Financial Review

Business Environment

During the fiscal year under review, the Japanese economy showed a high level of corporate earnings with the continuation of monetary easing measures and strong exports and production backed by a moderate recovery in the global economy. Both domestic and overseas demand grew mainly due to a gradual improvement in personal consumption while the number of employees maintained high growth and wages also increased.

In the region of the Bank's core business, Gifu and Aichi prefectures, although personal consumption generally remained flat, continued strength in corporate exports, production and capital investment drove the recovery of the Tokai economy.

Performance

Ordinary income from banking operations decreased by ¥21,409 million to ¥78,566 million, mainly due to a decrease in gains on sales of Japanese government bonds and other, despite an increase in fees and commissions. Ordinary expenses decreased by ¥21,635 million to ¥66,323 million, due primarily to a decrease in loss on sales of Japanese government bonds and other. As a result, ordinary profit increased by ¥225 million to ¥12,242 million.

In the leasing business, ordinary income increased by ¥637 million to ¥22,306 million, while ordinary expenses increased by ¥810 million to ¥21,694 million, and ordinary profit decreased by ¥173 million to ¥611 million.

In other businesses, including the credit card business and credit guarantee business, ordinary income decreased by ¥84 million to ¥5,839 million, ordinary expenses increased by ¥586 million to ¥4,748 million, while ordinary profit decreased by ¥670 million to ¥1,090 million.

As a result, ordinary income on a consolidated basis decreased by ¥21,052 million to ¥104,744 million and ordinary expenses decreased by ¥20,428 million to ¥90,810 million, while ordinary profit decreased by ¥624 million to ¥13,934 million and net income attributable to owners of the parent decreased by ¥135 million to ¥9,901 million.

Financial Position

In relation to balance of deposits, while striving to procure low cost stable, long-term funds, the Bank also worked to strengthen its lineup of investment products. These included investment trusts, pension insurance and whole life insurance, and public bonds as a positive response to growing and diversifying asset management needs, particularly among individuals. As a result, our balance of deposits as of March 31, 2018 increased by ¥55.1 billion to ¥5,523.7 billion, mainly due to an increase in deposits from individuals. Furthermore, the balance of individual customer assets increased by ¥97.4 billion to ¥4,441.8 billion.

In lending activities, the Bank responded actively to demands for funds from local enterprises, particularly small to medium enterprises. In addition, we worked actively to provide mortgage loans and other financing to individuals. Consequently, our balance of loans as of March 31, 2018 increased by ¥193.1 billion to ¥4,233.5 billion.

With regard to securities, in addition to underwriting and purchasing central and local government bonds, while closely watching market conditions, the Bank engaged in transactions of foreign securities, investment trusts and others in order to efficiently manage funds. As a result, our balance of securities as of March 31, 2018 decreased by ¥38.3 billion to ¥1,304.6 billion.

Net cash used in operating activities amounted to ¥178,680 million (¥223,365 million was used in the previous term), mainly as a result of an increase in loans. Net cash provided by investing activities amounted to ¥49,526 million (¥392,726 million was provided in the previous term), mainly as a result of the sales of securities. Net cash used in financing activities amounted to ¥13,222 million (¥10,631 million was used in the previous term), mainly as a result of redemption of subordinated bonds. As a result, the closing balance of cash and cash equivalents decreased by ¥142,383 million during the term under review, to ¥343,640 million.

Consolidated Balance Sheet

The Juroku Bank, Ltd. and Consolidated Subsidiaries *March 31, 2018*

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
ASSETS:	2018	2017	2018
Cash and due from banks (Notes 3 and 26)	¥ 344,412	¥ 486,264	$ 3,241,830
Call loans and bills bought	1,000	—	9,413
Trading securities (Notes 4 and 26)	531	790	4,998
Money held in trust (Notes 5 and 26)	7,012	7,007	66,001
Securities (Notes 4, 10, 11 and 26)	1,300,663	1,339,112	12,242,686
Loans and bills discounted (Notes 6, 26 and 27)	4,215,431	4,024,458	39,678,379
Foreign exchanges (Notes 6 and 7)	8,497	8,785	79,979
Lease receivables and investments in leases (Notes 11 and 25)	51,499	47,870	484,742
Other assets (Notes 8, 11, 26 and 28)	96,491	57,574	908,236
Premises and equipment (Note 9)	65,663	66,105	618,063
Goodwill	3,119	3,364	29,358
Intangible assets	5,116	5,991	48,155
Asset for retirement benefits for employees (Note 16)	3,525	1,212	33,180
Deferred tax assets (Note 24)	567	608	5,337
Customers' liabilities for acceptances and guarantees (Note 10)	18,221	18,109	171,508
Reserve for possible loan losses (Note 26)	(25,179)	(28,915)	(237,001)
Total Assets	¥6,096,568	¥6,038,334	$57,384,864
LIABILITIES AND EQUITY:			
Liabilities:			
Deposits (Notes 11, 12 and 26)	¥5,442,974	¥5,341,779	$51,232,813
Negotiable certificates of deposit (Note 26)	49,600	97,679	466,867
Payables under repurchase agreements (Notes 11 and 26)	98,874	54,724	930,666
Payables under securities lending transactions (Notes 11)	—	50,732	—
Borrowed money (Notes 11 and 13)	47,775	46,744	449,689
Foreign exchanges (Note 7)	881	1,230	8,293
Bonds (Note 14)	—	10,000	—
Other liabilities (Notes 13, 15, 17, 25, 26 and 28)	49,911	45,012	469,795
Liability for retirement benefits for employees (Note 16)	6,704	6,670	63,102
Liability for retirement benefits for directors and Audit & Supervisory Board members	6	6	57
Deferred tax liabilities (Note 24)	13,045	10,933	122,788
Deferred tax liabilities for land revaluation surplus	7,324	7,345	68,938
Acceptances and guarantees (Note 10)	18,221	18,109	171,508
Total Liabilities	5,735,315	5,690,963	53,984,516
Commitments and Contingent Liabilities (Note 27)			
Equity (Notes 18, 19 and 31):			
Common stock: authorized, 46,000,000 shares in 2018 and 460,000,000 shares in 2017; issued, 37,924,134 shares in 2018 and 379,241,348 in 2017	36,839	36,839	346,753
Capital surplus	48,282	48,179	454,462
Stock acquisition rights	130	111	1,224
Retained earnings	192,824	185,866	1,814,985
Treasury stock - at cost: 562,512 shares in 2018 and 5,517,209 shares in 2017	(1,574)	(1,536)	(14,816)
Accumulated other comprehensive income			
Unrealized gain on available-for-sale securities (Note 4)	52,723	48,010	496,263
Land revaluation surplus	14,490	14,537	136,389
Defined retirement benefit plans (Note 16)	(468)	(2,267)	(4,405)
Total	343,246	329,739	3,230,855
Noncontrolling interests	18,007	17,632	169,493
Total Equity	361,253	347,371	3,400,348
Total Liabilities and Equity	¥6,096,568	¥6,038,334	$57,384,864

Note: Effective October 1, 2017, the Bank implemented a 1-for-10 reverse stock split of common stock.
The numbers of shares are not retroactively adjusted.
See notes to consolidated financial statements.

Consolidated Statement of Income

The Juroku Bank, Ltd. and Consolidated Subsidiaries *Year Ended March 31, 2018*

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2018	2017	2018
Income:			
Interest on:			
Loans and discounts	¥ 39,880	¥ 41,209	$375,377
Securities	11,540	18,260	108,622
Other	419	417	3,944
Fees and commissions	19,062	16,676	179,424
Other operating income (Note 4 and 20)	25,010	39,349	235,410
Other income (Note 21)	8,833	9,896	83,142
Total Income	104,744	125,807	985,919
Expenses:			
Interest on:			
Deposits	1,528	2,268	14,383
Borrowings and re-discounts	366	408	3,445
Payables under repurchase agreements	1,162	1,452	10,938
Other	43	628	404
Fees and commissions	6,476	6,860	60,956
Other operating expenses (Note 4)	25,045	40,944	235,740
General and administrative expenses (Note 22)	54,633	56,136	514,241
Impairment loss on long-lived assets	94	129	885
Other expenses (Note 23)	1,786	2,634	16,811
Total Expenses	91,133	111,459	857,803
Income before Income Taxes	13,611	14,348	128,116
Income Taxes (Note 24):			
Current	3,853	2,005	36,267
Deferred	(705)	1,466	(6,636)
Total Income Taxes	3,148	3,471	29,631
Net Income	10,463	10,877	98,485
Net Income Attributable to Noncontrolling Interests	562	841	5,290
Net Income Attributable to Owners of the Parent	¥ 9,901	¥ 10,036	$ 93,195

	Yen		U.S. Dollars
Per Share of Common Stock (Notes 2.u and 30):	2018	2017	2018
Basic net income	¥264.93	¥268.56	$2.49
Diluted net income	264.65	268.32	2.49
Cash dividends applicable to the year			
Common stock	80.00	7.00	0.75

Note: Effective October 1, 2017, the Bank implemented a 1-for-10 reverse stock split of common stock. Basic net income and diluted net income are determined based on the assumption that the reverse stock split was carried out at the beginning of the year ended March 31, 2017. The cash dividends applicable to the year ended March 31, 2018 are presented on a post-reverse stock split basis. Dividends per share are not retroactively adjusted.

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

The Juroku Bank, Ltd. and Consolidated Subsidiaries *Year Ended March 31, 2018*

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2018	2017	2018
Net income	¥ 10,463	¥ 10,877	$ 98,485
Other Comprehensive Income (Loss) (Note 29):			
Unrealized gain (loss) on available-for-sale securities	4,804	(17,225)	45,218
Land revaluation surplus	—	(0)	—
Defined retirement benefit plans	1,799	2,127	16,933
Total other comprehensive income (loss)	6,603	(15,098)	62,151
Comprehensive Income (Loss)	¥ 17,066	¥ (4,221)	$160,636
Total Comprehensive Income (Loss) Attributable to:			
Owners of the parent	¥ 16,414	¥ (5,140)	$154,499
Noncontrolling interests	652	919	6,137

See notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

The Juroku Bank, Ltd. and Consolidated Subsidiaries *Year Ended March 31, 2018*

	Thousands	Millions of Yen										
							Accumulated Other Comprehensive Income					
	Outstanding Number of Shares of Common Stock	Common Stock	Capital Surplus	Stock Acquisition Rights	Retained Earnings	Treasury Stock	Unrealized Gain on Available -for-sale Securities	Land Revaluation Surplus	Defined Retirement Benefit Plans	Total	Noncon-trolling Interests	Total Equity
Balance at April 1, 2016	373,650	¥36,839	¥48,170	¥106	¥178,256	¥(1,555)	¥65,313	¥14,727	¥(4,394)	¥337,462	¥16,721	¥354,183
Net income attributable to owners of the parent	—	—	—	—	10,036	—	—	—	—	10,036	—	10,036
Cash dividends, ¥7.00 per share on common stock	—	—	—	—	(2,616)	—	—	—	—	(2,616)	—	(2,616)
Transfer of land revaluation surplus	—	—	—	—	190	—	—	—	—	190	—	190
Purchase of treasury stock	(26)	—	—	—	—	(9)	—	—	—	(9)	—	(9)
Disposal of treasury stock	100	—	9	—	—	28	—	—	—	37	—	37
Net change in the year	—	—	—	5	—	—	(17,303)	(190)	2,127	(15,361)	911	(14,450)
Balance at April 1, 2017	373,724	36,839	48,179	111	185,866	(1,536)	48,010	14,537	(2,267)	329,739	17,632	347,371
Purchase of shares of consolidated subsidiaries		—	101	—	—	—	—	—	—	101	—	101
Net income attributable to owners of the parent		—	—	—	9,901	—	—	—	—	9,901	—	9,901
Cash dividends, ¥80.00 per share on common stock		—	—	—	(2,990)	—	—	—	—	(2,990)	—	(2,990)
Transfer of land revaluation surplus		—	—	—	47	—	—	—	—	47	—	47
Purchase of treasury stock	(25)	—	—	—	—	(57)	—	—	—	(57)	—	(57)
Disposal of treasury stock	70	—	2	—	—	19	—	—	—	21	—	21
Net change in the year	(336,407)	—	—	19	—	—	4,713	(47)	1,799	6,484	375	6,859
Balance at March 31, 2018	37,362	¥36,839	¥48,282	¥130	¥192,824	¥(1,574)	¥52,723	¥14,490	¥ (468)	¥343,246	¥18,007	¥361,253

Note: Effective October 1, 2017, the Bank implemented a 1-for-10 reverse stock split of common stock. The numbers of shares and dividends per share are not retroactively adjusted.

The decrease of 336,407 thousand shares in common stock is due to the decrease of 341,317 thousands shares in the number of shares outstanding and decrease of 4,910 thousand shares in treasury stock as a result of reverse stock split.

	Thousands of U.S. Dollars (Note 1)										
						Accumulated Other Comprehensive Income					
	Common Stock	Capital Surplus	Stock Acquisition Rights	Retained Earnings	Treasury Stock	Unrealized Gain on Available -for-sale Securities	Land Revaluation Surplus	Defined Retirement Benefit Plans	Total	Noncon-trolling Interests	Total Equity
Balance at April 1, 2017	$346,753	$453,492	$1,045	$1,749,492	$(14,458)	$451,901	$136,831	$(21,338)	$3,103,718	$165,964	$3,269,682
Purchase of shares of consolidated subsidiaries	—	951	—	—	—	—	—	—	951	—	951
Net income attributable to owners of the parent	—	—	—	93,195	—	—	—	—	93,195	—	93,195
Cash dividends, $0.75 per share on common stock	—	—	—	(28,144)	—	—	—	—	(28,144)	—	(28,144)
Transfer of land revaluation surplus	—	—	—	442	—	—	—	—	442	—	442
Purchase of treasury stock	—	—	—	—	(537)	—	—	—	(537)	—	(537)
Disposal of treasury stock	—	19	—	—	179	—	—	—	198	—	198
Net change in the year	—	—	179	—	—	44,362	(442)	16,933	61,032	3,529	64,561
Balance at March 31, 2018	$346,753	$454,462	$1,224	$1,814,985	$(14,816)	$496,263	$136,389	$ (4,405)	$3,230,855	$169,493	$3,400,348

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

The Juroku Bank, Ltd. and Consolidated Subsidiaries *Year Ended March 31, 2018*

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
Operating Activities:	2018	2017	2018
Income before income taxes	¥13,611	¥14,348	$128,116
Adjustments for:			
Income taxes - paid	(1,856)	(6,317)	(17,470)
Income taxes - refund	1,734	1	16,322
Depreciation	4,461	4,447	41,990
Impairment loss on long-lived assets	94	129	885
Interest income recognized on statements of income	(51,839)	(59,886)	(487,943)
Interest expense recognized on statements of income	3,099	4,756	29,170
Net (gain) loss on securities	(2,234)	2,211	(21,028)
Unrealized (gain) loss on derivatives	(1,008)	224	(9,488)
Net decrease in reserve for possible loan losses	(3,736)	(6,855)	(35,166)
Net decrease in asset for retirement benefits for employees	249	1,462	2,344
Net increase (decrease) in liability for retirement benefits for employees	39	(79)	367
Net increase in liability for retirement benefits for directors and Audit & Supervisory Board members	—	0	—
Net increase in loans	(190,973)	(94,892)	(1,797,562)
Net increase in deposits	101,196	91,637	952,523
Net (decrease) increase in negotiable certificates of deposit	(48,079)	25,091	(452,551)
Net increase in borrowed money (excluding subordinated loans)	1,030	8,897	9,695
Net increase in due from banks (excluding cash equivalents)	(531)	(66)	(4,998)
Net increase in call loans and others	(1,000)	—	(9,413)
Net increase (decrease) in call money and others	44,149	(53,751)	415,559
Net (decrease) increase in money held in trust	(4)	5	(38)
Net decrease in payables under securities lending transactions	(50,732)	(216,521)	(477,522)
Net increase in lease receivables and investments in leases	(3,630)	(1,081)	(34,168)
Interest income - cash basis	52,109	62,709	490,484
Interest expense - cash basis	(3,586)	(5,886)	(33,754)
Other - net	(41,243)	6,052	(388,206)
Total adjustments	(192,291)	(237,713)	(1,809,968)
Net cash used in operating activities	(178,680)	(223,365)	(1,681,852)
Investing Activities:			
Purchases of securities	(475,668)	(688,573)	(4,477,297)
Proceeds from sales of securities	363,655	964,344	3,422,957
Proceeds from maturities of securities	164,988	122,102	1,552,974
Purchases of premises and equipment	(2,523)	(2,791)	(23,748)
Purchases of intangible assets	(990)	(2,604)	(9,318)
Proceeds from sales of premises and equipment	99	303	932
Other - net	(35)	(54)	(329)
Net cash provided by investing activities	49,526	392,727	466,171
Financing Activities:			
Repayment of subordinated loans	—	(8,000)	—
Redemption of subordiated bonds	(10,000)	—	(94,126)
Proceeds from sales of treasury stock	2	1	19
Acquisition of treasury stock	(57)	(9)	(537)
Dividends paid	(2,999)	(2,624)	(28,229)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(169)	—	(1,591)
Net cash used in financing activities	(13,223)	(10,632)	(124,464)
Foreign Currency Translation Adjustments on Cash and Cash Equivalents	(7)	(3)	(66)
Net (Decrease) Increase in Cash and Cash Equivalents	(142,384)	158,727	(1,340,211)
Cash and Cash Equivalents, Beginning of Year	486,024	327,297	4,574,774
Cash and Cash Equivalents, End of Year (Note 3)	¥343,640	¥486,024	$3,234,563

See notes to consolidated financial statements

1. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

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

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2017 consolidated financial statements to conform to the classifications used in 2018.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which The Juroku Bank, Ltd. (the "Bank") is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥106.24 to $1, the approximate rate of exchange at March 31, 2018. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Consolidation

The consolidated financial statements as of March 31, 2018, include the accounts of the Bank and its six (six in 2017) significant subsidiaries, including Juroku Business Service Co., Ltd., Juroku Research Institute Co., Ltd., Juroku Card Co., Ltd., Juroku Lease Co., Ltd., Juroku Computer Service Co., Ltd., and Juroku Credit Guarantee Co., Ltd. (together, the "Group").

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

Investments in five (five in 2017) unconsolidated subsidiaries are stated at cost. If the equity method of accounting had been applied to the investments in these companies, the effect on the accompanying consolidated financial statements would not be material.

The excess of the cost of acquisition over the fair value of the net assets of an acquired subsidiary at the date of acquisition is being amortized over a period of 20 years.

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

The balance sheet date for all consolidated subsidiaries is the end of March for each year, which is consistent with the balance sheet date of the Group.

b. Business Combination

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

c. Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents represent cash and amounts due from the Bank of Japan.

d. Trading securities

Trading securities are stated at fair value and the related unrealized gains and losses are included in earnings. The cost of trading securities sold is determined based on the moving-average method.

e. Securities

Securities other than trading securities are classified and accounted for, depending on management's intent, as follows: 1) held-to-maturity debt securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity, are reported at amortized cost and 2) available-for-sale securities, which are not classified as held-to-maturity, are reported at fair value with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity. Nonmarketable available-for-sale securities are stated at cost determined by the moving-average method.

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

Securities included in money held in trust for trading purposes are stated at fair value, and the related unrealized gains and losses are included in earnings. Securities included in money held in trust for other purposes are accounted for by the same method as the above 2) available-for-sale securities.

f. Premises and equipment

Premises and equipment are stated at cost less accumulated depreciation. Depreciation of premises and equipment of the Bank, except for leased assets, is computed using the declining-balance method over the estimated useful lives of the assets.

The range of useful lives is principally from 15 to 50 years for buildings and from 4 to 20 years for other premises and equipment.

Depreciation of lease assets from finance lease transactions that do not deem to transfer ownership of the leased property to the lessee is computed using the straight-line method over the leasing period. Residual values of lease assets are the guaranteed values determined in the lease contracts or zero for assets without such guaranteed value.

Under certain conditions, such as exchanges of premises and equipment for similar kinds and sales and purchases resulting from expropriation, Japanese tax laws permit companies to defer the profit arising from such transactions by reducing the cost of the assets acquired or by providing a special reserve in the equity section. The deferred gain on premises and equipment resulting from the reduction of the cost of the assets acquired, which is taxable for tax purposes in the future, was ¥989 million ($9,309 thousand) and ¥999 million as of March 31, 2018 and 2017, respectively.

g. Long-lived assets

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

h. Land revaluation

Under the "Law of Land Revaluation," the Bank elected a one-time revaluation of its own-use land to a value based on real estate appraisal information as of March 31, 1998.

The resulting land revaluation surplus represents unrealized appreciation of land and is stated, net of income taxes, as a component of equity. There was no effect on the consolidated statement of income. Continuous readjustment is not permitted unless the land value subsequently declines significantly such that the amount of the decline in value should be removed from the land revaluation surplus account and related deferred tax liabilities.

The carrying amount of the land after the above one-time revaluation exceeded the market value by ¥18,003 million ($169,456 thousand) and ¥18,585 million as of March 31, 2018 and 2017, respectively.

i. Intangible assets
Amortization of intangible assets is calculated using the straight-line method.

Amortization cost of software for internal use is calculated using the straight-line method over the estimated useful life, principally, 5 years.

j. Reserve for possible loan losses
The Bank implemented a self-assessment system for its asset quality. The quality of all loans is assessed by the related lending division with a subsequent audit by the asset audit division in accordance with the Bank's policies and rules for self-assessment of asset quality.

The Bank has established a credit rating system under which the customers are classified into five categories such as "normal," "caution," "possible bankruptcy," "virtual bankruptcy" and "legal bankruptcy." The credit rating system is used for the self-assessment of asset quality.

For normal and caution loans, the reserve for possible loan losses is calculated based on actual past loss ratios. For loans such as possible bankruptcy, the reserve for possible loan losses is calculated based on an amount deemed necessary to cover possible losses on loans considering the customer's solvency and other factors after the estimated fair value of the collateral real estate or guaranteed amount has been deducted. For loans such as virtual bankruptcy or legal bankruptcy, the reserve for possible loan losses is calculated based upon the loan amount after the estimated fair value of the collateral real estate or guaranteed amount has been deducted.

For loans to possible bankruptcy customers and a rescheduled loan, if the exposure to a customer after deducting the estimated value of the collateral or guaranteed amount exceeds a certain amount, the discounted cash flow method is applied for reserve provision, under which the reserve is determined as the difference between the book value of the loan and its present value of future cash flows discounted using the contractual interest rate in the case that future cash flows of the principal and interest can be reasonably estimated.

Reserve for possible loan losses of consolidated subsidiaries is provided based on historical loan loss experience and estimated collectability of specific claims.

k. Liability for retirement benefits
The Bank has a contributory funded defined benefit pension plan, lump-sum payment severance plan for employees and defined contribution pension plan, and certain subsidiaries have lump-sum payment severance plans for employees and apply the simplified method to state the liability based on the amount that should be paid if employees retired at the consolidated balance sheet date.

The liability for retirement benefits is provided based on projected benefit obligations and plan assets at the end of the fiscal year. The projected benefit obligations are attributed to periods on a benefit formula basis. Actuarial gains and losses and past service costs that are yet to be recognized in profit or loss are recognized within equity (accumulated other comprehensive income), after adjusting for tax effects and are recognized in profit or loss over 10 years no longer than the expected average remaining service period of the employees, starting in the fiscal year following the occurrence of such differences.

Retirement benefits to directors and Audit & Supervisory Board members of consolidated subsidiaries are provided at the amount that would be required if all directors and Audit & Supervisory Board members retired at the consolidated balance sheet date based on internal policies.

l. Stock option
The cost of employee stock options is measured based on the fair value at the date of grant and recognized as compensation expense over the vesting period as consideration for receiving goods or services. In the consolidated balance sheet, the stock options are presented as stock acquisition rights as a separate component of equity until exercised.

m. Leases
In regard to finance lease, sales and cost of sales are recognized when lease payments are received.

All other leases are accounted for as operating leases.

n. Bonuses to directors and Audit & Supervisory Board members
Bonuses to directors and Audit & Supervisory Board members of consolidated subsidiaries are accrued at the end of the year to which such bonuses are attributable.

o. Provision for losses from reimbursement of inactive accounts
The provision for losses from reimbursement of inactive accounts, which are derecognized as liabilities under certain conditions, is provided for possible losses on future claims of withdrawal based on historical reimbursement experience.

p. Provision for contingent losses
The Bank provides a provision for contingent losses not covered by other provisions in an amount deemed necessary based on estimated losses in the future.

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

r. Foreign currency transactions
Foreign currency assets and liabilities of the Group are translated into yen equivalents at the exchange rates prevailing at the fiscal year end.

s. Derivatives and hedging activities
The Bank uses a variety of derivative financial instruments.

Derivative financial instruments and foreign currency transactions are classified and accounted for as follows: (1) all derivatives are recognized as either assets or liabilities and measured at fair value, and gains or losses on the derivative transactions are recognized in the consolidated statement of income and (2) for derivatives used for hedging purposes, if the derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on the derivatives are deferred until maturity of the hedged transactions.

t. Consumption taxes
The Bank and its domestic consolidated subsidiaries account for consumption tax and local consumption tax by the tax-exclusion method.

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

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

Cash dividends per share presented in the accompanying consolidated statement of income are dividends applicable to the respective years including dividends to be paid after the end of the year, not retroactively adjusted for a reverse stock split.

On October 1, 2017, the Bank implemented a 1-for-10 reverse stock split of common stock. Prior year per share figures have been restated to reflect the impact of the reverse stock split, and to provide data on a basis comparable to the year ended March 31, 2018. Such restatements include calculations regarding the Bank's weighted-average number of common shares, basic net income per share, diluted net income per share, and net assets per share. The numbers of shares or dividends per share are not retroactively adjusted.

3. CASH AND DUE FROM BANKS
Cash and due from banks as of March 31, 2018 and 2017, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2018	2017	2018
Cash	¥ 66,045	¥ 60,393	$ 621,659
Due from banks	278,367	425,871	2,620,171
Total	¥344,412	¥486,264	$3,421,830

A reconciliation between the cash and due from banks in the consolidated balance sheet and the cash and cash equivalents in the consolidated statement of cash flows for the years ended March 31, 2018 and 2017, was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2018	2017	2018
Cash and due from banks	¥344,412	¥486,264	$3,241,830
Due from banks other than the Bank of Japan	(772)	(240)	(7,267)
Cash and cash equivalents	¥343,640	¥486,024	$3,234,563

4. TRADING SECURITIES AND SECURITIES

Trading securities as of March 31, 2018 and 2017, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2018	2017	2018
National government bonds	¥476	¥746	$4,480
Local government bonds	55	44	518
	¥531	¥790	$4,998

The Bank records net valuation gains and losses as other operating income and expenses, respectively. For the years ended March 31, 2018 and 2017, the Bank recorded net valuation losses of ¥3 million ($28 thousand) and net valuation gains of ¥14 million, respectively.

Securities as of March 31, 2018 and 2017, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2018	2017	2018
Equity securities	¥ 142,188	¥ 133,239	$ 1,338,366
National government bonds	400,163	446,463	3,766,594
Local government bonds	233,633	204,279	2,199,106
Corporate bonds	227,368	256,399	2,140,135
Other securities	297,311	298,732	2,798,485
Total	¥1,300,663	¥1,339,112	$12,242,686

Unsecured loaned securities which borrowers have the right to sell or pledge in the amount of ¥45,389 million ($427,231 thousand) and ¥29,504 million as of March 31, 2018 and 2017, were included in national government bonds, respectively.

Information regarding available-for-sale and held-to-maturity securities as of March 31, 2018 and 2017, was as follows:

	Millions of Yen			
March 31, 2018	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	¥ 59,143	¥77,617	¥1,704	¥135,056
Debt securities	823,046	6,026	968	828,104
Other	290,098	1,238	7,194	284,142
Held-to-maturity:				
Debt securities	33,061	154	170	33,045

	Millions of Yen			
March 31, 2017	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	¥ 60,035	¥67,485	¥1,501	¥126,019
Debt securities	882,461	9,643	1,953	890,151
Other	295,170	2,409	7,997	289,582
Held-to-maturity:				
Debt securities	16,990	138	67	17,061

	Thousands of U.S. Dollars			
March 31, 2018	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	$ 556,692	$730,582	$16,039	$1,271,235
Debt securities	7,747,044	56,721	9,111	7,794,654
Other	2,730,591	11,653	67,715	2,674,529
Held-to-maturity:				
Debt securities	311,192	1,449	1,600	311,041

Proceeds from sales of available-for-sale securities for the years ended March 31, 2018 and 2017, consisted of the following:

	Millions of Yen		
March 31, 2018	Proceeds	Realized Gains	Realized Losses
Equity securities	¥ 21,549	¥4,796	¥ 124
Debt securities:			
National government bonds	17,596	302	—
Local government bonds	34,054	278	—
Corporate bonds	4,131	8	75
Other	242,098	2,484	5,279
Total	¥319,428	¥7,868	¥5,478

	Millions of Yen		
March 31, 2017	Proceeds	Realized Gains	Realized Losses
Equity securities	¥ 15,405	¥ 3,354	¥ 773
Debt securities:			
National government bonds	171,585	7,092	399
Local government bonds	49,401	1,175	—
Corporate bonds	36,712	1,592	16
Other	666,725	7,116	21,181
Total	¥939,828	¥20,329	¥22,369

	Thousands of U.S. Dollars		
March 31, 2018	Proceeds	Realized Gains	Realized Losses
Equity securities	$ 202,833	$45,143	$ 1,167
Debt securities:			
National government bonds	165,625	2,843	—
Local government bonds	320,538	2,617	—
Corporate bonds	38,884	75	706
Other	2,278,784	23,381	49,690
Total	$3,006,664	$74,059	$51,563

In addition, held-to-maturity securities amounting to ¥121 million were reclassified as available-for-sale securities due to a decline in the issuer's credit worthiness as of March 31, 2017. The effect of these reclassifications on the accompanying consolidated financial statements was immaterial.

The impairment loss on available-for-sale equity securities for the year ended March 31, 2018, was ¥15 million ($141 thousand), which consisted of ¥15 million ($141 thousand) of debt securities.
The impairment loss on available-for-sale equity securities for the year ended March 31, 2017, was ¥160 million, which consisted of ¥160 million of debt securities.

Unrealized gain on available-for-sale securities as of March 31, 2018 and 2017, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2018	2017	2018
Unrealized gain before deferred tax on:			
Available-for-sale securities	¥75,172	¥68,300	$707,567
Money held in trust-other	12	11	113
Deferred tax liabilities	(21,983)	(19,914)	(206,918)
Unrealized gain on available-for-sale securities before interest adjustments	53,201	48,397	500,762
Noncontrolling interests	(478)	(387)	(4,499)
Unrealized gain on available-for-sale securities	¥52,723	¥48,010	$496,263

Unrealized gain before deferred tax on available-for-sale securities includes ¥157 million ($1,478 thousand) and ¥213 million of revaluation gain on available-for-sale securities as of March 31, 2018 and 2017, respectively, which are held by an investment limited partnership and similar groups.

Investments in and advances to subsidiaries and associated companies as of March 31, 2018 and 2017, were ¥628 million ($5,911 thousand) and ¥560 million, respectively.

5. MONEY HELD IN TRUST

Information regarding money held in trust for trading purposes as of March 31, 2018 and 2017, was as follows:

	Carrying Amount		
	Millions of Yen		Thousands of U.S. Dollars
	2018	2017	2018
Money held in trust classified as trading Purpose	¥6,000	¥5,996	$56,476
Money held in trust-other	1,012	1,011	9,525
Total	¥7,012	¥7,007	$66,001

6. LOANS AND BILLS DISCOUNTED

Loans and bills discounted as of March 31, 2018 and 2017, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2018	2017	2018
Bills discounted	¥ 30,884	¥ 26,798	$ 290,700
Loans on bills	133,164	137,183	1,253,426
Loans on deeds	3,629,079	3,439,208	34,159,253
Overdrafts	419,975	419,121	3,953,078
Others	2,329	2,148	21,922
Total	¥4,215,431	¥4,024,458	$39,678,379

"Nonaccrual loans," which include loans to borrowers in bankruptcy and past due loans, are defined as loans upon which the Bank has discontinued the accrual of interest income. Borrowers are generally placed on nonaccrual status when substantial doubt is deemed to exist as to the ultimate collectability of either the principal or interest and if the loans are past due for a certain period of time or for other reasons.

"Loans to borrowers in bankruptcy" represent nonaccrual loans to debtors who are legally bankrupt, which is defined in Article 96, Paragraph 1, Subparagraphs 3 and 4 of Enforcement Ordinance for the Corporate Tax Law. Loans to borrowers in legal bankruptcy as of March 31, 2018 and 2017, were ¥4,534 million ($42,677 thousand) and ¥6,261 million, respectively.

"Past due loans" are nonaccrual loans other than loans to borrowers in bankruptcy and loans of which interest payments are deferred in order to assist the financial recovery of a debtor in financial difficulty. Past due loans as of March 31, 2018 and 2017, were ¥62,449 million ($587,811 thousand) and ¥69,655 million, respectively.

"Accruing loans past due three months or more" are defined as loans on which principal or interest is past due more than three months. Loans classified as loans to borrowers in bankruptcy and past due loans are excluded from accruing loans past due three months or more. Accruing loans past due three months or more as of March 31, 2018 and 2017, were ¥246 ($2,315 thousand) million and nil, respectively.

"Restructured loans" are defined as loans in which the Group is providing financial support to a borrower by a reduction of interest rates, deferral of interest payments, extension of maturity dates, or reduction of the face or maturity amount of the debt or accrued interest. Loans classified as loans to borrowers in bankruptcy, past due loans and accruing loans past due three months or more are excluded from restructured loans. Restructured loans as of March 31, 2018 and 2017, were ¥3,579 million ($33,688 thousand) and ¥6,799 million, respectively.

The total amount of loans to borrowers in bankruptcy, past due loans, accruing loans past due three months or more and restructured loans as of March 31, 2018 and 2017, were ¥70,808 million ($666,491 thousand) and ¥82,715 million, respectively.

Bills discounted are accounted for as financing transactions in accordance with "Treatment of Accounting and Auditing in Applying Accounting Standard for Financial Instruments in the Banking Industry" issued by the Japanese Institute of Certified Public Accountants. The Bank has rights to sell or pledge accepted commercial bills discounted and foreign bills of exchange bought without restrictions. The total fair value of commercial bills discounted and foreign bills of exchange bought included in foreign exchanges as of March 31, 2018 and 2017, were ¥33,129 million ($311,832 thousand) and ¥28,283 million, respectively.

7. FOREIGN EXCHANGES

Foreign exchanges as of March 31, 2018 and 2017, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2018	2017	2018
Assets:			
Due from foreign correspondent account	¥5,134	¥6,137	$48,325
Foreign bills of exchange bought	2,245	1,485	21,131
Foreign bills of exchange receivable	1,118	1,163	10,523
Total	¥8,497	¥8,785	$79,979
Liabilities:			
Due to foreign correspondent account	¥ 698	¥ 942	$ 6,570
Foreign bills of exchange payable	183	288	1,723
Total	¥ 881	¥1,230	$ 8,293

8. OTHER ASSETS

Other assets as of March 31, 2018 and 2017, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2018	2017	2018
Accrued income	¥ 4,841	¥ 5,082	$ 45,567
Accounts receivable	9,996	11,324	94,089
Installment receivables	12,861	12,094	121,056
Derivative assets	6,387	3,821	60,118
Other	62,406	25,253	587,406
Total	¥96,491	¥57,574	$908,236

9. PREMISES AND EQUIPMENT

Premises and equipment as of March 31, 2018 and 2017, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2018	2017	2018
Land	¥46,113	¥46,319	$434,046
Building	13,516	13,553	127,221
Construction in progress	12	138	113
Other	6,022	6,095	56,683
Total	¥65,663	¥66,105	$618,063

The accumulated depreciation of premises and equipment as of March 31, 2018 and 2017, amounted to ¥60,342 million ($567,978 thousand) and ¥59,000 million, respectively.

10. CUSTOMERS' LIABILITIES FOR ACCEPTANCES AND GUARANTEES

All contingent liabilities arising from acceptances and guarantees are reflected in acceptances and guarantees. As a contra account, the customers' liabilities for acceptances and guarantees are presented as assets, representing the Bank's right of indemnity from applicants.

The Enforcement Ordinance of the Banking Law was revised on April 17, 2007, and effective from the fiscal years beginning on and after April 1, 2006. The Bank offsets customer's liabilities for acceptance and guarantees with acceptance and guarantees of ¥33,176 million ($312,274 thousand) and ¥17,360 million arising from guarantees of private placement securities as of March 31, 2018 and 2017, respectively.

11. ASSETS PLEDGED

Assets pledged as collateral and their relevant liabilities as of March 31, 2018 and 2017, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2018	2017	2018
Assets pledged as collateral:			
Securities	¥187,641	¥195,717	$1,766,199
Lease receivables and investments in leases	—	49	—
Other assets	2,008	3,746	18,901
Total	¥189,649	¥199,512	$1,785,100
Relevant liabilities to above assets:			
Deposits	¥65,213	¥73,107	$613,827
Payables under repurchase agreements	98,874	54,724	930,666
Payables under securities lending Transactions	—	50,732	—
Borrowed money	21,899	22,148	206,128
Total	¥185,986	¥200,711	$1,750,621

In addition, the following assets were pledged or deposited with respect to foreign exchange settlements and derivatives as of March 31, 2018 and 2017:

	Millions of Yen		Thousands of U.S. Dollars
	2018	2017	2018
Securities	¥55,027	¥66,162	$517,950
Other assets	—	7	—
Total	¥55,027	¥66,169	$517,950

Additionally, initial margins of futures markets, cash collateral received for financial instruments liabilities, guarantee deposits and initial margins of Central Counterparty included in other assets were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2018	2017	2018
Initial margins of future markets	¥ 964	¥ 897	$ 9,074
Cash collateral received for financial instruments liabilities	3,075	1,810	28,944
Guarantee deposits	2,044	2,094	19,239
Initial margins of Central Counterparty	46,000	—	432,982
Total	¥52,083	¥4,801	$490,239

12. DEPOSITS

Deposits as of March 31, 2018 and 2017, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2018	2017	2018
Current deposits	¥ 353,286	¥ 324,672	$ 3,325,358
Ordinary deposits	2,615,734	2,415,425	24,620,990
Deposits at notice	32,132	39,204	302,447
Savings deposits	90,428	91,081	851,167
Time deposits	2,286,153	2,386,548	21,518,760
Other deposits	65,241	84,849	614,091
Total	¥5,442,974	¥5,341,779	$51,232,813

13. BORROWED MONEY AND LEASE OBLIGATION

Borrowed money and lease obligation as of March 31, 2018 and 2017, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2018	2017	2018
Borrowings due serially to November 2022 with weighted average interest rates of 0.69 % in 2018 and 0.57% in 2017	¥47,775	¥46,744	$449,689
Lease obligation	33	79	311

Weighted average interest rates of lease obligation are not represented because the lease obligation is disclosed on the balance sheet without deducting the interest portion which is included in the amount of the lease obligation.

Annual maturities of borrowings as of March 31, 2018 and 2017, were as follows:

As of March 31, 2018, for the years ending March 31	Millions of Yen	Thousands of U.S. Dollars
2019	¥32,564	$306,513
2020	6,071	57,144
2021	4,904	46,160
2022	3,233	30,431
2023	1,003	9,441
2024 and thereafter	—	—
Total	¥47,775	$449,689

As of March 31, 2017, for the years ending March 31	Millions of Yen
2018	¥32,644
2019	5,865
2020	4,071
2021	2,903
2022	1,233
2023 and thereafter	28
Total	¥46,744

Borrowings include subordinated loans of the Bank, which amounted to nil as of March 31, 2018 and 2017, respectively.

Annual maturities of lease obligation as of March 31, 2018 and 2017, were as follows:

As of March 31, 2018, for the years ending March 31	Millions of Yen	Thousands of U.S. Dollars
2019	¥33	$311
2020	—	—
2021	—	—
2022	—	—
2023	—	—
Total	¥33	$311

As of March 31, 2017, for the years ending March 31	Millions of Yen
2018	¥46
2019	33
2020	—
2021	—
2022	—
Total	¥79

14. BONDS

Bonds as of March 31, 2018 and 2017, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2018	2017	2018
Unsecured Yen subordinated bonds due December 2022 (*)	¥—	¥10,000	$—
Total	¥—	¥10,000	$—

(*) The interest rates of the bonds are 1.01% for the period from December 22, 2012 to December 21, 2017 and the six-month Euroyen London InterBank Offered Rate plus 2.20% for the period from December 22, 2017 to December 21, 2022.

15. OTHER LIABILITIES

Other liabilities as of March 31, 2018 and 2017, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2018	2017	2018
Domestic exchange settlement account, credit (*)	¥ 18	¥ 59	$ 169
Income taxes payable	2,817	535	26,516
Accrued expenses	3,145	3,655	29,603
Deferred income	14,420	13,291	135,730
Employees' deposits	2,887	2,934	27,174
Derivative liabilities	4,785	4,829	45,040
Accounts payable	8,194	7,564	77,127
Other	13,645	12,145	128,436
Total	¥49,911	¥45,012	$469,795

(*) The domestic exchange settlement account consisted of outstanding remittance bills from other banks and/or collection bills for which the Bank has received notices for payment from other banks which have not been settled.

16. RETIREMENT AND PENSION PLANS

The Bank has a contributory funded defined benefit pension plan, lump-sum payment severance plan for employees and defined contribution pension plan, and certain subsidiaries have lump-sum payment severance plans for employees and apply the simplified method to state the liability based on the amount that would be paid if employees retired at the consolidated balance sheet date. The Bank contributed certain assets to the employee retirement benefit trust for the Bank's contributory funded defined benefit pension plan and the assets in this trust are qualified as plan assets.

(1) The changes in defined benefit obligation for the years ended March 31, 2018 and 2017, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2018	2017	2018
Balance at beginning of year	¥47,036	¥51,412	$442,733
Current service cost	1,967	2,020	18,515
Interest cost	160	158	1,506
Actuarial losses	348	284	3,276
Benefits paid	(2,161)	(2,175)	(20,341)
Decrease due to the transfer to a defined contribution pension plan	—	(4,663)	—
Balance at end of year	¥47,350	¥47,036	$445,689

(2) The changes in plan assets for the years ended March 31, 2018 and 2017, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2018	2017	2018
Balance at beginning of year	¥41,578	¥44,546	$391,359
Expected return on plan assets	1,038	995	9,771
Actuarial gains	1,663	1,440	15,653
Contributions from the employer	1,574	463	14,816
Benefits paid	(1,682)	(1,591)	(15,832)
Decrease due to the transfer to a defined contribution pension plan	—	(4,275)	—
Balance at end of year	¥44,171	¥41,578	$415,767

(3) Reconciliation between the liability recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets as of March 31, 2018 and 2017, was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2018	2017	2018
Funded defined benefit obligation	¥40,646	¥40,366	$382,587
Plan assets	(44,171)	(41,578)	(415,767)
	(3,525)	(1,212)	(33,180)
Unfunded defined benefit obligation	6,704	6,670	63,102
Net liability arising from defined benefit obligation	¥ 3,179	¥ 5,458	$ 29,922

	Millions of Yen		Thousands of U.S. Dollars
	2018	2017	2018
Liability for retirement benefits for employees	¥6,704	¥6,670	$63,102
Asset for retirement benefits for employees	(3,525)	(1,212)	(33,180)
Net liability arising from defined benefit obligation	¥3,179	¥5,458	$29,922

(4) The components of net periodic benefit costs for the years ended March 31, 2018 and 2017, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2018	2017	2018
Service cost	¥1,967	¥2,020	$18,515
Interest cost	160	158	1,506
Expected return on plan assets	(1,038)	(995)	(9,771)
Recognized actuarial losses	1,252	1,247	11,785
Net periodic benefit costs	¥2,341	¥2,430	$22,035

(5) Amounts recognized in other comprehensive income (before income tax effect) in respect of defined retirement benefit plans for the years ended March 31, 2018 and 2017, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2018	2017	2018
Actuarial gains	¥2,567	¥3,035	$24,162
Total	¥2,567	¥3,035	$24,162

(6) Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of defined retirement benefit plans as of March 31, 2018 and 2017, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2018	2017	2018
Unrecognized actuarial losses	¥667	¥3,235	$6,278
Total	¥667	¥3,235	$6,278

(7) Plan assets
(a) Components of plan assets
Plan assets consisted of the following:

	2018	2017
Debt investments	28%	30%
Equity investments	42	44
General account for life insurance	21	22
Others	9	4
Total	100%	100%

(*1) The retirement benefit trust that contributed to the pension plan is included in the plan assets and constitutes 17% of the total plan assets as of March 31, 2018 and 2017.

(b) Method of determining the expected rate of return on plan assets
The expected rate of return on plan assets is determined considering the current and future asset portfolio and the long-term rates of return which are expected currently and in the future from the variety of plan assets in the asset portfolio.

(8) Assumptions used for the years ended March 31, 2018 and 2017, were set forth as follows:

	2018	2017
Discount rate:		
Lump-sum payment	0.084%	0.084%
Pension plan	0.382%	0.382%
Expected rate of return on plan assets	3.000%	3.000%

The amount to be paid to defined contribution pension plan was ¥375 million ($3,530 thousand) and ¥ 356 million for the years ended March 31, 2018 and 2017.

17. ASSET RETIREMENT OBLIGATIONS

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

Asset retirement obligations are calculated based on the estimated available periods of 10 to 47 years depending on the expected useful lives of buildings using discount rates from 1.395% to 2.461%.

The changes in asset retirement obligations, which are included in other liabilities, for the years ended March 31, 2018 and 2017, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2018	2017	2018
Balance at beginning of year	¥193	¥195	$1,817
Reconciliation associated with passage of time	4	4	37
Decrease due to fulfillment of asset retirement obligations	—	(6)	—
Balance at end of year	¥197	¥193	$1,854

18. EQUITY

Japanese banks are subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:
(a) Dividends
Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders' meeting. Additionally, for companies that meet certain criteria, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. However, the Bank cannot do so because it does not meet the criteria. Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.
(b) Treasury stock and treasury stock acquisition rights
The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by a specific formula. Under the Companies Act, stock acquisition rights are presented as a separate component of equity. The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

Other than above, the Japanese Banking Law provides that an amount equal to at least 20% of the aggregate amount of cash dividends and certain other cash payments which are made as an appropriation of retained earnings applicable to each fiscal period shall be set aside as a legal reserve until the total additional paid-in capital and legal reserve equals 100% of stated capital. The amount of total additional paid-in capital and legal reserve which exceeds 100% of stated capital can be transferred to retained earnings by resolution of the shareholders, which may be available for dividends. The Bank's legal reserve amount, which is included in retained earnings, totals ¥20,155 million ($189,712 thousand) and ¥20,155 million as of March 31, 2018 and 2017, respectively.

On October 1, 2017, the Bank implemented a 1-for-10 reverse stock split of common stock based on the resolution of the annual general meeting of shareholders held on June 23, 2017.

19. STOCK OPTIONS

The stock options outstanding as of March 31, 2018, are as follows:

Stock Option	Persons Granted	Number of Options Granted	Date of Grant	Exercise Price	Exercise Period
2013 Stock Option	11 directors	12,620 shares	2013.7.23	¥ 1 ($0.01)	From July 24, 2013 to July 23, 2043
2014 Stock Option	11 directors	15,500 shares	2014.7.23	¥ 1 ($0.01)	From July 24, 2014 to July 23, 2044
2015 Stock Option	10 directors	9,600 shares	2015.7.23	¥ 1 ($0.01)	From July 24, 2015 to July 23, 2045
2016 Stock Option	7 directors 8 executive officers	16,350 shares	2016.7.22	¥ 1 ($0.01)	From July 23, 2016 to July 22, 2046
2017 Stock Option	7 directors 8 executive officers	12,350 shares	2017.7.21	¥ 1 ($0.01)	From July 22, 2017 to July 21, 2047

The stock option activity is as follows:

	2013 Stock Option	2014 Stock Option	2015 Stock Option	2016 Stock Option	2017 Stock Option
Year Ended March 31, 2018					
Non-vested					
March 31, 2017—Outstanding	—	—	—	4,087.5	—
Granted	—	—	—	—	12,350
Canceled	—	—	—	—	—
Vested	—	—	—	4,087.5	9,262.5
March 31, 2018—Outstanding	—	—	—	—	3,087.5
Vested					
March 31, 2017—Outstanding	5,000	10,280	6,480	12,262.5	—
Vested	—	—	—	4,087.5	9,262.5
Exercised	740	1,260	900	3,630	—
Canceled	—	—	—	120	—
March 31, 2018—Outstanding	4,260	9,020	5,580	12,600	9,262.5
Exercise price	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1
	($0.01)	($0.01)	($0.01)	($0.01)	($0.01)
Average stock price at exercise	¥3,460	¥3,460	¥3,460	¥3,477	—
	($32.57)	($32.57)	($32.57)	($32.73)	—
Fair value price at grant date	¥3,650	¥3,200	¥4,640	¥2,390	¥3,170
	($34.36)	($30.12)	($43.67)	($22.50)	($29.84)

Note: Effective October 1, 2017, the Bank implemented a 1-for-10 reverse stock split of common stock, and the number of shares, average stock price at exercise and fair value price at grant date are presented on a post-reverse stock split basis.

The Assumptions Used to Measure the Fair Value of the 2017 Stock Option

Estimate method:	Black-Scholes option pricing model
Volatility of stock price:	31.781%
Estimated remaining outstanding period:	5.1 years
Estimated dividend:	¥7 ($0.07) per share
Risk free interest rate:	(0.052)%

20. OTHER OPERATING INCOME

Other operating income for the years ended March 31, 2018 and 2017, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2018	2017	2018
Gains on sales of Japanese government bonds and other	¥ 1,912	¥16,562	$ 17,997
Income on lease transaction and installment receivables	20,987	20,588	197,543
Other	2,111	2,199	19,870
Total	¥25,010	¥39,349	$235,410

21. OTHER INCOME

Other income for the years ended March 31, 2018 and 2017, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2018	2017	2018
Gain on sales of stock and other securities	¥5,957	¥3,772	$56,071
Reversal for possible loan losses	642	3,302	6,043
Other	2,234	2,822	21,028
Total	¥8,833	¥9,896	$83,142

22. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the years ended March 31, 2018 and 2017, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2018	2017	2018
Salaries and wages	¥21,917	¥22,608	$206,297
Other	32,716	33,528	307,944
Total	¥54,633	¥56,136	$514,241

23. OTHER EXPENSE

Other expense for the years ended March 31, 2018 and 2017, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2018	2017	2018
Loss on sales of stock and other securities	¥ 340	¥1,026	$ 3,200
Other	1,446	1,608	13,611
Total	¥1,786	¥2,634	$16,811

24. INCOME TAXES

The Bank and its subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 30.14% for the years ended March 31, 2018 and 2017.

The tax effects of significant temporary differences and tax loss carryforwards, which result in deferred tax assets and liabilities as of March 31, 2018 and 2017, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2018	2017	2018
Deferred tax assets:			
Reserve for possible loan losses	¥ 6,027	¥ 6,779	$ 56,730
Liability for retirement benefits for employees	2,671	3,304	25,141
Write-down of securities	2,198	2,220	20,689
Depreciation	1,284	1,311	12,086
Other	2,341	2,077	22,035
Less: Valuation allowance	(3,456)	(4,502)	(32,530)
Total	11,065	11,189	104,151
Deferred tax liabilities:			
Unrealized gain on available- for-sale securities	(21,983)	(19,914)	(206,918)
Gain on contribution of available-for- sale securities to employees' retirement benefit trusts	(1,018)	(1,018)	(9,582)
Other	(542)	(582)	(5,102)
Total	(23,543)	(21,514)	(221,602)
Net deferred tax assets	¥(12,478)	¥(10,325)	$(117,451)

A reconciliation between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statement of income for the years ended March 31, 2018 and 2017, was as follows:

	2018	2017
Normal effective statutory tax rate	30.14%	30.14%
Expenses not deductible for income tax purposes	0.76	0.82
Income not taxable for income tax purposes	(1.51)	(1.41)
Per capita tax	0.57	0.59
Net change in valuation allowance	(7.74)	(6.87)
The effect of variance with the future effective statutory tax rate	0.18	0.05
Other – net	0.73	0.87
Actual effective tax rate	23.13%	24.19%

25. LEASES

Finance leases

(Lessee)

A subsidiary leases certain premises.

There was no rental expense including lease payments under the finance leases for the years ended March 31, 2018 and 2017.

(Lessor)

A subsidiary leases certain equipment and other assets.

The net investments in leases as of March 31, 2018 and 2017, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2018	2017	2018
Gross lease receivables	¥49,861	¥47,465	$469,324
Unguaranteed residual values	1,571	1,534	14,787
Deferred interest income	(4,200)	(4,364)	(39,533)
Total	¥47,232	¥44,635	$444,578

Maturities of lease receivables for finance leases that were deemed to transfer ownership of the leased assets to the lessee are as follows:

As of March 31, 2018, for the years ending March 31	Millions of Yen	Thousands of U.S. Dollars
2019	¥1,051	$ 9,893
2020	947	8,914
2021	901	8,481
2022	650	6,118
2023	421	3,963
2024 and thereafter	716	6,739
Total	¥4,686	$44,108

As of March 31, 2017, for the years ending March 31	Millions of Yen
2018	¥ 866
2019	727
2020	595
2021	583
2022	370
2023 and thereafter	471
Total	¥3,612

Maturities of investment in leases for finance leases that were deemed not to transfer ownership of the leased assets to the lessee are as follows:

As of March 31, 2018, for the years ending March 31	Millions of Yen	Thousands of U.S. Dollars
2019	¥13,129	$123,579
2020	11,040	103,916
2021	9,024	84,940
2022	6,850	64,476
2023	4,710	44,333
2024 and thereafter	5,108	48,080
Total	¥49,861	$469,324

As of March 31, 2017, for the years ending March 31	Millions of Yen
2018	¥12,449
2019	10,685
2020	8,446
2021	6,430
2022	4,267
2023 and thereafter	5,188
Total	¥47,465

Operating leases

(Lessee)

The minimum rental commitments under noncancelable operating leases as of March 31, 2018 and 2017, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2018	2017	2018
Due within one year	¥ 296	¥ 301	$ 2,786
Due after one year	2,746	3,129	25,847
Total	¥3,042	¥3,430	$28,633

(Lessor)

Expected future rental revenues under operating leases as of March 31, 2018 and 2017 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2018	2017	2018
Due within one year	¥ 509	¥ 484	$ 4,791
Due after one year	809	835	7,615
Total	¥1,318	¥1,319	$12,406

26. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

(1) Group policy for financial instruments

The Group provides banking services and comprehensive financial services including a leasing business. The Group meets the needs of local business through providing various products and services in the banking services, lending services, trading of securities, securities investments and other financial services such as a derivatives business. The Group has aligned its operations with local personnel and businesses and raises funds from deposits from customers, which are low cost and stable. The Group also raises funds by borrowing.

As for loans and bills discounted in the money management system, the Group finances local companies based on their capital demands and individuals mainly for home mortgages. As its main resources are bank deposits from customers, the Group aims to ensure the soundness of the assets through appropriate credit decisions and credit rating by understanding the current credit status and managing the credit portfolio to prevent concentrations in specific customers or industries. In marketable securities, considering the nature that it is engaged in excess fund management relating to lending services and its responsibility as a bank to provide settlement services, the Group focuses on running a fund based on public bonds, which is superior in security and liquidity. To build up a portfolio that is less subject to rising interest rates, the Group invests in risk assets such as securities whose values are expected to be less correlated with bonds.

The Group executes derivative transactions to fund and invest capital to meet the various needs of its customers as well as to meet its own needs. In trading transactions, the Group avoids excessive risk by restricting the type of transactions and limiting the volume of transactions. Also, the Group will not trade a particular investment if its fair value is volatile compared to that of the underlying assets (i.e. high leverage-effect transaction).

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

The loans and bills discounted are to general business enterprises, individuals, and local public bodies, and there is a risk (credit risk) that the value of loaned money is reduced by financial deterioration of the borrower and a risk (interest risk) of losses due to changes in interest rates.

In securities, the Group holds domestic bonds which are comprised mainly of public bonds such as government bonds and local government bonds, foreign securities, which are comprised of mainly US Treasury, stocks, investment trusts, and investment partnerships and so forth for investment purposes. Also, the Group holds certain domestic bonds for held-to-maturity purposes. In trading securities, the Group holds domestic bonds for trading. These items have interest risk, risk of changes in price, credit risk, and market liquidity risk. Market liquidity risk represents the risk that market trades cannot be performed due to market turmoil and that the Group may suffer losses due to significantly unfavorable financing conditions.

Deposits and borrowed money hold interest risk and cash flow risk (liquidity risk). Cash flow risk refers to the risk that securing necessary financing becomes difficult or significant unfavorable financing conditions result in recording of loss due to a mismatch of periods between operations and financing and unexpected outflows of money. Derivative transactions related to interest are comprised of interest-rate swap agreements, cap agreements, floor agreements, and interest futures.

Derivative transactions related to currency are comprised of exchange contracts, non-deliverable forwards (NDF), currency swap agreements, and currency option contracts. Derivative transactions related to securities are comprised of bond futures, options on bond futures, OTC bond options, stock index futures, options on stock index futures, and individual security options.
The Group utilizes derivative transactions to meet customer needs and to control risk so that interest risk, risk of changes in prices, and foreign currency exchange risk are not excessive. In trading transactions, the Group utilizes derivative transactions to earn a profit and to accumulate the know-how related to the transactions and understand market trends.

The derivative transactions the Group utilizes are exposed to interest risk, currency exchange risk, the risk of change in prices, and credit risk. In utilizing derivative transactions, the Group performs effective covering of transactions to meet customers' needs, and in trading transactions, the Group preliminarily establishes a risk limit to avoid exposing the Group to an excessive degree of market risk. Transactions such as listed futures are exposed to limited credit risk and OTC transactions such as interest swaps are assumed to have low risk since the counterparties are comprised of highly credible financial institutions and companies.

Some of the derivatives utilized to control the risks from securities are recorded on the basis of hedge accounting in accordance with JICPA Accounting Practice Committee Report No. 14, "Practical Guideline for Accounting for Financial Instruments".

(3) Risk management for financial instruments

Integrated Risk

The Group defines integrated risk management policies and regulations, and strengthens integrated risk management to ensure the soundness of management.

The Group monitors various risks holistically including measurement by statistical methods and aims to control risks within the range of management vitality. Specifically, the Group allocates risk capital to credit risk, market risk, and operational risk based on Value at Risk ("VaR") calculations according to assumptions about the market fluctuation rate and its half year business plan. In each operational division, the Group aims to control risk and obtain returns within the range of risk capital. Integrated risk is managed by the Risk Management Division and is reported monthly to the Integrated Risk Management Council and quarterly to the Board of Directors meetings. Necessary actions such as risk control are taken promptly.

Credit Risk Management

The Group defines credit risk management policy and rules such as credit risk management regulation to understand, manage and take actions on credit risk appropriately.

In screening requests for loans, the Group clearly separates the credit department from the operating department and the Group performs strict examination by the type of business. Also, the Group analyzes if repayment resources are ensured and reasonably secured on individual loans based on the purpose of the loan, business plans and investment effects.

For credit portfolio management, the Group aims to prevent concentrations in particular customers or industries and ensure profits to meet credit costs.

In addition, in order to improve credit risk, the Group seeks to implement management and business restructuring for customers experiencing difficult business conditions.

Regarding credit risk management, the Group defines a credit rating system where the Group evaluates the degree of credit risk by an integrated scale objectively and makes arrangements to reevaluate credit ratings close to fiscal year end or when there are any changes in credit status.

As for the level of credit risk and degree of concentration of credit granting, the Risk Management Division manages credit risk, reports monthly to the Integrated Risk Management Council and quarterly to management and discusses necessary actions.

Market risk management (foreign exchange risk and interest rate risk)

The Group considers interest rate risk, currency risk and the risk of change in prices as the main market risks and institutes a market risk management policy to manage the risks properly to avoid a reduction in the value of assets and losing credit. The Group also institutes market risk management regulations according to the market risk management policy to clarify the identification of market risk, the role of the department in charge, the method of evaluation and monitoring and the methods for controlling and reducing market risk.

Under integrated risk management, the Group allocates risk capital to each business (deposit, loan, investment securities and other securities) and establishes a cap on the investment amount and a maximum loss amount and matters to be discussed (level of loss to be re-examined). The Group handles market transactions within these risk limits expeditiously and effectively. With regard to these risks, the Risk Management Division manages and reports monthly to the Integrated Risk Management Council and quarterly to the Board of Directors meetings and discusses necessary actions.

Regarding derivative transactions, the Group follows internal regulations and policies. The market-risk-management department (middle office) and office-work department (back office) manage and monitor the balance, fair value, profit and loss and measurement of risk of the transactions and report to top-management regularly to ensure mutual supervision of risks. Especially in trading transactions, the market-risk-management department (middle office) manages the positions, measurement of risk and application for loss cut rule closely.

The Group holds financial instruments which are exposed to market risks (e.g. interest-rate risk, price-volatility risk and exchange risk) such as loans and bills discounted, securities, deposits, negotiable deposits, borrowed money and corporate bonds. To manage these market risks, the Group calculates VaR, which is used for quantitative analysis.

The Group calculates VaR of private placement bonds, borrowed money and corporate bonds which are exposed to interest-rate risk by the variance-covariance method (six months holding period with confidence interval of 99%, observation period one year). The VaR of these financial instruments amounted to ¥10,597 million (99,746$ thousand) and ¥20,289 million in aggregate as of March 31, 2018 and 2017, respectively.

The Group calculates VaR of investment securities which are exposed to price-volatility risk by the variance-covariance method (six months holding period with confidence interval of 99%, observation period one year). The VaR of these financial instruments amounted to ¥24,966 million ($234,996 thousand) and ¥38,513 million in aggregate as of March 31, 2018 and 2017, respectively.

In addition, the Group calculates VaR of securities, excluding investment securities, which are exposed to interest-rate risk or the price volatility risk by the variance-covariance method (six months holding period with confidence interval of 99%, observation period one year). The VaR of these financial instruments amounted to ¥21,262 million ($200,132 thousand) and ¥23,103 million in aggregate as of March 31, 2018 and 2017, respectively.

The Group compares VaR calculated by the formula with the actual fluctuation of realized gains and losses to verify that the calculated VaR reflects market risks with a high degree of accuracy.

However, VaR might not reflect market risks in circumstances such as unforeseen wide fluctuations in market circumstances because VaR reflects a certain amount of market risks calculated statistically based on historical fluctuation.

Liquidity risk management

As to liquidity risk, the Group defines liquidity risk management policies and liquidity risk management regulations, and aims to manage stable cash flows. Also, to be prepared for unforeseeable circumstances, the Group defines a contingency plan for liquidity risks and addresses them in a timely manner.

(4) Fair values of financial instruments

Fair values of financial instruments are based on quoted prices in active markets. If quoted prices are not available, other rational valuation techniques are used instead. Please see Note 28 for the details of the fair value of derivatives. Fair values are calculated based on certain assumptions; therefore, fair values may vary according to the assumptions used.

(a) Fair value of financial instruments

March 31, 2018	Millions of Yen		
	Carrying Amount	Fair Value	Unrealized Gains/Losses
Cash and due from banks	¥344,412	¥344,412	—
Trading securities	531	531	—
Money held in trust	7,012	7,012	—
Securities			
Held-to-maturity securities	33,061	33,045	¥ (16)
Available-for-sale securities	1,247,302	1,247,302	—
Loans and bills discounted	4,215,431		
Less: Reserve for possible loan losses	(23,484)		
Loans and bills discounted – net	4,191,947	4,202,858	10,911
Total	¥5,824,265	¥5,835,160	¥10,895
Deposits	¥5,442,974	¥5,443,610	¥ 636
Negotiable certificates of deposit	49,600	49,600	—
Payables under repurchase agreements	98,874	98,874	—
Total	¥5,591,448	¥5,592,084	¥ 636
Derivatives to which hedge accounting is not applied	¥ 1,603	¥ 1,603	—

March 31, 2017	Millions of Yen		
	Carrying Amount	Fair Value	Unrealized Gains/Losses
Cash and due from banks	¥ 486,264	¥ 486,264	—
Trading securities	790	790	—
Money held in trust	7,007	7,007	—
Securities			
Held-to-maturity securities	16,990	17,061	¥71
Available-for-sale securities	1,305,752	1,305,752	—
Loans and bills discounted	4,024,458		
Less: Reserve for possible loan losses	(26,908)		
Loans and bills discounted – net	3,997,550	4,019,443	21,893
Total	¥5,814,353	¥5,836,317	¥21,964
Deposits	¥5,341,779	¥5,343,128	¥ 1,349
Negotiable certificates of deposit	97,679	97,679	—
Payables under repurchase agreements	54,724	54,724	—
Total	¥5,494,182	¥5,495,531	¥ 1,349
Derivatives to which hedge accounting is not applied	¥ (1,008)	¥ (1,008)	—

March 31, 2018	Thousands of U.S. Dollars		
	Carrying Amount	Fair Value	Unrealized Gains/Losses
Cash and due from banks	$ 3,241,830	$3,241,830	—
Trading securities	4,998	4,998	—
Money held in trust	66,001	66,001	—
Securities			
Held-to-maturity securities	311,192	311,041	$ (151)
Available-for-sale securities	11,740,418	11,740,418	—
Loans and bills discounted	39,678,379		
Less: Reserve for possible loan losses	(221,047)		
Loans and bills discounted – net	39,457,332	39,560,034	102,702
Total	$54,821,771	$54,924,322	$102,551
Deposits	$51,232,813	$51,238,799	$ 5,986
Negotiable certificates of deposit	466,867	466,867	—
Payables under repurchase agreements	930,666	930,666	—
Total	$52,630,346	$52,636,332	$ 5,986
Derivatives to which hedge accounting is not applied	$ 15,088	$ 15,088	—

Assets

Cash and due from banks

The carrying amount of cash and due from banks with no maturities represents the fair value because the fair value approximates such carrying amount.

Trading securities

For securities such as bonds that are held for trading, the fair value is determined based on the prices quoted by the exchange or the financial institutions from which these securities are purchased.

Money held in trust

For securities that are part of trust property in an independently managed monetary trust with the primary purpose to manage securities, the fair value of equity securities is determined based on the prices quoted by the exchange and the fair value of bonds is determined based on the prices quoted by the exchange or the financial institutions from which they are purchased. Information on money held in trust by classification is included in Note 5, "Money Held in Trust."

Securities

The fair value of equity securities is determined based on the prices quoted by the exchange and the fair value of bonds is determined based on the prices quoted by the exchange or the financial institutions from which they are purchased. The fair value of investment trusts is determined based on the publicly available price.

For privately placed guaranteed bonds held by the Bank, the fair value is determined based on the present value of expected future cash flows, which is adjusted to reflect default risk, amounts to be collected from collateral and guarantees and guarantee fees, and discounted at an interest rate based on the market interest rate as of the date of evaluation with certain adjustments.

Information on securities by classification is included in Note 4, "Trading securities and Securities."

Loans and bills discounted

For loans with variable interest rates, the fair value approximates the carrying value because it reflects the market interest rate in the short term as long as the credit status of the borrower has not changed significantly. For loans with fixed interest rates, the fair value is calculated by bundling the type of loans and the internal credit rating using the expected future cash flows, which are discounted by the risk free rate and certain management costs. As for certain consumer loans such as home mortgages, fair value is calculated by discounting the total loan principal with the same rate as a similar loan. Also, for consumer loans that mature within one year, the fair value approximates the carrying value due to the short maturities. In addition, as for loans to legally bankrupt borrowers, virtually bankrupt borrowers, and potentially bankrupt borrowers, the fair value is calculated by deducting the allowance, which is calculated based on the present value of the estimated future cash flow or the estimated collection of cash from collateral and guarantee, from the balance in the consolidated balance sheet date. Therefore, the book value approximates the fair value. Regarding loans which do not have repayment terms because the outstanding amount of the loan is limited to the value of collateral assets, the fair value approximates the carrying value because of the estimated repayment periods and conditions of interest.

Liabilities

Deposits and negotiable certificates of deposit

For demand deposits, the amount payable on demand as of the consolidated balance sheet date (i.e., the carrying amount) is considered to be the fair value. Time deposits are grouped by certain maturity lengths and their fair value is calculated by discounting future cash flows with the same interest rate as that of accepted new deposits. For the deposits and negotiable certificates of deposits with the repayment period within one year, the fair value approximates the carrying value due to the short maturities.

Payables under repurchase agreements

For payables under repurchase agreements, the contract term is short (within one year). Therefore, the fair value approximates the carrying value due to the short maturities.

Derivatives
Information regarding the fair value for derivatives is included in Note 28.
(b) Financial instruments whose fair value cannot be reliably determined

	Carrying amount		
	Millions of Yen		Thousands of U.S. Dollars
	2018	2017	2018
Unlisted equity securities	¥ 7,131	¥ 7,220	$ 67,122
Investments in unconsolidated subsidiaries	623	555	5,864
Others	12,546	8,595	118,090
Total	¥20,300	¥16,370	$191,076

Since the fair values of unlisted stocks cannot be reliably determined, their fair values are not disclosed.

The impairment losses on unlisted stocks for the years ended March 31, 2018 and 2017, were ¥116 million ($1,092 thousand) and ¥6 million, respectively.

(5) Maturity analysis for financial assets, securities and financial liabilities with contractual maturities

	Millions of Yen			
March 31, 2018	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through Ten Years	Due after Ten Years
Cash and due from banks	¥ 278,366	—	—	—
Securities:				
Held-to-maturity securities:				
Debt securities:				
Corporate bonds	5,575	¥ 23,412	¥ 4,089	—
Available-for-sale securities with contractual maturities:				
Debt securities:				
National government bonds	73,300	269,300	51,000	—
Local government bonds	37,911	62,434	132,386	—
Corporate bonds	67,562	40,337	10,320	¥ 71,702
Other	6,573	73,434	94,141	97,243
Loans and bills discounted (*1)	969,210	1,189,103	824,614	1,143,448
Total	¥1,438,497	¥1,658,020	¥1,116,550	¥1,312,393

	Millions of Yen			
March 31, 2018	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through Ten Years	Due after Ten Years
Deposits	¥4,913,540	¥529,432	¥2	—
Negotiable certificates of deposit	49,600	—	—	—
Payables under repurchase agreements	98,874	—	—	—
Payables under securities lending transactions	—	—	—	—
Total	¥5,062,014	¥529,432	¥2	—

	Millions of Yen			
March 31, 2017	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through Ten Years	Due after Ten Years
Cash and due from banks	¥ 425,871	—	—	—
Securities:				
Held-to-maturity securities:				
Debt securities:				
Corporate bonds	4,269	¥ 9,642	¥3,079	—
Available-for-sale securities with contractual maturities:				
Debt securities:				
National government bonds	30,000	340,200	67,400	—
Local government bonds	35,183	89,578	77,238	—
Corporate bonds	73,908	94,355	4,825	¥ 61,331
Other	2,939	59,062	147,377	51,995
Loans and bills discounted (*1)	960,198	1,184,585	745,319	1,037,482
Total	¥1,532,368	¥1,777,422	¥1,045,238	¥1,150,808

	Millions of Yen			
March 31, 2017	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through Ten Years	Due after Ten Years
Deposits	¥4,717,017	¥624,753	¥9	—
Negotiable certificates of deposit	97,679	—	—	—
Payables under repurchase agreements	54,724	—	—	—
Total	¥4,869,420	¥624,753	¥9	—

	Thousands of U.S. Dollars			
March 31, 2018	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through Ten Years	Due after Ten Years
Cash and due from banks	$ 2,620,162	—	—	—
Securities:				
Held-to-maturity securities:				
Debt securities:				
Corporate bonds	52,476	$ 220,369	$ 38,488	—
Available-for-sale securities with contractual maturities:				
Debt securities:				
National government bonds	689,947	2,534,827	480,045	—
Local government bonds	356,843	587,669	1,246,103	—
Corporate bonds	635,938	379,678	97,139	$ 674,906
Other	61,869	691,209	886,117	915,314
Loans and bills discounted (*1)	9,122,835	11,192,611	7,761,803	10,762,877
Total	$13,540,070	$15,606,363	$10,509,695	$12,353,097

	Thousands of U.S. Dollars			
March 31, 2018	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through Ten Years	Due after Ten Years
Deposits	$46,249,436	$4,983,358	$19	—
Negotiable certificates of deposit	466,867	—	—	—
Payables under repurchase agreements	930,666	—	—	—
Total	$47,646,969	$4,983,358	$19	—

(*1) Loans and bills discounted whose cash flow cannot be estimated such as "legal bankruptcy," "virtual bankruptcy," and "possible bankruptcy" loans amounting to ¥64,793 million ($609,874 thousand) and ¥73,456 million as of March 31, 2018 and 2017, respectively, and loans and bills discounted with no contractual maturities amounting to ¥24,263 million ($228,379 thousand) and ¥23,418 million as of March 31, 2018 and 2017, respectively, are not included.

Please see Note 13 for annual maturities of borrowed money.

27. COMMITMENTS AND CONTINGENT LIABILITIES

Commitment line contracts on overdrafts and loans are agreements to make loans to customers when they apply for borrowing up to a prescribed amount, as long as there is no violation of any condition in the contracts.

The total amounts of unused open commitments as of March 31, 2018 and 2017, were ¥1,382,636 million ($13,014,270 thousand) and ¥1,375,147 million, respectively. Multi-purpose accounts included in the unused open commitments as of March 31, 2018 and 2017, were ¥647,389 million ($6,093,646 thousand) and ¥679,426 million, respectively. The amounts of unused commitments whose original contract terms were within one year or unconditionally cancelable at any time as of March 31, 2018 and 2017, were ¥1,363,436 million ($12,833,547 thousand) and ¥1,359,010 million, respectively.

Since many of these commitments are expected to expire without being drawn upon, the total amount of unused commitments does not necessarily represent actual future cash flow requirements. Many of these commitments have clauses enabling the Bank and certain subsidiaries to reject the loans to customers or reduce the contract amounts of commitment, in the event monetary conditions have changed and the Bank and certain subsidiaries need to secure claims, or other considerable events have occurred.

In addition, if necessary, the Bank and certain subsidiaries can request the customers to pledge collateral such as premises and securities at the execution of the contracts. After execution, the Bank and certain subsidiaries periodically evaluate the customers' financial position based upon the Bank's internal policy, and take necessary measures to manage the credit exposures, such as revising the terms of contracts or securing the claims.

28. DERIVATIVE INFORMATION

The Bank enters into swaps related to interest rates, foreign exchange forward contracts, swap and option contracts related to currencies, over-the-counter bond options and stock index options contracts related to securities.

Derivative transactions to which hedge accounting is not applied as of March 31, 2018 and 2017

	Millions of Yen			
March 31, 2018	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gains/(Losses)
Over-the-counter Interest-related contracts: Interest rate swap:				
Fixed rate receipt, variable rate payment	¥ 384	—	¥ 6	¥ 6
Variable rate receipt, fixed rate payment	384	—	(4)	(4)
Over-the-counter Currency-related contracts:				
Currency swap	91,167	¥82,170	820	888
Foreign exchange forward:				
Sell	48,849	958	1,002	1,002
Buy	24,715	592	(247)	(247)
Currency option:				
Sell	86,543	55,056	(4,258)	762
Buy	87,905	56,222	4,284	55
Other:				
Sell	—	—	—	—
Buy	—	—	—	—
Listed Stock-related contracts: Index option:				
Sell	—	—	—	—
Buy	—	—	—	—
Over-the-counter Bond-related contracts:				
Bond option:				
Sell	—	—	—	—

	Millions of Yen			
March 31, 2017	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gains/(Losses)
Over-the-counter Interest-related contracts: Interest rate swap:				
Fixed rate receipt, variable rate payment	¥10,623	¥408	¥12	¥12
Variable rate receipt, fixed rate payment	408	408	(10)	(10)
Over-the-counter Currency-related contracts:				
Currency swap	72,995	42,445	(953)	(953)
Foreign exchange forward:				
Sell	47,444	181	205	205
Buy	27,023	—	(288)	(288)
Currency option:				
Sell	70,980	41,797	(2,802)	903
Buy	72,413	43,015	2,827	(306)
Other:				
Sell	14	—	(4)	(4)
Buy	9	—	5	5
Listed Stock-related contracts: Index option:				
Sell	—	—	—	—
Buy	—	—	—	—
Over-the-counter Bond-related contracts:				
Bond option:				
Sell	—	—	—	—

	Thousands of U.S. Dollars			
March 31, 2018	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gains/(Losses)
Over-the-counter Interest-related contracts: Interest rate swap:				
Fixed rate receipt, variable rate payment	$3,614	—	$56	$56
Variable rate receipt, fixed rate payment	3,614	—	(38)	(38)
Over-the-counter Currency-related contracts:				
Currency swap	858,123	$773,438	7,719	8,358
Foreign exchange forward:				
Sell	459,799	9,017	9,431	9,431
Buy	232,634	5,572	(2,325)	(2,325)
Currency option:				
Sell	814,599	518,223	(40,079)	7,172
Buy	827,419	529,198	40,324	518
Other:				
Sell	—	—	—	—
Buy	—	—	—	—
Listed Stock-related contracts: Index option:				
Sell	—	—	—	—
Buy	—	—	—	—
Over-the-counter Bond-related contracts:				
Bond option:				
Sell	—	—	—	—

Notes:
1. Derivative transactions are valued at market and the gains/losses are recognized in the consolidated statement of income.
2. Market values of exchange-traded transactions are based on closing prices on the exchange markets, such as the Tokyo and Osaka International Financial Futures Exchange. Market values of over-the-counter contracts are based on valuation techniques such as the discounted cash flow method and the option pricing calculation models.

29. COMPREHENSIVE INCOME (LOSS)

The components of other comprehensive income (loss) for the years ended March 31, 2018 and 2017, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2018	2017	2018
Unrealized gains (losses) on available-for-sale securities:			
Gains (losses) arising during the year	¥7,508	¥(27,458)	$70,670
Reclassification adjustments to profit or loss	(635)	2,918	(5,977)
Amount before income tax effect	6,873	(24,540)	64,693
Income tax effect	(2,069)	7,315	(19,475)
Total	4,804	(17,225)	45,218
Deferred losses on derivatives under hedge accounting:			
Losses arising during the year	—	—	—
Reclassification adjustments to profit or loss	—	—	—
Amount before income tax effect	—	—	—
Income tax effect	—	—	—
Total	—	—	—
Land revaluation surplus:			
Reclassification adjustments to profit or loss	—	—	—
Amount before income tax effect	—	—	—
Income tax effect	—	(0)	—
Total	—	(0)	—
Defined retirement benefit plans:			
Adjustments arising during the year	1,315	1,156	12,377
Reclassification adjustments to profit or loss	1,252	1,879	11,785
Amount before income tax effect	2,567	3,035	24,162
Income tax effect	(768)	(908)	(7,229)
Total	1,799	2,127	16,933
Total other comprehensive income (loss)	¥6,603	¥(15,098)	$62,151

30. PER SHARE INFORMATION

1. Net income per share

Reconciliation of the differences between basic and diluted net income per share ("EPS") for the years ended March 31, 2018 and 2017, was as follows:

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
	Net income attributable to owners of parent	Weighted Average Shares	EPS	
For the year ended March 31, 2018:				
Net income attributable to owners of parent	¥9,901			
Amount not attributable to common shareholders	—			
Basic EPS—Net income available to common shareholders	9,901	37,374	¥264.93	$2.49
Effect of dilutive securities:				
Stock acquisition rights		40		
		40		
Diluted EPS—Net income for computation	¥9,901	37,414	¥264.65	$2.49

Note: Effective October 1, 2017, the Bank implemented a 1-for-10 reverse stock split of common stock. Basic and diluted net income per share are determined based on the assumption that reverse stock split was carried out at the beginning of the year ended March 31, 2017.

	Millions of Yen	Thousands of Shares	Yen
	Net income attributable to owners of parent	Weighted Average Shares	EPS
For the year ended March 31, 2017:			
Net income attributable to owners of parent	¥10,036		
Amount not attributable to common shareholders	—		
Basic EPS—Net income available to common shareholders	10,036	37,371	¥268.56
Effect of dilutive securities:			
Stock acquisition rights		34	
		34	
Diluted EPS—Net income for computation	¥10,036	37,405	¥268.32

2. Net assets per share

Net assets per share as of March 31, 2018 and 2017, were ¥9,183.65 ($86.44) and ¥8,820.08, respectively.

Net assets per share of common stock as of March 31, 2018 and 2017, were calculated based on the following:

	Millions of Yen		Thousands of U.S. Dollars
	2018	2017	2018
Total net assets	¥361,253	¥347,371	$3,400,348
Deductions from total net assets:			
Stock acquisition rights	130	111	1,224
Noncontrolling interests	18,007	17,632	169,493
Net assets attributable to common stock at the end of the fiscal year	343,116	329,628	3,229,631
Number of shares of common stock at the end of the fiscal year used for the calculation of net assets per share (shares in thousands)	37,362	37,372	

Note: Effective October 1, 2017, the Bank implemented a 1-for-10 reverse stock split of common stock. Net assets per share is determined based on the assumption that reverse stock split was carried out at the beginning of the year ended March 31, 2017.

31. SUBSEQUENT EVENT

Appropriation of Retained Earnings

On June 22 2018, the Bank's shareholders authorized an appropriation of retained earnings as follows:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends:		
¥35.00 ($0.33) per share on common stock	¥1,308	$12,312

Note: Effective October 1, 2017, the Bank implemented a 1-for-10 reverse stock split of common stock.

32. SEGMENT INFORMATION

Under ASBJ Statement No. 17, "Accounting Standard for Segment Information Disclosures" and ASBJ Guidance No. 20, "Guidance on Accounting Standard for Segment Information Disclosures," an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

1. Description of reportable segments

The Group's reportable segments are those for which separate financial information is available and regular evaluation by the Group's management is being performed in order to decide how resources are allocated among the Group.

The Group consists of the Bank and six (six in 2017) consolidated subsidiaries. The Group provides banking services-based comprehensive financial services and leasing business. The Group operates its business by units which consists of some branches located in a certain range. However, the Group discloses these units as a segment of the Banking business because their economic nature is similar to each other. Therefore, the Group consists of two reportable segments: banking business and lease business.

The Banking business is operated by the Bank and provides various services such as deposit-taking and lending services, trading securities, securities investment, domestic exchange, foreign exchange, managing bonds, a derivatives business and other related businesses at headquarters and branches of the Bank.

The Lease business is operated by Juroku Lease Co., Ltd. It provides leasing business to meet local customers' needs.

2. Methods of measurement for the amounts of income, profit, assets and other items for each reportable segment

The accounting policies of each reportable segment are consistent with those disclosed in Note 2, "Summary of Significant Accounting Policies."

3. Information about income, profit, assets, liabilities and other items

	Millions of Yen						
	Reportable Segment						
2018	Banking	Lease	Total	Other	Total	Reconciliations	Consolidated
Ordinary income:							
(1) Outside customers	¥ 77,993	¥22,006	¥ 99,999	¥ 4,745	¥ 104,744	—	¥ 104,744
(2) Intersegment transactions	574	300	874	1,094	1,968	¥ (1,968)	—
Total	¥ 78,567	¥22,306	¥ 100,873	¥ 5,839	¥ 106,712	¥ (1,968)	¥ 104,744
Segment profit	12,243	612	12,855	1,090	13,945	(11)	13,934
Segment assets	6,039,435	72,336	6,111,771	44,832	6,156,603	(60,035)	6,096,568
Other:							
Depreciation	¥ 3,781	¥ 490	¥ 4,271	¥ 66	¥ 4,337	¥ 124	¥ 4,461
Amortization of goodwill	245	—	245	—	245	—	245
Interest income	51,656	61	51,717	233	51,950	(111)	51,839
Interest expense	2,984	192	3,176	19	3,195	(96)	3,099
Provision (reversal) for possible loan losses	(728)	(115)	(843)	202	(641)	—	(641)
Increase in premises and equipment and intangible assets	3,009	486	3,495	141	3,636	65	3,701

	Millions of Yen						
	Reportable Segment						
2017	Banking	Lease	Total	Other	Total	Reconciliations	Consolidated
Ordinary income:							
(1) Outside customers	¥ 99,520	¥21,358	¥ 120,878	¥ 4,918	¥ 125,796	—	¥ 125,796
(2) Intersegment transactions	456	311	767	1,005	1,772	¥ (1,772)	—
Total	¥ 99,976	¥21,669	¥ 121,645	¥ 5,923	¥ 127,568	¥ (1,772)	¥ 125,796
Segment profit	12,017	785	12,802	1,761	14,563	(5)	14,558
Segment assets	5,983,891	67,557	6,051,448	42,416	6,093,864	(55,530)	6,038,334
Other:							
Depreciation	¥ 3,754	¥ 471	¥ 4,225	¥ 71	¥ 4,296	¥ 151	¥ 4,447
Amortization of goodwill	245	—	245	—	245	—	245
Interest income	59,694	56	59,750	263	60,013	(127)	59,886
Interest expense	4,624	221	4,845	22	4,867	(111)	4,756
Provision (reversal) for possible loan losses	(3,718)	277	(3,441)	139	(3,302)	—	(3,302)
Increase in premises and equipment and intangible assets	5,015	427	5,442	58	5,500	86	5,586

	Thousands of U.S. Dollars						
	Reportable Segment						
2018	Banking	Lease	Total	Other	Total	Reconciliations	Consolidated
Ordinary income:							
(1) Outside customers	$ 734,121	$207,135	$ 941,256	$ 44,663	$ 985,919	—	$ 985,919
(2) Intersegment transactions	5,403	2,824	8,227	10,297	18,524	$ (18,524)	—
Total	$ 739,524	$209,959	$ 949,483	$ 54,960	$ 1,004,443	$ (18,524)	$ 985,919
Segment profit	115,239	5,761	121,000	10,260	131,260	(104)	131,156
Segment assets	56,847,091	680,874	57,527,965	421,988	57,949,953	(565,089)	57,384,864
Other:							
Depreciation	$ 35,589	$ 4,612	$ 40,201	$ 622	$ 40,823	$ 1,167	$ 41,990
Amortization of goodwill	2,306	—	2,306	—	2,306	—	2,306
Interest income	486,220	574	486,794	2,193	488,987	(1,044)	487,943
Interest expense	28,088	1,807	29,895	179	30,074	(904)	29,170
Provision (reversal) for possible loan losses	(6,852)	(1,083)	(7,935)	1,901	(6,034)	—	(6,034)
Increase in premises and equipment and intangible assets	28,323	4,574	32,897	1,327	34,224	612	34,836

Notes:
1. Ordinary income represents total income less certain extraordinary income included in "Other income" in the accompanying consolidated statement of income.
2. "Other" includes business segments of credit cards, computer services and credit guarantees.
3. Reconciliations mainly represent elimination of intra-segment transactions.
4. Segment profit is adjusted to reconcile to income before income taxes less certain extraordinary items in the accompanying consolidated statement of income.

4. Associated Information
(1) Information about services

	Millions of Yen				
2018	Lending Service	Securities Services	Leasing	Other	Total
Ordinary income:					
Outside customers	¥40,865	¥19,416	¥21,816	¥22,647	¥104,744

	Millions of Yen				
2017	Lending Service	Securities Services	Leasing	Other	Total
Ordinary income:					
Outside customers	¥41,985	¥38,635	¥21,558	¥23,618	¥125,796

	Thousands of U.S. Dollars				
2018	Lending Service	Securities Services	Leasing	Other	Total
Ordinary income:					
Outside customers	$384,648	$182,756	$205,347	$213,168	$985,919

(2) Geographical information
(a) Operating revenues
This information is not presented because the Group's revenues in Japan account for more than 90% of revenues in the consolidated statement of income.
(b) Property and equipment
This information is not presented because the Group's property and equipment in Japan account for more than 90% of property and equipment in the consolidated balance sheet.

(3) Information by major customers
This information is not presented because there are no customers for which income account for more than 10% of revenues in the consolidated statement of income.

(4) Information about impairment loss by reportable segments

	Millions of Yen				
2018	Banking	Lease	Other	Elimination/Corporate	Total
Impairment loss on long-lived assets	¥94	—	—	—	¥94

	Millions of Yen				
2017	Banking	Lease	Other	Elimination/Corporate	Total
Impairment loss on long-lived assets	¥129	—	—	—	¥129

	Thousands of U.S. Dollars				
2018	Banking	Lease	Other	Elimination/Corporate	Total
Impairment loss on long-lived assets	$885	—	—	—	$885

(5) Information about goodwill and negative goodwill by reportable segments

	Millions of Yen				
2018	Banking	Lease	Other	Elimination/Corporate	Total
Amortization of goodwill	¥ 245	—	—	—	¥ 245
Goodwill at March 31, 2018	3,119	—	—	—	3,119
Gain on negative goodwill	—	—	—	—	—

	Millions of Yen				
2017	Banking	Lease	Other	Elimination/Corporate	Total
Amortization of goodwill	¥ 245	—	—	—	¥ 245
Goodwill at March 31, 2017	3,364	—	—	—	3,364
Gain on negative goodwill	—	—	—	—	—

	Thousands of U.S. Dollars				
2018	Banking	Lease	Other	Elimination/Corporate	Total
Amortization of goodwill	$ 2,306	—	—	—	$ 2,306
Goodwill at March 31, 2018	29,358	—	—	—	29,358
Gain on negative goodwill	—	—	—	—	—