

DAISHI REPORT 2017

Year ended March 31, 2017



Niigata, Our Target Market

In Niigata Prefecture, basic technology indispensable for manufacturing is accumulating at an accelerated rate. This includes mold-making, high-precision machining, casting, forging, and metal pressing. Niigata Prefecture is the number one manufacturer in Japan of products such as metal tableware and oil stoves.

With a prosperous agricultural industry centering on rice growing, it is a leading producer of rice and the number one manufacturer of rice confectionery in Japan.

Niigata Prefecture, Daishi Bank's target market

Area	12,584 km ²	(5 th of 47 pref.)
Population	2,286 thousands	(15 th of 47 pref.)
GDP	¥8,833 billion	(14 th of 47 pref.)
Gross agricultural output	¥238 billion	(13 th of 47 pref.)
Industrial shipment per capital	¥4,642 billion	(23 th of 47 pref.)
Annual sales	¥6,198 billion	(14 th of 47 pref.)

Profile (Consolidated)

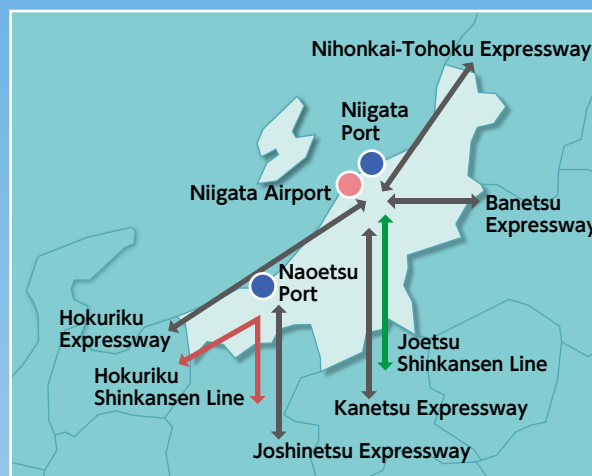
Based in Niigata Prefecture northwest of Tokyo, Daishi Bank is the oldest bank in Japan and the most influential financial institution in the prefecture.

It was founded in 1873 as the Fourth National Bank of Japan.

(As of March 31, 2017)

Head Office	1071-1, Higashiborimae-dori, 7-bancho, Chuo-ku, Niigata, Japan
Founded	November 1873
Deposits	¥4,714 billion
Loans	¥3,155 billion
Total assets	¥5,635 billion
Credit rating	A2 (Moody's)

(As of June 30, 2017)



Advantage of transportation networks

■ Expressways that extend in five directions (Kanetsu, Hokuriku, Joshinetsu, Banetsu and Nihonkai-Tohoku)

■ Joetsu Shinkansen Line

■ Hokuriku Shinkansen Line

■ Conventional railway line such as the Shinetsu Line Hokuriku Line, and Uetsu Line

■ Niigata Airport

Domestic routes: 7 routes

(Sapporo, Narita, Chubu International, Komaki, Itami, Fukuoka, and Okinawa)

International routes: 5 routes

(Seoul, Shanghai, Harbin, Khabarovsk, Vladivostok, Taiwan)

■ Niigata Port

General port and functional port:

International marine containers division

Certified LNG (liquefied natural gas) division

■ Naoetsu Port

Functional port: Certified LNG (liquefied natural gas) division

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Message from the President



Fujio Namiki President

Thank you very much for your continued support. In order to even further increase your understanding of our company, we have created “DAISHI REPORT 2017,” and we would be grateful if you would give it a read.

We have set forth the evolution of the consulting function as the most important tactic of Step-Up 2nd Stage, the medium-term business plan that was started from FY2015, based on which we aim for sustainable growth together with the region through contributions to regional revitalization. During FY 2017 as the final year of Step-Up 2nd Stage, we are conducting various activities in order to cap off this plan. A new system was launched on January 4, 2017, and operations have been running smoothly.

While some inconveniences may have been caused by the system migration such as suspended ATMs and the amendment or abolishment of products, we would like to thank you once more for your understanding and cooperation regarding this matter. With this system migration as a starting point, going forward we will be even more actively engaged in the development of highly convenient products and new financial services.

During FY2016, for the purpose of developing businesses that contribute to regional revitalization in Niigata Prefecture, we sponsored the Niigata Foundation Award with the support of Niigata Prefecture and 30 municipalities in the prefecture, and jointly held the Niigata Business Idea Contest

with Niigata Isetan Mitsukoshi for the purpose of establishing new regional brands in Niigata. For these effort, we also provided assistance in terms of marketing and expanding sales channels after they were held in order to support business in getting started and growing in Niigata.

By continuing to support the expansion of various businesses in Niigata in the future, we will contribute to the realization of a positive cycle in which jobs attract people, and people then attract jobs.

In addition, we established the IT Innovation Promotion Office in March 2017 in order to strengthen systems aimed at the realization of new financial services through the use of IT technologies. Financial services are undergoing significant changes due to factors including the advance of digitization in society in general and the birth of new means of settlement utilizing fintech. We will work to develop and provide pioneering and highly convenient services by rapidly responding to these changes based on a flexible way of thinking that is not held back by preconceived ideas.

The Bank signed a basic agreement on management integration with Hokuetsu Bank, Ltd. in April 2017, and preparations are underway for the establishment of a holding company in April of next year.

By bringing together the trust relationships with customers and deep understanding of their respective regions that both banks have developed over many years and strengthening management resources, we will work to improve convenience for customers and support the maximization of corporate value for customers as a presence that is perpetually contributing to regional revitalization and the development of the regional economy.

We ask for your continued support.
July 2017

Step-Up 2nd Stage

Medium-Term Business Plan

Step-Up 2nd Stage

~ Further evolution for the 145th year ~

The basic strategy of this Medium-Term Business Plan is to evolve the former Medium-Term Business Plan “Step-up 140” and advance top-line reform in response to a management environment typified by factors such as population decline, the advance of lower fertility and population aging, the continuation of monetary easing, and the intensification of competition. Through the initiatives of this Medium-Term Business Plan, we aim to fulfill our mission as a regional bank of providing an underpinning for the actual regional economy and contributing to the development of the regional society and customers as we continuously grow along with the region.

Plan period

April 2015 to March 2018

Basic strategies

Evolution of Step-Up 140

- I. Top-line reform
- II. Human resources capabilities and organizational strength
- III. Risk management

Role and mission of a regional bank

Providing an underpinning for the actual regional economy and contributing to the development of the regional society and customers

Corporate philosophy

1. To contribute to the region while being appreciated and trusted as Niigata Prefecture’s best bank
2. To be a bank of strong and resolute action in the face of the challenge of change
3. To be a creative, resourceful, and dynamic bank

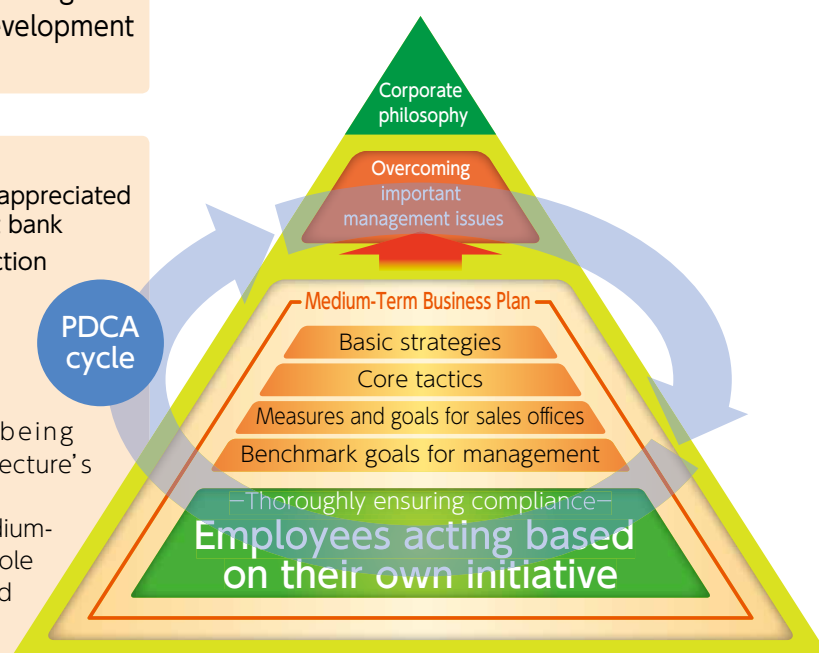
A part of our corporate philosophy is to “contribute to the region while being appreciated and trusted as Niigata Prefecture’s best bank.”

Through the implementation of the Medium-Term Business Plan, we aim to fulfill our role and mission as a regional bank and achieve our corporate philosophy in order to grow in a sustainable manner with the region.

PDCA cycle

Benchmark goals for management

Category	KPI: Benchmarks for management	Goals for the final fiscal year of the plan (FY2017)
Scale	Total deposit balance (including NCD) (average balance)	¥4,665 billion
	Total loan balance (average balance)	¥3,263 billion
Revenues	Core net business profit	¥ 15.9 billion
Soundness	Capital-to-assets ratio	10% range



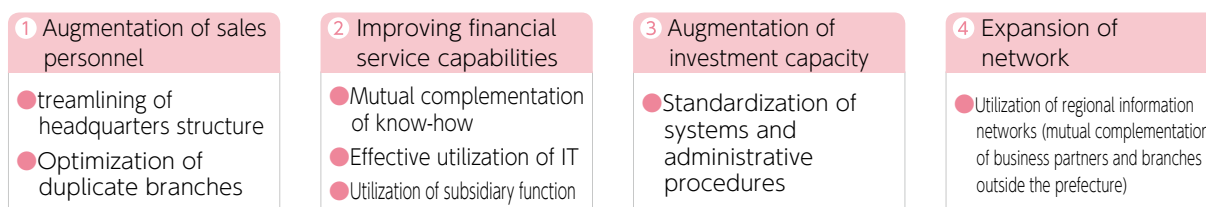
Management Integration with Hokuetsu Bank, Ltd.

Preparations are underway for the establishment of the holding company Daishi Hokuetsu Financial Group in April 2018 (planned) through a joint share transfer assuming the approval of the shareholders of both banks and authorization by the competent authorities.

Benefits returned to customers through the management integration



1 Strengthening of management resources (benefits of management integration for the bank)



2 Improve convenience for customers and support the maximization of corporate value for customers (benefits returned to customers through the management integration)

Financial intermediary function	Information intermediary function	Consulting function	Fintech
Fintech	Specific integration effects		
Individuals	<ul style="list-style-type: none"> ● Expansion of a wide variety of asset management products according to changes in the market environment ● Expansion of non-face-to-face channel and various services utilizing the latest IT technologies ● Improvements in consulting capabilities utilizing specialized knowledge such as succeeding assets to the next generation (inheritance related) and an increase in support opportunities ● Increase in opportunities for information provision including the holding of seminars ● Expansion of asset management consulting structure based on the stance of fiduciary duty (customer-oriented operations management) 		
Corporate	<ul style="list-style-type: none"> ● Expansion of optimal fund procurement method based on business feasibility assessments (note) through augmented sales personnel and the utilization of investment capacity ● Improvement in ability to offer more customized support including prompt responses to applications for fund procurement ● Increase in a wide range of business matching opportunities accompanying the increase in business partners ● Increase in support opportunities for each life stage including foundation, management improvement efforts by customers, and smooth business succession ● Increase in various information provision opportunities in cooperation with branches in Japan and overseas and other banks outside of the prefecture, utilizing external partner networks ● Improvements consulting capabilities in a wide range of fields and an increase in support opportunities utilizing the think tank functions of both banks 		

(Note) Business feasibility assessments: Appropriately assessing the business details and growth potential, etc., of borrowing companies without relying on financial data and collateral or guarantees more than necessary.

In addition, the items to the right are also being considered as benefits of the integration being returned to the local community.

- Establishment of financing fund for local SMEs based on business feasibility assessments
- Reduction in fees, etc. for transfers between the two banks
- Supporting local companies through the provision of human resources
- Expansion of think tank function that conducts studies and research and provides recommendations aimed at the development of the regional economy
- Expansion of scholarship program for students responsible for the future of Niigata Prefecture and financing programs in which a portion of fees are given back to support the next generation

3 Role and mission of regional banks

Contributing to regional revitalization and the development of the regional economy

Financial Highlights (Consolidated)

(For the Years ended March 31)	Millions of Yen			Thousands of U.S. Dollars
	2015	2016	2017	2017
Income				
Interest on Loans and				
Discounts	¥ 33,943	¥ 32,275	¥ 29,608	\$ 263,916
Interest and Dividends on				
Securities	18,020	18,852	19,373	172,682
Total Income	98,074	99,627	94,827	845,242
Expenses				
Interest on Deposits	1,893	1,991	1,081	9,640
General and Administrative				
Expenses	47,025	46,797	48,261	430,172
Total Expenses	72,476	75,508	78,144	696,533
Net Income	14,259	14,467	11,527	102,748
Assets				
Securities	1,875,473	1,784,598	1,765,941	15,740,629
Loans and Bills Discounted	2,812,120	2,949,815	3,142,667	28,012,011
Total Assets	5,193,730	5,342,251	5,673,726	50,572,481
Liabilities				
Deposits	4,481,243	4,545,036	4,694,499	41,844,187
Total Liabilities	4,861,915	5,022,567	5,347,584	47,665,430
Net Assets				
Capital Stock	32,776	32,776	32,776	292,156
Shareholders' Equity	230,480	245,571	252,949	2,254,650
Total Net Assets	331,814	319,683	326,142	2,907,050
		Yen		U.S. Dollars
Amounts per Share of Capital Stock				
Net Income	40.72	42.04	33.66	0.30
Cash Dividends	8.00	9.00	9.00	0.08

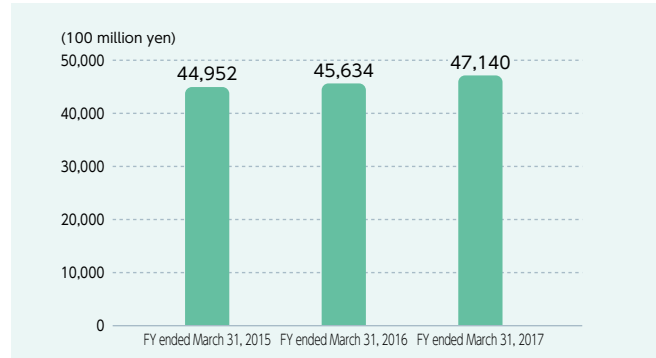
Notes: (1) In this annual report, Japanese yen in millions are indicated with fractions omitted.

(2) The translations of the Japanese yen amounts into U.S. dollars are using the prevailing exchange rate at March 31, 2017, which was ¥112.19 to U.S. \$1.

Financial Review (Non-Consolidated)

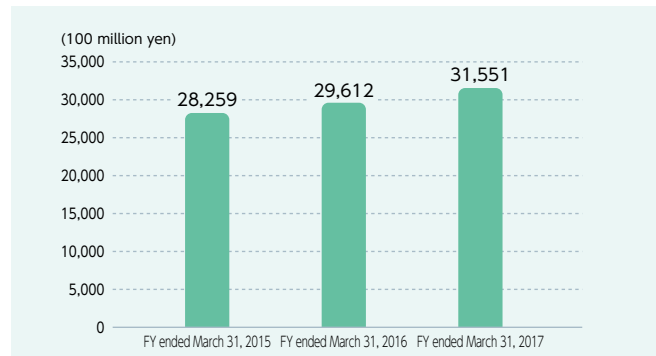
Balance of deposits

Deposits increased mainly among customers making deposits in Niigata Prefecture, and the deposit balance (including negotiable certificates of deposit) as of March 31, 2016 was 4,563.4 billion yen.



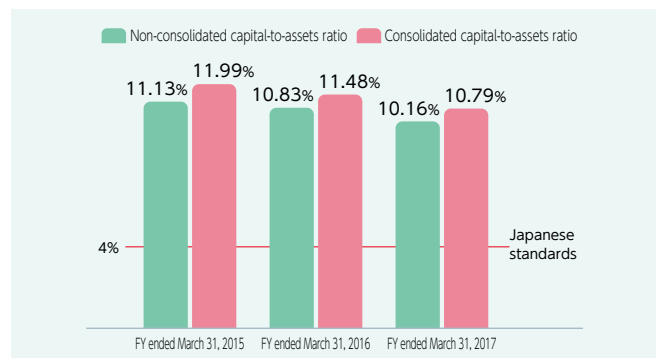
Balance of loans

As a result of actively responding to the financial needs of customers, the loan balance as of March 31, 2016 was 2,961.2 billion yen.



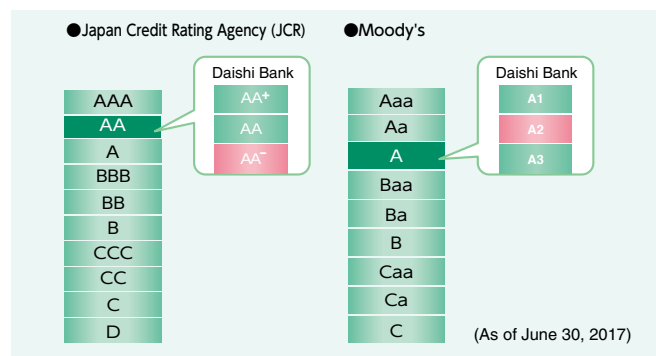
Capital-to-assets ratio

Although this must be at least 4% based on the Japanese domestic standards adopted by the Bank, the ratio is over 10% on both a non-consolidated and consolidated basis, and accordingly a high degree of soundness continues to be maintained.



Credit rating

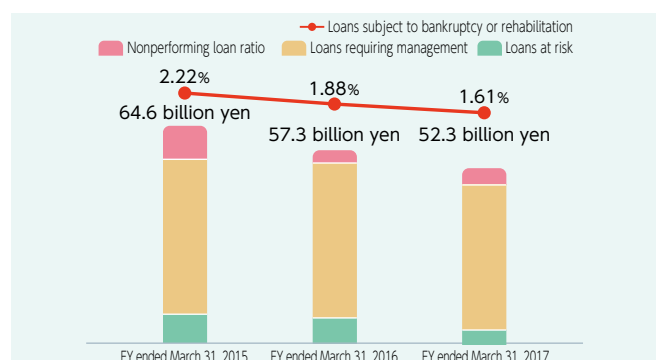
An “AA-” rating (long-term issuer rating) has been acquired from Japan Credit Rating Agency (JCR) and an “A2” rating (long-term deposit rating) has been acquired from Moody’s.



Status of nonperforming loans

The balance of nonperforming loans based on the Financial Reconstruction Law (assets subject to disclosure under the Financial Reconstruction Law) as of March 31, 2016 was 57.3 billion yen, and the ratio of nonperforming loans was 1.88%.

The head office and sales offices are working together to provide customers with management improvement support.



Daishi's ESG

We aim to faithfully fulfill our corporate social responsibility going forward and to become a bank that shareholders, customers, and local communities feel secure and safe doing business with.

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Environmental Measures

The Bank has established the Daishi Bank Group Environmental Policy, and is actively engaged in activities including efforts to reduce our environmental footprint, the provision of environmentally-friendly financial products and services, and regional environmental conservation activities.

Daishi Bank Group Environmental Policy

Basic Philosophy

The Bank has established the Daishi Bank Group Environmental Policy, and is actively engaged in activities including efforts to reduce our environmental footprint, the provision of environmentally-friendly financial products and services, and regional environmental conservation activities.

Action Guidelines

1 Comply with laws, regulations, etc.

We will comply with laws, regulations, policies, etc. related to the environment and conduct activities while giving sufficient consideration to their impact on the environment.

2 Promote activities to reduce our environmental footprint

We will set targets aimed at reducing our environmental footprint, and conduct ongoing activities aimed at environmental improvements including energy saving, resource saving, and recycling activities.

3 Support customers through our core business

We will provide comprehensive financial services through the development, etc. of environmentally-friendly products and services, and support customers involved in environmental conservation.

4 Implement environmental conservation activities

All employees of the Group will deepen their understanding of environmental issues and implement activities with an awareness of environmental conservation.

Energy Saving Equipment Support Fund that has a carbon offset function

We established the Energy Saving Equipment Support Fund in FY2015 in order to support the energy saving measures of companies and work to reduce the environmental impact within Niigata Prefecture.

This product consists of a framework for further improving the environmental awareness of businesses that use it by offering a carbon offset (*2) function using Niigata Credit (*1).

Since it has been offered in June 2015, it has been used to offset 937 tons of greenhouse gas as of March 31, 2017.

*1. "Niigata Credit" consists of credit certified by the prefecture as credit for the amount of CO₂ absorbed for increasing the amount of forest in Niigata Prefecture (amount of greenhouse gas emissions reduced or absorbed), which makes it possible for companies to offset their CO₂ emissions for use in environmental activities, etc.

*2. "Carbon offsetting" is an approach in which greenhouse gases such as CO₂ emitted in daily life or economic activities are offset with the amount of greenhouse gases that are recognized as absorbed in another location.

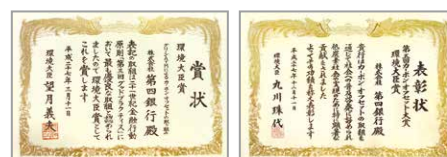
Green ATMs with a carbon offset function

We are continuing our efforts with green ATMs with a carbon offset function under the Niigata Credit program based on the concept of ATMs that contribute to the environment more the more they are used, for which we will offset 20g of CO₂ every time these ATMs are used. As of March 31, 2017, 44 of these ATMs have been installed, and approximately 111 tons of CO₂ have been offset since the initiative was commenced in August 2014.



Receipt of Minister of Environment Award

Reflecting the strong reputation of initiatives aimed at reducing our environmental footprint including the Energy Saving Equipment Support Fund and Green ATMs, we received the top award entitled the Minister of Environment Award for both the FY2014 Ministry of the Environment's Principles for Financial Action towards a Sustainable Society (Principles for Financial Action for the 21st Century) and the FY2015 5th Carbon Offset Awards from the Ministry of the Environment.



Daishi-no-Mori (Daishi Forest) creation

In order to maintain green and abundant forests in the region in the future, since FY2009 Daishi Bank has participated in forest preservation promotion activities under the Niigata Afforestation Support Project implemented by the Niigata prefectural government in the Daishi-no-Mori (Daishi Forest) in Agamachi, Higashikanbara-gun, Niigata Prefecture.



A part of our corporate philosophy is to “contribute to the region while being appreciated and trusted as Niigata Prefecture’s best bank.” We believe that it is our social responsibility to offer management support to SMEs (including small-scale businesses) in the region and contribute to the regional revitalization through the performance of a financial intermediary function and consulting function and active participation in overall regional regeneration. In providing management support for customers and promoting regional revitalization, we will contribute to the development of the regional society and economy through the smooth provision of comprehensive financial services to customers with a focus on the following four priority items. Furthermore, in initiatives for community-focused financial services including the performance of a financial intermediary function, we will conduct objective self-assessments while also utilizing financial intermediary function benchmarks, and strengthen PDCA management in an aim for further improvements in corporate value for customers.

Policies for initiatives for SME management support and regional revitalization

- I** Performance of a management support and consulting function for client companies
- II** Performance of a financial intermediary function including the smooth provision of funds companies
- III** Active efforts aimed at regional revitalization
- IV** Active provision of information to the local community and users

Financial intermediary function benchmarks

Benchmarks for objectively assessing the level of performance of a financial intermediary function at a financial institution, including the provision of financing and solutions in accordance with needs and challenges of customer companies

Shared benchmarks

Benchmarks for assessing progress, challenges, etc. related to financial intermediary efforts by all financial institutions

Selective benchmarks

Benchmarks that can be selected based on the business strategy, business model, etc. that applies for each financial institution

Independent benchmarks

Benchmarks that can be independently set by financial institutions when conducting a self-assessment of financial intermediary efforts if there is a more appropriate benchmark

*The financial intermediary function benchmarks (FY2016) are described in the sections of each of the items below.

*The numbers of customers stated below are totals on a non-consolidated basis, as long as there are no notes stating otherwise.

I Performance of a Management Support and Consulting Function for Client Companies

Actively supporting client companies in accordance with their life stage

SMEs in the region fulfill the important role as pillars that support the regional society and economy.

The Bank will contribute to the development of the regional economy by actively providing management support based on the life stages of SMEs in the region.

Number of customers and loan balance by life stage		All credit customers						
			Foundation	Growth	Maturity	Decline	Regeneration	
Shared	Number of credit customers	FY 2015	17,742	662	898	8,608	429	2,313
		FY 2016	18,282	804	799	8,735	530	2,190
	Loan balance	FY 2015	1,807.1 billion yen	60.5 billion yen	134.1 billion yen	1,237.3 billion yen	44.4 billion yen	138.2 billion yen
		FY 2016	1,904.6 billion yen	86.6 billion yen	133.8 billion yen	1,176 billion yen	45 billion yen	122.8 billion yen

		FY 2015			FY 2016		
Shared	Number of customers and loan balance in cases which the Bank is the main bank (loan balance number 1) (note: number of customers is on a Group basis)	5,794	876.8 billion yen		6,008	934.8 billion yen	
	Of the above, number of customers that improved management indicators, etc. (note: figures are on a Group basis)	4,555			4,698		
	Loan balance for last three years for customers that improved management indicators, etc. among the above	FY2014	FY2015	FY2016	FY2014	FY2015	FY2016
Selective	all customers and number of customers by region	776.7 billion yen	777.7 billion yen	783.3 billion yen	781.2 billion yen	819.4 billion yen	823.2 billion yen
		Within Niigata Prefecture	Outside of Niigata Prefecture	Total	Within Niigata Prefecture	Outside of Niigata Prefecture	Total
		16,338	1,323	17,661	16,470	1,471	17,941

Foundation



We support companies aiming to become established or develop new business in consideration of their technologies, products, services, and the uniqueness and growth potential of their business model. During FY 2016, we established the "Seeking Entrepreneurs" financial product that includes consulting services by external companies (experts) for businesses aiming to establish a business or enter the second stage of business establishment. We also actively hold various seminars for customers considering business establishment or developing new business.

Assumed major challenges and needs for companies	Contents of main solution proposals
Financing	Utilization of venture funds, institutional financing, and guarantee systems
Development of sales channels	Utilization of business panels, business matching, and Bridge Niigata
Information and consultation environment	Provision of assistance information, provision of JETRO overseas information

		FY 2015	FY 2016
Shared	Cases of involvement in business establishment by the Bank	256 cases	398 cases
	Cases of involvement in second stage of business establishment by the Bank	— *	3 cases
Selective	Cases of support using SME support measures (subsidiary applications, etc.) related to core business support for customers	256 cases	438 cases

*Because measurement was started from FY 2016, "—" is displayed for FY 2015.

Growth

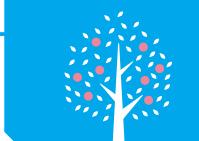


We position areas such as the environment, health, agriculture, and tourism as growth fields, in which we conduct various support measures for business expansion including business panels and business matching. In addition to within the prefecture, we are also actively involved in business panels and business support outside of the prefecture and overseas, as well as financing support utilizing various funds and the holding of seminars, etc. to make businesses have higher added value.

Assumed major challenges and needs for companies	Contents of main solution proposals
Securing human resources	Human resources matching and development in cooperation with external organizations
Financing, hedging risks	Support for increased operating and capital funds, derivatives, interest rate swaps
Product development and developing higher added value	Expert advice (energy saving diagnosis, industry-academia collaboration, general management)

		FY 2015	FY 2016	
Selective	Customers assisted with sales channel development	Sales channel development support for local companies	721	615
		Sales channel development support for companies other than local companies	521	355
		Sales channel development support for overseas companies	299	324

Maturity



In partnership with the Daishi Management Consulting Co., Ltd. and various external organizations, we support business succession and M&A in order to resolve the management challenges of customers. In addition, we also offer various means of financing in lines with the needs of customers, including syndicated loans and private placement bonds.

Assumed major challenges and needs for companies	Contents of main solution proposals
New market development	Support for new business development in partnership with external organizations
Succession and M&As	Business succession and M&A support
Financing	Support for various forms of financing including syndicated loans, private placement bonds, liquidity solutions, and ABL

		FY 2015	FY 2016
Selective	Number of customers assisted with business succession (number of own shares evaluation and consulting contract customers)	180	182
	Number of customers assisted with M&As	45	48

Decline and regeneration



We propose optimal solutions and support the formulation of management improvement plans through multi-faceted studies after sharing management issues and challenges with customers. After plans are formulated, we conduct follow-up activities aimed at plan achievement. In addition, we are strengthening alliances with external agencies and external experts and performing a consulting function that includes utilizing the optimal regeneration methods and designing mechanisms to support prompt business regeneration by customers.

Assumed major challenges and needs for companies	Contents of main solution proposals
Declining or sluggish demand	Management improvement plan formulation support, holding seminars to improve management capabilities
Poor performance in core business	Regeneration support utilizing the Council to Support Revitalization of Small and Medium Enterprises
Financing	ABL, utilization of business regeneration fund

		FY 2015	FY 2016	
Shared	Number of customers using REVIC (Regional Economy Vitalization Corporation of Japan) and the Organization for Small & Medium Enterprises and Regional Innovation	REVIC	16	11
		Organization for Small & Medium Enterprises and Regional Innovation	7	4
Independent	Number of customers that improved rank from potentially bankrupt borrower in independent classification of obligors	— *	141 cases	

*Because measurement was started from FY 2016, "—" is displayed for FY 2015.

II Performance of a Financial Intermediary Function Including the Smooth Provision of Funds

● Initiatives to facilitate financing

The Bank is sufficiently aware of its public and social responsibility and mission as a regional financial institution, and it works to facilitate financing through the establishment of its Basic Policy on Financial Facilitation in order to fulfill an appropriate and active financial intermediary function while taking into consideration the soundness and appropriateness of business operations.

● Supporting new loans and changes in loan conditions

TVe respond sincerely when we receive consultations or applications from customers regarding matters such as new loans and changes in loan conditions. When we receive a consultation or application, we do not make judgments merely on cosmetic aspects such as financial statements. We instead conduct appropriate reviews that aim to assess in detailed manner aspects including technological capabilities, sales capabilities, future potential, management conditions, and business values. If a customer has received loans from other financial institutions, we respond appropriately by making an effort to work together closely with these financial institutions (including credit guarantee associations) after gaining the consent of the customer.

		FY 2015			FY 2016		
Shared	Number of SMEs that have changed loan terms	2,218			2,097		
	Progress of management improvement plans by companies above	Good progress	Steady progress	Unfavorable progress	Good progress	Steady progress	Unfavorable progress
		162	586	1,470	252	565	1,280

*Unfavorable progress includes companies that have not formulated a management improvement plan (1,263 companies for FY 2015, 1,118 companies for FY 2016).

● Utilization of financing methods that are not excessively dependent on real estate collateral or guarantees

In order to contribute to the growth of customers and improvements in management at customers, we work to conduct detailed assessment of business values and management conditions including technological capabilities, sales capabilities, and future potential while proposing financing that is not excessively dependent on collateral or guarantees by using assets such as movable property or accounts receivable as necessary.

		FY 2015		FY 2016	
Selective	Number of unsecured credit customers and percentage of unsecured finance among local SME credit customers	8,530	21.9%	8,717	23.4%
	Percentage of credit customer that fixed collateral has not been set for among local SME credit customers	71.8%		70.7%	
	Percentage of non-guaranteed main customers among local SME credit customers	0.4%		3.0%	
	Number of cases of fund utilization (business establishment, business revitalization, regional revitalization, etc.)	3 cases		6 cases	

● Efforts in response to Guidelines on Management Guarantees

We promote further financing that is not dependent on management guarantees after taking into full consideration the intent and details of the Guidelines on Management Guarantees.

Usage of Guidelines on Management Guarantees (FY 2016)			
Number of new non-guaranteed loans	2,847 cases	Number of changes in guarantee contracts	324 cases
Number of new loans	21,740 cases	Number of guarantee contracts canceled	21 cases

		FY 2015		FY 2016	
Selective	Number of customers using Guidelines on Management Guarantees and percentage of all credit customers	1,542	8.7%	1,691	9.2%

Business Feasibility Assessment Initiatives

The Bank defines business feasibility assessment as using appraisal capabilities to assess the business feasibility of partners businesses and provide growth and management improvement support in order to back the actual economy in the region and contribute to the development of regional society and partner businesses, and it is actively engaged in developing systems and human resources development for business feasibility assessments. In March 2017, we newly established the Business Feasibility Assessment Promotion Line within the Consulting Promotion Division, strengthened our efforts, and expanded the scope of business feasibility assessments to all customers as part of efforts to perform a financial intermediary function aimed at issue resolution and goal attainment by partner businesses as we actively worked to improve corporate value and productivity.

【 Main initiatives aimed at improving appraisal capabilities 】

Company Support Review Meeting	Review meeting for all sales personnel involved to exchange opinions with the participation of the department or branch manager on the nature of the customer's business, assumed management challenges, and solutions for these challenges
Actions to improve field assessment capabilities	Activities to resolve the challenges of customers and contribute to higher added value by sharing true management challenges and needs and offering a funding and information intermediary function through interviews with customers utilizing sheets that summarize the main points for each industry
Partnership with the Regional Economy Vitalization Corporation of Japan (REVIC)	Partnership for providing multifaceted management support by accepting human resources with specialized know-how dispatched from REVIC and utilizing REVIC knowledge

		FY 2015			FY 2016		
Shared	Number of credit customers provided finance based on business feasibility assessments and their loan balance	783	254 billion yen		1,703	564 billion yen	
	Ratio of the above to all credit customers and the loan balance	4.4%	14.1%		9.3%	29.6%	
Selective	Number of partner businesses that have been presented the results of business feasibility assessment and local benchmark in dialogue	783			2,304		
	Number of customers provided with core business support utilizing external experts	12			18		
	Number of times training provided on core business support for partner businesses, number of participants in this training, and number of people acquiring qualification	Number of time training held	Number of participants in training	Number of people acquiring qualification	Number of time training held	Number of participants in training	Number of people acquiring qualification
Independent	Average number of days from date of receiving financing inquiry to date of response to customers	50 times	506	161	48 times	442	207
		— *			10.97 days		

*Because measurement was started from FY 2016, "—" is displayed for FY 2015.

III Active Efforts Aimed at Regional Revitalization

The Daishi Bank Group is cooperating with comprehensive strategies of the national government and local governments, and working actively as an entire Group towards measures that lead to the virtuous cycle of towns, people, and jobs.

Creation of Towns and People

Initiatives through industry, government, academia, and finance partnerships

By creating opportunities for companies in the prefecture and university students to interact through partnerships with Niigata University, local governments, and chambers of commerce, we encourage a deeper understanding of companies, improvements in the employment rate in the prefecture in the future, and the creation of an environment for joint research by universities and companies.

In June 2016, Niigata University and Joetsu City worked together and Niigata University students conducted exchange project with two companies in Joetsu City, and in September 2016, Niigata University, Shibata City, and Shibata Chamber of Commerce and Industry worked together with four companies in Shibata City, and these efforts that mainly consisted of company visits deepened exchanges with employees.

In consideration of the growth in foreign tourists as reflected in record-high numbers of accommodation stays by foreigners in the prefecture for the third consecutive year since FY2013, tourism monitor tours by overseas students at universities within the prefecture were conducted for the purpose of revitalization of the tourism industry in the prefecture.

Overseas students at International University of Japan and Sado City conducted an exchange project in June 2016, and overseas students at Niigata University and Joetsu City conducted an exchange project in October 2016 to allow local governments and the tourism industry to incorporate the assessment of the prefecture's tourists sites by foreigners.



Joetsu manufacturing company visit and exchange tour



Shibata food related company visit and exchange project



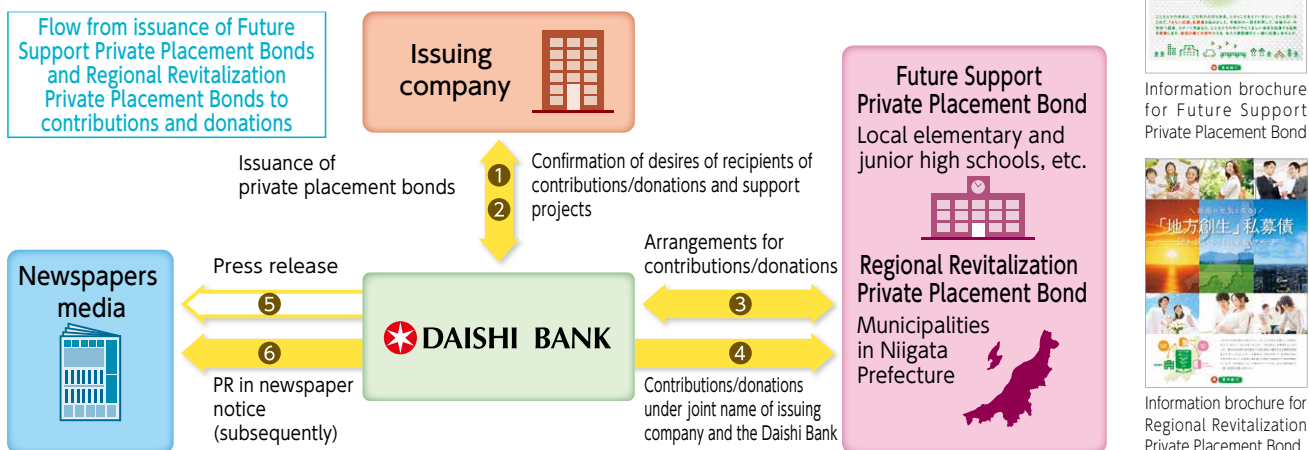
Monitor tour for overseas students at International University of Japan



		FY 2015	FY 2016
Independent	Number of companies with technology alliances with local universities and efforts to promote employment of local university students	6	28

Flow from issuance of Future Support Private Placement Bonds and Regional Revitalization Private Placement Bonds to contributions and donations

We offer the Future Support Private Placement Bond that uses a portion of bond issuance fees to donate schools supplies such as books and sporting goods to local schools together with private placement bond issuing companies. In addition, in June 2016 we started offering the "Regional Revitalization Private Placement Bond" with bond issuing companies that donates a portion of bond issuance fees to local governments as a product that supports the town, people, and job creation efforts of local governments.



Information brochure for Future Support Private Placement Bond



Information brochure for Regional Revitalization Private Placement Bond

		FY 2015		FY 2016	
Independent	Number of Future Support Private Placement Bond issues and issuance amount	51 cases	4.1 billion yen	85 cases	9.2 billion yen
	Number of Regional Revitalization Private Placement Bond* issues and issuance amount	—	—	53 cases	8.6 billion yen

*Because the handling of Regional Revitalization Private Placement Bonds started from FY2016, "—" is displayed for FY2015.

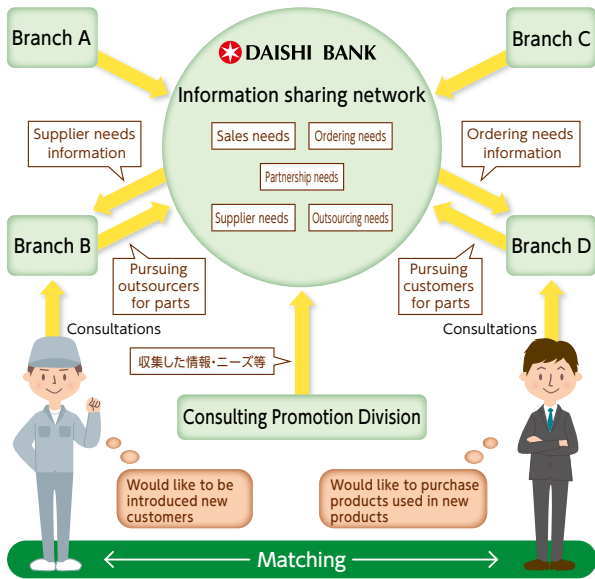
Creation of  Jobs

Actively Supporting Customer Growth and Sales Channel Development

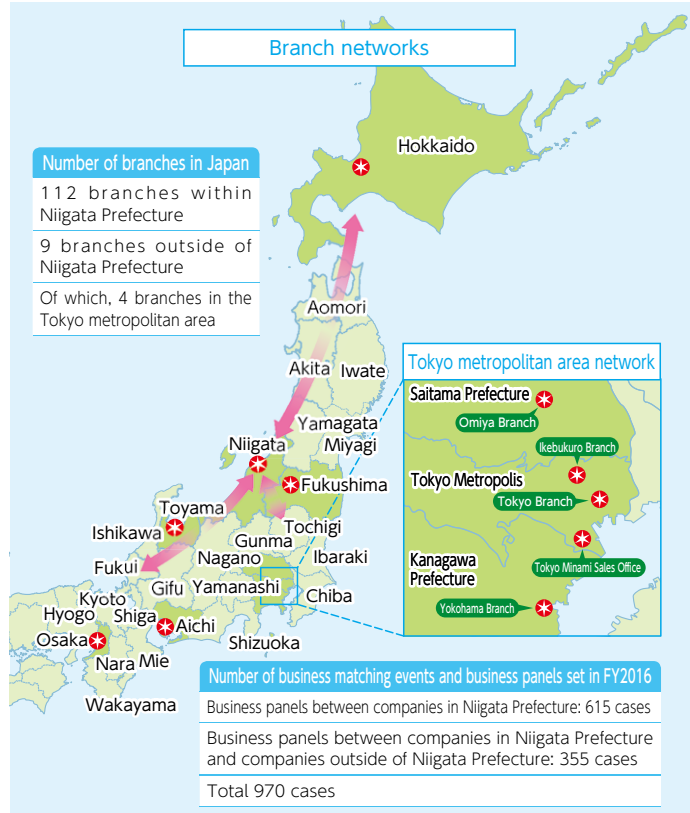
As the regional bank with the largest branch network in Niigata Prefecture, the Bank actively supports the expansion of sales channels by customers through means such as individual business matching and the holding of business panels while leveraging its branch network.

We offer a broad range of support that goes beyond Niigata Prefecture to include matching with companies outside of the prefecture and support for expansion overseas in order to support the needs of customers.

[Image of individual business matching]



[Number of business matching projects]



		FY 2015		FY 2016	
Selective	Number of companies supported with core business (improvement in corporate value) and their percentage of all customers (note: number of customers is on a Group basis)	1,477	9.5%	1,675	10.6%
	Number of companies solutions proposed to and their percentage of all customers (note: number of customers is on a Group basis)	1,942	12.6%	2,203	13.9%
	Loan balance of companies solutions proposed to and percentage of loan balance of all customers	624.5 billion yen	34.6%	517.3 billion yen	27.2%

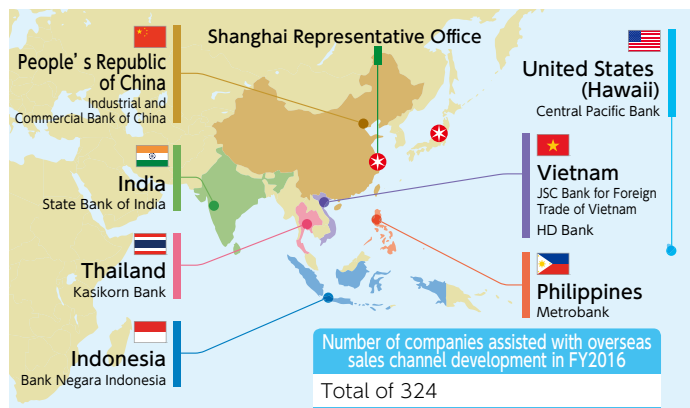
Global Market Development Challenge Program

Since April 2016, we have offered a full support program from advance preparations to commencement of overseas transactions for customers that are interested in business overseas. With this program, in addition to a variety of seminars, we offer a program that corresponds to the individual needs of customers looking to expand overseas, including proposals on business panels, market research and sales channel development support, and support for payment settlement and hedging risks.

Up until now, we have held a series of four Overseas Market Channel Development Practical Business Seminars, as well as various seminars as called for including the Niigata Sake Overseas Market Channel Development Support Explanatory Meeting and the Asia Market Expansion Support Practical Seminar.

Going forward, we will implement various forms of overseas business support that actively utilize the Bank's rich overseas network.

[Overseas partner banks]



		FY 2015	FY 2016
Independent	Number of companies assisted with overseas expansion in Japan or overseas	127 cases	140 cases
	Number of companies assisted utilizing external cooperation bodies or support systems	98 cases	47 cases

Holding of the Niigata Foundation Award and Niigata Business Idea Contest

We sponsored the Niigata Foundation Award for the purpose of revitalizing regional business foundation, and jointly held the Niigata Business Idea Contest with Niigata Isetan Mitsukoshi for the purpose of establishing new regional brands in Niigata. After these events were held, we also provided follow up through means such as marketing and sales channel expansion support for business plans and ideas submitted in order to support new business in getting started and growing in Niigata.



Niigata Foundation Award ceremony



Niigata Business Idea Contest ceremony

IV Active Provision of Information to the Local Community and Users

Distributing information through the website

Through our website, we actively distribute various forms of information in a manner that is easy to understand on topics such as seminars and campaigns. In addition, we have incorporated the feedback we have received from customers to enhance the part of the website that introduces products and services, and to revise how information is displayed so that customers can more easily find the information they are looking for in an effort to improve convenience.

Daishi Bank

Daishi Bank's website URL
<http://www.daishi-bank.co.jp/>

Distributing information through seminars

By providing timely information in response to changes in the environment by holding seminars, we actively implement measures that effectively support the growth of our customers. Some of the themes of the seminars held are listed on the right.



Seminar on Utilizing Measures of the Ministry of Economy, Trade and Industry

[Seminar themes]

- **Seminar on Utilizing Measures of the Ministry of Economy, Trade and Industry**
Introduction to manufacturing and energy saving subsidies
- **IoT Seminar**
Introduction to IoT utilization methods for the manufacturing industry, etc.
- **Business Foundation Support Seminar**
Introduction of experience of establishing a business by veteran entrepreneurs in the prefecture
- **M&A Seminar for Business Owners**
Introduction to business succession and M&A case studies
- **Economic and Foreign Exchange Market Trends Seminar**
Description of outlook on economic and foreign exchange market trends

	FY 2015	FY 2016
Independent Number of seminars held for corporate customers to support improvements in unique corporate value	24 times	39 times

Issued Aiming to Achieve Regional Revitalization

We have issued Aiming to Achieve Regional Revitalization, a booklet that introduces initiatives aimed at regional revitalization by the Bank. The booklet is available at each branch and can also be viewed on our website.

Website address for Aiming to Achieve Regional Revitalization
http://www.daishi-bank.co.jp/company/csr/pdf/creation_2905.pdf



Bridge Niigata

The Bridge Niigata exhibition and business talks space in Nihonbashi, Tokyo is used by various municipalities and companies as a base for communicating products and information from Niigata to the Tokyo metropolitan area.

	FY 2015	FY 2016
Independent Number of times Bridge Niigata was used for sales channel development and regional industry support through external collaboration*	29 times	30 times

*Industry, government, and academia collaboration with companies, universities, municipalities, etc. from outside the prefecture



Bridge Niigata in Nihonbashi, Tokyo

Initiatives to facilitate financing

While the deadline for the Act on Financial Facilitation for Small and Medium-sized Enterprises was reached at the end of March 2013, the entire Bank will continue to actively perform a consulting function and promote initiatives aimed at the facilitation of financing.

Consultation number for financial facilitation
☎ 0120-041151
 Opening hours: 9:00 to 17:00 on weekdays
 (Excluding bank holidays and national holidays)

In an aim to “contribute to the region while being appreciated and trusted as Niigata Prefecture’s best bank,” we are actively engaged in financial and economic education and the promotion of regional culture and sports.

Daishi Hall

We have continued to hold the Daishi Life-up Concert that invites leading musician from Japan and overseas to provide high-quality music at a low price. The concert for FY2016 features the young German cellist Leonard Elschenbroich who held his first cello recital in Niigata, and a piano recital by Michie Koyama, who is one of Japan’s most popular and talented pianists. For FY2017, we have a piano recital by the female pianist Anna Fedorova who has received awards in many international contests including the Arthur Rubinstein International Piano Master Competition scheduled for October, and a rakugo performance, which will be a first for the Bank, by rakugo performer Karoku Yanagiya scheduled for March 2018. Information including the schedule will be announced through the Daishi Bank website as appropriate.



Daishi Academy

In order to support the mental and physical development of children, we have held the Daishi Academy since FY 2013.

The Daishi Academy provides children in the area with the opportunity to interact with professionals in various fields in order to develop sensitivities outside of school and home, and to make them more familiar with finance.

Classes were held in the fields of finance, science, art, cooking, soccer, basketball, and baseball in FY 2016.

Since the academy was held in FY 2013, over 1,000 students have participated every year, and the total cumulative number of participants up to FY 2016 was 6,000.



Science



Soccer



Art



Basketball

Economics Koshien

The Niigata High School Team that won the Eleventh National High School Student Finance and Economics Quiz Championships Economics Koshien Niigata Tournament that was sponsored by the Bank in December 2016 participated in the nationwide championships that were held in Tokyo in February 2017 (sponsored by the Association for the Promotion of Financial Literacy) as the representative for Niigata Prefecture. The representative for Niigata Prefecture won the national championship in the previous championships, and it advanced to the finals in this championship as well, coming in fourth place.



Economics Koshien National Championship

Niigata City Marathon 2017

As part of efforts to promote local sports, we will continue to support the Niigata City Marathon that is scheduled to be held in October 2017. The Bank’s employees plan to participate under the team name of “Speedy Solutions”, and to also participate in volunteer activities in order to make the Niigata City Marathon lively together with everyone in the local community.



Employees of the Bank serving as water supply volunteers

Measures to Improve Customer Satisfaction

We will work to expand our network and enhance products and services in an aim to become a more accessible and convenient bank.

Implementation of a Customer Satisfaction Survey

We conduct a customer satisfaction survey in an aim to further improve the satisfaction levels of customers. We will broadly incorporate the feedback we receive from customers in the development of products and services in the future and in improvements to customer service and support as we work to further improve the satisfaction levels of customers.

[Main improvements incorporating feedback from customers in FY2016]

- In order to make ATM operations more convenient, we added a zoom display function for numbers, and added a new function that makes it possible to register up to 30 transfer information items to each cash card.
- We promoted barrier-free design at branches including the installation of railings on stairs and the expansion of parking lots registered with the "Niigata Prefecture Accessible Parking Lot System".

Aiming for Further Improvements in Financial Services

[Relocation and new opening of the Sanjo Branch and Sanjohigashi Branch]

The Sanjo Branch and Sanjohigashi Branch were relocated and opened at a new branch using a branch-within-a-branch system on Monday, April 17, 2017.

In order to offer one-stop, speedy support for the broad financial needs of customers, the Kenou Loan Center was set up as an annex at the new branch, and the Daishi Securities Sanjo Branch, a branch of a Group company, was also jointly set up.

We will exploit the synergies from the collaboration between our bank business and securities business even more than before to contribute to the development of the Niigata region by providing high added value financial services that respond to the needs of customers.



[Investment trust robot advisor service]

A robot advisor service that provides asset management support for customers is available on the website.

The robot advisor service makes a diagnosis on what investment trusts are suitable for customers based on simple questions answered by customers, and presents the results.

Going forward, we will work to further improve products and services in order to support the wide range of customer needs.

[Robot advisor service lineup]

Robot advisor and simulation

After answering some simple questions, the service proposes a combination of the investment trusts offered by the Bank that is suitable for the customer.

Investment trust robot advisor tool - Portstar

Diagnosis with Portstar! A proposal is made for the product suitable for the customer from the eMAXIS Optimal Balance lineup of Mitsubishi UFJ Kokusai Asset Management Co., Ltd.

Asset planner

After a customer enters the status of their financial holdings, the service proposes a combination that is suitable for that customer from among many financial products including yen-denominated savings, government bonds, and investment trusts based on the life stage and risk appetite of the customer.

See our website for details.

<http://www.daishi-bank.co.jp/individual/add/investment/roboadvisor.php>

[Fintech initiatives] Working to create new financial services

The six banks (Daishi Bank, Chiba Bank, Chugoku Bank, Iyo Bank, Toho Bank, and Hokuyo Bank) entered the Tsubasa Financial System Advancement Alliance as an organization to conduct joint surveys and research aimed at the use of fintech, which is a type of cutting-edge IT technology in the financial field.

In addition, we established the IT Innovation Promotion Office in March 2017 in order to strengthen systems aimed at the realization of new financial services through the use of IT technologies.

We will work to develop and provide pioneering and highly convenient services based on a flexible way of thinking that is not held back by preconceived ideas.

[Tsubasa Financial System Advancement Alliance]



Notice to our customers Launch of operations of a new system

A new system was launched on January 4, 2017, and operations have been running smoothly. While some inconveniences may have been caused by the system migration such as suspended ATMs and the amendment or abolishment of products, we would like to thank you once more for your understanding and cooperation regarding this matter.

We will actively work toward providing more convenient products and services utilizing this new system.

CSR Measures to Improve Market Value: For Shareholders

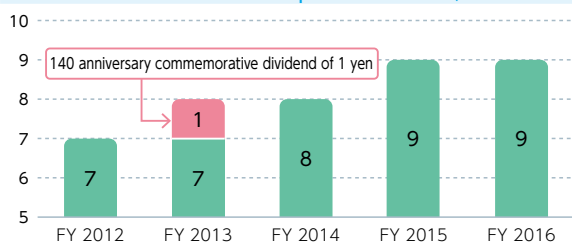
In consideration of public nature of the banking industry and in order to be able to continue providing to shareholders returns in the future, our policy for returns to shareholders is a basic policy of continuing to provide stable returns to shareholders while giving consideration to the increase of internal reserves in order to strengthen the earnings base.

Policy for Returns to Shareholders

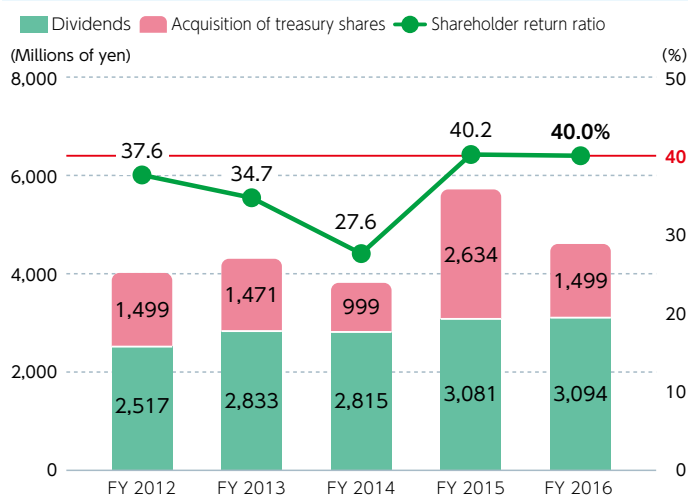
Our policy for returns to shareholders is a basic policy of continuing to provide stable returns to shareholders while giving consideration to the increase of internal reserves in order to strengthen the earnings base, and we aim for a rate of return to shareholders of about 40%, combining dividends and the acquisition of treasury shares.

In addition, we endeavor to improve ROE mainly by strengthening net income as we aim for an ROE of at least 5% over the medium to long term.

Annual dividends per share (unit: yen)



Levels of return to shareholders



Shareholder Privilege System

The Bank has introduced a shareholder privilege system as a means of expressing thanks to shareholders for their everyday support and increasing the attractiveness in investing in our shares so that even more shareholders hold our shares over the long-term.

【 Applicable shareholders 】

Shareholders that own at least 1,000 shares (1 unit) consecutively for at least one year*, with March 31 as the base date shall be applicable.

*A stock consolidation (one for every ten shares) will be implemented on October 1, 2017, and after the stock consolidation, shareholders that own at least 100 shares (1 unit) consecutively for at least one year shall be applicable.

**"Consecutively for at least one year" applies for shareholders that have been registered at least three consecutive times with the same shareholder number on our current shareholder register as of March 31 and September 30 every year.

【 Details of the shareholder privilege system 】

Shareholders can select the specialty products and other goods they prefer based on the number of shares they hold from either a catalog that mainly contains specialty products from Niigata Prefecture or a catalog jointly created by five participating banks of the Tsubasa Alliance (Daishi, Chiba, Chugoku, Iyo, and Toho banks).

Number of share held	Local specialty products	Tsubasa Alliance joint specialty products course
1,000 to 9,999 shares	Equivalent to 2,500 yen	
10,000 shares or more	Equivalent to 6,000 yen	



Shareholder privilege catalog

Disclosure Activities

For the purpose of ensuring the transparency and soundness of management, and so that all of our stakeholders including customers, the local community, and shareholders have an understanding of our management situation, we are actively engaged in disclosure activities aimed at communication of our management situation and other information. We release the DAISHI REPORT and other publications through our website, and we also hold briefings on the company in Tokyo for institutional investors in an aim to improve corporate value. Furthermore, we also hold company briefings for individual investors in Niigata Prefecture where we have our main business base.



Company briefing for institutional investors (Tokyo)

CSR Measures to Improve Employee Satisfaction: Promotion of a Work-Life Balance

We work to develop working environments that support the values of diversifying employees and allow each and every employee to work in a vibrant and lively manner while performing to the best of their ability.

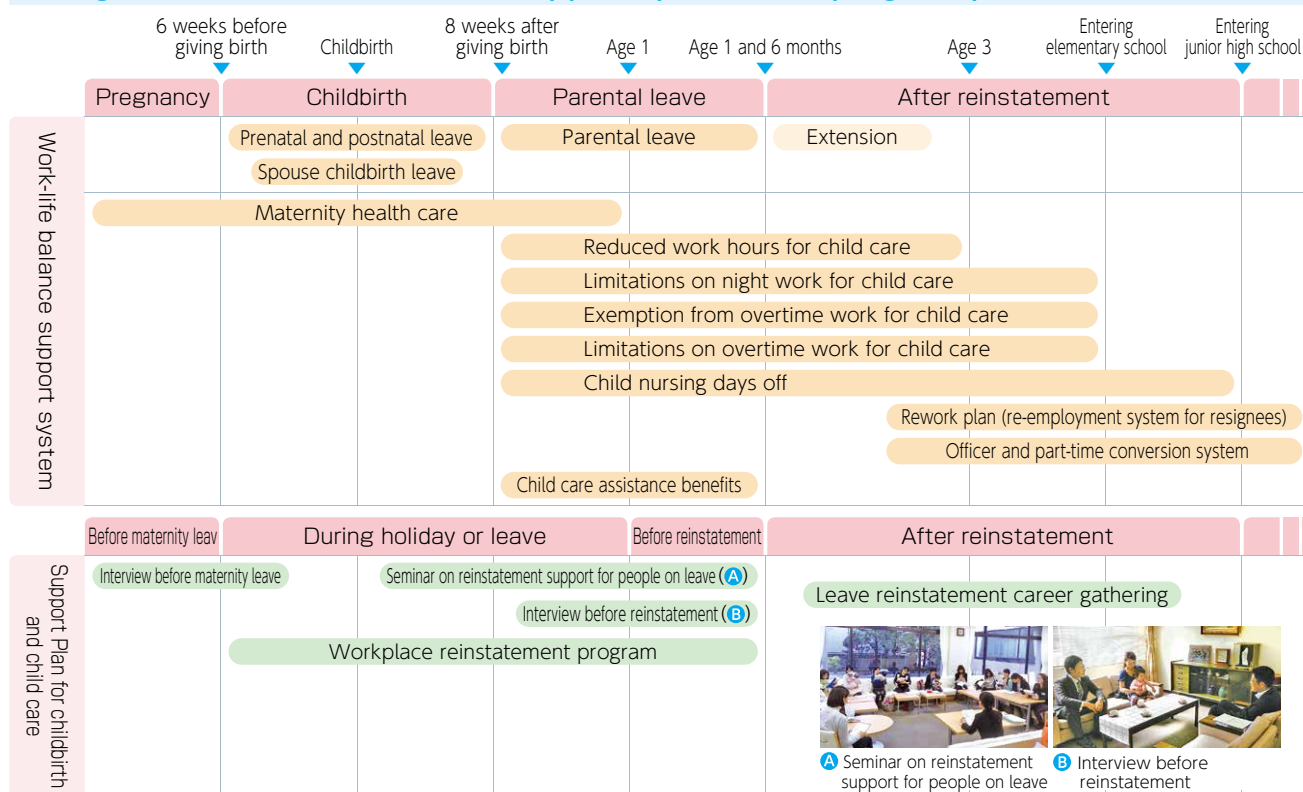
Creating Friendly Working Environment and Revising Working Styles

For yearly paid holidays, we promote the acquisition of holiday through the establishment of various systems including continuous leave, season leave, power-up leave, and anniversary day leave, and the creation and management of holiday acquisition plans. In addition, in order to control long working hours and promote effective and well-balanced working styles, we regularly hold Bank-wide early work completion campaigns such as Bank-wide no overtime days and sales office no overtime days, and we also promote the use of the morning work system as part of efforts to revise working styles in order to achieve further improvements in productivity and reduce overtime work.

Selected as a Niigata Prefecture Model Business for Low Fertility Countermeasures

As a Niigata Prefecture Model Business for Low Fertility Countermeasures we work to support a balance between both work and child raising. Specifically, we work to support reinstatement at the workplace, improve awareness of a work-life balance, and enhance various programs that include assistance with transportation costs and babysitting costs for research observer participation while on childcare leave and the presentation of child product gift certificates to employees that have acquired childcare leave.

Image of the work continuation support system from pregnancy to reinstatement



【 Status of leave acquisition for employees giving birth and employees with spouses giving birth 】

	FY 2013		FY 2014		FY 2015		FY 2016	
	Women	Men	Women	Men	Women	Men	Women	Men
Number of employees utilizing childcare leave system (or scheduled to do so)	28	0	24	0	32	13	30	13
Acquisition rate	96.6%	0.0%	100.0%	0.0%	100.0%	16.5%	100.0%	22.4%

Received the 1st Niigata Work-Life Balance Promotion Award

In recognition of the efforts of the Bank aimed at the promotion of a work-life balance including making it possible to acquire childcare leave until the end of the fiscal year in which your child turns age two, making it possible to acquire up to one year of nursing care leave, and efforts in the sales branch evaluation items of the overtime reduction rate, no overtime day compliance rate, and paid holiday acquisition rate, we received the 1st Niigata Work-Life Balance Promotion Award in January 2017.

Corporate Governance

Basic Stance

In order to establish a strong reputation and a high level of trust from all of our stakeholders including customers, the local community, and shareholders, we recognize improving our financing soundness and profitability along with the strengthening and enhancement of corporate governance as important management issues, and accordingly we are working to enhance the auditing and monitoring of management and to improve transparency.

Governance Structure

With a resolution to change the articles of incorporation at the 205th Ordinary General Meeting of Shareholders held on June 24, 2016, the Bank transferred to a company with an audit and Supervisory committee system on that day.

Board of Directors

The Board of Directors is composed of fifteen members, including nine directors who are not audit and Supervisory committee members and six directors who are auditors (of which, four are outside directors). In addition to attending to basic management matters and making important decisions regarding business management, the Board of Directors monitors the status of business execution by each director.

Audit and Supervisory Committee

The Audit and Supervisory Committee has a supervisory function similar to the Board of Directors and also supervises the business execution of directors who are not audit and Supervisory committee members in accordance with laws and regulations, articles of incorporation, and Auditing and Supervisory Committee Regulations, etc.

Executive Committee

Established as a management council under the Board of Directors, the Executive Committee decides on, deliberates, and reviews important items on business management on the basis of fundamental policies decided at board meetings and matters delegated by the Board of Directors. Note that the Executive Committee that is composed of directors with specific titles with a rank of executive director or above is also attended by standing audit and Supervisory committee members who provide advice as necessary.

Various committees

There are also a number of committees which provide advice to the Executive Committee. These include the Risk Management and Compliance Committee, the Asset Liability Management (ALM) Committee, and the Cyber Security Management Committee..

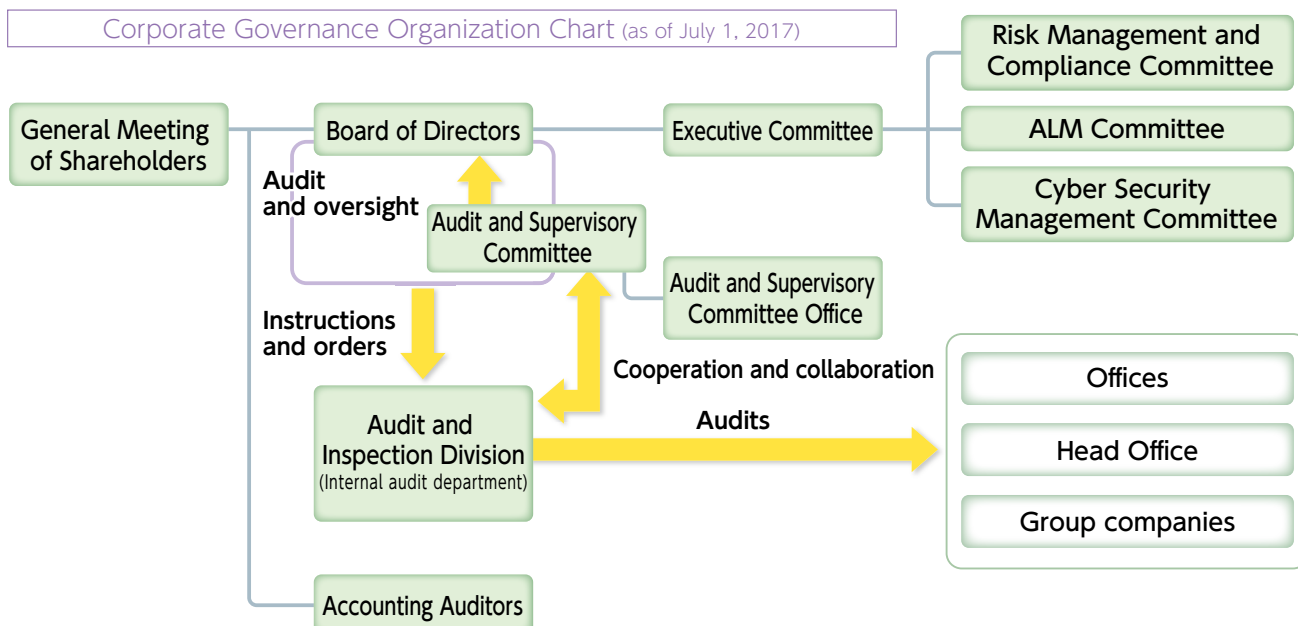
Corporate officers

In order to speed up decision making and improve management implementation capabilities, Daishi Bank has established a system of corporate officers. The Board of Directors elects corporate officers, who are each responsible for overseeing operations in their respective sectors.

Internal audits

The Audit and Inspection Division is under the direct control of the Board of Directors and is independent from the divisions it audits. The Audit and Inspection Division audits branch offices, head office divisions and group companies, verifying the suitability of the compliance and risk management frameworks.

Corporate Governance Organization Chart (as of July 1, 2017)



Risk Management Structure

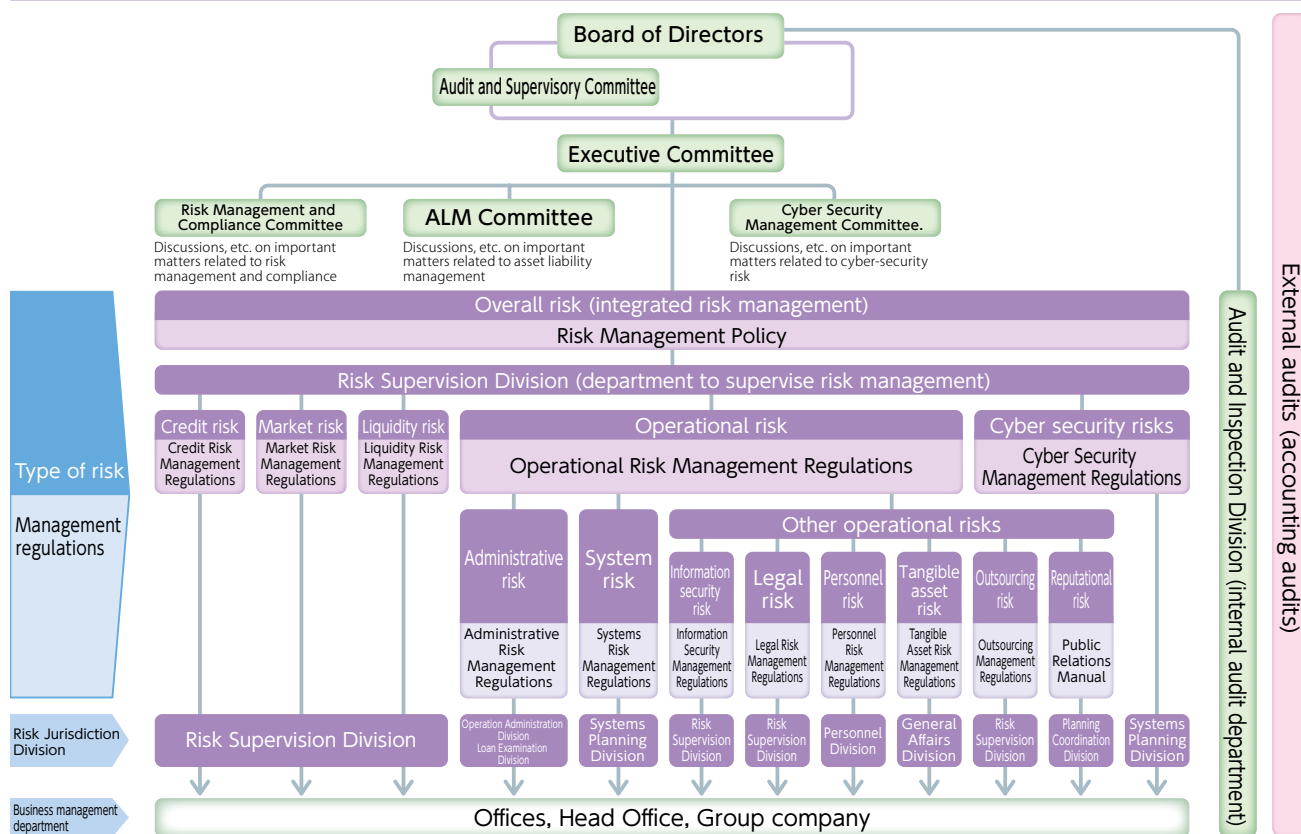
Risk Management Structure

The Bank's basic policy of risk management is to stably secure profits corresponding to risk and plan the appropriate distribution of management resources by accurately assessing and appropriately managing risks, and by then auditing this process. Organizationally, under this basic policy, Daishi Bank assigns specific jurisdiction over responses to each type of risk to specific sectors to respond to various types of risks, while establishing a Management Administration Division that understands and manages risk comprehensively, cutting across organizational boundaries. The Audit and Inspection Division (internal audit department), which is separated from the sectors it audits and under the direct control of the Board of Directors, conducts rigorous audits of the general sweep of bank operations, testing the appropriateness and effectiveness of Daishi Bank's internal-control provisions.

Specifically, Daishi Bank has instituted a number of committees to oversee risk management. The Risk Management and Compliance Committee supervises risk management, advances organizational restructuring for the entire bank, and pursues business management that thoroughly complies with laws and regulations. The ALM Committee measures and analyzes risk, with the aim of controlling risk and securing stable revenues. The Cyber Security Management Committee develops cyber security management systems. These committees are also attended by Audit and Supervisory committee members and are held on a regular basis and as required.

Under the risk-management system described above, For the purpose of ensuring financial soundness and using capital efficiently, Daishi Bank maintains sound control of its assets and conducts effective risk allocation, ensuring that assets are invested prudently for the effective management of risk capital. In addition, we have established a crisis management structure that included the formulation of a Basic Policy on Business Continuity that prioritizes the continuity of important operations in the event of an unexpected occurrence that would make it impossible to continue business, such as an earthquake or other major disaster, or the outbreak of a disease such as new strains of influenza.

Risk Management Organization Chart (as of June 24, 2016)



Credit Risk Management Structure

The Loan Examination Division that is completely isolated from the sales promotion departments, this department works to improve the soundness of assets by conducting strict loan screening, appropriately managing problem loans, and providing management improvement supports for business partners as a bank-wide effort.

Credit ratings and self-assessments for loans, etc. are strictly conducted through a two-step system that includes sales branches and the Head Office. Furthermore, the appropriateness and suitability of credit ratings and self-assessments are verified through audits by the Audit and Inspection Division.

Compliance Structure

Fundamental Policies Toward Compliance

Customer trust is a bank's greatest asset. To ensure that we continue to earn and maintain the trust of our customers, we at Daishi Bank must improve the soundness of management and win the confidence of the community based on our corporate ethics. The cornerstone of this effort is compliance. At Daishi Bank, compliance is our top priority. Adhering to four basic principles, all directors and employees are working every day to establish management that is firmly grounded in the spirit of compliance.

Four basic principles

- 1 Guided by our mission and adhering to our corporate ethics, we are establishing a thorough compliance framework through the development and execution of a practical compliance program.
- 2 In operations, all directors and employees understand both the letter and spirit of the code of conduct regulated by the Japanese Bankers Association. The directors and employees of Daishi Bank work together to apply the code of this charter with common principles of conduct.
- 3 Through training and awareness-raising exercises, we build and instill a strong ethical consciousness and compliance-oriented mindset in our employees. We also work hard to develop systems for checking business execution processes, and strengthening measures to prevent compliance violations and other problems.
- 4 We appropriately verify, evaluate, and report the status of compliance and of the implementation of our compliance program. We make every effort to discover issues early and solve them promptly, with effective measures for correction of problems and prevention of their recurrence.

Compliance Structure

Headquarters System

The Risk Management and Compliance Committee, whose activities are linked closely with management, meets to discuss important issues and the status of efforts on compliance.

In addition, the Compliance Office, established within the Risk Supervision Division as a supervisory department, plans compliance measures, monitors the status of compliance at each office, supports each Head Office division, and offers guidance on compliance issues to each branch.

Risk Management and Compliance Committee

Chair: Responsible executive of Risk Supervision Division
 Members: Manager of 11 related departments
 (observers: Audit and Supervisory Committee members)

- Consideration of Basic Policy on Compliance (Legal Compliance Policy) and internal rules (Legal Compliance Regulations)
- Consideration of Compliance Manual
- Consideration of and progress management for the compliance program
- Management and consideration of countermeasures related to violations
- Discussions on other important matters related to compliance

↑ Reports and proposals

System in Head Office Divisions and Offices

The manager of each Head Office division and office serves as the compliance supervisor for each respective division, while the second-highest ranking position is appointed as the legal check supervisor. Furthermore, an Office Compliance Committee has been established in each office to prevent and conduct early detection of compliance issues and consider and formulate recurrence prevention measures.

Risk Supervision Division (Compliance Office)

<Compliance Supervision Departments>

- Risk Management and Compliance Committee Office
- Planning and implementation concerning compliance
- Consultations and guidance concerning compliance
- Training, education, and awareness raising concerning compliance
- Legal checks on documents, etc. issued by the Head Office

Reporting and consultation ↑ ↓ Guidance and awareness raising

Training and Education Activities

Our Compliance Manual is distributed to all of our directors and employees, and is used in joint training sessions and in compliance seminars held in our offices and branches. We are strengthening our practical training curriculum, which includes e-learning sessions to test knowledge and understanding of major relevant laws, regulations and ordinances, and also includes group discussions and case studies. These are helpful in broadening employee awareness of compliance issues, and ensuring they remain vigilant about such matters.

Head Office divisions and offices

- Compliance supervisor
- Legal check supervisor

<Office Compliance Committees and Workshops>

- Confirmation of status of compliance in offices and consideration of improvement measures (causal analysis of problems and formulation of prevention and recurrence prevention measures)
- Implementation of compliance training in offices

Financial Data

Corporate Data

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Consolidated Balance Sheets

Years ended March 31, 2016 and 2017

Note : The translations of the Japanese yen amounts into US dollars are using the prevailing exchange rate at March 31,2017, which was ¥ 112.19 to US \$1.

	Millions of Yen		Thousands of U.S. Dollars
	2016	2017	2017
Assets			
Cash and due from banks	¥ 448,898	¥ 606,548	\$ 5,406,440
Monetary claims bought	16,506	15,554	138,648
Trading account securities	2,251	1,873	16,698
Securities	1,784,598	1,765,941	15,740,629
Loans and bills discounted	2,949,815	3,142,667	28,012,011
Foreign exchanges	11,203	11,506	102,566
Other assets	74,212	72,269	644,172
Property,plant and equipment	44,493	44,451	396,216
Intangible assets	10,652	13,440	119,799
Deferred tax assets	723	765	6,825
Customers' liabilities for acceptances and guarantees	14,500	13,065	116,459
Allowance for loan losses	(15,605)	(14,358)	(127,987)
Total Assets	¥ 5,342,251	¥ 5,673,726	\$ 50,572,481
Liabilities			
Deposits and Negotiable certificates of deposit	¥ 4,545,036	¥ 4,694,499	\$ 41,844,187
Payables under securities lending transactions	192,047	261,329	2,329,344
Borrowed money	197,067	309,754	2,760,984
Foreign exchanges	131	208	1,861
Other liabilities	45,067	45,231	403,166
Provision for directors' bonuses	103	91	817
Net defined benefit liability	6,578	2,786	24,835
Provision for directors' retirement benefits	31	34	310
Provision for reimbursement of deposits	454	385	3,434
Provision for contingent loss	1,006	830	7,401
Reserves under special laws	16	12	113
Deferred tax liabilities	14,991	13,832	123,297
Deferred tax liabilities for land revaluation	5,533	5,521	49,215
Acceptances and guarantees	14,500	13,065	116,459
Total Liabilities	¥ 5,022,567	¥ 5,347,584	\$ 47,665,430
Net Assets			
Capital stock			
Authorized-576,999 thousand shares,			
Issued-346,253 thousand shares	¥ 32,776	¥ 32,776	\$ 292,156
Capital surplus	25,987	25,152	224,192
Retained earnings	193,584	197,851	1,763,539
Treasury stock	(6,777)	(2,831)	(25,237)
Shareholders' equity	245,571	252,949	2,254,650
Valuation difference on available-for-sale securities	57,002	52,648	469,281
Deferred gains or losses on hedges	(422)	(361)	(3,221)
Revaluation reserve for land	6,931	6,988	62,290
Remeasurements of defined benefit plans	(4,423)	(2,123)	(18,931)
Valuation and translation adjustments	59,088	57,151	509,420
Subscription rights to shares	508	498	4,444
Non-controlling interests	14,515	15,542	138,535
Total Net assets	319,683	326,142	2,907,050
Total Liabilities and Net Assets	¥ 5,342,251	¥ 5,673,726	\$ 50,572,481

Consolidated Statements of Operations

Years ended March 31, 2016 and 2017

	Millions of Yen		Thousands of U.S. Dollars
	2016	2017	2017
Income			
Interest on loans and discounts	¥ 32,275	¥ 29,608	\$ 263,916
Interest and dividends on securities	18,852	19,373	172,682
Other interest income	548	538	4,798
Fees and commissions	18,533	17,683	157,617
Other ordinary income	4,352	4,572	40,760
Other income	25,065	23,051	205,466
Total Income	¥ 99,627	¥ 94,827	\$ 845,242
Expenses			
Interest on deposits	¥ 1,991	¥ 1,081	\$ 9,640
Interest on borrowings and rediscounts	197	189	1,692
Other interest expenses	1,455	3,261	29,075
Fees and commissions payments	4,615	4,748	42,328
Other ordinary expenses	503	2,231	19,886
General and administrative expenses	46,797	48,261	430,172
Other expenses	19,947	18,369	163,738
Total Expenses	¥ 75,508	¥ 78,144	\$ 696,533
Profit before income taxes	¥ 24,119	¥ 16,683	\$ 148,708
Provision for income taxes:			
Income taxes-current	6,125	4,768	42,506
Income taxes-deferred	2,296	(416)	(3,716)
Profit	15,697	12,331	109,917
Profit attributable to non-controlling interests	1,230	804	7,169
Profit attributable to owners of parent	¥ 14,467	¥ 11,527	\$ 102,748
	Yen		U.S. Dollars
Amounts per share of capital stock:			
Net income	¥ 42.04	¥ 33.66	\$ 0.30
Cash dividends	9.00	9.00	0.08

Consolidated Statements of Comprehensive Income

Years ended March 31, 2016 and 2017

	Millions of Yen		Thousands of U.S. Dollars
	2016	2017	2017
Profit	¥ 15,697	¥ 12,331	\$ 109,917
Other comprehensive income	(17,113)	(1,760)	(15,687)
Valuation difference on available-for-sale securities	(16,315)	(4,120)	(36,729)
Deferred gains or losses on hedges	(25)	61	547
Revaluation reserve for land	290	—	—
Remeasurements of defined	(1,062)	2,299	20,494
Total comprehensive income	(1,415)	10,571	94,229
Comprehensive income attributable to owners of parent	(76)	9,534	84,986
Comprehensive income attributable to non-controlling interests	(1,338)	1,036	9,243

Consolidated Statements of Shareholders' Equity

Years ended March 31, 2016 and 2017

Millions of Yen

	Shares of Capital stock (Thousands)	Capital stock	Capital surplus	Retained earnings	Treasury stock	Valuation difference on available- for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Remeasurements of defined benefit plans	Subscription rights to shares	Non- controlling interests
Balance at March 31, 2015	¥ 357,353	¥ 32,776	¥ 18,652	¥ 181,980	¥ (2,929)	¥ 70,748	¥ (397)	¥ 6,709	¥ (3,360)	¥ 403	¥ 27,229
Dividends from surplus	—	—	—	(2,931)	—	—	—	—	—	—	—
Profit attributable to owners of parent	—	—	—	14,467	—	—	—	—	—	—	—
Purchase of treasury stock	—	—	—	—	(7,978)	—	—	—	—	—	—
Disposal of treasury stock	—	—	835	—	4,130	—	—	—	—	—	—
Reversal of revaluation reserve for land	—	—	—	67	—	—	—	—	—	—	—
Change in treasury shares of parent arising from transactions with non-controlling shareholders	—	—	6,499	—	—	—	—	—	—	—	—
Net changes of items other than shareholders' equity	—	—	—	—	—	(13,746)	(25)	222	(1,062)	104	(12,714)
Total changes of items during the period	—	—	7,335	11,603	(3,848)	(13,746)	(25)	222	(1,062)	104	(12,714)
Balance at March 31, 2016	¥ 357,353	¥ 32,776	¥ 25,987	¥ 193,584	¥ (6,777)	¥ 57,002	¥ (422)	¥ 6,931	¥ (4,423)	¥ 508	¥ 14,515
Dividends from surplus	—	—	—	(3,106)	—	—	—	—	—	—	—
Profit attributable to owners of parent	—	—	—	11,527	—	—	—	—	—	—	—
Purchase of treasury stock	—	—	—	—	(1,505)	—	—	—	—	—	—
Disposal of treasury stock	—	—	(60)	—	579	—	—	—	—	—	—
Retirement of treasury stock	(11,100)	—	(774)	(4,097)	4,871	—	—	—	—	—	—
Reversal of revaluation reserve for land	—	—	—	(56)	—	—	—	—	—	—	—
Net changes of items other than shareholders' equity	—	—	—	—	—	(4,353)	61	56	2,299	(10)	1,026
Total changes of items during the period	—	—	(835)	4,267	3,945	(4,353)	61	56	2,299	(10)	1,026
Balance at March 31, 2017	¥ 346,253	¥ 32,776	¥ 25,152	¥ 197,851	¥ (2,831)	¥ 52,648	¥ (361)	¥ 6,988	¥ (2,123)	¥ 498	¥ 15,542

Thousands of U.S. Dollars

	Capital stock	Capital surplus	Retained earnings	Treasury stock	Valuation difference on available- for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Remeasurements of defined benefit plans	Subscription rights to shares	Non- controlling interests
Balance at March 31, 2016	\$ 292,156	\$ 231,637	\$ 1,725,503	\$ (60,410)	\$ 508,085	\$ (3,769)	\$ 61,787	\$ (39,425)	\$ 4,534	\$ 129,385
Dividends from surplus	—	—	(27,687)	—	—	—	—	—	—	—
Profit attributable to owners of parent	—	—	102,748	—	—	—	—	—	—	—
Purchase of treasury stock	—	—	—	(13,417)	—	—	—	—	—	—
Disposal of treasury stock	—	(542)	—	5,166	—	—	—	—	—	—
Retirement of treasury stock	—	(6,902)	(36,521)	43,423	—	—	—	—	—	—
Reversal of revaluation reserve for land	—	—	(503)	—	—	—	—	—	—	—
Net changes of items other than shareholders' equity	—	—	—	—	(38,803)	547	503	20,494	(89)	9,150
Total changes of items during the period	—	(7,444)	38,036	35,172	(38,803)	547	503	20,494	(89)	9,150
Balance at March 31, 2017	\$ 292,156	\$ 224,192	\$ 1,763,539	\$ (25,237)	\$ 469,281	\$ (3,221)	\$ 62,290	\$ (18,931)	\$ 4,444	\$ 138,535

Consolidated Statements of Cash Flows

Years ended March 31, 2016 and 2017

Millions of Yen

Thousands of
U.S. Dollars

	2016	2017	2017
Net cash provided by (used in) operating activities:			
Profit before income taxes	¥ 24,119	¥ 16,683	\$ 148,708
Adjustments to reconcile profit before income taxes to net cash provided by operating activities:			
Depreciation and amortization	2,522	2,725	24,290
Impairment loss	119	242	2,162
Increase (decrease) in allowance for loan losses	(1,623)	(1,246)	(11,109)
Increase (decrease) in allowance for investment losses	(263)	—	—
Increase (decrease) in provision for contingent loss	(20)	(176)	(1,570)
Increase (decrease) in provision for directors' bonuses	10	(11)	(102)
Increase (decrease) in net defined benefit liability	(8,325)	(484)	(4,314)
Increase (decrease) in provision for directors' retirement benefits	1	3	29
Increase (decrease) in provision for reimbursement of deposits	26	(69)	(619)
Gain on fund management	(51,676)	(49,520)	(441,397)
Financing expenses	3,644	4,533	40,408
Loss (gain) related to securities	(1,398)	(2,378)	(21,198)
Foreign exchange losses (gains)	(0)	(0)	(0)
Loss (gain) on disposal of noncurrent assets	1,361	34	304
Net decrease (increase) in trading account securities	120	378	3,371
Net decrease (increase) in loans and bills discounted	(137,695)	(192,852)	(1,718,979)
Net increase (decrease) in deposit	60,586	129,596	1,155,156
Net increase (decrease) in negotiable certificates of deposit	3,207	19,865	177,069
Net increase (decrease) in borrowed money (excluding subordinated borrowings)	88,901	112,687	1,004,432
Net decrease (increase) in deposit (excluding deposit paid to Bank of Japan)	(65)	51	462
Net decrease (increase) in call loans	3,016	952	8,488
Net increase (decrease) in payables under securities lending transactions	32,515	69,281	617,541
Net decrease (increase) in foreign exchanges-assets	(1,343)	(303)	(2,702)
Net increase (decrease) in foreign exchanges-liabilities	(38)	77	688
Proceeds from fund management	50,987	48,724	434,305
Payments for finance	(3,516)	(4,603)	(41,029)
Other, net	1,297	527	4,699
sub-total	66,472	154,720	1,379,094
Income taxes paid	(9,811)	(4,807)	(42,853)
Total adjustments	32,542	133,229	1,187,532
Net cash provided by (used in) operating activities	¥ 56,661	¥ 149,912	\$ 1,336,240
Net cash provided by (used in) investment activities:			
Purchase of securities	(489,555)	(562,920)	(5,017,563)
Proceeds from sales of securities	295,663	351,924	3,136,857
Proceeds from redemption of securities	243,927	228,873	2,040,049
Purchase of property, plant and equipment	(2,872)	(2,162)	(19,275)
Purchase of intangible assets	(2,900)	(3,693)	(32,920)
Proceeds from sales of property, plant and equipment	128	110	984
Net cash provided by (used in) investment activities:	¥ 44,389	¥ 12,131	\$ 108,133
Net cash provided by (used in) financing activities:			
Cash dividends paid	(2,931)	(3,106)	(27,687)
Dividends paid to non-controlling interests	(23)	(10)	(92)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(2,977)	—	—
Purchase of treasury stock	(7,978)	(1,505)	(13,417)
Proceeds from sales of treasury stock	1,233	279	2,492
Net cash provided by (used in) financing activities	¥ (12,677)	¥ (4,342)	\$ (38,704)
Effect of exchange rate change on cash and cash equivalents	0	0	0
Net increase (decrease) in cash and cash equivalents	88,373	157,702	1,405,670
Cash and cash equivalents at beginning of the year	359,127	447,500	3,988,776
Cash and cash equivalents at the end of the year	¥ 447,500	¥ 605,202	\$ 5,394,446

Notes To Consolidated Financial Statements

March 31, 2016 and 2017

1. Basis of presenting consolidated financial statements

The Daishi Bank, Ltd., (the “Bank”) and its consolidated domestic subsidiaries maintain their official accounting records in Japanese yen in accordance with the provisions set forth in the Japanese Corporation Law, the Bank Law of Japan, and the Financial Instruments and Exchange Law, and in conformity with accounting principles and practices generally accepted in Japan (“Japanese GAAP”). Certain accounting principles and practices generally accepted in Japan are different from International Financial Reporting Standards and standards in other countries in certain respects as to application and disclosure requirements. Accordingly, the accompanying consolidated financial statements are intended for use by those who are informed about Japanese accounting principles and practices.

The accompanying consolidated financial statements have been restructured and translated into English with some expanded descriptions and the inclusion of consolidated statements of stockholders’ equity from the consolidated financial statements of the Bank which were prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Law. Some supplementary information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

Amounts less than one million yen have been omitted. As a result, the totals in Japanese yen shown in the financial statements do not necessarily agree with the sum of the individual amounts.

The translations of the Japanese yen amounts into U.S.Dollars are included solely for the convenience of the readers, using the prevailing exchange rate on March 31, 2017, which was ¥112.19 to U.S. \$1. These convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be converted into U.S. dollars at this or any other rate of exchange.

2. Significant accounting policies

Consolidation

The consolidated financial statements include the accounts of the Bank and all of its significant subsidiaries (together, the “Group”). The number of consolidated subsidiaries as of March 31, 2017 and 2016 was 7. All significant intercompany balances and transactions have been eliminated.

Cash and cash equivalents

In preparing the consolidated statements of cash flows, cash and due from THE BANK OF JAPAN are considered to be cash and cash equivalents.

Trading account securities

The Bank’s trading account securities are stated at fair market value, and unrealized gains or losses are recognized in the consolidated statements of income.

Realized gains or losses on sale of such securities are

primarily computed using the moving-average cost.

Securities

According to the Japanese Accounting Standards for Financial Instruments, securities are classified as follows based on their intention of holdings: (a) securities held for trading purposes (hereafter, “trading securities”), (b) debt securities intended to be held to maturity (hereafter, “held-to-maturity debt securities”), (c) equity securities issued by subsidiaries and affiliated companies, and (d) for all other securities that are not classified in any of the above categories (hereafter, “available-for-sale securities”)

Trading securities are stated at fair market value. Gains and losses realized on disposal and unrealized gains and losses from market value fluctuations are recognized as gains or losses in the period of the change.

Held-to-maturity debt securities are stated at amortized cost. Equity securities issued by subsidiaries and affiliated companies which are not consolidated or accounted for using the equity method are stated at moving-average cost.

Available-for-sale securities with available fair values are stated at fair value. Unrealized gains and unrealized losses on these securities are reported, net of applicable income taxes, as a separate component of net assets. Realized gains and losses on sale of such securities are computed using moving-average cost.

Other securities whose fair value is judged to be difficult to determine are stated at moving-average cost.

If there is significant decline in the market value of held-to-maturity debt securities, equity securities issued by unconsolidated subsidiaries and affiliated companies, and available-for-sale securities, such securities are stated at fair value and the difference between fair value and the carrying amount is recognized as loss in the period of the decline. If the fair value of equity securities issued by unconsolidated subsidiaries and affiliated companies not on the equity method is not readily available, such securities should be written down to net asset value with a corresponding charge in the income statement in the event that net asset value declines significantly. In these cases, such fair value or the net asset value will be the carrying amount of the securities at the beginning of the next year.

Derivatives

Derivative financial instruments are stated at fair value and changes in the fair value are recognized as gains or losses unless derivative financial instruments are used for hedging purposes.

Property, plant and equipment (excluding lease assets)

Property, plant and equipment are stated at cost less accumulated depreciation.

Depreciation of property, plant and equipment is computed mainly using the declining-balance method while the straight-line method is applied to buildings, building-attached facilities and structures acquired after April 1, 2016 at rates based on the estimated useful lives of respective assets. The estimated useful lives of major items are as follows:

Buildings; 10 – 50 years
Others; 2 – 20 years

Intangible assets (excluding lease assets)

Intangible assets are amortized on a straight-line depreciation.

Software for internal use is amortized on a straight-line basis over its estimated useful life (5 – 9 years).

Lease assets

Among “property, plant and equipment” and “intangible assets”, lease assets relating to finance leases which do not transfer ownership to lessees are amortized on the straight-line method over the lease term. For residual value, residual value guarantees decided upon based on lease contracts are shown at the aforementioned residual value guarantee amount, others are shown as zero.

Foreign currency translation

Assets and liabilities denominated in foreign currencies are translated into Japanese yen at the exchange rates prevailing on the balance sheet date.

Allowance for loan losses

For loans to insolvent customers who are undergoing bankruptcy or other collection proceeding or in a similar financial condition, allowance for loan losses is provided in the full amount of such loans, excluding the portion that is estimated to be recoverable due to available security interests or guarantees.

For the unsecured and unguaranteed portions of loans to customers not presently in the above circumstances but for which there is a high probability of so becoming, the allowance for loan losses is provided for estimated unrecoverable amounts determined after evaluating the customer’s overall financial conditions.

For other loans, allowance for loan losses are provided based on the rate of the Bank’s actual loan losses in the past.

All branches and other business related sections evaluate all loans in accordance with the self-assessment rule, and their evaluations are audited by the asset audit section, which is independent from branches and other business related sections, and the evaluations are revised as required based on the audits.

Also, consolidated subsidiaries provide for an allowance for loan losses. It consists of the estimated uncollectible amount with respect to identified doubtful accounts and an amount calculated mainly using the rate of actual loan losses in the past.

Loans to insolvent customers who are undergoing bankruptcy or other collection proceedings or in a similar financial condition are stated net of estimated uncollectible amount equal to the full amount of such loans less the portion that is estimated to be recoverable due to available security interests or guarantees.

Such estimated uncollectible amounts directly deducted from receivables amounted to ¥12,163 million and ¥10,501 million (\$93,605 thousand) at March 31, 2016 and 2017, respectively.

Accounting method for retirement benefits

For the calculation of retirement benefit obligations, the benefit formula criteria is used as a way to attribute the estimated retirement benefit amount into the period ending the current consolidated fiscal year. In addition, the following is the

treatment method of the past service cost and the actuarial gains and loss.

Past service cost: Treatment of gains and loss through straight-line method for the fixed amount of years (10 years) during the average remaining working lives of employees in practice.

Actuarial gains and loss: Treatment of gains and loss from the following consolidated fiscal year of the distributed amount resulting from the straight-line method of the fixed amount of years (10 years) during the average remaining working lives of employees in practice for each consolidated fiscal year.

For the calculation of the liabilities concerning retirement benefits and retirement benefit cost, some consolidated subsidiaries have applied the simplified method where the voluntary accrued benefits at the end of the year pertaining to retirement benefits will be deemed as retirement benefit obligations.

Provision for directors’ retirement benefits

The reserve for directors’ retirement benefits of the consolidated subsidiaries is appropriated in the amount of the portion of expected total retirement-benefit payment that is recognized as generated in the consolidated fiscal year under review, to provide for payment of retirement benefits to directors.

Provision for reimbursement of deposits

Reserves against refund of inactive bank accounts are prepared against repayment losses that may be incurred when the holders of inactive bank accounts with suspended liability appropriation demand repayment. These reserves are prepared in the amount of the estimated future repayment loss based on past repayment results.

Provision for directors’ bonuses

Provision for directors’ bonuses is appropriated as the total amount of bonuses expected to be paid to directors within the current consolidated fiscal year.

Provision for contingent loss

The reserve for contingent liabilities is a reserve for unexpected or incidental losses not covered by the other reserves. Losses expected to occur in the future are estimated, and the amount deemed necessary is appropriated.

Reserves under the special laws

Reserves under the special laws are reserves for financial products transaction liabilities in securities business consolidated subsidiaries, and in order to compensate for any losses incurred with respect to securities futures, etc., are appropriated at an amount calculated based on the establishment of article 46, provision 5 of the Financial Instruments and Exchange Law.

Lease transaction revenue/expense appropriation standards

Revenue/expense appropriation standards concerning finance lease transactions depend on the appropriation method for proceeds and costs of sales at the time of lease charge acceptance.

Hedge accounting

① Hedge accounting for interest rate risk

As hedge accounting for interest rate risk accompanying various financial assets and liabilities, the Bank applies individual hedges directly responding to the hedged item and the hedging instrument for some assets and liabilities, treating them as deferred hedges. The effectiveness of a hedge is assessed through the integrated management of the hedging instrument and the hedged item, and verifying whether interest risks associated with the hedged item are being mitigated by the hedging instrument.

In addition, for interest rate swap that fulfills the requirements for the exceptional accrual method, the assessment of hedge effectiveness is omitted.

② Hedge accounting for exchange rate risk

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

The effectiveness of such hedge accounting is assessed by considering currency swap transactions, which are for the purpose of offsetting foreign exchange risks arising from foreign-currency-denominated financial assets and liabilities as hedge methods, and by verifying the existence of foreign-currency-position of such hedging methods matching up to the foreign-currency-denominated assets and liabilities of the hedging objects.

Amounts per share

Computation of net income per share is based on the weighted-average number of capital shares outstanding during each year.

Cash dividends per share represent the actual amounts declared as applicable to the respective years.

Cash and cash equivalents

The reconciliation of cash and due from banks in the consolidated balance sheets and cash and cash equivalents in the consolidated statements of cash flows for 2016 and 2017 is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2017	2017
Cash and due from banks	¥ 448,898	¥ 606,548	\$ 5,406,440
Other	(1,397)	(1,345)	(11,994)
Cash and cash equivalents	¥ 447,500	¥ 605,202	\$ 5,394,446

(Changes in accounting policies)

Accompanying a revision in the corporate tax law, the “Practical Solution on a Change in Depreciation Method Due to Tax Reform 2016” (Business Practice Report No. 32, announced on June 17, 2016) has been applied from the current fiscal year, and accordingly the depreciation method for building-attached facilities and structures acquired on and after April 1, 2016 has been changed from the declining-balance method to the straight-line method.

Note that this change has a minimal impact on ordinary profit and profit before income taxes in the current fiscal year.

(Changes in accounting principles that are difficult to distinguish from changes in accounting estimates)

The depreciation method for buildings acquired on and after April 1, 2016 has been changed from the declining-balance method to the straight-line method.

Accompanying a revision in the corporate tax law, the “Practical Solution on a Change in Depreciation Method Due to Tax Reform 2016” (Business Practice Report No. 32, announced on June 17, 2016) has been applied, and accordingly the depreciation method for building-attached facilities and structures acquired on and after April 1, 2016 has been changed from the declining-balance method to the straight-line method. Accompanying this, the method was changed for the actual buildings as well as it was deemed that using the same depreciation method that focused on the joint use up until now would appropriately reflect the realities of the business in the profits and loss for the period.

Note that this change has a minimal impact on ordinary profit and profit before income taxes in the current fiscal year.

(Additional information)

(Transactions of Delivering the Company’s Own Stock to Employees etc. through Trusts)

(1) Overview of transaction

Since November 13, 2015, as part of the welfare program for the employees, the Bank has been allocating its own stocks to the Employee Stock Ownership Association through the Special Trust.

This is an incentive plan for all employees who are members of Daishi Bank Employee Stock Ownership Association (hereinafter, “the Association”). In this plan, the Bank will set up a Daishi Bank Employee Stock Ownership Association Special Trust (hereinafter, the “Employee Special Trust”) in the trust bank. The Employee Special Trust will acquire in advance the number of Bank stocks that the Association expects to obtain by 2020. The Bank stocks will then be continuously allocated to the Association from the Employee Special Trust. Also, in the case of an accumulated amount equivalent to profit on the sale of stocks in the Employee Special Trust at the time of its maturity, the said amount will be distributed as a remaining asset to those who qualify as recipients. Further, the Bank will act as the guarantor for a loan to enable the Employee Special Trust to acquire the Bank stocks. In the event that a fall in the Bank stock price generates an accumulated loss on the sale of stocks in the Employee

Special Trust and at the time of its maturity there is a remaining debt equivalent to the said loss, the Bank will liquidate the said remaining debt in accordance with the guarantee contract.

(2) The Bank stocks held by the Employee Special Trust

The remaining stocks of the Bank in the Trust is booked as Treasury stock in the Net Assets section. The book value and number of shares of the Treasury stock is 939 million yen and 1,636,000 shares, respectively.

(3) The book value of the loan that has been booked through the adoption of the total method:

1,054 million yen.

(Application of Implementation Guidance on Recoverability of Deferred Tax Assets)

“Implementation Guidance on Recoverability of Deferred Tax Assets” (Corporate Accounting Standards Adoption Guide No. 26, announced on March 28, 2016) has been applied from the current fiscal year.

3. Issues relating to fair value, etc. of financial instruments

The consolidated balance sheet amounts, fair values, and their differences as of March 31, 2016 and 2017 are as follows.

Non-listed stock, etc. whose fair value is judged to be difficult to determine are not included in the following charts (see Note 1).

	Millions of Yen		
	2016		Difference
	Book value	Fair value	
(1) Cash and due from banks	¥ 448,898	¥ 448,898	—
(2) Securities			
Trading securities	1	1	—
Held-to-maturity debt securities	77,676	82,268	4,591
Other securities	1,703,098	1,703,098	—
(3) Loans	2,949,815		
Allowance for loan losses	(14,616)		
	2,935,199	2,967,862	32,663
Asset capital	¥ 5,164,873	¥ 5,202,128	¥ 37,255
(1) Deposits	4,345,839	4,346,063	(224)
(2) Negotiable deposit	199,197	199,198	(0)
(3) Payables under securities			
lending transactions	192,047	192,047	—
(4) Borrowed money	197,067	197,119	(51)
Total liabilities	¥ 4,934,151	¥ 4,934,428	¥ (276)
Derivative transactions			
Hedge accounting not applied	1,764	1,764	—
Hedge accounting applied	(2,856)	(3,363)	(507)
Total derivative transactions	¥ (1,092)	¥ (1,599)	¥ (507)

	Millions of Yen		
	2017		Difference
	Book value	Fair value	
(1) Cash and due from banks	¥ 606,548	¥ 606,548	—
(2) Securities			
Trading securities	2	2	—
Held-to-maturity debt securities	75,903	79,352	3,449
Other securities	1,685,955	1,685,955	—
(3) Loans	3,142,667		
Allowance for loan losses	(13,733)		
	3,128,933	3,144,111	15,178
Asset capital	¥ 5,497,343	¥ 5,515,971	¥ 18,628
(1) Deposits	4,475,436	4,475,649	(213)
(2) Negotiable deposit	219,063	219,063	(0)
(3) Payables under securities			
lending transactions	261,329	261,329	—
(4) Borrowed money	309,754	309,780	(25)
Total liabilities	¥ 5,265,583	¥ 5,265,822	¥ (239)
Derivative transactions			
Hedge accounting not applied	673	673	—
Hedge accounting applied	(744)	(1,177)	(432)
Total derivative transactions	¥ (70)	¥ (503)	¥ (432)

	Thousands of U.S. Dollars		
	2017		Difference
	Book value	Fair value	
(1) Cash and due from banks	\$ 5,406,440	\$ 5,406,440	—
(2) Securities			
Trading securities	20	20	—
Held-to-maturity debt securities	676,558	707,308	30,750
Other securities	15,027,683	15,027,683	—
(3) Loans	28,012,011		
Allowance for loan losses	(122,416)		
	27,889,594	28,024,886	135,291
Asset capital	\$ 49,000,297	\$ 49,166,338	\$ 166,041
(1) Deposits	39,891,578	39,893,477	(1,899)
(2) Negotiable deposit	1,952,609	1,952,614	(5)
(3) Payables under securities			
lending transactions	2,329,344	2,329,344	—
(4) Borrowed money	2,760,984	2,761,213	(228)
Total liabilities	\$ 46,934,516	\$ 46,936,650	\$ (2,133)
Derivative transactions			
Hedge accounting not applied	6,007	6,007	—
Hedge accounting applied	(6,639)	(10,492)	(3,852)
Total derivative transactions	\$ (632)	\$ (4,485)	\$ (3,852)

(Note 1) The financial instruments whose fair value is judged to be difficult to determine are as follows. They are not included in “Assets Other securities” in fair value information for financial instruments.

	Millions of Yen		Thousands of U.S. Dollars
	2016	2017	2017
① Listed stock	¥ 2,796	¥ 2,771	\$ 24,707
② Associated investments, etc.	1,097	1,341	11,959
Total	¥ 3,894	¥ 4,113	\$ 36,666

(Note 2) The scheduled repayment amount after the consolidated balance sheet date for monetary claims and matured securities.

	Millions of Yen					
	2016					
	Within 1 year	1 to 3 years	3 to 5 years	5 to 7 years	7 to 10 years	Over 10 years
Due from banks	¥ 412,369	—	—	—	—	—
Securities						
Held-to-maturity debt securities	1,621	9,453	40,434	26,089	—	—
Those that are Japanese government bonds	—	7,000	39,000	26,000	—	—
Japanese local government bonds	—	—	—	—	—	—
Corporate bonds	1,621	2,453	1,434	89	—	—
Other securities	234,763	449,775	531,260	125,505	153,721	1,614
Those that are Japanese government bonds	156,100	238,900	227,500	79,000	89,000	—
Japanese local government bonds	9,657	48,925	39,486	28,075	33,580	—
Corporate bonds	12,097	84,625	53,979	14,054	11,449	—
Loans	396,102	608,367	545,230	243,260	278,022	473,383
Total	¥ 1,044,857	¥ 1,067,595	¥ 1,116,924	¥ 394,855	¥ 431,744	¥ 474,998

	Millions of Yen					
	2017					
	Within 1 year	1 to 3 years	3 to 5 years	5 to 7 years	7 to 10 years	Over 10 years
Due from banks	¥ 569,881	—	—	—	—	—
Securities						
Held-to-maturity debt securities	2,184	14,737	58,729	193	—	—
Those that are Japanese government bonds	1,000	13,000	58,000	—	—	—
Japanese local government bonds	—	—	—	—	—	—
Corporate bonds	1,184	1,737	729	193	—	—
Other securities	215,322	525,593	361,960	122,432	220,771	6,036
Those that are Japanese government bonds	116,000	273,100	119,300	74,000	17,000	5,000
Japanese local government bonds	27,989	52,788	25,425	15,550	84,185	—
Corporate bonds	38,107	88,002	44,585	18,774	11,638	—
Loans	444,065	639,467	529,726	276,510	311,728	525,299
Total	¥ 1,231,453	¥ 1,179,798	¥ 950,416	¥ 399,135	¥ 532,499	¥ 531,335

	Thousands of U.S. Dollars					
	2017					
	Within 1 year	1 to 3 years	3 to 5 years	5 to 7 years	7 to 10 years	Over 10 years
Due from banks	\$ 5,079,611	—	—	—	—	—
Securities						
Held-to-maturity debt securities	19,466	131,359	523,482	1,720	—	—
Those that are Japanese government bonds	8,913	115,874	516,980	—	—	—
Japanese local government bonds	—	—	—	—	—	—
Corporate bonds	10,553	15,484	6,502	1,720	—	—
Other securities	1,919,263	4,684,855	3,226,312	1,091,292	1,967,833	53,803
Those that are Japanese government bonds	1,033,960	2,434,263	1,063,374	659,595	151,528	44,567
Japanese local government bonds	249,478	470,527	226,624	138,604	750,384	—
Corporate bonds	339,671	784,403	397,413	167,348	103,734	—
Loans	3,958,158	5,699,864	4,721,695	2,464,662	2,778,573	4,682,233
Total	\$10,976,500	\$10,516,079	\$ 8,471,490	\$ 3,557,675	\$ 4,746,406	\$ 4,736,036

(Note 3) The scheduled repayment amount after the consolidated balance sheet date for borrowed money and other interest-bearing debt.

	Millions of Yen					
	2016					
	Within 1 year	1 to 3 years	3 to 5 years	5 to 7 years	7 to 10 years	Over 10 years
Deposits	¥ 4,001,128	¥ 314,087	¥ 23,522	¥ 4,024	¥ 3,076	—
Negotiable deposit	198,597	600	—	—	—	—
Payables under securities lending transactions	192,047	—	—	—	—	—
Borrowed money	14,576	63,333	118,460	519	149	26
Total	¥ 4,406,350	¥ 378,021	¥ 141,983	¥ 4,543	¥ 3,226	¥ 26

	Millions of Yen					
	2017					
	Within 1 year	1 to 3 years	3 to 5 years	5 to 7 years	7 to 10 years	Over 10 years
Deposits	¥ 4,148,188	¥ 298,316	¥ 24,099	¥ 2,105	¥ 2,726	—
Negotiable deposit	218,852	211	—	—	—	—
Payables under securities lending transactions	261,329	—	—	—	—	—
Borrowed money	11,607	178,662	118,806	520	137	20
Total	¥ 4,639,977	¥ 477,190	¥ 142,905	¥ 2,626	¥ 2,863	¥ 20

	Thousands of U.S. Dollars					
	2017					
	Within 1 year	1 to 3 years	3 to 5 years	5 to 7 years	7 to 10 years	Over 10 years
Deposits	\$ 36,974,674	\$ 2,659,030	\$ 214,805	\$ 18,767	\$ 24,298	—
Negotiable deposit	1,950,728	1,880	—	—	—	—
Payables under securities lending transactions	2,329,344	—	—	—	—	—
Borrowed money	103,462	1,592,503	1,058,975	4,639	1,225	178
Total	\$ 41,358,210	\$ 4,253,414	\$ 1,273,781	\$ 23,407	\$ 25,524	\$ 178

4. Securities

(A) The following tables summarize acquisition costs, book values, fair value, and other information of securities with available fair values as of March 31, 2016 and 2017:

(1) Trading securities

	Millions of Yen		Thousands of U.S. Dollars
	2016	2017	2017
Book value	¥ 2,252	¥ 1,875	\$ 16,718
Amount of net unrealized gains included in the income statement	20	7	68

(2) Held-to-maturity debt securities

	Millions of Yen		Thousands of U.S. Dollars
	2016	2017	2017
Book value	¥ 77,676	¥ 75,903	\$ 676,558
Fair value	82,268	79,352	707,308
Difference	4,591	3,449	30,750

(3) Available-for-sale securities

	Millions of Yen		
	2016		
	Acquisition cost	Book value	Difference
Stocks	¥ 69,316	¥ 112,368	¥ 43,052
Bonds	1,129,268	1,159,920	30,651
Other than stocks and bonds	424,218	434,113	9,894
Total	¥ 1,622,802	¥ 1,706,402	¥ 83,599

	Millions of Yen		
	2017		
	Acquisition cost	Book value	Difference
Stocks	¥ 71,965	¥ 131,100	¥ 59,134
Bonds	1,012,956	1,032,950	19,993
Other than stocks and bonds	525,728	524,246	(1,481)
Total	¥ 1,610,650	¥ 1,688,297	¥ 77,646

	Thousands of U.S. Dollars		
	2017		
	Acquisition cost	Book value	Difference
Stocks	\$ 641,462	\$ 1,168,556	\$ 527,093
Bonds	9,028,940	9,207,150	178,209
Other than stocks and bonds	4,686,050	4,672,847	(13,202)
Total	\$ 14,356,454	\$ 15,048,554	\$ 692,100

(B) Held-to-maturity debt securities sold in the year ended March 31, 2016 were ¥4,008 million and the related gain was ¥3 million, and those sales in the year ended March 31, 2017 were not applicable.

(C) Valuation difference on available-for-sale securities at March 31, 2016 and 2017 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2017	2017
Difference between Cost and Fair Value on available-for-sale securities	¥ 83,599	¥ 77,646	\$ 692,100
Deferred tax liability	(25,039)	(23,207)	(206,859)
Sub-total	58,559	54,439	485,240
Non-controlling interests	(1,557)	(1,790)	(15,958)
Valuation difference on Available-for-sale securities	¥ 57,002	¥ 52,648	\$ 469,281

(D) Total sales of available-for-sale securities sold in the year ended March 31, 2016 amounted to ¥235,096 million and the related gains and losses amounted to ¥4,034 million and ¥2,258 million, respectively, and those sales in the year ended March 31, 2017 amounted to ¥271,462 million (\$2,419,663 thousand) and the related gains and losses amounted to ¥5,315 million (\$47,381 thousand) and ¥2,740 million (\$24,424 thousand), respectively.

5. Derivative financial instruments

The Bank engages in derivative transactions to mitigate interest rate risk and liquidity risk of foreign currencies in the normal course of asset-liability management (ALM), and to meet customers' needs. The Bank established the ALM committee and Risk Control Team to assess derivative transactions and market risks surrounding these transactions according to the Bank's policy regarding derivative transactions. The Risk Control Team analyzes risks related to derivative transactions and reports to the ALM committee for review every month.

The Bank's consolidated subsidiaries did not engage in any derivative transactions for the years ended March 31, 2016 and 2017.

The following tables summarized the underlying notional principal amounts and fair values for outstanding derivative financial instruments by risk category and instrument type at March 31, 2016 and 2017:

(1) Interest rate-related transaction

	Millions of Yen		Thousands of U.S. Dollars	
	2016		2017	
	Notional principal amount	Fair value	Notional principal amount	Fair value
Swap:				
Receive fixed – pay variable rate	¥ 37,179	¥ 683		
Receive variable – pay fixed rate	37,179	(441)		
Option:				
Sell	7,322	(0)		
Buy	7,423	0		
	Millions of Yen		Thousands of U.S. Dollars	
	2017		2017	
	Notional principal amount	Fair value	Notional principal amount	Fair value
Swap:				
Receive fixed – pay variable rate	¥ 54,246	¥ 627	\$ 483,519	\$ 5,595
Receive variable – pay fixed rate	54,246	(155)	483,519	(1,384)
Option:				
Sell	2,104	(1)	18,755	(13)
Buy	2,181	1	19,441	9

(2) Foreign exchange-related transactions

	Millions of Yen		Thousands of U.S. Dollars	
	2016		2017	
	Notional principal amount	Fair value	Notional principal amount	Fair value
Currency Swap:	¥ 21,278	¥ 32		
Foreign exchange contract:				
Sell	36,521	1,532		
Buy	13,415	(42)		
Currency options:				
Sell	214,091	(8,506)		
Buy	214,076	8,506		

	Millions of Yen		Thousands of U.S. Dollars	
	2017		2017	
	Notional principal amount	Fair value	Notional principal amount	Fair value
Currency Swap:	¥ 14,513	¥ 21	\$ 129,368	\$ 194
Foreign exchange contract:				
Sell	36,495	396	325,296	3,531
Buy	40,074	(217)	357,205	(1,940)
Currency options:				
Sell	161,813	(5,115)	1,442,314	(45,598)
Buy	161,808	5,117	1,442,273	45,611

Fair values of interest rate and currency swap contracts are estimated based on discounted cash flow method.

Derivative transactions for which hedge accounting is applied are excluded from the table above.

6. Information for certain lease transactions

(Finance lease transactions)

1. Lease receivables among lease investment assets, estimated residual value, and equivalent interest/dividends received values

	Millions of Yen		Thousands of U.S. Dollars
	2016	2017	2017
Cost estimation residual value amounts	¥ 33,110	¥ 33,503	\$ 298,629
Estimated residual value	1,092	1,046	9,326
Equivalent interest/dividends received values	(4,502)	(4,335)	(38,645)
Lease investment assets	¥ 29,700	¥ 30,213	\$ 269,310

2. Estimated receivables for lease receivables amounts after the consolidated balance sheet date regarding lease credit and lease investment assets.

(1) Lease credit

	Millions of Yen		Thousands of U.S. Dollars
	2016	2017	2017
Due within 1 year	¥ 921	¥ 964	\$ 8,596
Due after 1 year but within 2 years	790	871	7,765
Due after 2 years but within 3 years	660	636	5,676
Due after 3 years but within 4 years	430	494	4,408
Due after 4 years but within 5 years	305	382	3,408
Due after 5 years	514	375	3,350
Total	¥ 3,623	¥ 3,725	\$ 33,205

(2) Lease investment assets

	Millions of Yen		Thousands of U.S. Dollars
	2016	2017	2017
Due within 1 year	¥ 9,989	¥ 9,784	\$ 87,217
Due after 1 year but within 2 years	7,843	8,013	71,425
Due after 2 years but within 3 years	6,049	6,205	55,308
Due after 3 years but within 4 years	4,263	4,226	37,671
Due after 4 years but within 5 years	2,312	2,733	24,366
Due after 5 years	2,651	2,539	22,638
Total	¥ 33,110	¥ 33,503	\$ 298,629

(Operating lease transactions)

1. Lessees

Not applicable

2. Lessors

Future minimum lease receipts under non-cancelable finance and operating leases

	Millions of Yen		Thousands of U.S. Dollars
	2016	2017	2017
Due within 1 year	¥ 143	¥ 108	\$ 966
Due after 1 year	126	116	1,034
Total	¥ 270	¥ 224	\$ 2,000

7. Loans and bills discounted

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

	Millions of Yen		Thousands of U.S. Dollars
	2016	2017	2017
Loans on notes	¥ 58,041	¥ 66,299	\$ 590,957
Loans on deeds	2,512,522	2,684,516	23,928,308
Bills discounted	14,674	12,320	109,820
Overdrafts	354,262	368,566	3,285,203
Other	10,314	10,963	97,722
Total	¥ 2,949,815	¥ 3,142,667	\$ 28,012,011

Non-accrual loans, accrual loans past due over more than three months, and restructured loans at March 31, 2016 and 2017 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2017	2017
Non-accrual loans:			
Loans to borrowers under bankruptcy proceedings	¥ 1,328	¥ 1,116	\$ 9,948
Loans past due six months or more	51,516	46,595	415,323
Total non-accrual loans	¥ 52,845	¥ 47,711	\$ 425,272
Accrual loans past due over more than three months	¥ 150	¥ 798	\$ 7,118
Restructured loans-adjusted the terms in favor of borrowers for financial assistance	¥ 4,220	¥ 4,255	\$ 37,929

8. Deposits

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

	Millions of Yen		Thousands of U.S. Dollars
	2016	2017	2017
Current deposits	¥ 222,838	¥ 231,370	\$ 2,062,311
Ordinary deposits	2,454,917	2,606,556	23,233,412
Negotiable certificates of deposits	199,197	219,063	1,952,609
Savings deposits	27,480	26,874	239,547
Deposits at notice	11,195	21,151	188,537
Time deposits	1,518,748	1,478,164	13,175,548
Other deposits	110,658	111,317	992,222
Total	¥ 4,545,036	¥ 4,694,499	\$ 41,844,187

9. Assets Pledged

Assets pledged as collateral and related liabilities at March 31, 2016 and 2017 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2017	2017
Assets pledged:			
Securities	¥ 504,795	¥ 596,544	\$ 5,317,270
Related liabilities:			
Deposits	73,601	76,917	685,601
Payables under securities lending transactions	192,047	261,329	2,329,344
Borrowed money	184,507	299,714	2,671,493

In addition, the following assets were pledged as collateral for settlement of exchange, short-term financial transaction, and forward exchange contracts.

	Millions of Yen		Thousands of U.S. Dollars
	2016	2017	2017
Trading account securities	¥ 20	¥ 20	\$ 181
Securities	37,546	32,815	292,502
Total	¥ 37,567	¥ 32,836	\$ 292,684

Other assets include cash collateral paid for financial instruments and guarantee deposits, and the amounts are as follows.

	Millions of Yen		Thousands of U.S. Dollars
	2016	2017	2017
Cash collateral paid for financial instruments	¥ 1,879	¥ 3,432	\$ 30,592
Guarantee deposits	1,118	1,141	10,172
Total	¥ 2,998	¥ 4,573	\$ 40,764

10. Employee's severance and pension benefits

1. Defined benefit system

(1) Adjustment table for the opening and closing balances of retirement benefit obligations (excluding systems for which the simplified method has been applied)

	Millions of Yen		Thousands of U.S. Dollars
	2016	2017	2017
Restated balance	¥ 46,836	¥ 46,531	\$ 414,758
Service costs – benefits earned during the year	1,086	1,090	9,722
Interest cost on projected benefit obligation	466	463	4,132
Actuarial gains and losses accrued amount	320	410	3,662
Retirement benefit payment amount	(2,268)	(2,247)	(20,032)
Past service cost accrued amount	—	—	—
Other	89	86	767
Closing balances of retirement benefit obligations	¥ 46,531	¥ 46,335	\$ 413,012

(2) Adjustment table for the opening and closing balances of pension assets (excluding systems for which the simplified method has been applied)

	Millions of Yen		Thousands of U.S. Dollars
	2016	2017	2017
Opening balances of the pension assets	¥ 34,134	¥ 40,762	\$ 363,333
Expected return on plan assets	590	743	6,625
Actuarial gains and losses accrued amount	(1,745)	2,381	21,222
Contributions from the business owner	3,374	1,949	17,377
Retirement benefit payment amount	(1,681)	(1,709)	(15,241)
Contribution to retirement benefit trust	6,000	—	—
Other	89	86	767
Closing balances of the pension assets	¥ 40,762	¥ 44,212	\$ 394,086

(3) Adjustment table for the opening and closing balances of retirement benefit obligations of systems for which the simplified method has been applied

	Millions of Yen		Thousands of U.S. Dollars
	2016	2017	2017
Opening balances of retirement benefit obligations	¥ 787	¥ 809	\$ 7,212
Severance and retirement benefit expenses	90	62	555
Retirement benefit payment amount	(46)	(21)	(192)
Contributions to the system	(22)	—	—
Reduction accompanying transfer to a defined contribution pension plan	—	(186)	(1,666)
Closing balances of retirement benefit obligations	¥ 809	¥ 662	\$ 5,909

(4) Adjustment table for the closing balances of retirement benefit obligations and pension assets and retirement benefit obligations and retirement benefit assets recorded on the consolidated balance sheets

	Millions of Yen		Thousands of U.S. Dollars
	2016	2017	2017
Savings-type system retirement benefit obligations	¥ 47,360	¥ 46,335	\$ 413,012
Pension assets	(41,031)	(44,212)	(394,086)
	6,328	2,123	18,926
Non-savings-type system retirement benefit obligations	249	662	5,909
Net liabilities and assets recorded on the consolidated balance sheets	¥ 6,578	¥ 2,786	\$ 24,835

(Note) Include systems for which the simplified method has been applied.

	Millions of Yen		Thousands of U.S. Dollars
	2016	2017	2017
Retirement benefit obligations	¥ 6,578	¥ 2,786	\$ 24,835
Retirement benefit assets	—	—	—
Net liabilities and assets recorded on the consolidated balance sheets	¥ 6,578	¥ 2,786	\$ 24,835

(5) Retirement benefit costs and amounts for breakdown items

	Millions of Yen		Thousands of U.S. Dollars
	2016	2017	2017
Service costs – benefits earned during the year	¥ 1,086	¥ 1,090	\$ 9,722
Interest cost on projected benefit obligation	466	463	4,132
Expected return on plan assets	(590)	(743)	(6,625)
Amortization of actuarial gains and losses	712	1,400	12,480
Amortization of past service costs	(62)	(62)	(552)
Retirement benefit costs calculated through the simplified method	90	62	555
Other	72	63	563
Retirement benefit for the defined-benefit system	¥ 1,776	¥ 2,274	\$ 20,277

(6) Adjustments pertaining to retirement benefits

The breakdown of items (before tax credit) adjusted for retirement benefits is as follows.

	Millions of Yen		Thousands of U.S. Dollars
	2016	2017	2017
Actuarial gains and losses	¥ (62)	¥ (62)	\$ (552)
Past service costs	(1,352)	3,370	30,040
Total	¥ (1,414)	¥ 3,308	\$ 29,488

(7) Cumulative adjustments for retirement benefits

The breakdown of the items recorded under adjustments for retirement benefits (before tax effect exemption) is as follows.

	Millions of Yen		Thousands of U.S. Dollars
	2016	2017	2017
Unrecognized prior service costs	¥ (274)	¥ (212)	\$ (1,889)
Unrecognized actuarial gains and losses	6,638	3,268	29,129
Total	¥ 6,364	¥ 3,056	\$ 27,239

(8) Matters concerning pension assets

- ① The ratios for each major category of assets among total pension assets are as follows.

	2016	2017
Bonds	30%	35%
Stocks	22%	33%
Cash and deposits	15%	0%
General accounts	26%	25%
Other	5%	4%
Total	100%	100%

(Note) In total pension assets, the retirement benefit trust established for the corporate pension plan accounted for 8% during the previous consolidated fiscal year and 12% during the current consolidated fiscal year, and the retirement benefit trust established for the lump-sum pension plan accounted for 14% during the previous consolidated fiscal year and 14% during the current consolidated fiscal year.

- ② Method for determining the expected long-term investment return

In determining the expected long-term investment return, estimates are made of the current and expected distributions of pension assets and the current and expected long-term return rate from the various assets that compose the pension assets.

(9) Matters concerning calculation assumptions for actuarial calculations

Major calculation assumptions for actuarial calculations at the end of the fiscal year

	2016	2017
Discount rate	1.00%	1.00%
Expected long-term investment return	0%~2.0%	0%~2.0%
Projected promotion rate	1.40%~9.23%	1.51%~9.05%

2. Defined contribution system

The Bank's and its consolidated subsidiaries required contribution to defined contribution system was 217 million yen for the previous fiscal year and 229 million yen for the current fiscal year.

11. Income taxes

The Bank is subject to a number of taxes levied on income, which, in the aggregate, indicate a statutory rate in Japan of approximately 32.8% for the year ended March 31, 2016 and 30.7% for the year ended March 31, 2017.

The following table summarizes the significant differences between the statutory tax rate and the Bank's effective tax rate for financial statement purposes for the years ended March 31, 2016 and 2017:

	2016	2017
Statutory tax rate	32.8%	30.7%
Decrease (increase) of valuation allowance	1.8	(5.3)
Non-taxable income (dividend income, etc.)	(1.8)	(0.9)
Non-deductible expenses	0.4	0.5
Inhabitants tax	0.2	0.4
End-of-term deferred tax assets revised down due to tax rate changes	1.8	—
Other	(0.3)	0.6
Effective tax rate	34.9%	26.0%

Significant components of deferred tax assets and liabilities at March 31, 2016 and 2017 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2017	2017
Deferred tax assets:			
Allowance for loan losses and write-off of claims	¥ 6,130	¥ 5,367	\$ 47,846
Net defined benefit liability	5,088	4,005	35,701
Depreciation	756	1,386	12,356
Other	5,037	4,680	41,716
Less valuation allowance	(3,833)	(2,956)	(26,350)
Total deferred income tax assets	13,179	12,483	111,270
Deferred tax liabilities:			
Unrealized gains on securities available for sale	(25,039)	(23,207)	(206,859)
Gain on contribution of securities to employee retirement benefit trust	(848)	(852)	(7,600)
Other	(1,559)	(1,490)	(13,282)
Total deferred income tax liabilities	(27,447)	(25,550)	(227,742)
Net deferred tax assets (liabilities)	¥ (14,267)	¥ (13,066)	\$ (116,472)

12. Revaluation reserve for land

Pursuant to the Law concerning Revaluation of Land (the “Law”), land used for business operations was revalued at fair value at March 31, 1998. Due to the revaluation, land was appreciated by ¥21,889 million to ¥41,412 million at March 31, 1998. Net unrealized gain was classified in a separate component of net assets, net of applicable income taxes, as “Revaluation reserve for land” and in liabilities as “Deferred tax liabilities for land revaluation” in the accompanying consolidated balance sheets. Under the Law, once after the Bank revalued the land, it is not permitted to revalue the land. Such unrealized revaluation loss at March 31, 2017 was ¥14,831 million (\$132,198 thousand).

13. Long-lived Assets

The Group recognized impairment losses for the years ended March 31, 2017 as follows:

Area	Principal purpose of use	Classification	Millions of Yen	Thousands of U.S. Dollars
Niigata Pref.	Branch offices and other	Land and buildings	¥ 240	\$ 2,141
Niigata Pref.	Idle assets and other	Land and buildings	¥ 2	\$ 20
Total			¥ 242	\$ 2,162

The Bank policies for asset grouping are as follows. In principle, grouping is implemented at the smallest managerial accounting division level, individual branch offices. Grouping is also carried out at the asset level for assets scheduled for disposal and for inactive assets. The headquarters, operation centers, and welfare centers which are assets related to the entire Daishi Bank are treated as common assets.

The recoverable price of the asset group for this consolidated fiscal year is set as the net selling price, and is mainly calculated based on the real estate appraisal value.

14. Accumulated depreciation

Accumulated depreciation of Property, plant and equipment were ¥72,709 million as of March 31, 2016 and ¥70,355 million (\$627,112 thousand) as of March 31, 2017.

15. Segment information

Segment information for the years ended March 31, 2016 and 2017 is shown in the tables below:

	Millions of Yen							
	2016							
	Banking	Leasing	Securities	Subtotal	Others	Total	Adjustment	Consolidated
Operating income:								
External customers	¥ 76,093	¥ 16,612	¥ 3,661	¥ 96,367	¥ 2,704	¥ 99,071	¥ (694)	¥ 98,377
Intersegment	638	1,732	1	2,372	1,811	4,184	(4,184)	—
Total	¥ 76,732	¥ 18,344	¥ 3,662	¥ 98,740	¥ 4,515	¥ 103,256	¥ (4,878)	¥ 98,377
Operating profit	21,711	1,866	913	24,491	1,735	26,227	(1,873)	24,353
Assets	¥ 5,304,508	¥ 49,421	¥ 18,806	¥ 5,372,736	¥ 21,045	¥ 5,393,781	¥ (51,530)	¥ 5,342,251
Liabilities	¥ 5,006,886	¥ 37,523	¥ 6,456	¥ 5,050,866	¥ 11,465	¥ 5,062,331	¥ (39,764)	¥ 5,022,567
Others								
Depreciation and amortization	2,116	364	35	2,515	6	2,522	0	2,522
Interest income	51,179	116	197	51,493	372	51,865	(189)	51,676
Interest expenses	3,581	221	3	3,805	9	3,815	(170)	3,644
Increase in tangible and intangible fixed assets	5,092	357	147	5,597	6	5,604	168	5,773

	Millions of Yen							
	2017							
	Banking	Leasing	Securities	Subtotal	Others	Total	Adjustment	Consolidated
Operating income:								
External customers	¥ 72,500	¥ 17,093	¥ 3,161	¥ 92,755	¥ 2,729	¥ 95,485	¥ (661)	¥ 94,823
Intersegment	1,731	587	5	2,324	1,553	3,877	(3,877)	—
Total	¥ 74,231	¥ 17,681	¥ 3,166	¥ 95,079	¥ 4,282	¥ 99,362	¥ (4,538)	¥ 94,823
Operating profit	15,231	943	639	16,813	1,253	18,067	(1,110)	16,956
Assets	¥ 5,635,239	¥ 50,573	¥ 20,571	¥ 5,706,383	¥ 21,446	¥ 5,727,830	¥ (54,103)	¥ 5,673,726
Liabilities	¥ 5,334,171	¥ 37,861	¥ 8,746	¥ 5,380,779	¥ 11,465	¥ 5,392,245	¥ (44,661)	¥ 5,347,584
Others								
Depreciation and amortization	2,344	324	24	2,693	19	2,713	11	2,725
Interest income	49,908	130	200	50,239	333	50,573	(1,052)	49,520
Interest expenses	4,475	176	4	4,656	7	4,663	(129)	4,533
Increase in tangible and intangible fixed assets	5,430	276	8	5,715	75	5,790	65	5,855

	Thousands of U.S. Dollars							
	2017							
	Banking	Leasing	Securities	Subtotal	Others	Total	Adjustment	Consolidated
Operating income:								
External customers	\$ 646,228	\$ 152,364	\$ 28,177	\$ 826,771	\$ 24,329	\$ 851,101	\$ (5,897)	\$ 845,204
Intersegment	15,433	5,237	45	20,716	13,843	34,559	(34,559)	—
Total	\$ 661,662	\$ 157,602	\$ 28,223	\$ 847,488	\$ 38,173	\$ 885,661	\$ (40,457)	\$ 845,204
Operating profit	135,762	8,411	5,695	149,870	11,173	161,044	(9,902)	151,142
Assets	\$ 50,229,424	\$ 450,780	\$ 183,361	\$ 50,863,566	\$ 191,165	\$ 51,054,732	\$ (482,251)	\$ 50,572,481
Liabilities	\$ 47,545,870	\$ 337,480	\$ 77,964	\$ 47,961,315	\$ 102,200	\$ 48,063,515	\$ (398,085)	\$ 47,665,430
Others								
Depreciation and amortization	20,900	2,888	219	24,008	177	24,186	104	24,290
Interest income	444,857	1,165	1,785	447,807	2,974	450,781	(9,384)	441,397
Interest expenses	39,893	1,571	36	41,501	63	41,564	(1,156)	40,408
Increase in tangible and intangible fixed assets	48,405	2,462	73	50,941	672	51,613	582	52,195

(Related information)

Current consolidated fiscal year (from April 1, 2016 to March 31, 2017)

1. Segment information by service

Millions of Yen					
	Loans	Securities Investment	Leasing	Others	Total
Operating income:					
External customers	¥ 33,415	¥ 25,221	¥ 17,093	¥ 19,092	¥ 94,823

Thousands of U.S. Dollars					
	Loans	Securities Investment	Leasing	Others	Total
Operating income:					
External customers	\$ 297,847	\$ 224,808	\$ 152,364	\$ 170,183	\$ 845,204

2. Segment information by location

(1) Operating income

Since the operating income for external customers of Japan is more than 90% of the operating income of the consolidated income statement, such information is not disclosed.

(2) Tangible fixed assets

Since the amount of tangible fixed assets in Japan is more than 90% of the tangible fixed assets of the consolidated balance sheet, such information is not disclosed.

3. Segment information by main customers

Since the operating income for specific customers is less than 10% of the operating income of the consolidated income statement, such information is not disclosed.

(Information on impairment loss of fixed assets by reported segment)

Current consolidated fiscal year (from April 1, 2016 to March 31, 2017)

Millions of Yen						
	Banking	Leasing	Securities	Subtotal	Others	Total
Impairment loss	¥ 242	—	—	¥ 242	—	¥ 242

Thousands of U.S. Dollars						
	Banking	Leasing	Securities	Subtotal	Others	Total
Impairment loss	\$ 2,162	—	—	\$ 2,162	—	\$ 2,162

(Information on amortization of goodwill and unamortized balance by reported segment)

None available

(Information on gain on negative goodwill by reported segment)

None available

16. Other income

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

	Millions of Yen		Thousands of U.S. Dollars
	2016	2017	2017
Reversal of allowance for loan losses	¥ 1,598	¥ 24	\$ 217
Gain on sales of stocks and other securities	3,137	3,634	32,399
Recoveries of written-off claims	1,171	985	8,783
Other	19,157	18,406	164,066
Total	¥ 25,065	¥ 23,051	\$ 205,466

17. Other expenses

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

	Millions of Yen		Thousands of U.S. Dollars
	2016	2017	2017
Written-off of loans	¥ 787	¥ 1,296	\$ 11,554
Losses on sales of fixed assets	1,364	34	309
Losses on sales of stocks and other securities	1,940	675	6,020
Losses on devaluation of stocks and other securities	278	44	399
Impairment losses	119	242	2,162
Other	15,456	16,076	143,292
Total	¥ 19,947	¥ 18,369	\$ 163,738

18. Stock options

1. Stock-based compensation expenses was ¥126 million (\$1,127 thousand) for the fiscal year ended March 31, 2017.

2. Details/scale of stock options and changes

(1) Stock option details

	2010 Stock options	2011 Stock options	2012 Stock options	2013 Stock options
Number and type of option holders	9 directors and 8 executive officers of the Daishi Bank	8 directors and 10 executive officers of the Daishi Bank	7 directors and 9 executive officers of the Daishi Bank	8 directors and 8 executive officers of the Daishi Bank
Number of stock options by stock type	Daishi Bank common stock: 465,400 stocks	Daishi Bank common stock: 606,600 stocks	Daishi Bank common stock: 597,600 stocks	Daishi Bank common stock: 423,900 stocks
Date of grant	July 27, 2010	July 28, 2011	July 30, 2012	July 30, 2013
Vesting conditions	None set	None set	None set	None set
Vesting period	None set	None set	None set	None set
Exercise period	July 28, 2010 to July 27, 2040	July 29, 2011 to July 28, 2041	July 31, 2012 to July 30, 2042	July 31, 2013 to July 30, 2043

	2014 Stock options	2015 Stock options	2016 Stock options
Number and type of option holders	8 directors and 7 executive officers of the Daishi Bank	8 directors and 7 executive officers of the Daishi Bank	9 directors and 6 executive officers of the Daishi Bank
Number of stock options by stock type	Daishi Bank common stock: 329,800 stocks	Daishi Bank common stock: 249,100 stocks	Daishi Bank common stock: 367,800 stocks
Date of grant	July 30, 2014	July 30, 2015	July 29, 2016
Vesting conditions	None set	None set	None set
Vesting period	None set	None set	None set
Exercise period	July 31, 2014 to July 30, 2044	July 31, 2015 to July 30, 2045	July 30, 2016 to July 29, 2046

(2) Scale of stock options and changes

① Number of stock options

	2010 Stock options	2011 Stock options	2012 Stock options	2013 Stock options	2014 Stock options	2015 Stock options	2016 Stock options
Prior to vesting (stocks)							
At end of previous consolidated fiscal year	178,400	272,600	399,100	324,100	315,500	249,100	—
Granted	—	—	—	—	—	—	367,800
Forfeited	—	—	—	—	—	—	—
Vested	52,200	73,000	112,100	82,200	76,000	54,800	—
Unvested	126,200	199,600	287,000	241,900	239,500	194,300	367,800
After vesting (stocks)							
At end of previous consolidated fiscal year	—	—	—	—	—	—	—
Vested	52,200	73,000	112,100	82,200	76,000	54,800	—
Exercised	52,200	73,000	112,100	82,200	76,000	54,800	—
Forfeited	—	—	—	—	—	—	—
Unexercised	—	—	—	—	—	—	—

② Unit price

	2010 Stock options	2011 Stock options	2012 Stock options	2013 Stock options	2014 Stock options	2015 Stock options	2016 Stock options
Exercising price (¥)	1	1	1	1	1	1	1
Avg. stock price at time of exercising (¥)	322	322	322	322	322	322	—
Fair carrying value per unit at date of grant (¥)	286	236	211	300	369	511	343

3. Pro forma calculation of the fair carrying value per unit of stock options

The pro forma calculation of the fair carrying value per unit of 2016 stock options granted in the current consolidated fiscal year is as follows.

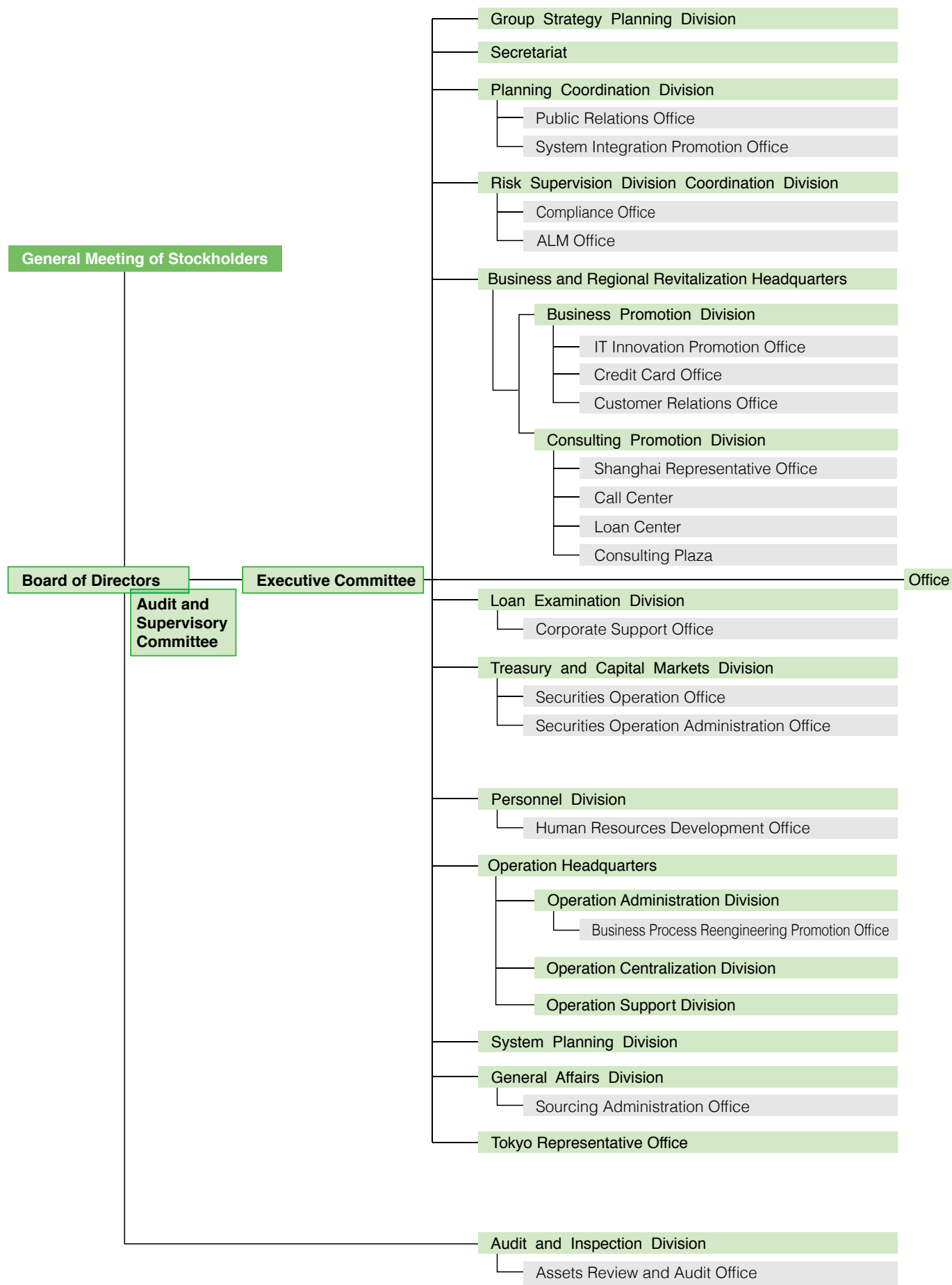
(1) Applied evaluation method: Black-Scholes method

(2) Main base numerical value and pro forma calculation

	2016 Stock options
Volatility of stock price	30.58%
Expected remaining period	2year
Expected dividend	¥9 per share
Risk-free interest rate	△0.360%

Corporate Organization Directory Chart

(As of March 31, 2016)



Corporate Data

Board of Directors and Audit and Supervisory Committee

President

Fujio Namiki

Deputy President

Kosuke Sasaki

Senior Managing Director

Satoshi Hasegawa

Managing Directors

Takuya Watanabe
Keiji Miyazawa
Kiyofumi Obara
Kiminari Onuma
Jumatsu Eizuka

Director and Executive Officer

Michiro Ueguri

Director, Audit and Supervisory Committee Member

Nobuya Tanaka
Shinjiro Kawai

Director (outside), Audit and Supervisory Committee Member

Eiichi Tsurui
Koichi Masuda
Toshizo Oda
Takashi Sasaki

(As of June 24, 2016)

Service Network

Head Office

1071-1, Higashiborimae-dori
7-bancho chuo-ku, Niigata 951-8066, Japan
Telephone: 81(25)222-4111
URL: <http://www.daishi-bank.co.jp/>

International Division Headquarters

Address: same as above.
Telephone: 81(25)222-4111
Facsimile: 81(25)225-2331
SWIFT: DAIS JPJT

Shanghai Representative Office

28 th floor, Hang Seng Bank Tower,
No.1000 Lujiazui Ring Road,
Pudong New Area, Shanghai,
200120, People's Republic of China
Telephone: 86(21)5011-9832
Facsimile: 86(21)5011-9833

Chief Representative
Masanori Kawabe

Number of Offices by Area

Domestic	
Niigata	112
Tokyo	2
Others	7
Total	121
Overseas	
Shanghai	1

(As of March 31, 2017)

Major stockholders (10 largest)

	Number of Share (Thousand)	Percent
1. Japan Trustee Services Bank, Ltd. (Trust Account)	16,606	4.64
2. Nippon Life Insurance Company	10,261	2.87
3. Meiji Yasuda Life Insurance Company	10,159	2.84
4. Employee's stockholdings	9,008	2.52
5. Tohoku Electric Power Co., Inc.	8,372	2.34
6. Daido Life Insurance Company	7,056	1.97
7. Sompo Japan Nipponkoa Insurance Inc.	6,884	1.92
8. Japan Trustee Services Bank, Ltd. (Trust Account 9)	6,728	1.88
9. CBNY DFA INTL SMALL CAP VALUE PORTFOLIO (Standing proxy: Citibank Japan Ltd.)	5,934	1.66
10. The Bank of Tokyo-Mitsubishi UFJ, Ltd.	5,889	1.64

(As of March 31, 2017)

Subsidiaries

Company	Major business	Incorporation	Capital	Ratio of shareholder voting rights held by the Daishi Bank
Daishi Securities Co., Ltd. 8-26, Jonaicho 3-chome, Nagaoka 940-0061	The securities industry	Aug. 8, 1952	¥ 600 million	100%
The Daishi Guaranty Co., Ltd. 224-1, Honcho-dori 5-bancho chuo-ku, Niigata 951-8067	Credit guaranty business	Oct. 27, 1978	¥ 50 million	100%
The Daishi Lease Co., Ltd. 2-10, Akashi 2-chome chuo-ku, Niigata 950-0084	General leasing business	Nov. 11, 1974	¥ 100 million	5%
The Daishi Computer Service Co., Ltd. 1-17, Abumi 1-chome chuo-ku, Niigata 950-0913	Computer-related services	May 10, 1976	¥ 15 million	5%
The Daishi JCB Card Co., Ltd. 1245, Kamiokawamae-dori 8-bancho chuo-ku, Niigata 950-8068	Credit card and credit guaranty businesses	Nov. 12, 1982	¥ 30 million	5%
The Daishi Management Consulting Co., Ltd. 1071-1, Higashiborimae-dori 7-bancho chuo-ku, Niigata 951-8066	Consulting business and venture capital	June 8, 1984	¥ 20 million	5%
The Daishi DC Card Co., Ltd. 1245, Kamiokawamae-dori 8-bancho chuo-ku, Niigata 950-8068	Credit card business	March 1, 1990	¥ 30 million	5%

(As of March 31, 2017)

Company History



A complete view of the Head Office at the time of its founding

- 1873** Founded as The Fourth National Bank of Japan
Capital of 200 thousand yen
- 1874** Operations begin, and the Tokyo Office opened



A complete view of the newly built Head Office in 1882

- 1896** Reorganized as Niigata Bank, Ltd.
Capital of 1 million yen

- 1912** Successive mergers with banks in Niigata prefecture
- 1917** Corporate name changed to The Daishi Bank, Ltd.
Capital of 5 million yen



A complete view of the newly built Head Office in 1928

- 1943** Niigata Bank and Nou Bank merged, inherits business of 139 Bank, Kashiwazaki Bank, and Yasuzuka Bank (major merge of banks within the prefecture)
- 1945** Merged with Niigata Trust Company to operate trust services concurrently This brings the number of banks merged with to 29
Capital of 30 million yen
- 1949** Listed on the Niigata Stock Exchange
- 1956** Capital of 500 million yen
- 1959** Capital of 1 billion yen
- 1961** Began foreign exchange trading



A complete view of the newly built Head Office in 1962

- 1963** Trust services discontinued
- 1964** Capital of 2 billion yen
- 1967** Capital of 3 billion yen
- 1968** EDPS (computers) introduced
- 1970** Capital of 4.5 billion yen
- 1971** Administration center established
- 1973** Integrated online operations
Capital of 7.5 billion yen
The Daishi Bank celebrates 100 years since its founding
Listed on the second section of the Tokyo Stock Exchange

- 1975** Capital of 10 billion yen
Changed listing of shares to the first section of the Tokyo Stock Exchange
- 1977** Began direct dealings with overseas banks
- 1978** Outstanding deposits reach 1 trillion yen
- 1979** Capital of 13 billion yen
- 1980** New online started
- 1981** Second online completion
- 1982** Obtained all-inclusive approval for overseas correspondent agreements
- 1983** Government bonds sales started
- 1984** Mutual use of ATMs with prefectural financial institutions started
- 1985** Began dealing operations
Capital of 17 billion yen
- 1986** The New York Representative Office is opened
- 1987** Acquired charter for secured debenture trust business.
Outstanding deposits reach 2 trillion yen
- 1988** Began handling Japanese commercial paper
The Hong Kong Representative Office is opened
Issued first unsecured convertible bond

- 1989** Began financial futures transaction services
- 1990** The New York Office is opened
- 1991** Full-scale operation of third online system
- 1992** The New Head Office is completed



A complete view of the current Head Office completed in 1992

- 1993** The Hong Kong Office is opened
Began operation as a trust services agent
- 1994** Acquired license for interest forward transactions and forward exchange transaction
- 1995** Median price share issue through allotment to shareholders
Capital of 32.7 billion yen
- 1998** Began handling open foreign currency deposits
Began over-the-counter sales of investment trusts
- 1999** The New York Office is closed
- 2000** The Hong Kong Office is closed
- 2001** Began services as a non-life insurance agent
- 2002** Began services as a life insurance agent
- 2003** Offered shares and conducted overseas IR activities
- 2005** Began a securities brokerage business
- 2006** Niigata Securities Co., Ltd. made a consolidated subsidiary
- 2009** Takada Sales Department and Nagaoka Sales Department established
- 2011** The Shanghai Representative Office is opened
- 2012** Outstanding deposits reach 4 trillion yen
- 2013** The Daishi Bank celebrates 140 years since its founding
Start of the Medium-Term Business Plan
"Step-up 2nd Stage - Further evolution for the 145th year"
- 2015** Niigata Securities Co., Ltd. became a wholly-owned subsidiary and name changed to Daishi Securities Co., Ltd.
- 2016** The Daishi Guaranty Co., Ltd. became a wholly-owned subsidiary
- 2017** Launched operations of new core banking systems
Entered a basic agreement on business integration with The Hokuetsu Bank, Ltd.

 **THE DAISHI BANK, LTD.**