Consolidated Five-Year Summary

THE 77 BANK, LTD. AND CONSOLIDATED SUBSIDIARIES
As of March 31

	Millions of Yen				
	2019	2018	2017	2016	2015
For the fiscal year					
Net interest income	**¥ 65,217**	¥ 69,644	¥ 67,678	¥ 70,908	¥ 70,280
Net fees and commissions	**11,345**	10,963	10,973	11,519	11,843
Net other operating (loss) income	**(3,104)**	(7,869)	(5,213)	(2,988)	2,407
Net income attributable to owners of the parent	**17,670**	18,314	16,114	15,857	17,049
At the fiscal year-end					
Total assets	**¥8,627,510**	¥8,718,097	¥8,649,396	¥8,598,583	¥8,588,463
Deposits	**7,872,834**	7,946,100	7,805,860	7,963,738	7,849,299
Loans and bills discounted	**4,718,942**	4,621,062	4,443,883	4,350,795	4,219,621
Trading account securities and investment securities	**2,978,130**	3,146,865	3,262,638	3,519,568	3,708,968
Equity	**489,077**	490,737	468,195	452,310	472,029
Common stock	**24,658**	24,658	24,658	24,658	24,658

	Yen				
	2019	2018	2017	2016	2015
Per share of common stock					
Basic net income	**¥ 237.90**	¥ 246.87	¥ 215.73	¥ 42.37	¥ 45.56
Diluted net income		246.45	214.74	42.18	45.38
Equity	**6,582.31**	6,613.28	6,306.73	1,165.83	1,223.49
Cash dividends	**47.50**	45.00	45.00	9.00	8.50
Capital adequacy ratio (%)					
Domestic standard	**10.38**	10.43	10.73	11.21	12.51

Notes: 1. The national consumption tax and the local consumption tax are excluded from transaction amounts.

2. The Bank's capital adequacy ratio on the domestic standard is accompanied by the revision of Article 14, Paragraph 2, of the Banking Law of Japan, in line with enforcement of the related law for financial system reform.

3. On October 1, 2017, the Bank conducted consolidation of shares at a ratio of five shares to one share. Per share information is computed as if the share consolidation was conducted on April 1, 2016.

Consolidated Balance Sheet

THE 77 BANK, LTD. AND CONSOLIDATED SUBSIDIARIES
March 31, 2019

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2019	2018	2019
ASSETS:			
Cash and due from banks (Notes 3 and 27)	¥ 711,025	¥ 705,563	$ 6,406,207
Call loans and bills bought	511	530	4,604
Debt purchased	4,071	4,895	36,678
Trading account securities (Note 4)	19,848	24,975	178,826
Money held in trust (Notes 5 and 27)	115,613	170,985	1,041,652
Investment securities (Notes 4, 10, 11, 27 and 28)	2,958,281	3,121,890	26,653,581
Loans and bills discounted (Notes 6, 12, 27, 28 and 29)	4,718,942	4,621,062	42,516,821
Foreign exchange assets (Note 7)	4,734	5,956	42,652
Lease receivables and investments in leases (Notes 26 and 29)	17,622	16,124	158,771
Tangible fixed assets (Notes 8, 9 and 16):			
Buildings	8,319	9,747	74,952
Land	19,321	19,873	174,078
Lease assets	70	86	630
Construction in progress	138	534	1,243
Other tangible fixed assets	4,592	4,886	41,373
Intangible fixed assets:			
Software	50	66	450
Other intangible fixed assets	267	274	2,405
Deferred tax assets (Note 24)	1,136	859	10,235
Customers' liabilities for acceptances and guarantees (Notes 10 and 29)	24,622	29,060	221,839
Other assets (Notes 11, 28 and 29)	79,208	43,260	713,649
Reserve for possible loan losses	(60,868)	(62,537)	(548,409)
TOTAL	¥8,627,510	¥8,718,097	$77,732,318
LIABILITIES:			
Deposits (Notes 11, 13 and 27)	¥7,872,834	¥7,946,100	$70,932,822
Call money and bills sold	16,104	14,342	145,094
Payables under securities lending transactions (Note 11)	17,414	12,886	156,897
Borrowed money (Notes 11, 14 and 27)	116,643	111,704	1,050,932
Foreign exchange liabilities (Note 7)	339	113	3,054
Liability for employees' retirement benefits (Note 15)	23,902	33,749	215,352
Reserve for stock-based benefits (Note 17)	750	876	6,757
Reserve for reimbursement of deposits	464	455	4,180
Reserve for contingent losses	781	695	7,036
Deferred tax liabilities (Note 24)	20,462	28,100	184,358
Acceptances and guarantees (Notes 10 and 29)	24,622	29,060	221,839
Other liabilities (Notes 16 and 28)	44,111	49,275	397,432
Total liabilities	8,138,432	8,227,360	73,325,813
EQUITY (Notes 17,18 and 32):			
Common stock—authorized, 268,800,000 shares; issued, 76,655,746 shares in 2019 and 2018	24,658	24,658	222,164
Capital surplus	20,517	20,517	184,854
Stock acquisition rights (Note 19)			
Retained earnings	346,926	332,619	3,125,741
Less: treasury stock—at cost, 2,353,806 shares and 2,450,902 shares in 2019 and 2018, respectively	(6,391)	(6,658)	(57,581)
Accumulated other comprehensive income:			
Unrealized gains on available-for-sale securities (Note 4)	111,108	127,283	1,001,063
Deferred losses on derivatives under hedge accounting (Note 28)	(1,451)	(1,473)	(13,073)
Defined retirement benefit plans (Note 15)	(6,290)	(6,209)	(56,671)
Total equity	489,077	490,737	4,406,496
TOTAL	¥8,627,510	¥8,718,097	$77,732,318

See notes to consolidated financial statements.

Consolidated Statement of Income

THE 77 BANK, LTD. AND CONSOLIDATED SUBSIDIARIES
Year Ended March 31, 2019

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2019	2018	2019
INCOME:			
Interest income:			
Interest on loans and discounts	¥ 42,131	¥ 41,502	$379,592
Interest and dividends on trading account and investment securities	26,381	31,078	237,688
Other	266	206	2,396
Fees and commissions (Note 29)	17,705	17,128	159,518
Other operating income (Note 20)	10,832	11,350	97,594
Reversal of reserve for possible loan losses		2,945	
Gains on sales of stocks and other securities	5,989	2,833	53,959
Gains on sales of money held in trust	3,908	4,044	35,210
Other income (Note 21)	2,268	2,090	20,434
Total income	109,483	113,180	986,422
EXPENSES:			
Interest expense:			
Interest on deposits	1,490	1,512	13,424
Interest on borrowings and rediscounts	610	464	5,495
Other	1,460	1,166	13,154
Fees and commissions	6,360	6,164	57,302
Other operating expenses (Note 22)	13,937	19,220	125,569
General and administrative expenses (Note 19)	58,735	57,745	529,191
Other expenses (Notes 9 and 23)	4,298	1,866	38,724
Total expenses	86,893	88,140	782,890
INCOME BEFORE INCOME TAXES	22,590	25,039	203,531
INCOME TAXES (Note 24):			
Current	5,809	4,280	52,338
Deferred	(889)	2,444	(8,009)
Total income taxes	4,919	6,725	44,319
NET INCOME	17,670	18,314	159,203
NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT	¥ 17,670	¥ 18,314	$159,203
	Yen		U.S. Dollars
PER SHARE OF COMMON STOCK (Note 31):			
Basic net income	¥237.90	¥246.87	$2.143
Diluted net income		246.45	
Cash dividends applicable to the year	47.50	45.00	0.427

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

THE 77 BANK, LTD. AND CONSOLIDATED SUBSIDIARIES
Year Ended March 31, 2019

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2019	2018	2019
NET INCOME	¥ 17,670	¥18,314	$ 159,203
OTHER COMPREHENSIVE (LOSS) INCOME (Note 25):			
Unrealized (losses) gains on available-for-sale securities	(16,174)	6,465	(145,724)
Deferred gains on derivatives under hedge accounting	22	375	198
Defined retirement benefit plans	(80)	1,295	(720)
Total other comprehensive (loss) income	(16,233)	8,136	(146,256)
COMPREHENSIVE INCOME	¥ 1,437	¥26,450	$ 12,947
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO—			
Owners of the parent	¥ 1,437	¥26,450	$ 12,947

See notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

THE 77 BANK, LTD. AND CONSOLIDATED SUBSIDIARIES
Year Ended March 31, 2019

	Thousands	Millions of Yen								
							Accumulated Other Comprehensive Income			
	Number of Shares of Common Stock Outstanding	Common Stock	Capital Surplus	Stock Acquisition Rights	Retained Earnings	Treasury Stock	Unrealized Gains on Available-for-Sale Securities	Deferred Losses on Derivatives under Hedge Accounting	Defined Retirement Benefit Plans	Total Equity
BALANCE, APRIL 1, 2017	370,609	¥24,658	¥20,267	¥728	¥317,655	¥(6,578)	¥120,817	¥(1,848)	¥(7,504)	¥468,195
One-for-five share consolidation (Note 18)	(306,622)									
Net income attributable to owners of the parent					18,314					18,314
Cash dividends, ¥45.00 per share					(3,349)					(3,349)
Purchase of treasury stock	(2,772)					(1,530)				(1,530)
Sales of treasury stock	12,991		249			1,450				1,699
Net change in the year				(728)			6,465	375	1,295	7,408
BALANCE, MARCH 31, 2018	74,205	24,658	20,517		332,619	(6,658)	127,283	(1,473)	(6,209)	490,737
Net income attributable to owners of the parent					17,670					17,670
Cash dividends, ¥45.00 per share*					(3,364)					(3,364)
Purchase of treasury stock	(1)					(4)				(4)
Sales of treasury stock	98					271				271
Net change in the year							(16,174)	22	(80)	(16,233)
BALANCE, MARCH 31, 2019	74,302	¥24,658	¥20,517		¥346,926	¥(6,391)	¥111,108	¥(1,451)	¥(6,290)	¥489,077

	Thousands of U.S. Dollars (Note 1)								
						Accumulated Other Comprehensive Income			
	Common Stock	Capital Surplus	Stock Acquisition Rights	Retained Earnings	Treasury Stock	Unrealized Gains on Available-for-Sale Securities	Deferred Losses on Derivatives under Hedge Accounting	Defined Retirement Benefit Plans	Total Equity
BALANCE, MARCH 31, 2018	$222,164	$184,854		$2,996,837	$(59,987)	$1,146,797	$(13,271)	$(55,941)	$4,421,452
Net income attributable to owners of the parent				159,203					159,203
Cash dividends, $0.405 per share				(30,309)					(30,309)
Purchase of treasury stock					(36)				(36)
Sales of treasury stock					2,441				2,441
Net change in the year						(145,724)	198	(720)	(146,256)
BALANCE, MARCH 31, 2019	$222,164	$184,854		$3,125,741	$(57,581)	$1,001,063	$(13,073)	$(56,671)	$4,406,496

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

THE 77 BANK, LTD. AND CONSOLIDATED SUBSIDIARIES
Year Ended March 31, 2019

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2019	2018	2019
OPERATING ACTIVITIES:			
Income before income taxes	¥ 22,590	¥ 25,039	$ 203,531
Adjustments for:			
Income taxes—paid	(3,823)	(2,170)	(34,444)
Depreciation and amortization	4,378	3,625	39,444
Losses on impairment of fixed assets	761	709	6,856
Net change in reserve for possible loan losses	(1,668)	(7,847)	(15,028)
Net change in reserve for reimbursement of deposits	9	12	81
Net change in reserve for contingent losses	85	(48)	765
Net change in reserve for stock-based benefits	(125)	876	(1,126)
Net change in liability for employees' retirement benefits	(9,963)	381	(89,764)
Interest income	(68,779)	(72,787)	(619,686)
Interest expense	3,561	3,143	32,083
(Gains) losses on investment securities—net	(3,012)	5,525	(27,137)
Gains on money held in trust—net	(3,110)	(4,044)	(28,020)
Foreign exchange (gains) losses —net	(7,187)	9,598	(64,753)
(Gains) losses on sales and disposals of fixed assets—net	(91)	65	(819)
Net change in loans and bills discounted	(97,879)	(177,179)	(881,872)
Net change in deposits	(73,265)	140,239	(660,104)
Net change in borrowed money (except for subordinated loans)	4,939	964	44,499
Net change in due from banks (except for the Bank of Japan)	(2,414)	3,532	(21,749)
Net change in call loans and bills bought	843	174	7,595
Net change in call money and bills sold	1,762	(65,649)	15,875
Net change in payables under securities lending transactions	4,528	(18,112)	40,796
Net change in trading account securities	5,127	(4,181)	46,193
Net change in foreign exchange assets	1,221	(1,208)	11,000
Net change in foreign exchange liabilities	226	40	2,036
Net change in lease receivables and investments in leases	(1,497)	(907)	(13,487)
Interest received	73,299	77,880	660,410
Interest paid	(3,669)	(3,185)	(33,057)
Other—net	(41,209)	(19,676)	(371,285)
Total adjustments	(216,954)	(130,228)	(1,954,716)
Net cash used in operating activities—(Forward)	¥(194,364)	¥ (105,188)	$(1,751,184)
INVESTING ACTIVITIES:			
Purchases of investment securities	(344,105)	(371,459)	(3,100,324)
Proceeds from sales of investment securities	32,581	38,901	293,548
Proceeds from maturity of investment securities	461,174	441,505	4,155,095
Proceeds from dispositions of money held in trust	53,510	3,708	482,115
Purchases of tangible fixed assets	(2,520)	(3,973)	(22,704)
Proceeds from sales of tangible fixed assets	169	130	1,522
Purchases of intangible fixed assets	(8)	(79)	(72)
Payment for execution of asset retirement obligations	(28)	(54)	(252)
Net cash provided by investing activities	200,773	108,678	1,808,928
FINANCING ACTIVITIES:			
Purchases of treasury stock	(4)	(1,530)	(36)
Proceeds from sale of treasury stock		1,516	
Dividends paid	(3,362)	(3,348)	(30,291)
Net cash used in financing activities	(3,366)	(3,362)	(30,327)
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	5	(5)	45
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,047	120	27,452
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	701,935	701,814	6,324,308
CASH AND CASH EQUIVALENTS, END OF YEAR (Note 3)	¥ 704,983	¥ 701,935	$ 6,351,770

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

THE 77 BANK, LTD. AND CONSOLIDATED SUBSIDIARIES
Year Ended March 31, 2019

1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

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

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made to the 2018 consolidated financial statements to conform to the classifications used in 2019.

In accordance with the Japanese Financial Instruments and Exchange Act and other relevant regulations, all Japanese yen figures in the consolidated financial statements have been rounded down to the nearest million yen, except for per share data. Accordingly, the total of each account may not be equal to the combined total of individual items. Also, U.S. dollar amounts have been rounded down to the nearest thousand dollars.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which The 77 Bank, Ltd. (the "Bank") is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥110.99 to U.S.$1, the approximate rate of exchange as of March 31, 2019. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Consolidation**—**The consolidated financial statements include the accounts of the Bank and its significant subsidiaries (collectively, the "Companies"). There were five (seven in 2018) consolidated subsidiaries as of March 31, 2019.

Under the control and influence concepts, those companies in which the Bank, directly or indirectly, is able to exercise control over operations are fully consolidated.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profits included in assets resulting from transactions within the Companies are eliminated in consolidation.

(1) Scope of consolidation

Consolidated Subsidiaries

77 Business Services Co., Ltd., 77 Jimu Daiko Co., Ltd. and 77 Computer Service Co., Ltd. were excluded from the scope of consolidation due to completion of liquidation.

77 Research & Consulting Co., Ltd. which was newly established has been included in the scope of consolidation from the fiscal year ended March 31, 2019.

Unconsolidated Subsidiaries

77 Capital Co., Ltd.
77 New Business Investment Limited Partnership
77 Strategic Investment Limited Partnership

Unconsolidated subsidiaries are excluded from the scope of consolidation because they are not material to the consolidated financial statements in terms of total assets, income, net income (corresponding to the Bank's share), retained earnings (corresponding to the Bank's share) and accumulated other comprehensive income (corresponding to the Bank's share).

77 Strategic Investment Limited Partnership which was newly established has been included in the scope of unconsolidated subsidiaries from the fiscal year ended March 31, 2019.

(2) Equity method

Unconsolidated Subsidiaries Not Accounted for by the Equity Method

77 Capital Co., Ltd.
77 New Business Investment Limited Partnership
77 Strategic Investment Limited Partnership

These companies are excluded from the scope of equity method accounting because they are not material to the consolidated financial statements in terms of net income (corresponding to the Bank's share), retained earnings (corresponding to the Bank's share) and accumulated other comprehensive income (corresponding to the Bank's share).

77 Strategic Investment Limited Partnership which was newly established has been included in the scope of unconsolidated subsidiaries not accounted for by the equity method from the fiscal year ended March 31, 2019.

b. Business Combinations**—**Business combinations are accounted for using the purchase method. Acquisition-related costs, such as advisory fees or professional fees, are accounted for as expenses in the periods in which the costs are incurred. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, an acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, which shall not exceed one year from the acquisition, the acquirer shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and that would have affected the measurement of the amounts recognized as of that date. Such adjustments shall be recognized as if the accounting for the business combination had been completed at the acquisition date. A parent's ownership interest in a subsidiary might change if the parent purchases or sells ownership interests in its subsidiary. The carrying amount of noncontrolling interest is adjusted to reflect the change in the parent's ownership interest in its subsidiary while the parent retains its controlling interest in its subsidiary. Any difference between the fair value of the consideration received or paid and the amount by which the noncontrolling interest is adjusted is accounted for as capital surplus as long as the parent retains control over its subsidiary.

c. Cash and Cash Equivalents**—**For the purpose of the consolidated statement of cash flows, cash and cash equivalents represent cash and amounts due from the Bank of Japan.

d. Trading Account Securities, Investment Securities and Money Held in Trust**—**Securities other than investments in affiliates are classified into three categories, based principally on the Companies' intent, as follows: (1) trading account securities, which are held for the purpose of earning capital gains in the near term, are reported at fair value and the related unrealized gains and losses are included in earnings; (2) held-to-maturity debt securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity, are reported at amortized cost; and (3) available-for-sale securities, which are not classified as either of the aforementioned securities, are reported at fair value with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity.

The cost of trading account securities and available-for-sale securities sold is determined based on the moving-average method.

In addition, investments in unconsolidated subsidiaries not accounted for by the equity method are reported at cost determined by the moving-average method.

Available-for-sale securities for which fair value is extremely difficult to determine are reported at cost determined by the moving-average method.

For other-than-temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

Securities included in money held in trust are also classified and accounted for using the same method as above.

The components of trust assets are accounted for based on the standard appropriate for each asset type. Instruments held in trust for trading purposes are recorded at fair value and unrealized gains and losses are recorded in other income/expenses. Instruments held in trust classified as available-for-sale are recorded at fair value with the corresponding unrealized gains/losses recorded directly in a separate component of equity. Instruments held in trust classified as held to maturity are carried at amortized cost.

e. Tangible Fixed Assets**—**Tangible fixed assets are stated at cost less accumulated depreciation and gains deferred on the sale and replacement of certain assets. Depreciation of tangible fixed assets, except for lease assets, is mainly computed using the declining-balance method at rates based on the estimated useful lives of the assets. The range of useful lives is principally from 5 to 31 years for buildings and from 4 to 20 years for equipment. Lease assets under finance lease transactions, in which substantial ownership is not deemed to have been transferred, are depreciated using the straight-line method over the lease term. The salvage value is zero or the guaranteed amounts if specified in the lease contracts (see Note 2.o).

f. Intangible Fixed Assets**—**The amortization of intangible fixed assets is calculated using the straight-line method. Capitalized costs of computer software developed/obtained for internal use are amortized using the straight-line method over the estimated useful lives of five years.

g. Long-Lived Assets**—**The Companies review their long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows ("DCFs") from the continued use and eventual disposition of the asset or the net selling price at disposition.

h. Foreign Currency Items**—**Assets and liabilities denominated in foreign currencies held by the Bank at year-end are translated into Japanese yen at the current exchange rates in effect at each consolidated balance sheet date. Exchange gains and losses are recognized in the fiscal periods in which they occur.

i. Reserve for Possible Loan Losses**—**The Bank determines the amount of the reserve for possible loan losses by means of management's judgment and assessment of future losses based on a self-assessment system. This system reflects past experience of credit losses, possible future credit losses, business and economic conditions, the character, quality and performance of the portfolio, and other pertinent indicators.

As part of the Bank's self-assessment system, the quality of all loans is assessed by branches and the credit supervisory division with a subsequent audit by the Bank's asset review and inspection division in accordance with the Bank's policy and rules for self-assessment of asset quality.

The Bank has established a credit rating system under which its debtors are classified into five categories. The credit rating system is used in the self-assessment of asset quality. All loans are classified into one of the following five categories for self-assessment purposes: "normal," "caution," "possible bankruptcy," "virtual bankruptcy," and "legal bankruptcy."

For loans to borrowers classified as legal bankruptcy or virtual bankruptcy, the Bank fully provides the net amount of loans and estimated collectible amounts by collateral or guarantees. Regarding loans to borrowers classified as possible bankruptcy, a specific reserve is provided to the necessary extent for the net amount of loans and estimated collectible amounts by collateral or guarantees.

For large debtors who are likely to become bankrupt and debtors with restructured loans, if the cash flows from collection of the principal and interest can be reasonably estimated, the reserve is provided based on the difference between the relevant cash flows discounted by the initial contractual interest rates and the carrying amounts of the loans (the "DCF method").

The reserve for other possible loan losses is calculated based on the specific actual past loss ratio for normal and caution categories and the fair value of the collateral for collateral-dependent loans and other solvency factors including the value of future cash flows for the other self-assessment categories.

The Bank's subsidiaries determine the reserve for possible loan losses by a similar self-assessment system as that of the Bank.

j. Reserve for Stock-Based Benefits**—**Reserve for stock-based benefits is provided for the grants of the Bank's shares to directors, etc. in accordance with the stock grant program based on the estimated stock-based benefits liabilities as of the fiscal year end.

k. Reserve for Reimbursement of Deposits**—**Reserve for reimbursement of deposits which were derecognized as liabilities is provided for the future estimated payments for reimbursement claims on dormant deposit accounts based on the historical reimbursement experience.

l. Reserve for Contingent Losses**—**Reserve for contingent losses is provided for the future estimated payments of burden money to the Credit Guarantee Corporations based on the historical experience of subrogation.

m. Employees' Retirement and Pension Plans—In calculation of projected benefit obligations, expected benefits are attributed to periods on a benefit formula basis. Treatment of prior service cost and actuarial gains and losses is as follows:

Prior service cost is charged to expenses when incurred.

Unrecognized actuarial gains and losses are amortized by the straight-line method from the following fiscal year after the fiscal year when they were incurred over a definite period (10 years) with the employees' average remaining service period when incurred.

Consolidated subsidiaries apply a shortcut method whereby the amount of the retirement benefits required to be paid if all the employees voluntarily retired at the end of the fiscal year is regarded as projected benefit obligations in determining the liability for employees' retirement benefits and net periodic retirement benefit costs.

n. Asset Retirement Obligations—The asset retirement obligation is recognized as the sum of the DCFs required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of the asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an increase or a decrease in the carrying amount of the liability and the capitalized amount of the related asset retirement cost.

o. Leases

As a lessee

Finance lease transactions are capitalized to recognize lease assets and lease obligations in the consolidated balance sheet.

As a lessor

All finance leases that are deemed to transfer ownership of the leased property to the lessee are recognized as lease receivables, and all finance leases that are deemed not to transfer ownership of the leased property to the lessee are recognized as investments in leases.

p. Income Taxes—The provision for income taxes is computed based on the pretax income included in the consolidated statement of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

q. Derivatives and Hedging Activities—It is the Bank's policy to use derivative financial instruments ("derivatives") primarily for the purpose of reducing market risks associated with its assets and liabilities. The Bank also utilizes derivatives to meet the needs of its clients while entering into derivatives as a part of its trading activities. The Bank enters into interest rate swaps and interest rate swaptions as a means of hedging its interest rate risk on certain loans and investment securities and to meet the needs of its clients. The Bank also enters into currency swaps, foreign exchange forward contracts, and currency options to hedge foreign currency exchange risk associated with its assets and liabilities denominated in foreign currencies and to meet the needs of its clients.

Derivatives are recognized as either assets or liabilities and measured at fair value. Gains or losses on derivative transactions are recognized in the consolidated statement of income. If derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, the gains or losses on derivatives are deferred until maturity of the hedged transactions.

The interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value, but the differential paid or received under the swap agreements is recognized and included in interest expense or income.

r. Per Share Information—Basic net income per share is computed by dividing net income attributable to common stockholders by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits or share consolidation.

Diluted net income per share reflects the potential dilution that could occur if securities were exercised or converted into common stock. Diluted net income per share of common stock assumes full conversion of the outstanding convertible notes and bonds at the beginning of the year (or at the time of issuance) with an applicable adjustment for related interest expense, net of tax, and full exercise of outstanding warrants.

Cash dividends per share presented in the consolidated statement of income are dividends applicable to the respective years including dividends to be paid after the end of the year.

s. Additional Information—The Bank has applied "Partial Amendments to Accounting Standard for Tax Effect Accounting" (Accounting Standards Board of Japan (ASBJ) Statement No. 28, February 16, 2018) (hereinafter, "Partial Amendments to Accounting Standard for Tax Effect Accounting") from the fiscal year ended March 31, 2019.

Accordingly, the Bank added the information indicated in explanatory note 8 (excluding the total amount of valuation allowance) of "Accounting Standard for Tax Effect Accounting" prescribed in Paragraphs 3 to 5 of the Partial Amendments to Accounting Standard for Tax Effect Accounting in the Note 24, "Income Taxes."

3. CASH AND CASH EQUIVALENTS

The reconciliation of cash and cash equivalents at the end of the year and cash and due from banks in the consolidated balance sheet as of March 31, 2019 and 2018, was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	**2019**
Cash and due from banks	**¥711,025**	¥705,563	**$6,406,207**
Due from banks, excluding due from the Bank of Japan	**(6,042)**	(3,627)	**(54,437)**
Cash and cash equivalents at the end of year	**¥704,983**	¥701,935	**$6,351,770**

4. TRADING ACCOUNT SECURITIES AND INVESTMENT SECURITIES

Trading account securities as of March 31, 2019 and 2018, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	**2019**
National government bonds	**¥ 590**	¥ 567	**$ 5,315**
Local government bonds	**8,257**	7,407	**74,394**
Other securities	**11,000**	17,000	**99,108**
Total	**¥19,848**	¥24,975	**$178,826**

Investment securities as of March 31, 2019 and 2018, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	**2019**
National government bonds	**¥ 712,606**	¥ 992,921	**$ 6,420,452**
Local government bonds	**516,074**	384,566	**4,649,734**
Corporate bonds	**944,892**	960,182	**8,513,307**
Equity securities	**127,056**	148,295	**1,144,751**
Other securities	**657,651**	635,924	**5,925,317**
Total	**¥2,958,281**	¥3,121,890	**$26,653,581**

Securities loaned under securities lending agreements are included in the above national government bonds in the amount of ¥61,439 million ($553,554 thousand) and ¥41,236 million as of March 31, 2019 and 2018, respectively.

Investment in an unconsolidated subsidiary in the amount of ¥25 million ($225 thousand) and ¥25 million and investment in interest in partnership in the amount of ¥1,871 million ($16,857 thousand) and ¥926 million are included in the above equity securities and other securities as of March 31, 2019 and 2018, respectively.

The carrying amounts and aggregate fair values of securities as of March 31, 2019 and 2018, were as follows:

Securities below include trading account securities and investment securities:

	Millions of Yen			
	2019			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Trading				**¥ 19,848**
Available-for-sale:				
Equity securities*	**¥ 51,936**	**¥73,735**	**¥ 611**	**125,061**
Debt securities	**2,146,590**	**22,937**	**54**	**2,169,473**
Other securities*	**603,455**	**57,393**	**8,184**	**652,664**
Held to maturity	**4,099**	**3**		**4,103**

	Millions of Yen			
	2018			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Trading				¥ 24,975
Available-for-sale:				
Equity securities*	¥ 55,931	¥90,762	¥ 285	146,408
Debt securities	2,305,308	25,644	381	2,330,571
Other securities*	584,564	58,055	10,377	632,241
Held to maturity	7,099	15		7,115

	Thousands of U.S. Dollars			
	2019			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Trading				**$ 178,826**
Available-for-sale:				
Equity securities*	**$ 467,934**	**$664,339**	**$ 5,505**	**1,126,777**
Debt securities	**19,340,391**	**206,658**	**486**	**19,546,562**
Other securities*	**5,437,021**	**517,100**	**73,736**	**5,880,385**
Held to maturity	**36,931**	**27**		**36,967**

* Unlisted equity securities for which the fair value is extremely difficult to determine are not included.

Securities, other than trading account securities, with readily determinable fair value, whose fair value significantly declined compared with the acquisition cost and whose fair value is not considered likely to recover to their acquisition cost, are written down to the respective fair value. The related losses on revaluation are charged to income for the fiscal year.

Impairment losses were recognized for available-for-sale securities in the amount of ¥44 million ($396 thousand), consisting of ¥44 million ($396 thousand) of equity securities, and ¥99 million, consisting of ¥99 million of other securities for the years ended March 31, 2019 and 2018, respectively.

The criteria for determining whether the fair value has "significantly declined" are defined based on the asset classification of the issuer in the internal standards for asset quality self-assessment as follows:

(a) Normal issuer: Fair value declined by 50% or more of the acquisition cost or fair value declined between 30% and 50% and average fair value during the past one month declined by 50% or more (30% or more for issuers who have credit risk more than a certain level).

(b) Caution issuers: Fair value declined by 30% or more of the acquisition cost.

(c) Legally bankrupt, virtually bankrupt, and possibly bankrupt issuers: Fair value is lower than the acquisition cost.

Proceeds from sales of available-for-sale securities for the years ended March 31, 2019 and 2018, were ¥32,581 million ($293,548 thousand) and ¥38,786 million, respectively. Gross realized gains and losses on these sales, computed on a moving average cost basis, were ¥6,051 million ($54,518 thousand) and ¥932 million ($8,397 thousand), respectively, for the year ended March 31, 2019, and ¥3,030 million and ¥880 million, respectively, for the year ended March 31, 2018.

Unrealized gains on available-for-sale securities as of March 31, 2019 and 2018, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	**2019**
Valuation differences:			
Available-for-sale securities	**¥144,958**	¥163,159	**$1,306,045**
Available-for-sale money held in trust	**12,644**	17,617	**113,920**
Deferred tax liabilities	**(46,494)**	(53,493)	**(418,902)**
Unrealized gains on available-for-sale securities	**¥111,108**	¥127,283	**$1,001,063**

5. MONEY HELD IN TRUST

The carrying amounts and aggregate fair values of money held in trust as of March 31, 2019 and 2018, were as follows:

	Millions of Yen			
	2019			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Money held in trust classified as:				
Trading				¥ 81,387
Available-for-sale	¥21,581	¥12,644		34,225
Total	¥21,581	¥12,644		¥115,613

	Millions of Yen			
	2018			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Money held in trust classified as:				
Trading				¥131,787
Available-for-sale	¥21,581	¥17,617		39,198
Total	¥21,581	¥17,617		¥170,985

	Thousands of U.S. Dollars			
	2019			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Money held in trust classified as:				
Trading				$ 733,282
Available-for-sale	$194,440	$113,920		308,361
Total	$194,440	$113,920		$1,041,652

Available-for-sale securities held in trust, whose fair value significantly declined compared with the acquisition cost and whose fair value is not considered likely to recover to their acquisition cost, are written down to the respective fair value.

No impairment loss was recognized for money held in trust for the years ended March 31, 2019 and 2018.

6. LOANS AND BILLS DISCOUNTED

Loans and bills discounted as of March 31, 2019 and 2018, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Bills discounted	¥ 11,530	¥ 11,149	$ 103,883
Loans on bills	133,908	143,298	1,206,487
Loans on deeds	4,033,494	3,927,919	36,341,057
Overdrafts	540,008	538,696	4,865,375
Total	¥4,718,942	¥4,621,062	$42,516,821

Bills discounted are accounted for as financial transactions in accordance with "Treatment of Accounting and Auditing of Application of Accounting Standard for Financial Instruments in the Banking Industry" (the Japanese Institute of Certified Public Accountants (the "JICPA") Industry Audit Committee Report No. 24). The Bank has rights to sell or pledge these bills discounted. The total of the face value of bills discounted was ¥11,530 million ($103,883 thousand) and ¥11,149 million as of March 31, 2019 and 2018, respectively.

Loans and bills discounted as of March 31, 2019 and 2018, included the following loans:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Loans to borrowers in bankruptcy	¥ 4,974	¥ 3,074	$ 44,814
Past due loans	64,970	67,665	585,368
Past due loans (three months or more)	1,842	1,900	16,596
Restructured loans	24,917	26,235	224,497
Total	¥96,704	¥98,876	$871,285

Loans to borrowers in bankruptcy represent nonaccrual loans to debtors who are legally bankrupt, as defined in the Enforcement Ordinance for the Corporation Tax Law.

Past due loans are nonaccrual loans which include loans classified as "possible bankruptcy" and "virtual bankruptcy."

Nonaccrual loans are defined as loans for which the Bank has discontinued accruing interest income due to substantial doubt existing about the ultimate collection of principal and/or interest. Such loans are classified either as "possible bankruptcy" or "virtual bankruptcy" under the Bank's self-assessment guidelines.

In addition to past due loans, certain other loans classified as "caution" under the Bank's self-assessment guidelines include past due loans (three months or more) which consist of loans for which the principal and/or interest is three months or more past due, but exclude loans to borrowers in bankruptcy and past due loans.

Restructured loans are loans where the Bank and its subsidiaries relax lending conditions by reducing the original interest rate or by forbearing interest payments or principal repayments to support the borrower's reorganization. Restructured loans exclude loans to borrowers in bankruptcy, past due loans or past due loans (three months or more).

7. FOREIGN EXCHANGES

Foreign exchange assets and liabilities as of March 31, 2019 and 2018, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Assets			
Foreign exchange bills receivable	¥ 71	¥ 24	$ 639
Due from foreign correspondent accounts	4,663	5,931	42,012
Total	¥4,734	¥5,956	$42,652
Liabilities			
Foreign exchange bills sold	¥ 66	¥ 62	$ 594
Foreign exchange bills payable	273	50	2,459
Total	¥339	¥113	$3,054

8. TANGIBLE FIXED ASSETS

The accumulated depreciation of tangible fixed assets as of March 31, 2019 and 2018, amounted to ¥82,684 million ($744,968 thousand) and ¥79,629 million, respectively.

As of March 31, 2019 and 2018, deferred gains for tax purposes of ¥7,695 million ($69,330 thousand) and ¥7,695 million, respectively, on tangible fixed assets sold and replaced with similar assets have been deducted from the cost of newly acquired tangible fixed assets.

9. LONG-LIVED ASSETS

The Bank recognized impairment losses of ¥761 million ($6,856 thousand) and ¥709 million on certain operating branches, business premises, branches to be closed, and unused facilities for the years ended March 31, 2019 and 2018, respectively.

The impairment losses were composed of ¥165 million ($1,486 thousand) on buildings, ¥525 million ($4,730 thousand) on land and ¥70 million ($630 thousand) on other fixed assets for the year ended March 31, 2019, and ¥401 million on buildings, ¥243 million on land and ¥65 million on other fixed assets for the year ended March 31, 2018.

For the purpose of testing for impairment, the Bank recognizes each individual branch office as a cash-generating unit for which it continues to manage and monitor identifiable cash flows. Branch offices to be closed and facilities not in operation are individually assessed for impairment. Subsidiaries recognize each company as a cash-generating unit. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group.

The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the DCFs from the continued use and eventual disposition of the asset or the net selling price at disposition. The DCFs were calculated using discount rates of 8.0% and 5.0% for the years ended March 31, 2019 and 2018, respectively, and the net selling price was determined by quotation from a third-party vendor.

10. CUSTOMERS' LIABILITIES FOR ACCEPTANCES AND GUARANTEES

All contingent liabilities arising from acceptances and guarantees are reflected in "Acceptances and guarantees." "Customers' liabilities for acceptances and guarantees" are shown as assets, representing the Bank's right to receive indemnity from the applicants.

The amount of guarantee obligations for privately placed corporate bonds included in securities as of March 31, 2019 and 2018, was ¥14,993 million ($135,084 thousand) and ¥6,165 million, respectively.

11. ASSETS PLEDGED

Assets pledged as collateral and their relevant liabilities as of March 31, 2019 and 2018, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Assets pledged as collateral:			
Investment securities	¥245,060	¥232,517	$2,207,946
Other assets	144	144	1,297
Relevant liabilities to above assets:			
Deposits	53,818	48,676	484,890
Payables under securities lending transactions	17,414	12,886	156,897
Borrowed money	110,129	106,800	992,242

Additionally, investment securities amounting to ¥100 million ($900 thousand) and ¥45,482 million as of March 31, 2019 and 2018, respectively, and other assets amounting to ¥50,000 million ($450,491thousand) and ¥14,393 million as of March 31, 2019 and 2018, respectively, are pledged as collateral for transactions, such as exchange settlement transactions or as substitute securities for future transaction initial margin and others.

Other assets include security deposits for financial instruments amounting to ¥3,700 million ($33,336 thousand) and ¥2,130 million as of March 31, 2019 and 2018, respectively, and guarantee deposits for leased tangible fixed assets (lessee side) amounting to ¥92 million ($828 thousand) and ¥93 million as of March 31, 2019 and 2018, respectively.

12. LOAN COMMITMENTS

Contracts of overdraft facilities and loan commitments are contracts with customers to lend up to the prescribed limits in response to customers' applications for a loan, as long as there is no violation of any condition within the contracts. As of March 31, 2019, the unused amount of such contracts totaled ¥1,647,277 million ($14,841,670 thousand), of which amounts with original agreement terms of less than one year were ¥1,564,783 million ($14,098,414 thousand). As of March 31, 2018, the unused amount of such contracts totaled ¥1,661,188 million, of which amounts with original agreement terms of less than one year were ¥1,569,181 million.

Since many of the commitments expire without being drawn upon, the unused amount does not necessarily represent a future cash requirement. Most of these contracts have conditions allowing the Companies to refuse customers' applications for a loan or decrease the contract limits based on proper reasons (e.g., changes in financial situation, deterioration in customers' creditworthiness). At the inception of the contracts, the Companies obtain collateral real estate, securities, etc., if considered to be necessary. Subsequently, the Companies perform a periodic review of the customers' business results based on internal rules and take necessary measures to reconsider conditions in contracts and require additional collateral and guarantees.

13. DEPOSITS

Deposits as of March 31, 2019 and 2018, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Current deposits	¥ 212,207	¥ 202,200	$ 1,911,947
Ordinary deposits	4,756,017	4,663,111	42,850,860
Deposits at notice	15,377	14,902	138,544
Time deposits	2,197,737	2,322,878	19,801,216
Negotiable certificates of deposit	440,220	481,570	3,966,303
Other deposits	251,274	261,436	2,263,933
Total	¥7,872,834	¥7,946,100	$70,932,822

14. BORROWED MONEY

As of March 31, 2019 and 2018, the weighted-average annual interest rates applicable to borrowed money were 0.094% and 0.015%, respectively.

Borrowed money consisted of borrowings from the Bank of Japan and other financial institutions. Annual maturities of borrowed money as of March 31, 2019, were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2020	¥113,460	$1,022,254
2021	843	7,595
2022	784	7,063
2023	462	4,162
2024	218	1,964
2025 and thereafter	874	7,874
Total	¥116,643	$1,050,932

15. LIABILITY FOR EMPLOYEES' RETIREMENT BENEFITS

The Bank has severance payment plans as defined benefit plans consisting of corporate pension fund plans and lump-sum retirement payment plans for employees. In addition, the Bank has established corporate defined contribution pension plans as defined contribution plans from the year ended March 31, 2019. The Bank has also established a retirement benefit trust under the lump-sum retirement payment plan.

The consolidated subsidiaries have lump-sum retirement payment plans, and calculate liability for retirement benefit and retirement benefit costs using a shortcut method. Certain consolidated subsidiaries had adopted corporate pension fund plans, but withdrew due to liquidation.

(1) The changes in projected benefit obligations for the years ended March 31, 2019 and 2018, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Balance at beginning of year	¥70,527	¥71,320	$635,435
Service cost	1,782	1,723	16,055
Interest cost	447	451	4,027
Actuarial losses	523	527	4,712
Benefits paid	(3,680)	(3,678)	(33,156)
Prior service cost			
Others	181	183	1,630
Balance at end of year	¥69,781	¥70,527	$628,714

(2) The changes in plan assets for the years ended March 31, 2019 and 2018, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Balance at beginning of year	¥36,778	¥36,091	$331,363
Expected return on plan assets	1,287	1,263	11,595
Actuarial (losses) gains	(1,128)	470	(10,163)
Contributions from the employer	763	773	6,874
Establishment of retirement benefit trust	10,000		90,098
Benefits paid	(2,002)	(2,004)	(18,037)
Others	181	183	1,630
Balance at end of year	¥45,879	¥36,778	$413,361

Note: Plan assets related to the multiemployer welfare pension fund plans adopted by certain consolidated subsidiaries are not included in the above plan assets.

(3) Reconciliation between the liability recorded in the consolidated balance sheet and the balances of projected benefit obligations and plan assets as of March 31, 2019 and 2018, was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Funded projected benefit obligations	¥ 69,643	¥ 48,307	$ 627,470
Plan assets	(45,879)	(36,778)	(413,361)
Total	23,764	11,529	214,109
Unfunded projected benefit obligations	137	22,220	1,234
Net liability arising from projected benefit obligations	¥ 23,902	¥ 33,749	$ 215,352

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Liability for employees' retirement benefits	¥23,902	¥33,749	$215,352
Asset for employees' retirement benefits			
Net liability arising from projected benefit obligations	¥23,902	¥33,749	$215,352

(4) The components of net periodic retirement benefit costs for the years ended March 31, 2019 and 2018, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Service cost	¥ 1,784	¥ 1,729	$ 16,073
Interest cost	447	451	4,027
Expected return on plan assets	(1,287)	(1,263)	(11,595)
Recognized actuarial losses	1,535	1,917	13,830
Net periodic retirement benefit costs	¥ 2,480	¥ 2,834	$ 22,344

Notes: 1. Employees' contribution to corporate pension funds is deducted.
2. Net periodic retirement benefit costs of the consolidated subsidiaries which adopt a shortcut method are included in "Service cost."

(5) Amounts recognized in other comprehensive income (before income tax effect) in respect of defined retirement benefit plans for the years ended March 31, 2019 and 2018, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Prior service cost			
Actuarial (losses) gains	¥(115)	¥1,860	$(1,036)
Others			
Total	¥(115)	¥1,860	$(1,036)

(6) Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of defined retirement benefit plans as of March 31, 2019 and 2018, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Unrecognized prior service cost			
Unrecognized actuarial losses	¥9,037	¥8,921	$81,421
Others			
Total	¥9,037	¥8,921	$81,421

(7) Plan assets as of March 31, 2019 and 2018

a. Components of plan assets

Plan assets consisted of the following:

	2019	2018
Debt investments	41%	31%
Equity investments	24	33
Cash and cash equivalents	5	
Life insurance company accounts (general accounts)	23	28
Call loans, etc.	7	8
Others		
Total	100%	100%

Note: Total plan assets as of March 31, 2019, include retirement benefit trust established under lump-sum payment plans by 22%.

b. Method of determining the long-term expected rate of return on plan assets

The expected rate of return on plan assets is determined considering allocation of plan assets which are expected currently and in the future and the long-term rates of return which are expected currently and in the future from the various components of the plan assets.

(8) Assumptions used for the years ended March 31, 2019 and 2018, were set forth as follows:

	2019	2018
Discount rate	0.6%	0.6%
Long-term expected rate of return on plan assets	3.5	3.5
Expected rate of salary increase	4.5	4.5

(9) Defined contribution

The amount required to be contributed to the defined contribution plan of the Bank was ¥275 million ($2,477 thousand) for the fiscal year ended March 31, 2019.

16. ASSET RETIREMENT OBLIGATIONS

Asset retirement obligations which were recognized on the consolidated balance sheet for the years ended March 31, 2019 and 2018, were as follows:

a. Overview of asset retirement obligations

Asset retirement obligations are recognized for obligations of restoring leased buildings, such as branch premises, to their original state, based on the real estate lease contracts and asbestos removal costs.

b. Calculation of asset retirement obligations

Asset retirement obligations are calculated based on the estimated available periods of 16 to 31 years depending on the expected useful lives of buildings using discount rates from 0.139% to 2.324%.

c. The changes in asset retirement obligations for the years ended March 31, 2019 and 2018, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Balance at beginning of year	¥678	¥675	$6,108
Increase due to acquisition of tangible assets	4	29	36
Reconciliation associated with passage of time	6	6	54
Decrease due to execution of asset retirement obligations	(22)	(32)	(198)
Other	(4)		(36)
Balance at end of year	¥662	¥678	$5,964

17. PERFORMANCE-LINKED STOCK COMPENSATION SYSTEM

The Bank has introduced a performance-linked stock compensation system (the "System") based on the Board Incentive Plan ("BIP") trust from the perspective of enhancing motivation to make contributions to improving the medium- to long-term performance and corporate value by further clarifying the linkage between compensation to directors, etc. and stock value of the Bank.

Under the System, the Bank's shares are acquired using the funds contributed by the Bank as compensation to directors, etc. through the trust and such shares are granted to directors, etc. through the trust according to their ranks and achievement of management plans. Said transactions are related to the System.

The Bank's shares remaining in the trust are recorded as treasury stock under "Equity" and the carrying amount of such treasury stock was ¥1,243 million ($11,199 thousand) and ¥1,514 million and the number of shares was 452 thousand and 551 thousand as of March 31, 2019 and 2018, respectively.

18. EQUITY

Japanese banks are subject to the Banking Law and to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act and the Banking Law that affect financial and accounting matters are summarized below:

a. Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the general meeting of stockholders. For companies that meet certain criteria such as (1) having a Board of Directors, (2) having independent auditors, (3) having an Audit & Supervisory Board, and (4) the term of service of the directors being prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. The Bank meets all the above criteria. The Companies Act permits companies to distribute dividends-in-kind (noncash assets) to stockholders subject to certain limitations and additional requirements. Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Bank can do so because it stipulates this in its articles of incorporation. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the stockholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

b. Increases/Decreases and Transfer of Common Stock, Reserve and Surplus

The Banking Law requires that an amount equal to 20% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of the aggregate amount of the legal reserve and additional paid-in capital equals 100% of stated capital.

Under the Companies Act and the Banking Law, the aggregate amount of additional paid-in capital and the legal reserve that exceeds 100% of the stated capital may be made available for dividends by resolution of the stockholders after transferring such excess to retained earnings in accordance with the Companies Act. Under the Companies Act, the total amount of additional paid-in capital and the legal reserve may be reversed without limitation. The Companies Act also provides that stated capital, legal reserve, additional paid-in capital, other capital surplus, and retained earnings can be transferred among the accounts under certain conditions upon resolution of the stockholders.

c. Treasury Stock and Treasury Stock Acquisition Rights
The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the stockholders which is determined by a specific formula. Under the Companies Act, stock acquisition rights are presented as a separate component of equity. The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

d. Share Consolidation
On October 1, 2017, the Bank conducted consolidation of shares at a ratio of five shares to one share and every five shares of the Bank's issued and outstanding common stock were exchanged for one issued and outstanding share of common stock of the Bank, taking into consideration the announcement of "Action Plan for Consolidating Trading Units" by the stock exchanges nationwide.

19. STOCK OPTIONS

Expenses related to stock options in the amount of ¥33 million are recorded under general and administrative expenses for the year ended March 31, 2018.

The Bank abolished the stock compensation-type stock options plan on August 17, 2017, and introduced the System on its behalf as noted in Note 17.

20. OTHER OPERATING INCOME

Other operating income for the years ended March 31, 2019 and 2018, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Gain on sales and redemption of bonds and other securities	¥ 113	¥ 202	$ 1,018
Lease receipts	7,028	6,808	63,321
Other	3,690	4,339	33,246
Total	¥10,832	¥11,350	$97,594

21. OTHER INCOME

Other income for the years ended March 31, 2019 and 2018, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Gains on sales of tangible fixed assets	¥ 107	¥ 103	$ 964
Other	2,160	1,986	19,461
Total	¥2,268	¥2,090	$20,434

22. OTHER OPERATING EXPENSES

Other operating expenses for the years ended March 31, 2019 and 2018, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Losses on sales, redemption and devaluation of bonds and other securities	¥ 2,858	¥ 8,383	$ 25,750
Lease costs	6,457	6,206	58,176
Other	4,620	4,630	41,625
Total	¥13,937	¥19,220	$125,569

23. OTHER EXPENSES

Other expenses for the years ended March 31, 2019 and 2018, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Bad debt losses	¥ 29	¥ 19	$ 261
Provision for reserve for possible loan losses	1,521		13,703
Losses on dispositions of money held in trust	798		7,189
Losses on sales of loans	434	331	3,910
Losses on impairments and disposals of fixed assets	777	878	7,000
Provision for reserve for reimbursement of deposits	245	197	2,207
Other	491	439	4,423
Total	¥4,298	¥1,866	$38,724

24. INCOME TAXES

The Companies are subject to Japanese national and local income taxes which, in the aggregate, resulted in normal effective statutory tax rates of approximately 30.5% and 30.8% for the years ended March 31, 2019 and 2018, respectively.

The tax effects of significant temporary differences which resulted in deferred tax assets and liabilities as of March 31, 2019 and 2018, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Deferred tax assets:			
Reserve for possible loan losses	¥ 14,113	¥ 15,346	$ 127,155
Liability for employees' retirement benefits	10,318	10,283	92,963
Fixed assets (depreciation)	6,002	5,935	54,076
Losses on devaluation of stocks and other securities	3,272	3,310	29,480
Other	6,554	6,460	59,050
Less valuation allowance (see Note below)	(12,758)	(13,935)	(114,947)
Total	27,501	27,400	247,779
Deferred tax liabilities:			
Unrealized gains on available-for-sale securities	46,494	53,493	418,902
Deferred gain on sales of shares of consolidated subsidiaries		801	
Fixed assets (deferred gain on sales and replacements)	319	329	2,874
Other	14	16	126
Total	46,828	54,641	421,911
Net deferred tax liabilities	¥(19,326)	¥(27,240)	$(174,123)

Note: Valuation allowance for the fiscal year ended March 31, 2019, decreased by ¥1,177 million ($10,604 thousand). This decrease was mainly due to a decrease of ¥1,328 million ($11,965 thousand) in valuation allowance for reserve for possible loan losses at the Bank and consolidated subsidiaries.
Valuation allowance for the fiscal year ended March 31, 2018, decreased by ¥898 million. This decrease was mainly due to a decrease of ¥989 million in valuation allowance for reserve for possible loan losses at the Bank and consolidated subsidiaries.

A reconciliation between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statement of income for the years ended March 31, 2019 and 2018, was as follows:

	2019	2018
Normal effective statutory tax rate	30.5%	30.8%
Expenses not deductible for income tax purposes	0.4	0.4
Nontaxable dividend income	(2.0)	(1.2)
Inhabitants taxes	0.3	0.3
Valuation allowance	(5.2)	(3.6)
Consolidation adjustment on gain on sales of shares of consolidated subsidiaries	(2.7)	
Other—net	0.5	0.2
Actual effective tax rate	21.8%	26.9%

25. OTHER COMPREHENSIVE (LOSS) INCOME

The components of other comprehensive (loss) income for the years ended March 31, 2019 and 2018, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Unrealized (losses) gains on available-for-sale securities:			
(Loss) gain arising during the year	¥(16,741)	¥ 5,953	$(150,833)
Reclassification adjustment to profit or loss	(6,431)	3,345	(57,942)
Amount before income tax effect	(23,173)	9,298	(208,784)
Income tax effect	6,998	(2,833)	63,050
Total	¥(16,174)	¥ 6,465	$(145,724)
Deferred gains on derivatives under hedge accounting:			
Loss arising during the year	¥ (795)	¥ (293)	$ (7,162)
Reclassification adjustment to profit or loss	827	833	7,451
Amount before income tax effect	31	539	279
Income tax effect	(9)	(164)	(81)
Total	¥ 22	¥ 375	$ 198
Defined retirement benefit plans:			
Loss arising during the year	¥ (1,651)	¥ (56)	$ (14,875)
Reclassification adjustment to profit or loss	1,535	1,917	13,830
Amount before income tax effect	(115)	1,860	(1,036)
Income tax effect	35	(565)	315
Total	¥ (80)	¥ 1,295	$ (720)
Total other comprehensive (loss) income	¥(16,233)	¥ 8,136	$(146,256)

26. LEASES

Finance Leases

Lessor
A subsidiary leases certain equipment and other assets to various customers.

The net investments in leases as of March 31, 2019 and 2018, are summarized as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Gross lease receivables	¥18,147	¥16,581	$163,501
Estimated residual values	1,194	1,084	10,757
Unearned interest income	(1,847)	(1,704)	(16,641)
Investments in leases	¥17,494	¥15,961	$157,617

Maturities of lease receivables for finance leases as of March 31, 2019, are as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2020	¥ 67	$ 603
2021	24	216
2022	8	72
2023	7	63
2024	6	54
2025 and thereafter	20	180
Total	¥134	$1,207

Maturities of investment in leases for finance leases as of March 31, 2019, are as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2020	¥ 5,633	$ 50,752
2021	4,517	40,697
2022	3,458	31,155
2023	2,377	21,416
2024	1,283	11,559
2025 and thereafter	876	7,892
Total	¥18,147	$163,501

27. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

(1) Group Policy for Financial Instruments

The Companies provide financial services such as credit card business and leasing operations in addition to banking operations. In the course of these operations, the Companies raise funds principally through deposit taking and invest funds in loans, securities, and others. As such, the Bank holds financial assets and liabilities which are subject to fluctuation in interest rates and conducts comprehensive Asset and Liability Management ("ALM") to avoid unfavorable effects from interest rate fluctuations. Derivatives are also employed by the Bank as part of ALM.

(2) Nature and Extent of Risks Arising from Financial Instruments

Financial assets held by the Companies mainly consist of loans to domestic corporations, local government agencies, and individual customers which are exposed to credit risk that the Companies may suffer from losses resulting from nonperformance of borrowers and interest rate risk that the Companies may suffer from losses resulting from fluctuations in interest rates.

Securities, mainly debt securities, equity securities, and investment trusts are held to maturity and for other purposes and also certain debt securities are held for the purpose of selling to customers. These securities are exposed to credit risk of issuers and market risks of fluctuations in interest rates and market prices. In addition, they are exposed to market liquidity risk that the Companies may suffer from losses resulting from difficulties in executing financial transactions in certain environments such as market turmoil.

Financial liabilities, mainly consisting of liquid deposits or time deposits taken from corporate and individual customers, are exposed to cash flow risk that the Bank may experience a situation where unexpected cash flows are incurred in certain environments where the credit rating of the Bank may be lowered and, accordingly, necessary funding may become difficult.

Foreign currency denominated assets and liabilities are exposed to foreign exchange risk that the Bank may suffer from losses resulting from fluctuations in foreign exchange rates.

Derivatives mainly include interest rate swaps and bond futures, which are used to manage exposure to market risks from changes in interest rates of loans and investment securities, and foreign exchange forward contracts, which are used to hedge foreign exchange risk associated with foreign currency-denominated assets and liabilities. Hedge accounting is applied to certain hedging activities related to loans and investment securities as hedged items.

(3) Risk Management for Financial Instruments

Credit risk management

The Bank has established the "Credit Risk Control Policy" as a basic policy for credit risk management and various rules concerning credit risk management. Based on these policies and rules, the Companies clarify fundamental approaches to secure the soundness of assets and control procedures for identifying, monitoring, and controlling credit risk. Additionally, the Bank utilizes the "Credit Rating System" applied to counterparties granted with credit from the viewpoint of identifying credit risk objectively and enhancing credit risk control.

In addition, as an organization responsible for credit risk management, credit risk control functions and review functions have been established to secure the effectiveness of credit risk management.

The Risk Management Division, as a credit risk control function, is engaged in identifying the level of future possible credit risk and the status of credit concentration in major borrowers through measurement of the level of credit risk and analysis of credit portfolios.

The Credit Supervision Division, as a review control function, is engaged in reviewing lending operations based on strict examination standards, system development for strengthening the daily control of loan receivables, and appropriate maintenance of operational procedures.

Market risk management

a. Market Risk Management System

The Bank has established the "Market Risk Control Policy" as a basic policy for market risk management and various rules concerning market risk management. Based on these policies and rules, the Bank clarifies fundamental approaches for appropriate market risk control operations and control procedures for identifying, monitoring and controlling market risk.

As an organization responsible for market risk management, a market risk control function (middle office) has been established and furthermore, the operating function (front office) and the administration function (back office) have been separated. Additionally, market risk control function staffs are assigned to the operating function to secure the effectiveness of market risk management.

The Risk Management Division, as a market risk control function, measures the level of market risk of the Bank as a whole using Value-at-Risk ("VaR") approach models and other models and regularly monitors the status of compliance with position limits and loss limits established according to the type and characteristics of transactions to control the level of market risk within a certain range.

In addition, an ALM and Income Control Committee was established for the purpose of analyzing flexible investment strategies in order to prevent risks resulting from fluctuations in interest rates and market prices, while forecasting future interest rates, market prices, and trends of fund and business conditions. The committee is also responsible for securing the soundness of management and also improving profitability at the same time based on appropriate asset and liability management through the unification of risk management and earnings control.

b. Quantitative Information about Market Risk

The Bank adopts the variance-covariance method (holding period: 125 business days for strategic equity securities and 60 business days for others; confidence interval: 99.0%; observation period: 250 business days) in computing the VaR with respect to money held in trust, securities, Japanese yen deposits and loans, and Japanese yen money market funds. The volume of market risk (estimated losses) that the Bank is exposed to as of March 31, 2019, amounts to ¥76,667 million ($690,755 thousand) (¥66,894 million in 2018) as a whole. However, the risk under certain abnormal market fluctuations may not be captured since, under the VaR method, the volume of market risk under a definite probability of statistically computed incidence is measured based on historical market fluctuations.

The Bank implements back testing to compare the VaR computed by the model with actual profit and loss in the securities and confirms that the measurement model in use captures the market risk with sufficient precision.

Liquidity risk management

The Bank has established the "Liquidity Risk Control Policy" as a basic policy for liquidity risk management and various rules concerning liquidity risk management. Based on these policies and rules, the Bank clarifies fundamental approaches for stable funding of operations and control procedures for identifying, monitoring and controlling liquidity risk. In addition, the Bank has established the "Contingency Plan for Liquidity" to enable it to make quick and correct responses to unexpected events.

Furthermore, as an organization responsible for liquidity risk management, a liquidity risk control function has been established and a cash management function and a settlement control function have been established to control daily cash management and settlement related to cash and securities.

The Risk Management Division, as a liquidity risk control function, manages the liquidity risk of the Bank as a whole by identifying, monitoring and controlling liquidity risk.

The Treasury Administration and International Division, as a cash management control function and settlement control function, prepares daily or monthly cash flow projections and conducts cash management by identifying possible funds and liquidity of assets and verifying the concentration of settlement of major account funds to a certain date. The Division also controls settlement by identifying the status of settlement through systems such as the BOJ-NET and among financial institutions.

Risk management system of subsidiaries

The subsidiaries have a risk management system similar to that of the Bank.

(4) Supplementary Explanation about Fair Values of Financial Instruments

The fair values of financial instruments include, in addition to the value determined based on market prices, valuations calculated on a reasonable basis if no market prices are available. Since certain assumptions are used in calculating the value, the outcome of such calculation may vary if different assumptions are used.

(5) Fair Values of Financial Instruments

The carrying amount, the fair value, and the differences thereof as of March 31, 2019 and 2018, are disclosed below. Note that unlisted equity securities for which fair value is extremely difficult to determine are not included in the following table (see Note 2 below) and insignificant accounts in terms of the carrying amount are omitted:

	Millions of Yen		
March 31, 2019	Carrying Amount	Fair Value	Difference
(1) Cash and due from banks	¥ 711,025	¥ 711,025	
(2) Money held in trust	115,613	115,613	
(3) Investment securities	2,951,299	2,951,303	¥ 3
Held-to-maturity securities	4,099	4,103	3
Available-for-sale securities	2,947,199	2,947,199	
(4) Loans and bills discounted	4,718,942		
Reserve for possible loan losses*	(59,183)		
	4,659,758	4,680,944	21,185
Total assets	¥8,437,697	¥8,458,886	¥21,189
(1) Deposits	¥7,872,834	¥7,873,063	¥ 228
(2) Borrowed money	116,643	116,617	(26)
Total liabilities	¥7,989,478	¥7,989,681	¥ 202

	Millions of Yen		
March 31, 2018	Carrying Amount	Fair Value	Difference
(1) Cash and due from banks	¥ 705,563	¥ 705,563	
(2) Money held in trust	170,985	170,985	
(3) Investment securities	3,116,320	3,116,336	¥ 15
Held-to-maturity securities	7,099	7,115	15
Available-for-sale securities	3,109,221	3,109,221	
(4) Loans and bills discounted	4,621,062		
Reserve for possible loan losses*	(60,858)		
	4,560,203	4,571,534	11,330
Total assets	¥8,553,074	¥8,564,420	¥11,346
(1) Deposits	¥7,946,100	¥7,946,455	¥ 355
(2) Borrowed money	111,704	111,689	(15)
Total liabilities	¥8,057,805	¥8,058,146	¥ 340

	Thousands of U.S. Dollars		
March 31, 2019	Carrying Amount	Fair Value	Difference
(1) Cash and due from banks	$ 6,406,207	$ 6,406,207	
(2) Money held in trust	1,041,652	1,041,652	
(3) Investment securities	26,590,674	26,590,710	$ 27
Held-to-maturity securities	36,931	36,967	27
Available-for-sale securities	26,553,734	26,553,734	
(4) Loans and bills discounted	42,516,821		
Reserve for possible loan losses*	(533,228)		
	41,983,584	42,174,466	190,873
Total assets	$76,022,137	$76,213,046	$190,909
(1) Deposits	$70,932,822	$70,934,886	$ 2,054
(2) Borrowed money	1,050,932	1,050,698	(234)
Total liabilities	$71,983,764	$71,985,593	$ 1,819

*General and specific reserves for possible loan losses corresponding to loans and bills discounted are deducted.

Notes:

1. Calculation method for the fair value of financial instruments

Assets

(1) Cash and due from banks

For due from banks, the carrying amount is presented as the fair value since the fair value approximates the carrying amount.

(2) Money held in trust

For securities that are part of trust property in an independently managed monetary trust with the primary purpose to manage securities, the fair values of equity securities and debt securities are determined using the quoted price of the stock exchange, Japan Securities Dealers Association, or the price calculated by financial institutions. The fair value of investment trust is determined using the published standard quotation or the standard quotation offered by the securities investment advisors.

See Note 5, "Money Held in Trust" for notes on "Money held in trust" by categories based on different holding purposes.

(3) Investment securities

The fair values of equity securities and debt securities are determined using the quoted price of the stock exchange, Japan Securities Dealers Association, or the price calculated by financial institutions. The fair value of investment trust is determined using the published standard quotation or the standard quotation offered by the securities investment advisors. With respect to privately placed guaranteed bonds, the fair value is determined using the future cash flows (coupons, redemption of principal, guarantee fees) discounted at an interest rate considering the market interest rates and issuers' credit risk.

(4) Loans and bills discounted

With respect to loans with floating interest rates, the carrying amount is presented as the fair value since the fair value approximates the carrying amount as they reflect the market interest rates over a short period, unless the creditworthiness of the borrower has changed significantly since the loan origination. With respect to loans with fixed interest rates, for each category of loan based on the type of loan, internal ratings, and maturity length, the fair value is determined based on the present value of expected cash flows of aggregated amounts of principal and interest discounted at a rate which is the rate assumed if a new loan was made, or market interest rate, which is adjusted by the standard spread (including overhead ratio) by credit rating. The carrying amount is presented as the fair value if the maturity is within a short time period (less than one year) and the fair value approximates the carrying amount.

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

For loans for which the repayment due date is not defined because of the characteristics that the loan amount is limited within the pledged assets, the carrying amount is presented as the fair value since the fair value is assumed to approximate the carrying amount considering the expected repayment schedule and terms of the interest rates.

Liabilities

(1) Deposits

Regarding demand deposits, the amount payable as of the balance sheet date (i.e., the carrying amount) is considered to be the fair value. Time deposits and negotiable certificates of deposit are grouped by maturity length, and the fair value is determined using the present value of the aggregate amounts of principal and interest discounted at an interest rate that would be applied to newly accepted deposits. For deposits with maturities within a short time period (less than one year) and whose fair value approximates the carrying amount, the carrying amount is presented as the fair value.

(2) Borrowed money

For each type of borrowed money financed, the fair value is determined based on the present value of the aggregated amounts of principal and interest discounted at a rate which is the rate assumed if a new financing was made. The carrying amount is presented as the fair value if the maturity is within a short time period (less than one year) and the fair value approximates the carrying amount.

2. The financial instruments whose fair value is extremely difficult to determine are as follows. These items are not included in (3) "Available-for-sale securities" under "Assets" in the above table of fair value information of financial instruments.

	Carrying Amount		
	Millions of Yen		Thousands of U.S. Dollars
Category	2019	2018	2019
Unlisted equity securities*1,*2	¥1,995	¥1,887	$17,974
Capital subscription in investment business partnerships*3	4,986	3,682	44,922
Total	¥6,982	¥5,569	$62,906

*1 *Unlisted equity securities are not treated as instruments whose fair value is required to be disclosed since there is no market price and it is extremely difficult to determine the fair value.*

*2 *Impairment losses in the amount of ¥0 million ($0 thousand) and ¥20 million were recognized for unlisted equity securities for the years ended March 31, 2019 and 2018, respectively.*

*3 *Capital subscription in investment business partnerships, whose assets (i.e., unlisted equity securities) consist of those whose fair values are extremely difficult to determine, is not treated as instruments whose fair value is required to be disclosed.*

3. Maturity analysis for financial assets and securities with contractual maturities as of March 31, 2019

	Millions of Yen					
	Due in 1 Year or Less	Due after 1 Year through 3 Years	Due after 3 Years through 5 Years	Due after 5 Years through 7 Years	Due after 7 Years through 10 Years	Due after 10 Years
Due from banks	¥ 657,359					
Investment securities	528,726	¥ 768,069	¥ 575,969	¥474,895	¥275,231	
Held-to-maturity securities	3,100	1,000				
National government bonds	2,800					
Local government bonds	300	1,000				
Available-for-sale securities with contractual maturities	525,626	767,069	575,969	474,895	275,231	
National government bonds	260,000	331,050	96,000	12,000		
Local government bonds		16,500	81,500	220,600	185,500	
Corporate bonds	188,982	294,082	306,195	132,464	9,959	
Other	76,644	125,437	92,274	109,830	79,772	
Loans and bills discounted*	1,086,874	804,531	676,490	402,886	476,903	¥1,157,700
Total	¥2,272,960	¥1,572,601	¥1,252,459	¥877,781	¥752,134	¥1,157,700

	Thousands of U.S. Dollars					
	Due in 1 Year or Less	Due after 1 Year through 3 Years	Due after 3 Years through 5 Years	Due after 5 Years through 7 Years	Due after 7 Years through 10 Years	Due after 10 Years
Due from banks	$ 5,922,686					
Investment securities	4,763,726	$ 6,920,163	$ 5,189,377	$4,278,718	$2,479,781	
Held-to-maturity securities	27,930	9,009				
National government bonds	25,227					
Local government bonds	2,702	9,009				
Available-for-sale securities with contractual maturities	4,735,796	6,911,154	5,189,377	4,278,718	2,479,781	
National government bonds	2,342,553	2,982,701	864,942	108,117		
Local government bonds		148,662	734,300	1,987,566	1,671,321	
Corporate bonds	1,702,693	2,649,626	2,758,762	1,193,476	89,728	
Other	690,548	1,130,164	831,372	989,548	718,731	
Loans and bills discounted*	9,792,539	7,248,680	6,095,053	3,629,930	4,296,810	$10,430,669
Total	$20,478,962	$14,168,853	$11,284,431	$7,908,649	$6,776,592	$10,430,669

* *Of loans and bills discounted, the portion whose timing of collection is unforeseeable, such as loans to "legally bankrupt" borrowers, loans to "virtually bankrupt" borrowers, and loans to "possibly bankrupt" borrowers, amounting to ¥69,944 million ($630,182 thousand) are not included in the above table. Loans that do not have a contractual maturity, amounting to ¥43,611 million ($392,927 thousand), are not included either.*

4. Repayment schedule of bonds, borrowed money, and other interest-bearing liabilities subsequent to March 31, 2019

	Millions of Yen					
	Due in 1 Year or Less	Due after 1 Year through 3 Years	Due after 3 Years through 5 Years	Due after 5 Years through 7 Years	Due after 7 Years through 10 Years	Due after 10 Years
Deposits*	¥7,454,277	¥361,088	¥57,468			
Borrowed money	113,460	1,627	680	¥152	¥201	¥520
Total	¥7,567,738	¥362,716	¥58,149	¥152	¥201	¥520

	Thousands of U.S. Dollars					
	Due in 1 Year or Less	Due after 1 Year through 3 Years	Due after 3 Years through 5 Years	Due after 5 Years through 7 Years	Due after 7 Years through 10 Years	Due after 10 Years
Deposits*	$67,161,699	$3,253,338	$517,776			
Borrowed money	1,022,254	14,658	6,126	$1,369	$1,810	$4,685
Total	$68,183,962	$3,268,006	$523,912	$1,369	$1,810	$4,685

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

28. DERIVATIVES

It is the Bank's policy to use derivatives primarily for the purpose of reducing market risks associated with its assets and liabilities. The Bank also utilizes derivatives to meet the needs of its clients while entering into derivatives as a part of its trading activities.

The Bank enters into interest rate swaps and interest rate swaptions as a means of hedging its interest rate risk on certain loans and investment securities while entering into interest rate swaps and interest rate swaptions to meet the needs of its clients.

The Bank also enters into currency swaps, foreign exchange forward contracts, and currency options to hedge foreign exchange risk associated with its assets and liabilities denominated in foreign currencies and to meet the needs of its clients.

Derivatives are subject to market risk and credit risk. Market risk is the exposure created by potential fluctuations of market conditions, including interest or foreign exchange rates. Credit risk is the possibility that a loss may result from a counterparty's failure to perform its obligations under a contract.

The Bank sets limits on credit risk for those derivatives by limiting the counterparties to major financial institutions and securities companies and establishing maximum risk exposures to the counterparties.

The Bank has established a standard of risk management including management approaches for each type of risk. Derivative transactions entered into by the Bank have been made in accordance with internal policies which regulate trading activities and credit risk management including maximum risk exposures and loss-cutting rules. Concerning risk management associated with derivative transactions, the front and back offices of the trading divisions are clearly separated and risk managers are assigned to the trading divisions, while the Risk Management Division synthetically manages the Bank's market risks. In this manner, an internal control system is effectively secured.

The Bank's positions, gain and loss, risk amount, and other conditions are periodically reported to the executive committee.

The Bank has the following derivatives contracts outstanding as of March 31, 2019 and 2018:

Derivative Transactions to Which Hedge Accounting Is Not Applied

With respect to derivatives to which hedge accounting is not applied, contract or notional amount, fair value, and unrealized gains/losses, and the calculation method of fair value are as shown below. Note that the contract or notional amounts of the derivatives which are shown in the table do not represent the amounts of the Bank's exposure to credit or market risk.

	Millions of Yen								Thousands of U.S. Dollars			
	2019				2018				**2019**			
	Contract or Notional Amount				Contract or Notional Amount				Contract or Notional Amount			
	Total	Due after One Year	Fair Value	Unrealized Gains/ Losses	Total	Due after One Year	Fair Value	Unrealized Gains/ Losses	Total	Due after One Year	Fair Value	Unrealized Gains/ Losses
Interest rate-related over-the-counter ("OTC") transactions:												
Interest rate swaps:												
Fixed rate receipt/ floating rate payment	¥ 11,167	¥10,867	¥ 287	¥ 287	¥ 4,456	¥ 4,256	¥ 34	¥ 34	$ 100,612	$ 97,909	$ 2,585	$ 2,585
Floating rate receipt/ fixed rate payment	11,220	10,920	(183)	(183)	4,793	4,278	(20)	(20)	101,090	98,387	(1,648)	(1,648)
Interest rate swaption:												
Selling												
Buying												
Currency-related OTC transactions:												
Currency swaps	41,365	21,654	(498)	(498)	36,138	19,665	549	549	372,691	195,098	(4,486)	(4,486)
Foreign exchange forward contracts:												
Selling	138,940	198	(541)	(541)	134,859	192	1,501	1,501	1,251,824	1,783	(4,874)	(4,874)
Buying	4,742	198	2	2	3,272	192	(42)	(42)	42,724	1,783	18	18
Currency option:												
Selling	6,379	4,146	(149)	160	3,247	1,687	(140)	39	57,473	37,354	(1,342)	1,441
Buying	6,379	4,146	149	(81)	3,247	1,687	140	3	57,473	37,354	1,342	(729)

Notes:
1. The above transactions are stated at fair value and unrealized gains (losses) for the years ended March 31, 2019 and 2018, are recognized in the consolidated statement of income.
2. The fair value of interest rate-related OTC transactions is determined using the discounted present value or option-pricing models, and the fair value of currency-related OTC transactions is determined using the discounted present value.

Derivative Transactions to Which Hedge Accounting Is Applied

With respect to derivatives to which hedge accounting is applied, contract or notional amount, fair value, and the calculation method of fair value are as shown below. Note that the contract or notional amounts of the derivatives which are shown in the table do not represent the amounts of the Bank's exposure to market risk.

At March 31, 2019

			Millions of Yen		
			Contract or Notional Amount		
Hedge Accounting Method	Type of Derivatives	Major Hedged Item	Total	Due after One Year	Fair Value
Normal method	Interest rate swaps— Floating rate receipt/ fixed rate payment	Loans and investment securities	¥227,920	¥226,608	¥(2,255)
Special matching criteria	Interest rate swaps— Floating rate receipt/ fixed rate payment	Loans	69,832	58,080	(893)
	Other– Buying	Loans	583	583	(3)
Total					¥(3,151)

At March 31, 2018

			Millions of Yen		
			Contract or Notional Amount		
Hedge Accounting Method	Type of Derivatives	Major Hedged Item	Total	Due after One Year	Fair Value
Normal method	Interest rate swaps— Floating rate receipt/ fixed rate payment	Loans and investment securities	¥225,384	¥224,275	¥(2,278)
Special matching criteria	Interest rate swaps— Floating rate receipt/ fixed rate payment	Loans	76,436	75,663	(875)
	Other– Buying	Loans	750	750	(3)
Total					¥(3,157)

At March 31, 2019

			Thousands of U.S. Dollars		
			Contract or Notional Amount		
Hedge Accounting Method	Type of Derivatives	Major Hedged Item	Total	Due after One Year	Fair Value
Normal method	Interest rate swaps— Floating rate receipt/ fixed rate payment	Loans and investment securities	$2,053,518	$2,041,697	$(20,317)
Special matching criteria	Interest rate swaps— Floating rate receipt/ fixed rate payment	Loans	629,173	523,290	(8,045)
	Other– Buying	Loans	5,252	5,252	(27)
Total					$(28,389)

Notes:
1. These are principally accounted for under the deferral hedge method in accordance with the JICPA Industry Audit Committee Report No. 24, "Treatment of Accounting and Auditing of Application of Accounting Standard for Financial Instruments in the Banking Industry."
2. Fair value is determined using the discounted present value, option-pricing models, etc.

29. RELATED-PARTY TRANSACTIONS

Related-party transactions for the years ended March 31, 2019 and 2018, were as follows:

a. Transactions between the Bank and Its Related Parties

		Transactions for the Year*4			Balance at End of Year		
		Millions of Yen		Thousands of U.S. Dollars	Millions of Yen		Thousands of U.S. Dollars
Related Party	Account Classification*3	**2019**	2018	**2019**	**2019**	2018	**2019**
Department Store Fujisaki Co., Ltd.*1	Loans and bills discounted	**¥4,636**	¥4,562	**$41,769**	**¥4,699**	¥4,823	**$42,337**
	Customers' liabilities for acceptances and guarantees	**356**	360	**3,207**	**351**	360	**3,162**
Fuji Styling Co., Ltd.*1	Loans and bills discounted	**274**	287	**2,468**	**158**	282	**1,423**
Fujisaki Agency Co., Ltd.*1	Customers' liabilities for acceptances and guarantees	**1,000**	981	**9,009**	**1,000**	1,000	**9,009**
Mr. Minokichi Akaizawa*2	Loans and bills discounted	**518**	224	**4,667**	**538**	439	**4,847**

*Notes: *1 Company whose voting rights are majority owned by a director or his close relatives (including subsidiaries of such company)*
**2 Mr. Minokichi Akaizawa, a close relative of a director, passed away on November 14, 2018. Since the inheritance procedures are underway, the transaction in the above table is shown in the name of the deceased.*
**3 Terms are substantially the same as for similar transactions with third parties.*
**4 Amounts of transactions were reported at the average balance for the period.*

b.Transactions between Consolidated Subsidiaries and Their Related Parties

		Transactions for the Year			Balance at End of Year		
		Millions of Yen		Thousands of U.S. Dollars	Millions of Yen		Thousands of U.S. Dollars
Related Party	Account Classification*2	**2019**	2018	**2019**	**2019**	2018	**2019**
Department Store Fujisaki Co., Ltd.*1	Fees and commissions	**¥28**	¥23	**$252**			
Fuji Styling Co., Ltd.*1	Other assets	**46**	17	**414**		¥41	

*Notes: *1 Company whose voting rights are majority owned by a director or his close relatives (including subsidiaries of such company)*
**2 Terms are substantially the same as for similar transactions with third parties.*

30. SEGMENT INFORMATION

Description of Reportable Segments

The Companies are principally engaged in the banking business and also leasing business and other financial services. The reportable segments of the Bank are the segments for which separate financial information is available, and are subject to periodic review by the chief operating decision maker to determine the allocation of management resources and assess performance.

Since the reportable segments of the Companies consist only of the "Banking" segment and since the "Other" segment is immaterial, segment information is omitted.

Related Information for the Years Ended March 31, 2019 and 2018

Information by Service Line

	Millions of Yen				
	2019				
	Loan	Securities Investment	Lease	Other	Total
External customers	¥42,119	¥36,342	¥8,127	¥22,894	¥109,483

	Millions of Yen				
	2018				
	Loan	Securities Investment	Lease	Other	Total
External customers	¥41,491	¥38,152	¥8,007	¥25,529	¥113,180

	Thousands of U.S. Dollars				
	2019				
	Loan	Securities Investment	Lease	Other	Total
External customers	$379,484	$327,434	$73,222	$206,270	$986,422

Information about Geographical Area

Information about geographical areas is omitted because the Companies conduct banking and other related activities only in Japan and do not have foreign subsidiaries or foreign branches.

Information about Major Customers

Information about major customers is not presented because there are no customers who account for over 10% of ordinary income.

Information about Asset Impairment Losses

Information about asset impairment losses for the years ended March 31, 2019 and 2018, is omitted because the only reportable segment is "Banking" and "Other" is immaterial.

31. NET INCOME PER SHARE

Basic and diluted net income per share ("EPS") for the years ended March 31, 2019 and 2018, is as follows:

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
Year Ended March 31, 2019	Net Income Attributable to Owners of the Parent	Weighted-Average Shares	EPS	
Basic EPS—Net income attributable to common stockholders	¥17,670	74,275	¥237.90	$2.14
Year Ended March 31, 2018				
Basic EPS—Net income attributable to common stockholders	¥18,314	74,185	¥246.87	
Effect of dilutive securities—Stock acquisition rights		125		
Diluted EPS—Net income for computation	¥18,314	74,310	¥246.45	

Above information about the weighted-average number of shares and EPS have been restated as appropriate, to reflect a one-for-five share consolidation effected October 1, 2017.

The Bank's shares held by the directors' compensation BIP trust that are recorded as treasury stock under "Equity" are included in the treasury stock to be deducted when computing the average number of shares during the fiscal year for the calculation of basic net income per share and diluted net income per share.

Diluted EPS for the year ended March 31, 2019, is not shown because there were no potential shares.

32. SUBSEQUENT EVENTS

Cash Dividends

At the Bank's general meeting of stockholders held on June 27, 2019, the Bank's stockholders approved the following appropriations of retained earnings:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥25.00 ($0.225) per share	¥1,868	$16,830

Note: Above total amount of cash dividends includes dividends for the Bank's shares held by BIP trust in an amount of ¥11 million ($99 thousand).

Acquisition of Treasury Stock of the Bank

At the Board of Directors' meeting held on May 15, 2019, the Bank resolved the following matters related to acquisition of treasury stock and implemented the acquisition in accordance with Article 156 of the Companies Act as applied pursuant to Article 165, Paragraph 3 of the Companies Act in order to perform flexible capital policies corresponding to the changes in management environments and to return the profit to the stockholders.

(1) Details of the resolution at the Board of Directors' meeting held on May 15, 2019

a. Type of shares to be acquired: Common stock
b. Total number of shares to be acquired: 500,000 shares at maximum
c. Aggregated amount of acquisition cost: ¥800 million ($7,207 thousand) at maximum
d. Period of acquisition: May 16, 2019 through June 21, 2019

(2) Status of acquisition of treasury stock

a. Class of shares acquired: Common stock
b. Total number of shares acquired: 488,800 shares
c. Aggregated amount of acquisition cost: ¥799 million ($7,198 thousand)
d. Period of acquisition: May 16, 2019 through June 19, 2019

Independent Auditors' Report

Deloitte.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of The 77 Bank, Ltd.:

We have audited the accompanying consolidated balance sheet of The 77 Bank, Ltd. and its consolidated subsidiaries as of March 31, 2019, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The 77 Bank, Ltd. and its consolidated subsidiaries as of March 31, 2019, and the consolidated results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 1 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu LLC

June 27, 2019

Member of
Deloitte Touche Tohmatsu Limited

Capital Adequacy Ratios

THE 77 BANK, LTD. AND CONSOLIDATED SUBSIDIARIES
March 31, 2019

	Millions of Yen		Thousands of U.S. Dollars
Consolidated (Domestic standard)	**2019**	2018	**2019**
Capital adequacy ratio (Domestic standard) = (A)/(B) x 100 (%)	**10.38**	10.43	
Capital: (A)	**408,494**	396,036	**3,680,457**
Risk-adjusted assets: (B)	**3,934,181**	3,796,259	**35,446,265**

	Millions of Yen		Thousands of U.S. Dollars
Non-Consolidated (Domestic standard)	**2019**	2018	**2019**
Capital adequacy ratio (Domestic standard) = (A)/(B) x 100 (%)	**10.20**	10.18	
Capital: (A)	**398,082**	383,593	**3,586,647**
Risk-adjusted assets: (B)	**3,902,624**	3,767,679	**35,161,942**

Non-Consolidated Balance Sheet (Parent Company)

THE 77 BANK, LTD.
March 31, 2019

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Assets:			
Cash and due from banks	¥ 710,996	¥ 705,553	$ 6,405,946
Call loans and bills bought	511	530	4,604
Debt purchased	4,071	4,895	36,678
Trading account securities	19,848	24,975	178,826
Money held in trust	115,613	170,985	1,041,652
Investment securities	2,964,936	3,126,044	26,713,541
Loans and bills discounted	4,724,954	4,627,118	42,570,988
Foreign exchange assets	4,734	5,956	42,652
Tangible fixed assets:			
Buildings	8,294	9,720	74,727
Land	19,321	19,873	174,078
Lease assets	81	87	729
Construction in progress	138	534	1,243
Other tangible fixed assets	4,194	4,478	37,787
Intangible fixed assets	263	269	2,369
Customers' liabilities for acceptances and guarantees	24,622	29,060	221,839
Other assets	63,198	28,255	569,402
Reserve for possible loan losses	(55,511)	(56,867)	(500,144)
Total	¥8,610,271	¥8,701,473	$77,576,997
Liabilities:			
Deposits	¥7,891,848	¥7,964,302	$71,104,135
Call money	16,104	14,342	145,094
Payables under securities lending transaction	17,414	12,886	156,897
Borrowed money	111,228	107,112	1,002,144
Foreign exchange liabilities	339	113	3,054
Liability for retirement benefits	14,726	24,404	132,678
Reserve for stock compensation	750	876	6,757
Reserve for reimbursement of deposits	464	455	4,180
Reserve for contingent losses	781	695	7,036
Acceptances and guarantees	24,622	29,060	221,839
Deferred tax liabilities	23,238	30,541	209,370
Other liabilities	27,527	34,060	248,013
Total liabilities	8,129,047	8,218,851	73,241,255
Equity:			
Common stock	24,658	24,658	222,164
Capital surplus	8,937	8,937	80,520
Retained earnings	343,810	329,205	3,097,666
Treasury stock	(5,551)	(5,818)	(50,013)
Total stockholders' equity	371,855	356,983	3,350,346
Unrealized gains on available-for-sale securities	110,820	127,111	998,468
Deferred losses on derivatives under hedge accounting	(1,451)	(1,473)	(13,073)
Total valuation adjustments	109,368	125,638	985,386
Stock acquisition rights			
Total equity	481,223	482,622	4,335,732
Total	¥8,610,271	¥8,701,473	$77,576,997

Non-Consolidated Statement of Income (Parent Company)

THE 77 BANK, LTD.
Year Ended March 31, 2019

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Income:			
Interest income:			
Interest on loans and discounts	¥42,044	¥ 41,410	$378,808
Interest on dividends on trading account and investment securities	27,139	31,076	244,517
Other	266	206	2,396
Fees and commissions	16,742	16,140	150,842
Other operating income	115	859	1,036
Other income	13,544	11,888	122,029
Total income	99,853	101,581	899,657
Expenses:			
Interest expense:			
Interest on deposits	1,491	1,513	13,433
Interest on call money	584	440	5,261
Other	1,472	1,171	13,262
Fees and commissions	7,171	6,867	64,609
Other operating expenses	6,411	12,053	57,761
General and administrative expenses	55,734	55,068	502,153
Other expenses	4,289	1,822	38,643
Total expenses	77,154	78,938	695,143
Income before income taxes	22,699	22,642	204,513
Income taxes:			
Current	4,984	3,770	44,904
Deferred	(253)	2,117	(2,279)
Total income taxes	4,730	5,888	42,616
Net income	¥17,968	¥ 16,754	$161,888

Loan Portfolio

Loan Portfolio by Industry

	Billions of yen	Millions of U.S. Dollars
	2019	2019
Domestic offices *(Excluding Japan offshore banking accounts)*	¥4,724	$42,570
Manufacturing	420	3,784
Agriculture and forestry	6	59
Fisheries	5	45
Mining and quarrying of stone and gravel	3	34
Construction	153	1,384
Electricity, gas, heat supply and water	192	1,736
Information and communications	29	263
Transport and postal activities	127	1,150
Wholesale and retail trade	384	3,463
Finance and insurance	305	2,756
Real estate and goods rental and leasing	979	8,825
Services, N.E.C.	341	3,074
Government, except elsewhere classified	640	5,773
Other	1,134	10,219
Japan's offshore banking accounts		
Financial institutions	—	—
Total	¥4,724	$42,570

Loan Portfolio by Industry

	Billions of yen
	2018
Domestic offices *(Excluding Japan offshore banking accounts)*	¥4,627
Manufacturing	433
Agriculture and forestry	6
Fisheries	5
Mining and quarrying of stone and gravel	4
Construction	159
Electricity, gas, heat supply and water	161
Information and communications	21
Transport and postal activities	125
Wholesale and retail trade	389
Finance and insurance	311
Real estate and goods rental and leasing	924
Services, N.E.C.	332
Government, except elsewhere classified	654
Other	1,096
Japan's offshore banking accounts	
Financial institutions	—
Total	¥4,627

Loans by Collateral

	Billions of yen		Millions of U.S. Dollars
	2019	2018	2019
Securities	¥ 5	¥ 5	$ 48
Commercial claims	20	22	188
Real estate	794	744	7,155
Subtotal	820	772	7,392
Guaranteed	1,259	1,244	11,345
Unsecured	2,645	2,610	23,832
Total	¥4,724	¥4,627	$42,570

Reserve for Loan Losses

	Billions of yen		Millions of U.S. Dollars
	2019	2018	2019
General reserve for loan losses	¥27	¥27	$247
Specific reserve for estimated loan losses on certain doubtful loans	28	29	252
Total	¥55	¥56	$500