



CHIBA BANK

The Chiba Bank, Ltd. Financial Data 2020

01	Five-Year Summary (Consolidated)
02	Consolidated Balance Sheet
03	Consolidated Statement of Income
03	Consolidated Statement of Comprehensive Income
04	Consolidated Statement of Changes in Net Assets
05	Consolidated Statement of Cash Flows
06	Notes to Consolidated Financial Statements
27	Independent Auditor's Report
30	Non-Consolidated Balance Sheet (Unaudited)
31	Non-Consolidated Statement of Income (Unaudited)
32	Supplementary Information (Unaudited)

Five-Year Summary (Consolidated)

The Chiba Bank, Ltd. and Consolidated Subsidiaries
Years ended March 31

	Millions of Yen* ¹						Thousands of U.S. Dollars* ²
	2020	2019	2018	2017	2016	2020	
For the Year							
Total Income	¥ 242,984	¥ 238,621	¥ 234,166	¥ 227,850	¥ 228,702	\$ 2,232,698	
Total Expenses	174,208	166,399	157,077	151,243	143,826	1,600,741	
Profit before Income Taxes	68,775	72,221	77,089	76,606	84,875	631,957	
Profit	48,037	50,478	53,796	52,730	55,444	441,395	
Profit Attributable to Non-controlling Interests	—	—	—	—	—	—	
Profit Attributable to Owners of Parent	48,037	50,478	53,796	52,730	55,444	441,395	
At Year-End							
Total Assets	¥15,609,936	¥14,964,129	¥14,381,815	¥14,095,743	¥13,333,858	\$143,434,131	
Loans and Bills Discounted	10,565,697	10,090,072	9,774,912	9,268,854	8,769,113	97,084,417	
Securities	2,118,588	2,095,049	2,169,542	2,381,490	2,455,700	19,466,949	
Deposits	13,216,977	12,847,994	12,468,379	11,984,784	11,486,430	121,446,089	
Net Assets	929,334	952,267	943,236	900,550	866,398	8,539,319	
Capital Ratio (BIS guidelines)	12.12%	12.63%	13.18%	13.59%	13.79%	12.12%	
PER (Times)	7.39	9.20	12.57	10.94	8.36	7.39	
PBR (Times)	0.37	0.48	0.70	0.63	0.53	0.37	
Per Share							
Profit	¥ 63.99	¥ 65.30	¥ 67.98	¥ 65.32	¥ 67.03	\$ 0.59	
Net Assets	1,250.41	1,250.05	1,207.15	1,128.31	1,053.76	11.49	

*1 Japanese yen amounts are presented in millions of yen by rounding down figures below one million. As a result, the totals in Japanese yen in the supplementary information do not necessarily agree with the sums of individual amounts.

*2 U.S. dollar amounts are shown solely for the convenience of the readers of this Integrated Report and are translated at the rate of ¥108.83 to \$1.00, the exchange rate prevailing at March 31, 2020.

Consolidated Balance Sheet

The Chiba Bank, Ltd. and Consolidated Subsidiaries
As of March 31, 2020

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2020	2019	2020
Assets			
Cash and Due from Banks (Note 28)	¥ 1,928,656	¥ 2,068,231	\$ 17,721,733
Call Loans and Bills Bought	152,307	109,047	1,399,500
Receivables under Resale Agreements	19,999	14,999	183,772
Monetary Claims Bought	21,245	22,012	195,216
Trading Assets (Notes 7 and 33)	418,373	188,905	3,844,285
Money Held in Trust (Note 35)	28,684	28,526	263,570
Securities (Notes 8, 13, 33 and 34)	2,118,588	2,095,049	19,466,949
Loans and Bills Discounted (Notes 9, 13 and 33)	10,565,697	10,090,072	97,084,417
Foreign Exchanges (Note 10)	6,394	3,829	58,754
Other Assets (Notes 11 and 13)	199,995	198,301	1,837,689
Tangible Fixed Assets (Notes 12 and 21)	116,118	107,017	1,066,976
Intangible Fixed Assets	14,593	12,870	134,097
Net Defined Benefit Asset (Note 20)	536	—	4,930
Deferred Tax Assets (Note 31)	4,776	4,503	43,894
Customers' Liabilities for Acceptances and Guarantees	45,259	50,608	415,875
Allowance for Loan Losses	(31,291)	(29,845)	(287,525)
Total Assets	¥15,609,936	¥14,964,129	\$143,434,131
Liabilities			
Deposits (Notes 13, 14 and 33)	¥13,216,977	¥12,847,994	\$121,446,089
Call Money and Bills Sold	220,000	170,000	2,021,501
Payables under Repurchase Agreements (Note 13)	30,657	29,404	281,704
Payables under Securities Lending Transactions (Note 13)	287,159	213,345	2,638,608
Trading Liabilities (Notes 15 and 33)	25,641	22,216	235,614
Borrowed Money (Notes 13 and 16)	522,514	374,830	4,801,199
Foreign Exchanges (Note 17)	834	727	7,668
Bonds Payable (Note 18)	115,229	116,578	1,058,802
Borrowed Money from trust account	2,790	2,383	25,641
Other Liabilities (Note 19)	195,755	143,217	1,798,727
Net Defined Benefit Liability (Note 20)	1,655	2,049	15,216
Provision for Directors' Retirement Benefits	192	155	1,773
Provision for Reimbursement of Deposits	1,692	2,377	15,552
Provision for Point Loyalty Programs	576	495	5,293
Reserve under Special Laws	21	21	201
Deferred Tax Liabilities (Note 31)	3,129	24,602	28,759
Deferred Tax Liabilities for Land Revaluation (Note 21)	10,511	10,850	96,591
Acceptances and Guarantees	45,259	50,608	415,875
Total Liabilities	¥14,680,602	¥14,011,861	\$134,894,812
Net Assets			
Capital Stock (Note 22)	¥ 145,069	¥ 145,069	\$ 1,332,988
Capital Surplus	122,134	122,134	1,122,247
Retained Earnings	641,387	621,548	5,893,477
Treasury Shares	(49,194)	(56,260)	(452,028)
Total Shareholders' Equity	859,396	832,491	7,896,684
Valuation Difference on Available-for-sale Securities (Note 36)	73,231	112,448	672,900
Deferred Gains or Losses on Hedges	(8,504)	(1,976)	(78,143)
Revaluation Reserve for Land (Note 21)	10,025	10,798	92,123
Remeasurements of Defined Benefit Plans	(5,330)	(1,973)	(48,976)
Total Accumulated Other Comprehensive Income	69,423	119,296	637,904
Subscription Rights to Shares	514	479	4,731
Total Net Assets	¥ 929,334	¥ 952,267	\$ 8,539,319
Total Liabilities and Net Assets	¥15,609,936	¥14,964,129	\$143,434,131

See notes to consolidated financial statements.

Consolidated Statement of Income

The Chiba Bank, Ltd. and Consolidated Subsidiaries
For the year ended March 31, 2020

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2020	2019	2020
Income			
Interest Income:			
Interest on Loans and Discounts	¥111,429	¥112,603	\$1,023,883
Interest and Dividends on Securities	31,163	28,131	286,353
Other Interest Income	2,088	3,461	19,187
Trust Fees	8	23	80
Fees and Commissions	52,666	51,752	483,938
Trading Income (Note 23)	5,457	5,106	50,149
Other Ordinary Income (Note 24)	6,544	6,620	60,134
Other Income (Note 25)	33,625	30,921	308,973
Total Income	¥242,984	¥238,621	\$2,232,698
Expenses			
Interest Expenses:			
Interest on Deposits	¥ 11,380	¥ 13,083	\$ 104,570
Interest on Borrowings and Rediscounts	2,251	2,803	20,693
Other Interest Expenses	10,517	9,240	96,644
Fees and Commissions Payments	19,669	18,812	180,736
Trading Expenses	10	527	96
Other Ordinary Expenses (Note 26)	1,952	581	17,940
General and Administrative Expenses	89,029	89,113	818,062
Other Expenses (Note 27)	39,396	32,236	362,000
Total Expenses	¥174,208	¥166,399	\$1,600,741
Profit before Income Taxes	68,775	72,221	631,957
Income Taxes—Current	21,204	23,118	194,837
Income Taxes—Deferred	(465)	(1,375)	(4,275)
Profit	¥ 48,037	¥ 50,478	\$ 441,395
Profit Attributable to Owners of Parent	¥ 48,037	¥ 50,478	\$ 441,395

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

The Chiba Bank, Ltd. and Consolidated Subsidiaries
For the year ended March 31, 2020

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2020	2019	2020
Profit	¥48,037	¥50,478	\$441,395
Other Comprehensive Income (Note 29)			
Valuation Difference on Available-for-sale Securities	(39,209)	(9,431)	(360,281)
Deferred Gains or Losses on Hedges	(6,527)	(3,799)	(59,982)
Remeasurements of Defined Benefit Plans	(3,356)	(1,243)	(30,844)
Share of Other Comprehensive Income of Associates Accounted for using Equity Method	(7)	(71)	(69)
Total Other Comprehensive Income	(49,101)	(14,544)	(451,176)
Comprehensive Income	¥ (1,064)	¥35,933	\$ (9,780)
(Breakdown)			
Comprehensive Income Attributable to Owners of Parent	¥ (1,064)	¥35,933	\$ (9,780)

See notes to consolidated financial statements.

Consolidated Statement of Changes in Net Assets

The Chiba Bank, Ltd. and Consolidated Subsidiaries
For the year ended March 31, 2020

	Millions of Yen (Note 1)											
	Shareholders' Equity					Accumulated Other Comprehensive Income						
	Capital Stock	Capital Surplus	Retained Earnings	Treasury Shares	Total Shareholders' Equity	Valuation Difference on Available-for-sale Securities	Deferred Gains or Losses on Hedges	Revaluation Reserve for Land	Remeasurements of Defined Benefit Plans	Total Accumulated Other Comprehensive Income	Subscription Rights to Shares	Total Net Assets
Balance at March 31, 2018	¥145,069	¥122,134	¥600,931	¥(59,256)	¥808,878	¥121,950	¥1,822	¥10,802	¥ (730)	¥133,846	¥511	¥943,236
Cash Dividends	—	—	(12,060)	—	(12,060)	—	—	—	—	—	—	(12,060)
Profit	—	—	50,478	—	50,478	—	—	—	—	—	—	50,478
Purchase of Treasury Shares	—	—	—	(15,001)	(15,001)	—	—	—	—	—	—	(15,001)
Disposal of Treasury Shares	—	—	(28)	219	191	—	—	—	—	—	—	191
Retirement of Treasury Shares	—	—	(17,776)	17,776	—	—	—	—	—	—	—	—
Reversal of Revaluation Reserve for Land	—	—	4	—	4	—	—	—	—	—	—	4
Net Changes of Items other than Shareholders' Equity	—	—	—	—	—	(9,502)	(3,799)	(4)	(1,243)	(14,549)	(31)	(14,580)
Total of Items during FY2018	—	—	20,616	2,995	23,612	(9,502)	(3,799)	(4)	(1,243)	(14,549)	(31)	9,031
Balance at March 31, 2019	¥145,069	¥122,134	¥621,548	¥(56,260)	¥832,491	¥112,448	¥(1,976)	¥10,798	¥(1,973)	¥119,296	¥479	¥952,267
Cash Dividends	—	—	(12,033)	—	(12,033)	—	—	—	—	—	—	(12,033)
Profit	—	—	48,037	—	48,037	—	—	—	—	—	—	48,037
Purchase of Treasury Shares	—	—	—	(10,001)	(10,001)	—	—	—	—	—	—	(10,001)
Disposal of Treasury Shares	—	—	(22)	153	130	—	—	—	—	—	—	130
Retirement of Treasury Shares	—	—	(16,914)	16,914	—	—	—	—	—	—	—	—
Reversal of Revaluation Reserve for Land	—	—	772	—	772	—	—	—	—	—	—	772
Net Changes of Items other than Shareholders' Equity	—	—	—	—	—	(39,216)	(6,527)	(772)	(3,356)	(49,873)	35	(49,838)
Total of Items during FY2019	—	—	19,838	7,066	26,904	(39,216)	(6,527)	(772)	(3,356)	(49,873)	35	(22,933)
Balance at March 31, 2020	¥145,069	¥122,134	¥641,387	¥(49,194)	¥859,396	¥ 73,231	¥(8,504)	¥10,025	¥(5,330)	¥ 69,423	¥514	¥929,334

	Thousands of U.S. Dollars (Note 1)											
	Shareholders' Equity					Accumulated Other Comprehensive Income						
	Capital Stock	Capital Surplus	Retained Earnings	Treasury Shares	Total Shareholders' Equity	Valuation Difference on Available-for-sale Securities	Deferred Gains or Losses on Hedges	Revaluation Reserve for Land	Remeasurements of Defined Benefit Plans	Total Accumulated Other Comprehensive Income	Subscription Rights to Shares	Total Net Assets
Balance at March 31, 2019	\$1,332,988	\$1,122,247	\$5,711,189	\$(516,960)	\$7,649,464	\$1,033,249	\$(18,162)	\$99,219	\$(18,131)	\$1,096,175	\$4,408	\$8,750,047
Cash Dividends	0	0	(110,573)	0	(110,573)	0	0	0	0	0	0	(110,573)
Profit	0	0	441,395	0	441,395	0	0	0	0	0	0	441,395
Purchase of Treasury Shares	0	0	0	(91,899)	(91,899)	0	0	0	0	0	0	(91,899)
Disposal of Treasury Shares	0	0	(207)	1,409	1,202	0	0	0	0	0	0	1,202
Retirement of Treasury Shares	0	0	(155,422)	155,422	0	0	0	0	0	0	0	0
Reversal of Revaluation Reserve for Land	0	0	7,096	0	7,096	0	0	0	0	0	0	7,096
Net Changes of Items other than Shareholders' Equity	0	0	0	0	0	(360,350)	(59,982)	(7,096)	(30,844)	(458,272)	323	(457,948)
Total of Items during FY2019	0	0	182,288	64,932	247,220	(360,350)	(59,982)	(7,096)	(30,844)	(458,272)	323	(210,728)
Balance at March 31, 2020	\$1,332,988	\$1,122,247	\$5,893,477	\$(452,028)	\$7,896,684	\$ 672,900	\$(78,143)	\$92,123	\$(48,976)	\$ 637,904	\$4,731	\$8,539,319

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

The Chiba Bank, Ltd. and Consolidated Subsidiaries
For the year ended March 31, 2020

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2020	2019	2020
Cash Flows from Operating Activities:			
Profit before Income Taxes	¥ 68,775	¥ 72,221	\$ 631,957
Depreciation and Amortization	8,034	8,724	73,830
Impairment Loss	1,292	34	11,881
Equity in (Earnings) Losses of Affiliates	(509)	(410)	(4,678)
Increase (Decrease) in Allowance for Loan Losses	1,445	2,131	13,283
Decrease (Increase) in Net Defined Benefit Asset	(536)	1,072	(4,930)
Increase (Decrease) in Net Defined Benefit Liability	(393)	(12,848)	(3,619)
Increase (Decrease) in Provision for Directors' Retirement Benefits	36	23	340
Increase (Decrease) in Provision for Reimbursement of Deposits	(685)	(696)	(6,296)
Increase (Decrease) in Provision for Point Loyalty Programs	80	13	738
Interest Income	(144,681)	(144,196)	(1,329,423)
Financing Expenses	24,150	25,127	221,906
Loss (Gain) Related to Securities	(5,450)	(6,387)	(50,084)
Loss (Gain) on Money Held in Trust	249	(89)	2,293
Foreign Exchange Losses (Gains)	(105)	3	(968)
Loss (Gain) on Disposal of Fixed Assets	62	211	574
Loss on Reconstruction of the Head Office	2,486	—	22,843
Net Decrease (Increase) in Trading Assets	(229,468)	(66,835)	(2,108,502)
Net Increase (Decrease) in Trading Liabilities	3,425	9,583	31,476
Net Decrease (Increase) in Loans and Bills Discounted	(475,624)	(315,159)	(4,370,348)
Net Increase (Decrease) in Deposits (excluding Negotiable Certificates of Deposit)	456,501	312,775	4,194,626
Net Increase (Decrease) in Negotiable Certificates of Deposit	(87,517)	66,839	(804,170)
Net Increase (Decrease) in Borrowed Money (excluding Subordinated Borrowings)	147,683	40,424	1,357,014
Net Decrease (Increase) in Due from Banks (excluding Due from BOJ)	35,650	62,046	327,578
Net Decrease (Increase) in Call Loans and Bills Bought and Others	(47,492)	(33,810)	(436,393)
Net Increase (Decrease) in Call Money and Bills Sold	51,253	182,318	470,948
Net Increase (Decrease) in Payables under Securities Lending Transactions	73,813	(47,041)	678,248
Net Decrease (Increase) in Foreign Exchanges - Assets	(2,565)	(641)	(23,570)
Net Increase (Decrease) in Foreign Exchanges - Liabilities	106	140	981
Increase (Decrease) in Issuance and Redemption of Straight Bonds	(717)	—	(6,591)
Increase (Decrease) in Borrowed Money from Trust Account	406	1,419	3,739
Interest and Dividends Received	142,331	139,638	1,307,830
Interest Paid	(25,187)	(24,452)	(231,437)
Other, net	47,547	3,477	436,900
Subtotal	¥ 44,399	¥ 275,659	\$ 407,975
Income Taxes Paid	(23,448)	(24,039)	(215,455)
Net Cash Provided by (Used in) Operating Activities	¥ 20,951	¥ 251,619	\$ 192,520
Cash Flows from Investing Activities:			
Purchase of Securities	¥ (805,871)	¥ (572,164)	\$ (7,404,862)
Proceeds from Sales of Securities	486,403	333,564	4,469,390
Proceeds from Redemption of Securities	238,057	315,774	2,187,430
Increase in Money Held in Trust	(9,000)	(4,500)	(82,698)
Decrease in Money Held in Trust	8,500	6,772	78,103
Purchase of Tangible Fixed Assets	(15,147)	(13,869)	(139,184)
Purchase of Intangible Fixed Assets	(5,847)	(4,949)	(53,733)
Proceeds from Sales of Tangible Fixed Assets	—	—	—
Payments for Retirement of Tangible Fixed Assets	(43)	(104)	(396)
Net Cash Provided by (Used in) Investing Activities	¥ (102,947)	¥ 60,524	\$ (945,949)
Cash Flows from Financing Activities:			
Issuance of Subordinated Bonds	—	—	—
Redemption of Subordinated Bonds	—	—	—
Cash Dividends Paid	(12,033)	(12,060)	(110,573)
Purchase of Treasury Shares	(10,001)	(15,001)	(91,899)
Proceeds from Sales of Treasury Shares	0	0	2
Net Cash Provided by (Used in) Financing Activities	¥ (22,034)	¥ (27,061)	\$ (202,470)
Effect of Exchange Rate Change on Cash and Cash Equivalents	¥ 105	¥ (3)	\$ 968
Net Increase (Decrease) in Cash and Cash Equivalents	¥ (103,925)	¥ 285,079	\$ (954,931)
Cash and Cash Equivalents at Beginning of Period	¥1,982,786	¥1,697,707	\$18,219,120
Cash and Cash Equivalents at End of Period (Note 28)	¥1,878,861	¥1,982,786	\$17,264,189

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

The Chiba Bank, Ltd. and Consolidated Subsidiaries
For the year ended March 31, 2020

1. Basis of Presentation

The Chiba Bank, Ltd. (the “Bank”) and its consolidated subsidiaries maintain their books of accounts in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and in conformity with accounting principles and practices generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards. The classification of accounts is in conformity with the Ordinance for Enforcement of Banking Act of Japan.

The accompanying consolidated financial statements have been compiled from the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. Certain reclassifications and rearrangements have been made to the financial statements for the previous year to conform to the classification used in the financial statements for the current year. In addition, the accompanying notes include information that is not required under accounting principles generally accepted in Japan, but is presented herein for the convenience of readers.

Japanese yen amounts are presented in millions of yen by rounding down figures below one million. As a result, the totals in Japanese yen in the accompanying consolidated financial statements do not necessarily agree with the sums of individual amounts.

U.S. dollar amounts are shown solely for the convenience of the readers of this Integrated Report and are translated at the rate of ¥108.83 to \$1.00, the exchange rate prevailing at March 31, 2020.

2. Principles of Consolidation

The consolidated financial statements include the accounts of the Bank and its subsidiaries, including Chibagin Guarantee Co., Ltd., Chibagin Leasing Co., Ltd., Chibagin Securities Co., Ltd. (Chibagin Securities) and other subsidiaries. The number of consolidated subsidiaries as of March 31, 2020 was nine (nine as of March 31, 2019).

All significant inter-company balances and transactions have been eliminated in consolidation. The consolidated financial statements do not include the accounts of Chibagin Computer Service Co., Ltd. and four other subsidiaries, since the combined total assets, total income, profit (based on the owned interest), retained earnings (based on the owned interest) and accumulated other comprehensive income (based on the owned interest) of these subsidiaries are not significant and would not have a material impact on the consolidated financial statements of the Bank. Nevertheless, the investments in these unconsolidated subsidiaries are carried using the equity method and are included in securities in the consolidated balance sheet. Also, the consolidated financial statements do not include the accounts of ten limited partnerships (nine as of March 31, 2019). The investments in these unconsolidated subsidiaries and affiliates including Chiba SME Revitalization Fund Series 3 Investment Limited Partnership and Chiba Disaster Reconstruction Support Fund Investment Limited Partnership established in the current fiscal year, while Himawari Growth Series 1 Investment Limited Partnership was liquidated, are not accounted for by the equity method since profit

(based on the owned interest), retained earnings (based on the owned interest) and accumulated other comprehensive income (based on the owned interest) of these subsidiaries are not significant and would not have a material impact on the consolidated financial statements of the Bank. The difference between the cost and the underlying equity in the net assets measured at their market value at dates of acquisition of consolidated subsidiaries is amortized in the year of acquisition.

Fiscal year-ends of all consolidated subsidiaries are at the end of March.

3. Significant Accounting Policies

(1) Trading Account

The following criteria are applied in accounting for the Bank's trading assets and liabilities, and trading income and expenses:

Transactions that aim to gain a profit by arbitraging short term fluctuations in interest rates, currency values and market prices, other benchmarks in the traded securities' market prices and by arbitraging differentials between markets (hereafter “trading purposes”) are accounted for under “Trading Assets” or “Trading Liabilities” on the consolidated balance sheet. Profit or loss from such transactions is recorded under “Trading Income” or “Trading Expenses” on the consolidated statement of income.

Trading securities and monetary claims, etc. held for trading purposes are stated at market value at the end of the fiscal year. Trading-related financial derivatives such as swaps, futures or options are valued on the assumption that they were settled at the end of the fiscal year.

In the case of trading-related financial derivatives, “Trading Income/Expenses” includes the interest received/paid during the fiscal year and the difference between the amount of profit/loss based on the assumption that transactions were settled at the end of the current fiscal year and that at the end of the previous fiscal year.

(2) Securities

Held-to-maturity bonds are stated at amortized cost determined by the moving average method. Investments in unconsolidated subsidiaries and affiliates not accounted for by the equity method are stated at cost determined by the moving average method. Available-for-sale equity shares and investment trusts listed on Japanese markets are stated at the average market value during the last month of the fiscal year, and other available-for-sale securities whose fair value can be estimated are stated at fair value at the fiscal year-end while their costs are calculated mainly by the moving average method. Other non-marketable securities whose fair value cannot be reliably estimated are stated at cost determined by the moving average method or amortized cost.

Unrealized gains and losses on available-for-sale securities are included in net assets, net of income taxes.

Moreover, the same way as above (1) and fair value method based upon the market value at the fiscal year end are applied for the valuation of securities that are held as trust assets in individually

managed money trusts with the principal objective of securities portfolio management.

(3) Derivatives

Derivatives for purposes other than trading are stated at fair value.

(4) Tangible Fixed Assets

Depreciation of tangible fixed assets of the Bank is computed using the declining-balance method. Principal useful lives are as follows:

Buildings.....6 years to 50 years

Others2 years to 20 years

Tangible fixed assets of the consolidated subsidiaries are depreciated principally by the declining-balance method over the estimated useful lives.

(5) Intangible Fixed Assets

Depreciation of intangible fixed assets is computed using the straight-line method. Depreciation for capitalized software for internal use is computed using the straight-line method based on useful lives determined by the Bank and its consolidated subsidiaries (5 years).

(6) Allowance for Loan Losses

Allowance for loan losses made by the Bank is provided in accordance with the internally established standards for write-offs and provisions.

For claims on borrowers that have entered into bankruptcy, special liquidation proceedings or similar legal proceedings ("Bankrupt Borrowers"), or borrowers that are not legally or formally insolvent but are regarded as substantially in the same situation ("Effectively Bankrupt Borrowers"), an allowance is provided based on the amount of claims, after the write-off stated below, net of the expected amount of recoveries from collateral and guarantees.

For claims on borrowers that are not currently bankrupt but likely to become bankrupt in the future ("Potentially Bankrupt Borrowers"), an allowance is provided in the amount deemed necessary based on an overall solvency assessment of the claims, net of the expected amount of recoveries from collateral and guarantees.

For claims on Potentially Bankrupt Borrowers and on borrowers whose loans are classified as "Loans past due 3 months or more" or "Restructured Loans" over a certain amount, if future cash flows from the collection of principal and interest are reasonably estimated, the allowances for loan losses are calculated by "Discounted Cash Flow Method," by which the allowances for loan losses are calculated as the difference between the booked amounts of the loans and the cash flows discounted by the original contractual interest rates.

For other claims, an allowance is provided based on the historical loan-loss ratio.

The operating divisions assess all claims in accordance with the Bank's policy and guidelines for the self-assessment of asset quality, and the internal Audit and Inspection Division, which is independent from the operating divisions, audits these assessments. The allowance for loan losses is provided based on the results of these assessments.

For collateralized or guaranteed claims on Bankrupt Borrowers and Effectively Bankrupt Borrowers, the amount exceeding the estimated value of collateral and guarantees is deemed to be uncollectible and written off against the total outstanding amount of the claims. The amount of write-off as of March 31, 2020 was ¥32,036 million (¥28,897 million as of March 31, 2019). Allowance made by consolidated subsidiaries for general claims is provided in the amount deemed necessary based on the historical loan-loss ratio, and for specific claims in the amount deemed uncollectible based on the respective assessments.

(7) Provision for Directors' Retirement Benefits

Provision for directors' retirement benefits is provided for payment of retirement benefits to directors and corporate auditors of consolidated subsidiaries, in the amount deemed accrued until the fiscal year-end.

(8) Provision for Reimbursement of Deposits

Provision for reimbursement of deposits, which were derecognized from liabilities, is based on the possible losses on the future claims of withdrawal to prepare for depositor's needs of withdrawal.

(9) Provision for Point Loyalty Programs

Provision for point loyalty programs which is provided for accumulation of points granted to customers using the credit card of the Bank or the consolidated subsidiaries is based on the estimated amounts equivalent to expected future usage of the points.

(10) Reserve under Special Laws

Reserve under special laws is a Reserve for Financial Products Transaction Liabilities provided by Chibagin Securities. This reserve is provided for losses from securities transactions pursuant to Paragraph 46-5-1 of the Financial Instruments and Exchange Act and Paragraph 175 of the Cabinet Office Ordinance on Financial Instrument Business Operators, etc.

(11) Retirement Benefits

In retirement benefit obligation calculations, the method of allocating the estimated value of retirement benefits to the current fiscal year is based on the benefit formula method. The net actuarial gain (loss) is amortized using the straight-line method over 10 years from following fiscal year. Consolidated subsidiaries calculate the net defined benefit liability and retirement benefit cost using the simplified method which assumes the retirement benefit obligation to be equal to the necessary payments assuming the voluntary retirement of all employees at the fiscal year-end.

(12) Translation of Foreign Currencies

The Bank's assets and liabilities denominated in foreign currencies and overseas branches' accounts are translated into Japanese yen primarily at the exchange rate at the balance sheet date. Consolidated subsidiaries' assets and liabilities denominated in foreign

currencies are translated into Japanese yen at the exchange rate prevailing at the fiscal year-end of each company.

(13) Lease Transactions

(As lessors)

Finance leases other than those that are deemed to transfer the ownership of leased property to the lessees are accounted for as installment sales.

(14) Hedge Accounting

i) Hedge of Interest Rate Risk

As for the hedge accounting method applied to hedging transactions for interest rate risk arising from financial assets and liabilities, the Bank applies the deferral hedge accounting stipulated in the "Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry" (JICPA Industry Audit Committee Report No. 24).

The Bank assesses the effectiveness of such hedges by monitoring offsetting fluctuation of fair value by changes in interest rates, of the hedged items (such as deposits and loans) and hedging instruments (such as interest rate swaps) classified by their maturity.

ii) Hedge of Foreign Currency Fluctuation Risk

As for the hedge accounting method applied to hedging transactions for foreign currency fluctuation risk arising from foreign-currency-denominated financial assets and liabilities, the Bank applies the deferral hedge accounting stipulated in the "Treatment for Accounting and Auditing concerning Accounting for Foreign Currency Transactions in Banking Industry" (JICPA Industry Audit Committee Report No. 25).

The Bank designates certain currency swaps and foreign exchange swap transactions as hedges against fluctuation in foreign currency exchange rates arising from foreign-currency monetary claims and debts, and assesses the effectiveness of such hedges by verifying that the Bank holds foreign currency positions of the hedged items corresponding to the positions of the hedging instruments.

In addition to the above accounting, the Bank applies for a part of assets and liabilities the deferral hedge accounting method or exceptional treatments permitted for interest rate swaps.

(15) Cash Flows

In preparing the consolidated statement of cash flows, cash and due from the Bank of Japan are considered to be cash and cash equivalents.

(16) Consumption Taxes

Consumption tax and municipal consumption tax of the Bank and its domestic consolidated subsidiaries are accounted for using the tax-excluded method.

(17) Appropriation of Retained Earnings

Dividends are recorded in the fiscal year in which the proposed appropriation of retained earnings is approved by the Board of Directors and by the general meeting of shareholders. There is a limit for dividend by Article 18 of the Banking Act. An amount equal to 20% of the aggregated amount of dividends shall be set aside as a legal reserve or legal capital surplus, regardless of Article 445-4 of the Companies Act of Japan.

4. Accounting Standards Issued but Not Yet Applied

- Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019)
- Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, July 4, 2019)
- Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019)
- Implementation Guidance on Disclosure about Fair Value of Financial Instruments (ASBJ Guidance No. 19, March 31, 2020)

(1) Summary

In Japan, Accounting Standards for Financial Instruments require the measurement of market value (fair value), but detailed guidance on calculation methods has not been provided so far, while the International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB) provide similar detailed guidance on fair value measurement.

In light of these circumstances, the Accounting Standards Board of Japan has initiated efforts to ensure consistency with international accounting standards, mainly with regard to guidance and disclosure on fair value of financial instruments, and has conducted repeated studies to publish these accounting standards.

(2) Expected Date of Application

These standards are scheduled to be adopted from the beginning of the fiscal year ending March 2022.

(3) Impact of Adoption of the New Accounting Standard

The impact of the adoption of these accounting standards is under evaluation.

- Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections (ASBJ Statement No. 24, March 31, 2020)

(1) Summary

This standard intends to provide an outline of the accounting principles and procedures adopted in cases where the relevant accounting standards are not specified.

(2) Expected Date of Application

This standard is scheduled to be adopted at the end of the fiscal year ending March 2021.

Accounting Standard for Disclosure of Accounting Estimates (ASBJ Statement No. 31, March 31, 2020)

(1) Summary

This standard intends to disclose information that contributes to the understanding of financial statement users, regarding the accounting estimates of items recorded in the financial statements for the current fiscal year, that have the risk of materially affecting the financial statements for the following fiscal year.

(2) Expected Date of Application

This standard is scheduled to be adopted at the end of the fiscal year ending March 2021.

5. Additional Information

We currently expect that the COVID-19 pandemic will continue to have a certain negative impact on the credit risk of loans and that the repayment capacity of borrowers may decline. Allowance for loan losses was provided by the Bank based on the expectation that the economy will move into a recovery stage within six months and the credit-related costs will not increase significantly.

This expectation is uncertain and there may be a negative impact on the Bank's operating results for the following consolidated fiscal year or later if the impact of the spread of COVID-19 continues over a long period of time.

6. Securities Purchased under Resale Agreements

As for securities purchased under resale agreements or securities accepted as collateral for derivative transactions, ¥19,997 million was held in hand on March 31, 2020 (¥14,999 million on March 31, 2019).

7. Trading Assets

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2020	2019	2020
Trading Account Securities	¥ 12,729	¥ 8,502	\$ 116,964
Derivatives of Trading Securities	49	—	454
Trading-Related Financial Derivatives	29,100	25,732	267,391
Other Trading Assets	376,494	154,670	3,459,476
Total	¥418,373	¥188,905	\$3,844,285

8. Securities

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2020	2019	2020
Japanese Government Bonds	¥ 170,936	¥ 263,875	\$ 1,570,671
Japanese Local Government Bonds	351,980	348,004	3,234,219
Japanese Corporate Bonds	436,927	414,112	4,014,769
Japanese Stocks	218,018	256,409	2,003,291
Other Securities	940,726	812,647	8,643,999
Total	¥2,118,588	¥2,095,049	\$19,466,949

Securities included investments in non-consolidated subsidiaries and affiliates of ¥11,906 million on March 31, 2020 (¥11,005 million on March 31, 2019).

Guarantee obligations for bonds in private placement (defined in Article 2 (3) of Financial Instruments and Exchange Act) included in

Japanese Corporate Bonds was ¥75,265 million as of March 31, 2020 (¥74,256 million as of March 31, 2019).

9. Loans and Bills Discounted

(1) Loans and Bills Discounted :

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2020	2019	2020
Bills Discounted	¥ 11,271	¥ 14,468	\$ 103,569
Loans on Bills	140,459	157,478	1,290,635
Loans on Deeds	9,738,929	9,187,907	89,487,546
Overdrafts	675,036	730,218	6,202,667
Total	¥10,565,697	¥10,090,072	\$97,084,417

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 acceptance bought, commercial bills discounted, documentary bills and foreign exchanges bought without restrictions. Their total face value as of March 31, 2020 was ¥11,349 million (¥14,652 million as of March 31, 2019).

Contracts of overdraft facilities and loan commitment limits are the contracts that the Bank lends to customers up to the prescribed limits in response to customers' application of loan as long as there is no violation of any condition in the contracts. The unused amount within the limits was ¥2,339,155 million relating to these contracts, including ¥2,121,667 million of which the term of contracts is less than one year or revocable at any time as of March 31, 2020 (respective amounts were ¥2,265,147 million and ¥2,065,540 million as of March 31, 2019).

Since many of these commitments expire without being utilized, the unused amount does not necessarily represent a future cash requirement. Most of these contracts have conditions that the Bank can refuse customers' application of loan or decrease the contract limits with proper reasons (e.g., changes in financial situation, deterioration in customers' creditworthiness). At the inception of contracts, the Bank obtains real estate, securities, etc. as collateral if considered to be necessary. Subsequently, the Bank performs periodic review of the customers' business results based on initial rules, and takes necessary measures to reconsider conditions in contracts and/or require additional collateral and guarantees.

Additionally, the unused amount within the limits of overdraft facilities on General Accounts as of March 31, 2020 was ¥829,408 million (¥851,225 million as of March 31, 2019). General Accounts are the Ordinary Deposit Accounts that its depositors can overdraw up to the amounts calculated by multiplying incidental Time Deposits and so on by certain weight.

(2) Risk-Monitored Loans :

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2020	2019	2020
Loans to Bankrupt Borrowers	¥ 1,174	¥ 1,298	\$ 10,793
Delinquent Loans	70,096	78,582	644,092
Loans Past Due 3 Months or More	1,646	672	15,125
Restructured Loans	42,598	40,316	391,420
Total	¥115,515	¥120,869	\$1,061,430

Loans to bankrupt borrowers represent non-accrual loans to borrowers who are legally bankrupt as defined in Article 96 (1) (iii) and (iv) of the Corporation Tax Act Enforcement Ordinance (Article 97 of 1965 Cabinet Order).

Delinquent loans represent non-accrual loans other than (i) loans to bankrupt borrowers and (ii) loans of which payments of interest are deferred in order to assist or facilitate the restructuring of borrowers in financial difficulties.

Loans past due 3 months or more represent loans on which the payment of principal and/or interest has not been received for 3 months or more from the due date, and which are not included in Loans to bankrupt borrowers or Delinquent loans.

Restructured loans are loans which have been restructured to support the rehabilitation of certain borrowers who are encountering financial difficulties, with the intention of ensuring recovery of the loans by providing easier repayment terms for the borrowers (such as by reducing the rate of interest or by providing a grace period for the payment of principal/interest, etc.) and are not classified in any of the above categories.

10. Foreign Exchange Assets

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2020	2019	2020
Due from Foreign Banks (our accounts)	¥5,378	¥2,315	\$49,421
Foreign Bills Bought	78	187	718
Foreign Bills Receivable	937	1,326	8,615
Total	¥6,394	¥3,829	\$58,754

11. Other Assets

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2020	2019	2020
Accrued Income	¥ 13,398	¥ 14,362	\$ 123,119
Prepaid Expenses	1,082	1,020	9,948
Derivatives	14,197	14,573	130,457
Lease Investment Assets	51,655	49,278	474,642
Other	119,661	119,066	1,099,523
Total	¥199,995	¥198,301	\$1,837,689

12. Tangible Fixed Assets

Depreciation was computed using the declining-balance method.

Tangible fixed assets were shown at net of the following accumulated depreciation:

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2020	2019	2020
	¥104,610	¥100,770	\$961,228

Deferred gain on real estate deductible for tax purposes amounted to ¥11,755 million as of March 31, 2020 (¥11,755 million as of March 31, 2019).

13. Assets Pledged

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2020	2019	2020
Securities	¥723,868	¥632,997	\$6,651,371
Loans and Bills Discounted	988,991	519,650	9,087,490

Liabilities related to the above pledged assets were as follows:

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2020	2019	2020
Deposits	¥ 40,255	¥ 49,857	\$ 369,889
Payables under Repurchase Agreements	30,657	29,404	281,704
Payables under Securities Lending Transactions	287,159	213,345	2,638,608
Borrowed Money	519,894	372,469	4,777,129

In addition, the following was pledged as collateral for settlements of exchange or margins for futures transactions.

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2020	2019	2020
Securities	¥3,248	¥9,681	\$29,853

Initial margins of futures markets of ¥2,979 million, cash collateral paid for financial instruments of ¥79,942 million and guarantee deposits of ¥6,939 million were included in Other Assets as of March 31, 2020 (respective amounts were ¥3,064 million, ¥72,795 million and ¥7,190 million as of March 31, 2019).

14. Deposits

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2020	2019	2020
Current Deposits	¥ 248,273	¥ 254,466	\$ 2,281,297
Ordinary Deposits	8,612,613	8,072,190	79,138,233
Savings Deposits	260,236	253,224	2,391,225
Deposits at Notice	6,111	5,771	56,157
Time Deposits	3,369,434	3,464,046	30,960,530
Other Deposits	276,014	266,484	2,536,196
Subtotal	¥12,772,684	¥12,316,183	\$117,363,637
Negotiable Certificates of Deposit	444,293	531,811	4,082,452
Total	¥13,216,977	¥12,847,994	\$121,446,089

15. Trading Liabilities

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2020	2019	2020
Derivatives of Trading Securities	¥ —	¥ 11	\$ —
Trading-related Financial Derivatives	25,641	22,205	235,614
Total	¥25,641	¥22,216	\$235,614

16. Borrowed Money

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2020	2019	2020
Borrowings from the Bank of Japan and Other Financial Institutions	¥522,514	¥374,830	\$4,801,199

17. Foreign Exchange Liabilities

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2020	2019	2020
Foreign Bills Sold	¥634	¥414	\$5,828
Foreign Bills Payable	200	313	1,840
Total	¥834	¥727	\$7,668

18. Bonds Payable

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2020	2019	2020
Subordinated Bonds	¥ 50,000	¥ 50,000	\$ 459,432
Straight Bond	65,229	66,578	599,369
Total	¥115,229	¥116,578	\$1,058,802

19. Other Liabilities

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2020	2019	2020
Domestic Exchange Settlement Account, credit	¥ 27	¥ 49	\$ 254
Accrued Expenses	13,600	11,265	124,969
Unearned Revenue	34,951	33,776	321,158
Income Taxes Payable	8,732	10,976	80,237
Derivatives	27,032	20,603	248,395
Other	111,410	66,545	1,023,714
Total	¥195,755	¥143,217	\$1,798,727

20. Retirement Benefit Plans

The Bank and its consolidated subsidiaries have defined benefit plans, i.e., lump-sum payment plans, welfare pension fund plans and tax-qualified pension plans, as well as corporate-type defined contribution plans. The Bank has retirement benefit trusts for lump-sum payment plans since the end of March 2018.

Net retirement benefit liability and retirement benefit cost of the consolidated subsidiaries' lump-sum payment plans are calculated by the simplified method.

I. Defined Benefit Plans**(1) Retirement Benefit Obligation**

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2020	2019	2020
Balance at the Beginning of Current Period	¥80,947	¥81,809	\$743,800
Service Cost	2,755	2,845	25,318
Interest Cost	160	162	1,473
Actuarial Gain or Loss	282	231	2,599
Retirement Benefits Paid	(4,135)	(4,101)	(37,996)
Balance at the End of Current Period	¥80,011	¥80,947	\$735,193

(2) Plan Assets at Fair Value

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2020	2019	2020
Balance at the Beginning of Current Period	¥78,897	¥67,984	\$724,965
Expected Return on Plan Assets	2,394	2,134	22,004
Actuarial Gain or Loss	(4,515)	(2,096)	(41,494)
Contributions by the Company	4,666	809	42,881
Retirement Benefits Trusts	—	12,600	—
Retirement Benefits Paid	(2,551)	(2,533)	(23,449)
Balance at the End of Current Period	¥78,891	¥78,897	\$724,907

(3) Net Defined Benefit Liability/Asset

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2020	2019	2020
Funded Retirement Benefit Obligation	¥ 79,404	¥ 80,309	\$ 729,616
Plan Assets at fair value	(78,891)	(78,897)	(724,907)
Subtotal	¥ 512	¥ 1,411	\$ 4,709
Unfunded Retirement Benefit Obligation	606	638	5,577
Net Amount Accrued on the Balance Sheet	¥ 1,119	¥ 2,049	\$ 10,286

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2020	2019	2020
Net Defined Benefit Liability	¥1,655	¥2,049	\$15,216
Net Defined Benefit Asset	(536)	—	(4,930)
Net Amount Accrued on the Balance Sheet	¥1,119	¥2,049	\$10,286

(4) Retirement Benefit Cost

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2020	2019	2020
Service Cost	¥ 2,755	¥ 2,845	\$ 25,318
Interest Cost	160	162	1,473
Expected Return on Plan Assets	(2,394)	(2,134)	(22,004)
Amortization of Actuarial Gain or Loss	(31)	539	(288)
Retirement Benefit Cost	¥ 489	¥ 1,413	\$ 4,500

(5) Remeasurements of Defined Benefit Plans Included in Other Comprehensive Income(before Tax Effect)

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2020	2019	2020
Actuarial Gain or Loss	¥(4,829)	¥(1,788)	\$(44,380)

(6) Remeasurements of Defined Benefit Plans Included in Accumulated Other Comprehensive Income(before Tax Effect)

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2020	2019	2020
Unrecognized Actuarial Gain or Loss	¥(7,669)	¥(2,839)	\$(70,468)

(7) Components of Plan Assets at Fair Value

	2020	2019
Stocks	38%	42%
General Accounts at Life Insurance Companies	23%	20%
Bonds	38%	25%
Other	1%	13%
Total	100%	100%

(8) Assumptions used in Accounting for the above Plans

	2020	2019
Discount Rate	0.2%	0.2%
Expected Rate of Long-Term Return on Plan Assets	3.0%	3.0%
Expected Rates of Future Salary Increases	1.0%-3.3%	1.1%-3.4%

The expected rates of long-term return on plan assets has been estimated based on the anticipated allocation to each asset class and the expected long-term returns on assets held in each category.

II. Defined Contribution Plans

The required contribution amount of the Bank and its consolidated subsidiaries for the fiscal year ended March 31, 2020 was ¥379 million (¥347 million as of March 31, 2019).

21. Revaluation Reserve for Land

Pursuant to the Law concerning Revaluation of Premises, premises used for business operations have been revalued as of March 31, 1998. Premises revaluation gain was included in Net Assets, net of income taxes.

Date of the revaluation: March 31, 1998

The method of the revaluation (set forth in Article 3 (3) of the Law): Pursuant to Article 2 (4) of the Enforcement Ordinance for the Law concerning Revaluation of Premises, the premises price for the revaluation is determined based on the method established and published by the Director General of National Tax Agency in order to calculate the premises value for a basis of determining the taxable amount

subject to premises value tax prescribed by Article 16 of the Premises Value Tax Law, reflecting appropriate adjustments for land shape and timing of the assessment.

The difference between the revalued carrying amount and the fair value of premises revalued pursuant to Article 10 of the Law was ¥25,721 million as of March 31, 2020 (¥28,474 million as of March 31, 2019).

22. Capital Stock

The number of the Bank's authorized shares was 2,500,000,000 as of March 31, 2020 and 2019.

	Number of Shares	
	2020	2019
Shares in Issue	815,521,087	840,521,087

The number of treasury shares held by the Bank was 72,709 thousand as of March 31, 2020 (79,121 thousand as of March 31, 2019).

23. Trading Income

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2020	2019	2020
Gains on Trading Account Securities Transactions	¥3,739	¥3,405	\$34,361
Income from Securities and Derivatives related to Trading Transactions	220	190	2,027
Income from Trading-Related Financial Derivatives Transactions	1,497	1,495	13,761
Other Trading Income	—	14	—
Total	¥5,457	¥5,106	\$50,149

24. Other Ordinary Income

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2020	2019	2020
Gains on Foreign Exchange Transactions	¥1,831	¥1,876	\$16,826
Gains on Sales of Bonds	4,700	4,743	43,187
Other	13	0	121
Total	¥6,544	¥6,620	\$60,134

25. Other Income

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2020	2019	2020
Gains on Sales of Stocks and Other Securities	¥ 4,199	¥ 1,889	\$ 38,583
Gains on Money Held in Trust	95	141	877
Revenue on Lease	16,007	15,397	147,088
Recoveries of Written-Off Claims	2,672	1,478	24,554
Equity in Earnings of Affiliates	509	410	4,678
Other	10,142	11,604	93,192
Total	¥33,625	¥30,921	\$308,973

26. Other Ordinary Expenses

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2020	2019	2020
Loss on Sales of Bonds	¥1,169	¥133	\$10,750
Loss on Devaluation of Bonds	269	90	2,476
Expenses on Derivatives other than for Trading or Hedging	512	357	4,714
Total	¥1,952	¥581	\$17,940

27. Other Expenses

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2020	2019	2020
Provision of Allowance for Loan Losses	¥ 3,988	¥ 4,253	\$ 36,649
Written-Off of Loans	8,931	8,413	82,069
Losses on Sales of Stocks and Other Securities	104	8	960
Losses on Devaluation of Stocks and Other Securities	1,904	12	17,500
Losses on Money Held in Trust	345	52	3,170
Cost of Leased Assets	14,401	13,821	132,332
Loss on Disposal of Fixed Assets	64	216	590
Impairment Loss on Fixed Assets	1,292	34	11,881
Loss on Reconstruction of the Head Office	2,486	—	22,843
Other	5,877	5,424	54,005
Total	¥39,396	¥32,236	\$362,000

28. Cash and Cash Equivalents

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2020	2019	2020
Cash and Due from Banks	¥1,928,656	¥2,068,231	\$17,721,733
Interest-Bearing Deposits included in Due from Banks (excluding Due from BOJ)	(49,794)	(85,444)	(457,544)
Cash and Cash Equivalents	¥1,878,861	¥1,982,786	\$17,264,189

29. Other Comprehensive Income

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2020	2019	2020
Valuation Difference on Available-for-Sale Securities			
Gains (Losses) Arising during the Fiscal Year	¥(47,321)	¥ (2,919)	\$(434,817)
Reclassification Adjustment to Profit or Loss	(9,170)	(10,221)	(84,264)
Amount before Income Tax Effect	(56,491)	(13,140)	(519,081)
Income Tax Effect	17,282	3,709	158,801
Total	(39,209)	(9,431)	(360,281)
Deferred Gains or Losses on Hedges			
Gains (Losses) Arising during the Fiscal Year	¥(16,552)	¥(11,516)	\$(152,099)
Reclassification Adjustment to Profit or Loss	7,160	6,049	65,794
Amount before Income Tax Effect	(9,392)	(5,466)	(86,305)
Income Tax Effect	2,864	1,667	26,323
Total	(6,527)	(3,799)	(59,982)
Remeasurements of Defined Benefit Plans			
Gains (Losses) Arising during the Fiscal Year	¥ (4,798)	¥ (2,328)	\$ (44,093)
Reclassification Adjustment to Profit or Loss	(31)	539	(288)
Amount before Income Tax Effect	(4,829)	(1,788)	(44,380)
Income Tax Effect	1,473	545	13,536
Total	(3,356)	(1,243)	(30,844)
Share of Other Comprehensive Income of Entities Accounted for by the Equity Method			
Gains (Losses) Arising during the Fiscal Year	¥ (7)	¥ (67)	\$ (69)
Reclassification Adjustment to Profit or Loss	—	(3)	—
Amount before Income Tax Effect	(7)	(71)	(69)
Income Tax Effect	—	—	—
Total	(7)	(71)	(69)
Total Other Comprehensive Income	¥(49,101)	¥(14,544)	\$(451,176)

30. Lease Transactions

Operating Lease Transactions

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2020	2019	2020
Lessee Side (Lease Payables Related to Non-Cancelable Operating Lease Transactions)			
Amount Corresponding to Lease Payables (within 1 year)	¥147	¥192	\$1,355
Amount Corresponding to Lease Payables (over 1 year)	297	451	2,735
Total	¥445	¥644	\$4,090

31. Tax Effect

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2020	2019	2020
Deferred Tax Assets:			
Allowance for Loan Losses	¥ 17,152	¥ 16,191	\$ 157,609
Net Defined Benefit Liability	5,722	5,837	52,584
Write-Offs of Securities	907	970	8,338
Remeasurements of Defined Benefit Plans	2,339	865	21,493
Other	12,479	8,468	114,671
Subtotal	¥ 38,601	¥ 32,334	\$ 354,695
Valuation Allowance	(1,147)	(1,265)	(10,547)
Total Deferred Tax Assets	¥ 37,453	¥ 31,069	\$ 344,149
Deferred Tax Liabilities:			
Valuation Difference on Available-for-Sale Securities	¥(32,233)	¥(49,515)	\$(296,178)
Net Defined Benefit Asset	(1,701)	(273)	(15,632)
Other	(1,872)	(1,379)	(17,204)
Total Deferred Tax Liabilities	¥(35,806)	¥(51,168)	\$(329,013)
Net Deferred Tax Assets (Liabilities)	¥ 1,647	¥(20,099)	\$ 15,135

For the fiscal years ended March 31, 2019 and 2020, as the difference between the statutory tax rate and the effective income tax rate was less than 5 percent of the statutory tax rate, the reconciliation of the effective income tax rate is not disclosed.

32. Segment Information

I. Segment Information of the Current Fiscal Year (from April 1, 2019 to March 31, 2020) and the Previous Fiscal Year (from April 1, 2018 to March 31, 2019)

Since the Bank and its consolidated subsidiaries (the "Group") operate solely within the banking segment, segment information is omitted.

II. Related Information

(1) Information by Service Type

Since the ordinary income of banking business from external customers of the Group exceeds 90% of ordinary income in the consolidated statement of income, segment information is omitted.

(2) Information by Geographic Areas

i) Ordinary Income

Since the ordinary income from domestic external customers of the Group exceeds 90% of ordinary income in the consolidated statement of income, segment information is omitted.

ii) Tangible Fixed Assets

Since the balance of the Group's tangible fixed assets located in Japan exceeds 90% of the balance of those in the consolidated balance sheet, segment information is omitted.

(3) Information by Major Customers

Since there is no single customer with which the Group earns ordinary income exceeding 10% of ordinary income in the consolidated statement of income, segment information by major customer is omitted.

III. Information about Impairment Loss of Fixed Assets by Reporting Segments

Since the Group operates solely within the banking segment, segment information is omitted.

IV. Information about Amortization Expense and Unamortized Balance of Goodwill by Reporting Segments

Not applicable.

V. Information about Gains from Negative Goodwill by Reporting Segment

Not applicable.

33. Financial Instruments

I. Disclosure on Financial Instruments

(1) Policy on Financial Instruments

The Group conducts market businesses such as deposit-taking, lending and securities investments as a regional bank which is mainly based in Chiba Prefecture.

The Group takes deposits, which are its main financing source, and invests those deposits in corporate loans, personal housing loans and securities. In order to manage these assets and liabilities and also to make management plan in response to changes in market environment, we have established ALM management system led by ALM Committee.

(2) Types of and Risks Associated with Financial Instruments

Because of corporate and housing loans being our main financial assets, we are exposed to credit risk which is the risk of losses on receivable such as those arising from nonperformance of borrowers.

We hold securities primarily comprising bonds, stocks and investment trusts for investment and operating purposes. These securities have credit risk of the issuers and market risk arising from changes in interest rates, prices and exchange rates.

The Group's financial liabilities are mainly deposits from our individual customers in Chiba Prefecture which consist of liquid deposits and time deposits. These deposits have liquidity risk arising from unexpected outflows of fund in certain situations.

The Group has interest rate risk caused by a mismatch in terms of interest rates or time period between the assets (e.g., loans) and liabilities (e.g., deposits). We in part hedge the risk using interest rate swaps.

We also have foreign exchange risk arising from a position mismatch between the foreign currency denominated assets and liabilities, which we in part hedge using currency swaps.

We utilize derivatives for purposes of: addressing customer's various needs for investments and financing, managing risks from the assets and liabilities, and trading (i.e., for a gain from sales in a short term). We enter into derivatives transactions to hedge interest rate and exchange rate risks from the assets and liabilities as follows:

	Hedged Item	Hedging Instrument
Interest rate risk hedge	Loans and bills discounted	Interest rate swaps
Foreign exchange risk hedge	Receivables and payables denominated in foreign currencies	Currency swaps Forward foreign exchange

We apply hedge accounting to these transactions. Derivatives bear market risk and credit risk like other transactions in markets.

Some of our subsidiaries have leasing credit and installment receivables which are subject to interest rate risk and credit risk.

(3) Risk Management Relating to Financial Instruments

i) Credit Risk Management

We have established the system of self-assessment of assets to provide appropriate allowance and write-offs. We also perform rigid credit risk management through individual credit management and credit portfolio management based on internal rating system. The Risk Management Division, which is responsible for credit risk management, has been placed as a division independent of the Credit Unit (including the Credit Division) for a check-and-balance effect. Further, the Credit Risk Management Committee discusses plans and actions on credit portfolios based on consideration of credit risk situations.

The details of credit risk management are as follows:

(Individual Credit Management)

Branches and the Credit Division take the lead in credit review in accordance with credit review standards under the basic principles of credit (safety, profitability, liquidity, growth potential and public good). The Business Support Division provides support for customers who need to improve business operations and collection activities with regard to Bankrupt Borrowers and others. The Bank strives to accumulate high-performing loan assets and minimize future losses through these in-advance review and after-the-fact administration.

(Credit Portfolio Management)

Credit portfolio management is to control risk of incurring a major loss at a time due to concentration of individual loans in specific countries or specific industries. The Risk Management Division monitors the state of credit risk from various perspectives, such as by country, by industry, and by customer credit rating. They also establish policies and take actions such as setting credit limits to control an increase in credit risk.

ii) Market Risk Management

We have established strict market risk management system including risk limit monitoring. The Risk Management Division, which is responsible for market risk management, has been placed as a division independent of the Treasury Division and overseas branches in business operation unit and the Treasury Operation Division in business management unit, for a check-and-balance effect. The ALM Committee discusses plans and actions on overall management of the assets and liabilities based on market risk situations.

The following is how we set and monitor the upper guideline limits:
(Risk Limit Monitoring)

We set and monitor upper guideline limits to control market risk of financial assets such as securities, loans and deposits. In order to control an increase in market risk, we also set upper limits on investment balances, average duration, 10BPV and unrealized gains (losses) according to risk characteristics of transactions and products, and utilize such limits as additional management indicators. For trading, we set and monitor upper guideline limits on positions and losses.

(Quantitative Information on Market Risk)

(a) Financial Instruments of Banking Account

We use VaR (the assumed maximum loss) for quantitative analysis on market risk of financial instruments such as available-for-sale securities, loans and deposits. For calculating VaR, we have adopted the variance co-variance model (holding period of 1 year; confidence interval of 99.9%; and observation period of 1 year), and the changes of interest and stock price are considered. However, the VaR based on a holding period of 10 days is used for a part of tradings such as market asset trading. Those VaR are used for risk limit monitoring. Our VaR of banking business is ¥188,377 million as of March 31, 2020 (¥161,751 million as of March 31, 2019). In case of 99% confidence level, VaR is ¥153,084 million as of March 31, 2020 (¥129,905 million as of March 31, 2019).

(b) Financial Instruments of Trading Account

We use VaR for quantitative analysis on market risk of financial instruments such as securities for trading and derivatives. For calculating VaR, we have adopted the variance co-variance model (holding period of 10 days; confidence interval of 99.9%; and observation period of 1 year). Those VaR is used for risk limit monitoring. Our VaR of trading business is ¥91 million as of March 31, 2020 (¥19 million as of March 31, 2019). In case of 99% confidence level, VaR is ¥68 million as of March 31, 2020 (¥14 million as of March 31, 2019).

(c) Validity of VaR

We check the validity of the market risk measurement made by VaR approach by the back-test which compares VaR calculated using the model with actual profit and loss. Since VaR estimates possible losses statistically under the certain probability from the past market changes, risk might not be complemented under anomalous market situations.

iii) Liquidity Risk Management

We have established strict liquidity risk management system including limit monitoring. The Risk Management Division, which is responsible for liquidity risk management, has been placed as a division independent of Treasury Division in financing management unit for a check-and-balance effect. The ALM Committee discusses plans and actions on overall management of the assets and liabilities based on liquidity risk situations. Upon an event with

a significant impact on the cash flows, we would immediately have a conference chaired by the President and discuss plans to address the event. The following is how we set and monitor limits for liquidity management:

(Limit Management)

We set and monitor the minimum level of liquid assets such as government bonds that can be converted to cash in a short time. We also set upper limits on financing from inter-bank and other markets in order to facilitate stable cash flows with our fund-raising capacity.

iv) Integrated Risk Management

We have established rigid integrated risk management system including risk capital allocation framework. The Risk Management Division is responsible for integrated risk management and is the unit that monitors various risks including credit and market risks. In order to ensure that we have capital sufficient for the risks we bear, the Risk Management Division also conducts stress test, the results of which the Board of Directors monitors on a regular basis and discuss actions to take as necessary. The following is the details of risk capital allocation framework:

(Risk Capital Allocation Framework)

Risk capital allocation framework is to distribute risk capital (tolerable risk) within the capital representing our financial strength, to divisions such as domestic business divisions and treasury divisions in advance. Each division then controls risks within the allocated risk capital. Through this framework, each division conducts its operations focusing on risk-return spectrum (e.g., improves profitability and/or utilize the capital in a more efficient manner) while the entire Bank's strength is maintained.

(4) Supplementary Explanation on Fair Value of Financial Instruments

The fair value of financial instruments includes, in addition to values determined based on market prices, those calculated on a reasonable basis if no market price is available. Since certain assumptions are used for the calculations, the result may vary if different assumptions are used.

II. Disclosure on Fair Value of Financial Instruments

The following table summarizes the amount stated in the consolidated balance sheet and the fair value of financial instruments as of March 31, 2020 with their difference. Note that the following table does not include unlisted equity securities and other securities for which fair value is extremely difficult to determine (Note ii). Furthermore, some items are not shown since the consolidated balance sheet amounts are insignificant.

	Millions of Yen (Note 1)					
	March 31, 2020			March 31, 2019		
	Consolidated Balance Sheet Amount	Fair Value	Difference*1	Consolidated Balance Sheet Amount	Fair Value	Difference*1
(1) Securities						
Held-to-Maturity Bonds	¥ 7,736	¥ 8,014	¥ 277	¥ 7,919	¥ 8,007	¥ 87
Available-for-Sale Securities	2,074,260	2,074,260	—	2,053,839	2,053,839	—
(2) Loans and Bills Discounted	10,565,697			10,090,072		
Allowance for Loan Losses*2	(27,900)			(27,357)		
	10,537,796	10,666,037	128,241	10,062,714	10,181,340	118,625
Total Assets	¥12,619,792	¥12,748,311	¥128,518	¥12,124,473	¥12,243,186	¥118,713
(1) Deposits	12,772,684	12,772,763	(78)	12,316,183	12,316,311	(128)
(2) Negotiable Certificates of Deposit	444,293	444,293	0	531,811	531,811	0
Total Liabilities	¥13,216,977	¥13,217,056	¥ (78)	¥12,847,994	¥12,848,122	¥ (128)
Derivative Transactions*3						
Not Qualifying for Hedge Accounting	3,490	3,490	—	3,605	3,605	—
Qualifying for Hedge Accounting	(13,930)	(13,930)	—	(4,348)	(4,348)	—
Total Derivative Transactions	¥ (10,440)	¥ (10,440)	¥ —	¥ (742)	¥ (742)	¥ —

*1 Unrealized gains (losses) are presented.

*2 General and specific allowance for Loans and bills discounted is deducted here.

*3 Presents derivative transactions included in Trading assets/liabilities as well as those in Other assets/liabilities. Also presents assets or liabilities arising from derivative transactions on a net basis. Net liability positions are presented with brackets [].

(Note i) Methods used for determining the estimated fair value of financial instruments

Assets

(1) Securities

The fair value of stocks is determined based on price quoted by the exchanges. The fair value of bonds is determined based on the Trading Reference Statistical Data published by Japanese Securities Dealers Association or prices provided by financial institutions. The fair value of investment trusts is determined based on the net asset value provided by financial institutions.

The fair value of domestic stocks and domestic investment trusts is based on the average market price during the month preceding the consolidated fiscal year-end. The fair value of privately placed bonds guaranteed by the Bank is determined based on a market interest rate adjusted with projected default rate.

(2) Loans and Bills Discounted

Because a floating-rate loan reflects market interest rate within a short term, its fair value approximates the carrying amount unless the credit-worthiness of the borrower has changed significantly since the loan origination. As such the carrying amount is deemed as the fair value. With respect to fixed rate loans, the fair value is calculated as total of principal and interest discounted at market interest rate adjusted with projected default rate for each category of loans based on type, internal rating and maturity length.

As for short-term loans with maturity of one year or less, the carrying amount is deemed as the fair value since the fair value approximates such carrying amount.

For loans to Bankrupt, Effectively Bankrupt and Potentially Bankrupt Borrowers, Allowance for loan losses is estimated based on present value of expected future cash flows or expected amount to be collected from collaterals and guarantees. Accordingly, the fair value approximates the consolidated balance sheet amount less the allowance, which is then deemed and used as the fair value in the above table.

For loans without a fixed maturity due to loan characteristics such as limiting loans to within the value of collateral, the carrying amount is deemed as the fair value since the fair value is considered to approximate such carrying amount in terms of expected duration and interest rate.

Liabilities

(1) Deposits and (2) Negotiable Certificates of Deposit

For demand deposits, the amount payable on demand as of the consolidated balance sheet date is considered to be the fair value. The fair value of time deposits and negotiable certificates of deposit are calculated as future cash flows discounted by time period. The discount rate used in the calculation is the interest rate that would be applied to newly accepted deposits. For short-term deposits, the carrying amount is deemed as the fair value since the fair value approximates such carrying amount because of the short contract term of one year or less.

Derivative Transactions

See “37. Derivative Transactions.”

(Note ii) The following table summarizes financial instruments whose fair value is extremely difficult to be estimated. These securities are not included in the amount presented under “Assets, (1) Available-for-Sale Securities” in the above table.

	Millions of Yen (Note 1)	
	March 31, 2020	March 31, 2019
	Consolidated Balance Sheet Amount	Consolidated Balance Sheet Amount
(1) Unlisted Stocks ^{(*)1)(*)2)(*)3)}	¥ 5,210	¥ 5,277
(2) Investments in Limited Partnerships, etc. ^{(*)4)(*)5)}	19,473	17,007
Total	¥24,684	¥22,284

*1 Unlisted stocks do not carry quoted market prices. Since it is extremely difficult to estimate the fair value of these securities, the fair value is not disclosed.

*2 An impairment loss of ¥4 million was recorded on these unlisted stocks in the previous fiscal year.

*3 Stocks of non-consolidated subsidiaries and affiliates of ¥8,473 million were not included as of March 31, 2020 (¥7,889 million as of March 31, 2019).

*4 Fair value of investments in limited partnerships, etc., is not disclosed since such partnerships invest in assets, such as unlisted stocks, of which fair value is extremely difficult to be estimated.

*5 Investments in non-consolidated subsidiaries and affiliates of ¥3,432 million were not included as of March 31, 2020 (¥3,115 million as of March 31, 2019).

(Note iii) Redemption schedule of monetary claims and securities with maturities:

	Millions of Yen (Note 1)					
	March 31, 2020					
	Within 1 Year	1-3 Years	3-5 Years	5-7 Years	7-10 Years	Over 10 Years
Securities	¥ 182,565	¥ 419,058	¥ 411,556	¥ 216,804	¥ 239,214	¥ 249,341
Held-to-Maturity Bonds	—	—	6,529	1,088	—	—
Available-for-Sale Securities with Maturities	182,565	419,058	405,026	215,716	239,214	249,341
Government Bonds	18,500	98,000	25,000	15,000	1,000	10,000
Local Government Bonds	42,775	39,816	89,913	99,715	75,014	1,518
Short-Term Corporate Bonds	—	—	—	—	—	—
Corporate Bonds	54,177	100,552	111,072	43,000	19,300	106,851
Loans ^(*)	1,553,232	1,614,613	1,294,797	864,066	1,084,960	3,407,753
Total	¥1,735,797	¥2,033,671	¥1,706,354	¥1,080,871	¥1,324,174	¥3,657,095

* These amounts do not include loans to Bankrupt, Effectively Bankrupt or Potentially Bankrupt Borrowers and other loans of which redemption amount cannot be projected and those which do not have specific maturities, amounting to ¥746,273 million in total.

	Millions of Yen (Note 1)					
	March 31, 2019					
	Within 1 Year	1-3 Years	3-5 Years	5-7 Years	7-10 Years	Over 10 Years
Securities	¥ 251,831	¥ 484,009	¥ 336,953	¥ 265,214	¥ 190,572	¥ 145,628
Held-to-Maturity Bonds	—	—	5,549	2,219	—	—
Available-for-Sale Securities with Maturities	251,831	484,009	331,404	262,994	190,572	145,628
Government Bonds	93,000	112,000	22,500	30,000	—	1,000
Local Government Bonds	41,263	69,612	57,742	106,628	66,742	595
Short-Term Corporate Bonds	—	—	—	—	—	—
Corporate Bonds	42,671	124,094	109,944	63,638	8,540	60,741
Loans ^(*)	1,295,133	1,622,965	1,220,909	847,780	1,042,805	3,251,725
Total	¥1,546,965	¥2,106,975	¥1,557,863	¥1,112,995	¥1,233,377	¥3,397,353

* These amounts do not include loans to Bankrupt, Effectively Bankrupt or Potentially Bankrupt Borrowers and other loans of which redemption amount cannot be projected and those which do not have specific maturities, amounting to ¥808,750 million in total.

(Note iv) Repayment schedule of interest-bearing liabilities:

	Millions of Yen (Note 1)					
	March 31, 2020					
	Within 1 Year	1-3 Years	3-5 Years	5-7 Years	7-10 Years	over 10 Years
Deposits ^(*)	¥12,050,423	¥660,011	¥48,915	¥5,500	¥7,833	¥—
Negotiable Certificates of Deposit	444,213	80	—	—	—	—
Total	¥12,494,636	¥660,091	¥48,915	¥5,500	¥7,833	¥—

* Demand deposits are included in “Within 1 year.”

	Millions of Yen (Note 1)					
	March 31, 2019					
	Within 1 Year	1-3 Years	3-5 Years	5-7 Years	7-10 Years	over 10 Years
Deposits ^(*)	¥11,567,094	¥688,981	¥45,582	¥7,648	¥6,877	¥—
Negotiable Certificates of Deposit	531,731	80	—	—	—	—
Total	¥12,098,825	¥689,061	¥45,582	¥7,648	¥6,877	¥—

* Demand deposits are included in “Within 1 year.”

34. Market Value of Securities

(1) Trading Securities

	Millions of Yen (Note 1)	
	March 31, 2020	March 31, 2019
	Unrealized Gains (Losses) Included in the Consolidated Statement of Income	Unrealized Gains (Losses) Included in the Consolidated Statement of Income
Trading Securities	¥(66)	¥(9)

(2) Marketable Securities Held to Maturity

		Millions of Yen (Note 1)					
		March 31, 2020			March 31, 2019		
		Consolidated balance sheet amount	Fair Value	Difference	Consolidated balance sheet amount	Fair Value	Difference
(a) Securities for which the Fair Value Exceeds the Consolidated Balance Sheet Amount	Bonds:						
	Japanese Government Bonds	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
	Japanese Local Government Bonds	—	—	—	—	—	—
	Japanese Short-Term Corporate Bonds	—	—	—	—	—	—
	Japanese Corporate Bonds	—	—	—	—	—	—
	Other	7,806	8,084	278	8,260	8,348	87
	Foreign Bonds	7,736	8,014	277	7,919	8,007	87
	Subtotal	¥7,806	¥8,084	¥278	¥8,260	¥8,348	¥87
(b) Securities for which the Fair Value Does Not Exceed the Consolidated Balance Sheet Amount	Bonds:						
	Japanese Government Bonds	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
	Japanese Local Government Bonds	—	—	—	—	—	—
	Japanese Short-Term Corporate Bonds	—	—	—	—	—	—
	Japanese Corporate Bonds	—	—	—	—	—	—
	Other	330	330	(0)	641	638	(3)
	Foreign Bonds	—	—	—	—	—	—
	Subtotal	¥ 330	¥ 330	¥ (0)	¥ 641	¥ 638	¥ (3)
	Total	¥8,137	¥8,415	¥277	¥8,902	¥8,986	¥84

(3) Marketable Securities Available for Sale

		Millions of Yen (Note 1)					
		March 31, 2020			March 31, 2019		
		Consolidated balance sheet amount	Acquisition Cost	Difference	Consolidated balance sheet amount	Acquisition Cost	Difference
(a) Securities for which the Fair Value Exceeds the Amortized Acquisition Cost	Stocks	¥ 176,881	¥ 64,032	¥112,849	¥ 226,963	¥ 81,140	¥145,823
	Bonds:	692,545	688,470	4,075	1,010,419	1,002,021	8,398
	Japanese Government Bonds	159,601	157,743	1,858	263,875	260,641	3,234
	Japanese Local Government Bonds	265,674	264,514	1,160	343,265	340,771	2,494
	Japanese Short-Term Corporate Bonds	—	—	—	—	—	—
	Japanese Corporate Bonds	267,269	266,212	1,056	403,278	400,608	2,669
	Other	538,422	512,273	26,149	465,179	445,537	19,642
	Foreign Bonds	320,304	310,651	9,653	269,234	265,242	3,991
	Subtotal	¥1,407,849	¥1,264,776	¥143,073	¥1,702,562	¥1,528,698	¥173,864
(b) Securities for which the Fair Value Does Not Exceed the Amortized Acquisition Cost	Stocks	¥ 24,951	¥ 33,694	¥ (8,742)	¥ 16,278	¥ 19,348	¥ (3,069)
	Bonds:	267,298	268,709	(1,411)	15,572	15,593	(21)
	Japanese Government Bonds	11,334	11,658	(323)	—	—	—
	Japanese Local Government Bonds	86,305	86,519	(213)	4,738	4,739	(1)
	Japanese Short-Term Corporate Bonds	—	—	—	—	—	—
	Japanese Corporate Bonds	169,657	170,532	(874)	10,834	10,854	(20)
	Other	375,248	402,950	(27,701)	322,200	331,234	(9,034)
	Foreign Bonds	187,443	191,870	(4,427)	164,493	166,777	(2,284)
	Subtotal	¥ 667,498	¥ 705,354	¥ (37,855)	¥ 354,052	¥ 366,176	¥ (12,124)
	Total	¥2,075,348	¥1,970,130	¥105,217	¥2,056,615	¥1,894,875	¥161,739

(4) Securities Held to Maturity Sold during the Fiscal Year

None.

(5) Securities Available for Sale Sold during the Fiscal Year

	Millions of Yen (Note 1)					
	March 31, 2020			March 31, 2019		
	Proceeds from Sales	Gain	Loss	Proceeds from Sales	Gain	Loss
Stocks	¥ 6,528	¥4,623	¥ 31	¥ 3,262	¥1,877	¥ —
Bonds:	156,532	1,209	126	175,594	2,532	53
Japanese Government Bonds	95,063	318	105	108,192	1,296	35
Japanese Local Government Bonds	33,963	574	—	64,734	1,224	17
Japanese Short-Term Corporate Bonds	—	—	—	—	—	—
Japanese Corporate Bonds	27,505	316	20	2,668	11	—
Other	158,651	3,066	1,116	68,080	2,223	89
Foreign Bonds	145,384	1,908	487	59,596	504	79
Total	¥321,711	¥8,899	¥1,274	¥246,937	¥6,632	¥142

(6) Securities for which the Holding Purpose Has Been Altered

None.

(7) Impairment Losses on Securities

Marketable securities available for sale are subject to write-downs when the market value or reasonably estimated value of these securities (collectively, "fair value") has declined considerably and it is not probable that the value will recover to the acquisition cost. In such case, any differences between fair value and acquisition cost are recognized as losses for the period. For the current fiscal year, impairment losses was ¥2,174 million (Stocks; ¥1,904 million, Corporate bonds; ¥269 million) (¥102 million (Corporate bonds; ¥90 million, Stocks; ¥12 million) for the previous fiscal year).

"Considerable decline in fair value" is determined based on the classification of issuers in accordance with the internal standards for self-assessment of assets as follows:

Bankrupt, effectively bankrupt and potentially bankrupt

Fair value is lower than acquisition cost.

Requiring caution

Fair value has declined by 30% or more from acquisition cost.

Normal

Fair value has declined by 50% or more from acquisition cost, or fair value has declined by more than 30% but less than 50% from acquisition cost and stayed below a certain level.

Bankrupt issuer means one who has entered into bankruptcy, special liquidation proceedings, corporate rehabilitation, civil rehabilitation or similar legal proceedings or whose notes have been dishonored and suspended from processing through clearing houses.

Effectively bankrupt issuer means one who is not legally or formally bankrupt but regarded as substantially in a similar condition.

Potentially bankrupt issuer means one who is not legally bankrupt but deemed to have high possibility of becoming bankrupt.

Requiring caution issuer means one who is financially weak and under close monitoring conducted by the Bank.

Normal issuer means one who does not belong to the other categories.

35. Money Held in Trust

(1) Money Held in Trust for Trading Purposes

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2020	2019	2020
Consolidated Balance Sheet Amount	¥19,605	¥19,947	\$180,147
Unrealized Gains (Losses) Included in the Consolidated Statement of Income	—	36	—

(2) Money Held in Trust for Other Purposes

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2020	2019	2020
Acquisition Cost	¥9,079	¥8,579	\$83,424
Consolidated Balance Sheet Amount	9,079	8,579	83,424
Valuation Differences	—	—	—
Gains	—	—	—
Losses	—	—	—

36. Valuation Difference on Available-for-Sale Securities

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2020	2019	2020
Valuation Difference	¥105,036	¥161,527	\$965,140
Securities Available for Sale	105,036	161,527	965,140
Other Money Held in Trust	—	—	—
Deferred Tax Liabilities (Assets)	32,233	49,515	296,178
Valuation Difference, Net of Taxes	¥72,803	¥112,012	\$668,962
Net Unrealized Gains on Securities Available for Sale Owned by Subsidiaries, which is Attributable to the Parent	428	436	3,937
Valuation Difference on Available-for-Sale Securities	¥73,231	¥112,448	\$672,900

37. Derivative Transactions

(1) Derivative Transactions to which Hedge Accounting Is Not Applied

With respect to the derivative transactions, contract amount or notional principal, fair value, unrealized gains (losses) and fair value calculation by transaction type as of the consolidated balance sheet date are as follows. Contract amount or notional principal does not necessarily represent market risk of the derivative transaction.

(a) Interest Rate Derivatives

	Millions of Yen (Note 1)			
	March 31, 2020			
	Notional Principal or Contract Amount		Unrealized Gains (Losses)	
	Total	Over 1 Year	Fair Value	
Listed:				
Futures:				
Sold	¥ —	¥ —	¥ —	¥ —
Bought	—	—	—	—
Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Over-the-Counter:				
FRAs:				
Sold	—	—	—	—
Bought	—	—	—	—
Swaps:				
Receive Fixed / Pay Float	1,611,529	1,421,224	27,102	27,102
Receive Float / Pay Fixed	1,526,768	1,334,421	(23,788)	(23,788)
Receive Float / Pay Float	43,550	40,050	6	6
Options:				
Sold	2,060	2,060	(20)	(20)
Bought	—	—	—	—
Other:				
Sold	1,210	620	(2)	(2)
Bought	—	—	—	—
Total	¥ —	¥ —	¥ 3,298	¥ 3,298

1. The above transactions are valued at fair value and the unrealized gains (losses) are included in the consolidated statement of income.
2. The fair value of listed transactions is based on the final price issued by Tokyo Financial Exchange or other exchange. The fair value of OTC transactions is based on the discounted cash flow method, option pricing models, etc.

	Millions of Yen (Note 1)			
	March 31, 2019			
	Notional Principal or Contract Amount		Unrealized Gains (Losses)	
	Total	Over 1 Year	Fair Value	
Listed:				
Futures:				
Sold	¥ —	¥ —	¥ —	¥ —
Bought	—	—	—	—
Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Over-the-Counter:				
FRAs:				
Sold	—	—	—	—
Bought	—	—	—	—
Swaps:				
Receive Fixed / Pay Float	1,469,956	1,327,602	24,625	24,625
Receive Float / Pay Fixed	1,468,905	1,301,455	(21,228)	(21,228)
Receive Float / Pay Float	38,680	29,680	47	47
Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Other:				
Sold	1,675	900	(0)	(0)
Bought	—	—	—	—
Total	¥ —	¥ —	¥ 3,443	¥ 3,443

1. The above transactions are valued at fair value and the unrealized gains (losses) are included in the consolidated statement of income.
2. The fair value of listed transactions is based on the final price issued by Tokyo Financial Exchange or other exchange. The fair value of OTC transactions is based on the discounted cash flow method, option pricing models, etc.

(b) Currency Derivatives

Millions of Yen (Note 1)				
March 31, 2020				
Notional Principal or Contract Amount				
	Total	Over 1 Year	Fair Value	Unrealized Gains (Losses)
Listed:				
Futures:				
Sold	¥ —	¥ —	¥ —	¥ —
Bought	—	—	—	—
Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Over-the-Counter:				
Currency Swaps	382,150	303,327	180	180
Forward Foreign Exchange:				
Sold	14,860	—	(86)	(86)
Bought	9,836	—	49	49
Currency Options:				
Sold	118,287	—	(9,952)	3,349
Bought	118,287	—	9,952	(1,232)
Other:				
Sold	—	—	—	—
Bought	—	—	—	—
Total	¥ —	¥ —	¥ 142	¥ 2,259

1. The above transactions are valued at fair value and the unrealized gains (losses) are included in the consolidated statement of income.
2. The fair value is based on the discounted cash flow method, etc.

Millions of Yen (Note 1)				
March 31, 2019				
Notional Principal or Contract Amount				
	Total	Over 1 Year	Fair Value	Unrealized Gains (Losses)
Listed:				
Futures:				
Sold	¥ —	¥ —	¥ —	¥ —
Bought	—	—	—	—
Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Over-the-Counter:				
Currency Swaps	465,495	314,145	143	143
Forward Foreign Exchange:				
Sold	12,075	—	20	20
Bought	7,887	—	8	8
Currency Options:				
Sold	118,581	—	(11,363)	1,885
Bought	118,581	—	11,363	208
Other:				
Sold	—	—	—	—
Bought	—	—	—	—
Total	¥ —	¥ —	¥ 173	¥ 2,267

1. The above transactions are valued at fair value and the unrealized gains (losses) are included in the consolidated statement of income.
2. The fair value is based on the discounted cash flow method, etc.

(c) Equity Derivatives

None.

(d) Bond Derivatives

Millions of Yen (Note 1)				
March 31, 2020				
Notional Principal or Contract Amount				
	Total	Over 1 Year	Fair Value	Unrealized Gains (Losses)
Listed:				
Futures:				
Sold	¥3,100	¥—	¥49	¥49
Bought	—	—	—	—
Futures Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Over-the-Counter:				
Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Other:				
Sold	—	—	—	—
Bought	—	—	—	—
Total	¥ —	¥ —	¥49	¥49

1. The above transactions are valued at fair value and the unrealized gains (losses) are included in the consolidated statement of income.
2. The fair value of listed transactions is based on the final price issued by Osaka Exchange or other exchange. The fair value of OTC transactions is based on the discounted cash flow method, option pricing models, etc.

Millions of Yen (Note 1)				
March 31, 2019				
Notional Principal or Contract Amount				
	Total	Over 1 Year	Fair Value	Unrealized Gains (Losses)
Listed:				
Futures:				
Sold	¥3,054	¥—	¥(11)	¥(11)
Bought	—	—	—	—
Futures Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Over-the-Counter:				
Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Other:				
Sold	—	—	—	—
Bought	—	—	—	—
Total	¥ —	¥ —	¥(11)	¥(11)

1. The above transactions are valued at fair value and the unrealized gains (losses) are included in the consolidated statement of income.
2. The fair value of listed transactions is based on the final price issued by Osaka Exchange or other exchange. The fair value of OTC transactions is based on the discounted cash flow method, option pricing models, etc.

(e) Commodity Derivatives

None.

(f) Credit Derivatives

None.

(2) Derivative Transactions to which Hedge Accounting Is Applied

With respect to the derivative transactions, contract amount or notional principal, fair value, unrealized gains (losses) and fair value calculation by hedge accounting method as of the consolidated balance sheet date are as follows. Contract amount or notional principal does not necessarily represent market risk of the derivative transaction.

(a) Interest Rate Derivatives

Millions of Yen (Note 1)				
March 31, 2020				
	Hedged item	Notional Principal or Contract Amount		Fair Value
		Total	Over 1 Year	
Principle Method				
Interest Swap	Interest-bearing financial assets and liabilities including loans, available-for-sale debt securities, deposits and negotiable certificates of deposit			
Receive Fixed / Pay Float		¥ —	¥ —	¥ —
Receive Float / Pay Fixed		369,539	341,790	(13,809)
Receive Float / Pay Float		—	—	—
Other		—	—	—
Exceptional Accrual Method				
Interest Swap	Loans			
Receive Fixed / Pay Float		—	—	
Receive Float / Pay Fixed		33,893	26,037	*3
Receive Float / Pay Float		—	—	
Total	—	¥ —	¥ —	¥(13,809)

1. Deferred hedge is primarily applied to the above transactions under the "Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry" (JICPA Industry Audit Committee Report No. 24).

2. The fair value of the above transactions is based on the discounted cash flow method, option pricing models, etc.

3. Since derivative transactions qualifying for the exceptional accrual method are treated as a unit of loans, those fair values are included in fair values of such loans in "33. Financial Instruments."

Millions of Yen (Note 1)				
March 31, 2019				
	Hedged item	Notional Principal or Contract Amount		Fair Value
		Total	Over 1 Year	
Principle Method				
Interest Swap	Interest-bearing financial assets and liabilities including loans, available-for-sale debt securities, deposits and negotiable certificates of deposit			
Receive Fixed / Pay Float		¥ —	¥ —	¥ —
Receive Float / Pay Fixed		316,451	278,922	(3,369)
Receive Float / Pay Float		—	—	—
Other		—	—	—
Exceptional Accrual Method				
Interest Swap	Loans			
Receive Fixed / Pay Float		—	—	
Receive Float / Pay Fixed		34,401	29,400	*3
Receive Float / Pay Float		—	—	
Total	—	¥ —	¥ —	¥(3,369)

1. Deferred hedge is primarily applied to the above transactions under the "Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry" (JICPA Industry Audit Committee Report No. 24).

2. The fair value of the above transactions is based on the discounted cash flow method, option pricing models, etc.

3. Since derivative transactions qualifying for the exceptional accrual method are treated as a unit of loans, those fair values are included in fair values of such loans in "33. Financial Instruments."

(b) Currency Derivatives

Method of hedge accounting : Principle method

Millions of Yen (Note 1)				
March 31, 2020				
	Hedged item	Notional Principal or Contract Amount		Fair Value
		Total	Over 1 Year	
Currency Swap	Foreign currency denominated loans, securities, deposits and foreign exchanges	¥301,524	¥200,718	¥(121)
Total	—	¥ —	¥ —	¥(121)

1. Deferred hedge is primarily applied to the above transactions under the "Treatment for Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in Banking Industry" (JICPA Industry Audit Committee Report No. 25).
2. The fair value is based on the discounted cash flow method, etc.

Millions of Yen (Note 1)				
March 31, 2019				
	Hedged item	Notional Principal or Contract Amount		Fair Value
		Total	Over 1 Year	
Currency Swap	Foreign currency denominated loans, securities, deposits and foreign exchanges	¥215,659	¥126,493	¥(979)
Total	—	¥ —	¥ —	¥(979)

1. Deferred hedge is primarily applied to the above transactions under the "Treatment for Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in Banking Industry" (JICPA Industry Audit Committee Report No. 25).
2. The fair value is based on the discounted cash flow method, etc.

(c) Equity Derivatives

None.

(d) Bond Derivatives

None.

38. Per Share Data

	Yen (Note 1)		U.S. Dollars (Note 1)
	2020	2019	2020
Net Assets per Share of Common Stock	¥1,250.41	¥1,250.05	\$11.49
Profit per Share of Common Stock	63.99	65.30	0.59
Diluted Net Income per Share of Common Stock	63.91	65.23	0.59

I. Basis on Calculating Net Assets per Share

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2020	2019	2020
Total Net Assets	¥929,334	¥952,267	\$8,539,319
Less: Subscription Rights to Shares	514	479	4,731
Consolidated Net Assets Attributable to Common Stock	¥928,819	¥951,787	\$8,534,588

	Number of Shares	
	2020	2019
Number of Shares of Common Stock Used for Calculating Net Assets per Share	742,811,309	761,399,368

II. Basis on calculating Net Income per Share

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2020	2019	2020
Profit Attributable to Owners of Parent	¥48,037	¥50,478	\$441,395
Not Attributable to Common Stock	—	—	—
Profit Attributable to Owners of Parent for Common Stock	¥48,037	¥50,478	\$441,395

	Number of Shares	
	2020	2019
Average Number of Shares of Common Stock (excluding Treasury Shares)	750,592,354	772,954,616

The increased number of shares of common stock for stock options is 960 thousand (882 thousand for the previous fiscal year), which is used for calculating diluted profit per share.

39. Related Party Transactions

There were no significant transactions with related parties to report for the fiscal years ended March 31, 2020 and 2019.

40. Cash Dividends Paid

I. Cash Dividends Paid for the Fiscal Year Ended March 31, 2019

Resolution	Category of Shares	Total Amounts of Cash Dividends Paid Millions of Yen (Note 1)	Cash Dividends per Share Yen (Note 1)	Record Date	Effective Date
Annual General Shareholders Meeting, at June 27, 2018	Common Stock	¥5,857	¥7.50	March 31, 2018	June 28, 2018
Board of Directors, at November 7, 2018	Common Stock	¥6,203	¥8.00	September 30, 2018	December 5, 2018

II. Cash Dividends Paid for the Fiscal Year Ended March 31, 2020

Resolution	Category of Shares	Total Amounts of Cash Dividends Paid Millions of Yen (Note 1)	Cash Dividends per Share Yen (Note 1)	Record Date	Effective Date
Annual General Shareholders Meeting, at June 26, 2019	Common Stock	¥6,091	¥8.00	March 31, 2019	June 27, 2019
Board of Directors, at November 11, 2019	Common Stock	¥5,942	¥8.00	September 30, 2019	December 5, 2019

III. Cash Dividends with the record date in the Fiscal Year Ended March 31, 2020 and the effective date in the Fiscal Year Ending March 31, 2021

Resolution	Category of Shares	Total Amounts of Cash Dividends Paid Millions of Yen (Note 1)	Source of Dividends	Cash Dividends per Share Yen (Note 1)	Record Date	Effective Date
Annual General Shareholders Meeting, at June 26, 2020	Common Stock	¥7,428	Retained Earnings	¥10.00	March 31, 2020	June 29, 2020

41. Stock Options

I. Line Item where Stock Option Expense Is Presented and the Amount

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2020	2019	2020
General and Administrative Expenses	¥165	¥158	\$1,523

II. Stock Option Activity

(1) Outline of Stock Options

		The first subscription rights	The second subscription rights	The third subscription rights	The fourth subscription rights	The fifth subscription rights
Number of Grantees	Directors	9	9	9	9	10
	Executive officers	9	9	9	11	10
Number of Stock Options	Common stock	311,100	343,600	344,700	229,400	243,000
Date of Grant		July 20, 2010	July 20, 2011	July 20, 2012	July 19, 2013	July 18, 2014
Requirement for Determination of Rights		Not fixed	Not fixed	Not fixed	Not fixed	Not fixed
Target Period		Not fixed	Not fixed	Not fixed	Not fixed	Not fixed
Exercise Period		From July 21, 2010 to July 20, 2040	From July 21, 2011 to July 20, 2041	From July 21, 2012 to July 20, 2042	From July 20, 2013 to July 19, 2043	From July 19, 2014 to July 18, 2044

		The sixth subscription rights	The seventh subscription rights	The eighth subscription rights	The ninth subscription rights	The tenth subscription rights
Number of Grantees	Directors	10	10	9	6	6
	Executive officers	10	10	11	14	15
Number of Stock Options	Common stock	180,700	365,400	230,500	231,800	346,000
Date of Grant		July 17, 2015	July 20, 2016	July 20, 2017	July 20, 2018	July 19, 2019
Requirement for Determination of Rights		Not fixed	Not fixed	Not fixed	Not fixed	Not fixed
Target Period		Not fixed	Not fixed	Not fixed	Not fixed	Not fixed
Exercise Period		From July 18, 2015 to July 17, 2045	From July 21, 2016 to July 20, 2046	From July 21, 2017 to July 20, 2047	From July 21, 2018 to July 20, 2048	From July 20, 2019 to July 19, 2049

(2) Size and Situation of Stock Options

(a) Number of Stock Options

	Number of Shares				
	The first subscription rights	The second subscription rights	The third subscription rights	The fourth subscription rights	The fifth subscription rights
Non-vested					
As of March 31, 2019	—	—	—	—	—
Granted	—	—	—	—	—
Forfeited	—	—	—	—	—
Vested	—	—	—	—	—
Outstanding	—	—	—	—	—
Vested					
As of March 31, 2019	54,000	58,000	66,900	40,600	42,800
Vested	—	—	—	—	—
Exercised	12,700	13,800	20,100	12,300	14,100
Forfeited	—	—	—	—	—
Outstanding	41,300	44,200	46,800	28,300	28,700

	Number of Shares				
	The sixth subscription rights	The seventh subscription rights	The eighth subscription rights	The ninth subscription rights	The tenth subscription rights
Non-vested					
As of March 31, 2019	—	—	—	—	—
Granted	—	—	—	—	346,000
Forfeited	—	—	—	—	—
Vested	—	—	—	—	346,000
Outstanding	—	—	—	—	—
Vested					
As of March 31, 2019	51,600	167,700	149,700	231,800	—
Vested	—	—	—	—	346,000
Exercised	17,400	39,600	35,700	49,900	—
Forfeited	—	—	—	—	—
Outstanding	34,200	128,100	114,000	181,900	346,000

(b) Price Information

	Yen (Note 1)				
	The first subscription rights	The second subscription rights	The third subscription rights	The fourth subscription rights	The fifth subscription rights
Exercise Price	1	1	1	1	1
Average Price at Exercise	542	542	542	542	542
Fair Value at Grant Date	467	446	403	686	673

	Yen (Note 1)				
	The sixth subscription rights	The seventh subscription rights	The eighth subscription rights	The ninth subscription rights	The tenth subscription rights
Exercise Price	1	1	1	1	1
Average Price at Exercise	542	542	542	542	—
Fair Value at Grant Date	913	433	721	675	488

III. Estimations Used to Measure Fair Value of Stock Options

(1) Valuation Method

Black-Scholes option pricing model

(2) Main Figures and the Way of Estimation

	The tenth subscription rights
Volatility of Stock Price ^{(*)1}	32.614%
Estimated Remaining Outstanding Period ^{(*)2}	4 years
Estimated Dividend ^{(*)3}	¥16 per share
Risk-Free Interest Rate ^{(*)4}	-0.219%

*1. Volatility of Stock Price is calculated based on the actual stock prices of Estimated Remaining Outstanding Period.

*2. Estimated Remaining Outstanding Period is estimated based on the average administration period of the directors from the past decade.

*3. Estimated Dividend is based on the actual results of the fiscal year ended March 31, 2019.

*4. Risk-Free Interest Rate is based on bonds' yields of the Estimated Remaining Outstanding Period.

IV. Estimated Number of Stock Options to be Vested

The actual number of forfeited stock options alone is reflected because the number of stock options that will be forfeited in the future cannot be readily estimated.

42. Subsequent Events

None.

Independent Auditor's Report

The Board of Directors
The Chiba Bank, Ltd.

Opinion

We have audited the accompanying consolidated financial statements of The Chiba Bank, Ltd. and its consolidated subsidiaries (the Group), which comprise the consolidated balance sheet as at March 31, 2020, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management, the Corporate Auditor and the Board of Corporate Auditors for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Corporate Auditor and the Board of Corporate Auditors are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Corporate Auditor and the Board of Corporate Auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Corporate Auditor and the Board of Corporate Auditors with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2020 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

Ernst & Young ShinNihon LLC
Tokyo, Japan

June 22, 2020

/s/Noboru Miura

Noboru Miura
Designated Engagement Partner
Certified Public Accountant

/s/Nobuko Kubo

Nobuko Kubo
Designated Engagement Partner
Certified Public Accountant

/s/Norio Hashiba

Norio Hashiba
Designated Engagement Partner
Certified Public Accountant

Non-Consolidated Balance Sheet (Unaudited)

The Chiba Bank, Ltd.
As of March 31, 2020

	Millions of Yen*1		Thousands of U.S. Dollars*2
	2020	2019	2020
Assets			
Cash and Due from Banks	¥ 1,923,761	¥ 2,063,517	\$ 17,676,760
Call Loans	152,307	109,047	1,399,500
Receivables under Resale Agreements	19,999	14,999	183,772
Monetary Claims Bought	10,650	10,981	97,860
Trading Assets	412,833	188,088	3,793,380
Money Held in Trust	21,684	22,026	199,250
Securities	2,103,737	2,082,715	19,330,493
Loans and Bills Discounted	10,616,525	10,136,875	97,551,462
Foreign Exchanges	6,394	3,829	58,754
Other Assets	122,124	123,001	1,122,156
Tangible Fixed Assets	110,990	101,861	1,019,851
Intangible Fixed Assets	14,377	12,726	132,105
Prepaid Pension Cost	7,284	1,558	66,931
Customers' Liabilities for Acceptances and Guarantees	37,204	41,689	341,860
Allowance for Loan Losses	(22,815)	(21,316)	(209,642)
Total Assets	¥15,537,059	¥14,891,602	\$142,764,493
Liabilities			
Deposits	¥13,285,206	¥12,915,232	\$122,073,019
Call Money	220,000	170,000	2,021,501
Payables under Repurchase Agreements	30,657	29,404	281,704
Payables under Securities Lending Transactions	287,159	213,345	2,638,608
Trading Liabilities	25,641	22,216	235,614
Borrowed Money	521,711	373,960	4,793,819
Foreign Exchanges	834	727	7,668
Bonds Payable	115,229	116,578	1,058,802
Borrowed money from trust account	2,790	2,383	25,641
Other Liabilities	130,781	83,597	1,201,707
Provision for Reimbursement of Deposits	1,692	2,377	15,552
Provision for Point Loyalty Programs	278	246	2,555
Deferred Tax Liabilities	2,316	22,330	21,283
Deferred Tax Liabilities for Land Revaluation	10,511	10,850	96,591
Acceptances and Guarantees	37,204	41,689	341,860
Total Liabilities	¥14,672,016	¥14,004,943	\$134,815,923
Net Assets			
Capital Stock	¥ 145,069	¥ 145,069	\$ 1,332,988
Capital Surplus	122,134	122,134	1,122,247
Retained Earnings	580,928	563,190	5,337,948
Legal Retained Earnings	50,930	50,930	467,979
Other Retained Earnings	529,998	512,259	4,869,969
Treasury Shares	(49,194)	(56,260)	(452,028)
Total Shareholders' Equity	798,937	774,132	7,341,155
Valuation Difference on Available-for-Sale Securities	64,068	103,225	588,704
Deferred Gains or Losses on Hedges	(8,504)	(1,976)	(78,143)
Revaluation Reserve for Land	10,025	10,798	92,123
Total Valuation and Translation Adjustments	65,590	112,046	602,683
Subscription Rights to Shares	514	479	4,731
Total Net Assets	¥ 865,042	¥ 886,658	\$ 7,948,570
Total Liabilities and Net Assets	¥15,537,059	¥14,891,602	\$142,764,493

*1 Japanese yen amounts are presented in millions of yen by rounding down figures below one million. As a result, the totals in Japanese yen in the non-consolidated financial statements do not necessarily agree with the sums of individual amounts.

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Non-Consolidated Statement of Income (Unaudited)

The Chiba Bank, Ltd.
For the year ended March 31, 2020

	Millions of Yen*1		Thousands of U.S. Dollars*2
	2020	2019	2020
Income			
Interest Income:			
Interest on Loans and Discounts	¥111,440	¥112,600	\$1,023,991
Interest and Dividends on Securities	34,370	31,770	315,822
Other Interest Income	1,998	3,341	18,361
Trust Fees	8	23	80
Fees and Commissions	43,235	42,830	397,271
Trading Income	1,812	1,701	16,655
Other Ordinary Income	6,548	6,601	60,173
Other Income	12,855	11,353	118,128
Total Income	¥212,270	¥210,223	\$1,950,481
Expenses			
Interest Expenses:			
Interest on Deposits	¥ 11,385	¥ 13,088	\$ 104,618
Interest on Borrowings and Rediscounts	2,250	2,801	20,681
Other Interest Expenses	10,496	9,220	96,453
Fees and Commissions Payments	20,601	20,421	189,299
Trading Expenses	10	527	96
Other Ordinary Expenses	1,952	581	17,940
General and Administrative Expenses	82,560	82,995	758,620
Other Expenses	18,982	13,772	174,422
Total Expenses	¥148,240	¥143,409	\$1,362,129
Profit before Income Taxes	64,030	66,813	588,352
Income Taxes—Current	18,318	20,321	168,319
Income Taxes—Deferred	(225)	(1,514)	(2,069)
Profit	¥ 45,937	¥ 48,006	\$ 422,102

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Supplementary Information (Unaudited)

The Chiba Bank, Ltd. and Consolidated Subsidiaries
As of March 31, 2020

Consolidated Capital Ratio (BIS Guidelines)

	Millions of Yen*1		Thousands of U.S. Dollars*2
	2020	2019	2020
Common Equity Tier 1 Capital: Instruments and Reserves	¥ 921,906	¥ 946,176	\$ 8,471,065
Capital Stock and Capital Surplus	267,203	267,203	2,455,235
Retained Earnings	641,387	621,548	5,893,477
Treasury Shares	49,194	56,260	452,028
Cash Dividends to be Paid	7,428	6,091	68,254
Subscription Rights to Shares	514	479	4,731
Accumulated Other Comprehensive Income and Other Disclosed Reserves	69,423	119,296	637,904
Common Equity Tier 1 Capital: Regulatory Adjustments	34,240	37,298	314,625
Total Intangible Assets (Excluding Those Relating to Mortgage Servicing Rights)	10,137	8,941	93,152
Deferred Gains or Losses on Derivatives under Hedge Accounting	(321)	(734)	(2,955)
Shortfall of Eligible Provisions to Expected Losses	23,865	29,011	219,292
Securitization Gain on Sale	34	39	320
Net Defined Benefit Asset	490	—	4,508
Investments in Own Shares (Excluding Those Reported in the Net Assets Section)	33	40	309
Total Common Equity Tier 1 Capital	¥ 887,665	¥ 908,877	\$ 8,156,440
Additional Tier 1 Capital: Instruments	—	—	—
Additional Tier 1 Capital: Regulatory Adjustments	—	—	—
Total Additional Tier 1 Capital	—	—	—
Total Tier 1 Capital	¥ 887,665	¥ 908,877	\$ 8,156,440
Tier 2 Capital: Instruments and Provisions	¥ 46,636	¥ 50,124	\$ 428,527
Directly Issued Qualifying Tier 2 Instruments plus Related Capital Surplus of which: Classified as Liabilities under Applicable Accounting Standards	46,469	50,000	426,993
General Allowance for Loan Losses and Eligible Provisions	166	124	1,534
Tier 2 Capital: Regulatory Adjustments	—	—	—
Total Tier 2 Capital	¥ 46,636	¥ 50,124	\$ 428,527
Total Capital	¥ 934,301	¥ 959,002	\$ 8,584,967
Risk-Weighted Assets:			
Total Risk-Weighted Assets*	¥7,705,542	¥7,587,772	\$70,803,474
Total Required Capital*	¥ 616,443	¥ 607,021	\$ 5,664,278
Capital Ratios:			
Common Equity Tier 1 Capital Ratio	11.51%	11.97%	11.51%
Tier 1 Capital Ratio	11.51%	11.97%	11.51%
Total Capital Ratio	12.12%	12.63%	12.12%

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*3 The following approaches were adopted to calculate Total Risk-Weighted Assets.

Credit Risk: Foundation Internal Ratings-Based Approach

Operational Risk: Standardized Approach

*4 Total Required Capital is calculated by multiplying Total Risk-Weighted Assets by 8%.

Consolidated Leverage Ratio

	Millions of Yen*1		Thousands of U.S. Dollars*2
	2020	2019	2020
On-Balance Sheet Exposures			
On-Balance Sheet Exposures before Adjustments	¥15,501,329	¥14,858,214	\$142,436,183
Total Assets Reported in the Consolidated Balance Sheet	15,609,936	14,964,129	143,434,131
The Amount of Assets that Are Deducted from the Total Assets Reported in the Consolidated Balance Sheet (except Adjustment Items)	(108,606)	(105,914)	(997,948)
The Amount of Adjustments to Tier 1 Capital	(34,527)	(37,993)	(317,261)
Total On-Balance Sheet Exposures	¥15,466,802	¥14,820,221	\$142,118,922
Derivative Exposures			
Replacement Cost Multiplied by 1.4 Associated with Derivatives Transactions	19,065	20,784	175,187
Potential Future Exposure Multiplied by 1.4 Associated with Derivatives Transactions	17,851	18,221	164,036
The Amount of Deductions of Receivables (Out of Those Arising from Providing Cash Variation Margin)	(17,515)	(12,010)	(160,940)
Total Derivative Exposures	¥ 19,402	¥ 26,994	\$ 178,283
Securities Financing Transaction (SFT) Exposures			
The Amount of SFT Assets	¥ 19,999	¥ 14,999	\$ 183,772
The Exposures for Counter-Party Credit Risk for SFTs	9,504	2,549	87,333
Total SFT Exposures	¥ 29,504	¥ 17,549	\$ 271,105
Off-Balance Sheet Exposures			
Notional Amount of Off-Balance Sheet Exposures	¥ 3,371,918	¥ 3,318,610	\$ 30,983,357
The Amount of Adjustments for Conversion in Relation to Off-Balance Sheets	(2,871,385)	(2,827,074)	(26,384,138)
Total Off-Balance Sheet Exposures	¥ 500,532	¥ 491,535	\$ 4,599,218
Tier 1 Capital	¥ 887,665	¥ 908,877	\$ 8,156,440
Total Exposures	¥16,016,242	¥15,356,300	\$147,167,528
Leverage Ratio	5.54%	5.91%	5.54%

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Loans and Bills Discounted, Borrower Classification by Industry (Consolidated)

Millions of Yen (Note 1)

	March 31, 2020	
	Outstanding Balance	Composition
Domestic Operations		
Manufacturing	¥ 685,222	6.64%
Agriculture and Forestry	16,344	0.16%
Fishery	1,403	0.01%
Mining, Quarrying and Gravel	17,330	0.17%
Construction	338,859	3.28%
Electricity, Gas, Heat Supply and Water	87,125	0.84%
Information and Communications	48,361	0.47%
Transport and Postal Service	258,658	2.50%
Wholesale and Retail Trade	759,496	7.36%
Finance and Insurance	379,519	3.68%
Real Estate and Leasing	2,913,886	28.22%
Services	630,202	6.10%
Government and Local Public Sector	394,425	3.82%
Others (Mainly Consumer Loans)	3,794,551	36.75%
Total	¥10,325,386	100.00%
Overseas operations and JOM Account	¥ 240,310	—

Millions of Yen (Note 1)

	March 31, 2019	
	Outstanding Balance	Composition
Domestic Operations		
Manufacturing	¥ 693,396	7.04%
Agriculture and Forestry	14,155	0.14%
Fishery	1,565	0.02%
Mining, Quarrying and Gravel	18,421	0.19%
Construction	324,475	3.29%
Electricity, Gas, Heat Supply and Water	78,012	0.79%
Information and Communications	64,054	0.65%
Transport and Postal Service	257,543	2.61%
Wholesale and Retail Trade	734,978	7.46%
Finance and Insurance	405,563	4.11%
Real Estate and Leasing	2,761,164	28.01%
Services	599,649	6.08%
Government and Local Public Sector	199,829	2.03%
Others (Mainly Consumer Loans)	3,704,354	37.58%
Total	¥9,857,165	100.00%
Overseas operations and JOM Account	¥ 232,906	—