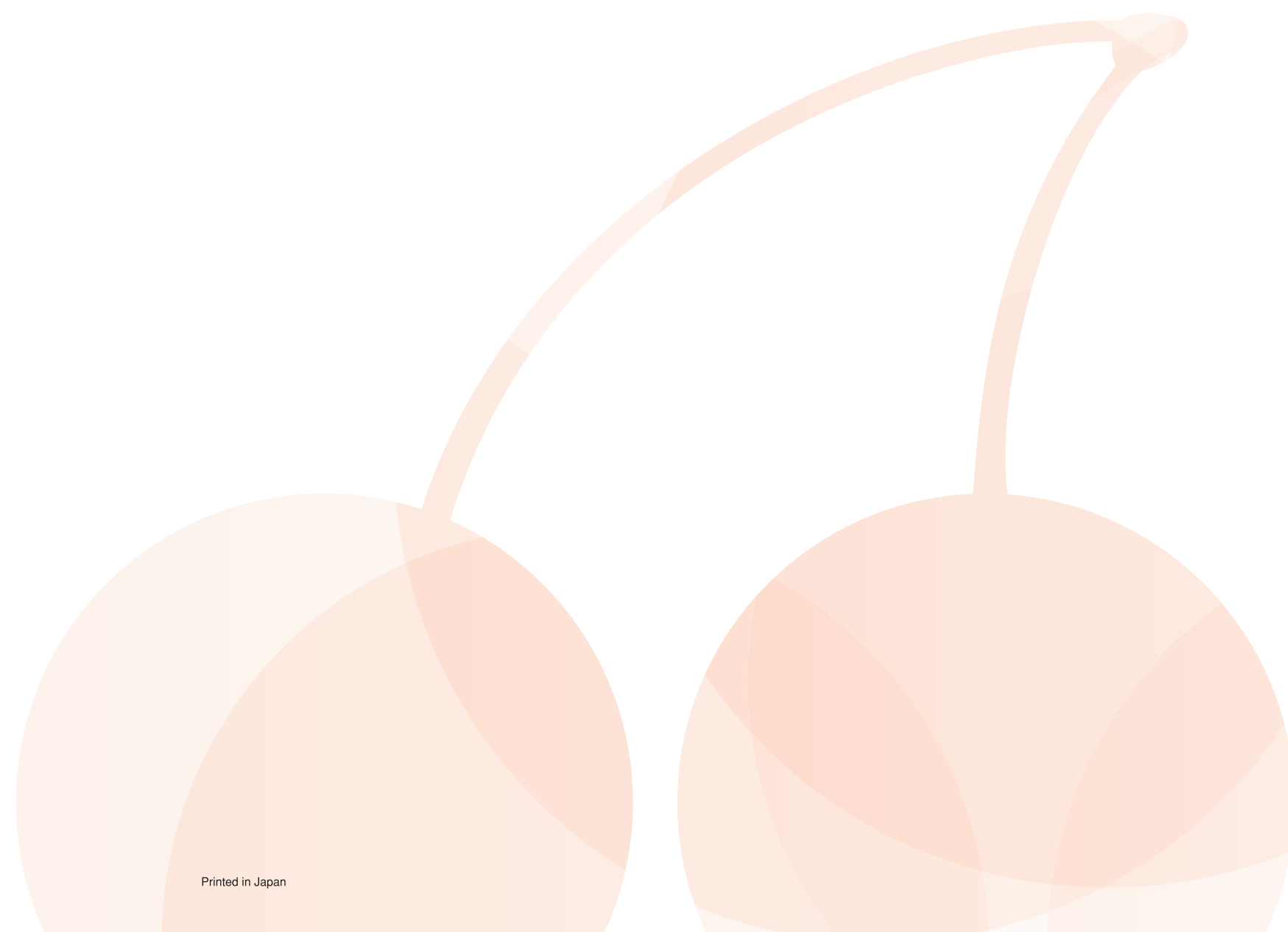


ANNUAL REPORT 2016

Year Ended March 31, 2016



Corporate Profile

Together with the region

The Yamagata Bank Ltd. believes that contributing to the development of the regional economy and community through diverse activities is the fulfillment of its corporate social responsibility (CSR) as a regional bank. The Bank is aiming to raise corporate value by fulfilling its CSR and to be a valuable bank for the region which is the driving force of the new era.

Present local conditions

Yamagata Prefecture is the main business area of Yamagata Bank. The prefecture is located in the northern part of the main island of Japan (Honshu), which is approximately 300 kilometers north of Tokyo and three hours by rail on the Yamagata Shinkansen (bullet train). The prefecture is surrounded by the Ou Mountain Range and the Sea of Japan with 70% of the prefectural land being mountainous. Yamagata City, the prefectural capital is located in the Murayama Basin and is the economic and cultural hub of the prefecture but respective specialist economic zones have been formed in Okitama basin in the south of Yamagata prefecture, Mogami basin in the north of the prefecture and in the coastal area of the Shonai plains.

Yamagata City is close to Sendai City (Miyagi Prefecture) which is the largest in northern Honshu, and the distance between the two cities in a straight-line across the Ou Mountain Range is only 50 kilometers. The two cities have had long-term economic links, the goal of which is their mutual development.

The Great East Japan Earthquake in 2011 caused immense damage to the Pacific coast of northern Honshu, but the damage to Yamagata Prefecture, which faces the Sea of Japan, was only slight. Subsequent to the earthquake, the transportation network along the coast of the Sea of Japan is being redeveloped together with the restoration and reconstruction in devastated areas along the Pacific coast. To Yamagata Prefecture, expressways are being constructed and air routes connecting major cities in Japan are being developed.

The key industries in Yamagata Prefecture are agriculture, whose main crops include rice, cherries and pears, and manufacturing, with electronics-related businesses as the mainstay. There are many diligent capable workers in the prefecture, so in both the agricultural and the manufacturing industries, the high quality of products has an established reputation.

The population of Yamagata Prefecture is 1.12 million people but in recent years, the population has been declining due to the declining birthrate and the advanced age of the population. We are also focusing efforts to establish the next generation of industries, which will lead towards the sustainable development of local communities. Efforts should be made, for instance, to foster a high-grade agricultural industry, to promote sightseeing which makes the best use of the natural topography with weather which has four distinct seasons and to encourage the application of local cutting-edge research projects at highly sophisticated research institutions. Yamagata Bank carries out its business to support such initiatives.



Kichishige Hasegawa
President

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The Yamagata Bank, Ltd., and Consolidated Subsidiaries Financial Highlights and Ratios

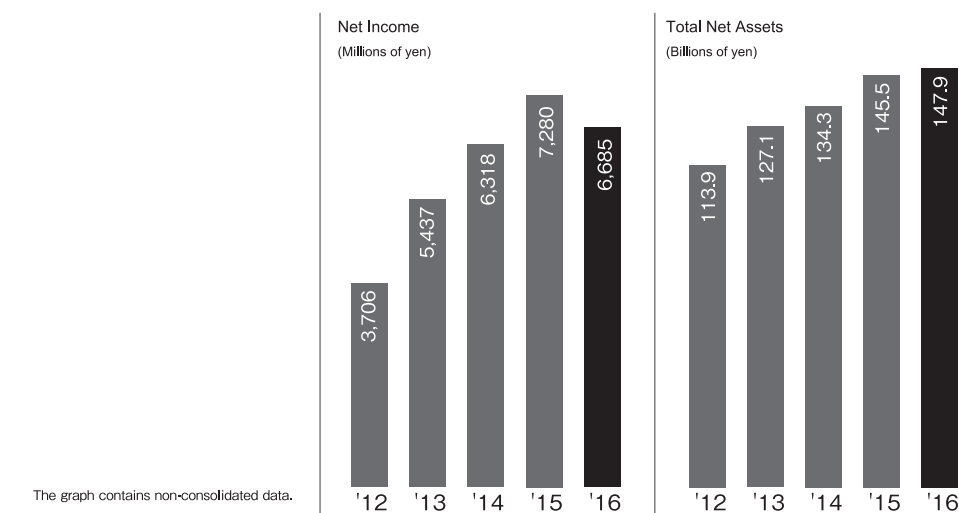
Yen: In millions except per stock data and percentages

U.S.dollars: In thousands except per stock data and percentages

For the years ended March 31	Consolidated			Non-Consolidated	
	2016 (Millions of yen)	2015 (Millions of yen)	2016 (Thousands of U.S.dollars)	2016 (Millions of yen)	2015 (Millions of yen)
Ordinary income	¥ 45,252	¥ 45,970	\$ 401,602	¥ 39,097	¥ 39,483
Ordinary expenses	34,504	33,250	306,220	29,163	27,874
Net income attributable to owners of the parent (Net income)	6,714	7,483	59,584	6,685	7,280
Amounts per stock					
Net income	¥ 41.08	¥ 45.62	\$ 0.36	¥ 40.91	¥ 44.39
Cash dividends declared during the year	—	—	—	7	6
Net assets	904.81	900.00	8.03	905.22	890.31
As of March 31					
Total assets	¥ 2,503,672	¥ 2,466,878	\$ 22,219,319	¥ 2,492,023	¥ 2,452,641
Loans and bills discounted	1,584,509	1,470,267	14,062,026	1,593,372	1,479,318
Total liabilities	2,347,728	2,312,184	20,835,356	2,344,078	2,307,123
Deposits	2,075,390	2,036,421	18,418,449	2,076,500	2,037,551
Total net assets	155,944	154,694	1,383,962	147,945	145,518
Ratios:					
Capital ratio (Note 2)	12.77%	13.24%		12.31%	12.67%

Note 1: U.S.dollars represent transactions, for the convenience of readers, at ¥ 112.68=U.S.\$1.00, the rate prevailing on March 31, 2016.

Note 2: Figures for 2015 and 2016 are shown according to domestic standards.



Message from Management

Management philosophy

To prosper together with the region
To satisfy all of our customers
To provide our staff with stability and opportunities

What Yamagata Bank is aiming for

We are grateful for the continuous patronage of our customers towards Yamagata Bank from the bottom of my heart.

Domestic Economy

In the first half of the current period, the domestic economy also showed signs of a gradual recovery. However, from the middle of the year recovery came to a stagnation because of a slowdown in foreign economic activity.

There was a trend towards declining exports due to the deceleration of the Chinese economy and low oil prices in the background resource-rich countries faltering economies. For this reason, private sector production remained weak and inventory adjustment continued to focus on capital goods. Although a trend of increasing investment in plant and equipment remained, from the middle of the year there was a slight slowdown in the pace of growth after an initial increase in corporate earnings. On the other hand, in the household sector, although there was a moderate improvement in employment/ income circumstances, consumer budgeting continued due to the influence of consumption tax rate increases persisting over a long period and also a spontaneous worldwide decline in stock values which resulted in a decline in consumer sentiment. Personal consumption has largely stopped levelling off. Housing investment improved from the reactionary fall after the increase in the rate of consumption tax, maintaining a steady rise, although growth began to slow down from the middle of the year. Also, the trend in the decline in public investment remained after a complete boom in economic incentive.

The economy in Yamagata prefecture

Concerning the economy of Yamagata Prefecture, also the principal place of business of Yamagata Bank, in the first half, there were gradual visible signs of recovery but after the middle of the year, the weakness of consumption and investment stood out and the sense of stagnation strengthened.

Corporate production activities remain weak when viewed on the whole because of the shift to declining business in electronic components and devices, the main industry within the prefecture which shifted to

promising growth last year. As it was seen that investment in plant and equipment with a focus on the manufacturing industry usually had no further room for investment, there remained a trend towards decline, there was also a decrease in public investment continuing on from last year. On the other hand, the increase in housing investment has on the whole risen, after a complete downward spiral brought about by the increase in the consumption tax rate. During this time with regard to employment conditions, the ratio of job offers to job applicants remained at a high level and the serious shortage of workers continued, there was sluggish growth in business income and consumer sentiment lacked enthusiasm but consumer spending in general held steady.

The bank celebrated its 120th anniversary on April 14th this year thanks to the ceaseless support of all our shareholders and local people. In this milestone year, once again we would like to thank everyone for the support they have given to us. Along with being a "bank bearing responsibility for the development of Yamagata" proactively leading revitalization of the region, based on our new brand message, "pointing towards your dreams", we will be a partner to the realization of everyone's dreams. While receiving faith/confidence from everyone with regards to the region, we will expand our business foundations and further enhance our absolute corporate value. We would be most grateful if you could continue to extend your warm-hearted support and lasting patronage.

Aiming to be the overwhelmingly no. 1 bank by bearing responsibility for the development of Yamagata

The management philosophy of Yamagata Bank, which has been maintained throughout the long history of the Bank, is based on three aspects, namely the region, our customers and our employees, and has the common ideal as that of the corporate social responsibility of the modern management. Therefore, we have set the management philosophy as our corporate social responsibility charter, and we consider that meeting our corporate social responsibility is the management of the Bank.

Using our Yamagin Innovation Plan III, the 18th long-term management plan, which started in April 2015, we will put our management philosophy into practice aiming for two

major targets: revitalization of the region (growth of the region) and increase in earnings (growth of the bank).

CSR charters

The management philosophy of Yamagata Bank, which the bank has respected throughout its long history, also applies to CSR management in the current times. Under the 18th long-term management plan, various business problems will be solved by regarding the management philosophy as CSR charters.

To prosper together with the region

From the aspect of the economy and social contributions (the meaning of our existence) Regional banks share a common destiny with their home region. They bear a responsibility to contribute to the growth of the economy of their region, which is permanent, regardless of the flow of the times. Today, the roles of regional banks are expanding, not only in financial aspects, but also in social aspects.

To satisfy all of our customers

From the aspect of our customers (customer satisfaction) The lifestyles of our customers are diversifying, which means that the requirements of each customer differ. We endeavor to raise our ability each and every day to solve customers' problems so that they will use our services for a long time.

To provide our staff with stability and opportunities

From the aspect of our employees (employee satisfaction) The satisfaction of our employees — who serve our customers — is vital to deliver good services to customers. Yamagata Bank is managed in a way whereby the employees are proud of working at the bank, are eager to complete their tasks and feel enthusiastic.

Two major targets to materialize the 18th long-term management plan

Revitalization of the region (growth of the region) Increase in earnings (growth of the bank)

We will work for the final finishing of the innovation plan by implementing measures by attaching importance to six keywords.

- 1.Speed
- 2.Actions
- 3.Image reformation
- 4.Capability*
- 5.IT strategy

6.Growth strategy

*Capability:Organizational capacity and the strengths that the company has as a whole.

Basic policies in three years (fiscal 2015-2017)

- 1.We will proactively lead the revitalization of the region by means such as fostering new industries and generating more employment.
- 2.We will raise our absolute corporate value by expanding the business foundations, as a bank rooted in the region.
- 3.We will resolve structural problems and change our business to materialize sustainable growth based on the "innovation" (everlasting aspiration) realized in the 16th and 17th long-term plans.

Outline of the major issues

- 1.Expansion of the size
Strive to increase top-line earnings and to raise the volume share.
- 2.Raising productivity
Raise the productivity of each executive and each of the staff by reforming the work style.
- 3.Strengthening of the corporate brand and CS
Establish the Yamagata Bank Brand and raise its corporate value through behavioral reform of the executive and the staff.
- 4.Enhancement of human resource capacity
Use diverse human resources, foster and strengthen practical human resources and promote a good work-life balance.
- 5.Generating the value of the region
Bear responsibility for the growth of the region by making further efforts for the revitalization of the region.

Kichishige Hasegawa
President

Review of Operations

The Conditions of Consolidated Accounts

The General situation of this term (from April 1, 2015 to March 31, 2016)

Deposits and negotiable certificates of deposit

As a result of our efforts to offer products that respond to the diverse requirements of our customers, the year-end consolidated balance of deposits and negotiable certificates of deposit rose by ¥55.7 billion during the year to ¥2,195.2 billion. Although there was a reduction in public-fund deposits, there was a favorable increase in corporate deposits and deposits by personal customers.

Deposited assets under custody

The year-end consolidated balance of customers' assets under custody rose overall by ¥16.4 billion during the year to ¥356.2 billion driven primarily by good sales of life insurance.

Loans

The year-end consolidated balance of loans rose by ¥114.2 billion during the year to ¥1,584.5 billion. This was achieved by the Bank pro-actively responding to the demand for funds by local companies and local public entities, in addition to working to increase loans to personal customers mainly focusing on housing loans.

Securities

While there is continued increases in large loans, year-end consolidated balance of securities dropped by ¥80.4 billion during the year to ¥741.1 billion

as a result of curbing reinvestment in government bonds in consideration of the investment conditions and market trends both nationally and overseas.

Profit and loss

Consolidated ordinary income, when compared to the previous year, decreased by ¥717 million to ¥45,252 million: the main reason being a decrease in other operation income including profits on the sale of national bonds and fund investment returns. This occurred despite an increase in profit on sales of company stock and in earnings from service transactions. Consolidated ordinary expenses increased by ¥1,254 million to ¥34,504 million mainly due to loss on bad debt expense and the sale of government bonds. As a result, consolidated ordinary income (net) fell by ¥1,971 million to ¥10,747 million and consolidated net income attributable to owners of the parent, when compared to the previous year, decreased by ¥769 million to ¥6,714 million.

Results by business sector

In the banking business, the ordinary income for the consolidated fiscal year was ¥39,097 million, which was ¥385 million less than that of the previous fiscal year; the segment profit for the consolidated fiscal year was ¥9,934 million, which was ¥1,673 million less than the previous fiscal year. In the leasing business, the ordinary income for the consolidated fiscal year was ¥4,890 million, which was an increase of ¥136 million when compared to the previous fiscal year; the segment profit for the consolidated fiscal year was ¥190 million, which was ¥3 million less than the previous fiscal year. Also, in other business sectors, the ordinary

income for the consolidated fiscal year was ¥2,416 million, which was ¥212 million less than that for the previous year; the segment profit was ¥633 million, which was ¥255 million less than that for the previous fiscal year.

Cash flow

Cash flow from operating activities was negative at ¥46.1 billion because of an increase in loans.

Cash flow from investing activities was positive at ¥73.1 billion because the inflow generated by sales and redemptions of securities exceeded the outflow from acquisition of securities. Cash flow from financing activities was negative at ¥0.9 billion because of the payment of dividends.

As a result of the above, the year-end consolidated balance of cash and cash equivalents rose by ¥26 billion during the year to ¥102.7 billion.

Corporate Data

Management

(As of June 23, 2016)

President

Kichishige Hasegawa

Senior Managing Directors

Shinichiro Miura

Yoshihiro Ishikawa

Managing Directors

Masahiro Takeda

Haruhiko Tanno

Satoshi Nagai

Directors

Yoshihiro Domon

Kiyohiro Naganuma

Shinya Katsuki

Hiroshi Koya

Kosuke Suzuki

Yumiko Inoue

Tamon Nakagawa (Audit & Supervisory Committee Member)

Masaki Kakizaki (Audit & Supervisory Committee Member)

Shinichi Nakayama (Audit & Supervisory Committee Member)

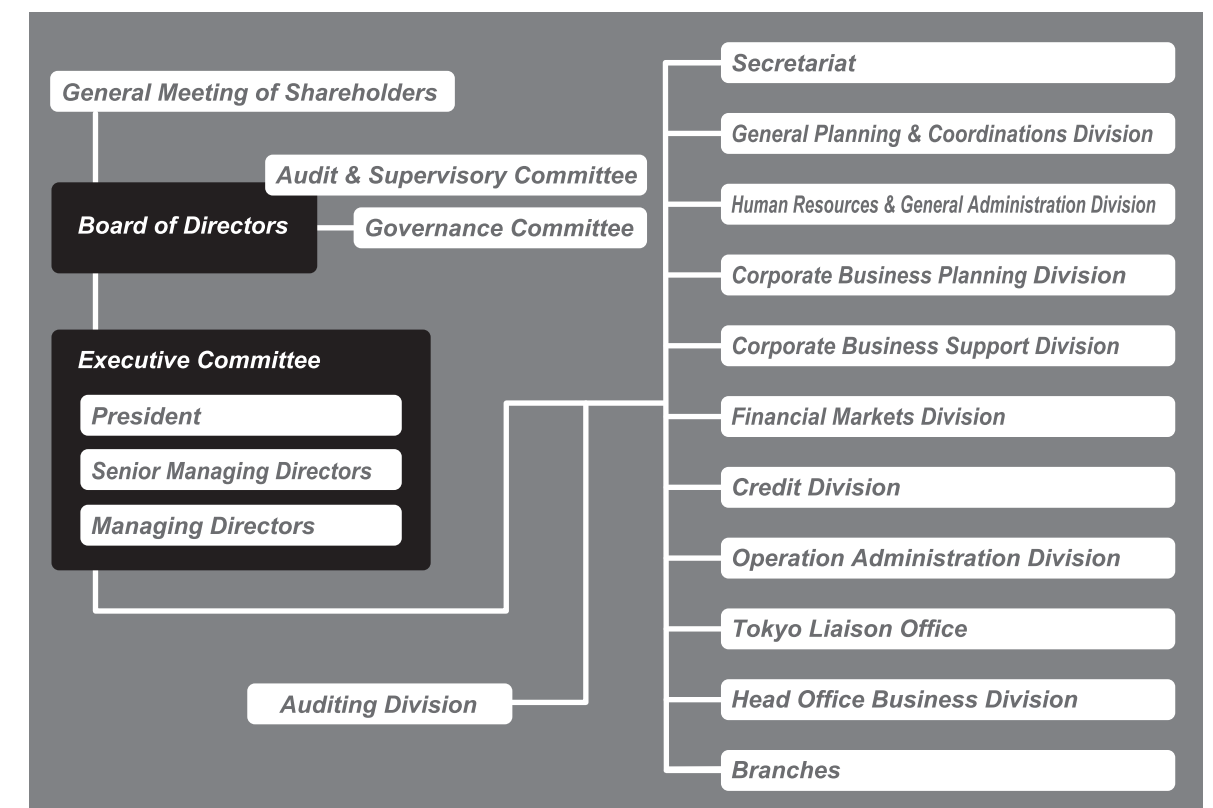
Bin Hamada (Audit & Supervisory Committee Member)

Yasumasa Gomi (Audit & Supervisory Committee Member)

Gisuke Ohara (Audit & Supervisory Committee Member)

Organization

(As of June 23, 2016)



Financial Statements

Consolidated Balance Sheet

As of March 31, 2016 and 2015

	2016 (Millions of yen)	2015 (Millions of yen)	2016 (Thousands of U.S. dollars)(Note 2)
Assets			
Cash and due from banks (Note 9)	¥ 106,159	¥ 79,775	\$ 942,134
Call loans and bills purchased	15,149	34,597	134,449
Monetary claims bought	7,602	9,758	67,465
Trading securities (Note 5)	28	40	252
Securities (Note 5 and 11)	741,165	821,614	6,577,611
Loans and bills discounted (Note 4)	1,584,509	1,470,267	14,062,026
Foreign exchange (Note 4)	1,236	1,028	10,975
Other assets (Note 11)	21,379	20,826	189,740
Tangible fixed assets	13,884	13,922	123,218
Buildings (Note 10)	3,572	3,675	31,704
Land (Note 6)	8,789	8,985	78,004
Constraction in progress	111	68	986
Other tangible fixed assets (Note 10)	1,411	1,193	12,523
Intangible fixed assets	1,633	1,036	14,499
Software	1,417	819	12,578
Other intangible fixed assets	216	217	1,921
Net defined benefit assets (Note 17)	112	1,905	998
Deferred tax assets (Note 15)	264	316	2,344
Customer's liabilities for acceptances and guarantees	17,019	18,125	151,044
Reserve for possible loan losses	(6,472)	(6,334)	(57,442)
Total assets	¥ 2,503,672	¥ 2,466,878	\$ 22,219,319
Liabilities and Net Assets			
Liabilities:			
Deposits (Note 11)	¥ 2,075,390	¥ 2,036,421	\$ 18,418,449
Negotiable certificate of deposits	119,845	103,112	1,063,592
Call money and bills sold (Note 11)	15,211	39,980	135,000
Payables under securities lending transactions (Note 11)	35,130	25,214	311,775
Borrowed money (Note 11)	48,088	46,915	426,770
Foreign exchange	38	57	340
Bonds with stock acquisition rights	11,268	12,017	100,000
Other liabilities	16,700	18,171	148,212
Reserve for bonuses to directors	25	21	221
Liabilities for retirement benefits (Note 17)	47	42	417
Reserve for directors' retirement benefits	275	314	2,446
Reserve for losses on dormant deposits repayments	55	78	488
Reserve for losses on contingencies	220	214	1,960
Reserve for loss due to returning interests	71	79	638
Deferred tax liabilities (Note 15)	7,012	9,996	62,230
Deferred tax liabilities arising from revaluation of land (Note 6)	1,325	1,420	11,766
Acceptance and guarantees	17,019	18,125	151,044
Total liabilities	¥ 2,347,728	¥ 2,312,184	\$ 20,835,356
Net Assets			
Shareholders' equity (Note 7 & 19):			
Common stock	¥ 12,008	¥ 12,008	\$ 106,572
Capital surplus	4,934	4,934	43,789
Retained earnings	112,612	106,816	999,400
Treasury stock	(2,976)	(2,972)	(26,416)
Total shareholders' equity	126,578	120,787	1,123,345
Net unrealized holding gain on securities available for sale (Note 5)	24,111	26,863	213,983
Deferred gain (loss) on hedging instruments	(3,431)	(2,845)	(30,451)
Revaluation of land (Note 6)	1,182	1,179	10,490
Retirement benefits liability adjustments	(562)	1,116	(4,988)
Total accumulated other comprehensive income	21,300	26,314	189,033
Non-controlling interests	8,066	7,593	71,583
Total net assets	¥ 155,944	¥ 154,694	\$ 1,383,962
Total liabilities and net assets	2,503,672	2,466,878	22,219,319

Consolidated Statements of Income and Comprehensive Income

For the years ended March 31, 2016 and 2015

Consolidated Statement of Income

	2016 (Millions of yen)	2015 (Millions of yen)	2016 (Thousands of U.S. dollars)(Note 2)
Ordinary Income			
Interest Income	¥ 45,252	¥ 45,970	\$ 401,602
Interest on loans and discounts	26,208	26,444	232,593
Interest and dividends on securities	18,403	18,852	163,322
Interest on call loans and bills bought	7,617	7,316	67,601
Interest on call money and bills sold	51	88	460
Interest on deposits with banks	11	18	105
Other interest	124	168	1,102
Fees and commissions	7,669	7,632	68,068
Other operating income	7,053	8,531	62,593
Other Income	4,321	3,361	38,347
Reversal of allowance for loan losses	—	429	0
Recoveries of written off claims	22	12	198
Other	4,298	2,919	38,149
Ordinary Expenses	34,504	33,250	306,220
Interest Expense	2,730	2,688	24,235
Interest on deposits	1,297	1,273	11,515
Interest on negotiable certificate of deposits	150	131	1,334
Interest on call money and bills sold	25	15	224
Interest on payables under securities lending transaction	76	26	678
Interest on borrowings and rediscounts	81	69	720
Other interest	1,099	1,170	9,760
Fees and commissions payments	2,091	2,336	18,564
Other operating expense	6,094	5,341	54,087
General and administrative expenses	22,281	22,638	197,737
Other expenses	1,306	246	11,596
Provision on allowance for loan losses	585	—	5,193
Other	721	246	6,402
Ordinary Income (Net)	10,747	12,719	95,382
Extraordinary income	—	0	0
Gain on disposal of non-current assets	—	0	0
Extraordinary losses	124	271	1,104
Loss on disposal of non-current assets	96	140	856
Impairment loss (Note 12)	27	130	247
Income before income taxes	10,623	12,448	94,278
Income taxes-current	3,548	3,233	31,492
Income taxes-deferred (Note 15)	(117)	1,167	(1,038)
Total income taxes	3,431	4,401	30,454
Net income	7,191	8,047	63,824
Net income attributable to noncontrolling interests	477	564	4,239
Net income attributable to owners of the parent	¥ 6,714	¥ 7,483	\$ 59,584
Consolidated Statements of Comprehensive Income			
Net income	¥ 7,191	¥ 8,047	\$ 63,824
Other comprehensive income (Note 13)	(4,950)	9,279	(43,937)
Net unrealized holding gain on securities available for sale	(2,751)	8,533	(24,419)
Deferred gain (loss) on hedging instruments	(585)	(474)	(5,199)
Revaluation of land	65	133	578
Retirement benefits liability adjustments	(1,678)	1,087	(14,896)
Comprehensive Income	2,240	17,327	19,886
Comprehensive Income attributable to owners of the parent	1,762	16,760	15,643
Comprehensive Income attributable to non-controlling interests	478	567	4,243

Consolidated Statements of Changes in Net Assets

For the year ended March 31, 2016	Shareholders' equity				(Millions of yen)
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as April 1, 2015	¥ 12,008	¥ 4,934	¥ 106,816	¥ (2,972)	¥ 120,787
Cumulative effects of changes in accounting policies					—
Restated balance at April 1, 2015	12,008	4,934	106,816	(2,972)	120,787
Changes in the consolidated fiscal year					
Cash Dividends			(980)		(980)
Net income attributable to owners of parent			6,714		6,714
Acquisition of treasury stocks				(4)	(4)
Disposition of treasury stocks					—
Reversal of land revaluation			62		62
Changes in items other than shareholders' equity items in the consolidated fiscal year (net amounts)					—
Total	¥ 12,008	¥ 4,934	¥ 112,612	¥ 2,976	¥ 126,578

For the year ended March 31, 2015	Shareholders' equity				(Millions of yen)
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as April 1, 2014	¥ 12,008	¥ 4,939	¥ 101,464	¥ (828)	¥ 117,583
Cumulative effects of changes in accounting policies			(189)		(189)
Restated balance at April 1, 2014	12,008	4,939	101,275	(828)	117,394
Changes in the consolidated fiscal year					
Cash Dividends			(1,001)		(1,001)
Net income attributable to owners of parent			7,483		7,483
Acquisition of treasury stocks				(3,115)	(3,115)
Disposition of treasury stocks		(5)	(967)	972	—
Reversal of land revaluation			26		26
Changes in items other than shareholders' equity items in the consolidated fiscal year (net amounts)					—
Total	¥ 12,008	¥ 4,934	¥ 106,816	¥ (2,972)	¥ 120,787

For the year ended March 31, 2016	Shareholders' equity				(Thousands of U.S. dollars) (Note 2)
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as April 1, 2015	\$ 106,572	\$ 43,789	\$ 947,961	\$ (26,375)	\$ 1,071,947
Cumulative effects of changes in accounting policies					—
Restated balance at April 1, 2015	106,572	43,789	947,961	(26,375)	1,071,947
Changes in the consolidated fiscal year					
Cash Dividends			(8,703)		(8,703)
Net income attributable to owners of parent			59,584		59,584
Acquisition of treasury stocks				(40)	(40)
Disposition of treasury stocks					—
Reversal of land revaluation			556		556
Changes in items other than shareholders' equity items in the consolidated fiscal year (net amounts)					—
Total	\$ 106,572	\$ 43,789	\$ 999,400	\$ (26,416)	\$ 1,123,345

For the year ended March 31, 2016	Accumulated other comprehensive income					Non-controlling interests	Total net assets	(Millions of yen)
	Net unrealized holding gain on securities available for sale	Deferred gain (loss) on hedging instruments	Revaluation of land	Retirement benefits liability adjustments	Total accumulated other comprehensive income			
Balance as April 1, 2015	¥ 26,863	¥ (2,845)	¥ 1,179	¥ 1,116	¥ 26,314	¥ 7,593	¥ 154,694	
Cumulative effects of changes in accounting policies							—	
Restated balance at April 1, 2015	26,863	(2,845)	1,179	1,116	26,314	7,593	154,694	
Changes in the consolidated fiscal year								
Cash Dividends							(980)	
Net income attributable to owners of parent							6,714	
Acquisition of treasury stocks							(4)	
Disposition of treasury stocks							—	
Reversal of land revaluation							62	
Changes in items other than shareholders' equity items in the consolidated fiscal year (net amounts)	(2,752)	(585)	2	(1,678)	(5,014)	473	(4,541)	
Total	(2,752)	(585)	2	(1,678)	(5,014)	473	1,250	
Balance as of March 31, 2016	¥ 24,111	¥ (3,431)	¥ 1,182	¥ (562)	¥ 21,300	¥ 8,066	¥ 155,944	

For the year ended March 31, 2015	Accumulated other comprehensive income					Non-controlling interests	Total net assets	(Millions of yen)
	Net unrealized holding gain on securities available for sale	Deferred gain (loss) on hedging instruments	Revaluation of land	Retirement benefits liability adjustments	Total accumulated other comprehensive income			
Balance as April 1, 2014	¥ 18,333	¥ (2,370)	¥ 1,073	¥ 28	¥ 17,063	¥ 7,034	¥ 141,682	
Cumulative effects of changes in accounting policies							(189)	
Restated balance at April 1, 2014	18,333	(2,370)	1,073	28	17,063	7,034	141,493	
Changes in the consolidated fiscal year								
Cash Dividends							(1,001)	
Net income attributable to owners of parent							7,483	
Acquisition of treasury stocks							(3,115)	
Disposition of treasury stocks							—	
Reversal of land revaluation							26	
Changes in items other than shareholders' equity items in the consolidated fiscal year (net amounts)	8,530	(474)	106	1,087	9,250	558	9,808	
Total	8,530	(474)	106	1,087	9,250	558	13,201	
Balance as of March 31, 2015	¥ 26,863	¥ (2,845)	¥ 1,179	¥ 1,116	¥ 26,314	¥ 7,593	¥ 154,694	

For the year ended March 31, 2016	Accumulated other comprehensive income					Non-controlling interests	Total net assets	(Thousands of U.S. dollars) (Note 2)
	Net unrealized holding gain on securities available for sale	Deferred gain (loss) on hedging instruments	Revaluation of land	Retirement benefits liability adjustments	Total accumulated other comprehensive income			
Balance as April 1, 2015	\$ 238,407	\$ (25,251)	\$ 10,468	\$ 9,907	\$ 233,531	\$ 67,385	\$ 1,372,864	
Cumulative effects of changes in accounting policies							—	
Restated balance at April 1, 2015	238,407	(25,251)	10,468	9,907	233,531	67,385	1,372,864	
Changes in the consolidated fiscal year								
Cash Dividends							(8,703)	
Net income attributable to owners of parent							59,584	
Acquisition of treasury stocks							(40)	
Disposition of treasury stocks							—	
Reversal of land revaluation							556	
Changes in items other than shareholders' equity items in the consolidated fiscal year (net amounts)	(24,423)	(5,199)	21	(14,896)	(44,498)	4,197	(40,300)	
Total	(24,423)	(5,199)	21	(14,896)	(44,498)	4,197	11,098	
Balance as of March 31, 2016	\$ 213,983	\$ (30,451)	\$ 10,490	\$ (4,988)	\$ 189,033	\$ 71,583	\$ 1,383,962	

Consolidated Statements of Cash Flows

For the years ended March 31, 2016 and 2015

	2016 (Millions of yen)	2015 (Millions of yen)	2016 (Thousands of U.S. dollars)(Note 2)
Cash flows from operating activities:			
Income before income taxes	¥ 10,623	¥ 12,448	\$ 94,278
Adjustments to reconcile income before income taxes to net cash provided by operating activities:			
Depreciation	1,253	1,181	11,128
Loss on impairment of fixed assets	27	130	247
Reserve for possible loan losses	138	(1,711)	1,225
Reserve for directors' bonus	3	1	31
Assets for retirement benefits	(657)	(1,242)	(5,836)
Liabilities for retirement benefits	4	2	35
Reserve for directors' retirement benefits	(39)	9	(347)
Reserve for loss due to returning interests	(7)	(138)	(69)
Reserve for losses on dormant deposits repayments	(23)	(80)	(204)
Reserve for losses on contingencies	6	(11)	58
Interest income	(26,208)	(26,444)	(232,593)
Interest expense	2,730	2,688	24,235
Loss (gain) on investment securities	(3,621)	(4,288)	(32,142)
Foreign exchange gain, net	74	(73)	662
Loss on disposal of fixed assets	96	140	856
Net decrease (increase) in loans and bills discounted	(114,309)	(60,886)	(1,014,457)
Net increase (decrease) in deposits	39,043	16,868	346,502
Net increase (decrease) in negotiable certificate of deposits	16,733	3,389	148,502
Net increase (decrease) in borrowed money (excluding subordinated borrowings)	1,199	(2,539)	10,647
Net decrease (increase) in due from banks (excluding due from Bank of Japan)	(306)	(2,090)	(2,719)
Net decrease (increase) in call loans and bills purchased	21,499	(15,251)	190,800
Net increase (decrease) in call money and bills sold	(24,641)	39,895	(218,686)
Net increase (decrease) in payables under securities lending transactions	10,031	3,898	89,026
Net decrease (increase) in trading securities	11	17	103
Net decrease (increase) in foreign exchange-assets	(279)	555	(2,481)
Net increase (decrease) in foreign exchange-liabilities	(19)	2	(174)
Proceeds from fund management	26,282	26,629	233,247
Payments for finance	(2,711)	(2,868)	(24,061)
Other	815	(4,021)	7,233
Subtotal	(42,249)	(13,789)	(374,951)
Income taxes paid	(3,858)	(3,554)	(34,239)
Income taxes refunded	6	7	54
Net cash provided by operating activities	(46,101)	(17,336)	(409,135)
Cash flows from investing activities:			
Purchases of investment securities	(207,039)	(295,083)	(1,837,407)
Proceeds from sales of investment securities	244,592	284,951	2,170,681
Proceeds from redemption of investment securities	37,526	63,160	333,035
Expenditure for acquisition of tangible fixed assets	(1,145)	(1,466)	(10,163)
Income from sale of tangible fixed assets	141	6	1,253
Expenditure for acquisition of intangible fixed assets	(914)	(222)	(8,119)
Income from sale of intangible fixed assets	8	8	74
Net cash used in investing activities	73,169	51,353	649,354
Cash flows from financing activities:			
Proceeds from issuance of bonds with stock acquisition rights	—	10,292	—
Dividends paid	(980)	(1,001)	(8,703)
Dividends paid to non-controlling interests	(5)	(9)	(45)
Purchases of treasury stock	(4)	(3,115)	(40)
Net cash used in financing activities	(990)	6,165	(8,788)
Effect of exchange rate changes on cash and cash equivalents	0	(0)	3
Net increase (decrease) in cash and cash equivalents	26,078	40,182	231,434
Cash and cash equivalents at beginning of year	¥ 76,698	¥ 36,515	\$ 680,674
Cash and cash equivalents at end of year (No.9)	102,776	76,698	912,108

Notes to Consolidated Financial Statements

March 31, 2016

1. Basis of Presentation

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

In preparing the accompanying consolidated financial statements, certain reclassifications have been made in the consolidated financial statements issued for domestic purposes in order to present them in a form which is more familiar to readers outside Japan. In addition, the notes to the consolidated financial statements include information which is not required under accounting principles generally accepted in Japan but is presented herein as additional information.

As permitted by the Financial Instruments and Exchange Act amounts of less than one million yen have been omitted. As a result, the totals shown in the accompanying consolidated financial statements (both in yen and U.S.dollars) do not necessarily agree with the sums of the individual amounts.

2. U.S.Dollar Amounts

The Bank maintains its records and prepares its financial statements in yen. Amounts in U.S.dollars are presented solely for the convenience of readers outside Japan. The rate of 112.68=U.S.\$1.00, the rate of exchange in effect on March 31, 2016, has been used in translation. The translation should not be construed as a representation that yen could be converted into U.S. dollars at the above or any other rate.

3. Summary of Significant Accounting Policies

a. Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Bank and its 7 subsidiaries, except for 2 subsidiaries which are not consolidated due to its immateriality.

All significant intercompany accounts and transactions have been eliminated in consolidation.

Goodwill represents the difference between the cost of an acquisition and the fair value of the net assets of the acquired subsidiary at the date of acquisition. Immaterial goodwill is charged to income when incurred.

b. Securities

Securities are classified into three categories: trading, held-to-maturity bonds, or other securities (securities available for sale). Trading account securities, which are purchased for trading purpose, are carried at market value and held-to-maturity bonds are carried at amortized cost. Marketable securities classified as securities available for sale are carried at market value with changes in unrealized holding gain or loss, net of the applicable income taxes, included directly in net assets. Available-for-sale securities which do not have readily determinable fair value are carried at cost. Cost of securities sold is determined by the moving average method.

c. Derivative financial instruments

Derivatives are stated at fair market value.

d. Tangible fixed assets

The Bank recognizes depreciation by the straight-line method applicable to each specific category of assets. The useful lives of buildings and equipment are summarized as follows:

Buildings : 2 to 50 years Equipment : 2 to 15 years

Depreciation of tangible fixed assets of the consolidated subsidiaries is mainly computed using the declining-balance method over the estimated useful lives of respective assets.

e. Intangible fixed assets

Intangible fixed assets are depreciated by the straight-line method. The Bank's software, which is used in-house, is depreciated based on the estimated period of use (mainly five years) at the Bank and at consolidated subsidiaries.

f. Leased assets

Leased assets on finance lease transactions that do not transfer ownership are depreciated over the useful life of assets, equal to the lease term, by the straight-line method with zero residual value or, where lease agreements stipulate guarantee of residual value, the guaranteed residual value. The Bank leases certain vehicle, computer equipment and other assets.

g. Foreign currency translation

Foreign-currency-denominated assets and liabilities are translated into yen equivalents at the exchange rates prevailing at the balance sheet date.

h. Reserve for possible loan loss

The reserve for possible loan losses of the Bank is provided in accordance with internally established standards for write-offs and reserve provisions. The reserve for possible loan losses on loans to borrowers who are classified as substantially bankrupt or who are legally bankrupt is provided based on the amount remaining after deduction of the amounts expected to be recoverable from the disposal of collateral and amounts recoverable under guarantees. In addition, an allowance is provided for loans to borrowers who, although not legally bankrupt, are experiencing serious difficulties and whose failure is imminent. In such cases, a portion of this allowance is provided based on the amount remaining after deduction of the amounts expected to be recoverable from the disposal of collateral and the amounts recoverable under guarantees, and the balance of the allowance is provided after giving full consideration to the amount which the borrower is deemed capable of repaying. In the case of all other loans, the amount provided as an allowance is based on the Bank's historical percentage of actual defaults over a specific fixed period in the past.

The relevant departments assess the assets for all of the credit, based on self-assessment standards for assets, and an independent asset audit department audits the results of the assessments. We provide a reserve described above based on the assessment results.

The reserve for possible loan losses is calculated based on the quality of the Bank's total loan assets, applying the Bank's internally established rules for the self-assessment of its assets.

i. Reserve for bonuses to directors and corporate auditors

A reserve for bonuses to directors and corporate auditors is provided in the amount accrued during the year, which is calculated based on the estimated amount of future bonus payment to directors and corporate auditors.

j. Employees' retirement benefits

For the calculation of employees' retirement benefit obligation, the estimated amount of employees' retirement benefits is attributed to each period by the straight-line method.

Prior service cost is amortized as incurred, by the straight-line method over a period (5years) which falls within the average remaining years of service of the active participants in the plans.

Actuarial gain and loss are amortized in the year following the year in which the gain or loss is recognized, by the straight-line method over a period (5years) which falls within the average remaining years of service of the active participants in the plans.

Also, certain 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 of the voluntary retirement for all employees at

the fiscal year-end.

k. Reserve for directors and corporate auditors' retirement benefits

A reserve for directors and corporate auditors retirement benefits is provided in the amount accrued during the year, which is calculated based on the estimated amount of future retirement payments to directors and corporate auditors.

l. Reserve for losses on dormant deposit repayments

A reserve for losses on dormant deposit repayments which are derecognized as liabilities is provided for the possible losses on the future claims of repayments based on the historical repayments experience.

m. Reserve for losses on contingencies

A reserve for losses on contingencies is provided for future estimated payments to the Credit Guarantee Corporations.

n. Leases

As lessor

Finance lease revenue and related cost of revenue are recorded when the lease payment is received.

Investments in leased assets for finance lease transactions which do not transfer ownership of the leased property to the lessee and were entered into before April 1, 2008 was stated at the carrying value of the relevant fixed assets at March 31, 2008, pursuant to the paragraph 81 of Implementation Guidance No.16, "Implementation Guidance on Accounting Standard for Lease. If these lease transactions had been retroactively accounted for as ordinary sale transactions pursuant to paragraph 80 of the Guidance, income before income taxes and minority interests would have increased by ¥3 million (\$26 thousand) and ¥14 million for the year ended March 31, 2016 and 2015.

o. Hedge accounting

1. Interest rate risk hedges

The Bank uses deferral hedges described in "Accounting and auditing for the application of financial instrument accounting standards in banking" (Japanese Institute of Certified Public Accountants, Industry Audit Committee Report No. 24 February 13, 2002, referred to as Report No. 24 of the Industry Audit Committee) to hedge interest rate risks generated by the Bank's financial assets and liabilities. The effectiveness of hedges to offset market fluctuations is assessed for each hedged item (for example, deposits and loans) and its hedging instrument (such as interest rate swaps). Concerning hedges to fix the cash flow, the Bank identifies hedged items by grouping them based on interest rate indexes and on interest rate revision periods in accordance with Report No. 24 of the Industry Audit Committee, and specifies interest rate swaps as hedging instruments. The Bank specifies hedges in such a way that the major conditions of hedged items and hedging instruments are almost the same, so we believe that our hedges are highly effective.

The Bank applies the exceptional method for interest rate swaps to certain assets and liabilities.

2. Exchange rate fluctuation risk hedges

The hedge we use against exchange rate fluctuation risks, which are generated by our financial assets and liabilities in foreign currencies, is the deferral hedge described in "Accounting and auditing for transactions in foreign currencies, etc., in banking" (Japanese Institute of Certified Public Accountants, Industry Audit Committee Report No. 25 July 29, 2002, referred to as Report No. 25 of the Industry Audit Committee). We assess the effectiveness of the hedge by regarding currency swaps and foreign exchange swaps, which are conducted to reduce or eliminate exchange rate fluctuation risks generated by monetary claims and liabilities in foreign currencies, etc., as hedging instruments and by checking whether or not we have appropriate foreign currency positions for the hedging instruments to meet the hedged items (monetary claims and liabilities in foreign currencies, etc.).

p. Cash and cash equivalents

For the purpose of reporting cash flows, cash and cash equivalents consist of cash and due from the Bank of Japan.

q. Consumption tax and regional consumption tax

With respect to the Bank and the domestic consolidated subsidiaries, all amounts in the accompanying consolidated balance sheet are recorded exclusive of consumption tax and regional consumption tax.

r. Accounting Policy Changes

1. Application of "Revised Accounting Standard for Business Combinations"

The Bank and its consolidated subsidiaries have adopted "Revised Accounting Standard for Business Combinations" (ASBJ Statement No.21, September 13, 2013), "Revised Accounting Standard for consolidated Financial Statements" (ASBJ Statement No.22, September 13, 2013), "Revised Accounting Standard for Business Divestitures" (ASBJ Statement No.7, September 13, 2013) effective from the consolidated financial statements for the fiscal year.

As a result, under these revised accounting standards, the Bank has changed the accounting method to record the difference arising from changes in the ownership interest of the Bank in subsidiaries over which the Bank retains control as capital surplus, and the corresponding accounting for acquisition-related costs were revised as costs of the fiscal year in which the business combination occurs. Regarding business combinations implemented on or after the beginning of the fiscal year ended March 31, 2016, the Bank has changed the accounting method to retroactively reflect the revised allocation amount of the acquisition cost determined under provisional accounting treatment in the consolidated financial statements for the fiscal year in which the business combination occurs. In addition, the presentation method of net income attributable to owners of parent was amended, the reference to "minority interests" was changed to "non-controlling interests", and accounting treatment for adjustments to provisional amounts during measurement period was also changed.

In the consolidated statements of cash flows for the fiscal year ended March 31, 2016, cash flow regarding acquisition or sale of the stocks of the subsidiaries unaccompanied by changes in the scope of consolidation has been classified into Cash Flow from Financing Activities. Cash flow regarding costs arising from acquisition of the stocks of the subsidiaries accompanied by changes in the scope of consolidation or costs arising from acquisition or sale of the stocks of the subsidiaries unaccompanied by changes in the scope of consolidation has been classified into Cash Flow from Operating Activities.

The Bank has applied the Accounting Standard for Business Combinations and other accounting standards in accordance with the traditional treatment set forth in Paragraph 58-2(4) of the Accounting Standard for Business Combinations, Paragraph 44-5(4) of the Accounting Standard for consolidated Financial Statements, and Paragraph 57-4(4) of the Accounting Standard for Business Divestitures prospectively from the beginning of the fiscal year ended March 31, 2016.

These changes in accounting policies have no effect on the consolidated financial statements.

2. Changes in accounting policies that are difficult to distinguish from changes in accounting estimates.

The Bank has changed its depreciation method for tangible fixed assets, except for lease assets, from the declining-balance method to the straight-line method, effective from the fiscal year ended March 31, 2016.

Under the long-term Management plan, "YAMAGIN innovation plan III" starting from this fiscal year, the Bank plans to replace ATMs and renovate branch offices actively. With such projects, the Bank determined that its branches, office machineries and equipments, and other tangible fixed assets would be used constantly over a long period of time. Consequently, contemplating the fixed nature of the value in use throughout the useful life of the assets, the Bank decided to change its depreciation method of tangible fixed assets to the straight-line method to more accurately reflect business conditions.

As a result of this change, income before taxes for the fiscal year ended March 31, 2016 decreased by ¥99 million.

s. Accounting standards issued but not yet effective

Implementation Guidance on Recoverability of Deferred Tax Assets
On March 28, 2016, the ASBJ issued "Revised Implementation

Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No. 26).

(1) Overview

Regarding the treatment of the recoverability of deferred tax assets, a review was conducted following the framework of Japanese Institution of Certified Public Accountants Audit Committee Report No. 66 "Audit Treatment on Determining the Recoverability of Deferred Tax Assets," whereby companies are categorized into five categories and deferred tax assets are calculated based on each of these categories.

(2) Scheduled date of adoption

The Bank expects to adopt the revised implementation guidance from the beginning of the fiscal year ending March 31, 2017.

(3) Impact of adopting revised implementation guidance

The Bank is currently evaluating the effect of adopting these revised implementation guidance on its consolidated financial statements.

4. Loans and Bills Discounted

Loans to borrowers under bankruptcy procedures and delinquent loans totaled ¥1,051 million (\$9,327 thousand) and ¥14,877 million (\$132,028 thousand), respectively, at March 31, 2016, and ¥1,052 million and ¥17,109 million, respectively, at March 31, 2015. A loan is placed on non-accrual status when substantial doubt as to the collectibility of its principal and interest is judged to exist, if payment is past due for a certain period of time, or for other reasons.

Loans to borrowers in bankruptcy represent non-accrual loans, after the charge-offs of loans deemed uncollectible, to borrowers who are legally bankrupt as defined in Article 96, Paragraph 1, Subparagraphs 3 and 4 of Enforcement Ordinance of the Corporation Income Tax Law.

Delinquent loans are non-accrual loans other than loans to borrowers in bankruptcy or loans on which interest payments have been deferred in order to assist the restructuring of the borrowers.

Loans past due for 3 months or more totaled ¥28 million (\$248 thousand) and ¥53 million at March 31, 2016 and 2015, respectively.

Loans past due for 3 months or more are those whose principal or interest payments are 3 months or more past due but are not included in loans to borrower under bankruptcy procedures or delinquent loans.

Restructured loans totaled ¥2,857 million (\$25,354 thousand) and ¥3,111 million at March 31, 2016 and 2015, respectively. Restructured loans are those on which the Bank has granted certain concessions, such as a reduction of the contractual interest rate or principal amount or a deferral of interest/principal payments, in order to assist the

restructuring of the borrowers. Excluded from restructured loans are loans to borrowers under bankruptcy procedures, other non-accrual loans, and loans past due for 3 months or more.

The total of loans to borrowers under bankruptcy procedures, other non-accrual loans, loans past due for 3 months or more and restructured loans amounted to ¥18,814 million (\$166,968 thousand) and ¥21,327 million at March 31, 2016 and 2015, respectively.

Bills discounted are accounted for as financial transactions in accordance with "Treatment of Accounting and Auditing in Applying Accounting Standard for Financial Instruments in the Banking Industry" issued by the JICPA Industry Audit Committee Report No.24 issued on February 13, 2002. The Bank has rights to sell or pledge accepted banker's acceptance bills, commercial bills discounted, documentary bills and foreign exchange bought without restrictions. The face value of banker's acceptance bills, commercial bills, documentary bills acquired at discount and foreign exchange bought at a discount was ¥8,079 million (\$71,698 thousand) and ¥7,805 million as of March 31, 2016 and 2015, respectively.

Overdraft protection on current accounts and contracts for loan commitments are agreements under which the Bank and the consolidated subsidiaries are bound to extend loans up to a prearranged amount, at the request of the customer, unless the customer is in breach of contract. The unutilized balance of such contracts amounted to ¥545,153 million (\$4,838,063 thousand) and ¥538,229 million as of March 31, 2016 and 2015, respectively, in which the balance of contracts that have a term of one year or less or are unconditionally cancelable at any time were ¥532,470 million (\$4,725,505 thousand) and ¥528,170 million as of March 31, 2016 and 2015, respectively. Since many of these contracts are scheduled to expire without the rights having been exercised, any unutilized balance in itself does not necessarily affect the future cash flows of the Bank or its consolidated subsidiaries. A provision is included in many of these contracts which entitles the Bank and the consolidated subsidiaries to refuse the execution of such loans, or to reduce the maximum amount loaned under such contracts when there is a change in the borrowers' financial situation, or when there is the necessity to secure a claim, or when other similar factors arise. In addition, the Bank and its consolidated subsidiaries obtain, if needed, real estate or securities as collateral at the time the contracts are entered into and they subsequently monitor the borrowers' financial condition periodically based on, and in accordance with, the procedures established. If deemed necessary, specific measures such as amendments to the contracts are undertaken in order to control the credit risk.

5. Securities

Trading securities, marketable securities classified as held-to-maturity debt securities and other securities at March 31, 2016 and 2015 are summarized as follows:

1. Trading securities (as of March 31, 2016)	Unrealized holding gain charged to current operations		Unrealized holding gain charged to current operations		Trading securities (as of March 31, 2015)		Unrealized holding gain charged to current operations	
	(Millions of yen)		(Thousands of U.S.dollars)		(Millions of yen)		(Thousands of U.S.dollars)	
	¥	0	\$	2	¥	0	\$	0

2. Held-to-maturity bonds (as of March 31, 2016)

	Type	(Millions of yen)			(Thousands of U.S. dollars)		
		Carrying value	Fair value	Difference	Carrying Value	Fair value	Difference
Fair value exceeding carrying value	Japanese government bonds	¥ --	¥ --	¥ --	\$ --	\$ --	\$ --
	Municipal bonds	--	--	--	--	--	--
	Short-term bonds	--	--	--	--	--	--
	Corporate bonds	7,815	8,017	202	69,355	71,148	1,792
	Other	--	--	--	--	--	--
	Subtotal	7,815	8,017	202	69,355	71,148	1,792
Fair value not exceeding carrying value	Japanese government bonds	--	--	--	--	--	--
	Municipal bonds	--	--	--	--	--	--
	Short-term bonds	--	--	--	--	--	--
	Corporate bonds	652	608	(43)	5,786	5,395	(381)
	Other	--	--	--	--	--	--
	Subtotal	652	608	(43)	5,786	5,395	(381)
	Total	¥ 8,467	¥ 8,626	¥ 158	\$ 75,141	\$ 76,553	\$ 1,402

Held-to-maturity bonds (as of March 31, 2015)

(Millions of yen)

	Type	Carrying value	Fair value	Difference
Fair value exceeding carrying value	Japanese government bonds	¥ —	¥ —	¥ —
	Municipal bonds	—	—	—
	Short-term bonds	—	—	—
	Corporate bonds	7,593	7,722	129
	Other	—	—	—
	Subtotal	7,593	7,722	129
Fair value not exceeding carrying value	Japanese government bonds	—	—	—
	Municipal bonds	—	—	—
	Short-term bonds	—	—	—
	Corporate bonds	1,125	1,067	(58)
	Other	—	—	—
	Subtotal	1,125	1,067	(58)
	Total	¥ 8,719	¥ 8,790	¥ 71

3. Other securities (as of March 31, 2016)

(Millions of yen)

(Thousands of U.S. dollars)

	Type	Carrying value	Cost	Difference	Carrying value	Cost	Difference
Carrying value exceeding cost	Stocks	¥ 26,843	¥ 11,773	¥ 15,069	\$ 238,223	\$ 104,481	\$ 133,732
	Bonds	519,991	503,056	16,934	4,614,758	4,464,465	150,283
	Japanese government bonds	317,749	307,247	10,502	2,819,923	2,726,721	93,201
	Municipal bonds	100,155	95,418	4,737	888,844	846,805	42,039
	Short-term bonds	—	—	—	—	—	—
	Corporate bonds	102,085	100,390	1,695	905,972	890,930	15,042
	Other	109,813	105,363	4,450	974,556	935,063	39,492
	Foreign bonds	79,575	76,964	2,610	706,203	683,031	23,162
	Other	30,238	28,398	1,840	268,352	252,023	16,329
		Subtotal	656,648	620,193	36,455	5,827,547	5,504,020
Carrying value not exceeding cost	Stocks	6,185	6,789	(604)	54,889	60,250	(5,360)
	Bonds	13,331	13,344	(12)	118,308	118,423	(106)
	Japanese government bonds	13,032	13,044	(11)	115,654	115,761	(97)
	Municipal bonds	—	—	—	—	—	—
	Short-term bonds	—	—	—	—	—	—
	Corporate bonds	299	300	(0)	2,653	2,662	(0)
	Other	52,543	53,708	(1,165)	466,302	476,641	(10,339)
	Foreign bonds	27,205	27,445	(240)	241,435	243,565	(2,129)
	Other	25,337	26,262	(925)	224,858	233,067	(8,209)
		Subtotal	72,060	73,842	(1,782)	639,510	655,324
	Total	¥ 728,709	¥694,036	¥ 34,673	\$ 6,467,066	\$6,159,353	\$ 307,712

Other securities (as of March 31, 2015)

(Millions of yen)

	Type	Carrying value	Cost	Difference
Carrying value exceeding cost	Stocks	¥ 39,069	¥ 17,396	¥ 21,673
	Bonds	539,750	527,733	12,016
	Japanese government bonds	302,022	296,315	5,706
	Municipal bonds	132,364	127,703	4,661
	Short-term bonds	—	—	—
	Corporate bonds	105,362	103,714	1,648
	Other	137,949	131,758	6,191
	Foreign bonds	104,098	101,226	2,872
	Other	33,850	30,532	3,318
		Subtotal	716,769	676,888
Carrying value not exceeding cost	Stocks	828	1,015	(186)
	Bonds	61,084	61,173	(88)
	Japanese government bonds	44,272	44,334	(62)
	Municipal bonds	3,787	3,790	(3)
	Short-term bonds	—	—	—
	Corporate bonds	13,025	13,048	(22)
	Other	32,995	33,270	(275)
	Foreign bonds	15,892	16,027	(135)
	Other	17,103	17,243	(140)
	Subtotal	94,909	95,459	(549)
	Total	¥ 811,678	¥772,347	¥ 39,330

4. Held-to-maturity bonds sold during the year ended March 31, 2016

(Millions of yen)

(Thousands of U.S. dollars)

	Cost	Proceeds from sales	Gain(loss) on sales	Cost	Proceeds from sales	Gain(loss) on sales
Corporate bonds	¥ 199	¥ 200	¥ 1	\$ 1,766	\$ 1,774	\$ 8
Total	¥ 199	¥ 200	¥ 1	\$ 1,766	\$ 1,774	\$ 8

The sales are due to redemption of securities.

Held-to-maturity bonds sold during the year ended March 31, 2015

(Millions of yen)

	Cost	Proceeds from sales	Gain(loss) on sales
Corporate bonds	¥ 255	¥ 256	¥ 1
Total	¥ 255	¥ 256	¥ 1

The sales are due to redemption of securities.

5. Other securities sold during the year ended March 31, 2016

(Millions of yen)

(Thousands of U.S. dollars)

	Proceeds from Sales	Gains on sales	Losses on sales	Proceeds from sales	Gains on sales	Losses on sales
Stocks	¥ 7,684	¥ 3,205	¥ 349	\$ 68,193	\$ 28,443	\$ 3,097
Bonds	175,353	1,704	732	1,556,203	15,122	6,496
Japanese government bonds	122,586	1,562	681	1,087,912	13,862	6,043
Municipal bonds	38,817	135	—	344,488	1,198	—
Short-term bonds	—	—	—	—	—	—
Corporate bonds	13,949	6	51	123,793	53	452
Other	61,374	724	928	544,675	6,425	8,235
Total	¥ 244,412	¥ 5,634	¥ 2,010	\$ 2,169,080	\$ 50	\$ 17,838

Other securities sold during the year ended March 31, 2015

(Millions of yen)

	Proceeds from Sales	Gains on sales	Losses on sales
Stocks	¥ 4,253	¥ 2,124	¥ 50
Bonds	243,677	2,205	251
Japanese government bonds	222,124	2,018	243
Municipal bonds	15,928	174	—
Short-term bonds	—	—	—
Corporate bonds	5,624	12	8
Other	32,532	259	—
Total	¥ 280,463	¥ 4,589	¥ 301

6. Securities which have readily determinable fair value are devaluated to fair value, and the difference between cost and fair value is treated as loss for the fiscal year if fair value has significantly deteriorated compared with cost and fair value is unlikely to recover up to the acquisition cost.

The amount of the Impairment loss for the year ended March 31, 2015 was zero.

The amount of the Impairment loss for the year ended March 31, 2016 was zero.

The criteria for determining whether a security's fair value has "significantly deteriorated" are: where a security whose fair value is 50% or less and where a security whose fair value exceeds 50% but is 70% or less of the acquisition cost, considering the quoted market price transition during a certain period in the past, business performance and other factors.

6. Revaluation of Land

Pursuant to the "Law Concerning the Revaluation of Land" (the "Law"), land used for the Bank's business operations was revalued on March 31, 2002. The excess of the revalued aggregate market value over the total book value (carrying amount) before revaluation was included in net assets at an amount net of the related tax effect at March 31, 2002. The corresponding income taxes were included in liabilities at March 31, 2002 as deferred taxes liability on revalued land.

The revaluation of the land was determined based on two method, the official prices published by the Commissioner of the National Tax Authority in accordance with Article 2, Paragraph 4 of the "Enforcement Ordinance Concerning Land Revaluation," with certain necessary adjustments, and the appraisal by Real estate appraiser.

The difference between the total fair value of land for business operation purposes, which was revalued in accordance with Article 10 of the above-mentioned law, and the total book value of the land after the revaluation was ¥3,963 million (\$35,170 thousand) and ¥3,981 million at March 31, 2016 and 2015.

7. Stocks Issued

The number of stocks issued and changes during the year ended March 31, 2016 and 2015 are summarized as follows:

	Thousands of stocks		Thousands of stocks	
	2016	2015	2016	2015
	Treasury stock	Common stock issued	Treasury stock	Common stock issued
Beginning of the year	6,554	170,000	1,536	172,000
Increase during the year	9 ¹⁾	—	7,017	—
Decrease during the year	—	—	2,000	2,000
End of the year	6,563	170,000	6,554	170,000

¹⁾ The number of treasury stocks, which are common stocks, was increased by 9 thousand of such stocks that were purchased because they were in fractional numbers of less than one unit.

(2) Derivative transactions to which hedge accounting is applied
Derivative transactions to which hedge accounting is applied are set force in the table below. These items below do not represent the market risks of the derivative transactions.

Interest rate-related transactions (as of March 31, 2016) (Millions of yen) (Thousands of U.S. dollars)

Hedge accounting method	Type	Major hedged item	Contract amounts	Contract amounts beyond one year	Fair value	Contract amounts	Contract amounts beyond one year	Fair value
Normal method	Interest rate swaps receive-floating/pay-fixed	Loans, deposits	¥ 62,328	¥ 55,128	¥ (4,934)	\$ 553,141	\$ 489,243	\$ (43,787)
Exceptional method	Interest rate swaps receive-floating/pay-fixed	Loans	10,000	10,000		88,746	88,746	
	Other Bought							
Total			—	—	¥ (4,934)	—	—	\$ (43,787)

Interest rate-related transactions (as of March 31, 2015) (Millions of yen)

Hedge accounting method	Type	Major hedged item	Contract amounts	Contract amounts beyond one year	Fair value
Normal method	Interest rate swaps receive-floating/pay-fixed	Loans, deposits	¥ 71,097	¥ 70,097	¥ (4,219)
Exceptional method	Interest rate swaps receive-floating/pay-fixed	Loans	10,000	10,000	
	Other Bought	Loans	5,000		
Total			—	—	¥ (4,219)

- The above transactions apply deferral hedge accounting stipulated in JICPA Industry Audit Committee Report No. 24 February 2, 2002. "Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking industry."
- The fair value of over-the-counter transactions is calculated based on the discounted present value and option pricing models.
- Since derivative transactions qualifying for the exceptional method are treated as a unit of loans, those fair values are included in fair values of such loans.

Currency-related transactions (as of March 31, 2016) (Millions of yen) (Thousands of U.S. dollars)

Hedge accounting method	Type	Major hedged item	Contract amounts	Contract amounts beyond one year	Fair value	Contract amounts	Contract amounts beyond one year	Fair value
Normal method	Currency swaps	Call loans in foreign currency/Call money in foreign currencies	¥ 32,602	¥ 3,831	¥ (0)	\$ 289,332	\$ 33,998	\$ (0)
Total			—	—	¥ (0)	—	—	\$ (0)

Currency-related transactions (as of March 31, 2015) (Millions of yen)

Hedge accounting method	Type	Major hedged item	Contract amounts	Contract amounts beyond one year	Fair value
Normal method	Currency swaps	Call loans in foreign currency/Call money in foreign currencies	¥ 55,299	¥ 1,682	¥ (266)
Total			—	—	¥ (266)

- The above transactions apply deferral hedge accounting stipulated in JICPA Industry Audit Committee Report No. 25 July 29, 2002. "Treatment for Accounting and Auditing for Transactions in foreign currencies, in Banking industry."
- The fair value is calculated based on the discounted present value.

Bond-related transactions (as of March 31, 2016) (Millions of yen) (Thousands of U.S. dollars)

Hedge accounting method	Type	Major hedged item	Contract amounts	Contract amounts beyond one year	Fair value	Contract amounts	Contract amounts beyond one year	Fair value
Normal method	Bond futures	Other Securities	¥ —	—	¥ —	\$ —	—	\$ —
Total			—	—	¥ —	—	—	\$ —

Bond-related transactions (as of March 31, 2015) (Millions of yen)

Hedge accounting method	Type	Major hedged item	Contract amounts	Contract amounts beyond one year	Fair value
Normal method	Bond futures	Other Securities	¥ 5,000	—	¥ 32
Total			—	—	¥ 32

The fair value of over-the-counter transactions is calculated based on the option pricing models.

17. Retirement Benefit Plans

The Bank and the consolidated subsidiaries have defined-benefit corporation pension funds and lump-sum retirement benefits. Certain consolidated subsidiaries use a simplified method for calculating retirement benefit expenses and liabilities. The following table sets forth the funded and accrued status of the plans and the amounts recognized in the consolidated balance sheet for the Bank's and the consolidated subsidiaries' defined retirement benefit plans:

(1) The changes on the retirement benefit obligation during the year ended March 31, 2016 and 2015 are as follows:

	2016	2015	2016
	(Millions of yen)	(Millions of yen)	(Thousands of U.S.dollars)
Retirement benefit obligation at the beginning of the year	¥ 15,202	¥ 15,348	\$ 134,913
Cumulative effect of change in accounting principle	—	291	—
Restated balance at the beginning of the year	15,202	15,639	134,913
Service cost	453	411	4,020
Interest cost	166	218	1,473
Actuarial gain/loss	1,973	1	17,509
Retirement benefits paid	(724)	(1,069)	(6,425)
Prior service cost	—	—	—
Other	—	—	—
Retirement benefit obligation at the end of the year	¥ 17,071	¥ 15,202	\$ 151,499

(2) The changes in plan assets during the year ended March 31, 2016 and 2015 are as follows:

	2016	2015	2016
	(Millions of yen)	(Millions of yen)	(Thousands of U.S.dollars)
Plan assets at the beginning of the year	¥ 17,064	¥ 14,664	\$ 151,437
Expected return on plan assets	187	219	1,659
Actuarial gain/loss	(275)	1,653	(2,440)
Contributions by employers	825	1,535	7,321
Contributions by employees	60	59	532
Retirement benefits paid	(724)	(1,068)	(6,425)
Other	—	—	—
Plan assets at the end of the year	¥ 17,136	¥ 17,064	\$ 152,076

(3) The following table sets forth the funded status of the plans and the amounts recognized in the consolidated balance sheet as of March 31, 2016 and 2015 for the bank's and the Consolidated subsidiaries' defined benefit plans:

	2016	2015	2016
	(Millions of yen)	(Millions of yen)	(Thousands of U.S.dollars)
Funded retirement benefit obligation	¥ 17,024	¥ 15,159	\$ 151,082
Plan assets at fair value	(17,136)	(17,064)	(152,076)
	(112)	(1,905)	(993)
Unfunded retirement benefit obligation	47	42	417
Net liability for retirement benefits in the consolidated balance sheet	(65)	(1,862)	(576)
Liability for retirement benefits	47	42	417
Net defined benefit-assets	112	1,905	(993)
Net liability for retirement benefits in consolidated balance sheet	¥ (65)	¥ (1,862)	\$ (576)

(4) The components of retirement benefit expense for the year ended March 31, 2016 and 2015 are as follows:

	2016	2015	2016
	(Millions of yen)	(Millions of yen)	(Thousands of U.S.dollars)
Service cost	¥ 393	¥ 351	\$ 3,487
Interest cost	166	218	1,473
Expected return on plan assets	(187)	(219)	(1,659)
Amortization of actuarial gain/loss cost	(201)	(53)	(1,783)
Amortization of prior service cost	—	—	—
Other	—	—	—
Retirement benefit expense	¥ 171	¥ 296	\$ 1,517

Notes

- Concerning the consolidated subsidiaries that use a simplified method, all of the retirement benefit cost is included in the service cost.
- Service cost does not include the amounts contributed by employees with respect to corporate pension fund plans.
- The components of retirement benefits liability adjustments included in other comprehensive income (before tax effect) for the years ended March 31, 2016 and 2015 are as follows:

	2016	2015	2016
	(Millions of yen)	(Millions of yen)	(Thousands of U.S.dollars)
Prior service cost	¥ —	¥ —	\$ —
Actuarial gain and loss	(2,450)	1,597	(21,742)
Other	—	—	—
Total	¥ (2,450)	¥ 1,597	\$ (21,742)

(6) Unrecognized prior service cost and unrecognized actuarial loss included in accumulated other comprehensive income (before tax effect) as of March 31, 2016 and 2015 are as follows:

	2016	2015	2016
	(Millions of yen)	(Millions of yen)	(Thousands of U.S.dollars)
Unrecognized prior service cost	¥ —	¥ —	\$ —
Unrecognized actuarial gain/loss	(808)	1,641	(7,170)
Other	—	—	—
Total	¥ (808)	¥ 1,641	\$ (7,170)

(7) The fair value of plan assets, by major category, as a percentage of total plan assets as of March 31, 2016 and 2015 are as follows:

	2016	2015
	(Millions of yen)	(Millions of yen)
Bonds	33%	31%
Stocks	33%	38%
General account	28%	25%
Other	6%	6%
Total	100%	100%

Notes

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

(8) The assumptions used in accounting for the above plans are as follows:

	2016	2015
1) Discount rate	0.4%	1.1%
2) Expected rate of long-term return on assets	1.1%	1.5%

18. Segment Information

1. Outline of reportable segments

Reportable segments are components for which separate financial information is available and that are subject to periodic examination by the Board of Directors to determine the allocation of management resources and assess performances.

The Bank and its consolidated subsidiaries comprise of the Bank and 7 consolidated subsidiaries that are engaged in the financial services business that includes mainly banking services as well as leasing services.

Therefore, the reportable segments of the Bank and its consolidated subsidiaries comprise 'Banking' and 'Leasing' that are distinguished by the type of the business.

'Banking' includes deposit taking, lending, investment in securities and exchange services.

'Leasing' represents lease business by Yamagin Lease Co., Ltd., one of the consolidated subsidiaries.

2. Calculation method of ordinary income, profit or loss, assets, liabilities and other items by reportable segment

The accounting policies in Note 3, "Summary of Significant Accounting Policies", are adopted for the reportable segments.

Reportable segment profit corresponds to ordinary profits.

Ordinary income arising from intersegment transactions is based on arm's length prices.

3. The Bank has changed its depreciation method for tangible fixed assets, from the declining-balance method to the straight-line method, effective from the fiscal year ended March 31, 2016.

Under the long term Management plan, "YAMAGIN innovation plan III" starting from this fiscal year, the Bank plans to replace ATMs and renovate branches, office machineries and equipments, and other tangible fixed assets would be used constantly over long periods of time. Consequently, contemplating the fixed nature of the value in use throughout the useful life of the assets, the Bank decided to change its depreciation method of tangible fixed assets to the straight-line method to more accurately reflect business conditions.

As a result of this change, reportable segment profit of the Banking segment for the fiscal year ended March 31, 2016 decreased by ¥99 million.

4. Information of ordinary income, profit or loss, assets, liabilities and other items by reportable segment
Year ended March 31, 2016

(Millions of yen)

	Reportable segment			Other	Total	Adjustments	Consolidated financial statements
	Banking	Leasing	Total				
Ordinary income							
External customers	¥ 38,861	¥ 4,772	¥ 43,633	¥ 1,711	¥ 45,344	¥ (92)	¥ 45,252
Intersegment	236	118	354	704	1,059	(1,059)	—
Total	39,097	4,890	43,987	2,416	46,403	(1,151)	45,252
Segment profit	9,934	190	10,124	633	10,757	(10)	10,747
Segment assets	2,492,740	13,152	2,505,893	16,362	2,522,255	(18,582)	2,503,672
Segment liabilities	2,344,078	9,171	2,353,249	11,261	2,364,510	(16,782)	2,347,728
Other items							
Depreciation	1,235	14	1,249	4	1,253	—	1,253
Interest income	26,237	3	26,240	121	26,362	(153)	26,208
Interest expense	2,708	66	2,775	54	2,829	(98)	2,730
Increase in tangible fixed assets and intangible fixed assets	1,999	59	2,059	0	2,060	—	2,060

Year ended March 31, 2015

(Millions of yen)

	Reportable segment			Other	Total	Adjustments	Consolidated financial statements
	Banking	Leasing	Total				
Ordinary income							
External customers	¥ 39,290	¥ 4,638	¥ 43,929	¥ 2,014	¥ 45,944	¥ 26	¥ 45,970
Intersegment	191	115	307	613	921	(921)	—
Total	39,482	4,754	44,236	2,628	46,865	(895)	45,970
Segment profit	11,607	193	11,801	889	12,690	29	12,719
Segment assets	2,453,358	13,308	2,466,667	16,671	2,483,338	(16,459)	2,466,878
Segment liabilities	2,307,123	9,452	2,316,575	11,917	2,328,492	(16,308)	2,312,184
Other items							
Depreciation	1,159	15	1,175	6	1,181	—	1,181
Interest income	26,402	3	26,406	140	26,546	(102)	26,444
Interest expense	2,662	67	2,730	53	2,783	(95)	2,688
Increase in tangible fixed assets and intangible fixed assets	1,624	64	1,689	—	1,689	—	1,689

Year ended March 31, 2016

(Thousands of U.S.dollars)

	Reportable segment			Other	Total	Adjustments	Consolidated financial statements
	Banking	Leasing	Total				
Ordinary income							
External customers	\$ 344,879	\$ 42,350	\$ 387,229	\$ 15,184	\$ 402,413	\$ (816)	\$ 401,597
Intersegment	2,094	1,047	3,141	6,247	9,398	(9,398)	—
Total	346,973	43,397	390,370	21,441	411,812	(10,214)	401,597
Segment profit	88,161	1,686	89,847	5,617	95,465	(88)	95,376
Segment assets	22,122,293	116,719	22,239,022	145,207	22,384,229	(164,909)	22,219,311
Segment liabilities	20,802,964	81,389	20,884,353	99,937	20,984,291	(148,935)	20,835,356
Other items							
Depreciation	10,960	124	11,084	35	11,119	—	11,119
Interest income	232,845	26	232,871	1,073	233,954	(1,357)	232,587
Interest expense	24,032	585	24,627	479	25,106	(869)	24,227
Increase in tangible fixed assets and intangible fixed assets	17,740	523	18,272	0	18,281	—	18,281

Notes

- Ordinary income is substituted for sales of companies in other industries. "Adjustments" are elimination of intersegment transactions.
- "Other" represents business segments that are not the reportable segments and comprises business support service, credit guarantee service, data processing, credit card business, venture capital business, etc.
- "Adjustments" are as follows:
 - "Ordinary income for External customers" is elimination related to provision of reserve for loan losses.
 - "Adjustments for segment profit" are eliminations of intersegment transactions.
- "Segment profit" corresponds to ordinary income(net) of Consolidated Statements of Income.

5. Related information

Information by service
Year ended March 31, 2016

(Millions of yen)

	Loan	Security investment	Lease	Other	Total
Ordinary income from external customers	¥ 18,782	¥ 13,269	¥ 4,710	¥ 8,489	¥ 45,252

Year ended March 31, 2015

(Millions of yen)

	Loan	Security investment	Lease	Other	Total
Ordinary income from external customers	¥ 19,123	¥ 11,959	¥ 4,631	¥ 10,255	¥ 45,970

Year ended March 31, 2016

(Thousands of U.S.dollars)

	Loan	Security investment	Lease	Other	Total
Ordinary income from external customers	\$ 166,684	\$ 117,758	\$ 41,799	\$ 75,337	\$ 401,597

Information about geographical areas is omitted because the Bank and its consolidated subsidiaries conduct banking and other related activities in Japan without having foreign subsidiaries or foreign branches.

Information about major customers is not presented because there are no customers having over a 10% share of ordinary income.

6. Information concerning the impairment loss of fixed assets by reportable segment

Year ended March 31, 2016

(Millions of yen)

	Reportable segment			Other	Total
	Banking	Leasing	Total		
Impairment loss	¥ 27	¥ —	¥ 27	¥ —	¥ 27

Year ended March 31, 2015

(Millions of yen)

	Reportable segment			Other	Total
	Banking	Leasing	Total		
Impairment loss	¥ 130	¥ —	¥ 130	¥ —	¥ 130

Year ended March 31, 2016

(Thousands of U.S.dollars)

	Reportable segment			Other	Total
	Banking	Leasing	Total		
Impairment loss	\$ 239	\$ —	\$ 239	\$ —	\$ 239

19. Amounts Per Stock

Amounts per stock of net income and net assets, as presented below, are based on the weighted average number of stocks of common stock outstanding during each year and the number of stocks outstanding at each balance sheet date, respectively.

	2016	2015	2016
	(Yen)	(Yen)	(U.S. dollars)
Net income	¥ 41.08	¥ 45.62	\$ 0.36
Net assets	¥ 904.81	¥ 900.00	\$ 8.02
Diluted net income	¥ 36.67	¥ 41.00	\$ 0.32

The basis for the calculation of net income per stock for the year ended March 31, 2016 and 2015 are summarized as follows:

	2016	2015	2016
	(Millions of yen)	(Millions of yen)	(Thousands of U.S. dollars)
Net income attributable to owners to the parent	¥ 6,714	¥ 7,483	\$ 59,584
Amount not attributable to common stock:	—	—	—
Net income attributable to owners to the parent related to common stock	6,714	7,483	59,584
Weighted average number of stocks of common stock outstanding	163,442 thousand	164,015 thousand	163,442 thousand
Effect of dilutive securities bonds with stock acquisition rights	19,646 thousand	18,516 thousand	19,646 thousand

20. Financial Instruments

1. Matters relating to the state of financial instruments

(1) Policy for financial instruments

The Yamagata Bank group (referred to as the "Bank" below) provides financial services mainly connected with the banking business including deposits, loans, buying and selling trading securities and security investments. In the banking business, which is the main business of the Bank, funds are raised by means such as accepting deposits and borrowing money from the call money market, and are invested by providing loans and buying securities. Financial assets and liabilities are susceptible to interest rate fluctuations, so the Bank bears market risk, which is the risk of loss caused by changes in financial market conditions (for example, interest rate risk and price fluctuation risk), and the risk of failing to raise sufficient funds.

The Bank performs comprehensive asset and liability management (ALM) to appropriately control the balance of profit and risk in a way that suits fund raising and investment policy as well as taking into consideration the state of assets and liabilities and the trends of the financial and capital markets. The Bank uses derivatives as part of such management.

(2) Nature and risk of financial instruments

The Bank's financial assets consist mainly of loans to domestic companies and individuals, and the Bank is exposed to the credit risks arising from customers' default on their loans. Securities mainly consist of stocks, bonds and investment trusts, some of which are held until the maturity date, others are held for purposes such as investment and business promotion. Those securities are exposed to credit risk of the relevant issuer, the risks of fluctuations in interest rates and market prices.

Deposits, call money, etc., that are financial liabilities have interest rate fluctuation risks caused by differences in interest rates and the periods between financial liabilities and financial assets. Financial liabilities also have the funding risk of loss due to inability to raise funds, because of reasons such as unexpected outflow of funds, and by raising funds at interest rates much higher than the normal rate because of unavoidable reasons; and the market liquidity risk of loss caused by the inability to raise the required funds because of disruption such as a credit crunch in the entire market and by trading at prices greatly disadvantageous compared with the normal price.

(3) Risk management for financial Instruments

i. Credit risk management

The Bank measures the risk amount through credit judgments, credit ratings and self-assessments, attaching importance to the public good, safety, growth potential and profitability, and controls the risk on the principle of elimination of concentration with specific customers, in accordance with credit policy (lending standards), which states the basic ideas about lending, the code of conduct and other matters, and with the credit risk management rules, which specify credit risk management methods.

The Bank's credit review division and sales promotion division are separated to ensure independence of each other and stringent credit risk management.

The Bank conducts rigorous self-assessment, which includes audits by the audit division, from the aspect of securing the soundness of the assets. Based on the results, the Bank appropriately writes off bad debts and sets aside reserves.

The Bank has a credit rating system for business loans to understand the true state of companies from both quantitative and qualitative aspects.

To reduce and offset credit risk, the Bank receives collateral and guarantees for lending transactions and offsets loans against deposits. The basic ideas about security are stated in the credit policy, and security assessments, management policies and procedures are set out in the operation manual.

Measurement method and procedures for credit risk amount are stipulated in the operation manual and the risk is measured monthly based on the borrowers' credit rating and other factors. The results are reported to the ALM Council (the board of managing directors).

ii. Market risk management

a. Interest rate risk management

The Bank's interest rate fluctuation risk is managed by ALM.

Risk management methodology and procedures are stated in detail in the rules and manuals related to ALM. Present conditions are checked, state of execution is checked and future actions are discussed by the ALM Council, based on the outcome of the deliberations of the ALM Committee. Risks are monitored using methodology such as basis point value (BPV) and value at risk (VaR), and mainly with gap analyses and interest rate sensitivity analyses, and the results are reported monthly to the ALM Council. As part of ALM, derivatives such as interest rate swap transactions are conducted to hedge interest rate risks.

b. Price fluctuation risk management

Trading and management of investment instruments such as securities are performed in accordance with the investment policy and risk management policy as determined by the board of directors half-yearly. The Middle Section of the Financial Market Division and the Risk Control Section of the General Planning & Coordinations Division measure market risk for securities investments quantitatively and comprehensively using VaR, etc. The results are reported to the relevant directors, the ALM Council, etc., with the frequency set for each financial instrument to check the state of compliance with the rule.

c. Quantitative information concerning market risk

The principal financial instruments that are subject to interest rate risk and price fluctuation risk, which are the main risk variables affecting the Bank, are loans and bills discounted, securities, deposits and derivatives transactions.

The variance-covariance method (holding period: 90 days*, confidence interval: 99%, observation period: 250 business days) was used for the calculation of VaR, the market risk volume. The volume of overall market risk (estimated loss) as of March 31, 2016 (consolidated accounts settlement date) and 2015 were ¥31,581 million (\$280,271 thousand) and ¥23,427 million.

The Bank believes that the measurement model estimates market risk with sufficient accuracy because the Bank examines the model by means such as performing backtesting to compare the VaR calculated using the model with the actual profit and loss.

However, VaR measures market risk volume with a certain probability that is calculated statistically based on historical market movements, and therefore VaR may fail to represent risk in the case of exceptionally drastic change in market conditions.

* Holding period for shares purchased for the business relationship, which are included in the securities: 125 days.

iii. Liquidity risk management

Sections managing liquidity risks at the Bank are clearly stated in the liquidity risk management rule that stipulate the liquidity risk management procedures, system and so on. The Bank has a management system to secure sufficient liquidity in case of unexpected events by setting liquidity standards for various cases including times of normality, times of concern, and times of emergency.

(4) Supplementary explanation of fair values, of financial instruments

Fair value of financial instruments includes market price as well as reasonably determined value where market price is unavailable. The reasonably determined value could differ depending on different conditions and assumptions because calculation of such value is conducted based on certain conditions and assumptions.

2. Fair value of financial instruments

Carrying amount and fair value, as of March 31, 2016 and 2015, and the difference between the values are shown in the table below. Unlisted stocks and others whose fair value is deemed to be extremely difficult to determine are not listed in the table (see Note 2). Accounts considered to be immaterial are omitted.

<March 31, 2016> (Millions of yen)

	Carrying amount	Fair Value	Difference
(1) Cash and due from banks	¥ 106,159	¥ 106,159	¥ —
(2) Securities			
Held-to-maturity bonds	8,467	8,626	158
Other securities	726,749	726,749	—
(3) Loans and bills discounted	1,584,509		
Reserve for possible loan losses (*1)	(5,993)		
	1,578,516	1,609,083	30,567
Total assets	2,419,892	2,450,619	30,726
(1) Deposits	2,075,390	2,075,885	494
(2) Negotiable certificates of deposit	119,845	119,849	3
(3) Payables under securities leading transactions	35,130	35,130	—
(4) Borrowed money	48,088	48,306	217
(5) Bonds with stock acquisition rights	11,268	10,776	(491)
Total liabilities	2,289,723	2,289,949	225
Derivatives transactions (*2)			
To which hedge accounting is not applied	860	860	—
To which hedge accounting is applied	(4,935)	(4,935)	—
Total derivatives	¥ (4,074)	¥ (4,074)	¥ —

<March 31, 2015> (Millions of yen)

	Carrying amount	Fair Value	Difference
(1) Cash and due from banks	¥ 79,775	¥ 79,775	¥ —
(2) Call loans and bills purchased	34,597	34,597	—
(3) Securities			
Held-to-maturity bonds	8,719	8,790	71
Other securities	808,628	808,628	—
(4) Loans and bills discounted	1,470,267		
Reserve for possible loan losses (*1)	(5,684)		
	1,464,582	1,486,778	22,196
Total assets	2,396,302	2,418,570	22,267
(1) Deposits	2,036,421	2,036,831	409
(2) Negotiable certificates of deposit	103,112	103,118	6
(3) Call money and bills sold	39,980	39,980	—
(4) Payables under securities leading transactions	25,214	25,214	—
(5) Borrowed money	46,915	46,818	(96)
(6) Bonds with stock acquisition rights	12,017	11,702	(314)
Total liabilities	2,263,660	2,263,665	4
Derivatives transactions (*2)			
To which hedge accounting is not applied	(180)	(180)	—
To which hedge accounting is applied	(4,453)	(4,453)	—
Total derivatives	¥ (4,634)	¥ (4,634)	¥ —

<March 31, 2016> (Thousands of U.S. dollars)

	Carrying amount	Fair Value	Difference
(1) Cash and due from banks	\$ 942,128	\$ 942,128	\$ —
(2) Securities			
Held-to-maturity bonds	75,141	76,553	1,402
Other securities	6,449,671	6,449,671	—
(3) Loans and bills discounted	14,062,025		
Reserve for possible loan losses (*1)	(53,186)		
	14,008,839	14,280,111	271,272
Total assets	21,475,789	21,748,482	272,683
(1) Deposits	18,418,441	18,422,834	4,384
(2) Negotiable certificates of deposit	1,063,587	1,063,622	26
(3) Payables under securities leading transactions	311,767	311,767	—
(4) Borrowed money	426,766	428,700	1,925
(5) Bonds with stock acquisition rights	100,000	95,633	(4,357)
Total liabilities	20,320,580	20,322,586	1,996
Derivatives transactions (*2)			
To which hedge accounting is not applied	7,632	7,632	—
To which hedge accounting is applied	(43,796)	(43,796)	—
Total derivatives	\$ (36,155)	\$ (36,155)	\$ —

(*1) General reserve and specific reserve for possible loan losses corresponding to loans and bills discounted are deducted.

(*2) Derivative transactions recorded in other assets and other liabilities are presented on a net basis.

Note 1 Method to calculate fair values of financial instruments

Assets

(1) Cash and due from banks

Concerning due from banks without maturity, the carrying amount is reported as fair value because the fair value is approximately the same as the carrying amount. Concerning due from banks with maturity, the carrying amount is reported as fair value because the remaining periods are as short as less than one year, and the fair value is approximately the same as the carrying amount.

(2) Securities

Fair value of stocks is determined based on the exchange price, and that of bonds based on the exchange price or price quoted by the counter party financial institutions. Fair value of investment trusts is determined based on the price publicly available. Fair value of privately placed guaranteed bonds is calculated by discounting the total amount of principal and interest at an interest rate deemed to be applicable to similar bonds by categories based on internal ratings and terms of the bonds.

(3) Loans and bills discounted

Fair value of loans and bills discounted is calculated by categorizing the loans based on the type, internal rating, term (the remaining period or the period between interest rate renewals), and then discounting the total of the principals and interest with a rate expected of a new similar loan. For loans with short remaining periods (less than one year), the carrying amount is reported as the fair value because the fair value is approximately the same as the carrying amount.

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

Concerning loans whose maturity dates were not set because they were limited to within the values of the collateral offered as security, the carrying amount is reported as fair value because the fair value is expected to be approximately the same as the carrying amount considering expected periods of repayments and the terms of interest rate.

Liabilities

(1) Deposits, and (2) negotiable certificates of deposit

Concerning demand deposits, the amounts to be paid if such deposits were withdrawn on the end of the year (book values) are regarded as fair value. Time deposits are separated by period, and the present value is calculated by discounting the future cash flow. The discount rate is the rate used for new deposit-taking. For those with short remaining periods (less than one year), their carrying amount is reported as the fair value because the fair value is approximately the same as the carrying amount.

(3) Payables under securities lending transactions.

Call loans and bills purchased the carrying amount is reported as fair value for call money and bills sold, and payables under securities lending transactions because they have short maturity (less than one year), and the fair value is approximately the same as the carrying amount.

(4) Borrowed money

Fair value of borrowed money is calculated by discounting the total amount of the principal and interest of such borrowed money classified by the type, internal rating and the remaining period at the interest rates considered to be applicable to new similar borrowed money. The fair value of short-term borrowed money with remaining period as of the end of the fiscal year not exceeding one year is based on the carrying amount because the fair value is approximately the same as the carrying amount.

(5) Bonds with stock acquisition rights

Call loans and bills purchased the carrying amount is reported as fair value for bonds with stock acquisition rights because they have short maturity (less than one year), and the fair value is approximately the same as the carrying amount.

Derivative transactions

Matters related to derivatives transactions are as stated in the Note 16 "Fair Value Information on Derivatives".

Note 2 Financial instruments whose fair value is deemed to be extremely difficult to determine were as follows. These were not included in the Asset, "(2) Securities" in "Fair value of financial instruments".

<March 31, 2016>

Category	Carrying amount	
	Millions of yen	Thousands of U.S. dollars
Unlisted stocks (*1)(*2)	¥ 1,608	\$ 14,270
Investment in Partnerships (*3) and others	4,339	38,507
Total	¥ 5,948	\$ 52,786

(*1) Unlisted stocks are not subject to fair value disclosure because of the extreme difficulty in determining their fair values as they are not sold in the market.

(*2) Impairment accounting was applied to unlisted stocks of ¥1 million in the previous consolidated fiscal year. Impairment accounting was applied to unlisted stocks of ¥2 million (\$26 thousand) in this consolidated fiscal year.

(*3) In the case that partnership assets consist of unlisted stocks whose fair value is deemed to be extremely difficult to determine, investment in partnerships is not subject to fair value disclosure.

<March 31, 2015>

Category	Carrying amount	
	Millions of yen	
Unlisted stocks (*1) (*2)	¥ 1,521	
Investment in Partnerships (*3) and others	2,744	
Total	¥ 4,266	

Note 3 Scheduled redemption amounts of financial assets and securities with maturities

<March 31, 2016>

(Millions of yen)

	Due in 1 year or less	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years
Due from banks	¥ 106,159	¥ —	¥ —	¥ —	¥ —	¥ —
Securities	100,520	176,184	169,429	73,598	106,063	57,823
Held-to-maturity bonds	1,895	3,039	2,898	634	—	—
Corporate bonds	1,895	3,039	2,898	634	—	—
Other securities with a maturity date	98,625	173,144	166,531	72,964	106,063	57,823
Japanese government bonds	45,160	66,281	93,413	43,253	46,711	35,960
Municipal bonds	12,767	43,058	11,025	4,355	7,986	20,962
Corporate bonds	19,599	35,799	27,423	9,255	10,306	—
Other	21,097	28,005	34,667	16,099	41,058	900
Loans and bills discounted (*)	390,363	301,529	244,335	149,646	166,337	314,003
Total	¥ 597,043	¥ 477,713	¥ 413,765	¥ 223,244	¥ 272,400	¥ 371,827

* Of loans and bills discounted, the portion whose timing of collection is unforeseeable, such as loan to "Legally bankrupt" borrowers, loan to "Virtually bankrupt" borrowers, loan to "Possibly bankrupt" borrowers, amounting to ¥18,294 million (\$162,353 thousand) is not included in the above table.

<March 31, 2015>

(Millions of yen)

	Due in 1 year or less	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years
Due from banks	¥ 79,775	¥ —	¥ —	¥ —	¥ —	¥ —
Call loans and bills purchased	34,597	—	—	—	—	—
Securities	74,379	187,423	245,997	103,694	104,124	45,731
Held-to-maturity bonds	2,829	2,852	2,455	581	—	—
Corporate bonds	2,829	2,852	2,455	581	—	—
Other securities with a maturity date	71,550	184,571	243,542	103,112	104,124	45,731
Japanese government bonds	37,167	87,152	98,740	52,968	48,902	21,363
Municipal bonds	9,568	22,646	68,422	4,630	8,320	22,562
Corporate bonds	15,117	46,208	34,871	14,754	7,435	—
Other	9,696	28,563	41,507	30,757	39,465	1,805
Loans and bills discounted (*)	378,841	278,965	238,686	140,043	147,753	264,837
Total	¥ 567,594	¥ 466,388	¥ 484,684	¥ 243,737	¥ 251,878	¥ 310,569

* Of loans and bills discounted, the portion whose timing of collection is unforeseeable, such as loan to "Legally bankrupt" borrowers, loan to "Virtually bankrupt" borrowers, loan to "Possibly bankrupt" borrowers, amounting to ¥21,138 million is not included in the above table.

<March 31, 2016 >

(Thousands of U.S.dollars)

	Due in 1 year or less	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years
Due from banks	\$ 942,128	\$ —	\$ —	\$ —	\$ —	\$ —
Securities	892,083	1,563,578	1,503,629	653,159	941,276	513,161
Held-to-maturity bonds	16,817	26,970	25,718	5,626	—	—
Corporate bonds	16,817	26,970	25,718	5,626	—	—
Other securities with a maturity date	875,266	1,536,599	1,477,910	647,532	941,276	513,161
Japanese government bonds	400,780	588,223	829,011	383,856	414,545	319,133
Municipal bonds	113,303	382,126	97,843	38,649	70,873	186,031
Corporate bonds	173,935	317,705	243,370	82,135	91,462	—
Other	187,229	248,535	307,658	142,873	364,376	7,987
Loans and bills discounted	3,464,350	2,675,976	2,168,397	1,328,061	1,476,189	2,786,679
Total	\$ 5,298,571	\$ 4,239,554	\$ 3,672,035	\$ 1,981,221	\$ 2,417,465	\$ 3,299,849

Note 4 Scheduled repayment amounts of bonds, borrowed money and other interest bearing liabilities

<March 31, 2016>

(Millions of yen)

	Due in 1 year or less	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years
Deposits (*)	¥ 1,875,892	¥ 188,562	¥ 10,936	¥ —	¥ —	¥ —
Negotiable certificates of deposit	118,889	956	—	—	—	—
Payable under securities lending transactions	35,130	—	—	—	—	—
Borrowed money	46,248	1,406	432	—	—	—
Bonds with stock acquisition right	—	—	11,268	—	—	—
Total	¥ 2,076,161	¥ 190,925	¥ 22,637	¥ —	¥ —	¥ —

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

<March 31, 2015>

(Millions of yen)

	Due in 1 year or less	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years
Deposits (*)	¥ 1,848,137	¥ 161,009	¥ 27,275	¥ —	¥ —	¥ —
Negotiable certificates of deposit	101,792	1,320	—	—	—	—
Call money and bills sold	39,980	—	—	—	—	—
Payable under securities lending transactions	25,214	—	—	—	—	—
Borrowed money	44,919	1,515	480	—	—	—
Bonds with stock acquisition right	—	—	12,017	—	—	—
Total	¥ 2,060,043	¥ 163,844	¥ 39,772	¥ —	¥ —	¥ —

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

<March 31, 2016>

(Thousands of U.S.dollars)

	Due in 1 year or less	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years
Deposits	\$ 16,647,958	\$ 1,673,429	\$ 97,053	\$ —	\$ —	\$ —
Negotiable certificates of deposit	1,055,102	8,484	—	—	—	—
Payable under securities lending transactions	311,767	—	—	—	—	—
Borrowed money	410,436	12,477	3,833	—	—	—
Bonds with stock acquisition right	—	—	100,000	—	—	—
Total	\$ 18,425,283	\$ 1,694,400	\$ 200,896	\$ —	\$ —	\$ —

Independent Auditor's Report

The Board of Directors
The Yamagata Bank, Ltd.

We have audited the accompanying consolidated financial statements of The Yamagata Bank, Ltd. and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2016, 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 Yamagata Bank, Ltd. and its consolidated subsidiaries as at March 31, 2016, 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 2.

June 23, 2016
Yamagata, Japan

Ernst & Young Shin Nihon LLC

Non-Consolidated Balance Sheet

As of March 31, 2016 and 2015

	2016 (Millions of yen)	2015 (Millions of yen)	2016 (Thousands of U.S.dollars)
Assets			
Cash and due from banks	¥ 106,153	¥ 79,765	\$ 942,083
Call loans	15,149	34,597	134,449
Monetary claims bought	5,093	7,273	45,200
Trading securities	28	40	252
Securities	741,114	821,553	6,577,157
Loans and bills discounted	1,593,372	1,479,318	14,140,683
Foreign exchange	1,236	1,028	10,975
Other assets	5,051	4,484	44,828
Tangible fixed assets	13,645	13,673	121,096
Buildings	3,563	3,665	31,621
Land	8,789	8,985	78,004
Leased assets	54	72	487
Construction in progress	111	68	986
Other tangible fixed assets	1,126	881	9,996
Intangible fixed assets	1,603	994	14,229
Software	1,389	780	12,335
Other intangible fixed assets	213	214	1,894
Prepaid pension cost	921	263	8,176
Customers' liabilities for acceptances and guarantees	14,157	14,853	125,647
Reserve for possible loan losses	¥ (5,503)	¥ (5,205)	\$ (48,841)
Total assets	2,492,023	2,452,641	22,115,938
Liabilities and Net Assets			
Liabilities:			
Deposits	¥ 2,706,500	¥ 2,037,551	\$ 18,428,296
Negotiable certificate of deposits	125,885	109,092	1,117,195
Call money	15,211	39,980	135,000
Payables under securities lending transactions	35,130	25,214	311,775
Borrowed money	45,171	43,893	400,878
Foreign exchange	38	57	340
Bonds with stock acquisition rights	11,268	12,017	100,000
Other liabilities	11,820	13,195	104,899
Reserve for bonuses to directors	25	21	221
Reserve for directors' retirement benefits	264	302	2,347
Reserve for losses on dormant deposits repayments	55	78	488
Reserve for losses on contingencies	220	214	1,960
Deferred tax liabilities	7,002	9,230	62,146
Deferred tax liabilities arising from revaluation of land	1,325	1,420	11,766
Acceptance and guarantees	¥ 14,157	¥ 14,853	\$ 125,647
Total liabilities	2,344,078	2,307,123	20,802,964
Net Assets			
Common stock	¥ 12,008	¥ 12,008	\$ 106,572
Capital surplus	4,932	4,932	43,774
Retained earnings	112,119	106,352	995,029
Treasury stock	(2,976)	(2,972)	(26,416)
Total Shareholder's equity	126,084	120,321	1,118,960
Net unrealized holding gain on securities available for sale	24,110	26,862	213,975
Deferred gain (loss) on hedging instruments	(3,431)	(2,845)	(30,451)
Revaluation of land	1,182	1,179	10,490
Total	21,861	25,197	194,013
Total of net assets	147,945	145,518	1,312,974
Total of liabilities and net assets	¥ 2,492,023	¥ 2,452,641	\$ 22,115,938

Non-Consolidated Statements of Income

For the years ended March 31, 2016 and 2015

	2016 (Millions of yen)	2015 (Millions of yen)	2016 (Thousands of U.S.dollars)
Ordinary Income	¥ 39,097	¥ 39,482	\$ 346,975
Interest Income	26,237	26,402	232,853
Interest on loans and discounts	18,409	18,840	163,379
Interest and dividends on securities	7,666	7,316	68,037
Interest on call loans	51	88	460
Interest on deposits with banks	11	18	105
Other interest	98	139	870
Fees and commissions	6,449	6,398	57,236
Fees and commissions on domestic and foreign exchange	1,580	1,591	14,027
Other fees and commissions	4,868	4,807	43,209
Other operating income	2,138	3,698	18,978
Gains on foreign exchange transactions	—	73	—
Gains on sales of trading securities	4	0	38
Gains on sales of bonds	2,133	2,466	18,938
Other	0	1,158	2
Other Income	4,271	2,982	37,906
Reversal on allowance for loan losses	—	85	—
Recoveries of written off claims	4	0	39
Gains on sales of stocks and other securities	3,500	2,122	31,066
Other	766	773	6,799
Ordinary Expenses	29,163	27,874	258,813
Interest Expense	2,708	2,662	24,039
Interest on deposits	1,297	1,273	11,518
Interest on negotiable certificate of deposits	153	134	1,358
Interest on call money	25	15	224
Interest on payables under securities lending transaction	76	26	678
Interest on borrowings and rediscounts	58	43	521
Interest on interest swaps	1,034	1,086	9,183
Other interest	62	81	554
Fees and commissions payments	2,469	2,598	21,914
Fees and commissions on domestic and foreign exchange	350	351	3,111
Other fees and commissions	2,118	2,247	18,802
Other operating expense	1,728	1,118	15,343
Loss on foreign exchange transactions	74	—	662
Loss on sales of bonds	1,582	251	14,041
Expenses on derivatives other than for trading or hedging	72	9	639
Other	—	857	—
General and administrative expenses	20,906	21,268	185,538
Other expenses	1,349	226	11,977
Provision on allowance for loan losses	722	—	6,409
Written-off of loans	—	1	—
Losses on sales of stocks and other securities	428	50	3,803
Losses on devaluation of stocks and other securities	2	1	26
Other	195	173	1,738
Ordinary Profit	9,934	11,607	88,161
Extraordinary income	—	0	—
Gain on disposal of non-current assets	—	0	—
Extraordinary losses	124	271	1,103
Loss on disposal of non-current assets	96	140	856
Impairment loss	27	130	247
Income before income taxes	9,809	11,337	87,057
Income taxes-current	3,308	3,004	29,363
Income taxes-deferred	(184)	1,051	(1,639)
Total income taxes	3,123	4,056	27,724
Net income	¥ 6,685	¥ 7,280	\$ 59,333
Amounts per share:	2016	2015	2016
	(yen)	(yen)	(U.S.dollars)
Net income	40.91	44.39	0.36
Net assets	905.22	890.31	8.03

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Bank Data: (As of March 31, 2016)

Date of Incorporation: 1896
Authorized Stocks: 298,350,000
Issued Stocks: 170,000,000
Number of Shareholders: 8,306
Number of Employees: 1,316



The Yamagata Bank, Ltd.
(Head Office)



(Total: Head Office and 80 branches)
(As of June 30, 2016)



Cherries
Cherries are a special product of Yamagata Prefecture.
Stylized cherries are used as the symbol of The Yamagata Bank, Ltd.