A Snapshot of Juroku Bank Now

THE JUROKU BANK,LTD.

All For Your Smile 140th Anniversary

JUROKU BANK

ANNUAL REPORT 2017

Advertisement mascot
Takumi Ukai

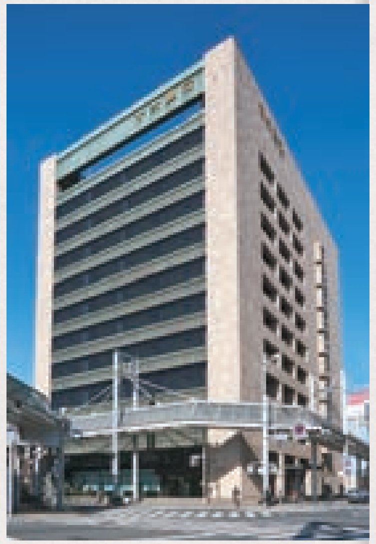
Advertisement mascot
Branch Manager Ayumi Itou

PROFILE

The Juroku Bank, Ltd., has its business base in Gifu and Aichi prefectures, the industrial center of the Chubu region of Japan. During the over 130 years since its founding in 1877, it has played a pivotal role as a leading financial institution in its area.

We will continue to follow our philosophy of "serving our community by fulfilling our social mission as a financial institution." We will also pursue reforms by staying open-minded, managing our operations rationally and steadily, creating a strong management style through stronger earnings power, and improving our personnel and organization.

The head office of the Bank is located in Gifu prefecture. The Bank has 161 domestic branch offices, mainly in Gifu and Aichi prefectures, as well as representative offices in Hong Kong, Shanghai, Singapore, and Bangkok. On a consolidated basis, as of the end of March 2017, the Bank had total deposits of ¥5,341.8 billion (US$47,614 million), total assets of ¥6,038.3 billion (US$53,822 million), and a capital ratio of 9.88% based on domestic standards.



Head Office

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Forward-Looking Statement

This annual report contains certain forward-looking statements. Those forward-looking statements are subject to risks and uncertainties, and Juroku Bank's actual results may differ from those described in the forward-looking statements. We are under no obligation, and expressly disclaim any obligation, to update or alter our forward-looking statements, whether as a result of new information, future events, or otherwise.

Financial Highlights (Consolidated)

The Juroku Bank, Ltd. and Subsidiaries *Year Ended March 31, 2017*

	Millions of Yen		Thousands of U.S.Dollars
	2017	2016	2017
For the Fiscal Year			
Total income	¥ 125,807	¥ 114,551	$ 1,121,374
Total expenses	111,459	92,662	993,484
Net Income Attributable to Owners of the Parent	10,036	13,371	89,455
Cash dividends	2,616	2,989	23,318
At Year-End			
Total assets	¥6,038,334	¥6,209,782	$53,822,391
Loans and bills discounted	4,024,458	3,929,566	35,871,807
Securities	1,339,112	1,791,574	11,936,108
Deposits	5,341,779	5,250,142	47,613,682
Total equity	347,371	354,182	3,096,274
Cash Flows			
Net cash (used in) provided by operating activities	¥ (223,365)	¥ 92,207	$(1,990,953)
Net cash provided by (used in) investing activities	392,727	(157,873)	3,500,553
Net cash used in financing activities	(10,632)	(6,017)	(94,768)
Cash and cash equivalents, end of year	486,024	327,297	4,332,151

Note: Amounts stated in United States dollars have been computed, solely for convenience, at the rate of ¥112.19 = US$1, the approximate rate of exchange at March 31, 2017.

We will further strengthen our "engagement first" initiatives, with the aim of becoming "a financial group that is needed by customers and grows with customers."

Looking at the operating environment for regional financial institutions, the business environment is becoming increasingly harsh, including reductions in margins due mainly to the low interest rate policy, in addition to increasingly fierce competition beyond business categories. In addition, local economies face structural challenges, such as population decline and acceleration of aging society with a declining birthrate, and there are concerns that the size of the market will shrink in the future. With these circumstances as the backdrop, regional financial institutions are greatly needed to contribute to the growth and development of customers and local economies by providing high-quality "customer-first" services.

To meet this challenge, we commenced "'The 14th Medium-Term Management Plan' All for Your Smile: Providing Wholehearted Services ~ 2nd Stage ~" in April of this year. In this plan, we aim to be "a financial group that is needed by customers and grows with customers," and will transform our business model with "engagement first" continuing to be our cornerstone activity.

With the celebration of the 140th anniversary of our founding this October as a milestone, we are committed to striving to further improve our corporate value through these initiatives in order to continue to be a bank that customers can rely on into the future.

I look forward to receiving the continued support and encouragement of all of our stakeholders.

July 2017
Yukio Murase
President and CEO

The 14th Medium-term Management Plan

In April of this year, we commenced "'The 14th Medium-Term Management Plan' All For Your Smile: Providing Wholehearted Services ~ 2nd Stage ~" which will run for three years from FY2017 to FY2019. In this management plan, with "engagement first" as our cornerstone activity, we will transform our business model to create a positive cycle of "contribution to the growth of customers and local economies" and a "revenue structure with stability and permanency to support local communities" by implementing the six basic strategies of "expanding contact points with customers and offering solutions above and beyond expectations," "actively getting involved in community tasks," "building strategies by region," "improving fund management capacity," "improving management efficiency to survive competition," and "helping each employee improve performance."

FY2017 Year-end Targets

Earning capability	Growth potential (customer base)	Financial soundness
Net income (consolidated)	Community presence (daily-average deposits +daily-average loans)	Equity ratio (consolidated) Full implementation basis
¥10 billion	¥10,000 billion	Around 8.7%

Long-term targets

Earning capability
ROE (consolidated)
5%+

• Net income (consolidated) = Net Income Attributable to Owners of the Parent

• Core capital ratio (full implementation basis) = $\frac{\text{Core capital (before transitional arrangement)}}{\text{Risk assets (before transitional arrangement)}}$

Through these initiatives, we aim to become "a financial group that is needed by customers and grows with customers."

We will be committed to implementing the following basic strategies under the management plan, in an effort to appropriately address the challenges that surround the Group.

Basic Strategies

•Expanding contact points with customers and offering solutions above and beyond expectations
We will develop a sales stance of sincerely tackling the diverse needs and tasks of our customers, while demonstrating our comprehensive strength as a Group.
Business customers
We will take risks appropriately and perform financial intermediary functions mainly through business performance evaluations, as well as work to solve our customers' issues by providing support according to their growth stage.
Individual customers
We will promote comprehensive transactions by providing goods and services according to customers' life stages to explore their needs. In addition, we will work to improve channel functions through region-specific branch operations and the expansion of non-face-to-face channels.

•Actively getting involved in community tasks
The Group will support local governments' "comprehensive strategy for vitalizing towns, people, and jobs," while fulfilling its responsibilities to regions through initiatives such as actively participating in regional development projects.

•Building strategies by region
In Gifu Prefecture, we will establish an absolute operational base mainly by demonstrating regional financial intermediary functions backed by an extensive branch network and a substantial volume of information.
In Aichi Prefecture, we will further demonstrate our presence including leveraging the growth potential of the market and enhancing our business base, in addition to focusing on business resources.

•Improving fund management capacity
In addition to improving our capacity to manage marketable securities primarily by diversifying investments to flexibly respond to changes in the market environment, we will work to utilize various financial techniques.

•Improving management efficiency to survive competition
In addition to accelerating business reforms, we are working to streamline branch operations in view of demographics.
We will also strive to further optimize our personnel allocation and workforce, including streamlining of the head office organization.

•Helping each employee improve performance
We will focus on developing human resources that can contribute to customers and regions, using the Bank as a means to do so. We will also carry out work style reform, such as considering mechanisms to encourage employees to take on challenges.

Corporate Governance

Basic Policy

At Juroku Bank, we believe that retaining the trust of our stakeholders by conducting all of our activities in a sound manner is vital to our role as a financial institution. Therefore, we place the highest priority on building a solid organizational structure and establishing systems that continually reinforce corporate governance.

In association with the entry into effect of the Companies Act, we established a Basic Policy related to the Establishment of an Internal Control System at a meeting of the Board of Directors held on May 24, 2006. Since that time, we have revised this basic policy as necessary and in a timely manner, and have endeavored to develop and continuously refine the system to ensure the appropriate execution of business at the Bank and the corporate group comprising the Bank and its subsidiaries. Under this basic policy, we will pursue initiatives to enhance corporate governance.

Progress Thus Far

The Board of Directors comprises nine members including two Outside Directors (as of June 23, 2017) and it is held at least once a month, in principle, to deliberate and decide matters stipulated in laws and regulations and important management issues, and it also monitors directors' conduct of business operations by having each director report his/her own execution of duties at least once every three months, pursuant to Article 363, Paragraph 2 of the Companies Act. Additionally, in order to further ensure the transparency and fairness of the Board of Directors' decision-making activities, a Management Advisory Council has been established as an advisory body to the Board of Directors.

The Bank has adopted the executive officer system and ensures that executive officers appointed by the Board of Directors responsibly execute the business operations of the sections in their charge. The adoption of the executive officer system allows the Board of Directors to take on the functions of management supervision in a more effective manner, while also enabling quick decision making by the management team. In terms of important matters affecting the daily conduct of business operations, a Management Council, comprising the president and CEO, deputy president and director and managing executive officers, has been established to enable quick and bold decision making.

Furthermore, an Operational Audit Committee has been established to enhance the supervisory functions of the Board of Directors on the execution of business operations, thereby further enhancing the corporate governance system.

The Audit & Supervisory Board comprises four Audit & Supervisory Board Members, including two Outside Audit & Supervisory Board Members and two Standing Audit & Supervisory Board Members (as of June 23, 2017). To support the Audit & Supervisory Board Members, we have established the Audit & Supervisory Board Members' Office, which monitors the execution of business operations objectively and ensures appropriate auditing functions. The Audit & Supervisory Board is held at least once a month, in principle.

With regard to internal controls, the Audit & Inspection Division conducts internal audits, and at least once per year seeks outside opinions regarding the development and management of the internal control system.

Based on these objective opinions, we work to further improve the internal control system. Moreover, to reinforce the compliance system, we have established a whistle-blower system and have improved the effectiveness of the system by using an external lawyer as the point of contact.

With respect to the risk control system, we have established the Integrated Risk Management Council, Operational Risk Management Council and Compliance Council. These committees discuss risk management issues both on a regular basis and when necessary. At these meetings, the appropriateness of operations is reviewed and risk management is applied to minimize loss due to unforeseen circumstances. The Integrated Risk Management Council and the Compliance Council meet once per month, in principle, while the Operational Risk Management Council meets at least once every 6 months, in principle. We have also signed consultation agreements with six lawyers, who provide advice on legal matters and perform a variety of legal checks when necessary.

The Bank's accounts are audited by the independent auditing firm Deloitte Touche Tohmatsu LLC (as of June 30, 2017). This firm provides accurate audits on the basis of appropriate information disclosure.

Going forward, we will work to further enhance our corporate governance standards and ensure the soundness of our ethical conduct and financial position.

Basic Policy on Strengthening Internal Control System

We are currently making efforts to build an internal control system based on the policies described below.

1. System to ensure that the execution of duties by directors of the Bank and its affiliates comply with all relevant laws, ordinances, regulations, and the Bank's Articles of Incorporation

(1) Our Basic Policy establishes the Bank's commitment to serve local communities by fulfilling its mission as a financial institution, and to seek business growth through sound practices founded on a broad and rational perspective.

(2) To implement this policy, directors and executive officers of the Bank are responsible for the establishment of various standards including the Code of Ethics and Compliance Policy, and for ensuring that business is conducted in accordance with these standards and that laws, ordinances, and the Articles of Incorporation are adhered to. In addition, directors are responsible for steadfastly confronting any anti-social forces that pose a threat to social order and safety; thereby directors consolidate a system to sever all ties to these forces.

(3) The Bank's affiliates make best efforts to pursue legitimate and fair business practices that respond to social obligations, based on their own basic policy and management philosophy that are adequate for the nature and scale of their business. In addition, the affiliates are responsible for the establishment of the Code of Ethics and Compliance Policy to ensure that business is conducted in accordance with laws and ordinances as well as social norms.

2. System for storage and management of information related to the execution of duties by directors of the Bank

To ensure efficient verification of proper business practices, regulations will be created and followed on the handling and control of information and documents related to business operations (including electronic records); adherence to these regulations will be monitored, and regulations will be revised when necessary.

In addition, a system will be established to enable directors and Audit & Supervisory Board Members to view this information and the relevant documents when necessary.

3. Risk management regulations and other structures related to risk of loss at the Bank and its affiliates

(1) The Bank positions the risk management as an important duty to ensure the soundness and safety of business, and regulations related to each type of risk, including a Comprehensive Risk Management Regulation, will be established in order to manage risks associated with the business of the Bank and its affiliates in an exhaustive and comprehensive manner. Efforts will be made to appropriately improve the measurement, evaluation, and management of risk by following these regulations.

An independent third party will regularly evaluate the Bank's management of major risks, and the Bank will continually work to improve risk management level evaluations.

(2) In addition to designating one department to comprehensively manage risk, individual departments will be made specifically responsible for each category of risk, ensuring effective risk management. In addition, an organizational structure will be established, including the Integrated Risk Management Council chaired by the president and CEO and the Operational Risk Management Council chaired by the director in charge of the department responsible for comprehensive risk management. Risk management reports will be made to the Board of Directors on a regular basis, or as necessary.

(3) The following are risks to be managed at the Bank. When new risks arise, a department to handle them will be promptly established by the Board of Directors.

1) credit risk, 2) market risk, 3) liquidity risk, 4) operational risk, and 5) other risks that could have a serious impact on the Bank's business.

(4) In addition to establishing a Risk Management Committee, the Bank's affiliates will manage risks in a proper and comprehensive manner, and set up a system to report any issues related to risk management to the Bank. The Internal Audit Department of the Bank conducts auditing of the Bank's affiliates to assess their risk management.

4. System to ensure the efficient execution of duties by directors of the Bank and its affiliates

(1) Duties of the Bank will be executed centered on the Basic Policy and an Action Plan. A Management Plan will be created, and guidelines based on this plan will be established for each six-month period.

(2) Progress made in implementing these plans will be reported to the Board of Directors in a timely manner, and steps will be taken in response as needed.

(3) Items that should be taken up by the Board of Directors of the Bank will be clearly stated in regulations such as the Board of Directors Regulations, and important items will be discussed as necessary by the Management Council, which comprises managing directors or above and other related personnel, to ensure that issues are sufficiently examined. In addition, Regulations on Decision-Making Authority Related to Operations will stipulate the appropriate delegation of authority to subordinates based on such factors as the importance of the operation, making the directors' execution of duties more efficient.

(4) The Bank will reinforce collaboration with its affiliates and facilitate information sharing. In addition, the management of the Bank and representatives of its affiliates will exchange opinions on a regular basis in order to resolve various issues efficiently.

(5) The Bank will establish regulations for top management, organizations, risk management and others, and provide its affiliates with necessary information in order to have them create

their own systems efficiently in compliance with these regulations.

5. System to ensure that the execution of duties by employees of the Bank and its affiliates complies with laws, ordinances, and the Articles of Incorporation

(1) In addition to positioning compliance with laws and ordinances as one of our most important business responsibilities and establishing regulations such as the Code of Ethics and Compliance Policy, the Bank will establish a department to provide overall control. In addition, a Compliance Council, chaired by the president and CEO, will be created, and this council will be tasked with handling compliance-related issues.

(2) In addition to establishing a Compliance Committee, the Bank's affiliates will manage and operate in-house compliance system appropriately and set up a system to report any compliance violation to the Bank. The Internal Audit Department of the Bank conducts auditing of the Bank's affiliates regarding their compliance with laws, ordinances, and others.

(3) At the Bank and its affiliates, an in-house system will be created for reporting violations of laws and ordinances and other compliance-related issues, and a whistle-blower system that employs an independent lawyer to receive reports will be maintained. Efforts will be made to prevent or promptly detect problems such as violations of laws.

6. System to ensure appropriate operations of the corporate group, which is composed of the Bank and its affiliates

(1) An internal auditing agreement will be concluded with the Bank's affiliates, and operations are audited by the Internal Audit Department of the Bank to ensure proper business operations by the corporate group, which is centered on the Bank. Operations at affiliates will be audited through various activities, including appointing officers or employees of the Bank as officers of affiliates and having them attend the meeting of the Board of Directors of the affiliates.

(2) The management of the Bank and representatives of its affiliates will exchange opinions on a regular basis to prevent problems such as inappropriate transactions between the Bank and its affiliates.

(3) When engaging in transactions with the Bank's affiliates and other entities, steps will be taken to verify that the terms of the transaction conform to the arms-length principle.

(4) A whistle-blower system will be established at the Bank and all affiliates, making it possible for parties such as affiliate employees to make reports or seek advice.

(5) A system will be created to ensure the reliability of the financial reporting of the Group, centered on the Bank.

7. System to report matters related to the execution of duties by directors of the Bank's affiliates to the Bank

(1) By having officers of the Bank dispatched to its affiliates, the Bank will receive reports related to the execution of duties by directors of its affiliates at the meeting of the Board of Directors of the affiliates.

(2) The Bank will deliberate or request reports, on a regular basis or as necessary, to accurately understand business operation of its affiliates, pursuant to the Group Companies Management Regulation established by the Bank.

(3) The department undertaking overall control of the Bank's affiliates and individual departments responsible for each affiliate will monitor the status of affiliates in a timely and appropriate manner, and promptly report any matters deemed important to the management of the Bank, while taking necessary steps.

8. Items related to employees whose assignment to assist Audit & Supervisory Board Members of the Bank in their duties is requested by them

An Audit & Supervisory Board Members' Office will be created to assist the Audit & Supervisory Board Members in the performance of their duties, and at least one full-time employee will be assigned to work in that office. Upon obtaining the opinions of the Audit & Supervisory Board, decisions will be made on the positions and qualifications of employees to be assigned to engage in this work, and a roster of such employees will be created.

9. Ensuring the independence of the above employees from directors and the effectiveness of instructions given to those employees

The appointment, transfer, and evaluation of employees who assist the Audit & Supervisory Board Members in their duties will be subject to the approval of the Audit & Supervisory Board. The said employees will solely comply with instructions and orders given by the Audit & Supervisory Board Members.

10. System for officers and employees of the Bank and its affiliates to report to Audit & Supervisory Board Members of the Bank and a system for other reports to Audit & Supervisory Board Members

Officers and employees of the Bank and its affiliates and persons who received reports from them shall submit reports and provide information in response to requests from the Audit & Supervisory Board or individual Audit & Supervisory Board Members. The following are the main topics of the reports and information to be provided.

(1) Department activities related to creating the Bank's internal control system
(2) Activities of the Bank's affiliates
(3) Matters that may inflict a significant loss on the Bank and its affiliates
(4) Significant accounting policies and standards and changes to them
(5) Content of disclosed earnings, projections, and other important disclosure materials
(6) Serious violations of the laws and ordinances
(7) Operation of the whistle-blower system and notifications
(8) Circulation of documents such as draft proposals and the minutes of important conference/committee meetings
(9) Other items deemed necessary by the Audit & Supervisory Board Members

11. System to ensure that a person who made a report in accordance with the preceding paragraph does not receive unfair treatment on the grounds of making such report

The Bank and its affiliates prohibit a dismissal or any other disadvantageous treatment of the person who made a report in accordance with the preceding paragraph on the grounds of making such report, etc. and take appropriate steps to ensure that such person will not receive unfair treatment.

12. Matters related to treatment of expenses incurred in the execution of duties by Audit & Supervisory Board Members

In the event that Audit & Supervisory Board Members made a request for reimbursement of expenses incurred in the execution of their duties, it will be granted unless the expenses are proved to be unnecessary to the execution of their duties.

13. System to ensure effective audits by Audit & Supervisory Board Members

The representative director will regularly meet and cooperate with the Audit & Supervisory Board Members to ensure the effectiveness of audits, and will regularly exchange opinions on management problems and progress in auditing to ensure high accuracy.

Compliance System

Recognizing that the survival of financial institutions depends on trust, we put top priority on earning the firm trust of the general public.

We are further strengthening our compliance system under our 14th Medium-Term Management Plan through our policy which is designed to "promote awareness of the crucial importance of compliance among our staff."

1) Earn the firm trust of the general public through the maintenance of high corporate ethical standards and awareness of the importance of legal compliance;
2) Promote awareness of the crucial importance of compliance among our staff; and
3) Raise standards of compliance rigor still higher.

To further enhance the compliance system that we have built to date, we formulate and implement a compliance program each fiscal year. Specifically, all departments regularly hold study meetings on compliance, and we have implemented curriculums related to compliance for individual training programs in order to boost the awareness of compliance. In addition, each department conducts periodic self-checks according to its specific responsibilities. This is part of our initiative to ingrain a compliance-oriented corporate culture.

Organizational Structure

Compliance Council

Chaired by the president and CEO, consisting of managing directors and the general managers from relevant divisions, the Compliance Council examines, discusses, and issues directives concerning matters of compliance.

Compliance Office (Risk Management Division)

As the entity responsible for overseeing compliance, the Compliance Division promotes compliance programs and serves as the secretariat for the Compliance Council.

Inspection Section (Internal Audit Division)

The section conducts audits and other investigations related to the compliance conditions in each division.

Compliance at Each Division

Compliance officers are appointed in each of the divisions to check the day-to-day compliance of those divisions.

Customer Protection Management System

The Bank set up a Customer Protection Management Policy in September 2007 to develop and establish a system to ensure customer protection. Under the Customer Protection Management Policy, we have clearly stated protection measures that we had taken as part of compliance and risk management. We are focusing more heavily on customer-oriented management. The purpose of the policy is to improve the protection and convenience of customers through the following initiatives:

(i) Providing appropriate information and explanations on products and services for customers
(ii) Responding properly to requests, consultation, inquiries and complaints from customers
(iii) Appropriately managing customer information
(iv) Properly managing outsourced operations
(v) Properly managing of conflicts of interest so avoid unfair detriment to the interests of our customers

Information Security, Management of Customer Information

In line with the top priority that we assign to ensuring the confidentiality of our customers' personal data, information security risk is addressed by the Bank's Information Security Management Rules. We have publicly announced our Declaration of Personal Information Protection (Privacy Policy).

As stipulated in the aforementioned Security Management Rules, we have also appointed a chief information officer at the Bank's headquarters and an information officer in each department and branch. We are making every effort to educate employees to bolster their awareness of security issues so that we can ensure the maximum degree of protection for customer data in daily operations.

Risk Management

The importance of risk management has grown as the risks confronting financial institutions have become more complex and diverse. Recognizing risk management as crucial for safe and sound operations, we have established a Comprehensive Risk Management Policy and other policies and rules relating to risk management that enable an appropriate and prompt response to various types of risk.

We have established the Risk Management Division to step up our commitment in this area. We aim to further strengthen our risk management system through use of the PDCA cycle, by laying down policy (planning), creating internal rules and organizations (doing), assessing results of these measures (checking) and making improvements where needed (acting).

In addition, to ensure that our risk management mechanisms function effectively with regard to sections within the Group subject to auditing (the Bank's head office divisions, branches and consolidated affiliates), regular, planned, on-site audits of such departments are carried out by staff of the Internal Audit Division, which is independent from business operation departments. In this way the Bank verifies the effectiveness of its risk management systems.

Comprehensive Risk

The Bank has formulated a comprehensive risk management framework by determining a Comprehensive Risk Management Policy and Rules.

The Bank's risk management does not stop at managing various risks individually, but extends a step ahead to control the total amount of risks to keep it within the range of distributable capital, which is defined as "core capital (full implementation basis) less allowance for doubtful accounts," through the risk quantification using statistical methods, thereby enforcing a comprehensive risk management aiming at ensuring soundness of management.

We adopt a flexible approach to required responses by getting the current state of such comprehensive risks checked by the Integrated Risk Management Council, which has monthly meetings and reports directly to the Board of Directors.

Credit Risk

To appropriately adapt to changes in the credit risk in relation to assets held by the Bank, and to ensure stable profitability and maintain sound operations, we conduct management appropriately with reference to our Credit Risk Management Policies and Credit Risk Management Rules.

In order to objectively determine a borrower company's credit state and its capacity to repay loans, we perform a credit rating system in a timely manner and reflect the result of the credit rating in our credit risk management. More specifically, we endeavor to maintain a sound asset base by implementing our own assessment of loan assets and by making appropriate provision for possible loan losses and write-offs based on the credit rating system.

Meanwhile, the credit rating system enables a quantification of the credit risk, controls concentration of risk with particular borrowers or industries, and further ensures profits that are balanced by credit costs, and thereby enables the Bank to improve its credit portfolio.

Regarding examination of loan applications, we have clearly separated the sales promotion and credit screening functions and undertake strict reviews and management under a policy of screening by borrower business sector. Individual cases are screened by verifying various aspects including the use of funds, income and expenditure plans, and investment outcomes, and by carefully examining a borrower's resources and plans for repayment.

Market Risk

For market risk, the Market Risk Management Rules have been established, which stipulates the policies for monitoring, control and mitigation of the risk, along with specific arrangements.

The Risk Management Division manages interest rate risk related to deposits and loans, as well as the risk associated with securities, derivatives and other markets. Our current positions, unrealized gains/losses and risk indicators such as BPV and VaR are measured and evaluated on a daily or monthly basis and reported to management. From the perspective of managing assets and liabilities together, we hold monthly Integrated Risk Management Council meetings, forecast interest rates, stock prices and exchange rates, as a set of measures to enable an appropriate response to risk.

Liquidity Risk

We manage liquidity risk through our Liquidity Risk Management Policies and Liquidity Risk Management Rules and regard stable cash flows as the primary objective. Moreover, we have in place a system (Liquidity Risk Contingency Plan) that can respond to a wide variety of circumstances promptly and appropriately.

Operational Risk

We have drawn up an Operational Risk Management Policies and Operational Risk Management Rules, with separate provisions for administrative risk, system risk, legal risk, personnel risk, fixed asset risk and reputational risk. We implement necessary measures for required responses by getting the current management status of such risks checked regularly by the Operational Risk Management Council and reported to the Board of Directors. For the important categories of administrative and system risk, we have drawn up the following sub-policies and procedures.

【Administrative Risk】

We manage administrative risk through our own Administrative Risk Management Policies and Administrative Risk Management Rules. While adapting to the growing diversification and complexity of banking operations, our administration has become more rigorous in an effort to retain and strengthen the trust of our customers.

【System Risk】

System risk refers to the risk of incurring a loss due to computer system failure, malfunction and other errors or system flaws and other deficiencies, as well as the risk of incurring a loss due to the improper use of computers. This includes "cyber security risk" that threatens the safety of computer systems and computer networks as a result of cyber attacks. We have established a framework that swiftly responds to system failure through our Computer System Failure Action Rules and Center Failure Rules.

To prepare for contingencies that cannot be dealt with using our conventional risk management mechanisms, we have compiled a Business Continuity Plan, and have taken measures that would enable us to continue major business operations even under emergency conditions.

At Juroku Bank, we recognize the importance of integrated risk management, and we will continue working to enhance the sophistication of our risk management system.

Non-Performing Loans

The Bank provides information about the status of its assets in three different ways. First, we conduct self assessment to calculate appropriate write-offs and reserves by classifying borrowers according to their financial soundness. Second, disclosure based on "The Financial Reconstruction Law" is used to classify problem assets. Third, we disclose the value of Risk-Monitored Loans based on the Banking Law, which excludes non-loan assets such as foreign exchange, accrued interest and advance payments.

Asset Self-Assessment / Assets Disclosed under the Financial Reconstruction Law / Risk-Monitored Loans under the Banking Law (as of March 31, 2017)

(Non-consolidated)

Billions of Yen

Asset Self-Assessment — For all assets

Borrower category / Balances of credits	Classification I	II	III	IV
Legally bankrupt borrowers 5.1 [1.3]	4.3	0.8	— (0.3)	— (3.7)
Virtually bankrupt borrowers 9.6 [4.5]	7.5	2.0	— (0.7)	— (5.0)
Potentially bankrupt borrowers 59.0	34.6	14.0	10.4 (8.3)	
Borrowers requiring caution				
Substandard borrowers 7.8	0.4	7.4		
Others*1 422.3	138.6	283.7		
Normal borrowers 3,576.2	3,576.2			
Total 4,080.0 [4,071.3]	3,761.7	308.0	10.4 (9.2)	— (8.8)

*1 Borrowers requiring caution, excluding substandard borrowers
*2 Portion of claims secured by collateral or guarantees

Assets disclosed under the Financial Reconstruction Law and coverage of the claims — For all claims

Classification / Balances of claims	Portion of claims secured*2	Reserves	Coverage ratio
Bankrupt and quasi-bankrupt assets 14.6 [5.9]	4.9	9.7	100.0%
Doubtful assets 59.0	40.3	8.3	82.3%
Substandard loans*3 6.8	2.0	1.9	57.9%
Sub-total 80.4 [71.7]	47.3	19.9	83.5%
Normal assets 3,999.6			
Total 4,080.0 [4,071.3]			

Ratio of disclosed claims under the Financial Reconstruction Law (subtotal) to total credits
Figures in brackets are those after application of partial charge-offs (direct deduction).
1.9%
[1.7%]

*3 Substandard claims consist of loans only.

Risk-monitored loans — Loans only (no other type of credit included)

Classification	Loan balances
Bankrupt loans	5.0 [1.3]
Non-accrual loans	68.3 [63.3]
Past due loans (3 months or more)	—
Restructured loans	6.7
Total	80.2 [71.5]

Ratio of risk-monitored loans to total loans

Figures in brackets are those after application of partial charge-offs (direct deduction).
1.9%
[1.7%]

Notes:

1. Amounts in asset self-assessment and claims disclosed under the Financial Reconstruction Law and the coverage of claims are rounded to the nearest 100 million yen. Amounts in risk-monitored loans are rounded down to the nearest 100 million yen. Figures for ratios are rounded down to the first decimal place.

2. All credit items = Loans + Customers' liabilities for acceptances and guarantees + Bonds issued through private placements covered by guarantees of the Bank + Foreign exchanges + Suspense payments with a similar nature to loans + Accrued interest.

3. Amounts in asset self-assessment are those after deduction of specific reserves for possible loan losses, and the amounts in parentheses are specific reserves for each classification.

4. The Bank does not implement partial charge-offs (direct deduction). If partial charge-offs were implemented, relevant figures would decline to the figures shown in brackets.

Contribution to the Regional Economy and Community

Activities to Revitalize the Regional Economy

Environmental Conservation Activities

▶ Basic Philosophy

The Juroku Bank Group recognizes that the whole society needs to be responsible for environmental conservation activities. As a good corporate citizen that serves local communities, we will contribute to the formation of a sustainable society and create corporate value by diligently addressing environmental issues through our business activities.

▶ Promoting Environmental Conservation through "Seed to Seed Eco-Continuity Project"

Since May 2014, Juroku Bank has promoted the "Seed to Seed Eco-Continuity Project," in cooperation with Gifu University and the Gifu City Global Warming Countermeasure Promotion Committee. Morning glory seeds were distributed to the Bank's customers in the previous year, planted and grown at each household, and this fiscal year, the next batch of seeds, roughly 74,000 pieces were provided by them for distribution at 37 of our branches in Gifu city. In addition, we also received the cooperation of public elementary schools in Gifu city, and distributed morning glory seeds to each school. We will continue this project, and carry out environmental conservation activities together with our customers.

Juroku Bank's Support for Overseas Business Development

Our customers are responding to the growth of emerging markets in Asia with an increase in initiatives to develop overseas sales routes and move production to overseas markets. With our overseas support structure comprising overseas representative offices at four locations including Hong Kong, Shanghai, Singapore, and Bangkok, and 15 cooperating financial institutions across 11 countries, we will further strengthen our initiatives to connect our customers and overseas markets.

▶ Support for the Exhibition at Hong Kong's "Food Expo 2016"

In August 2016, Asia's largest food trade fair, Food Expo 2016 hosted by the Hong Kong Trade Development Council was held in Hong Kong. Juroku Bank entered into a business alliance with the Hong Kong Trade Development Council in January 2016. The Expo featured approximately 1,400 exhibitors, consisting of companies and organizations from 25 countries, who promoted dining-related products and services including foods, beverages and cooking utensils. Juroku Bank secured a dedicated exhibition stand at the Expo and supported the exhibitors by subsidizing half of the exhibition fee.

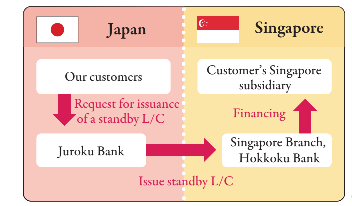
Juroku Bank's exhibit

▶ Financing for Customers' Overseas Subsidiaries through Collaboration among Regional Banks

In December 2016, Juroku Bank issued a standby letter of credit to the Singapore Branch of Hokkoku Bank, for a borrowing by a customer's Singapore subsidiary.

We have held business conferences and exchange meetings through the Interregional Collaboration for Overseas Business Support*, undertaken jointly with Hokkoku Bank, as an unprecedented effort by Japanese regional financial institutions to co-support financing at the overseas business locations of their customers.

Juroku Bank will strive to demonstrate its financial intermediation functions and offer solutions according to the life stage of the company by providing cross-border loans and co-financing together with the Japan Bank for International Cooperation, as well as these standby letters of credit to support financing of customers' overseas subsidiaries.



Outline of the standby letter of credit

*In May 2011, the four banks Juroku Bank, San-In Godo Bank, Hiroshima Bank, and Hokkoku Bank signed a Memorandum on Overseas Business Support to support the overseas business activities of their customers.

▶ Business Alliances with Banco Do Brasil and Banamex (Financial Institution in the United Mexican States)

We formed business alliances with Banco do Brasil S.A., Brazil's largest commercial bank, in May 2016 and with BANCO NACIONAL DE MÉXICO, S.A., INTEGRANTE DEL GRUPO FINANCIERO BANAMEX (Banamex) in September. These business alliances allow us to provide information regarding the economic and investment environments of Brazil and Mexico, as well as various local financial services.

Signing ceremony with Banco do Brasil

▶ Business Alliances with Hà Nam Province in Vietnam and Dong Van III Industrial Zone

In April 2017, we concluded business cooperation agreements with the Hà Nam Province in the Socialist Republic of Viet Nam and the Dong Van III Industrial Zone Infrastructure Investment Development Corporation.

We entered into agreements with Hà Nam Province to strengthen cooperation in joint events and providing information on the investment environment, etc. and with Dong Van III Industrial Zone concerning incentives for Juroku Bank's customers (land and building prices, industrial zone maintenance costs, etc.).

The conclusion of these business cooperation agreements represents the first of such initiatives by a Japanese financial institution, and Juroku Bank will continue to enhance support for customers' expansion into Vietnam and strengthen local business support.

CSR Activities

▶ Kick-off of the Six Star Tourism Project!! -Vast area coverage by six regional banks-

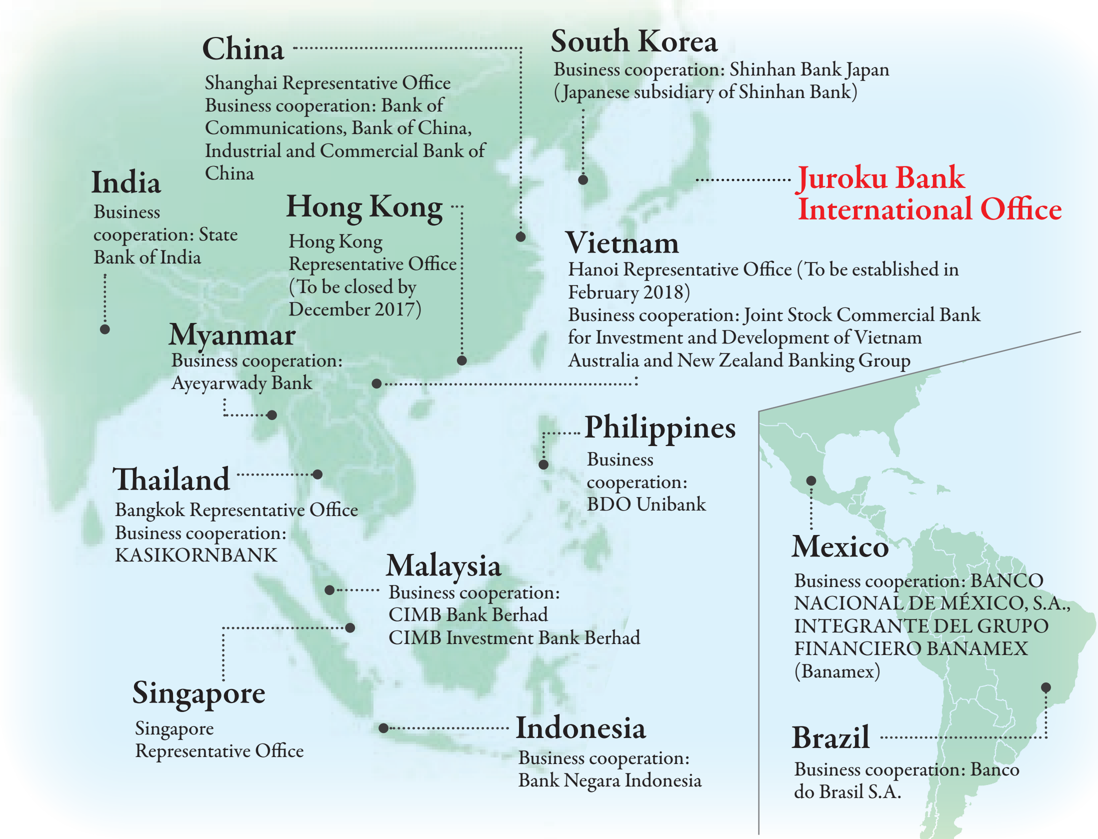
In June 2016, six regional banks in the Tokai and Hokuriku region with strong economic and logistics ties (Juroku Bank, Hyakugo Bank, Bank of Nagoya, Hokkoku Bank, Fukui Bank, and First Bank of Toyama) signed the Six Star Tourism Project agreement for cooperation with vast area coverage on the theme of tourism, for the purpose of creating attractive sightseeing locales.

Juroku Bank will cooperate with these five banks in the Tokai and Hokuriku region to provide support so that each region can maximize the appeal of their heritage such as history, tradition, culture, cuisine, and local industries, and attract new tourists by leveraging the insight and networks that are unique to regional banks. Through such initiatives, Juroku Bank will contribute to the revitalization of regional economies.

▶ Contributions to the Community by the JUROKU FOUNDATION FOR REGIONAL PROMOTION

JUROKU FOUNDATION FOR REGIONAL PROMOTION was founded with the goal of contributing to local communities. It supports such activities as promotion of local industry, improvement of social and life environment, and promotion of culture, sports, international exchange and other activities. In FY2016, it provided ¥6,630,000 in grants to 27 projects.

The foundation also has a scholarship grant program, and in FY2016, it provided ¥23,800,000 in annual scholarships to 63 students.



(as of March 31,2017)

Board of Directors and Audit & Supervisory Board Members

The Juroku Bank, Ltd. (as of June 30, 2017)

President and CEO
Yukio Murase

Vice President
Naoki Ikeda

Director and Managing Executive Officers
Hiroyuki Ota
Kimio Hirose
Kazuhito Akiba
Yukiyasu Shiraki

Director and Executive Officer
Tomonori Mizuno

Outside Directors
Hitoshi Yoshida
Yasuharu Takamatsu

Managing Executive Officers
Yoshinobu Takahashi

Executive Officers
Satomi Nishibu
Naohiko Ishikawa
Matsuo Uchihori
Katsuhiko Okuda
Koichi Tokoro
Akihide Ishiguro
Shigeki Fujii

Standing Audit & Supervisory Board Members
Akinori Sasaki
Koji Iwata

Outside Audit & Supervisory Board Members
Masahiro Hori
Hideo Kono


Yukio Murase
President and CEO


Naoki Ikeda
Vice President


Hiroyuki Ota
Director and Managing Executive Officer

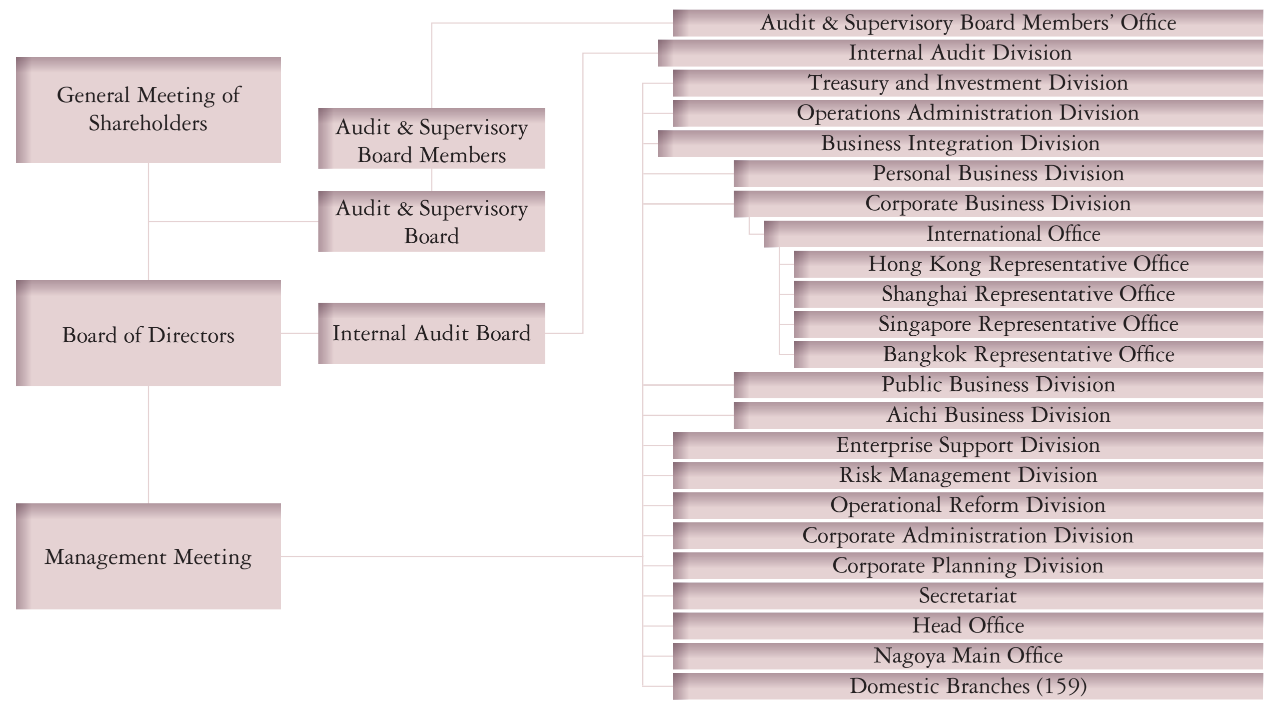

Kimio Hirose
Director and Managing Executive Officer


Kazuhito Akiba
Director and Managing Executive Officer


Yukiyasu Shiraki
Director and Managing Executive Officer

Organization Chart

The Juroku Bank, Ltd. (as of June 30, 2017)



Financial Review

Business Environment

During the fiscal year under review, the Japanese economy saw progress in improvement of corporate earnings with the continuation of monetary easing measures and signs of a rally in exports and production backed by a moderate recovery in the global economy. Moreover, a recovery was seen in employee compensation due to a tightening in labor demand and supply, however growth in personal consumption was weak, and the economy only recovered moderately.

In the region of the Bank's core business, Gifu and Aichi prefectures, in addition to the bullish trend in capital investment, the employment and income situation continued to improve, supporting the economy.

Performance

Ordinary income from banking operations increased by ¥11,033 million to ¥99,975 million, mainly due to the recording of reversal of provision for possible loan losses in addition to an increase in gains on sales of Japanese government bonds and other. Ordinary expenses increased by ¥18,085 million to ¥87,958 million, due primarily to an increase in loss on sales of Japanese government bonds and other, despite a decrease in interest on deposits. As a result, ordinary profit decreased by ¥7,051 million to ¥12,017 million.

In the leasing business, ordinary income increased by ¥525 million to ¥21,669 million, while ordinary expenses increased by ¥1,185 million to ¥20,884 million primarily due to an increase in credit costs, and ordinary profit decreased by ¥661 million to ¥784 million.

In other businesses, including the credit card business and credit guarantee business, ordinary income decreased by ¥214 million to ¥5,923 million, ordinary expenses decreased by ¥99 million to ¥4,162 million, while ordinary profit decreased by ¥115 million to ¥1,760 million.

As a result, ordinary income on a consolidated basis increased by ¥11,252 million to ¥125,796 million and ordinary expenses increased by ¥19,040 million to ¥111,238 million, while ordinary profit decreased by ¥7,788 million to ¥14,558 million and net income attributable to owners of the parent decreased by ¥3,335 million to ¥10,036 million.

Financial Position

In relation to balance of deposits, while striving to procure low cost stable, long-term funds, the Bank also worked to strengthen its lineup of investment products. These included investment trusts, pension insurance and whole life insurance, and public bonds as a positive response to growing and diversifying asset management needs, particularly among individuals. As a result, our balance of deposits as of March 31, 2017 increased by ¥118.4 billion to ¥5,468.6 billion, mainly due to an increase in deposits from individuals and businesses. Furthermore, the balance of individual customer assets increased by ¥67.1 billion to ¥4,344.4 billion.

In lending activities, the Bank responded actively to demands for funds from local enterprises, particularly small to medium enterprises. In addition, we worked actively to provide mortgage loans and other financing to individuals. Consequently, our balance of loans as of March 31, 2017 increased by ¥96.9 billion to ¥4,040.4 billion.

With regard to securities, in addition to underwriting and purchasing central and local government bonds, while closely watching market conditions, the Bank engaged in bond and other securities transactions in order to efficiently manage funds. As a result, our balance of securities as of March 31, 2017 decreased by ¥452.9 billion to ¥1,342.9 billion.

Net cash used in operating activities amounted to ¥223,365 million (¥92,207 million was provided in the previous term), mainly as a result of a decrease in payables under securities lending transactions. Net cash provided by investing activities amounted to ¥392,726 million (¥157,873 million was used in the previous term), mainly as a result of the sales of securities. Net cash used in financing activities amounted to ¥10,631 million (¥6,017 million was used in the previous term), mainly as a result of repayment of subordinated loans. As a result, the closing balance of cash and cash equivalents increased by ¥158,726 million during the term under review, to ¥486,023 million.

Consolidated Balance Sheet

The Juroku Bank, Ltd. and Consolidated Subsidiaries *March 31, 2017*

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
ASSETS:			
Cash and due from banks (Notes 3 and 26)	¥ 486,264	¥ 327,470	$ 4,334,290
Trading securities (Notes 4 and 26)	790	1,103	7,042
Money held in trust (Notes 5 and 26)	7,007	7,012	62,456
Securities (Notes 4, 10, 11 and 26)	1,339,112	1,791,574	11,936,108
Loans and bills discounted (Notes 6, 26 and 27)	4,024,458	3,929,566	35,871,807
Foreign exchanges (Notes 6 and 7)	8,785	6,089	78,305
Lease receivables and investments in leases (Notes 11 and 25)	47,870	46,789	426,687
Other assets (Notes 8, 11, 26 and 28)	57,574	41,460	513,183
Premises and equipment (Note 9)	66,105	66,471	589,224
Goodwill	3,364	3,609	29,985
Intangible assets	5,991	5,404	53,400
Asset for retirement benefits for employees (Note 16)	1,212	—	10,803
Deferred tax assets (Note 24)	608	617	5,419
Customers' liabilities for acceptances and guarantees (Note 10)	18,109	18,388	161,414
Reserve for possible loan losses (Note 26)	(28,915)	(35,770)	(257,732)
Total Assets	¥6,038,334	¥6,209,782	$53,822,391
LIABILITIES AND EQUITY:			
Liabilities:			
Deposits (Notes 11, 12 and 26)	¥5,341,779	¥5,250,142	$47,613,682
Negotiable certificates of deposit (Note 26)	97,679	72,588	870,657
Payables under repurchase agreements (Notes 11 and 26)	54,724	108,475	487,780
Payables under securities lending transactions (Notes 11 and 26)	50,732	267,253	452,197
Borrowed money (Notes 11 and 13)	46,744	45,848	416,650
Foreign exchanges (Note 7)	1,230	1,587	10,964
Bonds (Note 14)	10,000	10,000	89,135
Other liabilities (Notes 13, 15, 17, 25, 26 and 28)	45,012	50,974	401,212
Liability for retirement benefits for employees (Note 16)	6,670	7,110	59,453
Liability for retirement benefits for directors and Audit & Supervisory Board members	6	6	53
Deferred tax liabilities (Note 24)	10,933	15,803	97,451
Deferred tax liabilities for land revaluation surplus	7,345	7,426	65,469
Acceptances and guarantees (Note 10)	18,109	18,388	161,414
Total Liabilities	5,690,963	5,855,600	50,726,117
Commitments and Contingent Liabilities (Note 27)			
Equity (Notes 18, 19 and 31):			
Common stock: authorized, 460,000,000 shares in 2017 and 440,000,000 shares in 2016; issued, 379,241,348 shares in 2017 and 2016	36,839	36,839	328,363
Capital surplus	48,179	48,170	429,441
Stock acquisition rights	111	106	989
Retained earnings	185,866	178,255	1,656,707
Treasury stock - at cost: 5,517,209 shares in 2017 and 5,591,800 shares in 2016	(1,536)	(1,555)	(13,691)
Accumulated other comprehensive income			
Unrealized gain on available-for-sale securities (Note 4)	48,010	65,313	427,935
Land revaluation surplus	14,537	14,727	129,575
Defined retirement benefit plans (Note 16)	(2,267)	(4,394)	(20,207)
Total	329,739	337,461	2,939,112
Noncontrolling interests	17,632	16,721	157,162
Total Equity	347,371	354,182	3,096,274
Total Liabilities and Equity	¥6,038,334	¥6,209,782	$53,822,391

See notes to consolidated financial statements.

Consolidated Statement of Income

The Juroku Bank, Ltd. and Consolidated Subsidiaries *Year Ended March 31, 2017*

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
Income:			
Interest on:			
Loans and discounts	¥ 41,209	¥ 45,698	$ 367,314
Securities	18,260	16,840	162,760
Other	417	429	3,717
Fees and commissions	16,676	17,529	148,641
Other operating income (Note 20)	39,349	29,615	350,735
Other income (Note 21)	9,896	4,440	88,207
Total Income	125,807	114,551	1,121,374
Expenses:			
Interest on:			
Deposits	2,268	4,128	20,216
Borrowings and re-discounts	408	427	3,637
Payables under repurchase agreements	1,452	139	12,942
Other	628	920	5,598
Fees and commissions	6,860	6,510	61,146
Other operating expenses (Note 4)	40,944	20,046	364,952
General and administrative expenses (Note 22)	56,136	55,310	500,365
Provision for possible loan losses	—	1,681	—
Impairment loss on long-lived assets	129	77	1,150
Loss on revision of retirement benefit plan (Notes 2.k and 16)	—	244	—
Other expenses (Note 23)	2,634	3,180	23,478
Total Expenses	111,459	92,662	993,484
Income before Income Taxes	14,348	21,889	127,890
Income Taxes (Note 24):			
Current	2,005	6,455	17,871
Deferred	1,466	965	13,067
Total Income Taxes	3,471	7,420	30,938
Net Income	10,877	14,469	96,952
Net Income Attributable to Noncontrolling Interests	841	1,098	7,497
Net Income Attributable to Owners of the Parent	¥ 10,036	¥ 13,371	$ 89,455

	Yen		U.S. Dollars
Per Share of Common Stock (Notes 2.u and 30):	2017	2016	2017
Basic net income	¥26.86	¥35.78	$0.24
Diluted net income	26.83	35.76	0.24
Cash dividends applicable to the year			
Common stock	7.00	7.00	0.06

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

The Juroku Bank, Ltd. and Consolidated Subsidiaries *Year Ended March 31, 2017*

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
Net income	¥ 10,877	¥ 14,469	$ 96,952
Other Comprehensive Loss (Note 29):			
Unrealized loss on available-for-sale securities	(17,225)	(11,029)	(153,535)
Land revaluation surplus	(0)	395	(0)
Defined retirement benefit plans	2,127	(6,865)	18,959
Total other comprehensive loss	(15,098)	(17,499)	(134,576)
Comprehensive Loss	¥ (4,221)	¥ (3,030)	$ (37,624)
Total Comprehensive Income (Loss) Attributable to:			
Owners of the parent	¥ (5,140)	¥ (4,076)	$ (45,815)
Noncontrolling interests	919	1,046	8,191

See notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

The Juroku Bank, Ltd. and Consolidated Subsidiaries *Year Ended March 31, 2017*

	Thousands	Millions of Yen										
							Accumulated Other Comprehensive Income					
	Outstanding Number of Shares of Common Stock	Common Stock	Capital Surplus	Stock Acquisition Rights	Retained Earnings	Treasury Stock	Unrealized Gain on Available-for-sale Securities	Land Revaluation Surplus	Defined Retirement Benefit Plans	Total	Noncon-trolling Interests	Total Equity
Balance at April 1, 2015	373,674	¥36,839	¥47,815	¥ 66	¥167,820	¥(1,540)	¥ 76,289	¥14,386	¥ 2,471	¥344,146	¥16,037	¥360,183
Change in scope of consolidation	—	—	353	—	—	—	—	—	—	353	—	353
Net income attributable to owners of the parent	—	—	—	—	13,371	—	—	—	—	13,371	—	13,371
Cash dividends, ¥8.00 per share on common stock	—	—	—	—	(2,989)	—	—	—	—	(2,989)	—	(2,989)
Transfer of land revaluation surplus	—	—	—	—	53	—	—	—	—	53	—	53
Purchase of treasury stock	(41)	—	—	—	—	(20)	—	—	—	(20)	—	(20)
Disposal of treasury stock	17	—	2	—	—	5	—	—	—	7	—	7
Net change in the year	—	—	—	40	—	—	(10,976)	341	(6,865)	(17,460)	684	(16,776)
Balance at March 31, 2016 (as previously reported)	373,650	36,839	48,170	106	178,255	(1,555)	65,313	14,727	(4,394)	337,461	16,721	354,182
Cumulative effect of accounting change	—	—	—	—	1	—	—	—	—	1	0	1
Balance at April 1, 2016 (as restated)	373,650	36,839	48,170	106	178,256	(1,555)	65,313	14,727	(4,394)	337,462	16,721	354,183
Net income attributable to owners of the parent	—	—	—	—	10,036	—	—	—	—	10,036	—	10,036
Cash dividends, ¥7.00 per share on common stock	—	—	—	—	(2,616)	—	—	—	—	(2,616)	—	(2,616)
Transfer of land revaluation surplus	—	—	—	—	190	—	—	—	—	190	—	190
Purchase of treasury stock	(26)	—	—	—	—	(9)	—	—	—	(9)	—	(9)
Disposal of treasury stock	100	—	9	—	—	28	—	—	—	37	—	37
Net change in the year	—	—	—	5	—	—	(17,303)	(190)	2,127	(15,361)	911	(14,450)
Balance at March 31, 2017	373,724	¥36,839	¥48,179	¥111	¥185,866	¥(1,536)	¥ 48,010	¥14,537	¥(2,267)	¥329,739	¥17,632	¥347,371

	Thousands of U.S. Dollars (Note 1)										
						Accumulated Other Comprehensive Income					
	Common Stock	Capital Surplus	Stock Acquisition Rights	Retained Earnings	Treasury Stock	Unrealized Gain on Available-for-sale Securities	Land Revaluation Surplus	Defined Retirement Benefit Plans	Total	Noncon-trolling Interests	Total Equity
Balance at March 31, 2016 (as previously reported)	$328,363	$429,361	$945	$1,588,867	$(13,860)	$582,164	$131,268	$(39,166)	$3,007,942	$149,042	$3,156,984
Cumulative effect of accounting change	—	—	—	9	—	—	—	—	9	0	9
Balance at April 1, 2016 (as restated)	328,363	429,361	945	1,588,876	(13,860)	582,164	131,268	(39,166)	3,007,951	149,042	3,156,993
Net income attributable to owners of the parent	—	—	—	89,455	—	—	—	—	89,455	—	89,455
Cash dividends, $0.06 per share on common stock	—	—	—	(23,318)	—	—	—	—	(23,318)	—	(23,318)
Transfer of land revaluation surplus	—	—	—	1,694	—	—	—	—	1,694	—	1,694
Purchase of treasury stock	—	—	—	—	(80)	—	—	—	(80)	—	(80)
Disposal of treasury stock	—	80	—	—	249	—	—	—	329	—	329
Net change in the year	—	—	44	—	—	(154,229)	(1,693)	18,959	(136,919)	8,120	(128,799)
Balance at March 31, 2017	$328,363	$429,441	$989	$1,656,707	$(13,691)	$427,935	$129,575	$(20,207)	$2,939,112	$157,162	$3,096,274

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

The Juroku Bank, Ltd. and Consolidated Subsidiaries *Year Ended March 31, 2017*

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
Operating Activities:	2017	2016	2017
Income before income taxes	¥14,348	¥21,889	$127,890
Adjustments for:			
Income taxes - paid	(6,317)	(8,545)	(56,306)
Income taxes - refund	1	478	9
Depreciation	4,447	4,275	39,638
Impairment loss on long-lived assets	129	77	1,150
Interest income recognized on statements of income	(59,886)	(62,967)	(533,791)
Interest expense recognized on statements of income	4,756	5,614	42,393
Net loss (gain) on securities	2,211	(5,984)	19,708
Unrealized loss on derivatives	224	24	1,997
Net decrease in reserve for possible loan losses	(6,855)	(2,442)	(61,102)
Net decrease (increase) in asset for retirement benefits for employees	1,462	(829)	13,031
Net (decrease) increase in liability for retirement benefits for employees	(79)	255	(704)
Net increase in liability for retirement benefits for directors and Audit & Supervisory Board members	0	1	0
Net increase in loans	(94,892)	(74,971)	(845,815)
Net increase in deposits	91,637	22,773	816,802
Net increase (decrease) in negotiable certificates of deposit	25,091	(61,388)	223,647
Net increase (decrease) in borrowed money (excluding subordinated loans)	8,897	(6,149)	79,303
Net increase in due from banks (excluding cash equivalents)	(66)	(28)	(588)
Net decrease in call loans and others	—	1,000	—
Net (decrease) increase in call money and others	(53,751)	108,475	(479,107)
Net decrease in money held in trust	5	4,637	44
Net (decrease) increase in payables under securities lending transactions	(216,521)	74,740	(1,929,949)
Net increase in lease receivables and investments in leases	(1,081)	(2,475)	(9,636)
Interest income - cash basis	62,709	65,017	558,954
Interest expense - cash basis	(5,886)	(6,042)	(52,465)
Other - net	6,052	14,772	53,944
Total adjustments	(237,713)	70,318	(2,118,843)
Net cash (used in) provided by operating activities	(223,365)	92,207	(1,990,953)
Investing Activities:			
Purchases of securities	(688,573)	(818,991)	(6,137,561)
Proceeds from sales of securities	964,344	469,639	8,595,632
Proceeds from maturities of securities	122,102	197,283	1,088,350
Purchases of premises and equipment	(2,791)	(3,707)	(24,877)
Purchases of intangible assets	(2,604)	(2,186)	(23,211)
Proceeds from sales of premises and equipment	303	198	2,701
Other - net	(54)	(109)	(481)
Net cash provided by (used in) investing activities	392,727	(157,873)	3,500,553
Financing Activities:			
Repayment of subordinated loans	(8,000)	(3,000)	(71,308)
Proceeds from sales of treasury stock	1	1	9
Acquisition of treasury stock	(9)	(20)	(80)
Dividends paid	(2,624)	(2,998)	(23,389)
Net cash used in financing activities	(10,632)	(6,017)	(94,768)
Foreign Currency Translation Adjustments on Cash and Cash Equivalents	(3)	(15)	(27)
Net Increase (Decrease) in Cash and Cash Equivalents	158,727	(71,698)	1,414,805
Cash and Cash Equivalents, Beginning of Year	327,297	398,995	2,917,346
Cash and Cash Equivalents, End of Year (Note 3)	¥486,024	¥327,297	$4,332,151

See notes to consolidated financial statements

Notes to Consolidated Financial Statements

The Juroku Bank, Ltd. and Consolidated Subsidiaries *Year Ended March 31, 2017*

1. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

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

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2016 consolidated financial statements to conform to the classifications used in 2017.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which The Juroku Bank, Ltd. (the "Bank") is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥112.19 to $1, the approximate rate of exchange at March 31, 2017. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Consolidation

The consolidated financial statements as of March 31, 2017, include the accounts of the Bank and its six (six in 2016) significant subsidiaries, including Juroku Business Service Co., Ltd., Juroku Research Institute Co., Ltd., Juroku Card Co., Ltd., Juroku Lease Co., Ltd., Juroku Computer Service Co., Ltd., and Juroku Credit Guarantee Co., Ltd. (together, the "Group").

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

Investments in five (six in 2016) unconsolidated subsidiaries are stated at cost. If the equity method of accounting had been applied to the investments in these companies, the effect on the accompanying consolidated financial statements would not be material.

The excess of the cost of acquisition over the fair value of the net assets of an acquired subsidiary at the date of acquisition is being amortized over a period of 20 years.

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

The balance sheet date for all consolidated subsidiaries is the end of March for each year, which is consistent with the balance sheet date of the Group.

b. Business Combination

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

c. Cash and cash equivalents

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

d. Trading securities

Trading securities are stated at fair value and the related unrealized gains and losses are included in earnings. The cost of trading securities sold is determined based on the moving-average method.

e. Securities

Securities other than trading securities are classified and accounted for, depending on management's intent, as follows: 1) held-to-maturity debt securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity, are reported at amortized cost and 2) available-for-sale securities, which are not classified as held-to-maturity, are reported at fair value with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity. Nonmarketable available-for-sale securities are stated at cost determined by the moving-average method.

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

Securities included in money held in trust for trading purposes are stated at fair value, and the related unrealized gains and losses are included in earnings. Securities included in money held in trust for other purpose are accounted for by the same method as the above 2) available-for-sale securities.

f. Premises and equipment

Premises and equipment are stated at cost less accumulated depreciation. Depreciation of premises and equipment of the Bank, except for leased assets, is computed using the declining-balance method over the estimated useful lives of the assets.

The range of useful lives is principally from 15 to 50 years for buildings and from 4 to 20 years for other premises and equipment.

Depreciation of lease assets from finance lease transactions that do not deem to transfer ownership of the leased property to the lessee is computed using the straight-line method over the leasing period. Residual values of lease assets are the guaranteed values determined in the lease contracts or zero for assets without such guaranteed value.

Under certain conditions, such as exchanges of premises and equipment for similar kinds and sales and purchases resulting from expropriation, Japanese tax laws permit companies to defer the profit arising from such transactions by reducing the cost of the assets acquired or by providing a special reserve in the equity section. The deferred gain on premises and equipment resulting from the reduction of the cost of the assets acquired, which is taxable for tax purposes in the future, was ¥999 million ($8,905 thousand) and ¥999 million as of March 31, 2017 and 2016, respectively.

g. Long-lived assets

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

h. Land revaluation

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

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

The carrying amount of the land after the above one-time revaluation exceeded the market value by ¥18,585 million ($165,656 thousand) and ¥19,645 million as of March 31, 2017 and 2016, respectively.

i. Intangible assets

Amortization of intangible assets is calculated using the straight-line method.

Amortization cost for software for internal use is calculated using the straight-line method over the estimated useful life, principally, 5 years.

j. Reserve for possible loan losses

The Bank implemented a self-assessment system for its asset quality. The quality of all loans is assessed by the related lending division with a subsequent audit by the asset audit division in accordance with the Bank's policies and rules for self-assessment of asset quality.

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

For normal and caution loans, the reserve for possible loan losses is calculated based on actual past loss ratios. For loans such as possible bankruptcy, the reserve for possible loan losses is calculated based on an amount deemed necessary to cover possible losses on loans considering the customer's solvency and other factors after the estimated fair value of the collateral real estate or guaranteed amount has been deducted. For loans such as virtual bankruptcy or legal bankruptcy, the reserve for possible loan losses is calculated based upon the loan amount after the estimated fair value of the collateral real estate or guaranteed amount has been deducted.

For loans to possible bankruptcy customers and a rescheduled loan, if the exposure to a customer after deducting the estimated value of the collateral or guaranteed amount exceeds a certain amount, the discounted cash flow method is applied for reserve provision, under which the reserve is determined as the difference between the book value of the loan and its present value of future cash flows discounted using the contractual interest rate in the case that future cash flows of the principal and interest can be reasonably estimated.

Reserve for possible loan losses of consolidated subsidiaries is provided based on historical loan loss experience and estimated collectability of specific claims.

k. Liability for retirement benefits

The Bank has a contributory funded defined benefit pension plan, lump-sum payment severance plan for employees and defined contribution pension plan, and certain subsidiaries have lump-sum payment severance plans for employees and apply the simplified method to state the liability based on the amount that should be paid if employees retired at the consolidated balance sheet date.

The liability for retirement benefits is provided based on projected benefit obligations and plan assets at the end of the fiscal year. The projected benefit obligations are attributed to periods on a benefit formula basis. Actuarial gains and losses and past service costs that are yet to be recognized in profit or loss are recognized within equity (accumulated other comprehensive income), after adjusting for tax effects and are recognized in profit or loss over 10 years no longer than the expected average remaining service period of the employees, starting in the fiscal year following the occurrence of such differences.

(Additional information)

The Bank has transferred a portion of its defined benefit corporate pension plan to a defined contribution pension plan, effective from April 1, 2016.

The Bank recognized a loss on revision of the retirement benefit plan arising from the transfer to a defined contribution pension plan, amounting to ¥244 million for the year ended March 31, 2016, in accordance with Accounting Standards Board of Japan (the "ASBJ") Guidance No. 1, "Accounting for Transfer Between Retirement Benefit Plans" and ASBJ Practical Issues Task Force ("PITF") No. 2, "Practical Solution on Accounting for Transfer between Retirement Benefit Plans".

l. Stock option

The cost of employee stock options is measured based on the fair value at the date of grant and recognized as compensation expense over the vesting period as consideration for receiving goods or services. In the consolidated balance sheet, the stock options are presented as stock acquisition rights as a separate component of equity until exercised.

m. Leases

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

(As lessor)

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

The Group applied the revised accounting standard effective April 1, 2008. For the finance lease contracts that existed on adoption and do not transfer ownership of the leased property to the lessee, the appropriate carrying amount of the leased assets (after deducting accumulated depreciation) at adoption is used as the beginning value of the investments in leases. Interest revenues of these finance lease contracts that existed at the adoption are calculated by the straight-line method over the remaining lease period as accepted by ASBJ Guidance No. 16, "Guidance on Accounting Standard for Lease Transaction." As a result of this treatment, income before income taxes is ¥17 million ($152 thousand) and ¥30 million larger than the same calculated using the new standards for the contracts that existed at the adoption for the years ended March 31, 2017 and 2016, respectively.

In regard to finance lease, sales and cost of sales are accounted when lease payments are paid.

All other leases are accounted for as operating leases.

n. Bonuses to directors and Audit & Supervisory Board members

Bonuses to directors and Audit & Supervisory Board members of consolidated subsidiaries are accrued at the end of the year to which such bonuses are attributable.

o. Provision for losses from reimbursement of inactive accounts

The provision for losses from reimbursement of inactive accounts, which are derecognized as liabilities under certain conditions, is provided for possible losses on future claims of withdrawal based on historical reimbursement experience.

p. Provision for contingent losses

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

q. Income taxes

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

r. Foreign currency transactions

Foreign currency assets and liabilities of the Group are translated into yen equivalents at the exchange rates prevailing at the fiscal year end.

s. Derivatives and hedging activities

The Bank uses a variety of derivative financial instruments.

Derivative financial instruments and foreign currency transactions are classified and accounted for as follows: (1) all derivatives are recognized as either assets or liabilities and measured at fair value, and gains or losses on the derivative transactions are recognized in the consolidated statement of income and (2) for derivatives used for hedging purposes, if the derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on the derivatives are deferred until maturity of the hedged transactions.

t. Consumption taxes

The Bank and its domestic consolidated subsidiaries account for consumption tax and local consumption tax by the tax-exclusion method.

u. Per share information

Basic net income per share is computed by dividing net income attributable to common shareholders by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits.

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

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

v. Accounting Changes and Error Corrections

Under the ASBJ Statement No. 24, "Accounting Standard for Accounting Changes and Error Corrections," and ASBJ Guidance No. 24, "Guidance on Accounting Standard for Accounting Changes and Error Corrections", accounting treatments are as follows: (1) Changes in Accounting Policies—When a new accounting policy is applied following a revision of an accounting standard, the new policy is applied retrospectively unless the revised accounting standard includes specific transitional provisions, in which case the entity shall comply with the specific transitional provisions. (2) Changes in Presentation—When the presentation of financial statements is changed, prior-period financial statements are reclassified in accordance with the new presentation. (3) Changes in Accounting Estimates—A change in an accounting estimate is accounted for in the period of the change if the change affects that period only, and is accounted for prospectively if the change affects both the period of the change and future periods. (4) Corrections of Prior-Period Errors—When an error in prior-period financial statements is discovered, those statements are restated.

w. Accounting change

On March 28, 2016, the ASBJ issued ASBJ Guidance No. 26, "Guidance on Recoverability of Deferred Tax Assets," which included certain revisions of the previous accounting and auditing guidance issued by the Japanese Institute of Certified Public Accountants. While the new guidance continues to follow the basic framework of the previous guidance, it provides new guidance for the application of judgment in assessing the recoverability of deferred tax assets.

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

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

The new guidance was effective for the beginning of annual periods beginning on or after April 1, 2016.

The Group applied the new guidance on recoverability of deferred tax assets, effective April 1, 2016. The effect of the application of the new guidance on the consolidated financial statements was immaterial.

x. Change in Presentation

Prior to April 1, 2016, net increase (decrease) in borrowed money (excluding subordinated loans) was included in other-net under operating activities of the consolidated statement of cash flows. Since during this fiscal year ended March 31, 2017, the amount increased significantly, such amount is disclosed separately in operating activities of the consolidated statement of cash flows for the year ended March 31, 2017. Other-net under operating activities for the year ended March 31, 2016 in the amount of ¥8,623 was reclassified to net increase (decrease) in borrowed money (excluding subordinated loans) and other-net in the amounts of ¥(6,149) million and ¥14,772 million, respectively.

3. CASH AND DUE FROM BANKS

Cash and due from banks as of March 31, 2017 and 2016, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Cash	¥ 60,393	¥ 71,861	$ 538,310
Due from banks	425,871	255,609	3,795,980
Total	¥486,264	¥327,470	$4,334,290

A reconciliation between the cash and due from banks in the consolidated balance sheet and the cash and cash equivalents in the consolidated statement of cash flows for the years ended March 31, 2017 and 2016, was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Cash and due from banks	¥486,264	¥327,470	$4,334,290
Due from banks other than the Bank of Japan	(240)	(173)	(2,139)
Cash and cash equivalents	¥486,024	¥327,297	$4,332,151

4. TRADING SECURITIES AND SECURITIES

Trading securities as of March 31, 2017 and 2016, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
National government bonds	¥746	¥1,061	$6,650
Local government bonds	44	42	392
	¥790	¥1,103	$7,042

The Bank records net valuation gains and losses as other operating income and expenses, respectively. For the years ended March 31, 2017 and 2016, the Bank recorded net valuation losses of ¥14 million ($125 thousand) and net valuation losses of ¥49 million, respectively.

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

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Equity securities	¥ 133,239	¥ 128,746	$ 1,187,619
National government bonds	446,463	588,890	3,979,526
Local government bonds	204,279	235,540	1,820,831
Corporate bonds	256,399	331,353	2,285,400
Other securities	298,732	507,045	2,662,732
Total	¥1,339,112	¥1,791,574	$11,936,108

Unsecured loaned securities which borrowers have the right to sell or pledge in the amount of ¥29,504 million ($262,982 thousand) and ¥43,683 million as of March 31, 2017 and 2016, were included in national government bonds and other securities, respectively.

Information regarding available-for-sale and held-to-maturity securities as of March 31, 2017 and 2016, was as follows:

	Millions of Yen			
March 31, 2017	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	¥ 60,035	¥67,485	¥1,501	¥126,019
Debt securities	882,461	9,643	1,953	890,151
Other	295,170	2,409	7,997	289,582
Held-to-maturity:				
Debt securities	16,990	138	67	17,061

March 31, 2016	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	¥ 64,168	¥59,931	¥2,605	¥ 121,494
Debt securities	1,108,668	28,225	1,344	1,135,549
Other	495,136	11,587	3,027	503,696
Held-to-maturity:				
Debt securities	20,235	285	15	20,505

March 31, 2017	Thousands of U.S. Dollars			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	$ 535,119	$601,524	$13,379	$1,123,264
Debt securities	7,865,772	85,953	17,408	7,934,317
Other	2,630,983	21,473	71,281	2,581,175
Held-to-maturity:				
Debt securities	151,439	1,230	597	152,072

Proceeds from sales of available-for-sale securities for the years ended March 31, 2017 and 2016, consisted of the following:

	Millions of Yen		
March 31, 2017	Proceeds	Realized Gains	Realized Losses
Equity securities	¥ 15,405	¥ 3,354	¥ 773
Debt securities:			
National government bonds	171,585	7,092	399
Local government bonds	49,401	1,175	—
Corporate bonds	36,712	1,592	16
Other	666,725	7,116	21,181
Total	¥939,828	¥20,329	¥22,369

	Millions of Yen		
March 31, 2016	Proceeds	Realized Gains	Realized Losses
Equity securities	¥ 4,774	¥1,067	¥ 530
Debt securities:			
National government bonds	241,059	2,299	342
Local government bonds	17,389	161	78
Corporate bonds	10,171	396	—
Other	196,788	5,397	2,212
Total	¥470,181	¥9,320	¥3,162

	Thousands of U.S. Dollars		
March 31, 2017	Proceeds	Realized Gains	Realized Losses
Equity securities	$ 137,312	$ 29,896	$ 6,890
Debt securities:			
National government bonds	1,529,414	63,214	3,556
Local government bonds	440,333	10,474	—
Corporate bonds	327,231	14,190	143
Other	5,942,820	63,428	188,796
Total	$8,377,110	$181,202	$199,385

In addition, held-to-maturity securities amounting to ¥121 million ($1,079 thousand) and ¥385 million were reclassified as available-for-sale securities due to a decline in the issuer's credit worthiness as of March 31, 2017 and 2016. The effect of these reclassifications on the accompanying consolidated financial statements was immaterial.

The impairment loss on available-for-sale equity securities for the year ended March 31, 2017, was ¥160 million ($1,426 thousand), which consisted of ¥160 million ($1,426 thousand) of debt securities. The impairment loss on available-for-sale equity securities for the year ended March 31, 2016, was ¥125 million, which consisted of ¥16 million of equity securities and ¥109 million of debt securities.

Unrealized gain on available-for-sale securities as of March 31, 2017 and 2016, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Unrealized gain before deferred tax on:			
Available-for-sale securities	¥68,300	¥92,839	$608,789
Money held in trust-other	11	12	98
Deferred tax liabilities	(19,914)	(27,229)	(177,503)
Unrealized gain on available-for-sale securities before interest adjustments	48,397	65,622	431,384
Noncontrolling interests	(387)	(309)	(3,449)
Unrealized gain on available-for-sale securities	¥48,010	¥65,313	$427,935

Unrealized gain before deferred tax on available-for-sale securities includes ¥213 million ($1,899 thousand) and ¥72 million of revaluation gain on available-for-sale securities as of March 31, 2017 and 2016, respectively, which are held by an investment limited partnership and similar groups.

Investments in and advances to subsidiaries and associated companies as of March 31, 2017 and 2016, were ¥560 million ($4,992 thousand) and ¥241 million, respectively.

5. MONEY HELD IN TRUST

Information regarding money held in trust for trading purposes as of March 31, 2017 and 2016, was as follows:

	Carrying Amount		
	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Money held in trust classified as trading Purpose	¥5,996	¥6,001	$53,445
Money held in trust-other	1,011	1,011	9,011
Total	¥7,007	¥7,012	$62,456

6. LOANS AND BILLS DISCOUNTED

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

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Bills discounted	¥ 26,798	¥ 25,731	$ 238,863
Loans on bills	137,183	140,181	1,222,774
Loans on deeds	3,439,208	3,353,134	30,655,210
Overdrafts	419,121	408,057	3,735,814
Others	2,148	2,463	19,146
Total	¥4,024,458	¥3,929,566	$35,871,807

"Nonaccrual loans," which include loans to borrowers in bankruptcy and past due loans, are defined as loans upon which the Bank has discontinued the accrual of interest income. Borrowers are generally placed on nonaccrual status when substantial doubt is deemed to exist as to the ultimate collectability of either the principal or interest and if the loans are past due for a certain period of time or for other reasons.

"Loans to borrowers in bankruptcy" represent nonaccrual loans to debtors who are legally bankrupt, which is defined in Article 96, Paragraph 1, Subparagraphs 3 and 4 of Enforcement Ordinance for the Corporate Tax Law. Loans to borrowers in legal bankruptcy as of March 31, 2017 and 2016, were ¥6,261 million ($55,807 thousand) and ¥3,900 million, respectively.

"Past due loans" are nonaccrual loans other than loans to borrowers in bankruptcy and loans of which interest payments are deferred in order to assist the financial recovery of a debtor in financial difficulty. Past due loans as of March 31, 2017 and 2016, were ¥69,655 million ($620,866 thousand) and ¥96,146 million, respectively.

"Accruing loans past due three months or more" are defined as loans on which principal or interest is past due more than three months. Loans classified as loans to borrowers in bankruptcy and past due loans are excluded from accruing loans past due three months or more. Accruing loans past due three months or more as of March 31, 2017 and 2016, were nil and ¥26 million, respectively.

"Restructured loans" are defined as loans in which the Group is providing financial support to a borrower by a reduction of interest rates, deferral of interest payments, extension of maturity dates, or reduction of the face or maturity amount of the debt or accrued interest. Loans classified as loans to borrowers in bankruptcy, past due loans and accruing loans past due three months or more are excluded from restructured loans. Restructured loans as of March 31, 2017 and 2016, were ¥6,799 million ($60,603 thousand) and ¥5,431 million, respectively.

The total amount of loans to borrowers in bankruptcy, past due loans, accruing loans past due three months or more and restructured loans as of March 31, 2017 and 2016, were ¥82,715 million ($737,276 thousand) and ¥105,503 million, respectively.

Bills discounted are accounted for as financing transactions in accordance with "Treatment of Accounting and Auditing in Applying Accounting Standard for Financial Instruments in the Banking Industry" issued by the Japanese Institute of Certified Public Accountants. The Bank has rights to sell or pledge accepted commercial bills discounted and foreign bills of exchange bought without restrictions. The total fair value of commercial bills discounted and foreign bills of exchange bought included in foreign exchanges as of March 31, 2017 and 2016, were ¥28,283 million ($252,099 thousand) and ¥26,712 million, respectively.

7. FOREIGN EXCHANGES

Foreign exchanges as of March 31, 2017 and 2016, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Assets:			
Due from foreign correspondent account	¥6,137	¥3,792	$54,702
Foreign bills of exchange bought	1,485	981	13,237
Foreign bills of exchange receivable	1,163	1,316	10,366
Total	¥8,785	¥6,089	$78,305
Liabilities:			
Due to foreign correspondent account	¥ 942	¥ 700	$ 8,397
Foreign bills of exchange payable	288	887	2,567
Total	¥1,230	¥1,587	$10,964

8. OTHER ASSETS

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

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Accrued income	¥ 5,082	¥ 6,296	$ 45,298
Accounts receivable	11,324	9,386	100,936
Installment receivables	12,094	10,348	107,799
Derivative assets	3,821	5,540	34,058
Other	25,253	9,890	225,092
Total	¥57,574	¥41,460	$513,183

9. PREMISES AND EQUIPMENT

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

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Land	¥46,319	¥46,624	$412,862
Building	13,553	13,452	120,804
Construction in progress	138	495	1,230
Other	6,095	5,900	54,328
Total	¥66,105	¥66,471	$589,224

The accumulated depreciation of premises and equipment as of March 31, 2017 and 2016, amounted to ¥59,000 million ($525,894 thousand) and ¥59,230 million, respectively.

10. CUSTOMERS' LIABILITIES FOR ACCEPTANCES AND GUARANTEES

All contingent liabilities arising from acceptances and guarantees are reflected in acceptances and guarantees. As a contra account, the customers' liabilities for acceptances and guarantees are presented as assets, representing the Bank's right of indemnity from applicants.

The Enforcement Ordinance of the Banking Law was revised on April 17, 2007, and effective from the fiscal years beginning on and after April 1, 2006. The Bank offsets customer's liabilities for acceptance and guarantees with acceptance and guarantees of ¥17,360 million ($154,737 thousand) and ¥20,666 million arising from guarantees of private placement securities as of March 31, 2017 and 2016, respectively.

11. ASSETS PLEDGED

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

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Assets pledged as collateral:			
Securities	¥195,717	¥490,601	$1,744,514
Lease receivables and investments in leases	49	126	436
Other assets	3,746	93	33,390
Total	¥199,512	¥490,820	$1,778,340
Relevant liabilities to above assets:			
Deposits	¥ 73,107	¥ 98,364	$ 651,636
Payables under repurchase agreements	54,724	108,475	487,780
Payables under securities lending Transactions	50,732	267,253	452,197
Borrowed money	22,148	13,584	197,415
Total	¥200,711	¥487,676	$1,789,028

In addition, the following assets were pledged or deposited with respect to foreign exchange settlements and derivatives as of March 31, 2017 and 2016:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Securities	¥66,162	¥64,281	$589,732
Other assets	7	8	62
Total	¥66,169	¥64,289	$589,794

Additionally, initial margins of futures markets, cash collateral received for financial instruments liabilities, and guarantee deposits included in other assets were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Initial margins of future markets	¥ 897	¥1,032	$ 7,995
Cash collateral received for financial instruments liabilities	1,810	97	16,133
Guarantee deposits	2,094	2,147	18,665
Total	¥4,801	¥3,276	$42,793

12. DEPOSITS

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

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Current deposits	¥ 324,672	¥ 294,305	$ 2,893,948
Ordinary deposits	2,415,425	2,228,684	21,529,771
Deposits at notice	39,204	32,782	349,443
Savings deposits	91,081	90,549	811,846
Time deposits	2,386,548	2,506,855	21,272,377
Other deposits	84,849	96,967	756,297
Total	¥5,341,779	¥5,250,142	$47,613,682

13. BORROWED MONEY AND LEASE OBLIGATION

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

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Borrowings due serially to June 2022 with weighted average interest rates of 0.57% in 2017 and 0.57% in 2016	¥46,744	¥45,848	$416,650
Lease obligation	79	125	704

Weighted average interest rates of lease obligation are not represented because lease obligation is disclosed on the balance sheet without deducting the interest portion which is included in the amount of lease obligation.

Annual maturities of borrowings as of March 31, 2017 and 2016, were as follows:

As of March 31, 2017, for the years ending March 31	Millions of Yen	Thousands of U.S. Dollars
2018	¥32,644	$290,971
2019	5,865	52,277
2020	4,071	36,287
2021	2,903	25,876
2022	1,233	10,990
2023 and thereafter	28	249
Total	¥46,744	$416,650

As of March 31, 2016, for the years ending March 31	Millions of Yen
2017	¥24,045
2018	6,179
2019	4,017
2020	2,223
2021	1,048
2022 and thereafter	8,336
Total	¥45,848

Borrowings include subordinated loans of the Bank, which amounted to nil and ¥8,000 million as of March 31, 2017 and 2016, respectively.

Annual maturities of lease obligation as of March 31, 2017 and 2016, were as follows:

As of March 31, 2017, for the years ending March 31	Millions of Yen	Thousands of U.S. Dollars
2018	¥46	$410
2019	33	294
2020	—	—
2021	—	—
2022	—	—
Total	¥79	$704

As of March 31, 2016, for the years ending March 31	Millions of Yen
2017	¥ 46
2018	46
2019	33
2020	—
2021	—
Total	¥125

14. BONDS

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

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Unsecured Yen subordinated bonds due December 2022 (*)	¥10,000	¥10,000	$89,135
Total	¥10,000	¥10,000	$89,135

(*) The interest rates of the bonds are 1.01% for the period from December 22, 2012 to December 21, 2017 and the six-month Euroyen London InterBank Offered Rate plus 2.20% for the period from December 22, 2017 to December 21, 2022.

15. OTHER LIABILITIES

Other liabilities as of March 31, 2017 and 2016, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Domestic exchange settlement account, credit (*)	¥ 59	¥ 75	$ 526
Income taxes payable	535	3,235	4,769
Accrued expenses	3,655	4,825	32,578
Deferred income	13,291	12,705	118,469
Employees' deposits	2,934	2,877	26,152
Derivative liabilities	4,829	5,360	43,043
Accounts payable	7,564	6,890	67,421
Other	12,145	15,007	108,254
Total	¥45,012	¥50,974	$401,212

(*) The domestic exchange settlement account consisted of outstanding remittance bills from other banks and/or collection bills for which the Bank has received notices for payment from other banks which have not been settled.

16. RETIREMENT AND PENSION PLANS

The Bank has a contributory funded defined benefit pension plan, lump-sum payment severance plan for employees and defined contribution pension plan, and certain subsidiaries have lump-sum payment severance plans for employees and apply the simplified method to state the liability based on the amount that would be paid if employees retired at the consolidated balance sheet date. The Bank contributed certain assets to the employee retirement benefit trust for the Bank's contributory funded defined benefit pension plan and the assets in this trust are qualified as plan assets.

The Bank has transferred a portion of its defined benefit corporate pension plan to a defined contribution pension plan, effective from April 1, 2016.

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

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Balance at beginning of year	¥51,412	¥43,999	$458,259
Current service cost	2,020	2,022	18,005
Interest cost	158	543	1,408
Actuarial losses	284	6,747	2,531
Benefits paid	(2,175)	(1,899)	(19,387)
Decrease due to the transfer to a defined contribution pension plan	(4,663)	—	(41,563)
Balance at end of year	¥47,036	¥51,412	$419,253

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

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Balance at beginning of year	¥44,546	¥46,192	$397,059
Expected return on plan assets	995	1,125	8,869
Actuarial (gains) losses	1,440	(2,897)	12,835
Contributions from the employer	463	1,759	4,126
Benefits paid	(1,591)	(1,633)	(14,181)
Decrease due to the transfer to a defined contribution pension plan	(4,275)	—	(38,105)
Balance at end of year	¥41,578	¥44,546	$370,603

(3) Reconciliation between the liability recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets as of March 31, 2017 and 2016, was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Funded defined benefit obligation	¥40,366	¥44,803	$359,800
Plan assets	(41,578)	(44,546)	(370,603)
Effect of the transfer to a defined contribution pension plan	—	244	—
	(1,212)	501	(10,803)
Unfunded defined benefit obligation	6,670	6,609	59,453
Net liability arising from defined benefit obligation	¥ 5,458	¥ 7,110	$ 48,650

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Liability for retirement benefits for employees	¥6,670	¥7,110	$59,453
Asset for retirement benefits for employees	(1,212)	—	(10,803)
Net liability arising from defined benefit obligation	¥5,458	¥7,110	$48,650

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

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Service cost	¥2,020	¥2,022	$18,006
Interest cost	158	543	1,408
Expected return on plan assets	(995)	(1,125)	(8,869)
Recognized actuarial (losses) gains	1,247	(234)	11,115
Net periodic benefit costs	¥2,430	¥1,206	$21,660
Gain or loss from the transfer to a defined contribution pension plan (*1)	¥ —	¥ 244	$ —

(*1) The loss is recognized as "Loss on revision of retirement benefit plan" in the consolidated statement of income for the year ended March 31, 2016.

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

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Actuarial (losses) gains	¥3,035	¥(9,878)	$27,052
Total	¥3,035	¥(9,878)	$27,052

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

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Unrecognized actuarial losses	¥3,235	¥6,270	$28,835
Total	¥3,235	¥6,270	$28,835

(7) Plan assets

(a) Components of plan assets

Plan assets consisted of the following:

	2017	2016
Debt investments	30%	28%
Equity investments	44	38
General account for life insurance	22	20
Others	4	14
Total	100%	100%

(*1) The retirement benefit trust that contributed to the pension plan is included in the plan assets and constitutes 17% and 15% of the total plan assets as of March 31, 2017 and 2016, respectively.

(b) Method of determining the expected rate of return on plan assets

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

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

	2017	2016
Discount rate:		
Lump-sum payment	0.084%	0.084%
Pension plan	0.382%	0.382%
Expected rate of return on plan assets	3.000%	3.000%

The amount to be paid to defined contribution pension plan was ¥356 million ($3,173 thousand) for the year ended March 31, 2017.

The effect resulting from a transfer of a portion of its defined benefit pension plan to defined contribution pension plan for the year ended March 31, 2017 was as follows:

	Millions of Yen	Thousands of U.S. Dollars
Decrease in defined benefit obligation	¥(4,663)	$(41,563)
Total amount of plan assets transferred to defined contribution pension plan	4,275	38,105
Subtotal	(388)	(3,458)
Recognized actuarial losses	632	5,633
Total	¥ 244	$ 2,175

The loss resulting from the transfer is recognized as "Loss on revision of retirement benefit plan" in the consolidated statement of income for the year ended March 31, 2016.

17. ASSET RETIREMENT OBLIGATIONS

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

Asset retirement obligations are calculated based on the estimated available periods of 10 to 47 years depending on the expected useful lives of buildings using discount rates from 1.395% to 2.461%.

The changes in asset retirement obligations, which are included in other liabilities, for the years ended March 31, 2017 and 2016, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Balance at beginning of year	¥195	¥196	$1,738
Reconciliation associated with passage of time	4	4	36
Decrease due to fulfillment of asset retirement obligations	(6)	(5)	(54)
Balance at end of year	¥193	¥195	$1,720

18. EQUITY

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

(a) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders' meeting. Additionally, for companies that meet certain criteria, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. However, the Bank cannot do so because it does not meet the criteria. Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

(b) Treasury stock and treasury stock acquisition rights

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

Other than above, the Japanese Banking Law provides that an amount equal to at least 20% of the aggregate amount of cash dividends and certain other cash payments which are made as an appropriation of retained earnings applicable to each fiscal period shall be set aside as a legal reserve until the total additional paid-in capital and legal reserve equals 100% of stated capital. The amount of total additional paid-in capital and legal reserve which exceeds 100% of stated capital can be transferred to retained earnings by resolution of the shareholders, which may be available for dividends. The Bank's legal reserve amount, which is included in retained earnings, totals ¥20,155 million ($179,651 thousand) and ¥20,155 million as of March 31, 2017 and 2016, respectively.

19. STOCK OPTIONS

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

Stock Option	Persons Granted	Number of Options Granted	Date of Grant	Exercise Price	Exercise Period
2013 Stock Option	11 directors	126,200 shares	2013.7.23	¥1 ($0.01)	From July 24, 2013 to July 23, 2043
2014 Stock Option	11 directors	155,500 shares	2014.7.23	¥1 ($0.01)	From July 24, 2014 to July 23, 2044
2015 Stock Option	10 directors	96,000 shares	2015.7.23	¥1 ($0.01)	From July 24, 2015 to July 23, 2045
2016 Stock Option	7 directors 8 executive officers	163,500 shares	2016.7.22	¥1 ($0.01)	From July 23, 2016 to July 22, 2046

The stock option activity is as follows:

	2013 Stock Option	2014 Stock Option	2015 Stock Option	2016 Stock Option
Year Ended March 31, 2017				
Non-vested				
March 31, 2016—Outstanding	—	—	24,000	—
Granted	—	—	—	163,500
Canceled	—	—	—	—
Vested	—	—	24,000	122,625
March 31, 2017—Outstanding	—	—	—	40,875
Vested				
March 31, 2016—Outstanding	69,700	147,900	72,000	—
Vested	—	—	24,000	122,625
Exercised	19,700	45,100	31,200	—
Canceled	—	—	—	—
March 31, 2017—Outstanding	50,000	102,800	64,800	122,625
Exercise price	¥ 1 ($0.01)	¥ 1 ($0.01)	¥ 1 ($0.01)	¥ 1 ($0.01)
Average stock price at exercise	¥259 ($2.31)	¥259 ($2.31)	¥259 ($2.31)	— —
Fair value price at grant date	¥365 ($3.25)	¥320 ($2.85)	¥464 ($4.14)	¥239 ($2.13)

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

Estimate method:	Black-Scholes option pricing model
Volatility of stock price:	29.674%
Estimated remaining outstanding period:	5.6 years
Estimated dividend:	¥7 ($0.06) per share
Risk free interest rate:	(0.337)%

20. OTHER OPERATING INCOME

Other operating income for the years ended March 31, 2017 and 2016, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Gains on sales of Japanese government bonds and other	¥16,562	¥ 7,643	$147,624
Income on lease transaction and installment receivables	20,588	19,774	183,510
Other	2,199	2,198	19,601
Total	¥39,349	¥29,615	$350,735

21. OTHER INCOME

Other income for the years ended March 31, 2017 and 2016, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Gain on sales of stock and other securities	¥3,772	¥1,684	$33,621
Reversal for possible loan losses	3,302	—	29,432
Other	2,822	2,756	25,154
Total	¥9,896	¥4,440	$88,207

22. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the years ended March 31, 2017 and 2016, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Salaries and wages	¥22,608	¥23,064	$201,515
Other	33,528	32,246	298,850
Total	¥56,136	¥55,310	$500,365

23. OTHER EXPENSE

Other expense for the years ended March 31, 2017 and 2016, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Loss on sales of stock and other securities	¥1,026	¥1,541	$ 9,145
Other	1,608	1,639	14,333
Total	¥2,634	¥3,180	$23,478

24. INCOME TAXES

The Bank and its subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 30.14% and 32.28% for the years ended March 31, 2017 and 2016, respectively.

The tax effects of significant temporary differences and tax loss carryforwards, which result in deferred tax assets and liabilities as of March 31, 2017 and 2016, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Deferred tax assets:			
Reserve for possible loan losses	¥ 6,779	¥ 9,017	$ 60,424
Liability for retirement benefits for employees	3,304	4,101	29,450
Write-down of securities	2,220	2,336	19,788
Depreciation	1,311	1,319	11,685
Other	2,077	2,250	18,513
Less: Valuation allowance	(4,502)	(5,481)	(40,128)
Total	11,189	13,542	99,732
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities	(19,914)	(27,229)	(177,502)
Gain on contribution of available-for-sale securities to employees' retirement benefit trusts	(1,018)	(1,018)	(9,074)
Other	(582)	(481)	(5,188)
Total	(21,514)	(28,728)	(191,764)
Net deferred tax assets	¥(10,325)	¥(15,186)	$ (92,032)

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

	2017	2016
Normal effective statutory tax rate	30.14%	32.28%
Expenses not deductible for income tax purposes	0.82	0.51
Income not taxable for income tax purposes	(1.41)	(1.01)
Per capita tax	0.59	0.40
Net change in valuation allowance	(6.87)	(1.34)
Reduction in year-end deferred tax assets (liabilities) due to tax-rate change	—	2.16
The effect of variance with the future effective statutory tax rate	0.05	0.33
Other – net	0.87	0.57
Actual effective tax rate	24.19%	33.90%

25. LEASES

Finance leases

(Lessee)

A subsidiary leases certain premises.

There was no rental expense including lease payments under the finance leases for the years ended March 31, 2017 and 2016.

(Lessor)

A subsidiary leases certain equipment and other assets.

The net investments in leases as of March 31, 2017 and 2016, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Gross lease receivables	¥47,465	¥46,625	$423,077
Unguaranteed residual values	1,534	1,416	13,673
Deferred interest income	(4,364)	(4,401)	(38,898)
Total	¥44,635	¥43,640	$397,852

Maturities of lease receivables for finance leases that were deemed to transfer ownership of the leased assets to the lessee are as follows:

As of March 31, 2017, for the years ending March 31	Millions of Yen	Thousands of U.S. Dollars
2018	¥ 866	$ 7,719
2019	727	6,480
2020	595	5,303
2021	583	5,197
2022	370	3,298
2023 and thereafter	471	4,198
Total	¥3,612	$32,195

As of March 31, 2016, for the years ending March 31	Millions of Yen
2017	¥ 968
2018	708
2019	540
2020	409
2021	434
2022 and thereafter	476
Total	¥3,535

Maturities of investment in leases for finance leases that were deemed not to transfer ownership of the leased assets to the lessee are as follows:

As of March 31, 2017, for the years ending March 31	Millions of Yen	Thousands of U.S. Dollars
2018	¥12,449	$110,964
2019	10,685	95,240
2020	8,446	75,283
2021	6,430	57,313
2022	4,267	38,034
2023 and thereafter	5,188	46,243
Total	¥47,465	$423,077

As of March 31, 2016, for the years ending March 31	Millions of Yen
2017	¥12,176
2018	10,316
2019	8,461
2020	6,210
2021	4,221
2022 and thereafter	5,241
Total	¥46,625

Operating leases

(Lessee)

The minimum rental commitments under noncancelable operating leases as of March 31, 2017 and 2016, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Due within one year	¥ 301	¥ 307	$ 2,683
Due after one year	3,129	3,422	27,890
Total	¥3,430	¥3,729	$30,573

(Lessor)

Expected future rental revenues under operating leases as of March 31, 2017 and 2016 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Due within one year	¥250	¥ 456	$2,228
Due after one year	357	856	3,182
Total	¥607	¥1,312	$5,410

26. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

(1) Group policy for financial instruments

The Group provides banking services and comprehensive financial services including a leasing business. The Group meets the needs of local business through providing various products and services in the banking services, lending services, trading of securities, securities investments and other financial services such as a derivatives business. The Group has aligned its operations with local personnel and businesses and raises funds from deposits from customers, which are low cost and stable. The Group also raises funds by borrowing.

As for loans and bills discounted in the money management system, the Group finances local companies based on their capital demands and individuals mainly for home mortgages. As its main resources are bank deposits from customers, the Group aims to ensure the soundness of the assets through appropriate credit decisions and credit rating by understanding the current credit status and managing the credit portfolio to prevent concentrations in specific customers or industries. In marketable securities, considering the nature that it is engaged in excess fund management relating to lending services and its responsibility as a bank to provide settlement services, the Group focuses on running a fund based on public bonds, which is superior in security and liquidity. To build up a portfolio that is less subject to rising interest rates, the Group invests in risk assets such as securities whose values are expected to be less correlated with bonds.

The Group executes derivative transactions to fund and invest capital to meet the various needs of its customers as well as to meet its own needs. In trading transactions, the Group avoids excessive risk by restricting the type of transactions and limiting the volume of transactions. Also, the Group will not trade a particular investment if its fair value is volatile compared to that of the underlying assets (i.e. high leverage-effect transaction).

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

The loans and bills discounted are to general business enterprises, individuals, and local public bodies, and there is a risk (credit risk) that the value of loaned money is reduced by financial deterioration of the borrower and a risk (interest risk) of losses due to changes in interest rates.

In securities, the Group holds domestic bonds which are comprised mainly of public bonds such as government bonds and local government bonds, foreign securities, which are comprised of mainly US Treasury, stocks, investment trusts, and investment partnerships and so forth for investment purposes. Also, the Group holds certain domestic bonds for held-to-maturity purposes. In trading securities, the Group holds domestic bonds for trading. These items have interest risk, risk of changes in price, credit risk, and market liquidity risk. Market liquidity risk represents the risk that market trades cannot be performed due to market turmoil and that the Group may suffer losses due to significantly unfavorable financing conditions.

Deposits and borrowed money hold interest risk and cash flow risk (liquidity risk). Cash flow risk refers to the risk that securing necessary financing becomes difficult or significant unfavorable financing conditions result in recording of loss due to a mismatch of periods between operations and financing and unexpected outflows of money. Derivative transactions related to interest are comprised of interest-rate swap agreements, cap agreements, floor agreements, and interest futures.

Derivative transactions related to currency are comprised of exchange contracts, non-deliverable forwards (NDF), currency swap agreements, and currency option contracts. Derivative transactions related to securities are comprised of bond futures, options on bond futures, OTC bond options, stock index futures, options on stock index futures, and individual security options.

The Group utilizes derivative transactions to meet customer needs and to control risk so that interest risk, risk of changes in prices, and foreign currency exchange risk are not excessive. In trading transactions, the Group utilizes derivative transactions to earn a profit and to accumulate the know-how related to the transactions and understand market trends.

The derivative transactions the Group utilizes are exposed to interest risk, currency exchange risk, the risk of change in prices, and credit risk. In utilizing derivative transactions, the Group performs effective covering of transactions to meet customers' needs, and in trading transactions, the Group preliminarily establishes a risk limit to avoid exposing the Group to an excessive degree of market risk. Transactions such as listed futures are exposed to limited credit risk and OTC transactions such as interest swaps are assumed to have low risk since the counterparties are comprised of highly credible financial institutions and companies.

Some of the derivatives utilized to control the risks from securities are recorded on the basis of hedge accounting in accordance with JICPA Accounting Practice Committee Report No. 14, "Practical Guideline for Accounting for Financial Instruments".

(3) Risk management for financial instruments

Integrated Risk

The Group defines integrated risk management policies and regulations, and strengthens integrated risk management to ensure the soundness of management.

The Group monitors various risks holistically including measurement by statistical methods and aims to control risks within the range of management vitality. Specifically, the Group allocates risk capital to credit risk, market risk, and operational risk based on Value at Risk ("VaR") calculations according to assumptions about the market fluctuation rate and its half year business plan. In each operational division, the Group aims to control risk and obtain returns within the range of risk capital. Integrated risk is managed by the Risk Management Division and is reported monthly to the Integrated Risk Management Council and quarterly to the Board of Directors meetings. Necessary actions such as risk control are taken promptly.

Credit Risk Management

The Group defines credit risk management policy and rules such as credit risk management regulation to understand, manage and take actions on credit risk appropriately.

In screening requests for loans, the Group clearly separates the credit department from the operating department and the Group performs strict examination by the type of business. Also, the Group analyzes if repayment resources are ensured and reasonably secured on individual loans based on the purpose of the loan, business plans and investment effects.

For credit portfolio management, the Group aims to prevent concentrations in particular customers or industries and ensure profits to meet credit costs.

In addition, in order to improve credit risk, the Group seeks to implement management and business restructuring for customers experiencing difficult business conditions.

Regarding credit risk management, the Group defines a credit rating system where the Group evaluates the degree of credit risk by an integrated scale objectively and makes arrangements to reevaluate credit ratings close to fiscal year end or when there are any changes in credit status.

As for the level of credit risk and degree of concentration of credit granting, the Risk Management Division manages credit risk, reports monthly to the Integrated Risk Management Council and quarterly to management and discusses necessary actions.

Market risk management (foreign exchange risk and interest rate risk)

The Group considers interest risk, currency risk and the risk of change in prices as the main market risks and institutes a market risk management policy to manage the risks properly to avoid a reduction in the value of assets and losing credit. The Group also institutes market risk management regulations according to the market risk management policy to clarify the identification of market risk, the role of the department in charge, the method of evaluation and monitoring and the methods for controlling and reducing market risk.

Under integrated risk management, the Group allocates risk capital to each business (deposit, loan, investment securities and other securities) and establishes a cap on the investment amount and a maximum loss amount and matters to be discussed (level of loss to be re-examined). The Group handles market transactions within these risk limits expeditiously and effectively. With regard to these risks, the Risk Management Division manages and reports monthly to the Integrated Risk Management Council and quarterly to the Board of Directors meetings and discusses necessary actions.

Regarding derivative transactions, the Group follows internal regulations and policies. The market-risk-management department (middle office) and office-work department (back office) manage and monitor the balance, fair value, profit and loss and measurement of risk of the transactions and report to top-management regularly to ensure mutual supervision of risks. Especially in trading transactions, the market-risk-management department (middle office) manages the positions, measurement of risk and application for loss cut rule closely.

The Group holds financial instruments which are exposed to market risks (e.g. interest-rate risk, price-volatility risk and exchange risk) such as loans and bills discounted, securities, deposits, negotiable deposits, borrowed money and corporate bonds. To manage these market risks, the Group calculates VaR, which is used for quantitative analysis.

The Group calculates VaR of private placement bonds, borrowed money and corporate bonds which are exposed to interest-rate risk by the variance-covariance method (six months holding period with confidence interval of 99%, observation period one year). The VaR of these financial instruments amounted to ¥20,289 million ($180,845 thousand) and ¥25,573 million in aggregate as of March 31, 2017 and 2016, respectively.

The Group calculates VaR of investment securities which are exposed to price-volatility risk by the variance-covariance method (six months holding period with confidence interval of 99%, observation period one year). The VaR of these financial instruments amounted to ¥38,513 million ($343,284 thousand) and ¥42,693 million in aggregate as of March 31, 2017 and 2016, respectively.

In addition, the Group calculates VaR of securities, excluding investment securities, which are exposed to interest-rate risk or the price volatility risk by the variance-covariance method (six months holding period with confidence interval of 99%, observation period one year). The VaR of these financial instruments amounted to ¥23,103 million ($205,927 thousand) and ¥50,611 million in aggregate as of March 31, 2017 and 2016, respectively.

The Group compares VaR calculated by the formula with the actual fluctuation of realized gains and losses to verify that the calculated VaR reflects market risks with a high degree of accuracy.

However, VaR might not reflect market risks in circumstances such as unforeseen wide fluctuations in market circumstances because VaR reflects a certain amount of market risks calculated statistically based on historical fluctuation.

Liquidity risk management

As to liquidity risk, the Group defines liquidity risk management policies and liquidity risk management regulations, and aims to manage stable cash flows. Also, to be prepared for unforeseeable circumstances, the Group defines a contingency plan for liquidity risks and addresses them in a timely manner.

(4) Fair values of financial instruments

Fair values of financial instruments are based on quoted prices in active markets. If quoted prices are not available, other rational valuation techniques are used instead. Please see Note 28 for the details of the fair value of derivatives. Fair values are calculated based on certain assumptions, therefore fair values may vary according to the assumptions used.

(a) Fair value of financial instruments

	Millions of Yen		
March 31, 2017	Carrying Amount	Fair Value	Unrealized Gains/Losses
Cash and due from banks	¥ 486,264	¥ 486,264	—
Trading securities	790	790	—
Money held in trust	7,007	7,007	—
Securities			
Held-to-maturity securities	16,990	17,061	¥ 71
Available-for-sale securities	1,305,752	1,305,752	—
Loans and bills discounted	4,024,458		
Less: Reserve for possible loan losses	(26,908)		
Loans and bills discounted – net	3,997,550	4,019,443	21,893
Total	¥5,814,353	¥5,836,317	¥21,964
Deposits	¥5,341,779	¥5,343,128	¥ 1,349
Negotiable certificates of deposit	97,679	97,679	—
Payables under repurchase agreements	54,724	54,724	—
Payables under securities lending transactions	50,732	50,732	—
Total	¥5,544,914	¥5,546,263	¥ 1,349
Derivatives to which hedge accounting is not applied	¥ (1,008)	¥ (1,008)	—

	Millions of Yen		
March 31, 2016	Carrying Amount	Fair Value	Unrealized Gains/Losses
Cash and due from banks	¥ 327,470	¥ 327,470	—
Trading securities	1,103	1,103	—
Money held in trust	7,012	7,012	—
Securities			
Held-to-maturity securities	20,235	20,505	¥ 270
Available-for-sale securities	1,760,739	1,760,739	—
Loans and bills discounted	3,929,566		
Less: Reserve for possible loan losses	(33,990)		
Loans and bills discounted – net	3,895,576	3,924,447	28,871
Total	¥6,012,135	¥6,041,276	¥29,141
Deposits	¥5,250,142	¥5,252,662	¥ 2,520
Negotiable certificates of deposit	72,588	72,588	—
Payables under repurchase agreements	108,475	108,475	—
Payables under securities lending transactions	267,253	267,253	—
Total	¥5,698,458	¥5,700,978	¥ 2,520
Derivatives to which hedge accounting is not applied	¥ 180	¥ 180	—

	Thousands of U.S. Dollars		
March 31, 2017	Carrying Amount	Fair Value	Unrealized Gains/Losses
Cash and due from banks	$ 4,334,290	$ 4,334,290	—
Trading securities	7,042	7,042	—
Money held in trust	62,456	62,456	—
Securities			
Held-to-maturity securities	151,439	152,072	$ 633
Available-for-sale securities	11,638,756	11,638,756	—
Loans and bills discounted	35,871,807		
Less: Reserve for possible loan losses	(239,843)		
Loans and bills discounted – net	35,631,964	35,827,106	195,142
Total	$51,825,947	$52,021,722	$195,775
Deposits	$47,613,682	$47,625,706	$ 12,024
Negotiable certificates of deposit	870,657	870,657	—
Payables under repurchase agreements	487,780	487,780	—
Payables under securities lending transactions	452,197	452,197	—
Total	$49,424,316	$49,436,340	$ 12,024
Derivatives to which hedge accounting is not applied	$ (8,985)	$ (8,985)	—

Assets

Cash and due from banks

The carrying amount of cash and due from banks with no maturities represents the fair value because the fair value approximates such carrying amount.

Trading securities

For securities such as bonds that are held for trading, the fair value is determined based on the prices quoted by the exchange or the financial institutions from which these securities are purchased.

Money held in trust

For securities that are part of trust property in an independently managed monetary trust with the primary purpose to manage securities, the fair value of equity securities is determined based on the prices quoted by the exchange and the fair value of bonds is determined based on the prices quoted by the exchange or the financial institutions from which they are purchased. Information on money held in trust by classification is included in Note 5, "Money Held in Trust."

Securities

The fair value of equity securities is determined based on the prices quoted by the exchange and the fair value of bonds is determined based on the prices quoted by the exchange or the financial institutions from which they are purchased. The fair value of investment trusts is determined based on the publicly available price.

For privately placed guaranteed bonds held by the Bank, the fair value is determined based on the present value of expected future cash flows, which is adjusted to reflect default risk, amounts to be collected from collateral and guarantees and guarantee fees, and discounted at an interest rate based on the market interest rate as of the date of evaluation with certain adjustments.

Information on securities by classification is included in Note 4, "Trading securities and Securities."

Loans and bills discounted

For loans with variable interest rates, the fair value approximates the carrying value because it reflects the market interest rate in the short term as long as the credit status of the borrower has not changed significantly. For loans with fixed interest rates, the fair value is calculated by bundling the type of loans and the internal credit rating using the expected future cash flows, which are discounted by the risk free rate and certain management costs. As for certain consumer loans such as home mortgages, fair value is calculated by discounting the total loan principal with the same rate as a similar loan. Also, for consumer loans that mature within one year, the fair value approximates the carrying value due to the short maturities. In addition, as for loans to legally bankrupt borrowers, virtually bankrupt borrowers, and potentially bankrupt borrowers, the fair value is calculated by deducting the allowance, which is calculated based on the present value of the estimated future cash flow or the estimated collection of cash from collateral and guarantee, from the balance in the consolidated balance sheet date. Therefore, the book value approximates the fair value. Regarding loans which do not have repayment terms because the outstanding amount of the loan is limited to the value of collateral assets, the fair value approximates the carrying value because of the estimated repayment periods and conditions of interest.

Liabilities

Deposits and negotiable certificates of deposit

For demand deposits, the amount payable on demand as of the consolidated balance sheet date (i.e., the carrying amount) is considered to be the fair value. Time deposits are grouped by certain maturity lengths and their fair value is calculated by discounting future cash flows with the same interest rate as that of accepted new deposits. For the deposits and negotiable certificates of deposits with the repayment period within one year, the fair value approximates the carrying value due to the short maturities.

Payables under repurchase agreements and Payables under securities lending transactions

For payables under repurchase agreements and payables under securities of deposit, the contract term is short (within one year). Therefore, the fair value approximates the carrying value due to the short maturities.

Derivatives

Information regarding the fair value for derivatives is included in Note 28.

(b) Financial instruments whose fair value cannot be reliably determined

	Carrying amount		
	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Unlisted equity securities	¥ 7,220	¥ 7,252	$ 64,355
Investments in unconsolidated subsidiaries	555	236	4,947
Others	8,595	3,112	76,611
Total	¥16,370	¥10,600	$145,913

Since the fair values of unlisted stocks cannot be reliably determined, their fair values are not disclosed.

The impairment losses on unlisted stocks for the years ended March 31, 2017 and 2016, were ¥6 million ($53 thousand) and ¥50 million, respectively.

(5) Maturity analysis for financial assets, securities and financial liabilities with contractual maturities

	Millions of Yen			
March 31, 2017	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through Ten Years	Due after Ten Years
Cash and due from banks	¥ 425,871	—	—	—
Securities:				
Held-to-maturity securities:				
Debt securities:				
Corporate bonds	4,269	¥ 9,642	¥ 3,079	—
Available-for-sale securities with contractual maturities:				
Debt securities:				
National government bonds	30,000	340,200	67,400	—
Local government bonds	35,183	89,578	77,238	—
Corporate bonds	73,908	94,355	4,825	¥ 61,331
Other	2,939	59,062	147,377	51,995
Loans and bills discounted (*1)	960,198	1,184,585	745,319	1,037,482
Total	¥1,532,368	¥1,777,422	¥1,045,238	¥1,150,808

	Millions of Yen			
March 31, 2017	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through Ten Years	Due after Ten Years
Deposits	¥4,717,017	¥624,753	¥9	—
Negotiable certificates of deposit	97,679	—	—	—
Payables under repurchase agreements	54,724	—	—	—
Payables under securities lending transactions	50,732	—	—	—
Total	¥4,920,152	¥624,753	¥9	—

	Millions of Yen			
March 31, 2016	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through Ten Years	Due after Ten Years
Cash and due from banks	¥ 255,609	—	—	—
Securities:				
Held-to-maturity securities:				
Debt securities:				
Corporate bonds	5,837	¥ 11,545	¥ 2,853	—
Available-for-sale securities with contractual maturities:				
Debt securities:				
National government bonds	4,800	378,200	138,400	¥ 45,000
Local government bonds	21,861	121,293	85,963	—
Corporate bonds	49,433	166,789	20,752	67,289
Other	18,700	59,144	349,676	31,244
Loans and bills discounted (*1)	970,293	1,115,091	752,167	969,263
Total	¥1,326,533	¥1,852,062	¥1,349,811	¥1,112,796

	Millions of Yen			
March 31, 2016	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through Ten Years	Due after Ten Years
Deposits	¥4,564,472	¥685,666	¥4	—
Negotiable certificates of deposit	72,588	—	—	—
Payables under repurchase agreements	108,475	—	—	—
Payables under securities lending transactions	267,253	—	—	—
Total	¥5,012,788	¥685,666	¥4	—

	Thousands of U.S. Dollars			
March 31, 2017	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through Ten Years	Due after Ten Years
Cash and due from banks	$ 3,795,980	—	—	—
Securities:				
Held-to-maturity securities:				
Debt securities:				
Corporate bonds	38,051	$ 85,943	$ 27,445	—
Available-for-sale securities with contractual maturities:				
Debt securities:				
National government bonds	267,404	3,032,356	600,766	—
Local government bonds	313,602	798,449	688,457	—
Corporate bonds	658,775	841,029	43,007	$ 546,671
Other	26,197	526,446	1,313,638	463,455
Loans and bills discounted (*1)	8,558,677	10,558,740	6,643,364	9,247,544
Total	$13,658,686	$15,842,963	$9,316,677	$10,257,670

	Thousands of U.S. Dollars			
March 31, 2017	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through Ten Years	Due after Ten Years
Deposits	$42,044,897	$5,568,705	$80	—
Negotiable certificates of deposit	870,657	—	—	—
Payables under repurchase agreements	487,780	—	—	—
Payables under securities lending transactions	452,197	—	—	—
Total	$43,855,531	$5,568,705	$80	—

(*1) Loans and bills discounted whose cash flow cannot be estimated such as "legal bankruptcy," "virtual bankruptcy," and "possible bankruptcy" loans amounting to ¥73,456 million ($654,747 thousand) and ¥97,960 million as of March 31, 2017 and 2016, respectively, and loans and bills discounted with no contractual maturities amounting to ¥23,418 million ($208,735 thousand) and ¥24,792 million as of March 31, 2017 and 2016, respectively, are not included.

Please see Note 13 for annual maturities of borrowed money.

27. COMMITMENTS AND CONTINGENT LIABILITIES

Commitment line contracts on overdrafts and loans are agreements to make loans to customers when they apply for borrowing up to a prescribed amount, as long as there is no violation of any condition in the contracts.

The total amounts of unused open commitments as of March 31, 2017 and 2016, were ¥1,375,147 million ($12,257,305 thousand) and ¥1,380,192 million, respectively. Multi-purpose accounts included in the unused open commitments as of March 31, 2017 and 2016, were ¥679,426 million ($6,056,030 thousand) and ¥715,331 million, respectively. The amounts of unused commitments whose original contract terms were within one year or unconditionally cancelable at any time as of March 31, 2017 and 2016, were ¥1,359,010 million ($12,113,468 thousand) and ¥1,368,828 million, respectively.

Since many of these commitments are expected to expire without being drawn upon, the total amount of unused commitments does not necessarily represent actual future cash flow requirements. Many of these commitments have clauses enabling the Bank and certain subsidiaries to reject the loans to customers or reduce the contract amounts of commitment, in the event monetary conditions have changed and the Bank and certain subsidiaries need to secure claims, or other considerable events have occurred.

In addition, if necessary, the Bank and certain subsidiaries can request the customers to pledge collateral such as premises and securities at the execution of the contracts. After execution, the Bank and certain subsidiaries periodically evaluate the customers' financial position based upon the Bank's internal policy, and take necessary measures to manage the credit exposures, such as revising the terms of contracts or securing the claims.

28. DERIVATIVE INFORMATION

The Bank enters into swaps related to interest rates, foreign exchange forward contracts, swap and option contracts related to currencies, over-the-counter bond options and stock index options contracts related to securities.

Derivative transactions to which hedge accounting is not applied as of March 31, 2017 and 2016

	Millions of Yen			
March 31, 2017	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gains/(Losses)
Over-the-counter Interest-related contracts: Interest rate swap:				
Fixed rate receipt, variable rate payment	¥10,623	¥ 408	¥ 12	¥ 12
Variable rate receipt, fixed rate payment	408	408	(10)	(10)
Over-the-counter Currency-related contracts:				
Currency swap	72,995	42,445	(953)	(953)
Foreign exchange forward:				
Sell	47,444	181	205	205
Buy	27,023	—	(288)	(288)
Currency option:				
Sell	70,980	41,797	(2,802)	903
Buy	72,413	43,015	2,827	(306)
Other:				
Sell	14	—	(4)	(4)
Buy	9	—	5	5
Listed Stock-related contracts: Index option:				
Sell	—	—	—	—
Buy	—	—	—	—
Over-the-counter Bond-related contracts:				
Bond option:				
Sell	—	—	—	—

March 31, 2016	Millions of Yen			
	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gains/(Losses)
Over-the-counter				
Interest-related contracts:				
Interest rate swap:				
Fixed rate receipt, variable rate payment	¥10,647	¥10,647	¥(22)	¥(22)
Variable rate receipt, fixed rate payment	432	432	(15)	(15)
Over-the-counter				
Currency-related contracts:				
Currency swap	87,002	67,527	(876)	(876)
Foreign exchange forward:				
Sell	39,465	329	1,747	1,747
Buy	32,732	205	(378)	(378)
Currency option:				
Sell	79,277	45,700	(3,571)	681
Buy	80,507	46,483	3,290	(298)
Other:				
Sell	41	14	(12)	(12)
Buy	28	9	14	14
Listed				
Stock-related contracts:				
Index option:				
Sell	4,700	—	(19)	5
Buy	1,600	—	22	(1)
Over-the-counter				
Bond-related contracts:				
Bond option:				
Sell	—	—	—	—

March 31, 2017	Thousands of U.S. Dollars			
	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gains/(Losses)
Over-the-counter				
Interest-related contracts:				
Interest rate swap:				
Fixed rate receipt, variable rate payment	$ 94,688	$ 3,637	$ 107	$ 107
Variable rate receipt, fixed rate payment	3,637	3,637	(89)	(89)
Over-the-counter				
Currency-related contracts:				
Currency swap	650,637	378,331	(8,495)	(8,495)
Foreign exchange forward:				
Sell	422,890	1,613	1,827	1,827
Buy	240,868	—	(2,567)	(2,567)
Currency option:				
Sell	632,677	372,555	(24,975)	8,049
Buy	645,450	383,412	25,198	(2,728)
Other:				
Sell	125	—	(36)	(36)
Buy	80	—	45	45
Listed				
Stock-related contracts:				
Index option:				
Sell	—	—	—	—
Buy	—	—	—	—
Over-the-counter				
Bond-related contracts:				
Bond option:				
Sell	—	—	—	—

Notes:
1. Derivative transactions are valued at market and the gains/losses are recognized in the consolidated statement of income.
2. Market values of exchange-traded transactions are based on closing prices on the exchange markets, such as the Tokyo and Osaka International Financial Futures Exchange. Market values of over-the-counter contracts are based on valuation techniques such as the discounted cash flow method and the option pricing calculation models.

29. COMPREHENSIVE INCOME (LOSS)

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

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Unrealized loss on available-for-sale securities:			
Losses arising during the year	¥(27,458)	¥ (8,014)	$(244,746)
Reclassification adjustments to profit or loss	2,918	(10,145)	26,009
Amount before income tax effect	(24,540)	(18,159)	(218,737)
Income tax effect	7,315	7,130	65,202
Total	(17,225)	(11,029)	(153,535)
Deferred losses on derivatives under hedge accounting:			
Losses arising during the year	—	(4,656)	—
Reclassification adjustments to profit or loss	—	4,656	—
Amount before income tax effect	—	—	—
Income tax effect	—	—	—
Total	—	—	—
Land revaluation surplus:			
Reclassification adjustments to profit or loss	—	—	—
Amount before income tax effect	—	—	—
Income tax effect	(0)	395	(0)
Total	(0)	395	(0)
Defined retirement benefit plans:			
Adjustments arising during the year	1,156	(9,644)	10,304
Reclassification adjustments to profit or loss	1,879	(234)	16,748
Amount before income tax effect	3,035	(9,878)	27,052
Income tax effect	(908)	3,013	(8,093)
Total	2,127	(6,865)	18,959
Total other comprehensive loss	¥(15,098)	¥(17,499)	$(134,576)

30. PER SHARE INFORMATION

1. Net income per share

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

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
	Net income attributable to owners of parent	Weighted Average Shares	EPS	
For the year ended March 31, 2017:				
Net income attributable to owners of parent	¥10,036			
Amount not attributable to common shareholders	—			
Basic EPS—Net income available to common shareholders	10,036	373,715	¥26.86	$0.24
Effect of dilutive securities:				
Stock acquisition rights		333		
		333		
Diluted EPS—Net income for computation	¥10,036	374,048	¥26.83	$0.24

	Millions of Yen	Thousands of Shares	Yen
	Net income attributable to owners of parent	Weighted Average Shares	EPS
For the year ended March 31, 2016:			
Net income attributable to owners of parent	¥13,371		
Amount not attributable to common shareholders	—		
Basic EPS—Net income available to common shareholders	13,371	373,663	¥35.78
Effect of dilutive securities:			
Stock acquisition rights		270	
		270	
Diluted EPS—Net income for computation	¥13,371	373,933	¥35.76

2. Net assets per share

Net assets per share as of March 31, 2017 and 2016, were ¥882.01 ($7.86) and ¥902.86, respectively.

Net assets per share of common stock as of March 31, 2017 and 2016, were calculated based on the following:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Total net assets	¥ 347,371	¥ 354,182	$ 3,096,274
Deductions from total net assets:			
Stock acquisition rights	111	106	989
Noncontrolling interests	17,632	16,721	157,162
Net assets attributable to common stock at the end of the fiscal year	329,628	337,355	2,938,123
Number of shares of common stock at the end of the fiscal year used for the calculation of net assets per share (shares in thousands)	373,724	373,650	

31. SUBSEQUENT EVENT

Implementation of Reverse Stock Split

The Board of Directors meeting held on May 12, 2017 resolved to submit a proposal to implement a reverse stock split at the 242nd Annual General Meeting of Shareholders held on June 23, 2017, and it was approved at the said General Meeting of Shareholders. In addition, the same Board of Directors meeting resolved to change the number of shares constituting one unit of common stock and make partial amendments to the Articles of Incorporation on the condition that the proposal on the reverse stock split be approved. The details are as follows.

1. Reverse stock split and change in unit shares

(1) Purpose

Based on the Action Plan for Consolidating Trading Units, all domestic exchanges aim to consolidate shares of common stock per trading unit (the number of shares constituting one unit of stock) of all domestic companies listed on Japanese stock exchanges to 100 shares by October 1, 2018.

The Bank respects the view and has thus decided to change its number of shares constituting one unit of common stock. In line with this change, the Bank will adjust the investment unit to a level deemed appropriate by the stock exchanges (¥50,000 or more and less than ¥500,000). The reverse stock split also aims for shareholders to stably hold the Bank's shares and not to change the number of voting rights of the shareholders.

(2) Details of reverse stock split

(i) Class of share

Common stock

(ii) Method and percentage

The Bank will implement a 1-for-10 reverse stock split based on the number of shares held by shareholders who are registered or recorded in the latest shareholders registry as of September 30 (practically September, 29), 2017.

(iii) Number of shares to be decreased by reverse stock split

	Shares
Aggregate number of outstanding shares before the reverse stock split (As of March 31, 2017)	379,241,348
Number of shares to be decreased by the reverse stock split	341,317,214
Aggregate number of outstanding shares after the reverse stock split	37,924,134

Note: "Number of shares to be decreased by the reverse stock split" and "Aggregate number of outstanding shares after reverse stock the split" are theoretical values calculated by multiplying the ratio of the reverse stock split to the "Aggregate number of outstanding shares before the reverse stock split (As of March 31, 2017)".

(iv) Treatment for fractional shares less of than one share

If fractional shares of less than one share arise as a result of the reverse stock split, such shares shall be subject to a lump-sum disposal in accordance with Article 235 of the Companies Act. The proceeds of said disposal will be allotted to the relevant shareholders in proportion to their respective fractional shares.

(3) Change in unit shares

Effective October 1, 2017, unit shares will be changed from 1,000 shares to 100 shares.

2. Partial amendments to the Articles of Incorporation

Effective October 1, 2017, the aggregate number of authorized shares of common stock and unit shares will be changed from 460 million shares to 46 million shares and 1,000 shares to 100 shares, respectively.

3. Schedule

Date of resolution at the Board of Directors	May 12, 2017
Date of resolution at the Annual General Meeting of Shareholders	June 23, 2017
Effective date of reverse stock split	October 1, 2017 (scheduled)
Effective date of the change in number of unit shares	October 1, 2017 (scheduled)
Effective date of the change in aggregate number of authorized shares	October 1, 2017 (scheduled)
Effective date of the partial amendments to the Articles of Incorporation on reverse stock split and change in unit shares	October 1, 2017 (scheduled)

4. Effect on per share information

Per share information for the years ended March 31, 2017 and 2016 based on the assumption that the reverse stock split was executed at the beginning of the year ended March 31, 2016, is as follows:

	Yen		U.S. Dollars
	2017	2016	2017
Net assets per share	¥8,820.08	¥9,028.63	$78.62
Basic EPS—Net income available to common shareholders	268.56	357.84	2.39
Diluted EPS—Net income for computation	268.32	357.58	2.39

Appropriation of Retained Earnings

On June 23, 2017, the Bank's shareholders authorized an appropriation of retained earnings as follows:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends:		
¥3.50 ($0.03) per share on common stock	¥1,308	$11,659

32. SEGMENT INFORMATION

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

1. Description of reportable segments

The Group's reportable segments are those for which separate financial information is available and regular evaluation by the Group's management is being performed in order to decide how resources are allocated among the Group.

The Group consists of the Bank and six (six in 2016) consolidated subsidiaries. The Group provides banking services-based comprehensive financial services and leasing business. The Group operates its business by units which consists of some branches located in a certain range. However, the Group discloses these units as a segment of the Banking business because their economic nature is similar to each other. Therefore, the Group consists of two reportable segments: banking business and lease business.

The Banking business is operated by the Bank and provides various services such as deposit-taking and lending services, trading securities, securities investment, domestic exchange, foreign exchange, managing bonds, a derivatives business and other related businesses at headquarters and branches of the Bank.

The Lease business is operated by Juroku Lease Co., Ltd. It provides leasing business to meet local customers' needs.

2. Methods of measurement for the amounts of income, profit, assets and other items for each reportable segment

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

3. Information about income, profit, assets, liabilities and other items

	Millions of Yen						
	Reportable Segment						
2017	Banking	Lease	Total	Other	Total	Reconciliations	Consolidated
Ordinary income:							
(1) Outside customers	¥ 99,520	¥21,358	¥ 120,878	¥ 4,918	¥ 125,796	—	¥ 125,796
(2) Intersegment transactions	456	311	767	1,005	1,772	¥ (1,772)	—
Total	¥ 99,976	¥21,669	¥ 121,645	¥ 5,923	¥ 127,568	¥ (1,772)	¥ 125,796
Segment profit	12,017	785	12,802	1,761	14,563	(5)	14,558
Segment assets	5,983,891	67,557	6,051,448	42,416	6,093,864	(55,530)	6,038,334
Other:							
Depreciation	¥ 3,754	¥ 471	¥ 4,225	¥ 71	¥ 4,296	¥ 151	¥ 4,447
Amortization of goodwill	245	—	245	—	245	—	245
Interest income	59,694	56	59,750	263	60,013	(127)	59,886
Interest expense	4,624	221	4,845	22	4,867	(111)	4,756
Provision (reversal) for possible loan losses	(3,718)	277	(3,441)	139	(3,302)	—	(3,302)
Increase in premises and equipment and intangible assets	5,015	427	5,442	58	5,500	86	5,586

	Millions of Yen						
	Reportable Segment						
2016	Banking	Lease	Total	Other	Total	Reconciliations	Consolidated
Ordinary income:							
(1) Outside customers	¥ 88,583	¥20,832	¥ 109,415	¥ 5,130	¥ 114,545	—	¥ 114,545
(2) Intersegment transactions	360	313	673	1,007	1,680	¥ (1,680)	—
Total	¥ 88,943	¥21,145	¥ 110,088	¥ 6,137	¥ 116,225	¥ (1,680)	¥ 114,545
Segment profit	19,069	1,445	20,514	1,876	22,390	(44)	22,346
Segment assets	6,156,724	64,719	6,221,443	40,601	6,262,044	(52,262)	6,209,782
Other:							
Depreciation	¥ 3,645	¥ 407	¥ 4,052	¥ 71	¥ 4,123	¥ 152	¥ 4,275
Amortization of goodwill	245	—	245	—	245	—	245
Interest income	62,733	58	62,791	318	63,109	(142)	62,967
Interest expense	5,443	267	5,710	32	5,742	(128)	5,614
Provision (reversal) for possible loan losses	1,734	(76)	1,658	23	1,681	—	1,681
Increase in premises and equipment and intangible assets	5,081	445	5,526	68	5,594	217	5,811

	Thousands of U.S. Dollars						
	Reportable Segment						
2017	Banking	Lease	Total	Other	Total	Reconciliations	Consolidated
Ordinary income:							
(1) Outside customers	$ 887,067	$190,373	$ 1,077,440	$ 43,836	$ 1,121,276	—	$ 1,121,276
(2) Intersegment transactions	4,065	2,772	6,837	8,958	15,795	$ (15,795)	—
Total	$ 891,132	$193,145	$ 1,084,277	$ 52,794	$ 1,137,071	$ (15,795)	$ 1,121,276
Segment profit	107,113	6,997	114,110	15,697	129,807	(45)	129,762
Segment assets	53,337,116	602,166	53,939,282	378,073	54,317,355	(494,964)	53,822,391
Other:							
Depreciation	$ 33,461	$ 4,198	$ 37,659	$ 633	$ 38,292	$ 1,346	$ 39,638
Amortization of goodwill	2,184	—	2,184	—	2,184	—	2,184
Interest income	532,080	499	532,579	2,344	534,923	(1,132)	533,791
Interest expense	41,216	1,970	43,186	196	43,382	(989)	42,393
Provision (reversal) for possible loan losses	(33,140)	2,469	(30,671)	1,239	(29,432)	—	(29,432)
Increase in premises and equipment and intangible assets	44,701	3,806	48,507	517	49,024	767	49,791

Notes:
1. Ordinary income represents total income less certain extraordinary income included in "Other income" in the accompanying consolidated statement of income.
2. "Other" includes business segments of credit cards, computer services and credit guarantees.
3. Reconciliations mainly represent elimination of intra-segment transactions.
4. Segment profit is adjusted to reconcile to income before income taxes less certain extraordinary items in the accompanying consolidated statement of income.

4. Associated Information

(1) Information about services

	Millions of Yen				
2017	Lending Service	Securities Services	Leasing	Other	Total
Ordinary income:					
Outside customers	¥41,985	¥38,635	¥21,558	¥23,618	¥125,796

	Millions of Yen				
2016	Lending Service	Securities Services	Leasing	Other	Total
Ordinary income:					
Outside customers	¥46,320	¥26,197	¥20,764	¥21,264	¥114,545

	Thousands of U.S. Dollars				
2017	Lending Service	Securities Services	Leasing	Other	Total
Ordinary income:					
Outside customers	$374,231	$344,371	$192,156	$210,518	$1,121,276

(2) Geographical information

(a) Operating revenues

This information is not presented because the Group's revenues in Japan account for more than 90% of revenues in the consolidated statement of income.

(b) Property and equipment

This information is not presented because the Group's property and equipment in Japan account for more than 90% of property and equipment in the consolidated balance sheet.

(3) Information by major customers

This information is not presented because there are no customers for which income account for more than 10% of revenues in the consolidated statement of income.

(4) Information about impairment loss by reportable segments

	Millions of Yen				
2017	Banking	Lease	Other	Elimination/Corporate	Total
Impairment loss on long-lived assets	¥129	—	—	—	¥129

	Millions of Yen				
2016	Banking	Lease	Other	Elimination/Corporate	Total
Impairment loss on long-lived assets	¥77	—	—	—	¥77

	Thousands of U.S. Dollars				
2017	Banking	Lease	Other	Elimination/Corporate	Total
Impairment loss on long-lived assets	$1,150	—	—	—	$1,150

(5) Information about goodwill and negative goodwill by reportable segments

	Millions of Yen				
2017	Banking	Lease	Other	Elimination/Corporate	Total
Amortization of goodwill	¥ 245	—	—	—	¥ 245
Goodwill at March 31, 2017	3,364	—	—	—	3,364
Gain on negative goodwill	—	—	—	—	—

	Millions of Yen				
2016	Banking	Lease	Other	Elimination/Corporate	Total
Amortization of goodwill	¥ 245	—	—	—	¥ 245
Goodwill at March 31, 2016	3,609	—	—	—	3,609
Gain on negative goodwill	—	—	—	—	—

	Thousands of U.S. Dollars				
2017	Banking	Lease	Other	Elimination/Corporate	Total
Amortization of goodwill	$ 2,184	—	—	—	$ 2,184
Goodwill at March 31, 2017	29,985	—	—	—	29,985
Gain on negative goodwill	—	—	—	—	—

Independent Auditors' Report

Deloitte.

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INDEPENDENT AUDITOR'S REPORT

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

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

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Juroku Bank, Ltd. and its consolidated subsidiaries as of March 31, 2017, and the consolidated results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

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

Deloitte Touche Tohmatsu LLC

June 23, 2017

Member of
Deloitte Touche Tohmatsu Limited

Corporate Data

(as of March 31, 2017)

Date of Establishment:
October 10, 1877

Authorized Shares:
460,000 thousand shares

Shares of Common Stock Issued and Outstanding:
379,241 thousand shares

Stock Listed:
First Sections of the Tokyo and Nagoya Stock Exchanges

Paid-in Capital:
¥36,839 million

Number of Common Stock Shareholders:
13,226

Number of Employees:
3,291

10 Principal Shareholders:
Japan Trustee Services Bank, Ltd. (Trust account)
The Bank of Tokyo-Mitsubishi UFJ, Ltd.
Sompo Japan Nipponkoa Insurance Inc.
The Juroku Bank Employee Shareholders' Association
Fuji Baking Group Co., Ltd.
Meiji Yasuda Life Insurance Company
Japan Trustee Services Bank, Ltd. (Trust account 9)
The Master Trust Bank of Japan, Ltd. (Trust Account)
CBNY DFA INTL SMALL CAP VALUE PORTFOLIO
Tokio Marine and Nichido Fire Insurance Co., Ltd.

Affiliates

(as of June 30, 2017)

Name	Business Lines	Established	Capital (¥ Millions)	Equity Stake*	Equity Stake of subsidiaries*
Juroku Business Service Co., Ltd.	Clerical work service	Jan. 1979	10	100.0	—
Juroku Research Institute Co., Ltd.	Business consulting service Survey and research service	Jun. 2013	50	100.0	—
Juroku Card Co., Ltd.	Credit card flotation service	Aug. 1982	55	28.6	43.9
Juroku Lease Co., Ltd.	Leasing service Venture capital service	Mar. 1975	102	36.2	30.3
Juroku Computer Service Co., Ltd.	Computer system development service	Aug. 1985	245	19.0	56.9
Juroku Credit Guarantee Co., Ltd.	Credit guaranty service	May 1979	58	38.0	20.6

*Voting rights held by the Bank, or subsidiaries excluding the Bank, as a percentage of total voting rights.

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(as of June 30, 2017)

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General Manager
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