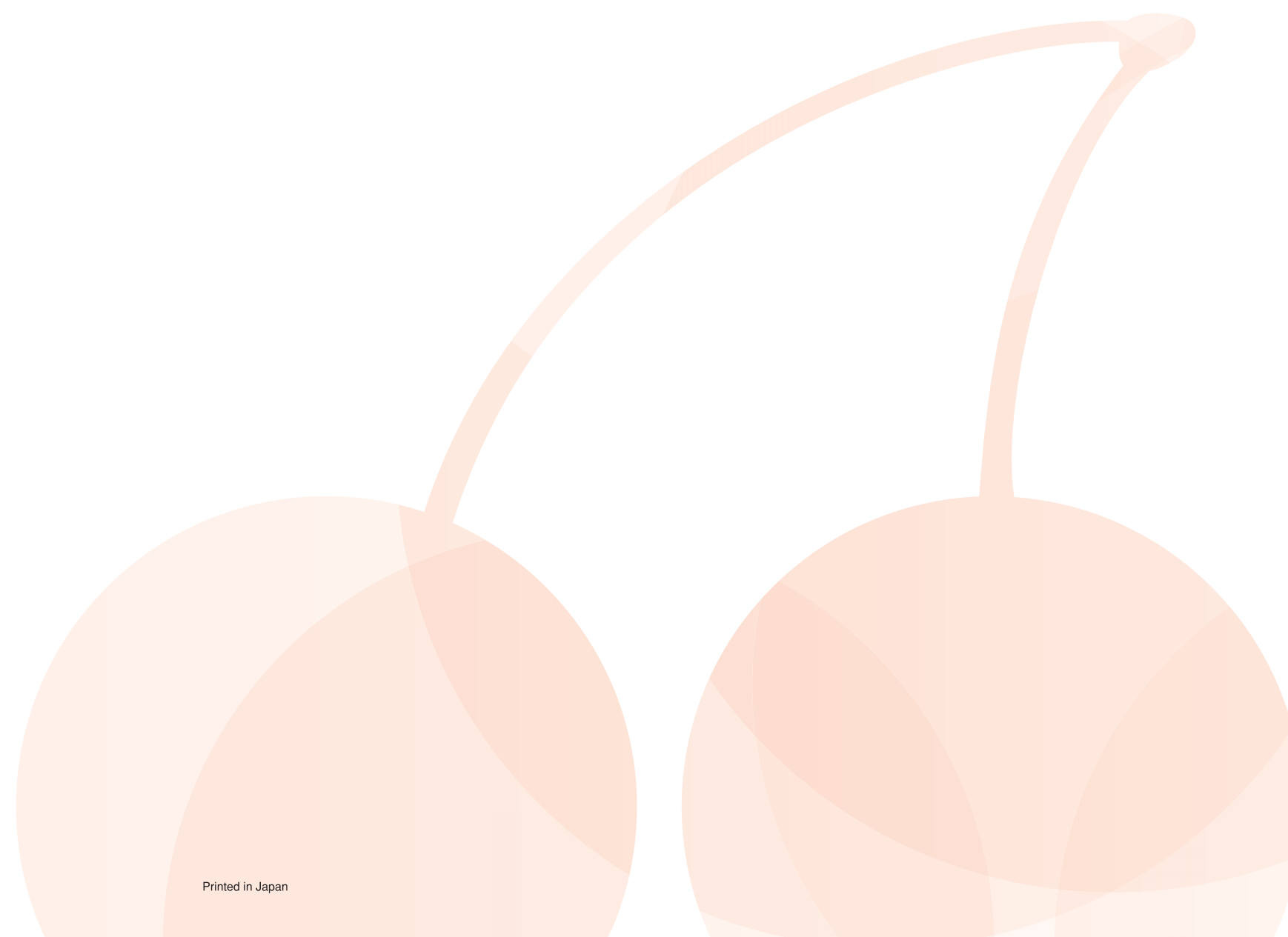


ANNUAL REPORT 2015

Year Ended March 31, 2015



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), approximately 300 kilometers north of Tokyo and three hours by rail on the Yamagata Shinkansen. The prefecture is surrounded by the Ou Mountain Range and the Sea of Japan. The Murayama Basin, where the prefectural capital, Yamagata City, is located, is the economic and cultural hub of the prefecture. The population of the prefecture is 1,140 thousands.

Yamagata City is close to Sendai City (Miyagi Prefecture) which is the largest city in northern Honshu, and the distance between the two cities is only 50 kilometers. The two cities have had active economic links aiming for their mutual development from a long time ago.

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, together with the restoration and reconstruction in areas on the Pacific coast, the transportation network along the coast of the Sea of Japan is also being redeveloped. In Yamagata Prefecture, expressways are being constructed and air routes connecting major cities in Japan are growing.

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. Many of the workers of the prefecture are diligent, so in both the agricultural and the manufacturing industries, the high quality of the products enjoys an established reputation.

However, considering that the aging of the population is advancing more rapidly than in other prefectures, it is vital to establish new industries for future generations. Efforts should be made, for instance, to foster a high-grade agricultural industry, and to encourage the application of 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

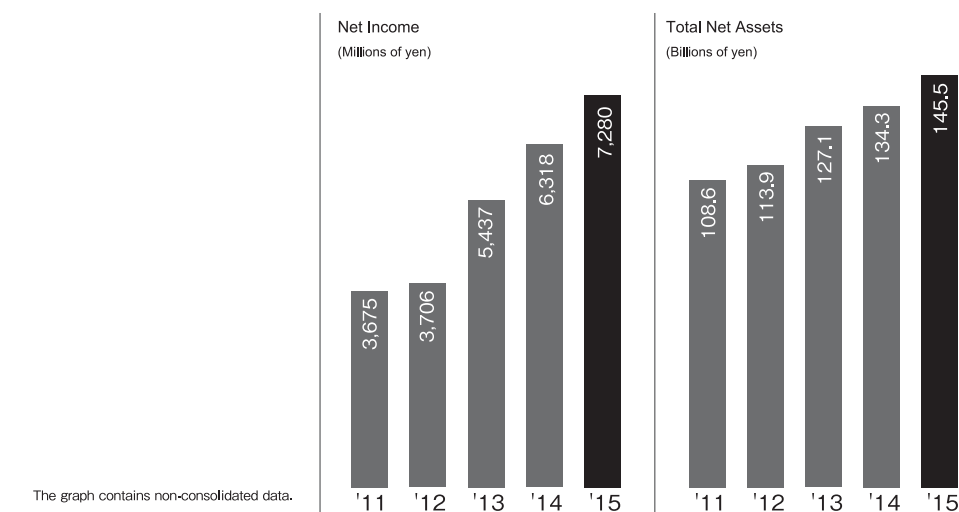
Yen: In millions except per stock data and percentages

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

For the years ended March 31	Consolidated			Non-Consolidated	
	2015 (Millions of yen)	2014 (Millions of yen)	2015 (Thousands of U.S.dollars)	2015 (Millions of yen)	2014 (Millions of yen)
Total income.....	¥ 45,970	¥ 45,738	\$ 382,548	¥ 39,483	¥ 39,319
Total expenses.....	33,522	34,670	278,955	28,146	29,139
Net income.....	7,483	6,331	62,270	7,280	6,318
Amounts per stock					
Net income	¥ 45.62	¥ 37.14	\$ 0.38	¥ 44.39	¥ 37.06
Cash dividends declared during the year	—	—	—	6	6
Net assets	900.00	789.89	7.49	890.31	788.18
As of March 31					
Total assets	¥ 2,466,878	¥ 2,379,310	\$ 20,528,241	¥ 2,452,641	¥ 2,366,529
Loans and bills discounted	1,470,267	1,409,351	12,234,893	1,479,318	1,418,297
Total liabilities	2,312,184	2,237,627	19,240,944	2,307,123	2,232,173
Deposits	2,139,534	2,119,245	17,804,229	2,146,643	2,126,057
Total net assets	154,694	141,682	1,287,296	145,518	134,355
Ratios:					
Capital ratio (Note 2)	13.24%	13.92%		12.67%	13.34%

Note 1: U.S.dollars represent transactions, for the convenience of readers, at ¥120.17=U.S.\$1.00, the rate prevailing on March 31, 2015.

Note 2: Figures for 2014 and 2015 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 year, the economy of Japan became increasingly sluggish, held back by the rise in the rate of consumption tax. However, Abenomics continued to support business, so in the latter half of the year, the economy started to recover.

Personal consumption remained somewhat weak, particularly the consumption of durable consumer goods, because many people had rushed to purchase them before they had intended to do so, to beat the rise in the consumption tax rate in April, 2014. Also, the trend in the decline in housing investment continued due to the repercussion of housing starts moving ahead of schedule. On the other hand, public investment remained at a high level in general, partly because of the effect of economic measures. From the middle of the year, exports steadied because of the strong U.S. economy and the depreciation of the yen, and private sector production began to recover. Furthermore, buoyed by a reduction in costs realized by lower oil prices, corporate earnings steadily improved, mainly led by export companies, although the increase in plant and equipment investment was only moderate because of reasons such as a rise in the shifting of the places of production to overseas. Under these circumstances, both employment and income conditions continued to gently improve as signs of a shortage of workers started to be seen, and in the latter half of the year, consumer sentiment showed a distinct improvement.

The economy in Yamagata Prefecture

Concerning the economy of Yamagata Prefecture, the principal place of business of Yamagata Bank, some businesses remained weak, due to reasons such as the rise in the consumption tax rate, which had an effect nationwide, and the economy of the prefecture in general stayed unchanged.

Corporate production activities fluctuated, although the business in electronic components and devices was favorable and remained at a relatively high level. Investment in plant and equipment rose steadily, albeit only moderately, mainly because companies invested in the

maintenance and renewal of their facilities. Public investment was steady, supported by work on the Tohoku-Chuo Expressway, etc., but did not reach the amount of the previous year. With regard to employment conditions, the shortage of workers became serious in some sectors, such as the construction industry, as the number of available jobs remained high but the number of job seekers declined. Concerning personal consumption, after the rise in the consumption tax rate, although consumption in some sectors did recover, its resilience was rather weak, in general. Housing investment fell at a steeper rate than the national figure, because of reasons such as the repercussion of housing starts moving ahead of schedule prior to the rise in the consumption tax rate.

Under these circumstances, in April 2015, Yamagata Bank launched our 18th long-term management plan, called the "Yamagin Innovation Plan III" (fiscal 2015 to 2017). Before the commencement of the long-term plan, we reformed our organizational structure, which included setting up new teams in seven departments, in order to speed up the decision-making process and to solve problems at an early stage. We will proactively lead revitalization of the region by means such as raising new industries and generating more employment, by having a view of the future ten years ahead, as a "bank bearing responsibility for the development of Yamagata". Also, we will expand our business foundations and further enhance our absolute corporate value as a bank rooted in the region.

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, 2014 to March 31, 2015)

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 ¥20.2 billion during the year to ¥2,139.5 billion. Although there was a reduction in public-fund deposits, there was a favorable increase in deposits by personal customers and corporate customers.

Assets under custody

The year-end consolidated balance of customers' assets under custody rose by ¥28.5 billion during the year to ¥339.7 billion, driven by good sales of investment trusts and personal pension insurance.

Loans

The year-end consolidated balance of loans rose by ¥60.9 billion during the year to ¥1,470.2 billion. This was realized because the Bank proactively responded to the demand for funds from local companies and local public entities, and made constant efforts to increase loans to personal customers, mainly focusing on housing loans. The number of borrowers of business loans increased soundly, exceeding ten thousand borrowers by the end of the fiscal year because of reasons such as the implementation of measures to expand the range of customers.

Securities

The year-end consolidated balance of securities dropped by ¥32.5 billion during the year to ¥821.6 billion as a result of our portfolio rebalancing, in which the balance of government bonds was reduced and the balance of other assets was raised, in consideration of the investment conditions and market trends both nationally and overseas.

Profit and loss

The consolidated ordinary revenue rose by ¥232 million on the previous year to ¥45,970 million because of an increase in gains on the sales of stocks and earnings from service transactions, etc., supported by bullish stock markets despite a drop in the gain on reversal of reserve for possible loan losses and interest income. The consolidated ordinary expenses decreased by ¥1,283 million on the previous year to ¥33,250 million mainly due to a reduction in interest expenses and operating expenses. As a result, the consolidated ordinary income rose by ¥1,516 million on the previous year to ¥12,719 million, and the consolidated net income was up by ¥1,151 million on the previous year to ¥7,483 million.

Results by business sector

In the banking business, the ordinary income for the consolidated fiscal year was ¥39,482 million, which was ¥163 million more than that for the previous fiscal year; the segment profit for the consolidated fiscal year was ¥11,607 million, which was ¥1,291 million more than that for the previous fiscal year. In the leasing business, the ordinary income for the consolidated fiscal year was ¥4,754 million, which

was ¥42 million less than that for the previous fiscal year; the segment profit for the consolidated fiscal year was ¥193 million, which was ¥23 million less than that for the previous fiscal year. In other business sectors, the ordinary income for the consolidated fiscal year was ¥2,628 million, which was ¥84 million more than that for the previous fiscal year; the segment profit for the consolidated fiscal year was ¥889 million, which was ¥149 million more than that for the previous fiscal year.

Cash flow

Cash flow from operating activities was negative at ¥17.3 billion because of an increase in loans, etc.

Cash flow from investing activities was positive at ¥51.3 billion, because the inflow generated by the sales and redemptions of securities, etc., exceeded the outflow generated by the acquisition of securities, etc.

Cash flow from financing activities was positive at ¥6.1 billion because of the issuing of corporate bonds with warrants, etc.

As a result of the above, the year-end consolidated balance of cash and cash equivalents rose by ¥40.1 billion during the year to ¥76.6 billion.

Corporate Data

Management

(As of June 24, 2015)

President

Kichishige Hasegawa

Senior Managing Directors

Shinichiro Miura

Yoshihiro Ishikawa

Managing Directors

Hitoshi Watanabe

Masahiro Takeda

Haruhiko Tanno

Directors

Yoshihiro Domon

Kosuke Suzuki

Kiyohiro Naganuma

Satoshi Nagai

Shinya Katsuki

Gisuke Ohara

Yumiko Inoue

Audit & Supervisory Board Member

Tamon Nakagawa

Masaki Kakizaki

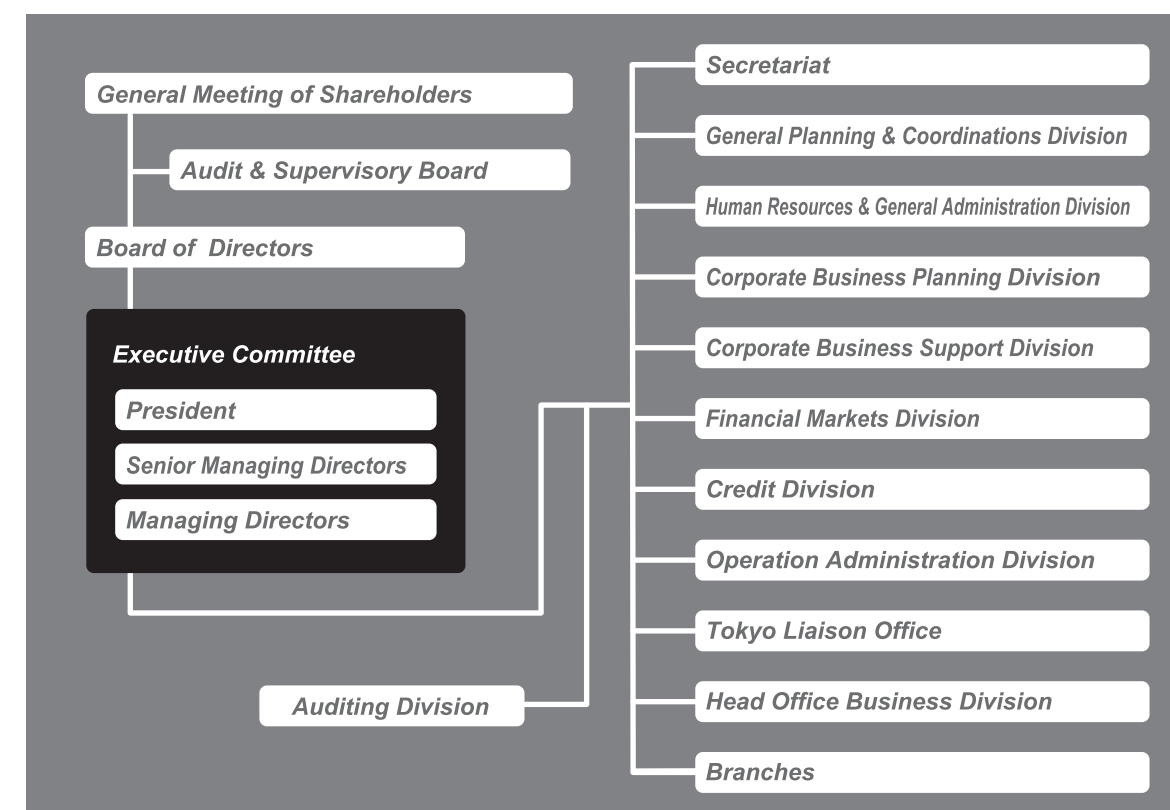
Shinichi Nakayama

Bin Hamada

Yasumasa Gomi

Organization

(As of June 24, 2015)



Financial Statements

Consolidated Balance Sheet

As of March 31, 2015 and 2014

	2015 (Millions of yen)	2014 (Millions of yen)	2015 (Thousands of U.S. dollars)(Note 2)
Assets			
Cash and due from banks (Note 9)	¥ 79,775	¥ 37,502	\$ 663,856
Call loans and bills purchased	34,597	18,683	287,900
Trading securities (Note 5)	40	57	333
Securities (Notes 5 and 11)	821,614	854,183	6,837,098
Loans and bills discounted (Note 4)	1,470,267	1,409,351	12,234,893
Foreign exchange (Note 4)	1,028	1,510	8,561
Other assets (Note 11)	30,584	31,221	254,509
Tangible fixed assets	13,922	13,461	115,853
Buildings (Note 10)	3,675	3,021	30,582
Land (Note 6)	8,985	8,923	74,769
Construction in progress	68	319	570
Other tangible fixed assets (Note 10)	1,193	1,197	9,930
Intangible fixed assets	1,036	1,201	8,626
Software	819	983	6,820
Other intangible fixed assets	217	217	1,805
Net defined benefit assets	1,905	—	15,852
Deferred tax assets (Note 15)	316	418	2,634
Customers' liabilities for acceptances and guarantees	18,125	19,764	150,831
Reserve for possible loan losses	(6,334)	(8,045)	(52,713)
Total assets	¥ 2,466,878	¥ 2,379,310	\$ 20,528,241
Liabilities and Net Assets			
Liabilities:			
Deposits (Note 11)	¥ 2,139,534	¥ 2,119,245	\$ 17,804,229
Call money and bills sold (Note 11)	39,980	—	332,697
Payables under securities lending transactions (Note 11)	25,214	21,204	209,819
Borrowed money (Note 11)	46,915	49,429	390,405
Foreign exchange	57	55	479
Bonds with stock acquisition rights	12,017	—	100,000
Other liabilities	18,251	19,113	151,880
Reserve for bonuses to directors and corporate auditors	21	20	178
Liability for retirement benefits (Note 17)	42	684	357
Reserve for directors and corporate auditors' retirement benefits	314	305	2,620
Reserve for losses on dormant deposit repayments	78	158	649
Reserve for losses on contingencies	214	225	1,783
Deferred tax liabilities (Note 15)	9,996	5,834	83,188
Deferred tax liabilities arising from revaluation of land (Note 6)	1,420	1,586	11,821
Acceptances and guarantees	18,125	19,764	150,831
Total liabilities	¥ 2,312,184	¥ 2,237,627	\$ 19,240,944
Net Assets			
Shareholders' equity (Note 7):			
Common stock, without par value:			
Authorized - 298,350,000 stocks			
Issued - 170,000,000 stocks	¥ 12,008	¥ 12,008	\$ 99,929
Capital surplus	4,934	4,939	41,059
Retained earnings (Note 8)	106,816	101,464	888,876
Less treasury stock, at cost	(2,972)	(828)	(24,731)
Total shareholders' equity	120,787	117,583	1,005,134
Accumulated other comprehensive income			
Unrealized holding gain on securities (Note 5)	26,863	18,333	223,547
Deferred loss on hedging instruments	(2,845)	(2,370)	(23,677)
Revaluation of land (Note 6)	1,179	1,073	9,815
Retirement benefits liability adjustments	1,116	28	9,290
Total accumulated other comprehensive income	26,314	17,063	218,975
Minority interests	7,593	7,034	63,185
Total net assets	¥ 154,694	¥ 141,682	\$ 1,287,296
Total liabilities and net assets	2,466,878	2,379,310	20,528,241

Consolidated Statements of Income and Comprehensive Income

For the years ended March 31, 2015 and 2014

Consolidated Statement of Income

	2015 (Millions of yen)	2014 (Millions of yen)	2015 (Thousands of U.S. dollars)(Note 2)
Income:			
Interest on loans and discounts	¥ 18,940	¥ 19,472	\$ 157,615
Interest and dividends on securities	7,316	7,204	60,883
Other interest	187	147	1,558
Fees and commissions	7,632	7,349	63,514
Other operating income	8,531	8,201	70,998
Other income	3,362	3,361	27,978
Total income	45,970	45,738	382,548
Expenses:			
Interest on deposits	1,404	1,711	11,690
Interest on borrowings and rediscounts	85	74	711
Other interest	1,197	1,264	9,966
Fees and commissions	2,336	2,256	19,443
General and administrative expenses	22,638	23,341	188,386
Other expenses	5,859	6,021	48,756
Total expenses	33,522	34,670	278,955
Income before income taxes and minority interests	12,448	11,067	103,593
Income taxes (Note 15)			
Current	3,233	2,924	26,906
Deferred	1,167	1,241	9,717
	4,401	4,166	36,623
Income before minority interests	8,047	6,901	66,970
Minority interests	564	569	4,699
Net income	¥ 7,483	¥ 6,331	\$ 62,270
Consolidated Statement of Comprehensive Income			
Income before minority interests	¥ 8,047	¥ 6,901	\$ 66,970
Other comprehensive income (Note 13)	9,279	1,939	77,222
Unrealized holding gain on securities	8,533	1,201	71,009
Deferred loss on hedging instrument	(474)	737	(3,948)
Revaluation of land	133	—	1,108
Retirement benefits liability adjustments	1,087	—	9,053
Comprehensive income	17,327	8,840	144,193
Comprehensive income attributable to shareholders of the parent company			
	16,760	8,266	139,470
Comprehensive income attributable to minority interests			
	567	574	4,723

Consolidated Statement of Changes in Net Assets

For the year ended March 31, 2015

	Shareholders' equity					(Millions of yen)
	Common stock	Capital surplus	Retained earnings	Less treasury stock, at cost	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			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		(5)	5,540	(2,143)	3,392	
Balance as of March 31, 2015	¥ 12,008	¥ 4,934	¥ 106,816	¥ (2,972)	¥ 120,787	

	Accumulated other comprehensive income							(Millions of yen)
	Unrealized holding gain of securities	Deferred on hedging instruments	Revaluation of land	Retirement benefits liability adjustments	Total accumulated other comprehensive income	Minority interests	Total net assets	
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							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, 2015

	Shareholders' equity					(Thousands of U.S.dollars)
	Common stock	Capital surplus	Retained earnings	Less treasury stock, at cost	Total shareholders' equity	
Balance as April 1, 2014	\$ 99,929	\$ 41,102	\$ 844,344	\$ (6,897)	\$ 978,478	
Cumulative effects of changes in accounting policies			(1,574)		(1,574)	
Restated balance at April 1, 2014	99,929	41,102	842,770	(6,897)	976,904	
Changes in the consolidated fiscal year						
Cash Dividends			(8,336)		(8,336)	
Net income			62,270		62,270	
Acquisition of treasury stocks				(25,926)	(25,926)	
Disposition of treasury stocks		(42)	(8,049)	8,092	—	
Reversal of land revaluation			221		221	
Changes in items other than shareholders' equity items in the consolidated fiscal year (net amounts)						
Total		(42)	46,106	(17,834)	28,230	
Balance as of March 31, 2015	\$ 99,929	\$ 41,059	\$ 888,876	\$ (24,731)	\$ 1,005,134	

	Accumulated other comprehensive income							(Thousands of U.S.dollars)	(Note 2)
	Unrealized holding gain of securities	Deferred on hedging instruments	Revaluation of land	Retirement benefits liability adjustments	Total accumulated other comprehensive income	Minority interests	Total net assets		
Balance as April 1, 2014	\$ 152,561	\$ (19,729)	\$ 8,929	\$ 236	\$ 141,998	\$ 58,539	\$ 1,179,016		
Cumulative effects of changes in accounting policies							(1,574)		
Restated balance at April 1, 2014	152,561	(19,729)	8,929	236	141,998	58,539	1,177,442		
Changes in the consolidated fiscal year									
Cash Dividends							(8,336)		
Net income							62,270		
Acquisition of treasury stocks							(25,926)		
Disposition of treasury stocks							—		
Reversal of land revaluation							221		
Changes in items other than shareholders' equity items in the consolidated fiscal year (net amounts)	70,985	(3,948)	886	9,053	76,977	4,645	81,623		
Total	70,985	(3,948)	886	9,053	76,977	4,645	109,853		
Balance as of March 31, 2015	\$ 223,547	\$ (23,677)	\$ 9,815	\$ 9,290	\$ 218,975	\$ 63,185	\$ 1,287,296		

Consolidated Statement of Cash Flows

For the years ended March 31, 2015 and 2014

	2015 (Millions of yen)	2014 (Millions of yen)	2015 (Thousands of U.S. dollars)(Note 2)
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 12,448	¥ 11,067	\$ 103,593
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:			
Depreciation and amortization	1,181	1,169	9,832
Loss on impairment of fixed assets	130	124	1,084
Reserve for possible loan losses	(1,711)	(2,355)	(14,239)
Reserve for bonuses to directors and corporate auditors	1	—	12
Reserve for employees' retirement benefits	—	(1,129)	—
Assets for retirement benefits	(1,242)	—	(10,341)
Liability for retirement benefits	2	712	16
Reserve for directors and corporate auditors' retirement benefits	9	29	79
Reserve for losses on dormant deposits repayments	(80)	(29)	(665)
Reserve for losses on contingencies	(11)	78	(94)
Interest income	(26,444)	(26,824)	(220,057)
Interest expense	2,688	3,050	22,369
Loss (gain) on investment securities	(4,288)	(3,057)	(35,686)
Foreign exchange gain, net	(73)	(78)	(615)
Loss on disposal of fixed assets	140	11	1,167
Loans	(60,886)	(83,153)	(506,667)
Deposits	20,257	27,547	168,572
Borrowed money (excluding subordinated borrowings)	(2,539)	23,938	(21,135)
Due from banks (excluding due from Bank of Japan)	(2,090)	10,017	(17,395)
Call loans and bills purchased	(15,251)	50,112	(126,919)
Call money and bills sold	39,895	(538)	331,990
Payables under securities lending transactions	3,898	5,828	32,442
Trading securities	17	(22)	143
Foreign exchange assets	555	(397)	4,623
Foreign exchange liabilities	2	16	23
Interest received	26,629	26,988	221,601
Interest paid	(2,868)	(3,372)	(23,872)
Other	(4,159)	1,447	(34,611)
Subtotal	(13,789)	41,180	(114,748)
Income taxes paid	(3,554)	(1,308)	(29,580)
Income taxes refunded	7	364	63
Net cash provided by operating activities	(17,336)	40,237	(144,265)
Cash flows from investing activities:			
Purchases of investment securities	(295,083)	(536,323)	(2,455,551)
Proceeds from sales of investment securities	284,951	397,961	2,371,234
Proceeds from redemption of investment securities	63,160	60,231	525,591
Expenditure for acquisition of tangible fixed assets	(1,466)	(1,090)	(12,205)
Income from sale of tangible fixed assets	6	14	57
Expenditure for acquisitions of intangible fixed assets	(222)	(252)	(1,852)
Income from sale of intangible fixed assets	8	—	69
Net cash used in investing activities	51,353	(79,459)	427,343
Cash flows from financing activities:			
Proceeds from issuance of bonds with stock acquisition rights	10,292	—	85,645
Dividends paid	(1,001)	(1,022)	(8,336)
Dividends paid to minority shareholders	(9)	(5)	(77)
Purchases of treasury stock	(3,115)	(7)	(25,926)
Net cash used in financing activities	6,165	(1,035)	51,305
Effect of exchange rate changes on cash and cash equivalents	(0)	(1)	(2)
Net increase (decrease) in cash and cash equivalents	40,182	(40,259)	334,380
Cash and cash equivalents at beginning of year	¥ 36,515	¥ 76,774	\$ 303,868
Cash and cash equivalents at end of year (Note 9)	76,698	36,515	638,248

Notes to Consolidated Financial Statements

March 31, 2015

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 120.17=U.S.\$1.00, the rate of exchange in effect on March 31, 2015, 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 1 subsidiary which is 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 decline-balance 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 ¥14 million (\$116 thousand) and ¥38 million for the year ended March 31, 2015 and 2014.

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, 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" (Report no. 25 of the Industry Audit Committee of the Japanese Institute of Certified Public Accountants, 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 Changes

The Bank adopted Section 35 of "Accounting Standard for Retirement Benefits" (ASBJ Statement No.26 of May 17, 2012) and the main clause of Section 67 of "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No.25 of May 17, 2012) effective from April 1, 2014. As a result, the methods for calculating the retirement benefit obligation and service cost have been revised in the following respects: the method for attributing projected benefits to each period has been changed from the straight-line method to the benefit formula method, and the method for determining the discount rate has been changed from use a single discount rate corresponding employee's average remaining years of service to use a single weighted-average discount rate reflecting the expected timing and amount of benefit payments.

The cumulative effect of changing the method for calculating the retirement benefit obligation and service cost was recognized by adjusting retained earnings at April 1, 2014, in accordance with the transitional treatment provided in Paragraph 37 of Accounting Standard for Retirement Benefits.

As a result, the liability for retirement benefits increased by ¥291 million (\$ 2,421 thousand) and retained earnings decreased by ¥189 million (\$ 1,572 thousand) at April 1, 2014, and consolidated operating income, ordinary income and income before income taxes and minority interests for the year ended March 31, 2015 decreased slightly. Also, net assets per stock at April 1, 2014 decreased by ¥ 1.11 (\$ 0.01), while basic net income per stock and diluted net income per stock for the year ended March 31, 2015 decreased slightly.

s. Standards issued but not yet effective

Accounting standards for business combinations

On September 13, 2013, the ASBJ issued "Revised Accounting Standard for Business Combinations"(ASBJ Statement No. 21),"Revised Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22), "Revised Accounting Standard for Business Divestitures"(ASBJ Statement No.7),"Revised Accounting Standard for Earnings Per Share"(ASBJ Statement No.2), "Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures"(ASBJ Guidance No.10),and "Revised Guidance on Accounting Standard for Earnings Per Shares"(ASBJ Guidance No.4).

(1)Overview

Under these revised accounting standards, the accounting treatment for any changes in a parent's ownership interest in a subsidiary when the parent retains control over the subsidiary and the corresponding accounting for acquisition-related costs were revised. In addition, the presentation method of net income was amended, the reference to "minority interests" was changed to "non-controlling interests," and transitional provisions for these accounting standards were also defined.

(2)Scheduled date of adoption

The Bank expects to adopt these revised accounting standards and guidance from the beginning of the fiscal year ending March 31, 2016.

(3)Impact of adopting revised accounting standard and guidance

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

4. Loans and Bills Discounted

Loans to borrowers under bankruptcy procedures and delinquent loans totaled ¥1,052 million (\$8,754 thousand) and ¥17,109 million (\$142,373 thousand), respectively, at March 31, 2015, and ¥2,483 million and ¥17,724 million, respectively, at March 31, 2014. 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 ¥53 million (\$441 thousand) and ¥54 million at March 31, 2015 and 2014, 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 ¥3,111 million (\$25,888 thousand) and ¥2,034 million at March 31, 2015 and 2014, 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 ¥21,327 million (\$177,473 thousand) and ¥22,298 million at March 31, 2015 and 2014, 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. 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 ¥7,805 million (\$64,949 thousand) and ¥7,967 million as of March 31, 2015 and 2014, 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 ¥538,229 million (\$4,478,896 thousand) and ¥534,367 million as of March 31, 2015 and 2014, respectively, in which the balance of contracts that have a term of one year or less or are unconditionally cancelable at any time were ¥528,170 million (\$4,395,190 thousand) and ¥526,021 million as of March 31, 2015 and 2014, 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, 2015 and 2014 are summarized as follows:

1.Trading securities (as of March 31, 2015)	Unrealized holding gain charged to current operations (Millions of yen)	Unrealized holding gain charged to current operations (Thousands of U.S.dollars)	Trading securities (as of March 31, 2014)	Unrealized holding gain charged to current operations (Millions of yen)
	¥ 0	\$ 2		¥ 0

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

	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	7,593	7,722	129	63,185	64,185	1,073
	Other	—	—	—	—	—	—
	Subtotal	7,593	7,722	129	63,185	64,185	1,073
Fair value not exceeding carrying value	Japanese government bonds	—	—	—	—	—	—
	Municipal bonds	—	—	—	—	—	—
	Short-term bonds	—	—	—	—	—	—
	Corporate bonds	1,125	1,067	(58)	9,367	8,879	(482)
	Other	—	—	—	—	—	—
	Subtotal	1,125	1,067	(58)	9,367	8,879	(482)
	Total	¥ 8,719	¥ 8,790	¥ 71	\$ 72,555	\$ 73,146	\$ 590

Held-to-maturity bonds (as of March 31, 2014)

	Type	(Millions of yen)		
		Carrying value	Fair value	Difference
Fair value exceeding carrying value	Japanese government bonds	¥ —	¥ —	¥ —
	Municipal bonds	—	—	—
	Short-term bonds	—	—	—
	Corporate bonds	7,005	7,133	127
	Other	—	—	—
	Subtotal	7,005	7,133	127
Fair value not exceeding carrying value	Japanese government bonds	—	—	—
	Municipal bonds	—	—	—
	Short-term bonds	—	—	—
	Corporate bonds	1,603	1,566	(37)
	Other	—	—	—
	Subtotal	1,603	1,566	(37)
	Total	¥ 8,609	¥ 8,699	¥ 90

3. Other securities (as of March 31, 2015)

(Millions of yen)

(Thousands of U.S. dollars)

	Type	Carrying value	Cost	Difference	Carrying value	Cost	Difference
Carrying value exceeding cost	Stocks	¥ 39,069	¥ 17,396	¥ 21,673	\$ 325,114	\$ 144,761	\$ 180,352
	Bonds	539,750	527,733	12,016	4,491,553	4,391,553	99,991
	Japanese government bonds	302,022	296,315	5,706	2,513,289	2,465,798	47,482
	Municipal bonds	132,364	127,703	4,661	1,101,472	1,062,686	38,786
	Short-term bonds	—	—	—	—	—	—
	Corporate bonds	105,362	103,714	1,648	876,774	863,060	13,713
	Other	137,949	131,758	6,191	1,147,948	1,096,430	51,518
	Foreign bonds	104,098	101,226	2,872	866,256	842,356	23,899
	Other	33,850	30,532	3,318	281,684	254,073	27,610
	Subtotal	716,769	676,888	39,880	5,964,625	5,632,753	331,863
Carrying value not exceeding cost	Stocks	828	1,015	(186)	6,890	8,446	(1,547)
	Bonds	61,084	61,173	(88)	508,313	509,053	(732)
	Japanese government bonds	44,272	44,334	(62)	368,411	368,927	(515)
	Municipal bonds	3,787	3,790	(3)	31,513	31,538	(24)
	Short-term bonds	—	—	—	—	—	—
	Corporate bonds	13,025	13,048	(22)	108,388	108,579	(183)
	Other	32,995	33,270	(275)	274,569	276,857	(2,288)
	Foreign bonds	15,892	16,027	(135)	132,245	133,369	(1,123)
	Other	17,103	17,243	(140)	142,323	143,488	(1,165)
	Subtotal	94,909	95,459	(549)	789,789	794,366	(4,568)
Total	¥ 811,678	¥ 772,347	¥ 39,330	\$ 6,754,414	\$ 6,427,119	\$ 327,286	

Other securities (as of March 31, 2014)

(Millions of yen)

	Type	Carrying value	Cost	Difference
Carrying value exceeding cost	Stocks	¥ 31,872	¥ 19,335	¥ 12,537
	Bonds	608,988	596,740	12,248
	Japanese government bonds	411,430	405,643	5,786
	Municipal bonds	112,739	107,946	4,793
	Short-term bonds	—	—	—
	Corporate bonds	84,818	83,150	1,667
	Other	97,440	93,476	3,964
	Foreign bonds	73,324	72,028	1,296
	Other	24,116	21,448	2,668
	Subtotal	738,302	709,552	28,749
Carrying value not exceeding cost	Stocks	1,383	1,671	(287)
	Bonds	82,204	82,343	(138)
	Japanese government bonds	58,267	58,366	(99)
	Municipal bonds	17,406	17,427	(20)
	Short-term bonds	—	—	—
	Corporate bonds	6,531	6,549	(18)
	Other	24,229	24,473	(243)
	Foreign bonds	19,562	19,782	(219)
	Other	4,666	4,690	(23)
	Subtotal	107,818	108,487	(669)
Total	¥ 846,120	¥ 818,040	¥ 28,080	

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

(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	¥ 255	¥ 256	¥ 1	\$ 2,121	\$ 2,130	\$ 8
Total	¥ 255	¥ 256	¥ 1	\$ 2,121	\$ 2,130	\$ 8

The sales are due to redemption of securities.

Held-to-maturity bonds sold during the year ended March 31, 2014

(Millions of yen)

	Cost	Proceeds from sales	Gain(loss) on sales
Corporate bonds	¥ 16	¥ 16	¥ 0
Total	¥ 16	¥ 16	¥ 0

The sales are due to redemption of securities.

5. Other securities sold during the year ended March 31, 2015

(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	¥ 4,253	¥ 2,124	¥ 50	\$ 35,391	\$ 17,674	\$ 416
Bonds	243,677	2,205	251	2,027,768	18,349	2,088
Japanese government bonds	222,124	2,018	243	1,848,414	16,792	2,022
Municipal bonds	15,928	174	—	132,545	1,447	—
Short-term bonds	—	—	—	—	—	—
Corporate bonds	5,624	12	8	46,800	99	66
Other	32,532	259	—	270,716	2,155	—
Total	¥ 280,463	¥ 4,589	¥ 301	\$ 2,333,885	\$ 38,187	\$ 2,504

Other securities sold during the year ended March 31, 2014

(Millions of yen)

	Proceeds from Sales	Gains on sales	Losses on sales
Stocks	¥ 3,520	¥ 1,091	¥ 54
Bonds	384,923	2,679	997
Japanese government bonds	378,542	2,442	930
Municipal bonds	4,681	222	—
Short-term bonds	—	—	—
Corporate bonds	1,698	13	67
Other	7,722	251	5
Total	¥ 396,165	¥ 4,022	¥ 1,057

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, 2014 was ¥4 million (including ¥4 million of equity securities.)

The amount of the impairment loss for the year ended March 31, 2015 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 ¥3,981 million (\$33,128 thousand) and ¥4,092 million at March 31, 2015 and 2014.

8. Dividends

Dividends for the year ended March 31, 2015 and 2014 are summarized as follows:

	2015	
	November 14, 2014	June 24, 2014
	Resolution by the board of directors	Resolution by the general shareholders' meeting
Total dividends	¥ 490 million	¥ 511 million
Dividend per stock	¥ 3.0	¥ 3.0
Base date	September 30, 2014	March 31, 2014
Effective date	December 10, 2014	June 25, 2014

	2015	
	November 14, 2014	June 24, 2014
	Resolution by the board of directors	Resolution by the general shareholders' meeting
Total dividends	\$ 4,077 thousand	\$ 4,252 thousand
Dividend per stock	\$ 0.02	\$ 0.02
Base date	September 30, 2014	March 31, 2014
Effective date	December 10, 2014	June 25, 2014

7. Stocks Issued

The number of stocks issued and changes during the year ended March 31, 2015 and 2014 are summarized as follows:

	2015		2014	
	Treasury stock	Common stock issued	Treasury stock	Common stock issued
Beginning of the year	1,536	172,000	1,518	172,000
Increase during the year	7,017 ²	—	18	—
Decrease during the year	2,000 ³	2,000 ¹	—	—
End of the year	6,554	170,000	1,536	172,000

¹ The number of outstanding common stocks was reduced because of the cancellation of such stocks by a resolution of the board of directors in accordance with Article 178 of the Companies Act.

² The number of treasury stocks, which are common stocks, was increased by 7,017 thousand because of the increase of 7,000 thousand of such stocks that were purchased by a resolution of the board of directors in accordance with the articles of incorporation, and the increase of 17 thousand of such stocks that were purchased because they were in fractional numbers of less than one unit.

³ The number of treasury stocks, which are common stocks, was reduced by 2,000 thousand because of the cancellation of such stocks by a resolution of the board of directors in accordance with Article 178 of the Companies Act.

	2014	
	November 14, 2013	June 25, 2013
	Resolution by the board of directors	Resolution by the general shareholders' meeting
Total dividends	¥ 511 million	¥ 511 million
Dividend per stock	¥ 3.0	¥ 3.0
Base date	September 30, 2013	March 31, 2013
Effective date	December 10, 2013	June 26, 2013

Dividend of which base date belonged to the year ended March 31, 2015 and 2014 is summarized as follows:

2015		
June 24, 2015		
Resolution by the general shareholders' meeting		
Total dividends	¥ 490 million	\$ 4,077 thousand
Dividend per stock	¥ 3.0	\$ 0.02
Base date	March 31, 2015	March 31, 2015
Effective date	June 25, 2015	June 25, 2015

2014		
June 24, 2014		
Resolution by the general shareholders' meeting		
Total dividends	¥ 511 million	
Dividend per stock	¥ 3.0	
Base date	March 31, 2014	
Effective date	June 25, 2014	

9. Cash Flows

Cash and cash equivalents stated in the consolidated statement of cash flows consisted of the following:

	2015	2014	2015
	(Millions of yen)		(Thousands of U.S.dollars)
Cash and due from banks	¥ 79,775	¥ 37,502	\$ 663,851
Deposits with banks other than the Bank of Japan	(3,077)	(986)	(25,605)
Cash and cash equivalents	¥ 76,698	¥ 36,515	\$ 638,245

10. Accumulated Depreciation

Accumulated depreciation totaled ¥26,038 million (\$216,676 thousand) and ¥26,340 million at March 31, 2015 and 2014, respectively.

11. Assets Pledged

Pledged assets and liabilities related to pledged assets as of March 31, 2015 and 2014 were summarized as follows:

	2015	2014	2015
	(Millions of yen)		(Thousands of U.S.dollars)
Pledged assets:			
Securities	¥ 194,468	¥ 185,459	\$ 1,618,274
Liabilities related to the above pledged assets:			
Deposits	¥ 15,968	¥ 9,476	\$ 132,878
Call money	¥ 20,000	¥ —	\$ 166,430
Payables under securities lending transactions	¥ 25,214	¥ 21,204	\$ 209,819
Borrowed money	¥ 43,521	¥ 46,610	\$ 362,161

In addition, securities totaling ¥31,925 million (\$265,665 thousand) and ¥44,583 million were pledged as collateral for settlement of exchange and futures transactions at March 31, 2015 and 2014, respectively.

Initial margins of futures markets included in other assets as of March 31, 2015 and 2014 were ¥30 million (\$249 thousand) and 144 million, respectively.

Deposits included in other assets as of March 31, 2015 and 2014 were ¥319 million (\$2,654 thousand) and ¥326 million, respectively.

12. Loss on Impairment

The Bank reviewed its long-lived assets by grouping into the units consisting of operating branches, idle assets, jointly used assets including head office, administrative centers, company housing and dormitories and each consolidated subsidiary for impairment and recognized loss on impairment of land in the amount of ¥130 million (\$1,081 thousand) and ¥124 million for the year ended March 31, 2015 and 2014, respectively.

The recoverable amount used for measurement of loss on impairment was net selling price and computed mainly based on the real estate appraisal value.

13. Other Comprehensive Income

Reclassification adjustments and tax effects allocated to other comprehensive income for the year ended March 31, 2015 and 2014 are summarized as follows:

	2015	2014	2015
	(Millions of yen)		(Thousands of U.S.dollars)
Unrealized holding gain on securities:			
Amount arising during the year	¥ 15,519	¥ 4,824	\$ 129,142
Reclassification adjustments	(4,268)	(3,057)	(35,516)
Amount before tax effect	11,250	1,766	93,617
Tax effect	(2,717)	(565)	(22,609)
Unrealized holding gain on securities	8,533	1,201	71,007

	2015	2014	2015
	(Millions of yen)		(Thousands of U.S.dollars)
Deferred loss on hedging instruments:			
Amount arising during the year	(1,521)	15	(12,657)
Reclassification adjustments	984	1,118	8,188
Amount before tax effect	(536)	1,134	(4,460)
Tax effect	62	(396)	515
Deferred loss on hedging instruments	(474)	737	(3,944)

	2015	2014	2015
	(Millions of yen)		(Thousands of U.S.dollars)
Revaluation of land:			
Amount arising during the year	—	—	—
Reclassification adjustments	—	—	—
Amount before tax effect	—	—	—
Tax effect	133	—	1,106
Revaluation of land	133	—	1,106

	2015	2014	2015
	(Millions of yen)		(Thousands of U.S.dollars)
Retirement benefits liability adjustments:			
Amount arising during the year	1,651	—	13,738
Reclassification adjustments	(53)	—	(441)
Amount before tax effect	1,597	—	13,289
Tax effect	(509)	—	(4,235)
Retirement benefits liability adjustments	1,087	—	9,045
Total other comprehensive income	¥ 9,279	¥ 1,939	\$ 77,215

14. Leases

Investments in leased assets at March 31, 2015 and 2014 are summarized as follows:

	2015	2014	2015
	(Millions of yen)		(Thousands of U.S.dollars)
Gross lease receivables	¥ 10,884	¥ 10,502	\$ 90,571
Estimated residual values	517	461	4,302
Unearned interest income	(1,588)	(1,320)	(13,214)
Investments in leased assets	¥ 9,813	¥ 9,644	\$ 81,659

Maturities of lease receivables at March 31, 2015 are as follows:			
Years ending March 31	(Millions of yen)	(Thousands of U.S.dollars)	
2016	¥ 3,522	\$ 29,308	
2017	2,656	22,102	
2018	2,059	17,134	
2019	1,364	11,350	
2020	741	6,166	
2021 and thereafter	541	4,501	

Maturities of lease receivables at March 31, 2014 are as follows:			
Years ending March 31	(Millions of yen)		
2015	¥ 3,312		
2016	2,643		
2017	1,957		
2018	1,355		
2019	716		
2020 and thereafter	517		

15. Income Taxes

The major components of deferred tax assets and liabilities at March 31, 2015 and 2014 are summarized as follows:

	2015	2014	2015
	(Millions of yen)		(Thousands of U.S.dollars)
Deferred tax assets:			
Reserve for possible loan losses	¥ 738	¥ 1,283	\$ 6,141
Liability for retirement benefits	—	239	—
Devaluation on securities	250	274	2,080
Depreciation and amortization	777	912	6,465
Tax loss carryforwards	462	467	3,844
Other	3,024	3,202	25,164
Subtotal: deferred tax assets	5,253	6,380	43,713
Valuation allowance	(1,877)	(2,051)	(15,619)
Total deferred tax assets	3,376	4,329	28,093
Deferred tax liabilities:			
Unrealized holding gains on securities	(12,457)	(9,739)	(103,661)
Assets for retirement benefit	(594)	—	4,942
Other	(5)	(6)	(41)
Total deferred tax liabilities	(13,056)	(9,745)	(108,646)
Net deferred tax assets (liabilities)	¥ (9,680)	¥ (5,416)	\$ 80,552

Note: Net deferred tax assets (liabilities) as of March 31, 2015 and 2014 were included in the following accounts in the consolidated balance sheets.

	2015	2014	2015
	(Millions of yen)		(Thousands of U.S.dollars)
Deferred tax assets	¥ 316	¥ 418	\$ 2,629
Deferred tax liabilities	(9,996)	(5,834)	(83,182)

For the fiscal year ended March 31, 2015 and 2014, the reconciliation of the statutory tax rate of the Bank to the effective income tax rate is not stated as the difference between them is less than 5% of the statutory tax rate.

The "Act for Partial Amendment of the Income Tax Act, etc." (Act No.9 of 2015) was promulgated on March 31, 2015. As a result, the effective statutory tax rate used to measure the Company's deferred tax assets and liabilities was changed from 35.0% to 32.5% and 32.0% for the temporary differences expected to be realized or settled in the year beginning April 1, 2015 and for the temporary differences expected to be realized or settled from April 1, 2016, respectively. The effect of the announced reduction of the effective statutory tax rate was to decrease deferred tax assets by 9 million (\$74 thousand), decrease deferred tax liabilities by ¥928 million (\$ 7,722 thousand) and increase deferred income tax expense by ¥171 million (\$ 1,422 thousand), increase unrealized holding gain (loss) on securities by ¥ 1,167 million (\$ 9,711 thousand) and decrease unrealized loss from hedging instruments by ¥125 million (\$ 1,040 thousand) and increase retirement benefits liability adjustments by ¥49 million (\$ 407 thousand) as of and for the year ended March 31, 2015. Deferred tax liabilities arising from revaluation of land decrease ¥133 million (\$ 1,106 thousand) and revaluation of land increase by the same amount.

16. Fair Value Information on Derivatives

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

Interest rate-related transactions	(Millions of yen)			
	Contract amounts	Contract beyond 1 year	Fair value	Unrealized gain or (loss)
<March 31, 2015>				
Over-the-counter:				
Swap:				
Receive-fixed/pay-floating	¥ 4,290	¥ 4,290	¥ 1	¥ 34
Receive-floating/pay-fixed	4,290	4,290	(16)	(16)

<March 31, 2014>				
Over-the-counter:				
Swap:				
Receive-fixed/pay-floating	¥ 8,190	¥ 8,190	¥ (7)	¥ 42
Receive-floating/pay-fixed	8,190	8,190	(16)	(16)

<March 31, 2015>	(Thousands of U.S. dollars)			
	Contract amounts	Contract beyond 1 year	Fair value	Unrealized gain or (loss)
Over-the-counter:				
Swap:				
Receive-fixed/pay-floating	\$ 35,699	\$ 35,699	\$ 8	\$ 282
Receive-floating/pay-fixed	35,699	35,699	(133)	(133)

The above transactions are measured at fair value and the resulting gains or losses are included in the consolidated statement of income.

Currency-related transactions	(Millions of yen)			
	Contract amounts	Contract beyond 1 year	Fair value	Unrealized gain or (loss)
<March 31, 2015>				
Over-the-counter transactions:				
Forward exchange contracts				
Sold	¥ 13,463	¥ —	¥ (167)	¥ (167)
Bought	99	—	0	0

<March 31, 2014>				
Over-the-counter transactions:				
Forward exchange contracts				
Sold	¥ 2,729	¥ —	¥ (13)	¥ (13)
Bought	15	—	0	0

<March 31, 2015>	(Thousands of U.S. dollars)			
	Contract amounts	Contract beyond 1 year	Fair value	Unrealized gain or (loss)
Over-the-counter transactions:				
Forward exchange contracts				
Sold	\$ 112,032	\$ —	\$ (1,389)	\$ (1,389)
Bought	823	—	0	0

1. The above transactions are measured at fair value and the resulting gains or losses are included in the consolidated statement of income.

2. Fair values are obtained using the discounted cash flow, etc.

(2) Derivative transactions to which hedge accounting is applied
Derivative transactions to which hedge accounting is applied are set forth 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, 2015) (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	Loans, deposits						
	receive-floating/ pay-fixed		¥ 71,097	¥ 70,097	¥ (4,219)	\$ 591,636	\$ 583,315	\$ (35,108)
Exceptional method	Interest rate swaps	Loans						
	receive-floating/ pay-fixed		10,000	10,000		83,215	83,215	
	Other	Loans						
	Bought		5,000	—	—	41,607	—	—
Total			—	—	¥ (4,219)	—	—	\$ (35,108)

Interest rate-related transactions (as of March 31, 2014) (Millions of yen)

Hedge accounting method	Type	Major hedged item	Contract amounts	Contract amounts beyond one year	Fair value
Normal method	Interest rate swaps	Loans, deposits			
	receive-floating/ pay-fixed		¥ 77,627	¥ 72,627	¥ (3,751)
Exceptional method	Interest rate swaps	Loans			
	receive-floating/ pay-fixed		10,000	10,000	
	Other	Loans			
	Bought		5,050	5,000	
Total			—	—	¥ (3,751)

The above transactions apply deferral hedge accounting stipulated in JICPA Industry Audit Committee Report No. 24, "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.

Currency-related transactions (as of March 31, 2015) (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	¥ 55,299	¥ 1,682	¥ (266)	\$ 460,173	\$ 13,996	\$ (2,213)
Total			—	—	¥ (266)	—	—	\$ (2,213)

Currency-related transactions (as of March 31, 2014) (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	¥ 18,729	—	¥ (17)
Total			—	—	¥ (17)

The above transactions apply deferral hedge accounting stipulated in JICPA Industry Audit Committee Report No. 25, "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, 2015) (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	¥ 5,000	—	¥ 32	\$ 41,607	—	\$ 266
Total			—	—	¥ 32	—	—	\$ 266

Bond-related transactions (as of March 31, 2014) (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	¥ 30,000	—	¥ 105
Total			—	—	¥ 105

The fair value of over-the-counter transactions is calculated based on the discounted present value and 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, 2015 and 2014 are as follows:

	2015	2014	2015
	(Millions of yen)	(Millions of yen)	(Thousands of U.S.dollars)
Retirement benefit obligation at the beginning of the year	¥ 15,348	¥ 15,637	\$ 127,719
Cumulative effect of change in accounting principle	291	—	2,421
Restated balance at the beginning of the year	15,639	—	130,140
Service cost	411	487	3,420
Interest cost	218	171	1,814
Actuarial gain/loss	1	10	8
Retirement benefits paid	(1,069)	(958)	8,895
Prior service cost	—	—	—
Other	—	—	—
Retirement benefit obligation at the end of the year	¥ 15,202	¥ 15,348	\$ 126,504

(2) The changes in plan assets during the year ended March 31, 2015 and 2014 are as follows:

	2015	2014	2015
	(Millions of yen)	(Millions of yen)	(Thousands of U.S.dollars)
Plan assets at the beginning of the year	¥ 14,664	¥ 12,874	\$ 122,027
Expected return on plan assets	219	141	1,822
Actuarial gain/loss	1,653	1,009	13,755
Contributions by employers	1,535	1,535	12,773
Contributions by employees	59	59	490
Retirement benefits paid	(1,068)	(955)	(8,887)
Other	—	—	—
Plan assets at the end of the year	¥ 17,064	¥ 14,664	\$ 141,998

(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, 2015 and 2014 for the bank's and the Consolidated subsidiaries' defined benefit plans:

	2015	2014	2015
	(Millions of yen)	(Millions of yen)	(Thousands of U.S.dollars)
Funded retirement benefit obligation	¥ 15,159	¥ 15,308	\$ 126,146
Plan assets at fair value	(17,064)	(14,664)	(141,998)
	(1,905)	643	(15,852)
Unfunded retirement benefit obligation	42	40	349
Net liability for retirement benefits in the consolidated balance sheet	(1,862)	684	(15,494)
Liability for retirement benefits	42	684	349
Asset for retirement benefits	1,905	—	15,852
Net liability for retirement benefits in consolidated balance sheet	¥ (1,862)	¥ 684	\$ (15,494)

(4) The components of retirement benefit expense for the year ended March 31, 2015 and 2014 are as follows:

	2015	2014	2015
	(Millions of yen)	(Millions of yen)	(Thousands of U.S.dollars)
Service cost	¥ 351	¥ 427	\$ 2,920
Interest cost	218	171	1,814
Expected return on plan assets	(219)	(141)	(1,822)
Amortization of actuarial gain/loss cost	(53)	678	441
Amortization of prior service cost	—	—	—
Other	—	—	—
Retirement benefit expense	¥ 296	¥ 1,136	\$ 2,463

Notes
1. Concerning the consolidated subsidiaries that use a simplified method, all of the retirement benefit cost is included in the service cost.
2. Service cost does not include the amounts contributed by employees with respect to corporate pension fund plans.

(5) The components of retirement benefits liability adjustments included in other comprehensive income (before tax effect) for the years ended March 31, 2015 and 2014 are as follows:

	2015	2014	2015
	(Millions of yen)	(Millions of yen)	(Thousands of U.S.dollars)
Prior service cost	¥ —	¥ —	\$ —
Actuarial gain and loss	1,597	—	13,289
Other	—	—	—
Total	¥ 1,597	¥ —	\$ 13,289

(6) Unrecognized prior service cost and unrecognized actuarial loss included in accumulated other comprehensive income (before tax effect) as of March 31, 2015 and 2014 are as follows:

	2015	2014	2015
	(Millions of yen)	(Millions of yen)	(Thousands of U.S.dollars)
Unrecognized prior service cost	¥ —	¥ —	\$ —
Unrecognized actuarial gain/loss	1,641	43	13,655
Other	—	—	—
Total	¥ 1,641	¥ 43	\$ 13,655

(7) The fair value of plan assets, by major category, as a percentage of total plan assets as of March 31, 2015 and 2014 are as follows:

	2015	2014
Bonds	31%	35%
Stocks	38%	40%
General account	25%	22%
Other	6%	3%
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:

	2015	2014
1) Discount rate	1.1%	1.1%
2) Expected rate of long-term return on assets	1.5%	1.1%

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 performance.

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

Notes

- Ordinary income is substituted for sales of companies in other industries. "Adjustments" is 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.

Year ended March 31, 2014

(Millions of yen)

	Reportable segment			Other	Total	Adjustments	Consolidated financial statements
	Banking	Leasing	Total				
Ordinary income							
External customers	¥ 39,175	¥ 4,684	¥ 43,859	¥ 1,948	¥ 45,807	¥ (69)	¥ 45,738
Intersegment	144	112	256	595	852	(852)	—
Total	39,319	4,796	44,116	2,544	46,660	(922)	45,738
Segment profit	10,316	217	10,533	739	11,273	(69)	11,203
Segment assets	2,367,246	12,579	2,379,826	17,335	2,397,161	(17,851)	2,379,310
Segment liabilities	2,232,173	8,857	2,241,031	13,188	2,254,219	(16,591)	2,237,627
Other items							
Depreciation	1,136	23	1,160	9	1,169	—	1,169
Interest income	26,768	3	26,771	151	26,923	(98)	26,824
Interest expense	3,021	70	3,091	52	3,144	(94)	3,050
Increase in tangible fixed assets and intangible fixed assets	1,251	89	1,341	1	1,343	—	1,343

Year ended March 31, 2015

(Thousands of U.S.dollars)

	Reportable segment			Other	Total	Adjustments	Consolidated financial statements
	Banking	Leasing	Total				
Ordinary income							
External customers	\$ 326,953	\$ 38,595	\$ 365,557	\$ 16,759	\$ 382,325	\$ 216	\$ 382,541
Intersegment	1,589	956	2,554	5,101	7,664	(7,664)	—
Total	328,551	39,560	368,111	21,869	389,989	(7,447)	382,541
Segment profit	96,588	1,606	98,202	7,397	105,600	241	105,841
Segment assets	20,415,727	110,743	20,526,479	138,728	20,665,207	(136,964)	20,528,235
Segment liabilities	19,198,826	78,655	19,277,481	99,167	19,376,649	(135,707)	19,240,941
Other items							
Depreciation	9,644	124	9,777	49	9,827	—	9,827
Interest income	219,705	24	219,738	1,165	220,903	(848)	220,054
Interest expense	22,151	557	22,717	441	23,158	(790)	22,368
Increase in tangible fixed assets and intangible fixed assets	13,514	532	14,055	—	14,055	—	14,055

Notes

- Ordinary income is substituted for sales of companies in other industries. "Adjustments" is 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.

4. Related information

Information by service
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, 2014

(Millions of yen)

	Loan	Security investment	Lease	Other	Total
Ordinary income from external customers	¥ 19,583	¥ 11,356	¥ 4,640	¥ 10,157	¥ 45,738

Year ended March 31, 2015

(Thousands of U.S.dollars)

	Loan	Security investment	Lease	Other	Total
Ordinary income from external customers	\$ 159,132	\$ 99,517	\$ 38,537	\$ 85,337	\$ 382,541

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.

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

Year ended March 31, 2015

(Millions of yen)

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

Year ended March 31, 2014

(Millions of yen)

	Reportable segment			Other	Total
	Banking	Leasing	Total		
Impairment loss	¥ 124	¥ —	¥ 124	¥ —	¥ 124

Year ended March 31, 2015

(Thousands of U.S.dollars)

	Reportable segment			Other	Total
	Banking	Leasing	Total		
Impairment loss	\$ 1,081	\$ —	\$ 1,081	\$ —	\$ 1,081

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.

	2015		2014		2015	
	(Yen)	(U.S. dollars)	(Yen)	(U.S. dollars)	(Yen)	(U.S. dollars)
Net income	¥ 45.62	\$ 0.37	¥ 37.14	\$ 0.30	¥ 62,270	\$ 62.27
Net assets	¥ 900.00	\$ 7.48	¥ 789.89	\$ 6.48	¥ 62,270	\$ 62.27
Diluted net income	¥ 41.00	\$ 0.34	¥ —	\$ —	¥ 62,270	\$ 62.27

The basis for the calculation of net income per stock for the year ended March 31, 2015 and 2014 are summarized as follows:

	2015		2014		2015	
	(Millions of yen)	(Thousands of U.S. dollars)	(Millions of yen)	(Thousands of U.S. dollars)	(Millions of yen)	(Thousands of U.S. dollars)
Net income	¥ 7,483	\$ 62,270	¥ 6,331	\$ 50,648	¥ 62,270	\$ 62,270
Amount not attributable to common stock:	—	—	—	—	—	—
Net income related to common stock	7,483	62,270	6,331	50,648	62,270	62,270
Weighted average number of stocks of common stock outstanding	164,015 thousand	164,015 thousand	170,473 thousand	170,473 thousand	164,015 thousand	164,015 thousand
Effect of dilutive securities bonds with stock acquisition rights	18,516 thousand	18,516 thousand	—	—	18,516 thousand	18,516 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 risk.

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, 2015 (consolidated accounts settlement date) and 2014 were ¥23,427 million (\$194,948 thousand) and ¥30,385 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, 2015 and 2014, 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, 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, 2014> (Millions of yen)

	Carrying amount	Fair Value	Difference
(1) Cash and due from banks	¥ 37,502	¥ 37,502	¥ —
(2) Securities			
Held-to-maturity bonds	8,609	8,699	90
Other securities	843,527	843,527	—
(3) Loans and bills discounted	1,409,351		
Reserve for possible loan losses (*1)	(7,215)		
	1,402,135	1,422,514	20,378
Total assets	2,291,775	2,312,244	20,469
(1) Deposits	2,019,521	2,020,281	759
(2) Negotiable certificates of deposit	99,723	99,725	2
(3) Borrowed money	49,429	49,456	26
Total liabilities	2,168,674	2,169,463	788
Derivatives transactions (*2)			
To which hedge accounting is not applied	(37)	(37)	—
To which hedge accounting is applied	(3,663)	(3,663)	—
Total derivatives	¥ (3,700)	¥ (3,700)	¥ —

<March 31, 2015> (Thousands of U.S. dollars)

	Carrying amount	Fair Value	Difference
(1) Cash and due from banks	\$ 663,856	\$ 663,856	\$ —
(2) Call loans and bills purchased	287,900	287,900	—
(3) Securities			
Held-to-maturity bonds	72,555	73,146	590
Other securities	6,729,033	6,729,033	—
(4) Loans and bills discounted	12,234,892		
Reserve for possible loan losses (*1)	(47,299)		
	12,187,584	12,372,289	184,705
Total assets	19,940,933	20,126,237	185,295
(1) Deposits	16,946,167	16,949,579	3,403
(2) Negotiable certificates of deposit	858,051	858,101	49
(3) Call money and bills sold	332,697	332,697	—
(4) Payables under securities leading transactions	209,819	209,819	—
(5) Borrowed money	390,405	389,598	(798)
(6) Bonds with stock acquisition rights	100,000	97,378	(2,612)
Total liabilities	18,837,147	18,837,188	33
Derivatives transactions (*2)			
To which hedge accounting is not applied	(1,497)	(1,497)	—
To which hedge accounting is applied	(37,055)	(37,055)	—
Total derivatives	\$ (38,562)	\$ (38,562)	\$ —

(*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) Call loans and bills purchased because they have short maturity (less than one year), and the fair value is approximately the same as the carrying amount.

(3) 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.

(4) 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) Call money and bills sold, and (4) 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.

(5) 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.

(6) 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, "(3) Securities" in "Fair value of financial instruments".

<March 31, 2015>

Category	Carrying amount	
	Millions of yen	Thousands of U.S. dollars
Unlisted stocks (*1)(*2)	¥ 1,521	\$ 12,657
Investment in Partnerships (*3) and others	2,744	22,834
Total	¥ 4,266	\$ 35,499

(*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 ¥0 million in the previous consolidated fiscal year. Impairment accounting was applied to unlisted stocks of ¥1 million (\$0 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, 2014>

Category	Carrying amount	
	Millions of yen	
Unlisted stocks (*1) (*2)	¥ 1,538	
Investment in Partnerships (*3)	508	
Total	¥ 2,046	

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

<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 (\$175,900 thousand) is not included in the above table.

<March 31, 2014>

(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	¥ 37,502	¥ —	¥ —	¥ —	¥ —	¥ —
Securities	122,864	172,929	188,171	167,495	113,918	44,903
Held-to-maturity bonds	1,863	4,287	1,851	607	—	—
Corporate bonds	1,863	4,287	1,851	607	—	—
Other securities with a maturity date	121,001	168,641	186,320	166,888	113,918	44,903
Japanese government bonds	81,240	86,619	80,317	118,772	84,760	17,986
Municipal bonds	20,302	22,045	52,395	6,596	4,586	24,220
Corporate bonds	7,869	31,211	34,886	10,064	7,317	—
Other	11,589	28,765	18,720	31,454	17,253	2,695
Loans and bills discounted (*)	347,259	282,283	215,122	141,332	138,379	264,821
Total	¥ 507,626	¥ 455,212	¥ 403,293	¥ 308,828	¥ 252,297	¥ 309,724

* 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 ¥20,152 million (\$195,802 thousand) is not included in the above table.

<March 31, 2015 >

(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	\$ 663,851	\$ —	\$ —	\$ —	\$ —	\$ —
Call loans and bills purchased	287,900	—	—	—	—	—
Securities	618,948	1,559,648	2,047,074	862,894	866,472	380,552
Held-to-maturity bonds	23,541	23,733	20,429	4,834	—	—
Corporate bonds	23,541	23,733	20,429	4,834	—	—
Other securities with a maturity date	595,406	1,535,915	2,026,645	858,051	866,472	380,552
Japanese government bonds	309,286	725,239	821,669	440,775	406,940	177,773
Municipal bonds	79,620	188,449	569,376	38,528	69,235	187,750
Corporate bonds	125,796	384,521	290,180	122,776	61,870	—
Other	80,685	237,688	345,402	255,945	328,409	15,020
Loans and bills discounted	3,152,542	2,321,419	1,986,236	1,165,374	1,229,533	2,203,852
Total	\$ 4,723,258	\$ 3,881,068	\$ 4,033,319	\$ 2,028,268	\$ 2,096,013	\$ 2,584,413

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

<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, 2014>

(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 (*)	¥ 1,797,678	¥ 176,135	¥ 45,708	¥ —	¥ —	¥ —
Negotiable certificates of deposit	99,103	620	—	—	—	—
Borrowed money	47,624	1,378	426	0	—	—
Total	¥ 1,944,405	¥ 178,133	¥ 46,135	¥ 0	¥ —	¥ —

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

<March 31, 2015>

(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	\$ 15,379,354	\$ 1,339,843	\$ 226,970	\$ —	\$ —	\$ —
Negotiable certificates of deposit	847,066	10,984	—	—	—	—
Call money and bills sold	332,695	—	—	—	—	—
Payable under securities lending transactions	209,819	—	—	—	—	—
Borrowed money	373,795	12,607	3,994	—	—	—
Bonds with stock acquisition right	—	—	100,000	—	—	—
Total	\$ 17,142,739	\$ 1,363,435	\$ 330,964	\$ —	\$ —	\$ —

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, 2015, 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, 2015, 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 24, 2015
Yamagata, Japan

Ernst & Young Shin Nihon LLC

Non-Consolidated Balance Sheet

As of March 31, 2015 and 2014

	2015 (Millions of yen)	2014 (Millions of yen)	2015 (Thousands of U.S.dollars)
Assets			
Cash and due from banks	¥ 79,765	¥ 37,493	\$ 663,770
Call loans and bills purchased	34,597	18,683	287,900
Trading securities	40	57	333
Securities	821,553	854,127	6,836,593
Loans and bills discounted	1,479,318	1,418,297	12,310,216
Foreign exchange	1,028	1,510	8,561
Other assets	11,758	12,549	97,851
Tangible fixed assets	13,673	13,228	113,781
Buildings	3,665	3,010	30,501
Land	8,985	8,923	74,769
Leased assets	72	64	605
Construction in progress	68	319	570
Other tangible fixed assets	881	910	7,333
Intangible fixed assets	994	1,144	8,275
Software	780	929	6,494
Other intangible fixed assets	214	214	1,780
Prepaid pension cost	263	—	2,194
Customers' liabilities for acceptances and guarantees	14,853	15,940	123,601
Reserve for possible loan losses	¥ (5,205)	¥ (6,504)	\$ (43,315)
Total assets	2,452,641	2,366,529	20,409,765
Liabilities and Net Assets			
Liabilities:			
Deposits	¥ 2,146,643	¥ 2,126,057	\$ 17,863,392
Call money	39,980	—	332,697
Payables under securities lending transactions	25,214	21,204	209,819
Borrowed money	43,893	46,651	365,262
Foreign exchange	57	55	479
Bonds with stock acquisition rights	12,017	—	100,000
Other liabilities	13,195	13,703	109,810
Reserve for bonuses to directors and corporate auditors	21	20	178
Reserve for employees' retirement benefits	—	687	—
Reserve for directors and corporate auditors' retirement benefits	302	288	2,516
Reserve for losses on dormant deposit repayments	78	158	649
Reserve for losses on contingencies	214	225	1,783
Deferred tax liabilities	9,230	5,593	76,815
Deferred tax liabilities arising from revaluation of land	1,420	1,586	11,821
Acceptances and guarantees	¥ 14,853	¥ 15,940	\$ 123,601
Total liabilities	2,307,123	2,232,173	19,198,829
Net Assets			
Common stock			
Authorized - 298,350,000 stocks			
Issued - 170,000,000 stocks	¥ 12,008	¥ 12,008	\$ 99,929
Capital surplus	4,932	4,937	41,046
Retained earnings	106,352	101,203	885,014
Less treasury stock, at cost	(2,972)	(828)	(24,731)
Total Shareholder's equity	120,321	117,320	1,001,258
Unrealized holding gain on securities	26,862	18,332	223,540
Deferred loss on hedging instruments	(2,845)	(2,370)	(23,677)
Revaluation of land	1,179	1,073	9,815
Total of net assets	145,518	134,355	1,210,936
Total of liabilities and net assets	¥ 2,452,641	¥ 2,366,529	\$ 20,409,765

Non-Consolidated Statement of Income

For the years ended March 31, 2015 and 2014

	2015 (Millions of yen)	2014 (Millions of yen)	2015 (Thousands of U.S.dollars)
Income			
Interest on loans and discounts	¥ 18,858	¥ 19,440	\$ 156,934
Interest and dividends on securities	7,316	7,204	60,881
Other interest	227	123	1,894
Fees and commissions	6,398	6,086	53,246
Other income	6,681	6,464	55,603
Total income	39,483	39,319	328,561
Expenses:			
Interest on deposits	1,407	1,714	11,714
Interest on borrowings and rediscounts.....	85	45	711
Other interest	1,169	1,261	9,729
Fees and commissions	2,598	2,473	21,626
General and administrative expenses	21,268	22,053	176,986
Other expenses	1,616	1,590	13,450
Total expenses	28,146	29,139	234,219
Income before income taxes	11,337	10,180	94,341
Income taxes:			
Current	3,004	2,694	25,004
Deferred	1,051	1,167	8,753
	4,056	3,861	33,758
Net income.....	¥ 7,280	¥ 6,318	\$ 60,583
Amounts per stock:			
	2015 (yen)	2014 (yen)	2015 (U.S.dollars)
Net income	44.39	37.06	0.36
Net assets	890.31	788.18	7.40

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Phone:+81 23 623 1221

Yonezawa Branch

1-5, Monto-machi 3-chome, Yonezawa 992-0039,Japan
Phone:+81 238 22 2010

Nagai Branch

11-14,Sakae-machi, Nagai 993-0084,Japan
Phone:+81 238 88 2105

Sagaechuo Branch

2-33, Chuo 1-chome, Sagae 991-0021,Japan
Phone:+81 237 86 1141

Tendo Branch

9-1,Higashihoncho 1-chome, Tendo 994-0026,Japan
Phone:+81 23 653 3355

Shinjo Branch

2-16, Hon-cho, Shinjo 996-0027,Japan
Phone:+81 233 22 2461

Tsuruoka Branch

1-13, Hon-cho 2-chome, Tsuruoka 997-0034,Japan
Phone:+81 235 22 5530

Sakata Branch

10-1, Hon-cho 3-chome, Sakata 998-0043,Japan
Phone:+81 234 22 7222

Tokyo Branch

5-16, Kyobashi 2-chome, Chuo-ku, Tokyo 104-0031,Japan
Phone:+81 3 3567 1861

Bank Data: (As of March 31, 2015)

Date of Incorporation: 1896
Authorized Stocks: 298,350,000
Issued Stocks: 170,000,000
Number of Shareholders: 8,340
Number of Employees: 1,299



The Yamagata Bank, Ltd.
(Head Office)



(Total: Head Office and 79 branches)
(As of June 30, 2015)



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