

## Financial and Corporate Information

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# Management's Discussion and Analysis

## Financial and Economic Environment

In the fiscal year ended March 31, 2017, the Japanese economy continued to stage a gradual recovery, as personal consumption trended firmly as a result of improved employment and income levels and other factors. Corporate earnings also trended at a high level overall, mainly supported by the progression of the yen's depreciation following the U.S. presidential election.

Economic conditions in Chiba Prefecture saw personal consumption trend firmly amid a continuing population inflow, primarily to major urban areas. Chiba Prefecture's economy performed steadily overall, mainly underpinned by progress on the development of transportation infrastructure and various development projects, in addition to an upturn in corporate business performance led by export companies.

Turning to financial market conditions, the unsecured overnight call rate stood at around minus 0.05% throughout the fiscal year. Secondary market yields on long-term government bonds declined as far as around minus 0.2% due to the impact of the negative interest rate policy of the Bank of Japan, but rose to around positive 0.1% mainly due to the impact of the U.S. presidential election. The Nikkei Stock Average had been trending at around ¥16,000, but had rallied to the ¥19,000 level by the second half of the fiscal year.

## Review of FY2016

In this financial and economic environment, the Chiba Bank pushed ahead with "Best Bank 2020—3 years of value creation," a three-year medium-term management plan running from April 2014 to March 2017. Under this plan, we have vigorously implemented various measures to become the "best retail" banking group, providing the highest satisfaction and being highly regarded by our regional customers, including individuals and small- and medium-sized enterprises.

We made a Group-wide effort to focus on regional revitalization. To support the growth of the small- and medium-sized enterprises responsible for regional industries, we proactively implemented measures such as providing loans and support for core businesses based on evaluations of customers' business potential.

Moreover, we commenced demonstration trials of the next-generation branch model as part of our efforts to enhance customer service and streamline operations at branches. Efforts were also made to upgrade and expand the branch network in the 23 wards of Tokyo, which have been positioned as a strategic operating area.

In addition, we stepped up collaborations with other banks. Measures included strengthening the Chiba-Musashino Alliance, a comprehensive alliance with The Musashino Bank, Ltd., and the TSUBASA Alliance for Enhancing Financial Systems, an alliance that transcends regional boundaries.

## Operating Results

Total income decreased by ¥0.8 billion from the previous fiscal year to ¥227.8 billion, mainly due to a decrease in interest income, including interest on loans and discounts. Total expenses increased by ¥7.4 billion from the previous fiscal year to ¥151.2 billion, mainly because there was an increase in general and administrative expenses, primarily reflecting increases in retirement benefit costs in response to a reduction in the discount rate due to the impact of

a negative interest rate policy.

As a result, profit before income taxes decreased by ¥8.2 billion from the previous fiscal year to ¥76.6 billion. Profit attributable to owners of parent decreased by ¥2.7 billion to ¥52.7 billion.

## Cash Flows

Net cash provided by operating activities was ¥361.3 billion, mainly due to an increase in deposits. Net cash provided by investing activities was ¥72.5 billion, mainly due to sales of securities. Net cash used in financing activities was ¥16.8 billion, mainly due to the purchase of treasury shares.

As a result, cash and cash equivalents was ¥1,614.2 billion as of March 31, 2017, an increase of ¥417.0 billion compared with the previous fiscal year-end.

## Financial Condition

The balance of deposits including NCD as of March 31, 2017 was ¥11,984.7 billion, an increase of ¥498.3 billion from the previous fiscal year-end. This increase reflected our efforts to provide a variety of financial products and services, as well as a campaign to encourage customers to make the Chiba Bank their main banking institution for salary and pension payments and other household needs.

The balance of loans and bills discounted increased by ¥499.7 billion from the previous fiscal year-end to ¥9,268.8 billion as of March 31, 2017, reflecting our efforts to actively respond to the borrowing needs of both corporate and individual customers. The balance of securities decreased by ¥74.2 billion from the previous fiscal year-end to ¥2,381.4 billion as of March 31, 2017.

On this basis, the balance of total assets reached ¥14,095.7 billion as of March 31, 2017, an increase of ¥761.8 billion from a year earlier. The balance of net assets amounted to ¥900.5 billion as of the fiscal year-end, an increase of ¥34.1 billion from a year earlier.

## Dividends Policy

In light of the vital public role of the banking sector, the Bank's basic policy is to actively return profits to shareholders through stable dividends and share buybacks while maintaining sound financial health, in conjunction with effectively deploying capital to drive growth. Moreover, our basic dividend policy is to pay out dividends twice a year via an interim dividend and a year-end dividend, with record dates of September 30 and March 31 every year, respectively. The interim dividend is approved by resolution of the Board of Directors, while the year-end dividend is approved by resolution at the Annual General Meeting of Shareholders.

In terms of the dividends for the fiscal year ended March 31, 2017, a year-end dividend of ¥7.5 per share was approved at the Annual General Meeting of Shareholders. As a result, the total annual dividend, including the interim dividend of ¥7.5 per share, was ¥15 per share.

## Outlook for FY2017

For the fiscal year ending March 31, 2018, our earnings forecasts are ordinary profit of ¥78.0 billion and profit attributable to owners of parent of ¥53.0 billion.

Our annual dividend forecast is ¥15 per share, including a projected interim dividend of ¥7.5 per share.

# Asset Quality

The Chiba Bank is constantly working on preserving and improving the quality of its assets by using measures such as proper handling of non-performing loans, prevention of new occurrences of non-performing loans, and support to the financial rehabilitation of borrowers.

Non-performing loans are loans and other claims for which the collection of principal and interest are in doubt because of a bankruptcy or poor business performance.

Interest income from loans and other assets is the primary source of income for a bank. Consequently, difficulties in the collection of loans may have a material impact on a bank's financial condition. To maintain the quality of assets, we have upgraded and enhanced thorough credit screening and risk management systems.

Claims disclosed under the Financial Reconstruction Law were ¥139.0 billion as of March 31, 2017, and the non-performing loan ratio was 1.47%.

The Head Office and branches of the Chiba Bank will continue to work together, while using the resources of Small and Medium Enterprises Revitalization Support Councils and other external organizations, to extend support that enables customers to improve their business operations.

## Self-Assessment and Debtor Classification

Self-assessment of assets is the process whereby financial institutions individually review and analyze assets and classify them on the basis of asset value impairment and the risk of default. Loans and other assets are classified into five categories according to debtor creditworthiness: Normal Debtors, Debtors Requiring Caution, Potentially Bankrupt Debtors, Effectively Bankrupt Debtors, and Bankrupt Debtors. In the Debtors Requiring Caution category, borrowers for whom loan repayment terms have been eased are classified as Substandard Debtors.

## Disposal of Non-Performing Assets

The Chiba Bank has taken appropriate measures to dispose of non-performing assets by implementing write-offs and providing allowances at the end of each quarter on the basis of the results of a rigorous self-assessment of assets. With respect to major debtors, the Chiba Bank calculates the allowance for loan losses using the Discounted Cash Flow (DCF) method for Substandard Assets and Potentially Bankrupt Assets.

Moreover, the allowance for loan losses from Bankrupt Debtors and Effectively Bankrupt Debtors makes up the full amount of the

## Debtor Classification

Normal Debtors	Debtors whose business situation is good and whose financial position gives no cause for concern.
Debtors Requiring Caution	Debtors who are viewed with concern because of stagnant or unstable business performance, including losses.
Potentially Bankrupt Debtors	Debtors who are not currently bankrupt but are seen as being at serious risk of bankruptcy.
Effectively Bankrupt Debtors	Debtors who are bankrupt in real terms, even though legal and formal bankruptcy proceedings have not been implemented.
Bankrupt Debtors	Debtors who have become bankrupt under various circumstances, including bankruptcy procedures, corporate liquidation, corporate rehabilitation and civil rehabilitation.

## Risk-Monitored Loans

(¥ billion)

	Non-Consolidated		Consolidated	
	As of March 31, 2016	As of March 31, 2017	As of March 31, 2016	As of March 31, 2017
Loans to Bankrupt Borrowers	3.1	2.2	2.7	1.8
Delinquent Loans	101.6	83.8	98.8	81.4
Loans Past Due 3 Months or More	1.7	1.3	1.7	1.3
Restructured Loans	44.7	51.4	44.7	51.4
Total	151.3	138.9	148.1	136.2

claims not covered by collateral. The allowance for loan losses from Potentially Bankrupt Debtors is equal to the amount of expected losses calculated on the past loan loss ratio, as a rule.

The coverage ratio, calculated as the allowance for loan losses added to collateral and guarantees stands at 71.1%, indicating a high level of security on the basis of claims disclosed under the Financial Reconstruction Law and limited cause for concern about the occurrence of future losses.

#### Disclosure of Non-Performing Assets

Under banking regulations, disclosure of non-performing assets includes reporting of 1) risk-monitored loans as defined in the Banking Law (hereinafter Risk-monitored Loans) and 2) disclosed claims under the Financial Reconstruction Law.

Disclosure of Risk-monitored Loans includes only the amount of such loans, while disclosed claims under the Financial Reconstruction Law include customers' liabilities for acceptances and guarantees other than loans, accrued interest, foreign exchange, and other assets, with the exception of Substandard Claims.

#### Risk-monitored Loans

In the classification of Risk-monitored Loans, Loans to Bankrupt Borrowers corresponds to Bankrupt Assets under self-assessment, Delinquent Loans corresponds to Effectively Bankrupt Assets and Potentially Bankrupt Assets under self-assessment, and Loans Past Due Three Months or More and Restructured Loans correspond to loans delinquent three months or more and loans for which repayment terms have been eased, respectively, in Assets Requiring Caution.

#### Disclosed Claims under the Financial Reconstruction Law

With regard to disclosure of claims under the Financial Reconstruction Law, the Chiba Bank discloses Claims of Bankrupt Debtors and Effectively Bankrupt Debtors under self-assessment as Bankrupt and Substantially Bankrupt Claims, Claims of Potentially Bankrupt Debtors under self-assessment as Doubtful Claims, and loans delinquent three months or more and loans for which repayment terms have been eased in Claims of Debtors Requiring Caution under self-assessment as Substandard Claims.

#### Disclosed Claims under the Financial Reconstruction Law (Non-Consolidated)

(¥ billion)

	As of March 31, 2016	As of March 31, 2017
Bankrupt and Substantially Bankrupt Claims	19.6	17.8
Doubtful Claims	85.5	68.4
Substandard Claims	46.5	52.8
Total	151.7	139.0
Normal Claims	8,748.9	9,275.2
Non-performing Loan Ratio (%)	1.70	1.47
Coverage Ratio (%)	73.6	71.1

#### Comparison of Classifications under Self-Assessment, Financial Reconstruction Law and Risk-Monitored Loans

(Non-Consolidated) (As of March 31, 2017)

(¥ billion)

Asset Classification under Self-Assessment		Risk-Monitored Loans under the Banking Law		Disclosed Claims under the Financial Reconstruction Law	
Bankrupt Assets and Effectively Bankrupt Assets	17.8	Loans to Bankrupt Borrowers	2.2	Bankrupt and Substantially Bankrupt Claims	17.8
		Delinquent Loans	83.8		
Potentially Bankrupt Assets	68.4			Doubtful Claims	68.4
Assets Requiring Caution	60.5	Loans Past Due 3 Months or More	1.3	Substandard Claims	52.8
		Restructured Loans	51.4		
Other Assets Requiring Caution	895.8			Normal Claims	9,275.2
Normal Assets	8,371.6				
Total Assets	9,414.3	Loans Outstanding	9,305.3	Total Claims	9,414.3

# Consolidated Balance Sheet

The Chiba Bank, Ltd. and Consolidated Subsidiaries  
As of March 31, 2017

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
<b>Assets</b>			
Cash and Due from Banks (Note 27)	¥ 1,806,514	¥ 1,397,413	\$ 16,102,274
Call Loans and Bills Bought	154,078	198,378	1,373,374
Receivables under Resale Agreements	14,999	4,999	133,701
Monetary Claims Bought	21,626	22,051	192,769
Trading Assets (Notes 6 and 33)	129,820	182,592	1,157,148
Money Held in Trust (Note 35)	28,140	36,893	250,829
Securities (Notes 7, 12, 33 and 34)	2,381,490	2,455,700	21,227,296
Loans and Bills Discounted (Notes 8, 12 and 33)	9,268,854	8,769,113	82,617,471
Foreign Exchanges (Note 9)	4,563	2,596	40,679
Other Assets (Notes 10 and 12)	144,579	109,881	1,288,703
Tangible Fixed Assets (Notes 11 and 20)	101,185	101,971	901,908
Intangible Fixed Assets	10,942	10,934	97,533
Deferred Tax Assets (Note 30)	5,326	5,928	47,480
Customers' Liabilities for Acceptances and Guarantees	56,172	76,214	500,690
Allowance for Loan Losses	(32,551)	(40,811)	(290,142)
<b>Total Assets</b>	<b>¥14,095,743</b>	<b>¥13,333,858</b>	<b>\$125,641,714</b>
<b>Liabilities</b>			
Deposits (Notes 12, 13 and 33)	¥11,984,784	¥11,486,430	\$106,825,783
Call Money and Bills Sold (Note 12)	250,000	134,500	2,228,363
Payables under Securities Lending Transactions (Note 12)	318,992	191,699	2,843,326
Trading Liabilities (Notes 14 and 33)	16,474	22,905	146,841
Borrowed Money (Notes 12 and 15)	279,442	268,485	2,490,799
Foreign Exchanges (Note 16)	692	640	6,174
Bonds Payable (Note 17)	117,267	107,545	1,045,257
Borrowed Money from Trust Account	62	—	558
Other Liabilities (Note 18)	108,149	121,252	963,989
Net Defined Benefit Liability (Note 19)	22,838	24,483	203,573
Provision for Directors' Retirement Benefits	169	166	1,513
Provision for Reimbursement of Deposits	2,920	2,275	26,034
Provision for Point Loyalty Programs	506	414	4,516
Reserve under Special Laws	22	27	201
Deferred Tax Liabilities (Note 30)	25,765	19,349	229,658
Deferred Tax Liabilities for Land Revaluation (Note 20)	10,930	11,069	97,431
Acceptances and Guarantees	56,172	76,214	500,690
<b>Total Liabilities</b>	<b>¥13,195,193</b>	<b>¥12,467,459</b>	<b>\$117,614,705</b>
<b>Net Assets</b>			
Capital Stock (Note 21)	¥ 145,069	¥ 145,069	\$ 1,293,066
Capital Surplus	122,134	122,134	1,088,636
Retained Earnings	566,050	524,817	5,045,463
Treasury Shares	(52,219)	(37,480)	(465,459)
Total Shareholders' Equity	781,033	754,540	6,961,707
Valuation Difference on Available-for-sale Securities (Note 36)	109,427	103,921	975,375
Deferred Gains or Losses on Hedges	1,510	231	13,461
Revaluation Reserve for Land (Note 20)	10,733	11,050	95,673
Remeasurements of Defined Benefit Plans	(2,577)	(3,861)	(22,978)
Total Accumulated Other Comprehensive Income	119,093	111,342	1,061,531
Subscription Rights to Shares	423	516	3,771
<b>Total Net Assets</b>	<b>¥ 900,550</b>	<b>¥ 866,398</b>	<b>\$ 8,027,009</b>
<b>Total Liabilities and Net Assets</b>	<b>¥14,095,743</b>	<b>¥13,333,858</b>	<b>\$125,641,714</b>

See notes to consolidated financial statements.

# Consolidated Statement of Income

The Chiba Bank, Ltd. and Consolidated Subsidiaries  
For the year ended March 31, 2017

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
<b>Income</b>			
Interest Income:			
Interest on Loans and Discounts	¥107,525	¥110,307	\$ 958,420
Interest and Dividends on Securities	25,282	26,278	225,358
Other Interest Income	2,725	2,215	24,297
Trust Fees	2	2	19
Fees and Commissions	48,282	48,433	430,366
Trading Income (Note 22)	4,825	4,681	43,011
Other Ordinary Income (Note 23)	5,464	4,242	48,708
Other Income (Note 24)	33,741	32,540	300,752
<b>Total Income</b>	<b>¥227,850</b>	<b>¥228,702</b>	<b>\$2,030,933</b>
<b>Expenses</b>			
Interest Expenses:			
Interest on Deposits	¥ 6,038	¥ 5,872	\$ 53,822
Interest on Borrowings and Rediscounts	734	1,023	6,543
Other Interest Expenses	9,817	8,521	87,504
Fees and Commissions Payments	17,871	17,503	159,292
Other Ordinary Expenses (Note 25)	4,237	2,014	37,769
General and Administrative Expenses	90,368	87,626	805,494
Other Expenses (Note 26)	22,177	21,263	197,677
<b>Total Expenses</b>	<b>¥151,243</b>	<b>¥143,826</b>	<b>\$1,348,101</b>
Profit before Income Taxes	76,606	84,875	682,832
Income Taxes—Current	20,050	25,037	178,715
Income Taxes—Deferred	3,826	4,393	34,104
<b>Profit</b>	<b>¥ 52,730</b>	<b>¥ 55,444</b>	<b>\$ 470,013</b>
<b>Profit Attributable to Owners of Parent</b>	<b>¥ 52,730</b>	<b>¥ 55,444</b>	<b>\$ 470,013</b>

See notes to consolidated financial statements.

# Consolidated Statement of Comprehensive Income

The Chiba Bank, Ltd. and Consolidated Subsidiaries  
For the year ended March 31, 2017

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
<b>Profit</b>	<b>¥52,730</b>	<b>¥ 55,444</b>	<b>\$470,013</b>
<b>Other Comprehensive Income</b> (Note 28)			
Valuation Difference on Available-for-sale Securities	5,486	(17,390)	48,901
Deferred Gains or Losses on Hedges	1,278	(182)	11,394
Revaluation Reserve for Land	—	580	—
Remeasurements of Defined Benefit Plans	1,283	(9,346)	11,445
Share of Other Comprehensive Income of Entities Accounted for Using Equity Method	19	48	171
<b>Total Other Comprehensive Income</b>	<b>8,067</b>	<b>(26,290)</b>	<b>71,910</b>
<b>Comprehensive Income</b>	<b>¥60,798</b>	<b>¥ 29,153</b>	<b>\$541,924</b>
(Breakdown)			
Comprehensive Income Attributable to Owners of Parent	¥60,798	¥ 29,153	\$541,924

See notes to consolidated financial statements.

# Consolidated Statement of Changes in Net Assets

The Chiba Bank, Ltd. and Consolidated Subsidiaries  
For the year ended March 31, 2017

Millions of Yen (Note 1)

	Shareholders' Equity					Accumulated Other Comprehensive Income						Total Net Assets
	Capital Stock	Capital Surplus	Retained Earnings	Treasury Shares	Total Shareholders' Equity	Valuation Difference on Available-for-sale Securities	Deferred Gains or Losses on Hedges	Revaluation Reserve for Land	Remeasurements of Defined Benefit Plans	Total Accumulated Other Comprehensive Income	Subscription Rights to Shares	
Balance at March 31, 2015	¥145,069	¥122,134	¥480,803	¥(27,532)	¥720,474	¥121,264	¥ 414	¥10,663	¥ 5,484	¥137,826	¥446	¥858,747
Cash Dividends	—	—	(11,610)	—	(11,610)	—	—	—	—	—	—	(11,610)
Profit	—	—	55,444	—	55,444	—	—	—	—	—	—	55,444
Purchase of Treasury Shares	—	—	—	(10,065)	(10,065)	—	—	—	—	—	—	(10,065)
Disposal of Treasury Shares	—	—	(12)	116	103	—	—	—	—	—	—	103
Reversal of Revaluation Reserve for Land	—	—	193	—	193	—	—	—	—	—	—	193
Net Changes of Items other than Shareholders' Equity	—	—	—	—	—	(17,342)	(182)	386	(9,346)	(26,484)	69	(26,414)
Total of Items during FY2015	—	—	44,014	(9,948)	34,065	(17,342)	(182)	386	(9,346)	(26,484)	69	7,651
Balance at March 31, 2016	¥145,069	¥122,134	¥524,817	¥(37,480)	¥754,540	¥103,921	¥ 231	¥11,050	¥(3,861)	¥111,342	¥516	¥866,398
Cash Dividends	—	—	(11,783)	—	(11,783)	—	—	—	—	—	—	(11,783)
Profit	—	—	52,730	—	52,730	—	—	—	—	—	—	52,730
Purchase of Treasury Shares	—	—	—	(15,027)	(15,027)	—	—	—	—	—	—	(15,027)
Disposal of Treasury Shares	—	—	(31)	288	256	—	—	—	—	—	—	256
Reversal of Revaluation Reserve for Land	—	—	316	—	316	—	—	—	—	—	—	316
Net Changes of Items other than Shareholders' Equity	—	—	—	—	—	5,505	1,278	(316)	1,283	7,750	(92)	7,657
Total of Items during FY2016	—	—	41,232	(14,738)	26,493	5,505	1,278	(316)	1,283	7,750	(92)	34,151
<b>Balance at March 31, 2017</b>	<b>¥145,069</b>	<b>¥122,134</b>	<b>¥566,050</b>	<b>¥(52,219)</b>	<b>¥781,033</b>	<b>¥109,427</b>	<b>¥1,510</b>	<b>¥10,733</b>	<b>¥(2,577)</b>	<b>¥119,093</b>	<b>¥423</b>	<b>¥900,550</b>

Thousands of U.S. Dollars (Note 1)

	Shareholders' Equity					Accumulated Other Comprehensive Income						Total Net Assets
	Capital Stock	Capital Surplus	Retained Earnings	Treasury Shares	Total Shareholders' Equity	Valuation Difference on Available-for-sale Securities	Deferred Gains or Losses on Hedges	Revaluation Reserve for Land	Remeasurements of Defined Benefit Plans	Total Accumulated Other Comprehensive Income	Subscription Rights to Shares	
Balance at March 31, 2016	\$1,293,066	\$1,088,636	\$4,677,937	\$(334,084)	\$6,725,556	\$926,303	\$ 2,067	\$98,497	\$(34,423)	\$ 992,444	\$4,600	\$7,722,600
Cash Dividends	—	—	(105,029)	—	(105,029)	—	—	—	—	—	—	(105,029)
Profit	—	—	470,013	—	470,013	—	—	—	—	—	—	470,013
Purchase of Treasury Shares	—	—	—	(133,946)	(133,946)	—	—	—	—	—	—	(133,946)
Disposal of Treasury Shares	—	—	(283)	2,572	2,289	—	—	—	—	—	—	2,289
Reversal of Revaluation Reserve for Land	—	—	2,824	—	2,824	—	—	—	—	—	—	2,824
Net Changes of Items other than Shareholders' Equity	—	—	—	—	—	49,072	11,394	(2,824)	11,445	69,086	(829)	68,258
Total of Items during FY2016	—	—	367,526	(131,375)	236,151	49,072	11,394	(2,824)	11,445	69,086	(829)	304,409
<b>Balance at March 31, 2017</b>	<b>\$1,293,066</b>	<b>\$1,088,636</b>	<b>\$5,045,463</b>	<b>\$(465,459)</b>	<b>\$6,961,707</b>	<b>\$975,375</b>	<b>\$13,461</b>	<b>\$95,673</b>	<b>\$(22,978)</b>	<b>\$1,061,531</b>	<b>\$3,771</b>	<b>\$8,027,009</b>

See notes to consolidated financial statements.



# Consolidated Statement of Cash Flows

The Chiba Bank, Ltd. and Consolidated Subsidiaries  
For the year ended March 31, 2017

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
<b>Cash Flows from Operating Activities:</b>			
Profit before Income Taxes	¥ 76,606	¥ 84,875	\$ 682,832
Depreciation and Amortization	8,020	8,169	71,486
Impairment Loss	270	233	2,415
Equity in (Earnings) Losses of Affiliates	(270)	(184)	(2,408)
Increase (Decrease) in Allowance for Loan Losses	(8,260)	(4,148)	(73,633)
Decrease (Increase) in Net Defined Benefit Asset	—	(1,102)	—
Increase (Decrease) in Net Defined Benefit Liability	(1,644)	(577)	(14,656)
Increase (Decrease) in Provision for Directors' Retirement Benefits	3	(19)	32
Increase (Decrease) in Provision for Reimbursement of Deposits	644	182	5,747
Increase (Decrease) in Provision for Point Loyalty Programs	92	(28)	825
Interest Income	(135,533)	(138,801)	(1,208,075)
Financing Expenses	16,589	15,417	147,868
Loss (Gain) Related to Securities	(384)	(5,010)	(3,423)
Loss (Gain) on Money Held in Trust	262	(409)	2,338
Foreign Exchange Losses (Gains)	43	100	390
Loss (Gain) on Disposal of Fixed Assets	726	447	6,479
Net Decrease (Increase) in Trading Assets	52,771	89,182	470,377
Net Increase (Decrease) in Trading Liabilities	(6,431)	2,117	(57,329)
Net Decrease (Increase) in Loans and Bills Discounted	(499,740)	(330,428)	(4,454,410)
Net Increase (Decrease) in Deposits (excluding Negotiable Certificates of Deposit)	423,184	404,788	3,772,032
Net Increase (Decrease) in Negotiable Certificates of Deposit	75,170	(136,471)	670,025
Net Increase (Decrease) in Borrowed Money (excluding Subordinated Borrowings)	10,957	(40,227)	97,670
Net Decrease (Increase) in Due from Banks (excluding Due from BOJ)	7,960	14,220	70,954
Net Decrease (Increase) in Call Loans and Bills Bought and Others	34,723	129,115	309,508
Net Decrease (Increase) in Receivables under Securities Borrowing Transactions	—	2,091	—
Net Increase (Decrease) in Call Money and Bills Sold	115,500	94,621	1,029,504
Net Increase (Decrease) in Payables under Securities Lending Transactions	127,293	37,330	1,134,626
Net Decrease (Increase) in Foreign Exchanges—Assets	(1,966)	5,483	(17,531)
Net Increase (Decrease) in Foreign Exchanges—Liabilities	52	(126)	466
Increase (Decrease) in Issuance and Redemption of Straight Bonds	—	37,130	—
Increase (Decrease) in Borrowed Money from Trust Account	62	—	558
Interest and Dividends Received	134,100	135,636	1,195,299
Interest Paid	(16,377)	(15,426)	(145,980)
Other, Net	(28,875)	(10,741)	(257,384)
Subtotal	¥ 385,552	¥ 377,440	\$ 3,436,599
Income Taxes Paid	(24,231)	(26,531)	(215,986)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>¥ 361,320</b>	<b>¥ 350,909</b>	<b>\$ 3,220,613</b>
<b>Cash Flows from Investing Activities:</b>			
Purchase of Securities	¥(1,133,369)	¥(1,544,164)	\$(10,102,234)
Proceeds from Sales of Securities	976,889	1,095,274	8,707,459
Proceeds from Redemption of Securities	227,708	306,558	2,029,672
Increase in Money Held in Trust	(5,900)	(6,300)	(52,589)
Decrease in Money Held in Trust	14,253	10,959	127,052
Purchase of Tangible Fixed Assets	(3,133)	(3,783)	(27,928)
Purchase of Intangible Fixed Assets	(3,810)	(3,237)	(33,965)
Payments for Retirement of Tangible Fixed Assets	(47)	(71)	(427)
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>¥ 72,591</b>	<b>¥ (144,763)</b>	<b>\$ 647,039</b>
<b>Cash Flows from Financing Activities:</b>			
Issuance of Subordinated Bonds	¥ 20,000	¥ —	\$ 178,269
Redemption of Subordinated Bonds	(10,000)	—	(89,135)
Cash Dividends Paid	(11,783)	(11,610)	(105,029)
Purchase of Treasury Shares	(15,027)	(10,065)	(133,946)
Proceeds from Sales of Treasury Shares	3	9	35
<b>Net Cash Provided by (Used in) Financing Activities</b>	<b>¥ (16,806)</b>	<b>¥ (21,667)</b>	<b>\$ (149,806)</b>
<b>Effect of Exchange Rate Change on Cash and Cash Equivalents</b>	<b>¥ (43)</b>	<b>¥ (100)</b>	<b>\$ (390)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>¥ 417,061</b>	<b>¥ 184,377</b>	<b>\$ 3,717,456</b>
<b>Cash and Cash Equivalents at Beginning of Period</b>	<b>¥ 1,197,238</b>	<b>¥ 1,012,861</b>	<b>\$ 10,671,524</b>
<b>Cash and Cash Equivalents at End of Period (Note 27)</b>	<b>¥ 1,614,299</b>	<b>¥ 1,197,238</b>	<b>\$ 14,388,980</b>

See notes to consolidated financial statements.

# Notes to Consolidated Financial Statements

The Chiba Bank, Ltd. and Consolidated Subsidiaries  
For the Year ended March 31, 2017

## 1. Basis of Presentation

The Chiba Bank, Ltd. (the "Bank") and its consolidated subsidiaries maintain their books of accounts in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and in conformity with accounting principles and practices generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards. The classification of accounts is in conformity with the Ordinance for Enforcement of Banking Act of Japan.

The accompanying consolidated financial statements have been compiled from the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. Certain reclassifications and rearrangements have been made to the financial statements for the previous year to conform to the classification used in the financial statements for the current year. In addition, the accompanying notes include information that is not required under accounting principles generally accepted in Japan, but is presented herein for the convenience of readers.

Japanese yen amounts are presented in millions of yen by rounding down figures below one million. As a result, the totals in Japanese yen in the accompanying consolidated financial statements do not necessarily agree with the sums of individual amounts.

U.S. dollar amounts are shown solely for the convenience of the readers of this Annual Report and are translated at the rate of ¥112.19 to \$1.00, the exchange rate prevailing at March 31, 2017.

## 2. Principles of Consolidation

The consolidated financial statements include the accounts of the Bank and its subsidiaries, including Chibagin Guarantee Co., Ltd., Chibagin Leasing Co., Ltd., Chibagin Securities Co., Ltd. (Chibagin Securities) and other subsidiaries. The number of consolidated subsidiaries as of March 31, 2017 was nine (nine as of March 31, 2016).

All significant inter-company balances and transactions have been eliminated in consolidation. The consolidated financial statements do not include the accounts of Chibagin Computer Service Co., Ltd. and four other subsidiaries, since the combined total assets, total income, profit (based on the owned interest), retained earnings (based on the owned interest) and accumulated other comprehensive income (based on the owned interest) of these subsidiaries are not significant and would not have a material impact on the consolidated financial statements of the Bank. Nevertheless, the investments in these unconsolidated subsidiaries, including T&I Innovation Center Co., Ltd. established in July 2017, are carried using the equity method and are included in securities in the balance sheets. Also, the consolidated financial statements do not include the accounts of nine limited partnerships (eight as of March 31, 2016). The investments in these unconsolidated subsidiaries are not accounted for by the equity method since profit (based on the owned interest), retained earnings (based on the owned interest) and accumulated other comprehensive income (based on the owned interest) of these subsidiaries are not significant and would not have a material impact

on the consolidated financial statements of the Bank. The difference between the cost and the underlying equity in the net assets measured at their market value at the dates of acquisition of consolidated subsidiaries is amortized in the year of acquisition.

Fiscal year-ends of all consolidated subsidiaries are at the end of March.

## 3. Significant Accounting Policies

### (1) Trading Account

The following criteria are applied in accounting for the Bank's trading assets and liabilities, and trading income and expenses:

Transactions that aim to gain a profit by arbitraging short term fluctuations in interest rates, currency values and market prices, other benchmarks in the traded securities' market prices and by arbitraging differentials between markets (hereafter "trading purposes") are accounted for under "Trading Assets" or "Trading Liabilities" on the balance sheet. Profit or loss from such transactions is recorded under "Trading Income" or "Trading Expenses" on the consolidated statement of income.

Trading securities and monetary claims, etc. held for trading purposes are stated at market value at the end of the fiscal year. Trading-related financial derivatives such as swaps, futures or options are valued on the assumption that they were settled at the end of the fiscal year.

In the case of trading-related financial derivatives, "Trading Income/Expenses" includes the interest received/paid during the fiscal year and the difference between the amount of profit/loss based on the assumption that transactions were settled at the end of the current fiscal year and that at the end of the previous fiscal year.

### (2) Securities

Held-to-maturity bonds are stated at amortized cost determined by the moving average method. Investments in unconsolidated subsidiaries not accounted for by the equity method are stated at cost determined by the moving average method. Available-for-sale equity shares and investment trusts listed on Japanese markets are stated at the average market value during the last month of the fiscal year, and other available-for-sale securities whose fair value can be estimated are stated at fair value at the fiscal year end while their costs are calculated mainly by the moving average method. Other non-marketable securities whose fair value cannot be reliably estimated are stated at cost determined by the moving average method or amortized cost.

Unrealized gains and losses on available-for-sale securities are included in net assets, net of income taxes.

Moreover, the same way as above (1) and fair value method based upon the market value at the fiscal year end are applied for the valuation of securities that are held as trust assets in individually managed money trusts with the principal objective of securities portfolio management.

### (3) Derivatives

Derivatives for purposes other than trading are stated at fair value.

### (4) Tangible Fixed Assets

Depreciation of tangible fixed assets of the Bank is computed using the declining-balance method. Principal useful lives are as follows:

Buildings ..... 6 years to 50 years

Others ..... 2 years to 20 years

Tangible fixed assets of the consolidated subsidiaries are depreciated principally by the declining-balance method over the estimated useful lives.

### (5) Intangible Fixed Assets

Depreciation of intangible fixed assets is computed using the straight-line method. Depreciation for capitalized software for internal use is computed using the straight-line method based on useful lives determined by the Bank and its consolidated subsidiaries (5 years).

### (6) Allowance for Loan Losses

Allowance for Loan Losses made by the Bank is provided in accordance with the internally established standards for write-offs and provisions.

For claims on borrowers that have entered into bankruptcy, special liquidation proceedings or similar legal proceedings ("Bankrupt Borrowers"), or borrowers that are not legally or formally insolvent but are regarded as substantially in the same situation ("Effectively Bankrupt Borrowers"), an allowance is provided based on the amount of claims, after the write-off stated below, net of the expected amount of recoveries from collateral and guarantees.

For claims on borrowers that are not currently bankrupt but likely to become bankrupt in the future ("Potentially Bankrupt Borrowers"), an allowance is provided in the amount deemed necessary based on an overall solvency assessment of the claims, net of the expected amount of recoveries from collateral and guarantees.

For claims on Potentially Bankrupt Borrowers and on borrowers whose loans are classified as "Loans past due 3 months or more" or "Restructured Loans" over a certain amount, if future cash flows from the collection of principal and interest are reasonably estimated, the allowances for loan losses are calculated by "Discounted Cash Flow Method," by which the allowances for loan losses are calculated as the difference between the booked amounts of the loans and the cash flows discounted by the original contractual interest rates.

For other claims, an allowance is provided based on the historical loan-loss ratio.

The operating divisions assess all claims in accordance with the Bank's policy and guidelines for the self-assessment of asset quality, and the Internal Audit and Inspection Unit, which is independent from the operating divisions, audits these assessments. The allowance for loan losses is provided based on the results of these assessments.

For collateralized or guaranteed claims on Bankrupt Borrowers and Effectively Bankrupt Borrowers, the amount exceeding the estimated value of collateral and guarantees is deemed to be uncol-

lectible and written off against the total outstanding amount of the claims. The amount of write-off as of March 31, 2017 was ¥24,004 million (¥29,621 million as of March 31, 2016). Allowance made by consolidated subsidiaries for general claims is provided in the amount deemed necessary based on the historical loan-loss ratio, and for specific claims in the amount deemed uncollectible based on the respective assessments.

### (7) Provision for Directors' Retirement Benefits

Provision for directors' retirement benefits is provided for payment of retirement benefits to directors and corporate auditors of consolidated subsidiaries, in the amount deemed accrued until the fiscal year-end.

### (8) Provision for Reimbursement of Deposits

Provision for reimbursement of deposits, which were derecognized from liabilities, is based on the possible losses on the future claims of withdrawal to prepare for depositor's needs of withdrawal.

### (9) Provision for Point Loyalty Programs

Provision for point loyalty programs which is provided for accumulation of points granted to customers using the credit card of the Bank or the consolidated subsidiaries is based on the estimated amounts equivalent to expected future usage of the points.

### (10) Reserve under Special Laws

Reserve under special laws is a Reserve for Financial Products Transaction Liabilities provided by Chibagin Securities. This reserve is provided for losses from securities transactions pursuant to Paragraph 46-5-1 of the Financial Instruments and Exchange Act and Paragraph 175 of the Cabinet Office Ordinance on Financial Instrument Business Operators, etc.

### (11) Retirement Benefits

In retirement benefit obligation calculations, the method of allocating the estimated value of retirement benefits to the current fiscal year is based on the benefit formula method. The net actuarial gain (loss) is amortized using the straight-line method over 10 years from following fiscal year. Consolidated subsidiaries calculate the net defined benefit liability and retirement benefit cost using the simplified method which assumes the retirement benefit obligation to be equal to the necessary payments assuming the voluntary retirement of all employees at the fiscal year-end.

### (12) Translation of Foreign Currencies

The Bank's assets and liabilities denominated in foreign currencies and overseas branches' accounts are translated into Japanese yen primarily at the exchange rate at the balance sheet date. Consolidated subsidiaries' assets and liabilities denominated in foreign currencies are translated into Japanese yen at the exchange rate prevailing at the fiscal year-end of each company.

**(13) Lease Transactions**

(As lessors)

Finance leases other than those that are deemed to transfer the ownership of leased property to the lessees are accounted for as installment sales.

**(14) Hedge Accounting**

## i) Hedge of Interest Rate Risk

As for the hedge accounting method applied to hedging transactions for interest rate risk arising from financial assets and liabilities, the Bank applies the deferral hedge accounting stipulated in the "Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry" (JICPA Industry Audit Committee Report No. 24).

The Bank assesses the effectiveness of such hedges by monitoring offsetting fluctuation of fair value by changes in interest rates, of the hedged items (such as deposits and loans) and hedging instruments (such as interest rate swaps) classified by their maturity.

## ii) Hedge of Foreign Currency Fluctuation Risk

As for the hedge accounting method applied to hedging transactions for foreign currency fluctuation risk arising from foreign-currency-denominated financial assets and liabilities, the Bank applies the deferral hedge accounting stipulated in the "Treatment for Accounting and Auditing concerning Accounting for Foreign Currency Transactions in Banking Industry" (JICPA Industry Audit Committee Report No. 25).

The Bank designates certain currency swaps and foreign exchange swap transactions as hedges against fluctuation in foreign currency exchange rates arising from foreign-currency monetary claims and debts, and assesses the effectiveness of such hedges by verifying that the Bank holds foreign currency positions of the hedged items corresponding to the positions of the hedging instruments.

In addition to the above accounting, the Bank applies for a part of assets and liabilities the deferral hedge accounting method or exceptional treatments permitted for interest rate swaps.

**(15) Cash Flows**

In preparing the consolidated statement of cash flows, cash and due from the Bank of Japan are considered to be cash and cash equivalents.

**(16) Consumption Taxes**

Consumption tax and municipal consumption tax of the Bank and its domestic consolidated subsidiaries are accounted for using the tax-excluded method.

**(17) Appropriation of Retained Earnings**

Dividends are recorded in the fiscal year in which the proposed appropriation of retained earnings is approved by the Board of Directors and at the Annual General Meeting of Shareholders. There is a limit for dividend by Article 18 of the Banking Act. An amount equal to 20% of the aggregated amount of dividends shall be set aside as a legal reserve or legal capital surplus, regardless of Article 445-4 of the Companies Act of Japan.

**4. Additional Information**

The Bank and its consolidated subsidiaries have applied the "Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No. 26, March 28, 2016) from the consolidated fiscal year ended March 31, 2017.

**5. Securities Purchased under Resale Agreements**

As for securities purchased under resale agreements or securities accepted as collateral for derivative transactions, ¥15,030 million was held in hand on March 31, 2017 (¥6,065 million on March 31, 2016).

**6. Trading Assets**

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
Trading Account Securities	¥ 8,439	¥ 9,628	\$ 75,221
Derivatives of Trading Securities	—	2	—
Trading-related Financial Derivatives	19,991	26,039	178,195
Other Trading Assets	101,389	146,921	903,732
Total	¥129,820	¥182,592	\$1,157,148

**7. Securities**

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
Japanese Government Bonds	¥ 660,059	¥ 834,956	\$ 5,883,408
Japanese Local Government Bonds	414,854	353,911	3,697,782
Japanese Corporate Bonds	338,174	288,236	3,014,306
Japanese Stocks	254,629	228,399	2,269,626
Other Securities	713,772	750,196	6,362,174
Total	¥2,381,490	¥2,455,700	\$21,227,296

Securities included investments in non-consolidated subsidiaries and affiliates of ¥8,737 million on March 31, 2017 (¥7,470 million on March 31, 2016).

Guarantee obligations for bonds in private placement (defined in Article 2 (3) of the Financial Instruments and Exchange Act) included in Japanese Corporate Bonds was ¥58,270 million as of March 31, 2017 (¥35,663 million as of March 31, 2016).

## 8. Loans and Bills Discounted

### (1) Loans and Bills Discounted

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
Bills Discounted	¥ 14,254	¥ 16,003	\$ 127,058
Loans on Bills	141,466	119,332	1,260,955
Loans on Deeds	8,499,318	8,019,586	75,758,250
Overdrafts	613,814	614,191	5,471,208
Total	¥9,268,854	¥8,769,113	\$82,617,471

Bills discounted are accounted for as financial transactions in accordance with JICPA Industry Audit Committee Report No. 24. The Bank has rights to sell or pledge bank acceptance bought, commercial bills discounted, documentary bills and foreign exchanges bought without restrictions. Their total face value as of March 31, 2017 was ¥14,445 million (¥16,309 million as of March 31, 2016).

Contracts of overdraft facilities and loan commitment limits are the contracts that the Bank lends to customers up to the prescribed limits in response to customers' application of loan as long as there is no violation of any condition in the contracts. The unused amount within the limits was ¥2,179,845 million relating to these contracts, including ¥2,025,470 million of which the term of contracts is less than one year or revocable at any time, as of March 31, 2017 (respective amounts were ¥2,072,563 million and ¥1,934,336 million as of March 31, 2016).

Since many of these commitments expire without being utilized, the unused amount does not necessarily represent a future cash requirement. Most of these contracts have conditions that the Bank can refuse customers' application of loan or decrease the contract limits with proper reasons (e.g., changes in financial situation, deterioration in customers' creditworthiness). At the inception of contracts, the Bank obtains real estate, securities, etc. as collateral if considered to be necessary. Subsequently, the Bank performs periodic review of the customers' business results based on initial rules, and takes necessary measures to reconsider conditions in contracts and/or require additional collateral and guarantees.

Additionally, the unused amount within the limits of overdraft facilities on General Accounts as of March 31, 2017 was ¥902,880 million (¥936,904 million as of March 31, 2016). General Accounts are the Ordinary Deposit Accounts that its depositors can overdraw up to the amounts calculated by multiplying incidental Time Deposits and so on by certain weight.

### (2) Risk-monitored Loans

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
Loans to Bankrupt Borrowers	¥ 1,881	¥ 2,784	\$ 16,770
Delinquent Loans	81,499	98,878	726,438
Loans Past Due 3 Months or More	1,362	1,790	12,146
Restructured Loans	51,468	44,728	458,761
Total	¥136,211	¥148,182	\$1,214,114

Loans to bankrupt borrowers represent non-accrual loans to borrowers who are legally bankrupt as defined in Article 96 (1) (iii) and (iv) of the Corporation Tax Act Enforcement Ordinance (Article 97 of 1965 Cabinet Order).

Delinquent loans represent non-accrual loans other than (i) loans to bankrupt borrowers and (ii) loans of which payments of interest are deferred in order to assist or facilitate the restructuring of borrowers in financial difficulties.

Loans past due 3 months or more represent loans on which the payment of principal and/or interest has not been received for 3 months or more from the due date, and which are not included in Loans to bankrupt borrowers or Delinquent loans.

Restructured loans are loans which have been restructured to support the rehabilitation of certain borrowers who are encountering financial difficulties, with the intention of ensuring recovery of the loans by providing easier repayment terms for the borrowers (such as by reducing the rate of interest or by providing a grace period for the payment of principal/interest, etc.) and are not classified in any of the above categories.

## 9. Foreign Exchange Assets

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
Due from Foreign Banks (Our Accounts)	¥3,654	¥1,692	\$32,571
Foreign Bills Bought	190	307	1,699
Foreign Bills Receivable	719	596	6,409
Total	¥4,563	¥2,596	\$40,679

## 10. Other Assets

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
Accrued Income	¥ 13,099	¥ 13,687	\$ 116,760
Prepaid Expenses	861	710	7,683
Derivatives	5,734	14,461	51,114
Lease Investment Assets	44,178	40,236	393,782
Other	80,705	40,786	719,363
Total	¥144,579	¥109,881	\$1,288,703



### 11. Tangible Fixed Assets

Depreciation was computed using the declining-balance method. Tangible fixed assets were shown at net of the following accumulated depreciation:

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
	¥95,467	¥94,584	\$850,949

Deferred gain on real estate deductible for tax purposes amounted to ¥11,576 million as of March 31, 2017 (¥11,368 million as of March 31, 2016).

### 12. Assets Pledged

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
Securities	¥886,594	¥947,978	\$7,902,614
Loans and Bills Discounted	299,966	—	2,673,737

Liabilities related to the above pledged assets were as follows:

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
Deposits	¥ 49,158	¥ 71,204	\$ 438,168
Call Money and Bills Sold	—	24,500	—
Payables under Securities Lending Transactions	318,992	191,699	2,843,326
Borrowed Money	275,841	265,427	2,458,704

In addition, the following was pledged as collateral for settlements of exchange or margins for futures transactions.

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
Securities	¥60,621	¥74,620	\$540,347

Initial margins of futures markets of ¥1,212 million, cash collateral paid for financial instruments of ¥26,778 million and guarantee deposits of ¥6,360 million were included in Other Assets as of March 31, 2017 (The respective amounts were ¥489 million, ¥8,098 million and ¥6,432 million as of March 31, 2016).

### 13. Deposits

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
Current Deposits	¥ 248,972	¥ 228,099	\$ 2,219,207
Ordinary Deposits	7,180,337	6,681,666	64,001,586
Savings Deposits	247,038	243,218	2,201,967
Deposits at Notice	5,452	5,842	48,600
Time Deposits	3,583,043	3,665,701	31,937,279
Other Deposits	285,747	302,878	2,546,993
Subtotal	¥11,550,592	¥11,127,408	\$102,955,632
Negotiable Certificates of Deposit	434,192	359,022	3,870,152
Total	¥11,984,784	¥11,486,430	\$106,825,783

### 14. Trading Liabilities

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
Derivatives of Trading Securities	¥ 6	¥ 18	\$ 54
Trading-related Financial Derivatives	16,467	22,886	146,786
Total	¥16,474	¥22,905	\$146,841

### 15. Borrowed Money

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
Borrowings from the Bank of Japan and Other Financial Institutions	¥279,442	¥268,485	\$2,490,799

### 16. Foreign Exchange Liabilities

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
Foreign Bills Sold	¥340	¥483	\$3,035
Foreign Bills Payable	352	157	3,139
Total	¥692	¥640	\$6,174

### 17. Bonds Payable

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
Subordinated Bonds	¥ 50,000	¥ 40,000	\$ 445,673
Straight Bond	67,267	67,545	599,585
Total	¥117,267	¥107,545	\$1,045,257

### 18. Other Liabilities

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
Domestic Exchange Settlement Account, Credit	¥ 59	¥ 13	\$ 533
Accrued Expenses	10,181	9,806	90,753
Unearned Revenue	30,443	28,445	271,355
Income Taxes Payable	7,491	11,672	66,772
Derivatives	11,582	4,101	103,238
Other	48,391	67,212	431,339
Total	¥108,149	¥121,252	\$963,989

### 19. Retirement Benefit Plans

The Bank and its consolidated subsidiaries have defined benefit plans, i.e., lump-sum payment plans, welfare pension fund plans and tax-qualified pension plans, as well as corporate-type defined contribution plans.

Net retirement benefit liability and retirement benefit cost of the consolidated subsidiaries' lump-sum payment plans are calculated by the simplified method.

## I. Defined Benefit Plans

### (1) Retirement Benefit Obligation

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
Balance at the Beginning of Current Period	¥82,351	¥73,429	\$734,036
Service Cost	2,836	2,463	25,279
Interest Cost	163	727	1,456
Actuarial Gain or Loss	458	9,853	4,088
Retirement Benefits Paid	(3,823)	(4,122)	(34,078)
Balance at the End of Current Period	¥81,986	¥82,351	\$730,781

### (2) Plan Assets at Fair Value

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
Balance at the Beginning of Current Period	¥57,868	¥60,907	\$515,807
Expected Return on Plan Assets	1,736	1,826	15,474
Actuarial Gain or Loss	1,115	(3,267)	9,946
Contributions by the Company	814	824	7,259
Retirement Benefits Paid	(2,387)	(2,421)	(21,279)
Balance at the End of Current Period	¥59,147	¥57,868	\$527,208

### (3) Net Defined Benefit Liability/Asset

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
Funded Retirement Benefit Obligation	¥ 60,649	¥ 60,916	\$ 540,597
Plan Assets at Fair Value	(59,147)	(57,868)	(527,208)
Subtotal	¥ 1,502	¥ 3,047	\$ 13,389
Unfunded Retirement Benefit Obligation	21,336	21,435	190,184
Net Amount Accrued on the Balance Sheets	¥ 22,838	¥ 24,483	\$ 203,573

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
Net Defined Benefit Liability	¥22,838	¥24,483	\$203,573
Net Defined Benefit Asset	—	—	—
Net Amount Accrued on the Balance Sheets	¥22,838	¥24,483	\$203,573

### (4) Retirement Benefit Cost

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
Service Cost	¥ 2,836	¥ 2,463	\$ 25,279
Interest Cost	163	727	1,456
Expected Return on Plan Assets	(1,736)	(1,826)	(15,474)
Amortization of Actuarial Gain or Loss	1,193	(520)	10,641
Retirement Benefit Cost	¥ 2,457	¥ 845	\$ 21,902

### (5) Remeasurements of Defined Benefit Plans included in Other Comprehensive Income (before Tax Effect)

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
Actuarial Gain or Loss	¥1,851	¥(13,641)	\$16,499

### (6) Remeasurements of Defined Benefit Plans included in Accumulated Other Comprehensive Income (before Tax Effect)

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
Unrecognized Actuarial Gain or Loss	¥(3,712)	¥(5,563)	\$(33,094)

### (7) Components of Plan Assets at Fair Value

	2017	2016
Stocks	42%	37%
General Accounts at Life Insurance Companies	28%	30%
Bonds	27%	32%
Other	3%	1%
Total	100%	100%

### (8) Assumptions Used in Accounting for the Above Plans

	2017	2016
Discount Rate	0.2%	0.2%
Expected Rate of Long-term Return on Plan Assets	3.0%	3.0%
Expected Rates of Future Salary Increases	1.1%–3.2%	1.2%–3.2%

The expected rates of long-term return on plan assets has been estimated based on the anticipated allocation to each asset class and the expected long-term returns on assets held in each category.

## II. Defined Contribution Plans

The required contribution amount of the Bank and its consolidated subsidiaries for the fiscal year ended March 31, 2017 was ¥85 million (¥22 million as of March 31, 2016).

### 20. Revaluation Reserve for Land

Pursuant to the Law concerning Revaluation of Premises, premises used for business operations have been revalued as of March 31, 1998. Premises revaluation gain was included in Net Assets, net of income taxes.

Date of the revaluation: March 31, 1998

The method of the revaluation (set forth in Article 3 (3) of the Law): Pursuant to Article 2 (4) of the Enforcement Ordinance for the Law concerning Revaluation of Premises, the premises price for the revaluation is determined based on the method established and published by the Director-General of the National Tax Agency in order to calculate the premises value for a basis of determining the taxable amount subject to premises value tax prescribed by Article 16 of the Premises Value Tax Law, reflecting appropriate adjustments for land shape and timing of the assessment.

The difference between the revalued carrying amount and the fair value of premises revalued pursuant to Article 10 of the Law was ¥31,423 million as of March 31, 2017 (¥32,694 million as of March 31, 2016).

### 21. Capital Stock

The number of the Bank's authorized shares was 2,500,000,000 as of March 31, 2017 and 2016.

	Number of Shares	
	2017	2016
Shares in Issue	875,521,087	875,521,087

The number of treasury shares held by the Bank was 77,761 thousand as of March 31, 2017 (53,818 thousand as of March 31, 2016).

**22. Trading Income**

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
Gains on Trading Account Securities Transactions	¥2,962	¥2,296	\$26,403
Income from Securities and Derivatives related to Trading Transactions	141	346	1,265
Income from Trading-related Financial Derivatives Transactions	1,676	1,768	14,940
Other Trading Income	45	270	404
<b>Total</b>	<b>¥4,825</b>	<b>¥4,681</b>	<b>\$43,011</b>

**23. Other Ordinary Income**

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
Gains on Foreign Exchange Transactions	¥1,475	¥1,271	\$13,154
Gains on Sales of Bonds	3,039	2,941	27,090
Gains on Redemption of Bonds	18	29	161
Income from Derivatives other than for Trading or Hedging	931	—	8,302
Other	0	0	1
<b>Total</b>	<b>¥5,464</b>	<b>¥4,242</b>	<b>\$48,708</b>

**24. Other Income**

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
Gains on Sales of Stocks and Other Securities	¥ 1,576	¥ 3,366	\$ 14,052
Gains on Money Held in Trust	84	409	754
Revenue on Lease	14,208	13,394	126,648
Recoveries of Written-off Claims	2,071	2,680	18,466
Reversal of Allowance for Loan Losses	5,303	2,559	47,269
Equity in Earnings of Affiliates	270	184	2,408
Other	10,226	9,945	91,155
<b>Total</b>	<b>¥33,741</b>	<b>¥32,540</b>	<b>\$300,752</b>

**28. Other Comprehensive Income**

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
Valuation Difference on Available-for-sale Securities			
Gains (Losses) Arising during the Fiscal Year	¥ 8,899	¥(20,464)	\$ 79,325
Reclassification Adjustment to Profit or Loss	(1,489)	(8,094)	(13,274)
Amount before Income Tax Effect	7,410	(28,559)	66,051
Income Tax Effect	(1,924)	11,168	(17,150)
Total	¥ 5,486	¥(17,390)	\$ 48,901
Deferred Gains or Losses on Hedges			
Gains (Losses) Arising during the Fiscal Year	¥(4,332)	¥ (5,805)	\$(38,614)
Reclassification Adjustment to Profit or Loss	6,171	5,529	55,007
Amount before Income Tax Effect	1,839	(276)	16,394
Income Tax Effect	(560)	93	(5,000)
Total	¥ 1,278	¥ (182)	\$ 11,394
Revaluation Reserve for Land			
Gains (Losses) Arising during the Fiscal Year	¥ —	¥ —	\$ —
Reclassification Adjustment to Profit or Loss	—	—	—
Amount before Income Tax Effect	—	—	—
Income Tax Effect	—	580	—
Total	¥ —	¥ 580	\$ —
Remeasurements of Defined Benefit Plans			
Gains (Losses) Arising during the Fiscal Year	¥ 657	¥(13,121)	\$ 5,859
Reclassification Adjustment to Profit or Loss	1,193	(520)	10,641
Amount before Income Tax Effect	1,851	(13,641)	16,499
Income Tax Effect	(567)	4,294	(5,055)
Total	¥ 1,283	¥ (9,346)	\$ 11,445
Share of Other Comprehensive Income of Entities Accounted for Using Equity Method			
Gains (Losses) Arising during the Fiscal Year	¥ 19	¥ 51	\$ 171
Reclassification Adjustment to Profit or Loss	—	(3)	—
Amount before Income Tax Effect	19	48	171
Income Tax Effect	—	—	—
Total	¥ 19	¥ 48	\$ 171
<b>Total Other Comprehensive Income</b>	<b>¥ 8,067</b>	<b>¥(26,290)</b>	<b>\$ 71,910</b>

**25. Other Ordinary Expenses**

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
Loss on Sales of Bonds	¥4,219	¥ 701	\$37,613
Loss on Devaluation of Bonds	17	37	156
Expenses on Derivatives other than for Trading or Hedging	—	1,275	—
<b>Total</b>	<b>¥4,237</b>	<b>¥2,014</b>	<b>\$37,769</b>

**26. Other Expenses**

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
Written-off of Loans	¥ 2,858	¥ 3,954	\$ 25,475
Losses on Sales of Stocks and Other Securities	3	562	31
Losses on Devaluation of Stocks and Other Securities	8	24	80
Losses on Money Held in Trust	346	—	3,092
Cost of Leased Assets	12,632	11,795	112,597
Provision for Reimbursement of Deposits	1,309	905	11,676
Loss on Disposal of Fixed Assets	765	456	6,823
Impairment Loss on Fixed Assets	270	233	2,415
Other	3,981	3,331	35,489
<b>Total</b>	<b>¥22,177</b>	<b>¥21,263</b>	<b>\$197,677</b>

**27. Cash and Cash Equivalents**

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
Cash and Due from Banks	¥1,806,514	¥1,397,413	\$16,102,274
Interest-bearing Deposits included in Due from Banks (excluding Due from BOJ)	(192,214)	(200,174)	(1,713,294)
<b>Cash and Cash Equivalents</b>	<b>¥1,614,299</b>	<b>¥1,197,238</b>	<b>\$14,388,980</b>



## 29. Lease Transactions

### Operating Lease Transactions

	Millions of Yen (Note 1)		Thousands of
	2017	2016	U.S. Dollars (Note 1)
Lessee Side (Lease Payables related to Non-cancelable Operating Lease Transactions)			2017
Amount Corresponding to Lease Payables (within 1 year)	¥143	¥166	\$1,278
Amount Corresponding to Lease Payables (over 1 year)	549	679	4,894
Total	¥692	¥845	\$6,171

## 30. Tax Effect

	Millions of Yen (Note 1)		Thousands of
	2017	2016	U.S. Dollars (Note 1)
Deferred Tax Assets:			
Allowance for Loan Losses	¥ 15,556	¥ 18,998	\$ 138,662
Net Defined Benefit Liability	6,060	6,106	54,017
Write-offs of Securities	1,081	1,072	9,637
Remeasurements of Defined Benefit Plans	1,134	1,701	10,116
Other	7,109	7,480	63,368
Subtotal	¥ 30,942	¥ 35,359	\$ 275,801
Valuation Allowance	(1,816)	(1,659)	(16,191)
Total Deferred Tax Assets	¥ 29,125	¥ 33,699	\$ 259,610
Deferred Tax Liabilities:			
Valuation Difference on Available-for-sale Securities	¥(47,621)	¥(45,697)	\$(424,469)
Net Defined Benefit Asset	(200)	(308)	(1,787)
Other	(1,742)	(1,114)	(15,532)
Total Deferred Tax Liabilities	¥(49,564)	¥(47,120)	\$(441,788)
Net Deferred Tax Assets (Liabilities)	¥(20,438)	¥(13,421)	\$(182,178)

	2017	2016
Effective Statutory Tax Rate	—	32.8%
(Adjustments)		
Decrease in Deferred Tax Assets at Year-end due to the Tax Rate Change	—	1.5%
Other	—	0.3%
Effective Income Tax Rate	—	34.6%

For the fiscal year ended March 31, 2017, as the difference between the statutory tax rate and the effective income tax rate was less than 5 percent of the statutory tax rate, the reconciliation of the effective income tax rate is not disclosed.

## 31. Material Subsequent Events

None.

## 32. Segment Information

### I. Segment Information of the Current Fiscal Year (from April 1, 2016 to March 31, 2017) and the Previous Fiscal Year (from April 1, 2015 to March 31, 2016)

Since the Bank and its consolidated subsidiaries (the "Group") operate solely within the banking segment, segment information is omitted.

### II. Related Information

#### (1) Information by Service Type

Since the Ordinary income of banking business from external customers of the Group exceeds 90% of Ordinary income in the consolidated statement of income, segment information is omitted.

#### (2) Information by Geographic Areas

##### i) Ordinary Income

Since the Ordinary income from domestic external customers of the Group exceeds 90% of Ordinary income in the consolidated statement of income, segment information is omitted.

##### ii) Tangible Fixed Assets

Since the balance of the Group's tangible fixed assets located in Japan exceeds 90% of the balance of those in the consolidated balance sheets, segment information is omitted.

#### (3) Information by Major Customers

Since there is no single customer with which the Group earns ordinary income exceeding 10% of Ordinary income in the consolidated statement of income, segment information by major customers is omitted.

### III. Information about Impairment Loss of Fixed Assets by Reporting Segments

Since the Group operates solely within the banking segment, segment information is omitted.

### IV. Information about Amortization Expense and Unamortized Balance of Goodwill by Reporting Segments

Not applicable.

### V. Information about Gains from Negative Goodwill by Reporting Segment

Not applicable.

### 33. Financial Instruments

#### I. Disclosure on Financial Instruments

##### (1) Policy on Financial Instruments

The Group conducts market businesses such as deposit-taking, lending and securities investments as a regional bank which is mainly based in Chiba Prefecture.

The Group takes deposits, which are its main financing source, and invests those deposits in corporate loans, personal housing loans and securities. In order to manage these assets and liabilities and also to make management plan in response to changes in market environment, we have established ALM management system led by ALM Committee.

##### (2) Types of and Risks Associated with Financial Instruments

Because of corporate and housing loans being our main financial assets, we are exposed to credit risk which is the risk of losses on receivable such as those arising from nonperformance of borrowers.

We hold securities primarily comprising bonds, stocks and investment trusts for investment and operating purposes. These securities have credit risk of the issuers and market risk arising from changes in interest rates, prices and exchange rates.

The Group's financial liabilities are mainly deposits from our individual customers in Chiba Prefecture which consist of liquid deposits and time deposits. These deposits have liquidity risk arising from unexpected outflows of fund in certain situations.

The Group has interest rate risk caused by a mismatch in terms of interest rates or time period between the assets (e.g., loans) and liabilities (e.g., deposits). We in part hedge the risk using interest rate swaps.

We also have foreign exchange risk arising from a position mismatch between the foreign currency denominated assets and liabilities, which we in part hedge using currency swaps.

We utilize derivatives for purposes of: addressing customer's various needs for investments and financing, managing risks from the assets and liabilities, and trading (i.e., for a gain from sales in a short term). We enter into derivatives transactions to hedge interest rate and exchange rate risks from the assets and liabilities as follows:

	Hedged Item	Hedging Instrument
Interest rate risk hedge	Loans and bills discounted	Interest rate swaps
Foreign exchange risk hedge	Receivables and payables denominated in foreign currencies	Currency swaps Forward foreign exchange

We apply hedge accounting to these transactions. Derivatives bear market risk and credit risk like other transactions in markets.

Some of our subsidiaries have leasing credit and installment receivables which are subject to interest rate risk and credit risk.

##### (3) Risk Management Relating to Financial Instruments

###### i) Credit Risk Management

We have established the system of self-assessment of assets to provide appropriate allowance and write-offs. We also perform rigid credit risk management through individual credit management and credit portfolio management based on internal rating system. The Risk Management Division, which is responsible for credit risk management, has been placed as a division independent of the Credit Unit (including the Credit Division) for a check-and-balance effect. Further, the Credit Risk Management Committee discusses plans and actions on credit portfolios based on consideration of credit risk situations.

The details of credit risk management are as follows:

###### (Individual Credit Management)

Branches and the Credit Division take the lead in credit review in accordance with credit review standards under the basic principles of credit (safety, profitability, liquidity, growth potential and public good). The Business Support Division provides support for customers who need to improve business operations and engages in resolution and collection activities with regard to Bankrupt Borrowers and others. The Bank strives to accumulate high-performing loan assets and minimize future losses through these in-advance review and after-the-fact administration.

###### (Credit Portfolio Management)

Credit portfolio management is to control risk of incurring a major loss at a time due to concentration of individual loans in specific countries or specific industries. The Risk Management Division monitors the state of credit risk from various perspectives, such as by country, by industry, and by customer credit rating. They also establish policies and take actions such as setting credit limits to control an increase in credit risk.

###### ii) Market Risk Management

We have established strict market risk management system including risk limit monitoring. The Risk Management Division, which is responsible for market risk management, has been placed as a division independent of the Treasury Division and overseas branches in business operation unit and the Treasury Operation Division in business management unit, for a check-and-balance effect. The ALM Committee chaired by the president discusses plans and actions on overall management of the assets and liabilities based on market risk situations. The following is how we set and monitor the upper guideline limits:

###### (Risk Limit Monitoring)

We set and monitor upper guideline limits to control market risk of financial assets such as securities, loans and deposits. In order to control an increase in market risk, we also set upper limits on investment balances, average duration, 10BPV and unrealized gains (losses) according to risk characteristics of transactions and products, and utilize such limits as additional management indicators. For trading, we set and monitor upper guideline limits on positions and losses.

(Quantitative Information on Market Risk)

(a) Financial Instruments of Banking Account

We use VaR (the assumed maximum loss) for quantitative analysis on market risk of financial instruments such as available-for-sale securities, loans and deposits. For calculating VaR, we have adopted the variance co-variance model (holding period of 1 year; confidence interval of 99.9%; and observation period of 1 year), and the changes of interest and stock price are considered. However, the VaR based on holding period of 10 days is used for a part of tradings such as market asset trading. Those VaR are used for risk limit monitoring. Our VaR of banking business is ¥121,606 million as of March 31, 2017 (¥246,267 million as of March 31, 2016). In case of 99% confidence level, VaR is ¥96,699 million as of March 31, 2017 (¥185,390 million as of March 31, 2016).

(b) Financial Instruments of Trading Account

We use VaR for quantitative analysis on market risk of financial instruments such as securities for trading and derivatives. For calculating VaR, we have adopted the variance co-variance model (holding period of 10 days; confidence interval of 99.9%; and observation period of 1 year). Those VaR is used for risk limit monitoring. Our VaR of trading business is ¥38 million as of March 31, 2017 (¥72 million as of March 31, 2016). In case of 99% confidence level, VaR is ¥28 million as of March 31, 2017 (¥54 million as of March 31, 2016).

(c) Validity of VaR

We check the validity of the market risk measurement made by VaR approach by the back-test which compares VaR calculated using the model with actual profit and loss. Since VaR estimates possible losses statistically under the certain probability from the past market changes, risk might not be complemented under anomalous market situations.

iii) Liquidity Risk Management

We have established strict liquidity risk management system including limit monitoring. The Risk Management Division, which is responsible for liquidity risk management, has been placed as a division independent of Treasury Division in financing management unit for a check-and-balance effect. The ALM Committee chaired by the president discusses plans and actions on overall management of the assets and liabilities based on liquidity risk situations. Upon an event with a significant impact on the cash flows, we would immediately have a conference chaired by the president and discuss plans to address the event. The following is how we set and monitor limits for liquidity management:

(Limit Management)

We set and monitor the minimum level of liquid assets such as government bonds that can be converted to cash in a short time. We also set upper limits on financing from inter-bank and other markets in order to facilitate stable cash flows with our fund-raising capacity.

iv) Integrated Risk Management

We have established rigid integrated risk management system including risk capital allocation framework. The Risk Management Division is responsible for integrated risk management and is the unit that monitors various risks including credit and market risks. In order to ensure that we have capital sufficient for the risks we bear, the Risk Management Division also conducts stress test, the results of which the Board of Directors monitors on a regular basis and discuss actions to take as necessary. The following is the details of risk capital allocation framework:

(Risk Capital Allocation Framework)

Risk capital allocation framework is to distribute risk capital (tolerable risk) within the capital representing our financial strength, to divisions such as domestic business divisions and treasury divisions in advance. Each division then controls risks within the allocated risk capital. Through this framework, each division conducts its operations focusing on risk-return spectrum (e.g., improves profitability and/or utilize the capital in a more efficient manner) while the entire Bank's strength is maintained.

**(4) Supplementary Explanation on Fair Value of Financial Instruments**

The fair value of financial instruments includes, in addition to values determined based on market prices, those calculated on a reasonable basis if no market price is available. Since certain assumptions are used for the calculations, the result may vary if different assumptions are used.

## II. Disclosure on Fair Value of Financial Instruments

The following table summarizes the amount stated in the consolidated balance sheets and the fair value of financial instruments as of March 31, 2017 with their difference. Note that the following table does not include unlisted equity securities and other securities for which fair value is extremely difficult to determine (Note ii). Furthermore, some items are not shown since the consolidated balance sheet amounts are insignificant.

	Millions of Yen (Note 1)					
	March 31, 2017			March 31, 2016		
	Consolidated Balance Sheet Amount	Fair Value	Difference*1	Consolidated Balance Sheet Amount	Fair Value	Difference*1
(1) Securities						
Held-to-maturity Bonds	¥ 8,064	¥ 8,254	¥ 189	¥ 8,130	¥ 8,118	¥ (11)
Available-for-sale Securities	2,350,166	2,350,166	—	2,429,756	2,429,756	—
(2) Loans and Bills Discounted	9,268,854			8,769,113		
Allowance for Loan Losses*2	(30,520)			(38,463)		
	9,238,334	9,344,521	106,188	8,730,650	8,858,282	127,631
Total Assets	¥11,596,565	¥11,702,943	¥106,377	¥11,168,537	¥11,296,157	¥127,620
(1) Deposits	11,550,592	11,551,030	(437)	11,127,408	11,128,168	(760)
(2) Negotiable Certificates of Deposit	434,192	434,192	—	359,022	359,022	—
Total Liabilities	¥11,984,784	¥11,985,222	¥ (437)	¥11,486,430	¥11,487,190	¥ (760)
Derivative Transactions*3						
Not Qualifying for Hedge Accounting	3,823	3,823	—	3,542	3,542	—
Qualifying for Hedge Accounting	1,308	1,308	—	2,016	2,016	—
Total Derivative Transactions	¥ 5,132	¥ 5,132	¥ —	¥ 5,559	¥ 5,559	¥ —

\*1 Unrealized gains (losses) are presented.

\*2 General and specific allowance for Loans and bills discounted is deducted here.

\*3 Presents derivative transactions included in Trading assets/liabilities as well as those in Other assets/liabilities. Also presents assets or liabilities arising from derivative transactions on a net basis. Net liability positions are presented with brackets [ ].

(Note i) Methods used for determining the estimated fair value of financial instruments

### Assets

#### (1) Securities

The fair value of stocks is determined based on price quoted by the exchanges. The fair value of bonds is determined based on the Trading Reference Statistical Data published by Japanese Securities Dealers Association or prices provided by financial institutions. The fair value of investment trusts is determined based on the net asset value provided by financial institutions.

The fair value of domestic stocks and domestic investment trusts is based on the average market price during the month preceding the consolidated fiscal year end. The fair value of privately placed bonds guaranteed by the Bank is determined based on a market interest rate adjusted with projected default rate.

#### (2) Loans and Bills Discounted

Because a floating-rate loan reflects market interest rate within a short term, its fair value approximates the carrying amount unless the credit-worthiness of the borrower has changed significantly since the loan origination. As such the carrying amount is deemed as the fair value. With respect to fixed rate loans, the fair value is calculated as total of principal and interest discounted at market interest rate adjusted with projected default rate for each category of loans based on type, internal rating and maturity length.

As for short-term loans with maturity of one year or less, the carrying amount is deemed as the fair value since the fair value approximates such carrying amount.

For loans to Bankrupt, Effectively Bankrupt and Potentially Bankrupt Borrowers, Allowance for loan losses is estimated based on present value of expected future cash flows or expected amount to be collected from collaterals and guarantees. Accordingly, the fair value approximates the consolidated balance sheet amount less the allowance, which is then deemed and used as the fair value in the above table.

For loans without a fixed maturity due to loan characteristics such as limiting loans to within the value of collateral, the carrying amount is deemed as the fair value since the fair value is considered to approximate such carrying amount in terms of expected duration and interest rate.

### Liabilities

#### (1) Deposits and (2) Negotiable Certificates of Deposit

For demand deposits, the amount payable on demand as of the consolidated balance sheet date is considered to be the fair value. The fair value of time deposits and negotiable certificates of deposit are calculated as future cash flows discounted by time period. The discount rate used in the calculation is the interest rate that would be applied to newly accepted deposits. For short-term deposits, the carrying amount is deemed as the fair value since the fair value approximates such carrying amount because of the short contract term of one year or less.

## Derivative Transactions

See "37. Derivative Transactions."

(Note ii) The following table summarizes financial instruments whose fair value is extremely difficult to be estimated. These securities are not included in the amount presented under "Assets, (1) Available-for-sale Securities" in the above table.

	Millions of Yen (Note 1)	
	March 31, 2017	March 31, 2016
	Consolidated Balance Sheet Amount	Consolidated Balance Sheet Amount
(1) Unlisted Stocks* <sup>1, 2</sup>	¥ 5,359	¥ 5,393
(2) Investments in Limited Partnerships, etc.* <sup>3</sup>	9,161	4,949
Total	¥14,521	¥10,342

\*1 Unlisted stocks do not carry quoted market prices. Since it is extremely difficult to estimate the fair value of these securities, the fair value is not disclosed.

\*2 An impairment loss of ¥8 million (¥24 million for the previous fiscal year) was recorded on these unlisted stocks in the current fiscal year.

\*3 Fair value of investments in limited partnerships, etc., is not disclosed since such partnerships invest in assets, such as unlisted stocks, of which fair value is extremely difficult to be estimated.

(Note iii) Redemption schedule of monetary claims and securities with maturities:

	Millions of Yen (Note 1)					
	March 31, 2017					
	Within 1 Year	1-3 Years	3-5 Years	5-7 Years	7-10 Years	Over 10 Years
Securities	¥ 334,484	¥ 600,613	¥ 482,188	¥138,387	¥ 329,774	¥ 93,902
Held-to-maturity Bonds	—	—	—	5,609	2,243	—
Available-for-sale Securities with Maturities	334,484	600,613	482,188	132,777	327,531	93,902
Government Bonds	172,500	247,500	112,000	22,500	83,500	7,700
Local Government Bonds	63,906	72,647	69,612	44,264	157,402	679
Short-term Corporate Bonds	—	—	—	—	—	—
Corporate Bonds	28,607	80,075	143,586	59,582	6,450	16,227
Loans*	1,187,867	1,568,392	1,147,274	813,808	925,233	2,930,110
Total	¥1,522,352	¥2,169,006	¥1,629,462	¥952,195	¥1,255,008	¥3,024,012

\* These amounts do not include loans to Bankrupt, Effectively Bankrupt or Potentially Bankrupt Borrowers and other loans of which redemption amount cannot be projected and those which do not have specific maturities, amounting to ¥696,166 million in total.

	Millions of Yen (Note 1)					
	March 31, 2016					
	Within 1 Year	1-3 Years	3-5 Years	5-7 Years	7-10 Years	Over 10 Years
Securities	¥ 273,157	¥ 683,617	¥ 526,562	¥220,933	¥ 259,411	¥ 108,182
Held-to-maturity Bonds	—	—	—	—	7,887	—
Available-for-sale Securities with Maturities	273,157	683,617	526,562	220,933	251,524	108,182
Government Bonds	143,500	317,000	135,000	108,000	100,500	8,000
Local Government Bonds	60,827	95,469	83,856	18,827	88,668	—
Short-term Corporate Bonds	—	—	—	—	—	—
Corporate Bonds	21,655	63,362	115,574	73,273	2,800	7,442
Loans*	1,222,451	1,498,885	1,084,091	729,653	865,993	2,654,701
Total	¥1,495,608	¥2,182,502	¥1,610,654	¥950,587	¥1,125,404	¥2,762,884

\* These amounts do not include loans to Bankrupt, Effectively Bankrupt or Potentially Bankrupt Borrowers and other loans of which redemption amount cannot be projected and those which do not have specific maturities, amounting to ¥713,336 million in total.

(Note iv) Repayment schedule of interest-bearing liabilities:

	Millions of Yen (Note 1)					
	March 31, 2017					
	Within 1 Year	1-3 Years	3-5 Years	5-7 Years	7-10 Years	Over 10 Years
Deposits*	¥10,815,306	¥667,794	¥50,349	¥6,496	¥10,645	¥—
Negotiable Certificates of Deposit	434,192	—	—	—	—	—
Total	¥11,249,498	¥667,794	¥50,349	¥6,496	¥10,645	¥—

\* Demand deposits are included in "Within 1 year."

	Millions of Yen (Note 1)					
	March 31, 2016					
	Within 1 Year	1-3 Years	3-5 Years	5-7 Years	7-10 Years	Over 10 Years
Deposits*	¥10,350,546	¥705,037	¥52,473	¥6,669	¥12,681	¥—
Negotiable Certificates of Deposit	359,022	—	—	—	—	—
Total	¥10,709,568	¥705,037	¥52,473	¥6,669	¥12,681	¥—

\* Demand deposits are included in "Within 1 year."

## 34. Market Value of Securities

## (1) Trading Securities

	Millions of Yen (Note 1)	
	March 31, 2017	March 31, 2016
	Unrealized Gains (Losses) included in the Consolidated Statement of Income	Unrealized Gains (Losses) included in the Consolidated Statement of Income
Trading Securities	¥53	¥176

## (2) Marketable Securities Held-to-Maturity

	Millions of Yen (Note 1)						
	March 31, 2017			March 31, 2016			
	Consolidated Balance Sheet Amount	Fair Value	Difference	Consolidated Balance Sheet Amount	Fair Value	Difference	
(a) Securities for which the fair value exceeds the consolidated balance sheet amount	Bonds:						
	Japanese Government Bonds	¥ —	¥ —	¥ —	¥ —	¥ —	
	Japanese Local Government Bonds	—	—	—	—	—	
	Japanese Short-term Corporate Bonds	—	—	—	—	—	
	Japanese Corporate Bonds	—	—	—	—	—	
	Other	9,403	9,595	192	3,211	3,240	29
	Foreign Bonds	8,064	8,254	189	1,153	1,177	23
	Subtotal	¥ 9,403	¥ 9,595	¥192	¥ 3,211	¥ 3,240	¥ 29
(b) Securities for which the fair value does not exceed the consolidated balance sheet amount	Bonds:						
	Japanese Government Bonds	¥ —	¥ —	¥ —	¥ —	¥ —	
	Japanese Local Government Bonds	—	—	—	—	—	
	Japanese Short-term Corporate Bonds	—	—	—	—	—	
	Japanese Corporate Bonds	—	—	—	—	—	
	Other	1,210	1,205	(5)	8,536	8,492	(44)
	Foreign Bonds	—	—	—	6,976	6,941	(34)
	Subtotal	¥ 1,210	¥ 1,205	¥ (5)	¥ 8,536	¥ 8,492	¥(44)
	Total	¥10,614	¥10,801	¥187	¥11,747	¥11,732	¥(15)

## (3) Marketable Securities Available for Sale

	Millions of Yen (Note 1)						
	March 31, 2017			March 31, 2016			
	Consolidated Balance Sheet Amount	Acquisition Cost	Difference	Consolidated Balance Sheet Amount	Acquisition Cost	Difference	
(a) Securities for which the fair value exceeds the amortized acquisition cost	Stocks	¥ 239,168	¥ 104,515	¥134,653	¥ 206,254	¥ 92,602	¥113,652
	Bonds:	1,221,186	1,207,282	13,903	1,440,033	1,418,995	21,038
	Japanese Government Bonds	638,895	630,636	8,258	820,926	807,024	13,901
	Japanese Local Government Bonds	310,512	306,849	3,662	342,461	337,966	4,494
	Japanese Short-term Corporate Bonds	—	—	—	—	—	—
	Japanese Corporate Bonds	271,777	269,795	1,982	276,645	274,004	2,641
	Other	380,153	361,128	19,025	487,861	463,309	24,551
	Foreign Bonds	244,960	242,695	2,264	372,250	365,897	6,352
	Subtotal	¥1,840,508	¥1,672,925	¥167,582	¥2,134,150	¥1,974,908	¥159,242
(b) Securities for which the fair value does not exceed the amortized acquisition cost	Stocks	¥ 3,675	¥ 4,485	¥ (809)	¥ 10,973	¥ 13,062	¥ (2,089)
	Bonds:	191,902	192,976	(1,073)	37,070	37,181	(111)
	Japanese Government Bonds	21,163	21,268	(104)	14,029	14,085	(55)
	Japanese Local Government Bonds	104,341	104,974	(632)	11,449	11,459	(10)
	Japanese Short-term Corporate Bonds	—	—	—	—	—	—
	Japanese Corporate Bonds	66,397	66,733	(336)	11,590	11,636	(45)
	Other	316,892	325,607	(8,715)	247,563	255,205	(7,642)
	Foreign Bonds	223,427	228,046	(4,618)	169,830	173,675	(3,845)
	Subtotal	¥ 512,470	¥ 523,069	¥ (10,598)	¥ 295,606	¥ 305,449	¥ (9,843)
	Total	¥2,352,978	¥2,195,994	¥156,983	¥2,429,756	¥2,280,358	¥149,398

#### (4) Securities Held-to-Maturity Sold during the Fiscal Year

None.

#### (5) Securities Available for Sale Sold during the Fiscal Year

	Millions of Yen (Note 1)					
	March 31, 2017			March 31, 2016		
	Proceeds from Sales	Gain	Loss	Proceeds from Sales	Gain	Loss
Stocks	¥ 4,060	¥1,562	¥ 1	¥ 6,569	¥3,075	¥ 75
Bonds:	772,076	756	1,627	981,640	2,187	377
Japanese Government Bonds	770,472	754	1,606	978,387	2,173	377
Japanese Local Government Bonds	1,336	—	21	—	—	—
Japanese Short-term Corporate Bonds	—	—	—	—	—	—
Japanese Corporate Bonds	267	2	—	3,253	13	—
Other	166,320	2,297	2,593	107,031	1,044	811
Foreign Bonds	158,578	921	2,206	93,226	583	324
Total	¥942,457	¥4,615	¥4,223	¥1,095,241	¥6,307	¥1,264

#### (6) Securities for which the Holding Purpose has been Altered

None.

#### (7) Impairment Losses on Securities

Marketable securities available for sale are subject to write-downs when the market value or reasonably estimated value of these securities (collectively, "fair value") has declined considerably and it is not probable that the value will recover to the acquisition cost. In such case, any differences between fair value and acquisition cost are recognized as losses for the period. For the current fiscal year, impairment losses was ¥26 million (Corporate bonds: ¥17 million, Stocks: ¥8 million) (¥62 million (Stocks: ¥24 million, Corporate bonds, etc.: ¥37 million) for the previous fiscal year).

"Considerable decline in fair value" is determined based on the classification of issuers in accordance with the internal standards for self-assessment of assets as follows:

Bankrupt, effectively bankrupt and potentially bankrupt

Fair value is lower than acquisition cost.

Requiring caution

Fair value has declined by 30% or more from acquisition cost.

Normal

Fair value has declined by 50% or more from acquisition cost, or fair value has declined by more than 30% but less than 50% from acquisition cost and stayed below a certain level.

Bankrupt issuer means one who has entered into bankruptcy, special liquidation proceedings, corporate rehabilitation, civil rehabilitation or similar legal proceedings or whose notes have been dishonored and suspended from processing through clearing houses.

Effectively bankrupt issuer means one who is not legally or formally bankrupt but regarded as substantially in a similar condition.

Potentially bankrupt issuer means one who is not legally bankrupt but deemed to have high possibility of becoming bankrupt.

Requiring caution issuer means one who is financially weak and under close monitoring conducted by the Bank.

Normal issuer means one who does not belong to the other categories.



**35. Money Held in Trust****(1) Money Held in Trust for Trading Purposes**

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
Consolidated Balance Sheet Amount	¥19,061	¥29,314	\$169,904
Unrealized Gains (Losses) included in the Consolidated Statement of Income	559	(682)	4,990

**(2) Money Held in Trust for Other Purposes**

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
Acquisition Cost	¥9,079	¥7,579	\$80,925
Consolidated Balance Sheet Amount	9,079	7,579	80,925
Valuation Differences	—	—	—
Gains	—	—	—
Losses	—	—	—

**36. Valuation Difference on Available-for-sale Securities**

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
Valuation Difference	¥156,692	¥149,282	\$1,396,673
Securities Available for Sale	156,692	149,282	1,396,673
Other Money Held in Trust	—	—	—
Deferred Tax Liabilities (Assets)	47,621	45,697	424,469
Valuation Difference, Net of Taxes	¥109,071	¥103,585	\$ 972,204
Net Unrealized Gains on Securities Available for Sale Owned by Subsidiaries, which is Attributable to the Parent	355	336	3,171
Valuation Difference on Available-for-sale Securities	¥109,427	¥103,921	\$ 975,375

**37. Derivative Transactions****(1) Derivative Transactions to which Hedge Accounting is Not Applied**

With respect to the derivative transactions, contract amount or notional principal, fair value, unrealized gains (losses) and fair value calculation by transaction type as of the consolidated balance sheet date are as follows. Contract amount or notional principal does not necessarily represent market risk of the derivative transaction.

**(a) Interest rate derivatives**

	Millions of Yen (Note 1)			
	March 31, 2017			
	Notional Principal or Contract Amount		Unrealized Gains (Losses)	
	Total	Over 1 Year	Fair Value	(Losses)
<b>Listed:</b>				
Futures:				
Sold	¥ —	¥ —	¥ —	¥ —
Bought	—	—	—	—
Options:				
Sold	—	—	—	—
Bought	—	—	—	—
<b>Over-the-counter:</b>				
FRA:				
Sold	—	—	—	—
Bought	—	—	—	—
Swaps:				
Receive Fixed / Pay Float	1,073,916	974,336	14,247	14,247
Receive Float / Pay Fixed	1,073,445	942,025	(10,682)	(10,682)
Receive Float / Pay Float	80,580	48,780	(2)	(2)
Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Other:				
Sold	5,584	3,624	(1)	(1)
Bought	700	700	0	0
<b>Total</b>	<b>¥ —</b>	<b>¥ —</b>	<b>¥ 3,560</b>	<b>¥ 3,560</b>

1. The above transactions are valued at fair value and the unrealized gains (losses) are included in the consolidated statement of income.

2. The fair value of listed transactions is based on the final price issued by Tokyo Stock Exchange or other exchange. The fair value of OTC transactions is based on the discounted cash flow method or option pricing models.

	Millions of Yen (Note 1)			
	March 31, 2016			
	Notional Principal or Contract Amount		Unrealized Gains (Losses)	
	Total	Over 1 Year	Fair Value	(Losses)
<b>Listed:</b>				
Futures:				
Sold	¥ —	¥ —	¥ —	¥ —
Bought	—	—	—	—
Options:				
Sold	—	—	—	—
Bought	—	—	—	—
<b>Over-the-counter:</b>				
FRA:				
Sold	—	—	—	—
Bought	—	—	—	—
Swaps:				
Receive Fixed / Pay Float	901,193	772,925	25,347	25,347
Receive Float / Pay Fixed	898,993	739,733	(22,294)	(22,294)
Receive Float / Pay Float	101,560	71,060	51	51
Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Other:				
Sold	7,411	5,391	(2)	(2)
Bought	700	700	0	0
<b>Total</b>	<b>¥ —</b>	<b>¥ —</b>	<b>¥ 3,102</b>	<b>¥ 3,102</b>

1. The above transactions are valued at fair value and the unrealized gains (losses) are included in the consolidated statement of income.

2. The fair value of listed transactions is based on the final price issued by Tokyo Stock Exchange or other exchange. The fair value of OTC transactions is based on the discounted cash flow method or option pricing models.



## (b) Currency derivatives

	Millions of Yen (Note 1)			
	March 31, 2017			
	Notional Principal or Contract Amount		Fair Value	Unrealized Gains (Losses)
Total	Over 1 Year			
<b>Listed:</b>				
Futures:				
Sold	¥ —	¥ —	¥ —	¥ —
Bought	—	—	—	—
Options:				
Sold	—	—	—	—
Bought	—	—	—	—
<b>Over-the-counter:</b>				
Currency Swaps	425,332	407,121	110	110
Forward Foreign Exchange:				
Sold	13,220	—	(27)	(27)
Bought	30,137	—	185	185
Currency Options:				
Sold	2,259	—	(36)	8
Bought	2,259	—	36	2
Other:				
Sold	—	—	—	—
Bought	—	—	—	—
<b>Total</b>	<b>¥ —</b>	<b>¥ —</b>	<b>¥268</b>	<b>¥279</b>

1. The above transactions are valued at fair value and the unrealized gains (losses) are included in the consolidated statement of income.
2. The fair value is based on the discounted cash flow method or option pricing models.

	Millions of Yen (Note 1)			
	March 31, 2016			
	Notional Principal or Contract Amount		Fair Value	Unrealized Gains (Losses)
Total	Over 1 Year			
<b>Listed:</b>				
Futures:				
Sold	¥ —	¥ —	¥ —	¥ —
Bought	—	—	—	—
Options:				
Sold	—	—	—	—
Bought	—	—	—	—
<b>Over-the-counter:</b>				
Currency Swaps	149,557	129,175	83	83
Forward Foreign Exchange:				
Sold	17,180	—	333	333
Bought	20,358	—	39	39
Currency Options:				
Sold	471	—	(5)	0
Bought	471	—	5	1
Other:				
Sold	—	—	—	—
Bought	—	—	—	—
<b>Total</b>	<b>¥ —</b>	<b>¥ —</b>	<b>¥456</b>	<b>¥459</b>

1. The above transactions are valued at fair value and the unrealized gains (losses) are included in the consolidated statement of income.
2. The fair value is based on the discounted cash flow method or option pricing models.

## (c) Equity derivatives

None.

## (d) Bond derivatives

	Millions of Yen (Note 1)			
	March 31, 2017			
	Notional Principal or Contract Amount		Fair Value	Unrealized Gains (Losses)
Total	Over 1 Year			
<b>Listed:</b>				
Futures:				
Sold	¥3,149	¥—	¥(6)	¥(6)
Bought	—	—	—	—
Futures Options:				
Sold	—	—	—	—
Bought	—	—	—	—
<b>Over-the-counter:</b>				
Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Other:				
Sold	—	—	—	—
Bought	—	—	—	—
<b>Total</b>	<b>¥ —</b>	<b>¥ —</b>	<b>¥(6)</b>	<b>¥(6)</b>

1. The above transactions are valued at fair value and the unrealized gains (losses) are included in the consolidated statement of income.
2. The fair value of listed transactions is based on the final price issued by Osaka Exchange or other exchange. The fair value of OTC transactions is based on the discounted cash flow method or option pricing models.

	Millions of Yen (Note 1)			
	March 31, 2016			
	Notional Principal or Contract Amount		Fair Value	Unrealized Gains (Losses)
Total	Over 1 Year			
<b>Listed:</b>				
Futures:				
Sold	¥4,674	¥—	¥(16)	¥(16)
Bought	—	—	—	—
Futures Options:				
Sold	—	—	—	—
Bought	—	—	—	—
<b>Over-the-counter:</b>				
Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Other:				
Sold	—	—	—	—
Bought	—	—	—	—
<b>Total</b>	<b>¥ —</b>	<b>¥ —</b>	<b>¥(16)</b>	<b>¥(16)</b>

1. The above transactions are valued at fair value and the unrealized gains (losses) are included in the consolidated statement of income.
2. The fair value of listed transactions is based on the final price issued by Osaka Exchange or other exchange. The fair value of OTC transactions is based on the discounted cash flow method or option pricing models.

## (e) Commodity derivatives

None.

## (f) Credit derivatives

None.

**(2) Derivative Transactions to which Hedge Accounting is Applied**

With respect to the derivative transactions, contract amount or notional principal, fair value, unrealized gains (losses) and fair value calculation by hedge accounting method as of the consolidated balance sheet date are as follows. Contract amount or notional principal does not necessarily represent market risk of the derivative transaction.

**(a) Interest rate derivatives**

		Millions of Yen (Note 1)		
		March 31, 2017		
		Notional Principal or Contract Amount		
	Hedged Item	Total	Over 1 Year	Fair Value
Principle Method Interest Swap	Interest-bearing financial assets and liabilities including loans, available-for-sale debt securities, deposits and negotiable certificates of deposit			
Receive Fixed / Pay Float		¥ —	¥ —	¥ —
Receive Float / Pay Fixed		228,737	162,067	1,208
Receive Float / Pay Float		—	—	—
Other		—	—	—
Exceptional Accrual Method Interest Swap	Loans			
Receive Fixed / Pay Float		—	—	
Receive Float / Pay Fixed		33,611	32,489	*3
Receive Float / Pay Float		—	—	
Total		¥ —	¥ —	¥1,208

- Deferred hedge is primarily applied to the above transactions under the "Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry" (JICPA Industry Audit Committee Report No. 24).
- The fair value of the above transactions is based on the discounted cash flow method or option pricing models.
- Since derivative transactions qualifying for the exceptional accrual method are treated as a unit of loans, those fair values are included in fair values of such loans in "33. Financial Instruments."

		Millions of Yen (Note 1)		
		March 31, 2016		
		Notional Principal or Contract Amount		
	Hedged Item	Total	Over 1 Year	Fair Value
Principle Method Interest Swap	Interest-bearing financial assets and liabilities including loans, available-for-sale debt securities, deposits and negotiable certificates of deposit			
Receive Fixed / Pay Float		¥ —	¥ —	¥ —
Receive Float / Pay Fixed		218,428	176,042	(1,400)
Receive Float / Pay Float		—	—	—
Other		—	—	—
Exceptional Accrual Method Interest Swap	Loans			
Receive Fixed / Pay Float		—	—	
Receive Float / Pay Fixed		24,869	20,331	*3
Receive Float / Pay Float		—	—	
Total		¥ —	¥ —	¥(1,400)

- Deferred hedge is primarily applied to the above transactions under the "Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry" (JICPA Industry Audit Committee Report No. 24).
- The fair value of the above transactions is based on the discounted cash flow method or option pricing models.
- Since derivative transactions qualifying for the exceptional accrual method are treated as a unit of loans, those fair values are included in fair values of such loans in "33. Financial Instruments."

**(b) Currency derivatives**

Method of hedge accounting: Principle method

		Millions of Yen (Note 1)		
		March 31, 2017		
		Notional Principal or Contract Amount		
	Hedged Item	Total	Over 1 Year	Fair Value
Currency Swap	Foreign currency denominated loans, securities, deposits and foreign exchanges	¥260,663	¥76,427	¥100
Total		¥ —	¥ —	¥100

- Deferred hedge is primarily applied to the above transactions under the "Treatment for Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in Banking Industry" (JICPA Industry Audit Committee Report No. 25).
- The fair value is based on the discounted cash flow method or option pricing models.

		Millions of Yen (Note 1)		
		March 31, 2016		
Hedged Item		Notional Principal or Contract Amount		Fair Value
		Total	Over 1 Year	
Currency Swap	Foreign currency denominated loans, securities, deposits and foreign exchanges	¥289,492	¥8,631	¥3,416
Total		¥ —	¥ —	¥3,416

1. Deferred hedge is primarily applied to the above transactions under the "Treatment for Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in Banking Industry" (JICPA Industry Audit Committee Report No. 25).
2. The fair value is based on the discounted cash flow method or option pricing models.

(c) Equity derivatives

None.

(d) Bond derivatives

None.

### 38. Per Share Data

	Yen (Note 1)		U.S. Dollars (Note 1)
	2017	2016	2017
Net Assets per Share of Common Stock	¥1,128.31	¥1,053.76	\$10.06
Profit per Share of Common Stock	65.32	67.03	0.58
Diluted Net Income per Share of Common Stock	65.25	66.96	0.58

#### I. Basis for Calculating Net Assets per Share

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
Consolidated Net Assets	¥900,550	¥866,398	\$8,027,009
Less: Subscription Rights to Shares	423	516	3,771
Consolidated Net Assets Attributable to Common Stockholders	¥900,127	¥865,882	\$8,023,238

	Number of Shares	
	2017	2016
Number of Shares of Common Stock Used for Calculating Net Assets per Share	797,759,929	821,702,727

#### II. Basis for Calculating Net Income per Share

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
Profit Attributable to Owners of Parent	¥52,730	¥55,444	\$470,013
Profit Attributable to Owners of Parent not Attributable to Common Stockholders	—	—	—
Profit Attributable to Owners of Parent Attributable to Common Stockholders	¥52,730	¥55,444	\$470,013

	Number of Shares	
	2017	2016
Average Number of Shares of Common Stock (excluding Treasury Shares)	807,250,735	827,042,109

The increased number of shares of common stock for stock options is 857 thousand (895 thousand for the previous fiscal year), which is used for calculating Diluted Profit per Share.

### 39. Related Party Transactions

None.

**40. Cash Dividends Paid****I. Cash Dividends Paid for the Fiscal Year ended March 31, 2016**

Resolution	Category of Shares	Total Amounts of Cash Dividends Paid	Cash Dividends per Share	Record Date	Effective Date
		Millions of Yen (Note 1)	Yen (Note 1)		
Annual General Shareholders Meeting, at June 25, 2015	Common Stock	¥5,829	¥7.00	March 31, 2015	June 26, 2015
Board of Directors, at November 9, 2015	Common Stock	¥5,781	¥7.00	September 30, 2015	December 4, 2015

**II. Cash Dividends Paid for the Fiscal Year ended March 31, 2017**

Resolution	Category of Shares	Total Amounts of Cash Dividends Paid	Cash Dividends per Share	Record Date	Effective Date
		Millions of Yen (Note 1)	Yen (Note 1)		
Annual General Shareholders Meeting, at June 28, 2016	Common Stock	¥5,751	¥7.00	March 31, 2016	June 29, 2016
Board of Directors, at November 9, 2016	Common Stock	¥6,031	¥7.50	September 30, 2016	December 5, 2016

**III. Cash Dividends with the Record Date in the Fiscal Year ended March 31, 2017 and the Effective Date in the Fiscal Year ending March 31, 2018**

Approval	Category of Shares	Total Amounts of Cash Dividends Paid	Source of Dividends	Cash Dividends per Share	Record Date	Effective Date
		Millions of Yen (Note 1)	Yen (Note 1)			
Annual General Shareholders Meeting, at June 28, 2017	Common Stock	¥5,983	Retained Earnings	¥7.50	March 31, 2017	June 29, 2017

**41. Stock Options****I. Line Item where Stock Option Expense is Presented and the Amount**

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
General and Administrative Expenses	¥159	¥164	\$1,425

**II. The Stock Option Activity**

## (1) Outline of the Stock Option

		The first subscription rights	The second subscription rights	The third subscription rights	The fourth subscription rights
		Number of Grantees	Directors	9	9
	Executive officers	9	9	9	11
Number of Stock Options	Common stock	311,100	343,600	344,700	229,400
Date of Grant		July 20, 2010	July 20, 2011	July 20, 2012	July 19, 2013
Requirement for Determination of Rights		Not fixed	Not fixed	Not fixed	Not fixed
Target Period		Not fixed	Not fixed	Not fixed	Not fixed
Exercise Period		From July 21, 2010 to July 20, 2040	From July 21, 2011 to July 20, 2041	From July 21, 2012 to July 20, 2042	From July 20, 2013 to July 19, 2043
		The fifth subscription rights	The sixth subscription rights	The seventh subscription rights	
		Number of Grantees	Directors	10	10
	Executive officers	10	10	10	
Number of Stock Options	Common stock	243,000	180,700	365,400	
Date of Grant		July 18, 2014	July 17, 2015	July 20, 2016	
Requirement for Determination of Rights		Not fixed	Not fixed	Not fixed	
Target Period		Not fixed	Not fixed	Not fixed	
Exercise Period		From July 19, 2014 to July 18, 2044	From July 18, 2015 to July 17, 2045	From July 21, 2016 to July 20, 2046	

(2) Size and Situation of the Stock Option

(a) The number of the stock option

	Number of Shares			
	The first subscription rights	The second subscription rights	The third subscription rights	The fourth subscription rights
Non-vested				
As of March 31, 2016	—	—	—	—
Granted	—	—	—	—
Forfeited	—	—	—	—
Vested	—	—	—	—
Outstanding	—	—	—	—
Vested				
As of March 31, 2016	98,100	128,800	159,700	145,500
Vested	—	—	—	—
Exercised	44,100	70,800	78,400	78,700
Forfeited	—	—	—	—
Outstanding	54,000	58,000	81,300	66,800

	The fifth subscription rights	The sixth subscription rights	The seventh subscription rights
	Non-vested		
As of March 31, 2016	—	—	—
Granted	—	—	365,400
Forfeited	—	—	—
Vested	—	—	365,400
Outstanding	—	—	—
Vested			
As of March 31, 2016	185,600	180,700	—
Vested	—	—	365,400
Exercised	82,900	65,000	—
Forfeited	—	—	—
Outstanding	102,700	115,700	365,400

(b) Price information

	Yen (Note 1)			
	The first subscription rights	The second subscription rights	The third subscription rights	The fourth subscription rights
Exercise Price	1	1	1	1
Average Price at Exercise	485	485	485	485
Fair Value at Grant Date	467	446	403	686

	The fifth subscription rights	The sixth subscription rights	The seventh subscription rights
	Exercise Price	1	1
Average Price at Exercise	485	485	—
Fair Value at Grant Date	673	913	433

**III. The Estimations Used to Measure Fair Value of Stock Option**

(1) Valuation Method

The Black-Scholes option pricing model

(2) Main Figures and the Way of Estimation

	The seventh subscription rights
Volatility of Stock Price* <sup>1</sup>	29.088%
Estimated Remaining Outstanding Period* <sup>2</sup>	5 years
Estimated Dividend* <sup>3</sup>	¥14 per share
Risk-free Interest Rate* <sup>4</sup>	-0.317%

\*1 Volatility of Stock Price is calculated based on the actual stock prices of Estimated Remaining Outstanding Period.

\*2 Estimated Remaining Outstanding Period is estimated based on the average administration period of the directors from the past decade.

\*3 Estimated Dividend is based on the actual results of the fiscal year ended March 31, 2016.

\*4 Risk-free Interest Rate is based on bonds' yields of the Estimated Remaining Outstanding Period.

**IV. Estimated Number of Stock Options to be Vested**

The actual number of forfeited stock options alone is reflected because the number of stock options that will be forfeited in the future cannot be readily estimated.

# Independent Auditor's Report



Ernst & Young ShinNihon LLC  
Hibiya Kokusai Bldg.  
2-2-3 Uchisaiwai-cho, Chiyoda-ku  
Tokyo 100-0011, Japan

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Fax: +81 3 3503 1197  
www.shinnihon.or.jp

## Independent Auditor's Report

The Board of Directors  
The Chiba Bank, Ltd.

We have audited the accompanying consolidated financial statements of The Chiba Bank, Ltd. and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2017, and the consolidated statements of income, comprehensive income, changes in net assets, 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 designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the 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. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls 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. 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 Chiba Bank, Ltd and its consolidated subsidiaries as at March 31, 2017, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

### *Convenience Translation*

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 1.

*Ernst & Young ShinNihon LLC*

June 23, 2017

# Non-Consolidated Balance Sheet (Unaudited)

The Chiba Bank, Ltd.  
As of March 31, 2017

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
<b>Assets</b>			
Cash and Due from Banks	¥ 1,802,733	¥ 1,393,999	\$ 16,068,576
Call Loans	154,078	198,378	1,373,374
Receivables under Resale Agreements	14,999	4,999	133,701
Monetary Claims Bought	11,741	12,501	104,653
Trading Assets	129,232	182,419	1,151,905
Money Held in Trust	21,140	31,393	188,435
Securities	2,373,637	2,447,857	21,157,300
Loans and Bills Discounted	9,305,388	8,797,479	82,943,121
Foreign Exchanges	4,563	2,596	40,679
Other Assets	79,287	54,027	706,724
Tangible Fixed Assets	96,120	96,934	856,761
Intangible Fixed Assets	10,752	10,729	95,841
Prepaid Pension Cost	718	1,070	6,403
Customers' Liabilities for Acceptances and Guarantees	44,988	61,924	401,004
Allowance for Loan Losses	(23,123)	(30,464)	(206,109)
<b>Total Assets</b>	<b>¥14,026,259</b>	<b>¥13,265,847</b>	<b>\$125,022,369</b>
<b>Liabilities</b>			
Deposits	¥12,044,770	¥11,539,237	\$107,360,465
Call Money	250,000	134,500	2,228,363
Payables under Securities Lending Transactions	318,992	191,699	2,843,326
Trading Liabilities	16,474	22,905	146,841
Borrowed Money	277,646	267,573	2,474,790
Foreign Exchanges	692	640	6,174
Bonds Payable	117,267	107,545	1,045,257
Borrowed Money from Trust Account	62	—	558
Other Liabilities	53,245	73,185	474,599
Provision for Retirement Benefits	19,140	19,320	170,605
Provision for Reimbursement of Deposits	2,920	2,275	26,034
Provision for Point Loyalty Programs	268	195	2,397
Deferred Tax Liabilities	24,577	18,594	219,070
Deferred Tax Liabilities for Land Revaluation	10,930	11,069	97,431
Acceptances and Guarantees	44,988	61,924	401,004
<b>Total Liabilities</b>	<b>¥13,181,978</b>	<b>¥12,450,669</b>	<b>\$117,496,913</b>
<b>Net Assets</b>			
Capital Stock	¥ 145,069	¥ 145,069	\$ 1,293,066
Capital Surplus	122,134	122,134	1,088,636
Retained Earnings	514,303	477,182	4,584,221
Legal Retained Earnings	50,930	50,930	453,964
Other Retained Earnings	463,373	426,252	4,130,257
Treasury Shares	(52,219)	(37,480)	(465,459)
Total Shareholders' Equity	729,287	706,905	6,500,465
Valuation Difference on Available-for-sale Securities	102,326	96,475	912,086
Deferred Gains or Losses on Hedges	1,510	231	13,461
Revaluation Reserve for Land	10,733	11,050	95,673
Total Valuation and Translation Adjustments	114,570	107,757	1,021,220
Subscription Rights to Shares	423	516	3,771
<b>Total Net Assets</b>	<b>¥ 844,280</b>	<b>¥ 815,178</b>	<b>\$ 7,525,456</b>
<b>Total Liabilities and Net Assets</b>	<b>¥14,026,259</b>	<b>¥13,265,847</b>	<b>\$125,022,369</b>

Japanese yen amounts are presented in millions of yen by rounding down figures below one million. As a result, the totals in Japanese yen in the non-consolidated financial statements do not necessarily agree with the sums of individual amounts.

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# Non-Consolidated Statement of Income (Unaudited)

The Chiba Bank, Ltd.  
For the year ended March 31, 2017

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
<b>Income</b>			
Interest Income:			
Interest on Loans and Discounts	¥107,387	¥110,112	\$ 957,191
Interest and Dividends on Securities	27,744	28,707	247,301
Other Interest Income	2,588	2,037	23,074
Trust Fees	2	2	19
Fees and Commissions	39,444	39,052	351,585
Trading Income	2,590	3,276	23,089
Other Ordinary Income	5,447	4,233	48,556
Other Income	16,059	17,955	143,141
<b>Total Income</b>	<b>¥201,264</b>	<b>¥205,377</b>	<b>\$1,793,957</b>
<b>Expenses</b>			
Interest Expenses:			
Interest on Deposits	¥ 6,045	¥ 5,883	\$ 53,885
Interest on Borrowings and Rediscounts	732	1,021	6,531
Other Interest Expenses	9,780	8,493	87,176
Fees and Commissions Payments	20,343	20,017	181,332
Other Ordinary Expenses	4,237	2,014	37,769
General and Administrative Expenses	84,483	81,729	753,038
Other Expenses	6,636	7,185	59,153
<b>Total Expenses</b>	<b>¥132,259</b>	<b>¥126,345</b>	<b>\$1,178,886</b>
Profit before Income Taxes	69,004	79,031	615,072
Income Taxes—Current	17,218	22,172	153,478
Income Taxes—Deferred	3,167	4,323	28,229
<b>Profit</b>	<b>¥ 48,619</b>	<b>¥ 52,535</b>	<b>\$ 433,364</b>

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# Supplementary Information (Unaudited)

The Chiba Bank, Ltd. and Consolidated Subsidiaries  
As of March 31, 2017

## Consolidated Capital Ratio (BIS Guidelines)

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
<b>Common Equity Tier 1 Capital: Instruments and Reserves</b>	<b>¥870,748</b>	<b>¥816,109</b>	<b>\$7,761,372</b>
Capital Stock and Capital Surplus	267,203	267,203	2,381,703
Retained Earnings	566,050	524,817	5,045,463
Treasury Shares	52,219	(37,480)	465,459
Cash Dividends to be Paid	5,983	(5,751)	53,331
Subscription Rights to Shares	423	516	3,771
Accumulated Other Comprehensive Income and Other Disclosed Reserves	95,274	66,805	849,225
Instruments and Reserves (Transitional Arrangements)	—	—	—
<b>Common Equity Tier 1 Capital: Regulatory Adjustments</b>	<b>42,248</b>	<b>28,405</b>	<b>376,578</b>
Total Intangible Assets (excluding those Relating to Mortgage Servicing Rights)	6,081	4,557	54,204
Deferred Gains or Losses on Derivatives under Hedge Accounting	(516)	(769)	(4,606)
Shortfall of Eligible Provisions to Expected Losses	29,671	18,864	264,477
Securitization Gain on Sale	39	32	348
Investments in Own Shares (excluding those Reported in the Net Assets Section)	28	17	254
Investments in the Capital of Banking, Financial and Insurance Entities that are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions, where the Bank does not Own more than 10% of the Issued Share Capital (Amount above 10% Threshold)	3,657	—	32,598
Regulatory Adjustments due to Insufficient Additional Tier 1 and Tier 2	3,287	5,703	29,303
<b>Total Common Equity Tier 1 Capital</b>	<b>¥828,499</b>	<b>¥787,703</b>	<b>\$7,384,794</b>
<b>Additional Tier 1 Capital: Instruments</b>	<b>¥ 431</b>	<b>¥ 605</b>	<b>\$ 3,844</b>
Instruments (Transitional Arrangements)	431	605	3,844
<b>Additional Tier 1 Capital: Regulatory Adjustments</b>	<b>3,718</b>	<b>6,309</b>	<b>33,147</b>
Regulatory Adjustments (Transitional Arrangements)	3,718	6,309	33,147
<b>Total Additional Tier 1 Capital</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total Tier 1 Capital</b>	<b>¥828,499</b>	<b>¥787,703</b>	<b>\$7,384,794</b>
<b>Tier 2 Capital: Instruments and Provisions</b>	<b>¥ 66,447</b>	<b>¥ 71,066</b>	<b>\$ 592,273</b>
Directly Issued Qualifying Tier 2 Instruments plus Related Capital Surplus of which: Classified as Liabilities under Applicable Accounting Standards	50,000	30,000	445,673
Eligible Instruments (Transitional Arrangements)	—	10,000	—
General Allowance for Loan Losses and Eligible Provisions	348	126	3,104
Instruments and Provisions (Transitional Arrangements)	16,098	30,940	143,497
<b>Tier 2 Capital: Regulatory Adjustments</b>	<b>4,893</b>	<b>6,288</b>	<b>43,615</b>
Investments in the Capital of Banking, Financial and Insurance Entities that are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions, where the Bank does not Own more than 10% of the Issued Common Share Capital of the Entity (Amount above 10% Threshold)	1,181	—	10,534
Regulatory Adjustments (Transitional Arrangements)	3,711	6,288	33,080
<b>Total Tier 2 Capital</b>	<b>¥ 61,553</b>	<b>¥ 64,778</b>	<b>\$ 548,658</b>
<b>Total Capital</b>	<b>¥890,053</b>	<b>¥852,482</b>	<b>\$7,933,452</b>

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
<b>Risk-Weighted Assets:</b>			
<b>Total Risk-Weighted Assets</b>	¥6,547,655	¥6,181,872	\$58,362,201
<b>Total Required Capital</b>	¥ 523,812	¥ 494,549	\$ 4,668,976
<b>Capital Ratios:</b>			
Common Equity Tier 1 Capital Ratio	12.65%	12.74%	12.65%
Tier 1 Capital Ratio	12.65%	12.74%	12.65%
Total Capital Ratio	13.59%	13.79%	13.59%

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The following approaches were adopted to calculate the new capital ratio.

Credit Risk: Internal Ratings-Based Approach (using internal ratings for risk measurement)

Operational Risk: Standardized Approach (Gross Profits of every business line multiplied by the predetermined rate)

Total Required Capital is calculated by multiplying Total Risk-Weighted Assets by 8%.

## Consolidated Leverage Ratio

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
<b>On-Balance Sheet Exposures</b>			
On-Balance Sheet Exposures before Adjustments	¥13,986,460	¥13,204,041	\$124,667,618
Total Assets Reported in the Consolidated Balance Sheet	14,095,743	13,333,858	125,641,714
The Amount of Assets that are Deducted from the Total Assets Reported in the Consolidated Balance Sheet (except Adjustment Items)	(109,283)	(129,816)	(974,096)
The Amount of Adjustments to Tier 1 Capital	(43,147)	(29,727)	(384,593)
<b>Total On-Balance Sheet Exposures</b>	¥13,943,312	¥13,174,314	\$124,283,025
<b>Derivative Exposures</b>			
Replacement Cost Associated with Derivatives Transactions	¥ 26,156	¥ 39,250	\$ 233,142
Add-on Amounts Associated with Derivatives Transactions	24,608	17,488	219,348
The Amount of Cash Collateral Provided in Derivatives Transactions	12,385	8,098	110,395
<b>Total Derivative Exposures</b>	¥ 63,150	¥ 64,837	\$ 562,885
<b>Securities Financing Transaction (SFT) Exposures</b>			
The Amount of SFT Assets	¥ 14,999	¥ 4,999	\$ 133,701
The Exposures for Counter Party Credit Risk for SFTs	1,404	2,061	12,517
<b>Total SFT Exposures</b>	¥ 16,404	¥ 7,061	\$ 146,219
<b>Off-Balance Sheet Exposures</b>			
Notional Amount of Off-Balance Sheet Exposures	¥ 3,303,214	¥ 3,224,403	\$ 29,443,034
The Amount of Adjustments for Conversion in Relation to Off-Balance Sheets	(2,809,516)	(2,747,820)	(25,042,486)
<b>Total Off-Balance Sheet Exposures</b>	¥ 493,697	¥ 476,582	\$ 4,400,549
<b>Tier 1 Capital</b>	¥ 828,499	¥ 787,703	\$ 7,384,794
<b>Total Exposures</b>	¥14,516,564	¥13,722,796	\$129,392,677
<b>Leverage Ratio</b>	5.70%	5.74%	5.70%

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## Loans and Bills Discounted, Borrower Classification by Industry (Consolidated)

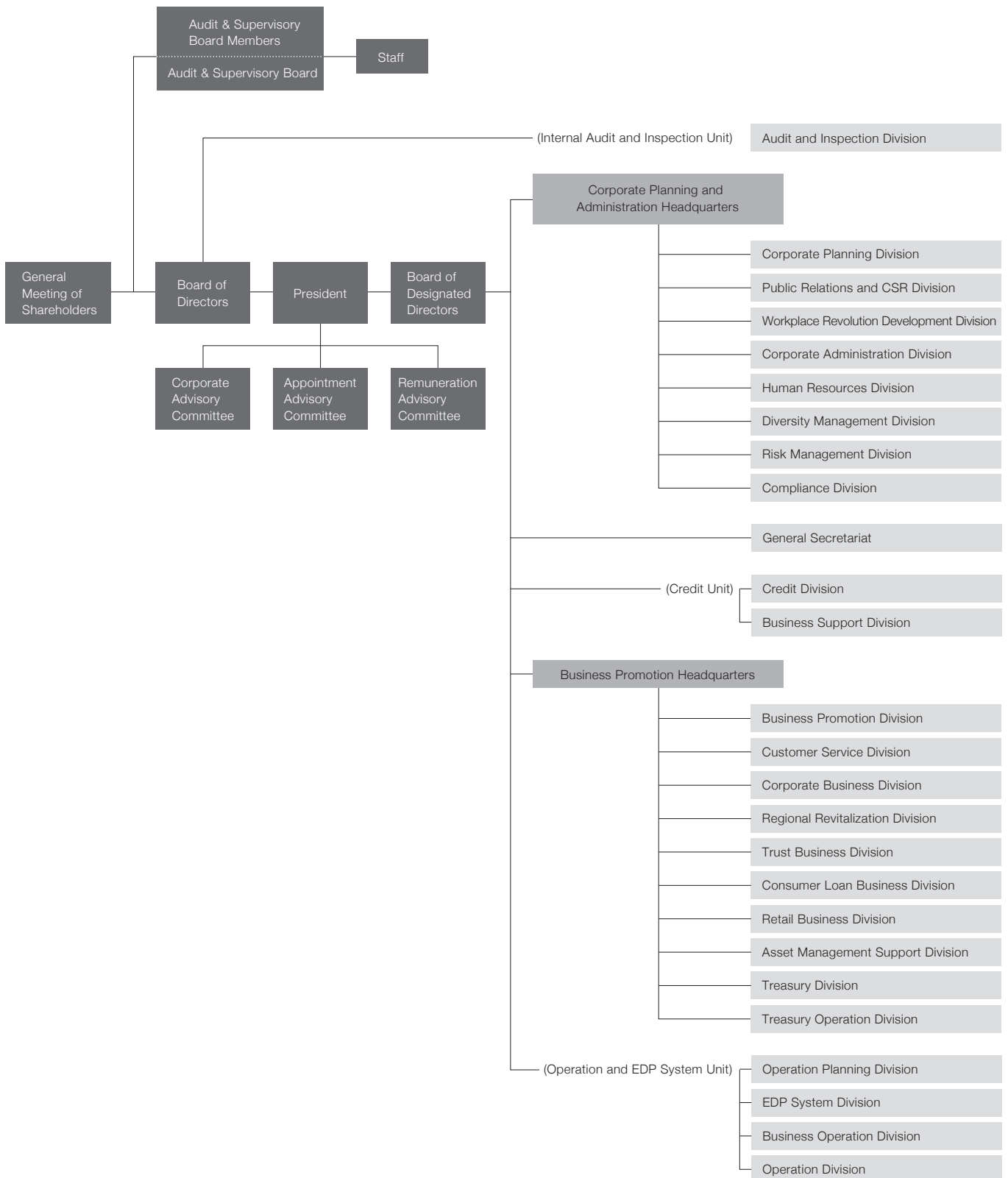
	Millions of Yen (Note 1)	
	March 31, 2017	
	Outstanding Balance	Composition
<b>Domestic Operations:</b>		
Manufacturing	¥ 693,185	7.63%
Agriculture and Forestry	9,926	0.11%
Fishery	1,298	0.01%
Mining, Quarrying and Gravel	21,624	0.24%
Construction	293,115	3.23%
Electricity, Gas, Heat Supply and Water	60,703	0.67%
Information and Communications	39,791	0.44%
Transport and Postal Service	236,991	2.61%
Wholesale and Retail Trade	726,519	8.00%
Finance and Insurance	389,095	4.28%
Real Estate and Leasing	2,484,089	27.36%
Services	516,238	5.69%
Government and Local Public Sector	188,754	2.08%
Others (Mainly Consumer Loans)	3,418,024	37.65%
<b>Total</b>	<b>¥9,079,360</b>	<b>100.00%</b>
<b>Overseas Operations and JOM Account</b>	<b>¥ 189,493</b>	<b>—</b>

	Millions of Yen (Note 1)	
	March 31, 2016	
	Outstanding Balance	Composition
<b>Domestic Operations:</b>		
Manufacturing	¥ 684,059	7.95%
Agriculture and Forestry	8,910	0.10%
Fishery	1,184	0.01%
Mining, Quarrying and Gravel	14,801	0.17%
Construction	293,673	3.42%
Electricity, Gas, Heat Supply and Water	43,718	0.51%
Information and Communications	34,538	0.40%
Transport and Postal Service	233,712	2.72%
Wholesale and Retail Trade	696,507	8.10%
Finance and Insurance	389,626	4.53%
Real Estate and Leasing	2,224,578	25.87%
Services	500,566	5.82%
Government and Local Public Sector	208,313	2.42%
Others (Mainly Consumer Loans)	3,266,266	37.98%
<b>Total</b>	<b>¥8,600,457</b>	<b>100.00%</b>
<b>Overseas Operations and JOM Account</b>	<b>¥ 168,656</b>	<b>—</b>

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# Organization

The Chiba Bank, Ltd.  
As of June 28, 2017



# Subsidiaries

The Chiba Bank, Ltd.  
As of March 31, 2017

## Sobu Co., Ltd.

1-10-2, Nakase, Mihama-ku,  
Chiba-shi, Chiba 261-0023

*Principal Business: Rental and maintenance of the Chiba Bank's office buildings and welfare facilities; purchase and sale of supplies and consumer goods*

Established: September 7, 1959

Capital: ¥20 million

Equity Ownership: Chiba Bank 100%

## Chibagin Career Service Co., Ltd.

1-10-2, Nakase, Mihama-ku,  
Chiba-shi, Chiba 261-0023

*Principal Business: Accounting, general administration and temporary staff services*

Established: December 22, 1989

Capital: ¥20 million

Equity Ownership: Chiba Bank 100%

## Chiba Servicer Co., Ltd.

1-10-2, Nakase, Mihama-ku,  
Chiba-shi, Chiba 261-0023

*Principal Business: Management and collection of claims*

Established: October 1, 2001

Capital: ¥500 million

Equity Ownership: Chiba Bank 100%

## Chibagin Heartful Co., Ltd.

4-1-10, Masago, Mihama-ku,  
Chiba-shi, Chiba 261-0011

*Principal Business: Outsourcing of operational business*

Established: December 1, 2006

Capital: ¥10 million

Equity Ownership: Chiba Bank 100%

## Chibagin Securities Co., Ltd.

2-5-1, Chuo, Chuo-ku,  
Chiba-shi, Chiba 260-0013

*Principal Business: Securities business*

Established: March 27, 1944

Capital: ¥4,374 million

Equity Ownership: Chiba Bank 100%

## International Directory

The Chiba Bank, Ltd.  
As of March 31, 2017

### Head Office

1-2, Chiba-minato, Chuo-ku,  
Chiba-shi, Chiba 260-8720, Japan  
Telephone: 81-43-245-1111  
<http://www.chibabank.co.jp/english/>

### Treasury Operation Division

1-5-5, Nihonbashi Muromachi,  
Chuo-ku, Tokyo 103-0022, Japan  
Telephone: 81-3-3270-8459  
Fax: 81-3-3242-1735  
SWIFT Address: CHBAJPJT

### Treasury Division

1-5-5, Nihonbashi Muromachi,  
Chuo-ku, Tokyo 103-0022, Japan  
Telephone: 81-3-3231-1285  
Fax: 81-3-3242-1736

## Chibagin Guarantee Co., Ltd.

3-17-5, Inage-higashi, Inage-ku,  
Chiba-shi, Chiba 263-0031

*Principal Business: Housing loan guarantees and fee collection services*

Established: May 1, 1978

Capital: ¥54 million

Equity Ownership: Chiba Bank 45.6%  
its subsidiaries 54.4%

## Chibagin JCB Card Co., Ltd.

1-10-2, Nakase, Mihama-ku,  
Chiba-shi, Chiba 261-0023

*Principal Business: Credit card and credit guarantee business*

Established: November 1, 1982

Capital: ¥50 million

Equity Ownership: Chiba Bank 49%  
its subsidiaries 51%

## Chibagin DC Card Co., Ltd.

1-10-2, Nakase, Mihama-ku,  
Chiba-shi, Chiba 261-0023

*Principal Business: Credit card and credit guarantee business*

Established: February 16, 1989

Capital: ¥50 million

Equity Ownership: Chiba Bank 40%  
its subsidiaries 60%

## Chibagin Leasing Co., Ltd.

1-10-2, Nakase, Mihama-ku,  
Chiba-shi, Chiba 261-0023

*Principal Business: Leasing*

Established: December 15, 1986

Capital: ¥100 million

Equity Ownership: Chiba Bank 49%  
its subsidiaries 51%

## Chibagin Computer Service Co., Ltd.

1-10-2, Nakase, Mihama-ku,  
Chiba-shi, Chiba 261-0023

*Principal Business: Computer systems development and commissioned computation tasks*

Established: April 1, 1980

Capital: ¥150 million

Equity Ownership: Chiba Bank 48.7%  
its subsidiaries 51.3%

## Chibagin Capital Co., Ltd.

1-10-2, Nakase, Mihama-ku,  
Chiba-shi, Chiba 261-0023

*Principal Business: Consulting services, IPOs, etc.*

Established: May 29, 1984

Capital: ¥100 million

Equity Ownership: Chiba Bank 30%  
its subsidiaries 70%

## Chibagin Asset Management Co., Ltd.

2-13-7, Kotobashi,  
Sumida-ku, Tokyo 130-0022

*Principal Business: Consulting for portfolio investments of clients' financial assets*

Established: March 31, 1986

Capital: ¥200 million

Equity Ownership: Chiba Bank 40%  
its subsidiaries 35%

## Chibagin Research Institute, Ltd.

1-10-2, Nakase, Mihama-ku,  
Chiba-shi, Chiba 261-0023

*Principal Business: Information services, surveys, and consulting*

Established: February 28, 1990

Capital: ¥150 million

Equity Ownership: Chiba Bank 31.8%  
its subsidiaries 68.2%

## T&I Innovation Center Co., Ltd.

1-5-5, Nihonbashi Muromachi,  
Chuo-ku, Tokyo 103-0022

*Principal Business: Investigations and research of advanced financial technologies, planning and development of financial services*

Established: July 1, 2016

Capital: ¥100 million

Equity Ownership: Chiba Bank 40%

### New York Branch

1133 Avenue of the Americas, 15th Floor,  
New York, N.Y. 10036, U.S.A.  
Telephone: 1-212-354-7777  
Fax: 1-212-354-8575  
SWIFT Address: CHBAUS33

### Hong Kong Branch

Unit 2510, One Pacific Place,  
88 Queensway, Hong Kong  
Telephone: 852-2840-1222  
Fax: 852-2840-0507  
SWIFT Address: CHBAHKHH

### London Branch

3rd Floor, Regina House,  
1 Queen Street, London EC4N 1SW,  
United Kingdom  
Telephone: 44-20-7315-3111  
Fax: 44-20-7236-2205  
SWIFT Address: CHBAGB2L

### Shanghai Representative Office

Room 707, Shanghai International Trade Center,  
2201 Yan-An Road (West),  
Shanghai, P.R.C. 200336  
Telephone: 86-21-62780482  
Fax: 86-21-62780422

### Singapore Representative Office

50 Raffles Place, #10-06 Singapore Land Tower,  
Singapore 048623  
Telephone: 65-6438-4525  
Fax: 65-6438-6890

### Bangkok Representative Office

No.98 Sathorn Square Office  
Tower, 20th Floor, Room 2008,  
North Sathorn Road, Silom, Bangrak,  
Bangkok 10500, Thailand  
Telephone: 66-2-163-2723  
Fax: 66-2-163-2725

# Corporate Data

The Chiba Bank, Ltd.  
As of March 31, 2017

## Principal Shareholders

The ten largest shareholders of the Chiba Bank and their respective shareholdings as of March 31, 2017 were as follows:

	Number of shares (in thousands)*1	Percentage of total shares issued*2 (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	43,000	4.91
Japan Trustee Services Bank, Ltd. (Trust Account)	36,053	4.11
Nippon Life Insurance Company	26,870	3.06
The Dai-ichi Life Insurance Company, Limited	26,230	2.99
Sompo Japan Nipponkoa Insurance Inc.	24,537	2.80
Meiji Yasuda Life Insurance Company	18,291	2.08
SUMITOMO LIFE INSURANCE COMPANY	17,842	2.03
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	17,707	2.02
Japan Trustee Services Bank, Ltd. (Trust Account 9)	15,325	1.75
Japan Trustee Services Bank, Ltd. (Trust Account 5)	13,981	1.59

Excluded from the figures above are 77,761 thousand (8.88%) treasury shares. (Excludes one thousand shares which, although registered in the name of the Chiba Bank on the shareholder list, are not actually owned by the Chiba Bank.)

\*1 Rounded down to the nearest thousand

\*2 Rounded down to two decimal places

## Corporate Information

Established	March 1943		
	181 branches (157 branches, 21 sub-branches and 3 virtual branches)		
	47,346 off-branch ATM locations		
Network	Domestic	(including 13,499 E-net ATM locations at convenience stores, 11,874 LAWSON ATM locations at convenience stores and 21,694 ATM locations jointly with Seven Bank, Ltd.)	
		3 money exchange counters	
	Overseas	3 branches (New York/Hong Kong/London) 3 representative offices (Shanghai/Singapore/Bangkok)	
Number of Employees*1	4,357		
Total Assets	¥14,026.2 billion		
Loans and Bills Discounted	¥9,305.3 billion		
Deposits (including NCD)	¥12,044.7 billion		
Capital Stock	¥145.0 billion		
Total Capital Ratio (BIS guidelines)	13.59% (Consolidated) 13.03% (Non-consolidated)		
Authorized Number of Shares	2,500,000 thousand		
Number of Issued Shares	875,521 thousand		
Number of Shareholders*2	24,496		
TSE Code	8331		
Transfer Agent	JAPAN SECURITIES AGENTS, LTD. 1-2-4, Nihonbashi Kayabacho, Chuo-ku, Tokyo 103-8202		
		Long-term	Short-term
Credit Ratings	Standard & Poor's	A	A-1
	Moody's	A1	P-1
	Rating and Investment Information	AA-	—

Figures as shown are presented on a non-consolidated basis.

\*1 Number of employees includes transferred employees but excludes temporary staff and one-year contract employees.

\*2 Shareholders with fewer than 1,000 shares are excluded