1. Basis of Financial Statements

(a) Basis of presenting consolidated financial statements

The accompanying consolidated financial statements of The Hyakugo Bank, Ltd. (the "Bank") and its consolidated subsidiaries (together with the Bank, the "Hyakugo Bank Group") have been prepared on the basis of accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements from the International Financial Reporting Standards ("IFRS"). The consolidated financial statements have been compiled from the original Japanese consolidated financial statements, prepared by the Bank as required by the Financial Instruments and Exchange Act of Japan and submitted to the Director of Kanto Finance Bureau of Japan.

In preparing these consolidated financial statements, certain reclassifications and rearrangements were made to the original Japanese consolidated financial statements in order to present them in a form that would be more familiar to readers outside Japan. In addition, certain reclassifications have been made in the financial statements for the year ended March 31, 2018 to conform to the classifications used in the financial statements for the year ended March 31, 2019.

The amounts in Japanese yen are presented in millions of yen, rounded down to the nearest million in accordance with legal provisions. Accordingly, the total yen amounts may not be equal to the sum of the individual account balances.

(b) U.S. dollar amounts

The Hyakugo Bank Group maintains its accounting records in Japanese yen. The U.S. dollar amounts included in the accompanying consolidated financial statements and notes thereto represent the conversion of Japanese yen amounts to U.S. dollar amounts using the exchange rate at March 31, 2019, which was ¥110.99 to U.S. $1.00. The inclusion of the dollar amounts is solely for the convenience of the readers and is not intended to imply that the assets and liabilities originated in yen have been, could have been or could in the future be readily converted, realized or settled in dollars at such or any other rate of exchange.

2. Summary of Significant Accounting Policies

(a) Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Bank and its 10 significant subsidiaries at March 31, 2019 and 2018. These consolidated subsidiaries primarily engage in providing a wide range of financial services to customers. Under the control concept, companies over which the Bank, directly or indirectly, exercises control in regards to operations are fully consolidated. The consolidated financial statements do not include the accounts of 3 subsidiaries at March 31, 2019 and 2018, because the total assets, total income, net income and retained earnings of such subsidiaries did not have any material impact on the consolidated financial statements. There were no affiliates over which the Bank had significant influence. All intercompany transactions and accounts have been eliminated.

(b) Cash and cash equivalents

For the purpose of the consolidated statements of cash flows, cash and cash equivalents consisted of cash and due from The Bank of Japan as follows.

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Cash and due from banks	¥ 904,975	¥ 611,452	$ 8,153,667
Less due from banks other than The Bank of Japan	(2,397)	(2,595)	(21,600)
Cash and cash equivalents	¥ 902,578	¥ 608,857	$ 8,132,067

(c) Trading account securities

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

(d) Securities

Debt securities for which the Hyakugo Bank Group has both a positive intent and the ability to hold to maturity are classified as held-to-maturity securities and are stated at amortized cost. Marketable securities other than those classified as trading or held-to-maturity securities are carried at fair value as available-for-sale securities, and net unrealized gains or losses reported as valuation difference on available-for-sale securities, net of applicable income taxes, are reported as accumulated other comprehensive income. Available-for-sale securities that are nonmarketable are stated at moving average cost. The carrying values of individual investment securities are reduced, if necessary, through write-downs to reflect other-than-temporary impairments in value. Gains and losses on the disposal of investment securities are computed principally using the moving average method.

Accrued interest on securities is included in "other assets." Funds entrusted to trust banks as securities for the Bank (included in "money held in trust") are stated using the method applicable to marketable securities described above.

(e) Derivatives and hedge accounting

The Hyakugo Bank Group uses swaps, forwards, options and other types of derivative contracts. These derivative instruments are used for the following purposes: to meet the customers' needs for risk management; to manage the Hyakugo Bank Group's assets and liabilities; and to generate income. Derivatives are recorded at fair value if hedge accounting is not appropriate or when there is no hedge designation. Gains or losses on derivatives are recognized in current earnings.

In connection with interest rate risks arising from financial assets and liabilities, the Bank applies the deferral method of hedge accounting as prescribed in the Industry Audit Committee Report No. 24, entitled the "Accounting and Auditing Treatment of Accounting Standards for Financial Instruments in Banking Industry" issued by the Japanese Institute of Certified Public Accountants ("JICPA") on February 13, 2002. The effectiveness of a fair value hedge in offsetting movements in the fair value of hedged items due to changes in interest rates is assessed by classifying the hedged items, such as deposits, loans and similar instruments, and the corresponding hedging instruments, such as interest rate swaps and the like, and grouping those with similar risk characteristics in a maturity bucket. In addition, the effectiveness of a cash flow hedge is assessed by verifying the correlation between the base interest rate index of the hedged cash flow and that of the hedging instrument.

In addition, the Bank applies the portfolio hedge method or the exceptional treatment permitted for interest rate swaps to certain assets and liabilities. The Bank's consolidated subsidiaries also apply methods similar to those of the Bank for hedge accounting.

The Bank also applies the deferral method to account for hedges of foreign exchange risks associated with various foreign currency denominated monetary assets and liabilities in accordance with the standard treatment under JICPA's Industry Audit Committee Report No. 25 of July 29, 2002, entitled the "Treatment of Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in Banking Industry." The effectiveness of currency swap transactions, exchange swap transactions and similar transactions hedging the foreign exchange risks of monetary assets and liabilities denominated in foreign currencies is assessed based on a comparison of the foreign currency position of the hedged monetary assets and liabilities to that of the corresponding hedging instruments.

(f) Loans and bills discounted and allowance for loan losses

Loans and bills discounted are stated at the amount of the unpaid principal. Unearned interest and discounts are recorded as liabilities and recognized as income over the term of the loan or bill.

An allowance for loan losses of the Bank is established to cover future credit losses in accordance with internal rules on self-assessment of asset quality and provision of allowances for possible loan losses. Loans written off are charged to either allowance for loan losses or current income. The recovery of loans written off is recorded as other income.

The allowance is made based on the Bank's internal rules on establishing allowances for possible loan losses. For claims against borrowers in legal bankruptcy ("Bankrupt Borrowers") and virtual bankruptcy ("Virtually Bankrupt Borrowers"), an allowance is provided based on the amounts of the claims, net of the amounts expected to be collected through the disposal of collateral or execution of guarantees. For claims against borrowers having the possibility of bankruptcy ("Potentially Bankrupt Borrowers"), an allowance is provided based on an overall solvency assessment performed for the amounts of the claims, net of the amounts expected to be collected through the disposal of collateral or execution of guarantees. For claims against other borrowers, an allowance is provided based on the historical loan loss experience of the Bank for a certain past period. All claims are assessed by the Bank's operating divisions based on the Bank's internal rules on self-assessment of asset quality. The Bank's inspection division, which is independent from the Bank's operating divisions, conducts audits of such assessments, and an allowance is provided based on such audit results.

The Bank's consolidated subsidiaries provide allowances for loan losses on a similar basis.

(g) Tangible fixed assets and depreciation

Except for lease assets, tangible fixed assets are stated at cost, less accumulated depreciation, computed using the straight-line method over the following range of estimated useful lives of such assets.

Buildings	15 years to 50 years
Others	4 years to 15 years

(h) Intangible fixed assets

Intangible fixed assets, except for lease assets, are amortized using the straight-line method. Costs of computer software developed or obtained for internal use are deferred and amortized on a straight-line basis over the estimated useful life of five years.

(i) Leases

Prior to April 1, 2008, the Hyakugo Bank Group had accounted for finance leases that do not transfer ownership of the leased property to the lessee ("Non-transferrable Finance Leases") as operating lease transactions in accordance with the "Opinion Concerning Accounting Standards for Leases" issued by the Business Accounting Council of Japan ("BACJ") in June 1993, on the condition that certain "as if capitalized" information of lessees or "as if sold" information of lessors was disclosed in the notes to financial statements. On March 30, 2007, the Accounting Standards Board of Japan ("ASBJ") issued ASBJ Statement No. 13, entitled the "Accounting Standard for Lease Transactions," which revised the previous accounting standard for lease transactions issued in June 1993. Under the revised accounting standard, lessees are required to capitalize all finance leases and recognize lease assets and lease obligations in the balance sheets. In addition, the revised accounting standard requires lessors to recognize all finance leases that transfer ownership of the leased property to the lessee ("Transferable Finance Leases") as lease receivables and all Non-transferrable Finance Leases as lease investment assets.

The Hyakugo Bank Group has adopted the revised accounting standard for lease transactions effective from April 1, 2008. In accordance with the revised accounting standard, the Hyakugo Bank Group has accounted for Non-transferrable Finance Leases that commenced prior to April 1, 2008 in the following manner. For leases under which a Hyakugo Bank Group company is a lessor, the applicable leased property has been stated at initial book value, less accumulated depreciation, as of April 1, 2008, and accounted for as lease investment assets pursuant to Paragraph 81 of ASBJ Guidance No. 16, entitled the "Implementation Guidance on Accounting Standard for Lease Transactions," issued by ASBJ on March 30, 2007. The difference between income before income taxes when Paragraph 80 of ASBJ Guidance was applied and when Paragraph 81 of ASBJ Guidance was applied was immaterial.

As lessor, revenue from finance lease transactions and related costs are recognized when the lease payments are received. As lessee, lease assets under Non-transferrable Finance Leases recorded in "tangible fixed assets" or "intangible fixed assets" are depreciated using the straight-line method over the term of the lease, with a predetermined residual value of zero or as stated in the applicable lease contract.

(j) Foreign currency translation

Assets and liabilities denominated in foreign currencies are translated into Japanese yen at the exchange rates prevailing at the fiscal year-end. Revenues and expenses are translated at the exchange rates prevailing on the applicable transaction dates. Foreign exchange gains and losses resulting from such transactions are included in the determination of net income.

(k) Provision for bonuses

The consolidated subsidiaries provide provisions for bonuses based on the estimated amounts of future payments to employees attributable to the current year.

(l) Provision for directors' retirement benefits

Provisions for directors' retirement benefits of the consolidated subsidiaries are provided for payment of retirement benefits to directors and corporate auditors in the amounts deemed accrued at the fiscal year-end based on internal regulations.

(m) Provision for reimbursement of deposits

A provision for reimbursement of deposits, which had been derecognized from liabilities under certain conditions, is provided for possible losses on future claims of withdrawal based on the historical reimbursement experience.

(n) Provision for point card certificates

A provision for point card certificates is recorded for future use of point card certificates by the members in the amount rationally estimated and deemed necessary.

(o) Provision for contingent loss

A provision for contingent loss is provided for contingent liabilities not covered by other provisions in the amount deemed necessary based on future estimated losses.

(p) Reserves under special laws

Reserves under special laws are reserves for contingent liabilities and are provided for compensation for losses from securities-related transactions pursuant to Article 46-5-1 of the Financial Instruments and Exchange Act of Japan and Article 175 of the Cabinet Ordinance on Financial Instruments Business.

(q) Employee retirement benefits

Employees who terminate their services with the Hyakugo Bank Group are entitled to retirement benefits, of which the amount is generally determined based on the current basic rate of pay, length of service and conditions under which the termination has occurred.

In accordance with the accounting standard for employee retirement benefits, the Hyakugo Bank Group has principally recognized retirement benefits based on the actuarial present value of the retirement benefit obligations using the actuarial appraisal approach and the fair value of pension plan assets available for benefits at the respective fiscal year-end. In calculating retirement benefit obligations, the Hyakugo Bank Group adopts the method of attributing expected retirement benefits to periods on a benefit formula basis. Consolidated subsidiaries use the simplified method to calculate the amounts required to be paid as retirement benefits if such benefits for all the employees retired voluntarily at the fiscal year end are regarded as retirement benefit obligations.

Past service cost that is yet to be recognized is amortized on a straight-line basis over a fixed period of 3 years, which is within the average remaining service years of the employees, measured from the year in which such cost arises. Actuarial differences arising from changes in the retirement benefit obligations or pension plan assets not anticipated under previous assumptions or from changes in the assumptions themselves that are yet to be recognized are amortized on a straight-line basis over a fixed period of 10 years, which is within the average remaining service years of the employees, measured from the year following the year in which such differences arise. Actuarial differences and past service cost that are yet to be recognized in profit or loss have been recognized as retirement benefit adjustments under a component of accumulated other comprehensive income within the net assets section, after adjusting for tax effects, and the difference between retirement benefit obligations and plan assets has been recognized as asset or liability for employee retirement benefits, without any adjustments, in the accompanying consolidated balance sheets.

In addition, in order to provide for payments of retirement bonuses to executive officers of the Bank, the amount considered to be incurred up to the end of the year ended March 31, 2019 was recorded in "Liability for employee retirement benefits" on the consolidated balance sheet out of the estimated amount of retirement bonuses to be paid to the executive officers.

(r) Income taxes

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

(s) Appropriation of retained earnings

Cash dividends are recorded in the fiscal year when a proposed appropriation of retained earnings is approved by the board of directors and/or shareholders.

(t) Per share data

Net income per share is computed by dividing income available to common shareholders by the weighted average number of shares of common stock outstanding during the respective years. Diluted net income per share is calculated to reflect the potential dilution assuming that all stock options are exercised at the time of issue, unless such options are anti-dilutive.

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

(u) New accounting standard not yet adopted

On March 30, 2018, the ASBJ issued ASBJ Statement No. 29, “Accounting Standard for Revenue Recognition,” and ASBJ Guidance No. 30, “Implementation Guidance on Accounting Standard for Revenue Recognition.” The new standard and guidance provide comprehensive principles for revenue recognition to Japanese GAAP in order to converge with IFRS 15, “Revenues from Contracts with Customers” and require an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity should recognize revenue in accordance with that principle by applying the following 5 steps:

Step 1: Identify the contract with a customers
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognize revenue when (or as) the entity satisfies the performance obligation

The Hyakugo Bank Group expects to apply the standard and guidance effective from the beginning of the fiscal year ending March 31, 2022 and is in the process of measuring the effects of applying the new standard and guidance on the consolidated financial statements.

(v) Change in presentation

Dividend income from group credit life insurance, etc., contracted by the Bank had previously been recorded in “Other income,” but the Bank reviewed the presentation method taking the opportunity of the changes in contracts regarding the payment of insurance premiums and the receipt of dividends and the trend of increasing dividend income. As a result of our examination of the relation between insurance premiums paid and dividend income, the Bank determined that it was more appropriate to record the net amount of the insurance premiums less dividend income as expenses, from the viewpoint of proper presentation of insurance premiums that shall be borne by the Bank. Accordingly, main dividend income has been recorded in “Fees and commissions (Expenses)” and “General and administrative expenses” from the year ended March 31, 2019.

The consolidated financial statements for the year ended March 31, 2018 have been retrospectively reclassified in order to reflect this change. As a result, “Other income” of ¥6,723 million, “Fees and commissions (Expenses)” of ¥4,487 million and “General and administrative expenses” of ¥45,041 million presented in the previous consolidated statement of income for the year ended March 31, 2018 are presented as “Other income” of ¥5,911 million, “Fees and Commissions (Expenses)” of ¥3,705 million and “General and administrative expenses” of ¥45,013 million in the consolidated statement of income for the year ended March 31, 2018.

3. Financial Instruments and Related Disclosures

Outline of financial instruments

(1) Policy for financial instruments

The Hyakugo Bank Group is engaged in financial service operations centered on banking operations. In addition to investing funds in loans, securities and monetary claims bought for the main purpose of earning interest income, the Bank also operates, within defined limits, securities and money held in trust for the purpose of earning income from price fluctuations. Furthermore, in order to enhance liquidity of assets, the Bank also maintains cash deposits and invests funds in call loans and others in short-term markets. These investments are funded almost exclusively through deposits and negotiable certificates of deposit, while from an asset and liability management (ALM) perspective, other sources of funding are used as necessary, including call money and borrowings.

Moreover, the Bank uses derivative transactions in order to meet the customers' risk hedging needs and to make use of the Bank's own ALM. Within defined limits, the Bank also engages in derivative transactions for the purpose of earning income from trading derivatives.

The consolidated subsidiaries of the Bank include companies that engage in securities operations, credit card operations and leasing operations. Each of these companies holds various financial assets, such as lease receivables and investment assets, installment receivables, member accounts receivable and cash deposits. Certain consolidated subsidiaries use borrowed money to raise funds.

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

The financial assets held by the Hyakugo Bank Group mainly comprise loans to corporations and individuals located in the Bank's business area, as well as securities, including domestic and foreign bonds and stocks. With regard to bonds, the Bank holds Japanese government bonds, local government bonds and bonds issued by highly creditworthy issuers, such as financial institutions, business entities and foreign governments, as well as securitized products comprising receivable-or real-estate-backed assets. In terms of monetary claims bought, the Bank maintains lease receivables and investment assets related to the business of holding trust beneficiary rights and monetary claims purchased from customers in relation to the integrated factoring system. Monetary claims bought are exposed to credit risk of the borrowers and the issuers. Of such monetary claims bought, fixed interest rate items are exposed to the risk of fluctuation in actual value due to interest rate fluctuations while marketable securities are exposed to the risk of fluctuation in market value.

The majority of financial liabilities comprise deposits and negotiable certificates of deposit, the majority of which in turn are received from customers located in the Bank's business area. A high proportion of financial liabilities consist of short-term deposits, such as liquid deposits with no defined maturity and fixed deposits maturing within one year. Call money and other short-term fund raising sources are primarily used for adjusting yen- and foreign currency-denominated capital positions.

When comprehensively considering financial assets and liabilities, there is risk of losses due to changes in the actual value or capital margins from fluctuations in interest rates or foreign currency exchange rates as a result of differences in interest rate renewal dates, fund settlement dates or transaction currencies between assets and liabilities. Furthermore, should circumstances significantly impair the short-term liquidity of assets, there is risk that the Bank would be forced to raise additional funds that are costly or dispose of assets at lower than expected prices or the like in order to cover the shortfall.

With regard to derivative transactions, interest-related derivatives primarily comprise interest rate swaps, and currency-related derivative transactions primarily involve currency swaps and foreign exchange forwards. The majority of these derivatives are used primarily to hedge the Bank's own market risk or that of customers. Stock futures, bond futures, over-the-counter bond options and credit derivatives are used to earn income from trading activities or to hedge risks. In terms of risks arising from transactions, both market and credit risks are limited because the great majority of the transactions are for the purpose of hedging or are covered transactions and all counterparties are highly creditworthy financial institutions or corporations. The Bank does not enter into any high-risk transactions in which the rate of change in fair value corresponding to the price fluctuation of the object is very high.

During the years ended March 31, 2019 and 2018, the hedged items accounted for using hedge accounting consisted of debt securities, loans and bills discounted, call loans and borrowed money and hedging instruments consisted of interest rate swaps, foreign currency swaps and foreign exchange swaps. The Bank determines whether to revise its hedging policy every month, in addition to determining the hedged items, hedging instruments and hedging ratios semi-annually. Consolidated subsidiaries also set the above policies on occasion. Hedge effectiveness is assessed using the methods provided in JICPA's Accounting System Committee Report No. 14, entitled the "Practical Guidance concerning Accounting for Financial Instruments."

(3) Risk management for financial instruments

i. Credit risk management

In order to avoid large-scale losses resulting from materialization of credit risk, the Hyakugo Bank Group adheres to the basic policy of maintaining the soundness of overall assets by controlling credit risk to within an acceptable scope compared to shareholders' equity. To this end, the Hyakugo Bank Group has prepared various rules and organizational structures on which it bases its credit risk management.

The Bank has established a system in which the ALM Risk Management Committee of each Hyakugo Bank Group company comprehensively gauges, evaluates and monitors the status of various risks, including credit risks, and considers policies and response measures related to risk management on a monthly basis. In addition, the Bank uses Value at Risk (VaR) to measure credit risk in a manner that includes credit concentration risk, which is not included in the calculation of the capital adequacy ratio, based on the framework for integrated risk management. By managing risk within specified limits, the Bank aims to take on appropriate risks and secure stable earnings.

In managing credit risk, the loan screening divisions independent of the sales promotion divisions review and manage loans, and the market risk management department (middle office) manages the same on a day-to-day basis. The Bank has also established a credit risk management department within the risk management division, which is independent from other divisions, thus ensuring a system of mutual checks and balances.

In addition, the Bank has prepared a credit rating system to evaluate credit risk for each borrower and implement comprehensive measures. Credit ratings are used to formulate finance loan policies and to set loan interest rates. The Hyakugo Bank Credit Policy stipulates a basic policy regarding finance loans in managing credit portfolios. Under such policy, the Bank ensures that investments are not concentrated to only certain companies or corporate groups while also striving to ascertain and monitor the status of credits by such categories as based on the industry, region, credit rating and level of borrowing and to distribute credits appropriately across such categories.

With regard to loan recipients who are facing difficulties due to worsening business conditions or other reasons, the Bank gauges and monitors the management status appropriately, and implements guidance on formulating restructuring plans and collecting receivables as needed.

The Bank prepares various rules and manages market risk of each of its consolidated subsidiaries and manages credit risk of the entire Hyakugo Bank Group through its credit risk management department. Furthermore, the Hyakugo Bank Group comprehensively gauges, evaluates and monitors the status of various risk types, including credit risk, through the Risk Management Committee established at each subsidiary.

ii. Market risk management

The Hyakugo Bank Group works to accurately gauge and evaluate the impact of market fluctuation on its business and to conduct appropriate portfolio management by continuously limiting risk to appropriate levels in light of the strength of management and preparing various rules and organizational systems to manage market risk under the basic policy of securing stable revenues.

The Bank has established a system in which the ALM Risk Management Committee of each Hyakugo Bank Group company comprehensively gauges, evaluates and monitors the status of various risks, including market risks, and considers policies and response measures related to risk management on a monthly basis. In addition, the Bank uses VaR to measure market risk in a manner that includes interest rate risk, which is not included in the calculation of the capital adequacy ratio, based on a framework for integrated risk management. By managing risk within specified limits set for each risk type, the Bank aims to take on appropriate risks and secure stable earnings.

The Bank seeks to reduce risk of losses due to insufficient funds by managing market risk, drawing clear distinctions between the trade execution department (front office) and the administrative processing department (back office), and by establishing a market risk management department (middle office) within the risk management division, which is independent from other divisions. All of the above-mentioned departments are overseen by the risk control management department, thus ensuring a system of mutual checks and balances. The transaction status, fair value and risk exposure are calculated and managed on appropriate dates, and management systems are strengthened at appropriate times in response to situations that arise. In addition, for transactions entered into to secure a profit through purchase and sale, etc., the Bank limits its risk of losses by preparing a management framework tailored to the special circumstances of each investment object, including by establishing position limits, loss cutting rules and cumulative loss limits, and conducting rigorous management on such framework.

The Bank manages market risk for its overall financial assets and listed liabilities, including deposits and other forms of funds from an ALM perspective. The Bank seeks to reduce foreign exchange rate fluctuation risk associated with foreign currency denominated products used for procurement of funds through operation of foreign currency denominated foreign bonds and foreign currency funds by using call money and other forms of procurement as well as by using currency exchange-related derivatives to maintain roughly equivalent operating and procurement amounts in each currency.

The Bank prepares various rules and manages market risk of each of its consolidated subsidiaries and manages market risk of the entire Hyakugo Bank Group through its market risk management department. Furthermore, the Hyakugo Bank Group comprehensively gauges, evaluates and monitors the status of various risk types, including market risk, through the Risk Management Committees established at each subsidiary company.

Quantitative information concerning market risk:

Interest rate risk

The main financial instruments used by the Hyakugo Bank Group that are exposed to impacts of interest rate risk are bonds included in securities, loans and bills discounted, deposits, negotiable certificates of deposit, borrowed money and interest rate swap contracts included in derivative transactions. Interest rate risks attached to these financial assets and liabilities are managed by monitoring VaR calculated using the historical simulation method (which applies a holding period of three months, confidence interval of 99% and observation period of five years).

As of March 31, 2019, the amount of interest rate risk (a predicted amount of loss) the Bank was exposed to was estimated to be ¥8,926 million ($80,412 thousand) (¥8,821 million in 2018) overall.
With regard to liquid deposits without maturity dates, VaR is calculated by internal models using due dates estimated with consideration for its long-term retention.
The interest rate risk the consolidated subsidiaries are exposed to is not included in the calculation, as the outstanding balances of their financial instruments that are potentially exposed to interest rate risk are fairly small and, hence, their importance minimal.

Stock price risk

The main financial instruments used by the Hyakugo Bank Group exposed to stock price risk are stocks included in securities. Of these financial assets, stock price risks attached to those held for pure investment purpose are managed by monitoring its VaR, which is calculated using the historical simulation method (which applies a holding period of three months, confidence interval of 99% and observation period of five years), and stock price risks attached to those held for purposes other than pure investments are managed by monitoring valuation losses, which may arise to a degree as assumed under the VaR model, the VaR of which is calculated using the historical simulation method (which applies a holding period of six months, confidence interval of 99% and observation period of five years).

As of March 31, 2019, the total amount of stock price risk (a predicted amount of loss) the Bank was exposed to was estimated at ¥1,767 million ($15,914 thousand) (¥2,652 million in 2018) overall.
The stock price risk the consolidated subsidiaries are exposed to is not included in the calculation, as the outstanding balances of their financial instruments that are potentially exposed to stock price risk are fairly small and, hence, its importance minimal.

Other price fluctuation risk
The main financial instruments used by the Hyakugo Bank Group exposed to price fluctuation risk are investment trusts included in securities. Price fluctuation risks attached to these financial assets are managed by monitoring its VaR, which is calculated using the historical simulation method (which applies a holding period of three months, confidence interval of 99% and observation period of five years).

As of March 31, 2019, the total amount of stock price risk (a predicted amount of loss) the Bank was exposed to was estimated at ¥22,684 million ($204,366 thousand) (¥23,630 million in 2018) overall.

Reasonableness of VaR
The Bank conducts back testing which compares the results calculated under the VaR model with changes in present value. As a result of the back testing, the Bank believes that the simulation model employed captures market risk with sufficient accuracy. It is noted, however, that the VaR model calculates market risks according to certain probability statistically calculated on the basis of historical market fluctuations. Therefore, the VaR model may fail to capture risks which arise under exceptional market conditions affected by drastic change.

iii. Liquidity risk management

The Hyakugo Bank Group manages liquidity risks through establishment of relevant internal rules and organizational structures, adherence to the basic policy of maintaining structures that can appropriately respond to a liquidity crisis and by accurately grasping situations of investment and funding and market trends on stable funding.

The Bank has established a system in which the ALM Risk Management Committee of each Hyakugo Bank Group company comprehensively gauges, evaluates and monitors the status of various risks including liquidity risks and considers risk management policies and response measures on a monthly basis.

In funding operations, the Bank appropriately controls and manages daily and future funding requirements in Japanese yen and foreign currencies. The Bank also constantly monitors funding availability in the markets and establishes countermeasures, such as establishment and timely review of a maximum funding amount based on the funding availability, against unexpected adverse events beforehand to prepare against liquidity risks.

(4) Supplementary explanation concerning fair values of financial instruments

The fair values of financial instruments comprise values determined based on market prices and values determined reasonably when there is no available market prices. Since variable factors are incorporated in computing the relevant fair values, such fair values may vary depending on the application of different assumptions.

Fair values of financial instruments

The carrying amounts and fair values of, and unrealized gains/losses on, the financial instruments as of

March 31, 2019 and 2018 were as follows.
It is noted that unlisted stocks and other items for which the fair values were deemed extremely difficult to estimate were not included in the following table *(see Note 2 below).*
In addition, lease receivables and lease investment assets, contracts for overdraft facilities, loan commitments, bonds and agreements on guarantee of liabilities (customers' liabilities for acceptances and guarantees) were omitted from the below table due to immateriality.

March 31, 2019	Carrying value	Fair value	Differences
		Millions of yen	
(1) Cash and due from banks	¥ 904,975	¥ 904,975	¥ -
(2) Call loans and bills bought	20,429	20,429	-
(3) Monetary claims bought *(*1)*	12,803	12,803	-
(4) Trading account securities	23	23	-
(5) Money held in trust	1,997	1,997	-
(6) Securities:			
Available-for-sale securities	1,724,933	1,724,933	-
(7) Loans and bills discounted	3,431,337		
Allowance for loan losses *(*1)*	(14,313)		
	3,417,023	3,435,552	18,528
(8) Foreign exchanges *(*1)*	2,484	2,484	-
Total assets	¥ 6,084,672	¥ 6,103,201	¥ 18,528
(1) Deposits	¥ 4,876,589	¥ 4,876,472	¥ (117)
(2) Negotiable certificates of deposit	176,185	176,185	-
(3) Call money and bills sold	240,000	240,000	-
(4) Payables under securities lending transactions	188,696	188,696	-
(5) Borrowed money	316,314	316,886	571
(6) Foreign exchanges	263	263	-
Total liabilities	¥ 5,798,049	¥ 5,798,504	¥ 454
Derivative transactions *(*2)*			
To which hedge accounting is not applied	¥ 3,614	¥ 3,614	¥ -
To which hedge accounting is applied	(7,111)	(7,111)	-
Total derivative transactions	¥ (3,496)	¥ (3,496)	¥ -

March 31, 2018	Carrying value	Fair value	Differences
	Millions of yen		
(1) Cash and due from banks	¥ 611,452	¥ 611,452	¥ -
(2) Call loans and bills bought	81,366	81,366	-
(3) Monetary claims bought *(*1)*	10,938	10,938	-
(4) Trading account securities	18	18	-
(5) Money held in trust	2,000	2,000	-
(6) Securities:			
Available-for-sale securities	1,772,896	1,772,896	-
(7) Loans and bills discounted	3,095,211		
Allowance for loan losses *(*1)*	(14,536)		
	3,080,674	3,093,398	12,723
(8) Foreign exchanges *(*1)*	1,731	1,731	-
Total assets	¥ 5,561,080	¥ 5,573,803	¥ 12,723
(1) Deposits	¥ 4,716,096	¥ 4,715,939	¥ (157)
(2) Negotiable certificates of deposit	181,500	181,500	(0)
(3) Call money and bills sold	100,000	100,000	-
(4) Payables under securities lending transactions	75,514	75,514	-
(5) Borrowed money	197,427	196,926	(501)
(6) Foreign exchanges	32	32	-
Total liabilities	¥ 5,270,572	¥ 5,269,913	¥ (659)
Derivative transactions *(*2)*			
To which hedge accounting is not applied	¥ 5,624	¥ 5,624	¥ -
To which hedge accounting is applied	(5,323)	(5,323)	-
Total derivative transactions	¥ 300	¥ 300	¥ -

March 31, 2019	Carrying value	Fair value	Differences
	Thousands of U.S. dollars		
(1) Cash and due from banks	$ 8,153,667	$ 8,153,667	$ -
(2) Call loans and bills bought	184,067	184,067	-
(3) Monetary claims bought *(*1)*	115,359	115,359	-
(4) Trading account securities	213	213	-
(5) Money held in trust	18,000	18,000	-
(6) Securities:			
Available-for-sale securities	15,541,343	15,541,343	-
(7) Loans and bills discounted	30,915,739		
Allowance for loan losses *(*1)*	(128,966)		
	30,786,773	30,953,715	166,942
(8) Foreign exchanges *(*1)*	22,387	22,387	-
Total assets	$ 54,821,809	$ 54,988,751	$ 166,942
(1) Deposits	$ 43,937,199	$ 43,936,141	$ (1,058)
(2) Negotiable certificates of deposit	1,587,397	1,587,397	-
(3) Call money and bills sold	2,162,357	2,162,357	-
(4) Payables under securities lending transactions	1,700,120	1,700,120	-
(5) Borrowed money	2,849,939	2,855,090	5,151
(6) Foreign exchanges	2,377	2,377	-
Total liabilities	$ 52,239,389	$ 52,243,482	$ 4,093
Derivative transactions *(*2)*			
To which hedge accounting is not applied	$ 32,569	$ 32,569	$ -
To which hedge accounting is applied	(64,069)	(64,069)	-
Total derivative transactions	$ (31,500)	$ (31,500)	$ -

*(*1) A general allowance for loan losses and specific allowance for loan losses corresponding to loans and bills discounted have been deducted. Allowances for doubtful receivables for monetary claims bought and foreign exchanges were not significant in amount. Therefore, such allowances were written-down directly from the amounts listed in the consolidated balance sheets.*

*(*2) Derivative transactions recorded under other assets and liabilities have been listed together. Receivables and payables arising from derivative transactions have been presented in net amounts. Net payables have been presented in parentheses.*
For derivative transactions to which exceptional treatment for interest-rate swaps was applied, the fair values thereof have been included in the fair values of the loans and bills discounted, which are the hedged items.

(Note 1) Calculation method of fair values of financial instruments

Assets:

(1) Cash and due from banks

With respect to due from banks without maturities, the carrying amount is presented at fair value because such carrying amount approximates the fair value. With respect to due from banks with maturity or due from banks held by a consolidated subsidiary, the carrying amount is presented at fair value because of the minimal amount of such due and out of necessity.

(2) Call loans and bills bought

The carrying amount of a call loan or bill bought is presented at fair value since the residual maturity of such call loan or bill is within one year and such carrying amount approximates the fair value.

(3) Monetary claims bought

Of the monetary claims bought, trust beneficiary rights are valued at the price presented by partner financial institutions. Monetary claims purchased from customers in relation to the integrated factoring system are settled over a specified short-term period. The carrying amounts for such claims are, therefore, presented at fair value as such carrying amounts approximate the fair values.

(4) Trading account securities

Trading account securities held for the purpose of dealing operations are valued at the price at the exchange or presented by partner financial institutions.

(5) Money held in trust

Of the non-consolidated money held in trust as security, the fair value of a financial project operated as trust asset is valued at the price at the exchange or presented by partner financial institutions, etc. With respect to call loans and other similar loans, their carrying amounts are each presented at fair value.
For details regarding money held in trust for holding purpose, see Note 4, entitled the "Trading Account Securities, Money Held in Trust and Securities."

(6) Securities

The fair values of securities are each determined using the quoted price at the stock exchange. (The above does not apply to unlisted stocks as their fair values are deemed extremely difficult to determine.)

Fair values of debt securities are each valued at the price at the exchange or presented by partner financial institutions, etc. Of such debt securities, the fair values of privately-placed bonds guaranteed by the Bank are calculated by discounting the sum of future interest income, the principal and guarantee receivables, using the assumed rate applicable to a similar type of loans newly advanced and procedures applicable to business loans. In addition, the fair values of debt securities of Bankrupt Issuers, Virtually Bankrupt Issuers or Potentially Bankrupt Issuers are stated at actual value, which is calculated by assessing the amount of write-offs based on estimated loan losses for similar business loans.

The fair value of an investment trust is determined using the published standard quotation.

For details regarding securities for holding purpose, see Note 4, entitled "Trading Account Securities, Money Held in Trust and Securities."

(7) Loans and bills discounted

The carrying amount of a loan or bill discounted (except for loans containing credit derivatives) with variable interest rate and short maturity is presented at fair value as such carrying amount approximates the fair value, unless the credit situation of the borrower changes significantly after executing the loan or bill discounted. In such a case, the market interest rate will quickly react to such change.

Of the fixed-rate loans and bills discounted, the fair value of a consumer loan or loaned product to local governments is computed, with respect to each category of products and lending terms, by discounting the sum of future principal and interest income, using the assumed rate applicable to a same type of new loan. The fair values of loans to businesses and similar instruments are computed, with respect to each category of internal ratings and lending terms, by discounting the sum of future principal and interest income, using the assumed rate applicable to a same type of new loan. The carrying amount of a loan or bill discounted with a short-term contract period or maturity (within one year) is presented at fair value as such carrying amount approximates the fair value.

The fair values of loans containing credit derivatives are determined using the price presented by partner financial institutions.

Losses on claims against Bankrupt Borrowers, Virtually Bankrupt Borrowers and Potentially Bankrupt Borrowers are estimated based on the forecasted recoverable amount of collaterals and guarantees for such claims. The market values of such claims approximated the carrying amounts of such claims as of the consolidated closing date after deduction of present relevant estimated loan losses. Therefore, the Bank uses market values as fair values of such claims.

Meanwhile, with respect to loans and bills discounted of consolidated subsidiaries, their carrying amounts are presented as fair value as a minimum requirement.

(8) Foreign exchanges

Foreign exchanges include foreign currency deposits with other banks (due from foreign banks - own accounts), foreign exchange-related short-term loans receivable (due from foreign banks – their accounts), export bills, traveler’s checks (foreign bills bought) and loans on import bills (foreign bills receivable). The carrying amounts of these instruments are presented at fair value, as they are dues from banks without maturities or instruments with a short-term contract period (within one year) and their carrying amounts approximate the fair values.

Liabilities:

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

With respect to an on-demand deposit, the payment obligation demanded at the balance sheet date, which is the carrying amount, is deemed to be the fair value. The fair value of a time deposit is computed using the present value by discounting future cash flows for each category of a certain period. The interest rate to be applied when a new deposit is made is used as the discount rate. For a deposit whose residual maturity is within one year, the carrying amount is presented at fair value since such carrying amount approximates the fair value.

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

The carrying amounts of items (3) and (4) are presented at fair value as such carrying amounts approximate the fair values due to short-term maturities (within one year).

(5) Borrowed money

The present value of borrowed money is computed by discounting the sum of principal and interest income to be received, classified by a fixed period, using the assumed rate applicable to the same type of borrowings. The carrying amount of such instrument is presented at fair value as such carrying amount approximates the fair value due to the short-term maturity (within one year). With respect to borrowed money of consolidated subsidiaries, the carrying amount is presented at fair value as a minimum requirement.

(6) Foreign exchanges

Foreign exchanges include foreign currency deposits from other banks and non-resident yen deposits (due to foreign branches – their accounts), foreign exchange-related short-term loans payable (due to foreign banks – own accounts), foreign exchange-related accrued liabilities sold to customers (foreign bills sold) and foreign exchange-related accrued liabilities sent to customers (foreign bills payable). The carrying amounts of these instruments are presented at fair value as such carrying amounts approximate the fair values due to such instruments being dues from banks without maturities or having short maturities (within one year).

Derivative transactions:

Please see Note 16, entitled the "Derivative Instruments."

(Note 2) The following table summarizes financial instruments whose fair values were extremely difficult to estimate. It is noted that these instruments were not included in the aforementioned table regarding the fair values of financial instruments.

	Millions of yen				Thousands of U.S. dollars	
Category	2019		2018		2019	
Unlisted stocks *(*1)(*2)*	¥	2,229	¥	2,232	$	20,089
Investments in capital of partnerships *(*3)*		4,255		3,608		38,342
Total	¥	6,485	¥	5,841	$	58,431

*(*1) The fair values of unlisted stocks were not disclosed since there were no available market prices and such fair values were extremely difficult to estimate.*

*(*2) The Bank recognized impairment loss in the amount of ¥42 million ($385 thousand) and ¥3 million on unlisted stocks for each of the years ended March 31, 2019 and 2018, respectively.*

*(*3) The fair values of investments in capital of partnerships comprise assets whose fair values are deemed to be extremely difficult to estimate such as unlisted stocks and the like. Thus, the fair values of investments in capital of partnerships were not disclosed.*

(Note 3) Maturity of financial assets and securities with contractual maturities at March 31, 2019:

	Millions of yen					
	Within one year	One to three years	Three to five years	Five to seven years	Seven to 10 years	Over 10 years
Due from banks	¥ 841,495	¥ -	¥ -	¥ -	¥ -	¥ -
Call loans and bills bought	20,429	-	-	-	-	-
Monetary claims bought	7,672	2,379	2,478	43	232	-
Available-for-sale securities with maturity:						
Japanese government bonds	83,400	330,000	65,500	6,000	-	39,000
Local government bonds	24,916	70,940	77,911	109,246	76,829	-
Corporate bonds	138,282	81,312	37,403	19,390	8,200	48,334
Others	18,009	23,196	82,867	32,690	47,080	14,971
Subtotal	264,609	505,450	263,682	167,326	132,110	102,306
Loans and bills discounted (*)	744,645	561,915	451,272	318,534	333,383	968,959
Total	¥ 1,878,853	¥ 1,069,745	¥ 717,433	¥ 485,904	¥ 465,726	¥ 1,071,266

(*) These loans and bills discounted do not include loans of ¥52,626 million, which do not have specific maturity dates.

	Thousands of U.S. dollars					
	Within one year	One to three years	Three to five years	Five to seven years	Seven to 10 years	Over 10 years
Due from banks	$ 7,581,728	$ -	$ -	$ -	$ -	$ -
Call loans and bills bought	184,067	-	-	-	-	-
Monetary claims bought	69,127	21,437	22,330	387	2,096	-
Available-for-sale securities with maturity:						
Japanese government bonds	751,419	2,973,241	590,143	54,059	-	351,383
Local government bonds	224,497	639,165	701,966	984,287	692,221	-
Corporate bonds	1,245,901	732,612	337,002	174,704	73,880	435,488
Others	162,266	209,000	746,618	294,536	424,190	134,891
Subtotal	2,384,083	4,554,018	2,375,729	1,507,586	1,190,291	921,762
Loans and bills discounted (*)	6,709,125	5,062,761	4,065,884	2,869,937	3,003,722	8,730,154
Total	$ 16,928,130	$ 9,638,216	$ 6,463,943	$ 4,377,910	$ 4,196,109	$ 9,651,916

(*) These loans and bills discounted do not include loans of $474,156 thousand, which do not have specific maturity dates.

(Note 4) Maturity of interest bearing liabilities at March 31, 2019:

	Millions of yen					
	Within one year	One to three years	Three to five years	Five to seven years	Seven to 10 years	Over 10 years
Deposits (*)	¥ 4,502,953	¥ 316,973	¥ 56,662	¥ -	¥ -	¥ -
Negotiable certificates of deposit	176,185	-	-	-	-	-
Call money and bills sold	240,000	-	-	-	-	-
Payables under securities lending transactions	188,696	-	-	-	-	-
Borrowed money	15,316	31,121	269,876	-	-	-
Total	¥ 5,123,151	¥ 348,095	¥ 326,538	¥ -	¥ -	¥ -

(*) On-demand deposits are included in the "within one year" column.

	Thousands of U.S. dollars					
	Within one year	One to three years	Three to five years	Five to seven years	Seven to 10 years	Over 10 years
Deposits (*)	$ 40,570,805	$ 2,855,877	$ 510,517	$ -	$ -	$ -
Negotiable certificates of deposit	1,587,397	-	-	-	-	-
Call money and bills sold	2,162,357	-	-	-	-	-
Payables under securities lending transactions	1,700,120	-	-	-	-	-
Borrowed money	137,999	280,401	2,431,539	-	-	-
Total	$ 46,158,678	$ 3,136,278	$ 2,942,056	$ -	$ -	$ -

(*) On-demand deposits are included in the "within one year" column.

4. Trading Account Securities, Money Held in Trust and Securities

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

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Japanese government bonds	¥ 541,697	¥ 594,830	$ 4,880,595
Local government bonds	365,318	390,194	3,291,454
Corporate bonds	336,264	400,603	3,029,679
Stocks	172,597	183,314	1,555,072
Other securities	315,541	209,794	2,842,974
Total	¥ 1,731,418	¥ 1,778,737	$ 15,599,774

In the accompanying consolidated balance sheets, trading account securities, money held in trust and securities included marketable securities traded on stock exchanges. Included in government bonds and other securities were investment securities lent to third parties under securities loan agreements in the amounts of ¥73,068 million ($658,330 thousand) and ¥62,661 million at March 31, 2019 and 2018, respectively.

Guarantees provided for certain privately placed bonds were included in securities in accordance with Article 2, Paragraph 3 of the Financial Instruments and Exchange Act of Japan. The guarantees amounted to ¥10,963 million ($98,781 thousand) and ¥9,281 million at March 31, 2019 and 2018, respectively.

Investments in securities are classified as trading, held-to-maturity or available-for-sale securities. Such classifications determine the respective accounting method to be applied as stipulated under the accounting standard for financial instruments. At March 31, 2019 and 2018, the carrying values of trading account securities, money held in trust for trading purposes and related net unrealized gains/losses included in current earnings were as follows.

	Carrying value	Unrealized gains (losses)	Carrying value	Unrealized gains (losses)	Carrying value	Unrealized gains (losses)
	Millions of yen				Thousands of U.S. dollars	
	2019		2018		2019	
Trading account securities	¥ 23	¥ 0	¥ 18	¥ 0	$ 213	$ 5
Money held in trust	1,997	(2)	2,000	0	18,000	(20)

At March 31, 2019 and 2018, gross unrealized gains and losses on marketable available-for-sale securities were summarized as follows.

	Acquisition cost	Gross unrealized gains	Gross unrealized losses	Fair and carrying value
	Millions of yen			
As of March 31, 2019				
Securities of which carrying value exceeds acquisition cost:				
Stocks	¥ 52,998	¥ 109,329	¥ -	¥ 162,328
Bonds:				
Japanese government bonds	527,472	14,225	-	541,697
Local government bonds	352,663	5,423	-	358,087
Corporate bonds	319,089	2,692	-	321,782
Others	181,928	7,633	-	189,562
Securities of which carrying value does not exceed acquisition cost:				
Stocks	9,136	-	(1,097)	8,039
Bonds:				
Japanese government bonds	-	-	-	-
Local government bonds	7,236	-	(5)	7,231
Corporate bonds	14,518	-	(36)	14,481
Others	131,201	-	(3,850)	127,350
Total	¥ 1,596,246	¥ 139,304	¥ (4,990)	¥ 1,730,560
As of March 31, 2018				
Securities of which carrying value exceeds acquisition cost:				
Stocks	¥ 56,544	¥ 116,843	¥ -	¥ 173,387
Bonds:				
Japanese government bonds	578,068	16,762	-	594,830
Local government bonds	312,969	4,637	-	317,607
Corporate bonds	346,679	2,821	-	349,501
Others	82,658	7,960	-	90,619
Securities of which carrying value does not exceed acquisition cost:				
Stocks	8,370	-	(676)	7,694
Bonds:				
Japanese government bonds	-	-	-	-
Local government bonds	72,929	-	(342)	72,587
Corporate bonds	51,200	-	(98)	51,101
Others	120,480	-	(2,499)	117,980
Total	¥ 1,629,902	¥ 149,025	¥ (3,616)	¥ 1,775,311

	Acquisition cost	Gross unrealized gains	Gross unrealized losses	Fair and carrying value
	Thousands of U.S. dollars			
As of March 31, 2019				
Securities of which carrying value exceeds acquisition cost:				
Stocks	$ 477,510	$ 985,041	$ -	$ 1,462,551
Bonds:				
Japanese government bonds	4,752,430	128,165	-	4,880,595
Local government bonds	3,177,436	48,865	-	3,226,301
Corporate bonds	2,874,937	24,261	-	2,899,198
Others	1,639,145	68,776	-	1,707,921
Securities of which carrying value does not exceed acquisition cost:				
Stocks	82,321	-	(9,889)	72,432
Bonds:				
Japanese government bonds	-	-	-	-
Local government bonds	65,202	-	(48)	65,154
Corporate bonds	130,813	-	(333)	130,480
Others	1,182,100	-	(34,693)	1,147,407
Total	$ 14,381,894	$ 1,255,108	$ (44,963)	$ 15,592,039

Impairment loss on marketable investments securities (stocks) in the amount of ¥340 million ($3,068 thousand) was recorded for the year ended March 31, 2019.

No impairment loss on marketable investment securities was recorded for the year ended March 31, 2018.

The method for finding an impairment loss with respect to a marketable investment security is as follows.

If the fair value of a marketable investment security declines to between 30% and 50% of the acquisition cost, recoverability of such security will be determined based on the trend of changes in related fair values over a given period and the financial condition of the issuing company. If, based on the application of such method, the amount of decline in the fair value is deemed unrecoverable, impairment loss will be recognized.

At March 31, 2019 and 2018, net unrealized gains on available-for-sale securities, net of applicable income taxes and non-controlling interests, recorded in valuation difference on available-for-sale securities in the accompanying consolidated balance sheets were as follows.

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Unrealized gains	¥ 134,331	¥ 145,502	$ 1,210,301
Less applicable income taxes	(40,177)	(43,239)	(361,996)
Less non-controlling interests portion	(80)	(80)	(725)
Net unrealized gains in net assets	¥ 94,072	¥ 102,182	$ 847,580

Available-for-sale securities sold during the years ended March 31, 2019 and 2018 were as follows.

	Proceeds from sales	Gain on sales	Loss on sales
	Millions of yen		
For the year 2019:			
Stocks	¥ 12,362	¥ 856	¥ 826
Bonds:			
Japanese government bonds	25,896	89	-
Local government bonds	31,215	0	60
Corporate bonds	1,697	0	5
Others	179,707	3,691	1,194
	¥ 250,879	¥ 4,639	¥ 2,086
For the year 2018:			
Stocks	¥ 22,749	¥ 1,874	¥ 480
Bonds:			
Japanese government bonds	39,894	16	559
Local government bonds	50	0	-
Corporate bonds	3,001	1	-
Others	832,119	8,024	7,060
	¥ 897,815	¥ 9,917	¥ 8,099

	Proceeds from sales	Gain on sales	Loss on sales
	Thousands of U.S. dollars		
For the year 2019:			
Stocks	$ 111,383	$ 7,714	$ 7,449
Bonds:			
Japanese government bonds	233,322	809	-
Local government bonds	281,251	7	542
Corporate bonds	15,296	6	45
Others	1,619,130	33,263	10,763
	$ 2,260,382	$ 41,799	$ 18,799

5. Loans and Bills Discounted

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

	Millions of yen				Thousands of U.S. dollars	
	2019		2018		2019	
Bills discounted	¥	8,263	¥	7,370	$	74,452
Loans on notes		93,938		93,045		846,372
Loans on deeds		2,997,823		2,649,304		27,009,854
Overdrafts		331,311		345,492		2,985,061
	¥	3,431,337	¥	3,095,211	$	30,915,739

Bills discounted are accounted for as financial transactions in accordance with JICPA's Industry Audit Committee Report No. 24 of February 13, 2002, entitled the "Accounting and Auditing Treatment of Accounting Standards for Financial Instruments in the Banking Industry." The Hyakugo Bank Group has the right to sell or pledge bills discounted and foreign exchanges bought without restrictions. The total face values of these bills amounted to ¥8,267 million ($74,489 thousand) and ¥7,454 million at March 31, 2019 and 2018, respectively.

Claims against borrowers in bankruptcy and past due loans were included in loans and bills discounted and amounted to ¥45,811 million ($412,754 thousand) and ¥46,210 million at March 31, 2019 and 2018, respectively. Loans are generally placed on non-accrual status when substantial doubt is determined to exist as to the ultimate collectability of either principal or interest because they are past due for a certain period or for other reasons. Interest revenue accruals are suspended when loans are classified as claims against borrowers in bankruptcy or past due loans. Claims against borrowers in bankruptcy represent non-accrual loans, less partial charge-off of claims deemed uncollectible against borrowers who are legally bankrupt as defined in Article 96, Paragraph 1, Subparagraphs 3 and 4 of the Enforcement Ordinance of the Corporation Tax Act of Japan. Past due loans, other than claims against borrowers in bankruptcy and loans for which interest payments are deferred in order to assist the financial recovery of borrowers in financial difficulties, are considered non-accrual loans.

At March 31, 2019 and 2018, accruing loans (which exclude non-accrual loans) for which the payment of the principal and/or interest was contractually past due by three months or more amounted to ¥140 million ($1,270 thousand) and ¥13 million, respectively.

At March 31, 2019 and 2018, restructured loans (which excludes non-accrual loans and accruing loans contractually past due by three months or more as mentioned above) for which the Bank has relaxed its lending conditions for borrowers in financial difficulties through measures such as reduction of the original interest rate, forbearance of interest and/or principal payments and extension of the maturity date, in order to support such borrowers in their financial recovery or restructuring, amounted to ¥6,741 million ($60,743 thousand) and ¥6,710 million, respectively.

Total non-performing assets, net of charge-offs, consisted of non-accrual loans, accruing loans contractually past due by three months or more and restructured loans in the amounts of ¥52,694 million ($474,766 thousand) and ¥52,934 million at March 31, 2019 and 2018, respectively.

6. Tangible Fixed Assets

At March 31, 2019 and 2018, tangible fixed assets, net of accumulated depreciation, were as follows.

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Buildings	¥ 21,669	¥ 22,126	$ 195,239
Land	19,913	19,866	179,413
Lease assets	-	0	-
Construction in progress	235	156	2,121
Other tangible fixed assets	4,938	4,580	44,499
Tangible fixed assets	¥ 46,756	¥ 46,730	$ 421,272

Accumulated depreciation of tangible fixed assets amounted to ¥35,670 million ($321,389 thousand) and ¥34,138 million as of March 31, 2019 and 2018, respectively.

Pursuant to the Act Concerning Revaluation of Land (the "Revaluation Act"), the Bank elected a one-time revaluation to restate the cost of land used for the banking business at values reassessed to reflect adjustments for land shape and other factors based on appraisal values issued by the Japanese National Tax Agency effective on March 31, 1998. According to the Revaluation Act, the amount equivalent to the tax effect on the excess of the reassessed value over the original book value is recorded as deferred tax liabilities for land revaluation. The rest of such excess, net of the tax effect, is recorded as revaluation reserve for land in accumulated other comprehensive income of net assets in the balance sheets. At March 31, 2019 and 2018, the differences in the carrying values of land used for the banking business after revaluation over current market values at the fiscal year-end amounted to ¥4,839 million ($43,603 thousand) and ¥5,388 million, respectively.

As permitted by the accounting principles and practices generally accepted in Japan, the Bank deducts deferred capital gains on sales of real property from the original acquisition costs of property which is newly acquired for replacement purpose in the same line of business as the property sold. At March 31, 2019 and 2018, deferred capital gains in the amounts of ¥3,940 million ($35,503 thousand) and ¥3,924 million, respectively, were directly deducted from the acquisition costs of land and buildings.

7. Pledged Assets

At March 31, 2019 and 2018, the following assets were pledged as collateral for liabilities.

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Securities	¥ 516,213	¥ 342,016	$ 4,650,993

The above pledged assets secure the following liabilities.

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Deposits	¥ 22,614	¥ 20,739	$ 203,750
Payables under securities lending transactions	188,696	75,514	1,700,120
Borrowed money	296,109	176,143	2,667,897

In addition, securities amounting to ¥1,034 million ($9,318 thousand) and ¥4,945 million at March 31, 2019 and 2018, respectively, and cash and due from banks amounting to ¥200 million ($1,802 thousand) at March 31, 2019 and 2018, respectively, were pledged as collateral for settlements of exchange, derivatives and other transactions.

Other assets include guarantee money of ¥1,388 million ($12,510 thousand) and ¥1,259 million as of March 31, 2019 and 2018, respectively, margin money deposited with central clearing organization of ¥25,000 million ($225,246 thousand) and ¥24,400 million as of March 31, 2019 and 2018, respectively, and margin money deposited for financial instruments of ¥5,809 million ($52,341 thousand) and ¥7,222 million as of March 31, 2019 and 2018, respectively.

8. Deposits and Negotiable Certificates of Deposit

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

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Demand deposits	¥ 2,752,552	¥ 2,608,044	$ 24,800,001
Time deposits	2,065,066	2,056,654	18,605,877
Other deposits	58,971	51,397	531,321
Deposits	4,876,589	4,716,096	43,937,199
Negotiable certificates of deposit	176,185	181,500	1,587,397
	¥ 5,052,774	¥ 4,897,596	$ 45,524,596

9. Borrowed Money and Lease Obligations

Borrowed money consisted of borrowings from financial institutions with an average interest rate of 0.09% per annum at March 31, 2019 due through March 2024.

Borrowed money due annually through 2024 at March 31, 2019 was as follows.

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2020	¥ 15,316	$ 137,999
2021	2,690	24,241
2022	28,431	256,160
2023	269,602	2,429,071
2024	273	2,468
	¥ 316,314	$ 2,849,939

Lease obligations included in “other liabilities” due annually through September 2025 at March 31, 2019 were as follows.

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2020	¥ 9	$ 85
2021	9	85
2022	9	85
2023	8	80
2024	3	30
2025 and after	0	4
	¥ 40	$ 369

10. Employee Retirement Benefits

(1) Outline of the retirement benefit plans adopted

The Bank has corporate pension fund plans and lump-sum retirement benefit plans as its defined benefit pension plans and defined contribution pension plans, which together substantially cover all employees. Consolidated subsidiaries have lump-sum retirement benefit plans as their defined benefit plans. In addition, the Bank has set up a retirement benefit trust.

Under the lump-sum retirement benefit plans of consolidated subsidiaries, liability for retirement benefits and retirement benefit expenses are computed using the simplified method.

(2) Defined benefit plans

i. The changes in retirement benefit obligations for the years ended March 31, 2019 and 2018 were as follows.

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Beginning balance of retirement benefit obligations	¥ 45,066	¥ 45,030	$ 406,042
Service cost	1,687	1,650	15,207
Interest cost	139	140	1,257
Actuarial differences arising	209	849	1,889
Retirement benefits paid	(2,732)	(2,604)	(24,622)
Past service cost arising	-	-	-
Other	0	0	2
Ending balance of retirement benefit obligations	¥ 44,371	¥ 45,066	$ 399,775

ii. The changes in pension plan assets for the years ended March 31, 2019 and 2018 were as follows.

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Beginning balance of pension plan assets	¥ 57,451	¥ 54,464	$ 517,629
Expected return on pension plan assets	1,696	1,669	15,284
Actuarial differences arising	(2,199)	2,482	(19,815)
Contribution from the employer	473	475	4,265
Retirement benefits paid	(1,654)	(1,640)	(14,903)
Other	0	0	2
Ending balance of pension plan assets	¥ 55,768	¥ 57,451	$ 502,462

iii. Reconciliations between the ending balances of retirement benefit obligations and pension plan assets and the liability or asset for employee retirement benefits recorded in the consolidated balance sheet were as follows.

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Funded retirement benefit obligations	¥ 43,927	¥ 44,671	$ 395,779
Pension plan assets	(55,768)	(57,451)	(502,462)
	(11,840)	(12,780)	(106,683)
Unfunded retirement benefit obligations	443	395	3,996
Net liability (asset) recorded in the consolidated balance sheet	¥ (11,397)	¥ (12,385)	$ (102,687)

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Liability for employee retirement benefits	¥ 3,278	¥ 2,986	$ 29,537
Asset for employee retirement benefits	(14,675)	(15,371)	(132,224)
Net liability (asset) recorded in the consolidated balance sheet	¥ (11,397)	¥ (12,385)	$ (102,687)

iv. The components of retirement benefit expenses for the years ended March 31, 2019 and 2018 were as follows.

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Service cost	¥ 1,687	¥ 1,650	$ 15,207
Interest cost	139	140	1,257
Expected return on pension plan assets	(1,696)	(1,669)	(15,284)
Amortization of actuarial differences	92	1,155	831
Amortization of past service cost	-	-	-
Other	-	-	-
Retirement benefit expenses on defined benefit plans	¥ 223	¥ 1,276	$ 2,011

(Note) Retirement benefit expenses of consolidated subsidiaries applying the simplified method calculation were all included in "service cost."

v. The components of retirement benefit adjustments (before tax effect) on other comprehensive income were as follows.

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Past service cost	¥ -	¥ -	$ -
Actuarial differences	2,316	(2,788)	20,873
Other	-	-	-
Total	¥ 2,316	¥ (2,788)	$ 20,873

vi. The components of retirement benefit adjustments (before tax effect) on accumulated other comprehensive income were as follows.

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Unrecognized past service cost	¥ -	¥ -	$ -
Unrecognized actuarial differences	213	(2,102)	1,927
Other	-	-	-
Total	¥ 213	¥ (2,102)	$ 1,927

vii. Pension plan assets

i. Components of pension plan assets

Pension plan assets consisted of the following:

	2019	2018
Bonds	4%	5%
Stocks	51%	51%
Cash and deposits	0%	0%
General account	20%	19%
Other	25%	25%
Total	100%	100%

(Note) At March 31, 2019, the retirement benefit trust established for lump-sum retirement benefit plans and corporate pension fund plans accounted for 34% (34% in 2018) of the total pension plan assets.

ii. Method for determining the long-term expected rate of return on pension plan assets

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

viii. Assumptions used for the years ended March 31, 2019 and 2018 were as follows.

		2019	2018
Discount rate	Corporate pension fund plans	0.4%	0.4%
	Lump-sum retirement benefit plans	0.0%	0.0%
Long-term expected rate of return		Mainly 3.5%	Mainly 3.5%

(Note) In computing retirement benefit obligations, points to be granted in the future on the benefit formula basis are not incorporated and the expected rate of salary is not applied.

(3) Defined contribution plans

The required contribution to the defined contribution plan of the Bank amounted to ¥104 million ($942 thousand) and ¥105 million for the years ended March 31, 2019 and 2018, respectively.

11. Acceptances and Guarantees

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

12. Net Assets

The authorized number of shares of common stock without par value is 396,000,000 shares. At both March 31, 2019 and 2018, the numbers of shares of common stock issued were 254,119,000 shares. At March 31, 2019 and 2018, the numbers of shares of treasury stock held by the Hyakugo Bank Group were 387,600 shares and 386,600 shares, respectively.

At both March 31, 2019 and 2018, capital surplus consisted principally of additional paid-in capital. Retained earnings included legal reserve of the Bank amounting to ¥17,377 million ($156,570 thousand) at both March 31, 2019 and 2018. The Banking Act of Japan provides that an amount equivalent to at least 20% of the cash payments as an appropriation of retained earnings be appropriated as legal reserve until the total amount of additional paid-in capital and such reserve equals 100% of common stock. The reduction of the legal reserve amount is restricted under the current circumstances to proper action of the shareholders of the Bank.

13. Stock Options

On July 30, 2018 and July 27, 2017, stock options were granted to the directors of the Bank. The related costs in the amounts of ¥21 million ($189 thousand) and ¥27 million were recorded under general and administrative expenses for the years ended March 31, 2019 and 2018, respectively.

The stock options outstanding at March 31, 2019 were as follows.

	2011 Stock Option	2012 Stock Option	2013 Stock Option	2014 Stock Option	2015 Stock Option
Persons granted	13 directors of the Bank	13 directors of the Bank	13 directors of the Bank (excluding independent directors)	13 directors of the Bank (excluding independent directors)	12 directors of the Bank (excluding independent directors)
Number of options granted*	91,600 shares of common stock of the Bank	94,000 shares of common stock of the Bank	71,700 shares of common stock of the Bank	71,200 shares of common stock of the Bank	48,100 shares of common stock of the Bank
Date of grant	July 25, 2011	July 26, 2012	July 24, 2013	July 31, 2014	July 30, 2015
Vesting conditions	Not defined	Not defined	Not defined	Not defined	Not defined
Eligible service period	Not defined	Not defined	Not defined	Not defined	Not defined
Exercise period	July 26, 2011 through July 25, 2041	July 27, 2012 through July 26, 2042	July 25, 2013 through July 24, 2043	August 1, 2014 through July 31, 2044	July 31, 2015 through July 30, 2045

	2016 Stock Option	2017 Stock Option	2018 Stock Option
Persons granted	12 directors of the Bank (excluding independent directors)	12 directors of the Bank (excluding independent directors)	6 directors of the Bank (excluding independent directors)
Number of options granted*	71,400 shares of common stock of the Bank	62,800 shares of common stock of the Bank	43,800 shares of common stock of the Bank
Date of grant	July 27, 2016	July 27, 2017	July 30, 2018
Vesting conditions	Not defined	Not defined	Not defined
Eligible service period	Not defined	Not defined	Not defined
Exercise period	July 28, 2016 through July 27, 2046	July 28, 2017 through July 27, 2047	July 31, 2018 through July 30, 2048

*The number of options is equal to and is shown as the number of shares.

The stock option activities were as follows.

Number of stock options (in shares)	2011 Stock Option	2012 Stock Option	2013 Stock Option	2014 Stock Option	2015 Stock Option
Non-vested:					
Outstanding at April 1, 2017	-	-	-	-	-
Granted	-	-	-	-	-
Forfeited	-	-	-	-	-
Vested	-	-	-	-	-
Outstanding at March 31, 2018	-	-	-	-	-
Granted	-	-	-	-	-
Forfeited	-	-	-	-	-
Vested	-	-	-	-	-
Outstanding at March 31, 2019	-	-	-	-	-
Vested:					
Outstanding at April 1, 2017	53,600	55,800	54,900	60,000	48,100
Vested	-	-	-	-	-
Exercised	(4,400)	(4,300)	(3,300)	(3,300)	(2,200)
Forfeited	-	-	-	-	-
Outstanding at March 31, 2018	49,200	51,500	51,600	56,700	45,900
Vested	-	-	-	-	-
Exercised	-	-	-	-	-
Forfeited	-	-	-	-	-
Outstanding at March 31, 2019	49,200	51,500	51,600	56,700	45,900

Number of stock options (in shares)	2016 Stock Option	2017 Stock Option	2018 Stock Option
Non-vested:			
Outstanding at April 1, 2017	-	-	-
Granted	-	62,800	-
Forfeited	-	-	-
Vested	-	(62,800)	-
Outstanding at March 31, 2018	-	-	-
Granted	-	-	43,800
Forfeited	-	-	-
Vested	-	-	(43,800)
Outstanding at March 31, 2019	-	-	-
Vested:			
Outstanding at April 1, 2017	71,400	-	-
Vested	-	62,800	-
Exercised	(3,300)	-	-
Forfeited	-	-	-
Outstanding at March 31, 2018	68,100	62,800	-
Vested	-	-	43,800
Exercised	-	-	-
Forfeited	-	-	-
Outstanding at March 31, 2019	68,100	62,800	43,800

Unit price information:

	2011 Stock Option	2012 Stock Option	2013 Stock Option	2014 Stock Option	2015 Stock Option
Exercise price	¥1	¥1	¥1	¥1	¥1
Average stock price at exercise	-	-	-	-	-
Fair value at grant date	¥302	¥300	¥404	¥396	¥578

	2016 Stock Option	2017 Stock Option	2018 Stock Option
Exercise price	¥1	¥1	¥1 ($0.01)
Average stock price at exercise	-	-	-
Fair value at grant date	¥377	¥433	¥480 ($4.32)

The method and assumptions used to measure the fair value of stock option granted for the years ended March 31, 2019 and 2018 were as follows.

1) 2018 stock option:

Estimation method:	Black-Scholes option pricing model
Volatility of stock price (Note 1):	23.27%
Estimated remaining outstanding period (Note 2):	0.92 years
Estimated dividend (Note 3):	¥8.0 ($0.07) per share
Risk free interest rate (Note 4):	(0.12)%

Notes:

1. Volatility was computed based on the actual stock prices during the period corresponding to the estimated remaining outstanding period (from August 2017 through July 2018);
   The estimated remaining outstanding period was determined using the difference between the average retirement age of the retired directors with titles and directors who concurrently served as executive officers during the past 10 years and the average age of the present directors;
   If the difference is shorter than the period from the date of allotment of the stock options to the following election, the period until the next election is considered to be the difference in estimating the remaining outstanding period.
2. The estimated dividend was determined using the actual dividend payments for the year ended March 31, 2018; and
3. The risk free interest rate is the yield of Japanese government bonds corresponding to the estimated remaining outstanding period.

2) 2017 stock option:

Estimation method:	Black-Scholes option pricing model
Volatility of stock price (Note 1):	34.98%
Estimated remaining outstanding period (Note 2):	1.53 years
Estimated dividend (Note 3):	¥8.0 per share
Risk free interest rate (Note 4):	(0.11)%

Notes:

1. Volatility was computed based on the actual stock prices during the period corresponding to the estimated remaining outstanding period (from January 2016 through July 2017);
2. The estimated remaining outstanding period was determined using the difference between the average retirement age of the retired directors during the past 10 years and the average age of the present directors;
   If the current age of the present directors is over the average retirement age of the retired directors, the difference is considered to be zero in estimating the remaining outstanding period.
3. The estimated dividend was determined using the actual dividend payments for the year ended March 31, 2017; and
4. The risk free interest rate is the yield of Japanese government bonds corresponding to the estimated remaining outstanding period.

14. Loan Commitments

Contracts for overdraft facilities and loan commitment limits represent the maximum amounts the Bank will lend to customers in response to the customers' applications for loans, provided that there is no violation of any conditions in the applicable contracts. At March 31, 2019 and 2018, the total unused amounts within the limits of these contracts were ¥1,257,328 million ($11,328,304 thousand) and ¥1,216,915 million, respectively. These unused amounts included amounts relating to contracts which will expire within one year or are revocable by the Bank at any time without any conditions in the amounts of ¥1,210,396 million ($10,905,456 thousand) and ¥1,178,944 million at March 31, 2019 and 2018, respectively.

Since many of these commitments expire without being drawn down, an unused amount does not necessarily represent a future cash requirement. Most of these contracts have conditions that permit the Bank to refuse the customers' applications for loans or decrease the contract limit for proper reasons (e.g., changes in the financial situation, deterioration in the customer's creditworthiness or the like). As a condition to entering a contract, the Bank may obtain collateral such as real estate, securities, etc. if considered necessary. During the term of the contract, the Bank performs periodic reviews of the customers' business results based on internal rules and may take necessary measures that include reconsidering the conditions under such contract and/or requiring additional collateral and/or guarantees.

15. Leases

(1) Finance leases

As a lessee:

The Hyakugo Bank Group had leased tangible fixed assets, which were principally vehicles, under Non-transferrable Finance Leases until March 31, 2018.

As a lessor:

Lease investment assets at March 31, 2019 and 2018 were summarized as follows.

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Gross lease receivables	¥ 16,759	¥ 14,783	$ 150,997
Estimated residual values	508	382	4,586
Unearned interest income	(1,218)	(1,066)	(10,978)
Lease investment assets	¥ 16,049	¥ 14,099	$ 144,605

Lease receivables which arose under Transferable Finance Leases that mature subsequent to March 31, 2019 and 2018 were as follows.

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Due within one year	¥ 1,145	¥ 1,153	$ 10,318
More than one year, but within two years	1,434	861	12,924
More than two years, but within three years	757	1,153	6,823
More than three years, but within four years	564	474	5,087
More than four years, but within five years	267	291	2,412
More than five years	1,006	1,028	9,071
Lease receivables	¥ 5,176	¥ 4,963	$ 46,635

Gross lease receivables under Non-transferrable Finance Leases that mature subsequent to March 31, 2019 and 2018 were as follows.

	Millions of yen				Thousands of U.S. dollars	
	2019		2018		2019	
Due within one year	¥	4,716	¥	4,344	$	42,493
More than one year, but within two years		3,903		3,529		35,171
More than two years, but within three years		3,001		2,713		27,040
More than three years, but within four years		2,282		1,833		20,563
More than four years, but within five years		1,552		1,147		13,990
More than five years		1,303		1,213		11,740
Gross lease receivables of lease investment assets	¥	16,759	¥	14,783	$	150,997

(2) Operating leases

Future minimum lease payments under non-cancellable operating lease transactions were as follows.

	Millions of yen				Thousands of U.S. dollars	
	2019		2018		2019	
As a lessee:						
Due within one year	¥	462	¥	301	$	4,164
Due after one year		996		1,063		8,975
	¥	1,458	¥	1,365	$	13,139
As a lessor:						
Due within one year	¥	575	¥	520	$	5,188
Due after one year		899		688		8,107
	¥	1,475	¥	1,208	$	13,295

(3) Subleases

Sublease-related amounts before deducting interest equivalent amounts recorded in the consolidated balance sheets were as follows:

	Millions of yen				Thousands of U.S. dollars	
	2019		2018		2019	
Lease investment assets	¥	40	¥	49	$	369
Lease obligations		40		49		369

16. Derivative Instruments

Derivative instruments involve, in varying degrees, elements of credit and market risk. The Hyakugo Bank Group is exposed to credit loss in the event of non-performance by the counterparties. However, the Hyakugo Bank Group has not faced and does not expect such non-performance.

Derivative contracts to which hedge accounting was not applied:

With respect to derivatives to which hedge accounting was not applied, the contract amounts or notional principal amounts as defined in the applicable contracts, the fair values and valuation gains (losses) as of March 31, 2019 and 2018 were as follows.
It is noted that the contract amounts do not represent market risk exposure of the derivative transactions.

	Contract amounts	Fair value	Valuation gains (losses)
	Millions of yen		
At March 31, 2019			
Interest rate contracts:			
Swaps	¥ 15,600	¥ 86	¥ 86
Foreign exchange contracts:			
Currency swaps	215,871	3,109	3,109
Forwards	123,288	418	418
Currency options	1,497	0	0
Earthquake derivatives	4,160	(0)	-
At March 31, 2018			
Interest rate contracts:			
Swaps	¥ 17,215	¥ 101	¥ 101
Foreign exchange contracts:			
Currency swaps	186,057	4,534	4,534
Forwards	113,323	988	988
Currency options	861	-	1
	Thousands of U.S. dollars		
At March 31, 2019			
Interest rate contracts:			
Swaps	$ 140,558	$ 781	$ 781
Foreign exchange contracts:			
Currency swaps	1,944,966	28,014	28,014
Forwards	1,110,808	3,774	3,774
Currency options	13,494	1	9
Earthquake derivatives	37,481	(1)	-

Notes:
1. The above transactions have been stated at fair value and valuation gains (losses) have been recorded in the consolidated statements of income.
2. The fair value has been determined using the discounted present value.
3. Since the fair value of earthquake derivatives is difficult to calculate, the acquisition cost is presented at fair value.

Derivative contracts to which hedge accounting was applied:

With respect to derivatives to which hedge accounting was applied, the contract amounts or notional principal amounts as defined in the applicable contracts and the fair values by transaction type and accounting method as of March 31, 2019 and 2018 were as follows.
It is noted that the contract amounts do not represent market risk exposure of the derivative transactions.

Hedge accounting method	Transaction type	Major hedged item	Contract amount	Contract amount due after one year	Fair value
			Millions of yen		
At March 31, 2019					
Deferral method	Interest rate swaps: Receivable floating rate/ Payable fixed rate	Securities, Loans and bills discounted	¥ 124,224	¥ 123,961	¥ (7,073)
Interest rate swaps meeting certain conditions	Interest rate swaps: Receivable floating rate/ Payable fixed rate	Loans and bills discounted	4,479	3,303	*See Note 3*
Deferral method	Foreign currency swaps:	Call loans, Loans and bills discounted, Borrowed money	22,198	11,099	(58)
	Foreign currency forward contracts:		12,638	-	21
At March 31, 2018					
Deferral method	Interest rate swaps: Receivable floating rate/ Payable fixed rate	Securities, Loans and bills discounted	¥ 139,611	¥ 126,394	¥ (6,350)
Interest rate swaps meeting certain conditions	Interest rate swaps: Receivable floating rate/ Payable fixed rate	Loans and bills discounted	9,006	6,550	*See Note 3*
Deferral method	Foreign currency swaps:	Call loans, Loans and bills discounted, Borrowed money	15,936	15,936	78
	Foreign currency forward contracts:		41,128	-	948

Hedge accounting method	Transaction type	Major hedged item	Contract amount	Contract amount due after one year	Fair value
			Thousands of U.S. dollars		
At March 31, 2019					
Deferral method	Interest rate swaps: Receivable floating rate/ Payable fixed rate	Securities, Loans and bills discounted	$ 1,119,240	$ 1,116,868	$ (63,733)
Interest rate swaps meeting certain conditions	Interest rate swaps: Receivable floating rate/ Payable fixed rate	Loans and bills discounted	40,363	29,761	*See Note 3*
Deferral method	Foreign currency swaps:	Call loans, Loans and bills discounted, Borrowed money	200,000	100,000	(527)
	Forward contracts:		113,873	-	191

Notes:

1. *Gains/losses on the above-mentioned contracts are deferred until maturity of the hedged items, which is the deferral method used under the "Accounting and Auditing Treatment of Accounting Standard for Financial Instruments in the Banking Industry" (JICPA's Industry Audit Committee Report No. 24 of February 13, 2002);*
2. *The fair value has been determined using the discounted present value, etc.*
3. *With respect to interest rate swap contracts which meet certain conditions, the fair values of the interest rate swap contracts are considered part of the fair values of the relevant loans and bills discounted described in Note 3, entitled the "Financial Instruments and Related Disclosures," since such interest rate swap contracts are used for recording loans and bills discounted as hedged items.*
4. *With respect to foreign currency related contracts, the deferral method of hedge accounting is principally applied in accordance with the "Accounting and Auditing Treatment of Accounting for Foreign Currency Transactions in the Banking Industry" (JICPA's Industry Audit Committee Report No. 25 of July 29, 2002).*

17. Income Taxes

At March 31, 2019 and 2018, income taxes (including local taxes) payable in the amounts of ¥1,477 million ($13,310 thousand) and ¥1,726 million, respectively, were included in "other liabilities" in the accompanying consolidated balance sheets.

At March 31, 2019 and 2018, the tax effects of temporary differences that gave rise to a significant portion of deferred tax assets and liabilities were as follows.

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Deferred tax assets:			
Allowance for loan losses	¥ 4,228	¥ 4,441	$ 38,100
Deferred losses on hedges	2,156	1,934	19,434
Valuation loss on securities	1,160	1,145	10,454
Others	3,148	3,115	28,363
Subtotal	10,693	10,637	96,351
Less valuation allowance	(1,572)	(1,525)	(14,167)
Total deferred tax assets	9,121	9,111	82,184
Net of deferred tax liabilities:			
Unrealized gains on available-for-sale securities	(40,177)	(43,239)	(361,996)
Retirement benefits	(6,333)	(6,738)	(57,065)
Deferred gains on hedges	(3)	(2)	(31)
Others	(158)	(156)	(1,424)
Total deferred tax liabilities	(46,673)	(50,137)	(420,516)
Net deferred tax assets (liabilities)	¥ (37,551)	¥ (41,025)	$ (338,332)

At March 31, 2019 and 2018, deferred tax assets and liabilities reported in the accompanying consolidated balance sheets were as follows.

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Deferred tax assets	¥ 688	¥ 722	$ 6,200
Deferred tax liabilities	(38,239)	(41,748)	(344,532)

A reconciliation between the Japanese statutory effective tax rate and the actual effective income tax rate on pre-tax income reflected in the accompanying consolidated statement of income for the years ended March 31, 2019 and 2018 was not presented because such differences were 5% or less of the Japanese statutory effective tax rate.

18. Business Combination

On April 1, 2017, the Bank acquired additional stocks of a consolidated subsidiary, Hyakugo Leasing Company Limited which is engaged in leasing business from non-controlling shareholders for the aggregate consideration amount of ¥4,303 million in cash. This transaction was accounted for as the transaction with non-controlling shareholders not resulting in a change in scope of consolidation in a business combination under common control in accordance with ASBJ Statement No. 21 and ASBJ Guidance No. 10. As a result, this transaction resulted in an increase in capital surplus of ¥161 million as of March 31, 2018.

19. Subsequent Events

(a) Appropriation of retained earnings

The shareholders of the Bank approved the following appropriation of retained earnings at the annual general shareholders' meeting on June 21, 2019.

	Millions of yen	Thousands of U.S. dollars
Cash dividends (¥4.50 ($0.04) per share)	¥ 1,141	$ 10,287

(b) Change of a portion of retirement benefit plans and transfer between a portion of retirement benefit plans

On April 1, 2019, the Bank changed a portion of its defined benefit corporate pension plans and transferred a portion of the defined benefit pension plans to the defined contribution pension plans. In addition, on April 1, 2019, certain consolidated subsidiaries transferred a portion of the lump-sum retirement benefit plans to the defined contribution pension plans. Following these changes, the Bank will adopt "Accounting for Transfer between Retirement Benefit Plans" (ASBJ Guidance No. 1, December 16, 2016) and "Practical Solution on Accounting for Transfer between Retirement Benefit Plans" (Practical Issues Task Force No. 2, February 7, 2007) and record the effects of these changes in the amount of ¥2,356 million ($21,234 thousand) in "Other income."

20. Segment Information

(a) Description of reportable segment

The reportable segments of the Hyakugo Bank Group are business units for which separate financial information is available and whose results are regularly reviewed by the Board of Directors to make decisions about resources to be allocated to such segments.

The Hyakugo Bank Group's business centers on banking operations, but the Hyakugo Bank Group also engages in financial service operations, such as leasing operations and the like.

The Hyakugo Bank Group's segments are classified based on its business activities related to financial services, and its reportable segments comprise the "banking" and "leasing" segments.

The "banking" segment includes deposit taking and lending operations and the "leasing" segment includes leasing operations.

(b) Methods of measurement for the amounts of ordinary income, profit (loss), assets and other items for each reportable segment

The accounting treatment of the business segments reported in this section is the same as that stated in Note 2, entitled the "Summary of Significant Accounting Policies." Segment profit stated herein is based on ordinary profit which represents ordinary income less ordinary expenses. Ordinary income represents total income less special gains included in other income. Ordinary expenses represent total expenses less special losses included in other expenses.

Intersegment ordinary income is valued at market prices.

As noted in subsection (v) "Change in presentation," under Note 2, "Summary of Significant Accounting Policies," dividend income from group credit life insurance, etc., contracted by the Bank had previously been recorded mainly in "Other income." From the year ended March 31, 2019, however, main dividend income has been recorded in "Fees and commission (Expenses)" and "General and administrative expenses."

Segment information for the year ended March 31, 2018 has been retrospectively reclassified in order to reflect this change in the presentation.

(c) Information with regard to ordinary income, profit (loss), assets and other items are as follows.

For the year ended March 31, 2019

	Reportable segment			Others	Total	Reconciliations	Consolidated
	Banking	Leasing	Total				
	Millions of yen						
Ordinary income:							
External customers	¥ 72,271	¥ 9,770	¥ 82,041	¥ 3,806	¥ 85,847	¥ -	¥ 85,847
Intersegment	769	454	1,224	1,267	2,492	(2,492)	-
Total	73,040	10,224	83,265	5,074	88,339	(2,492)	85,847
Segment profit	¥ 14,960	¥ 406	¥ 15,366	¥ 796	¥ 16,163	¥ (680)	15,482
Special gains (losses), net							(177)
Income before income taxes							¥ 15,304
Segment assets	¥ 6,248,299	¥ 31,247	¥ 6,279,546	¥ 19,650	¥ 6,299,197	¥ (33,921)	¥ 6,265,275
Others:							
Depreciation	3,053	410	3,464	56	3,520	-	3,520
Interest income	53,901	61	53,962	134	54,097	(715)	53,381
Interest expense	4,657	64	4,721	-	4,721	(35)	4,686
Special gain:	-	-	-	-	-	-	-
Gain on disposal of fixed assets	-	-	-	-	-	-	-
Special loss:	177	-	177	0	177	-	177
Loss on disposal of fixed assets	68	-	68	0	68	-	68
Impairment loss	108	-	108	-	108	-	108
Provision of reserves under special laws	-	-	-	0	0	-	0
Income tax expense	4,109	122	4,231	230	4,461	-	4,461
Amount of increase in tangible and intangible fixed assets (capital expenditure)	2,665	757	3,423	126	3,550	-	3,550

Notes:
(1) The "other" business segment includes credit card operations and financial instruments business operations and so forth; and,
(2) Reconciliations consist of following.
a. Reconciliation of segment profit of ¥(680) million consists of elimination of intersegment profits.
b. Reconciliation of segment assets of ¥(33,921) million consists of elimination of intersegment assets.
c. Reconciliation of interest income of ¥(715) million consists of elimination of intersegment interest income.
d. Reconciliation of interest expense of ¥(35) million consists of elimination of intersegment interest expense.

For the year ended March 31, 2018

	Reportable segment			Others	Total	Reconciliations	Consolidated
	Banking	Leasing	Total				
	Millions of yen						
Ordinary income:							
External customers	¥ 77,771	¥ 9,146	¥ 86,917	¥ 3,695	¥ 90,612	¥ -	¥ 90,612
Intersegment	261	444	706	1,305	2,011	(2,011)	-
Total	78,033	9,590	87,623	5,000	92,624	(2,011)	90,612
Segment profit	¥ 15,500	¥ 417	¥ 15,918	¥ 870	¥ 16,789	¥ (13)	16,775
Special gains (losses), net							(156)
Income before income taxes							¥ 16,619
Segment assets	¥ 5,723,378	¥ 29,310	¥ 5,752,688	¥ 19,933	¥ 5,772,622	¥ (30,854)	¥ 5,741,767
Others:							
Depreciation	2,865	319	3,184	40	3,225	-	3,225
Interest income	52,909	12	52,922	52	52,974	(45)	52,928
Interest expense	5,045	67	5,112	-	5,112	(32)	5,080
Special gain:	14	-	14	-	14	-	14
Gain on disposal of fixed assets	14	-	14	-	14	-	14
Special loss:	168	-	168	1	169	-	169
Loss on disposal of fixed assets	102	-	102	0	103	-	103
Impairment loss	66	-	66	-	66	-	66
Provision of reserves under special laws	-	-	-	0	0	-	0
Income tax expense	4,499	144	4,643	286	4,929	-	4,929
Amount of increase in tangible and intangible fixed assets (capital expenditure)	3,858	712	4,570	84	4,654	-	4,654

Notes:
(1) The "others" business segment includes credit card operations and financial instruments business operations and so forth; and
(2) Reconciliations consist of the following.
a. Reconciliation of segment profit of ¥(13) million consists of elimination of intersegment profits.
b. Reconciliation of segment assets of ¥(30,854) million consists of elimination of intersegment assets.
c. Reconciliation of interest income of ¥(45) million consists of elimination of intersegment interest income.
d. Reconciliation of interest expense of ¥(32) million consists of elimination of intersegment interest expense.

For the year ended March 31, 2019

	Reportable segment			Others	Total	Reconciliations	Consolidated
	Banking	Leasing	Total				
	Thousands of U.S. dollars						
Ordinary income:							
External customers	$ 651,150	$ 88,027	$ 739,177	$ 34,294	$ 773,471	$ -	$ 773,471
Intersegment	6,936	4,095	11,031	11,423	22,454	(22,454)	-
Total	658,086	92,122	750,208	45,717	795,925	(22,454)	773,471
Segment profit	$ 134,792	$ 3,661	$ 138,453	$ 7,179	$ 145,632	$ (6,135)	139,497
Special gains (losses), net							(1,603)
Income before income taxes							$ 137,894
Segment assets	$ 56,296,055	$ 281,532	$ 56,577,587	$ 177,050	$ 56,754,637	$ (305,628)	$ 56,449,009
Others:							
Depreciation	27,514	3,699	31,213	507	31,720	-	31,720
Interest income	485,641	555	486,196	1,215	487,411	(6,451)	480,960
Interest expense	41,961	583	42,544	-	42,544	(322)	42,222
Special gain:	-	-	-	-	-	-	-
Gain on disposal of fixed assets	-	-	-	-	-	-	-
Special loss:	1,599	-	1,599	4	1,603	-	1,603
Loss on disposal of fixed assets	618	-	618	2	620	-	620
Impairment loss	981	-	981	-	981	-	981
Provision of reserves under special laws	-	-	-	2	2	-	2
Income tax expense	37,025	1,099	38,124	2,074	40,198	-	40,198
Amount of increase in tangible and intangible fixed assets (capital expenditure)	24,018	6,825	30,843	1,143	31,986	-	31,986

Notes:

(1) The "others" business segment includes credit card operations and financial instruments business operations and so forth; and

(2) Reconciliations consist of the following.

a. Reconciliation of segment profit of \$(6,135) thousand consists of elimination of intersegment profits.

b. Reconciliation of segment assets of \$(305,628) thousand consists of elimination of intersegment assets.

c. Reconciliation of interest income of \$(6,451) thousand consists of elimination of intersegment interest income.

d. Reconciliation of interest expense of \$(322) thousand consists of elimination of intersegment interest expense.

(d) Related information

a. Information of each service

	Loan business		Securities investment		Leasing		Others		Total	
	Millions of yen									
Ordinary income from external customers:										
For the year ended March 31, 2019	¥	37,268	¥	23,845	¥	9,770	¥	14,963	¥	85,847
For the year ended March 31, 2018	¥	35,407	¥	30,843	¥	9,146	¥	15,214	¥	90,612
	Thousands of U.S. dollars									
For the year ended March 31, 2019	$	335,785	$	214,841	$	88,027	$	134,818	$	773,471

b. Geographical information

(1) Ordinary income

Geographical information of ordinary income for the years ended March 31, 2019 and 2018 was not disclosed because such income from external customers located in Japan was more than 90% of total ordinary income.

(2) Tangible fixed assets

Geographical information of tangible fixed assets for the years ended March 31, 2019 and 2018 was not disclosed because such assets located in Japan were more than 90% of total tangible fixed assets.

c. Information of each main customer

Information of each main customer for the years ended March 31, 2019 and 2018 was not disclosed because the Hyakugo Bank Group had no customer which accounted for 10% or more of total ordinary income.

(e) Information with regard to impairment loss on fixed assets for each reportable segment

	Reportable segment						Others		Total	
	Banking		Leasing		Total					
	Millions of yen									
Impairment loss:										
For the year ended March 31, 2019	¥	108	¥	-	¥	108	¥	-	¥	108
For the year ended March 31, 2018	¥	66	¥	-	¥	66	¥	-	¥	66
	Thousands of U.S. dollars									
For the year ended March 31, 2019	$	981	$	-	$	981	$	-	$	981

21. Other Comprehensive Income

The components of other comprehensive income for the years ended March 31, 2019 and 2018 were as follows.

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Valuation difference on available-for-sale securities:			
Gain (loss) incurred during the year	¥ (7,769)	¥ 13,116	$ (70,002)
Reclassification adjustment to net income	(3,401)	(3,159)	(30,650)
Amount before tax effect	(11,171)	9,957	(100,652)
Tax effect	3,061	(3,023)	27,587
Valuation difference on available-for-sale-securities	(8,109)	6,933	(73,065)
Deferred gains/losses on hedges:			
Gain (loss) incurred during the year	(3,018)	(1,817)	(27,197)
Reclassification adjustment to net income	2,284	2,347	20,579
Amount before tax effect	(734)	530	(6,618)
Tax effect	221	(160)	1,998
Deferred gains/losses on hedges	(512)	370	(4,620)
Retirement benefit adjustments:			
Gain (loss) incurred during the year	(2,408)	1,633	(21,704)
Reclassification adjustment to net income	92	1,155	831
Amount before tax effect	(2,316)	2,788	(20,873)
Tax effect	699	(841)	6,302
Retirement benefit adjustments	(1,617)	1,946	(14,571)
Total other comprehensive income	¥ (10,239)	¥ 9,250	$ (92,256)

22. Per Share Information

Net assets per share at March 31, 2019 and 2018 and net income per share for the years then ended were as follows:

	Yen		U.S. dollars
	2019	2018	2019
Net assets per share	¥ 1,401.81	¥ 1,407.93	$ 12.63
Net income per share – basic	42.73	46.07	0.38
Net income per share – diluted	42.66	46.00	0.38

Basic information in computing the above per share data is as follows:

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
(Net assets per share)			
Net assets per balance sheet	¥ 355,859	¥ 357,391	$ 3,206,230
Amounts to be attributed to subscription rights to shares	(174)	(153)	(1,568)
Net assets attributed to common stock	355,685	357,238	3,204,662
Outstanding number of common stocks at end of year (unit: thousand shares)	253,731	253,732	
(Net income per share - basic)			
Net income attributable to owners of the parent per income statement	10,843	11,690	97,696
Net income attributable to owners of the parent regarding common stock	10,843	11,690	97,696
Average outstanding number of shares during the year (unit: thousands shares)	253,731	253,730	
(Net income per share - diluted)			
Increase in common stock (unit: thousand shares)	417	374	
Of which, subscription rights to shares (unit: thousand shares)	417	374	

23. Financial Information of the Hyakugo Bank, Ltd. (Parent)

Presented below are the nonconsolidated balance sheets, nonconsolidated statements of income and changes in net assets of the Bank, the parent company.

Nonconsolidated Balance Sheets
The Hyakugo Bank, Ltd. (Parent)
As of March 31, 2019 and 2018

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Assets:			
Cash and due from banks	¥ 902,902	¥ 609,098	$ 8,134,986
Call loans	20,429	81,366	184,067
Monetary claims bought	12,804	10,939	115,366
Trading account securities	23	18	213
Money held in trust	1,997	2,000	18,000
Securities	1,741,466	1,788,672	15,690,299
Loans and bills discounted	3,441,753	3,102,047	31,009,583
Foreign exchanges	2,484	1,731	22,388
Other assets	52,827	56,247	475,968
Tangible fixed assets	44,185	44,500	398,101
Intangible fixed assets	4,910	5,114	44,243
Prepaid pension cost	15,712	14,858	141,566
Customers' liabilities for acceptances and guarantees	22,090	20,904	199,027
Allowance for loan losses	(13,907)	(14,056)	(125,309)
Total assets	¥ 6,249,680	¥ 5,723,446	$ 56,308,498
Liabilities:			
Deposits	¥ 4,882,986	¥ 4,722,896	$ 43,994,830
Negotiable certificates of deposit	182,115	187,500	1,640,826
Call money	240,000	100,000	2,162,357
Payables under securities lending transactions	188,696	75,514	1,700,120
Borrowed money	307,869	187,438	2,773,845
Foreign exchanges	263	32	2,377
Other liabilities	32,527	33,036	293,064
Provision for employee retirement benefits	3,694	4,214	33,287
Provision for reimbursement of deposits	1,600	1,405	14,425
Provision for point card certificates	300	278	2,709
Provision for contingent losses	392	375	3,537
Deferred tax liabilities	38,259	41,046	344,707
Deferred tax liabilities for land revaluation	2,534	2,535	22,838
Acceptances and guarantees	22,090	20,904	199,027
Total liabilities	5,903,330	5,377,179	53,187,949
Net assets:			
Capital stock	20,000	20,000	180,196
Capital surplus	7,557	7,557	68,093
Retained earnings	225,599	216,988	2,032,610
Treasury stock	(146)	(146)	(1,321)
Total shareholders' equity	253,010	244,399	2,279,578
Valuation difference on available-for-sale securities	93,976	102,011	846,709
Deferred gains/losses on hedges	(4,979)	(4,466)	(44,865)
Revaluation reserve for land	4,168	4,170	37,559
Total valuation and translation adjustments	93,165	101,714	839,403
Stock acquisition rights	174	153	1,568
Total net assets	346,349	346,267	3,120,549
Total liabilities and net assets	¥ 6,249,680	¥ 5,723,446	$ 56,308,498

Nonconsolidated Statements of Income
The Hyakugo Bank, Ltd. (Parent)
For the Years Ended March 31, 2019 and 2018

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Income:			
Interest income:			
Interest on loans and discounts	¥ 34,089	¥ 31,938	$ 307,136
Interest and dividends on securities	18,791	20,061	169,308
Interest on call loans	874	861	7,881
Others	289	291	2,608
Total interest income	54,044	53,153	486,933
Fees and commissions	13,816	12,714	124,483
Other operating income	1,367	4,941	12,320
Reversal of allowance for loan losses	-	1,526	-
Other income	3,996	5,998	36,011
Total income	73,225	78,333	659,747
Expenses:			
Interest expenses:			
Interest on deposits	999	1,137	9,009
Interest on negotiable certificates of deposit	30	30	274
Interest on call money	(90)	(19)	(818)
Interest on borrowings and rediscounts	276	179	2,490
Others	3,441	3,718	31,006
Total interest expenses	4,657	5,045	41,961
Fees and commissions	4,516	4,085	40,690
Other ordinary expenses	4,923	9,924	44,362
General and administrative expenses	41,190	42,486	371,121
Provision of allowance for loan losses	368	-	3,323
Other expenses	2,723	1,414	24,534
Total expenses	58,379	62,956	525,991
Income before income taxes	14,845	15,377	133,756
Income taxes:			
Current	3,622	3,440	32,633
Deferred	457	981	4,121
Total income taxes	4,079	4,421	36,754
Net income	¥ 10,766	¥ 10,956	$ 97,002

Nonconsolidated Statements of Changes in Net Assets
The Hyakugo Bank, Ltd. (Parent)
For the Years Ended March 31, 2019 and 2018

		Shareholders' equity					Valuation and translation adjustments					
	Number of shares of common stock issued	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total Shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains/losses on hedges	Revaluation reserve for land	Total valuation and translation adjustments	Stock acquisition rights	Total net assets
		Millions of yen										
Balance at April 1, 2017	254,119,000	¥ 20,000	¥ 7,557	¥ 208,018	¥ (151)	¥ 235,424	¥ 95,180	¥ (4,836)	¥ 4,213	¥ 94,557	¥ 133	¥ 330,115
Net income	-	-	-	10,956	-	10,956	-	-	-	-	-	10,956
Dividends from surplus	-	-	-	(2,029)	-	(2,029)	-	-	-	-	-	(2,029)
Reversal of revaluation reserve for land	-	-	-	43	-	43	-	-	-	-	-	43
Purchase of treasury stock	-	-	-	-	(2)	(2)	-	-	-	-	-	(2)
Disposal of treasury stock	-	-	-	(0)	7	7	-	-	-	-	-	7
Net changes in items other than shareholders' equity	-	-	-	-	-	-	6,831	370	(43)	7,157	19	7,176
Balance at March 31, 2018 (April 1, 2018)	254,119,000	¥ 20,000	¥ 7,557	¥ 216,988	¥ (146)	¥ 244,399	¥ 102,011	¥ (4,466)	¥ 4,170	¥ 101,714	¥ 153	¥ 346,267
Net income	-	-	-	10,766	-	10,766	-	-	-	-	-	10,766
Dividends from surplus	-	-	-	(2,156)	-	(2,156)	-	-	-	-	-	(2,156)
Reversal of revaluation reserve for land	-	-	-	1	-	1	-	-	-	-	-	1
Purchase of treasury stock	-	-	-	-	(0)	(0)	-	-	-	-	-	(0)
Disposal of treasury stock	-	-	0	-	0	0	-	-	-	-	-	0
Net changes in items other than shareholders' equity	-	-	-	-	-	-	(8,034)	(512)	(1)	(8,549)	21	(8,528)
Balance at March 31, 2019	254,119,000	¥ 20,000	¥ 7,557	¥ 225,599	¥ (146)	¥ 253,010	¥ 93,976	¥ (4,979)	¥ 4,168	¥ 93,165	¥ 174	¥ 346,349
		Thousands of U.S. dollars										
Balance at April 1, 2018		$ 180,196	$ 68,093	$ 1,955,027	$ (1,317)	$ 2,201,999	$ 919,103	$ (40,245)	$ 37,572	$ 916,430	$ 1,379	$ 3,119,808
Net income		-	-	97,002	-	97,002	-	-	-	-	-	97,002
Dividends from surplus		-	-	(19,432)	-	(19,432)	-	-	-	-	-	(19,432)
Reversal of revaluation reserve for land		-	-	13	-	13	-	-	-	-	-	13
Purchase of treasury stock		-	-	-	(4)	(4)	-	-	-	-	-	(4)
Disposal of treasury stock		-	0	-	0	0	-	-	-	-	-	0
Net changes in items other than shareholders' equity		-	-	-	-	-	(72,394)	(4,620)	(13)	(77,027)	189	(76,838)
Balance at March 31, 2019		$ 180,196	$ 68,093	$ 2,032,610	$ (1,321)	$ 2,279,578	$ 846,709	$ (44,865)	$ 37,559	$ 839,403	$ 1,568	$ 3,120,549