for-sale securities	3,475,065	3,475,065	
(4) Loans and bills discounted	4,350,795		
Reserve for possible loan losses*	(72,343)		
	4,278,451	4,311,700	33,248
Total assets	¥8,367,200	¥8,400,530	¥33,329
(1) Deposits	¥7,963,738	¥7,964,289	¥ 550
Total liabilities	¥7,963,738	¥7,964,289	¥ 550

	Millions of Yen		
March 31, 2015	Carrying Amount	Fair Value	Difference
(1) Cash and due from banks	¥ 514,617	¥ 514,617	
(2) Investment securities	3,693,783	3,693,819	¥ 35
Held-to-maturity securities	13,502	13,538	35
Available-for-sale securities	3,680,280	3,680,280	
(3) Loans and bills discounted	4,219,621		
Reserve for possible loan losses*	(80,667)		
	4,138,953	4,183,272	44,318
Total assets	¥8,347,354	¥8,391,708	¥44,353
(1) Deposits	¥7,849,299	¥7,849,909	¥ 610
(2) Call money and bills sold	67,054	67,054	
Total liabilities	¥7,916,354	¥7,916,964	¥ 610

	Thousands of U.S. Dollars		
March 31, 2016	Carrying Amount	Fair Value	Difference
(1) Cash and due from banks	$ 4,312,397	$ 4,312,397	
(2) Call loans and bills bought	1,025,559	1,025,559	
(3) Investment securities	30,948,402	30,949,121	$ 718
Held-to-maturity securities	108,280	108,998	718
Available-for-sale securities	30,840,122	30,840,122	
(4) Loans and bills discounted	38,611,954		
Reserve for possible loan losses*	(642,021)		
	37,969,923	38,264,998	295,065
Total assets	$74,256,301	$74,552,094	$295,784
(1) Deposits	$70,675,701	$70,680,591	$ 4,881
Total liabilities	$70,675,701	$70,680,591	$ 4,881

*General and specific reserves for possible loan losses corresponding to loans and bills discounted are deducted.

Notes:

1. Calculation method for the fair value of financial instruments

Assets

(1) Cash and due from banks

For due from banks, the carrying amount is presented as the fair value since the fair value approximates the carrying amount.

(2) Call loans and bills bought

For call loans and bills bought, the carrying amount is presented as the fair value since the fair value approximates the carrying amount.

(3) Investment securities

The fair values of equity securities and debt securities are determined using the quoted price of the stock exchange, Japan Securities Dealers Association, or the price calculated by financial institutions. The fair value of investment trust is determined using the published standard quotation or the standard quotation offered by the securities investment advisors. With respect to privately placed guaranteed bonds, the fair value is determined using the future cash flows (coupons, redemption of principal, guarantee fees) discounted at an interest rate considering the market interest rates and issuers' credit risk.

(4) Loans and bills discounted

With respect to loans with floating interest rates, the carrying amount is presented as the fair value since the fair value approximates the carrying amount as they reflect the market interest rates over a short period, unless the creditworthiness of the borrower has changed significantly since the loan origination. With respect to loans with fixed interest rates, for each category of loan based on the type of loan, internal ratings, and maturity length, the fair value is determined based on the present value of expected cash flows of aggregated principal and interest discounted at a rate which is the rate assumed if a new loan was made, or market interest rate, which is adjusted by the standard spread (including overhead ratio) by credit rating. The carrying amount is presented as the fair value if the maturity is within a short time period (less than one year) and the fair value approximates the carrying amount.

For receivables from "legally bankrupt," "virtually bankrupt," and "possibly bankrupt" borrowers, possible loan losses are estimated based on the DCF method or factors such as the expected amounts to be collected from collateral and guarantees. Since the fair value of these items approximates the carrying amount, net of the currently expected loan losses, such carrying amount is presented as the fair value.

For loans for which the repayment due date is not defined because of the characteristics that the loan amount is limited within the pledged assets, the carrying amount is presented as the fair value since the fair value is assumed to approximate the carrying amount considering the expected repayment schedule and terms of the interest rates.

Liabilities

(1) Deposits

Regarding demand deposits, the amount payable as of the balance sheet date (i.e., the carrying amount) is considered to be the fair value. Time deposits and negotiable certificates of deposit are grouped by maturity length, and the fair value is determined using the present value of the aggregate amounts of principal and interest discounted at an interest rate that would be applied to newly accepted deposits. For deposits with maturities within a short time period (less than one year) and whose fair value approximates the carrying amount, the carrying amount is presented as the fair value.

2. The financial instruments whose fair value is extremely difficult to determine are as follows. These items are not included in (3) "Available-for-sale securities" under "Assets" in the above table of fair value information of financial instruments.

	Carrying Amount		
	Millions of Yen		Thousands of U.S. Dollars
Category	**2016**	2015	**2016**
Unlisted equity securities*1,*2	**¥1,932**	¥1,997	**$17,145**
Capital subscription in investment business partnerships*3	**2,311**	1,789	**20,509**
Total	**¥4,244**	¥3,787	**$37,664**

*1 *Unlisted equity securities are not treated as instruments whose fair value is required to be disclosed since there is no market price and it is extremely difficult to determine the fair value.*

*2 *Impairment losses in the amount of ¥0 million ($0 thousand) and ¥10 million were recognized for unlisted equity securities for the years ended March 31, 2016 and 2015, respectively.*

*3 *Capital subscription in investment business partnerships, whose assets (i.e., unlisted equity securities) consist of those whose fair values are extremely difficult to determine, is not treated as instruments whose fair value is required to be disclosed.*

3. Maturity analysis for financial assets and securities with contractual maturities as of March 31, 2016

	Millions of Yen					
	Due in 1 Year or Less	Due after 1 Year through 3 Years	Due after 3 Years through 5 Years	Due after 5 Years through 7 Years	Due after 7 Years through 10 Years	Due after 10 Years
Due from banks	**¥ 430,000**					
Call loans and bills bought	**115,560**					
Investment securities	**466,499**	**¥ 872,507**	**¥ 940,133**	**¥452,830**	**¥443,188**	
Held-to-maturity securities	**1,600**	**6,500**	**4,100**			
National government bonds	**700**	**4,800**	**2,800**			
Local government bonds	**900**	**1,700**	**1,300**			
Available-for-sale securities with contractual maturities	**464,899**	**866,007**	**936,033**	**452,830**	**443,188**	
National government bonds	**323,700**	**499,600**	**487,350**	**180,700**	**31,000**	
Local government bonds	**3,991**	**1,000**	**6,500**	**42,900**	**166,100**	
Corporate bonds	**86,527**	**208,969**	**318,522**	**219,282**	**137,231**	
Other	**50,680**	**156,438**	**123,660**	**9,948**	**108,857**	
Loans and bills discounted*	**1,107,090**	**793,498**	**704,920**	**376,923**	**405,918**	**¥799,611**
Total	**¥2,119,151**	**¥1,666,006**	**¥1,645,053**	**¥829,753**	**¥849,107**	**¥799,611**

	Thousands of U.S. Dollars					
	Due in 1 Year or Less	Due after 1 Year through 3 Years	Due after 3 Years through 5 Years	Due after 5 Years through 7 Years	Due after 7 Years through 10 Years	Due after 10 Years
Due from banks	$ 3,816,116					
Call loans and bills bought	1,025,559					
Investment securities	4,140,033	$ 7,743,228	$ 8,343,388	$4,018,725	$3,933,155	
Held-to-maturity securities	14,199	57,685	36,386			
National government bonds	6,212	42,598	24,849			
Local government bonds	7,987	15,086	11,537			
Available-for-sale securities with contractual maturities	4,125,834	7,685,543	8,307,002	4,018,725	3,933,155	
National government bonds	2,872,736	4,433,794	4,325,079	1,603,656	275,115	
Local government bonds	35,418	8,874	57,685	380,724	1,474,085	
Corporate bonds	767,900	1,854,534	2,826,783	1,946,059	1,217,882	
Other	449,769	1,388,338	1,097,444	88,285	966,072	
Loans and bills discounted*	9,825,079	7,042,048	6,255,946	3,345,074	3,602,396	$7,096,299
Total	$18,806,806	$14,785,285	$14,599,334	$7,363,800	$7,535,560	$7,096,299

** Of loans and bills discounted, the portion whose timing of collection is unforeseeable, such as loans to "Legally bankrupt" borrowers, loans to "Virtually bankrupt" borrowers, and loans to "Possibly bankrupt" borrowers, amounting to ¥82,442 million ($731,647 thousand) are not included in the above table. Loans that do not have a contractual maturity, amounting to ¥80,390 million ($713,436 thousand), are not included either.*

4. Repayment schedule of bonds, borrowed money, and other interest-bearing liabilities subsequent to March 31, 2016

	Millions of Yen					
	Due in 1 Year or Less	Due after 1 Year through 3 Years	Due after 3 Years through 5 Years	Due after 5 Years through 7 Years	Due after 7 Years through 10 Years	Due after 10 Years
Deposits*	¥7,500,675	¥402,599	¥60,462			

	Thousands of U.S. Dollars					
	Due in 1 Year or Less	Due after 1 Year through 3 Years	Due after 3 Years through 5 Years	Due after 5 Years through 7 Years	Due after 7 Years through 10 Years	Due after 10 Years
Deposits*	$66,566,160	$3,572,941	$536,581			

** Demand deposits included in deposits are presented under "Due in 1 year or less."*

27. Derivatives

It is the Bank's policy to use derivatives primarily for the purpose of reducing market risks associated with its assets and liabilities. The Bank also utilizes derivatives to meet the needs of its clients while entering into derivatives as a part of its trading activities.

The Bank enters into interest rate swaps and interest rate swaptions as a means of hedging its interest rate risk on certain loans and investment securities while entering into interest rate swaps and interest rate swaptions to meet the needs of its clients.

The Bank also enters into currency swaps, foreign exchange forward contracts, and currency options to hedge foreign exchange risk associated with its assets and liabilities denominated in foreign currencies and to meet the needs of its clients.

Derivatives are subject to market risk and credit risk. Market risk is the exposure created by potential fluctuations of market conditions, including interest or foreign exchange rates. Credit risk is the possibility that a loss may result from a counterparty's failure to perform its obligations under a contract.

The Bank sets limits on credit risk for those derivatives by limiting the counterparties to major financial institutions and securities companies and establishing maximum risk exposures to the counterparties.

The Bank has established a standard of risk management including management approaches for each type of risk. Derivative transactions entered into by the Bank have been made in accordance with internal policies which regulate trading activities and credit risk management including maximum risk exposures and loss-cutting rules. Concerning risk management associated with derivative transactions, the front and back offices of the trading divisions are clearly separated and risk managers are assigned to the trading divisions, while the Risk Management Division synthetically manages the Bank's market risks. In this manner, an internal control system is effectively secured.

The Bank's positions, gain and loss, risk amount, and other conditions are periodically reported to the executive committee.

The Bank has the following derivatives contracts outstanding as of March 31, 2016 and 2015:

Derivative Transactions to Which Hedge Accounting Is Not Applied

With respect to derivatives to which hedge accounting is not applied, contract or notional amount, fair value, and unrealized gains/losses, and the calculation method of fair value are as shown below. Note that the contract or notional amounts of the derivatives which are shown in the table do not represent the amounts of the Bank's exposure to credit or market risk.

	Millions of Yen								Thousands of U.S. Dollars			
	2016				2015				**2016**			
	Contract or Notional Amount				Contract or Notional Amount				Contract or Notional Amount			
	Total	Due after One Year	Fair Value	Unrealized Gains/ Losses	Total	Due after One Year	Fair Value	Unrealized Gains/ Losses	Total	Due after One Year	Fair Value	Unrealized Gains/ Losses
Interest rate-related over-the-counter ("OTC") transactions:												
Interest rate swaps:												
Floating rate receipt/ fixed rate payment	¥6,063	¥3,463	¥(23)	¥(23)	¥10,918	¥4,202	¥(15)	¥(15)	$53,807	$30,733	$(204)	$(204)
Floating rate payment/ fixed rate receipt	5,650	3,050	9	9	10,350	3,750			50,141	27,067	79	79
Interest rate swaption:												
Selling	1,200		9	9	1,900		(5)	(5)	10,649		79	79
Buying	1,200		(9)	(9)	1,900		5	5	10,649		(79)	(79)
Currency-related OTC transactions:												
Currency swaps	37,332	15,253	19	19	30,200	30,200	27	27	331,309	135,365	168	168
Foreign exchange forward contracts:												
Selling	270,688		3,990	3,990	165,531		(1,727)	(1,727)	2,402,271		35,410	35,410
Buying	1,686		(10)	(10)	3,351		38	38	14,962		(88)	(88)
Currency option:												
Selling	6,093	4,434	(241)	65	6,617	4,997	(224)	94	54,073	39,350	(2,138)	576
Buying	6,093	4,434	241	16	6,617	4,997	224	(13)	54,073	39,350	2,138	141

Notes:
1. The above transactions are stated at fair value and unrealized gains (losses) for the years ended March 31, 2016 and 2015, are recognized in the consolidated statement of income.
2. The fair value of interest rate-related OTC transactions is determined using the discounted present value or option-pricing models, and the fair value of currency-related OTC transactions is determined using the discounted present value.

Derivative Transactions to Which Hedge Accounting Is Applied

With respect to derivatives to which hedge accounting is applied, contract or notional amount, fair value, and the calculation method of fair value are as shown below. Note that the contract or notional amounts of the derivatives which are shown in the table do not represent the amounts of the Bank's exposure to market risk.

At March 31, 2016

			Millions of Yen		
			Contract or Notional Amount		
Hedge Accounting Method	Type of Derivatives	Major Hedged Item	Total	Due after One Year	Fair Value
Normal method	Interest rate swaps– Floating rate receipt/ fixed rate payment	Loans and investment securities	**¥230,551**	**¥229,769**	**¥(5,053)**
Special matching criteria	Interest rate swaps– Floating rate receipt/ fixed rate payment	Loans	**100,054**	**95,024**	**(2,260)**
	Other– Buying	Loans	**1,000**	**1,000**	**(11)**
Total					**¥(7,325)**

At March 31, 2015

			Millions of Yen		
			Contract or Notional Amount		
Hedge Accounting Method	Type of Derivatives	Major Hedged Item	Total	Due after One Year	Fair Value
Normal method	Interest rate swaps– Floating rate receipt/ fixed rate payment	Loans and investment securities	¥224,492	¥221,036	¥ (689)
Special matching criteria	Interest rate swaps– Floating rate receipt/ fixed rate payment	Loans	105,803	87,644	(1,543)
Total					¥(2,233)

At March 31, 2016			Thousands of U.S. Dollars		
			Contract or Notional Amount		
Hedge Accounting Method	Type of Derivatives	Major Hedged Item	Total	Due after One Year	Fair Value
Normal method	Interest rate swaps– Floating rate receipt/ fixed rate payment	Loans and investment securities	$2,046,068	$2,039,128	$(44,843)
Special matching criteria	Interest rate swaps– Floating rate receipt/ fixed rate payment	Loans	887,948	843,308	(20,056)
	Other– Buying	Loans	8,874	8,874	(97)
Total					$(65,007)

Notes:
1. These are principally accounted for under the deferral hedge method in accordance with the JICPA Industry Audit Committee Report No. 24, “Treatment of Accounting and Auditing of Application of Accounting Standard for Financial Instruments in the Banking Industry.”
2. Fair value is determined using the discounted present value.

28. Related-Party Transactions

Related-party transactions for the years ended March 31, 2016 and 2015, were as follows:

a. Transactions between the Bank and Its Related Parties

		Transactions for the Year*4			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 *3	2016	2015	2016	2016	2015	2016
Department Store Fujisaki Co., Ltd. *1	Loans and bills discounted	¥4,603	¥5,007	$40,850	¥5,256	¥5,404	$46,645
	Customers' liabilities for acceptances and guarantees	200	200	1,774	200	200	1,774
Fuji Styling Co., Ltd. *1	Loans and bills discounted	236	245	2,094	235	240	2,085
Fujisaki Agency Co., Ltd. *1	Customers' liabilities for acceptances and guarantees	700	700	6,212	700	700	6,212
Mr. Minokichi Akaizawa *2	Loans and bills discounted	51	57	452	48	54	425

*Notes: *1 Company whose voting rights are majority owned by a director or his close relatives (including subsidiaries of such company)*
**2 Mr. Minokichi Akaizawa is a close relative of a director.*
**3 Terms are substantially the same as for similar transactions with third parties.*
**4 Amounts of transactions were reported at the average balance for the period.*

b. Transactions between a Consolidated Subsidiary and Its Related Party

		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 *2	2016	2015	2016	2016	2015	2016
Department Store Fujisaki Co., Ltd. *1	Fees and commissions	¥20	¥20	$177			
Fuji Styling Co., Ltd. *1	Other assets	8	5	70	¥48	¥30	$425
Akaizawa Co., Ltd. *1	Lease receivables and investments in leases		4			11	

*Notes: *1 Company whose voting rights are majority owned by a director or his close relatives (including subsidiaries of such company)*
**2 Terms are substantially the same as for similar transactions with third parties.*

29. Segment Information

Description of Reportable Segments
The Companies are principally engaged in the banking business and also leasing business and other financial services. The reportable segments of the Bank are the segments for which separate financial information is available, and are subject to periodic review by the chief operating decision maker to determine the allocation of management resources and assess performance.
Since the reportable segments of the Companies consist only of the "Banking" segment and since the "Other" segment is immaterial, segment information is omitted.

Related Information for the Years Ended March 31, 2016 and 2015
Information by Service Line

	Millions of Yen				
	2016				
	Loan	Securities Investment	Lease	Other	Total
External customers	**¥43,997**	**¥35,483**	**¥8,173**	**¥28,423**	**¥116,077**

	Millions of Yen				
	2015				
	Loan	Securities Investment	Lease	Other	Total
External customers	¥45,497	¥33,701	¥8,497	¥25,289	¥112,986

	Thousands of U.S. Dollars				
	2016				
	Loan	Securities Investment	Lease	Other	Total
External customers	**$390,459**	**$314,900**	**$72,532**	**$252,245**	**$1,030,147**

Information about Geographical Area
Information about geographical areas is omitted because the Companies conduct banking and other related activities only in Japan and do not have foreign subsidiaries or foreign branches.
Information about Major Customers
Information about major customers is not presented because there are no customers who account for over 10% of ordinary income.
Information about Asset Impairment Losses
Information about asset impairment losses for the years ended March 31, 2016 and 2015, is omitted because the only reportable segment is "Banking" and "Other" is immaterial.

30. Net Income Per Share

Basic and diluted net income per share ("EPS") for the years ended March 31, 2016 and 2015, is as follows:

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
Year Ended March 31, 2016	Net Income Attributable to Owners of the Parent	Weighted-Average Shares	EPS	
Basic EPS—Net income attributable to common stockholders	**¥15,857**	**374,234**	**¥42.37**	**$0.37**
Effect of dilutive securities—Stock acquisition rights		**1,652**		
Diluted EPS—Net income for computation	**¥15,857**	**375,886**	**¥42.18**	**$0.37**
Year Ended March 31, 2015				
Basic EPS—Net income attributable to common stockholders	¥17,049	374,204	¥45.56	
Effect of dilutive securities—Stock acquisition rights		1,508		
Diluted EPS—Net income for computation	¥17,049	375,712	¥45.38	

31. Subsequent Events

a. Cash Dividends

At the Bank's general meeting of stockholders held on June 29, 2016, the Bank's stockholders approved the following appropriations of retained earnings:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥4.50 ($0.039) per share	¥1,684	$ 14,944

b. Establishment of a Securities Subsidiary

At the Board of Directors' meeting held on May 13, 2016, the Bank resolved to establish a wholly owned securities subsidiary on the premise that the Bank obtains authorization of the authorities concerned.

(1) Purpose of establishment

The purpose of establishment is to provide highly professional financial instruments and services to respond to diversified client needs for asset management.

The Bank is aiming to provide comprehensive financial services by strengthening group functions through establishment of a securities subsidiary.

(2) Overview of the securities subsidiary to be established

Name of the company:	77 Securities Co., Ltd. (Note)
Address:	7-5, Chuo 1-chome, Aoba-ku, Sendai, Miyagi
Business line:	Upon establishment—Preparation for launching securities operations Upon starting operations—Securities business
Capital:	¥3 billion ($26,624 thousand)
Date of establishment:	July 27, 2016 (planned)
Planned date of starting operations:	April 2017

(Note) Considering the provision of Article 31-3 of the Financial Instruments and Exchange Act, the initial name of the subsidiary will be "Preparing to establish The 77 Securities Co., Ltd." and after registration of Type 1 Financial Instruments Business, it will be changed to "77 Securities Co., Ltd." to start operations.

(3) Number of shares to be acquired, acquisition cost and ratio of voting rights

Number of shares to be acquired:	60,000 shares
Acquisition cost:	¥3 billion ($26,624 thousand)
Ratio of voting rights:	100% by the Bank