### THE DAISAN BANK, LTD.

# ANNUAL REPORT 2016

Fiscal Year Ended March 31, 2016

### The Daisan Bank, Ltd. and Consolidated Subsidiaries

### **Consolidated Financial Statements**

### Fiscal years ended March 31, 2016

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### Message from the Chairman and the President

Thank you for your continued support and patronage of The Daisan Bank, Ltd. and The Daisan Bank Group.

In the hope of deepening everyone's understanding of Daisan Bank, we have published Daisan Bank Report 2016 for the fiscal year ending March 31, 2016. We invite you to take the time to peruse its contents.

A number of high-profile events in the current fiscal year are presenting opportunities to showcase the appeal of Mie Prefecture. In May 2016 the Ise-Shima Summit, the latest meeting of the G7, convened in the City of Shima. In April 2017 the City of Ise will play host to the National Confectionary Exposition in Mie. As a regional financial institution headquartered in Mie Prefecture, Daisan Bank takes every opportunity to tell the world about the attractions of Mie, such as her unique natural resources, her rich cultural heritage and the industries and advanced technologies nurtured on her soil. In so doing, we are proud to contribute to enhancing the dynamism of regional economic activity.

In April 2015 the Bank launched the 2nd Medium-term Management Plan for the New Century titled "Jump Up! Moving Together with Customers Towards a Stage for Rapid Progress Ver. 2." This plan has now reached a turning point. The Bank is marshaling its variety of networks on many levels, including its branch network, personal network and information network, to accelerate efforts to revitalize the regional community and stimulate the economy of Mie Prefecture.

We at The Daisan Bank are redoubling our efforts to serve you as a regional financial institution. Marshaling the strengths of all employees and directors, we are pulling together to achieve the vision of the Medium-term Management Plan, which is to be "a Bank that carves out the future of local communities by leveraging an extensive support network." we humbly ask once more for your continuing support, guidance and encouragement.

July 2016

Kenzo Tanikawa, Chairman and CEO
Hiroshi Iwama, President and COO

### Management Philosophy

- 1. We, The Daisan Bank, will serve the local community, and will be trusted and popular with the customers.
- 1. We, The Daisan Bank, will possess the enterprising energy and the rich creativity, and will develop steadily.
- 1. We, The Daisan Bank, will make the most of the employees' personality, and will build a bright, attractive workplace.

### Guidelines for Employees' Action

- 1. We address each new business opportunity with a spirit of adventure.
- 1. We constantly improve our knowledge and provide services of the highest quality.
- 1. We constantly seek out and solve problems, striving to improve our work.
- 1. We work as a close-knit team, proud to be Daisan Bank employees.

### Consolidated Balance Sheets

March 31, 2015 and 2016

		20	15		2016				
				Thousands of				Thousands of	
ASEETS:		Millions of Yen		U.S Dollars		Millions of Yen		U.S Dollars	
Cash and due from banks	¥	85,270	\$	709,578	¥	121,605	\$	1,079,206	
Trading account securities		948		7,888		1,022		9,069	
Money held in trust		2,633		21,910		2,270		20,145	
Securities		607,984		5,059,365		609,024		5,404,898	
Loans and bills discounted		1,220,455		10,156,070		1,246,266		11,060,223	
Foreign exchanges		2,798		23,283		1,451		12,877	
Other assets		20,811		173,179		20,110		178,470	
Tangible fixed assets		26,018		216,509		25,642		227,564	
Buildings		5,783		48,123		5,393		47,861	
Land		17,675		147,083		17,784		157,827	
Lease assets		17,070		147,000		3		26	
Construction in progress		0		0		72		638	
		_		=					
Other tangible fixed assts		2,556		21,269		2,388		21,192	
Intangible fixed assets		4,296		35,749		3,904		34,646	
Software		4,195		34,908		3,815		33,856	
Lease assets		19		158		7		62	
Other intangible fixed assets		81		674		81		718	
Deferred tax assets		162		1,348		149		1,322	
Customers' liabilities for acceptances and guarantees	;	2,235		18,598		1,960		17,394	
Reserve for possible loan losses		(10,765)		(89,581)		(9,571)		(84,939)	
Total assets	¥	1,962,848	\$	16,333,926	¥	2,023,835	\$	17,960,906	
LIABILITIES:									
Deposits	¥	1,776,456	\$	14,782,857	¥	1,782,472	\$	15,818,885	
Payables under securities lending transactions		· · · -		· · · -		31,851		282,667	
Borrowed money		28,048		233,402		44,450		394,479	
Foreign exchanges		2		16		5		44	
Bonds		4,800		39,943		4,800		42,598	
Bonds with subscription rights to shares		6,989		58,159		6,989		62,025	
Other liabilities		18,959		157,768		29,560		262,335	
Reserve for employees' bonuses		798		6.640		785		6,966	
Reserve for director's bonuses		10							
				83		8		70	
Employees' retirement benefit liability		4,686		38,994		3,012		26,730	
Reserve for director's retirement benefits		28		233		24		212	
Reserve for losses on dormant deposit repayments		272		2,263		263		2,334	
Reserve for contingent loss		344		2,862		335		2,973	
Deferred tax liabilityies		1,843		15,336		2,066		18,335	
Deferred tax liabilities for land revaluation excess		2,907		24,190		2,756		24,458	
Acceptances and guarantees		2,235		18,598		1,960		17,394	
Total liabilities	¥	1,848,382	\$	15,381,393	¥	1,911,343	\$	16,962,575	
NET ASSETS:									
Common stock	¥	37,461	\$	311,733	¥	37,461	\$	332,454	
Capital surplus		32,694		272,064		32,681		290,033	
Retained earnings		12,591		104,776		15,016		133,262	
Treasury stock		(1,065)		(8,862)		(1,046)		(9,282)	
Total shareholders' equity		81,681		679,712		84,112		746,467	
Unrealized gains on other securities		25,382		211,217		21,185		188,010	
Land revaluation excess		3,697		30,764		3,861		34,265	
Remeasurements of defind benefit plans		(184)		(1,531)		(929)		(8,244)	
Total accumulated other comprehensive income		28,895		240,451		24,116		214,022	
Preemptive right		79		657		106		940	
Minority interests		3,809		31,696		4,156		36,883	
Total net assets		114,466		952,533		112,492		998,331	
Total liabilities and net assets	¥	1,962,848	\$	16,333,926	¥	2,023,835	\$	17,960,906	

## Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Fiscal years ended March 31, 2015 and 2016

	20	15		2016			
Milli	ons of Yen		Thousands of U.S Do <b>ll</b> ars	Millions of	Yen		usands of Do <b>ll</b> ars
¥	39,873	\$	331,804	¥ 39,5	82	\$	351,277
	26,095		217,150	25,7	24	1	228,292
	18,959		157,768	18,3	06		162,460
	7,068			7,3	40		65,140
	11		91	,	15		133
	30		249		42		372
	24		199		19		168
	6,155		51,219	6,7	21		59,646
	1,434		11,933	9	64		8,555
	6,187		51,485	6,1	72		54,774
	5		41		5		44
	6.182		51.443	6.1	66		54,721
							293,104
				2.3	06		20,465
							17,882
			•	2,0			17,002
	_			1			1,393
							1.100
				'			44
	-			2.2			20,172
							4,437
							189,545
							58,475
				· · · · · · · · · · · · · · · · · · ·			9,149
							49,316
			01,412	0,0			58,164 17
	_		_				17
	70		657				390
							150
							230
	•		_				57,800
			· · · · · · · · · · · · · · · · · · ·				21,396
				,			3,700
							17,696
				,			36,395
							00,000
¥		\$				\$	
		¥12				112.68	
anrah	oncivo	In	oomo				
ihi ett		41		A 4	0.1		26 205
							36,395
							(42,580)
				(4,2	UU)		(37,273)
				4	47		1.001
							1,304
							(6,602)
	15,387		128,043	(6	96)		(6,176)
							1
	15,004		124,856	(1,0	50)		(9,318)
	15,004 383		124,856 3,187		50) 53		(9,318)
	¥	Millions of Yen  ¥ 39,873 26,095 18,959 7,068 11 30 24 6,155 1,434 6,187 5 6,182 32,492 2,393 2,093 2 166 124 7 2,128 70 22,053 5,846 943 4,902 7,380 79 78 1 7,301 2,763 819 1,943 4,537 387  ¥ 4,149 1US\$=	¥ 39,873 \$ 26,095 18,959 7,068 11 30 24 6,155 1,434 6,187 5 6,182 32,492 2,393 2,093 2 166 124 7 2,128 70 22,053 5,846 943 4,902 7,380 - 79 78 1 7,301 2,763 819 1,943 4,537 387 ¥ 4,149 \$ 1US\$=¥12 nprehensive In 4,537 10,850 10,279 (1) 304 267	Thousands of U.S Dollars   Y 39,873	Millions of Yen         Thousands of U.S Dollars         Millions of Of Yen         Millions of Millions of Of Yen           ¥ 39,873         \$ 331,804         ¥ 39,5         26,095         217,150         25,7           18,959         157,768         18,3         7,068         58,816         7,3           11         91         30         249         24         199         6,155         51,219         6,7           1,434         11,933         9         6,187         51,485         6,1         2,0	Millions of Yen         Thousands of U.S Dollars         Millions of Yen           ¥ 39,873         \$ 331,804         ¥ 39,582         3           26,095         217,150         25,724           18,959         157,768         18,306           7,068         58,816         7,340           11         91         15           30         249         42           24         199         19           6,155         51,219         6,721           1,434         11,933         964           6,187         51,485         6,172           5         41         5           6,182         51,443         6,166           32,492         270,383         33,027           2,393         19,913         2,306           2,093         17,416         2,015           2         16         2           166         1,381         157           124         1,031         124           7         58         5           2,128         17,708         2,273           70         582         500           22,053         183,515         21,358	Millions of Yen         Thousands of U.S Dollars         Millions of Yen         Thousands of U.S Dollars           ¥ 39,873         \$ 331,804         ¥ 39,582         \$           26,095         217,150         25,724           18,959         157,768         18,306           7,068         58,816         7,340           11         91         15           30         249         42           24         199         19           6,155         51,219         6,721           1,434         11,933         964           6,187         51,485         6,172           5         41         5           6,182         51,443         6,166           32,492         270,383         33,027           2,393         19,913         2,306           2,093         17,416         2,015           2         16         2           166         1,381         157           124         1,031         124           7         58         5           2,128         17,708         2,273           70         582         500           22,053         183,515

#### **Directors and Executive Officers**

as of June 30, 2016

Kenzo Tanikawa	Chairman and CEO
Hiroshi Iwama	President and COO, Executive officer
Atsushi Iguchi	Managing Director, Executive Officer
Takahiro Fujita	Managing Director, Executive Officer
Akira Asano	Managing Director, Executive Officer
Akira Kitamura	Director, Executive Officer
Yasutaka Sakamoto	Director
Kazuhiro Kawamura	Director, Executive Officer
Ken-ichi Yamakawa	Director, Executive Officer
Masami Hamaoka	Director, Audit Committee Member (Outside)
Tsutomu Kajimoto	Director, Audit Committee Member
Nobuyoshi Dobashi	Director, Audit Committee Member (Outside)
Noboru Nakagawa	Director, Audit Committee Member (Outside)
Yasushi Satomura	Executive Officer
Tomoyoshi Urakawa	Executive Officer
Hisao Shibata	Executive Officer
Toshiharu Tsujinaka	Executive Officer
Takashi Ohata	Executive Officer
Yuji Shintaku	Executive Officer
Kazuya Kawase	Executive Officer
Hiroshi Kyodo	Executive Officer

#### Bank Data

as of March 31, 2016, non-consolidated

Name: THE DAISAN BANK, LTD.

Location of Head Office: 510 KYOMACHI, MATSUSAKA, MIE

URL: http://www.daisanbank.co.jp

**TEL:** 0598-25-0377

Network: Number of Branches and Offices: 98

(64 within Mie Prefecture :34 outside of Mie Prefecture)

Number of Housing Loan Plazas: 12

Number of ATM Sites outside Branches and Offices: 118

Number of Employees: 1,420

Paid-in Capital: $$\pm 37,461$  millionTotal Assets: $$\pm 2,011,992$  millionDeposits: $$\pm 1,788,453$  millionLoans: $$\pm 1,249,377$  million

Capital Adequency Ratio: 9.21%
Credit Rating: BBB+

Rating and Investment Information, Inc (R&I)

Japan Credit Rating Agency, Ltd.



# THE DAISAN BANK, LTD. Securities and International Department

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