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Grateful to the Region



REVIEW OF OPERATIONS

Operating Environment

In fiscal 2013, buoyed by the Japanese government's economic stimulus measures and the effects of the Bank of Japan's extensive monetary easing policies, the Japanese economy showed improvements in business confidence and corporate earnings as the correction of the yen's appreciation continued and stock prices recovered. The positive cycle generated not only helped improve business confidence and earnings, it spread far and wide, helping to improve production, income and spending. Last-minute demand prior to the consumption tax rate increase also had a contributory effect, leading to a steady recovery. Looking ahead, although the impact of the consumption tax rate increase and a reactionary decline to the last-minute demand are expected to exert downward economic pressure, adverse economic effects should be avoided due to economic stimulus measures such as public-sector investments, tax breaks and an improved income environment, thus bringing the focus on how quickly the economy can return to cruising speed.

Turning to the economy of Tottori Prefecture, there were continued signs of recovery including favorable public-sector investments, automobile sales, and tourism, as well as improvements in production activities and employment conditions. Looking ahead, while there are concerns over the impact of the consumption tax rate increase, an increase in the number of flights and in the airline routes that departs and arrives at the local airport and an increase in companies entering the prefecture are expected to lead to local economic revitalization and industrial development.

Performance Review

On a consolidated basis, loans and bills discounted increased by ¥31,109 million to ¥674,070 million, primarily due to an increase in lending to small and medium-sized enterprises and individuals. The balance of securities came in at ¥195,108 million, up ¥6,848 million from the previous year-end on an increase in local government bonds. Deposits increased by ¥16,989 million to ¥883,004 million, primarily due to increases in both individual and corporate deposits.

Ordinary income decreased ¥866 million year-on-year to ¥18,053 million. Although interest income and fees and commissions increased, other operating income declined due to the absence of gains from sales of loan claims recorded in the previous fiscal year. Ordinary expenses decreased by ¥1,646 million to ¥15,317 million due to decreases in interest expenses and general and administrative expenses. As a result, ordinary profit increased by ¥781 million to ¥2,736 million, and net income by ¥591 million to ¥1,584 million.

Outlook

Turning to the consolidated performance forecast for fiscal 2014, we aim to record ordinary profit of ¥2,900 million and net income of ¥2,000 million. Although it is difficult to expect a large increase in income as the current low interest rate phase is forecast to continue due to monetary easing and other factors, there are signs of economic recovery in the San'in region that includes Tottori Prefecture, our main operational base. We will aim to strengthen our on-site capabilities by increasing the number of salespeople and enhancing their quality, and work hard to improve management efficiency.

Note:

The Japanese yen amounts are rounded down to the nearest million yen. Solely for the convenience of the reader, US dollar amounts represent a translation of Japanese yen at ¥102.92 to US\$1.00, the exchange rate prevailing on March 31, 2014.

CONSOLIDATED BALANCE SHEETS

March 31, 2014 and 2013

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Net assets Common stock 9,061 9,061 88,039 Capital surplus 6,452 6,452 62,689 Retained earnings 25,545 24,445 248,202 Treasury stock (525) (510) (5,101) Total shareholders' equity 40,533 39,449 393,830 Net unrealized loss on available-for-sale securities, net of tax 1,216 1,656 11,815 Net deferred loss on hedging instruments 0 (0) 0 Land revaluation reserve 963 950 9,357 Remeasurements of defined benefit plans 1,204 — 11,698 Total accumulated other comprehensive income 3,384 2,606 32,880 Minority interests 87 81 845 Total net assets 44,005 42,138 427,565	*		·	
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Common stock 9,061 9,061 88,039 Capital surplus 6,452 6,452 62,689 Retained earnings 25,545 24,445 248,202 Treasury stock (525) (510) (5,101) Total shareholders' equity 40,533 39,449 393,830 Net unrealized loss on available-for-sale securities, net of tax 1,216 1,656 11,815 Net deferred loss on hedging instruments 0 (0) 0 Land revaluation reserve 963 950 9,357 Remeasurements of defined benefit plans 1,204 — 11,698 Total accumulated other comprehensive income 3,384 2,606 32,880 Minority interests 87 81 845 Total net assets 44,005 42,138 427,565				
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Net deferred loss on hedging instruments 0 (0) 0 Land revaluation reserve 963 950 9,357 Remeasurements of defined benefit plans 1,204 — 11,698 Total accumulated other comprehensive income 3,384 2,606 32,880 Minority interests 87 81 845 Total net assets 44,005 42,138 427,565				
Land revaluation reserve 963 950 9,357 Remeasurements of defined benefit plans 1,204 — 11,698 Total accumulated other comprehensive income 3,384 2,606 32,880 Minority interests 87 81 845 Total net assets 44,005 42,138 427,565		1,216		11,815
Remeasurements of defined benefit plans 1,204 — 11,698 Total accumulated other comprehensive income 3,384 2,606 32,880 Minority interests 87 81 845 Total net assets 44,005 42,138 427,565		_		_
Total accumulated other comprehensive income 3,384 2,606 32,880 Minority interests 87 81 845 Total net assets 44,005 42,138 427,565			950	
Minority interests 87 81 845 Total net assets 44,005 42,138 427,565		1,204		11,698
Total net assets 44,005 42,138 427,565		3,384	2,606	32,880
	Minority interests	87	81	845
Total liabilities and net assets ¥962,723 ¥932,833 \$9,354,091		44,005	42,138	427,565
	Total liabilities and net assets	¥962,723	¥932,833	\$9,354,091

The Tottori Bank, Ltd. and Consolidated Subsidiaries

CONSOLIDATED STATEMENTS OF INCOME

Years ended March 31, 2014 and 2013

	Millions of yen		Thousands of U.S. dollars	
	2014	2013	2014	
Income				
Interest on:				
Loans and discounts	¥10,728	¥10,818	\$104,236	
Securities	2,156	1,387	20,948	
Others	164	182	1,593	
Fees and commissions	2,620	2,559	25,457	
Other operating income	296	3,173	2,876	
Other income	2,085	795	20,258	
Total income	18,053	18,919	175,408	
Expenses				
Interest on:				
Deposits	819	955	7,958	
Borrowings and rediscounts	80	80	777	
Others	352	426	3,420	
Fees and commissions	1,354	1,317	13,156	
Other operating expenses	280	1,005	2,721	
General and administrative expenses	11,412	11,856	110,882	
Other expenses	1,051	1,640	10,212	
Total expenses	15,354	17,282	149,184	
Income before income taxes	2,699	1,636	26,224	
Income taxes				
Current	244	122	2,371	
Deferred	864	517	8,395	
Total income taxes	1,108	640	10,766	
Income before minority interests	1,590	996	15,449	
Minority interests	5	3	49	
Net income	¥ 1,584	¥ 993	\$ 15,391	

The Tottori Bank, Ltd. and Consolidated Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Years ended March 31, 2014 and 2013

	Millions	s of yen	Thousands of U.S. dollars
	2014	2013	2014
Income before minority interests	¥1,590	¥ 996	\$15,449
Other comprehensive income	(440)	6,956	(4,275)
Valuation difference on available-for-sale securities	(447)	6,953	(4,343)
Deferred gains or losses on hedges	0	0	0
Share of other comprehensive income of associates accounted for using equity method	6	2	58
Comprehensive income	1,150	7,952	11,174
Comprehensive income attributable to owners of the parent	1,144	7,949	11,115
Comprehensive income attributable to minority interests	5	3	49

The Tottori Bank, Ltd. and Consolidated Subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Years ended March 31, 2014 and 2013

						Millions	of yen					
	Shareholders' equity Accumulated other comprehensive income											
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized loss on available-for-sale securities	Net deferred loss on hedging instruments	Land revaluation reserve	Remeasurements of defined benefit plans		Minority interests	Total net assets
Balance as of April 1, 2012	¥9,061	¥6,452	¥23,949	¥(508)	¥38,955	¥(5,299)	¥(0)	¥925	¥ —	¥(4,374)	¥78	¥34,659
Changes during the year:												
Cash dividends			(471)		(471)							(471)
Net income			993		993							993
Purchase of treasury stock				(1)	(1)							(1)
Disposal of treasury stock			(0)	0	0							0
Transfer from land revaluation reserve			(25)		(25)							(25)
Net changes in items other than shareholders' equity						6,956	0	25	_	6,981	3	6,984
Total changes during the year	_	_	496	(1)	494	6,956	0	25	_	6,981	3	7,478
Balance as of March 31, 2013	9,061	6,452	24,445	(510)	39,449	1,656	(0)	950	_	2,606	81	42,138
Changes during the year:												
Cash dividends			(471)		(471)							(471)
Net income			1,584		1,584							1,584
Purchase of treasury stock				(16)	(16)							(16)
Disposal of treasury stock			(0)	0	0							0
Transfer from land revaluation reserve			(13)		(13)							(13)
Net changes in items other than shareholders' equity						(440)	0	13	1,204	777	5	783
Total changes during the year	_	_	1,099	(15)	1,083	(440)	0	13	1,204	777	5	1,867
Balance as of March 31, 2014	¥9,061	¥6,452	¥25,545	¥(525)	¥40,533	¥ 1,216	¥ 0	¥963	¥1,204	¥ 3,384	¥87	¥44,005

					Thousa	ands of U.S.	dollars (No	te 3)				
-		Shar	reholders' eq	uity		Accu	mulated ot	her compr	ehensive inc	come		
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized loss on available-for-sale securities	Net deferred loss on hedging instruments	Land revaluation reserve	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Minority interests	Total net assets
Balance as of April 1, 2013	\$88,039	\$62,689	\$237,515	\$(4,955)	\$383,298	\$16,090	\$(0)	\$9,230	\$ <u> </u>	\$25,321	\$787	\$409,425
Changes during the year:												
Cash dividends			(4,576)		(4,576)							(4,576)
Net income			15,391		15,391							15,391
Purchase of treasury stock				(155)	(155)							(155)
Disposal of treasury stock			(0)	0	0							0
Transfer from land revaluation reserve			(126)		(126)							(126)
Net changes in items other than shareholders' equity						(4,275)	0	126	11,698	7,550	49	7,608
Total changes during the year	_	_	10,678	(146)	10,523	(4,275)	0	126	11,698	7,550	49	18,140
Balance as of March 31, 2014	\$88,039	\$62,689	\$248,202	\$(5,101)	\$393,830	\$11,815	\$ 0	\$9,357	\$11,698	\$32,880	\$845	\$427,565

The Tottori Bank, Ltd. and Consolidated Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended March 31, 2014 and 2013

	Million	s of ven	Thousands of U.S. dollars
-	2014	2013	2014
Cash flows from operating activities			
Income before income taxes	¥ 2,699	¥ 1,636	\$ 26,224
Depreciation	1,348	1,289	13,098
Increase (decrease) in reserve for possible loan losses	71	(725)	690
Equity in earnings of affiliates	(35)	(12)	(340)
Decrease in reserve for possible losses on investment securities	(1)	(12)	(10)
Increase (decrease) in reserve for bonuses	56	(10)	544
Decrease in reserve for retirement benefits	_	(17)	_
Decrease (increase) in net defined benefit asset	(112)	_	(1,088)
Increase (decrease) in net defined benefit liability	(6)	_	(58)
Increase (decrease) in reserve for reimbursement of dormant deposits	6	(4)	58
Increase in reserve for contingent losses	82	29	797
Interest income	(13,050)	(12,390)	(126,798)
Interest expenses	1,255	1,462	12,194
Losses on securities	(1,329)	(713)	(12,913)
Foreign exchange gains	(1)	(1)	(10)
Losses on disposal of fixed assets	21	36	204
Net increase in loans and bills discounted	(31,109)	(10,756)	(302,264)
Net increase in deposits	18,988	25,145	184,493
Net decrease in call loans and others	33	54	321
Net increase in call money and others	7,824	464	76,020
Net decrease (increase) in foreign exchange, assets	118	(191)	1,147
Net increase (decrease) in foreign exchange, liabilities	(1)	1	(10)
Interest received	13,294	12,309	129,168
Interest paid	(1,667)	(1,865)	(16,197)
Other, net	2,139	(8,059)	20,783
Subtotal	625	7,677	6,073
Income taxes paid	(262)	(151)	(2,546)
Net cash provided by operating activities	362	7,525	3,517
Cook flows from importing activities			
Cash flows from investing activities Purchases of securities	(70,916)	(209,555)	(689,040)
Proceeds from sale of securities	54,038	191,604	525,049
Proceeds from maturity of securities	10,708	14,102	104,042
Purchases of tangible fixed assets		(681)	
Proceeds from sale of tangible fixed assets	(564) 22	(001)	(5,480) 214
Purchases of other assets	(85)	(2,387)	(826)
Net cash used in investing activities	(6,797)	(6,915)	(66,042)
Their easis used in investing activities	(0,131)	(0,313)	(00,012)
Cash flows from financing activities			
Payments for redemption subordinated bonds and			
bonds with subscription rights to shares	_	(10,000)	_
Purchases of treasury stock	(16)	(1)	(155)
Proceeds from sale of treasury stock	0	0	0
Cash dividends paid	(471)	(469)	(4,576)
Net cash used in financing activities	(487)	(10,471)	(4,732)
Effect of exchange rate changes on cash and cash equivalents	1	1	10
Net increase (decrease) in cash and cash equivalents	(6,920)	(9,859)	$\frac{10}{(67,237)}$
Cash and cash equivalents at beginning of year	68,045	77,905	661,145
Cash and cash equivalents at beginning or year Cash and cash equivalents at end of year	¥61,125	¥ 68,045	\$593,908
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CORPORATE DATA

Corporate Data (as of March 31, 2014)

Founded: December 1921	Major Shareholders		
Head Office:		Thousands of Shares	Percentage of Total Shares
171, Eirakuonsen-cho,	Japan Trustee Services Bank, Ltd.	8,855	9.20
,	Bank of Tokyo-Mitsubishi UFJ, Ltd.	3,704	3.85
Tottori 680-8686, Japan	Meiji Yasuda Life Insurance Company		
Paid-in Capital:	(Trustee: Trust & Custody Services Bank, Ltd.)	3,426	3.56
¥9,061 million	The Tottori Bank Employees' Shareholding Association	2,581	2.68
Total Assets:	Sompo Japan Insurance Inc. (Trustee: Trust & Custody Services Bank, Ltd.)	2,342	2.43
¥962,723 million	The Chugoku Electric Power Co.,Inc.	2,294	2.38
Total Deposits:	Mitsui Mutual Life Insurance Company Limited (Trustee: Japan Trustee Services Bank, Ltd.)	1,681	1.74
¥883,004 million	Shinsei Bank, Limited	1,247	1.29
Number of Branches: 66	Tokio Marine & Nichido Fire Insurance Co., Ltd.	1,097	1.14
Number of Employees: 698	CBNY DFA International Small Cap Value Portfolio (Standing Proxy: Citibank Japan Ltd.)	1,075	1.11

Board of Directors, Corporate Auditors and Executive Officers (as of June 1, 2014)

Representative Director and	Directors and	Managing Executive Officer
Chairman	Managing Executive Officers	Kazunori Yoshida
Kosuke Nakatani	Makoto Akiyama	Emagnetina Officarea
Representative Director and	Hideo Adachi	Executive Officers
President (Executive Officer)	Kouji Hirai	Noritaka Maeda
	Director	Atsushi Teratani
Masahiko Miyazaki	Director	Keigo Yamagami
Representative Director and	Akiko Yamawaki *	Mutsumi Morita
Deputy President	* Outside Director	Kazumi Tanaka
(Executive Officer)	Corporate Auditors	Hironari Onozawa
Yasumasa Ishiko	Yasuhiro Yoshida (standing)	Jun Nakano
	Kazumasa Kuboi *	Tomohiro Fukuta
	Shiro Sawa *	
	Yukio Taniguchi	
	* Outside Auditor	

Service Network (as of July 1, 2014)

Money Exchange Offices

Head Office	Yonago Branch	Okayama Branch
Tottori Ekinan Branch	Yonago Chuo Branch	Tsuyama Branch
Tottori Nishi Branch	Hatagasaki Branch	Hiroshima Branch
Koyama Branch	Sakaiminato Branch	Osaka Branch
Kurayoshi Branch	Matsue Branch	
Kurayoshi Chuo Branch	Izumo Branch	



171, Eirakuonsen-cho, Tottori 680-8686, Japan Tel 0857-37-0264

http://www.tottoribank.co.jp

