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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying consolidated balance sheet of The Shiga Bank, Ltd. and its consolidated subsidiaries as of March 31, 2016, 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 Shiga Bank, Ltd. and its consolidated subsidiaries as of March 31, 2016, 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 3, 2016

The Shiga Bank, Ltd. and Consolidated Subsidiaries

Consolidated Balance Sheet

As of March 31, 2016 and 2015

	Millions of yen		Thousands of U.S. dollars
	2016	2015	**2016**
Assets			
Cash and due from banks (Note 3)	**¥ 187,959**	¥ 256,078	**$ 1,668,077**
Call loans and bills bought (Note 31)	**642**	31,359	**5,697**
Debt purchased	**5,769**	6,832	**51,198**
Trading securities (Note 4)	**201**	202	**1,783**
Money held in trust (Note 5)	**8,724**	8,729	**77,422**
Investment securities (Notes 4, 12, 19 and 31)	**1,428,917**	1,542,013	**12,681,194**
Loans and bills discounted (Notes 7, 13 and 31)	**3,257,723**	3,051,704	**28,911,279**
Foreign exchange assets (Note 8)	**8,778**	5,627	**77,902**
Other assets (Notes 9 and 12)	**70,381**	42,433	**624,609**
Tangible fixed assets (Notes 10, 11, and 14)	**58,626**	57,516	**520,287**
Intangible fixed assets	**3,479**	1,794	**30,875**
Deferred tax assets (Note 30)	**697**	629	**6,185**
Customers' liabilities for acceptances and guarantees (Note 19)	**25,862**	23,126	**229,517**
Allowance for possible loan losses	**(32,339)**	(31,071)	**(286,998)**
Total assets	**5,025,426**	4,996,976	**44,599,094**
Liabilities			
Deposits (Notes 12, 15 and 31)	**4,331,151**	4,281,984	**38,437,619**
Negotiable certificates of deposit (Note 31)	**84,722**	93,504	**751,881**
Call money and bills sold (Note 31)	**51,284**	42,551	**455,129**
Payables under securities lending transactions (Note 12)	**26,937**	35,366	**239,057**
Borrowed money (Notes 12, 16 and 31)	**50,509**	61,617	**448,251**
Foreign exchange liabilities (Note 8)	**54**	371	**479**
Bonds with stock acquisition rights (Note 17)	**22,536**	24,034	**200,000**
Other liabilities (Note 18)	**37,143**	32,753	**329,632**
Liability for employees' retirement benefits (Note 29)	**13,417**	5,863	**119,071**
Liability for retirement benefits of directors and Audit & Supervisory Board Members	**12**	14	**106**
Liability for reimbursement of deposits	**911**	801	**8,084**
Allowance for repayment of excess interest	**73**	46	**647**
Reserve for other contingent losses	**217**	242	**1,925**
Deferred tax liabilities (Note 30)	**26,539**	36,955	**235,525**
Deferred tax liabilities for land revaluation (Note 14)	**7,337**	7,889	**65,113**
Acceptances and guarantees (Note 19)	**25,862**	23,126	**229,517**
Total liabilities	**4,678,711**	4,647,124	**41,522,106**
Equity (Note 20)			
Common stock, authorized, 500,000,000 shares; issued, 265,450,406 shares as of March 31, 2016 and 2015	**33,076**	33,076	**293,539**
Capital surplus	**23,966**	23,968	**212,690**
Stock acquisition rights	**98**	69	**869**
Retained earnings	**172,152**	157,989	**1,527,795**
Treasury stock – at cost 5,137,718 shares and 5,129,847 shares as of March 31, 2016 and 2015, respectively	**(3,490)**	(3,486)	**(30,972)**
Accumulated other comprehensive income:			
Net unrealized gains on available-for-sale securities (Notes 4 and 6)	**106,243**	115,988	**942,873**
Deferred losses on derivatives under hedge accounting	**(1,660)**	(704)	**(14,731)**
Land revaluation surplus (Note 14)	**11,798**	11,756	**104,703**
Defined retirement benefit plans	**(820)**	6,241	**(7,277)**
Total	**341,363**	344,900	**3,029,490**
Noncontrolling interests	**5,350**	4,951	**47,479**
Total equity	**346,714**	349,851	**3,076,979**
Total liabilities and equity	**¥ 5,025,426**	¥ 4,996,976	**$ 44,599,094**

See Notes to Consolidated Financial Statements.

The Shiga Bank, Ltd. and Consolidated Subsidiaries

Consolidated Statement of Income

Years ended March 31, 2016 and 2015

	Millions of yen		Thousands of U.S. dollars
	2016	2015	**2016**
Income			
Interest income:			
Interest on loans and discounts	**¥ 39,875**	¥ 40,633	**$ 353,878**
Interest and dividends on securities	**12,805**	12,776	**113,640**
Other interest income	**250**	258	**2,218**
Fees and commissions	**13,992**	13,542	**124,174**
Other operating income (Note 22)	**23,957**	13,956	**212,610**
Other income (Note 23)	**5,059**	7,331	**44,897**
Total income	**95,940**	88,499	**851,437**
Expenses			
Interest expenses:			
Interest on deposits	**2,218**	2,242	**19,684**
Interest on borrowing and rediscounts	**889**	791	**7,889**
Other interest expenses	**374**	469	**3,319**
Fees and commissions	**4,430**	4,262	**39,314**
Other operating expenses (Note 24)	**18,182**	10,002	**161,359**
General and administrative expenses	**43,605**	45,013	**386,980**
Other expenses (Note 25)	**3,919**	1,657	**34,779**
Total expenses	**73,621**	64,439	**653,363**
Income before income taxes	**22,319**	24,060	**198,074**
Income taxes (Notes 18 and 30)			
Current	**6,357**	4,450	**56,416**
Deferred	**103**	5,569	**914**
Net income	**15,858**	14,040	**140,734**
Net income attributable to noncontrolling interests	**349**	364	**3,097**
Net income attributable to owners of the parent (Note 34)	**¥ 15,508**	¥ 13,675	**$ 137,628**

	Yen		U.S. dollars
	2016	2015	**2016**
Per share information (Notes 2 (u) and 34)			
Basic net income	**¥ 59.57**	¥ 51.87	**$ 0.529**
Diluted net income	**52.73**	51.68	**0.468**
Cash dividends applicable to the year	**8.00**	6.00	**0.071**

See Notes to Consolidated Financial Statements.

The Shiga Bank, Ltd. and Consolidated Subsidiaries

Consolidated Statement of Comprehensive Income

Years ended March 31, 2016 and 2015

	Millions of yen		Thousands of U.S. dollars
	2016	2015	**2016**
Net income	**¥ 15,858**	¥ 14,040	**$ 140,734**
Other comprehensive income (Note 33):			
Net unrealized (losses) gains on available-for-sale securities	**(9,694)**	44,126	**(86,031)**
Deferred losses on derivatives under hedge accounting	**(955)**	(644)	**(8,475)**
Land revaluation surplus	**387**	816	**3,434**
Defined retirement benefit plans	**(7,062)**	4,824	**(62,673)**
Total other comprehensive income	**(17,323)**	49,122	**(153,736)**
Comprehensive income	**¥ (1,465)**	¥ 63,162	**$ (13,001)**
Attributable to			
Owners of the parent	**¥ (1,866)**	¥ 62,665	**$ (16,560)**
Noncontrolling interests	**401**	497	**3,558**

See Notes to Consolidated Financial Statements.

The Shiga Bank, Ltd. and Consolidated Subsidiaries

Consolidated Statement of Changes in Equity

Years ended March 31, 2016 and 2015

	Millions of yen											
						Accumulated Other Comprehensive Income						
	Common stock	Capital surplus	Stock acquisition rights	Retained earnings	Treasury stock	Net unrealized gains on available-for-sale securities	Deferred losses on derivatives under hedge accounting	Land revaluation surplus	Defined retirement benefit plans	Total	Non-controlling interests	Total equity
Balance as of April 1, 2014	¥ 33,076	¥ 23,969	¥ 30	¥147,858	¥(977)	¥71,996	¥(60)	¥10,700	¥ 1,417	¥288,010	¥4,456	¥292,466
Cumulative effect of accounting change				(1,458)						(1,458)		(1,458)
Restated balance as of April 1, 2014	33,076	23,969	30	146,399	(977)	71,996	(60)	10,700	1,417	286,552	4,456	291,008
Changes during the year:												
Net income attributable to owners of the parent				13,675						13,675		13,675
Cash dividends, ¥7.00 per share				(1,846)						(1,846)		(1,846)
Purchase of treasury stock					(2,512)					(2,512)		(2,512)
Sales of treasury stock		(0)			3					3		3
Reversal of land revaluation surplus				(239)						(239)		(239)
Other changes			39			43,992	(644)	1,056	4,824	49,267	495	49,763
Net change in the year	—	(0)	39	11,589	(2,508)	43,992	(644)	1,056	4,824	58,347	495	58,843
Balance as of March 31, 2015	**33,076**	**23,968**	**69**	**157,989**	**(3,486)**	**115,988**	**(704)**	**11,756**	**6,241**	**344,900**	**4,951**	**349,851**
Changes during the year:												
Net income attributable to owners of the parent				**15,508**						**15,508**		**15,508**
Cash dividends, ¥6.50 per share				**(1,692)**						**(1,692)**		**(1,692)**
Purchase of treasury stock					**(17)**					**(17)**		**(17)**
Sales of treasury stock		**(2)**			**14**					**11**		**11**
Reversal of land revaluation surplus				**346**						**346**		**346**
Other changes			**28**			**(9,745)**	**(955)**	**41**	**(7,062)**	**(17,693)**	**398**	**(17,294)**
Net change in the year	—	**(2)**	**28**	**14,163**	**(3)**	**(9,745)**	**(955)**	**41**	**(7,062)**	**(3,536)**	**398**	**(3,137)**
Balance as of March 31, 2016	**¥ 33,076**	**¥ 23,966**	**¥ 98**	**¥172,152**	**¥(3,490)**	**¥106,243**	**¥ (1,660)**	**¥11,798**	**¥(820)**	**¥341,363**	**¥5,350**	**¥346,714**

	Thousands of U.S. dollars											
						Accumulated Other Comprehensive Income						
	Common stock	Capital surplus	Stock acquisition rights	Retained earnings	Treasury stock	Net unrealized gains on available-for-sale securities	Deferred losses on derivatives under hedge accounting	Land revaluation surplus	Defined retirement benefit plans	Total	Non-controlling interests	Total equity
Balance as of March 31, 2015	**$293,539**	**$212,708**	**$612**	**$1,402,103**	**$(30,937)**	**$1,029,357**	**$(6,247)**	**$104,330**	**$55,386**	**$3,060,880**	**$43,938**	**$3,104,818**
Changes during the year:												
Net income attributable to owners of the parent				**137,628**						**137,628**		**137,628**
Cash dividends, $0.06 per share				**(15,015)**						**(15,015)**		**(15,015)**
Purchase of treasury stock					**(150)**					**(150)**		**(150)**
Sales of treasury stock		**(17)**			**124**					**97**		**97**
Reversal of land revaluation surplus				**3,070**						**3,070**		**3,070**
Other changes			**248**			**(86,483)**	**(8,475)**	**363**	**(62,673)**	**(157,019)**	**3,532**	**(153,478)**
Net change in the year	—	**(17)**	**248**	**125,692**	**(26)**	**(86,483)**	**(8,475)**	**363**	**(62,673)**	**(31,380)**	**3,532**	**(27,839)**
Balance as of March 31, 2016	**$293,539**	**$212,690**	**$869**	**$1,527,795**	**$(30,972)**	**$942,873**	**$(14,731)**	**$104,703**	**$(7,277)**	**$3,029,490**	**$47,479**	**$3,076,979**

See Notes to Consolidated Financial Statements.

The Shiga Bank, Ltd. and Consolidated Subsidiaries

Consolidated Statement of Cash Flows

Years ended March 31, 2016 and 2015

	Millions of yen		Thousands of U.S. dollars
	2016	2015	**2016**
Operating activities:			
Income before income taxes	**¥ 22,319**	¥ 24,060	**$ 198,074**
Depreciation	**2,813**	2,413	**24,964**
Losses on impairment of long-lived assets	**210**	413	**1,863**
Amortization of negative goodwill	**—**	(11)	**—**
Increase (decrease) in allowance for possible loan losses	**1,267**	(5,840)	**11,244**
Decrease in reserve for other contingent losses	**(25)**	(36)	**(221)**
Increase (decrease) in liability for retirement benefits	**7,553**	(8,252)	**67,030**
Decrease in liability for retirement benefits of directors and Audit & Supervisory Board Members	**(2)**	(0)	**(17)**
Increase in liability for reimbursement of deposits	**110**	45	**976**
Increase (decrease) in allowance for repayment of excess interest	**26**	(18)	**230**
Interest income	**(52,930)**	(53,667)	**(469,737)**
Interest expense	**3,482**	3,503	**30,901**
Gains on sales and write-down of investment securities	**(10,824)**	(1,592)	**(96,059)**
Gains on money held in trust	**(129)**	(199)	**(1,144)**
Foreign exchange losses (gains)	**9**	(23)	**79**
Losses (gains) on disposals of fixed assets – net	**(13)**	103	**(115)**
Net increase in loans and bills discounted	**(206,019)**	(134,750)	**(1,828,354)**
Net increase in deposits	**49,166**	118,673	**436,332**
Net decrease in negotiable certificate of deposits	**(8,781)**	(268)	**(77,928)**
Net increase (decrease) in borrowed money (excluding subordinated loans)	**(11,108)**	2,361	**(98,580)**
Net increase in due from banks (excluding deposits in Bank of Japan)	**(212)**	(47)	**(1,881)**
Net decrease in call loans and others	**31,779**	34,887	**282,028**
Net increase in call money and bills sold	**8,732**	14,482	**77,493**
Net increase (decrease) in payables under securities lending transactions	**(8,428)**	16,141	**(74,795)**
Net decrease (increase) in foreign exchange assets	**(3,150)**	2,672	**(27,955)**
Net increase (decrease) in foreign exchange liabilities	**(316)**	240	**(2,804)**
Interest received (cash basis)	**52,912**	53,275	**469,577**
Interest paid (cash basis)	**(3,099)**	(3,359)	**(27,502)**
Other	**(5,565)**	(2,059)	**(49,387)**
Subtotal	**(130,221)**	63,144	**(1,155,670)**
Income taxes – paid	**(3,181)**	(7,576)	**(28,230)**
Net cash provided by (used in) operating activities	**(133,403)**	55,568	**(1,183,910)**
Investing activities:			
Purchases of securities	**(760,925)**	(486,817)	**(6,752,973)**
Proceeds from sales of securities	**672,978**	261,370	**5,972,470**
Proceeds from redemptions of securities	**160,692**	181,792	**1,426,091**
Purchases of tangible fixed assets	**(4,219)**	(2,330)	**(37,442)**
Proceeds from sales of tangible fixed assets	**545**	0	**4,836**
Purchases of intangible fixed assets	**(2,289)**	(463)	**(20,314)**
Net cash provided by (used in) investing activities	**66,781**	(46,447)	**592,660**
Financing activities:			
Repayment of subordinated loans	**—**	(10,000)	**—**
Redemption of subordinated bonds	**—**	(20,000)	**—**
Proceeds from issuance of subordinated bonds and bonds with stock acquisition rights	**—**	24,034	**—**
Dividends paid	**(1,692)**	(1,846)	**(15,015)**
Dividends paid to noncontrolling interests	**(2)**	(2)	**(17)**
Purchase of treasury stock	**(17)**	(2,512)	**(150)**
Proceeds from sales of treasury stock	**11**	3	**97**
Net cash used in financing activities	**(1,700)**	(10,324)	**(15,086)**
Foreign currency translation adjustments on cash and cash equivalents	**(9)**	21	**(79)**
Net decrease in cash and cash equivalents	**(68,331)**	(1,182)	**(606,416)**
Cash and cash equivalents, beginning of year	**255,680**	256,862	**2,269,080**
Cash and cash equivalents, end of year (Note 3)	**¥ 187,348**	¥ 255,680	**$ 1,662,655**

See Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements

Years ended March 31, 2016 and 2015

1. Basis of presenting consolidated financial statements

The accompanying consolidated financial statements have been prepared based on the accounts maintained by THE SHIGA BANK, LTD. (the "Bank") and its subsidiaries (together the "Group") in accordance with the provisions set forth in the Companies Act of Japan, the Japanese Financial Instruments and Exchange Act, and the Japanese Banking Act and in conformity 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.

Certain items presented in the consolidated financial statements submitted to the Director of the Kanto Finance Bureau in Japan have been reclassified in these accounts for the convenience of readers outside Japan.

Amounts in yen of respective accounts included in the accompanying consolidated financial statements and notes thereto are stated in millions of yen by discarding fractional amounts less than ¥1 million. Therefore, total or subtotal amounts do not necessarily tie in with the aggregation of such account balances.

Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥112.68 to U.S.$1, the rate of exchange at March 31, 2016, has been used in translation. The inclusion of such amounts is not intended to imply that Japanese yen amounts have been or could be readily converted, realized or settled in U.S. dollar amounts at this rate or any other rates.

2. Summary of significant accounting policies

(a) Principles of consolidation

The accompanying consolidated financial statements for the years ended March 31, 2016 and 2015 include the accounts of the Bank and nine consolidated subsidiaries.

The consolidated subsidiaries' respective fiscal periods end March 31 for the year ended March 31, 2016.

The Bank has five other nonconsolidated subsidiaries in which investments are not accounted for by the equity method because their net income (the portion corresponding to the Bank's equity), retained earnings (as above) and accumulated other comprehensive income (as above) have no material impact on the Group's financial position or business performance.

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

(b) Cash equivalents

For the purpose of reporting cash flows, cash and cash equivalents are defined as cash and due from the Bank of Japan.

(c) Trading securities

Trading securities held by the Bank are stated at fair value at the fiscal year end (cost of sales, in principle, is computed by the moving-average method).

(d) Investment securities

i. Marketable securities held for trading purposes are stated at fair value (cost of sales, in principle, is computed by the moving-average method).

Securities held to maturity are stated at amortized cost (straight-line method) using the moving-average method. Securities available-for-sale for which current value can be estimated are stated at fair value at the fiscal year end. Securities whose fair value cannot be reliably determined are stated at cost using the moving-average method. Valuation gains/losses on securities available for sale are included in net assets, net of income taxes (cost of sales, in principle, is computed by the moving-average method).

ii. Marketable securities included in money held in trust by the Bank are treated as trust assets and are stated at fair value at the fiscal year-end.

iii. Beneficiary rights included in "debt purchased" are stated using the same methods described in *(i)* above.

(e) Derivatives and hedging activities
Under the Accounting Standards for Financial Instruments, derivatives are stated at fair value unless they are used for hedging purposes.

i. Interest rate risk hedges
The Bank applies deferred hedge accounting to hedge transactions against interest rate risk arising from financial assets and liabilities. For the hedges that offset the fluctuations in the fair value of fixed interest rates classified as available-for-sale securities, interest rate swaps are assigned to hedged items collectively by bond type as the hedging instrument. The Bank designates the hedges so as to ensure that the important conditions related to the hedged items and hedging instruments are largely identical; therefore the hedges are considered to be highly effective, and the assessment of the effectiveness is based on the similarity of the conditions.

ii. Currency exchange risk hedges
Regarding the hedge accounting method applied to hedging transactions against currency exchange risk arising from assets and liabilities in foreign currencies, the Bank applies deferred hedge accounting stipulated in “Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in Banking Industry” (JICPA Industry Audit Committee Report No. 25, July 29, 2002).

The Bank assesses the effectiveness of exchange swaps executed to reduce the risk of changes in currency exchange rates with fund swap transactions by verifying that there exist foreign currency positions of the hedging instruments corresponding to the foreign currency monetary claims and debts to be hedged.

Fund swap transactions are foreign exchange transactions that are contracted for the purpose of lending or borrowing funds in different currencies. These transactions consist of spot foreign exchange either bought or sold and forward foreign exchange either bought or sold.

(f) Bills discounted
Bills discounted are accounted for as financial transactions in accordance with JICPA Industry Audit Committee Report No. 24 (February 13, 2002), “Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry.” The Bank has rights to sell or pledge bank acceptances bought, commercial bills discounted, documentary bills and foreign exchanges bought without restrictions.

The total face value at March 31, 2016 and 2015 was ¥14,490 million ($128,594 thousand) and ¥16,755 million, respectively.

(g) Tangible fixed assets (except for lease assets)
Tangible fixed assets are stated at cost less accumulated depreciation.

Depreciation for buildings and equipment of the Bank is computed using the declining-balance method at a rate principally based on the estimated useful lives of the assets. However, buildings purchased on or after April 1, 1998, excluding fittings and equipment, are depreciated using the straight-line method.

The range of useful lives is principally from 3 to 50 years for buildings and from 3 to 20 years for equipment.

Depreciation of tangible fixed assets owned by subsidiaries is computed principally using the declining-balance method over the estimated useful lives of the assets.

Under certain conditions such as exchanges of fixed assets of similar kinds and sales and purchases resulting from expropriation, Japanese tax acts permit companies to defer the profit arising from such transactions by reducing the cost of the assets acquired or by providing a special reserve in the equity section. The Bank adopted the former treatment and reduced the cost of the assets acquired by ¥3,572 million ($31,700 thousand) and ¥3,572 million at March 31, 2016 and 2015, respectively.

(h) Long-lived assets
The Group reviews its 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 from the continued use and eventual disposition of the asset or the net selling price at disposition.

Accumulated impairment losses are directly deducted from the respective fixed assets.

(i) Intangible fixed assets (except for lease assets)
Depreciation for intangible fixed assets is computed under the straight-line method. Development costs for internally used software are capitalized and depreciated using the straight-line method over the estimated useful lives of 5 years.

(j) Lease assets

Lease assets in “Tangible fixed assets” or “Intangible fixed assets” of the finance leases other than those that were deemed to transfer the ownership of the leased property to the lessee are computed under the straight-line method over the lease term with zero residual value unless residual value is guaranteed by the corresponding lease contracts.

(k) Allowance for possible loan losses

Allowance for possible loan losses of the Bank is provided as detailed below, pursuant to internal rules for write-offs and allowances.

For debtors who are legally bankrupt (bankrupt, under special liquidation, or subject to legal bankruptcy proceedings) or virtually bankrupt (in a similar situation), an allowance is provided based on the amount of claims, after the write-off stated below, net of amounts expected to be collected through disposal of collateral or execution of guarantees. For loans to debtors who are likely to go bankrupt, an allowance is provided for the amount considered to be necessary based on an overall solvency assessment performed for the amount of such loans, net of amounts deemed collectible through disposal of collateral or execution of guarantees. For other loans, an allowance is provided based on historical loan loss experience over a certain period of time.

All loans are assessed by the branches and the operating divisions based on the Bank’s internal rules for self-assessment of assets. The Asset Assessment Division, which is independent from the branches and the operating divisions, subsequently conducts audits of their assessments, and an allowance is provided based on the audit results.

For collateralized or guaranteed claims to debtors who are legally bankrupt or virtually bankrupt, the amount deemed unrecoverable, which is the amount of claims exceeding the estimated value of collateral or guarantees, has been written off and amounted to ¥15,485 million ($137,424 thousand) and ¥16,603 million as of March 31, 2016 and 2015, respectively.

Allowance for possible loan losses of the Bank’s consolidated subsidiaries is provided based on historical loan loss experience in addition to amounts deemed necessary based on estimation of the collectibility of specific claims.

(l) Retirement and Pension Plans

The Bank has a contributory funded pension plan and lump-sum severance payment plan. Consolidated subsidiaries have unfunded lump-sum severance payment plans.

The projected benefit obligations are attributed to periods on a benefit formula basis. Past service costs are amortized on a straight-line basis over 10 years within the average remaining service period.

Actuarial gains and losses are amortized on a straight-line basis over 10 years within the average remaining service period from the fiscal year following the respective fiscal year in which the difference is recognized.

Consolidated subsidiaries adopt a simplified method where the amount to be required for voluntary termination at the fiscal year end is recorded as projected benefit obligations in the calculation of their liability for retirement benefits and retirement benefit costs.

In May 2012, the ASBJ issued ASBJ Statement No. 26, “Accounting Standard for Retirement Benefits” and ASBJ Guidance No. 25, “Guidance on Accounting Standard for Retirement Benefits,” which replaced the accounting standard for retirement benefits that had been issued by the Business Accounting Council in 1998 with an effective date of April 1, 2000, and the other related practical guidance, and were followed by partial amendments from time to time through 2009.

(a) Under the revised accounting standard, 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 any resulting deficit or surplus is recognized as a liability (liability for retirement benefits) or asset (asset for retirement benefits).

(b) The revised accounting standard does not change how to recognize actuarial gains and losses and past service costs in profit or loss. Those amounts are recognized in profit or loss over a certain period no longer than the expected average remaining service period of the employees. However, actuarial gains and losses and past service costs that arose in the current period and have not yet been recognized in profit or loss are included in other comprehensive income and actuarial gains and losses and past service costs that were recognized in other comprehensive income in prior periods and then recognized in profit or loss in the current period shall be treated as reclassification adjustments (see Note 29).

(c) The revised accounting standard also made certain amendments relating to the method of attributing expected benefit to periods and relating to the discount rate and expected future salary increases.

This accounting standard and the guidance for (a) and (b) above are effective for the end of annual periods beginning on or after April 1, 2013, and for (c) above are effective for the beginning of annual periods beginning on or after April 1, 2014, or for the beginning of annual periods beginning on or after April 1, 2015, subject to certain disclosure in March 2015, both with earlier application being permitted from the beginning of annual periods beginning on or after April 1, 2013. However, no retrospective application of this accounting standard to consolidated financial statements in prior periods is required.

The Bank applied the revised accounting standard and guidance for retirement benefits for (a) and (b) above, effective March 31, 2014, and for (c) above, effective April 1, 2014.

With respect to (c) above, the Bank changed the method of attributing the expected benefit to periods from a straight-line basis to a benefit formula basis and the method of determining the discount rate from using the period that approximates the expected average remaining service period to using a single weighted average discount rate reflecting the estimated timing and amount of benefit payment, and recorded the effect of (c) above as of April 1, 2014, in retained earnings. As a result, retained earnings and noncontrolling interests as of April 1, 2014, decreased by ¥1,458 million and ¥1,458 million, respectively.

(m) Liability for retirement of directors and Audit & Supervisory Board Members

Consolidated subsidiaries provide Liability for retirement benefits of directors and Audit & Supervisory Board Members at the amount required if they all retired at fiscal year end, calculated based on the internal rules of the Group.

(n) Liability for reimbursement of deposits

Liability for reimbursement of deposits that were derecognized as liabilities under certain conditions is provided for possible losses on the future claims of withdrawal based on historical reimbursement experience.

(o) Allowance for repayment of excess interest

Allowance for repayment of excess interest is provided at the estimated amount based on payment experience that the Bank's consolidated subsidiaries may be required to refund upon customers' claims.

(p) Reserve for other contingent losses

The Bank provides reserves for contingent liabilities not covered by other reserves in an amount deemed necessary based on estimated losses in the future.

(q) Foreign currency transactions

Receivables and payables in foreign currencies and foreign branch accounts are translated into Japanese yen principally at the rates prevailing at the balance sheet dates.

(r) Accounting for leases

In March 2007, the ASBJ issued ASBJ Statement No. 13, "Accounting Standard for Lease Transactions," which revised the previous accounting standard for lease transactions.

i. As lessee

Under the previous accounting standard, finance leases that were deemed to transfer ownership of the leased property to the lessee were capitalized. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the notes to the lessee's financial statements. The revised accounting standard requires that all finance lease transactions should be capitalized to recognize lease assets and lease obligations in the balance sheet. The revised accounting standard permits leases that existed at the transition date and do not transfer ownership of the leased property to the lessee to be accounted for as operating lease transactions.

The Group applied the revised accounting standard effective April 1, 2008. The Group accounted for leases that existed at the transition date and do not transfer ownership of the leased property to the lessee as operating lease transactions.

ii. As lessor

Under the previous accounting standard, finance leases that were deemed to transfer ownership of the leased property to the lessee were to be treated as sales. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if sold" information is disclosed in the notes to the lessor's financial statements. The revised accounting standard requires that all finance leases that are deemed to transfer ownership of the leased property to the lessee should be recognized as lease receivables and all finance leases that are deemed not to transfer ownership of the leased property to the lessee should be recognized as investments in leases.

Lease revenue and lease costs are recognized over the lease period.

(s) Income taxes
The provision for income taxes is computed based on the pretax income included in the consolidated statements 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 rates to the temporary differences.

(t) Appropriations of retained earnings
The consolidated statements of changes in equity reflect the appropriation resolved by the general shareholders' meeting when duly resolved and paid.

(u) 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, 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 accompanying consolidated statements of income are dividends applicable to the respective fiscal years, including dividends to be paid after the end of the fiscal year.

(v) Accounting standard for business combinations, etc.
In September, 2013, the ASBJ issued revised ASBJ Statement No. 21, "Accounting Standard for Business Combinations," revised ASBJ Guidance No. 10, "Guidance on Accounting Standards for Business Combinations and Business Divestitures," and revised ASBJ Statement No. 22, "Accounting Standard for Consolidated Financial Statements." Major accounting changes are as follows:

(a) *Presentation of the consolidated balance sheet*—In the consolidated balance sheet, "minority interests" under the previous accounting standard is changed to "noncontrolling interests" under the revised accounting standard.

(b) *Presentation of the consolidated statement of income*—In the consolidated statement of income, "income before minority interests" under the previous accounting standard is changed to "net income" under the revised accounting standard, and "net income" under the previous accounting standard is changed to "net income attributable to owners of the parent" under the revised accounting standard.

The above accounting standards and guidance for (a) presentation of the consolidated balance sheet and (b) presentation of the consolidated statement of income are effective for the beginning of annual periods beginning on or after April 1, 2015. Earlier application is not permitted from the beginning of annual periods beginning on or after April 1, 2014, for (a) presentation of the consolidated balance sheet and (b) presentation of the consolidated statement of income.

The revised accounting standards and guidance for (a) presentation of the consolidated balance sheet and (b) presentation of the consolidated statement of income shall be applied to all periods presented in financial statements containing the first-time application of the revised standards and guidance.

The Bank applied the revised accounting standards and guidance for (a) presentation of the consolidated balance sheet and (b) presentation of the consolidated statement of income.
With respect to (a) presentation of the consolidated balance sheet and (b) presentation of the consolidated statement of income, the applicable line items in the 2015 consolidated financial statements have been accordingly reclassified and presented in line with those in 2016.

(w) New accounting pronouncements
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. 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 Bank expects to apply the new guidance on recoverability of deferred tax assets effective April 1, 2016, and is 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" and "Cash and due from banks" in the consolidated balance sheets at March 31, 2016 and 2015, is as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	**2016**
Cash and due from banks	**¥ 187,959**	¥ 256,078	**$ 1,668,077**
Time deposits due from banks	**—**	(32)	**—**
Other due from banks	**(610)**	(365)	**(5,413)**
Cash and cash equivalents	**¥ 187,348**	¥ 255,680	**$ 1,662,655**

4. Securities

Securities at March 31, 2016 and 2015 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	**2016**
Japanese government bonds	**¥ 418,273**	¥ 477,792	**$ 3,712,042**
Japanese local government bonds	**255,475**	282,565	**2,267,261**
Japanese corporate bonds	**391,557**	417,829	**3,474,946**
Corporate stocks	**179,273**	202,012	**1,590,992**
Other securities	**184,337**	161,812	**1,635,933**
Total	**¥ 1,428,917**	¥ 1,542,013	**$ 12,681,194**

Fair value and other information on securities at March 31, 2016 and 2015 were as follows. Securities include "Trading securities" and trust beneficiary right under "Debt purchased," in addition to "Securities," which are presented on the consolidated balance sheets.

Securities

(1) Trading securities

	Millions of yen		Thousands of U.S. dollars
	2016	2015	**2016**
	Gains (losses) included in profit (loss) during the fiscal year		
Trading securities	**¥ (33)**	¥ 74	**$ (292)**

(2) Held-to-maturity securities

Held-to-maturity securities as of March 31, 2016 and 2015 were as follows:

No securities were classified as held to maturity as of March 31, 2016

	Millions of yen		
	2015		
	Consolidated balance sheet amount	Fair value	Unrealized gains (losses)
Fair value exceeding consolidated balance sheet amount:			
Japanese government bonds	¥ 40,018	¥ 40,848	¥ 830
Fair value not exceeding consolidated balance sheet amount:			
Japanese government bonds	¥ 4,997	¥ 4,964	¥ (33)
Total	¥ 45,015	¥ 45,812	¥ 796

(3) Available-for-sale securities

Available-for-sale securities as of March 31, 2016 and 2015 were as follows:

	Millions of yen		
	2016		
	Consolidated balance sheet amount	Cost	Unrealized gains (losses)
Consolidated balance sheet amount exceeding cost:			
Stocks	**¥ 174,328**	**¥ 55,683**	**¥ 118,645**
Bonds:	**1,040,578**	**1,014,769**	**25,809**
Japanese government bonds	**398,051**	**386,841**	**11,210**
Japanese local government bonds	**255,335**	**248,962**	**6,373**
Japanese corporate bonds	**387,191**	**378,966**	**8,224**
Others	**146,217**	**142,754**	**3,463**
Subtotal	**¥ 1,361,125**	**¥ 1,213,207**	**¥ 147,918**
Consolidated balance sheet amount not exceeding cost:			
Stocks	**¥ 1,549**	**¥ 2,136**	**¥ (586)**
Bonds:	**24,727**	**24,997**	**(269)**
Japanese government bonds	**20,221**	**20,399**	**(178)**
Japanese local government bonds	**139**	**140**	**(0)**
Japanese corporate bonds	**4,366**	**4,457**	**(91)**
Others	**32,757**	**33,272**	**(514)**
Subtotal	**59,034**	**60,406**	**(1,371)**
Total	**¥ 1,420,160**	**¥ 1,273,613**	**¥ 146,546**

	Millions of yen		
	2015		
	Consolidated balance sheet amount	Cost	Unrealized gains (losses)
Consolidated balance sheet amount exceeding cost:			
Stocks	¥ 197,125	¥ 57,881	¥ 139,244
Bonds:	1,009,223	988,861	20,361
Japanese government bonds	389,927	382,827	7,100
Japanese local government bonds	263,457	256,728	6,728
Japanese corporate bonds	355,837	349,305	6,532
Others	131,328	127,007	4,320
Subtotal	¥ 1,337,676	¥ 1,173,750	¥ 163,925
Consolidated balance sheet amount not exceeding cost:			
Stocks	¥ 1,571	¥ 1,719	¥ (148)
Bonds:	123,949	124,273	(324)
Japanese government bonds	42,849	43,025	(176)
Japanese local government bonds	19,108	19,154	(46)
Japanese corporate bonds	61,992	62,093	(101)
Others	27,286	27,446	(160)
Subtotal	152,807	153,440	(633)
Total	¥ 1,490,483	¥ 1,327,191	¥ 163,292

	Thousands of U.S. dollars		
	2016		
	Consolidated balance sheet amount	Cost	Unrealized gains (losses)
Consolidated balance sheet amount exceeding cost:			
Stocks	**$ 1,547,106**	**$ 494,169**	**$ 1,052,937**
Bonds:	**9,234,806**	**9,005,759**	**229,046**
Japanese government bonds	**3,532,578**	**3,433,093**	**99,485**
Japanese local government bonds	**2,266,018**	**2,209,460**	**56,558**
Japanese corporate bonds	**3,436,199**	**3,363,205**	**72,985**
Others	**1,297,630**	**1,266,897**	**30,733**
Subtotal	**$ 12,079,561**	**$ 10,766,835**	**$ 1,312,726**
Consolidated balance sheet amount not exceeding cost:			
Stocks	**$ 13,746**	**$ 18,956**	**$ (5,200)**
Bonds:	**219,444**	**221,840**	**(2,387)**
Japanese government bonds	**179,455**	**181,034**	**(1,579)**
Japanese local government bonds	**1,233**	**1,242**	**(0)**
Japanese corporate bonds	**38,746**	**39,554**	**(807)**
Others	**290,708**	**295,278**	**(4,561)**
Subtotal	**523,908**	**536,084**	**(12,167)**
Total	**$ 12,603,478**	**$ 11,302,919**	**$ 1,300,550**

(4) Bonds classified as held to maturity were not sold for the years ended March 31, 2016 and 2015.

(5) Available-for-sale securities sold

	Millions of yen		
	2016		
	Sales amount	Gains on sales	Losses on sales
Stocks	**¥ 4,615**	**¥ 2,836**	**¥ 2**
Bonds:	**518,410**	**6,412**	**139**
Japanese government bonds	**502,713**	**6,365**	**139**
Japanese local government bonds	—	—	—
Japanese corporate bonds	**15,697**	**46**	**0**
Others	**122,037**	**2,542**	**73**
Total	**¥ 645,063**	**¥ 11,791**	**¥ 215**

	Millions of yen		
	2015		
	Sales amount	Gains on sales	Losses on sales
Stocks	¥ 696	¥ 233	¥ 20
Bonds:	215,506	949	552
Japanese government bonds	197,612	818	552
Japanese local government bonds	5,641	73	—
Japanese corporate bonds	12,251	57	—
Others	35,208	918	—
Total	¥ 251,411	¥ 2,102	¥ 572

	Thousands of U.S. dollars		
	2016		
	Sales amount	Gains on sales	Losses on sales
Stocks	**$ 40,956**	**$ 25,168**	**$ 17**
Bonds:	**4,600,727**	**56,904**	**1,233**
Japanese government bonds	**4,461,421**	**56,487**	**1,233**
Japanese local government bonds	—	—	—
Japanese corporate bonds	**139,305**	**408**	**0**
Others	**1,083,040**	**22,559**	**647**
Total	**$ 5,724,733**	**$ 104,641**	**$ 1,908**

(6) Reclassification of investment securities due to change in intent of holding

Bonds classified as held to maturity of ¥70,011 million ($621,325 thousand) were reclassified to available-for-sale securities due to change in the operation policy. As a result of this change, investment securities, deferred tax liabilities and net unrealized gains on available-for-sale securities as of March 31, 2016 increased by ¥3,417 million ($30,324 thousand), ¥1,040 million ($9,229 thousand) and ¥2,377 million ($21,095 thousand), respectively.

(7) Impairment losses on securities

For available-for-sale securities with market quotations (other than securities whose fair value cannot be reliably determined), in cases where the fair value has fallen substantially from the acquisition cost and there is believed to be little likelihood of a recovery in the acquisition cost level, said securities are shown on the balance sheets at fair value and the difference between the fair value and the acquisition cost is posted as a loss (hereinafter “impairment loss”).

No impairment loss was recognized for the year ended March 31, 2016.

Impairment losses amounted to ¥13 million of which equities accounted for the same amount for the year ended March 31, 2015.

In addition, the Bank recognizes that fair value has fallen significantly based on standards that have been set out in the self-assessment standards for assets by the issuing companies of securities. The details are as follows:

The Bank recognizes that the fair value of available-for-sale securities of legally bankrupt debtors, virtually bankrupt debtors, or debtors who are likely to go bankrupt, has fallen significantly when the fair value of such instruments as of the consolidated balance sheet date has decreased from the acquisition cost. For debtors on close watch, the Bank recognizes that the fair value has fallen significantly when the fair value as of the consolidated balance sheet date has decreased 30% or more from the acquisition cost. For normal debtors, it recognizes this when the fair value as of the consolidated balance sheet date has fallen 50% or more from the acquisition cost or when the fair value as of the consolidated balance sheet date has fallen 30% or more from the acquisition cost and the market prices remain below certain levels.

Debtors on close watch are defined as those who will require close monitoring in the future and normal debtors are defined as those other than legally bankrupt debtors, virtually bankrupt debtors, debtors who are likely to go bankrupt, or debtors on close watch.

5. Money held in trust

(1) Money held in trust classified as trading

	Millions of yen			
	2016		2015	
	Consolidated balance sheet amount	Gains (losses) included in profit (loss) during the fiscal year	Consolidated balance sheet amount	Gains (losses) included in profit (loss) during the fiscal year
Money held in trust classified as trading	**¥8,724**	**¥ 3**	¥ 8,729	¥ (45)

	Thousands of U.S. dollars	
	2016	
	Consolidated balance sheet amount	Gains (losses) included in profit (loss) during the fiscal year
Money held in trust classified as trading	**$ 77,422**	**$ 26**

(2) No money held in trust was classified as held to maturity.

(3) No other money held in trust (other than money held in trust for trading purposes and money in trust held to maturity).

6. Net unrealized gains/losses on available-for-sale securities

Available-for-sale securities were valued at market and net unrealized gains/losses on valuation were as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	**2016**
Net unrealized gains on investment securities	**¥ 146,546**	¥ 163,292	**$ 1,300,550**
Other money held in trust	**—**	—	**—**
Deferred tax liabilities	**(39,974)**	(47,026)	**(354,756)**
Noncontrolling interests	**(328)**	(277)	**(2,910)**
Net unrealized gains on available-for-sale securities	**¥ 106,243**	¥ 115,988	**$ 942,873**

7. Loans and bills discounted

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

	Millions of yen		Thousands of U.S. dollars
	2016	2015	**2016**
Bills discounted	**¥ 14,347**	¥ 16,658	**$ 127,325**
Loans on bills	**107,946**	108,070	**957,987**
Loans on deeds	**2,800,311**	2,606,104	**24,851,890**
Overdrafts	**335,118**	320,870	**2,974,068**
Total	**¥ 3,257,723**	¥ 3,051,704	**$ 28,911,279**

Loans in legal bankruptcy totaled ¥636 million ($5,644 thousand) and ¥546 million as of March 31, 2016 and 2015, respectively. Nonaccrual loans totaled ¥49,594 million ($440,131 thousand) and ¥52,770 million as of March 31, 2016 and 2015, respectively. Loans in legal bankruptcy are loans in which the interest accrual is discontinued (excluding the portion recognized as bad debts) based on management's judgment as to the collectibility of principal or interest resulting from the delay in payments of interest or principal for a considerable period of time and other factors. Nonaccrual loans are loans in which the interest accrual is discontinued, other than loans in legal bankruptcy and loans granting deferral of interest payment to the debtors in financial difficulties to assist them in their recovery.

Past due loans (three months or more) as to principal or interest payments totaled ¥338 million ($2,999 thousand) and ¥231 million as of March 31, 2016 and 2015, respectively. Loans classified as loans in legal bankruptcy and nonaccrual loans are excluded.

Restructured loans totaled ¥15,418 million ($136,829 thousand) and ¥18,269 million as of March 31, 2016 and 2015, respectively. Such restructured loans are loans on which creditors grant concessions (e.g., reduction of the stated interest rate, deferral of interest payments, extension of maturity dates, waiver of the face amount, or other concessive measures) to the debtors to assist them in recovering from financial difficulties and eventually being able to pay creditors. Loans classified as loans in legal bankruptcy, nonaccrual loans and past due three months or more are excluded.

8. Foreign exchanges

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

	Millions of yen		Thousands of U.S. dollars
	2016	2015	**2016**
Assets:			
Due from foreign correspondents	**¥ 7,282**	¥ 4,439	**$ 64,625**
Foreign bills of exchange purchased	**3**	8	**26**
Foreign bills of exchange receivable	**1,492**	1,179	**13,241**
Total	**¥ 8,778**	¥ 5,627	**$ 77,902**
Liabilities:			
Foreign bills of exchange sold	**¥ 41**	¥ 357	**$ 363**
Accrued foreign bills of exchange	**13**	13	**115**
Total	**¥ 54**	¥ 371	**$ 479**

9. Other assets

Other assets at March 31, 2016 and 2015, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	**2016**
Prepaid expenses	**¥ 124**	¥ 149	**$ 1,100**
Accrued income	**4,146**	4,193	**36,794**
Derivatives	**3,127**	1,869	**27,751**
Other (Note 12)	**62,983**	36,221	**558,954**
Total	**¥ 70,381**	¥ 42,433	**$ 624,609**

10. Tangible fixed assets

Tangible fixed assets at March 31, 2016 and 2015, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	**2016**
Buildings	**¥ 15,221**	¥ 15,515	**$ 135,081**
Land	**38,611**	39,245	**342,660**
Construction in progress	**1,310**	116	**11,625**
Other	**3,482**	2,639	**30,901**
Total	**¥ 58,626**	¥ 57,516	**$ 520,287**

Accumulated depreciation on tangible fixed assets at March 31, 2016 and 2015 amounted to ¥46,664 million ($414,128 thousand) and ¥47,238 million, respectively.

11. Long-lived assets

The Group recognized impairment losses for the years ended March 31, 2016 and 2015, as follows:

The Bank groups assets by branch, which is the minimum unit for management accounting. Subsidiaries group their assets by unit, which periodically manages profit and loss. The Bank wrote down the carrying amounts to the recoverable amounts and recognized impairment losses of ¥210 million ($1,863 thousand) and ¥413 million for the years ended March 31, 2016 and 2015, respectively, since the carrying amounts of the assets held by the above branches and other exceeded the sum of the undiscounted future cash flows. The recoverable amounts of these assets were measured at their net realizable selling prices, which were determined by quotations from real estate appraisal information, less estimated costs to dispose.

			Impairment losses		
			Millions of yen		Thousands of U.S. dollars
Location	Description	Classification	**2016**	2015	**2016**
Shiga Prefecture	Branch offices and other	Buildings	**¥ —**	¥ 7	**$ —**
Other	Branch offices and other	Land, buildings and equipment	**109**	406	**967**
Other	Idle asset	Land, buildings and equipment	**101**	—	**896**
Total			**¥ 210**	¥ 413	**$ 1,863**

Impairment losses are included in other expenses (Note 25).

12. Assets pledged

Assets pledged as collateral and related liabilities at March 31, 2016 and 2015, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	**2016**
Investment securities	**¥ 164,939**	¥ 173,221	**$ 1,463,782**
Other assets (investments in leases) (Note 9)	**1,135**	755	**10,072**

	Millions of yen		Thousands of U.S. dollars
Related liabilities	**2016**	2015	**2016**
Deposits	**¥ 19,993**	¥ 24,848	**$ 177,431**
Payables under securities lending transactions	**26,937**	35,366	**239,057**
Borrowed money	**20,402**	31,503	**181,061**

In addition, investment securities totaling ¥59,389 million ($527,058 thousand) and ¥58,133 million at March 31, 2016 and 2015, respectively, were pledged as collateral for settlement of exchange and as securities for futures transactions and others.

Other assets (Note 9) include guarantee deposits of ¥780 million ($6,922 thousand) and ¥787 million at March 31, 2016 and 2015, respectively.

13. Overdrafts and commitment lines

Overdraft agreements and commitment line agreements are agreements that oblige the Bank to lend funds up to a certain limit agreed in advance. The Bank makes the loans upon the request of an obligor to draw down funds under such loan agreements as long as there is no breach of the various terms and conditions stipulated in the relevant loan agreements. The unused commitment balance relating to these loan agreements at March 31, 2016 and 2015 amounted to ¥888,294 million ($7,883,333 thousand) and ¥865,758 million, respectively, and the amounts of unused commitments whose original contract terms are within one year or unconditionally cancelable at any time were ¥862,523 million ($7,654,623 thousand) and ¥840,343 million at March 31, 2016 and 2015, respectively. In many cases, the term of the agreement expires without the loan ever being drawn down. Therefore, the unused loan commitment will not necessarily affect future cash flows. Conditions are included in certain loan agreements that allow the Bank to decline the request for a loan draw down or to reduce the agreed limit amount where there is due cause to do so, such as when there is a change in financial conditions or when it is necessary to do so in order to protect the Bank’s credit. The Bank takes various measures to protect its credit. Such measures include having the obligor pledge collateral to the Bank in the form of real estate, securities, etc. on signing the loan agreements or, in accordance with the Bank’s established internal procedures, confirming the obligor’s financial condition, etc. at regular intervals.

14. Land revaluation

Under the “Act of Land Revaluation,” promulgated on March 31, 1998 (final revision on May 30, 2003), 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, 2002. The resulting land revaluation surplus represented unrealized appreciation of land and was stated, net of income taxes, as a component of equity. There was no effect on the consolidated 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 surplus account and related deferred tax liabilities. At March 31, 2016 and 2015, the carrying amount of the land after the above one-time revaluation exceeded the fair value by ¥13,200 million ($117,145 thousand) and ¥14,093 million, respectively.

Method of revaluation
The fair values were determined by applying appropriate adjustments for land shape and analysis on the appraisal specified in Article 2-3 of the Enforcement Ordinance of the Act of Land Revaluation effective March 31, 1998.

15. Deposits

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

	Millions of yen		Thousands of U.S. dollars
	2016	2015	**2016**
Current deposits	**¥ 148,288**	¥ 154,479	**$ 1,316,009**
Ordinary deposits	**1,961,105**	1,880,034	**17,404,197**
Deposits at notice	**47,661**	43,710	**422,976**
Time deposits	**2,067,717**	2,100,170	**18,350,346**
Other deposits	**106,377**	103,589	**944,062**
Total	**¥ 4,331,151**	¥ 4,281,984	**$38,437,619**

16. Borrowed money

At March 31, 2016 and 2015, the weighted-average interest rates applicable to borrowed money were 1.17% and 0.95%, respectively.

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

	Millions of yen		Thousands of U.S. dollars
	2016	2015	**2016**
Subordinated loans	**¥ 20,000**	¥ 20,000	**$ 177,493**
Borrowing from banks and other	**30,509**	41,617	**270,757**
Total	**¥ 50,509**	¥ 61,617	**$ 448,251**

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

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2017	**¥ 23,692**	**$ 210,259**
2018	**2,539**	**22,532**
2019	**2,045**	**18,148**
2020	**1,355**	**12,025**
2021	**697**	**6,185**
2022 and thereafter	**20,178**	**179,073**
Total	**¥ 50,509**	**$ 448,251**

17. Bonds

Bonds at March 31, 2016 and 2015, consisted of the following:

	Millions of yen		Thousands of U.S. dollars		
	2016	2015	**2016**	Interest rate	Due
Convertible bonds with stock acquisition rights (*)	**¥ 22,536**	¥ 24,034	**$ 200,000**	—	June 23, 2020

(*)The above convertible bonds with stock acquisition rights are subordinated bonds with non-viability write-off clause. The description of the said bonds was as follows:

Description of bonds	Unsecured convertible bonds with stock acquisition rights, payable in Euro/U.S. dollars, due June 23, 2020
Class of shares to be issued	Ordinary shares of common stock
Issue price for stock acquisition rights	—
Exercise price of shares	$5.95
Total amount of debt securities issued	$200,000 thousand
Total amount of shares issued by exercising stock acquisition rights	—
Percentage of shares with stock acquisition rights	100%
Exercise period of stock acquisition rights	From April 7, 2015 to June 9, 2020
Matters concerning substitute payment	At the time of exercise of respective stock acquisition rights, the bonds pertaining to the said stock acquisition rights shall be contributed, and the price of such bonds shall be the same amount as their face value.

18. Other liabilities

Other liabilities at March 31, 2016 and 2015, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	**2016**
Accrued income taxes	**¥ 4,202**	¥ 860	**$ 37,291**
Accrued expenses	**4,076**	4,259	**36,173**
Unearned income	**8,132**	7,629	**72,168**
Derivatives	**4,602**	2,953	**40,841**
Other	**16,129**	17,050	**143,139**
Total	**¥ 37,143**	¥ 32,753	**$ 329,632**

19. 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,” is shown as an asset representing the Bank’s right of indemnity from the applicants.

The amounts of “Acceptances and guarantees” and “Customers’ liabilities for acceptances and guarantees” amounting to ¥13,699 million ($121,574 thousand) and ¥8,451 million as of March 31, 2016 and 2015, respectively, were set off because those which were relevant to corporate bonds and the guaranteed bonds were held by the Bank itself.

20. Equity

(1) Capital stock and capital surplus
There were no changes in the number of common stock for the years ended March 31, 2016 and 2015.

(2) Companies Act and Banking Act of Japan
Through May 1, 2006, Japanese banks were subject to the Commercial Code of Japan (the “Code”) and the Banking Act of Japan (the “Banking Act”).

On and after May 1, 2006, Japanese companies are subject to a new Companies Act of Japan (the “Companies Act”) that reformed and replaced the Code with various revisions that are, for the most part, applicable to events or transactions that occur on or after May 1, 2006 and for the years ending on or after May 1, 2006. The significant changes 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 an Audit & Supervisory Board, and (4) the term of service of the directors is 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. 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 (non-cash assets) to shareholders subject to a certain limitation 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 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 shareholders, 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 Companies Act requires that an amount equal to 10% (20% for banks pursuant to the Banking Act) 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 legal reserve and additional paid-in capital equals 25% (100% for banks pursuant to the Banking Act) of common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. 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 that 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.

(3) Appropriations of retained earnings
The following appropriation of retained earnings at March 31, 2016 will be proposed at the Bank’s ordinary general shareholders’ meeting held on June 24, 2016.

	Millions of yen	Thousands of U.S. dollars
Cash dividends (dividend amount per share: ¥4.5 or $0.040)......................	**¥ 1,171**	**$ 10,392**

21. Stock options

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

Description	Persons granted	Number of options granted	Date of grant	Exercise price	Exercise period
2013 Stock Option	12 directors	61,300 shares	August 20, 2013	¥ 1 ($ 0.01)	From August 21, 2013 to August 20, 2043
2014 Stock Option	14 directors	62,400 shares	August 20, 2014	¥ 1 ($ 0.01)	From August 21, 2014 to August 20, 2044
2015 Stock Option	14 directors	61,400 shares	August 20, 2015	¥ 1 ($ 0.01)	From August 21, 2015 to August 20, 2045

The stock option activity is as follows:

	2013 Stock Option	2014 Stock Option	2015 Stock Option
Year Ended March 31, 2016			
Non-vested			
April 1, 2015—Outstanding	—	17,950	—
Granted	—	—	61,400
Canceled	—	—	—
Vested	—	(17,950)	(46,050)
March 31, 2016—Outstanding	—	—	15,350
Vested			
April 1, 2015—Outstanding	72,300	53,850	—
Vested	—	17,950	46,050
Exercised	(11,000)	(9,400)	—
Canceled	—	—	—
March 31, 2016—Outstanding	61,300	62,400	46,050

	2013 Stock Option	2014 Stock Option	2015 Stock Option
Exercise price	¥ 1 ($0.01)	¥ 1 ($0.01)	¥ 1 ($0.01)
Average stock price at exercise	¥678 ($6.02)	¥678 ($6.02)	¥ — ($ —)
Fair value price at grant date	¥528 ($4.69)	¥589 ($5.23)	¥634 ($5.63)

The Assumptions Used to Measure the Fair Value of the 2015 Stock Option

Estimate method:	Black-Scholes option-pricing model
Volatility of stock price:	26.197%
Estimated remaining outstanding period:	2 years and 1 month
Estimated dividend:	¥6 per share
Risk free interest rate:	0.005%

22. 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**
Gains on foreign exchange transactions-net	**¥ 593**	¥ 818	**$ 5,262**
Gains on sales of bonds	**8,902**	1,945	**79,002**
Other	**14,461**	11,192	**128,336**
Total	**¥ 23,957**	¥ 13,956	**$ 212,610**

23. 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**
Reversal of allowance for possible loan losses	**¥ —**	¥ 4,855	**$ —**
Recovery of claims previously charged-off	**434**	465	**3,851**
Gains on sales of stocks and other securities	**2,936**	233	**26,056**
Other	**1,688**	1,777	**14,980**
Total	**¥ 5,059**	¥ 7,331	**$ 44,897**

24. 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 of government bonds	**¥ 277**	¥ 564	**$ 2,458**
Losses on redemption of bonds	**669**	—	**5,937**
Expenses on derivatives other than for hedging	**4,184**	—	**37,131**
Other	**13,051**	9,438	**115,823**
Total	**¥ 18,182**	¥ 10,002	**$ 161,359**

25. 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**
Provision of allowance for possible loan losses	**¥ 2,365**	¥ —	**$ 20,988**
Charge-off of loans and bills discounted	**562**	625	**4,987**
Losses on impairment of long-lived assets (Note 11)	**210**	413	**1,863**
Losses on sales of investment in stocks	**76**	20	**674**
Valuation losses on investment in stocks	**3**	13	**26**
Other	**701**	584	**6,221**
Total	**¥ 3,919**	¥ 1,657	**$ 34,779**

26. Gains (losses) related to bonds

Gains (losses) related to bonds 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 (losses) related to bonds including Japanese government bonds (five components of accounts):			
Gains on sales of bonds	¥ **8,902**	¥ 1,945	$ **79,002**
Gains on redemption of bonds	—	—	—
Losses on sales of bonds	**(277)**	(564)	**(2,458)**
Losses on redemption of bonds	**(669)**	—	**(5,937)**
Losses on retirement of bonds	—	—	—
Total	¥ **7,955**	¥ 1,381	$ **70,598**
Gains (losses) on derivatives:	¥ **(4,184)**	¥ 341	$ **(37,131)**
Gains (losses) related to bonds	¥ **3,771**	¥ 1,723	$ **33,466**

27. Gains (losses) related to stocks and other securities

Gains (losses) related to stocks and other securities 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 (losses) related to stocks and other securities (three components of accounts):			
Gains on sales of stocks and other securities	¥ **2,936**	¥ 233	$ **26,056**
Losses on sales of stocks and other securities	**(76)**	(20)	**(674)**
Losses on retirement of stocks and other securities	**(3)**	(13)	**(26)**
Gains (losses) related to stocks and other securities	¥ **2,856**	¥ 200	$ **25,346**

28. Leases

Lessee
The Group leases certain equipment.

Finance lease transactions that commenced prior to April 1, 2008 are accounted for in accordance with the former accounting standard.

Pro forma information of leased property such as acquisition cost, accumulated depreciation, obligations under financial leases, depreciation expense and interest expense under finance leases that do not transfer ownership of the leased property to the lessee on an “as if capitalized” basis for the years ended March 31, 2016 and 2015 was omitted due to insignificance.

Lessor
One subsidiary leases certain equipment and other assets.

As stated in Note 2 (r) ii, finance lease transactions other than those in which ownership is fully transferred to the lessee are accounted for in a similar manner to ordinary sales and transactions, effective from the year ended March 31, 2009.

Investments in leases included in other assets on the balance sheets as of March 31, 2016 and 2015 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	**2016**
Gross lease receivables	¥ **18,043**	¥ 17,868	$ **160,126**
Unguaranteed residual values	**601**	611	**5,333**
Unearned interest income	**(1,729)**	(1,766)	**(15,344)**
Investments in leases	¥ **16,915**	¥ 16,714	$ **150,115**

Maturities of lease receivables for finance leases that are deemed to transfer ownership of the leased property to the lessee are as of March 31, 2016 are as follows:

	Millions of yen		Thousands of U.S. dollars	
2017	**¥**	**30**	**$**	**266**
2018		**26**		**230**
2019		**14**		**124**
2020		**13**		**115**
2021		**12**		**106**
2022 and thereafter		**33**		**292**

Maturities of gross lease receivables related to investments in leases as of March 31, 2016 are as follows:

	Millions of yen		Thousands of U.S. dollars	
2017	**¥**	**5,816**	**$**	**51,615**
2018		**4,630**		**41,089**
2019		**3,499**		**31,052**
2020		**2,341**		**20,775**
2021		**1,260**		**11,182**
2022 and thereafter		**495**		**4,392**

With regard to finance lease transactions entered into prior to April 1, 2008, that are not deemed to transfer ownership of the property to the lessee, leased investment assets are recognized at the book value of leased assets as of March 31, 2008.

As a result, income before income taxes for the years ended March 31, 2016 and 2015, increased by ¥0 million ($0 thousand) and ¥18 million more than it would have been if the revised accounting standard was applied retroactively to all the finance lease transactions.

The minimum rental commitments under noncancelable operating leases as of March 31, 2016 and 2015, were as follows:

	Millions of yen				Thousands of U.S. dollars	
	2016		2015		**2016**	
Due within one year	**¥**	**18**	¥	19	**$**	**159**
Due after one year		**17**		29		**150**
Total	**¥**	**36**	¥	48	**$**	**319**

29. Retirement benefit plans

The Bank and consolidated subsidiaries have either funded or unfunded defined benefit plans. The Bank's funded defined benefit corporate pension plan (contract type) provides lump-sum or annuity payments, the amounts of which are determined based on the length of service and certain other factors. The Bank's lump-sum severance payment plan, which became a funded plan as a result of setting a retirement benefits trust, provides lump-sum payments determined based on the length of service, position, and certain other factors. The consolidated subsidiaries' unfunded lump-sum severance payment plans are based on a simplified method in the calculation of their liability for retirement benefits and retirement benefit costs.

1. Defined benefit plan (except for the plan adopting the simplified method)

(1) The changes in defined benefit obligation 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	¥ **44,340**	¥ 42,515	$ **393,503**
Cumulative effect of accounting change	—	1,458	—
Balance at beginning of year (as restated)	**44,340**	43,973	**393,503**
Current service cost	**1,650**	1,659	**14,643**
Interest cost	**665**	659	**5,901**
Actuarial losses	**7,419**	374	**65,841**
Benefits paid	**(2,802)**	(2,326)	**(24,866)**
Prior service cost	—	—	—
Balance at end of year	¥ **51,272**	¥ 44,340	$ **455,023**

(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	¥ **38,568**	¥ 29,946	$ **342,279**
Expected return on plan assets	**591**	382	**5,244**
Actuarial gains (losses)	**(2,296)**	7,085	**(20,376)**
Contribution from the employer	**2,253**	2,276	**19,994**
Benefits paid	**(1,165)**	(1,122)	**(10,339)**
Balance at end of year	¥ **37,951**	¥ 38,568	$ **336,803**

(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
	2016	2015	**2016**
Funded defined benefit obligation	¥ **51,272**	¥ 44,340	$ **455,023**
Plan assets	**(37,951)**	(38,568)	**(336,803)**
Net liability arising from the balance sheet	¥ **13,321**	¥ 5,771	$ **118,219**

	Millions of yen		Thousands of U.S. dollars
	2016	2015	**2016**
Liability for retirement benefits	¥ **13,321**	¥ 5,771	$ **118,219**
Asset for retirement benefits	—	—	—
Net liability arising from the balance sheet	¥ **13,321**	¥ 5,771	$ **118,219**

(4) The components of net periodic 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	¥ **1,650**	¥ 1,659	$ **14,643**
Interest cost	**665**	659	**5,901**
Expected return on plan assets	**(591)**	(382)	**(5,244)**
Recognized actuarial (gains) losses	**(651)**	288	**(5,777)**
Amortization of prior service cost	—	(5)	—
Net periodic benefit costs	¥ **1,073**	¥ 2,218	$ **9,522**

(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, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	**2016**
Prior service cost	¥ —	¥ 5	$ —
Actuarial (gains) losses	**10,366**	(6,999)	**91,995**
Total	¥ **10,366**	¥ (6,993)	$ **91,995**

(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, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	**2016**
Unrecognized prior service cost	¥ —	¥ —	$ —
Unrecognized actuarial (gains) losses	**1,180**	(9,186)	**10,472**
Total	¥ **1,180**	¥ (9,186)	$ **10,472**

(7) Plan assets:

a. Components of plan assets

	2016	2015
Bonds	**22%**	20%
Stocks	**52**	57
Cash and cash equivalents	**7**	6
General accounts	**19**	17
Total	**100%**	100%

(Note) Total plan assets included retirement benefits trust of 42% and 45%, for the years ended March 31, 2016 and 2015, respectively, mainly consisting of 5 stocks, which were set for a corporate pension plan and a lump-sum payment plan.

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

The expected rate of return on plan assets is determined considering allocation of plan assets 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	**0.43%**	1.50%
Expected rate of return on plan assets		
Plan assets (except for retirement benefits trust)	**2.80%**	2.10%
Plan assets (retirement benefits trust)	**0.00%**	0.00%
Estimated rate of salary increase	**3.50%**	3.50%

2. Defined benefit plan adopting the simplified method

(1) The changes in defined benefit obligation adopting the simplified method 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	**¥ 91**	¥ 89	**$ 807**
Net periodic benefit costs	**12**	16	**106**
Benefits paid	**(8)**	(14)	**(70)**
Contribution to the plan	—	—	—
Balance at end of year	**¥ 95**	¥ 91	**$ 843**

(2) 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
	2016	2015	**2016**
Unfunded defined benefit obligation	**¥ 95**	¥ 91	**$ 843**
Net liability arising from the balance sheet	**¥ 95**	¥ 91	**$ 843**

	Millions of yen		Thousands of U.S. dollars
	2016	2015	**2016**
Liability for retirement benefits	**¥ 95**	¥ 91	**$ 843**
Net liability arising from the balance sheet	**¥ 95**	¥ 91	**$ 843**

(3) Net periodic benefit costs recognized in the simplified method for the years ended March 31, 2016 and 2015, were ¥12 million ($106 thousand) and ¥16 million, respectively.

3. Defined contribution plan

Not applicable.

30. Income taxes

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

	Millions of yen		Thousands of U.S. dollars
	2016	2015	**2016**
Deferred tax assets:			
Allowance for possible loan losses	**¥ 12,822**	¥ 13,247	**$ 113,791**
Devaluation of stocks and other securities	**5,462**	6,051	**48,473**
Liability for employees’ retirement benefits	**5,734**	6,422	**50,887**
Depreciation	**1,610**	1,759	**14,288**
Accrued enterprise tax	**318**	100	**2,822**
Defined retirement benefit plans	**359**	—	**3,186**
Other	**2,710**	2,612	**24,050**
Less valuation allowance	**(14,615)**	(16,262)	**(129,703)**
Total	**¥ 14,403**	¥ 13,931	**127,822**
Deferred tax liabilities:			
Reserve for advance depreciation of fixed assets	**(175)**	(184)	**(1,553)**
Reserve for special account of advanced depreciation of fixed assets	**(96)**	(101)	**(851)**
Net unrealized gains on available-for-sale securities	**(39,974)**	(47,026)	**(354,756)**
Defined retirement benefit plans	—	(2,945)	—
Total	**(40,246)**	(50,257)	**(357,170)**
Net deferred tax assets	**¥ 25,842**	¥ (36,326)	**$ 229,339**

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

	2016	2015
Normal effective statutory tax rate	**32.8**%	35.3%
Permanent differences – mainly dividends received	**(0.9)**	(2.1)
Increase in valuation allowance for deferred tax assets	**(6.2)**	2.7
Decrease in deferred tax assets due to changes in statutory tax rate	**2.7**	5.0
Other	**0.5**	0.7
Actual effective tax rate	**28.9**%	41.6%

New tax reform laws enacted in 2016 in Japan changed the normal effective statutory tax rate for the fiscal years beginning on or after April 1, 2016 and 2017, to approximately 30.69% and for the fiscal year beginning on or after April 1, 2018, to approximately 30.45%. The effect of these changes was to decrease deferred tax assets by ¥14 million ($124 thousand), deferred tax liabilities by ¥1,465 million ($13,001 thousand), deferred losses on derivatives under hedge accounting by ¥38 million ($337 thousand), defined retirement benefit plans by ¥19 million ($168 thousand), and increase accumulated other comprehensive income for unrealized gain on available-for-sale securities by ¥2,102 million ($18,654 thousand), and land revaluation surplus by ¥387 million ($3,434 thousand), with a decrease of ¥387 million ($3,434 thousand) in related deferred tax liability, in the consolidated balance sheet as of March 31, 2016, and to increase income taxes—deferred in the consolidated statement of income for the year then ended by ¥597 million ($5,298 thousand).

31. Financial instruments and related disclosures

1. Overall situation concerning financial instruments

(1) Basic policy for financial instruments

As a regional financial institution with its main business base in Shiga Prefecture, the Group provides financial services centered on banking operations.

The Group’s main operations are to extend loans to customers, including corporations and individuals in its business area, and make investments in securities by mainly using funds that are received as deposits from local customers and those that are obtained through the financial market.

To carry out these operations, the Group has financial assets and financial liabilities that are largely subject to interest rate volatility. To prevent adverse effects from such interest rate volatility, the Group conducts Asset Liability Management (ALM), the comprehensive management of assets and liabilities.

(2) Nature and extent of risks arising from financial instruments

The financial assets held by the Group are primarily loans to corporations and individuals within its business area and are subject to credit risk caused by the contractual default of its customers. The Group’s domestic loan portfolio attempts to distribute risk by industry sector to eliminate its exposure to credit risk caused by changes in the business environment in certain industries.

The Group holds investment securities for the following purposes: to sell them to customers, for investment, and for policy investment. For the purpose of selling them to customers, the Group holds Japanese government bonds and Japanese local government bonds. For investment purposes, the Group holds bonds, especially Japanese government bonds, Japanese local government bonds, and highly rated corporate bonds as well as investment trusts, while the Group holds corporate stocks as policy investment. These are subject to interest rate volatility risk, market price volatility risk, and the credit risk of the issuers. Foreign currency-denominated bonds held as investments are managed so as to reduce foreign exchange risk. This is done by procuring foreign currency funds through currency swaps, repurchase transactions, or call transactions.

Borrowed money and corporate bonds are — under certain conditions, such as when the Group is unable to access the market — subject to risks that losses are incurred due to an inability to secure required funds or being forced to raise funds at significantly higher than normal interest rates. Moreover, some of the Group’s borrowings are made at variable interest rates and are subject to risks of losses from increasing fund procurement costs associated with rising interest rates.

To respond to customer needs and hedge market risks for assets and liabilities, the Group uses derivative transactions, including interest rate swaps, currency swaps, currency options, and forward exchange contracts. For some of these transactions, the Group applies hedge accounting based on internal regulations that comply with the “Practical Guidelines for Financial Instruments” of the Japanese Institute of Certified Public Accountants and the Group’s own hedging policies.

To obtain short-swing profits, the Group transacts bond futures contracts, bond options, and stock price index futures trading after setting position limit and loss limits amounts.

These derivative transactions include the market risk of incurring potential losses from market fluctuations, such as fluctuations in interest rates and exchange rates, as well as the credit risk of incurring potential losses when the counterparty to the transaction defaults on a contract.

(3) Risk management for financial instruments

(i) Credit risk management

Recognizing credit risk as the most important risk to business management from the standpoint of its size and scope, the Group has established regulations and standards pertaining to such risk. It has also developed a borrower rating system based on a Foundation Internal Ratings-based approach and has built a credit risk management system appropriate to its needs.

Notably, the Group has developed a rating system that involves asset self-assessments. Under this system, for example, the Business Management department reports the results of its own asset ratings at meetings such as the Meeting of Managing Directors.

With respect to individual credit management, the Group has instituted its “Basic Rules of Loan Business,” in which it has clearly defined the way of thinking and a code of conduct to which all employees involved in the loan business should adhere. It has also established basic procedures to follow when making credit decisions or managing credit, along with putting in place a system that enables executives and employees to make credit decisions in accordance with the principles of public benefit, security, profitability, liquidity, and growth potential. More specifically, the Group has developed and is operating a credit management system that handles credit assessment, credit limits, credit information management, and internal ratings; sets guarantees and collateral; and deals with problem debts of companies (or corporate groups) or individual projects. This credit management system is being implemented in every bank branch and the Credit Supervision department.

With respect to extending credit to overseas borrowers, the Group manages it by setting a credit limit for each country at the Meeting of Managing Directors each fiscal year, after taking into account the foreign currency conditions and the political and economic situation of the country in which the borrower resides.

With respect to conducting market transactions for securities or other instruments, a limit is set semiannually at the Meeting of Managing Directors for bond issuer credit risk and counterparty risk for derivative and financial transactions, and the credit status and the market prices are managed on a daily basis. The Group has established a system in which reports about those risks are routinely given to the Meeting of Managing Directors.

(ii) Market risk management

The Group has compiled a set of Market Risk Management Rules with the goal of upgrading market risk management, strengthening internal controls, and ensuring sound management. To achieve stable profits, the Group institutes an ALM plan and risk management policy semiannually and is working to build an appropriate risk management system.

1) Interest rate risk management

As interest rate risk inevitably arises in banking business operations, the Group manages all assets and liabilities (including off-balance transactions), such as deposits, loans, and securities, in a comprehensive manner through ALM.

Along with the aforementioned Market Risk Management Rules, the Group has established standards for risk management methods and reporting procedures. The Group conducts monitoring through such models as Value at Risk (VaR) and the maturity ladder approach, and reports to the ALM Committee on a regular basis.

2) Exchange rate risk management

For exchange rate volatility risk, the Group sets position limits at the Meeting of Managing Directors to manage positions that are subject to exchange rate risk. The Group controls positions by using derivative transactions, including foreign currency transactions and currency swaps.

The Group establishes an acceptable level of risk using VaR and manages the level of risk on a daily basis so that it stays within an acceptable range.

3) Price volatility risk management

To rigorously manage price volatility risk for transactions, including securities, the Group has divided the organization into a market transaction sector, business management sector, and risk management sector.

For market transactions including securities, the Group takes into account overall Group risk and return, based on an ALM plan drawn up by the Board of Directors and a risk management policy, and formulates a business management plan in the market sector.

When making investments, the Group calculates position amounts, gains, and losses as well as VaR and Basis Point Value (BPV) based on the abovementioned policy and plan. The extent to which the Group complies with the established acceptable risk limit and other risk limits is monitored on a daily basis and is reported to management.

4) Derivative transaction management

With respect to derivative transactions, the divisions concerned with the execution of transactions, the evaluation of hedge effectiveness, and business management have been separated, and an internal checking system has been established. Because a majority of the Group's derivative transactions are performed for the purposes of hedging and cover transactions to customer transactions, the Group manages them so that asset and liability risks and market risks are offset with each other.

5) Quantitative information regarding market risks

Regarding market risks, the Group measures the quantitative risk of interest rate risks and stock price volatility risks through VaR, a statistical method. Principally by reporting these risks to the ALM Committee and other organizations on a regular basis, the Group ensures appropriate monitoring and management. In calculating the risk amounts, the Group adopts a historical simulation method (a holding period of one year, a confidence interval of 99%, and an observing period of two years).

Interest rate risks

The Group measures interest rate risks of all its assets and liabilities, including loans, securities and deposits, and derivative transactions.

The Group's interest rate risk amounts stood at ¥3,853 million ($34,194 thousand) as of March 31, 2016 and ¥4,075 million as of March 31, 2015.

Regarding liquid deposits, such as ordinary deposits, the Group handles some as deposits that remain with the Group for an extended period and manages them by allocating them to each period category based on an internal model.

Stock price volatility risks

The Group holds certain shares for policy investment purposes. The volatility risk amounts of the prices of such shares stood at ¥51,614 million ($458,058 thousand) as of March 31, 2016, and ¥66,305 million as of March 31, 2015.

Backtesting

To verify the appropriateness of the risk amounts that are measured through VaR, the Group carries out backtesting in which VaR is compared with gains and losses. In this way, the Group analyzes the effectiveness of the risk measurement method. However, because VaR statistically measures the amounts based on the historical market volatility, results may vary due to assumptions, measuring methods, and other factors. In addition, risks may not be able to be appropriately captured when the market environment changes drastically.

Interest rate risks and stock price volatility risks that are held by the Bank's consolidated subsidiaries are excluded from the calculation of the market risk amount as the impact from such risks on the Group is limited.

(iii) Liquidity risk management related to financing

The Group has compiled a set of Liquidity Risk Management Rules under a basic policy of clearly understanding its cash position and ensuring stable financing. In this way, it strives to establish an appropriate risk management system.

With respect to daily financing, the Group monitors and manages the financial environment, the balance of realizable current assets, the expected amount of cash outflows, and other such factors. The Group reports the financing situation and other related matters to the ALM Committee on a regular basis.

2. Fair value of financial instruments

Fair value and the consolidated balance sheet amount of as of March 31, 2016 and 2015, are shown below. Immaterial accounts on the consolidated balance sheet are not included in the table below. Some instruments, such as unlisted stocks, whose fair value cannot be reliably determined, are not included in the table below (see Note 2).

	Millions of yen		
	2016		
	Consolidated balance sheet amount	Fair value	Difference
Call loans and bills bought	**¥ 642**	**¥ 642**	¥ —
Investment securities			
Trading securities	**5,383**	**5,383**	—
Available-for-sale securities	**1,418,384**	**1,418,384**	—
Loans and bills discounted	**3,257,723**	—	—
Allowance for possible loan losses (*1)	**(31,601)**	—	—
	3,226,121	**3,263,050**	**36,928**
Assets total	**4,650,532**	**4,687,460**	**36,928**
Deposits	**4,331,151**	**4,331,708**	**557**
Negotiable certificates of deposit	**84,722**	**84,725**	**3**
Call money and bills sold	**51,284**	**51,284**	—
Borrowed money	**50,509**	**52,052**	**1,543**
Liabilities total	**4,517,667**	**4,519,771**	**2,104**
Derivative transactions (*2)			
Deferred hedge accounting is not applied	**913**	**913**	—
Deferred hedge accounting is applied	**(2,388)**	**(2,388)**	—
Derivative transactions total	**¥ (1,474)**	**¥ (1,474)**	¥ —

	Millions of yen		
	2015		
	Consolidated balance sheet amount	Fair value	Difference
Call loans and bills bought	¥ 31,359	¥ 31,359	¥ —
Investment securities			
Trading securities	3,966	3,966	—
Held-to-maturity securities	45,015	45,812	796
Available-for-sale securities	1,488,169	1,488,169	—
Loans and bills discounted	3,051,704	—	—
Allowance for possible loan losses (*1)	(30,517)	—	—
	3,021,186	3,044,111	22,925
Assets total	4,589,697	4,613,419	23,722
Deposits	4,281,984	4,282,509	524
Negotiable certificates of deposit	93,504	93,512	8
Call money and bills sold	42,551	42,551	—
Borrowed money	61,617	64,009	2,391
Liabilities total	4,479,658	4,482,583	2,924
Derivative transactions (*2)			
Deferred hedge accounting is not applied	(40)	(40)	—
Deferred hedge accounting is applied	(1,044)	(1,044)	—
Derivative transactions total	¥ (1,084)	¥ (1,084)	¥ —

	Thousands of U.S. dollars		
	2016		
	Consolidated balance sheet amount	Fair value	Difference
Call loans and bills bought	$ 5,697	$ 5,697	$ —
Investment securities			
Trading securities	47,772	47,772	—
Available-for-sale securities	12,587,717	12,587,717	—
Loans and bills discounted	28,911,279	—	—
Allowance for possible loan losses (*1)	(280,449)	—	—
	28,630,821	28,958,555	327,724
Assets total	41,272,026	41,599,751	327,724
Deposits	38,437,619	38,442,563	4,943
Negotiable certificates of deposit	751,881	751,908	26
Call money and bills sold	455,129	455,129	—
Borrowed money	448,251	461,945	13,693
Liabilities total	40,092,891	40,111,563	18,672
Derivative transactions (*2)			
Deferred hedge accounting is not applied	8,102	8,102	—
Deferred hedge accounting is applied	(21,192)	(21,192)	—
Derivative transactions total	$ (13,081)	$ (13,081)	$ —

(*1) General allowance for loan losses and specific allowance for loan losses provided to "Loans and bills discounted" are separately presented in the above table.

(*2) Derivative transactions recorded in "Other assets" and "Other liabilities" are aggregated and shown herein. Assets and liabilities attributable to the derivative transactions are totally offset and the net liability position as a consequence of offsetting would be represented with brackets.

(Note 1) Valuation method of financial instruments

Assets

(1) Call loans and bills bought

Since contractual terms of these instruments are short (i.e., less than one year) and fair values of these instruments approximate book values, the Group deems the book values to be the fair values.

(2) Securities

Fair values of securities that have market prices are based on their market prices.

With respect to those without market prices, the Group uses the present value that is calculated by discounting the future cash flows of the principal based on contracts, using an interest rate obtained by adjusting interest rates available in the interbank market in accordance with categories of internal ratings and terms, taking into account the credit risk premium and the liquidity risk premium.

Fair value information for securities by classification is included in Note 4 "Securities."

(3) Loans and bills discounted

As fair values of loans and bills discounted with short contractual terms (i.e., less than one year) approximate book values, the Group deems the book values to be the fair values.

Regarding loans with long contract terms (i.e., 1 year or longer), those with floating interest rates reflect the market rate in the short term. Consequently, unless the credit conditions of borrowers have not significantly changed after the execution of the loans, the book value of the loans is presented as the fair value, as the fair value approximates the book value. With respect to fair values of loans with long contract terms with fixed interest rates, the Group uses the present value that is calculated by discounting the future cash flows of the principal based on contracts, using an interest rate obtained by adjusting interest rates available in the interbank market in accordance with categories of internal ratings and terms, taking into account the credit risk premium and the liquidity risk premium. Meanwhile, the fair value of certain loans (including consumer loans) is calculated by discounting the future cash flows of the principal based on contracts, using an interest rate considered to be applicable in cases when similar loans are executed.

With respect to claims against legally bankrupt debtors, virtually bankrupt debtors and debtors who are likely to go bankrupt (potentially bankrupt debtors), since credit losses are calculated based on the present value of the expected future cash flows or the estimated amounts that the Group would be able to collect from collateral and guarantees, fair values approximate the consolidated balance sheet amount net of the currently expected credit loss amount, and the Group thus deems such amounts to be fair value.

Regarding loans, for those without a fixed maturity due to loan characteristics such as limiting loans to within the value of collaterals, the Group deems the book value to be the fair value, since the fair value is expected to approximate the book value based on the estimated repayment period, interest rate, and other conditions.

Liabilities

(1) Deposits and (2) Negotiable certificates of deposit

For demand deposits, the Group deems the payment amounts required on the consolidated balance sheet date (i.e., book values) to be the fair value.

The fair value of time deposits and negotiable certificates of deposit with short deposit terms (i.e., less than one year) approximate the book value, and the Group deems the book value to be the fair value. With respect to deposits with long deposit terms (i.e., one year or longer), the Group uses the present value calculated by discounting future cash flows of the principal based on contracts, using the interest rate that would apply to newly accepted deposits in accordance with the categories of deposit terms.

(3) Call money and bills sold

Since contractual terms of these instruments are short (i.e., less than one year) and fair values of these instruments approximate book values, the Group deems the book values to be the fair values.

(4) Borrowed money

As the fair value of borrowed money with short contractual terms (i.e., less than one year) approximates the book value, the Group deems the book value to be the fair value.

Regarding borrowed money with long contractual terms (i.e., one year or longer), for floating rate borrowings, the book value is presented as the fair value, because the fair value approximates book value. This is because the floating rate borrowings reflect the market interest rate in a short period and there has been no significant change in our credit conditions or in the credit conditions of our consolidated subsidiaries before or after the borrowings were made. With respect to fixed rate borrowings, the Group uses the present value calculated by discounting the future cash flows of the principal based on contracts, using an interest rate obtained by adjusting interest rates available in the interbank market in accordance with categories of terms, taking into account the Bank’s credit risk premium.

Meanwhile, fair values of borrowings of consolidated subsidiaries are calculated by discounting the future cash flows of the principal based on contracts, using interest rates considered to be applicable in cases when the similar borrowings are made.

(5) Bonds

The fair value of corporate bonds issued by the Group is determined based on their market price.

Derivatives

Fair value information for derivatives is included in Note 32 “Fair value information on derivative transactions.”

(Note 2) Financial instruments whose fair value cannot be reliably determined

The following instruments are not included in "Available-for-sales securities" in the above table showing the fair value of financial instruments.

	Consolidated balance sheet amount		
	Millions of yen		Thousands of U.S. dollars
	2016	2015	**2016**
Unlisted stocks (*1) (*2)	**¥ 3,396**	¥ 3,316	**$ 30,138**
Investment in capital of partnership and others (*3)	**1,753**	1,545	**15,557**
Total	**¥ 5,149**	¥ 4,861	**$ 45,695**

(*1) Fair value of unlisted stocks is exempt from disclosure because they do not have a market price and their fair value cannot be reliably determined.

(*2) For the year ended March 31, 2016, impairment losses for unlisted stocks amounted to ¥3 million ($26 thousand). For the year ended March 31, 2015, no impairment losses for unlisted stocks were recorded.

(*3) Fair value of investment in capital of partnership and others is exempt from disclosure because partnership assets are composed of unlisted stock and others and their fair value cannot be reliably determined.

(Note 3) Maturity analysis for financial assets and securities with contractual maturities

	Millions of yen					
	2016					
	1 year or less	1 to 3 years	3 to 5 years	5 to 7 years	7 to 10 years	Over 10 years
Call loans and bills bought	**¥ 642**	**¥ —**	**¥ —**	**¥ —**	**¥ —**	**¥ —**
Available-for-sale securities	**144,344**	**410,740**	**338,009**	**51,279**	**153,999**	**110,863**
Japanese government bonds	**50,500**	**168,600**	**77,000**	**5,000**	**81,000**	**23,000**
Japanese local government bonds	**23,201**	**81,854**	**113,070**	**19,702**	**11,180**	—
Japanese corporate bonds	**60,333**	**123,774**	**89,515**	**10,112**	**18,253**	**80,998**
Others	**10,310**	**36,512**	**58,423**	**16,464**	**43,566**	**6,864**
Loans and bills discounted (*)	**837,412**	**597,289**	**465,557**	**301,597**	**359,752**	**618,861**
Total	**¥ 982,399**	**¥1,008,030**	**¥ 803,566**	**¥ 352,876**	**¥ 513,752**	**¥ 729,725**

	Millions of yen					
	2015					
	1 year or less	1 to 3 years	3 to 5 years	5 to 7 years	7 to 10 years	Over 10 years
Call loans and bills bought	¥ 31,359	¥ —	¥ —	¥ —	¥ —	¥ —
Investment securities	153,821	413,036	369,747	93,599	185,916	90,504
Held-to-maturity securities	—	—	—	—	45,000	—
Japanese government bonds	—	—	—	—	45,000	—
Available-for-sale securities	153,821	413,036	369,747	93,599	140,916	90,504
Japanese government bonds	39,206	174,100	103,000	36,000	61,000	11,000
Japanese local government bonds	50,245	71,439	104,352	32,638	17,128	—
Japanese corporate bonds	62,873	142,055	114,939	9,113	11,915	70,458
Others	1,495	25,441	47,455	15,848	50,872	9,046
Loans and bills discounted (*)	807,659	586,812	415,627	253,320	330,122	578,793
Total	¥ 992,839	¥ 999,849	¥ 785,374	¥ 346,920	¥ 516,038	¥ 669,297

	Thousands of U.S. dollars					
	2016					
	1 year or less	1 to 3 years	3 to 5 years	5 to 7 years	7 to 10 years	Over 10 years
Call loans and bills bought	**$ 5,697**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**
Available-for-sale securities	**1,281,008**	**3,645,189**	**2,999,724**	**455,085**	**1,366,693**	**983,874**
Japanese government bonds	**448,171**	**1,496,272**	**683,351**	**44,373**	**718,849**	**204,117**
Japanese local government bonds	**205,901**	**726,428**	**1,003,461**	**174,849**	**99,219**	—
Japanese corporate bonds	**535,436**	**1,098,455**	**794,417**	**89,740**	**161,989**	**718,832**
Others	**91,498**	**324,032**	**518,485**	**146,112**	**386,634**	**60,915**
Loans and bills discounted (*)	**7,431,771**	**5,300,754**	**4,131,673**	**2,676,579**	**3,192,687**	**5,492,199**
Total	**$ 8,718,485**	**$ 8,945,953**	**$ 7,131,398**	**$ 3,131,664**	**$ 4,559,389**	**$ 6,476,082**

(*) Loans in legal bankruptcy, virtual bankruptcy, and potential bankruptcy amounting to ¥50,230 million ($445,775 thousand) and ¥53,316 million loans and bills discounted without contractual maturities amounting to ¥27,021 million ($239,802 thousand) and ¥26,052 million are excluded from the table above as of March 31, 2016 and 2015.

(Note 4) Maturity analysis for bonds, borrowed money, and other interest-bearing liabilities

	Millions of yen					
	2016					
	1 year or less	1 to 3 years	3 to 5 years	5 to 7 years	7 to 10 years	Over 10 years
Deposits (*)	**¥ 3,868,353**	**¥ 442,425**	**¥ 20,371**	**¥ —**	**¥ —**	**¥ —**
Negotiable certificates of deposit	**82,908**	**1,813**	—	—	—	—
Call money and bills sold	**51,284**	—	—	—	—	—
Borrowed money	**23,692**	**4,584**	**2,053**	**178**	**20,000**	—
Total	**¥ 4,026,240**	**¥ 448,823**	**¥ 22,424**	**¥ 178**	**¥ 20,000**	**¥ —**

	Millions of yen					
	2015					
	1 year or less	1 to 3 years	3 to 5 years	5 to 7 years	7 to 10 years	Over 10 years
Deposits (*)	¥ 3,814,461	¥ 440,542	¥ 26,980	¥ —	¥ —	¥ —
Negotiable certificates of deposit	93,504	—	—	—	—	—
Call money and bills sold	42,551	—	—	—	—	—
Borrowed money	35,206	4,172	1,967	271	10,000	10,000
Total	¥ 3,985,724	¥ 444,715	¥ 28,947	¥ 271	¥ 10,000	¥ 10,000

	Thousands of U.S. dollars					
	2016					
	1 year or less	1 to 3 years	3 to 5 years	5 to 7 years	7 to 10 years	Over 10 years
Deposits (*)	**$ 34,330,431**	**$ 3,926,384**	**$ 180,786**	**$ —**	**$ —**	**$ —**
Negotiable certificates of deposit	**735,782**	**16,089**	—	—	—	—
Call money and bills sold	**455,129**	—	—	—	—	—
Borrowed money	**210,259**	**40,681**	**18,219**	**1,579**	**177,493**	—
Total	**$ 35,731,629**	**$ 3,983,164**	**$ 199,006**	**$ 1,579**	**$ 177,493**	**$ —**

(*) Demand deposits are included in "1 year or less."

32. Fair value information on derivative transactions

Derivative transactions to which hedge accounting is not applied

The following is the fair value information for derivative transactions to which hedge accounting is not applied at March 31, 2016 and 2015.

The contractual value of swap agreements and the contract amounts of forward exchange contracts, option agreements and other derivatives do not necessarily measure the Bank's exposure to market risk.

(1) Interest-rate-related transactions

	Millions of yen			
	2016			
	Contractual value	Contractual value due after one year	Fair value	Net unrealized gains (losses)
Over-the-counter:				
Interest rate swap				
Receivable fixed rate/pay floating rate	**¥ 172**	**¥ 172**	**¥ 2**	**¥ 2**
Total	**¥ —**	**¥ —**	**¥ 2**	**¥ 2**

	Millions of yen			
	2015			
	Contractual value	Contractual value due after one year	Fair value	Net unrealized gains (losses)
Over-the-counter:				
Interest rate swap				
Receivable fixed rate/pay floating rate	¥ 92	¥ 92	¥ 2	¥ 2
Total	¥ —	¥ —	¥ 2	¥ 2

	Thousands of U.S. dollars			
	2016			
	Contractual value	Contractual value due after one year	Fair value	Net unrealized gains (losses)
Over-the-counter:				
Interest rate swap				
Receivable fixed rate/pay floating rate	**$ 1,526**	**$ 1,526**	**$ 17**	**$ 17**
Total	**$ —**	**$ —**	**$ 17**	**$ 17**

Notes: 1. The above transactions were revalued at the end of each of the years and the related gains and losses are reflected in the accompanying consolidated statements of income.
2. The fair values of the above derivatives are principally based on quoted market prices, such as those of Tokyo Financial Exchange Inc., or discounted values of future cash flows.

(2) Currency-related transactions

	Millions of yen			
	2016			
	Contractual value	Contractual value due after one year	Fair value	Net unrealized gains (losses)
Over-the-counter:				
Currency swap:	**¥ 26,802**	**¥ 20,709**	**¥ 20**	**¥ 20**
Forward exchange contracts:				
Sold	**36,732**	—	**1,148**	**1,148**
Bought	**7,059**	—	**(257)**	**(257)**
Currency options:				
Sold	**53,659**	**33,399**	**(1,774)**	**(57)**
Bought	**53,659**	**33,399**	**1,774**	**404**
Total	**¥ —**	**¥ —**	**¥ 910**	**¥ 1,257**

	Millions of yen			
	2015			
	Contractual value	Contractual value due after one year	Fair value	Net unrealized gains (losses)
Over-the-counter:				
Currency swap:	¥ 57,561	¥ 27,739	¥ 47	¥ 47
Forward exchange contracts:				
Sold	19,785	—	(560)	(560)
Bought	12,849	—	469	469
Currency options:				
Sold	34,888	19,053	(906)	156
Bought	34,888	19,053	906	75
Total	¥ —	¥ —	¥ (43)	¥ 188

	Thousands of U.S. dollars			
	2016			
	Contractual value	Contractual value due after one year	Fair value	Net unrealized gains (losses)
Over-the-counter:				
Currency swap:	**$ 237,859**	**$ 183,785**	**$ 177**	**$ 177**
Forward exchange contracts:				
Sold	**325,985**	—	**10,188**	**10,188**
Bought	**62,646**	—	**(2,280)**	**(2,280)**
Currency options:				
Sold	**476,206**	**296,405**	**(15,743)**	**(505)**
Bought	**476,206**	**296,405**	**15,743**	**3,585**
Total	**$ —**	**$ —**	**$ 8,075**	**$ 11,155**

Notes: 1. The above transactions were revalued at the end of each of the years and the related gains and losses are reflected in the accompanying consolidated statements of income.
2. Fair value is calculated using discounted cash flows.

(3) Stock-related transactions are not performed.
(4) Bond-related transactions are not performed.
(5) Financial product-related transactions are not performed.
(6) Credit derivative transactions are not performed.

Derivative transactions to which hedge accounting is applied

The following is the fair value information for derivative transactions to which hedge accounting is applied at March 31, 2016 and 2015.

The contract amounts do not necessarily measure the Bank's exposure to market risk:

(1) Interest-rate-related transactions

	Millions of yen						
	2016						
	Hedged items	Contractual value		Contractual value due after one year		Fair value	
Principle treatment							
Interest rate swap:							
Receivable floating rate/pay fixed rate	**Available-for-sale securities (bonds)**	**¥**	**20,000**	**¥**	**20,000**	**¥**	**(2,387)**

	Millions of yen						
	2015						
	Hedged items	Contractual value		Contractual value due after one year		Fair value	
Principle treatment							
Interest rate swap:							
Receivable floating rate/pay fixed rate	Available-for-sale securities (bonds)	¥	50,000	¥	50,000	¥	(1,037)

	Thousands of U.S. dollars						
	2016						
	Hedged items	Contractual value		Contractual value due after one year		Fair value	
Principle treatment							
Interest rate swap:							
Receivable floating rate/pay fixed rate	**Available-for-sale securities (bonds)**	**$**	**177,493**	**$**	**177,493**	**$**	**(21,183)**

Notes: 1. Deferred hedge accounting is mainly applied in accordance with the JICPA Industry Audit Committee Report No. 24.
2. The fair values of the above derivatives are principally based on quoted market prices, such as those of Tokyo Financial Exchange Inc., or discounted values of future cash flows.

(2) Currency-related transactions

	Millions of yen						
	2016						
	Hedged items	Contractual value		Contractual value due after one year		Fair value	
Forward exchange contracts	**Loans denominated in foreign currencies**	**¥**	**842**	**¥**	**—**	**¥**	**(0)**

	Millions of yen						
	2015						
	Hedged items	Contractual value		Contractual value due after one year		Fair value	
Forward exchange contracts	Loans denominated in foreign currencies	¥	848	¥	—	¥	(6)

	Thousands of U.S. dollars			
	2016			
	Hedged items	Contractual value	Contractual value due after one year	Fair value
Forward exchange contracts	**Loans denominated in foreign currencies**	**$ 7,472**	**$ —**	**$ (0)**

Notes: 1. Deferred hedge accounting is mainly applied in accordance with the JICPA Industry Audit Committee Report No. 25.
2. Fair value is calculated using discounted cash flows.

(3) Stock-related transactions are not performed.

(4) Bond-related transactions are not performed.

33. Comprehensive income

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

	Millions of yen		Thousands of U.S. dollars
	2016	2015	**2016**
Unrealized (losses) gains on available-for-sale securities:			
The amount arising during the period	**¥ (5,170)**	¥ 61,440	**$ (45,882)**
Reclassification adjustments to profit or loss	**(11,575)**	(1,516)	**(102,724)**
Before adjustments to tax effect	**(16,745)**	59,923	**(148,606)**
The amount of tax effect	**7,051**	(15,797)	**62,575**
Total	**¥ (9,694)**	¥ 44,126	**$ (86,031)**
Deferred losses on derivatives under hedge accounting:			
The amount arising during the period	**¥ (1,360)**	¥ (1,025)	**$ (12,069)**
Reclassification adjustments to profit or loss	**11**	81	**97**
Before adjustments to tax effect	**(1,349)**	(943)	**(11,971)**
The amount of tax effect	**394**	299	**3,496**
Total	**¥ (955)**	¥ (644)	**$ (8,475)**
Land revaluation surplus:			
Reclassification adjustments to profit or loss	**¥ —**	¥ —	**$ —**
Before adjustments to tax effect	**—**	—	**—**
The amount of tax effect	**387**	816	**3,434**
Total	**¥ 387**	¥ 816	**$ 3,434**
Defined retirement benefit plans:			
The amount arising during the period	**¥ (9,715)**	¥ 6,711	**$ (86,217)**
Reclassification adjustments to profit or loss	**(651)**	282	**(5,777)**
Before adjustments to tax effect	**(10,366)**	6,993	**(91,995)**
The amount of tax effect	**3,304**	(2,169)	**29,321**
Total	**¥ (7,062)**	¥ 4,824	**$ (62,673)**
Total other comprehensive income	**¥ (17,323)**	¥ 49,122	**$ (153,736)**

34. Net income per share

Reconciliation of the differences between 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
	Net income Attributable to Owners of the parent	Weighted-Average Shares	EPS	
For the year ended March 31, 2016				
Basic EPS:				
Net income attributable to common shareholders	**¥ 15,508**	**260,321**	**¥ 59.57**	**$ 0.529**
Effect of dilutive securities:				
Warrants		**33,775**		
Diluted EPS:				
Net income for computation	**¥ 15,508**	**294,097**	**¥ 52.73**	**$ 0.468**
For the year ended March 31, 2015				
Basic EPS:				
Net income attributable to common shareholders	¥ 13,675	263,633	¥ 51.87	
Effect of dilutive securities:				
Warrants		960		
Diluted EPS:				
Net income for computation	¥ 13,675	264,594	¥ 51.68	

35. Subsequent event

Appropriation of retained earnings
The following appropriation of retained earnings will be authorized at the ordinary general shareholders' meeting to be held on June 24, 2016:

	Millions of yen	Thousands of U.S. dollars
Cash dividends,		
¥4.5 ($0.04) per share	**¥ 1,171**	**$ 10,392**
Total	**¥ 1,171**	**$ 10,392**

36. Segment information

For the years ended March 31, 2016 and 2015
Because the Group has only one segment, banking, the description is not presented.

Related Information
(1) Information about services

	Millions of yen				
	2016				
	Lending services	Securities investment	Fees and commissions	Other	Total
Operating income from external customers	**¥ 40,245**	**¥ 24,642**	**¥ 13,992**	**¥ 16,963**	**¥ 95,844**

	Millions of yen				
	2015				
	Lending services	Securities investment	Fees and commissions	Other	Total
Operating income from external customers	¥ 41,000	¥ 14,953	¥ 13,542	¥ 19,002	¥ 88,499

	Thousands of U.S. dollars				
	2016				
	Lending services	Securities investment	Fees and commissions	Other	Total
Operating income from external customers	**$ 357,161**	**$ 218,690**	**$ 124,174**	**$ 150,541**	**$ 850,585**

(2) Information about geographical areas
(a) Operating income
Operating income from external domestic customers exceeded 90% of total operating income on the consolidated statements of income for the years ended March 31, 2016 and 2015; therefore geographical operating income information is not presented.
(b) Tangible fixed assets
The balance of domestic tangible fixed assets exceeded 90% of the total balance of tangible fixed assets on the consolidated balance sheets as of March 31, 2016 and 2015; therefore, geographical tangible fixed assets information is not presented.

(3) Information about major customers
Operating income to a specific customer did not reach 10% of total operating income on the consolidated statements of income for the years ended March 31, 2016 and 2015; therefore, major customer information is not presented.

37. Related party transactions

Transactions of the Bank with related parties for the year ended March 31, 2016, were as follows:

Related party	Category	Description of transactions	Transaction amount Millions of yen	Transaction amount Thousands of U.S. dollars	Accounts name	Year-end balance Millions of yen	Year-end balance Thousands of U.S. dollars
Yoshihisa Fujita	Director and relative	Lending operation loan, net of collection	**¥ (0)**	**$ (0)**	Loans	**¥ 15**	**$ 133**
		Interest receipts	**0**	**0**	Other assets	**0**	**0**
Taiyo & Co.	Company in which director or relative has the majority of the voting rights	Lending operation loan, net of collection	**(1)**	**(8)**	Loans	**11**	**97**
		Interest receipts	**0**	**0**	Other liabilities	**0**	**0**
KUSANEN CO., LTD.	Company in which director or relative has the majority of the voting rights	Lending operation loan, net of collection	**21**	**186**	Loans	**149**	**1,322**
		Guarantee of payment	**(16)**	**(141)**	Customers' liabilities for acceptances and guarantees	**164**	**1,455**
		Interest receipts	**1**	**8**	Acceptances and guarantees	**164**	**1,455**
		Guarantee commission receipts	**1**	**8**	Other liabilities	**0**	**0**

Transactions of the Bank with related parties for the year ended March 31, 2015, were as follows:

Related party	Category	Description of transactions	Transaction amount Millions of yen	Accounts name	Year-end balance Millions of yen
Yoshihisa Fujita	Director and relative	Lending operation loan, net of collection	¥ (0)	Loans	¥ 16
		Interest receipts	0	Other assets	0
Taiyo & Co.	Company in which director or relative has the majority of the voting rights	Lending operation loan, net of collection	(1)	Loans	12
		Interest receipts	0	Other liabilities	0
KUSANEN CO., LTD.	Company in which director or relative has the majority of the voting rights	Lending operation loan, net of collection	(117)	Loans	128
		Guarantee of payment	80	Customers' liabilities for acceptances and guarantees	180
		Interest receipts	2	Acceptances and guarantees	180
		Guarantee commission receipts	1	Other liabilities	1