Consolidated Balance Sheets
The Kiyo Bank, Ltd. and its consolidated subsidiaries
As of March 31, 2016 and 2015

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2016	2015	2016
Assets:			
Cash and due from banks (Notes 3 and 23)	¥ 465,655	¥ 253,855	$ 4,132,543
Call loans and bills bought	-	5,000	-
Monetary claims bought	799	799	7,090
Trading account securities (Note 4)	243	514	2,156
Securities (Notes 4, 7, 12, 23 and 24)	1,172,316	1,282,793	10,403,940
Loans and bills discounted (Notes 5, 22, 23 and 26)	2,731,037	2,660,393	24,237,105
Foreign exchange	2,872	3,215	25,488
Other assets (Note 7)	31,623	21,983	280,644
Tangible fixed assets (Note 6)	36,843	36,035	326,970
Intangible fixed assets	5,295	6,923	46,991
Net defined benefit asset (Note 11)	13,710	19,130	121,671
Deferred tax assets (Note 19)	937	1,026	8,315
Customers' liabilities for acceptances and guarantees (Note 12)	10,062	11,538	89,297
Reserve for possible loan losses	(25,062)	(25,378)	(222,417)
Total assets	¥ 4,446,335	¥ 4,277,830	$ 39,459,842
Liabilities:			
Deposits (Notes 7, 8 and 23)	¥ 3,919,081	¥ 3,825,228	$ 34,780,626
Payables under securities lending transactions (Notes 7 and 23)	93,367	116,614	828,603
Borrowed money (Notes 7, 9 and 23)	146,475	39,337	1,299,920
Foreign exchange	22	97	195
Bonds (Notes 10 and 23)	13,000	20,000	115,370
Other liabilities	38,896	37,279	345,189
Net defined benefit liability (Note 11)	22	27	195
Accrued directors' retirement benefits	32	32	283
Reserve for reimbursement of deposits	1,121	890	9,948
Provision for contingent losses	556	533	4,934
Deferred tax liabilities (Note 19)	8,845	10,981	78,496
Acceptances and guarantees (Note 12)	10,062	11,538	89,297
Total liabilities	4,231,483	4,062,560	37,553,097
Net assets (Notes 13 and 14):			
Common stock	80,096	80,096	710,827
Capital surplus	6,941	6,941	61,599
Retained earnings	92,260	77,751	818,778
Treasury stock	(4,406)	(2,115)	(39,101)
Total shareholders' equity	174,891	162,674	1,552,103
Net unrealized gains on available-for-sale securities (Note 4)	30,995	40,691	275,070
Net deferred gains (losses) on hedging instruments	-	(410)	-
Accumulated adjustments for retirement benefits	5,758	9,270	51,100
Total accumulated other comprehensive income	36,754	49,550	326,180
Subscription rights to shares (Notes 14 and 15)	21	-	186
Non-controlling interests	3,184	3,044	28,257
Total net assets	214,851	215,269	1,906,735
Total liabilities and net assets	¥ 4,446,335	¥ 4,277,830	$ 39,459,842

See accompanying notes.

Consolidated Income Statements
The Kiyo Bank, Ltd. and its consolidated subsidiaries
Years ended March 31, 2016 and 2015

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2016	2015	2016
Income			
Interest income:			
Interest on loans and bills discounted	¥ 37,004	¥ 39,137	$ 328,399
Interest and dividends on securities	14,125	13,037	125,354
Other interest income	475	408	4,215
Fees and commissions	12,356	11,579	109,655
Other operating income	10,156	6,369	90,131
Other income (Note 16)	7,518	3,753	66,719
Total income	81,636	74,286	724,494
Expenses			
Interest expense:			
Interest on deposits	3,211	2,899	28,496
Interest on payables under securities lending transactions	479	236	4,250
Interest on borrowings	243	475	2,156
Other interest expense	315	432	2,795
Fees and commissions	4,270	4,175	37,894
Other operating expenses	5,447	4,917	48,340
General and administrative expenses (Note 17)	40,228	41,462	357,011
Provision for possible loan losses	471	234	4,179
Other expenses (Note 18)	5,842	4,403	51,845
Total expenses	60,509	59,237	536,998
Profit before income taxes	21,126	15,049	187,486
Income taxes (Note 19):			
Current	542	405	4,810
Deferred	3,425	3,223	30,395
Total income taxes	3,967	3,629	35,205
Profit	17,158	11,419	152,271
Profit attributable to non-controlling interests	135	148	1,198
Profit attributable to owners of parent	¥ 17,023	¥ 11,270	$ 151,073

	Yen		U.S. dollars
Per share of common stock:			
Basic earnings per share (Note 21)	¥ 239.62	¥ 156.55	$ 2.12
Diluted earnings per share (Note 21)	239.57	-	2.12
Dividends (Note 14)	35.00	35.00	0.31

See accompanying notes.

Consolidated Statements of Comprehensive Income
The Kiyo Bank, Ltd. and its consolidated subsidiaries
Years ended March 31, 2016 and 2015

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2016	2015	2016
Profit	¥ 17,158	¥ 11,419	$ 152,271
Other comprehensive income (loss) (Note 20):			
Net unrealized gains (losses) on available-for-sale securities	(9,685)	19,491	(85,951)
Net deferred gains (losses) on hedging instruments	410	(339)	3,638
Adjustments for retirement benefits	(3,511)	5,312	(31,159)
Total other comprehensive income (loss)	(12,786)	24,463	(113,471)
Comprehensive income	¥ 4,371	¥ 35,883	$ 38,791
Total comprehensive income attributable to:	¥ 4,371	¥ 35,883	$ 38,791
Comprehensive income attributable to owners of parent	4,226	35,650	37,504
Comprehensive income attributable to non-controlling interests	144	232	1,277

See accompanying notes.

Consolidated Statements of Changes in Net Assets
The Kiyo Bank, Ltd. and its consolidated subsidiaries
Years ended March 31, 2016 and 2015

Millions of yen

	Shareholders' equity					Accumulated other comprehensive income						
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains on available-for-sale securities	Net deferred gains (losses) on hedging instruments	Accumulated adjustments for retirement benefits	Total accumulated other comprehensive income	Subscription rights to shares	Non-controlling interests	Total net assets
Balance at April 1, 2014	¥ 80,096	¥ 6,903	¥ 69,209	¥ (1,291)	¥ 154,917	¥ 21,283	¥ (70)	¥ 3,958	¥ 25,171	¥ -	¥ 2,816	¥ 182,905
Cumulative effects of accounting changes	-	-	(555)	-	(555)	-	-	-	-	-	-	(555)
Restated balance	80,096	6,903	68,653	(1,291)	154,362	21,283	(70)	3,958	25,171	-	2,816	182,349
Cash dividends	-	-	(2,173)	-	(2,173)	-	-	-	-	-	-	(2,173)
Profit attributable to owners of parent	-	-	11,270	-	11,270	-	-	-	-	-	-	11,270
Purchase of treasury stock	-	-	-	(1,005)	(1,005)	-	-	-	-	-	-	(1,005)
Disposal of treasury stock	-	37	-	181	219	-	-	-	-	-	-	219
Net changes in items other than shareholders' equity	-	-	-	-	-	19,407	(339)	5,312	24,379	-	227	24,607
Total changes during the year	-	37	9,097	(823)	8,311	19,407	(339)	5,312	24,379	-	227	32,919
Balance at March 31, 2015	80,096	6,941	77,751	(2,115)	162,674	40,691	(410)	9,270	49,550	-	3,044	215,269
Balance at April 1, 2015	80,096	6,941	77,751	(2,115)	162,674	40,691	(410)	9,270	49,550	-	3,044	215,269
Cash dividends	-	-	(2,515)	-	(2,515)	-	-	-	-	-	-	(2,515)
Profit attributable to owners of parent	-	-	17,023	-	17,023	-	-	-	-	-	-	17,023
Purchase of treasury stock	-	-	-	(2,482)	(2,482)	-	-	-	-	-	-	(2,482)
Disposal of treasury stock	-	0	-	191	191	-	-	-	-	-	-	191
Net changes in items other than shareholders' equity	-	-	-	-	-	(9,695)	410	(3,511)	(12,796)	21	139	(12,634)
Total changes during the year	-	0	14,508	(2,291)	12,217	(9,695)	410	(3,511)	(12,796)	21	139	(417)
Balance at March 31, 2016	¥ 80,096	¥ 6,941	¥ 92,260	¥ (4,406)	¥ 174,891	¥ 30,995	¥ -	¥ 5,758	¥ 36,754	¥ 21	¥ 3,184	¥ 214,851

Thousands of U.S. dollars (Note 1)

	Shareholders' equity					Accumulated other comprehensive income						
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains on available-for-sale securities	Net deferred gains (losses) on hedging instruments	Accumulated adjustments for retirement benefits	Total accumulated other comprehensive income	Subscription rights to shares	Non-controlling interests	Total net assets
Balance at April 1, 2015	$ 710,827	$ 61,599	$ 690,015	$ (18,769)	$ 1,443,681	$ 361,119	$ (3,638)	$ 82,268	$ 439,740	$ -	$ 27,014	$ 1,910,445
Cash dividends	-	-	(22,319)	-	(22,319)	-	-	-	-	-	-	(22,319)
Profit attributable to owners of parent	-	-	151,073	-	151,073	-	-	-	-	-	-	151,073
Purchase of treasury stock	-	-	-	(22,026)	(22,026)	-	-	-	-	-	-	(22,026)
Disposal of treasury stock	-	0	-	1,695	1,695	-	-	-	-	-	-	1,695
Net changes in items other than shareholders' equity	-	-	-	-	-	(86,040)	3,638	(31,159)	(113,560)	186	1,233	(112,122)
Total changes during the year	-	-	128,753	(20,331)	108,422	(86,040)	3,638	(31,159)	(113,560)	186	1,233	(3,700)
Balance at March 31, 2016	$ 710,827	$ 61,599	$ 818,778	$ (39,101)	$ 1,552,103	$ 275,070	$ -	$ 51,100	$ 326,180	$ 186	$ 28,257	$ 1,906,735

See accompanying notes.

Consolidated Statements of Cash Flows
The Kiyo Bank, Ltd. and its consolidated subsidiaries
Years ended March 31, 2016 and 2015

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2016	2015	2016
Cash flows from operating activities:			
Profit before income taxes	¥ 21,126	¥ 15,049	$ 187,486
Depreciation	3,694	4,919	32,783
Impairment loss on fixed assets	255	90	2,263
Amortization of goodwill	1,399	1,679	12,415
Increase (decrease) in reserve for possible loan losses	(315)	(2,364)	(2,795)
(Increase) decrease in net defined benefit asset	5,420	(7,806)	48,100
Increase (decrease) in net defined benefit liability	(5)	(2)	(44)
Increase (decrease) in accrued directors' retirement benefits	(0)	-	(0)
Increase (decrease) in reserve for reimbursement of deposit	230	364	2,041
Increase (decrease) in provision for contingent losses	22	73	195
Interest income	(51,605)	(52,583)	(457,978)
Interest expense	4,249	4,043	37,708
(Gains) losses on securities transactions	(5,965)	(812)	(52,937)
(Gains) losses on foreign exchange transactions	8,799	(28,495)	78,088
(Gains) losses on sales and disposal of fixed assets	97	115	860
Net (increase) decrease in trading account securities	270	75	2,396
Net (increase) decrease in loans and bills discounted	(70,644)	(60,224)	(626,943)
Net increase (decrease) in deposits	93,853	142,200	832,916
Net increase (decrease) in borrowed money (excluding subordinated loans)	113,137	24,761	1,004,055
Net (increase) decrease in call loans	5,000	20,005	44,373
Net increase (decrease) in payables under securities lending transactions	(23,246)	32,578	(206,301)
Net (increase) decrease in foreign exchange assets	343	(784)	3,044
Net increase (decrease) in foreign exchange liabilities	(74)	74	(656)
Interest received	54,921	54,112	487,406
Interest paid	(4,211)	(5,129)	(37,371)
Other, net	(6,834)	8,163	(60,649)
Subtotal	149,919	150,102	1,330,484
Income taxes paid	(481)	(842)	(4,268)
Net cash provided by operating activities	149,438	149,260	1,326,215
Cash flows from investing activities:			
Purchases of securities	(277,235)	(349,606)	(2,460,374)
Proceeds from sales of securities	237,251	154,509	2,105,528
Redemption of securities	124,325	81,830	1,103,345
Purchases of tangible fixed assets	(2,701)	(2,830)	(23,970)
Proceeds from sales of tangible fixed assets	111	262	985
Purchases of intangible fixed assets	(1,468)	(1,856)	(13,028)
Other, net	(48)	-	(425)
Net cash provided by (used in) investing activities	80,233	(117,690)	712,042
Cash flows from financing activities:			
Repayment of subordinated loans	(6,000)	(12,000)	(53,248)
Redemption of subordinated bonds	(7,000)	-	(62,122)
Payment of cash dividends	(2,515)	(2,173)	(22,319)
Payment of cash dividends to non-controlling shareholders	(4)	(4)	(35)
Purchase of treasury stock	(2,482)	(1,005)	(22,026)
Proceeds from sales of treasury stock	191	219	1,695
Other, net	(39)	-	(346)
Net cash used in financing activities	(17,851)	(14,964)	(158,422)
Foreign currency translation adjustments of cash and cash equivalents	(20)	23	(177)
Net increase (decrease) in cash and cash equivalents	211,800	16,628	1,879,659
Cash and cash equivalents at beginning of year	253,855	237,227	2,252,884
Cash and cash equivalents at end of year (Note 3)	¥ 465,655	¥ 253,855	$ 4,132,543

See accompanying notes.

1. Basis of presenting consolidated financial statements

The Kiyo Bank, Ltd. (the "Bank") and its consolidated subsidiaries (the "Group") maintain their official accounting records in Japanese yen, in accordance with the provisions set forth in the Japanese Corporate Law and the Japanese Banking Law, in general conformity with the Japanese regulatory authorities and in conformity with accounting principles and practices generally accepted in Japan, which are different in certain respects from the application and disclosure requirements of International Financial Reporting Standards. The accompanying consolidated financial statements have been restructured and translated into English, with some expanded descriptions, from the consolidated financial statements of the Bank prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Law. Some supplementary information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements. In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made in order to present them in a form which is more familiar to readers outside Japan.

Amounts of less than one million yen have been rounded down. As a result, the totals shown in the financial statements (both in yen and U.S. dollars) do not necessarily agree with the sum of the individual amounts.

The translations of the Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of the readers outside Japan, using the prevailing exchange rate at March 31, 2016, which was ¥112.68 to US $1.00. The translations should not be construed as representations that the Japanese yen amounts have been, could have been or could in the future be converted into U.S. dollars at this or any other rate of exchange.

2. Significant accounting policies

(a) Consolidation — The consolidated financial statements include the accounts of the Bank and 6 subsidiaries for the years ended March 31, 2016 and 2015. All significant intercompany transactions and unrealized profits have been eliminated. In the elimination of investments in subsidiaries, the assets and liabilities of the subsidiaries, including the portion attributable to non-controlling interests, are evaluated using the fair value at the time the Bank acquired control of the respective subsidiary.

(Unconsolidated company)
There is one unconsolidated company. The company is excluded from the scope of consolidation because the results of the company's operations have no material effect on the consolidated financial position and operating results of the Group in terms of total assets, net income (corresponding to the share), retained earnings (corresponding to the share) and accumulated other comprehensive income (corresponding to the share). The company is not accounted for by the equity method.

(Affiliate)
There is one affiliate. This company is excluded from the scope of application of the equity method because the results of the company's operations have no material impact on the consolidated financial statements in terms of net income (corresponding to the share), retained earnings (corresponding to the share) and accumulated other comprehensive income (corresponding to the share).

There is one company, of which the Bank owns the voting rights between 20% and 50% but which is not recognized as an affiliate, because it is held by unconsolidated subsidiary, which is engaged in investment business, for the purpose of incubating its investee, not for the purpose of controlling the company.

The fiscal closing date of all the consolidated subsidiaries is March 31.

(b) Trading account securities — Trading account securities are stated at fair market value. Gains and losses realized on the sale of such securities and unrealized gains and losses from market value fluctuations are recognized as gains and losses in the period of the change. Realized gains and losses on the sale of such securities are computed using the moving average cost.

(c) Securities — The Bank and its consolidated subsidiaries classify securities as (1) debt securities intended to be held to maturity ("held-to-maturity debt securities"), (2) equity securities issued by subsidiaries and affiliated companies and (3) all other securities that are not classified in any of the above categories ("available-for-sale securities”). Held-to-maturity debt securities are stated at amortized cost. Held-to-maturity debt securities with no available fair value are stated at amortized cost, net of the amount considered not collectible. In principle, available-for-sale securities are stated at fair value based on the market price as of the fiscal closing date. Available-for-sale securities for which it is extremely difficult to determine the fair value are stated at acquisition cost determined by the moving average method. Unrealized gains and unrealized losses on these securities are reported, net of applicable income taxes, as a separate component of shareholders’ equity. Realized gains and losses on the sale of such securities are computed using the moving average cost.

(d) Derivatives and hedge accounting — Derivatives are stated at fair value, except when the derivatives are used for hedging purposes. If derivatives are used for hedging purposes and meet certain hedging criteria, recognition of gains and losses resulting from changes in fair value are deferred until the related losses and gains on the hedged items are recognized.

The following hedge accounting is applied to derivatives:
Interest rate fluctuation risk hedge
To hedge risk arising from the changes in interest rates on Japanese government bonds held by the Bank, the Bank applies the deferral method under which gains and losses arising from the changes in interest rates are deferred until the related losses and gains are recognized. Hedge effectiveness is assessed by specifying the Japanese government bonds as hedged items and interest rate swap contracts as hedging instruments to offset the market changes.

Stock price fluctuation risk hedge
To hedge risk arising from the changes in stock prices of part of available-for-sale securities held by the Bank, the Bank applies the fair value hedge accounting method and assesses the effectiveness of the relevant individual hedges.

(e) Depreciation and amortization
Tangible fixed assets (excluding lease assets)
Depreciation of tangible fixed assets held by the Bank is generally computed by the declining balance method. However, buildings (excluding attached facilities) acquired on or after April 1, 1998 are depreciated using the straight-line method. The useful life of tangible fixed assets ranges from 8 to 50 years for buildings and 5 to 20 years for equipment. Tangible fixed assets held by the consolidated subsidiaries are mainly depreciated using the declining balance method based on the estimated useful life of the asset.

Intangible fixed assets (excluding lease assets)
Intangible fixed assets are amortized by the straight-line method. Software developed or obtained for internal use is amortized by the straight-line method over an estimated useful life of 5 years. Goodwill is amortized over ten years by the straight-line method.

Lease assets
Depreciation and amortization of lease assets, including both “Tangible fixed assets” and “Intangible fixed assets,” under leasing transactions that are not deemed to transfer ownership of the leased property to the lessee are computed by the straight-line method over the lease period with a residual value of zero.

(f) Reserve for possible loan losses — Based on its own rules for self-assessment, the Bank makes provisions for possible loan losses. For loans to insolvent customers who are undergoing bankruptcy or other collection proceedings or who are in a similar financial condition, the reserve for possible loan losses is provided in the full amount of such loans, excluding the portion that is estimated to be recoverable due to any underlying collateral or guarantees. For the unsecured and unguaranteed portions of loans to customers not presently in the above circumstances but for whom there is a high probability of so becoming, the reserve for possible loan losses is provided for the estimated unrecoverable amounts determined after an evaluation of each customer’s overall financial condition. For other loans, the reserve for possible loan losses is provided based on the actual rate of loan losses in the past.

All loans are subject to asset assessment by the business related divisions based on the self-assessment standards for assets. The assessment results are audited by the Asset Audit Department independent from the divisions concerned. Reserves for possible loan losses of the consolidated subsidiaries are provided for general claims in the amount deemed necessary based on the rate of losses in the past and for certain doubtful claims in the amount deemed uncollectible based on assessments of the respective claims. For claims against “bankrupt borrowers” and “effectively bankrupt borrowers,” the amount exceeding the estimated value of collateral and guarantees deemed uncollectible is deducted directly from those claims. At March 31, 2016 and 2015, the deducted amounts were ¥17,740 million ($157,436 thousand) and ¥30,214 million, respectively.

(g) Accrued directors' retirement benefits — On June 29, 2004, the Bank abolished the system for the payment of retirement allowances to retiring directors and auditors. Instead, a provision has been made for accrued retirement benefits of directors and auditors in an amount deemed necessary based on a formula stipulated in the internal regulations when the previous system was abolished.

(h) Reserve for reimbursement of deposits — Provision is made for future losses from claims on dormant accounts based on historical refund records.

(i) Provision for contingent losses — Provision is made for payment on loan-loss burden-sharing to credit guarantee corporations in an amount estimated to be paid in the future.

(j) Accounting for employees' severance and retirement benefits — In determining retirement benefit obligations, the estimated amount of retirement benefits is attributed to periods on a benefit formula basis.

Differences generated from changes in actuarial assumptions are charged or credited to income in an amount allocated by the straight-line method over 9 years, which is shorter than the average remaining service period of the employees, beginning with the term following that when the differences are generated.

In calculating the net defined benefit liability and retirement benefit expenses, some consolidated subsidiaries have adopted a simplified method in which the amount required to be paid if all the employees retired voluntarily at the fiscal year end is regarded as retirement benefit obligations.

(k) Foreign currency translation — Receivables and payables in foreign currencies are translated into Japanese yen at the year-end rates.

(l) Income taxes — Income taxes comprise corporation, inhabitants and enterprise taxes. Deferred tax assets are recorded by the asset-liability approach based on loss carryforwards and the temporary differences between the financial statement bases and tax bases of assets and liabilities.

(m) Finance leases — As lessor, revenues and cost of finance leases are recognized when lease payments are made. For finance lease transactions in which ownership of the lease assets is not transferred to the lessee and for which leasing contracts commenced prior to April 1, 2008, the theoretical value of the assets (after deduction of accumulated depreciation expenses) as of the previous term-end is used to determine the balance-sheet amounts of lease investment assets as of April 1, 2008 in accordance with stipulations stated in the "Guidance on Accounting Standard for Lease Transactions" (ASBJ Guidance No.16, issued on March 30, 2007).

(n) Statements of cash flows — Cash and deposits with the Bank of Japan that are included in the consolidated balance sheets under cash and due from banks are considered to be cash and cash equivalents in the statements of cash flows.

(o) Earnings per share — Basic earnings per share is computed by deducting dividends for preferred stock from profit attributable to owners of parent and dividing the balance by the weighted average number of shares of common stock, excluding treasury shares, outstanding during the reporting period. Diluted earnings per share reflect the potential dilution that could occur if preferred stock were converted into common stock.

(p) Accounting changes
(Adoption of "Revised Accounting Standard for Business Combinations," etc.)
The Bank and its consolidated domestic subsidiaries adopted "Revised Accounting Standard for Business Combinations" (ASBJ Statement No. 21, September 13, 2013), "Revised Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No.22, September 13, 2013) and "Revised Accounting Standard for Business Divestitures" (ASBJ Statement No.7, September 13, 2013), from the current fiscal year and, as a result, changed the presentation of net income and the term "non-controlling interests" is used instead of "minority interests". Certain amounts in the prior year comparative information were reclassified to conform to such changes in the current year presentation.

(q) Unapplied accounting standards
"Revised Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No. 26, March 28, 2016)
(1) Summary
Following the framework in "Audit Treatment regarding the Judgment of Recoverability of Deferred Tax Assets" (JICPA Auditing Committee Report No. 66), which prescribes a guidance for recoverability of deferred tax assets, the implementation guidance changed its treatment as necessary.

(2) Effective date
The Group is scheduled to apply the revised implementation guidance from the beginning of the fiscal year starting on April 1, 2016.

(3) Effects of application of the implementation guidance
The Group is currently evaluating the effects.

(r) Additional information
In May 2015, the Bank has established a trust pursuant to "Trust-Type Employee Stock Incentive Plan" to fulfill welfare program for the Group employees and to improve business performances by granting incentives to the Group employees toward enhancement of medium and long-term corporate value and enhancing the employees' awareness of participation in management.
(1) Overview of transactions
The Plan is an incentive plan for all the employees that participate in either "Kiyo Financial Group Employee Stock Ownership Association" or "Kiyo Information System Employee Stock Ownership Association" (collectively "both Associations").

The Bank has established "Kiyo Financial Group Employee Stock Ownership Association Trust" (hereinafter referred to as the "Trust"). The Trust will acquire in advance the Bank's shares approximate to the number of shares both Associations may acquire over the next three and a half years. Subsequently, the Bank's shares will be regularly transferred from the Trust to both Associations at market value. When the amounts corresponding to gains on sales of shares are accumulated within the Trust at the termination of the Trust, such amounts will be distributed to the qualified employees who satisfy the requirements as a beneficiary.

In addition, the Bank will assume the obligation to pay for the remaining loan balances pursuant to the guarantee agreement since the Bank guarantees the loans for the Trust in purchasing the Bank's shares. As such, when the amounts corresponding to losses on sales of shares due to decline in the Bank's share value are accumulated in the Trust and such loan balances are remaining within the Trust upon termination of the Trust, the Bank will repay the remaining balance.

(2) The Bank's shares remaining in the Trust
The Bank's shares remaining in the Trust are recorded as "Treasury stock" under "Net assets" at the carrying amount (excluding incidental expenses) recorded at the Trust. The carrying amount and number of shares of treasury stock were ¥804 million ($7,135 thousand) and 440 thousand shares as of March 31, 2016.

(3) The carrying amount of the borrowed money recorded by applying the gross amount method as of March 31, 2016 was ¥832 million ($7,383 thousand).

3. Cash and cash equivalents

A reconciliation of "Cash and cash equivalents" at the end of the year in the consolidated statements of cash flows and "Cash and due from banks" in the consolidated balance sheets as of March 31, 2016 and 2015 was as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	**2016**
Cash and due from banks	**¥ 465,655**	¥ 253,855	**$ 4,132,543**
Less: Time deposits included in due from banks	—	—	—
Cash and cash equivalents at end of year	**¥ 465,655**	¥ 253,855	**$ 4,132,543**

4. Trading account securities and other securities

Net valuation gains and losses from trading account securities for the years ended March 31, 2016 and 2015 amounted to ¥(0) million ($(0) thousand) and ¥(0) million, respectively.

Investments in an unconsolidated subsidiary and an affiliate in the amounts of ¥133 million ($1,180 thousand) and ¥73 million are included in "Securities" as of March 31, 2016 and 2015, respectively.

Among securities borrowed under unsecured securities lending agreements in which the Bank has the right to sell or re-pledge the securities without restrictions, the securities which were held without disposition as of March 31, 2016 amounted to ¥544 million ($4,827 thousand).

Fair values and unrealized gains and losses on held-to-maturity debt securities and available-for-sale securities with available fair values as of March 31, 2016 and 2015 were as follows:

(a) Held-to-maturity debt securities

	Millions of yen		
	2016		
Type	Carrying amount	Fair value	Difference
Held-to-maturity securities whose fair value exceeds the carrying amount:			
Bonds			
Japanese government bonds	¥ -	¥ -	¥ -
Subtotal	¥ -	¥ -	¥ -
Held-to-maturity securities whose fair value does not exceed the carrying amount:			
Bonds			
Japanese government bonds	¥ **131,585**	¥ **130,798**	¥ **(787)**
Total	¥ **131,585**	¥ **130,798**	¥ **(787)**

	Millions of yen		
	2015		
Type	Carrying amount	Fair value	Difference
Held-to-maturity securities whose fair value exceeds the carrying amount:			
Bonds			
Japanese government bonds	¥ 42,630	¥ 42,850	¥ 219
Other			
Foreign bonds	1,201	1,215	13
Subtotal	¥ 43,832	¥ 44,065	¥ 233
Held-to-maturity securities whose fair value does not exceed the carrying amount:			
Bonds			
Japanese government bonds	¥ 89,837	¥ 89,478	¥ (358)
Total	¥ 133,669	¥ 133,544	¥ (125)

Type	Thousands of U.S. dollars 2016 Carrying amount	Fair value	Difference
Held-to-maturity securities whose fair value exceeds the carrying amount:			
Bonds			
Japanese government bonds	$ -	$ -	$ -
Subtotal	$ -	$ -	$ -
Held-to-maturity securities whose fair value does not exceed the carrying amount:			
Bonds			
Japanese government bonds	$ **1,167,776**	$ **1,160,791**	$ **(6,984)**
Total	$ **1,167,776**	$ **1,160,791**	$ **(6,984)**

(b) Available-for-sale securities with available fair values, including trading account securities and beneficial interests in trusts included in "Monetary claims bought," were as follows:

Type	Millions of yen 2016 Carrying amount	Acquisition cost	Difference
Available-for-sale securities whose carrying amount exceeds acquisition cost:			
Stocks	¥ **29,814**	¥ **13,980**	¥ **15,834**
Bonds	**649,174**	**631,058**	**18,115**
Japanese government bonds	**301,330**	**291,309**	**10,020**
Local government bonds	**150,753**	**147,166**	**3,587**
Corporate bonds	**197,090**	**192,582**	**4,507**
Other	**253,622**	**241,350**	**12,272**
Foreign bonds	**187,171**	**181,565**	**5,606**
Other	**66,450**	**59,785**	**6,665**
Subtotal	¥ **932,610**	¥ **886,389**	¥ **46,221**
Available-for-sale securities whose carrying amount does not exceed acquisition cost:			
Stocks	¥ **12,350**	¥ **13,875**	¥ **(1,525)**
Bonds	**26,531**	**26,624**	**(93)**
Japanese government bonds	-	-	-
Local government bonds	**22,181**	**22,258**	**(76)**
Corporate bonds	**4,350**	**4,366**	**(16)**
Other	**67,780**	**71,095**	**(3,314)**
Foreign bonds	**21,181**	**21,359**	**(178)**
Other	**46,599**	**49,735**	**(3,136)**
Subtotal	¥ **106,662**	¥ **111,596**	¥ **(4,933)**
Total	¥ **1,039,273**	¥ **997,985**	¥ **41,287**

Type	Millions of yen 2015 Carrying amount		Acquisition cost		Difference	
Available-for-sale securities whose carrying amount exceeds acquisition cost:						
Stocks	¥	58,947	¥	34,564	¥	24,382
Bonds		664,183		652,217		11,965
Japanese government bonds		328,924		323,191		5,732
Local government bonds		134,734		131,571		3,162
Corporate bonds		200,525		197,454		3,070
Other		314,182		294,719		19,462
Foreign bonds		246,554		239,307		7,247
Other		67,627		55,411		12,215
Subtotal	¥	1,037,312	¥	981,501	¥	55,811
Available-for-sale securities whose carrying amount does not exceed acquisition cost:						
Stocks	¥	2,800	¥	3,360	¥	(559)
Bonds		86,913		87,536		(623)
Japanese government bonds		58,905		59,456		(550)
Local government bonds		13,013		13,025		(11)
Corporate bonds		14,994		15,055		(60)
Other		21,014		21,545		(531)
Foreign bonds		14,695		14,760		(65)
Other		6,318		6,784		(465)
Subtotal	¥	110,728	¥	112,442	¥	(1,713)
Total	¥	1,148,041	¥	1,093,943	¥	54,097

Type	Thousands of U.S. dollars **2016** Carrying amount		Acquisition cost		Difference	
Available-for-sale securities whose carrying amount exceeds acquisition cost:						
Stocks	**$**	**264,589**	**$**	**124,068**	**$**	**140,521**
Bonds		**5,761,217**		**5,600,443**		**160,764**
Japanese government bonds		**2,674,210**		**2,585,276**		**88,924**
Local government bonds		**1,337,886**		**1,306,052**		**31,833**
Corporate bonds		**1,749,112**		**1,709,105**		**39,998**
Other		**2,250,816**		**2,141,906**		**108,910**
Foreign bonds		**1,661,084**		**1,611,332**		**49,751**
Other		**589,723**		**530,573**		**59,149**
Subtotal	**$**	**8,276,624**	**$**	**7,866,427**	**$**	**410,197**
Available-for-sale securities whose carrying amount does not exceed acquisition cost:						
Stocks	**$**	**109,602**	**$**	**123,136**	**$**	**(13,533)**
Bonds		**235,454**		**236,279**		**(825)**
Japanese government bonds		**-**		**-**		**-**
Local government bonds		**196,849**		**197,532**		**(674)**
Corporate bonds		**38,604**		**38,746**		**(141)**
Other		**601,526**		**630,946**		**(29,410)**
Foreign bonds		**187,974**		**189,554**		**(1,579)**
Other		**413,551**		**441,382**		**(27,831)**
Subtotal	**$**	**946,592**	**$**	**990,379**	**$**	**(43,778)**
Total	**$**	**9,223,225**	**$**	**8,856,806**	**$**	**366,409**

Available-for-sale securities with fair value that has declined significantly from the acquisition cost and for which there is deemed to be no likelihood of the fair value recovering to the acquisition cost level are recorded on the balance sheet at the fair value. In addition, the difference between acquisition cost and fair value is posted as a loss in the consolidated accounts for the fiscal year (this process is known as “impairment accounting”). The impairment loss for the year ended March 31, 2016 was ¥0 million ($0 thousand) in corporate bonds. The impairment loss for the year ended March 31, 2015 was nil.

The fair value of securities is classified as having fallen "significantly" from the acquisition cost when it falls below 70% of the acquisition cost. Of securities that have fallen below acquisition cost, impairment accounting is implemented with respect to those that have fallen below 50% of the acquisition cost. For securities whose fair value has fallen below 70% but not below 50%, impairment accounting is implemented with respect to those whose market price is deemed unlikely to recover to the acquisition cost taking into account internal and external factors such as the business performance of the issuing company, the market price movements with respect to all securities and the credit ratings assigned to the issuing company by external rating agencies in the case of bonds.

(c) There were no bonds classified as held-to-maturity sold during the years ended March 31, 2016 and 2015.

(d) Total sales of available-for-sale securities in the years ended March 31, 2016 and 2015 amounted to ¥245,532 million ($2,179,020 thousand) and ¥154,837 million, respectively. The related gains and losses for the year ended March 31, 2016 amounted to ¥9,572 million ($84,948 thousand) and ¥3,571 million ($31,691 thousand), respectively. The related gains and losses for the year ended March 31, 2015 amounted to ¥1,596 million and ¥748 million, respectively.

(e) Net unrealized gains on available-for-sale securities as of March 31, 2016 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	**2016**
Difference between acquisition cost and fair value:			
Available-for-sale securities	¥ **43,697**	¥ 57,194	$ **387,797**
Deferred tax liabilities	**(12,525)**	(16,337)	**(111,155)**
Difference between acquisition cost and fair value (prior to adjustment for non-controlling interests)	**31,171**	40,857	**276,632**
Amount corresponding to non-controlling interests	**(175)**	(166)	**(1,553)**
Net unrealized gains on available-for-sale securities	¥ **30,995**	¥ 40,691	$ **275,070**

5. Loans and bills discounted

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

	Millions of yen		Thousands of U.S. dollars
	2016	2015	**2016**
Loans to borrowers legally bankrupt	¥ **1,761**	¥ 1,852	$ **15,628**
Other delinquent loans	**69,878**	74,622	**620,145**
Loans past due over 3 months	**11**	-	**97**
Restructured loans	**10,946**	12,248	**97,142**
Total	¥ **82,597**	¥ 88,723	$ **733,022**

Loans to borrowers legally bankrupt are loans to customers who meet specific credit risk criteria such as undergoing bankruptcy proceedings. Interest is not accrued on these loans. Other delinquent loans are loans other than those included in loans to borrowers legally bankrupt for which the recognition of accrued interest has been suspended after an assessment of the loan's quality. Loans past due over 3 months are loans for which principal and/or interest payments are past due for three months or more.

Restructured loans are loans for which the Bank has granted borrowers certain concessions such as reduced or exempted interest, suspended payments of interest, delayed repayment of principal and/or waivers of claims to allow borrowers to restructure or to provide support. This category of loans excludes loans to borrowers legally bankrupt, other delinquent loans and loans past due over 3 months.

The Bank applies "Accounting and Auditing Treatment of Accounting Standards for Financial Instruments in the Banking Industry" (JICPA Industry Audit Committee Report No. 24, February 13, 2002) and accounts for bills discounted as financial transactions. The face value of bank acceptances, bills of exchange and bills of lading which were permitted to be sold or pledged without restrictions and which were acquired at a discount amounted to ¥22,053 million ($195,713 thousand) and ¥25,308 million at March 31, 2016 and 2015, respectively.

6. Tangible fixed assets

Accumulated depreciation for tangible fixed assets at March 31, 2016 and 2015 was ¥46,500 million ($412,673 thousand) and ¥45,559 million, respectively. The amount of accumulated contributions deducted from the acquisition cost of tangible fixed assets was ¥4,295 million ($38,116 thousand) and ¥4,313 million at March 31, 2016 and 2015, respectively.

7. Assets pledged as collateral

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

	Millions of yen		Thousands of U.S. dollars
	2016	2015	**2016**
Securities	¥ **299,327**	¥ 236,368	$ **2,656,434**
Other assets	**292**	286	**2,591**
Total	¥ **299,619**	¥ 236,654	$ **2,659,025**

The above pledged assets secured the following liabilities:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	**2016**
Deposits	¥ **32,548**	¥ 27,212	$ **288,853**
Payables under securities lending transactions	**93,367**	116,614	**828,603**
Borrowed money	**137,155**	24,864	**1,217,208**
Total	¥ **263,070**	¥ 168,691	$ **2,334,664**

In addition to the above pledged assets, securities pledged as collateral for transaction guarantees of foreign exchange and as substitutes for margins on futures transactions at March 31, 2016 and 2015 were ¥27,516 million ($244,195 thousand) and ¥27,821 million, respectively. Other assets included guarantee and leasehold deposits of ¥1,358 million ($12,051 thousand) and ¥1,310 million at March 31, 2016 and 2015, respectively.

8. Deposits

Deposits at March 31, 2016 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	**2016**
Liquid deposits	¥ **1,818,101**	¥ 1,727,736	$ **16,135,081**
Fixed-term deposits	**1,951,803**	1,897,368	**17,321,645**
Other deposits	**83,269**	101,816	**738,986**
Negotiable certificates of deposit	**65,907**	98,307	**584,904**
Total	¥ **3,919,081**	¥ 3,825,228	$ **34,780,626**

9. Borrowed money and lease obligations

The weighted average interest rate on the term-end balance of borrowed money was 0.12%. Borrowed money consisted of loans from other financial institutions. As of March 31, 2016 and 2015, subordinated loans in the amount of ¥8,000 million ($70,997 thousand) and ¥14,000 million were included in borrowed money, respectively. Annual maturities of borrowed money and lease obligations as of March 31, 2016 were as follows:

	Borrowed money		Lease obligations	
Years ending March 31	Millions of yen	Thousands of U.S. dollars	Millions of yen	Thousands of U.S. dollars
2017	¥ **137,328**	$ **1,218,743**	¥ **102**	$ **905**
2018	**135**	**1,198**	**102**	**905**
2019	**930**	**8,253**	**101**	**896**
2020	**60**	**532**	**96**	**851**
2021	**20**	**177**	**92**	**816**
2022 and thereafter	**8,000**	**70,997**	**220**	**1,952**
Total	¥ **146,475**	$ **1,299,920**	¥ **716**	$ **6,354**

10. Bonds

As of March 31, 2016, the Bank had issued unsecured subordinated bonds as follows:

Issued	Due	Rate		Millions of yen		Thousands of U.S. dollars
September 2011	September 2021	2.21%	¥	**3,000**	$	**26,624**
December 2013	December 2023	0.74%		**10,000**		**88,746**
Total	-	-	¥	**13,000**	$	**115,370**

11. Employees' severance and retirement benefits

(a) Overview of the retirement benefit plans adopted by the Bank and its consolidated subsidiaries

The Bank has defined benefit pension plans consisting of a corporate pension plan and a lump-sum payment plan. In addition, the Bank has set up a retirement benefit trust.

A consolidated subsidiary has adopted a defined contribution pension plan and participated in general establishment type welfare pension funds and it is accounted for in the same manner as the defined contribution plan since the amount of plan assets corresponding to its contribution cannot be reasonably determined.

Other consolidated subsidiaries have adopted lump-sum payment plans, and net defined benefit liability and severance and retirement benefit expenses are calculated using a simplified method.

(b) Defined benefit plans, including the plans to which a simplified method is applied

1. The changes in projected 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	¥	**28,303**	¥	26,489	$	**251,180**
Cumulative effects of accounting changes		**-**		858		**-**
Restated balance		**28,303**		27,347		**251,180**
Service cost		**916**		820		**8,129**
Interest cost		**341**		311		**3,026**
Actuarial differences		**3,673**		832		**32,596**
Benefits paid		**(1,390)**		(1,279)		**(12,335)**
Past service cost		**-**		271		**-**
Balance at end of year	¥	**31,844**	¥	28,303	$	**282,605**

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	¥	**47,406**	¥	38,641	$	**420,713**
Expected return on plan assets		**278**		389		**2,467**
Actuarial differences		**(768)**		9,551		**(6,815)**
Benefits paid		**(1,383)**		(1,175)		**(12,273)**
Balance at end of year	¥	**45,533**	¥	47,406	$	**404,091**

3. Reconciliation between the net defined benefit 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 benefit obligation	**¥ 31,822**	¥ 28,275	**$ 282,410**
Plan assets	**(45,533)**	(47,406)	**(404,091)**
	(13,710)	(19,130)	**(121,671)**
Unfunded benefit obligation	**22**	27	**195**
Net liability (asset)	**¥ (13,688)**	¥ (19,103)	**$ (121,476)**

	Millions of yen		Thousands of U.S. dollars
	2016	2015	**2016**
Net defined benefit liability	**¥ 22**	¥ 27	**$ 195**
Net defined benefit asset	**(13,710)**	(19,130)	**(121,671)**
Net liability (asset)	**¥ (13,688)**	¥ (19,103)	**$ (121,476)**

4. The components of severance and retirement benefit expenses 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	**¥ 916**	¥ 820	**$ 8,129**
Interest cost	**341**	311	**3,026**
Expected return on plan assets	**(278)**	(389)	**(2,467)**
Recognized actuarial differences	**(923)**	(1,193)	**(8,191)**
Recognized past service cost	**-**	271	**-**
Other	**36**	37	**319**
Severance and retirement benefit expenses	**¥ 93**	¥ (141)	**$ 825**

5. The components of adjustments for retirement benefits (before tax effect) for the years ended March 31, 2016 and 2015

	Millions of yen		Thousands of U.S. dollars
	2016	2015	**2016**
Actuarial differences	**¥ (5,364)**	¥ 7,525	**$ (47,603)**
Total	**¥ (5,364)**	¥ 7,525	**$ (47,603)**

6. The components of accumulated adjustments for retirement benefits (before tax effect) as of March 31, 2016 and 2015

	Millions of yen		Thousands of U.S. dollars
	2016	2015	**2016**
Unrecognized actuarial differences	**¥ 8,278**	¥ 13,643	**$ 73,464**
Total	**¥ 8,278**	¥ 13,643	**$ 73,464**

7. Plan assets

(1) Components of plan assets as of March 31, 2016 and 2015

Plan assets consisted of the followings:

	2016	2015
Stocks	**58%**	58%
Bonds	**21%**	19%
General account	**8%**	6%
Cash and deposits	**7%**	6%
Call loan	**0%**	7%
Other	**6%**	4%
Total	**100%**	100%

Note: Total plan assets include the assets of the retirement benefit trust established for corporate pension plans and lump-sum severance payment plans representing 62% and 68% of total assets as of March 31, 2016 and 2015, respectively.

(2) Method of determining the long-term expected rate of return on plan assets

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

8. Assumptions used for the years ended March 31, 2016 and 2015 were as follows (presented at weighted average rates):

	2016	2015
Discount rate	**1.2%**	1.1%
Long-term expected rate of return on plan assets	**0.5%**	1.0%
Expected rate of salary increase	**4.2%**	4.2%

(c) Defined contribution plans

The required contribution to the defined contribution plans of the consolidated subsidiaries was ¥36 million ($319 thousand) and ¥53 million for the years ended March 31, 2016 and 2015, respectively.

The multi-employer plan under which the amount of the required contribution is treated as retirement benefit expense is as follows:

(1) Latest funding status of the entire plan

	Millions of yen		Thousands of U.S. dollars
	2016	2015	**2016**
Amount of plan assets	**¥ 744,963**	¥ 636,261	**$ 6,611,315**
Total amount of actuarial obligations for pension financing calculation purposes and the minimum actuarial reserve	**737,816**	648,005	**6,547,887**
Net amount	**¥ 7,147**	¥ (11,744)	**$ 63,427**

Notes: 1. Latest funding status as of March 31, 2016 is based on the information available as of March 31, 2015.
2. Latest funding status as of March 31, 2015 is based on the information available as of March 31, 2014.

(2) Share of contribution of pension premiums of the Group against the whole plan for the years ended March 31, 2016 and 2015 (based on the information for the periods from March 1, 2015 through March 31, 2015 and from March 1, 2014 through March 31, 2014) was 0.1%.

(3) Supplementary explanation

Major factors in the net amount above (1) are past service liabilities for the purpose of pension calculation in the amount of ¥88 million ($780 thousand) and ¥113 million and surplus (deficit) brought forward of ¥7,236 million ($64,217 thousand) and ¥(11,630) million as of March 31, 2016 (based on information as of March 31, 2015) and 2015 (based on information as of March 31, 2014), respectively.

12. Guarantee obligations for bonds

Guarantee obligations for privately placed bonds (Article 2, Clause 3 of the Financial Instruments and Exchange Law) stood at ¥11,384 million ($101,029 thousand) and ¥11,740 million as of March 31, 2016 and 2015, respectively.

13. Shareholders' equity

(a) Capital stock

The number of shares of the Bank's capital stock as of March 31, 2016 and 2015 was as follows:

	Thousands of shares	
	2016	2015
Authorized:		
Common	**120,000**	120,000
Total	**120,000**	120,000

(b) Retained earnings

Japanese banks are subject to the Corporate Law of Japan (the "Law") and the Banking Law. The Law requires that all shares of common stock be recorded with no par value and that at least 50% of the issue price of new shares be recorded as common stock and the remaining net proceeds as additional paid-in capital, which is included in capital surplus. The Law permits Japanese companies, upon approval of their Boards of Directors, to issue shares to existing shareholders without limitation. Such issuance of shares generally does not give rise to changes within the shareholders' accounts.

The Law requires that an amount equal to 10% of dividends 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 aggregate amount of legal reserve and additional paid-in capital equals 25% of the capital stock. Under the Law, the total amount of additional paid-in capital and legal reserve may be reserved without limitation. The Law also provides that capital 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.

The Law allows Japanese companies to repurchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The repurchased amount of treasury stock cannot exceed the amount available for future dividends plus the amount of stated capital, additional paid-in capital or legal reserve to be reduced in cases in which a reduction was resolved at the shareholders' meeting.

In addition to requiring an appropriation for a legal reserve in connection with cash payments, the Law imposes certain limitations on the amount of retained earnings available for dividends.

Dividends are approved by the shareholders at a meeting held subsequent to the fiscal year for which the dividends are applicable. Semiannual interim dividends may also be paid upon resolution of the Board of Directors, subject to certain limitations imposed by the Law.

14. Changes in net assets

(a) Type and number of shares issued and treasury stock

At March 31, 2016 and 2015, the number of shares was as follows:

	Thousands of shares			
	2015	Increase	Decrease	**2016**
Shares issued:				
Common	73,399	-	-	**73,399**
Total	73,399	-	-	**73,399**
Treasury stock:				
Common (*1 and *2)	1,539	1,348	104	**2,783**
Total	1,539	1,348	104	**2,783**

(*1) The number of shares of treasury stock at March 31, 2016 includes 440 thousand shares of the Bank held by Kiyo Financial Group Employee Stock Ownership Association Trust (hereinafter referred to as the "Trust").

(*2) The increase in the number of common shares in treasury was due to the acquisition based on the resolution at the Board of Directors' meeting (800 thousand shares), the purchase of shares of less than one unit (3 thousand shares) and the acquisition by the Trust (545 thousand shares). The decrease in the number of common shares in treasury was due to requests for additional purchases of shares of less than one unit (0 thousand shares) and the sales by the Trust of common shares (104 thousand shares).

	Thousands of shares			
	2014	Increase	Decrease	2015
Shares issued:				
Common	73,399	-	-	73,399
Total	73,399	-	-	73,399
Treasury stock:				
Common (*1 and *2)	962	734	157	1,539
Total	962	734	157	1,539

(*1) The number of shares of treasury stock at April 1, 2014 includes 157 thousand shares of the Bank held by Trust Exclusive for Employees Stock Ownership Group.

(*2) The increase in the number of common shares in treasury was due to the acquisition based on the resolution at the Board of Directors' meeting (731 thousand shares) and the purchase of shares of less than one unit (3 thousand shares). The decrease in the number of common shares in treasury was due to requests for additional purchases of shares of less than one unit (0 thousand shares) and the sales by the Trust of common shares (157 thousand shares).

(b) Subscription rights to shares

The outstanding balance of subscription rights to shares of the Bank as of March 31, 2016 was ¥21 million ($186 thousand).

(c) Information on dividends

Dividends paid during the year ended March 31, 2016 were as follows:

	Millions of yen	Yen	Thousands of U.S. dollars	U.S. dollars
	Amount of dividends	Cash dividends per share	Amount of dividends	Cash dividends per share
Common	**¥ 2,515**	**¥ 35.00**	**$ 22,319**	**$ 0.31**

Notes: 1. Date of resolution of the ordinary general meeting of shareholders was June 26, 2015.
2. Record date for all types of shares was March 31, 2015.
3. Effective date for all types of shares was June 29, 2015.

Dividends applicable to the year ended March 31, 2016 and whose effective date (i.e. initial payment date) falls after March 31, 2016 were as follows:

	Millions of yen	Yen	Thousands of U.S. dollars	U.S. dollars
	Amount of dividends	Cash dividends per share	Amount of dividends	Cash dividends per share
Common	**¥ 2,486**	**¥ 35.00**	**$ 22,062**	**$ 0.31**

Notes: 1. Date of resolution of the ordinary general meeting of shareholders was June 29, 2016.
2. Record date for all types of shares was March 31, 2016.
3. Effective date for all types of shares was June 30, 2016.
4. The amount of dividends resolved by the ordinary general meeting of shareholders held on June 29, 2016 included dividends in an amount of ¥15 million ($133 thousand) related to the Bank's shares held by the Trust.

Dividends paid during the year ended March 31, 2015 were as follows:

	Millions of yen	Yen
	Amount of dividends	Cash dividends per share
Common	¥ 2,177	¥ 30.00

Notes: 1. Date of resolution of the ordinary general meeting of shareholders was June 27, 2014.
2. Record date for all types of shares was March 31, 2014.
3. Effective date for all types of shares was June 30, 2014.
4. The amount of dividends resolved by the ordinary general meeting of shareholders held on June 27, 2014 included dividends in an amount of ¥4 million related to the Bank's shares held by the Trust.

15. Stock options

(1) Stock option expense

	Millions of yen		Thousands of U.S. dollars
	2016	2015	**2016**
General and administrative expenses	**¥ 21**	¥ -	**$ 186**

(2) Stock options outstanding at March 31, 2016 were as follows:

a. Outline of stock options

	1st Stock Options
Persons to whom stock subscription rights were allocated	9 directors and 5 executive officers of the Bank; a total of 14 persons
Number of options granted	Common stock of the Bank 17,300 shares
Date of grant	July 27, 2015
Vesting conditions	Not defined
Applicable service period	Not defined
Exercise period	From July 28, 2015 to July 27, 2045

Note: Number of stock options is converted into number of shares.

b. Stock option activity

The following table summarizes the movement of stock options outstanding for the year ended March 31, 2016, in which the number of stock options is converted into the number of shares.

(i) Number of stock options

	Number of shares
	1st Stock Options
Non-vested:	
Outstanding as of March 31, 2015	-
Granted	17,300
Forfeited	-
Vested	17,300
Outstanding as of March 31, 2016	**-**
Vested:	
Outstanding as of March 31, 2015	-
Vested	17,300
Exercised	-
Forfeited	-
Outstanding as of March 31, 2016	**17,300**

(ii) Price information

	Yen	U.S. dollars
	1st Stock Options	
Exercise price	**¥ 1**	**$ 0.00**
Average stock price at exercise	**-**	**-**
Fair value at date of grant	**1,678**	**14.89**

Note: Above information is described after converting into per share data.

(3) Estimation method for fair values of stock options granted

The 1st subscription rights to shares granted during the year ended March 31, 2016 were valued using the Black-Scholes option pricing model with the following assumptions:

	1st Stock Options
Volatility of stock price[1]	25.709%
Expected remaining service period[2]	4.2 years
Expected dividend[3]	¥35 ($0.31) per share
Risk-free interest rate[4]	0.074%

Notes: 1. Stock price volatility is computed based on actual stock prices during the period corresponding to the expected remaining service period (from May 15, 2011 to July 27, 2015).
The Bank absorbed Kiyo Holdings, Inc. (hereinafter referred to as “Kiyo Holdings” on October 1, 2013 and allotted one share of common stock of the Bank for 10 shares of common stock of Kiyo Holdings. Accordingly, actual stock price prior to the merger is computed by regarding the stock price per 10 shares of common stock of Kiyo Holdings as the stock price per one share of common stock of the Bank.
2. Expected remaining service period is estimated by the method of averaging the difference between the average retirement age and current age of each incumbent grantee.
3. Expected dividend is based on actual dividend paid per common stock for the year ended March 31, 2015.
4. Risk-free interest rate refers to the yield of government bonds for the period corresponding to the expected remaining service period.

(4) Estimation method for number of stock options vested

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

16. Other income

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

	Millions of yen		Thousands of U.S. dollars
	2016	2015	**2016**
Recovery of written-off claims	¥ **1,433**	¥ 1,704	$ **12,717**
Gain on sales of stocks and other securities	**4,646**	691	**41,231**

17. General and administrative expenses

General and administrative expenses for the years ended March 31, 2016 and 2015 included the following:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	**2016**
Salaries and allowances	¥ **14,984**	¥ 14,547	$ **132,978**

18. Other expenses

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

	Millions of yen		Thousands of U.S. dollars
	2016	2015	**2016**
Loss on the loans written-off	¥ **2,236**	¥ 2,869	$ **19,843**
Loss on sales of stock and other securities	**2,265**	46	**20,101**
Loss on the devaluation of stocks	**34**	47	**301**
Loss on the transfer/sale of loan obligations	**194**	160	**1,721**
Impairment loss on fixed assets	**255**	90	**2,263**

Impairment loss on fixed assets

The Bank reduced the book value to the amounts deemed recoverable and posted the reduced amount of ¥255 million ($2,263 thousand) and ¥90 million for the years ended March 31, 2016 and 2015, respectively. Details are as follows:

			Impairment loss on fixed assets	
			Millions of yen	Thousands of U.S. dollars
Location	Major use	Asset category	**2016**	**2016**
Wakayama Prefecture	Operating offices	Land and buildings, etc.	¥ **66**	$ **585**
Wakayama Prefecture	Idle assets	Land and buildings	**75**	**665**
Osaka Prefecture	Operating offices	Land and buildings	**110**	**976**
Osaka Prefecture	Idle assets	Land	**0**	**0**
Nara Prefecture	Operating offices	Buildings	**3**	**26**
Total	-	-	¥ **255**	$ **2,263**

			Impairment loss on fixed assets
			Millions of yen
Location	Major use	Asset category	2015
Wakayama Prefecture	Operating offices	Land and buildings	¥ 50
Wakayama Prefecture	Idle assets	Land and buildings	28
Osaka Prefecture	Idle assets	Land	12
Total	-	-	¥ 90

With respect to the calculation of impairment loss on fixed assets, the minimum operational unit recognized for management accounting purposes by the Bank is the single bank branch. However, where a number of branches operate as a group at the managerial level, the accounting unit is the group rather than the individual branch. Each unit of idle assets (one "unit" is defined as one plot of land or one building) is treated as a separate and individual unit for accounting purposes. Because the head office, administration center and Bank provided housing and dormitories for the staff of the Bank do not independently generate any cash flows, they are treated as assets held in common by the Bank for accounting purposes. With respect to the consolidated subsidiaries, in principle, each company is treated as a separate and individual unit for impairment accounting purposes.

In calculating impairment loss on fixed assets for the reporting period, the amount deemed recoverable, i.e., the net proceeds from sale, was estimated by deducting the cost of disposal from the real estate appraisal value based on official appraisal standards. For immaterial assets, the recoverable value is determined by deducting the estimated cost of disposal from the appraisal value based on the roadside land prices, etc.

19. Income taxes

The Bank is subject to a number of taxes based on income, which, in the aggregate, indicate a statutory rate in Japan of approximately 32.8% and 35.3% for the years ended March 31, 2016 and 2015, respectively. The table below summarizes the significant differences between the statutory tax rate and the Bank's effective tax rate for financial statement purposes for the years ended March 31, 2016 and 2015.

	2016	2015
Statutory tax rate	**32.8%**	35.3%
Adjustments:		
Change in valuation allowance	**(17.1)**	(20.1)
Amortization of goodwill	**2.1**	3.9
Reduction of deferred tax assets due to tax rate changes	**1.5**	6.3
Dividend income that is not taxable for income tax purposes	**(1.1)**	(2.0)
Other	**0.5**	0.7
Effective income tax rate	**18.7%**	24.1%

Significant components of 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:			
Nondeductible reserve for possible loan losses	**¥ 10,415**	¥ 15,849	**$ 92,429**
Write-down of securities	**2,822**	3,787	**25,044**
Operating loss carryforwards	**39**	48	**346**
Other	**4,902**	4,912	**43,503**
Subtotal	**18,179**	24,598	**161,332**
Valuation allowance	**(11,833)**	(15,853)	**(105,014)**
Deferred tax assets	**6,345**	8,745	**56,309**
Deferred tax liabilities:			
Net unrealized gains on available-for-sale securities	**(12,597)**	(16,342)	**(111,794)**
Net defined benefit asset	**(206)**	(761)	**(1,828)**
Gain on retirement benefit trust	**(440)**	(607)	**(3,904)**
Other	**(1,008)**	(989)	**(8,945)**
Deferred tax liabilities	**(14,253)**	(18,700)	**(126,490)**
Net deferred tax assets	**¥ (7,908)**	¥ (9,954)	**$ (70,181)**

Net amounts recorded in the consolidated balance sheets after offsetting by each taxable entity at March 31, 2016 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	**2016**
Deferred tax assets	**¥ 937**	¥ 1,026	**$ 8,315**
Deferred tax liabilities	**8,845**	10,981	**78,496**

Adjustments of deferred tax assets and liabilities due to a change in the corporate income tax rate:
On March 29, 2016, “Partial Amendments to Income Tax Act, etc.” (Act No. 15 of 2016) and “Partial Amendments to Local Tax Act, etc.” (Act No. 13 of 2016) were enacted at the Diet, reducing corporate income tax rates. In accordance with this change, the statutory tax rates to be used to measure deferred tax assets and liabilities have been reduced from 32.0% to 30.6% for the temporary differences estimated to be settled in the fiscal years beginning on April 1, 2016 and 2017, and to 30.4% for the temporary differences estimated to be settled in the fiscal years beginning on and after April 1, 2018. As a result, deferred tax assets and deferred tax liabilities decreased by ¥33 million ($292 thousand) and ¥500 million ($4,437 thousand), respectively, and net unrealized gains on available-for-sale securities, accumulated adjustments for retirement benefits and income taxes – deferred increased by ¥654 million ($5,804 thousand), ¥129 million ($1,144 thousand) and ¥319 million ($2,831 thousand), respectively.

20. Other comprehensive income (loss)

Amounts reclassified to profit in the current period that were recognized in other comprehensive income (loss) in the current or previous periods and the tax effects for each component of other comprehensive income (loss) were as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	**2016**
Net unrealized gains (losses) on available-for-sale securities:			
Increase during the year	**¥ (6,782)**	¥ 27,308	**$ (60,188)**
Reclassification adjustments	**(6,714)**	(1,545)	**(59,584)**
Subtotal before tax	**(13,497)**	25,763	**(119,781)**
Tax benefit (expense)	**3,812**	(6,272)	**33,830**
Net unrealized gains (losses) on available-for-sale securities	**(9,685)**	19,491	**(85,951)**
Net deferred gains (losses) on hedging instruments:			
Decrease during the year	**(28)**	(649)	**(248)**
Reclassification adjustments	**631**	154	**5,599**
Subtotal before tax	**603**	(494)	**5,351**
Tax benefit (expense)	**(193)**	154	**(1,712)**
Net deferred gains (losses) on hedging instruments	**410**	(339)	**3,638**
Adjustments for retirement benefits:			
Increase during the year	**(4,441)**	8,719	**(39,412)**
Reclassification adjustments	**(923)**	(1,193)	**(8,191)**
Subtotal before tax	**(5,364)**	7,525	**(47,603)**
Tax benefit (expense)	**1,853**	(2,213)	**16,444**
Adjustments for retirement benefits	**(3,511)**	5,312	**(31,159)**
Total other comprehensive income (loss)	**¥ (12,786)**	¥ 24,463	**$ (113,471)**

21. Per share information

	Yen		U.S. dollars
	2016	2015	**2016**
Net assets per share	**¥ 2,997.11**	¥ 2,953.31	**$ 26.59**
Basic earnings per share	**239.62**	156.55	**2.12**
Diluted earnings per share	**239.57**	-	**2.12**

(Note 1) The calculation of net assets per share as of March 31, 2016 and 2015 was as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	**2016**
Total net assets	**¥ 214,851**	¥ 215,269	**$ 1,906,735**
Amount to be deducted from total net assets:	**3,205**	3,044	**28,443**
Subscription rights to shares	**21**	-	**186**
Non-controlling interests	**3,184**	3,044	**28,257**
Net assets attributable to common stock	**211,645**	212,225	**1,878,283**
Number of shares of common stock as of the fiscal year end used in computing net assets per share (thousands of shares)	**70,616**	71,860	**-**

(Note 2) The calculation of earnings per share for the years ended March 31, 2016 and 2015 was as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	**2016**
Basic earnings per share:			
Profit attributable to owners of parent	**¥ 17,023**	¥ 11,270	**$ 151,073**
Amount not attributable to common shareholders	**-**	-	**-**
Profit attributable to common shareholders of parent	**17,023**	11,270	**151,073**
Average number of shares of common stock during the term (thousands of shares)	**71,045**	71,997	**-**
Diluted earnings per share:			
Adjustment to profit attributable to owners of parent	**-**	-	**-**
Increase in number of shares of common stock (thousands of shares)	**12**	-	**-**
Subscription rights to shares (thousands of shares)	**12**	-	**-**
Overview of potential shares not included in computing diluted earnings per share due to having no dilutive effect	**-**	-	**-**

(Note 3) Diluted earnings per share for the year ended March 31, 2015 was omitted since there were no potentially dilutive shares for the year ended March 31, 2015.

(Note 4) In computing net assets per share, the Bank’s shares held by Kiyo Financial Group Employee Stock Ownership Association Trust, which are recorded as treasury stock under shareholders’ equity, are included in the number of treasury stock to be deducted from the total number of issued shares at the fiscal year end and they are included in the number of treasury stock to be deducted from the average number of shares during the term in computing basic earnings per share and diluted earnings per share.

The number of shares of such treasury stock deducted in computing net assets per share as of March 31, 2016 was 440 thousand shares and the average number of shares of treasury stock during the term deducted in computing basic earnings per share and diluted earnings per share for the years ended March 31, 2016 and 2015 was 422 thousand shares and 51 thousand shares, respectively.

22. Commitment lines

Loan agreements and commitment line agreements are agreements which oblige the Bank to lend funds up to a certain limit agreed to in advance. The Bank makes the loans upon a borrower's request to draw down funds under the agreements as long as there is no breach of the various terms and conditions stipulated in the agreements. The unused commitment balances related to these agreements at March 31, 2016 and 2015 amounted to ¥364,163 million ($3,231,833 thousand) and ¥373,569 million, respectively. Of this amount, the unused commitment balances related to agreements with terms of one year or less or that were unconditionally cancelable at any time totaled ¥355,728 million ($3,156,975 thousand) and ¥359,319 million, respectively.

In many cases, the term of the agreement runs its course without the loan ever being drawn down. Therefore, unused loan commitment balances will not necessarily affect future cash flows. Conditions are included in certain loan agreements which allow the Bank to decline a request to draw down funds or to reduce the agreed limit amount when there is a cause to do so, such as when there is a change in the financial condition of the borrower or when it is necessary to protect the Bank's credit. The Bank makes various measures to protect its credit, including having the obligor pledge collateral in the form of real estate, securities, etc., on signing the loan agreement or confirming the obligor's financial condition in accordance with the Bank's established internal procedures.

23. Financial instruments and related disclosures

1. Disclosure about Financial Instruments

(1) Policy on financial instruments

The Group provides comprehensive financial services such as deposit-taking and lending services, leasing operations, credit card business and others. Since the Group is exposed to the market risk of fluctuation in interest rates arising from deposit-taking, lending services and securities investment operations, the Group conducts comprehensive asset and liability management (ALM) and engages in derivative transactions.

(2) Nature and risk of financial instruments

Financial assets held by the Group consist mainly of loans to domestic customers that are exposed to credit risk arising from the customers' nonperformance of contractual obligations and the risk of interest rate fluctuations. Securities held by the Group consist mainly of debt securities, equity securities and investment trusts, which are held for the purpose of holding to maturity, net investment, strategic investment and trading purposes. These securities are exposed to the credit risk of the issuers, interest rate fluctuation risk and price fluctuation risk.

Financial liabilities consist mainly of deposits, which are exposed to liquidity risk and interest rate fluctuation risk, and other financial assets.

Major risks inherent in derivative transactions include the market risk of fluctuation in interest rates, foreign exchange, stock prices and other market instruments and the credit risk arising from customers' nonperformance of contractual obligations. The Group employs derivative transactions mainly to hedge these risks, and the market risk of the hedged items is almost entirely offset by the derivatives. Hedging instruments to which hedge accounting is applied are interest rate swaps and forward agreements, etc. The corresponding hedged items are securities.

(3) Risk management system for financial instruments

Credit risk management

The Group has established a credit risk management system that includes the "Credit Risk Control Rule" and other various rules and defines the basic credit risk control policy and management system. Specifically, the Review Department conducts reviews according to the risk characteristics of the credit items by identifying the financial position, use of funds, repayment resources and other factors related to credit customers. The Credit Control Department sets up and controls limits to avoid the concentration of credit risk and identifies the quantitative level of credit risk. The Department is also responsible for the maintenance of the credit rating system and reports the measured volume of credit risk to the Board of Directors and risk management committee so that credit risk management may be discussed within the framework of integrated risk control.

Market risk management

The Group has established a market risk management system that includes the "Market Risk Control Rule" and other various rules and defines the basic market risk control policy and management system.

(i) Interest rate risk management

With respect to interest rate management, the Group regularly measures the volume of interest rate risk arising from assets and liabilities such as securities, loans and deposits and conducts interest rate gap analysis and interest rate sensitivity analysis and reports the outcome to the ALM Strategy Committee and the Risk Control Committee. The Group also has established specific limits on the level of interest rate risk.

(ii) Price fluctuation risk management

With respect to price fluctuation risk, the Group controls the level of risk on a daily basis by measuring the risk volume and setting up limits on the level of risk. Securities held for net investment purposes are controlled by setting up additional limits on transactions and losses above those set up by the executive committee in addition to the risk volume control. With respect to shares held for strategic investment purposes, the Group tries to reduce the risk level by limiting the balance and hedge transactions, etc.

(iii) Foreign exchange risk management

The Group identifies the fluctuation risk associated with the foreign currency denominated assets and liabilities and controls the risk within the limit determined by the executive committee.

(iv) Derivative transactions
Derivatives transactions are employed principally and limitedly for hedging purposes. An internal control system has been established by segregating the functions of executing derivative transactions, evaluating hedge effectiveness and operations control.

(v) Quantitative information on market risk
Major financial instruments that are affected by interest rate risk that is regarded as a major risk factor are due from banks, call loans, other debt purchased, bonds and investment trusts included in securities, loans and bills discounted, deposits, payables under securities lending transactions, borrowed money and bonds. Financial instruments that are affected by price fluctuation risk consist of stocks and investment trusts included in securities.

The Bank calculates Value at Risk (VaR) to capture the effects of income and economic value from interest rate fluctuation and price fluctuation. VaR is made available to inner management. To calculate VaR, the Bank applies the variance and covariance method, using 3 to 6 months as the holding period based on risk characteristics, 99% as the confidence interval and 1 to 5 years as the observation period based on risk characteristics. The amount of risk at March 31, 2016 and 2015 was ¥2,922 million ($25,931 thousand) and ¥4,087 million, respectively, for interest rate risk and ¥27,758 million ($246,343 thousand) and ¥26,026 million, respectively, for price fluctuation risk. In addition, the Bank verifies the effectiveness of risk measurement under the variance and covariance method by a back testing protocol that compares VaR to actual income.

In calculating VaR on interest rate risk, the core deposits of liquid deposits are adjusted. Core deposits do not have specified interest rates and are demand deposits that are expected to be held for the long term without demand for withdrawal. VaR is a statistical measure of market risk volume under a certain probability of occurrence based on the past market fluctuations. Accordingly, it may be impossible to capture the risk if the market fluctuates rapidly under extraordinary circumstances.

Liquidity risk management
The Group has established a liquidity risk management system that includes the "Liquidity Risk Control Rule" and other various rules and defines the basic liquidity risk control policy and management system. The Group tries to control liquidity risk by maintaining stable cash management, securing highly liquid reserves and strengthening preliminary controls.

(4) Supplementary explanation about fair value of financial instruments
In addition to value based on the market price, the fair value of financial instruments includes a valuation calculated on a reasonable basis if no market price is available. Since certain assumptions are used in calculating the value, the outcome of such calculations may vary if different assumptions are used.

2. Fair value of financial instruments
The carrying amount, the fair value and any difference as of March 31, 2016 and 2015 are set forth in the table below. Note that unlisted equity securities for which the fair value was extremely difficult to determine were not included in the following table (See Note 2). Also, insignificant items were omitted.

	Millions of yen		
	2016		
	Carrying amount	Fair value	Unrealized gains (losses)
Cash and due from banks	**¥ 465,655**	**¥ 465,655**	**¥ -**
Securities:			
Held-to-maturity securities	**131,585**	**130,798**	**(787)**
Available-for-sale securities	**1,038,474**	**1,038,474**	**-**
Loans and bills discounted	**2,731,037**		
Reserve for possible loan losses (*1)	**(24,725)**		
	2,706,312	**2,727,922**	**21,610**
Total assets	**¥ 4,342,027**	**¥ 4,362,850**	**¥ 20,823**
Deposits	**¥ 3,919,081**	**¥ 3,919,213**	**¥ 131**
Payables under securities lending transactions	**93,367**	**93,367**	**-**
Borrowed money	**146,475**	**146,475**	**-**
Bonds	**13,000**	**13,182**	**182**
Total liabilities	**¥ 4,171,924**	**¥ 4,172,238**	**¥ 313**
Derivative transactions (*2)			
Hedge accounting not applied	**¥ 2,995**	**¥ 2,995**	**¥ -**
Hedge accounting applied	**-**	**-**	**-**
Total derivative transactions	**¥ 2,995**	**¥ 2,995**	**¥ -**

	Millions of yen		
	2015		
	Carrying amount	Fair value	Unrealized gains (losses)
Cash and due from banks	¥ 253,855	¥ 253,855	¥ -
Securities:			
Held-to-maturity securities	133,669	133,544	(125)
Available-for-sale securities	1,147,242	1,147,242	-
Loans and bills discounted	2,660,393		
Reserve for possible loan losses (*1)	(25,090)		
	2,635,303	2,647,539	12,236
Total assets	¥ 4,170,070	¥ 4,182,181	¥ 12,111
Deposits	¥ 3,825,228	¥ 3,825,228	¥ (0)
Payables under securities lending transactions	116,614	116,614	-
Bonds	20,000	20,264	264
Total liabilities	¥ 3,961,842	¥ 3,962,107	¥ 264
Derivative transactions (*2)			
Hedge accounting not applied	¥ (604)	¥ (604)	¥ -
Hedge accounting applied	(648)	(648)	-
Total derivative transactions	¥ (1,252)	¥ (1,252)	¥ -

	Thousands of U.S. dollars		
	2016		
	Carrying amount	Fair value	Unrealized gains (losses)
Cash and due from banks	$ **4,132,543**	$ **4,132,543**	$ **-**
Securities:			
Held-to-maturity securities	**1,167,776**	**1,160,791**	**(6,984)**
Available-for-sale securities	**9,216,134**	**9,216,134**	**-**
Loans and bills discounted	**24,237,105**		
Reserve for possible loan losses (*1)	**(219,426)**		
	24,017,678	**24,209,460**	**191,782**
Total assets	$ **38,534,140**	$ **38,718,938**	$ **184,797**
Deposits	$ **34,780,626**	$ **34,781,798**	$ **1,162**
Payables under securities lending transactions	**828,603**	**828,603**	**-**
Borrowed money	**1,299,920**	**1,299,920**	**-**
Bonds	**115,370**	**116,986**	**1,615**
Total liabilities	$ **37,024,529**	$ **37,027,316**	$ **2,777**
Derivative transactions (*2)			
Hedge accounting not applied	$ **26,579**	$ **26,579**	$ **-**
Hedge accounting applied	**-**	**-**	**-**
Total derivative transactions	$ **26,579**	$ **26,579**	$ **-**

(*1) General and specific reserves for possible loan losses corresponding to loans and bills discounted are deducted.
(*2) Net receivables and payables incurred from derivative transactions are presented in net amounts, and net payables are presented in parentheses.

(Note 1) Method of calculation for fair value of financial instruments

Assets:

Cash and due from banks

For deposits without maturity, the carrying amount is presented as the fair value since the fair value approximates the carrying amount. For deposits with maturity, the carrying amount is presented as the fair value since the fair value approximates the carrying amount because the maturity is short (less than one year).

Securities

The fair value of equity securities is determined using the quoted price on exchanges, and the fair value of debt securities is determined using the price published by the industry group or offered by the financial institutions with which they are transacted. The fair value of investment trusts is determined using the quoted price on exchanges or the price offered by the financial institution with which they are transacted. The fair value of non-publicly traded private placement bonds guaranteed by the Bank is determined using the same calculation method as that of loans.

Loans and bills discounted

For loans with variable interest rates which reflect short-term interest rates, the carrying amount is presented as the fair value since the fair value approximates the carrying amount as long as the creditworthiness of the borrower has not changed significantly from the time of the loan origination. For loans with fixed interest rates, the fair value is determined based on the aggregate value of principal and interest by categories of types of loans, internal ratings and maturities discounted using the interest rate assumed if the same loans were newly originated. For loans with short contractual terms (less than one year), the carrying amount is presented as the fair value since the fair value approximates the carrying amount.

For receivables from bankrupt, effectively bankrupt and likely to become bankrupt borrowers, loan losses are estimated based on factors such as the present value of expected future cash flows or the expected amount to be collected from collateral and guarantees. Since the fair value of these items approximates the carrying amount, net of the expected loan losses, the carrying amount is presented as the fair value.

For loans which have non-defined repayment due dates because of restricting the amount of the loans to the amount of the pledged assets, the carrying amount is presented as the fair value since the fair value approximates the carrying amount considering the expected repayment schedule and interest rate.

Liabilities:

Deposits

For demand deposits, the amount payable on demand as of the balance sheet date (i.e., the carrying amount) is considered to be the fair value. The fair value of time deposits is determined using the discounted present value of future cash flows grouped by certain maturity lengths. The discount rate used is the interest rate that would be applied to newly accepted deposits. For deposits whose maturity is short (less than one year), the carrying amount is presented as the fair value since the fair value approximates the carrying amount.

Payables under securities lending transactions

For payables under securities lending transactions in which the trade term is short (less than one year), the carrying amount is presented as the fair value since the fair value approximates the carrying amount.

Borrowed money and bonds

For borrowed money and bonds, the fair value is calculated as the present value of expected future cash flows discounted using the interest rate that would apply to newly borrowed money. For borrowed money with variable interest rates linked to short-term market interest rates, the carrying amount is presented as the fair value since the fair value approximates the carrying amount because the creditworthiness of the Bank and its consolidated subsidiaries did not change significantly after it was executed.

Derivative transactions:

Derivative transactions consist mainly of interest rate related derivatives such as interest rate swaps and currency related derivatives such as currency futures, currency options, currency swaps, etc. The fair value is determined using the value calculated by the quoted price on exchange, discounted present value, option pricing models, etc.

(Note 2) Financial instruments for which fair value is extremely difficult to determine are set forth in the table below. These securities are not included in “Available-for-sale securities” under “Assets” in the table “Fair value of financial instruments.”

	Carrying amount					
	Millions of yen				Thousands of U.S. dollars	
	2016		2015		**2016**	
Unlisted equity securities (*1) (*2)	**¥**	**1,514**	¥	1,464	**$**	**13,436**
Investment in partnerships (*3)		**742**		416		**6,585**
Total	**¥**	**2,256**	¥	1,881	**$**	**20,021**

(*1) No market price is available for unlisted equity securities, and the fair value is not disclosed since it was extremely difficult to determine.

(*2) The Bank recognized impairment loss in an amount of ¥34 million ($301 thousand) and ¥47 million on unlisted equity securities for the years ended March 31, 2016 and 2015.

(*3) The fair value of investment in partnerships whose assets consisted of securities such as unlisted equity securities whose fair value is extremely difficult to identify is not disclosed.

(Note 3) Repayment schedule of monetary receivables and securities with contract maturities subsequent to the balance sheet date

	Millions of yen					
	2016					
	Due within 1 year	Due within 3 years	Due within 5 years	Due within 7 years	Due within 10 years	Due over 10 years
Cash and due from banks	**¥ 465,655**	**¥ -**	**¥ -**	**¥ -**	**¥ -**	**¥ -**
Securities						
Held-to-maturity debt securities	**26,354**	**33,599**	**45,998**	**25,632**	**-**	**-**
Japanese government bonds	**26,354**	**33,599**	**45,998**	**25,632**	**-**	**-**
Available-for-sale securities with contract maturities	**163,232**	**289,898**	**141,092**	**87,618**	**101,595**	**100,622**
Japanese government bonds	**49,295**	**112,426**	**27,365**	**69,222**	**14,738**	**28,281**
Local government bonds	**14,415**	**63,230**	**39,781**	**1,463**	**45,279**	**8,765**
Corporate bonds	**34,116**	**60,951**	**29,116**	**8,764**	**6,982**	**61,509**
Other	**65,405**	**53,289**	**44,828**	**8,168**	**34,595**	**2,065**
Foreign bonds	**65,405**	**53,289**	**44,828**	**8,168**	**34,595**	**2,065**
Loans and bills discounted (*)	**649,012**	**494,398**	**367,360**	**250,505**	**306,608**	**564,453**
Total	**¥ 1,304,255**	**¥ 817,896**	**¥ 554,451**	**¥ 363,756**	**¥ 408,203**	**¥ 665,075**

(*) Loans and bills discounted at March 31, 2016 do not include ¥71,508 million ($634,611 thousand) of those due from bankrupt, effectively bankrupt or likely to become bankrupt borrowers whose repayment schedules cannot be estimated and ¥27,191 million ($241,311 thousand) of those which have non-defined maturities.

	Millions of yen					
	2015					
	Due within 1 year	Due within 3 years	Due within 5 years	Due within 7 years	Due within 10 years	Due over 10 years
Cash and due from banks	¥ 253,855	¥ -	¥ -	¥ -	¥ -	¥ -
Securities						
Held-to-maturity debt securities	1,703	60,112	503	71,350	-	-
Japanese government bonds	502	60,112	503	71,350	-	-
Other	1,201	-	-	-	-	-
Foreign bonds	1,201	-	-	-	-	-
Available-for-sale securities with contract maturities	93,294	349,428	211,891	82,242	163,345	112,144
Japanese government bonds	13,136	134,736	54,295	34,792	109,511	41,357
Local government bonds	16,450	43,238	66,187	5,788	6,909	9,172
Corporate bonds	33,576	74,524	37,785	6,151	4,691	58,790
Other	30,130	96,928	53,623	35,509	42,233	2,824
Foreign bonds	30,130	96,928	53,623	35,509	42,233	2,824
Loans and bills discounted (*)	630,272	482,941	364,626	230,041	299,943	550,884
Total	¥ 979,126	¥ 892,482	¥ 577,021	¥ 383,634	¥ 463,289	¥ 663,029

(*) Loans and bills discounted at March 31, 2015 do not include ¥76,088 million of those due from bankrupt, effectively bankrupt or likely to become bankrupt borrowers whose repayment schedules cannot be estimated and ¥25,594 million of those which have non-defined maturities.

	Thousands of U.S. dollars					
	2016					
	Due within 1 year	Due within 3 years	Due within 5 years	Due within 7 years	Due within 10 years	Due over 10 years
Cash and due from banks	**$ 4,132,543**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Securities						
Held-to-maturity debt securities	**233,883**	**298,180**	**408,217**	**227,476**	**-**	**-**
Japanese government bonds	**233,883**	**298,180**	**408,217**	**227,476**	**-**	**-**
Available-for-sale securities with contract maturities	**1,448,633**	**2,572,754**	**1,252,147**	**777,582**	**901,624**	**892,988**
Japanese government bonds	**437,477**	**997,745**	**242,855**	**614,323**	**130,795**	**250,985**
Local government bonds	**127,928**	**561,146**	**353,044**	**12,983**	**401,837**	**77,786**
Corporate bonds	**302,768**	**540,921**	**258,395**	**77,777**	**61,963**	**545,873**
Other	**580,449**	**472,923**	**397,834**	**72,488**	**307,019**	**18,326**
Foreign bonds	**580,449**	**472,923**	**397,834**	**72,488**	**307,019**	**18,326**
Loans and bills discounted (*)	**5,759,779**	**4,387,628**	**3,260,205**	**2,223,154**	**2,721,050**	**5,009,345**
Total	**$ 11,574,858**	**$ 7,258,572**	**$ 4,920,580**	**$ 3,228,221**	**$ 3,622,674**	**$ 5,902,334**

(Note 4) Repayment schedule of bonds, borrowed money and other interest bearing liabilities subsequent to the balance sheet date

	Millions of yen					
	2016					
	Due within 1 year	Due within 3 years	Due within 5 years	Due within 7 years	Due within 10 years	Due over 10 years
Deposits (*)	**¥ 3,542,841**	**¥ 309,321**	**¥ 66,919**	**¥ -**	**¥ -**	**¥ -**
Deposits received for securities lending transactions	**93,367**	**-**	**-**	**-**	**-**	**-**
Borrowed money	**137,328**	**1,066**	**80**	**3,000**	**5,000**	**-**
Bonds	**-**	**-**	**-**	**3,000**	**10,000**	**-**
Total	**¥ 3,773,537**	**¥ 310,387**	**¥ 66,999**	**¥ 6,000**	**¥ 15,000**	**¥ -**

(*) Demand deposits are shown under "Due within one year."

	Millions of yen					
	2015					
	Due within 1 year	Due within 3 years	Due within 5 years	Due within 7 years	Due within 10 years	Due over 10 years
Deposits (*)	¥ 3,467,383	¥ 287,991	¥ 69,853	¥ -	¥ -	¥ -
Deposits received for securities lending transactions	116,614	-	-	-	-	-
Borrowed money	26,029	229	78	8,000	5,000	-
Bonds	-	-	-	10,000	10,000	-
Total	¥ 3,610,027	¥ 288,220	¥ 69,932	¥ 18,000	¥ 15,000	¥ -

(*) Demand deposits are shown under "Due within one year."

	Thousands of U.S. dollars					
	2016					
	Due within 1 year	Due within 3 years	Due within 5 years	Due within 7 years	Due within 10 years	Due over 10 years
Deposits (*)	**$ 31,441,613**	**$ 2,745,127**	**$ 593,885**	**$ -**	**$ -**	**$ -**
Deposits received for securities lending transactions	**828,603**	**-**	**-**	**-**	**-**	**-**
Borrowed money	**1,218,743**	**9,460**	**709**	**26,624**	**44,373**	**-**
Bonds	**-**	**-**	**-**	**26,624**	**88,746**	**-**
Total	**$ 33,488,968**	**$ 2,754,588**	**$ 594,595**	**$ 53,248**	**$ 133,120**	**$ -**

24. Derivative transactions

Information regarding derivative transactions, such as the types of derivatives, the policies and purpose for using derivatives and the risks and risk control systems for derivatives are described in Note 23, “Financial instruments and related disclosures.”

Outstanding derivative contracts which were revalued at fair value and the gains and losses recognized in the consolidated statements of income as of March 31, 2016 and 2015 are set forth in the tables below.

Derivatives to which hedge accounting is not applied:

With respect to derivatives to which hedge accounting is not applied, the contract amount, fair value and recognized gain (loss) at the balance sheet date designated by transaction type and method of calculating fair value are set forth in the table below. Note that the contract amounts do not reflect the market risk exposure associated with the derivatives themselves.

	Millions of yen							
	2016				2015			
	Contract amount				Contract amount			
	Total	Over one year	Fair value	Recognized gain (loss)	Total	Over one year	Fair value	Recognized gain (loss)
Currency related:								
Currency swaps	**¥ 422,135**	**¥ 358,089**	**¥ 354**	**¥ 354**	¥ 261,599	¥ 247,572	¥ 223	¥ 223
Forward foreign exchanges:								
Sell	**69,867**	-	**2,641**	**2,641**	107,633	-	(834)	(834)
Buy	**835**	-	**(0)**	**(0)**	2,382	-	6	6
Total	-	-	**¥ 2,995**	**¥ 2,995**	-	-	¥ (604)	¥ (604)

	Thousands of U.S. dollars			
	2016			
	Contract amount			
	Total	Over one year	Fair value	Recognized gain (loss)
Currency related:				
Currency swaps	**$ 3,746,317**	**$ 3,177,928**	**$ 3,141**	**$ 3,141**
Forward foreign exchanges:				
Sell	**620,047**	**-**	**23,438**	**23,438**
Buy	**7,410**	**-**	**(0)**	**(0)**
Total	-	-	**$ 26,579**	**$ 26,579**

The transactions were valued at market value, and valuation gains and losses were credited or charged to income. Fair value was determined using the value calculated by the discounted present value.

Derivatives to which hedge accounting is applied:

With respect to derivatives to which hedge accounting is applied, the contract amount and fair value at the balance sheet date by transaction type and by hedge accounting method and method of calculating fair value are set forth in the table below. Note that the contract amounts do not reflect the market risk exposure associated with the derivatives themselves.

Interest rate related:

There were no interest rate related derivatives at March 31, 2016.

			Millions of yen		
			2015		
			Contract amount		
Hedge accounting method	Type	Major hedged item	Total	Over one year	Fair value
Fundamental method	Interest rate swaps: Receivable floating rate/ Payable fixed rate	Available-for-sale securities (bonds)	¥ 30,000	¥ 30,000	¥ (648)

Fair value was determined using the value calculated by the discounted present value.

Currency related:

There were no currency related derivatives at March 31, 2016 and 2015.

Stock or bond related:

There were no stock or bond related derivatives at March 31, 2016 and 2015.

25. Segment information

(a) General information about reportable segments

The Group's reportable segment is defined as an operating segment for which discrete financial information is available and examined by the executive committee which is the supreme consultative organization for the president regularly in order to make decisions about the allocation of resources and assess performance. The Group engages mainly in the banking business, and financial information is controlled based on figures provided by the Bank, which operates the banking business. So, the Group defines banking business as a reportable segment.

(b) Basis of measurement for reportable segment profit and loss, segment assets, segment liabilities and other material items

The accounting methods used for the reportable segments are the same as those used for the preparation of the consolidated financial statements. Profits for reportable segments are ordinary profit. Ordinary profit is profit derived from regular business activities, including wages, dividends and interest. Profits and transfer sums of intersegment transactions within the Group are based on market prices.

(c) Information about reportable segment profit or loss, segment assets, segment liabilities and other items

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

	Millions of yen				
	2016				
	Banking business	Other business	Total	Reconciliation	Consolidated
Ordinary income:					
Outside customers	¥ 73,036	¥ 8,563	¥ 81,599	¥ -	¥ 81,599
Intersegment	375	2,006	2,382	(2,382)	-
Total	73,411	10,569	83,981	(2,382)	81,599
Segment profit	20,268	1,156	21,425	54	21,479
Segment assets	4,443,722	28,911	4,472,633	(26,298)	4,446,335
Segment liabilities	4,237,368	17,869	4,255,238	(23,755)	4,231,483
Others					
Depreciation	¥ 3,300	¥ 394	¥ 3,694	¥ -	¥ 3,694
Interest income	51,589	126	51,716	(110)	51,605
Interest expense	4,250	107	4,357	(108)	4,249
Gain on disposal of fixed assets	36	0	37	-	37
Loss on disposal of fixed assets	134	0	134	-	134
Impairment loss on fixed assets	255	-	255	-	255
Income taxes	3,557	407	3,965	2	3,967
Increase in tangible and intangible fixed assets	4,562	307	4,870	-	4,870

Notes: 1. Ordinary income represents total income less certain specific income.

2. The "Other" category incorporates operations not included in any of the reportable segments reported, including the credit assurance business, computing business, clerical work agency industry, leasing business, venture capital services, credit card services and electronic data processing related services.

3. (1) "Reconciliation" of "Intersegment" under "Ordinary income" in the amount of ¥(2,382) million represents intersegment elimination.
(2) "Reconciliation" of "Segment profit" in the amount of ¥54 million represents intersegment elimination.
(3) "Reconciliation" of "Segment assets" in the amount of ¥ (26,298) million represents intersegment elimination.
(4) "Reconciliation" of "Segment liabilities" in the amount of ¥ (23,755) million represents intersegment elimination.
(5) "Reconciliation" of "Interest income" in the amount of ¥ (110) million represents intersegment elimination.
(6) "Reconciliation" of "Interest expenses" in the amount of ¥ (108) million represents intersegment elimination.
(7) "Reconciliation" of "Income taxes" in the amount of ¥2 million represents intersegment elimination.

4. Segment profit is reconciled to ordinary profit in the consolidated income statement.

Segment information as of and for the fiscal year ended March 31, 2015 was as follows:

	Millions of yen				
	2015				
	Banking business	Other business	Total	Reconciliation	Consolidated
Ordinary income:					
Outside customers	¥ 65,773	¥ 8,501	¥ 74,275	¥ -	¥ 74,275
Intersegment	370	2,572	2,943	(2,943)	-
Total	66,144	11,074	77,219	(2,943)	74,275
Segment profit	13,940	1,244	15,184	70	15,255
Segment assets	4,275,547	28,337	4,303,884	(26,054)	4,277,830
Segment liabilities	4,067,976	18,053	4,086,030	(23,469)	4,062,560
Others					
Depreciation	¥ 4,557	¥ 361	¥ 4,919	¥ -	¥ 4,919
Interest income	52,563	139	52,702	(118)	52,583
Interest expense	4,044	116	4,160	(117)	4,043
Gain on disposal of fixed assets	10	-	10	-	10
Loss on disposal of fixed assets	124	1	125	-	125
Impairment loss on fixed assets	90	-	90	-	90
Income taxes	3,056	545	3,601	27	3,629
Increase in tangible and intangible fixed assets	4,475	219	4,695	-	4,695

Notes: 1. Ordinary income represents total income less certain specific income.
2. The “Other” category incorporates operations not included in any of the reportable segments reported, including the credit assurance business, computing business, clerical work agency industry, leasing business, venture capital services, credit card services and electronic data processing related services.
3. (1) “Reconciliation” of “Intersegment” under “Ordinary income” in the amount of ¥(2,943) million represents intersegment elimination.
(2) “Reconciliation” of “Segment profit” in the amount of ¥70 million represents intersegment elimination.
(3) “Reconciliation” of “Segment assets” in the amount of ¥ (26,054) million represents intersegment elimination.
(4) “Reconciliation” of “Segment liabilities” in the amount of ¥ (23,469) million represents intersegment elimination.
(5) “Reconciliation” of “Interest income” in the amount of ¥ (118) million represents intersegment elimination.
(6) “Reconciliation” of “Interest expenses” in the amount of ¥ (117) million represents intersegment elimination.
(7) “Reconciliation” of “Income taxes” in the amount of ¥27 million represents intersegment elimination.
4. Segment profit is reconciled to ordinary profit in the consolidated income statement.

	Thousands of U.S. dollars				
	2016				
	Banking business	Other business	Total	Reconciliation	Consolidated
Ordinary income:					
Outside customers	$ 648,171	$ 75,993	$ 724,165	$ -	$ 724,165
Intersegment	3,328	17,802	21,139	(21,139)	-
Total	651,499	93,796	745,305	(21,139)	724,165
Segment profit	179,872	10,259	190,140	479	190,619
Segment assets	39,436,652	256,576	39,693,228	(233,386)	39,459,842
Segment liabilities	37,605,324	158,581	37,763,915	(210,818)	37,553,097
Others					
Depreciation	$ 29,286	$ 3,496	$ 32,783	$ -	$ 32,783
Interest income	457,836	1,118	458,963	(976)	457,978
Interest expense	37,717	949	38,667	(958)	37,708
Gain on disposal of fixed assets	319	0	328	-	328
Loss on disposal of fixed assets	1,189	0	1,189	-	1,189
Impairment loss on fixed assets	2,263	-	2,263	-	2,263
Income taxes	31,567	3,611	35,188	17	35,205
Increase in tangible and intangible fixed assets	40,486	2,724	43,219	-	43,219

Notes: 1. Ordinary income represents total income less certain specific income.
2. The “Other” category incorporates operations not included in any of the reportable segments reported, including the credit assurance business, computing business, clerical work agency industry, leasing business, venture capital services, credit card services and electronic data processing related services.
3. (1) “Reconciliation” of “Intersegment” under “Ordinary income” in the amount of $(21,139) thousands represents intersegment elimination.
(2) “Reconciliation” of “Segment profit” in the amount of $479 thousand represents intersegment elimination.
(3) “Reconciliation” of “Segment assets” in the amount of $(233,386) thousand represents intersegment elimination.
(4) “Reconciliation” of “Segment liabilities” in the amount of $(210,818) thousand represents intersegment elimination.
(5) “Reconciliation” of “Interest income” in the amount of $(976) thousand represents intersegment elimination.
(6) “Reconciliation” of “Interest expenses” in the amount of $(958) thousand represents intersegment elimination.
(7) “Reconciliation” of “Income taxes” in the amount of $17 thousand represents intersegment elimination.
4. Segment profit is reconciled to ordinary profit in the consolidated income statement.

(d) Information about services

	Millions of yen			
	2016			
	Loan services	Securities investment	Other	Total
Ordinary income:				
Outside customers	**¥ 37,957**	**¥ 23,720**	**¥ 19,921**	**¥ 81,599**

	Millions of yen			
	2015			
	Loan services	Securities investment	Other	Total
Ordinary income:				
Outside customers	¥ 40,389	¥ 14,683	¥ 19,202	¥ 74,275

	Thousands of U.S. dollars			
	2016			
	Loan services	Securities investment	Other	Total
Ordinary income:				
Outside customers	**$ 336,856**	**$ 210,507**	**$ 176,792**	**$ 724,165**

Note: Ordinary income represents total income less certain specific income.

(e) Information about geographic areas

The information is not required to be disclosed because the amounts of ordinary income and tangible fixed assets in Japan exceeded 90% of the respective total amount for all segments.

(f) Information about major customers

The information is not required to be disclosed because ordinary income from any particular outside customer represented less than 10% of consolidated ordinary income.

(g) Segment information for impairment loss on fixed assets by reportable segment

	Millions of yen		
	2016		
	Banking business	Other business	Total
Impairment loss on fixed assets	**¥ 255**	**¥ -**	**¥ 255**

	Millions of yen		
	2015		
	Banking business	Other business	Total
Impairment loss on fixed assets	¥ 90	¥ -	¥ 90

	Thousands of U.S. dollars		
	2016		
	Banking business	Other business	Total
Impairment loss on fixed assets	**$ 2,263**	**$ -**	**$ 2,263**

(h) Segment information on amortization and the unamortized portion of goodwill by reportable segment

	Millions of yen		
	2016		
	Banking business	Other business	Total
Amortization for the year	**¥ 1,399**	**¥ -**	**¥ 1,399**
Unamortized portion	**-**	**-**	**-**

	Millions of yen		
	2015		
	Banking business	Other business	Total
Amortization for the year	¥ 1,679	¥ -	¥ 1,679
Unamortized portion	1,399	-	1,399

	Thousands of U.S. dollars		
	2016		
	Banking business	Other business	Total
Amortization for the year	**$ 12,415**	**$ -**	**$ 12,415**
Unamortized portion	**-**	**-**	**-**

26. Related party transactions

Significant transactions with the directors of the Bank or major shareholders for the years ended March 31, 2016 and 2015 were as follows:

Year ended March 31, 2016

Type	Name	Occupation	Ownership	Relationship	Transactions	Transaction amount (millions of yen)	Account	Outstanding balance (millions of yen)
*1	Kinuko Higuchi (Notes 2, 5)	Real estate leasing	-	Loans	Loan (Note 1)	**¥ 59**	Loans and bills discounted	**¥ 59**
	Hiroshi Nishi (Notes 3, 6)	Real estate leasing	Non-controlled 0.01%, directly	Loans	Loan (Note 1)	**-**	Loans and bills discounted	**33**
*2	Akira Danbooru Kogyo Co., Ltd. (Notes 4, 5)	Production of cardboard boxes	Non-controlled 0.05% directly	Loans	Loan (Note 1) Repayment of loan	**-** **15**	Loans and bills discounted	**34**

*1 An officer of the Bank or his or her relative
*2 A company in which an officer or his or her relative owns a majority interest.

Notes:
1. The terms and conditions of the transactions were the same as those applied to general third parties with which the Bank enters into ordinary transactions.
2. Ms. Kinuko Higuchi is a relative of Mr. Katsuji Higuchi, a statutory auditor of the Bank.
3. Mr. Hiroshi Nishi is a relative of Mr. Minoru Masuo, a former external statutory auditor of the Bank.
4. A relative of Mr. Yasuhiko Akira, a director of the Bank, owns a majority of the voting rights of this company.
5. The Bank took out a revolving mortgage on its real estate to secure the loans.
6. Mr. Minoru Masuo retired from the position of an external statutory auditor of the Bank on June 26, 2015, and the outstanding balance as of that day is presented.

Year ended March 31, 2015

Type	Name	Occupation	Ownership	Relationship	Transactions	Transaction amount (millions of yen)	Account	Outstanding balance (millions of yen)
*1	Hiroshi Nishi (Note 2)	Real estate leasing	Non-controlled 0.01%, directly	Loans	Loan (Note 1)	¥ -	Loans and bills discounted	¥ 34
*2	Akira Danbooru Kogyo Co., Ltd. (Notes 3, 4)	Production of cardboard boxes	Non-controlled 0.05% directly	Loans	Loan (Note 1) Repayment of loan	- 25	Loans and bills discounted	50

*1 An officer of the Bank or his or her relative
*2 A company in which an officer or his or her relative owns a majority interest.

Notes:
1. The terms and conditions of the transactions were the same as those applied to general third parties with which the Bank enters into ordinary transactions.
2. Mr. Hiroshi Nishi is a relative of Mr. Minoru Masuo, an external statutory auditor of the Bank.
3. A relative of Mr. Yasuhiko Akira, an executive officer of the Bank, owns a majority of the voting rights of this company.
4. The Bank took out a revolving mortgage on its real estate to secure the loans.

Year ended March 31, 2016

Type	Name	Occupation	Ownership	Relationship	Transactions	Transaction amount (thousands of U.S. dollars)	Account	Outstanding balance (thousands of U.S. dollars)
*1	Kinuko Higuchi (Notes 2, 5)	Real estate leasing	-	Loans	Loan (Note 1)	**$ 523**	Loans and bills discounted	**$ 523**
	Hiroshi Nishi (Notes 3, 6)	Real estate leasing	Non-controlled 0.01%, directly	Loans	Loan (Note 1)	**-**	Loans and bills discounted	**292**
*2	Akira Danbooru Kogyo Co., Ltd. (Notes 4, 5)	Production of cardboard boxes	Non-controlled 0.05% directly	Loans	Loan (Note 1) Repayment of loan	**-** **133**	Loans and bills discounted	**301**

Information about parent company or significant affiliates

Years ended March 31, 2016 and 2015

Not applicable

27. Subsequent events

There are no significant subsequent events to be noted.

KPMG

Independent Auditor's Report

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

We have audited the accompanying consolidated financial statements of The Kiyo Bank, Ltd. and its consolidated subsidiaries, which comprise the consolidated balance sheets as at March 31, 2016 and 2015, and the consolidated income statements, statements of comprehensive income, statements of changes in net assets and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material 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 audits. We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of The Kiyo Bank, Ltd. and its consolidated subsidiaries as at March 31, 2016 and 2015, and their financial performance and cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2016 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

KPMG AZSA LLC

Oct 31, 2016
Osaka, Japan