

Notes to Consolidated Financial Statements

Years ended March 31, 2019 and 2018

1. Basis of presenting consolidated financial statements

The accompanying consolidated financial statements have been prepared based on the accounts maintained by THE SHIGA BANK, LTD. (the "Bank") and its significant subsidiaries (together the "Group") in accordance with the provisions set forth in the Companies Act of Japan, the Japanese Financial Instruments and Exchange Act, and the Japanese Banking Act and in conformity with accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

Certain items presented in the consolidated financial statements submitted to the Director of the Kanto Finance Bureau in Japan have been reclassified in these accounts for the convenience of readers outside Japan.

Amounts in yen of respective accounts included in the accompanying consolidated financial statements and notes thereto are stated in millions of yen by discarding fractional amounts less than ¥1 million. Therefore, total or subtotal amounts do not necessarily tie in with the aggregation of such account balances.

Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥110.99 to U.S.\$1, the rate of exchange at March 31, 2019, has been used in translation. The inclusion of such amounts is not intended to imply that Japanese yen amounts have been or could be readily converted, realized or settled in U.S. dollar amounts at this rate or any other rates.

2. Summary of significant accounting policies

(a) Principles of consolidation

The accompanying consolidated financial statements for the years ended March 31, 2019 and 2018 include the accounts of the Bank and nine consolidated subsidiaries.

The consolidated subsidiaries' respective fiscal periods end March 31 for the years ended March 31, 2019 and 2018.

The Bank has four and five other nonconsolidated subsidiaries in 2019 and 2018, respectively, in which investments are not accounted for by the equity method because their net income (the portion corresponding to the Bank's equity), retained earnings (as above) and accumulated other comprehensive income (as above) have no material impact on the Group's financial position or business performance.

All significant intercompany transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is eliminated.

(b) Cash equivalents

For the purpose of reporting cash flows, cash and cash equivalents are defined as cash and due from the Bank of Japan.

(c) Trading securities

Trading securities held by the Bank are stated at fair value at the fiscal year end (cost of sales, in principle, is computed by the moving-average method).

(d) Investment securities

i. Marketable securities held for trading purposes are stated at fair value (cost of sales, in principle, is computed by the moving-average method).

Securities held to maturity are stated at amortized cost (straight-line method) using the moving-average method. Securities available-for-sale for which current value can be estimated are stated at fair value at the fiscal year end. Securities whose fair value cannot be reliably determined are stated at cost using the moving-average method. Valuation gains/losses on securities available for sale are included in net assets, net of income taxes (cost of sales, in principle, is computed by the moving-average method).

ii. Marketable securities included in money held in trust by the Bank are treated as trust assets and are stated at fair value at the fiscal year-end.

iii. Beneficiary rights included in "debt purchased" are stated using the same methods described in (i) above.

(e) Derivatives and hedging activities

Under the Accounting Standards for Financial Instruments, derivatives are stated at fair value unless they are used for hedging purposes.

i. Interest rate risk hedges

The Bank applies deferred hedge accounting to hedge transactions against interest rate risk arising from financial assets and liabilities which includes the method of designating hedging instruments to hedged items as well as the method stipulated in "Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry" (JICPA Industry Audit Committee Report No. 24, February 13, 2002).

With regard to the assessment of hedge effectiveness, for the hedges that offset the fluctuations in the fair value of fixed interest rates classified as available-for-sale securities, interest rate swaps are assigned to hedged items collectively by bond type as the hedging instrument. The Bank designates the hedges so as to ensure that the important conditions related to the hedged items and hedging instruments are largely identical; therefore the hedges are considered to be highly effective, and the assessment of the effectiveness is based on the similarity of the conditions.

With regard to the effectiveness of cash flow hedges, hedge effectiveness is assessed by verifying the relationship of the interest rate fluctuation factors of the hedged items and the hedging instruments.

ii. Currency exchange risk hedges

Regarding the hedge accounting method applied to hedging transactions against currency exchange risk arising from assets and liabilities in foreign currencies, the Bank applies deferred hedge accounting stipulated in "Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in Banking Industry" (JICPA Industry Audit Committee Report No. 25, July 29, 2002).

The Bank assesses the effectiveness of exchange swaps executed to reduce the risk of changes in currency exchange rates with fund swap transactions by verifying that there exist foreign currency positions of the hedging instruments corresponding to the foreign currency monetary claims and debts to be hedged.

Fund swap transactions are foreign exchange transactions that are contracted for the purpose of lending or borrowing funds in different currencies. These transactions consist of spot foreign exchange either bought or sold and forward foreign exchange either bought or sold.

(f) Bills discounted

Bills discounted are accounted for as financial transactions in accordance with JICPA Industry Audit Committee Report No. 24. The Bank has rights to sell or pledge bank acceptances bought, commercial bills discounted, documentary bills and foreign exchanges bought without restrictions.

(g) Tangible fixed assets (except for lease assets)

Tangible fixed assets are stated at cost less accumulated depreciation.

Depreciation for buildings and equipment of the Bank is computed using the declining-balance method at a rate principally based on the estimated useful lives of the assets. However, buildings purchased on or after April 1, 1998 (excluding fittings and equipment), and fittings and equipment and structures purchased on or after April 1, 2016, are depreciated using the straight-line method.

The range of useful lives is principally from 3 to 50 years for buildings and from 3 to 20 years for equipment.

Depreciation of tangible fixed assets owned by subsidiaries is computed principally using the declining-balance method over the estimated useful lives of the assets.

Under certain conditions such as exchanges of fixed assets of similar kinds and sales and purchases resulting from expropriation, Japanese tax acts permit companies to defer the profit arising from such transactions by reducing the cost of the assets acquired or by providing a special reserve in the equity section. The Bank adopted the former treatment and reduced the cost of the assets acquired by ¥3,572 million (\$32,183 thousand) and ¥3,572 million at March 31, 2019 and 2018, respectively.

(h) Long-lived assets

The Group reviews its long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

Accumulated impairment losses are directly deducted from the respective fixed assets.

(i) Intangible fixed assets (except for lease assets)

Depreciation for intangible fixed assets is computed under the straight-line method. Development costs for internally used software are capitalized and depreciated using the straight-line method over the estimated useful lives of 5 years.

(j) Lease assets

Lease assets in "Tangible fixed assets" or "Intangible fixed assets" of the finance leases other than those that were deemed to transfer the ownership of the leased property to the lessee are computed under the straight-line method over the lease term with zero residual value unless residual value is guaranteed by the corresponding lease contracts.

(k) Allowance for possible loan losses

Allowance for possible loan losses of the Bank is provided as detailed below, pursuant to internal rules for write-offs and allowances.

For debtors who are legally bankrupt (bankrupt, under special liquidation, or subject to legal bankruptcy proceedings) or virtually bankrupt (in a similar situation), an allowance is provided based on the amount of claims, after the write-off stated below, net of amounts expected to be collected through disposal of collateral or execution of guarantees. For loans to debtors who are likely to go bankrupt, an allowance is provided for the amount considered to be necessary based on an overall solvency assessment performed for the amount of such loans, net of amounts deemed collectible through disposal of collateral or execution of guarantees. For other loans, an allowance is provided based on historical loan loss experience over a certain period of time.

All loans are assessed by the branches and the operating divisions based on the Bank's internal rules for self-assessment of assets. The Asset Assessment Division, which is independent from the branches and the operating divisions, subsequently conducts audits of their assessments, and an allowance is provided based on the audit results.

For collateralized or guaranteed claims to debtors who are legally bankrupt or virtually bankrupt, the amount deemed unrecoverable, which is the amount of claims exceeding the estimated value of collateral or guarantees, has been written off and amounted to ¥12,347 million (\$111,244 thousand) and ¥13,473 million as of March 31, 2019 and 2018, respectively.

Allowance for possible loan losses of the Bank's consolidated subsidiaries is provided based on historical loan loss experience in addition to amounts deemed necessary based on estimation of the collectability of specific claims.

(l) Retirement and Pension Plans

The Bank has a contributory funded pension plan and lump-sum severance payment plan. Consolidated subsidiaries have unfunded lump-sum severance payment plans.

The projected benefit obligations are attributed to periods on a benefit formula basis. Past service costs are amortized on a straight-line basis over 10 years within the average remaining service period.

Actuarial gains and losses are amortized on a straight-line basis over 10 years within the average remaining service period from the fiscal year following the respective fiscal year in which the difference is recognized.

Consolidated subsidiaries adopt a simplified method where the amount to be required for voluntary termination at the fiscal year end is recorded as projected benefit obligations in the calculation of their liability for retirement benefits and retirement benefit costs.

(m) Liability for retirement of directors and Audit & Supervisory Board Members

Consolidated subsidiaries provide Liability for retirement benefits of directors and Audit & Supervisory Board Members at the amount required if they all retired at the fiscal yearend, calculated based on the internal rules of the Group.

(n) Liability for reimbursement of deposits

Liability for reimbursement of deposits that were derecognized as liabilities under certain conditions is provided for possible losses on the future claims of withdrawal based on historical reimbursement experience.

(o) Allowance for repayment of excess interest

Allowance for repayment of excess interest is provided at the estimated amount based on payment experience that the Bank's consolidated subsidiaries may be required to refund upon customers' claims.

(p) Reserve for other contingent losses

The Bank provides reserves for contingent liabilities not covered by other reserves in an amount deemed necessary based on estimated losses in the future.

(q) Foreign currency transactions

Receivables and payables in foreign currencies and foreign branch accounts are translated into Japanese yen principally at the rates prevailing at the balance sheet dates.

(r) Accounting for leases

In March 2007, the ASBJ issued ASBJ Statement No. 13, "Accounting Standard for Lease Transactions," which revised the previous accounting standard for lease transactions.

i. As lessee

Finance lease transactions are capitalized by recognizing lease assets and lease obligations in the balance sheet.

ii. As lessor

Under the previous accounting standard, finance leases that were deemed to transfer ownership of the leased property to the lessee were to be treated as sales. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if sold" information is disclosed in the notes to the lessor's financial statements. The revised accounting standard requires that all finance leases that are deemed to transfer ownership of the leased property to the lessee should be recognized as lease receivables and all finance leases that are deemed not to transfer ownership of the leased property to the lessee should be recognized as investments in leases.

Lease revenue and lease costs are recognized over the lease period.

(s) Income taxes

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

(t) Appropriations of retained earnings

The consolidated statements of changes in equity reflect the appropriation resolved by the general shareholders' meeting when duly resolved and paid.

(u) Per share information

Basic net income per share is computed by dividing net income attributable to common shareholders by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits.

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

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

(v) New accounting pronouncements

"Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29 issued in March 2018)

"Implementation Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30 issued in March 2018)

(1) Summary

ASBJ developed a comprehensive accounting standard for revenue recognition. Revenue is recognized by applying the following five steps:

Step 1: Identify the contract with the customer

Step 2: Identify the performance obligations under the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the separate performance obligations under the contract

Step 5: Recognize revenue when performance obligations are satisfied or as they are satisfied

(2) Effective date

The Group expects to apply the new standard and guidance effective from the beginning of the year ending March 31, 2022.

(3) Effects of application of the standard and guidance

The Group is in the process of measuring the effects of applying the new standard and guidance.

(w) Additional information

Transfer of fixed assets

The Bank has decided to transfer certain of its fixed assets and concluded a sales agreement on March 15, 2019. Details of the transfer are as follows:

(1) Reason for the transfer

In order to efficiently use its management resources, the Bank has reviewed its assets held and decided to transfer certain of those assets.

(2) Details of the transferred assets and overview of the transferee

The Bank decided to transfer a business asset outside of Shiga prefecture (one location).

The transferee is a domestic business corporation. The transferee has no capital or personnel relationship with the Bank and is not a related party of the Bank, while there are some business transactions between the two.

(3) Transfer schedule

Date of the sales agreement: March 15, 2019

Time of delivery and payment: To be executed by the end of November 2019

(4) Effect of the transfer on profit or loss of the Bank's business

The Bank expects to recognize a gain of ¥4.9 billion (\$44,148 thousand) in other income for the year ending March 31, 2020.

3. Cash and cash equivalents

The reconciliation of "Cash and cash equivalents" and "Cash and due from banks" in the consolidated balance sheets at March 31, 2019 and 2018, is as follows:

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Cash and due from banks.....	¥811,032	¥741,203	\$7,307,252
Other due from banks.....	(618)	(647)	(5,568)
Cash and cash equivalents.....	¥810,413	¥740,555	\$7,301,675

4. Securities

Securities at March 31, 2019 and 2018 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Japanese government bonds.....	¥ 262,298	¥ 243,533	\$ 2,363,257
Japanese local government bonds.....	216,869	209,363	1,953,950
Japanese corporate bonds.....	377,421	380,947	3,400,495
Corporate stocks.....	229,874	265,829	2,071,123
Other securities.....	265,553	246,997	2,392,584
Total.....	¥1,352,017	¥1,346,672	\$12,181,430

Fair value and other information on securities at March 31, 2019 and 2018 were as follows. Securities include "Trading securities" and trust beneficiary right under "Debt purchased," in addition to "Investment securities," which are presented on the consolidated balance sheet.

Securities

(1) Trading securities

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
	Losses included in loss during the fiscal year		
Trading securities.....	¥(145)	¥(11)	\$(1,306)

(2) Held-to-maturity securities

No securities were classified as held to maturity as of March 31, 2019 and 2018.

(3) Available-for-sale securities

Available-for-sale securities as of March 31, 2019 and 2018 were as follows:

	Millions of yen		
	2019		
	Consolidated balance sheet amount	Cost	Unrealized gains (losses)
Consolidated balance sheet amount exceeding cost:			
Stocks.....	¥ 219,734	¥ 50,493	¥169,240
Bonds:.....	797,109	782,976	14,133
Japanese government bonds ...	227,405	220,895	6,510
Japanese local government bonds	216,256	213,780	2,475
Japanese corporate bonds.....	353,448	348,300	5,147
Others.....	131,087	128,852	2,235
Subtotal.....	¥1,147,932	¥ 962,323	¥185,609
Consolidated balance sheet amount not exceeding cost:			
Stocks.....	¥ 6,268	¥ 7,389	¥ (1,120)
Bonds:.....	59,479	59,743	(263)
Japanese government bonds ...	34,892	35,099	(207)
Japanese local government bonds	613	614	(0)
Japanese corporate bonds.....	23,973	24,029	(55)
Others.....	124,892	126,913	(2,021)
Subtotal.....	190,641	194,046	(3,405)
Total.....	¥1,338,573	¥1,156,369	¥182,203

	Millions of yen		
	2018		
	Consolidated balance sheet amount	Cost	Unrealized gains (losses)
Consolidated balance sheet amount exceeding cost:			
Stocks.....	¥ 251,892	¥ 55,687	¥196,204
Bonds:.....	679,962	667,905	12,056
Japanese government bonds ...	206,369	201,608	4,760
Japanese local government bonds	184,411	181,466	2,944
Japanese corporate bonds.....	289,181	284,830	4,351
Others.....	58,196	57,664	532
Subtotal.....	¥ 990,050	¥ 781,257	¥208,793

	Millions of yen		
	2018		
	Consolidated balance sheet amount	Cost	Unrealized gains (losses)
Consolidated balance sheet amount not exceeding cost:			
Stocks.....	¥ 9,976	¥ 10,901	¥ (924)
Bonds:.....	153,882	155,252	(1,369)
Japanese government bonds ...	37,164	38,059	(894)
Japanese local government bonds	24,952	25,116	(164)
Japanese corporate bonds.....	91,765	92,075	(310)
Others.....	180,893	185,548	(4,654)
Subtotal.....	344,753	351,701	(6,948)
Total.....	¥1,334,803	¥1,132,959	¥201,844

	Thousands of U.S. dollars		
	2019		
	Consolidated balance sheet amount	Cost	Unrealized gains (losses)
Consolidated balance sheet amount exceeding cost:			
Stocks.....	\$ 1,979,763	\$ 454,932	\$ 1,524,822
Bonds:.....	7,181,809	7,054,473	127,335
Japanese government bonds ...	2,048,878	1,990,224	58,653
Japanese local government bonds	1,948,427	1,926,119	22,299
Japanese corporate bonds.....	3,184,503	3,138,120	46,373
Others.....	1,181,070	1,160,933	20,136
Subtotal.....	\$10,342,661	\$ 8,670,357	\$ 1,672,303
Consolidated balance sheet amount not exceeding cost:			
Stocks.....	\$ 56,473	\$ 66,573	\$ (10,090)
Bonds:.....	535,895	538,273	(2,369)
Japanese government bonds ...	314,370	316,235	(1,865)
Japanese local government bonds	5,523	5,532	(0)
Japanese corporate bonds.....	215,992	216,496	(495)
Others.....	1,125,254	1,143,463	(18,208)
Subtotal.....	1,717,641	1,748,319	(30,678)
Total.....	\$12,060,302	\$10,418,677	\$1,641,616

(4) Bonds classified as held to maturity were not sold for the years ended March 31, 2019 and 2018.

(5) Available-for-sale securities sold

	Millions of yen		
	2019		
	Sales amount	Gains on sales	Losses on sales
Stocks.....	¥ 26,566	¥11,065	¥1,077
Bonds:.....	118,614	3,506	16
Japanese government bonds.....	117,882	3,504	16
Japanese local government bonds	—	—	—
Japanese corporate bonds.....	731	1	—
Others.....	76,675	557	1,502
Total.....	¥221,856	¥15,129	¥2,596

	Millions of yen		
	2018		
	Sales amount	Gains on sales	Losses on sales
Stocks.....	¥ 19,934	¥ 3,758	¥ 88
Bonds:.....	94,332	1,241	89
Japanese government bonds.....	92,582	1,231	69
Japanese local government bonds	245	1	—
Japanese corporate bonds.....	1,505	9	19
Others.....	97,237	1,259	1,195
Total.....	¥ 211,505	¥ 6,259	¥1,373

	Thousands of U.S. dollars		
	2019		
	Sales amount	Gains on sales	Losses on sales
Stocks.....	\$ 239,354	\$ 99,693	\$ 9,703
Bonds.....	1,068,690	31,588	144
Japanese government bonds.....	1,062,095	31,570	144
Japanese local government bonds.....	—	—	—
Japanese corporate bonds.....	6,586	9	—
Others.....	690,828	5,018	13,532
Total.....	\$1,998,882	\$136,309	\$23,389

(6) Reclassification of investment securities due to change in intent of holding

There were no reclassifications of investment securities due to change in intent of holding for the years ended March 31, 2019 and 2018.

(7) Impairment losses on securities

For available-for-sale securities with market quotations (other than securities whose fair value cannot be reliably determined), in cases where the fair value has fallen substantially from the acquisition cost and there is believed to be little likelihood of a recovery in the acquisition cost level, said securities are shown on the balance sheets at fair value and the difference between the fair value and the acquisition cost is posted as a loss (hereinafter "impairment loss").

Impairment losses amounted to ¥284 million (\$2,558 thousand) and ¥346 million which consist of stocks for the same amount as of March 31, 2019 and 2018, respectively.

In addition, the Bank recognizes that fair value has fallen significantly based on standards that have been set out in the self-assessment standards for assets by the issuing companies of securities. The details are as follows:

The Bank recognizes that the fair value of available-for-sale securities of legally bankrupt debtors, virtually bankrupt debtors, or debtors who are likely to go bankrupt, has fallen significantly when the fair value of such instruments as of the consolidated balance sheet date has decreased from the acquisition cost. For debtors on close watch, the Bank recognizes that the fair value has fallen significantly when the fair value as of the consolidated balance sheet date has decreased 30% or more from the acquisition cost. For normal debtors, it recognizes this when the fair value as of the consolidated balance sheet date has fallen 50% or more from the acquisition cost or when the fair value as of the consolidated balance sheet date has fallen 30% or more from the acquisition cost and the market prices remain below certain levels.

Debtors on close watch are defined as those who will require close monitoring in the future and normal debtors are defined as those other than legally bankrupt debtors, virtually bankrupt debtors, debtors who are likely to go bankrupt, or debtors on close watch.

5. Money held in trust

(1) Money held in trust classified as trading

	Millions of yen			
	2019		2018	
	Consolidated balance sheet amount	Gains (losses) included in profit (loss) during the fiscal year	Consolidated balance sheet amount	Gains (losses) included in profit (loss) during the fiscal year
Money held in trust classified as trading.....	¥15,323	¥(15)	¥10,570	¥6

	Thousands of U.S. dollars	
	2019	
	Consolidated balance sheet amount	Gains (losses) included in profit (loss) during the fiscal year
Money held in trust classified as trading.....	\$138,057	\$(135)

(2) No money held in trust was classified as held to maturity.

(3) No other money held in trust (other than money held in trust for trading purposes and money in trust held to maturity).

6. Net unrealized gains/losses on available-for-sale securities

Available-for-sale securities were valued at market and net unrealized gains/losses on valuation were as follows:

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Net unrealized gains on investment securities.....	¥181,915	¥201,555	\$1,639,021
Deferred tax liabilities.....	(51,301)	(56,683)	(462,212)
Noncontrolling interests.....	—	—	—
Net unrealized gains on available-for-sale securities.....	¥130,613	¥144,872	\$1,176,799

7. Loans and bills discounted

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

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Bills discounted.....	¥ 12,684	¥ 14,555	\$ 114,280
Loans on bills.....	103,164	107,800	929,489
Loans on deeds.....	3,280,489	3,144,220	29,556,617
Overdrafts.....	382,717	352,290	3,448,211
Total.....	¥3,779,056	¥ 3,618,866	\$34,048,616

Loans in legal bankruptcy totaled ¥429 million (\$3,865 thousand) and ¥719 million as of March 31, 2019 and 2018, respectively. Nonaccrual loans totaled ¥38,333 million (\$345,373 thousand) and ¥40,702 million as of March 31, 2019 and 2018, respectively. Loans in legal bankruptcy are loans in which the interest accrual is discontinued (excluding the portion recognized as bad debts) based on management's judgment of the collectability of principal or interest resulting from the delay in payments of interest or principal for a considerable period of time and other factors. Nonaccrual loans are loans in which the interest accrual is discontinued, other than loans in legal bankruptcy and loans granting deferral of interest payment to the debtors in financial difficulties to assist them in their recovery.

Past due loans (three months or more) as to principal or interest payments totaled ¥112 million (\$1,009 thousand) and ¥247 million as of March 31, 2019 and 2018, respectively. Loans classified as loans in legal bankruptcy and nonaccrual loans are excluded.

Restructured loans totaled ¥13,735 million (\$123,749 thousand) and ¥10,521 million as of March 31, 2019 and 2018, respectively. Such restructured loans are loans on which creditors grant concessions (e.g., reduction of the stated interest rate, deferral of interest payments, extension of maturity dates, waiver of the face amount, or other concessive measures) to the debtors to assist them in recovering from financial difficulties and eventually being able to pay creditors. Loans classified as loans in legal bankruptcy, nonaccrual loans and past due three months or more are excluded.

The total face value of bills discounted at March 31, 2019 and 2018 was ¥12,747 million (\$114,848 thousand) and ¥14,625 million, respectively.

8. Foreign exchanges

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

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Assets:			
Due from foreign correspondents.....	¥7,553	¥ 7,107	\$ 68,051
Foreign bills of exchange purchased.....	0	7	0
Foreign bills of exchange receivable.....	1,071	938	9,649
Total.....	¥8,625	¥ 8,053	\$ 77,709
Liabilities:			
Foreign bills of exchange sold.....	¥ 85	¥ 143	\$ 765
Accrued foreign bills of exchange.....	8	7	72
Total.....	¥ 93	¥ 151	\$ 837

9. Other assets

Other assets at March 31, 2019 and 2018, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Prepaid expenses.....	¥ 33	¥ 62	\$ 297
Accrued income.....	4,664	4,428	42,021
Derivatives.....	2,869	4,744	25,849
Other (Note 12).....	75,138	69,506	676,979
Total.....	¥82,705	¥ 78,741	\$745,157

10. Tangible fixed assets

Tangible fixed assets at March 31, 2019 and 2018, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Buildings.....	¥15,323	¥ 16,195	\$138,057
Land.....	37,925	37,990	341,697
Construction in progress.....	172	6	1,549
Other.....	2,612	2,595	23,533
Total.....	¥56,033	¥ 56,788	\$504,847

Accumulated depreciation on tangible fixed assets at March 31, 2019 and 2018 amounted to ¥46,790 million (\$421,569 thousand) and ¥46,497 million, respectively.

11. Long-lived assets

The Group recognized impairment losses for the years ended March 31, 2019 and 2018, as follows:

The Bank groups assets by branch, which is the minimum unit for management accounting. Subsidiaries group their assets by unit, which periodically manages profit and loss. The Bank wrote down the carrying amounts to the recoverable amounts and recognized impairment losses of ¥348 million for the year ended March 31, 2018 since the carrying amounts of the assets held by the above branches and other exceeded the sum of the undiscounted future cash flows. For the year ended March 31, 2019, no impairment losses were recorded.

The recoverable amounts of these assets were the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

The discount rate used for computation of the present value of future cash flows was 5% and the net selling price was determined by quotations from real estate appraisal information, less estimated costs to dispose.

Location	Description	Classification	Impairment losses		
			Millions of yen		Thousands of U.S. dollars
			2019	2018	2019
Shiga Prefecture	Idle assets	Land and buildings.....	¥ —	¥ 348	\$ —
Total.....			¥ —	¥ 348	\$ —

Impairment losses are included in other expenses (Note 25).

12. Assets pledged

Assets pledged as collateral and related liabilities at March 31, 2019 and 2018, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Investment securities.....	¥620,591	¥443,173	\$5,591,413
Other assets (investments in leases).....	757	1,269	6,820

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Related liabilities			
Deposits.....	¥ 14,997	¥ 7,375	\$ 135,120
Payables under securities lending transactions.....	218,995	105,853	1,973,105
Borrowed money.....	341,788	287,727	3,079,448

In addition, other assets (deposits to central counterparty) of ¥29,829 million (\$268,753 thousand) and ¥27,520 million at March 31, 2019 and 2018, respectively, and investment securities totaling ¥11,016 million (\$99,252 thousand) and ¥13,038 million at March 31, 2019 and 2018, respectively, were pledged as collateral for settlement of exchange and as securities for futures transactions and others.

Other assets include guarantee deposits of ¥446 million (\$4,018 thousand) and ¥445 million at March 31, 2019 and 2018 respectively.

13. Overdrafts and commitment lines

Overdraft agreements and commitment line agreements are agreements that oblige the Group to lend funds up to a certain limit agreed in advance. The Group makes the loans upon the request of an obligor to draw down funds under such loan agreements as long as there is no breach of the various terms and conditions stipulated in the relevant loan agreements. The unused commitment balance relating to these loan agreements at March 31, 2019 and 2018 amounted to ¥945,525 million (\$8,519,010 thousand) and ¥907,963 million, respectively, and the amounts of unused commitments whose original contract terms are within one year or unconditionally cancelable at any time were ¥884,841 million (\$7,972,258 thousand) and ¥860,756 million at March 31, 2019 and 2018, respectively. In many cases, the term of the agreement expires without the loan ever being drawn down. Therefore, the unused loan commitment will not necessarily affect future cash flows. Conditions are included in certain loan agreements that allow the Group to decline the request for a loan draw down or to reduce the agreed limit amount where there is due cause to do so, such as when there is a change in financial conditions or when it is necessary to do so in order to protect the Group's credit. The Group takes various measures to protect its credit. Such measures include having the obligor pledge collateral to the Group in the form of real estate, securities, etc. on signing the loan agreements or, in accordance with the Group's established internal procedures, confirming the obligor's financial condition, etc. at regular intervals.

14. Land revaluation

Under the "Act of Land Revaluation," promulgated on March 31, 1998 (final revision on May 30, 2003), the Bank elected a one-time revaluation of its own-use land to a value based on real estate appraisal information as of March 31, 2002. The resulting land revaluation surplus represented unrealized appreciation of land and was stated, net of income taxes, as a component of equity. There was no effect on the consolidated statement of income. Continuous readjustment is not permitted unless the land value subsequently declines significantly such that the amount of the decline in value should be removed from the land revaluation surplus account and related deferred tax liabilities. At March 31, 2019 and 2018, the carrying amount of the land after the above one-time revaluation exceeded the fair value by ¥9,460 million (\$85,232 thousand) and ¥12,463 million, respectively.

Method of revaluation

The fair values were determined by applying appropriate adjustments for land shape and analysis on the appraisal specified in Article 2-3 of the Enforcement Ordinance of the Act of Land Revaluation effective March 31, 1998.

15. Deposits

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

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Current deposits.....	¥ 212,423	¥ 195,273	\$ 1,913,893
Ordinary deposits.....	2,361,811	2,223,037	21,279,493
Deposits at notice.....	57,364	57,885	516,839
Time deposits.....	2,071,011	2,104,876	18,659,437
Other deposits.....	146,576	104,393	1,320,623
Total.....	¥4,849,187	¥4,685,466	\$43,690,305

16. Borrowed money

At March 31, 2019 and 2018, the weighted-average interest rates applicable to borrowed money were 0.71% and 0.52%, respectively.

Borrowed money at March 31, 2019 and 2018, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Subordinated loans.....	¥ 20,000	¥ 20,000	\$ 180,196
Borrowing from banks and other....	347,480	296,872	3,130,732
Total.....	¥367,480	¥316,872	\$3,310,928

Annual maturities of borrowed money at March 31, 2019 were as follows:

Year ending March 31	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
2020.....	¥344,579		\$3,104,595
2021.....	1,477		13,307
2022.....	863		7,775
2023.....	382		3,441
2024.....	140		1,261
2025 and thereafter.....	20,035		180,511
Total.....	¥367,480		\$3,310,928

17. Bonds

Bonds at March 31, 2019 and 2018, consisted of the following:

	Millions of yen		Thousands of U.S. dollars	Interest rate	Due
	2019	2018	2019		
Convertible bonds with stock acquisition rights (*)	¥22,198	¥21,248	\$200,000	—	June 23, 2020

(*) The above convertible bonds with stock acquisition rights are subordinated bonds with non-viability write-off clause. The description of the said bonds was as follows:

Description of bonds	Unsecured convertible bonds with stock acquisition rights, payable in Euro/U.S. dollars, due June 23, 2020 (subordinated bonds with non-viability write-off clause)
Class of shares to be issued	Ordinary shares of common stock
Issue price for stock acquisition rights	—
Exercise price of shares (*)	\$29.425
Total amount of debt securities issued	\$200,000 thousand
Total amount of shares issued by exercising stock acquisition rights	—
Percentage of shares with stock acquisition rights	100%
Exercise period of stock acquisition rights	From April 7, 2015 to June 9, 2020
Content and amount of assets in case stock acquisition rights are exercised by contributions of non-cash assets	At the time of exercise of the respective stock acquisition rights, the bonds pertaining to the stock acquisition rights shall be contributed, and the price of such bonds shall be the same amount as their face value.

(*) In line with the decision of the Bank's ordinary general shareholders' meeting held on June 26, 2018 to conduct a 1-for-5 reverse stock split on October 1, 2018, the exercise price of shares has been adjusted from \$5.885 to \$29.425 on October 1, 2018.

18. Other liabilities

Other liabilities at March 31, 2019 and 2018, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Accrued income taxes	¥ 3,481	¥ 1,637	\$ 31,363
Accrued expenses	5,076	4,284	45,733
Unearned income	8,126	7,904	73,213
Derivatives	8,115	5,324	73,114
Other	17,258	15,303	155,491
Total	¥42,057	¥34,454	\$378,926

19. Acceptances and guarantees

All contingent liabilities arising from acceptances and guarantees are reflected in "Acceptances and guarantees." As a contra account, "Customers' liabilities for acceptances and guarantees," is shown as an asset representing the Bank's right of indemnity from the applicants.

The amounts of "Acceptances and guarantees" and "Customers' liabilities for acceptances and guarantees" amounting to ¥31,261 million (\$281,656 thousand) and ¥26,807 million as of March 31, 2019 and 2018, respectively, were set off because those which were relevant to corporate bonds and the guaranteed bonds were held by the Bank itself.

20. Equity

(1) Capital stock and capital surplus

The Bank implemented a 1-for-5 reverse stock split on October 1, 2018. As a result, the number of shares of common stock issued decreased from 265,450 thousand shares to 53,090 thousand shares. The numbers of shares in the consolidated statement of changes in equity are calculated on the assumption that the reverse stock split was implemented on April 1, 2017.

(2) Companies Act

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

(a) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders' meeting. For companies that meet certain criteria such as: (1) having a Board of Directors, (2) having independent auditors, (3) having an Audit & Supervisory Board, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. However, the Bank cannot do so because it does not meet all the above criteria.

The Companies Act permits companies to distribute dividends-in-kind (non-cash assets) to shareholders subject to a certain limitation and additional requirements.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

(b) Increases/decreases and transfer of common stock, reserve and surplus

The Companies Act requires that an amount equal to 10% (20% for banks pursuant to the Banking Act) of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus), depending on the equity account charged upon the payment of such dividends, until the total of the aggregate amount of legal reserve and additional paid-in capital equals 25% (100% for banks pursuant to the Banking Act) of common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

(c) Treasury stock and treasury stock acquisition rights

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

(3) Appropriations of retained earnings

The following appropriation of retained earnings at March 31, 2019 will be proposed at the Bank's ordinary general shareholders' meeting held on June 26, 2019.

	Millions of yen	Thousands of U.S. dollars
Cash dividends (dividend amount per share: ¥22.5 (\$0.203)) (*)	¥1,150	\$10,361

(*) The Bank implemented a 1-for-5 reverse stock split on October 1, 2018. The dividend amount per share is the amount after the reverse stock split.

21. Stock options

The stock options outstanding as of March 31, 2019, are as follows:

Description	Persons granted	Number of options granted (*)	Date of grant	Exercise price	Exercise period
2013 Stock Option	5 directors	5,660 shares	August 20, 2013	¥ 1 (\$ 0.01)	From August 21, 2013 to August 20, 2043
2014 Stock Option	7 directors	6,620 shares	August 20, 2014	¥ 1 (\$ 0.01)	From August 21, 2014 to August 20, 2044
2015 Stock Option	7 directors	6,460 shares	August 20, 2015	¥ 1 (\$ 0.01)	From August 21, 2015 to August 20, 2045
2016 Stock Option	8 directors	10,920 shares	August 19, 2016	¥ 1 (\$ 0.01)	From August 20, 2016 to August 19, 2046
2017 Stock Option	9 directors	9,980 shares	August 18, 2017	¥ 1 (\$ 0.01)	From August 19, 2017 to August 18, 2047
2018 Stock Option	9 directors	10,000 shares	August 20, 2018	¥ 1 (\$ 0.01)	From August 21, 2018 to August 20, 2048

(*) The number of options granted has been restated, as appropriate, to reflect a 1-for-5 reverse stock split on October 1, 2018.

The stock option activity is as follows:

Year Ended March 31, 2019	2013 Stock Option	2014 Stock Option	2015 Stock Option
<u>Non-vested</u>			
April 1, 2018—Outstanding	—	—	—
Granted	—	—	—
Canceled	—	—	—
Vested	—	—	—
March 31, 2019—Outstanding	—	—	—
<u>Vested</u>			
April 1, 2018—Outstanding	7,420	8,320	8,040
Vested	—	—	—
Exercised	(1,760)	(1,700)	(1,580)
Canceled	—	—	—
March 31, 2019—Outstanding	5,660	6,620	6,460

Year Ended March 31, 2019	2016 Stock Option	2017 Stock Option	2018 Stock Option
<u>Non-vested</u>			
April 1, 2018—Outstanding	—	2,955	—
Granted	—	—	10,000
Canceled	—	—	—
Vested	—	(2,955)	(7,500)
March 31, 2019—Outstanding	—	—	2,500

Year Ended March 31, 2019	2013 Stock Option	2014 Stock Option	2015 Stock Option
<u>Vested</u>			
April 1, 2018—Outstanding	13,160	8,865	—
Vested	—	2,955	7,500
Exercised	(2,240)	(1,840)	—
Canceled	—	—	—
March 31, 2019—Outstanding	10,920	9,980	7,500

	2013 Stock Option	2014 Stock Option	2015 Stock Option
Exercise price	¥ 1 (\$ 0.01)	¥ 1 (\$ 0.01)	¥ 1 (\$ 0.01)
Average stock price at exercise (*)	¥2,820 (\$25.41)	¥2,820 (\$25.41)	¥2,820 (\$25.41)
Fair value price at grant date (*)	¥2,640 (\$23.78)	¥2,945 (\$26.53)	¥3,170 (\$28.56)

	2016 Stock Option	2017 Stock Option	2018 Stock Option
Exercise price	¥ 1 (\$ 0.01)	¥ 1 (\$ 0.01)	¥ 1 (\$ 0.01)
Average stock price at exercise (*)	¥2,820 (\$25.41)	¥2,820 (\$25.41)	— (\$ —)
Fair value price at grant date (*)	¥2,365 (\$21.31)	¥2,785 (\$25.09)	¥2,800 (\$25.23)

(*) Average stock price at exercise and fair value price at grant date have been restated, as appropriate, to reflect a 1-for-5 reverse stock split on October 1, 2018.

The Assumptions Used to Measure the Fair Value of the 2018 Stock Option

Estimate method:	Black-Scholes option-pricing model
Volatility of stock price:	20.062%
Estimated remaining outstanding period:	1 year and 7 months
Estimated dividend (*):	¥40 per share
Risk free interest rate:	0.130% negative

(*) Estimated dividend has been restated, as appropriate, to reflect a 1-for-5 reverse stock split on October 1, 2018.

22. Other operating income

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

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Gains on foreign exchange transactions-net.....	¥ 530	¥ 759	\$ 4,775
Gains on sales of bonds.....	3,936	2,382	35,462
Other	13,508	14,655	121,704
Total.....	¥17,975	¥17,798	\$161,951

23. Other income

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

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Reversal of allowance for possible loan losses	¥ —	¥ 246	\$ —
Gains on sales of stocks and other securities	11,199	3,946	100,900
Recovery of claims previously charged-off	569	515	5,126
Gains on revision of retirement benefit plan	—	799	—
Other	2,415	1,681	21,758
Total	¥14,184	¥7,189	\$127,795

24. Other operating expenses

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

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Losses on sales of government bonds	¥ 1,489	¥ 1,211	\$ 13,415
Expenses on derivatives other than for hedging	2,328	294	20,974
Other	12,719	13,438	114,595
Total	¥16,537	¥14,944	\$148,995

25. Other expenses

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

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Provision of allowance for possible loan losses	¥3,447	¥ —	\$31,056
Losses on sales of stocks and other securities	1,454	265	13,100
Charge-off of loans and bills discounted	798	892	7,189
Losses on devaluation of stocks and other securities	370	349	3,333
Losses on disposal of fixed assets	43	202	387
Losses on impairment of long-lived assets	—	348	—
Other	733	835	6,604
Total	¥6,847	¥ 2,894	\$61,690

26. Gains (losses) related to bonds

Gains (losses) related to bonds for the years ended March 31, 2019 and 2018, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Gains (losses) related to bonds including Japanese government bonds:			
Gains on sales of bonds	¥ 3,936	¥ 2,382	\$ 35,462
Losses on sales of bonds	(1,489)	(1,211)	(13,415)
Total	¥ 2,446	¥ 1,171	\$ 22,038
Gains (losses) on derivatives:	¥(2,328)	¥ (294)	\$(20,974)
Gains related to bonds	¥ 117	¥ 876	\$ 1,054

27. Gains (losses) related to stocks and other securities

Gains (losses) related to stocks and other securities for the years ended March 31, 2019 and 2018, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Gains (losses) related to stocks and other securities:			
Gains on sales of stocks and other securities	¥11,199	¥3,946	\$100,900
Losses on sales of stocks and other securities	(1,454)	(265)	(13,100)
Losses on devaluation of stocks and other securities	(370)	(349)	(3,333)
Gains related to stocks and other securities	¥ 9,374	¥3,331	\$ 84,458

28. Leases

Lessor

One subsidiary leases certain equipment and other assets.

As stated in Note 2 (r) ii, finance lease transactions other than those in which ownership is fully transferred to the lessee are accounted for in a similar manner to ordinary sales and transactions, effective from the year ended March 31, 2009.

Investments in leases included in other assets on the balance sheets as of March 31, 2019 and 2018 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Gross lease receivables	¥16,964	¥17,168	\$152,842
Unguaranteed residual values	476	524	4,288
Unearned interest income	(1,573)	(1,586)	14,172
Investments in leases	¥15,867	¥16,106	\$142,958

Maturities of lease receivables for finance leases that are deemed to transfer ownership of the leased property to the lessee are as of March 31, 2019 are as follows:

	Thousands of U.S. dollars	
	Millions of yen	U.S. dollars
2020	¥350	\$3,153
2021	360	3,243
2022	360	3,243
2023	335	3,018
2024	215	1,937
2025 and thereafter.....	10	90

Maturities of gross lease receivables related to investments in leases as of March 31, 2019 are as follows:

	Thousands of U.S. dollars	
	Millions of yen	U.S. dollars
2020	¥5,344	\$48,148
2021	4,349	39,183
2022	3,249	29,272
2023	2,218	19,983
2024	1,156	10,415
2025 and thereafter.....	645	5,811

The minimum rental commitments under noncancelable operating leases as of March 31, 2019 and 2018, were as follows:

	2019		2018		2019	
	Millions of yen		U.S. dollars		U.S. dollars	
Due within one year	¥ 5	¥ 7			\$45	
Due after one year	6	7			54	
Total	¥11	¥14			\$99	

29. Retirement benefit plans

The Bank and consolidated subsidiaries have either funded or unfunded defined benefit plans. The Bank's funded defined benefit corporate pension plan (contract type) provides lump-sum or annuity payments, the amounts of which are determined based on the length of service and certain other factors. The Bank's lump-sum severance payment plan, which became a funded plan as a result of setting a retirement benefits trust, provides lump-sum payments determined based on the length of service, position, and certain other factors. As of October 1, 2017, the Bank has transferred a part of its funded defined benefit corporate pension plan to a defined contribution plan. The consolidated subsidiaries' unfunded lump-sum severance payment plans are based on a simplified method in the calculation of their liability for retirement benefits and retirement benefit costs.

1. Defined benefit plan (except for the plan adopting the simplified method)

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

	Millions of yen		Thousands of U.S. dollars	
	2019	2018	2019	
Balance at beginning of year	¥48,756	¥51,418	\$439,282	
Current service cost	1,808	1,892	16,289	
Interest cost	209	216	1,883	
Actuarial losses (gains)	(29)	225	(261)	
Benefits paid	(3,195)	(2,732)	(28,786)	
Prior service cost	—	—	—	
Decrease due to transfer to a defined contribution plan	—	(2,263)	—	
Balance at end of year	¥47,549	¥48,756	\$428,407	

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

	Millions of yen		Thousands of U.S. dollars	
	2019	2018	2019	
Balance at beginning of year	¥43,083	¥42,706	\$388,170	
Expected return on plan assets	727	505	6,550	
Actuarial gains	1,441	395	12,983	
Contribution from the employer	1,892	2,093	17,046	
Benefits paid	(1,284)	(1,226)	(11,568)	
Decrease due to transfer to a defined contribution plan	—	(1,390)	—	
Balance at end of year	¥45,861	¥43,083	\$413,199	

(3) Reconciliation between the liability recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets:

	Millions of yen		Thousands of U.S. dollars	
	2019	2018	2019	
Funded defined benefit obligation	¥47,549	¥48,756	\$428,407	
Plan assets	(45,861)	(43,083)	(413,199)	
Net liability arising from the balance sheet	¥ 1,688	¥ 5,672	\$ 15,208	

	Millions of yen		Thousands of U.S. dollars	
	2019	2018	2019	
Liability for retirement benefits	¥1,688	¥5,672	\$15,208	
Asset for retirement benefits	—	—	—	
Net liability arising from the balance sheet	¥1,688	¥5,672	\$15,208	

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

	Millions of yen		Thousands of U.S. dollars	
	2019	2018	2019	
Service cost	¥1,808	¥1,892	\$16,289	
Interest cost	209	216	1,883	
Expected return on plan assets	(727)	(505)	(6,550)	
Recognized actuarial losses (gains)	(6)	370	(54)	
Amortization of prior service cost	—	—	—	
Net periodic benefit costs	¥1,284	¥1,974	\$11,568	
Gains on transfer to a defined contribution plan (*)	—	(799)	—	

(*) The Bank recorded the gains as gains on revision of retirement benefit plan in other income for the year ended March 31, 2018.

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

	Millions of yen		Thousands of U.S. dollars	
	2019	2018	2019	
Prior service cost	¥ —	¥ —	\$ —	
Actuarial gains	(1,464)	(614)	(13,190)	
Total	¥(1,464)	¥(614)	\$(13,190)	

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

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Unrecognized prior service cost	¥ —	¥ —	\$ —
Unrecognized actuarial gains	(3,833)	(2,368)	(34,534)
Total	¥(3,833)	¥(2,368)	\$ (34,534)

(7) Plan assets:

a. Components of plan assets

	2019	2018
Bonds	17%	19%
Stocks	54	54
Cash and cash equivalents	9	7
General accounts	20	20
Total	100%	100%

(Note) Total plan assets included retirement benefits trust of 45% and 43%, for the years ended March 31, 2019 and 2018, respectively, mainly consisting of 5 stocks, which were set for a corporate pension plan and a lump-sum payment plan.

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

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

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

	2019	2018
Discount rate	0.43%	0.43%
Expected rate of return on plan assets		
Plan assets (except for retirement benefits trust)	3.01%	2.17%
Plan assets (retirement benefits trust)	0.00%	0.00%
Estimated rate of salary increase	4.10%	3.50%

2. Defined benefit plan adopting the simplified method

(1) The changes in defined benefit obligation adopting the simplified method for the years ended March 31, 2019 and 2018, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Balance at beginning of year	¥122	¥120	\$1,099
Net periodic benefit costs	16	18	144
Benefits paid	(17)	(16)	(153)
Contribution to the plan	—	—	—
Balance at end of year	¥121	¥122	\$1,090

(2) Reconciliation between the liability recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets:

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Unfunded defined benefit obligation	¥121	¥122	\$1,090
Net liability arising from the balance sheet	¥121	¥122	\$1,090

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Liability for retirement benefits	¥121	¥122	\$1,090
Net liability arising from the balance sheet	¥121	¥122	\$1,090

(3) Net periodic benefit costs recognized in the simplified method for the years ended March 31, 2019 and 2018, were ¥17 million (\$153 thousand) and ¥19 million, respectively.

3. Defined contribution plan

The Bank's required contribution to the defined contribution plan for the year ended March 31, 2019 and 2018 were ¥334 million (\$3,009 thousand) and ¥157 million, respectively.

4. Other matters related to retirement benefit plans

The effect of partial transfer of the funded defined benefit corporate pension plan to the defined contribution plan for the year ended March 31, 2018, was as follows:

	Millions of yen
Decrease in projected benefit obligations	¥(2,263)
Assets transferred to the defined contribution plan	1,390
Subtotal	(873)
Recognized actuarial losses	73
Total	¥ (799)

The Bank recorded the effect of this transfer as gains on revision of retirement benefit plan in other income for the year ended March 31, 2018.

30. Income taxes

The tax effects of significant temporary differences that resulted in 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:			
Allowance for possible loan losses	¥ 10,149	¥ 9,883	\$ 91,440
Devaluation of stocks and other securities	5,081	5,359	45,778
Liability for employees' retirement benefits	3,909	4,603	35,219
Depreciation	1,395	1,333	12,568
Accrued enterprise tax	252	175	2,270
Other	3,616	2,600	32,579
Less valuation allowance	(13,748)	(13,793)	(123,867)
Total	¥ 10,655	¥ 10,163	\$ 95,999
Deferred tax liabilities:			
Reserve for advance depreciation of fixed assets	(175)	(175)	(1,576)
Net unrealized gains on available-for-sale securities	(51,301)	(56,683)	(462,212)
Defined retirement benefit plans	(1,167)	(721)	(10,514)
Total	(52,643)	(57,580)	(474,303)
Net deferred tax liabilities	¥(41,987)	¥(47,416)	\$ (378,295)

31. Financial instruments and related disclosures

1. Overall situation concerning financial instruments

(1) Basic policy for financial instruments

As a regional financial institution with its main business base in Shiga Prefecture, the Group provides financial services centered on banking operations.

The Group's main operations are to extend loans to customers in its business area, and make investments in securities by mainly using funds that are received as deposits from customers and those that are obtained through the financial market.

To carry out these operations, the Group has financial assets and financial liabilities that are largely subject to interest rate volatility. To prevent adverse effects from such interest rate volatility, the Group conducts Asset Liability Management (ALM), the comprehensive management of assets and liabilities.

(2) Nature and extent of risks arising from financial instruments

The financial assets held by the Group are primarily loans to customers within its business area and are subject to credit risk of incurring losses when the value of such assets declines or disappears due to deterioration in the financial condition of its customers. The Group's domestic loan portfolio attempts to distribute risk by industry sector to eliminate its exposure to credit risk caused by changes in the business environment in certain industries.

The Group holds investment securities, primarily comprised of bonds, corporate stocks and investment trusts, for the following purposes: to sell them to customers, for purely investment purposes, and for strategic investment. These are subject to market risk of incurring potential losses due to fluctuations of interest rates, foreign exchange rates, stock markets and others, and the credit risk of the issuers.

Foreign currency-denominated loans and bonds are subject to foreign exchange risk in addition to the risks as described above. They are managed to reduce foreign exchange risk by procuring foreign currency funds through currency swaps, repurchase transactions, or call transactions.

Financial liabilities are primarily deposits from customers as well as borrowed money and bonds with stock acquisition rights. Borrowed money and bonds with stock acquisition rights are — under certain conditions, such as when the Group is unable to access the market — subject to risks that losses are incurred due to an inability to secure required funds or being forced to raise funds at significantly higher than normal interest rates. Moreover, some of the Group's borrowings are made at variable interest rates and are subject to risks of losses from increasing fund procurement costs associated with rising interest rates.

To respond to customer needs and hedge market risks for assets and liabilities, the Group uses derivative transactions, including interest rate swaps, currency swaps, currency options, and forward exchange contracts. For some of these transactions, the Group applies hedge accounting based on internal regulations that comply with the "JICPA Practical Guidelines for Financial Instruments" and the Group's own hedging policies.

To obtain short-swing profits, the Group transacts bond futures contracts, bond options, and stock price index futures trading after setting position limit and loss limits amounts.

These derivative transactions include market risk as well as credit risk.

(3) Risk management for financial instruments

(i) Credit risk management

Recognizing credit risk as the most important risk to business management from the standpoint of its size and scope, the Group has established regulations and standards pertaining to such risk. It has also developed a borrower rating system based on a Foundation Internal Ratings-based approach and has built a credit risk management system appropriate to its needs.

Notably, the Group has developed a rating system that involves asset self-assessments. Under this system, for example, the Business Management Department reports the results of its own asset ratings at meetings such as the Meeting of Managing Directors.

With respect to individual credit management, the Group has instituted its "Basic Rules of Loan Business," in which it has clearly defined the way of thinking and a code of conduct to which all employees involved in the loan business should adhere. It has also established basic procedures to follow when making credit decisions or managing credit, along with putting in place a system that enables executives and employees to make credit decisions in accordance with the principles of public benefit, security, profitability, liquidity, and growth potential. More specifically, the Group has developed and is operating a credit management system that handles credit assessment, credit limits, credit information management, and internal ratings; sets guarantees and collateral; and deals with problem debts of companies (or corporate groups) or individual projects. This credit management system is being implemented in every bank branch and the Credit Supervision Department.

With respect to extending credit to overseas borrowers, the Group manages it by setting a credit limit for each country at the Meeting of Managing Directors each fiscal year, after taking into account the foreign currency conditions and the political and economic situation of the country in which the borrower resides.

With respect to conducting market transactions for securities or other instruments, a limit is set semiannually at the Meeting of Managing Directors for bond issuer credit risk and counterparty risk for derivative and financial transactions, and the credit status and the market prices are managed on a daily basis. The Group has established a system in which reports about those risks are routinely given to the Meeting of Managing Directors.

(ii) Market risk management

The Group has compiled a set of Market Risk Management Rules with the goal of upgrading market risk management, strengthening internal controls, and ensuring sound management. To achieve stable profits, the Group institutes a financial plan and risk management policy semiannually and is working to build an appropriate risk management system.

1) Interest rate risk management

As interest rate risk inevitably arises in banking business operations, the Group manages all assets and liabilities (including off-balance transactions), such as deposits, loans, and securities, in a comprehensive manner through ALM.

Along with the aforementioned Market Risk Management Rules, the Group has established standards for risk management methods and reporting procedures. The Group conducts monitoring through such models as Value at Risk (VaR) and the maturity ladder approach, and reports to the ALM Committee on a regular basis.

2) Exchange rate risk management

For exchange rate volatility risk, the Group sets position limits at the Meeting of Managing Directors to manage positions that are subject to exchange rate risk. The Group controls positions by using derivative transactions, including foreign currency transactions and currency swaps.

The Group establishes an acceptable level of risk using VaR and manages the level of risk on a daily basis so that it stays within an acceptable range.

3) Price volatility risk management

To rigorously manage price volatility risk for transactions, including securities, the Group has divided the organization into a market transaction sector, business management sector, and risk management sector.

For market transactions including securities, the Group takes into account overall Group risk and return, based on a financial plan and a risk management policy, and formulates a business management plan in the market sector.

When making investments, the Group calculates position amounts, gains, and losses as well as VaR and Basis Point Value (BPV) based on the abovementioned policy and plan. The extent to which the Group complies with the established acceptable risk limit and other risk limits is monitored on a daily basis and is reported to management.

4) Derivative transaction management

With respect to derivative transactions, the divisions concerned with the execution of transactions, the evaluation of hedge effectiveness, and business management have been separated, and an internal checking system has been established. Because a majority of the Group's derivative transactions are performed for the purposes of hedging and cover transactions to customer transactions, the Group manages them so that asset and liability risks and market risks are offset with each other.

5) Quantitative information regarding market risks

Regarding market risks, the Group measures the quantitative risk of interest rate risks and stock price volatility risks through VaR, a statistical method. Principally by reporting these risks to the ALM Committee and other organizations on a regular basis, the Group ensures appropriate monitoring and management. In calculating the risk amounts, the Group adopts a historical simulation method (a holding period of one year, a confidence interval of 99%, and an observing period of two years).

Interest rate risks

The Group measures interest rate risks of all its assets and liabilities, including loans, securities and deposits, and derivative transactions.

The Group's interest rate risk amounts stood at ¥5,753 million (\$51,833 thousand) as of March 31, 2019 and ¥9,643 million as of March 31, 2018.

Regarding liquid deposits, such as ordinary deposits, the Group handles some as deposits that remain with the Group for an extended period and manages them by allocating them to each period category based on an internal model.

Stock price volatility risks

The Group holds certain shares for strategic investment and purely investment purposes. The volatility risk amounts of the prices of such shares stood at ¥70,288 million (\$633,282 thousand) as of March 31, 2019, and ¥76,592 million as of March 31, 2018.

Backtesting

To verify the appropriateness of the risk amounts that are measured through VaR, the Group carries out backtesting in which VaR is compared with gains and losses. In this way, the Group analyzes the effectiveness of the risk measurement method. However, because VaR statistically measures the amounts based on the historical market volatility, results may vary due to assumptions, measuring methods, and other factors. In addition, risks may not be able to be appropriately captured when the market environment changes drastically.

Interest rate risks and stock price volatility risks that are held by the Bank's consolidated subsidiaries are excluded from the calculation of the market risk amount as the impact from such risks on the Group is limited.

(iii) Liquidity risk management related to financing

The Group has compiled a set of Liquidity Risk Management Rules under a basic policy of clearly understanding its cash position and ensuring stable financing. In this way, it strives to establish an appropriate risk management system.

With respect to daily financing, the Group monitors and manages the financial environment, the balance of realizable current assets, the expected amount of cash outflows, and other such factors. The Group reports the financing situation and other related matters to the ALM Committee on a regular basis.

2. Fair value of financial instruments

Fair value and the consolidated balance sheet amount as of March 31, 2019 and 2018, are shown below. Immaterial accounts on the consolidated balance sheet are not included in the table below. Some instruments, such as unlisted stocks, whose fair value cannot be reliably determined, are not included in the table below (see Note 2).

	Millions of yen		
	2019		
	Consolidated balance sheet amount	Fair value	Difference
Cash and due from banks	¥ 811,032	¥ 811,032	¥ —
Investment securities			
Trading securities.....	7,744	7,744	—
Available-for-sale securities.....	1,338,171	1,338,171	—
Loans and bills discounted.....	3,779,056	—	—
Allowance for possible loan losses (*1)	(26,421)	—	—
	3,752,635	3,777,053	24,418
Assets total.....	5,909,582	5,934,001	24,418
Deposits.....	4,849,187	4,849,487	300
Negotiable certificates of deposit.....	84,955	84,957	2
Call money and bills sold.....	49,989	49,989	—
Payables under securities lending transactions	218,995	218,995	—
Borrowed money.....	367,480	367,819	339
Liabilities total.....	5,570,607	5,571,249	642
Derivative transactions (*2)			
Deferred hedge accounting is not applied	357	357	—
Deferred hedge accounting is applied.....	(5,603)	(5,603)	—
Derivative transactions total.....	¥ (5,246)	¥ (5,246)	¥ —

	Millions of yen		
	2018		
	Consolidated balance sheet amount	Fair value	Difference
Cash and due from banks	¥ 741,203	¥ 741,203	¥ —
Investment securities			
Trading securities.....	7,396	7,396	—
Available-for-sale securities.....	1,334,033	1,334,033	—
Loans and bills discounted.....	3,618,866	—	—
Allowance for possible loan losses (*1)	(24,218)	—	—
	3,594,648	3,613,506	18,857
Assets total.....	5,677,281	5,696,139	18,857
Deposits.....	4,685,466	4,685,774	308
Negotiable certificates of deposit.....	81,685	81,688	2
Call money and bills sold.....	134,634	134,634	—
Payables under securities lending transactions	105,853	105,853	—
Borrowed money.....	316,872	317,567	694
Liabilities total.....	5,324,512	5,325,518	1,005
Derivative transactions (*2)			
Deferred hedge accounting is not applied	1,485	1,485	—
Deferred hedge accounting is applied.....	(2,065)	(2,065)	—
Derivative transactions total.....	¥ (579)	¥ (579)	¥ —

	Thousands of U.S. dollars		
	2019		
	Consolidated balance sheet amount	Fair value	Difference
Cash and due from banks	\$ 7,307,252	\$ 7,307,252	\$ —
Investment securities			
Trading securities.....	69,772	69,772	—
Available-for-sale securities.....	12,056,680	12,056,680	—
Loans and bills discounted.....	34,048,616	—	—
Allowance for possible loan losses (*1).....	(238,048)	—	—
	33,810,568	34,030,570	220,001
Assets total.....	53,244,274	53,464,285	220,001
Deposits.....	43,690,305	43,693,008	2,702
Negotiable certificates of deposit.....	765,429	765,447	18
Call money and bills sold.....	450,391	450,391	—
Payables under securities lending transactions	1,973,105	1,973,105	—
Borrowed money.....	3,310,928	3,313,983	3,054
Liabilities total.....	50,190,170	50,195,954	5,784
Derivative transactions (*2)			
Deferred hedge accounting is not applied	3,216	3,216	—
Deferred hedge accounting is applied.....	(50,482)	(50,482)	—
Derivative transactions total.....	\$ (47,265)	\$ (47,265)	\$ —

(*1) General allowance for loan losses and specific allowance for loan losses provided to "Loans and bills discounted" are separately presented in the above table.

(*2) Derivative transactions recorded in "Other assets" and "Other liabilities" are aggregated and shown herein. Assets and liabilities attributable to the derivative transactions are totally offset and the net liability position as a consequence of offsetting would be represented with brackets.

(Note 1) Valuation method of financial instruments

Assets

(1) Cash and due from banks

As fair values of cash and due from banks without maturity approximate book values, the Group deems the book values to be the fair values. Since contractual terms of cash and due from banks with maturities are short (i.e., less than one year) and fair values of these instruments approximate book values, the Group deems the book values to be the fair values.

(2) Securities

Fair values of securities that have market prices are based on their market prices.

With respect to those without market prices, the Group uses the present value that is calculated by discounting the future cash flows of the principal based on contracts, using an interest rate obtained by adjusting interest rates available in the interbank market in accordance with categories of internal ratings and terms, taking into account the credit risk premium and the liquidity risk premium.

Fair value information for securities by classification is included in Note 4 "Securities."

(3) Loans and bills discounted

As fair values of loans and bills discounted with short contractual terms (i.e., less than one year) approximate book values, the Group deems the book values to be the fair values.

Regarding loans with long contract terms (i.e., 1 year or longer), those with floating interest rates reflect the market rate in the short term. Consequently, unless the credit conditions of borrowers have not significantly changed after the execution of the loans, the book value of the loans is presented as the fair value, as the fair value approximates the book value. With respect to fair values of loans with long contract terms with fixed interest rates, the Group uses the present value that is calculated by discounting the future cash flows of the principal based on contracts, using an interest rate obtained by adjusting interest rates available in the interbank

market in accordance with categories of internal ratings and terms, taking into account the credit risk premium and the liquidity risk premium. Meanwhile, the fair value of certain loans (including consumer loans) is calculated by discounting the future cash flows of the principal based on contracts, using an interest rate considered to be applicable in cases when similar loans are executed.

With respect to claims against legally bankrupt debtors, virtually bankrupt debtors and debtors who are likely to go bankrupt (potentially bankrupt debtors), since credit losses are calculated based on the present value of the expected future cash flows or the estimated amounts that the Group would be able to collect from collateral and guarantees, fair values approximate the consolidated balance sheet amount net of the currently expected credit loss amount, and the Group thus deems such amounts to be fair value.

Regarding loans, for those without a fixed maturity due to loan characteristics such as limiting loans to within the value of collaterals, the Group deems the book value to be the fair value, since the fair value is expected to approximate the book value based on the estimated repayment period, interest rate, and other conditions.

Liabilities

(1) Deposits and (2) Negotiable certificates of deposit

For demand deposits, the Group deems the payment amounts required on the consolidated balance sheet date (i.e., book values) to be the fair value.

The fair value of time deposits and negotiable certificates of deposit with short deposit terms (i.e., less than one year) approximate the book value, and the Group deems the book value to be the fair value. With respect to deposits with long deposit terms (i.e., one year or longer), the Group uses the present value calculated by discounting future cash flows of the principal based on contracts, using the interest rate that would apply to newly accepted deposits in accordance with the categories of deposit terms.

(3) Call money and bills sold and (4) Payables under securities lending transactions

Since contractual terms of these instruments are short (i.e., less than one year) and fair values of these instruments approximate book values, the Group deems the book values to be the fair values.

(5) Borrowed money

As the fair value of borrowed money with short contractual terms (i.e., less than one year) approximates the book value, the Group deems the book value to be the fair value.

Regarding borrowed money with long contractual terms (i.e., one year or longer), for floating rate borrowings, the book value is presented as the fair value, because the fair value approximates book value. This is because the floating rate borrowings reflect the market interest rate in a short period and there has been no significant change in our credit conditions or in the credit conditions of our consolidated subsidiaries before or after the borrowings were made. With respect to fixed rate borrowings, the Group uses the present value calculated by discounting the future cash flows of the principal based on contracts, using an interest rate obtained by adjusting interest rates available in the interbank market in accordance with categories of terms, taking into account the Bank's credit risk premium.

Meanwhile, fair values of borrowings of consolidated subsidiaries are calculated by discounting the future cash flows of the principal based on contracts, using interest rates considered to be applicable in cases when the similar borrowings are made.

Derivatives

Fair value information for derivatives is included in Note 32 "Fair value information on derivative transactions."

(Note 2) Financial instruments whose fair value cannot be reliably determined

The following instruments are not included in "Available-for-sales securities" in the above table showing the fair value of financial instruments.

	Consolidated balance sheet amount		
	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Unlisted stocks (*1) (*2).....	¥3,871	¥3,961	\$34,877
Investment in capital of partnership and others (*3).....	2,230	1,280	20,091
Total	¥6,102	¥5,241	\$54,977

(*1) Fair value of unlisted stocks is exempt from disclosure because they do not have a market price and their fair value cannot be reliably determined.

(*2) Impairment losses for unlisted stocks amounted to ¥86 million (\$774 thousand) and ¥2 million for the years ended March 31, 2019 and 2018, respectively.

(*3) Fair value of investment in capital of partnership and others is exempt from disclosure because partnership assets are composed of unlisted stock and others and their fair value cannot be reliably determined.

(Note 3) Maturity analysis for financial assets and securities with contractual maturities

	Millions of yen					
	2019					
	1 year or less	1 to 3 years	3 to 5 years	5 to 7 years	7 to 10 years	Over 10 years
Due from banks.....	¥ 777,817	¥ —	¥ —	¥ —	¥ —	¥ —
Available-for-sale securities.....	220,197	226,901	133,105	50,599	81,025	363,368
Japanese government bonds.....	48,000	21,000	4,000	12,000	—	167,000
Japanese local government bonds.....	73,320	54,518	26,815	11,142	34,962	12,800
Japanese corporate bonds.....	70,320	65,687	38,377	17,423	18,314	161,757
Others.....	28,556	85,696	63,913	10,033	27,748	21,810
Loans and bills discounted (*).....	889,025	752,316	557,491	346,657	396,575	770,012
Total	¥1,887,040	¥979,218	¥690,597	¥397,257	¥477,600	¥1,133,380

	Millions of yen					
	2018					
	1 year or less	1 to 3 years	3 to 5 years	5 to 7 years	7 to 10 years	Over 10 years
Due from banks.....	¥ 707,544	¥ —	¥ —	¥ —	¥ —	¥ —
Available-for-sale securities.....	158,508	354,541	137,979	71,275	69,114	242,481
Japanese government bonds.....	55,000	77,000	5,000	28,500	—	70,000
Japanese local government bonds.....	33,616	113,462	27,815	8,918	9,997	12,750
Japanese corporate bonds.....	55,651	97,411	49,125	13,507	16,752	144,042
Others.....	14,241	66,667	56,039	20,349	42,364	15,688
Loans and bills discounted (*).....	856,743	693,728	536,229	339,482	407,873	714,667
Total	¥1,722,795	¥1,048,269	¥674,209	¥410,758	¥476,987	¥957,149

	Thousands of U.S. dollars					
	2019					
	1 year or less	1 to 3 years	3 to 5 years	5 to 7 years	7 to 10 years	Over 10 years
Due from banks.....	\$ 7,007,991	\$ —	\$ —	\$ —	\$ —	\$ —
Available-for-sale securities.....	1,983,935	2,044,337	1,199,252	455,887	730,020	3,273,880
Japanese government bonds.....	432,471	189,206	36,039	108,117	—	1,504,640
Japanese local government bonds.....	660,600	491,197	241,598	100,387	315,001	115,325
Japanese corporate bonds.....	633,570	591,828	345,769	156,978	165,005	1,457,401
Others.....	257,284	772,105	575,844	90,395	250,004	196,504
Loans and bills discounted (*).....	8,009,955	6,778,232	5,022,893	3,123,317	3,573,069	6,937,670
Total	\$ 17,001,892	\$ 8,822,578	\$ 6,222,155	\$ 3,579,214	\$ 4,303,090	\$ 10,211,550

(*) Loans in legal bankruptcy, virtual bankruptcy, and potential bankruptcy amounting to ¥38,762 million (\$349,238 thousand) and ¥41,421 million, and, loans and bills discounted without contractual maturities amounting to ¥28,213 million (\$254,194 thousand) and ¥28,719 million are excluded from the table above as of March 31, 2019 and 2018.

(Note 4) Maturity analysis for bonds, borrowed money, and other interest-bearing liabilities

	Millions of yen					
	2019					
	1 year or less	1 to 3 years	3 to 5 years	5 to 7 years	7 to 10 years	Over 10 years
Deposits (*)	¥4,486,424	¥342,593	¥20,169	¥ —	¥—	¥—
Negotiable certificates of deposit	84,755	200	—	—	—	—
Call money and bills sold	49,989	—	—	—	—	—
Payables under securities lending transactions	218,995	—	—	—	—	—
Borrowed money	344,579	2,341	523	20,035	—	—
Total	¥5,184,744	¥345,134	¥20,692	¥20,035	¥—	¥—

	Millions of yen					
	2018					
	1 year or less	1 to 3 years	3 to 5 years	5 to 7 years	7 to 10 years	Over 10 years
Deposits (*)	¥4,318,284	¥349,728	¥17,454	¥ —	¥ —	¥—
Negotiable certificates of deposit	81,685	—	—	—	—	—
Call money and bills sold	134,634	—	—	—	—	—
Payables under securities lending transactions	105,853	—	—	—	—	—
Borrowed money	292,893	3,176	800	10,001	10,000	—
Total	¥4,933,351	¥352,905	¥18,254	¥10,001	¥10,000	¥—

	Thousands of U.S. dollars					
	2019					
	1 year or less	1 to 3 years	3 to 5 years	5 to 7 years	7 to 10 years	Over 10 years
Deposits (*)	\$40,421,875	\$3,086,701	\$181,719	\$ —	\$—	\$—
Negotiable certificates of deposit	763,627	1,801	—	—	—	—
Call money and bills sold	450,391	—	—	—	—	—
Payables under securities lending transactions	1,973,105	—	—	—	—	—
Borrowed money	3,104,595	21,091	4,712	180,511	—	—
Total	\$46,713,613	\$3,109,595	\$186,431	\$180,511	\$—	\$—

(*) Demand deposits are included in "1 year or less."

32. Fair value information on derivative transactions

Derivative transactions to which hedge accounting is not applied

The following is the fair value information for derivative transactions to which hedge accounting is not applied at March 31, 2019 and 2018.

The contractual value of swap agreements and the contract amounts of forward exchange contracts, option agreements and other derivatives do not necessarily measure the Bank's exposure to market risk.

(1) Interest-rate-related transactions

	Millions of yen			
	2019			
	Contractual value	Contractual value due after one year	Fair value	Net unrealized gains (losses)
Over-the-counter:				
Interest rate swap				
Receivable fixed rate/pay floating rate	¥ 300	¥ 221	¥ (0)	¥ (0)
Receivable floating rate /pay fixed rate.....	665	665	(15)	(15)
Total.....	¥ —	¥ —	¥(15)	¥(15)

	Millions of yen			
	2018			
	Contractual value	Contractual value due after one year	Fair value	Net unrealized gains (losses)
Over-the-counter:				
Interest rate swap				
Receivable fixed rate/pay floating rate	¥ 269	¥ 187	¥(2)	¥(2)
Total.....	¥ —	¥ —	¥(2)	¥(2)

	Thousands of U.S. dollars			
	2019			
	Contractual value	Contractual value due after one year	Fair value	Net unrealized gains (losses)
Over-the-counter:				
Interest rate swap				
Receivable fixed rate/pay floating rate	\$ 2,702	\$ 1,991	\$ (0)	\$ (0)
Receivable floating rate /pay fixed rate.....	5,991	5,991	(135)	(135)
Total.....	\$ —	\$ —	\$(135)	\$(135)

- Notes: 1. The above transactions were revalued at the end of each of the years and the related gains and losses are reflected in the accompanying consolidated statements of income.
2. The fair values of the above derivatives are principally based on quoted market prices, such as those of Tokyo Financial Exchange Inc., or discounted values of future cash flows.

(2) Currency-related transactions

	Millions of yen			
	2019			
	Contractual value	Contractual value due after one year	Fair value	Net unrealized gains (losses)
Over-the-counter:				
Currency swap.....	¥ 29,321	¥ 28,699	¥ 307	¥ 307
Forward exchange contracts:				
Sold	37,203	—	(7)	(7)
Bought	4,613	—	72	72
Currency options:				
Sold	84,020	48,147	(2,288)	1,109
Bought	84,020	48,147	2,288	(477)
Total.....	¥ —	¥ —	¥ 372	¥ 1,003

	Millions of yen			
	2018			
	Contractual value	Contractual value due after one year	Fair value	Net unrealized gains (losses)
Over-the-counter:				
Currency swap.....	¥ 21,796	¥ 17,476	¥ 529	¥ 529
Forward exchange contracts:				
Sold	37,628	—	1,154	1,154
Bought	15,550	—	(195)	(195)
Currency options:				
Sold	80,845	55,642	(2,945)	702
Bought	80,845	55,642	2,945	(17)
Total.....	¥ —	¥ —	¥ 1,488	¥ 2,172

	Thousands of U.S. dollars			
	2019			
	Contractual value	Contractual value due after one year	Fair value	Net unrealized gains (losses)
Over-the-counter:				
Currency swap.....	\$ 264,176	\$ 258,572	\$ 2,766	\$ 2,766
Forward exchange contracts:				
Sold	335,192	—	(63)	(63)
Bought	41,562	—	648	648
Currency options:				
Sold	757,005	433,795	(20,614)	9,991
Bought	757,005	433,795	20,614	(4,297)
Total.....	\$ —	\$ —	\$ 3,351	\$ 9,036

Notes: 1. The above transactions were revalued at the end of each of the years and the related gains and losses are reflected in the accompanying consolidated statements of income.

2. Fair value is calculated using discounted cash flows.

- (3) Stock-related transactions are not performed.
(4) Bond-related transactions are not performed.
(5) Financial product-related transactions are not performed.
(6) Credit derivative transactions are not performed.

Derivative transactions to which hedge accounting is applied

The following is the fair value information for derivative transactions to which hedge accounting is applied at March 31, 2019 and 2018.

The contract amounts do not necessarily measure the Bank's exposure to market risk:

(1) Interest-rate-related transactions

Millions of yen				
2019				
	Hedged items	Contractual value	Contractual value due after one year	Fair value
Principle treatment	Available-			
Interest rate swap:	for-sale			
Receivable floating rate/	securities			
pay fixed rate	(bonds)	¥150,000	¥150,000	¥(5,601)

Millions of yen				
2018				
	Hedged items	Contractual value	Contractual value due after one year	Fair value
Principle treatment	Available-			
Interest rate swap:	for-sale			
Receivable floating rate/	securities			
pay fixed rate	(bonds)	¥40,000	¥40,000	¥(2,065)

Thousands of U.S. dollars				
2019				
	Hedged items	Contractual value	Contractual value due after one year	Fair value
Principle treatment	Available-			
Interest rate swap:	for-sale			
Receivable floating rate/	securities			
pay fixed rate	(bonds)	\$1,351,473	\$1,351,473	\$(50,464)

Notes: 1. Deferred hedge accounting is mainly applied.

2. The fair values of the above derivatives are principally based on quoted market prices, such as those of Tokyo Financial Exchange Inc., or discounted values of future cash flows.

(2) Currency-related transactions

Millions of yen				
2019				
	Hedged items	Contractual value	Contractual value due after one year	Fair value
	Loans			
Forward exchange	denominated			
contracts.....	in foreign	¥453	¥—	¥(1)
	currencies			

Millions of yen				
2018				
	Hedged items	Contractual value	Contractual value due after one year	Fair value
	Loans			
Forward exchange	denominated			
contracts.....	in foreign	¥450	¥—	¥0
	currencies			

Thousands of U.S. dollars				
2019				
	Hedged items	Contractual value	Contractual value due after one year	Fair value
	Loans			
Forward exchange	denominated			
contracts.....	in foreign	\$4,081	\$—	\$(9)
	currencies			

Notes: 1. Deferred hedge accounting is mainly applied in accordance with the JICPA Industry Audit Committee Report No. 25.

2. Fair value is calculated using discounted cash flows.

(3) Stock-related transactions are not performed.

(4) Bond-related transactions are not performed.

33. Comprehensive income

The components 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 unrealized gains (losses) on available-for-sale securities:			
The amount arising during the period.....	¥ (7,392)	¥40,242	\$ (66,600)
Reclassification adjustments to profit or loss.....	(12,248)	(4,538)	(110,352)
Before adjustments to tax effect.....	(19,640)	35,704	(176,952)
The amount of tax effect.....	5,382	(10,935)	48,490
Total.....	¥ (14,258)	¥24,768	\$ (128,462)
Deferred losses on derivatives under hedge accounting:			
The amount arising during the period.....	¥ (5,620)	¥ (372)	\$ (50,635)
Reclassification adjustments to profit or loss.....	2,085	41	18,785
Before adjustments to tax effect.....	(3,535)	(331)	(31,849)
The amount of tax effect.....	1,076	101	9,694
Total.....	¥ (2,458)	¥ (230)	\$ (22,146)
Defined retirement benefit plans:			
The amount arising during the period.....	¥ 1,470	¥ 169	\$ 13,244
Reclassification adjustments to profit or loss.....	(6)	444	(54)
Before adjustments to tax effect.....	1,464	614	13,190
The amount of tax effect.....	(445)	(186)	(4,009)
Total.....	¥ 1,018	¥ 427	\$ 9,171
Total other comprehensive income.....	¥ (15,698)	¥24,965	\$ (141,436)

34. Net income per share

Reconciliation of the differences between basic and diluted net income per share ("EPS") for the years ended March 31, 2019 and 2018, is as follows:

	Millions of yen	Thousands of shares	Yen	U.S. dollars
	Net Income Attributable to Owners of the Parent	Weighted-Average Shares(*)	EPS(*)	
For the year ended March 31, 2019				
Basic EPS:				
Net income attributable to common shareholders	¥14,681	52,015	¥282.24	\$2.543
Effect of dilutive securities:				
Warrants		6,844		
Diluted EPS:				
Net income for computation.....	¥14,681	58,859	¥249.42	\$2.247
For the year ended March 31, 2018				
Basic EPS:				
Net income attributable to common shareholders	¥13,884	52,065	¥266.68	
Effect of dilutive securities:				
Warrants		6,818		
Diluted EPS:				
Net income for computation.....	¥13,884	58,883	¥235.80	

(*) Shares and per share figures have been restated, as appropriate, to reflect a 1-for-5 reverse stock split effected October 1, 2018.

35. Subsequent event

Appropriation of retained earnings

The following appropriation of retained earnings will be authorized at the ordinary general shareholders' meeting to be held on June 26, 2019:

	Millions of yen	Thousands of U.S. dollars
Cash dividends, ¥22.5 (\$0.20) per share (*).....	¥1,150	\$10,361
Total.....	¥1,150	\$10,361

(*) The Bank implemented a 1-for-5 reverse stock split on October 1, 2018. The dividend amount per share is the amount after the reverse stock split.

36. Segment information

For the years ended March 31, 2019 and 2018

Because the Group has only one segment, banking, the description is not presented.

Related Information

(1) Information about services

	Millions of yen				
	2019				
	Lending services	Securities investment	Fees and commissions	Other	Total
Operating income from external customers.....	¥38,274	¥28,621	¥14,957	¥16,704	¥98,558
	Millions of yen				
	2018				
	Lending services	Securities investment	Fees and commissions	Other	Total
Operating income from external customers.....	¥37,878	¥19,830	¥14,404	¥17,620	¥89,733
	Thousands of U.S. dollars				
	2019				
	Lending services	Securities investment	Fees and commissions	Other	Total
Operating income from external customers.....	\$344,841	\$257,870	\$134,759	\$150,500	\$887,989

(2) Information about geographical areas

(a) Operating income

Operating income from external domestic customers exceeded 90% of total operating income on the consolidated statements of income for the years ended March 31, 2019 and 2018; therefore geographical operating income information is not presented.

(b) Tangible fixed assets

The balance of domestic tangible fixed assets exceeded 90% of the total balance of tangible fixed assets on the consolidated balance sheets as of March 31, 2019 and 2018; therefore, geographical tangible fixed assets information is not presented.

(3) Information about major customers

Operating income to a specific customer did not reach 10% of total operating income on the consolidated statements of income for the years ended March 31, 2019 and 2018; therefore, major customer information is not presented.

37. Related party transactions

Transactions of the Bank with related parties for the year ended March 31, 2019, were as follows:

Related party	Category	Description of transactions	Transaction amount		Accounts name	Year-end balance	
			Millions of yen	Thousands of U.S. dollars		Millions of yen	Thousands of U.S. dollars
Misao Daido	Director or relative	Lending operation loan, net of collection	¥ (2)	\$ (18)	Loans	¥ 36	\$ 324
		Interest receipts	0	0	Other assets	0	0
		Commission receipts, etc.	0	0			
Taiyo & Co.	Company in which director or relative has the majority of the voting rights	Lending operation loan, net of collection	(4)	(36)	Loans	20	180
		Interest receipts	0	0	Other liabilities	0	0
		Commission receipts, etc.	0	0			
KUSANEN CO., LTD.	Company in which director or relative has the majority of the voting rights	Lending operation loan, net of collection	(38)	(342)	Loans	66	594
		Guarantee of payment	(36)	(324)	Other assets	9	81
		Lease income	3	27	Customers' liabilities for acceptances and guarantees	46	414
		Interest receipts	1	9	Acceptances and guarantees	46	414
		Guarantee commission receipts	0	0	Other liabilities	0	0
		Commission receipts, etc.	0	0			

Transactions of the Bank with related parties for the year ended March 31, 2018, were as follows:

Related party	Category	Description of transactions	Transaction amount		Accounts name	Year-end balance Millions of yen
			Millions of yen	Thousands of U.S. dollars		
Misao Daido	Director or relative	Lending operation loan, net of collection	¥ 39		Loans	¥ 39
		Interest receipts	0		Other assets	0
Taiyo & Co.	Company in which director or relative has the majority of the voting rights	Lending operation loan, net of collection	(3)		Loans	24
		Interest receipts	0		Other liabilities	0
		Commission receipts, etc.	0			
KUSANEN CO., LTD.	Company in which director or relative has the majority of the voting rights	Lending operation loan, net of collection	(36)		Loans	104
		Guarantee of payment	(66)		Other assets	11
		Lease income	3		Customers' liabilities for acceptances and guarantees	82
		Interest receipts	1		Acceptances and guarantees	82
		Guarantee commission receipts	0		Other liabilities	0
		Commission receipts, etc.	1			