

# **ANNUAL REPORT 2020**

**Year Ended March 31, 2020**



## Corporate Data

(As of March 31, 2020)

### Head Office

1-2, Nanukamachi 3-chome, Yamagata  
990-8642, Japan  
Phone:+81 23 623 1221  
URL:<http://www.yamagatabank.co.jp/>

### Date of Establishment

April 14, 1896

### Paid-in Capital

¥12,008million

### Stock Exchange Listing

Tokyo Stock Exchange

### Credit Rating

A+ (JCR)

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## Yamagata Bank's ESG Management and SDG Efforts

The Yamagata Bank Group aims for the improvement of mid and long-term corporate values and the realization of a sustainable society, and is making active efforts to solve social challenges concerning the **environment**, **social** and **governance**. Also, in July 2019, the Yamagata Bank Group announced that it would promote regionally based efforts aimed toward achieving SDGs\* (Sustainable Development Goals).



These are the Sustainable Development Goals that have been agreed on around the world with a target date of 2030.

\* 17 sustainable development goals in order to make the world a better place, adopted by the United Nations Sustainable Development Summit.

### Keep forests healthy and beautiful.

- Go around in the *Hanagasa forest*



### Activities to protect the future and environment of children

- Activities to promote eco PET bottle caps



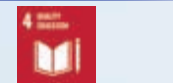
### For creating an opulent local community

- Activities to promote culture



### Supporting the promotion of sports in the local region

- Promoting sports with the "Lyers"

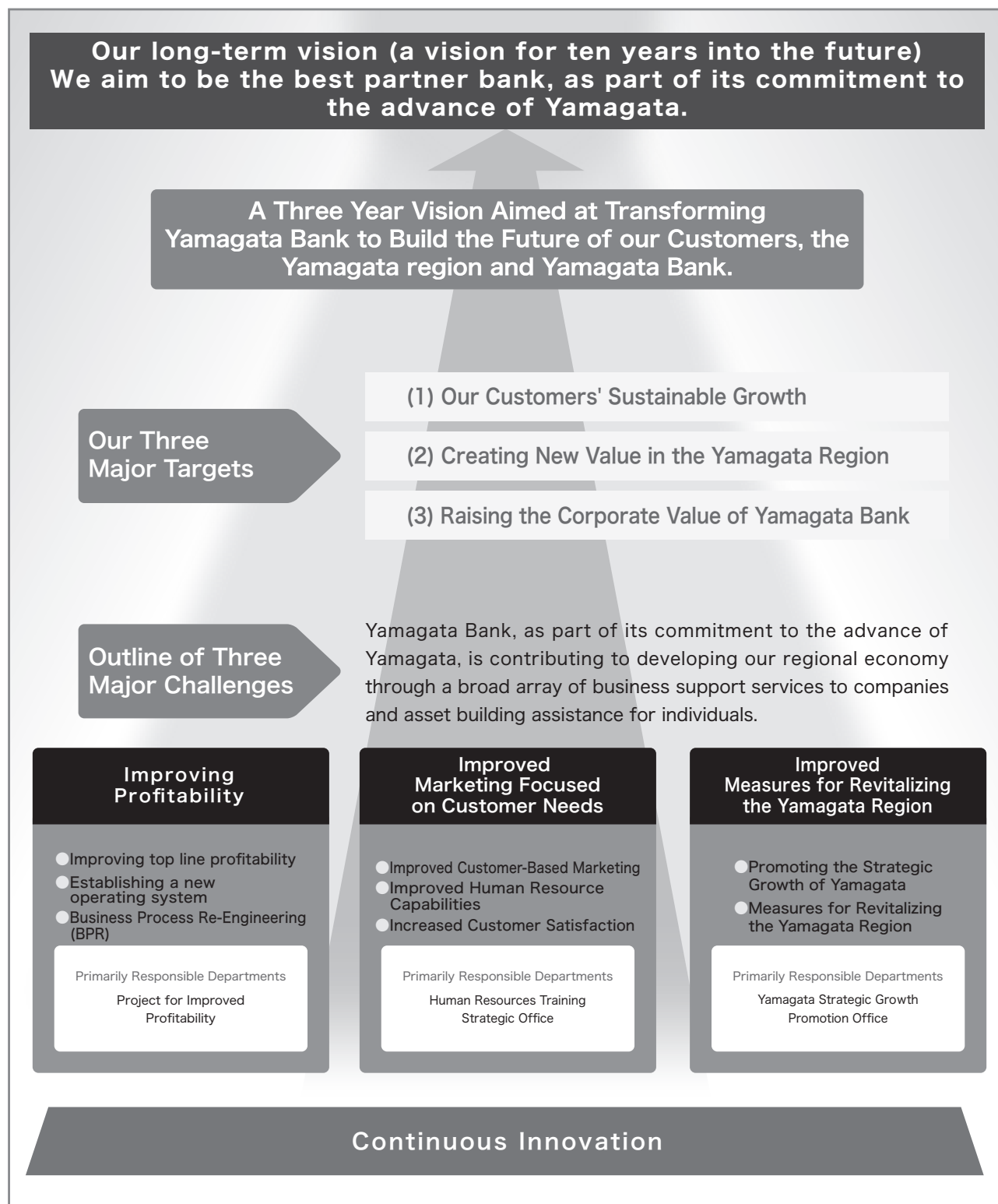


### Improving business management systems

- Corporate governance



**19th long-term management plan (fiscal 2018-2020)**  
**Yamagata Bank: Building the Future - Vision for 2020**  
**(April 2018 - March 2021)**



# Consolidated Five-Year Financial Highlights

Yen:In millions except per share data and percentages

U.S. dollars:In thousands except per share data and percentages

Years ended March 31

For the fiscal year:	2020	2019	2018	2017	2016	2020
	(Millions of yen)					(Thousands of U.S. dollars)
Ordinary income .....	¥ 44,041	¥ 47,354	¥ 42,488	¥ 45,886	¥ 45,252	\$ 404,679
Ordinary expenses .....	39,406	41,391	35,350	37,802	34,504	362,094
Profit before income taxes.....	4,468	5,910	6,992	8,034	10,623	41,063
Profit attributable to owners of parent .....	2,537	4,020	4,988	5,473	6,714	23,318
<b>At the fiscal year-end</b>						
Assets .....	¥ 2,653,119	¥ 2,576,980	¥ 2,618,179	¥ 2,612,784	¥ 2,503,672	\$ 24,378,563
Loans and bills discounted .....	1,713,248	1,699,188	1,726,334	1,674,250	1,584,509	15,742,431
Securities .....	758,083	677,078	732,995	717,552	741,165	6,965,757
Liabilities .....	2,505,412	2,420,219	2,460,737	2,459,270	2,347,728	23,021,339
Deposits .....	2,267,133	2,212,792	2,206,819	2,180,460	2,075,390	20,831,878
Net assets.....	147,706	156,761	157,442	153,514	155,944	1,357,223
<b>Amounts per share</b>						
	(Yen)					(U.S. dollars)
Cash dividends .....	¥ 32.50	¥ 35.00	¥ 21.00	¥ 7.00	¥ 7.00	\$ 0.30
Profit attributable to owners of parent.....	77.86	123.36	153.04	167.74	41.08	0.72
Diluted profit attributable to owners of parent ...	—	110.01	136.52	149.68	36.67	—
Net assets.....	4,526.62	4,804.85	4,825.85	4,705.09	904.81	41.59

## Ratios:

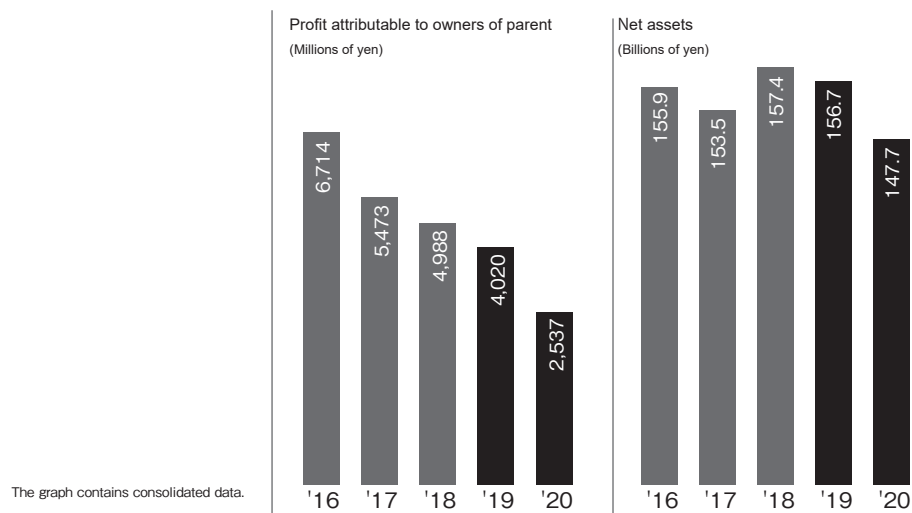
	2020	2019	2018	2017	2016
Capital adequacy ratio (Domestic standard) .....	11.02%	11.59%	11.61%	12.11%	12.77%

Notes 1 : U.S. dollars represent transactions, for the convenience of readers, at ¥108.83=U.S.\$1.00, the rate prevailing on March 31, 2020.

2 : Effective October 1, 2017, the Bank executed the 1-for-5 stock consolidation. Per share information except cash dividends is calculated under the assumption that the stock consolidation had taken effect in the preceding fiscal year.

3 : Effective October 1, 2017, the Bank executed the 1-for-5 stock consolidation. The dividend of ¥21.00 per share for March 31, 2018 is the sum of the intermediate dividend of ¥3.50 and the year-end dividend of ¥17.50, with the interim dividend of ¥3.50 being the pre-merger dividend, and the year-end dividend of ¥17.50 the post-merger dividend.

4 : Diluted profit attributable to owners of parent for the fiscal year ended March 31, 2020 is not listed because there are no potentially dilutive shares.



## **Independent Auditor's Report**

The Board of Directors  
The Yamagata Bank , Ltd.

### **Opinion**

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

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

### **Basis for Opinion**

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

### **Responsibilities of Management, the Audit and Supervisory Committee for the Consolidated Financial Statements**

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

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

The Audit and Supervisory Committee is responsible for overseeing the Group's financial reporting process.

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

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

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

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

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

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

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

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

### **Convenience Translation**

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2020 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 2 to the consolidated financial statements.

Ernst & Young ShinNihon LLC  
Tokyo, Japan

June 25, 2020

佐藤 森夫 (印)  
\_\_\_\_\_  
/s/Morio Sato  
Designated Engagement Partner  
Certified Public Accountant

小松崎 謙 (印)  
\_\_\_\_\_  
/s/Ken Komatsuzaki  
Designated Engagement Partner  
Certified Public Accountant

# Review of Operations

## *The Conditions of Consolidated Accounts*

### **The general situation in this term (from April 1, 2019 to March 31, 2020)**

#### **Deposits and negotiable certificates of deposit**

The year-end consolidated balance of deposits and negotiable certificates of deposit increased by ¥51.3 billion to ¥2,368.2 billion, mainly due to an increase in personal deposits and public deposits.

#### **Deposited financial assets**

The year-end consolidated balance of deposited financial assets decreased by ¥16.1 billion during the year to ¥267.3 billion, due to reasons such as a decrease in investment trust.

#### **Loans**

The year-end consolidated balance of loans rose by ¥14.0 billion to ¥1,713.2 billion. Although loans to public entities decreased, loans to corporations increased.

#### **Securities**

As for securities, although re-investment in government bonds was curbed, as a result of promoting investments in assets likely to be profitable, such as local government bonds and investment trusts, etc., there was a ¥81.0 billion increase during the consolidated fiscal year, with a final balance of ¥758.0 billion at the end of the accounting period.

#### **Profit and loss**

The consolidated ordinary income decreased by ¥3,312 million from the previous year to ¥44,041 million, mainly because of a decrease in gain on sales of equity securities. Consolidated ordinary expenses decreased by ¥1,985 million from the previous year to ¥39,406 million, mainly because of a decrease in loss on sales of bonds and provision of allowance for loan losses.

As a result, consolidated ordinary profit decreased by ¥1,327 million during the year to ¥4,634 million, and consolidated profit attributable to owners of parent decreased by ¥1,482 million during the year to ¥2,537 million.

#### **Results by business segment**

In the banking business, ordinary income for the fiscal year was ¥37,118 million, which was ¥3,287 million less than that for the previous fiscal year; segment profit for the fiscal year was ¥3,892 million, which was ¥1,186 million less than that for the previous fiscal year.

In the leasing business, ordinary income for the fiscal year was ¥5,986 million, which was ¥127 million more than that for the previous year; segment profit for the fiscal year was ¥125 million, which was ¥69 million less than that for the previous fiscal year.

In the credit guarantee business, ordinary income for the fiscal year was ¥965 million, which was ¥6 million less than that for the previous fiscal year; segment profit for the fiscal year was ¥708 million, which was ¥206 million more than that for the previous fiscal year.

In other business sectors, ordinary income for the fiscal year was ¥1,450 million, which was ¥4 million less than that for the previous fiscal year;

segment profit for the fiscal year was ¥134 million, which was ¥1 million less than that for the previous fiscal year.

#### **Cash flows**

Cash flows from operating activities was positive at ¥100.0 billion, mainly due to a net increase in deposits.

Cash flows from investing activities was negative at ¥96.6 billion, due to the purchase of securities exceeding the proceeds from sales and redemption of securities.

Cash flows from financing activities was negative at ¥12.1 billion, due to redemption of bonds with share acquisition rights etc.

As a result of the above, the year-end consolidated balance of cash and cash equivalents decreased by ¥8.8 billion during the year to ¥75.6 billion.



# Financial Statements

## Consolidated Balance Sheet

As of March 31, 2020 and 2019

	<b>2020</b> (Millions of yen)	<b>2019</b> (Millions of yen)	<b>2020</b> (Thousands of U.S. dollars)(Note 2)
<b>Assets</b>			
Cash and due from banks (Note 19) .....	¥ 86,123	¥ 95,037	\$ 791,358
Call loans and bills bought .....	1,310	13,995	12,040
Monetary claims bought .....	8,051	4,900	73,980
Trading account securities (Note 22) .....	—	4	—
Money held in trust .....	481	—	4,420
Securities (Note 4, 5, 7, 11 and 22) .....	758,083	677,078	6,965,757
Loans and bills discounted (Note 6) .....	1,713,248	1,699,188	15,742,431
Foreign exchanges .....	2,491	1,464	22,894
Other assets (Note 7) .....	52,907	51,519	486,150
Property, plant and equipment (Note 10) .....	15,445	14,513	141,920
Buildings, net (Note 9) .....	3,802	3,625	34,935
Land (Note 8) .....	8,782	8,825	80,699
Construction in progress .....	1,082	127	9,950
Other, net (Note 9) .....	1,777	1,934	16,335
Intangible assets .....	3,554	2,783	32,657
Software .....	3,346	2,575	30,749
Other .....	207	208	1,907
Assets for retirement benefits (Note 26) .....	—	243	—
Deferred tax assets (Note 27) .....	1,965	355	18,059
Customers' liabilities for acceptances and guarantees .....	19,281	25,416	177,166
Allowance for loan losses .....	(9,824)	(9,522)	(90,274)
<b>Assets</b> .....	<b>¥ 2,653,119</b>	<b>¥ 2,576,980</b>	<b>\$ 24,378,563</b>
<b>Liabilities and Net Assets</b>			
<b>Liabilities</b>			
Deposits (Note 7) .....	¥ 2,267,133	¥ 2,212,792	\$ 20,831,878
Negotiable certificates of deposit .....	101,111	104,121	929,078
Call money and bills sold .....	19,589	—	180,000
Payables under securities lending transactions (Note 7) .....	65,505	29,653	601,902
Borrowed money (Note 7) .....	13,505	16,133	124,096
Foreign exchanges .....	29	61	268
Bonds with share acquisition rights .....	—	11,099	—
Other liabilities .....	16,790	16,689	154,285
Provision for bonuses for directors .....	22	25	206
Liabilities for retirement benefits (Note 26) .....	468	53	4,303
Provision for retirement benefits for directors .....	9	8	87
Provision for share payments of board incentive plan .....	101	77	934
Provision for reimbursement of deposits .....	168	163	1,551
Provision for contingent loss .....	304	249	2,800
Provision for point service program .....	50	43	460
Provision for loss on interest repayment .....	56	58	519
Deferred tax liabilities (Note 27) .....	13	2,296	125
Deferred tax liabilities for land revaluation (Note 8) .....	1,270	1,277	11,672
Acceptances and guarantees .....	19,281	25,416	177,166
<b>Liabilities</b> .....	<b>¥ 2,505,412</b>	<b>¥ 2,420,219</b>	<b>\$ 23,021,339</b>
<b>Net Assets</b>			
Shareholders' equity (Note 17 and 31)			
Share capital .....	¥ 12,008	¥ 12,008	\$ 110,342
Capital surplus .....	10,215	10,215	93,870
Retained earnings .....	125,128	123,665	1,149,763
Treasury shares .....	(3,173)	(3,178)	(29,159)
Shareholders' equity .....	144,179	142,711	1,324,817
Valuation difference on available-for-sale securities (Note 24) .....	6,865	16,379	63,087
Deferred gains or losses on hedges .....	(3,267)	(2,701)	(30,025)
Revaluation reserve for land (Note 8) .....	1,109	1,097	10,198
Retirement benefits liability adjustments .....	(1,342)	(883)	(12,336)
Accumulated other comprehensive income .....	3,365	13,892	30,923
Non-controlling interests .....	161	157	1,482
<b>Net assets</b> .....	<b>¥ 147,706</b>	<b>¥ 156,761</b>	<b>\$ 1,357,223</b>
<b>Liabilities and net assets</b> .....	<b>¥ 2,653,119</b>	<b>¥ 2,576,980</b>	<b>\$ 24,378,563</b>

# Consolidated Statements of Income and Comprehensive Income

For the years ended March 31, 2020 and 2019

## Consolidated Statement of Income

	<b>2020</b> (Millions of yen)	<b>2019</b> (Millions of yen)	<b>2020</b> (Thousands of U.S. dollars)(Note 2)
<b>Ordinary income</b>	¥ 44,041	¥ 47,354	\$ 404,679
Interest income	25,085	25,506	230,501
Interest on loans and discounts	17,161	17,640	157,689
Interest and dividends on securities	7,716	7,624	70,907
Interest on call loans and bills bought	77	120	713
Interest on receivables under resale agreements	(1)	(1)	(10)
Interest on deposits with banks	12	11	116
Other interest income	118	110	1,084
Fees and commissions	7,507	7,751	68,983
Other ordinary income	9,931	10,200	91,258
Other income	1,516	3,895	13,934
Recoveries of written off receivables	16	20	150
Other (Note 12)	1,500	3,874	13,784
<b>Ordinary expenses</b>	39,406	41,391	362,094
Interest expenses	2,115	2,554	19,439
Interest on deposits	643	757	5,911
Interest on negotiable certificates of deposit	19	26	180
Interest on call money and bills sold	7	33	64
Interest on payables under securities lending transactions	486	659	4,471
Interest on borrowings and rediscounts	163	198	1,504
Other interest expenses	795	877	7,305
Fees and commissions payments	2,594	2,306	23,839
Other ordinary expenses	9,624	10,151	88,433
General and administrative expenses (Note 13)	21,767	21,465	200,009
Other expenses	3,305	4,914	30,373
Provision of allowance for loan losses	1,735	3,096	15,946
Other	1,570	1,817	14,427
<b>Ordinary profit</b>	4,634	5,962	42,584
Extraordinary income	3	8	34
Gain on disposal of non-current assets	—	8	—
Other	3	—	34
Extraordinary losses	169	60	1,555
Loss on disposal of non-current assets	165	60	1,520
Impairment loss (Note 15)	3	—	34
<b>Profit before income taxes</b>	4,468	5,910	41,063
Income taxes-current	1,330	2,177	12,223
Income taxes-deferred (Note 27)	597	(294)	5,486
Income taxes	1,927	1,882	17,710
<b>Profit</b>	2,541	4,028	23,353
Profit attributable to non-controlling interests	3	7	35
Profit attributable to owners of parent	¥ 2,537	¥ 4,020	\$ 23,318
<b>Consolidated Statements of Comprehensive Income</b>			
Profit	¥ 2,541	¥ 4,028	\$ 23,353
Other comprehensive income (Note 16)	(10,539)	(3,563)	(96,839)
Valuation difference on available-for-sale securities	(9,514)	(2,274)	(87,421)
Deferred gains or losses on hedges	(566)	(516)	(5,200)
Retirement benefits liability adjustments	(458)	(772)	(4,216)
Comprehensive income	(7,997)	464	(73,485)
Comprehensive income attributable to owners of parent	(8,001)	456	(73,521)
Comprehensive income attributable to non-controlling interests	3	7	35

## Consolidated Statements of Changes in Equity

For the year ended March 31, 2020	Shareholders' equity				(Millions of yen)
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance as of April 1, 2019	¥ 12,008	¥ 10,215	¥ 123,665	¥ (3,178)	¥ 142,711
Changes during period					
Dividends of surplus			(1,062)		(1,062)
Profit attributable to owners of parent			2,537		2,537
Acquisition of treasury shares				(1)	(1)
Disposal of treasury shares				6	6
Reversal of revaluation reserve for land			(12)		(12)
Net changes in items other than shareholders' equity					
Total changes during period	—	—	1,463	5	1,468
Balance as of March 31, 2020	¥ 12,008	¥ 10,215	¥ 125,128	¥ (3,173)	¥ 144,179

For the year ended March 31, 2020	Shareholders' equity				(Thousands of U.S. dollars) (Note 2)
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance as of April 1, 2019	\$ 110,342	\$ 93,870	\$ 1,136,319	\$ (29,205)	\$ 1,311,325
Changes during period					
Dividends of surplus			(9,759)		(9,759)
Profit attributable to owners of parent			23,318		23,318
Acquisition of treasury shares				(9)	(9)
Disposal of treasury shares				56	56
Reversal of revaluation reserve for land			(113)		(113)
Net changes in items other than shareholders' equity					
Total changes during period	—	—	13,444	46	13,491
Balance as of March 31, 2020	\$ 110,342	\$ 93,870	\$ 1,149,763	\$ (29,159)	\$ 1,324,817

For the year ended March 31, 2019	Shareholders' equity				(Millions of yen)
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance as of April 1, 2018	¥ 12,008	¥ 10,215	¥ 120,721	¥ (3,176)	¥ 139,769
Changes during period					
Dividends of surplus			(1,143)		(1,143)
Profit attributable to owners of parent			4,020		4,020
Acquisition of treasury shares				(2)	(2)
Disposal of treasury shares					
Reversal of revaluation reserve for land			67		67
Net changes in items other than shareholders' equity					
Total changes during period	—	—	2,944	(2)	2,941
Balance as of March 31, 2019	¥ 12,008	¥ 10,215	¥ 123,665	¥ (3,178)	¥ 142,711

For the year ended March 31, 2020	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Retirement benefits liability adjustments	Total accumulated other comprehensive income		
Balance as of April 1, 2019	¥ 16,379	¥ (2,701)	¥ 1,097	¥ (883)	¥ 13,892	¥ 157	¥ 156,761
Changes during period							
Dividends of surplus							(1,062)
Profit attributable to owners of parent							2,537
Acquisition of treasury shares							(1)
Disposal of treasury shares							6
Reversal of revaluation reserve for land							(12)
Net changes in items other than shareholders' equity	(9,514)	(566)	12	(458)	(10,526)	3	(10,522)
Total changes during period	(9,514)	(566)	12	(458)	(10,526)	3	(9,054)
Balance as of March 31, 2020	¥ 6,865	¥ (3,267)	¥ 1,109	¥ (1,342)	¥ 3,365	¥ 161	¥ 147,706

For the year ended March 31, 2020	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Retirement benefits liability adjustments	Total accumulated other comprehensive income		
Balance as of April 1, 2019	\$ 150,508	\$ (24,824)	\$ 10,084	\$ (8,119)	\$ 127,649	\$ 1,446	\$ 1,440,422
Changes during period							
Dividends of surplus							(9,759)
Profit attributable to owners of parent							23,318
Acquisition of treasury shares							(9)
Disposal of treasury shares							56
Reversal of revaluation reserve for land							(113)
Net changes in items other than shareholders' equity	(87,421)	(5,200)	113	(4,216)	(96,725)	35	(96,690)
Total changes during period	(87,421)	(5,200)	113	(4,216)	(96,725)	35	(83,198)
Balance as of March 31, 2020	\$ 63,087	\$ (30,025)	\$ 10,198	\$ (12,336)	\$ 30,923	\$ 1,482	\$ 1,357,223

For the year ended March 31, 2019	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Retirement benefits liability adjustments	Total accumulated other comprehensive income		
Balance as of April 1, 2018	¥ 18,654	¥ (2,184)	¥ 1,164	¥ (110)	¥ 17,523	¥ 149	¥ 157,442
Changes during period							
Dividends of surplus							(1,143)
Profit attributable to owners of parent							4,020
Acquisition of treasury shares							(2)
Disposal of treasury shares							—
Reversal of revaluation reserve for land							67
Net changes in items other than shareholders' equity	(2,274)	(516)	(67)	(772)	(3,631)	7	(3,623)
Total changes during period	(2,274)	(516)	(67)	(772)	(3,631)	7	(681)
Balance as of March 31, 2019	¥ 16,379	¥ (2,701)	¥ 1,097	¥ (883)	¥ 13,892	¥ 157	¥ 156,761

# Consolidated Statements of Cash Flows

For the years ended March 31, 2020 and 2019

	<b>2020</b>	<b>2019</b>	<b>2020</b>
	(Millions of yen)	(Millions of yen)	(Thousands of U.S. dollars)(Note 2)
<b>Cash flows from operating activities</b>			
Profit before income taxes	¥ 4,468	¥ 5,910	\$ 41,063
Depreciation	1,347	1,274	12,382
Impairment loss	3	—	34
Increase (decrease) in allowance for loan losses	302	1,794	2,776
Increase (decrease) in provision for bonuses for directors	(2)	—	(22)
Decrease (increase) in assets for retirement benefits	243	(424)	2,233
Increase (decrease) in liabilities for retirement benefits	415	4	3,816
Increase (decrease) in provision for retirement benefits for directors	1	2	13
Increase (decrease) in provision for share payments of board incentive plan	24	31	225
Increase (decrease) in provision for loss due to returning interests	(2)	(1)	(22)
Increase (decrease) in provision for reimbursement of deposits	5	19	52
Increase (decrease) in provision for contingent loss	55	(51)	507
Increase (decrease) in provision for point service program	6	5	57
Interest income	(25,085)	(25,506)	(230,501)
Interest expenses	2,115	2,554	19,439
Loss (gain) related to securities	(2,636)	(2,684)	(24,228)
Foreign exchange loss (gain) , net	246	49	2,267
Loss (gain) on disposal of non-current assets	165	51	1,520
Net decrease (increase) in loans and bills discounted	(14,298)	27,168	(131,384)
Net increase (decrease) in deposits	54,505	5,956	500,828
Net increase (decrease) in negotiable certificates of deposit	(3,010)	(10,375)	(27,659)
Net increase (decrease) in borrowed money (excluding subordinated borrowings)	(2,588)	(38,118)	(23,782)
Net decrease (increase) in due from banks (excluding due from Bank of Japan)	91	(4,987)	836
Net decrease (increase) in call loans	9,481	(11,747)	87,120
Net increase (decrease) in call money	19,697	(7,968)	180,992
Net increase (decrease) in payables under securities lending transactions	35,943	3,085	330,267
Net decrease (increase) in trading account securities	4	0	36
Net decrease (increase) in foreign exchanges-assets	(1,284)	(573)	(11,800)
Net increase (decrease) in foreign exchanges-liabilities	(31)	28	(291)
Interest received	25,513	25,726	234,438
Interest paid	(2,218)	(2,799)	(20,383)
Other	(1,759)	(12,832)	(16,164)
Subtotal	101,719	(44,405)	934,668
Income taxes paid	(1,685)	(2,184)	(15,490)
Income taxes refunded	—	7	—
Net cash provided by (used in) operating activities	100,034	(46,581)	919,177
<b>Cash flows from investing activities</b>			
Purchase of securities	(561,905)	(448,553)	(5,163,148)
Proceeds from sales of securities	418,332	430,278	3,843,904
Proceeds from redemption of securities	50,135	75,298	460,678
Purchase of property, plant and equipment	(1,696)	(650)	(15,585)
Proceeds from sales of property, plant and equipment	12	291	110
Payments for retirement of property, plant and equipment	(99)	—	(911)
Expenditure for acquisition of intangible assets	(1,439)	(1,229)	(13,223)
Payments for asset retirement obligations	(35)	—	(322)
Net cash provided by (used in) investing activities	(96,695)	55,435	(888,498)
<b>Cash flows from financing activities</b>			
Redemption of bonds with share acquisition rights	(11,099)	—	(101,984)
Dividends paid	(1,062)	(1,143)	(9,759)
Purchase of treasury shares	(1)	(2)	(9)
Net cash provided by (used in) financing activities	(12,162)	(1,146)	(111,753)
Effect of exchange rate change on cash and cash equivalents	0	0	4
Net increase (decrease) in cash and cash equivalents	(8,822)	7,707	(81,070)
Cash and cash equivalents at beginning of year	¥ 84,472	¥ 76,764	\$ 776,186
Cash and cash equivalents at end of year (Note19)	75,649	84,472	695,116

# Notes to Consolidated Financial Statements

March 31, 2020

## 1. Basis of Presentation

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

The notes to the consolidated financial statements include information which is not required under accounting principles generally accepted in Japan but is presented herein as additional information.

As permitted by the Financial Instruments and Exchange Act amounts of less than one million yen have been omitted. As a result, the totals shown in the accompanying consolidated financial statements (both in yen and U.S. dollars) do not necessarily agree with the sums of the individual amounts.

## 2. U.S. Dollar Amounts

The Bank maintains its records and prepares its financial statements in yen. Amounts in U.S. dollars are presented solely for the convenience of readers outside Japan. The rate of 108.83=U.S.\$1.00, the rate of exchange in effect on March 31, 2020, has been used in translation. The translation should not be construed as a representation that yen could be converted into U.S. dollars at the above or any other rate.

## 3. Summary of Significant Accounting Policies

### a. Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Bank and its 7 subsidiaries, except for 3 subsidiaries which are not consolidated due to their immateriality.

All significant intercompany receivables and payables and transactions have been eliminated in consolidation.

Goodwill represents the difference between the cost of an acquisition and the fair value of the net assets of the acquired subsidiary at the date of acquisition. Immaterial goodwill is charged to income when incurred.

### b. Securities

Securities are classified into three categories: trading, held-to-maturity bonds, or other securities (securities available for sale). Trading account securities, which are purchased for trading purposes, are carried at market value and held-to-maturity bonds are carried at amortized cost. Marketable securities classified as securities available for sale are carried at market value with changes in unrealized holding gain or loss, net of the applicable income taxes, included directly in net assets. Available-for-sale securities whose fair value is deemed to be extremely difficult to determine are carried at cost. The cost of securities sold is determined by the moving average method.

### c. Derivative financial instruments

Derivatives are stated at fair market value.

### d. Property, plant and equipment

The Bank recognizes depreciation by the straight-line method applicable to each specific category of assets. The useful lives of buildings and equipment are summarized as follows:

Buildings : 2 to 50 years    Equipment : 2 to 15 years

Depreciation of property, plant and equipment of the consolidated subsidiaries is mainly computed using the straight-line method over the estimated useful lives of respective assets.

### e. Intangible assets

Intangible assets are depreciated by the straight-line method. The Bank's software, which is used in-house, is depreciated based on the estimated period of use (mainly five years) at the Bank and at consolidated subsidiaries.

### f. Leased assets

Leased assets on finance lease transactions that do not transfer ownership are depreciated over the useful life of assets, equal to the lease term, by the straight-line method with zero residual value or, where lease agreements stipulate guarantee of residual value, the guaranteed residual value. The Bank leases certain vehicles, computer equipment and other assets.

### g. Allowance for loan losses

Allowance for loan losses of the Bank is provided in accordance with internally established standards for write-offs and reserve provisions. Allowance for loan losses on loans to borrowers who are classified as substantially bankrupt or who are legally bankrupt is provided based on the amount remaining after deduction of the amounts expected to be recoverable from the disposal of collateral and amounts recoverable under guarantees. In addition, an allowance is provided for loans to borrowers who, although not legally bankrupt, are experiencing serious difficulties and whose failure is imminent. In such cases, a portion of this allowance is provided based on the amount remaining after deduction of the amounts expected to be recoverable from the disposal of collateral and the amounts recoverable under guarantees, and the balance of the allowance is provided after giving full consideration to the amount which the borrower is deemed capable of repaying. Loans that fall under the category of normal loans and loans to borrowers requiring caution as provided in the "Practical Guidelines for Self-Assessment of Assets of Banks' and other Financial Institutions' as well as Audits of Write-Offs of and Reserves for Bad Loans" (Report No. 4 of the Japanese Institute of Certified Public Accountants' Special Audit Committee for banks and other financial institutions March 17, 2020)" are assessed for predicted losses over the next year and predicted losses over the next three years based on their actual rate of losses over the last five calculation periods. It is possible that determination of predicted losses may be revised as necessary based on future expectations, etc.

The relevant departments assess the assets for all of the credit, based on self-assessment standards for assets, and an independent asset audit department audits the results of the assessments. We provide a reserve described above based on the assessment results.

Allowance for loan losses is calculated based on the quality of the Bank's total loan assets, applying the Bank's internally established rules for the self-assessment of its assets.

(Additional information)

Although there is a possibility that the spread of COVID-19 and the accompanying slow down of economic activity, could affect the credit risk of outstanding loans and lower the ability of borrowers to make repayments, allowance for loan losses has been provided under the assumption that it will gradually regain stability from the second half of fiscal 2020 and there will not be a large increase in credit costs.

Such assumption is not a certainty and there is a possibility that there could be an impact on performance during the following consolidated accounting year and thereafter depending upon changes in the spread of the virus, social conditions, and economic conditions.

### h. Provision for bonuses for directors

Provision for bonuses for directors and corporate auditors is provided in the amount accrued during the year, which is calculated based on the estimated amount of future bonus payments to directors.

### i. Provision for retirement benefits for directors

Provision for retirement benefits for directors is provided in the amount accrued during the year, which is calculated based on the estimated amount of future retirement payments to directors.

### j. Provision for share payments of board incentive plan

Provision for share payments of board incentive plan is provided for the expected stock payments due to points assigned to directors based on the stock incentive plan, in order to prepare for the delivery of the Bank's stock through the board incentive BIP trust.

### k. Provision for reimbursement of deposits

Provision for reimbursement of deposits which are derecognized as liabilities is provided for the possible losses on the future claims of repayments based on historical repayment experience.

## I. Provision for contingent loss

Provision for contingent loss is provided for future estimated payments to the Credit Guarantee Corporations.

## m. Provision for point service program

Provision for point service program relating to the points awarded by the use of credit cards issued by consolidated subsidiaries is provided in the amount deemed necessary based on the reasonable estimate of expected future use of the points in order to prepare for the costs in the event of future use.

## n. Provision for loss on interest repayment

Provision for loss on interest repayment is provided for the possible losses on the future claims of returning interests.

## o. Employees' retirement benefits

For the calculation of employees' retirement benefit obligation, the estimated amount of employees' retirement benefits is attributed to each period by the straight-line method.

Prior service cost is amortized as incurred, by the straight-line method over a period (5 years) which falls within the average remaining years of service of the active participants in the plans.

Actuarial gain and loss are amortized in the year following the year in which the gain or loss is recognized, by the straight-line method over a period (5 years) which falls within the average remaining years of service of the active participants in the plans.

Also, certain consolidated subsidiaries calculate the net defined benefit liability and retirement benefit cost using the simplified method which assumes the retirement benefit obligation to be equal to the necessary payments of the voluntary retirement for all employees at the fiscal year-end.

## p. Foreign currency translation

Foreign-currency-denominated assets and liabilities are translated into yen equivalents at the exchange rates prevailing at the balance sheet date.

## q. Hedge accounting

### 1. Interest rate risk hedges

The Bank uses deferral hedges described in "Accounting and auditing for the application of financial instrument accounting standards in banking" (Japanese Institute of Certified Public Accountants, Industry Audit Committee Report No. 24 February 13, 2002, referred to as Report No. 24 of the Industry Audit Committee) to hedge interest rate risks generated by the Bank's financial assets and liabilities. The effectiveness of hedges to offset market fluctuations is assessed for each hedged item (for example, deposits and loans) and its hedging instrument (such as interest rate swaps). Concerning hedges to fix cash flows, the Bank identifies hedged items by grouping them based on interest rate indexes and on interest rate revision periods in accordance with Report No. 24 of the Industry Audit Committee, and specifies interest rate swaps as hedging instruments. The Bank specifies hedges in such a way that the major conditions of hedged items and hedging instruments are almost the same, so we believe that our hedges are highly effective.

### 2. Exchange rate fluctuation risk hedges

The hedge we use against exchange rate fluctuation risks, which are generated by our financial assets and liabilities in foreign currencies, is the deferral hedge described in "Accounting and auditing for transactions in foreign currencies, etc., in banking" (Japanese Institute of Certified Public Accountants, Industry Audit Committee Report No. 25 July 29, 2002). We assess the effectiveness of the hedge by regarding currency swaps and foreign exchange swaps, which are conducted to reduce or eliminate exchange rate fluctuation risks generated by monetary claims and liabilities in foreign currencies, etc., as hedging instruments and by checking whether or not we have appropriate foreign currency positions for the hedging instruments to meet the hedged items (monetary claims and liabilities in foreign currencies, etc.).

## r. Cash and cash equivalents

For the purpose of reporting cash flows, cash and cash equivalents consist of cash and due from the Bank of Japan.

## s. Consumption tax and regional consumption tax

With respect to the Bank and the domestic consolidated subsidiaries, all amounts in the accompanying consolidated balance sheet are recorded exclusive of consumption tax and regional consumption tax.

## t. Finance leases

The criteria used is to record sales and cost of sales at the time of the receipt of lease payments.

## u. Accounting standards issued but not yet effective

• ASBJ Statement No. 29 Accounting Standard for Revenue Recognition

(March 30, 2018)

• ASBJ Guidance No. 30 Implementation Guidance on Accounting Standard for Revenue Recognition (March 30, 2018)

### 1. Overview

The following are comprehensive standards relating to revenue recognition. Revenue is recognized by applying the following 5 steps:

Step 1: Identify each contract with clients.

Step 2: Identify the performance obligations of each contract.

Step 3: Calculate the transaction price.

Step 4: Allocate the transaction price to the contractual performance obligations.

Step 5: Recognize revenue as performance obligations are completed.

### 2. Scheduled date of adoption

The Bank expects to adopt these revised standards from the beginning of the fiscal year ending March 31, 2022.

### 3. Impact of adopting revised standards

Their impact is currently being assessed.

• ASBJ Statement No. 30 Accounting Standard for Fair Value Measurement (July 4, 2019)

• ASBJ Guidance No. 31 Implementation Guidance on Accounting Standard for Fair Value Measurement (July 4, 2019)

• ASBJ Statement No. 10 Accounting Standard for Financial Instruments (July 4, 2019)

• ASBJ Guidance No. 19 Implementation Guidance on Disclosures about Fair Value of Financial Instruments (March 31, 2020)

### 1. Overview

In order to improve comparability with international accounting standards, "Accounting Standard for Fair Value Measurement" and "Implementation Guidance on Accounting Standard for Fair Value Measurement" (hereinafter the "Fair Value Measurement Accounting Standards") were developed, providing guidance on how to measure fair value. "Accounting Standard for Fair Value Measurement" will be applied in determining the fair value of the following items.

• Financial instruments subject to "Accounting Standard for Financial Instruments."

Further, "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" was revised, with explanatory notes prescribed providing for a breakdown, etc. for each level of fair value of the financial instruments.

### 2. Scheduled date of adoption

It is expected to take effect from the beginning of the March 2022 financial period.

3. Effect of adoption of the accounting standards The impact of adopting the standards is currently being assessed.

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

### 1. Overview

The purpose is to provide an outline of the principles and procedures of the accounting measures used in situations where the relevant accounting standards, etc. are not clearly set forth.

### 2. Scheduled date of adoption

It is scheduled to take effect as of the end of the March 2021 financial year.

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

### 1. Overview

The purpose is to disclose information to assist users of the financial statements in understanding, among those accounting estimates recorded in the financial statements for the current financial year, those accounting estimates relating to items for which there is a risk that there will be a significant effect on the financial statements for the following financial year.

### 2. Scheduled date of adoption

It is scheduled to take effect as of the end of the March 2021 financial year.

## v. Additional information

The Bank has implemented a BIP (Board Incentive Plan) trust for directors using the trust framework to grant Bank stock as director compensation, with the aim of motivating directors to more strongly commit to the medium - to long - term contribution to the Bank's corporate value and improvement of the Bank's business performance.

### 1. Summary of the transaction

Pursuant to the Stock Grant Rules of the Bank, points are allotted to each director based upon level of achievement of business performance goals each fiscal year and based upon individual position, and the Bank stock and the money equivalent to the converted value of the Bank stock based on the points are granted and delivered through the trust at the time of leaving the Bank.

2. Matters regarding the Bank stock held by the trust
- (1) The Bank's stock held by the trust is recorded as treasury stock as part of shareholder's equity at the trust's book value.
  - (2) The trust's book value was ¥181 million (\$1,667 thousand) and ¥187 million at March 31, 2020 and 2019, respectively.
  - (3) The number of Bank stocks held by the trust was 85 thousand shares and 88 thousand shares at March 31, 2020 and 2019, respectively.

## 4. Stock or Contributed Capital of Non-Consolidated Subsidiaries and Affiliated Companies

Stock or contributed capital of non-consolidated subsidiaries and affiliated companies totaled ¥1,197 million (\$11,000 thousand) and ¥1,267 million at March 31, 2020 and 2019, respectively.

## 5. Government Bonds with Lending Agreements

The "securities" include government bonds lent through unsecured lending agreements. Their amount totaled ¥44,596 million (\$409,779 thousand) and ¥48,704 million at March 31, 2020 and 2019, respectively.

## 6. Loans and Bills Discounted

(i) Loans to borrowers under bankruptcy procedures and delinquent loans totaled ¥2,549 million (\$23,426 thousand) and ¥13,977 million (\$128,436 thousand), respectively, at March 31, 2020, and ¥2,999 million and ¥14,307 million, respectively, at March 31, 2019. A loan is placed on non-accrual status when substantial doubt as to the collectibility of its principal and interest is judged to exist, if payment is past due for a certain period of time, or for other reasons.

Loans to borrowers in bankruptcy represent non-accrual loans, after the charge-offs of loans deemed uncollectible, to borrowers who are legally bankrupt as defined in Article 96, Paragraph 1, Subparagraphs 3 and 4 of Enforcement Ordinance of the Corporation Income Tax Law.

Delinquent loans are non-accrual loans other than loans to borrowers in bankruptcy or loans on which interest payments have been deferred in order to assist the restructuring of the borrowers.

(ii) Loans past due for 3 months or more totaled ¥61 million (\$563 thousand) and ¥49 million at March 31, 2020 and 2019, respectively. Loans past due for 3 months or more are those whose principal or interest payments are 3 months or more past due but are not included in loans to borrowers under bankruptcy procedures or delinquent loans.

(iii) Restructured loans totaled ¥7,465 million (\$68,599 thousand) and ¥6,926 million at March 31, 2020 and 2019, respectively. Restructured loans are those on which the Bank has granted certain concessions, such as a reduction of the contractual interest rate or principal amount or a deferral of interest/principal payments, in order to assist the restructuring of the borrowers. Restructured loans are not included in loans to borrowers under bankruptcy procedures, other non-accrual loans, and loans past due for 3 months or more.

(iv) The total of loans to borrowers under bankruptcy procedures, other non-accrual loans, loans past due for 3 months or more and restructured loans amounted to ¥24,054 million (\$221,026 thousand) and ¥24,282 million at March 31, 2020 and 2019, respectively.

(v) Bills discounted are accounted for as financial transactions in accordance with "Accounting and auditing for the application of financial instrument accounting standards in banking" (Japanese Institute of Certified Public Accountants, Industry Audit Committee Report No. 24 February 13, 2002). The Bank has rights to sell or pledge accepted banker's acceptance bills, commercial bills discounted, documentary bills and foreign exchange bought without restrictions. The face value of banker's acceptance bills, commercial bills, documentary bills acquired at a discount and foreign exchange bought at a discount was ¥3,776 million (\$34,696 thousand) and ¥6,198 million as of March 31, 2020 and 2019, respectively.

(vi) Overdraft protection on current accounts and contracts for loan commitments are agreements under which the Bank and the consolidated subsidiaries are bound to extend loans up to a prearranged amount, at the request of the customer, unless the customer is in breach of contract. The unutilized balance of such contracts amounted to ¥546,274 million (\$5,019,523 thousand) and ¥581,845 million as of March 31, 2020 and 2019, respectively, of which the balance of contracts that have a term of one year or less are unconditionally cancelable at any time was ¥512,553 million (\$4,709,671 thousand) and ¥557,180 million as of March 31, 2020 and 2019, respectively. Since many of these contracts are scheduled to expire without the rights having been exercised, any unutilized balance in itself does not

necessarily affect the future cash flows of the Bank or its consolidated subsidiaries. A provision is included in many of these contracts which entitles the Bank and the consolidated subsidiaries to refuse the execution of such loans, or to reduce the maximum amount loaned under such contracts when there is a change in the borrower's financial situation, or when it is necessary to secure a claim, or when other similar factors arise. In addition, the Bank and its consolidated subsidiaries obtain, if needed, real estate or securities as collateral at the time when the contracts are entered into and subsequently monitor the borrower's financial condition periodically based on, and in accordance with, the procedures established. If deemed necessary, specific measures such as amendments to the contracts are undertaken in order to control the credit risk.

## 7. Assets Pledged

Pledged assets and liabilities related to pledged assets as of March 31, 2020 and 2019 are summarized as follows:

	2020	2019	2020
	(Millions of yen)	(Millions of yen)	(Thousands of U.S. dollars)
Pledged assets: Securities	¥ 220,732	¥ 143,072	\$ 2,028,236
Liabilities related to the above pledged assets			
Deposits	¥ 15,404	¥ 13,555	\$ 141,542
Call money and bills sold	¥ 19,589	¥ —	\$ 180,000
Payable under securities lending transactions	¥ 65,505	¥ 29,653	\$ 601,902
Borrowed money	¥ 7,882	¥ 10,693	\$ 72,432

In addition, securitized totaling ¥9,213 million (\$84,655 thousand) and ¥5,806 million were pledged as collateral for settlement of exchange and futures transactions at March 31, 2020 and 2019, respectively.

Initial margins of futures markets included in other assets as of March 31, 2020 and 2019 were ¥57 million (\$527 thousand) and ¥1 million, respectively.

Cash collateral paid for financial instruments included in other assets as of March 31, 2020 and 2019 was ¥854 million (\$7,847 thousand) and zero, respectively.

Deposits included in other assets as of March 31, 2020 and 2019 were ¥271 million (\$2,496 thousand) and ¥281 million, respectively.

Initial margins of central counterparty included in other assets as of March 31, 2020 and 2019 were both ¥25,000 million (\$229,716 thousand).

## 8. Land Revaluation

Pursuant to the "Law Concerning the Land Revaluation" (the "Law"), land used for the Bank's business operations was revalued on March 31, 2002. The excess of the revalued aggregate market value over the total book value (carrying amount) before revaluation was included in net assets at an amount net of the related tax effect at March 31, 2002. The corresponding income taxes were included in liabilities at March 31, 2002 as deferred tax liability on revalued land.

The Land revaluation was determined based on two methods, the official prices published by the Commissioner of the National Tax Authority in accordance with Article 2, Paragraph 4 of the "Enforcement Ordinance Concerning Land Revaluation," with certain necessary adjustments, and appraisal by a real estate appraiser.

The difference between the total fair value of land for business operation purposes, which was revalued in accordance with Article 10 of the Law, and the total book value of the land after the revaluation was ¥3,508 million (\$32,239 thousand) and ¥3,660 million at March 31, 2020 and 2019, respectively.

## 9. Accumulated Depreciation

Accumulated depreciation totaled ¥24,603 million (\$226,070 thousand) and ¥25,272 million at March 31, 2020 and 2019, respectively.

## 10. Recorded Reduction in Value of Property, plant and equipment

The recorded reduction in value of property, plant and equipment was ¥1,983 million (\$18,224 thousand) and ¥1,994 million at March 31, 2020 and 2019, respectively. During the current consolidated fiscal year there were no new property, plant and equipment for which the book value was reduced in value.

## 11. Guarantee Obligations in Respect of the Corporate Bonds

Among the corporate bonds included in the "securities", the guarantee obligations in respect of the corporate bonds pursuant to private offering securities (Article 2, paragraph 3 of the Financial Instruments and Exchange Act) were ¥14,237 million (\$130,819 thousand) and ¥11,280 million at March 31, 2020 and 2019, respectively.

## 12. Other Income

Other income includes gain on sales of equity securities etc. of ¥1,375 million (\$12,638 thousand) and ¥3,504 million at March 31, 2020 and 2019, respectively.



## 13. General and Administrative Expenses

General and administrative expenses include salary and benefits of ¥9,503 million (\$87,320 thousand) and ¥9,887 million, and outsourcing costs of ¥2,119 million (\$19,473 thousand) and ¥2,069 million at March 31, 2020 and 2019, respectively.

## 14. Other Expenses

Other expenses include loss on sales of equity securities of ¥762 million (\$7,010 thousand) and ¥1,282 million at March 31, 2020 and 2019, respectively.

## 15. Impairment Loss

The Bank reviewed its long-lived assets by grouping them into units consisting of operating branches, idle assets, jointly used assets including the head office, administrative centers, company housing and dormitories and each consolidated subsidiary for impairment and recognized loss on impairment of land in the amount of ¥3 million (\$34 thousand) and ¥ zero for the year ended March 31, 2020 and 2019, respectively. The recoverable amount used for measurement of loss on impairment was net selling price and computed mainly based on the real estate appraisal value.

## 16. Other Comprehensive Income

Reclassification adjustments and tax effects allocated to other comprehensive income for the year ended March 31, 2020 and 2019 are summarized as follows:

	2020		2019		2020	
	(Millions of yen)		(Thousands of U.S. dollars)			
Valuation difference on available -for- sale securities:						
Amount arising during the year	¥ (10,923)	¥ (239)	\$ (100,372)			
Reclassification adjustments	(2,636)	(2,949)	(24,230)			
Amount before tax effect	(13,560)	(3,189)	(124,601)			
Tax effect	4,046	914	37,179			
Valuation difference on available -for- sale securities:	(9,514)	(2,274)	(87,421)			
Deferred gains or losses on hedges:						
Amount arising during the year	(1,900)	(1,627)	(17,467)			
Reclassification adjustments	1,086	884	9,983			
Amount before tax effect	(814)	(743)	(7,483)			
Tax effect	248	226	2,282			
Deferred gains or losses on hedges	(566)	(516)	(5,200)			
Revaluation reserve for land:						
Amount arising during the year	—	—	—			
Reclassification adjustments	—	—	—			
Amount before tax effect	—	—	—			
Tax effect	—	—	—			
Revaluation reserve for land	—	—	—			
Retirement benefits liability adjustments:						
Amount arising during the year	(874)	(938)	(8,036)			
Reclassification adjustments	214	(173)	1,969			
Amount before tax effect	(660)	(1,111)	(6,067)			
Tax effect	201	339	1,850			
Retirement benefits liability adjustments	(458)	(772)	(4,216)			
Total other comprehensive income	¥ (10,539)	¥ (3,563)	\$ (96,839)			

## 17. Stocks Issued

The number of stocks issued and changes during the year ended March 31, 2020 and 2019 are summarized as follows:

	Thousands of stocks		Thousands of stocks	
	2020		2019	
	Treasury stock	Common stock issued	Treasury stock	Common stock issued
Beginning of the year	1,407	34,000	1,406	34,000
Increase during the year	0 <sup>*1</sup>	—	1 <sup>*4</sup>	—
Decrease during the year	2 <sup>*2</sup>	—	—	—
End of the year	1,404 <sup>*3</sup>	34,000	1,407 <sup>*5</sup>	34,000

- \*1 The increase of less than thousand in treasury stock, which is common stock, was due to the purchase of fractional numbers of less than one unit.
- \*2 The decrease of 2 thousand in treasury stock, which is common stock, was due to the delivery of the Bank's stock from board incentive BIP trust.
- \*3 The number of treasury stock as of the end of consolidated fiscal year includes 85 thousand of the Bank's stock held by the board incentive BIP trust.
- \*4 The increase of 1 thousand in treasury stock, which is common stock, was due to the purchase of fractional numbers of less than one unit.
- \*5 The number of treasury stock as of the end of consolidated fiscal year includes 88 thousand of the Bank's stock held by the board incentive BIP trust.

## 18. Dividends

Dividends for the year ended March 31, 2020 and 2019 are summarized as follows:

	2020			
	November 8, 2019		May 13, 2019	
	Resolution by the board of directors		Resolution by the board of directors	
Total dividends	¥ 490 million	\$ 4,504 thousand	¥ 571 million	\$ 5,255 thousand
Dividend per share	¥ 15.00	\$ 0.13	¥ 17.50	\$ 0.16
Record date	September 30, 2019	September 30, 2019	March 31, 2019	March 31, 2019
Effective date	December 5, 2019	December 5, 2019	June 5, 2019	June 5, 2019

	2019			
	November 9, 2018		May 11, 2018	
	Resolution by the board of directors		Resolution by the board of directors	
Total dividends	¥ 571 million		¥ 571 million	
Dividend per share	¥ 17.50		¥ 17.50	
Record date	September 30, 2018		March 31, 2018	
Effective date	December 6, 2018		June 4, 2018	

Dividends for which the Record date belonged to the year ended March 31, 2020 and 2019 but to be effective in the following year are summarized as follows:

	2020		2019	
	May 14, 2020		May 13, 2019	
	Resolution by the board of directors		Resolution by the board of directors	
Total dividends	¥ 490 million	\$ 4,504 thousand	¥ 571 million	
Dividend per share	¥ 15.00	\$ 0.13	¥ 17.50	
Record date	March 31, 2020	March 31, 2020	March 31, 2019	
Effective date	June 5, 2020	June 5, 2020	June 5, 2019	

Total dividends above include 1 million yen for the stocks held by the board incentive BIP trust.

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

## 19. Cash Flows

Cash and cash equivalents stated in the consolidated statement of cash flows consisted of the following:

	2020		2019		2020	
	(Millions of yen)		(Thousands of U.S. dollars)			
Cash and due from banks	¥ 86,123	¥ 95,037	\$ 791,358			
Current deposits	(139)	(72)	(1,284)			
Ordinary deposits	(264)	(230)	(2,426)			
Time deposits	(10,000)	(10,000)	(91,886)			
Deposits with Japan Post Bank	(63)	(254)	(581)			
Others	(6)	(7)	(63)			
Cash and cash equivalents	¥ 75,649	¥ 84,472	\$ 695,116			

## 20. Leases

(As lessee)

Finance Lease transaction

Finance lease transactions that do not transfer ownership.

① Description of lease asset

Property, plant and equipment

Primarily, a portion of vehicles and electronic computers.

② Method of depreciation of lease assets

As stated in the "f. Leased assets" of "3. Summary of Significant Accounting Policies".

(As lessor)

Investments in leased assets at March 31, 2020 and 2019 are summarized as follows:

	2020	2019	2020
	(Millions of yen)		(Thousands of U.S. dollars)
Gross lease receivables	¥ 15,457	¥ 15,120	\$ 142,035
Estimated residual values	1,125	992	10,345
Unearned interest income	(2,187)	(1,884)	(20,096)
Investments in leased assets	<u>¥ 14,396</u>	<u>¥ 14,228</u>	<u>\$ 132,283</u>

Maturities of lease receivables at March 31, 2020 are as follows:

Years ending March 31	(Millions of yen)	(Thousands of U.S. dollars)
2021	¥ 4,504	\$ 41,387
2022	3,684	33,854
2023	2,841	26,113
2024	1,997	18,355
2025	1,156	10,626
2026 and thereafter	1,273	11,698

Maturities of lease receivables at March 31, 2019 are as follows:

Years ending March 31	(Millions of yen)
2020	¥ 4,389
2021	3,565
2022	2,742
2023	1,926
2024	1,116
2025 and thereafter	1,381

## 21. Financial Instruments

1. Matters relating to the state of financial instruments

(1) Policy for financial instruments

The Bank provides financial services mainly connected with the banking business including deposits, loans, buying and selling trading securities and security investments. In the banking business, which is the main business of the Bank, funds are raised by means such as accepting deposits and borrowing money from the call money market, and are invested by providing loans and buying securities. Financial assets and liabilities are susceptible to interest rate fluctuations, so the Bank bears market risk, which is the risk of loss caused by changes in financial market conditions (for example, interest rate risk and price fluctuation risk), and the risk of failing to raise sufficient funds.

The Bank performs comprehensive asset and liability management (ALM) to appropriately control the balance of profit and risk in a way that suits fund raising and investment policy as well as taking into consideration the state of assets and liabilities and the trends of the financial and capital markets. The Bank uses derivatives as part of such management.

(2) Nature and risk of financial instruments

The Bank's financial assets consist mainly of loans to domestic companies and individuals, and the Bank is exposed to the credit risks arising from customers defaulting on their loans. Securities mainly consist of stocks, bonds and investment trusts, some of which are held until the maturity date, others are held for purposes such as investment and business promotion. Those securities are exposed to credit risk of the relevant issuer, the risks of fluctuations in interest rates and market prices.

Deposits, call money, etc., those are financial liabilities are exposed to interest rate fluctuation risks caused by differences in interest rates and the periods between financial liabilities and financial

assets. Financial liabilities are also exposed to the funding risk of loss due to inability to raise funds, because of reasons such as unexpected outflow of funds, and by raising funds at interest rates much higher than the normal rate because of unavoidable reasons; and the market liquidity risk of loss caused by the inability to raise the required funds because of disruption such as a credit crunch in the entire market and by trading at prices greatly disadvantageous compared with the normal price.

(3) Risk management for financial instruments

i. Credit risk management

The Bank measures the risk amount through credit judgments, credit ratings and self-assessments, attaching importance to the public good, safety, growth potential and profitability, and controls the risk on the principle of elimination of concentration on specific customers, in accordance with credit policy (lending standards), which states the basic ideas about lending, the code of conduct and other matters, and with the credit risk management rules, which specify credit risk management methods.

The Bank's credit review division and sales promotion division are separated to ensure independence of each other and stringent credit risk management.

The Bank conducts rigorous self-assessment, which includes audits by the audit division, in order to secure the soundness of the assets. Based on the results, the Bank appropriately writes off bad debts and sets aside reserves.

The Bank has a credit rating system for business loans to understand the true state of companies from both quantitative and qualitative aspects.

To reduce and offset credit risk, the Bank receives collateral and guarantees for lending transactions and offsets loans against deposits. The Bank's basic approach to security is stated in the credit policy, and security assessments, management policies and procedures are set out in the operation manual.

Measurement method and procedures for credit risk amount are stipulated in the operation manual and the risk is measured monthly based on the borrower's credit rating and other factors.

The results are reported to the ALM Council (the board of managing directors).

ii. Market risk management

a. Interest rate risk management

The Bank's interest rate fluctuation risk is managed by ALM. Risk management methodology and procedures are stated in detail in the rules and manuals related to ALM. Present conditions are checked, state of execution is checked and future actions are discussed by the ALM Council, based on the outcome of the deliberations of the ALM Committee.

Risks are monitored using methodology such as basis point value (BPV) and value at risk (VaR), and mainly with gap analyses and interest rate sensitivity analyses, and the results are reported monthly to the ALM Council. As part of ALM, derivatives such as interest rate swap transactions are conducted to hedge interest rate risks.

b. Price fluctuation risk management

Trading and management of investment instruments such as securities are performed in accordance with the investment policy and risk management policy as determined by the board of directors on a semi-annual basis. The middle section of the Financial Markets Division and the Risk Management Division measure market risk for securities investments quantitatively and comprehensively using VaR, etc. The results are reported to the relevant directors, the ALM Council, etc., with the frequency set for each financial instrument to check the state of compliance with the rule.

c. Quantitative information concerning market risk

The principal financial instruments that are subject to interest rate risk and price fluctuation risk, which are the main risk variables affecting the Bank, are loans and bills discounted, securities, deposits and derivative transactions.

The variance-covariance method (holding period: 90 days\*, confidence interval: 99%, observation period: 250 business days) was used for the calculation of VaR, the market risk volume. The volume of overall market risk (estimated loss) as of March 31, 2020 (consolidated accounts settlement date) and 2019 was ¥53,187 million (\$488,713 thousand) and ¥27,579 million, respectively.

The Bank believes that the measurement model estimates market risk with sufficient accuracy because the Bank examines the model by means such as performing backtesting to compare the VaR calculated using the model with the actual profit and loss.

However, VaR measures market risk volume with a certain probability that is calculated statistically based on historical market movements, and therefore VaR may fail to represent risk in the case of exceptionally drastic change in market conditions.

\* Holding period for shares purchased for business relationships, which are included in the securities: 125 days.

iii. Liquidity risk management

Sections managing liquidity risks at the Bank are clearly stated in the liquidity risk management rules that stipulate the liquidity risk management procedures, system and so on. The Bank has a management system to secure sufficient liquidity in case of unexpected events by setting liquidity standards for various cases including times of normality, times of concern, and times of emergency.

(4) Supplementary explanation of fair values of financial instruments

Fair value of financial instruments includes market price as well as reasonably determined value where market price is unavailable. The reasonably determined value could differ depending on different conditions and assumptions because calculation of such value is conducted based on certain conditions and assumptions.

2. Fair value of financial instruments

Carrying amount and fair value, as of March 31, 2020 and 2019, and the difference between the values are shown in the table below. Unlisted stocks and others whose fair value is deemed to be extremely difficult to determine are not listed in the table (see Note 2). Accounts considered to be immaterial are omitted.

<March 31, 2020> (Millions of yen)

	Carrying amount	Fair value	Difference
(1) Cash and due from banks	¥ 86,123	¥ 86,123	¥ —
(2) Securities			
Held-to-maturity bonds	14,237	14,493	256
Other securities	727,057	727,057	—
(3) Loans and bills discounted	1,713,248		
Allowance for loan losses (*1)	(9,164)		
	1,704,083	1,725,536	21,452
<b>Total assets</b>	<b>2,531,502</b>	<b>2,553,211</b>	<b>21,709</b>
(1) Deposits	2,267,133	2,267,177	43
(2) Negotiable certificates of deposit	101,111	101,111	—
(3) Call money and bills sold	19,589	19,589	—
(4) Payables under securities lending transactions	65,505	65,505	—
(5) Borrowed money	13,505	13,544	38
<b>Total liabilities</b>	<b>2,466,844</b>	<b>2,466,927</b>	<b>62</b>
Derivative transactions (*2)			
To which hedge accounting is not applied	(723)	(723)	—
To which hedge accounting is applied	(4,758)	(4,758)	—
<b>Total derivatives</b>	<b>¥ (5,482)</b>	<b>¥ (5,482)</b>	<b>¥ —</b>

<March 31, 2020> (Thousands of U.S. dollars)

	Carrying amount	Fair value	Difference
(1) Cash and due from banks	\$ 791,358	\$ 791,358	\$ —
(2) Securities			
Held-to-maturity bonds	130,819	133,175	2,355
Other securities	6,680,674	6,680,674	—
(3) Loans and bills discounted	15,742,431		
Allowance for loan losses (*1)	(84,212)		
	15,658,218	15,855,342	197,123
<b>Total assets</b>	<b>23,261,071</b>	<b>23,460,551</b>	<b>199,479</b>
(1) Deposits	20,831,878	20,832,280	401
(2) Negotiable certificates of deposit	929,078	929,078	—
(3) Call money and bills sold	180,000	180,000	—
(4) Payables under securities lending transactions	601,902	601,902	—
(5) Borrowed money	124,096	124,454	357
<b>Total liabilities</b>	<b>22,666,956</b>	<b>22,667,715</b>	<b>758</b>
Derivative transactions (*2)			
To which hedge accounting is not applied	(6,652)	(6,652)	—
To which hedge accounting is applied	(43,722)	(43,722)	—
<b>Total derivatives</b>	<b>\$ (50,375)</b>	<b>\$ (50,375)</b>	<b>\$ —</b>

(\*1) General reserve and specific allowance for loan losses corresponding to loans and bills discounted are deducted.

(\*2) Derivative transactions recorded in other assets and other liabilities are presented on a net basis.

<March 31, 2019>

(Millions of yen)

	Carrying amount	Fair value	Difference
(1) Cash and due from banks	95,037	95,037	—
(2) Call loans and bills bought	13,995	13,995	—
(3) Securities			
Held-to-maturity bonds	11,280	11,456	176
Other securities	653,385	653,385	—
(4) Loans and bills discounted	1,699,188		
Allowance for loan losses (*1)	(8,791)		
	1,690,396	1,711,772	21,376
<b>Total assets</b>	<b>2,464,096</b>	<b>2,485,649</b>	<b>21,552</b>
(1) Deposits	2,212,792	2,212,833	41
(2) Negotiable certificates of deposit	104,121	104,122	0
(3) Payables under securities leading transactions	29,653	29,653	—
(4) Borrowed money	16,133	16,174	40
(5) Bonds with share acquisition rights	11,099	11,028	(70)
<b>Total liabilities</b>	<b>2,373,799</b>	<b>2,373,811</b>	<b>12</b>
Derivative transactions (*2)			
To which hedge accounting is not applied	(584)	(584)	—
To which hedge accounting is applied	(4,019)	(4,019)	—
<b>Total derivatives</b>	<b>(4,603)</b>	<b>(4,603)</b>	<b>—</b>

Note 1 Method to calculate fair values of financial instruments

Assets

(1) Cash and due from banks

Concerning due from banks without maturity, the carrying amount is reported as fair value because the fair value is approximately the same as the carrying amount. Concerning due from banks with maturity, the carrying amount is reported as fair value because the remaining periods are as short as less than one year, and the fair value is approximately the same as the carrying amount.

(2) Securities

Fair value of stocks is determined based on the exchange price, and that of bonds based on the exchange price or price quoted by the counterparty financial institutions. Fair value of investment trusts is determined based on the price publicly available. Fair value of privately placed guaranteed bonds is calculated by discounting the total amount of principal and interest at an interest rate deemed to be applicable to similar bonds by categories based on internal ratings and terms of the bonds.

(3) Loans and bills discounted

Fair value of loans and bills discounted is calculated by categorizing the loans based on the type, internal rating, term (the remaining period or the period between interest rate renewals), and then discounting the total of the principals and interest with a rate expected for a new similar loan. For loans with short remaining periods (less than one year), the carrying amount is reported as the fair value because the fair value is approximately the same as the carrying amount.

For receivables from "legally bankrupt", "virtually bankrupt" and "possibly bankrupt" borrowers, possible loan losses are estimated based on factors such as present value of expected future cash flow and expected amounts to be collected from collateral and guarantees. Since the fair value of these items approximates the carrying amount net of the currently expected loan losses at the end of the year, such carrying amount is presented as fair value. Concerning loans whose maturity dates were not set because they were limited to within the values of the collateral offered as security, the carrying amount is reported as fair value because the fair value is expected to be approximately the same as the carrying amount considering expected periods of repayments and the terms of interest rate.

Liabilities

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

Concerning demand deposits, the amounts to be paid if such deposits were withdrawn at the end of the year (book values) are regarded as fair value. Time deposits are separated by period, and the present value is calculated by discounting the future cash flow. The discount rate is the rate used for new deposit-taking. For those with short remaining periods (less than one year), their carrying amount is reported as the fair value because the fair value is approximately the same as the carrying amount.

(3) Call money and bills sold

The contract period for these is short (less than one year), and since the fair value approximates the book value, the fair value is presumed to be the book value.

(4) Payables under securities lending transactions

The carrying amount is reported as fair value for payables under securities lending transactions because they have short maturity (less than one year), and the fair value is approximately the same as the carrying amount.

(5) Borrowed money

Fair value of borrowed money is calculated by discounting the total amount of the principal and interest of such borrowed money classified by the type, and the remaining period at the interest rates considered to be applicable to new similar borrowed money. The fair value of short-term borrowed money with remaining period as of the end of the fiscal year not exceeding one year is based on the carrying amount because the fair value is approximately the same as the carrying amount.

Derivative transactions

Matters related to derivative transactions are as stated in Note 24 "Fair Value Information on Derivatives".

Note 2 Financial instruments whose fair value is deemed to be extremely difficult to determine were as follows. These were not included in the Asset, "(2) Securities" in "Fair value of financial instruments".

Category	Carrying amount		
	2020 (Millions of yen)	2019 (Millions of yen)	2020 (Thousands of U.S. dollars)
Unlisted stocks (*1)(*2)	¥ 1,802	¥ 1,805	\$ 16,562
Investment in partnerships (*3) and others	14,985	10,606	137,700
Total	¥ 16,788	¥ 12,411	\$ 154,263

(\*1) Unlisted stocks are not subject to fair value disclosure because of the extreme difficulty in determining their fair values as they are not sold in the market.

(\*2) Impairment accounting was applied to unlisted stocks of ¥ 188 million in the previous consolidated fiscal year.

Impairment accounting was applied to unlisted stocks of ¥ 0 million (\$ 0) in this consolidated fiscal year.

(\*3) In the case that partnership assets consist of unlisted stocks whose fair value is deemed to be extremely difficult to determine, investment in partnerships is not subject to fair value disclosure.

Note 3 Scheduled redemption amounts of financial assets and securities with maturities

<March 31, 2020>

(Millions of yen)

	Due in 1 year or less	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years
Due from banks	¥ 86,123	¥ —	¥ —	¥ —	¥ —	¥ —
Securities	44,209	97,379	165,070	47,672	144,867	141,106
Held-to-maturity bonds	1,219	3,890	5,428	3,699	—	—
Corporate bonds	1,219	3,890	5,428	3,699	—	—
Other securities with a maturity date	42,990	93,489	159,641	43,973	144,867	141,106
Government bonds	24,989	35,174	29,836	—	6,821	62,158
Local government bonds	—	20,486	59,899	4,261	87,548	31,775
Corporate bonds	15,024	27,006	24,545	23,386	7,151	14,765
Other	2,976	10,821	45,360	16,326	43,346	32,407
Loans and bills discounted(*)	410,950	306,532	237,854	153,781	153,274	433,587
Total	¥ 541,284	¥ 403,911	¥ 402,924	¥ 201,454	¥ 298,141	¥ 574,694

\* Of loans and bills discounted, the portion whose timing of collection is unforeseeable, such as loans to "Legally bankrupt" borrowers, loans to "Virtually bankrupt" borrowers, and loans to "Possibly bankrupt" borrowers, amounting to ¥ 17,268 million (\$ 158,669 thousand) is not included in the above table.

<March 31, 2020 >

(Thousands of U.S. dollars)

	Due in 1 year or less	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years
Due from banks	\$ 791,358	\$ —	\$ —	\$ —	\$ —	\$ —
Securities	406,228	894,781	1,516,772	438,048	1,331,132	1,296,580
Held-to-maturity bonds	11,204	35,743	49,882	33,988	—	—
Corporate bonds	11,204	35,743	49,882	33,988	—	—
Other securities with a maturity date	395,024	859,037	1,466,889	404,060	1,331,132	1,296,580
Government bonds	229,621	323,203	274,156	—	62,679	571,150
Local government bonds	—	188,242	550,392	39,154	804,450	291,970
Corporate bonds	138,052	248,152	225,537	214,886	65,712	135,674
Other	27,351	99,439	416,803	150,019	398,291	297,785
Loans and bills discounted(*)	3,776,078	2,816,616	2,185,556	1,413,043	1,408,385	3,984,081
Total	\$ 4,973,666	\$ 3,711,397	\$ 3,702,328	\$ 1,851,092	\$ 2,739,518	\$ 5,280,662

<March 31, 2019>

(Millions of yen)

	Due in 1 year or less	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years
Due from banks	¥ 95,037	¥ —	¥ —	¥ —	¥ —	¥ —
Call loans and bills bought	13,995	—	—	—	—	—
Securities	125,816	84,794	155,346	44,297	102,358	76,114
Held-to-maturity bonds	1,218	3,082	5,407	1,543	30	—
Corporate bonds	1,218	3,082	5,407	1,543	30	—
Other securities with a maturity date	124,598	81,712	149,939	42,753	102,328	76,114
Government bonds	62,343	40,595	43,037	7,295	8,031	31,636
Local government bonds	8,225	2,871	43,794	5,947	53,190	25,266
Corporate bonds	19,279	27,202	32,566	17,321	8,185	10,753
Other	34,750	11,043	30,540	12,189	32,919	8,458
Loans and bills discounted(*)	411,468	316,949	230,409	153,736	149,642	417,207
Total	¥ 646,319	¥ 401,744	¥ 385,755	¥ 198,033	¥ 252,000	¥ 493,322

\* Of loans and bills discounted, the portion whose timing of collection is unforeseeable, such as loans to "Legally bankrupt" borrowers, loans to "Virtually bankrupt" borrowers, and loans to "Possibly bankrupt" borrowers, amounting to ¥ 19,774 million is not included in the above table.

Note 4 Scheduled repayment amounts of bonds, borrowed money and other interest bearing liabilities  
<March 31, 2020>

(Millions of yen)

	Due in 1 year or less	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years
Deposits(*)	¥ 2,122,564	¥ 133,271	¥ 11,296	¥ —	¥ —	¥ —
Negotiable certificates of deposit	101,111	—	—	—	—	—
Call money and bills sold	19,589	—	—	—	—	—
Payable under securities lending transactions	65,505	—	—	—	—	—
Borrowed money	9,650	2,791	1,028	24	10	—
Total	¥ 2,318,421	¥ 136,063	¥ 12,325	¥ 24	¥ 10	¥ —

\*Demand deposits are included in "Due in 1 year or less".

<March 31, 2020>

(Thousands of U.S. dollars)

	Due in 1 year or less	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years
Deposits(*)	\$ 19,503,491	\$ 1,224,587	\$ 103,800	\$ —	\$ —	\$ —
Negotiable certificates of deposit	929,078	—	—	—	—	—
Call money and bills sold	180,000	—	—	—	—	—
Payable under securities lending transactions	601,902	—	—	—	—	—
Borrowed money	88,671	25,654	9,451	222	96	—
Total	\$ 21,303,143	\$ 1,250,241	\$ 113,252	\$ 222	\$ 96	\$ —

<March 31, 2019>

(Millions of yen)

	Due in 1 year or less	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years
Deposits(*)	¥ 2,072,207	¥ 126,077	¥ 14,506	¥ —	¥ —	¥ —
Negotiable certificates of deposit	104,121	—	—	—	—	—
Payable under securities lending transactions	29,653	—	—	—	—	—
Borrowed money	12,335	2,467	1,314	11	4	—
Bonds with share acquisition rights	11,099	—	—	—	—	—
Total	¥ 2,229,416	¥ 128,544	¥ 15,821	¥ 11	¥ 4	¥ —

\*Demand deposits are included in "Due in 1 year or less".

## 22. Securities

Trading account securities, marketable securities classified as held-to-maturity bonds and other securities at March 31, 2020 and 2019 are summarized as follows:

1. Trading account securities  
(As of March 31, 2020)

Unrealized holding gain  
charged to current  
operations

(Millions of yen)

¥ —

Unrealized holding gain  
charged to current  
operations

(Thousands of U.S. dollars)

\$ —

Trading account securities  
(As of March 31, 2019)

Unrealized holding gain  
charged to current  
operations

(Millions of yen)

¥ 0

2. Held-to-maturity bonds (As of March 31, 2020)

(Millions of yen)

(Thousands of U.S. dollars)

	Type	Carrying value	Fair value	Difference	Carrying Value	Fair value	Difference
Fair value exceeding carrying value	Government bonds	¥ —	¥ —	¥ —	\$ —	\$ —	\$ —
	Local government bonds	—	—	—	—	—	—
	Short-term corporate bonds	—	—	—	—	—	—
	Corporate bonds	13,692	13,965	272	125,817	128,325	2,508
	Other	—	—	—	—	—	—
	Subtotal	13,692	13,965	272	125,817	128,325	2,508
Fair value not exceeding carrying value	Government bonds	—	—	—	—	—	—
	Local government bonds	—	—	—	—	—	—
	Short-term corporate bonds	—	—	—	—	—	—
	Corporate bonds	544	527	(16)	5,002	4,850	(152)
	Other	—	—	—	—	—	—
	Subtotal	544	527	(16)	5,002	4,850	(152)
Total		¥ 14,237	¥ 14,493	¥ 256	\$ 130,819	\$ 133,175	\$ 2,355

Held-to-maturity bonds (As of March 31, 2019)

(Millions of yen)

	Type	Carrying value	Fair value	Difference
Fair value exceeding carrying value	Government bonds	¥ —	¥ —	¥ —
	Local government bonds	—	—	—
	Short-term corporate bonds	—	—	—
	Corporate bonds	10,594	10,773	178
	Other	—	—	—
	Subtotal	10,594	10,773	178
Fair value not exceeding carrying value	Government bonds	—	—	—
	Local government bonds	—	—	—
	Short-term corporate bonds	—	—	—
	Corporate bonds	686	683	(2)
	Other	—	—	—
	Subtotal	686	683	(2)
	Total	¥ 11,280	¥ 11,456	¥ 176

3. Other securities (As of March 31, 2020)

(Millions of yen)

(Thousands of U.S. dollars)

	Type	Carrying value	Fair value	Difference	Carrying value	Fair value	Difference
Carrying value exceeding cost	Stocks	¥ 22,949	¥ 9,889	¥ 13,060	\$ 210,875	\$ 90,871	\$ 120,004
	Bonds	361,064	355,259	5,805	3,317,696	3,264,351	53,345
	Government bonds	113,144	110,042	3,102	1,039,646	1,011,143	28,503
	Local government bonds	193,711	191,444	2,267	1,779,949	1,759,118	20,830
	Short-term corporate bonds	—	—	—	—	—	—
	Corporate bonds	54,208	53,771	436	498,100	494,089	4,011
	Other	56,911	52,939	3,972	522,941	486,442	36,499
	Foreign bonds	32,943	29,880	3,063	302,710	274,560	28,149
	Other	23,967	23,059	908	220,231	211,881	8,350
		Subtotal	440,926	418,088	22,837	4,051,514	3,841,664
Carrying value not exceeding cost	Stocks	6,883	8,602	(1,718)	63,250	79,045	(15,794)
	Bonds	113,764	115,207	(1,442)	1,045,338	1,058,597	(13,258)
	Government bonds	45,835	47,005	(1,170)	421,164	431,919	(10,755)
	Local government bonds	10,258	10,276	(18)	94,260	94,426	(165)
	Short-term corporate bonds	—	—	—	—	—	—
	Corporate bonds	57,670	57,924	(254)	529,914	532,251	(2,337)
	Other	175,266	184,956	(9,689)	1,610,464	1,699,494	(89,029)
	Foreign bonds	37,917	39,461	(1,544)	348,407	362,600	(14,192)
	Other	137,349	145,494	(8,144)	1,262,056	1,336,894	(74,837)
	Subtotal	295,914	308,765	(12,850)	2,719,054	2,837,137	(118,083)
	Total	¥ 736,840	¥ 726,854	¥ 9,986	\$ 6,770,568	\$ 6,678,801	\$ 91,766

Other securities (As of March 31, 2019)

(Millions of yen)

	Type	Carrying value	Fair value	Difference
Carrying value exceeding cost	Stocks	¥ 28,382	¥ 13,179	¥ 15,202
	Bonds	436,600	428,881	7,719
	Government bonds	192,939	188,810	4,129
	Local government bonds	139,296	136,630	2,665
	Short-term corporate bonds	—	—	—
	Corporate bonds	104,364	103,440	923
	Other	96,355	93,279	3,076
	Foreign bonds	44,818	43,567	1,250
	Other	51,537	49,711	1,826
		Subtotal	561,338	535,340
Carrying value not exceeding cost	Stocks	4,234	4,921	(687)
	Bonds	10,944	10,953	(8)
	Government bonds	—	—	—
	Local government bonds	—	—	—
	Short-term corporate bonds	—	—	—
	Corporate bonds	10,944	10,953	(8)
	Other	83,178	84,942	(1,763)
Foreign bonds	22,717	22,824	(106)	
Other	60,460	62,118	(1,657)	
	Subtotal	98,357	100,817	(2,459)
	Total	¥ 659,695	¥ 636,158	¥ 23,537

4. Held-to-maturity bonds sold during the year ended March 31, 2020

(Millions of yen)

(Thousands of U.S. dollars)

	Cost	Proceeds from sales	Gain (loss) on sales	Cost	Proceeds from sales	Gain (loss) on sales
Corporate bonds	¥ —	¥ —	¥ —	\$ —	\$ —	\$ —
Total	¥ —	¥ —	¥ —	\$ —	\$ —	\$ —

Held-to-maturity bonds sold during the year ended March 31, 2019

(Millions of yen)

	Cost	Proceeds from sales	Gain (loss) on sales
Corporate bonds	¥ —	¥ —	¥ —
Total	¥ —	¥ —	¥ —

5. Other securities sold during the year ended March 31, 2020

(Millions of yen)

(Thousands of U.S. dollars)

	Proceeds from Sales	Gains on sales	Losses on sales	Proceeds from sales	Gains on sales	Losses on sales
Stocks	¥ 6,667	¥ 1,227	¥ 685	\$ 61,262	\$ 11,283	\$ 6,296
Bonds	340,244	2,301	1,040	3,126,388	21,152	9,565
Government bonds	333,029	2,288	1,026	3,060,092	21,030	9,436
Local government bonds	—	—	—	—	—	—
Short-term corporate bonds	—	—	—	—	—	—
Corporate bonds	7,215	13	13	66,296	121	128
Other	71,420	2,250	882	656,253	20,681	8,109
Total	¥ 418,332	¥ 5,780	¥ 2,608	\$ 3,843,904	\$ 53,116	\$ 23,971

Other securities sold during the year ended March 31, 2019

(Millions of yen)

	Proceeds from Sales	Gains on sales	Losses on sales
Stocks	¥ 14,716	¥ 2,814	¥ 1,152
Bonds	342,126	3,954	1,762
Government bonds	313,126	3,000	1,717
Local government bonds	19,139	949	—
Short-term corporate bonds	—	—	—
Corporate bonds	9,859	4	44
Other	73,432	1,729	2,006
Total	¥ 430,274	¥ 8,499	¥ 4,920

6. Securities which have readily determinable fair value are written down to fair value, and the difference between cost and fair value is treated as loss for the fiscal year if fair value has significantly deteriorated compared with cost and fair value is unlikely to recover up to the acquisition cost.

The amount of the impairment loss for the year ended March 31, 2019 was zero.

The amount of the impairment loss for the year ended March 31, 2020 was zero.

The criteria for determining whether a security's fair value has "significantly deteriorated" is: whether a security whose fair value is 50% or less and whether a security whose fair value exceeds 50% but is 70% or less of the acquisition cost, considering the changes in the quoted market price during a certain period in the past, business performance and other factors.

## 23. Moneys Held in Trust

Other moneys held in trust (other than if held for operational purposes or held to maturity) during the year ended March 31, 2020

(Millions of yen)

(Thousands of U.S. dollars)

	Carryin value	Fair value	Difference	Carrying value exceeding cost	Carrying value not exceeding cost	Carryin value	Fair value	Difference	Carrying value exceeding cost	Carrying value not exceeding cost
Other moneys held in trust	¥ 481	¥ 481	—	—	—	\$ 4,420	\$ 4,420	—	—	—

Note Among these "Carrying value exceeding cost" and "carrying value not exceeding cost" are each a breakdown of "the difference."

For the preceding consolidated accounting year (as of March 31, 2019)

Nothing applicable.

## 24. Valuation difference on available-for-sale securities

The components of valuation difference on available-for-sale securities recorded on the consolidated financial statements at March 31, 2020 and 2019 are as follows:

	2020 (Millions of yen)	2019 (Millions of yen)	2020 (Thousands of U.S. dollars)
Valuation Gains (losses)	¥ 9,976	¥ 23,536	\$ 91,666
Other Securities	9,976	23,536	91,666
Other money held in trust	—	—	—
(△) Deferred tax liabilities	3,110	7,156	28,579
Valuation difference on available-for-sale securities (before adjustment based on equivalent amount of shareholdings)	6,865	16,379	63,087
(△) Amount equivalent to non-controlling interests equity	—	—	—
Valuation difference on available-for-sale securities owned by companies accounted for using the equity method, the amount equivalent to owners of parent	—	—	—
Valuation difference on available-for-sale securities	¥ 6,865	¥ 16,379	\$ 63,087

## 25. Fair Value Information on Derivatives

(1) Derivative transactions to which hedge accounting is not applied

Derivative transactions to which hedge accounting is not applied are set forth in the table below. Contract amounts themselves do not reflect the market risks of the derivative transactions.

### Interest rate-related transactions

<March 31, 2020>

(Millions of yen)

(Thousands of U.S. dollars)

	Type	Contract amounts	Contract amount maturing beyond one year	Fair value	Unrealized gain or (loss)	Contract amounts	Contract amount maturing beyond one year	Fair value	Unrealized gain or (loss)
Over-the-counter transactions	Interest rate swaps								
	Receive-fixed/pay-floating	¥ 6,000	¥ 6,000	¥ 81	¥ 81	\$ 55,131	\$ 55,131	\$ 745	\$ 745
	Receive-floating/pay-fixed	14,000	14,000	(826)	(826)	128,640	128,640	(7,596)	(7,596)
Total		—	—	¥ (745)	¥ (745)	—	—	\$ (6,851)	\$ (6,851)

1. The above transactions are measured at fair value and the resulting gains or losses are included in the consolidated statement of income.

2. The fair value of over-the-counter transactions is calculated based on the discounted present value and option pricing models.

<March 31, 2019>

(Millions of yen)

	Type	Contract amounts	Contract amount maturing beyond one year	Fair value	Unrealized gain or (loss)
Over-the-counter transactions	Interest rate swaps				
	Receive-fixed/pay-floating	¥ 6,000	¥ 6,000	¥ 42	¥ 42
	Receive-floating/pay-fixed	27,000	12,000	(617)	(644)
Total		—	—	¥ (574)	¥ (602)

### Currency-related transactions

<March 31, 2020>

(Millions of yen)

(Thousands of U.S. dollars)

	Type	Contract amounts	Contract amount maturing beyond one year	Fair value	Unrealized gain or (loss)	Contract amounts	Contract amount maturing beyond one year	Fair value	Unrealized gain or (loss)
Over-the-Counter transactions	Forward exchange contracts								
	Sold	¥ 17,906	¥ —	¥ 107	¥ 107	\$ 164,533	\$ —	\$ 985	\$ 985
	Bought	9,514	—	(65)	(65)	87,429	—	(606)	(606)
	Currency options								
	Sold	¥ 3,550	¥ —	¥ (44)	¥ (26)	\$ 32,619	\$ —	\$ (409)	\$ (247)
	Bought	3,550	—	44	32	32,619	—	409	296
Total		—	—	¥ 41	¥ 46	—	—	\$ 379	\$ 427

<March 31, 2019>

(Millions of yen)

	Type	Contract amounts	Contract amount maturing beyond one year	Fair value	Unrealized gain or (loss)
Over-the-Counter transactions	Forward exchange contracts				
	Sold	¥ 608	¥ —	¥ (3)	¥ (3)
	Bought	586	—	5	5
	Currency options				
	Sold	¥ 1,390	¥ —	¥ (12)	¥ (6)
	Bought	1,390	—	12	8
Total		—	—	¥ 1	¥ 3

1. The above transactions are measured at fair value and the resulting gains or losses are included in the consolidated statement of income.

2. Fair values are obtained using the discounted cash flow, etc.

### Credit derivatives transactions

<March 31, 2020>

(Millions of yen)

(Thousands of U.S. dollars)

	Type	Contract amounts	Contract amount maturing beyond one year	Fair value	Unrealized gain or (loss)	Contract amounts	Contract amount maturing beyond one year	Fair value	Unrealized gain or (loss)
Over-the-counter transactions	Credit default swaps								
	Sold	¥ —	¥ —	¥ —	¥ —	\$ —	\$ —	\$ —	\$ —
	Bought	1,752	1,752	(19)	(19)	16,098	16,098	(180)	(180)
Total		—	—	¥ (19)	¥ (19)	—	—	\$ (180)	\$ (180)

<March 31, 2019>

(Millions of yen)

	Type	Contract amounts	Contract amount maturing beyond one year	Fair value	Unrealized gain or (loss)
Over-the-counter transactions	Credit default swaps				
	Sold	¥ —	¥ —	¥ —	¥ —
	Bought	860	860	(11)	(11)
Total		—	—	¥ (11)	¥ (11)

1. The above transactions are measured at fair value and the resulting gains or losses are included in the consolidated statement of income.

2. Fair values are obtained using the discounted cash flow, etc.

3. "Sold" and "Bought" indicate assumption and cession of credit risk, respectively.

(2) Derivative transactions to which hedge accounting is applied

Derivative transactions to which hedge accounting is applied are set forth in the table below. Contract amounts themselves below do not represent the market risks of the derivative transactions.



**Interest rate-related transactions**

&lt;March 31, 2020&gt;

(Millions of yen)

(Thousands of U.S. dollars)

Hedge accounting method	Type	Major hedged item	Contract amounts	Contract amount maturing beyond one year	Fair value	Contract amounts	Contract amount maturing beyond one year	Fair value
Normal method	Interest rate swaps receive-floating/pay-fixed	Loans, deposits	¥ 66,139	¥ 65,144	¥ (4,701)	\$ 607,736	\$ 598,593	\$ (43,200)
Exceptional method	Interest rate swaps receive-floating/pay-fixed		—	—	—	—	—	—
Total			—	—	¥ (4,701)	—	—	\$ (43,200)

&lt;March 31, 2019&gt;

(Millions of yen)

Hedge accounting method	Type	Major hedged item	Contract amounts	Contract amount maturing beyond one year	Fair value
Normal method	Interest rate swaps receive-floating/pay-fixed	Loans, deposits	¥ 50,586	¥ 50,586	¥ (3,901)
Exceptional method	Interest rate swaps receive-floating/pay-fixed		—	—	—
Total			—	—	¥ (3,901)

- The above transactions apply deferral hedge accounting stipulated in "Accounting and auditing for the application of financial instrument accounting standards in banking" (Japanese Institute of Certified Public Accountants, Industry Audit Committee Report No. 24 February 13, 2002).
- The fair value of over-the-counter transactions is calculated based on the discounted present value and option pricing models.

**Currency-related transactions**

&lt;March 31, 2020&gt;

(Millions of yen)

(Thousands of U.S. dollars)

Hedge accounting method	Type	Major hedged item	Contract amounts	Contract amount maturing beyond one year	Fair value	Contract amounts	Contract amount maturing beyond one year	Fair value
Normal method	Currency swaps	Foreign securities in foreign currency	¥ 28,395	¥ 28,395	¥ (56)	\$ 260,912	\$ 260,912	\$ (521)
Total			—	—	¥ (56)	—	—	\$ (521)

&lt;March 31, 2019&gt;

(Millions of yen)

Hedge accounting method	Type	Major hedged item	Contract amounts	Contract amount maturing beyond one year	Fair value
Normal method	Currency swaps	Call loans in foreign currency	¥ 20,331	¥ 6,623	¥ (118)
Total			—	—	¥ (118)

- The above transactions apply deferral hedge accounting stipulated in "Accounting and auditing for transactions in foreign currencies, etc., in banking" (Japanese Institute of Certified Public Accountants, Industry Audit Committee Report No. 25 July 29, 2002).
- The fair value is calculated based on the discounted present value.

## 26. Retirement Benefit Plans

The Bank and the consolidated subsidiaries have defined-benefit corporation pension funds and lump-sum retirement benefits. Certain consolidated subsidiaries use a simplified method for calculating retirement benefit expenses and liabilities. The following table sets forth the funded and accrued status of the plans and the amounts recognized in the consolidated balance sheet for the Bank's and the consolidated subsidiaries' defined retirement benefit plans:

- (1) The changes in the retirement benefit obligation during the year ended March 31, 2020 and 2019 are as follows:

	2020	2019	2020
	(Millions of yen)	(Millions of yen)	(Thousands of U.S. dollars)
Retirement benefit obligation at the beginning of the year	¥ 17,148	¥ 16,723	\$ 157,569
Service cost	535	529	4,920
Interest cost	51	83	471
Actuarial gain/loss	(96)	628	(882)
Retirement benefits paid	(821)	(817)	(7,548)
Prior service cost	—	—	—
Other	—	—	—
Retirement benefit obligation at the end of the year	¥ 16,817	¥ 17,148	\$ 154,530

- (2) The changes in plan assets during the year ended March 31, 2020 and 2019 are as follows:

	2020	2019	2020
	(Millions of yen)	(Millions of yen)	(Thousands of U.S. dollars)
Plan assets at the beginning of the year	¥ 17,338	¥ 17,605	\$ 159,314
Expected return on plan assets	450	492	4,142
Actuarial gain/loss	(970)	(310)	(8,919)
Contributions by employers	293	308	2,693
Contributions by employees	56	58	516
Retirement benefits paid	(818)	(816)	(7,520)
Other	—	—	—
Plan assets at the end of the year	¥ 16,349	¥ 17,338	\$ 150,226

- (3) The following table sets forth the funded status of the plans and the amounts recognized in the consolidated balance sheet as of March 31, 2020 and 2019 for the bank's and the consolidated subsidiaries' defined benefit plans:

	2020	2019	2020
	(Millions of yen)	(Millions of yen)	(Thousands of U.S. dollars)
Funded retirement benefit obligation	¥ 16,762	¥ 17,095	\$ 154,025
Plan assets at fair value	(16,349)	(17,338)	(150,226)
Unfunded retirement benefit obligation	413	(243)	3,798
Net liabilities for retirement benefits in the consolidated balance sheet	468	(189)	4,303
Liabilities for retirement benefits	468	53	4,303
Assets for retirement benefits	—	243	—
Net liabilities for retirement benefits in consolidated balance sheet	¥ 468	¥ (189)	\$ 4,303

(4) The components of retirement benefit expense for the year ended March 31, 2020 and 2019 are as follows:

	2020 (Millions of yen)	2019 (Millions of yen)	2020 (Thousands of U.S. dollars)
Service cost .....	¥ 479	¥ 471	\$ 4,404
Interest cost .....	51	83	471
Expected return on plan assets ...	(450)	(492)	(4,142)
Amortization of actuarial gain/loss cost ...	214	(173)	1,969
Amortization of prior service cost ...	—	—	—
Other .....	—	—	—
Retirement benefit expense ...	<u>¥ 294</u>	<u>¥ (111)</u>	<u>\$ 2,702</u>

Notes

- Concerning the consolidated subsidiaries that use a simplified method, all of the retirement benefit cost is included in the service cost.
- Service cost does not include the amounts contributed by employees with respect to corporate pension fund plans.

(5) The components of retirement benefits liability adjustments included in other comprehensive income (before tax effect) for the years ended March 31, 2020 and 2019 are as follows:

	2020 (Millions of yen)	2019 (Millions of yen)	2020 (Thousands of U.S. dollars)
Prior service cost .....	¥ —	¥ —	\$ —
Actuarial gain and loss .....	(660)	(1,111)	(6,067)
Other .....	—	—	—
Total .....	<u>¥ (660)</u>	<u>¥ (1,111)</u>	<u>\$ (6,067)</u>

(6) Unrecognized prior service cost and unrecognized actuarial loss included in accumulated other comprehensive income (before tax effect) as of March 31, 2020 and 2019 are as follows:

	2020 (Millions of yen)	2019 (Millions of yen)	2020 (Thousands of U.S. dollars)
Unrecognized prior service cost ...	¥ —	¥ —	\$ —
Unrecognized actuarial gain/loss ...	(1,931)	(1,271)	(17,750)
Other .....	—	—	—
Total .....	<u>¥ (1,931)</u>	<u>¥ (1,271)</u>	<u>\$ (17,750)</u>

(7) The fair value of plan assets, by major category, as a percentage of total plan assets as of March 31, 2020 and 2019 is as follows:

	2020	2019
Bonds .....	24%	25%
Stocks .....	26%	31%
General account .....	31%	29%
Other .....	19%	15%
Total .....	<u>100%</u>	<u>100%</u>

Note

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

(8) The assumptions used in accounting for the above plans are as follows:

	2020	2019
1) Discount rate: .....	0.3%	0.3%
2) Expected rate of long-term return on assets: ...	2.6%	2.8%

## 27. Income Taxes

The major components of deferred tax assets and liabilities at March 31, 2020 and 2019 are summarized as follows:

	2020 (Millions of yen)	2019 (Millions of yen)	2020 (Thousands of U.S. dollars)
Deferred tax assets:			
Allowance for loan losses	¥ 2,654	¥ 2,547	\$ 24,390
Devaluation on securities	140	280	1,287
Depreciation	629	679	5,783
Deferred gains or losses on hedges	1,433	1,185	13,176
Other	1,785	1,874	16,409
Subtotal: deferred tax assets	6,643	6,567	61,047
Valuation allowance (Note1)	(1,432)	(1,127)	(13,161)
Total: deferred tax assets	<u>5,211</u>	<u>5,440</u>	<u>47,886</u>
Deferred tax liabilities:			
Valuation difference on available-for-sale securities	(3,110)	(7,156)	(28,579)
Net defined benefits assets	—	(74)	—
Other	(149)	(149)	(1,372)
Total: deferred tax liabilities	<u>(3,259)</u>	<u>(7,380)</u>	<u>(29,951)</u>
Net deferred tax assets (liabilities)	<u>¥ 1,951</u>	<u>¥ (1,940)</u>	<u>\$ 17,934</u>

Notes

- During this consolidated accounting year, the valuation reserve increased by 305 million yen. The main reason for the increase is that the valuation reserve of the bad loan reserve of the Bank and its consolidated affiliates increased by 587 million yen.
- Net deferred tax assets (liabilities) as of March 31, 2020 and 2019 were included in the following accounts in the consolidated balance sheets.

	2020 (Millions of yen)	2019 (Millions of yen)	2020 (Thousands of U.S. dollars)
Deferred tax assets	¥ 1,965	¥ 355	\$ 18,059
Deferred tax liabilities	(13)	(2,296)	(125)

(Change in presentation)

"Tax loss carried forward", which was presented on a stand-alone basis in the prior consolidated financial year, is included in "other" in the current consolidated financial year due to the reduced materiality of the amount. In order to reflect this change in presentation, the explanatory notes from the prior consolidated financial year have been rearranged.

As a result, "tax loss carried forward" of 255 million yen and "other" 1,619 million yen, presented separately in the prior consolidated financial year, are presented as "other" of 1,874 million yen in the current consolidated fiscal year.

For the fiscal year ended March 31, 2020, the reconciliation of the statutory tax rate of the Bank to the effective income tax rate was as follows:

	2020	2019
Statutory tax rate	30.50%	—
Valuation allowance	11.59%	—
Non-deductible expenses	0.69%	—
Non-taxable income	(1.30%)	—
Per capita inhabitants' tax rate	0.78%	—
Others	0.87%	—
Effective tax rate	<u>43.13%</u>	<u>—</u>

Note: For the fiscal year ended March 31, 2019, the reconciliation of the statutory tax rate of the Bank to the effective income tax rate is not stated as the difference between them is less than 5% of the statutory tax rate.

## 28. Asset Retirement Obligations

Among asset retirement obligations, recorded amounts on the consolidated financial statements

A. Summary description of the asset retirement obligations

Obligation to restore to original condition, under leasing agreements for land for operating facilities and for ATMs outside of the bank facilities, obligation to remove toxic substances used at a portion of the operating facilities and the administrative center, due to legal requirements, etc.

B. Calculation Method of Amount of Asset Retirement Obligations

The asset retirement obligation amounts are calculated by estimating the period of use to be from 6 years to 30 years from time of acquisition, using a discount rate of 0.0% to 2.0% based on the government bond yields as a reference.

C. Gains/Losses in total asset retirement obligation

	2020 (Millions of yen)	2019 (Millions of yen)	2020 (Thousands of U.S. dollars)
Balance at beginning of year	¥ 169	¥ 134	\$ 1,560
Increase in amount due to acquisition of property, plant and equipment	—	0	—
Adjustment due to the passage of time	0	0	4
Increase due to change in estimate	—	34	—
Reduction due to performance of asset retirement obligations	38	—	357
Balance at the end of the year	<u>¥ 131</u>	<u>¥ 169</u>	<u>\$ 1,208</u>

## 29. Segment Information

### 1. Outline of reportable segments

The Bank Group previously reported "Banking business" and "Leasing business" as its reporting segments, but began to also treat "Credit guarantee business", which was previously included in the "other" category, as a separate reporting segment in this consolidated accounting year, due to an increase in the quantitative significance of the segment. Segment information for the prior consolidated financial year is stated based on this change in classification.

Reportable segments are components for which separate financial information is available and that are subject to periodic examination by the board of directors to determine the allocation of management resources and assess performances.

The Bank and its consolidated subsidiaries consist of the Bank and 7 consolidated subsidiaries that are engaged in the financial services business that includes mainly banking services as well as leasing services.

Therefore, the reportable segments of the Bank and its consolidated subsidiaries comprise 'Banking', 'Leasing', and 'Credit guarantee' which are distinguished by the type of the business.

'Banking' includes deposit taking, lending, investment in securities and exchange services.

'Leasing' represents the lease business of Yamagin Lease Co., Ltd., one of the consolidated subsidiaries.

'Credit guarantee' is a credit guarantee business operated by Yamagin Guarantee Service Co., Ltd., one of the consolidated subsidiaries.

### 2. Calculation method of ordinary income, profit (loss), assets, liabilities and other items by reportable segment

The accounting policies in Note 3, "Summary of Significant Accounting Policies", are adopted for the reportable segments.

Reportable segment profit corresponds to ordinary profit.

Ordinary income arising from intersegment transactions is based on arm's length prices.

### 3. Ordinary income, profit or loss, assets, liabilities and other items by reportable segment

Year ended March 31, 2020

(Millions of yen)

	Reportable segment				Other	Total	Adjustments	Consolidated financial statements
	Banking	Leasing	Credit guarantee	Total				
Ordinary income								
External customers	¥ 36,686	¥ 5,887	¥ 273	¥ 42,847	¥ 1,193	¥ 44,041	¥ (0)	¥ 44,041
Intersegment	431	98	692	1,223	256	1,479	(1,479)	—
Total	37,118	5,986	965	44,070	1,450	45,521	(1,479)	44,041
Segment profit	3,892	125	708	4,726	134	4,861	(226)	4,634
Segment assets	2,640,225	17,753	6,498	2,664,477	6,198	2,670,676	(17,557)	2,653,119
Segment liabilities	2,498,385	14,206	3,420	2,516,013	4,142	2,520,155	(14,743)	2,505,412
Other items								
Depreciation	1,338	6	0	1,345	2	1,347	—	1,347
Interest income	25,351	0	4	25,356	67	25,423	(337)	25,085
Interest expenses	2,087	61	—	2,148	29	2,178	(62)	2,115
Increase in property, plant and equipment and intangible assets	3,111	22	—	3,134	0	3,135	—	3,135

Year ended March 31, 2020

(Thousands of U.S. dollars)

	Reportable segment				Other	Total	Adjustments	Consolidated financial statements
	Banking	Leasing	Credit guarantee	Total				
Ordinary income								
External customers	\$ 337,102	\$ 54,097	\$ 2,509	\$ 393,709	\$ 10,969	\$ 404,679	\$ (0)	\$ 404,679
Intersegment	3,966	908	6,364	11,238	2,359	13,598	(13,598)	—
Total	341,068	55,006	8,874	404,948	13,329	418,277	(13,598)	404,679
Segment profit	35,771	1,151	6,506	43,428	1,238	44,667	(2,082)	42,584
Segment assets	24,260,086	163,130	59,716	24,482,933	56,960	24,539,893	(161,330)	24,378,563
Segment liabilities	22,956,772	130,542	31,430	23,118,746	38,063	23,156,810	(135,470)	23,021,339
Other items								
Depreciation	12,297	61	1	12,360	22	12,382	—	12,382
Interest income	232,944	3	40	232,987	617	233,604	(3,102)	230,501
Interest expenses	19,184	561	—	19,745	270	20,015	(576)	19,439
Increase in property, plant and equipment and intangible assets	28,594	211	—	28,806	3	28,809	—	28,809

#### Notes

- Ordinary income is substituted for sales of companies in other industries. "Adjustments" are elimination of intersegment transactions.
- "Other" represents business segments that are not the reportable segments and comprises business support service, data processing, credit card business, venture capital business, etc.
- "Adjustments" are as follows:
  - The 0 million yen reduction adjustment for ordinary income with respect to outside customers is due to an adjustment for a provision of allowance for loan losses in "other".
  - The 226 million yen reduction adjustment for segment profit, the 17,557 million yen reduction adjustment for segment assets, the 14,743 million yen reduction adjustment for segment liabilities, the 337 million yen reduction adjustment for interest income, and the 62 million yen reduction adjustment for interest expenses are eliminations of intersegment transactions.
- "Segment profit" corresponds to ordinary income (net) of Consolidated Statements of Income.

Year ended March 31, 2019

(Millions of yen)

	Reportable segment				Other	Total	Adjustments	Consolidated financial statements
	Banking	Leasing	Credit guarantee	Total				
Ordinary income								
External customers	¥ 40,157	¥ 5,747	¥ 302	¥ 46,207	¥ 1,169	¥ 47,376	¥ (22)	¥ 47,354
Intersegment	248	112	669	1,030	285	1,316	(1,316)	—
Total	40,406	5,859	972	47,238	1,454	48,692	(1,338)	47,354
Segment profit	5,079	194	501	5,775	136	5,911	50	5,962
Segment assets	2,564,397	17,709	6,643	2,588,750	5,787	2,594,538	(17,558)	2,576,980
Segment liabilities	2,413,575	14,182	3,861	2,431,619	3,868	2,435,488	(15,269)	2,420,219
Other items								
Depreciation	1,260	10	0	1,271	2	1,274	—	1,274
Interest income	25,592	0	5	25,599	72	25,671	(165)	25,506
Interest expenses	2,532	60	—	2,593	30	2,624	(70)	2,554
Increase in property, plant and equipment and intangible assets	1,851	25	—	1,877	2	1,879	—	1,879

## Notes

- Ordinary income is substituted for sales of companies in other industries. "Adjustments" are elimination of intersegment transactions.
- "Other" represents business segments that are not the reportable segments and comprises business support service, data processing, credit card business, venture capital business, etc.
- "Adjustments" are as follows:
  - The 22 million yen reduction adjustment for ordinary income with respect to outside customers is due to an adjustment for provision of allowance for loan losses in "leasing business" and "other".
  - The 50 million yen adjustment for segment profit, the 17,558 million yen reduction adjustment for segment assets, the 15,269 million yen reduction adjustment for segment liabilities, the 165 million yen reduction adjustment for interest income, and the 70 million yen reduction adjustment for interest expenses are eliminations of intersegment transactions.
- "Segment profit (loss)" corresponds to ordinary income (net) of Consolidated Statements of Income.

## 4. Related information

Information by service  
Year ended March 31, 2020

(Millions of yen)

	Loan	Security investment	Lease	Other	Total
Ordinary income from external customers	¥ 17,616	¥ 12,979	¥ 5,887	¥ 7,558	¥ 44,041

Year ended March 31, 2020

(Thousands of U.S. dollars)

	Loan	Security investment	Lease	Other	Total
Ordinary income from external customers	\$ 161,871	\$ 119,260	\$ 54,094	\$ 69,453	\$ 404,679

Information about geographical areas is omitted because the Bank and its consolidated subsidiaries conduct banking and other related activities in Japan without having foreign subsidiaries or foreign branches.

Information about major customers is not presented because there are no customers having over a 10% share of ordinary income.

Year ended March 31, 2019

(Millions of yen)

	Loan	Security investment	Lease	Other	Total
Ordinary income from external customers	¥ 18,101	¥ 15,488	¥ 5,731	¥ 8,032	¥ 47,354

## 5. Information concerning the impairment loss of fixed assets by reportable segment

Year ended March 31, 2020

(Millions of yen)

	Reportable segment				Other	Total
	Banking	Leasing	Credit guarantee	Total		
Impairment loss	¥ 3	¥ —	¥ —	¥ 3	¥ —	¥ 3

The amount of the impairment loss for the year ended March 31, 2019 was zero.

## 30. Related Parties Information

Transactions with Related Parties  
Transactions of the Corporation Submitting Consolidated Financial Statements with Related Parties  
Directors and Major Stockholders (only in the case of individuals) etc. of the Corporation Submitting Consolidated Financial Statements

Year ended March 31, 2020

(Millions of yen)

Category	Name of company, etc. or individual's full name	Location	Capital or investment contribution	Description of business or job	Percentage of ownership of voting rights, etc. owned (or owned by) (%)	Relation to affiliated parties	Description of transaction	Amount of transaction	Account name	Balance at end of financial period
Companies, etc. in which Directors and their close relatives own a majority of the voting rights	Otokoyama Shuzou Co., Ltd. (Note 2)	Yamagata City, Yamagata Prefecture	35	Sake Manufacturer	Owned by, directly, 0.02	Credit customer	Loan of funds	34	Loans and bills dis-counted	45
Directors and close relatives	Junichi Matsuda	—	—	Director of the Bank; Attorney	—	Credit customer	Loan of funds	41	Loans and bills dis-counted	57

Year ended March 31, 2020

(Thousands of U.S. dollars)

Category	Name of company, etc. or individual's full name	Location	Capital or investment contribution	Description of business or job	Percentage of ownership of voting rights, etc. owned (or owned by) (%)	Relation to affiliated parties	Description of transaction	Amount of transaction	Account name	Balance at end of financial period
Companies, etc. in which Directors and their close relatives own a majority of the voting rights	Otokoyama Shuzou Co., Ltd. (Note 2)	Yamagata City, Yamagata Prefecture	321	Sake Manufacturer	Owned by, directly, 0.02	Credit customer	Loan of funds	313	Loans and bills dis-counted	420
Directors and close relatives	Junichi Matsuda	—	—	Director of the Bank; Attorney	—	Credit customer	Loan of funds	380	Loans and bills dis-counted	528

Notes

- The terms and conditions of the transactions and the policies governing decision making for the terms and conditions of such transactions are the same as for other customers. Transaction amounts are average balances.
- A majority of the voting rights of Otokoyama Shuzou Co., Ltd. are owned by Director Gisuke Ohara and his close relatives.

Year ended March 31, 2019

(Millions of yen)

Category	Name of company, etc. or individual's full name	Location	Capital or investment contribution	Description of business or job	Percentage of ownership of voting rights, etc. owned (or owned by) (%)	Relation to affiliated parties	Description of transaction	Amount of transaction	Account name	Balance at end of financial period
Companies, etc. in which Directors and their close relatives own a majority of the voting rights	Otokoyama Shuzou Co., Ltd. (Note 2)	Yamagata City, Yamagata Prefecture	35	Sake Manufacturer	Owned by, directly, 0.01	Credit customer	Loan of funds	38	Loans and bills dis-counted	39

Notes

- The terms and conditions of the transactions and the policies governing decision making for the terms and conditions of such transactions are the same as for other customers. Transaction amounts are average balances.
- A majority of the voting rights of Otokoyama Shuzou Co., Ltd. are owned by Director Gisuke Ohara and his close relatives.

## 31. Amounts Per Share

Amounts per share of net assets, net income and diluted net income, as presented below, are based on the number of stocks outstanding at each balance sheet date and the weighted average number of stocks of common stock outstanding during each year.

	2020 (Yen)		2020 (U.S. dollars)	
Net assets	¥ 4,526.62	¥ 4,804.85	\$ 41.59	
Net income	¥ 77.86	¥ 123.36	\$ 0.71	
Diluted net income	¥ —	¥ 110.01	\$ —	

Notes

- Common shares of the Bank held by the board incentive BIP trust are reported as treasury shares in the consolidated financial statements. The common shares held by the trust are included in the number of treasury shares to be deducted from the total number of outstanding shares at the end of the term when calculating net assets per share. The number of treasury stock as of the end of the consolidated fiscal year deducted in the calculation of net assets per share was 85 thousand (number at end of preceding consolidated fiscal year was 88 thousand).

Additionally, said shares are included in the number of treasury shares to be deducted when calculating the weighted-average number of common shares outstanding for the period, in the calculation of net income per share and diluted net income per share. The weighted average number of treasury shares outstanding for the period deducted in the calculation of current net income per share and diluted current net income per share was 86 thousand (number at end of preceding consolidated fiscal year was 88 thousand).

- Regarding net income for this period per share after adjustment for dilutive stock for this consolidated accounting year, it is not reported since there is no dilutive stock.

The basis for the calculation of net income per share for the year ended March 31, 2020 and 2019 is summarized as follows:

	2020 (Millions of yen)		2020 (Thousands of U.S. dollars)	
Profit attributable to owners of parent	¥ 2,537	¥ 4,020	\$ 23,318	
Amount not attributable to common stock	—	—	—	
Profit attributable to owners of parent related to common stock	2,537	4,020	23,318	
Weighted average number of stocks of common stock outstanding	32,594 thousand	32,593 thousand	32,594 thousand	
Effect of dilutive securities bonds with share acquisition rights	—	3,952 thousand	—	

## 32. Significant Subsequent Events

There are no applicable matters.

# Non-Consolidated Balance Sheet

As of March 31, 2020 and 2019

	<b>2020</b> (Millions of yen)	<b>2019</b> (Millions of yen)	<b>2020</b> (Thousands of U.S. dollars)
<b>Assets</b>			
Cash and due from banks.....	¥ 86,116	¥ 95,030	\$ 791,294
Call loans.....	1,310	13,995	12,040
Monetary claims bought.....	7,768	4,760	71,383
Money held in trust.....	481	—	4,420
Trading account securities.....	—	4	—
Securities.....	758,994	677,885	6,974,131
Loans and bills discounted.....	1,721,894	1,707,716	15,821,875
Foreign exchanges.....	2,491	1,464	22,894
Other assets.....	30,232	29,300	277,799
Property, plant and equipment.....	15,235	14,297	139,990
Buildings, net.....	3,793	3,618	34,854
Land.....	8,782	8,825	80,699
Leased assets, net.....	12	20	117
Construction in progress.....	1,082	127	9,950
Other, net.....	1,563	1,705	14,369
Intangible assets.....	3,540	2,765	32,531
Software.....	3,335	2,559	30,651
Other.....	204	205	1,880
Prepaid pension costs.....	1,518	1,514	13,951
Deferred tax assets.....	1,108	—	10,188
Customers' liabilities for acceptances and guarantees.....	17,736	23,602	162,977
Allowance for loan losses.....	(8,921)	(8,657)	(81,979)
<b>Assets.....</b>	<b>¥ 2,639,508</b>	<b>¥ 2,563,681</b>	<b>\$ 24,253,498</b>
<b>Liabilities and Net Assets</b>			
<b>Liabilities</b>			
Deposits.....	¥ 2,269,022	¥ 2,215,161	\$ 20,849,241
Negotiable certificates of deposit.....	105,211	107,621	966,751
Call money.....	19,589	—	180,000
Payables under securities lending transactions.....	65,505	29,653	601,902
Borrowed money.....	7,980	10,740	73,329
Foreign exchanges.....	29	61	268
Bonds with share acquisition rights.....	—	11,099	—
Other liabilities.....	11,441	11,279	105,135
Provision for bonuses for directors.....	22	25	206
Provision for share payments of board incentive plan.....	101	77	934
Provision for reimbursement of deposits.....	168	163	1,551
Provision for contingent loss.....	304	249	2,800
Deferred tax liabilities.....	—	2,565	—
Deferred tax liabilities for land revaluation.....	1,270	1,277	11,672
Acceptances and guarantees.....	17,736	23,602	162,977
<b>Liabilities.....</b>	<b>¥ 2,498,385</b>	<b>¥ 2,413,575</b>	<b>\$ 22,956,772</b>
<b>Net Assets</b>			
Share capital.....	¥ 12,008	¥ 12,008	\$ 110,342
Capital surplus.....	4,932	4,932	45,323
Retained earnings.....	122,658	121,581	1,127,062
Treasury shares.....	(3,173)	(3,178)	(29,159)
Shareholders' equity.....	136,425	135,343	1,253,569
Valuation difference on available-for-sale securities.....	6,854	16,366	62,982
Deferred gains or losses on hedges.....	(3,267)	(2,701)	(30,025)
Revaluation reserve for land.....	1,109	1,097	10,198
Total valuation and translation adjustments.....	4,696	14,762	43,155
<b>Net assets.....</b>	<b>141,122</b>	<b>150,105</b>	<b>1,296,725</b>
<b>Liabilities and net assets.....</b>	<b>¥ 2,639,508</b>	<b>¥ 2,563,681</b>	<b>\$ 24,253,498</b>

# Non-Consolidated Statements of Income

For the years ended March 31, 2020 and 2019

	<b>2020</b> (Millions of yen)	<b>2019</b> (Millions of yen)	<b>2020</b> (Thousands of U.S. dollars)
<b>Ordinary income</b>	¥ 37,118	¥ 40,406	\$ 341,068
Interest income	25,351	25,592	232,944
Interest on loans and discounts	17,160	17,640	157,677
Interest and dividends on securities	7,990	7,718	73,421
Interest on call loans	77	120	713
Interest on receivables under resale agreements	(1)	(1)	(10)
Interest on deposits with banks	12	11	116
Other interest income	111	103	1,024
Fees and commissions	6,466	6,698	59,415
Fees and commissions on domestic and foreign exchanges	1,563	1,585	14,364
Other fees and commissions	4,902	5,113	45,051
Other ordinary income	3,798	4,228	34,898
Gain on trading account securities transactions	0	0	2
Gain on sales of bonds	3,797	4,228	34,896
Other income	1,502	3,886	13,809
Recoveries of written off receivables	3	7	29
Gain on sales of equity securities	1,375	3,504	12,638
Other	124	374	1,140
<b>Ordinary expenses</b>	33,225	35,326	305,297
Interest expenses	2,087	2,532	19,184
Interest on deposits	643	757	5,911
Interest on negotiable certificates of deposit	20	27	184
Interest on call money	7	33	64
Interest on payables under securities lending transactions	486	659	4,471
Interest on borrowings and rediscounts	137	179	1,265
Interest expenses on interest rate swaps	705	766	6,481
Other interest expenses	87	108	804
Fees and commissions payments	3,354	3,037	30,821
Fees and commissions on domestic and foreign exchanges	341	351	3,138
Other fees and commissions	3,012	2,685	27,683
Other ordinary expenses	4,197	4,838	38,567
Loss on foreign exchange transactions	246	49	2,267
Loss on sales of bonds	1,773	3,500	16,295
Expenses on derivatives other than for trading or hedging	2,177	1,287	20,003
General and administrative expenses	20,474	20,118	188,135
Other expenses	3,111	4,800	28,589
Provision of allowance for loan losses	1,679	3,102	15,434
Loss on sales of equity securities	762	1,282	7,010
Loss on devaluation of equity securities	0	188	0
Other	668	227	6,143
<b>Ordinary profit</b>	<u>3,892</u>	<u>5,079</u>	<u>35,771</u>
Extraordinary income	3	17	34
Gain on disposal of non-current assets	—	8	—
Gain on extinguishment of tie-in shares	—	8	—
Other	3	—	34
Extraordinary losses	169	60	1,555
Loss on disposal of non-current assets	165	60	1,520
Impairment loss	3	—	34
<b>Profit before income taxes</b>	<u>3,727</u>	<u>5,036</u>	<u>34,250</u>
Income taxes -current	962	1,833	8,846
Income taxes -deferred	612	(275)	5,631
Income taxes	<u>1,575</u>	<u>1,558</u>	<u>14,478</u>
<b>Profit</b>	<u>¥ 2,151</u>	<u>¥ 3,478</u>	<u>\$ 19,771</u>
<b>Amounts per share:</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>
	(yen)	(yen)	( U.S. dollars)
Profit	66.02	106.72	0.60
Net assets	4,329.58	4,605.49	39.78

# Corporate Data

## Management

(As of June 25, 2020)

### President

Kichishige Hasegawa

### Senior Managing Director

Shinichiro Miura

### Managing Directors

Satoshi Nagai

Shinya Katsuki

Hiroshi Koya

Yoshitaka Misawa

Eiji Sato

### Directors

Takehiro Suzuki

Yutaka Touyama

Izumi Hasegawa

Yumiko Inoue

Keitaro Harada

Takuro Taruishi (Full-time Audit and Supervisory Committee Member)

Yasumasa Gomi (Audit and Supervisory Committee Member)

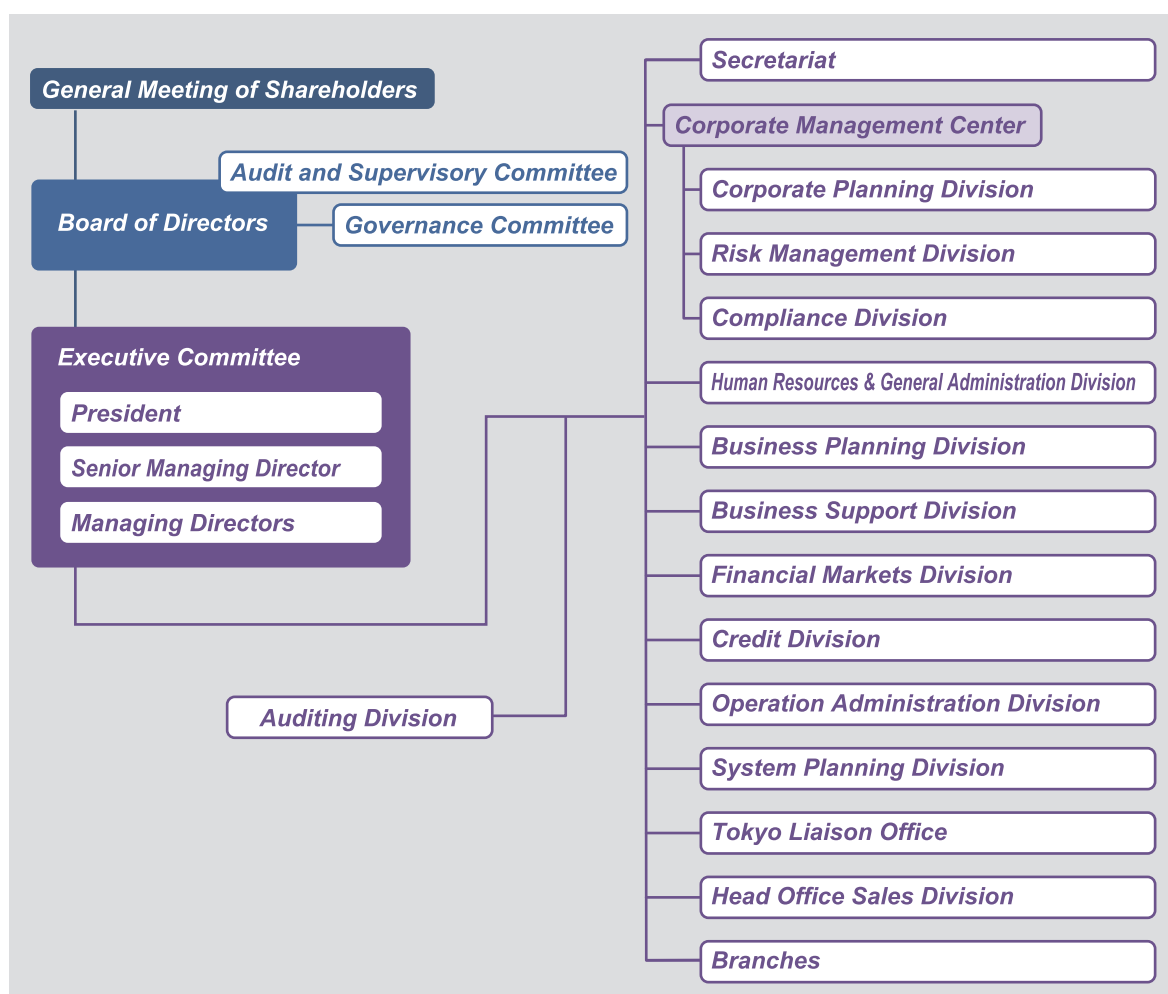
Gisuke Ohara (Audit and Supervisory Committee Member)

Junichi Matsuda (Audit and Supervisory Committee Member)

Masanori Oshino (Audit and Supervisory Committee Member)

## Organization

(As of June 25, 2020)





# Directory

## Headquarters:

1-2, Nanukamachi 3-chome, Yamagata 990-8642, Japan  
Phone: +81 23 623 1221

## Financial Markets Division:

1-2, Nanukamachi 3-chome, Yamagata 990-8642, Japan  
Phone: +81 23 634 7547  
Fax: +81 23 625 7185  
S.W.I.F.T.: YAMBJPJT

## Foreign Exchange Offices:

### Head Office

1-2, Nanukamachi 3-chome, Yamagata 990-8642, Japan  
Phone: +81 23 623 1221

### Yonezawa Branch

1-5, Monto-machi 3-chome, Yonezawa 992-0039, Japan  
Phone: +81 238 22 2010

### Nagai Branch

11-14, Sakae-machi, Nagai 993-0084, Japan  
Phone: +81 238 88 2105

### Sagaechuo Branch

2-33, Chuo 1-chome, Sagae 991-0021, Japan  
Phone: +81 237 86 1141

### Tendo Branch

9-1, Higashihoncho 1-chome, Tendo 994-0026, Japan  
Phone: +81 23 653 3355

### Shinjo Branch

2-16, Hon-cho, Shinjo 996-0027, Japan  
Phone: +81 233 22 2461

### Tsuruoka Branch

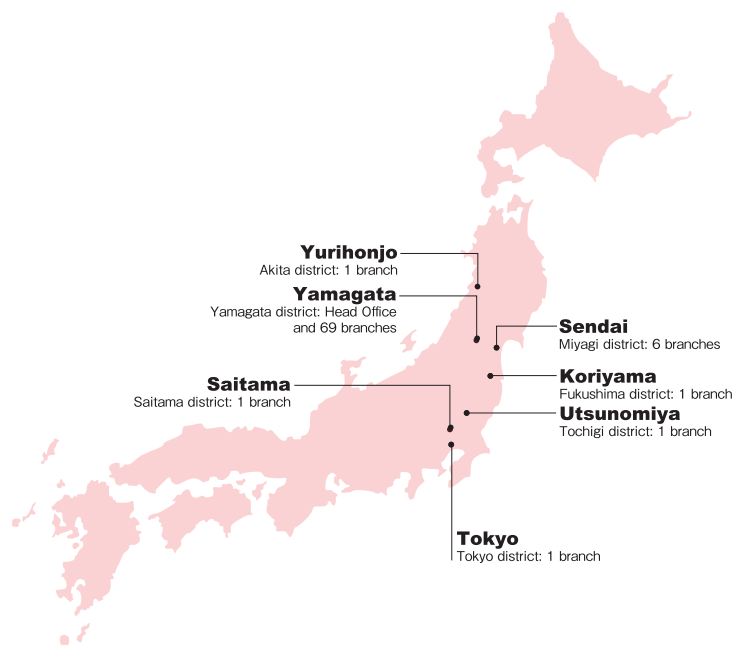
1-13, Hon-cho 2-chome, Tsuruoka 997-0034, Japan  
Phone: +81 235 22 5530

### Sakata Branch

10-1, Hon-cho 3-chome, Sakata 998-0043, Japan  
Phone: +81 234 22 7222

### Tokyo Branch

5-16, Kyobashi 2-chome, Chuo-ku, Tokyo 104-0031, Japan  
Phone: +81 3 3567 1861



(Total: Head Office and 80 branches)

(As of March 31, 2020)

## Bank Data: (As of March 31, 2020)

Date of Incorporation: 1896  
Authorized Stocks: 59,670,000  
Issued Stocks: 34,000,000  
Number of Shareholders: 8,058  
Number of Employees: 1,239



Cherries

Cherries are a special product of Yamagata Prefecture.  
Stylized cherries are used as the symbol of The Yamagata Bank, Ltd.





**THE YAMAGATA BANK, LTD.**  
Yamagata, Japan