名古屋銀行
Bank of NAGOYA

2019 ANNUAL REPORT

絆をつくる、明日へつなぐ。

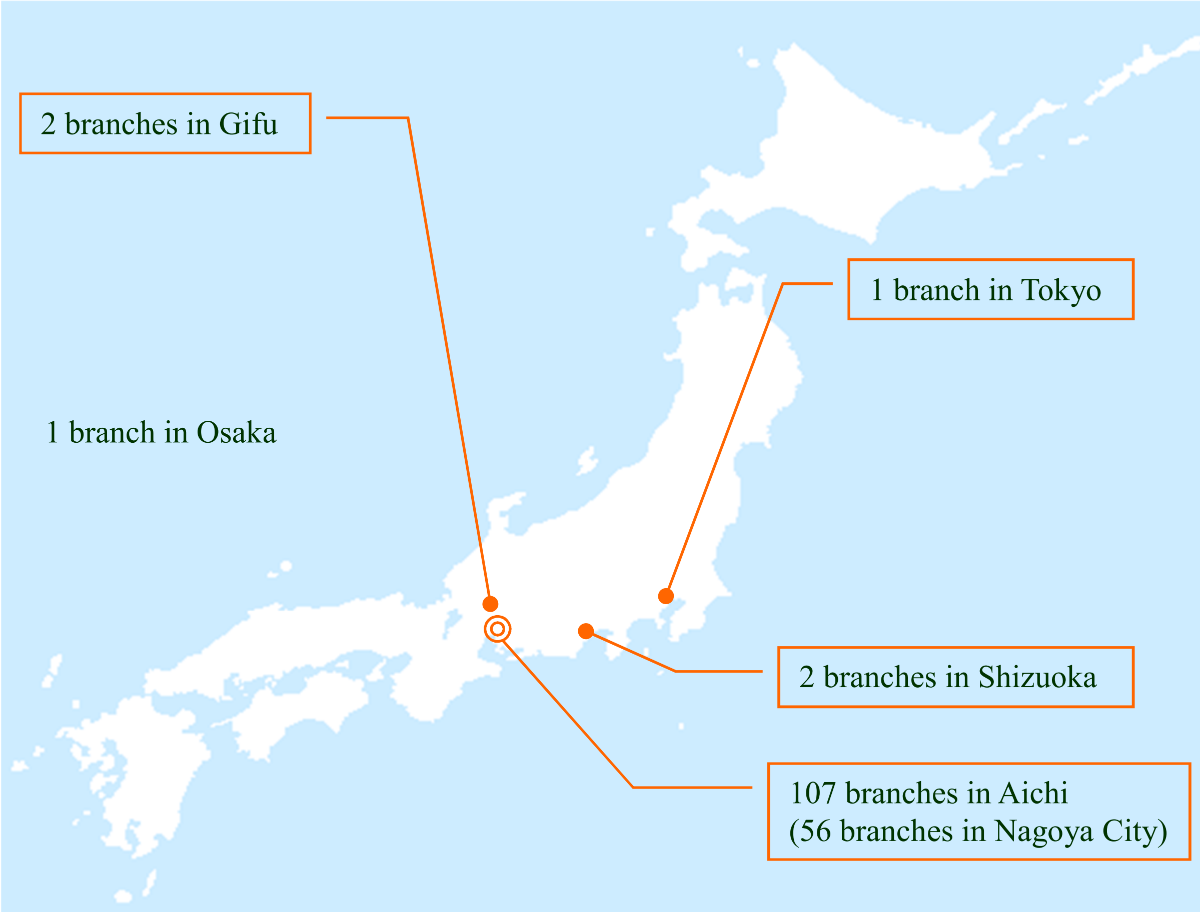
Established 1949
Number of Employees 1,856
(As of March 31, 2019)

Subsidiaries
Nagoyalease Co., Ltd.
Nagoya Business Service Co., Ltd.
Nagoya Card, Ltd.
NAGOYA MC CARD Co., Ltd.

THE BANK OF NAGOYA, LTD.
19-17 Nishiki 3-chome, Naka-ku,
Nagoya City, Aichi 460-0003 Japan
Tel: +81 52 962 9520
Fax: +81 52 961 6605
https://www.meigin.com/

Domestic Branches

Number of Branches: 113 (As of March 31, 2019)



Overseas

Nantong Branch

2nd Floor, Business Service Outsourcing Center,
Building C, 188 Tongsheng Road, Economic and Technological Development Area,
Nantong, Jiangsu, China
Tel +86 513 89192280
Fax +86 513 89192281

Shanghai Representative Office

Room 1809, Shanghai International Trade Center,
2201 Yan-an Road (West), Shanghai, China
Tel +86 21 62754207
Fax +86 21 62759461

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Message from the Management

We would first like to extend our sincere gratitude to all our stakeholders for their patronage to the Bank of Nagoya.

We celebrate the anniversary of our 70th year in business this year, and sincerely appreciate your kind support and patronage up to this point. Going forward, we will keep working to exercise our financial intermediary functions and consulting functions as we aim to grow and develop together with our local communities.

Every one of our directors and employees are accordingly working concertedly to ensure that we act as a trusted member of our local communities in fulfilling our mission as a regional financial institution. As such, we ask for your further support and patronage as we put into practice our guiding precept of "fostering regional prosperity," which has remained consistent since our founding.

June 2019

Kazumaro Kato　　Ichiro Fujiwara

Kazumaro Kato
Chairman

Ichiro Fujiwara
President

Operating Environment

20th Medium-term Management Plan

We believe that engaging in a range of business transactions that address customer needs in a variety of ways will enable us to develop stronger ties with our customers. In doing so, the Bank of Nagoya Group will aim to earn high marks from its customers.

Medium-term management plan

Title	"Stronger, Longer, Deeper" - Deepening Bonds with Local Community		
Duration	From April 2017 to March 2020 (three years)		
Five basic policies	"Stronger" Realizing a more fulfilling lifestyle for our regional customers	"Longer" Maintaining a framework that aims for "transactions over many years"	"Deeper" Actively creating a pleasant environment within the bank through thorough staff education
	Strengthening our All-Hands-In Sales Platform through a continuous BPR strategy		
	Strengthening our governance, risk management, and compliance (GRC) systems		

Numerical targets announced

	Targets throughout duration of the plan	Results for the year ended March 2019 (% of target achieved)	Targets for the year ending March 2020 (final FY)
Targets	Number of new business loan transactions	2,798 (93.2%)	3,000
	Number of new retail clients	40,770 (81.5%)	50,000

	Targets set annually over duration of the plan	Results for the year ended March 2019 (% of target achieved)	Targets for the year ending March 2020 (final FY)
Targets	Number of corporate clients engaged in compound transactions*1	17,243 (93.2%)	18,000
	Number of retail clients engaged in compound transactions*2	415,024 (100%)	420,000

*1 "Number of corporate clients engaged in compound transactions" refers to number of corporate customers that have one or more transactions listed in the Bank's designated main client items (EB bundle transfer, direct payroll deposit, Densai operators, NISA account operators, or related corporate clients).

*2 "Number of retail clients engaged in compound transactions" refers to the number of retail customers that have one or more transactions listed in the Bank's designated main client items (Investment instrument holdings, loan services, Bankstage services, payroll and pension deposit, credit cards and debit cards; excluding cards of other providers).

70th anniversary of the establishment of the Bank of Nagoya

The gracious support we have received from those in our communities has enabled us to play a role as a regional financial institution. We will work even harder to build stronger relationships, never forgetting our gratitude to members of our communities, as we carry forward the pride and sense of mission we have maintained thus far.

Our path going forward

The Bank will reach beyond simply carrying out banking services as it continues to make moves toward engaging in the business of creating better futures in a manner that strengthens our bonds with our regional customers. Given that such efforts embody the Bank's guiding precept of "fostering regional prosperity," we will do our utmost in conjunction with our customers to create better futures that help them develop their companies and achieve greater happiness within their families.

Declaration on Business of Creating Better Futures

This year marks the anniversary of the Bank of Nagoya's 70th year in business, which we have reached thanks to your support.

We are in the business of creating better futures.

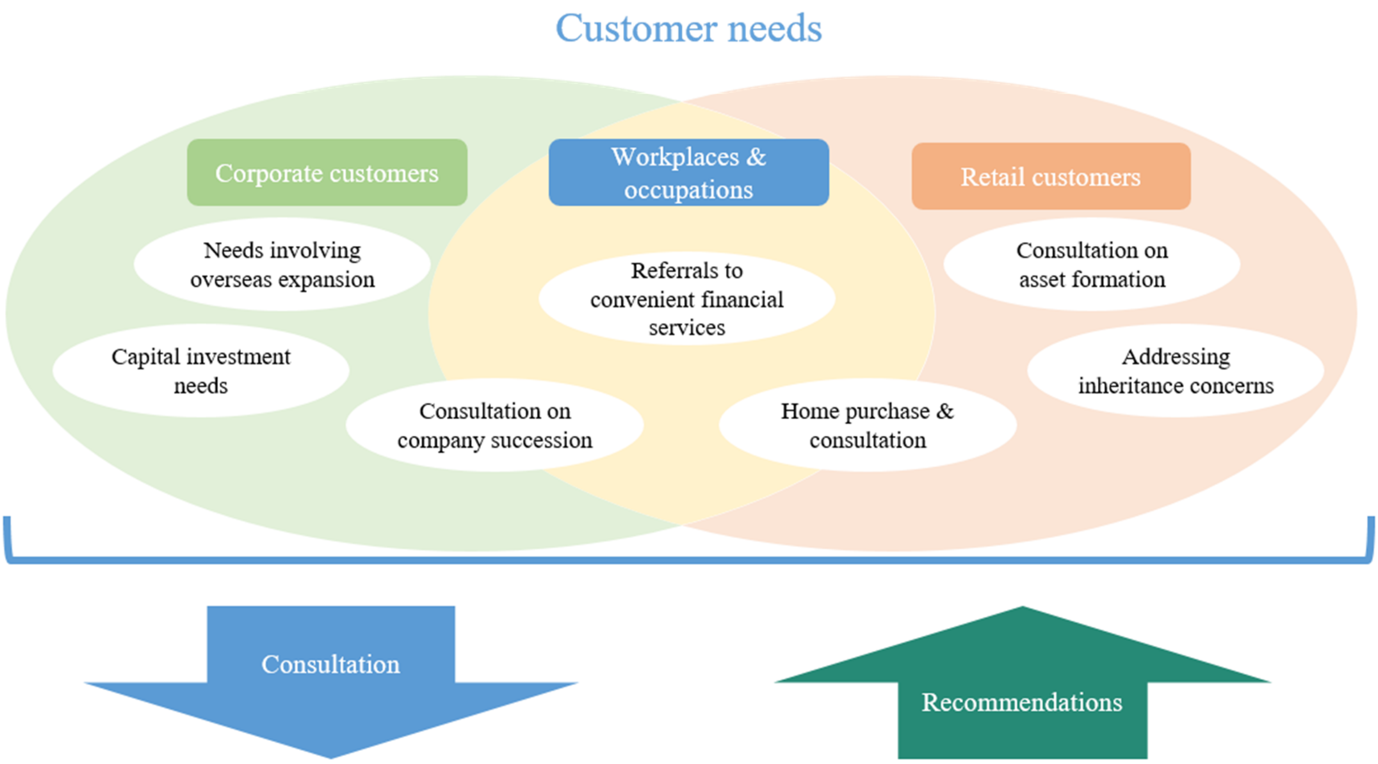
While we will continue providing banking services, our activities will also extend beyond the tasks of simply handling loans, deposits and settlements.

We will accordingly create better futures in conjunction with our corporate customers in helping them develop their companies.
We will accordingly create better futures in conjunction with our retail customers in helping them achieve greater happiness within their families.

Moreover, we will work hard to ensure better futures with respect to our customers and ourselves.

We will continue forging ahead in our efforts to shift from the banking services to the business of creating better futures.

Shift to the business of creating better futures for our customers



Corporate customers

We provide solutions that offer high added value with respect to business challenges encountered by our customers.

- Management assistance and support
- Support for overseas business
- Regional alliances & regional vitalization
- Support for business succession
- Business matching
- M&As
- Information provided through seminars
- Website for client company employees

…, etc.

Retail customers

We provide consulting services tailored to specific life stages of our customers.

Asset formation

- Sales framework aligned with customer-oriented services and operations
- Establishment of HOKEN Plaza

Inheritance consultation

- Establishment of Plaza locations specializing in inheritance consultation services

Home loans

- Initiation of consultation sessions on non-working days
- Improvement of Loan Plaza services

Operating Results (Nonconsolidated basis)

During the fiscal year ended March 31, 2019, the Bank made steady progress in achieving sustainable growth, working in conjunction with its customers in its communities.

Initiatives tailored to our corporate customers

The Bank has been focusing its efforts on providing assistance involving applications for Manufacturing Subsidies in Aichi Prefecture where manufacturing is a prominent industry. With respect to the Japanese government's FY2017 supplementary budget, the Bank helped arrange 170 subsidies for an approval success rate of 66.4%. According to our calculations, the success rate of the Bank can be considered as a top-class performance for an approved support institution, even on a national level.

We actively engaged in efforts to provide support for extending sales channels by holding trade fairs. The fairs were held upon having thoroughly listened to customer needs prior to the fairs, thus enabling us to earn high marks from our clients for the high rate of contracts achieved, given the contract rate of approximately 30% (results of the Aichi-Jimoto Agriculture, Forestry and Fisheries Growth Support "Food" and "Agriculture" Trade Fair).

Aichi-Jimoto Agriculture, Forestry and Fisheries Growth Support "Food" and "Agriculture" Trade Fair

	2016 (1st)	2017 (2nd)	2018 (3rd)	2019 (4th)
Participating companies	126	203	250	251
Buyer companies participating in individual business talks	73	102	162	179
Contract rate	28.6%	33.5%	32.4%	Pending

"Meigin Joint" business trade fairs

Reverse-style business trade fairs that yield a high contract rate and act as a bridge between large companies and local SMEs

Main types of buyers	Total number of business talks held during the year ended March 31, 2019
● Expressway service area operators ● Large catalog mail order sales companies ● Online mail order providers operated by major local railway companies, etc.	89 Cumulative total up to the current year: 559

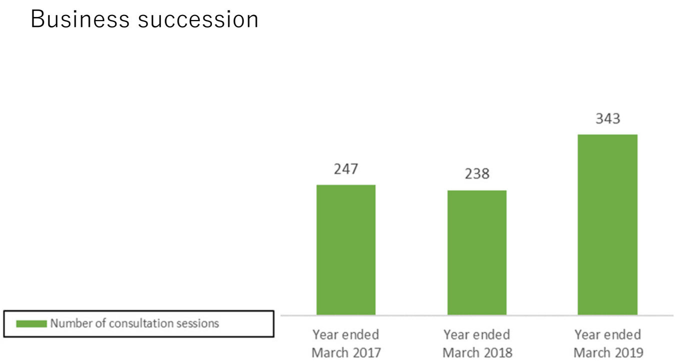
On the Bank's website, we launched a "website for client company employees" catering to employees of our corporate business partners. Employees who work for companies registered with the website are able to use their employer-specific ID number to access various service benefits with respect to auto loans, foreign currency deposits, and investment trusts. This has also been very popular with our customers.

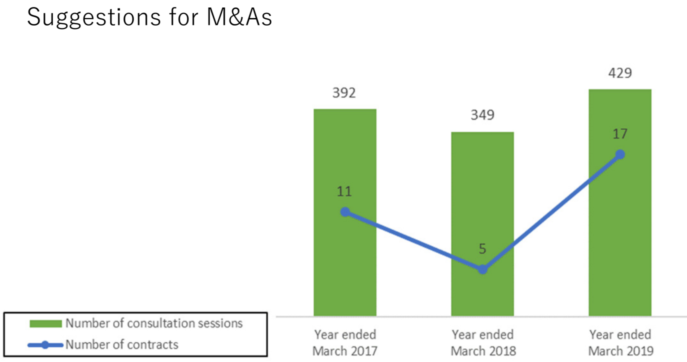
Assistance on all fronts to address labor shortages encountered by customers

- Launch of personnel recruitment services (fee-based employment placement business)

  We provide support for hiring employees working in conjunction with external recruitment agencies, which involves identifying customer workforce needs
- Support geared to “work-style reforms” in conjunction with various types of companies
- Holding seminars pertaining to the labor shortage and boosting productivity

Consulting services in alignment with customer needs for initiatives that include achieving smooth business succession





Support in arranging applications for various subsidies, etc.

- Active assistance provided as an approved support institution
- Rank of 2nd place nationwide and 1st place among financial institutions in Aichi Prefecture in terms of the number of subsidies approved under the “Manufacturing, Commerce, and Service Support Subsidies” program (in the first and second calls for grant) of the Japanese government’s FY2017 supplementary budget

Approval rankings: Nationwide approved support financial institutions

Rank	Approved support institution	Number of approvals
1	The Shoko Chukin Bank	247
2	The Bank of Nagoya	170
3	Bank E	142
4	Bank F	141
5	Bank G	133

Approval rankings: Neighboring approved support financial institutions

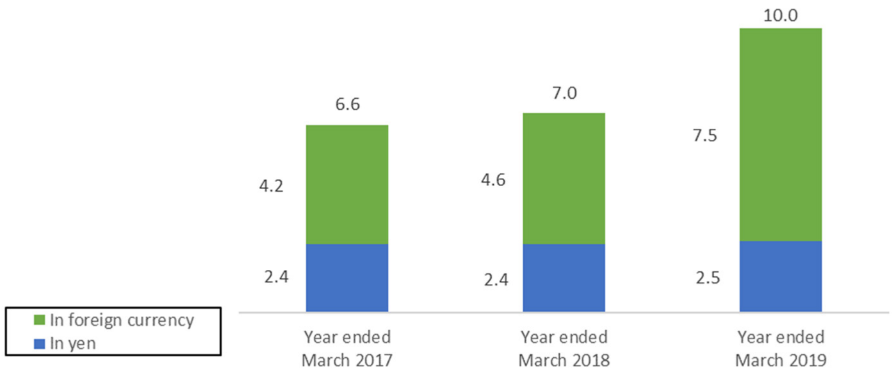
Rank	Approved support institution	Number of approvals
1	The Bank of Nagoya	170
2	Bank A	58
3	Bank B	58
4	Shinkin Bank C	54
5	Shinkin Bank D	51

* Calculated on the basis of the Bank of Nagoya’s data

Support for overseas business of customers involved in overseas expansion, trade, etc.

Nantong Branch in China	Provides support for fund procurement, etc. for corporate customers in China as the only Chinese branch of a local bank among local banks headquartered in any of the three prefectures in the Tokai region.

Support for fund procurement of local subsidiaries overseas (Billions of yen)
(Year-end balances)



Initiatives addressing sustainable development goals (SDGs)

The Bank has issued an SDGs declaration as an entity that engages in various social contribution activities that lend vitality to its local communities. As a regional financial institution we strive to fuel momentum toward achieving the goals by developing awareness among our regional customers regarding the SDGs, as we are also actively engaging in activities geared to achieve the SDGs.

Meigin SDGs Declaration

The Bank of Nagoya vows that it will contribute to achieving the SDGs through all of its activities carried out as a financial institution.

SDGs logo specifically for Japan (Japan logo)

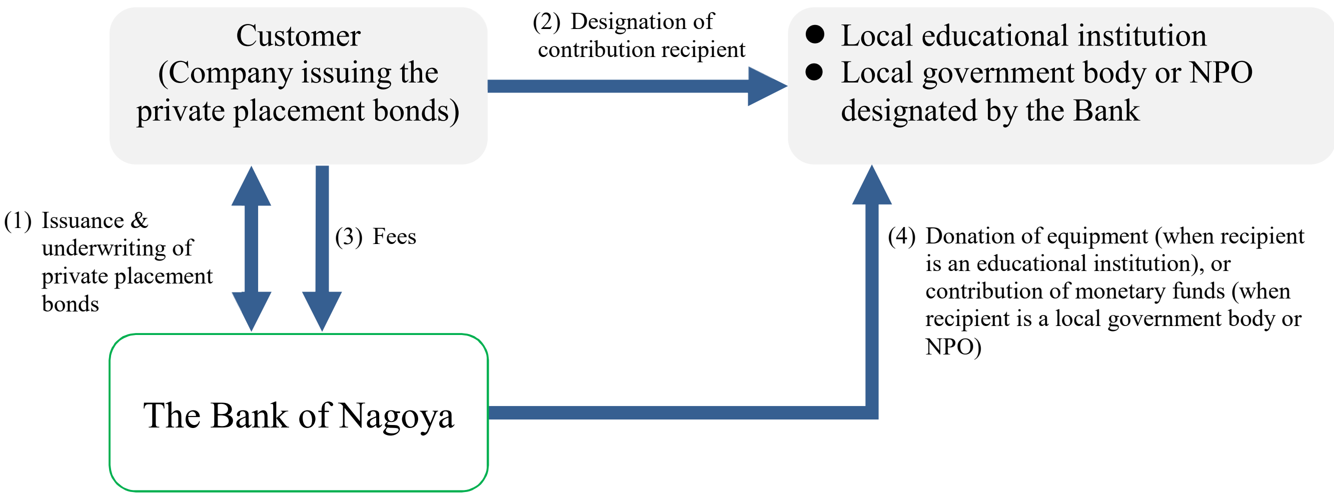
Access the website below for further information on our SDGs initiatives.
https://www.meigin.com/about/sdgs.html

Topics
Supporting our clients with their SDG initiatives

SDGs and donation-type private placement bonds: "Ties to the future"

- The bonds were updated in January 2019.
- We contribute a portion of the private placement bond underwriting fees furnished by customers issuing such bonds to local educational institutions, local governments, and NPOs working to achieve the SDGs.

Diagram of bond issuance scheme



Meigin SDGs Support Fund

- We began handling the fund on April 1, 2019.
- The fund acts as a loan product that supports companies engaging in operations carried out to achieve SDGs, or otherwise working toward initiating such operations.
- We provide assistance for developing business underpinned by the SDGs by providing various forms of information in that regard.

Companies in Aichi Prefecture that enable women to shine

We have been recognized with an award from Aichi Prefecture for having set a good example as an outstanding company particularly with respect to our approach to actively promoting initiatives geared to empowering our female employees.

Declaration on Work-style Reforms

Are you happy?

We will seek new work arrangements that help give rise to an abundance of well-being among those employed by the Bank of Nagoya.

The Bank of Nagoya's Declaration on Health

The Bank of Nagoya will actively engage in initiatives geared to maintaining and promoting health premised on the notion that the physical and mental well-being of its directors and employees, as well as their family members, is a crucial element with respect to heightening its corporate vitality and fostering regional prosperity. Moreover, we will strive to develop a workplace environment that lends our directors and employees to a sense that the work they perform is rewarding and worthwhile.

Initiatives tailored to our retail customers

Our "Inheritance Consultation Plaza" which specializes in matters of inheritance and our "HOKEN Plaza" which utilizes knowledge of HOKEN NO MADOGUCHI GROUP INC. have been very well received by our retail customers.

Customer-oriented services and operations regarding financial instruments

For customers who are unable to visit the bank on weekdays

(1) "Meigin Sunday" (consultation sessions on non-working day) held every other month

Holding consultation sessions covering topics such as asset management and various seminars for customers

(2) "The Bank of Nagoya Hoken Plaza" is also open for business on Saturdays and Sundays

A partner you can rely on: Even those who do not make any transactions with the Bank of Nagoya may use the services of The Bank of Nagoya Hoken Plaza

- Professional staff members willing to provide multiple consultation sessions free of charge
- Assistance in selecting insurance policies that align with specific stages of your life from among insurance products of multiple companies

Sayaka Amano, Personal Banking Division

HOKEN Plaza Toyota Minami
TEL 0120-758-055
(available in Japan only)

HOKEN Plaza Dainagoya Building
TEL 0120-758-133
(available in Japan only)

For those aiming to purchase or build their own home
Consultation by professional staff members at eight Plaza locations in Aichi Prefecture

- Loan Plaza Ichinomiya Nishi
- Loan Plaza Hirabari
- Loan Plaza Odaka
- Loan Plaza Kariya
- Loan Plaza Kasugai
- Loan Plaza Toyota
- Loan Plaza Okazaki
- Loan Plaza Toyohashi

The Plaza locations are also open for business on Saturdays and Sundays

* Days of operation vary depending on the Plaza location. Please refer to our website for further details in that regard.

Solutions for addressing inheritance concerns
Inheritance Consultation Plaza

- Independent Plaza locations specializing in inheritance consultation services
- Inheritance procedure services, inheritance service proposals, and referrals to professionals
- Consultation available by appointment to ensure sufficient time

2nd Floor, Imaike NM Building, 31-20 Uchiyama 3-chome, Chikusa-ku, Nagoya City, Aichi
TEL 0120-758-776 (available in Japan only)

Medium- and Long-term Management Strategies

We are conducing initiatives based on the following five basic policies in the three-year 20th medium-term management plan “Stronger, Longer, Deeper - Deepening Bonds with Local Community,” started in April 2017, in order to create strong, long, and deep bonds with stakeholders such as “local communities,” “regional customers,” and “employees” by providing highly satisfying service, and remain the most relied upon financial institution in the region.

(1) Stronger - Realizing a more fulfilling lifestyle for our regional customers
The entire Bank of Nagoya Group creates strong bonds with customers by establishing a service and sales framework from the perspective of the customers.

(2) Longer - Maintaining a framework that aims for “transactions over many years”
Creating long-lasting bonds with our customers by establishing a framework to provide solutions that meet the needs of customers, based on business viability evaluations.

(3) Deeper - Actively creating a pleasant environment within the bank through thorough staff education
Creating deep bonds with our customers by creating challenging yet pleasant corporate environment and deepening diversity through staff education.

(4) Strengthening our All-Hands-In Sales Platform through a continuous BPR strategy

(5) Strengthening our governance, risk management, and compliance (GRC) systems

Issues to Address

Social structure is rapidly changing due to the declining birth rate and aging population, the declining population, developments in IT (information technology), etc. The business environment in which financial institutions operate is also feeling the impact on profits from reduced loan interest income, with intense competition between banks in Aichi Prefecture including with megabanks and financial institutions from other prefectures, in addition to the introduction of the negative interest rate policy.

In order to adapt to the business environment, it is our policy to strengthen earning potential by deepening transactions by increasing the Bank's share and weight for each customer, in addition to increasing the number of our customers.

We will actively carry out various initiatives to achieve this deepening of transactions, including measures to expand financing through business viability evaluations, ensure full business support, enhance solution proposals, enhance regional vitalization support through collaboration between industry, universities, government, and financial institutions, and provide products that are suited to the customer's life stage.

Under our philosophy of "fostering regional prosperity," we will solve our customers' various issues and achieve co-existence with local communities with the goal of becoming a bank truly needed by the region.

Management Policy

Based on the guiding precept of "fostering regional prosperity—which shall both develop the Bank and bring happiness to bank employees," the Bank's management policy comprises the following five matters which cover the overall image of what the Bank aims to be: "Contribute to the regional community," "Strengthen our earnings power and ensure thoroughness in risk management," "Provide financial services that suit the needs of the customers," "Put compliance into practice" and "Establish a free and open-minded corporate climate." In accordance with this basic policy, we will strive to further increase our corporate value as a regional financial institution which fosters regional prosperity. At the same time, we will work to fulfill this duty and earn the unshakeable support and trust of our shareholders and all other stakeholders.

The Bank's Corporate Governance

At the Bank of Nagoya, we consider enhancing corporate governance to be one of the most important management challenges. While striving to further enhance our corporate value as a regional financial institution that fosters regional prosperity, we shall fulfill our responsibilities as a corporate citizen and work to establish unshakeable support and trust from all stakeholders, particularly the shareholders.

Based on this principle, the Bank's motto, which is the foundation of its management, is to "foster regional prosperity—which shall both develop the Bank and bring happiness to bank employees." Also, the Bank has the following precepts: (1) good service—a sincere, considerate and speedy service; (2) good people—lift people, broaden people and create a cheery workplace; and (3) good management—sound and richly innovative management that seeks full participation from employees. To this end, we shall strive to share the basic sense of values and ethics of directors and employees of the Bank, and to ensure that these are reflected in the Bank's operations. We have formulated a "Code of Ethics for Bank of Nagoya Directors and Employees" and "Regulations for Complying with Laws and Regulations etc." and through this we are striving to raise corporate value.

The Bank has a swift decision-making framework, led by the Board of Directors, that strictly operates internal regulations and delegates authority as appropriate.

To this end, in order to enhance the clarity of the system of responsibility, further improve the vitality and strengthen the supervisory functions of the Board of Directors, we have invited two highly independent outside directors, and adopted an executive officer system by the appointment of the Board of Directors. Furthermore, we have adopted an audit and supervisory board members system featuring five audit and supervisory board members (of whom three are outside audit and supervisory board members) that coordinate with the independent auditor and the Internal Audit Division to audit the execution of the duties of directors. We have determined that we are able to adequately strengthen our corporate governance through this system.

Risk Management System

The Bank has enhanced its risk management system by establishing the Asset Liability Management (ALM) Committee to oversee credit risk, liquidity risk, and market risk, and the Operational Risk Management Committee to oversee system risk, administrative risk, etc. The Bank also considers compliance as a top priority and aims to establish a system of checks and balances and tighten internal controls by, for example, establishing a Compliance Committee that includes attorneys at law from outside the Bank. Status of all risks the Bank should address is covered by monthly meetings of these three committees, which will be then reported to the Board of Directors. This consolidated reporting system is designed in the way to enhance the Board of Directors' ability to monitor the Bank's risk control functions.

Breakdown of Loans (Nonconsolidated basis)

Balance of problem loans under the Banking Act (risk monitored loans)

(As of March 31)

	2019 (Millions of yen)	2018 (Millions of yen)	Rate of change (%)
Total loans and bills discounted	2,596,413	2,458,293	5.61
Claims to borrowers in bankruptcy *1	2,584	1,785	44.76
Past due loans *2	47,367	50,000	-5.26
Accruing loans past due three months or more *3	74	35	111.42
Restructured loans *4	7,082	8,369	-15.37
Ratio of risk monitored loans to total loans and bills discounted	2.20%	2.45%	-0.25%

*1 Claims to borrowers in bankruptcy

Of non-accrual loans for which there is no prospect of payment or collection of principal and/or interest, for reasons such as the delay in payment of interest or principal having continued for a considerable period of time, those are subject to the following grounds set forth in the Order for Enforcement of the Corporation Tax Act of Japan:

(a) Petition for commencement of reorganization proceedings pursuant to the provisions of the Corporate Reorganization Act or Act on Special Treatment of Corporate Reorganization Proceedings and Other Insolvency Proceedings of Financial Institutions.

(b) Petition for commencement of rehabilitation proceedings pursuant to the provisions of the Civil Rehabilitation Act.

(c) Petition for commencement of bankruptcy proceedings pursuant to the provisions of the Bankruptcy Act.

(d) Petition for commencement of special liquidation proceedings pursuant to the provisions of the Companies Act.

(e) Suspension of transactions through a clearing house (including bank syndicates that undertake clearing in the relevant regions when there is no clearing house)

(f) Should there be a significant decrease in the economic value of monetary claims against foreign governments, central banks, and local governments, due to long-term delays in the performance of obligations, and should the receipt of payment be recognized as being extremely difficult.

*2 Past due loans

These are non-accrual loans other than claims to borrowers in bankruptcy and loans for which interest payments are deferred in order to assist the financial recovery of borrowers in financial difficulties.

*3 Accruing loans past due three months or more

These are loans for which the payment of the principal and/or interest is past due three months or more from the day following contractual payment date, excluding claims to borrowers in bankruptcy and past due loans.

*4 Restructured loans

These are loans for which the Bank has relaxed the lending conditions for borrowers in financial difficulties—such as by a reduction of the original rate, forbearance of interest and/or principal payment, granting a maturity date extension, and renunciation of claims—in order to support their financial recovery or restructuring. These exclude claims to borrowers in bankruptcy, past due loans and accruing loans past due three months or more.

Balance of problem loans under the Financial Revitalization Act

(As of March 31)

	2019 (Millions of yen)	2018 (Millions of yen)	Rate of change (%)
Bankrupt and quasi-bankrupt *5	6,733	5,598	20.27
Doubtful *6	43,445	46,455	-6.47
Need of special attention *7	7,157	8,404	-14.83
Normal *8	2,586,952	2,435,772	6.20

*5 Bankrupt and quasi-bankrupt

These are loans to borrowers who are currently in legal bankruptcy procedures, including bankruptcy, liquidation, corporate reorganization, and rearrangement, and borrowers who are not currently in legal bankruptcy, but in quasi-bankruptcy.

*6 Doubtful

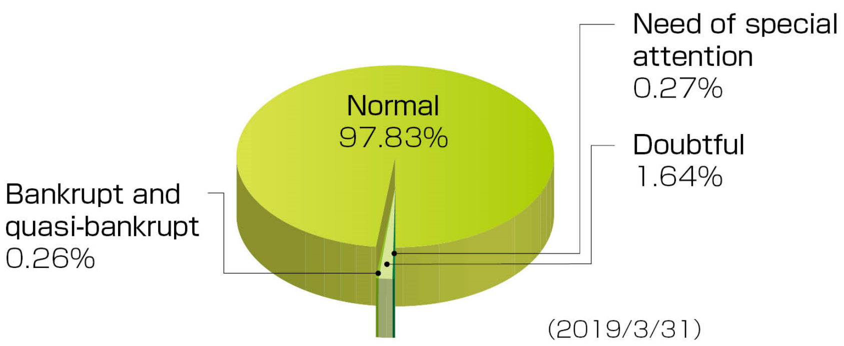
These are loans to borrowers who are not currently in bankruptcy, but in difficult financial situations and with a possibility of higher default risk.

*7 Need of special attention

These are accruing loans past due three months or more (excluding those under *5 and *6), and restructured loans (excluding those under *5 and *6 and accruing loans past due three months or more).

*8 Normal

These are loans to borrowers not having particular problems regarding their financial situations and operating conditions, and excluding loans classified as “Bankrupt and quasi-bankrupt,” “Doubtful” and “Need of special attention.”



At March 31, 2019, the ratio of problem loans under the Financial Reconstruction Law was 2.17%.

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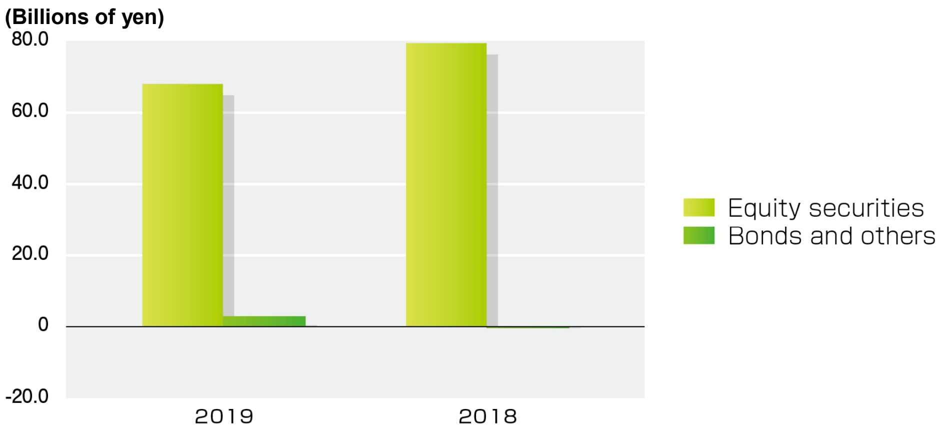
Unrealized Gains on Securities (Nonconsolidated basis)

(As of March 31)

	2019 (Billions of yen)	2018 (Billions of yen)
Equity securities	68.0	79.4
Bonds and others	2.9	-0.4
Total	70.9	78.9



Capital Adequacy Ratio

A credit rating is a symbol provided by a credit rating agency indicating the degree of certainty that the principle and interest on an individual bond issued by a company will be paid as contracted. It is strongly related to the evaluation of a company's creditworthiness, and in a broad sense expresses the level of confidence in a bank.

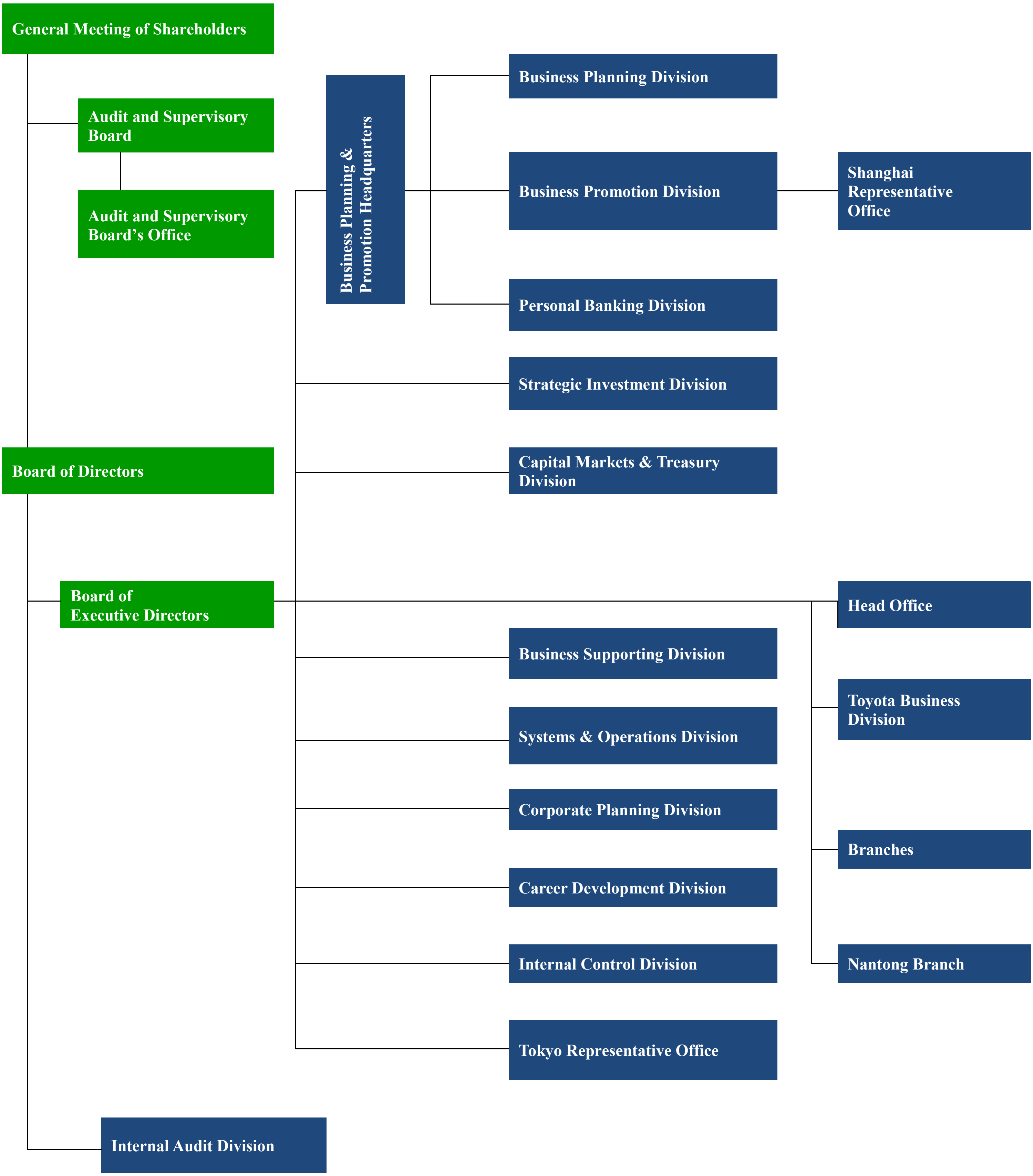
The Bank has obtained a credit rating of "A" from Japan Credit Rating Agency, Ltd. (JCR) with respect to the Bank's long-term issuer rating. This rating indicates that the debt is investment grade, and is a high rating among Japanese financial institutions.

Rating

Japan Credit Rating Agency, Ltd. (JCR)	A	A high level of capacity to honor the financial commitment on the obligation.

Organization of the Bank

(As of July 1, 2019)



Board of Directors and Audit and Supervisory Board

(As of June 21, 2019)

Chairman
Kazumaro Kato

President
Ichiro Fujiwara

Senior Managing Director
Yasuhisa Yamamoto

Managing Directors
Shinichi Yokota
Satoru Hattori

Directors
Itaru Iyoda
Kiyoshi Imaoka
Kenji Suzuki
Toshi Saeki*1
Takehisa Matsubara*1

*1 Outside director

Audit and Supervisory Board Members
Tetsundo Nakamura*2
Naoto Sugita*2
Nobuyoshi Hasegawa
Takao Kondo
Masatoshi Sakaguchi

*2 Full-time

Executive Officers
Takayuki Yogo
Isao Takami
Tadashi Takahashi
Seiji Inagaki
Katsutoshi Yamamoto
Masao Minamide
Naoya Ohno
Naoto Sugi

Principal Shareholders

(As of March 31, 2019)

Sumitomo Mitsui Banking Corporation	4.57%
Nippon Life Insurance Company	3.86%
Meiji Yasuda Life Insurance Company	3.86%
The Master Trust Bank of Japan, Ltd. (Trust Account)	3.83%
Mizuho Bank, Ltd.	3.73%
The Bank of Nagoya Employees' Shareholding Association (Meigin Minori-kai)	3.72%
The Master Trust Bank of Japan, Ltd. (Toyota Motor Corporation Account)	3.10%
SUMITOMO LIFE INSURANCE COMPANY	2.74%
Japan Trustee Services Bank, Ltd. (Trust Account 4)	2.28%
Mitsui Sumitomo Insurance Company, Limited	2.17%

Notes:
1. Shares held by The Master Trust Bank of Japan, Ltd. (Trust Account and Toyota Motor Corporation Account) and Japan Trustee Services Bank, Ltd. (Trust Account 4) are shares in association with their trust business.
2. In addition to the above, the Bank holds 949,000 treasury shares.
3. In a report to amend a report of possession of large volume dated March 21, 2017, it is stated that Mitsubishi UFJ Trust and Banking Corporation, along with joint holders, Mitsubishi UFJ Kokusai Asset Management Co., Ltd., Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., and MU Investments Co., Ltd. are the owners of the following shares as of March 13, 2017. However, as the Bank is unable to confirm the number of shares substantially owned as of March 31, 2019, the details of the shares recorded in the shareholder register have been listed in the status of major shareholders above.
Details included in the report to amend the report of possession of large volume are as follows:

Mitsubishi UFJ Trust and Banking Corporation	4.72%
Mitsubishi UFJ Kokusai Asset Management Co., Ltd.	0.22%
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	0.47%
MU Investments Co., Ltd.	0.82%

4. In a report to amend a report of possession of large volume dated January 8, 2019, it is stated that Mizuho Bank, Ltd., along with joint holders, Mizuho Securities Co., Ltd., Mizuho Trust & Banking Co., Ltd., Asset Management One Co., Ltd., Mizuho International plc, and Mizuho Securities USA LLC are the owners of the following shares as of December 26, 2018. However, as the Bank is unable to confirm the number of shares substantially owned as of March 31, 2019, the details of the shares recorded in the shareholder register have been listed in the status of major shareholders above.
   Details included in the report to amend the report of possession of large volume are as follows:

Mizuho Bank, Ltd.	3.01%
Mizuho Securities Co., Ltd.	8.58%
Mizuho Trust & Banking Co., Ltd.	0.48%
Asset Management One Co., Ltd.	1.94%
Mizuho International plc	– %
Mizuho Securities USA LLC	– %

5. In a report to amend a report of possession of large volume dated March 20, 2019, it is stated that Nomura Securities Co., Ltd., along with joint holders, Nomura Holdings, Inc., NOMURA INTERNATIONAL PLC, NOMURA SECURITIES INTERNATIONAL, Inc., and Nomura Asset Management Co., Ltd. are the owners of the following shares as of March 15, 2019. However, as the Bank is unable to confirm the number of shares substantially owned as of March 31, 2019, the details of the shares recorded in the shareholder register have been listed in the status of major shareholders above.
   Details included in the report to amend the report of possession of large volume are as follows:

Nomura Securities Co., Ltd.	0.50%
Nomura Holdings, Inc.	0.00%
NOMURA INTERNATIONAL PLC	1.12%
NOMURA SECURITIES INTERNATIONAL, Inc.	– %
Nomura Asset Management Co., Ltd.	2.63%

Independent Auditor's Report

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

We have audited the accompanying consolidated financial statements of The Bank of Nagoya, Ltd. and its consolidated subsidiaries, which comprise the consolidated balance sheets as at March 31, 2019 and 2018, and the consolidated statements of income, statements of comprehensive income, statements of changes in net assets and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

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 audits. We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we comply with ethical requirements and 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 our 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, we consider 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, while the objective of the financial statement audit is 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 present fairly, in all material respects, the financial position of The Bank of Nagoya, Ltd. and its consolidated subsidiaries as at March 31, 2019 and 2018, and their financial performance and cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2019 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 of Notes to the consolidated financial statements.

KPMG AZSA LLC

August 7, 2019
Nagoya, Japan

The Bank of Nagoya, Ltd. and Consolidated Subsidiaries
Consolidated Balance Sheets
March 31, 2019 and 2018

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Assets:			
Cash and due from banks (Note 3)	¥ 320,576	¥ 348,141	$ 2,888,338
Call loans and bills purchased (Note 3)	4,645	1,988	41,857
Securities (Notes 3, 4, 7, 12 and 20)	806,312	867,439	7,264,730
Loans and bills discounted (Notes 3, 5, 15 and 20)	2,595,962	2,458,028	23,389,160
Foreign exchange	5,937	4,887	53,500
Lease receivables and investments in leased assets (Note 15)	35,012	31,978	315,456
Other assets (Note 7)	79,107	73,048	712,742
Tangible fixed assets (Note 6)	35,783	36,189	322,401
Intangible fixed assets	1,694	1,971	15,269
Employee retirement benefit assets (Note 11)	12,136	12,068	109,352
Deferred tax assets (Note 17)	638	677	5,752
Customers' liabilities for acceptances and guarantees (Note 12)	11,579	9,899	104,328
Reserve for possible loan losses (Note 3)	(12,179)	(12,621)	(109,734)
Total assets	¥ 3,897,208	¥ 3,833,697	$ 35,113,151

(Continued)

See accompanying Notes to Consolidated Financial Statements.

The Bank of Nagoya, Ltd. and Consolidated Subsidiaries
Consolidated Balance Sheets
March 31, 2019 and 2018

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Liabilities:			
Deposits (Notes 3, 7 and 8)	¥ 3,482,922	¥ 3,403,642	$ 31,380,506
Call money and bills sold (Note 3)	7,214	16,998	65,000
Payables under securities lending transactions (Notes 3 and 7)	23,391	43,713	210,756
Borrowed money (Notes 3, 7 and 9)	44,479	40,817	400,752
Foreign exchange	68	139	613
Bonds payable (Notes 3 and 10)	30,000	20,000	270,294
Bonds with stock acquisition rights (Notes 3 and 10)	11,099	10,624	100,000
Other liabilities (Notes 9 and 17)	23,310	21,339	210,027
Reserve for employee bonuses	1,000	1,056	9,017
Reserve for executive bonuses	40	48	368
Employee retirement benefit liability (Note 11)	4,346	4,688	39,159
Reserve for executive retirement benefits	27	31	246
Reserve for losses on repayments of dormant bank accounts	376	354	3,396
Reserve for contingent losses	2,007	2,088	18,086
Reserve for loss on interest repayments	166	173	1,501
Deferred tax liabilities (Note 17)	16,656	18,635	150,075
Deferred tax liabilities for revaluation (Notes 6 and 17)	2,786	2,792	25,102
Acceptances and guarantees (Note 12)	11,579	9,899	104,328
Total liabilities	3,661,474	3,597,044	32,989,226
Net assets (Notes 13, 14 and 19):			
Common stock	25,090	25,090	226,064
Capital surplus	21,231	21,231	191,294
Retained earnings	139,076	134,213	1,253,056
Less treasury stock, at cost	(4,127)	(4,167)	(37,192)
Total shareholders’ equity	181,271	176,368	1,633,222
Accumulated other comprehensive income	53,730	59,501	484,101
Stock acquisition rights	114	123	1,032
Noncontrolling interests	618	659	5,570
Total net assets	235,734	236,653	2,123,925
Total liabilities and net assets	¥ 3,897,208	¥ 3,833,697	$ 35,113,151

The Bank of Nagoya, Ltd. and Consolidated Subsidiaries
Consolidated Statements of Income
For the Years Ended March 31, 2019 and 2018

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Income:			
Interest income:			
Interest on loans and discounts	¥ 22,549	¥ 22,676	$ 203,163
Interest and dividends on securities	7,970	8,955	71,812
Other interest income	342	295	3,085
Total interest income	30,861	31,927	278,060
Fees and commissions	9,717	8,898	87,551
Other operating income	20,817	20,392	187,562
Gain on sales of stocks and other securities	4,453	1,322	40,122
Gain on conversion of fixed asset rights (Note 6)	–	4,138	–
Compensation for transfer (Note 6)	–	1,062	–
Other income	793	541	7,152
Total income	66,643	68,283	600,447
Expenses:			
Interest expense:			
Interest on deposits	1,063	941	9,583
Interest on borrowings and rediscounts	546	543	4,923
Other interest expense	2,018	1,631	18,185
Total interest expense	3,628	3,115	32,691
Fees and commissions	2,657	2,584	23,940
Other operating expenses	18,120	15,960	163,266
General and administrative expenses (Notes 14 and 18)	31,143	32,112	280,601
Provision of reserve for possible loan losses	328	358	2,964
Loss on devaluation of stocks and other securities	24	226	217
Impairment loss on fixed assets	33	133	298
Loss on reduction of fixed assets (Note 6)	–	4,138	–
Other expenses	1,968	1,450	17,737
Total expenses	57,905	60,080	521,714
Profit before income taxes	8,738	8,203	78,733
Income taxes (Note 17)	2,522	2,321	22,725
Profit	6,216	5,881	56,008
Profit attributable to noncontrolling interests	43	69	390
Profit attributable to owners of the parent	¥ 6,172	¥ 5,812	$ 55,618

	Yen		U.S. dollars
Earnings per share (Note 2(u)):			
Basic	¥ 328.27	¥ 308.14	$ 2.96
Diluted	302.22	250.29	2.72
Cash dividends	70.00	70.00	0.63

See accompanying Notes to Consolidated Financial Statements.

The Bank of Nagoya, Ltd. and Consolidated Subsidiaries
Consolidated Statements of Comprehensive Income
For the Years Ended March 31, 2019 and 2018

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Profit	¥ 6,216	¥ 5,881	$ 56,008
Other comprehensive income (Note 19):			
Net change in unrealized (losses) gains on available-for-sale securities	(5,694)	5,787	(51,304)
Net change in deferred gains on hedging instruments	–	0	–
Net change in land revaluation excess	–	(9)	–
Retirement benefit adjustments	(64)	654	(577)
Total other comprehensive income	(5,758)	6,432	(51,881)
Comprehensive income	¥ 458	¥ 12,314	$ 4,127
Comprehensive income attributable to:			
Owners of the parent	¥ 415	¥ 12,243	$ 3,744
Noncontrolling interests	42	71	383
Total comprehensive income	¥ 458	¥ 12,314	$ 4,127

See accompanying Notes to Consolidated Financial Statements.

The Bank of Nagoya, Ltd. and Consolidated Subsidiaries
Consolidated Statements of Changes in Net Assets
For the Years Ended March 31, 2019 and 2018

	Millions of yen												
	Shareholders' equity					Accumulated other comprehensive income							
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains on available-for-sale securities	Net deferred losses on hedging instruments	Land revaluation excess	Retirement benefit adjustments	Total accumulated other comprehensive income	Stock acquisition rights	Non-controlling interests	Total net assets
Balance at March 31, 2017	¥ 25,090	¥ 18,810	¥ 128,758	¥ (3,614)	¥ 169,045	¥ 50,085	¥ (0)	¥ 4,400	¥ (447)	¥ 54,037	¥ 102	¥ 4,405	¥ 227,591
Profit attributable to owners of the parent	–	–	5,812	–	5,812	–	–	–	–	–	–	–	5,812
Cash dividends	–	–	(1,324)	–	(1,324)	–	–	–	–	–	–	–	(1,324)
Purchases of treasury stock	–	–	–	(570)	(570)	–	–	–	–	–	–	–	(570)
Disposition of treasury stock	–	(3)	–	18	14	–	–	–	–	–	–	–	14
Change in ownership interest of parent arising from transactions with noncontrolling interests	–	2,421	–	–	2,421	–	–	–	–	–	–	–	2,421
Reversal of land revaluation excess	–	–	970	–	970	–	–	–	–	–	–	–	970
Transfer from retained earnings to capital surplus	–	3	(3)	–	–	–	–	–	–	–	–	–	–
Net changes in items other than shareholders' equity	–	–	–	–	–	5,789	0	(979)	654	5,464	21	(3,746)	1,738
Balance at March 31, 2018	25,090	21,231	134,213	(4,167)	176,368	55,874	–	3,421	206	59,501	123	659	236,653
Profit attributable to owners of the parent	–	–	6,172	–	6,172	–	–	–	–	–	–	–	6,172
Cash dividends	–	–	(1,316)	–	(1,316)	–	–	–	–	–	–	–	(1,316)
Purchases of treasury stock	–	–	–	(4)	(4)	–	–	–	–	–	–	–	(4)
Disposition of treasury stock	–	(7)	–	43	36	–	–	–	–	–	–	–	36
Reversal of land revaluation excess	–	–	13	–	13	–	–	–	–	–	–	–	13
Transfer from retained earnings to capital surplus	–	7	(7)	–	–	–	–	–	–	–	–	–	–
Net changes in items other than shareholders' equity	–	–	–	–	–	(5,693)	–	(13)	(64)	(5,771)	(9)	(40)	(5,821)
Balance at March 31, 2019	¥ 25,090	¥ 21,231	¥ 139,076	¥ (4,127)	¥ 181,271	¥ 50,181	¥ –	¥ 3,407	¥ 142	¥ 53,730	¥ 114	¥ 618	¥ 235,734

The Bank of Nagoya, Ltd. and Consolidated Subsidiaries
Consolidated Statements of Changes in Net Assets
For the Years Ended March 31, 2019 and 2018

Thousands of U.S. dollars

	Shareholders' equity					Accumulated other comprehensive income							
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains on available-for-sale securities	Net deferred losses on hedging instruments	Land revaluation excess	Retirement benefit adjustments	Total accumulated other comprehensive income	Stock acquisition rights	Non-controlling interests	Total net assets
Balance at March 31, 2018	$ 226,064	$ 191,294	$ 1,209,236	$ (37,544)	$ 1,589,050	$ 503,419	$ –	$ 30,824	$ 1,858	$ 536,101	$ 1,115	$ 5,939	$ 2,132,205
Profit attributable to owners of the parent	–	–	55,618	–	55,618	–	–	–	–	–	–	–	55,618
Cash dividends	–	–	(11,859)	–	(11,859)	–	–	–	–	–	–	–	(11,859)
Purchases of treasury stock	–	–	–	(39)	(39)	–	–	–	–	–	–	–	(39)
Disposition of treasury stock	–	(65)	–	391	326	–	–	–	–	–	–	–	326
Reversal of land revaluation excess	–	–	126	–	126	–	–	–	–	–	–	–	126
Transfer from retained earnings to capital surplus	–	65	(65)	–	–	–	–	–	–	–	–	–	–
Net changes in items other than shareholders' equity	–	–	–	–	–	(51,297)	–	(126)	(577)	(52,000)	(83)	(369)	(52,452)
Balance at March 31, 2019	$ 226,064	$ 191,294	$ 1,253,056	$ (37,192)	$ 1,633,222	$ 452,122	$ –	$ 30,698	$ 1,281	$ 484,101	$ 1,032	$ 5,570	$ 2,123,925

See accompanying Notes to Consolidated Financial Statements.

The Bank of Nagoya, Ltd. and Consolidated Subsidiaries
Consolidated Statements of Cash Flows
For the Years Ended March 31, 2019 and 2018

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Cash flows from operating activities:			
Profit before income taxes	¥ 8,738	¥ 8,203	$ 78,733
Adjustments for:			
Depreciation and amortization	2,161	2,505	19,476
Impairment loss on fixed assets	33	133	298
Stock option expenses	26	36	243
Decrease in reserve for possible loan losses	(442)	(454)	(3,984)
Increase in employee retirement benefit assets	(68)	(1,070)	(613)
Decrease in employee retirement benefit liability	(342)	(367)	(3,086)
(Decrease) increase in reserve for executive retirement benefits	(4)	1	(41)
Decrease in reserve for contingent losses	(81)	(69)	(733)
Interest income recognized on statement of income	(30,861)	(31,927)	(278,060)
Interest expense recognized on statement of income	3,628	3,115	32,691
Net gains on securities	(3,417)	(1,609)	(30,790)
Foreign exchange (gains) losses, net	(4,028)	6,368	(36,299)
Amortization of bond issuance cost	51	56	462
Net increase in call loans and bills purchased and others	(2,656)	(290)	(23,939)
Net increase in loans and bills discounted	(137,933)	(68,563)	(1,242,760)
Net increase in lease receivables and investments in leased assets	(3,033)	(3,385)	(27,333)
Net increase in deposits	79,279	122,211	714,293
Net (decrease) increase in call money and bills sold	(9,784)	4,657	(88,152)
Net (decrease) increase in payables under securities lending transactions	(20,321)	12,624	(183,094)
Net increase in borrowed money (excluding subordinated borrowings)	3,662	6,609	32,998
Interest income received	31,515	32,247	283,946
Interest expense paid	(3,919)	(3,050)	(35,318)
Others, net	(10,666)	(45,031)	(96,107)
Subtotal	(98,466)	42,953	(887,169)
Income taxes paid	(2,114)	(2,746)	(19,054)
Net cash (used in) provided by operating activities	(100,581)	40,206	(906,223)
Cash flows from investing activities:			
Purchases of securities	(342,036)	(394,490)	(3,081,685)
Proceeds from sales and maturities of securities	402,564	448,927	3,627,031
Purchases of tangible fixed assets	(1,076)	(2,350)	(9,695)
Proceeds from sales of tangible fixed assets	139	206	1,253
Purchases of intangible fixed assets	(409)	(615)	(3,687)
Net cash provided by investing activities	59,181	51,677	533,217
Cash flows from financing activities:			
Proceeds from issuance of subordinated bonds	9,948	9,943	89,636
Dividends paid to shareholders	(1,315)	(1,325)	(11,854)
Dividends paid to noncontrolling shareholders	(83)	(2)	(752)
(Purchase) disposition of treasury stock, net	(4)	(570)	(38)
Purchases of stocks of subsidiaries not resulting in change in scope of consolidation	–	(1,390)	–
Net cash provided by financing activities	8,545	6,654	76,992
Effect of exchange rate changes on cash and cash equivalents	10	(2)	92
Net (decrease) increase in cash and cash equivalents	(32,844)	98,536	(295,922)
Cash and cash equivalents at beginning of year	346,048	247,512	3,117,837
Cash and cash equivalents at end of year (Note 2(b))	¥ 313,204	¥ 346,048	$ 2,821,915

See accompanying Notes to Consolidated Financial Statements.

1. Basis of Consolidated Financial Statements

The accompanying consolidated financial statements of The Bank of Nagoya, Ltd. (the "Bank") and its consolidated subsidiaries (together with the Bank, the "Group") have been prepared in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards. The accompanying consolidated financial statements have been restructured and translated into English from the consolidated financial statements of the Bank prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Act of Japan. Certain supplementary information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation, has not been presented in the accompanying consolidated financial statements.

The amounts in Japanese yen are presented in millions of yen and are rounded down to the nearest million. Accordingly, the totals shown in the accompanying consolidated financial statements and these notes may not equal the sum of the individual amounts.

The translation of the Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2019, which was ¥110.99 to US$1.00. The translation should not be construed as a representation that the Japanese yen amounts have been, could have been or could in the future be converted into U.S. dollars at this or any other rate of exchange.

Certain comparative figures have been reclassified to conform to the current year's presentation.

2. Summary of Significant Accounting Policies

(a) Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Bank and its significant subsidiaries. At both March 31, 2019 and 2018, the Bank had four consolidated subsidiaries, engaged primarily in the business of providing a wide range of financial services to customers.

A subsidiary, Aichi-Jimoto Fund for Agriculture, Forestry and Fisheries Investment Limited Partnership, is excluded from the scope of consolidation and the scope of application of the equity method because its profit, retained earnings, accumulated other comprehensive income (each in proportion to the Bank's interests) and assets are immaterial to the Group's consolidated financial statements. The carrying amount of the investment in the subsidiary, which is included in "Securities" on the consolidated balance sheets, was ¥2 million ($19 thousand) and ¥2 million at March 31, 2019 and 2018, respectively. As of both March 31, 2019 and 2018, the Bank had no affiliates.

The difference between the cost of investments in subsidiaries and the underlying equity in their net assets, adjusted based on the fair value at the time of acquisition, is deferred as goodwill and amortized over five years using the straight-line method. Negative goodwill resulting from an acquisition, measured as the excess of the underlying equity in the net assets over the acquisition cost, is charged to income. In consolidation, all intercompany transactions and accounts have been eliminated. In addition, all significant unrealized profits, included in assets, resulting from transactions within the Group have been eliminated.

(b) Cash and cash equivalents

For the purpose of the consolidated statements of cash flows, cash and cash equivalents consisted of cash and due from banks with an original maturity of three months or less. At March 31, 2019 and 2018 cash and cash equivalents were as follows.

	Millions of yen				Thousands of U.S. dollars	
	2019		2018		2019	
Cash and due from banks	¥	320,576	¥	348,141	$	2,888,338
Less due from banks whose period exceeds three months		(7,372)		(2,092)		(66,423)
Cash and cash equivalents	¥	313,204	¥	346,048	$	2,821,915

(c) Trading account securities

Trading account securities are stated at fair value at the fiscal year-end. Related gains and losses, both realized and unrealized, are included in current earnings. Accrued interest on trading account securities is included in "other assets."

(d) Securities

Debt securities for which the Group has both the intent and the ability to hold to maturity are classified as held-to-maturity debt securities and are stated at amortized cost. Investments in nonconsolidated subsidiaries and affiliates are stated at moving average cost. In principle, available-for-sale securities other than those classified as trading or held-to-maturity debt securities are carried at fair value based on their market prices at the applicable fiscal year-end, with net unrealized gains and losses reported as a component of accumulated other comprehensive income in net assets, net of applicable income taxes. Available-for-sale securities whose fair values are extremely difficult to determine are stated at moving average cost. The carrying values of individual securities are reduced, if necessary, through write-downs to reflect other than temporary declines in value. Gains and losses on disposal of securities are computed based principally on the moving average method. Accrued interest on securities is included in "other assets."

(e) Derivatives and hedge accounting

The Bank uses various derivative instruments. Derivatives are recorded at fair value, with changes in fair values included in the consolidated statements of income for the period in which they arise, except for derivatives that are designated as hedging instruments and qualify for hedge accounting.

The Bank applies the deferral method of hedge accounting for hedging foreign exchange risks associated with various foreign currency denominated monetary assets and liabilities in accordance with the Industry Audit Committee Report No. 25 (July 29, 2002), entitled the "Treatment of Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in Banking Industry," issued by the Japanese Institute of Certified Public Accountants ("JICPA"). The effectiveness of the currency swap transactions, foreign exchange swap transactions and similar transactions that hedge foreign exchange risks of monetary receivables and payables denominated in foreign currencies as described above is assessed based on a comparison of the hedged monetary receivables and payables denominated in foreign currencies and the foreign currency positions of the corresponding hedging instruments.

(f) Loans and bills discounted and reserve for possible loan losses

A reserve for possible loan losses is maintained based on the Bank's management's judgment and assessment of future losses. The Bank implements a self-assessment system for asset quality. The quality of all loans is assessed by each of the Bank's branches and business units and is subsequently examined by the Bank's Credit Supervision Division in accordance with the Bank's policies and rules for self-assessment of asset quality.

The Bank has established a credit rating system under which customers are classified into five categories. All loans are classified through self-assessment into the following categories: "legal bankruptcy," "de facto bankruptcy," "bankruptcy risk," "under observation" and "normal." The Bank provides a reserve for possible loan losses at an amount deemed necessary to cover possible future losses. For claims against borrowers in legal bankruptcy and de facto bankruptcy, a reserve is provided based on the amounts of such claims, net of the amounts expected to be collected through disposal of collateral or from guarantees. For claims against borrowers who have bankruptcy risk, a reserve is provided in the amount considered necessary based on a solvency assessment performed for the amounts of such claims, net of the amounts expected to be collected through disposal of collateral or from guarantees. For claims against borrowers in the "under observation" and "normal" category, a reserve is provided based on the historical loss experience of the Bank.

Reserve amounts recorded by consolidated subsidiaries are provided at the aggregate amount of estimated credit losses based on an individual financial review approach for doubtful or troubled claims. For other claims, an amount deemed necessary is provided as reserve taking into consideration the historical loss experience.

(g) Tangible fixed assets and depreciation

Tangible fixed assets are stated principally at cost less accumulated depreciation. Depreciation is computed by the declining balance method over the estimated useful life of the asset, except for buildings (excluding facilities attached thereto) acquired on or after April 1, 1998, and facilities attached thereto and structures acquired on or after April 1, 2016, which are depreciated using the straight-line method. For the years ended March 31, 2019 and 2018, the useful life of buildings ranged from 15 to 50 years, and the useful life of equipment and other tangible fixed assets ranged from 4 to 20 years. Tangible fixed assets of the consolidated subsidiaries are depreciated mainly using the straight-line method over the estimated useful life of the asset.

(h) Intangible fixed assets and amortization

Intangible fixed assets are amortized using the straight-line method. Costs of computer software developed or obtained for internal use are capitalized and amortized principally using the straight-line method over the estimated useful life of mainly five years.

(i) Leases

Income and expenses related to finance lease transactions are recognized when lease payments are received.

(j) Impairment of fixed assets

A fixed asset is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. An impairment loss is recognized in the income statement by reducing the carrying amount of the impaired asset or a group of assets to the recoverable amount, measured at the higher of the asset's net selling price or value in use. Fixed assets include land, buildings and other forms of property, including intangible assets, and are grouped at the lowest level at which there are identifiable cash flows separate from other groups of assets. For the purpose of recognition and measurement of an impairment loss, fixed assets of the Bank other than idle or unused property are grouped into cash generating units such as operating branches, and fixed assets of the consolidated subsidiaries are grouped into respective units which manage and determine income and expenses related to such assets. The Group recognized impairment loss on fixed assets in the amount of ¥33 million ($298 thousand) and ¥133 million for unprofitable operating branches for the years ended March 31, 2019 and 2018, respectively. Recoverable amounts of the assets were measured based on net selling prices, which were based on appraisal values or expected selling amounts less estimated costs of disposal. Accumulated impairment loss is deducted from the net book value of each asset.

(k) Foreign currency translation

The Group's assets and liabilities denominated in foreign currencies, including the accounts of its foreign branches, are translated into Japanese yen at the exchange rate prevailing at the fiscal year-end. Revenues and expenses are translated at the exchange rate prevailing on the applicable transaction dates. Gains and losses resulting from transactions are included in the determination of profit (loss).

(l) Reserve for employee bonuses

A reserve for employee bonuses is provided based on the estimated amount of future payments attributable to the respective year.

(m) Reserve for executive bonuses

A reserve for executive bonuses is provided for the payment of bonuses to directors and audit and supervisory board members based on the estimated amount of payments attributable to the respective year.

(n) Reserve for employee retirement benefits

Employees who terminate their services with the Group are entitled to retirement benefits based generally on the basic rate of pay at the time of termination, length of service and the conditions under which the termination occurred.

The Group recognizes retirement benefits based principally on the actuarial present value of the retirement benefit obligation using the actuarial appraisal approach and the fair value of pension plan assets available for benefits at the respective fiscal year-end.

In the calculation of retirement benefit obligation, the expected retirement benefits are attributed to periods up to the end of the respective fiscal year using the benefit formula method. Past service cost is amortized by the straight-line method over a certain period within the average remaining years of service of employees. Actuarial differences arising from changes in the retirement benefit obligation or value of plan assets not anticipated by previous assumptions or from changes in the assumptions themselves are amortized on a straight-line basis over a certain period within the average remaining years of service of employees, measured from the year following the year in which the differences arise. For the amortization of past service cost and actuarial differences, the Bank recognizes an amortization period of 13 years as the period within the average remaining years of services of employees. The consolidated subsidiaries use the simplified method in calculating employee retirement benefit liability and retirement benefit expenses. Under this method, the amount for severance payments required at the year-end for voluntary termination is deemed the retirement benefit obligation.

(o) Reserve for executive retirement benefits

For consolidated subsidiaries, a reserve for executive retirement benefits is provided based on the Group's internal rules in the amount that would be payable assuming the directors and audit and supervisory board members of the consolidated subsidiaries terminated their services at the balance sheet date.

(p) Reserve for losses on repayments of dormant bank accounts

In order to cover possible losses on claims from customers for repayment of dormant bank accounts, the balances of which were previously recognized as income, the Bank provides a reserve to the extent of estimated losses based on historical loss experience and taking into consideration the repayment conditions for a certain past period. A reserve for losses on repayments of dormant bank accounts was included in "other expenses" and amounted to ¥143 million ($1,289 thousand) and ¥126 million for the years ended March 31, 2019 and 2018, respectively.

(q) Reserve for contingent losses

A reserve for contingent losses is provided at an amount deemed necessary to cover possible future losses from default of loans under the responsibility-sharing system on guarantees of loans with the Credit Guarantee Corporation based on historical default loss experience. For the years ended March 31, 2019 and 2018, a reversal of reserve for contingent losses of ¥81 million ($733 thousand) and ¥69 million, respectively, was included in "other income."

(r) Reserve for loss on interest repayments

In order to cover possible losses on the repayment of interest to be received from customers that exceeds the upper limit of interest rates prescribed under the Interest Rate Restriction Act, two consolidated subsidiaries provide a reserve for loss on interest repayments to the extent of the estimated losses that may be incurred from repayment claims against customers for whom court settlements have not been reached. Such estimated losses are based on historical loss experience taking into consideration the repayment conditions for a certain past period.

(s) Income taxes

Income taxes are accounted for by the asset-liability method. Deferred tax assets and liabilities are recognized as future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss carryforwards. Deferred tax assets and liabilities are measured using the enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in the period that includes the enactment date.

(t) Appropriation of retained earnings

Cash dividends are recorded in the fiscal year when a proposed appropriation of retained earnings is approved by the Bank's Board of Directors and/or shareholders.

(u) Per share data

Basic earnings per share is computed by dividing profit attributable to common shareholders of the parent by the weighted average number of shares of common stock outstanding during the respective year. Diluted earnings per share is computed by reflecting the potential dilution that could occur if all dilutive securities were exercised or converted into common stock.

Diluted earnings per share for the year ended March 31, 2019 was computed by taking into account 2,713 thousand potential shares of common stock in relation to bonds with stock acquisition rights of 2,680 thousand shares and stock acquisition rights of 32 thousand shares. In addition, diluted earnings per share for the year ended March 31, 2019 was computed by adjusting profit attributable to the owners of the parent by ¥330 million ($2,974 thousand), which was the adjustment to other operating income after tax effects.

Diluted earnings per share for the year ended March 31, 2018 was computed by taking into account 2,712 thousand potential shares of common stock in relation to bonds with stock acquisition rights of 2,680 thousand shares and stock acquisition rights of 31 thousand shares. In addition, diluted earnings per share for the year ended March 31, 2018 was computed by adjusting profit attributable to the owners of the parent by ¥(412) million, which was the adjustment to other operating income after tax effect.

Cash dividends per share shown in the accompanying consolidated statements of income represent dividends declared applicable to the respective years shown.

(v) New accounting standards not yet applied by the Group

- Accounting Standard for Revenue Recognition (Corporate Accounting Standards No. 29, March 30, 2018 Accounting Standards Board of Japan (ASBJ))
- Implementation Guidance on Accounting Standard for Revenue Recognition (Corporate Accounting Standards Application Guideline No. 30, March 30, 2018 ASBJ)

(1) Outline

The International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB) jointly developed a comprehensive accounting standard for revenue recognition and issued "Revenue from Contracts with Customers" in May 2014. The IASB issued IFRS 15, which is effective from the fiscal year beginning on or after January 1, 2018, and the FASB issued Topic 606, which is effective from the fiscal year beginning after December 15, 2017. In accordance with the IASB and FASB standard, the ASBJ developed its own comprehensive accounting standard for revenue recognition and issued it with the implementation guidance.

The ASBJ's basic policy in developing the accounting standard for revenue recognition was to establish accounting standards with the incorporation of the basic principles of IFRS 15 as a starting point from a viewpoint of comparability between financial statements, which is one of benefits of maintaining consistency with IFRS 15, and to add alternative treatments to the extent necessary to address practices conducted in Japan, but not to the extent that would impair comparability.

(2) Effective date

The Bank will adopt the new standard and related guidance from the beginning of the year ending March 31, 2022.

(3) Effect of application

The Bank is currently assessing the effect of applying the new standard and related guidance on the consolidated financial statements.

3. Financial Instruments and Related Disclosures

(a) Qualitative information on financial instruments

(1) Group policy for financial instruments

The Group conducts deposit, loan and investment operations. Since the Group has financial assets and liabilities which involve interest rate risk, the Bank has established an Asset Liability Management ("ALM") system to avoid unfavorable effects of interest rate fluctuations.

(2) Nature of financial instruments and related risks

Financial assets held by the Group comprise mainly loans to domestic corporate entities and individuals and securities. Loans are subject to customer credit risk arising from default by borrowers. There is a possibility that borrowers will not perform their obligations in accordance with the applicable contract terms due to economic circumstances or other reasons. Securities, which primarily comprise equity securities, bonds and investment trusts, are held for investment and business promotion purposes. These securities are exposed to the credit risk of issuers, interest rate fluctuation risk and/or market price fluctuation risk. For securities denominated in foreign currencies, bonds denominated in foreign currencies are generally purchased at an amount up to the corresponding amount of deposits, and funds are procured from the market in foreign currencies to avoid foreign exchange fluctuation risk.

Financial liabilities include mainly deposits from customers and are subject to liquidity risk. There is an interest or maturity mismatch between assets such as loans and bills discounted and liabilities such as deposits that exposes these assets and liabilities to interest rate fluctuation risk.

Derivative transactions include forward foreign exchange contracts. The Group uses derivative transactions in order to fulfill the customers' hedging requirements for foreign exchange fluctuation risk. Hedge accounting is applied to certain transactions which offset market fluctuations or fix cash flows and fulfill preliminary and subsequent requirements. Derivative transactions which do not meet the hedge accounting criteria are exposed to foreign exchange fluctuation risk.

(3) Risk management for financial instruments

(i) Credit risk management

The Group manages its credit risk by maintaining a credit exposure management system in relation to loans in accordance with its "Credit Policy," which stipulates the basic concepts in relation to its credit exposure management and administrative rules regarding credit risk. The system includes the credit administration of loans, credit lines, credit records and internal ratings and the establishment of guarantees and/or collateral and handling of doubtful loans. These credit exposure management procedures are performed by each of the Group's sales branches and operations support departments and are reported to the Board of Executive Directors and/or Board of Directors on a regular basis.

The credit risk of issuers of securities and the counterparty risk of derivative transactions are managed by the Bank's Capital Markets and Treasury Division which monitors credit information and fair values on a regular basis.

(ii) Market risk management

(a) Interest rate risk management

The Group has established the ALM committee to recognize and manage interest rate fluctuation risk comprehensively and implement appropriate ALM. Risk control methods and procedures are stipulated in the ALM committee codes, and the ALM committee operates in accordance with the management policy of ALM. Implementation is monitored and future actions are discussed at the Board of Directors' meeting. On a daily basis, the Bank's Risk Control Division checks interest rates and periods of financial assets and liabilities, monitors risks using gap analysis and interest rate sensitivity analysis and reports to the ALM committee and Board of Directors monthly.

(b) Foreign exchange risk management

The Group manages foreign exchange fluctuation risk by transaction and enters into forward foreign exchange contracts to manage foreign exchange fluctuation risk on transactions with customers.

(c) Market price fluctuation risk management

The Group holds investment products, including securities based on marketable securities investment planning, determined by the Board of Executive Directors in accordance with the basic market fluctuation risk management rules of the Board. Since the Bank’s Capital Markets and Treasury Division purchase investment products from outside, market price fluctuation risk is reduced through effective monitoring after preliminary reviews and the establishment of investment limits. Most of the equity securities managed by the Bank’s Planning Division are for business promotion purposes, and market conditions and the financial status of customers are monitored and reported to the Board of Executive Directors on a regular basis.

(d) Derivative transactions

An internal checking system has been established through segregating functions related to derivative transactions, including trading functions such as entering into derivative contracts, operations functions such as the processing of transactions and the evaluation of hedge effectiveness.

(e) Quantitative information on market risk

i) Financial instruments for trading purposes

The Group uses the historical simulation method based with the assumptions of a holding period of 120 business days, a 99% confidence level and an observation period of 1,200 business days for the calculation of interest related Value at Risk (VaR) for trading account securities. As of both March 31, 2019 and 2018, the market risk exposure (the expected maximum loss) of the Group’s trading operation amounted to zero.

ii) Financial instruments other than for trading purposes

Market risk is the primary risk to the Group. The major financial instruments subject to market risk are “loans and bills discounted,” debt and equity securities and investment trusts included in “securities” and “deposits.” The historical simulation method with the assumption of a holding period of 120 business days, a 99% confidence level and observation period of 1,200 business days is used for the calculation of VaR of these financial assets and liabilities. As of March 31, 2019 and 2018, the market risk exposure (the expected maximum loss) of the Bank’s banking operations were as follows.

	Value at Risk					
	Millions of yen				Thousands of U.S. dollars	
	2019		2018		2019	
Securities for investment purposes *(*1)*	¥	7,487	¥	10,907	$	67,459
Strategically held equity securities		20,198		22,355		181,986
Loans and deposits *(*2)*		7,152		7,292		64,444

Notes:

*(*1) Securities for investment purposes: yen bonds, foreign bonds, equity securities for investment purposes, investment trusts and OTC options*

*(*2) Loans and deposits: deposits, negotiable certificates of deposit, loans and bills discounted, call loans, due from banks, bonds payable, bonds with stock acquisition rights, payables under securities lending transactions, borrowed money and call money*

iii) Supplementary explanation about quantitative information on market risk

The Group evaluates the effectiveness of its measurement model by performing back-testing procedures to compare VaR calculated by the measurement system with actual gain or loss. VaR provides information regarding market risk exposure statistically calculated with certain probability based on historical market fluctuations. Therefore, VaR may not be able to measure risks under extreme situations in which the market environment changes extraordinarily.

(iii) Management of liquidity risk associated with financing

The Group regards the stable financing of its operations as a top priority and manages its financing needs effectively. In addition, the Group manages liquidity risk by diversifying the sources of its funds and adjusting the balance of long-term and short-term accounts with consideration market conditions.

(4) Supplementary explanation on fair values

The fair value of financial instruments is based on market price. If the market price is not available, alternative valuation techniques are used. Since assumptions must be made when using alternative methods to calculate fair values, different assumptions may lead to different fair values.

(b) Fair values of financial instruments

The carrying values and fair values of financial instruments at March 31, 2019 and 2018 were as follows.

	Millions of yen					
	2019					
	Carrying value		Fair value		Difference	
Cash and due from banks	¥	320,576	¥	320,603	¥	26
Call loans and bills purchased		4,645		4,645		–
Securities - available-for-sale securities *(*1)*		801,423		801,423		–
Loans and bills discounted:		2,595,962				
Reserve for possible loan losses *(*2)*		(11,473)				
Loans and bills discounted – subtotal		2,584,489		2,601,195		16,706
Total	¥	3,711,135	¥	3,727,868	¥	16,733
Deposits	¥	3,482,922	¥	3,483,121	¥	199
Call money and bills sold		7,214		7,214		–
Payables under securities lending transactions		23,391		23,391		–
Borrowed money		44,479		44,476		(3)
Bonds payable		30,000		29,892		(107)
Bonds with stock acquisition rights		11,099		10,698		(400)
Total	¥	3,599,107	¥	3,598,795	¥	(311)
Derivative transactions *(*3)*:						
Hedge accounting not applied	¥	(196)	¥	(196)	¥	–
Hedge accounting applied		–		–		–
Total	¥	(196)	¥	(196)	¥	–

	Millions of yen					
	2018					
	Carrying value		Fair value		Difference	
Cash and due from banks	¥	348,141	¥	348,141	¥	–
Call loans and bills purchased		1,988		1,988		–
Securities - available-for-sale securities *(*1)*		864,843		864,843		–
Loans and bills discounted:		2,458,028				
Reserve for possible loan losses *(*2)*		(11,916)				
Loans and bills discounted – subtotal		2,446,112		2,461,934		15,821
Total	¥	3,661,086	¥	3,676,908	¥	15,821
Deposits	¥	3,403,642	¥	3,404,151	¥	508
Call money and bills sold		16,998		16,998		–
Payables under securities lending transactions		43,713		43,713		–
Borrowed money		40,817		40,826		9
Bonds payable		20,000		20,038		38
Bonds with stock acquisition rights		10,624		11,287		663
Total	¥	3,535,795	¥	3,537,015	¥	1,219
Derivative transactions *(*3)*:						
Hedge accounting not applied	¥	1,244	¥	1,244	¥	–
Hedge accounting applied		–		–		–
Total	¥	1,244	¥	1,244	¥	–

	Thousands of U.S. dollars		
	2019		
	Carrying value	Fair value	Difference
Cash and due from banks	$ 2,888,338	$ 2,888,580	$ 242
Call loans and bills purchased	41,857	41,857	–
Securities - available-for-sale securities *(*1)*	7,220,683	7,220,683	–
Loans and bills discounted:	23,389,160		
Reserve for possible loan losses *(*2)*	(103,376)		
Loans and bills discounted – subtotal	23,285,784	23,436,306	150,522
Total	$ 33,436,662	$ 33,587,426	$ 150,764
Deposits	$ 31,380,506	$ 31,382,303	$ 1,797
Call money and bills sold	65,000	65,000	–
Payables under securities lending transactions	210,756	210,756	–
Borrowed money	400,752	400,724	(28)
Bonds payable	270,294	269,326	(968)
Bonds with stock acquisition rights	100,000	96,393	(3,607)
Total	$ 32,427,308	$ 32,424,502	$ (2,806)
Derivative transactions *(*3)*:			
Hedge accounting not applied	$ (1,767)	$ (1,767)	$ –
Hedge accounting applied	–	–	–
Total	$ (1,767)	$ (1,767)	$ –

Notes:

*(*1) The following securities were excluded from the above tables because management of the Bank concluded that the fair value was virtually impossible to estimate.*

	Millions of yen		*Thousands of U.S. dollars*
	2019	*2018*	*2019*
*Unlisted stocks *1*	*¥ 2,231*	*¥ 2,306*	*$ 20,102*
*Investments in partnerships *2 and *3*	*2,657*	*289*	*23,945*
Total	*¥ 4,888*	*¥ 2,595*	*$ 44,047*

**1 The Group wrote off unlisted stocks amounting to ¥1 million ($14 thousand) and ¥226 million for the years ended March 31, 2019 and 2018, respectively.*

**2 The fair value of investments in partnerships that comprised assets whose fair value could not be reliably determined were not disclosed.*

**3 The Group wrote off investments in partnerships amounting to ¥18 million ($163 thousand) and ¥13 million for the years ended March 31, 2019 and 2018, respectively.*

*(*2) General and individual reserves for possible loan losses corresponding to loans and bills discounted were deducted.*

*(*3) Derivative transactions show net amounts after offsetting related receivables and payables. Amounts in parentheses denote net payables.*

The methods and assumptions used to calculate fair values of financial instruments are summarized below.

Financial assets:

Cash and due from banks

Since the carrying value of due from banks on demand or with an original maturity of up to one year approximates the fair value, the carrying value is deemed the fair value. For due from banks with an original maturity exceeding one year, the present value is calculated by discounting the amount by the remaining term to maturity at the rate applicable to a similar new transaction.

Call loans and bills purchased

The carrying value of call loans and bills purchased approximate fair value because of the short maturity (original maturities of up to one year).

Securities

The fair value of equity securities, bonds and investment trusts is based on the quoted market price at the applicable exchange, the price published by JSDA or provided by the contracted financial institution and publicly available net asset value, respectively. The fair value of privately placed bonds is determined by discounting the estimated future cash flows at the risk free rate plus the credit spread or the like. The fair value of securities issued by issuers in legal bankruptcy or de facto bankruptcy or who are at risk of bankruptcy are calculated based on the present value of estimated future cash flows or the amount expected to be collected through the disposal of collateral or from guarantees.

Loans and bills discounted

The fair value of commercial bills, loans on bills and overdrafts, all of which have short maturities (original maturities of up to one year), approximate the carrying value unless the credit status of the borrower has changed dramatically after execution because of the quick reaction of market interest rates to such changes. Therefore, the carrying value of these instruments is deemed the fair value. The fair value of loans on deeds is determined by discounting the estimated future cash flows at the risk free rate plus the credit spread or the like at the rate for a similar new loan, depending on the nature of such loans. The fair value of structured loans is determined by considering the value calculated by using the option pricing model in addition to using the method applicable to measuring the fair value of loans on deeds as described above.

For loans to borrowers in legal bankruptcy or de facto bankruptcy or who are at risk of bankruptcy, a reserve for possible loan losses is estimated based on the present value of estimated future cash flows or the amount expected to be collected through disposal of collateral or from guarantees. Thus, the fair value of such loans approximates the carrying amount of the receivables minus the corresponding reserve for possible loan losses on the consolidated balance sheets at the closing date. Therefore, such carrying amounts are deemed to be the fair value of such loans. The carrying value of loans and bills discounted without repayment terms due to characteristics such as limitations on loans to the limits of the collateral assets is deemed the fair value as the carrying values approximates the fair value when considering the expected repayment period and interest rate conditions for such loans and bills discounted without repayment terms.

Financial liabilities:

Deposits

The fair value of demand deposits in Japanese yen is deemed the amount to be paid (carrying amount) assuming that the Group is demanded to pay on the consolidated balance sheet date. The fair value of time deposits in Japanese yen and negotiable certificates of deposit is determined by discounting future cash flows by the term to maturity at the rate used for a new deposit. For all deposits in foreign currencies, original maturities are short (within one year), and the carrying value approximates the fair value. Thus, the carrying value is deemed the fair value.

Call money and bills sold

The original maturities of call money and bills sold are short (within one year), and the carrying value approximates the fair value. Thus, the carrying value is deemed the fair value.

Payables under securities lending transactions

The original maturities of payables under securities lending transactions are short (within one year), and their carrying values approximate their fair values. Thus, the carrying value is deemed the fair value.

Borrowed money

The carrying value of borrowed money with a variable interest rate is deemed the fair value since the carrying value approximates the fair value. This is due to the quick reaction of market interest rates and immaterial changes in the credit status of the Bank and its subsidiaries after execution of such borrowing. The fair value of borrowed money with a fixed interest rate is the present value determined by discounting the sum of principal and interest by the term to maturity at the rate for similar new borrowing. For borrowed money with a short maturity (original maturity of up to one year), the carrying value is deemed the fair value since the carrying value approximates the fair value.

Bonds payable

The fair value of bonds payable issued by the Bank is based on market price.

Bonds with stock acquisition rights

The fair value of bonds with stock acquisition rights issued by the Bank is based on market price.

(c) Maturity analysis for monetary claims and securities with contractual maturities as of March 31, 2019

	Millions of yen					
	2019					
	Due in one year or less	Due after one year through three years	Due after three years through five years	Due after five years through seven years	Due after seven years through ten years	Due after ten years
Due from banks	¥ 286,204	¥ 3,000	¥ –	¥ –	¥ –	¥ –
Call loans and bills purchased	4,645	–	–	–	–	–
Securities:						
Available-for-sale securities with maturities *(*1)*						
National government bonds	–	16,800	–	–	3,000	–
Local government bonds	11,769	18,192	35,041	15,034	29,657	–
Bonds and debentures	76,670	118,583	110,445	74,561	27,314	2,328
Others *(*2)*	10,301	35,930	24,345	22,342	20,163	–
Securities - total	98,741	189,506	169,832	111,939	80,135	2,328
Loans and bills discounted *(*3)*	712,067	458,352	309,985	208,051	221,963	635,491
Total	¥ 1,101,658	¥ 650,858	¥ 479,817	¥ 319,990	¥ 302,098	¥ 637,819

	Thousands of U.S. dollars					
Due from banks	$ 2,578,649	$ 27,029	$ –	$ –	$ –	$ –
Call loans and bills purchased	41,857	–	–	–	–	–
Securities:						
Available-for-sale securities with maturities *(*1)*						
National government bonds	–	151,365	–	–	27,030	–
Local government bonds	106,042	163,912	315,714	135,460	267,210	–
Bonds and debentures	690,787	1,068,416	995,097	671,790	246,099	20,978
Others *(*2)*	92,812	323,724	219,345	201,302	181,665	–
Securities - total	889,641	1,707,417	1,530,156	1,008,552	722,004	20,978
Loans and bills discounted *(*3)*	6,415,601	4,129,675	2,792,915	1,874,506	1,999,850	5,725,666
Total	$ 9,925,748	$ 5,864,121	$ 4,323,071	$ 2,883,058	$ 2,721,854	$ 5,746,644

Notes:

*(*1) Amounts of securities were stated on the basis of scheduled redemption amounts regarding the principal and do not match the amounts shown in the consolidated balance sheets.*

*(*2) "Others" include Samurai bonds, Euro-Yen bonds and other foreign bonds.*

*(*3) The portion of loans and bills discounted whose timing of collection is unforeseeable, including loans to "legal bankruptcy" borrowers, loans to "de facto bankruptcy" borrowers and loans to "bankruptcy risk" borrowers, amounting to ¥50,050 million ($450,947 thousand) was not included in the above table.*

(d) Repayment schedule for bonds, borrowed money and other debts with contractual maturities as of March 31, 2019

	Millions of yen					
	2019					
	Due in one year or less	Due after one year through three years	Due after three years through five years	Due after five years through seven years	Due after seven years through ten years	Due after ten years
Deposits *(*1)*	¥ 3,301,124	¥ 126,546	¥ 53,912	¥ 579	¥ 759	¥ –
Call money and bills sold	7,214	–	–	–	–	–
Payables under securities lending transactions	23,391	–	–	–	–	–
Borrowed money	28,097	11,895	3,875	612	–	–
Bonds payable	–	–	–	–	30,000	–
Bonds with stock acquisition rights	11,099	–	–	–	–	–
Total	¥ 3,370,926	¥ 138,441	¥ 57,787	¥ 1,192	¥ 30,759	¥ –

	Thousands of U.S. dollars					
Deposits *(*1)*	$ 29,742,539	$ 1,140,160	$ 485,743	$ 5,223	$ 6,841	$ –
Call money and bills sold	65,000	–	–	–	–	–
Payables under securities lending transactions	210,756	–	–	–	–	–
Borrowed money	253,149	107,172	34,913	5,518	–	–
Bonds payable	–	–	–	–	270,294	–
Bonds with stock acquisition rights	100,000	–	–	–	–	–
Total	$ 30,371,444	$ 1,247,332	$ 520,656	$ 10,741	$ 277,135	$ –

Note:
*(*1) Demand deposits were included in "due in one year or less."*

4. Securities

At March 31, 2019 and 2018, securities consisted of the following.

	Millions of yen				Thousands of U.S. dollars	
	2019		2018		2019	
National government bonds	¥	20,620	¥	71,599	$	185,787
Local government bonds		110,698		118,406		997,375
Bonds and debentures		413,211		398,218		3,722,966
Equity securities		123,601		131,620		1,113,624
Other securities		138,180		147,594		1,244,978
	¥	806,312	¥	867,439	$	7,264,730

Securities are classified as trading, held-to-maturity or available-for-sale securities. Such classification determines the respective accounting method to be applied as stipulated under the accounting standard for financial instruments. Securities in the accompanying consolidated balance sheets include marketable securities traded on stock exchanges.

Gross unrealized gains and losses on available-for-sale securities with fair values at March 31, 2019 and 2018 are summarized as follows.

	Millions of yen							
	Acquisition cost		Gross unrealized gains		Gross unrealized losses		Fair and carrying value	
Available-for-sale securities with fair values at March 31, 2019:								
Equity securities	¥	53,306	¥	69,372	¥	(1,309)	¥	121,370
Bonds:								
National government bonds		20,390		230		–		20,620
Local government bonds		110,106		592		(0)		110,698
Bonds and debentures		411,805		1,434		(28)		413,211
Others		134,834		1,494		(806)		135,522
	¥	730,442	¥	73,124	¥	(2,143)	¥	801,423
Available-for-sale securities with fair values at March 31, 2018:								
Equity securities	¥	49,852	¥	79,719	¥	(257)	¥	129,314
Bonds:								
National government bonds		71,015		649		(65)		71,599
Local government bonds		117,759		756		(110)		118,406
Bonds and debentures		396,995		1,593		(370)		398,218
Others		150,219		187		(3,102)		147,304
	¥	785,843	¥	82,906	¥	(3,906)	¥	864,843

	Thousands of U.S. dollars			
Available-for-sale securities with fair value at March 31, 2019:				
Equity securities	$ 480,280	$ 625,037	$ (11,795)	$ 1,093,522
Bonds:				
National government bonds	183,711	2,076	–	185,787
Local government bonds	992,040	5,335	(0)	997,375
Bonds and debentures	3,710,292	12,927	(253)	3,722,966
Others	1,214,833	13,468	(7,268)	1,221,033
	$ 6,581,156	$ 658,843	$ (19,316)	$ 7,220,683

At March 31, 2019 and 2018, net unrealized gains on available-for-sale securities, net of applicable income taxes, and noncontrolling interests included in accumulated other comprehensive income of net assets on the accompanying consolidated balance sheets were as follows.

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Unrealized gains	¥ 70,981	¥ 79,000	$ 639,526
Deferred tax liabilities	(20,798)	(23,123)	(187,388)
Noncontrolling interests portion	(1)	(2)	(16)
Net unrealized gains in net assets	¥ 50,181	¥ 55,874	$ 452,122

During the years ended March 31, 2019 and 2018, the Group sold available-for-sale securities and recorded gains of ¥6,136 million ($55,288 thousand) and ¥3,105 million, respectively, and losses of ¥2,298 million ($20,710 thousand) and ¥1,473 million, respectively, in the accompanying consolidated statements of income.

At March 31, 2019 and 2018, the Group recorded losses on write-downs of available-for-sale securities with fair values due to other-than-temporary declines in value amounting to ¥24 million ($217 thousand) and none, respectively.

5. Loans and Bills Discounted

At March 31, 2019 and 2018, loans and bills discounted consisted of the following.

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Bills discounted	¥ 38,281	¥ 38,994	$ 344,910
Loans on bills	99,936	108,438	900,412
Loans on deeds	2,167,216	2,017,523	19,526,231
Overdrafts	278,036	281,392	2,505,061
Others	12,491	11,680	112,546
	¥ 2,595,962	¥ 2,458,028	$ 23,389,160

Bills discounted are accounted for as finance transactions in accordance with JICPA Industry Audit Committee Report No. 24 (February 13, 2002), entitled "Treatment of Accounting and Auditing Concerning Application of Accounting Standard for Financial Instruments in Banking Industry." The Group has rights to sell or pledge (repledge) bankers' acceptances, commercial bills, documentary bills and foreign bills bought without restrictions. The total face value of these bills amounted to ¥39,632 million ($357,079 thousand) and ¥40,177 million at March 31, 2019 and 2018, respectively.

Claims against borrowers in bankruptcy and past due loans are included in "loans and bills discounted" and amounted to ¥50,050 million ($450,947 thousand) and ¥51,883 million at March 31, 2019 and 2018, respectively. Loans are generally placed on nonaccrual status when there is substantial doubt about the ultimate collectability of either the principal or interest because the principal or interest is past due for a considerable period or for other reasons. Accrued interest is not recorded when loans are classified as claims against borrowers in bankruptcy or past due loans. Claims against borrowers in bankruptcy represent nonaccrual loans after charge-off against legally bankrupt borrowers as defined in Article 96, Paragraph 1, Subparagraphs 3 and 4 of the Order for Enforcement of the Corporation Tax Law of Japan. Other than claims against borrowers in bankruptcy and loans for which interest payments are deferred in order to assist the financial recovery of borrowers in financial difficulties, past due loans are recognized as nonaccrual loans.

At March 31, 2019 and 2018, accruing loans for which the payment of principal or interest was contractually past due by three months or more, excluding nonaccrual loans, amounted to ¥74 million ($670 thousand) and ¥35 million, respectively.

At March 31, 2019 and 2018, restructured loans (excluding nonaccrual and accruing loans contractually past due by three months or more as mentioned above) for which the Bank had restructured the terms and conditions in favor of borrowers in financial difficulties through measures such as the reduction or exemption of the original interest rate, extension of interest payments and/or principal repayments and debt forgiveness in order to support the financial recovery of such borrowers amounted to ¥8,433 million ($75,985 thousand) and ¥9,838 million, respectively.

Before charge-offs, total nonperforming loans, consisting of nonaccrual loans, accruing loans contractually past due by three months or more and restructured loans, amounted to ¥58,558 million ($527,602 thousand) and ¥61,757 million at March 31, 2019 and 2018, respectively.

In accordance with JICPA Accounting Committee Report No. 3 (November 28, 2014), "Accounting Treatment and Presentation of Loan Participation," the participation principal is accounted for as loans to the original obligor and recorded in the consolidated balance sheets. At March 31, 2019 and 2018, this amounted to ¥1,890 million ($17,029 thousand) and ¥1,929 million, respectively.

6. Tangible Fixed Assets

At March 31, 2019 and 2018, major classifications of accounts were as follows.

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Land	¥ 22,450	¥ 22,639	$ 202,275
Buildings and structures	8,868	8,876	79,900
Equipment	2,812	2,947	25,341
Construction in progress	1,652	1,725	14,885
Tangible fixed assets	¥ 35,783	¥ 36,189	$ 322,401

At March 31, 2019 and 2018, accumulated depreciation for tangible fixed assets amounted to ¥33,747 million ($304,060 thousand) and ¥33,452 million, respectively.

Pursuant to the Act on Revaluation of Land, effective March 31, 1998, the Bank elected a one-time revaluation to restate the cost of land used for the banking business at values reassessed and reflecting adjustments for geographical shape and other factors in accordance with municipal property tax bases. According to the Act, the amount equivalent to the tax effect on the excess of reassessed values over the original book values is to be recorded as "deferred tax liabilities for revaluation," and the remainder of the excess, net of the tax effect, is to be recorded as "land revaluation excess" under accumulated other comprehensive income of net assets in the consolidated balance sheets. At March 31, 2019 and 2018, the differences in the carrying values of land used for the banking business after revaluation over market values amounted to ¥6,844 million ($61,670 thousand) and ¥8,470 million, respectively.

As permitted by Japanese GAAP, deferred capital gains on the sale of real property are deducted from the original acquisition costs of property which is newly acquired for replacement purposes in the same line of business as the property sold. At March 31, 2019 and 2018, ¥5,884 million ($53,018 thousand) and ¥5,884 million, respectively, were directly deducted from the acquisition costs of such land.

Gain on conversion of fixed asset rights amounting to ¥4,138 million at March 31, 2018 was the result of the exchange of rights conducted by order of confirmation for the Yaesu 2-Chome North District Category-I Urban Redevelopment Project. The same amount was recognized as loss on reduction of fixed assets.

Compensation for transfer in the amount of ¥1,062 million at March 31, 2018 consisted of ¥881 million provided for Tokyo branch in connection with a redevelopment project and ¥180 million provided for the Anjo branch in connection with the expropriation of land.

7. Pledged Assets

The carrying amounts of assets pledged as collateral and related collateralized debt at March 31, 2019 and 2018 were as follows.

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Assets pledged:			
Securities	¥ 59,233	¥ 75,523	$ 533,681
Other assets	20	20	184
Related collateralized debts:			
Deposits	¥ 5,140	¥ 4,766	$ 46,319
Payables under securities lending transactions	23,391	43,713	210,756
Borrowed money	15,877	15,199	143,049

In addition, securities amounting to none and ¥8,016 million at March 31, 2019 and 2018, respectively, were pledged as collateral for the settlement of exchange and other transactions.

8. Deposits

At March 31, 2019 and 2018, deposits consisted of the following.

	Millions of yen				Thousands of U.S. dollars	
	2019		2018		2019	
Demand deposits	¥	2,251,172	¥	2,128,335	$	20,282,663
Time deposits		1,124,095		1,173,334		10,127,897
Other deposits		46,171		40,071		415,996
Subtotal		3,421,439		3,341,742		30,826,556
Negotiable certificates of deposit		61,482		61,900		553,950
	¥	3,482,922	¥	3,403,642	$	31,380,506

9. Borrowed Money and Finance Lease Obligations

Borrowed money consisted principally of borrowings from financial institutions due through January 2026 with average interest rates of 0.88% and 0.70% per annum at March 31, 2019 and 2018, respectively. There were no financial lease obligations outstanding at March 31, 2019.

At March 31, 2019, the annual maturities of borrowed money were as follows.

Year ending March 31,	Millions of yen		Thousands of U.S. dollars	
2020	¥	28,097	$	253,149
2021		7,195		64,826
2022		4,700		42,346
2023		2,800		25,227
2024		1,075		9,686
2025 and thereafter		612		5,518
	¥	44,479	$	400,752

10. Bonds

At March 31, 2019 and 2018, bonds consisted of the following.

	Millions of yen		Thousands of U.S. dollars			
	2019	2018	2019	Interest rate	Collateral	Due
U.S. dollar denominated zero-coupon convertible bond-type bonds with stock acquisition rights, due in 2020	¥ 11,099	¥ 10,624	$ 100,000	–	–	March 26, 2020
1st Unsecured bonds with early redemption clauses (with special contracts for exemption at time of de facto bankruptcy and subordination agreements)	¥ 10,000	¥ 10,000	$ 90,098	0.59% March 24, 2017 to March 23, 2022 0.48% +6-month JPY LIBOR After March 24, 2022	–	March 24, 2027
2nd Unsecured bonds with early redemption clauses (with special contracts for exemption at time of de facto bankruptcy and subordination agreements)	¥ 10,000	¥ 10,000	$ 90,098	0.48% October 18, 2017 to October 17, 2022 0.37% +6-month JPY LIBOR After October 18, 2022	–	October 18, 2027
3rd Unsecured bonds with early redemption clauses (with special contracts for exemption at time of de facto bankruptcy and subordination agreements)	¥ 10,000	–	$ 90,098	0.40% October 12, 2018 to October 11, 2023 0.24% +6-month JPY LIBOR After October 12, 2023	–	October 12, 2028

The following is a summary of the terms for conversion and redemption of convertible bonds with stock acquisition rights:

	Issue price of stock acquisition rights	Issue price of common stock	Total issue price	Exercise period
U.S. dollar denominated zero-coupon convertible bond-type bonds with stock acquisition rights, due in 2020	Gratis	$ 37.30	$100,000 thousand	From April 9, 2015 to March 12, 2020

Note: The value of the assets to be invested at the exercise of the stock acquisition rights is equal to the face value of the convertible bond.

At March 31, 2019, the annual maturities of bonds with stock acquisitions rights were as follows.

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2020	¥ 11,099	$ 100,000
2021	–	–
2022	–	–
2023	–	–
2024	–	–
	¥ 11,099	$ 100,000

11. Employee Retirement Benefits

The Bank maintains "funded and unfunded defined benefit plans" and "a selection of either a defined contribution plan or prepayment of retirement allowance" for employee retirement benefits. Eligible employees are entitled to receive lump-sum payments or pension payments based on the level of salary and the length of service under the defined benefit ("DB") corporate pension plans, all of which are funded plans. The Bank has set up retirement benefit trusts for certain plans among the defined benefit corporate pension plans. Eligible employees are entitled to receive lump-sum payments based on the level of salary and the length of service under the lump-sum payment plans, most of which are funded as a result of establishing retirement benefit trusts; however, some are unfunded plans. Two of the Bank's consolidated subsidiaries participate in a multi-employer pension program under a certain public pension plan as part of the lump-sum retirement benefit plan. The Bank's other two consolidated subsidiaries have each adopted only the lump-sum retirement benefit plan. The consolidated subsidiaries use the simplified method in calculating employee retirement defined benefit liability and retirement benefit expenses. Under this method, the amount for severance payments required at the year-end for voluntary termination is deemed the retirement benefit obligation.

(a) Defined benefit plans

(1) Movement in retirement benefit obligation, excluding plans applying the simplified method:

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Balance at beginning of year	¥ 32,115	¥ 33,071	$ 289,352
Service cost	851	875	7,670
Interest cost	96	99	868
Actuarial differences	(155)	(34)	(1,401)
Retirement benefits paid	(1,921)	(1,896)	(17,312)
Balance at end of year	¥ 30,985	¥ 32,115	$ 279,177

(2) Movement in plan assets, excluding plans applying the simplified method:

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Balance at beginning of year	¥ 39,616	¥ 39,143	$ 356,938
Expected return on pension plan assets	679	680	6,121
Actuarial differences	(417)	788	(3,762)
Contribution paid by employer	193	198	1,747
Retirement benefits paid	(1,165)	(1,194)	(10,500)
Balance at end of year	¥ 38,906	¥ 39,616	$ 350,544

(3) Movement in employee retirement benefit liability for plans applying the simplified method:

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Employee retirement benefit liability at beginning of year	¥ 121	¥ 129	$ 1,092
Retirement benefit expenses	42	30	387
Retirement benefits paid	(33)	(39)	(305)
Employee retirement benefit liability at end of year	¥ 130	¥ 121	$ 1,174

(4) Reconciliation from retirement benefit obligation and plan assets to retirement benefit (asset) liability recognized in the consolidated balance sheets:

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Funded retirement benefit obligation	¥ 31,047	¥ 32,173	$ 279,733
Plan assets	(38,906)	(39,616)	(350,544)
	(7,859)	(7,443)	(70,811)
Unfunded retirement benefit obligation	68	62	618
Net retirement benefit (asset) liability	¥ (7,790)	¥ (7,380)	$ (70,193)
Employee retirement benefit liability	¥ 4,346	¥ 4,688	$ 39,159
Employee retirement benefit assets	(12,136)	(12,068)	(109,352)
Net retirement benefit (asset) liability	¥ (7,790)	¥ (7,380)	$ (70,193)

(5) Net periodic retirement benefit expenses and its breakdown:

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Service cost	¥ 851	¥ 875	$ 7,670
Interest cost	96	99	868
Expected return on plan assets	(679)	(680)	(6,121)
Amortization of actuarial differences	314	263	2,836
Amortization of past service cost	(144)	(144)	(1,306)
Retirement benefit expenses for plans applying the simplified method	42	30	387
Others	6	6	61
Net periodic retirement benefit expenses of defined benefit plans	¥ 487	¥ 451	$ 4,395

(6) Retirement benefit adjustments in other comprehensive income, before tax effects:

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Past service cost	¥ (144)	¥ (144)	$ (1,306)
Actuarial differences	52	1,086	475
Total	¥ (92)	¥ 941	$ (831)

(7) Retirement benefit adjustments in accumulated other comprehensive income, before tax effects:

	Millions of yen				Thousands of U.S. dollars	
	2019		2018		2019	
Unrecognized past service cost	¥	869	¥	1,014	$	7,837
Unrecognized actuarial differences		(664)		(717)		(5,990)
Total	¥	204	¥	297	$	1,847

(8) Plan assets

(i) Plan assets comprise:

	2019	2018
Debt securities	42%	41%
Equity securities	28%	28%
Cash and deposits	7%	9%
General accounts	23%	22%
Total *	100%	100%

Note: As of March 31, 2019 and 2018, assets in retirement benefit trusts set up for the defined benefit pension plans and lump-sum retirement benefit plans represented 40% and 39% of total plan assets, respectively.

(ii) Determination of long-term expected rate of return on plan assets

In determining the long-term expected rate of return on plan assets, the Group considers the current and target asset allocation as well as the current and expected long-term rate of return on various asset categories comprising plan assets.

(9) Actuarial assumptions at end of year:

	2019	2018
Discount rate	0.3%	0.3%
Long-term expected rate of return on plan assets	2.5%	2.5%

Note: The Bank maintains a point system for defined benefit corporate pension plans and lump-sum payment plans. Points are calculated based on past salaries.

(b) Defined contribution plans

The required contribution of the Bank and its consolidated subsidiaries to defined contribution plans amounted to ¥185 million ($1,673 thousand) and ¥181 million for the years ended March 31, 2019 and 2018, respectively.

12. Acceptances and Guarantees

The Bank provides guarantees with respect to liabilities of its customers for payment of loans and other liabilities with other financial institutions. As a contra account, "customers' liabilities for acceptances and guarantees" is shown in assets on the accompanying consolidated balance sheets, indicating the Bank's right of indemnity from customers.

Guarantees are provided on certain privately placed bonds included in securities in accordance with Article 2, Paragraph 3 of the Financial Instruments and Exchange Act of Japan. The guarantees amounted to ¥33,771 million ($304,273 thousand) and ¥26,068 million at March 31, 2019 and 2018, respectively.

13. Net Assets

At March 31, 2019 and 2018, there were 50 million shares of common stock without par value authorized and 19,755,487 shares of common stock issued. At March 31, 2019 and 2018, the Group held 949 thousand and 958 thousand shares of treasury stock respectively.

Under Japanese laws and regulations, the entire amount paid for new shares is required to be designated as common stock. However, a company may, by a resolution of the Board of Directors, designate an amount not exceeding one half of the issue price of the new shares as additional paid-in capital, which is included in capital surplus.

Capital surplus consists principally of additional paid-in capital. The Banking Act of Japan provides that an amount equivalent to at least 20% of the cash payments as appropriation of retained earnings shall be appropriated as legal earnings reserve until the total amount of additional paid-in capital and legal earnings reserve equals 100% of common stock. The legal earnings reserve has been included in the retained earnings in the accompanying consolidated balance sheets. Under the Act, the legal earnings reserve and additional paid-in capital can be used to eliminate or reduce a deficit by a resolution at the shareholders' meeting. The additional paid-in capital and legal earnings reserve may not be distributed as dividends. All additional paid-in capital and legal earnings reserve may be transferred to other capital surplus and retained earnings, respectively, which may become available for distribution as dividends.

At both March 31, 2019 and 2018, the legal earnings reserve amounted to ¥8,029 million ($72,349 thousand).

The maximum amount that the Bank can distribute as dividends is calculated based on the nonconsolidated financial statements of the Bank in accordance with Japanese laws and regulations.

14. Stock Options

(a) Stock option expenses

The Bank recorded stock option expenses of ¥26 million ($242 thousand) and ¥36 million in "General and administrative expenses" for the years ended March 31, 2019 and 2018, respectively.

(b) Outline of stock options

i) Outline of stock options:

	2014 stock options	2015 stock options	2016 stock options	2017 stock options
Resolution date	July 29, 2014	July 29, 2015	July 27, 2016	July 26, 2017
Position and number of grantees	13 directors of the Bank excluding outside directors	13 directors of the Bank excluding outside directors	12 directors of the Bank excluding outside directors	12 directors of the Bank excluding outside directors
Number of options granted *(*1)*	10,980 common shares of the Bank	8,870 common shares of the Bank	12,280 common shares of the Bank	9,620 common shares of the Bank
Grant date	August 13, 2014	August 13, 2015	August 12, 2016	August 10, 2017
Conditions for vesting	Not defined	Not defined	Not defined	Not defined
Requisite service period	Not defined	Not defined	Not defined	Not defined
Exercise period *(*2)*	August 14, 2014 to August 13, 2064	August 14, 2015 to August 13, 2065	August 13, 2016 to August 12, 2066	August 11, 2017 to August 10, 2067
Number of stock acquisition rights *(*2)*	550 *(*3)*	451 *(*3)*	739 *(*3)*	688 *(*3)*
Type, content and number of shares to be issued upon exercise of stock acquisition rights *(*2)*	5,500 common shares of the Bank *(*4)*	4,510 common shares of the Bank *(*4)*	7,390 common shares of the Bank *(*4)*	6,880 common shares of the Bank *(*4)*
Amount to be paid upon the exercise of stock acquisition rights *(*2)*	¥1 ($0.01) per share	¥1 ($0.01) per share	¥1 ($0.01) per share	¥1 ($0.01) per share
Issue price of shares due to the exercise of stock acquisition rights and amount to be incorporated into capital stock *(*2)*	Issue price: ¥3,471 ($31.27) per share *(*5)*	Issue price: ¥4,591 ($41.36) per share *(*5)*	Issue price: ¥2,951 ($26.59) per share *(*5)*	Issue price: ¥3,783 ($34.08) per share *(*5)*
Conditions for exercise of stock acquisition rights *(*2)*	*(*6)*	*(*6)*	*(*6)*	*(*6)*
Criteria for transfer of stock acquisition rights *(*2)*	Approval by Board of Directors is required.	Approval by Board of Directors is required.	Approval by Board of Directors is required.	Approval by Board of Directors is required.
Matters related to issuance of stock acquisition rights in connection with organizational restructuring *(*2)*	*(*7)*	*(*7)*	*(*7)*	*(*7)*

	2018 stock options
Resolution date	June 22, 2018
Position and number of grantees	9 directors of the Bank excluding outside directors
Number of options granted *(*1)*	7,660 common shares of the Bank
Grant date	July 9, 2018
Conditions for vesting	Not defined
Requisite service period	Not defined
Exercise period *(*2)*	July 10, 2018 to July 9, 2068
Number of stock acquisition rights *(*2)*	766 *(*3)*
Type, content and number of shares to be issued upon exercise of stock acquisition rights *(*2)*	7,660 common shares of the Bank *(*4)*
Amount to be paid upon the exercise of stock acquisition rights *(*2)*	¥1 ($0.01) per share
Issue price of shares due to the exercise of stock acquisition rights and amount to be incorporated into capital stock *(*2)*	Issue price: ¥3,514 ($31.66) per share *(*5)*
Conditions for exercise of stock acquisition rights *(*2)*	*(*6)*
Criteria for transfer of stock acquisition rights *(*2)*	Approval by Board of Directors is required.
Matters related to issuance of stock acquisition rights in connection with organizational restructuring *(*2)*	*(*7)*

Notes:

*(*1) The number of stock options is calculated in terms of the number of shares.*

*(*2) This information is provided as of March 31, 2019.*

*(*3) The number of shares to be issued upon exercise of each stock acquisition right (the "Number of Shares Granted") is 10 shares.*

*(*4) Number of shares subject to stock acquisition rights*
The Number of Shares Granted is adjusted using a certain formula if the Bank conducts a stock split of its common stock (including the allotment of its common stock without consideration, the same shall apply hereinafter for the provisions of the stock split) or a stock consolidation after the date when the stock acquisition rights were allotted (the "Allotment Date"). Any fractional shares less than one share arising from the adjustment shall be rounded down.
The applicable formula is as follows: Number of Shares Granted after adjustment = Number of Shares Granted

before adjustment x Ratio of stock split or stock consolidation. In addition, the Bank may make reasonable adjustments to the Number of Shares Granted as appropriate due to a merger, corporate split, etc., after the Allotment Date.

(*5) *The amount to be incorporated into capital stock shall be half of the maximum amount of increase in capital stock calculated pursuant to Article 17(1) of the "Rules of Corporate Accounting," with fractions of less than ¥1 resulting from the calculation rounded up.*

(*6) *Conditions for exercise of stock acquisition rights*

(1) *Holders of stock acquisition rights ("Rights Holder(s)") may exercise their stock acquisition rights from the day following the day when their position of Bank director terminates.*

(2) *The above (1) is not applicable to a successor who acquires the rights by inheritance.*

(3) *Rights Holders cannot exercise stock acquisition rights when they abandon the rights.*

(*7) *Matters pertaining to issuance of stock acquisition rights resulting from organizational restructuring*

If the Bank merges (limited to cases in which the Bank becomes a dissolving company), conducts an absorption-type company split or an incorporation-type company split (limited to cases in which the Bank becomes a splitting company) or conducts a share exchange or a share transfer (limited to cases in which the Bank becomes a wholly owned subsidiary) (collectively, the "Organizational Restructuring"), stock acquisition rights of a stock company described in Article 236, Paragraph 1, Items 8.1 through 8.5 of the Companies Act (the "Restructured Company") shall be delivered to the Rights Holders of stock acquisition rights remaining unexercised (the "Remaining Stock Acquisition Rights") immediately prior to the effective date of the Organizational Restructuring (the effective date of an absorption-type merger, the date of establishment of the stock company incorporated in a consolidation-type merger, the effective date of an absorption-type company split, the date of establishment of a stock company incorporated in an incorporation-type company split, the effective date of the share exchange in the case of a share exchange or the date of establishment of the wholly-owning parent company upon a share transfer. However, the foregoing shall apply only to cases in which the delivery of stock acquisition rights of the Restructured Company according to the following conditions was stipulated in the absorption-type merger agreement, the consolidation-type merger agreement, the absorption-type company split agreement, the incorporation-type company split plan, the share exchange agreement or the share transfer plan.

(1) *Number of stock acquisition rights of the Restructured Company to be delivered*
The same number as the Remaining Stock Acquisition Rights held by the Rights Holders.

(2) *Class of shares of the Restructured Company to be issued upon the exercise of stock acquisition rights*
Common stock of the Restructured Company

(3) *Number of shares of the Restructured Company to be issued upon the exercise of stock acquisition rights*
*Shall be determined according to (*4) above after taking into consideration the conditions for the Organizational Restructuring and any other related matters.*

(4) *Value of the assets to be contributed upon the exercise of stock acquisition rights*
The value of the assets to be contributed upon the exercise of each stock acquisition right to be delivered shall be the amount obtained by multiplying the exercise price after reorganization as stipulated below by the number of shares of the Restructured Company to be issued upon the exercise of stock acquisition rights determined in accordance with (3) above. The exercise price after reorganization is ¥1 per share of the Restructured Company to be delivered upon the exercise of the issued stock acquisition rights.

(5) *Exercise period of stock acquisition rights*
Starting from the later of either the first date of the exercise period for the stock acquisition rights as stipulated in "Exercise period" above or the effective date of the Organizational Restructuring and ending on the expiration date for the exercise of stock acquisition rights as stipulated in "Exercise period" above.

(6) *Matters concerning capital stock and capital surplus to be increased when shares are issued upon the exercise of stock acquisition rights*
Shall be determined in accordance with the above "Issue price of shares due to the exercise of stock acquisition rights and amount to be incorporated into capital stock."

(7) *Restriction on acquisition of stock acquisition rights by transfer*
Acquisition of stock acquisition rights by transfer shall be subject to the approval of the Board of Directors of the Restructured Company.

(8) *Conditions for acquisition of stock acquisition rights*
Shall be determined in accordance with the items below.
If a proposal a, b, c, d or e below is approved by the shareholders' meeting of the Bank (or by the Board of Directors of the Bank if the approval of the shareholders' meeting is not required), the Bank may acquire stock acquisition rights at the date specifically determined by the Board of Directors of the Bank without any compensation therefor.

a. *A proposal for the approval of any merger agreement under which the Bank is dissolved*

b. *A proposal for the approval of any company split agreement or plan in which the Bank will be a splitting company*

c. *A proposal for the approval of any share exchange agreement or share transfer plan in which the Bank will be a wholly owned subsidiary*

d. *A proposal for the approval of amendments to the Articles of Incorporation to establish new provisions by which any acquisition by way of transfer of shares to be issued by the Bank will be subject to the Bank's approval*

e. *A proposal for the approval of amendments to the Articles of Incorporation to establish new provisions by which any acquisition by way of transfer of shares in the relevant class to be issued upon exercise of stock acquisition rights will be subject to the Bank's approval or the Bank may acquire all of the shares in the relevant class to be issued upon the exercise of stock acquisition rights following the resolution by the shareholders' meeting of the Bank*

(9) Other conditions for the exercise of stock acquisition rights
*Shall be determined in accordance with (*6) above.*

ii) Size and changes in stock options:

The following describes the size of and changes in stock options that existed during the year ended March 31, 2019. The number of stock options is calculated in terms of the number of shares.

a) Number of stock options

	2014 stock options	2015 stock options	2016 stock options	2017 stock options
Nonvested				
April 1, 2018 – Outstanding	–	–	–	–
Granted	–	–	–	–
Forfeited	–	–	–	–
Vested	–	–	–	–
March 31, 2019 – Outstanding	–	–	–	–
Vested				
April 1, 2018 – Outstanding	7,420 shares	6,590 shares	10,630 shares	9,620 shares
Vested	–	–	–	–
Exercised	1,920 shares	2,080 shares	3,240 shares	2,740 shares
Forfeited	–	–	–	–
March 31, 2019 – Outstanding	5,500 shares	4,510 shares	7,390 shares	6,880 shares

	2018 stock options
Nonvested	
April 1, 2018 – Outstanding	–
Granted	7,660 shares
Forfeited	–
Vested	7,660 shares
March 31, 2019 – Outstanding	–
Vested	
April 1, 2018 – Outstanding	–
Vested	7,660 shares
Exercised	–
Forfeited	–
March 31, 2019 – Outstanding	7,660 shares

b) Price information:

	2014 stock options	2015 stock options	2016 stock options	2017 stock options
Exercise price	¥1 ($0.01) per share	¥1 ($0.01) per share	¥1 ($0.01) per share	¥1 ($0.01) per share
Average exercise price	¥3,900 ($35.14) per share	¥3,900 ($35.14) per share	¥3,900 ($35.14) per share	¥3,900 ($35.14) per share
Fair value at grant date	¥3,470 ($31.26) per share	¥4,590 ($41.36) per share	¥2,950 ($26.58) per share	¥3,782 ($34.08) per share

	2018 stock options
Exercise price	¥1 ($0.01) per share
Average exercise price	–
Fair value at grant date	¥3,513 ($31.65) per share

Valuation technique to estimate fair value of stock options

a) Valuation technique used: Black-Scholes model

b) Major assumptions and estimation method

	2018 stock options
Expected volatility *(*1)*	31.775%
Expected life *(*2)*	6.6 years
Expected dividends *(*3)*	¥70 ($0.63) per share
Risk free interest rate *(*4)*	(0.076)%

*Notes: (*1) Expected volatility is calculated based on the daily closing prices on each trading day during the period from December 9, 2011 to July 9, 2018.*
*(*2) Expected life is estimated based on the average term of office of directors, etc., who retired during the past 10 years.*
*(*3) Expected dividends are the actual dividends for the year ended March 31, 2018.*
*(*4) Risk free interest rate is a Japanese government bond yield which corresponds to the expected life.*

iii) Method of estimating number of stock options vested

Only the actual number of forfeited stock options is reflected because it is difficult to rationally estimate the number of stock options to be forfeited in the future.

15. Commitments

(a) Loan commitments

Overdraft facilities and loan commitment lines are contracts under which the Bank is obligated to advance funds up to a predetermined amount to a customer upon request, provided that the customer has met the terms and conditions of the applicable contract. At March 31, 2019 and 2018, the unused amounts of these contracts amounted to ¥751,737 million ($6,773,023 thousand) and ¥731,664 million, respectively. The unused contract amounts included amounts which originally expire within one year or are revocable by the Bank at any time without any conditions in the amount of ¥732,401 million ($6,598,805 thousand) and ¥716,685 million at March 31, 2019 and 2018, respectively.

Since many of these commitments expire without being drawn down, the unused amount does not necessarily represent a future cash requirement. Most of these contracts have conditions that allow the Bank to refuse customers' applications for loans or decrease the contract limits for appropriate reasons (e.g., changes in financial situation and deterioration in customers' creditworthiness). At the execution of such contracts, the Bank obtains real estate, securities, etc., as collateral if considered necessary. Subsequently, the Bank performs periodic reviews of customers' business results based on internal rules and may take necessary measures that include reconsidering the terms and conditions of such contracts and/or requiring additional collateral and/or guarantees.

(b) Lease commitments

(Lessee contracts)
The Group leases certain office space and equipment as lessee under long-term noncancellable lease contracts. The aggregate future minimum lease commitments for noncancellable operating leases at March 31, 2019 and 2018 were as follows.

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Operating leases as lessee:			
Due within one year	¥ 654	¥ 643	$ 5,899
Due after one year	721	1,085	6,500
	¥ 1,376	¥ 1,728	$ 12,399

(Lessor contracts)
A consolidated subsidiary engaged in leasing operations as lessor entered into long-term, noncancellable lease contracts with third parties which were categorized as finance leases. At March 31, 2019 and 2018, investments in the leased assets as lessor consisted of the following.

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Future minimum lease payments to be received	¥ 33,547	¥ 30,969	$ 302,257
Estimated residual value	4,092	3,574	36,869
Imputed interest	(3,034)	(2,757)	(27,340)
Investments in leased assets	¥ 34,605	¥ 31,787	$ 311,786

The aggregate annual maturities of future minimum lease payments to be received related to lease receivables and investments in leased assets at March 31, 2019 were as follows.

	Millions of yen		Thousands of U.S. dollars	
Year ending March 31,	Lease receivables	Investments in leased assets	Lease receivables	Investments in leased assets
2020	¥ 77	¥ 10,002	$ 697	$ 90,122
2021	77	8,320	697	74,962
2022	77	6,389	696	57,567
2023	76	4,512	689	40,655
2024	67	2,539	605	22,879
2025 and thereafter	65	1,783	593	16,072
	¥ 441	¥ 33,547	$ 3,977	$ 302,257

At March 31, 2019 and 2018, future lease payments to be received for noncancellable operating leases were as follows.

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Operating leases as lessor:			
Due within one year	¥ 153	¥ 135	$ 1,381
Due after one year	212	196	1,918
	¥ 366	¥ 332	$ 3,299

16. Derivative Instruments

At March 31, 2019 and 2018, derivative instruments, other than those to which hedge accounting was applied, were stated at fair value with valuation gains and losses recognized as current earnings in the accompanying consolidated statements of income as follows.

	Millions of yen			
	Notional principal or contract amounts			
	Total	Over one year	Fair value *	Valuation gain (loss)
March 31, 2019:				
Currency swaps	¥ 53,482	¥ –	¥ (225)	¥ (225)
Forward foreign exchange contracts	4,422	–	29	29
March 31, 2018:				
Currency swaps	¥ 42,437	¥ –	¥ 1,160	¥ 1,160
Forward foreign exchange contracts	6,976	–	84	84

	Thousands of U.S. dollars			
March 31, 2019:				
Currency swaps	$ 481,871	$ –	$ (2,032)	$ (2,032)
Forward foreign exchange contracts	39,845	–	265	265

*Note: *Fair values were calculated based on the discounted cash flow method, etc.*

Other derivative instruments at March 31, 2019 were as follows.

	Millions of yen			
	Notional principal or contract amounts			
	Total	Over one year	Fair value *	Valuation gain (loss)
Earthquake derivatives:				
Selling	¥ 1,200	¥ –	¥ (30)	¥ –
Buying	1,200	–	30	–

	Thousands of U.S. dollars			
Earthquake derivatives:				
Selling	$ 10,812	$ –	$ (276)	$ –
Buying	10,812	–	276	–

*Note: *Fair values were stated at acquisition costs because it is extremely difficult to determine the fair values.*

There were no derivative instruments to which hedge accounting was applied at either March 31, 2019 or 2018.

17. Income Taxes

Income taxes for the years ended March 31, 2019 and 2018 consisted of the following.

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Income taxes:			
Current	¥ 2,114	¥ 2,248	$ 19,055
Deferred	407	72	3,670
	¥ 2,522	¥ 2,321	$ 22,725

At March 31, 2019 and 2018, income taxes, including enterprise taxes, payable amounting to ¥781 million ($7,038 thousand) and ¥786 million, respectively, were included in "other liabilities" in the accompanying consolidated balance sheets.

The tax effects of temporary differences that gave rise to a significant portion of deferred tax assets and liabilities at 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	¥ 3,504	¥ 3,695	$ 31,578
Employee retirement benefit (asset) liability	1,032	1,157	9,305
Loss on devaluation of stocks and other securities	2,436	2,563	21,956
Reserve for contingent losses	614	638	5,534
Depreciation	969	927	8,735
Others	2,388	2,415	21,522
Less valuation allowance	(3,870)	(3,937)	(34,870)
Subtotal	7,076	7,461	63,760
Deferred tax liabilities:			
Unrealized gains on available-for-sale securities	(20,798)	(23,123)	(187,388)
Gain on transfer of securities to trusts for retirement benefit plan	(2,224)	(2,224)	(20,042)
Others	(72)	(72)	(653)
Subtotal	(23,095)	(25,419)	(208,083)
Net deferred tax assets (liabilities)	¥ (16,018)	¥ (17,958)	$ (144,323)

At March 31, 2019 and 2018, deferred tax assets and liabilities were as follows.

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Deferred tax assets	¥ 638	¥ 677	$ 5,752
Deferred tax liabilities	(16,656)	(18,635)	(150,075)

In assessing the realizability of deferred tax assets, management of the Group considers whether some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. At both March 31, 2019 and 2018, a valuation allowance was provided to reduce deferred tax assets to amounts that management believed would be realizable.

The Group is subject to Japanese national and local income taxes, which in the aggregate resulted in a statutory tax rate of approximately 30.5% and 30.7% for the years ended March 31, 2019 and 2018, respectively. Reconciliations between the Japanese statutory tax rate and the effective tax rate on pretax profit reflected in the accompanying consolidated statements of income for the years ended March 31, 2019 and 2018 were as follows.

	Percentage of pretax profit	
	2019	2018
Japanese statutory tax rate	30.5 %	30.7 %
Increase (decrease) due to:		
Permanently nondeductible expenses	0.7	0.7
Tax exempt income	(2.5)	(5.0)
Local minimum taxes - per capita basis	0.7	0.8
Changes in valuation allowance	(0.8)	(0.8)
Changes in income tax rates	–	(0.1)
Consolidation adjustment for gain on sales of securities	–	1.5
Others	0.2	0.5
Effective tax rate	28.8 %	28.3 %

18. General and administrative expenses

General and administrative expenses for the years ended March 31, 2019 and 2018 included the following:

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Salaries and allowances (including bonuses)	¥ 14,762	¥ 15,111	$ 133,004
Retirement benefit expenses	673	633	6,068

19. Comprehensive Income

Amounts reclassified to profit in the current period that were recognized in other comprehensive income in the current or previous periods and the tax effects for each component of other comprehensive income for the years ended March 31, 2019 and 2018 were as follows.

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Net change in unrealized (losses) gains on available-for-sale securities:			
Decrease (increase) during the year	¥ (4,740)	¥ 10,016	$ (42,709)
Reclassification adjustments	(3,278)	(1,452)	(29,542)
Pretax amount	(8,019)	8,564	(72,251)
Tax effect amount	2,324	(2,776)	20,947
Net change in unrealized (losses) gains on available-for-sale securities, net of tax	(5,694)	5,787	(51,304)
Net change in deferred gains on hedging instruments:			
Decrease during the year	(65)	(36)	(593)
Reclassification adjustments	65	36	593
Pretax amount	–	0	–
Tax effect amount	–	(0)	–
Net change in deferred gains on hedging instruments, net of tax	–	0	–
Land revaluation excess:			
Tax effect amount	–	(9)	–
Land revaluation excess, net of tax	–	(9)	–
Retirement benefit adjustments:			
Decrease (increase) during the year	(262)	823	(2,361)
Reclassification adjustments	169	118	1,530
Pretax amount	(92)	941	(831)
Tax effect amount	28	(287)	254
Retirement benefit adjustments, net of tax	(64)	654	(577)
Total other comprehensive income	¥ (5,758)	¥ 6,432	$ (51,881)

20. Related Party Transactions

During the years ended March 31, 2019 and 2018, the Bank had significant transactions with the Bank's directors and audit and supervisory board members and their immediate family members and/or the companies in which they held directly or indirectly a majority voting interest.

A summary of the significant related party transactions as of and for the years ended March 31, 2019 and 2018 is as follows.

	Millions of yen				Thousands of U.S. dollars	
	2019		2018		2019	
For the year:						
Number of related parties		7		11		
Amount of loan transactions (average balance)	¥	162	¥	367	$	1,464
Underwriting private placement bonds (average balance)		–		27		–
At year-end:						
Loans and bills discounted	¥	162	¥	350	$	1,461
Securities (bonds and debentures)		–		20		–

21. Subsequent Events

Appropriation of retained earnings

Shareholders of the Bank approved the following appropriation of retained earnings at the annual general meeting held on June 21, 2019.

	Millions of yen		Thousands of U.S. dollars	
Cash dividends at ¥35.0 per share ($0.32 per share)	¥	658	$	5,930

22. Segment Information

(a) General information about reportable segments

The Group defines a reportable segment as a component of the Group for which separate financial information is available and whose operating results are regularly reviewed by the Board of Directors to make decisions about the allocation of resources and to assess performance.

The Group engages in financial services, primarily in banking but also in comprehensive finance leasing services and credit card services. The reportable segments of the Group are determined based on the types of financial services as follows.

"Banking" — head office and branches

- Deposits and loans
- Domestic and foreign exchange transactions
- Securities investments
- Trading of trading account securities
- Underwriting and registration of corporate bonds

"Leasing" — Nagoya Lease Co., Ltd., a domestic subsidiary of the Bank

- Comprehensive finance leasing business

"Credit Card" — Nagoya Card Co., Ltd. and Nagoya MC Card Co., Ltd., domestic subsidiaries of the Bank

- Credit card business

(b) Basis of measurement for segment profit, segment assets, segment liabilities and other material items for each reportable segment

The basis of measurement for reportable segment information follows the accounting principles used in the consolidated financial statements as described in Note 2, "Summary of Significant Accounting Policies." Segment profit is based on "ordinary income," which is defined as total income less certain special gains and special losses included in the accompanying consolidated statements of income. Intersegment income is accounted for based on prices of ordinary transactions with independent third parties.

(c) Information about reportable segment profit, segment assets, segment liabilities and other material items by reportable segment

Segment information as of and for the years ended March 31, 2019 and 2018 was as follows.

	Millions of yen					
	2019					
	Reportable segment					
	Banking	Leasing	Credit Card	Total	Other *(*2)*	Total
Ordinary income *(*1)*:						
External customers	¥ 47,549	¥ 16,872	¥ 2,203	¥ 66,625	¥ 0	¥ 66,625
Intersegment	1,241	490	202	1,934	106	2,040
Total ordinary income	48,790	17,362	2,406	68,559	106	68,665
Segment profit	8,648	697	704	10,051	11	10,063
Segment assets	3,852,620	51,567	17,985	3,922,173	385	3,922,559
Segment liabilities	3,626,427	45,334	11,298	3,683,061	15	3,683,077
Other material items:						
Depreciation and amortization *(*3)*	1,786	368	6	2,161	–	2,161
Interest income	31,858	289	73	32,221	–	32,221
Interest expense	3,548	132	2	3,683	–	3,683
Provision for possible loan losses	231	–	122	354	–	354
Increase in tangible and intangible fixed assets	1,164	283	12	1,459	–	1,459

	Millions of yen					
	2018					
	Reportable segment					
	Banking	Leasing	Credit Card	Total	Other *(*2)*	Total
Ordinary income *(*1)*:						
External customers	¥ 44,994	¥ 15,679	¥ 2,411	¥ 63,085	¥ 0	¥ 63,085
Intersegment	198	434	382	1,015	120	1,135
Total ordinary income	45,193	16,114	2,793	64,101	120	64,221
Segment profit	6,072	668	1,138	7,878	9	7,888
Segment assets	3,792,608	47,091	17,709	3,857,409	383	3,857,792
Segment liabilities	3,565,942	40,889	10,607	3,617,438	14	3,617,453
Other material items:						
Depreciation and amortization *(*3)*	2,156	342	7	2,505	0	2,505
Interest income	31,882	4	91	31,978	–	31,978
Interest expense	3,036	136	3	3,176	–	3,176
Provision for possible loan losses	368	–	–	368	–	368
Increase in tangible and intangible fixed assets	2,767	256	16	3,041	–	3,041

	Thousands of U.S. dollars					
	2019					
	Reportable segment					
	Banking	Leasing	Credit Card	Total	Other *(*2)*	Total
Ordinary income *(*1)*:						
External customers	$ 428,413	$ 152,020	$ 19,854	$ 600,287	$ 1	$ 600,288
Intersegment	11,183	4,417	1,825	17,425	955	18,380
Total ordinary income	439,596	156,437	21,679	617,712	956	618,668
Segment profit	77,921	6,287	6,350	90,558	108	90,666
Segment assets	34,711,422	464,615	162,045	35,338,082	3,474	35,341,556
Segment liabilities	32,673,465	408,458	101,802	33,183,725	144	33,183,869
Other material items:						
Depreciation and amortization *(*3)*	16,099	3,316	61	19,476	–	19,476
Interest income	287,036	2,610	664	290,310	–	290,310
Interest expense	31,967	1,198	23	33,188	–	33,188
Provision for possible loan losses	2,090	–	1,100	3,190	–	3,190
Increase in tangible and intangible fixed assets	10,493	2,552	109	13,154	–	13,154

*Notes: *1. "Ordinary income" represents total income less certain special gains included in the accompanying consolidated statements of income.*
**2. The "other" business segment includes principally the clerical outsourcing business.*
**3. Depreciation and amortization include amounts related to information technology investments.*

(d) Reconciliation of the totals of each segment item to the corresponding Group amounts

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Ordinary income:			
Total reportable segments	¥ 68,559	¥ 64,101	$ 617,712
Other	106	120	956
Intersegment elimination	(2,040)	(1,135)	(18,381)
Reversal of provision for possible loan losses	(25)	(9)	(226)
	66,600	63,076	600,061
Other gains	42	5,207	386
Total income on consolidated statements of income	¥ 66,643	¥ 68,283	$ 600,447

Note: "Other gains" include gain on disposal of fixed assets, gain on conversion of fixed asset rights and compensation for transfer.

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Segment profit:			
Total reportable segments	¥ 10,051	¥ 7,878	$ 90,558
Other	11	9	108
Intersegment elimination	(1,327)	(407)	(11,958)
	8,735	7,480	78,708
Other gains (losses), net	2	723	25
Profit before income taxes on consolidated statements of income	¥ 8,738	¥ 8,203	$ 78,733

Note: "Other gains (losses), net" include gain and loss on disposal of fixed assets, gain on conversion of fixed asset rights, compensation for transfer, impairment loss on fixed assets and loss on reduction of fixed assets.

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Segment assets:			
Total reportable segments	¥ 3,922,173	¥ 3,857,409	$ 35,338,082
Other	385	383	3,474
Intersegment elimination	(25,693)	(24,678)	(231,490)
Adjustment of retirement benefit assets	342	583	3,085
Total assets on consolidated balance sheets	¥ 3,897,208	¥ 3,833,697	$ 35,113,151

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Segment liabilities:			
Total reportable segments	¥ 3,683,061	¥ 3,617,438	$ 33,183,725
Other	15	14	144
Intersegment elimination	(21,803)	(20,785)	(196,447)
Adjustment of retirement benefit liability	200	376	1,804
Total liabilities on consolidated balance sheets	¥ 3,661,474	¥ 3,597,044	$ 32,989,226

	Millions of yen			
	2019			
Other material items:	Total reportable segments	Other	Reconciliation	Consolidated
Depreciation and amortization	¥ 2,161	¥ –	¥ –	¥ 2,161
Interest income	32,221	–	(1,359)	30,861
Interest expense	3,683	–	(55)	3,628
Provision for possible loan losses	354	–	(25)	328
Increase in tangible and intangible fixed assets	1,459	–	–	1,459

	Millions of yen			
	2018			
Other material items:	Total reportable segments	Other	Reconciliation	Consolidated
Depreciation and amortization	¥ 2,505	¥ 0	¥ –	¥ 2,505
Interest income	31,978	–	(51)	31,927
Interest expense	3,176	–	(60)	3,115
Provision for possible loan losses	368	–	(9)	358
Increase in tangible and intangible fixed assets	3,041	–	–	3,041

	Thousands of U.S. dollars							
	2019							
Other material items:	Total reportable segments		Other		Reconciliation		Consolidated	
Depreciation and amortization	$	19,476	$	–	$	–	$	19,476
Interest income		290,310		–		(12,250)		278,060
Interest expense		33,188		–		(497)		32,691
Provision for possible loan losses		3,190		–		(226)		2,964
Increase in tangible and intangible fixed assets		13,154		–		–		13,154

(e) Related information for enterprise-wide disclosure

(1) Information by service

	Millions of yen				
	Service				
	Loans	Security investments	Leasing	Other	Total
Ordinary income from external customers:					
For the year ended March 31, 2019	¥ 22,522	¥ 14,166	¥ 16,872	¥ 13,064	¥ 66,625
For the year ended March 31, 2018	22,677	12,276	15,679	12,452	63,085

	Thousands of U.S. dollars				
Ordinary income from external customers:					
For the year ended March 31, 2019	$ 202,920	$ 127,638	$ 152,019	$ 117,711	$ 600,288

(2) Information by geographical area for the years ended March 31, 2019 and 2018 was omitted since income from operations in Japan accounted for more than 90% of total consolidated income, and tangible fixed assets in Japan were more than 90% of tangible fixed assets on the consolidated balance sheets.

(3) Information by major customer for the years ended March 31, 2019 and 2018 was omitted since there were no external customers accounting for 10% or more of consolidated income.

(f) Information about impairment loss on fixed assets by reportable segment

	Millions of yen					
	Reportable segment					
	Banking	Leasing	Credit Card	Total	Other	Total
Impairment loss on fixed assets:						
For the year ended March 31, 2019	¥ 33	¥ –	¥ –	¥ 33	¥ –	¥ 33
For the year ended March 31, 2018	133	–	–	133	–	133

	Thousands of U.S. dollars					
Impairment loss on fixed assets:						
For the year ended March 31, 2019	$ 298	$ –	$ –	$ 298	$ –	$ 298

(g) Information with regard to goodwill by reportable segment: None.