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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Resona Holdings, Inc.:

We have audited the accompanying consolidated balance sheet of Resona Holdings, Inc. (the "Company") and its consolidated subsidiaries as of March 31, 2016, and the related consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its consolidated subsidiaries as of March 31, 2016, and the consolidated results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 1 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu LLC

June 27, 2016

CONSOLIDATED BALANCE SHEET
Resona Holdings, Inc. and consolidated subsidiaries
March 31, 2016

	Millions of yen		Millions of U.S. dollars (Note 1)
	2016	2015	2016
Assets:			
Cash and due from banks (Notes 3, 12 and 28)	¥13,514,516	¥ 9,672,994	$ 119,926
Call loans and bills bought (Note 28)	191,938	36,243	1,703
Monetary claims bought (Note 28)	391,804	443,004	3,476
Trading assets (Notes 4, 12, 28 and 29)	475,382	589,687	4,218
Money held in trust (Note5)	178	186	1
Securities (Notes 5, 12 and 28)	5,346,725	6,864,211	47,446
Loans and bills discounted (Notes 6, 12, 13 and 28)	27,664,964	27,487,284	245,496
Foreign exchange assets (Notes 7 and 28)	68,866	97,945	611
Other assets (Notes 8, 12, 28 and 29)	872,845	749,994	7,745
Tangible fixed assets (Notes 9, 11, 20 and 27)	307,610	305,493	2,729
Intangible fixed assets (Notes 10, 11 and 27)	32,389	37,398	287
Net defined benefit asset (Note 30)	4,248	27,155	37
Deferred tax assets (Note 26)	25,664	5,663	227
Customers' liabilities for acceptances and guarantees (Notes 19 and 28)	431,439	478,968	3,828
Reserve for possible loan losses (Note 28)	(202,081)	(209,582)	(1,793)
Reserve for possible losses on investments	(57)	(83)	(0)
Total Assets	¥49,126,435	¥46,586,565	$ 435,943
Liabilities and Net Assets:			
Liabilities:			
Deposits (Notes 12, 14 and 28)	¥38,228,820	¥36,712,851	$ 339,238
Negotiable certificates of deposit (Note 28)	1,344,500	2,130,640	11,930
Call money and bills sold (Note 28)	606,916	1,531,519	5,385
Payables under repurchase agreements (Notes 12 and 28)	5,999	50,993	53
Payables under securities lending transactions (Notes 12 and 28)	145,107	24,122	1,287
Trading liabilities (Notes 4, 28 and 29)	291,639	302,869	2,587
Borrowed money (Notes 12, 15 and 28)	809,049	737,051	7,179
Foreign exchange liabilities (Notes 7 and 28)	1,991	1,439	17
Bonds (Notes 16 and 28)	624,812	667,707	5,544
Due to trust account (Note 28)	3,707,658	617,622	32,901
Other liabilities (Notes 15, 17, 28 and 29)	985,007	1,080,968	8,740
Reserve for employees' bonuses	16,908	20,002	150
Net defined benefit liability (Note 30)	32,534	28,837	288
Other reserves (Note 18)	40,276	35,651	357
Deferred tax liabilities (Note 26)	181	476	1
Deferred tax liabilities for land revaluation (Note 20)	20,120	21,465	178
Acceptances and guarantees (Notes 19 and 28)	431,439	478,968	3,828
Total Liabilities	47,292,964	44,443,186	419,673
Net Assets (Notes 21, 32 and 34):			
Capital stock	50,472	50,472	447
Capital surplus	—	145,916	—
Retained earnings	1,399,576	1,335,800	12,419
Treasury stock	(1,902)	(2,483)	(16)
Total stockholders' equity	1,448,147	1,529,706	12,850
Net unrealized gains on available-for-sale securities (Note 5)	347,491	423,076	3,083
Net deferred gains on hedges	49,540	33,158	439
Revaluation reserve for land (Note 20)	44,025	43,485	390
Foreign currency translation adjustments	(3,012)	(1,542)	(26)
Remeasurements of defined benefit plans (Note 30)	(70,190)	(49,105)	(622)
Total accumulated other comprehensive income	367,855	449,072	3,264
Noncontrolling interests	17,468	164,600	155
Total Net Assets	1,833,470	2,143,379	16,270
Total Liabilities and Net Assets	¥49,126,435	¥46,586,565	$ 435,943

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF INCOME
Resona Holdings, Inc. and consolidated subsidiaries
For the fiscal year ended March 31, 2016

	Millions of yen		Millions of U.S. dollars (Note 1)
	2016	2015	2016
Income:			
Interest income (Note 22)	¥ 443,549	¥ 466,655	$ 3,936
Trust fees	21,295	22,776	188
Fees and commissions	203,144	201,031	1,802
Trading income (Note 23)	10,448	5,973	92
Other operating income (Note 24)	61,458	45,231	545
Other income (Note 25)	78,865	119,713	699
Total Income	818,761	861,382	7,265
Expenses:			
Interest expenses (Note 22)	42,200	40,666	374
Fees and commissions	55,727	54,590	494
Trading expenses	346	752	3
Other operating expenses (Note 24)	22,053	13,176	195
General and administrative expenses	347,513	357,767	3,083
Other expenses (Note 25)	100,389	68,178	890
Total Expenses	568,231	535,131	5,042
Income before income taxes	250,530	326,251	2,223
Income taxes (Note 26):			
Current	43,929	45,417	389
Deferred	21,800	63,417	193
Total income taxes	65,730	108,835	583
Net income	184,800	217,415	1,639
Net income attributable to noncontrolling interests	959	5,937	8
Net income attributable to owners of parent	¥ 183,840	¥ 211,477	$ 1,631

	Yen		U.S. dollars (Note 1)
Per common share information:			
Net income per share (Basic) (Note 32)	¥ 75.73	¥ 91.07	$ 0.67
Net income per share (Diluted) (Note 32)	—	84.28	—
Cash dividends per share applicable to the fiscal year (Notes 21 and 34)	17.00	17.00	0.15

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Resona Holdings, Inc. and consolidated subsidiaries
For the fiscal year ended March 31, 2016

	Millions of yen		Millions of U.S. dollars (Note 1)
	2016	2015	2016
Net income	¥ 184,800	¥ 217,415	$ 1,639
Other comprehensive income (Note 31):			
Net unrealized gains (losses) on available-for-sale securities	(75,632)	178,920	(671)
Net deferred gains on hedges	16,382	5,047	145
Revaluation reserve for land	1,085	2,231	9
Foreign currency translation adjustments	(13,919)	26,385	(123)
Remeasurements of defined benefit plans	(21,107)	(13,157)	(187)
Share of other comprehensive income of affiliates accounted for using the	(1)	13	(0)
Total other comprehensive income (loss)	(93,192)	199,441	(826)
Total comprehensive income (Note 31)	¥ 91,607	¥ 416,856	$ 812
Total Comprehensive income attributable to (Note 31):			
Owners of parent	¥ 103,168	¥ 387,065	$ 915
Noncontrolling interests	(11,560)	29,791	(102)

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
Resona Holdings, Inc. and consolidated subsidiaries
For the fiscal year ended March 31, 2016

	Millions of yen												
	Stockholders' equity					Accumulated other comprehensive income							
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total stockholders' equity	Net unrealized gains on available-for-sale securities	Net deferred gains on hedges	Revaluation reserve for land	Foreign currency translation adjustments	Remeasure-ments of defined benefit plans	Total accumula-ted other comprehen-sive income	Noncontrolling interests	Total net assets
Balance at April 1, 2014	¥ 50,472	¥ 409,293	¥ 1,169,785	¥ (85,855)	¥ 1,543,696	¥ 244,166	¥ 28,110	¥ 41,254	¥ (4,081)	¥ (35,965)	¥ 273,484	¥ 139,231	¥ 1,956,412
Cumulative effect of accounting change			1,483		1,483								1,483
Restated balance at April 1,2014	50,472	409,293	1,171,268	(85,855)	1,545,179	244,166	28,110	41,254	(4,081)	(35,965)	273,484	139,231	1,957,896
Changes during the fiscal year													
Dividends paid- other capital surplus		(32,000)			(32,000)								(32,000)
Dividends paid			(46,946)		(46,946)								(46,946)
Net income attributable to owners of parent			211,477		211,477								211,477
Purchase of treasury stock				(234,951)	(234,951)								(234,951)
Disposal of treasury stock		3,568		83,378	86,946								86,946
Cancellation of treasury stock		(234,945)		234,945	—								—
Net changes except for stockholders' equity during the fiscal year						178,910	5,047	2,231	2,539	(13,140)	175,587	25,369	200,956
Total changes during the fiscal year	—	(263,376)	164,531	83,371	(15,473)	178,910	5,047	2,231	2,539	(13,140)	175,587	25,369	185,483
Balance at April 1, 2015	50,472	145,916	1,335,800	(2,483)	1,529,706	423,076	33,158	43,485	(1,542)	(49,105)	449,072	164,600	2,143,379
Changes during the fiscal year													
Dividends paid- other capital surplus		(32,000)			(32,000)								(32,000)
Dividends paid			(74,660)		(74,660)								(74,660)
Net income attributable to owners of parent			183,840		183,840								183,840
Purchase of treasury stock				(159,842)	(159,842)								(159,842)
Disposal of treasury stock		(0)		587	587								587
Cancellation of treasury stock		(159,835)		159,835	—								—
Change in scope of consolidation			(29)		(29)								(29)
Transfer from retained earnings to capital surplus		45,919	(45,919)		—								—
Reversal of revaluation reserve for land			545		545								545
Net changes except for stockholders' equity during the fiscal year						(75,584)	16,382	540	(1,470)	(21,085)	(81,216)	(147,132)	(228,349)
Total changes during the fiscal year	—	(145,916)	63,776	581	(81,558)	(75,584)	16,382	540	(1,470)	(21,085)	(81,216)	(147,132)	(309,908)
Balance at March 31, 2016	¥ 50,472	—	¥ 1,399,576	¥ (1,902)	¥ 1,448,147	¥ 347,491	¥ 49,540	¥ 44,025	¥ (3,012)	¥ (70,190)	¥ 367,855	¥ 17,468	¥ 1,833,470

	Millions of U.S. dollars (Note1)												
	Stockholders' equity					Accumulated other comprehensive income							
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total stockholders' equity	Net unrealized gains on available-for-sale securities	Net deferred gains on hedges	Revaluation reserve for land	Foreign currency translation adjustments	Remeasure-ments of defined benefit plans	Total accumula-ted other comprehen-sive income	Noncontrolling interests	Total net assets
Balance at April 1, 2015	$ 447	$ 1,294	$ 11,853	$ (22)	$ 13,574	$ 3,754	$ 294	$ 385	$ (13)	$ (435)	$ 3,985	$ 1,460	$ 19,020
Changes during the fiscal year													
Dividends paid- other capital surplus		(283)			(283)								(283)
Dividends paid			(662)		(662)								(662)
Net income attributable to owners of parent			1,631		1,631								1,631
Purchase of treasury stock				(1,418)	(1,418)								(1,418)
Disposal of treasury stock		(0)		5	5								5
Cancellation of treasury stock		(1,418)		1,418	—								—
Change in scope of consolidation			(0)		(0)								(0)
Transfer from retained earnings to capital surplus		407	(407)		—								—
Reversal of revaluation reserve for land			4		4								4
Net changes except for stockholders' equity during the fiscal year						(670)	145	4	(13)	(187)	(720)	(1,305)	(2,026)
Total changes during the fiscal year	—	(1,294)	565	5	(723)	(670)	145	4	(13)	(187)	(720)	(1,305)	(2,750)
Balance at March 31, 2016	$ 447	—	$ 12,419	$ (16)	$ 12,850	$ 3,083	$ 439	$ 390	$ (26)	$ (622)	$ 3,264	$ 155	$ 16,270

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
Resona Holdings, Inc. and consolidated subsidiaries
For the fiscal year ended March 31, 2016

	Millions of yen		Millions of U.S. dollars (Note 1)
	2016	**2015**	**2016**
Cash flows from operating activities:			
Income before income taxes	¥ 250,530	¥ 326,251	$ 2,223
Adjustments for :			
Depreciation and amortization	26,288	25,726	233
Impairment losses on fixed assets	1,454	5,738	12
Equity in earnings of investments in affiliates	(116)	(153)	(1)
Decrease in reserve for possible loan losses	(7,500)	(46,610)	(66)
Decrease in reserve for possible losses on investments	(26)	(49)	(0)
Increase (decrease) in reserve for employees' bonuses	(3,094)	1,932	(27)
Increase in net defined benefit asset	(15,447)	(6,178)	(137)
Decrease in net defined benefit liability	(11,800)	(8,221)	(104)
Interest income	(443,549)	(466,655)	(3,936)
Interest expenses	42,200	40,666	374
Net gains on securities	(40,878)	(64,720)	(362)
Net foreign exchange gains	(33,828)	(12,906)	(300)
Net losses (gains) on disposal of fixed assets	(278)	1,326	(2)
Net decrease in trading assets	114,304	26,883	1,014
Net decrease in trading liabilities	(11,229)	(2,672)	(99)
Net increase in loans and bills discounted	(177,679)	(785,615)	(1,576)
Net increase in deposits	1,515,969	966,944	13,452
Net increase (decrease) in negotiable certificates of deposit	(786,140)	180,780	(6,976)
Net increase (decrease) in borrowed money (excluding subordinated borrowed money)	97,997	(333,650)	869
Net decrease (increase) in due from banks (excluding those deposited at Bank of Japa	52,803	(59,438)	468
Net decrease (increase) in call loans and other	(104,494)	7,741	(927)
Net increase (decrease) in call money and other	(969,595)	688,724	(8,604)
Net increase (decrease) in payables under securities lending transactions	120,985	(25,769)	1,073
Net decrease (increase) in foreign exchange assets	29,079	(25,188)	258
Net increase in foreign exchange liabilities	552	265	4
Net increase (decrease) in straight bonds	(3,038)	500	(26)
Net increase in due to trust account	3,090,035	83,778	27,420
Interest receipts	447,677	470,258	3,972
Interest payments	(43,548)	(43,327)	(386)
Other - net	(13,920)	127,249	(123)
Subtotal	3,123,712	1,073,611	27,719
Income taxes received (paid)	(57,984)	29,860	(514)
Net cash provided by operating activities	3,065,728	1,103,471	27,204
Cash flows from investing activities:			
Purchases of securities	(14,120,698)	(16,562,521)	(125,305)
Proceeds from sales of securities	14,632,322	18,010,807	129,845
Proceeds from redemption of securities	795,702	892,679	7,060
Purchases of tangible fixed assets	(12,106)	(10,649)	(107)
Proceeds from sales of tangible fixed assets	2,158	290	19
Purchases of intangible fixed assets	(3,488)	(2,272)	(30)
Proceeds from sales of shares of subsidiaries resulting in change in scope of	14	—	0
Other - net	(279)	(130)	(2)
Net cash provided by investing activities	1,293,625	2,328,201	11,479
Cash flows from financing activities:			
Repayment of subordinated borrowed money	(26,000)	(11,000)	(230)
Redemption of subordinated bonds	(172,761)	(51,800)	(1,533)
Dividends paid	(106,660)	(78,946)	(946)
Dividends paid to noncontrolling interests of consolidated subsidiaries	(293)	(640)	(2)
Purchases of treasury stock	(159,842)	(234,951)	(1,418)
Proceeds from sales of treasury stock	587	87,217	5
Net cash used in financing activities	(464,969)	(290,120)	(4,126)
Effect of exchange rate changes on cash and cash equivalents	(58)	104	(0)
Net increase in cash and cash equivalents	3,894,326	3,141,657	34,557
Cash and cash equivalents at the beginning of the fiscal year	9,456,393	6,314,735	83,915
Cash and cash equivalents at the end of the fiscal year (Note 3)	¥ 13,350,719	¥ 9,456,393	$ 118,472

See accompanying notes to the consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Resona Holdings, Inc. and consolidated subsidiaries

Fiscal year ended March 31, 2016

1. BASIS OF PRESENTATION

The accompanying consolidated financial statements have been prepared from the accounts maintained by Resona Holdings, Inc. (the "Company") and its consolidated subsidiaries (together, the "Group") in accordance with the provisions set forth in the Financial Instruments and Exchange Act of Japan and its related accounting regulations concerning preparation of consolidated financial statements, Ordinance for Enforcement of the Banking Act, and in accordance with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards ("IFRSs").

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. Certain reclassifications have been made in the 2015 consolidated financial statements to conform to the classifications used in 2016.

In addition, the notes to the consolidated financial statements include certain information, which is not required under Japanese GAAP, but is presented herein as additional information.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of the readers outside Japan and have been made at the rate of ¥112.69 to U.S. $1.00, the rate of exchange prevailing on the Tokyo Foreign Exchange Market on March 31, 2016. The inclusion of such amounts is not intended to imply that yen amounts have been or could be readily converted, realized or settled in U.S. dollars at that or any other rate.

Amounts of less than one million yen and one million U.S. dollars have been rounded down to the nearest million in the presentation of the accompanying consolidated financial statements. As a result, the totals in yen and U.S. dollars do not necessarily agree with the sum of the individual amounts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Use of estimates

The preparation of consolidated financial statements in accordance with Japanese GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

(2) Principles of consolidation

The Company defines its consolidation scope using the control and influence concept. Under the control and influence concept, those entities in which the Company, directly or indirectly, is able to exercise control over finance and operations through voting interest and/or other means are fully consolidated, and those entities over which the Group has the ability to exercise significant influence are accounted for by the equity method.

In order to apply the control and influence criteria for certain collective investment vehicles, such as Toushi Jigyo Kumiai (investment association), limited partnerships, Tokumei Kumiai (silent partnership) structures and other entities with similar characteristics, the Company looks to the proportionate share of decision-making authority over such vehicles, together with other factors indicating substantial control and influence, in accordance with the guidance of Practical Issues Task Force No. 20, "Practical Solution on Application of Control Criteria and Influence Criteria to Investment Associations," issued by the Accounting Standards Board of Japan (the "ASBJ").

(a) Scope of consolidation

The number of consolidated subsidiaries as of March 31, 2016 and 2015 was fourteen and fifteen, respectively.

Resona Asset Management Co., Ltd. was newly established and included in the scope of consolidation from the fiscal year ended March 31, 2016. In addition, TD Consulting Co., Limited and Resona Preferred Global Securities (Cayman) Limited were excluded from the scope of consolidation from the fiscal year ended March 31, 2016, since some of the shares in TD Consulting Co., Limited were sold, and Resona Preferred Global Securities (Cayman) Limited was liquidated.

The Group excludes accounts of certain subsidiaries from consolidation when the total assets, total income, net income or loss (applicable for the owned interest), retained earnings (applicable for the owned interest) and accumulated other comprehensive income (applicable for the owned interest) of these subsidiaries would not have a material effect on the consolidated financial statements.

(b) Application of the equity method of accounting

The number of affiliates accounted for by the equity method as of March 31, 2016 and 2015 was one.

The equity method of accounting has not been applied to investments in certain non-consolidated subsidiaries and affiliates, as the net income or loss (applicable for the owned interest), retained earnings (applicable for the owned interest) and accumulated other comprehensive income (applicable for the owned interest) are immaterial in relation to the consolidated financial statements.

(c) Balance sheet dates of consolidated subsidiaries

The balance sheet dates of the consolidated subsidiaries as of March 31, 2016 and 2015 were as follows:

(Number of consolidated subsidiaries)

	2016	2015
End of December	**2**	3
End of March	**12**	12

Subsidiaries have been consolidated based on their accounts at their respective balance sheet dates. Appropriate adjustments have been made for significant intervening transactions occurring during the period from the respective balance sheet dates of the above subsidiaries to the consolidated balance sheet date.

(d) Eliminations of intercompany balances and transactions

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit or loss included in assets and liabilities resulting from transactions within the Group is also eliminated.

(e) Unification of accounting policies applied to foreign subsidiaries for the consolidated financial statements

The accounting policies and procedures applied to the Company and its subsidiaries for similar transactions and events under similar circumstances should, in principle, be unified for the preparation of the consolidated financial statements.

Financial statements prepared by foreign subsidiaries in accordance with either IFRSs or accounting principles generally accepted in the United States of America may be tentatively used for the consolidation process; however, the following items should be adjusted in the consolidation process so that net income or loss is accounted for in accordance with Japanese GAAP unless they are not material:

(i) Amortization of goodwill
(ii) Actuarial gains and losses of defined benefit plans recognized outside profit or loss
(iii) Expensing capitalization of intangible assets arising from development phases
(iv) Cancellation of fair value accounting model for tangible fixed assets and investment properties and incorporation of the cost accounting model

(3) Trading assets and trading liabilities

Transactions whose purposes are to earn a profit by taking advantage of short-term fluctuations in the market or arbitrage opportunities in interest rates, currency exchange rates, share prices or other market indices on different markets (“transactions for trading purposes”) are included in “trading assets” or “trading liabilities,” as appropriate, on the consolidated balance sheets on a trade-date basis.

Securities and monetary claims, etc. held for trading purposes are stated at fair value as of the consolidated balance sheet date. Derivatives including swaps, futures and options, held for trading purposes are stated at the fair values, which are determined using the exit price as if the respective contracts were closed out at the consolidated balance sheet date.

(4) Trading income and trading expenses

Income and expenses on transactions for trading purposes are included in “trading income” or “trading expenses,” as appropriate, in the consolidated statements of income on a trade-date basis.

Trading income and trading expenses include interest received and paid during the fiscal year, net changes in fair value of securities and monetary claims, etc., and changes in the close-out value of derivatives during the fiscal year.

(5) Securities

Securities other than investments in non-consolidated subsidiaries and affiliates which are accounted for by the equity method are classified and accounted for, depending on management's intent, as follows:

(i) held-to-maturity debt securities, which management has the positive intent and ability to hold to maturity, are stated at amortized cost determined by the moving-average method (the amortization/accumulation is calculated by the straight-line method).

(ii) investments in non-consolidated subsidiaries and affiliates which are not accounted for by the equity method are stated at cost determined by the moving-average method.

(iii) marketable available-for-sale securities are stated at fair value with unrealized gains and losses, net of applicable tax effects, reported in a separate component of net assets. The fair values of equity securities with quoted market prices are determined based on the average quoted market prices in the last month of the fiscal year. The fair values of securities other than equity securities with quoted market prices are generally determined based on their respective quoted market prices at the balance sheet dates (the cost of these securities sold is determined by the moving-average method).

(iv) non-marketable available-for-sale securities whose fair value cannot be reliably determined are stated at cost. The cost of these securities sold is determined by the moving-average method.

Investment securities other than trading securities are written down to estimated fair value when the decline in fair value is determined to be other-than-temporary based on the assessment of the severity and duration of the decline in value, the issuers' credit standing and certain other factors. Impairment losses are recognized by a charge against income.

(6) Derivatives and hedge accounting

Derivatives are classified and accounted for as follows:

(i) all derivatives other than those used for hedging purposes are recognized as either assets or liabilities and measured at fair value, with gains or losses recognized currently in the consolidated statements of income.

(ii) derivatives used for hedging purposes, if they meet certain hedging criteria, including high correlation and effectiveness between the hedging instruments and the hedged items, are recognized as either assets or liabilities and measured at fair value. Gains or losses on derivatives used for hedging purposes are generally deferred over the terms of the hedged items and are reclassified into income or expenses when gains and losses on the hedged items are recognized. Net deferred gains or losses on qualifying hedges are reported as a separate component of net assets. Fair value hedge accounting can be applied for certain hedged items, including available-for-sale securities.

A special accounting treatment is applicable to certain hedging relationships with interest rate swaps. Interest rate swaps which qualify for hedge accounting and meet specific matching criteria, requiring certain critical terms of the swaps and the hedged items to be substantially the same, are not remeasured at fair value and the interest differentials paid or received are recognized over the term of the swap agreements and netted with the interest income or expenses of the hedged transactions in the consolidated statements of income.

Generally, a specific hedging relationship is designated between a stand-alone derivative and a single asset or liability (or a group of identical assets or liabilities) as a condition for the application of hedge accounting. However, bank industry-specific hedge accounting may be applied as follows:

(a) Hedges of interest rate risk

Consolidated domestic banking subsidiaries apply deferral hedge accounting to the hedges of interest rate risk associated with financial assets and liabilities in accordance with the Industry Audit Committee Report No. 24, "Accounting and Auditing Treatments on the Application of Accounting Standards for Financial Instruments in the Banking Industry," issued by the Japanese Institute of Certified Public Accountants (the "JICPA") on February 13, 2002 (the "JICPA Industry Audit Committee Report No. 24").

The JICPA Industry Audit Committee Report No. 24 permits banks to designate a group of derivatives as a hedge of a group of financial assets or financial liabilities, taking into consideration the nature of derivative activities in the banking industry. Under the JICPA Industry Audit Committee Report No. 24, hedges to offset changes in fair value of fixed rate instruments (such as loans or deposits) ("fair value hedges") and changes in anticipated cash flows from variable rate instruments ("cash flow hedges") are applied by grouping hedging instruments and hedged items by their maturities.

For fair value hedges, a group of hedging instruments are designated as a hedge of a group of assets or liabilities which are grouped by their maturities in the same manner as the group of hedging instruments. The assessment of hedge effectiveness is generally based on the analysis of the changes in interest rate factors affecting the respective fair values of the groups of hedging instruments and hedged items rather than the assessment based on the accumulated changes in relevant fair values.

For cash flow hedges, the hedging instruments and hedged items are grouped based on their index repricing dates and/or maturities. A regression analysis is employed to test the correlations between interest rate indices underlying the hedging instruments and hedged items to determine the effectiveness of the hedge. A hedge is, however, assumed to be effective and the assessment can be omitted when the interest rate indices are the same for each of the hedging instruments and hedged items, and the repricing dates and intervals are substantially identical for the hedging instruments and hedged items.

Certain assets and liabilities were accounted for using deferral hedge accounting or fair value hedge accounting, designating a stand-alone derivative as a hedge of a specific asset (group of assets) or specific liability (group of liabilities).

(b) Hedges of foreign currency risk

Consolidated domestic banking subsidiaries apply deferral hedge accounting to the hedges of foreign currency risk associated with financial assets and liabilities denominated in foreign currencies in accordance with the Industry Audit Committee Report No. 25 “Accounting and Auditing Treatments for Foreign Currency Transactions in the Banking Industry” issued by the JICPA on July 29, 2002 (the “JICPA Industry Audit Committee Report No. 25”).

In accordance with the JICPA Industry Audit Committee Report No. 25, consolidated domestic banking subsidiaries designate certain currency swaps and foreign exchange swaps as hedges for the exposure to changes in foreign exchange rates associated with receivables or payables denominated in foreign currencies when the foreign currency positions of the hedged receivables or payables including principal and the related accrued interest are expected to exceed the principal and related accrued interest on the hedging instruments over the terms of the hedging instruments. Hedges are assessed as effective when it is determined that banking subsidiaries continue to hold foreign currency positions of the hedging derivatives corresponding to the positions of the hedged items denominated in foreign currencies.

For hedges of available-for-sale securities (other than bonds) denominated in foreign currencies, consolidated domestic banking subsidiaries adopt deferral hedge accounting and fair value hedge accounting on a portfolio basis to hedge the foreign currency risk attributable to such securities. The hedging criteria include specific designation of hedged securities and the on- and off-balance sheet liabilities denominated in foreign currencies positions covering the costs of the hedged securities denominated in the same foreign currencies.

(c) Inter-company and intra-company derivative transactions

For inter-company and intra-company derivative transactions (“internal derivatives”), including currency and interest rate swaps, consolidated domestic banking subsidiaries currently recognize gains and losses on internal derivatives or defer them as assets or liabilities without elimination in accordance with the JICPA Industry Audit Committee Reports No. 24 and No. 25, which permit a bank to retain the gains and losses on internal derivatives without elimination in the financial statements if the bank establishes and follows the strict hedging criteria for external transactions, requiring mirror-image transactions to be entered into within three business days with external parties after the designation of the internal derivatives as hedging instruments.

(7) Depreciation and amortization

(a) Tangible fixed assets (except for leased assets)

Depreciation of tangible fixed assets (except for leased assets) is mainly computed by the straight-line method for buildings and by the declining-balance method for equipment over the estimated useful lives. The estimated useful lives of major tangible fixed assets are as follows:

Buildings:	2 - 50 years
Equipment:	2 - 20 years

(b) Intangible fixed assets (except for leased assets)

Amortization of intangible fixed assets (except for leased assets) is computed by the straight-line method. Costs of software developed and obtained for internal use are capitalized and amortized by the straight-line method over the estimated useful lives (mainly five years).

(c) Leased assets

Leased assets other than those under finance lease transactions that are deemed to transfer ownership of the leased property to the lessee are depreciated by the straight-line method over the lease term. Residual value of those leased assets is zero unless any guaranteed amount is prescribed in the lease agreement.

Furthermore, depreciation of leased assets deemed to transfer ownership to the lessee is computed by the same method used for owned assets.

(8) Deferred charges

Stock issuance costs are charged to expense as incurred.

(9) Dormant deposits

Consolidated domestic banking subsidiaries derecognize the balance of customer deposits in their balance sheets and recognize a gain when they determine that the deposit account has been dormant for a period of more than five years and they are not able to locate or identify claimants for the balance after reasonable efforts. However, the balance has generally been reimbursed subsequent to the period of derecognition if a legitimate claimant appears, and such reimbursement of deposit is accounted for as a charge against income.

The Company provides a reserve for future losses on estimated reimbursements in response to the legitimate claims subsequent to the period of derecognition of the related deposit liabilities.

(10) Reserve for possible loan losses

The principal consolidated subsidiaries have provided reserve for possible loan losses in accordance with their internal standards for write-offs and reserves as follows:

For claims to insolvent borrowers who are undergoing bankruptcy, special liquidation or bankrupt obligors (“bankrupt obligors”) or who are in substantially the same deteriorating financial condition although not yet in formal bankruptcy proceedings (“effectively bankrupt obligors”), a reserve is provided at the full amount of claims after deducting any direct write-offs and excluding the amounts deemed collectible from the disposal of collateral and the amounts recoverable from the execution of guarantees.

For claims to borrowers who are not currently in the condition of bankruptcy or insolvency but with a high probability of becoming insolvent and certain identified claims subject to close watch, the discounted cash flow method (the “DCF method”) is applied to determine the amount of reserve for individually large balances which exceed a certain pre-established threshold amount. The DCF method, however, is applied only when future cash flows from collection of principal and interest can be reasonably estimated. Under the DCF method, a reserve is provided for the difference between the present value of future cash flows discounted by the original interest rate and the carrying value of the claim.

For claims to other borrowers, a reserve is computed by using the loan loss ratios derived from the historical loss experience for a specified period.

For claims to certain foreign borrowers with country risk exposure, a reserve is provided for the estimated losses determined by considering the political and economic situation of respective countries.

The operating divisions initially assess all claims based on the internal standards for self-assessment of asset quality. The Internal Audit Division, which is independent from the operating divisions, examines their assessments. The reserve for possible loan losses is provided based on the results of these assessments of the operating divisions and the examination of the Internal Audit Division.

For collateralized or guaranteed claims to bankrupt obligors and effectively bankrupt obligors, uncollectible amounts (i.e., the carrying value less the amounts collectible from the disposal of collateral and execution of guarantees) are directly written off. Such uncollectible amounts as of March 31, 2016 and 2015 were ¥184,764 million ($1,639 million) and ¥244,262 million, respectively.

Other consolidated subsidiaries mainly provide a general reserve against claims at the amount deemed necessary based on their historical loan-loss experience, and a reserve for specific claims individually determined to be uncollectible such as those to bankrupt obligors.

(11) Reserve for possible losses on investments

A reserve for possible losses on investments is provided for the estimated losses on certain non-marketable equity securities based on an assessment of the issuers’ financial condition and uncertainty about future recoverability of the decline in fair values of the investments.

(12) Reserve for employees’ bonuses

A reserve for employees’ bonuses is provided for the payment of performance bonuses to employees at an estimated amount accrued as of the consolidated balance sheet dates.

(13) Employees’ retirement benefits

Net defined benefit liability and/or asset are provided for the payment of retirement benefits to employees in the amount deemed necessary based on the projected benefit obligation and the fair value of plan assets as of the consolidated balance sheet date.

Regarding determination of retirement benefit obligations, the benefit formula basis is adopted as the method of attributing expected benefit to the respective periods until this fiscal year end.

Prior service cost is charged to expense as incurred. Unrecognized actuarial gains and losses are amortized from the next year of incurrence by the straight-line method over a period (ten years) defined within the average remaining service period of eligible employees.

Certain consolidated subsidiaries estimated net defined benefit liability and retirement benefit costs using the simplified method whereby the retirement benefit obligations amount that would be payable if the eligible employees terminate the employment on the consolidated balance sheet date.

(14) Other reserves

Other reserves are provided to cover future expenses and losses that can be reasonably estimated.

(15) Translation of foreign currencies

Consolidated domestic banking subsidiaries translate assets and liabilities denominated in foreign currencies into Japanese yen primarily at the exchange rates at the consolidated balance sheet dates, with the exception of investments in affiliates which are translated at historical exchange rates.

The financial statements of foreign subsidiaries are translated into Japanese yen at the exchange rates as of the respective balance sheet dates, except for net assets accounts, which are translated at historical exchange rates. Differences arising from such translations are shown as “foreign currency translation adjustments” as a separate component of net assets.

Assets and liabilities denominated in foreign currency of domestic non-banking consolidated subsidiaries are translated into Japanese yen at the exchange rates at the respective balance sheet dates.

(16) Income taxes

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

The Group assesses the realizability of deferred tax assets based on an assessment of the available evidence, including future taxable income, future reversal of existing temporary differences and tax planning strategies. A valuation allowance reduces the carrying amount of deferred tax assets to the extent that it is not probable that sufficient taxable income will be available to allow the benefit of part or all of the deferred tax assets to be realized. Such valuation allowance may be reversed to the extent that it becomes probable that sufficient taxable income will be available and warrant the realization of tax benefits.

The Company has filed with the Japanese tax authorities a national income tax return under the consolidated corporate-tax system, which allows national income tax payments to be based on the combined profits or losses of the Company and its wholly owned domestic subsidiaries. Deferred taxes are measured based on the future tax benefits expected to be realized in consideration of the expected combined profits or losses of eligible companies in accordance with the consolidated corporate-tax system. Consolidated corporate-tax amounts, once determined, are allocated to each of the subsidiaries and are used as a basis for the income taxes to be recorded in their separate financial statements.

(17) Consumption taxes

The Company and its domestic consolidated subsidiaries accounts for national and local consumption taxes by the tax-exclusion method whereby receipts and payments of consumption taxes are not included in the transaction amounts and, accordingly, consumption tax amounts do not affect the measurement of profit or loss transactions.

(18) Cash and cash equivalents

Cash and cash equivalents in the consolidated statements of cash flows include cash and the balances due from the Bank of Japan.

(19) Per share information

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

Diluted net income per share of common stock reflects the potential dilutive effect of outstanding convertible preferred stocks, which would occur if such stocks were converted into common stock. Diluted net income per share of common stock assumes full conversion of outstanding convertible securities.

Net assets per share of common stock is computed by dividing net assets attributable to common stock by the number of common stock outstanding at the end of the fiscal year.

(20) Accounting changes and error corrections

The Group has adopted ASBJ Statement No. 24 “Accounting Standard for Accounting Changes and Error Corrections” and ASBJ Guidance No. 24 “Guidance on Accounting Standard for Accounting Changes and Error Corrections.” Accounting treatments under these standard and guidance are as follows:

(i) Changes in accounting policies

When a new accounting policy is applied following revision of an accounting standard, a new policy is applied retrospectively unless the revised accounting standard includes specific transitional, in which case the entity shall comply with the specific transitional provisions.

(ii) Changes in presentations

When the presentation of financial statements is changed, prior period financial statements are reclassified in accordance with the new presentation.

(iii) Changes in accounting estimates

A change in an accounting estimate is accounted for in the period of the change if the change affects that period only, and is accounted for prospectively if the change affects both the period of the change and future periods.

(iv) Corrections of prior period error

When a material error in prior period financial statements is discovered, those statements are restated.

(21) Employee stock ownership plan (Stock Benefit Trust)

The Company established the Employee stock ownership plan-type Stock Benefit Trust for the Employee Shareholdings Association (“ESOP Trust”) on January 31, 2012, and completed the intended stock acquisitions by April 19, 2012. The acquisition and disposal of shares by the ESOP Trust were accounted for as if the Company and the ESOP Trust were a single entity since the Company guarantees the obligation of the ESOP Trust. Therefore, the stocks of the Company owned by the ESOP Trust are disclosed as treasury stocks on the consolidated balance sheet. In addition, all assets and liabilities as well as income and expenses of the ESOP Trust are reflected in the consolidated financial statements.

(22) Accounting change for the fiscal year ended March 31, 2016

Accounting standard for business combinations and consolidated financial statements

On September 13, 2013, the ASBJ issued revised ASBJ Statement No. 21, “Accounting Standard for Business Combinations,” revised ASBJ Statement No. 22, “Accounting Standard for Consolidated Financial Statements,” and revised ASBJ Statement No.7, “Accounting Standard for Business Divestitures.” The Group has applied these revised accounting standards and guidance from the beginning of the fiscal year beginning on April 1, 2015. Major accounting changes are as follows:

(a) Transactions with noncontrolling interests

A parent’s ownership interest in a subsidiary may change if the parent purchases or sells ownership interests in its subsidiary. The carrying amount of noncontrolling interest is adjusted to reflect the change in the parent’s ownership interest in its subsidiary while the parent retains its controlling interest in its subsidiary. Under the previous accounting standard, any difference between the fair value of the consideration received or paid and the amount by which the noncontrolling interest was adjusted was accounted for as an adjustment of goodwill or as profit or loss in the consolidated statement of income. Under the revised accounting standard, such difference is accounted for as capital surplus as long as the parent retains control over its subsidiary.

(b) Presentation of the consolidated balance sheet

In the consolidated balance sheet, “minority interests in consolidated subsidiaries” under the previous accounting standard was changed to “noncontrolling interests” under the revised accounting standard.

(c) Presentation of the consolidated statement of income

In the consolidated statement of income, “net income before minority interests” under the previous accounting standard was changed to “net income ” under the revised accounting standard, and “net income” under the previous accounting standard was changed to “net income attributable to owners of parent” under the revised accounting standard.

(d) Provisional accounting treatments for a business combination

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, an acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. Under the previous accounting standard guidance, the impact of adjustments to provisional amounts recorded in a business combination on profit or loss is recognized as profit or loss in the year in which the measurement is completed.

Under the revised accounting standard guidance, during the measurement period, which shall not exceed one year from the acquisition, the acquirer shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and that would have affected the measurement of the amounts recognized as of that date. Such adjustments shall be recognized as if the accounting for the business combination had been completed at the acquisition date.

(e) Acquisition-related costs

Acquisition-related costs are costs, such as advisory fees or professional fees, which an acquirer incurs to effect a business combination. Under the previous accounting standard, the acquirer accounts for acquisition-related costs by including them in the acquisition costs of the investment. Under the revised accounting standard, acquisition-related costs shall be accounted for as expenses in the periods in which the costs are incurred.

The transitional provisions stated in Article 58-2(4) of the Accounting Standard for Business Combinations, Article 44-5(4) of the Accounting Standard for Consolidated Financial Statements, and Article 57-4(4) of the Accounting Standard for Business Divestitures were applied at the adoption. The Group prospectively applied the accounting standards and guidance for (a), (b), (c) and (e) above from April 1, 2015 and for (d) above for a business combination which occurs on or after April 1, 2015.

Accordingly, difference arising from changes in the ownership interest in a subsidiary while parent retains its controlling interest in the subsidiary is recognized as capital surplus. Acquisition-related costs are charged to expenses in the periods when the costs are incurred. For a business combination which occurs on or after April 1, 2015, an adjustment to the provisional acquisition amounts at completion of the measurement is retrospectively recognized in the consolidated financial statements for the period in which the acquisition occurred. Furthermore, presentation of net income and minority interests were changed to net income attributable to owners of parent and noncontrolling interests, respectively. Reflecting those changes in presentation, prior consolidated financial statements for the year ended March 31, 2015 were reclassified.

The effects of the changes on consolidated financial statements for the fiscal year ended March 31, 2016 are immaterial.

(23) New accounting pronouncements

Implementation guidance on recoverability of deferred tax assets

On March 28, 2016, the ASBJ issued the revised ASBJ Guidance No. 26, “Implementation Guidance on Recoverability of Deferred Tax Assets.” This guidance takes over the treatment of the recoverability of deferred tax assets formerly defined in the Audit Committee Report No. 66, “Audit Treatment of Judgments with Regard to Recoverability of Deferred Tax Assets” issued by the JICPA and partially revised by the ASBJ.

The Group expects to apply this guidance from the beginning of the fiscal year beginning on or after April 1, 2016. The Group is in the process of measuring the effects of applying this guidance in future applicable periods.

3. CASH AND CASH EQUIVALENTS

The reconciliation between “Cash and cash equivalents” in the consolidated statements of cash flows and “Cash and due from banks” in the consolidated balance sheets as of March 31, 2016 and 2015 were as follows:

	Millions of yen		Millions of U.S. dollars
	2016	2015	**2016**
Cash and due from banks	**¥ 13,514,516**	¥ 9,672,994	**$ 119,926**
Less: Due from banks except for the Bank of Japan	**(163,797)**	(216,601)	**(1,453)**
Cash and cash equivalents	**¥ 13,350,719**	¥ 9,456,393	**$ 118,472**

4. TRADING ASSETS AND TRADING LIABILITIES

Trading assets and liabilities as of March 31, 2016 and 2015 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2016	2015	**2016**
Trading assets:			
Trading securities	**¥ 174,547**	¥ 277,487	**$ 1,548**
Derivatives of trading securities	**2**	—	**0**
Trading-related financial derivatives	**300,833**	312,200	**2,669**
Total	**¥ 475,382**	¥ 589,687	**$ 4,218**
Trading liabilities:			
Derivatives of trading securities	**¥ —**	¥ 0	**$ —**
Trading-related financial derivatives	**291,639**	302,869	**2,587**
Total	**¥ 291,639**	¥ 302,869	**$ 2,587**

5. SECURITIES

Securities as of March 31, 2016 and 2015 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2016	2015	**2016**
Japanese government bonds	**¥ 2,646,290**	¥ 4,116,884	**$ 23,482**
Japanese local government bonds	**574,980**	616,459	**5,102**
Japanese corporate bonds	**858,833**	902,346	**7,621**
Japanese stocks	**851,599**	924,887	**7,557**
Other securities	**415,020**	303,634	**3,682**
Total	**¥ 5,346,725**	¥ 6,864,211	**$ 47,446**

As of March 31, 2016 and 2015, securities included equity investments in non-consolidated subsidiaries and affiliates, accounted for by the equity method or the cost method, of ¥19,633 million ($174 million) and ¥19,580 million, respectively, and capital subscriptions to entities such as limited liability companies of ¥6,311 million ($56 million) and ¥4,693 million, respectively.

The amounts on consolidated balance sheet, estimated fair value and unrealized gains (losses) on held-to-maturity debt securities as of March 31, 2016 and 2015 were as follows:

	Millions of yen		
	Amount on consolidated balance sheet	Estimated fair value	Net unrealized gains (losses)
March 31, 2016			
Fair value exceeding amount on consolidated balance sheet:			
Held-to-maturity debt securities:			
Japanese government bonds	**¥ 1,879,849**	**¥ 1,955,015**	**¥ 75,165**
Japanese local government bonds	**467,764**	**485,710**	**17,946**
Japanese corporate bonds	**34,799**	**35,338**	**538**
Total	**¥ 2,382,413**	**¥ 2,476,064**	**¥ 93,650**
Fair value below amount on consolidated balance sheet:			
Held-to-maturity debt securities:			
Japanese local government bonds	**¥ 737**	**¥ 737**	**¥ (0)**
Japanese corporate bonds	**370**	**365**	**(4)**
Total	**¥ 1,107**	**¥ 1,102**	**¥ (5)**
Grand total	**¥ 2,383,521**	**¥ 2,477,166**	**¥ 93,645**
March 31, 2015			
Fair value exceeding amount on consolidated balance sheet:			
Held-to-maturity debt securities:			
Japanese government bonds	¥ 1,962,010	¥ 2,019,082	¥ 57,072
Japanese local government bonds	445,668	461,081	15,412
Japanese corporate bonds	14,119	14,273	154
Total	¥ 2,421,798	¥ 2,494,437	¥ 72,638
Fair value below amount on consolidated balance sheet:			
Held-to-maturity debt securities:			
Japanese local government bonds	¥ 13,260	¥ 13,259	¥ (0)
Japanese corporate bonds	689	684	(4)
Total	¥ 13,949	¥ 13,943	¥ (5)
Grand total	¥ 2,435,747	¥ 2,508,381	¥ 72,633

	Millions of U.S. dollars		
	Amount on consolidated balance sheet	Estimated fair value	Net unrealized gains (losses)
March 31, 2016			
Fair value exceeding amount on consolidated balance sheet:			
Held-to-maturity debt securities:			
Japanese government bonds	**$ 16,681**	**$ 17,348**	**$ 667**
Japanese local government bonds	**4,150**	**4,310**	**159**
Japanese corporate bonds	**308**	**313**	**4**
Total	**$ 21,141**	**$ 21,972**	**$ 831**
Fair value below amount on consolidated balance sheet:			
Held-to-maturity debt securities:			
Japanese local government bonds	**$ 6**	**$ 6**	**$ (0)**
Japanese corporate bonds	**3**	**3**	**(0)**
Total	**9**	**9**	**(0)**
Grand total	**$ 21,151**	**$ 21,982**	**$ 830**

The amounts on consolidated balance sheet, acquisition or amortized cost and unrealized gains (losses) on available-for-sale securities as of March 31, 2016 and 2015 were as follows:

	Millions of yen		
	Amount on consolidated balance sheet	Acquisition/ amortized cost	Net unrealized gains (losses)
March 31, 2016			
Amount on consolidated balance sheet exceeding acquisition or amortized cost:			
Japanese stocks	**¥ 762,964**	**¥ 312,910**	**¥ 450,054**
Bonds:			
Japanese government bonds	**731,029**	**724,788**	**6,241**
Japanese local government bonds	**71,374**	**70,603**	**771**
Japanese corporate bonds	**763,930**	**755,944**	**7,986**
Total bonds	**1,566,334**	**1,551,336**	**14,998**
Other	**175,399**	**165,358**	**10,040**
Total	**¥ 2,504,699**	**¥ 2,029,605**	**¥ 475,093**
Amount on consolidated balance sheet below acquisition or amortized cost:			
Japanese stocks	**¥ 35,692**	**¥ 38,913**	**¥ (3,221)**
Bonds:			
Japanese government bonds	**35,412**	**35,456**	**(44)**
Japanese local government bonds	**35,104**	**35,162**	**(57)**
Japanese corporate bonds	**59,732**	**59,991**	**(258)**
Total bonds	**130,248**	**130,610**	**(361)**
Other	**252,275**	**263,143**	**(10,867)**
Total	**¥ 418,217**	**¥ 432,667**	**¥ (14,450)**
Grand total	**¥ 2,922,916**	**¥ 2,462,272**	**¥ 460,643**

	Millions of yen		
	Amount on consolidated balance sheet	Acquisition/ amortized cost	Net unrealized gains (losses)
March 31, 2015			
Amount on consolidated balance sheet exceeding acquisition or amortized cost:			
Japanese stocks	¥ 859,863	¥ 318,372	¥ 541,490
Bonds:			
Japanese government bonds	1,682,332	1,678,554	3,778
Japanese local government bonds	117,781	114,058	3,722
Japanese corporate bonds	685,255	678,824	6,431
Total bonds	2,485,370	2,471,437	13,932
Other	296,629	275,487	21,142
Total	¥ 3,641,862	¥ 3,065,296	¥ 576,565
Amount on consolidated balance sheet below acquisition or amortized cost:			
Japanese stocks	¥ 11,079	¥ 12,598	¥ (1,519)
Bonds:			
Japanese government bonds	472,541	472,633	(91)
Japanese local government bonds	39,748	39,850	(101)
Japanese corporate bonds	202,281	203,081	(799)
Total bonds	714,572	715,565	(992)
Other	36,798	37,158	(359)
Total	¥ 762,449	¥ 765,322	¥ (2,872)
Grand total	¥ 4,404,312	¥ 3,830,618	¥ 573,693

	Millions of U.S. dollars		
	Amount on consolidated balance sheet	Acquisition/ amortized cost	Net unrealized gains (losses)
March 31, 2016			
Amount on consolidated balance sheet exceeding acquisition or amortized cost:			
Japanese stocks	**$ 6,770**	**$ 2,776**	**$ 3,993**
Bonds:			
Japanese government bonds	**6,487**	**6,431**	**55**
Japanese local government bonds	**633**	**626**	**6**
Japanese corporate bonds	**6,779**	**6,708**	**70**
Total bonds	**13,899**	**13,766**	**133**
Other	**1,556**	**1,467**	**89**
Total	**$ 22,226**	**$ 18,010**	**$ 4,215**
Amount on consolidated balance sheet below acquisition or amortized cost:			
Japanese stocks	**$ 316**	**$ 345**	**$ (28)**
Bonds:			
Japanese government bonds	**314**	**314**	**(0)**
Japanese local government bonds	**311**	**312**	**(0)**
Japanese corporate bonds	**530**	**532**	**(2)**
Total bonds	**1,155**	**1,159**	**(3)**
Other	**2,238**	**2,335**	**(96)**
Total	**$ 3,711**	**$ 3,839**	**$ (128)**
Grand total	**$ 25,937**	**$ 21,849**	**$ 4,087**

Proceeds from sales of available-for-sale securities, gains on sales and losses on sales for the fiscal years ended March 31, 2016 and 2015 were as follows:

	Millions of yen			Millions of U.S. dollars		
	Proceeds from sales	Gains on sales	Losses on sales	Proceeds from sales	Gains on sales	Losses on sales
March 31, 2016						
Available-for-sale securities:						
Japanese stocks	**¥ 25,708**	**¥ 16,456**	**¥ 165**	**$ 228**	**$ 146**	**$ 1**
Bonds:						
Japanese government bonds	**11,862,489**	**32,020**	**1,025**	**105,266**	**284**	**9**
Japanese local government bonds	**195,319**	**4,065**	**2**	**1,733**	**36**	**0**
Japanese corporate bonds	**353,363**	**3,837**	**24**	**3,135**	**34**	**0**
Total bonds	**12,411,172**	**39,923**	**1,051**	**110,135**	**354**	**9**
Other	**2,315,003**	**32,278**	**41,865**	**20,543**	**286**	**371**
Total	**¥ 14,751,883**	**¥ 88,658**	**¥ 43,083**	**$ 130,906**	**$ 786**	**$ 382**
March 31, 2015						
Available-for-sale securities:						
Japanese stocks	¥ 16,025	¥ 12,028	¥ 45			
Bonds:						
Japanese government bonds	14,108,120	16,778	2,431			
Japanese local government bonds	189,958	1,908	25			
Japanese corporate bonds	487,993	1,479	163			
Total bonds	14,786,072	20,166	2,620			
Other	3,053,560	47,512	7,178			
Total	¥ 17,855,657	¥ 79,706	¥ 9,844			

For the fiscal years ended March 31, 2016 and 2015, the Group did not reclassify any securities.

An impairment of securities is recognized if the decline in fair values is substantial and the decline is determined to be other than temporary.

For the fiscal years ended March 31, 2016 and 2015, impairment losses of ¥2,782 million ($24 million) and ¥20 million, respectively, were recorded with respect to securities with fair values except for trading securities.

To assess whether or not a decline in fair values is substantial, the Group considers not only the severity and duration of the decline in value but also the classification of the security issuer is used in the self-assessment of asset quality as follows:

(i) For issuers who are classified as bankrupt obligors, effectively bankrupt obligors and doubtful obligors: where the fair value is lower than the amortized cost or acquisition cost.

(ii) For issuers who are classified as watch obligors and for issuers who are not rated: where the fair value declines by 30% or more compared to the amortized cost or acquisition cost.

(iii) Other: where the fair value declines by 50% or more compared to the amortized cost or acquisition cost.

The amount on consolidated balance sheet, acquisition or amortized cost and unrealized gains (losses) on other money held in trust as of March 31, 2016 and 2015, were as follows:

	Millions of yen				
	Amount on consolidated balance sheet	Acquisition/ amortized cost	Net unrealized gains (losses)	Amount on consolidated balance sheet exceeding acquisition or amortized cost	Amount on consolidated balance sheet below acquisition or amortized cost
March 31, 2016					
Other money held in trust	**¥ 178**	**¥ 178**	**¥ —**	**¥ —**	**¥ —**
March 31, 2015					
Other money held in trust	¥ 186	¥ 186	¥ —	¥ —	¥ —

	Millions of U.S. dollars				
	Amount on consolidated balance sheet	Acquisition/ amortized cost	Net unrealized gains (losses)	Amount on consolidated balance sheet exceeding acquisition or amortized cost	Amount on consolidated balance sheet below acquisition or amortized cost
March 31, 2016					
Other money held in trust	**$ 1**	**$ 1**	**$ —**	**$ —**	**$ —**

There was no money held in trust for trading purpose or held for maturity as of March 31, 2016 and 2015.

Reconciliation of net unrealized gains on available-for-sale securities to the amounts included in "net unrealized gains on available-for-sale securities," presented as a separate component of net assets as of March 31, 2016 and 2015 in the consolidated balance sheets, was as follows:

	Millions of yen		Millions of U.S. dollars
	2016	2015	**2016**
Net unrealized gains before taxes on available-for-sale securities (*)	**¥ 452,867**	¥ 565,689	**$ 4,018**
Deferred tax liabilities	**(105,349)**	(142,539)	**(934)**
Net unrealized gains on available-for-sale securities (before adjustment)	**347,518**	423,150	**3,083**
Amounts attributable to noncontrolling interests	**(65)**	(74)	**(0)**
The Company's portion of unrealized gains on available-for-sale securities of equity method investees	**38**	0	**0**
Amounts recorded in the consolidated balance sheets	**¥ 347,491**	¥ 423,076	**$ 3,083**

Note: (*) For the fiscal years ended March 31, 2016 and 2015, discontinued fair value hedge gains previously recognized as income of ¥7,775 million ($68 million) and ¥8,003 million, respectively, were excluded from Net unrealized gains before taxes on available-for-sale securities.

There were no securities loaned without collateral, securities borrowed without collateral, securities purchased under resale agreements or securities received under securities borrowing transactions collateralized with cash as of March 31, 2016 and 2015.

6. LOANS AND BILLS DISCOUNTED

Loans and bills discounted as of March 31, 2016 and 2015 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2016	2015	**2016**
Bills discounted	**¥ 113,291**	¥ 130,076	**$ 1,005**
Loans on notes	**625,345**	744,406	**5,549**
Loans on deeds	**24,069,143**	23,585,999	**213,587**
Overdrafts	**2,857,183**	3,026,802	**25,354**
Total	**¥ 27,664,964**	¥ 27,487,284	**$ 245,496**

The following loans were included in loans and bills discounted as of March 31, 2016 and 2015

	Millions of yen		Millions of U.S. dollars
	2016	2015	**2016**
Loans to borrowers in legal bankruptcy	**¥ 28,494**	¥ 6,852	**$ 252**
Past due loans	**314,305**	335,546	**2,789**
Loans past due three months or more	**3,823**	1,407	**33**
Restructured loans	**216,510**	236,208	**1,921**
Total	**¥ 563,133**	¥ 580,014	**$ 4,997**

The above amounts are stated before the deduction of the reserve for possible loan losses.

"Loans to borrowers in legal bankruptcy" are loans on which accrued interest income is not recognized and which are highly probable to become unrecoverable. Specific conditions for inclusion in this category are as follows:

(i) Borrowers have made application for procedures under the Corporate Reorganization Act, Civil Rehabilitation Act, Bankruptcy Act, liquidation under the Companies Act of Japan (the "Companies Act"), or liquidation under other legal provisions.

(ii) Clearance of promissory notes or bills issued by the borrower is suspended.

"Past due loans" are loans on which accrued interest income is not recognized, excluding "loans to borrowers in legal bankruptcy" and loans on which interest payments are deferred in order to support the borrowers' recovery from financial difficulties.

"Loans past due three months or more" include accruing loans for which principal or interest is past due three months or more.

“Restructured loans” are loans to borrowers in financial difficulty to whom the Group has provided financial support through modification of the lending terms to be more favorable to the borrower, including reduction of interest rates, suspension of repayment of principal and interest and debt forgiveness.

Bills discounted are recorded as lending transactions in accordance with the JICPA Industry Audit Committee Report No. 24 issued on February 13, 2002. Certain consolidated banking subsidiaries have a right to sell or repledge as collateral such discounted bills at their discretion. The total face value of bank acceptance bills, commercial bills, documentary bills and foreign currency bills bought, which were obtained at a discount, were ¥121,176 million ($1,075 million) and ¥141,558 million as of March 31, 2016 and 2015, respectively.

7. FOREIGN EXCHANGE

Foreign exchange assets and liabilities as of March 31, 2016 and 2015 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2016	2015	**2016**
Assets:			
Due from foreign banks	**¥ 30,372**	¥ 59,115	**$ 269**
Foreign bills of exchange bought	**7,884**	11,482	**69**
Foreign bills of exchange receivable	**30,609**	27,347	**271**
Total	**¥ 68,866**	¥ 97,945	**$ 611**
Liabilities:			
Due to foreign banks	**¥ 716**	¥ 196	**$ 6**
Foreign bills of exchange sold	**364**	504	**3**
Foreign bills of exchange payable	**910**	738	**8**
Total	**¥ 1,991**	¥ 1,439	**$ 17**

8. OTHER ASSETS

Other assets as of March 31, 2016 and 2015 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2016	2015	**2016**
Prepaid expenses	**¥ 16,361**	¥ 18,246	**$ 145**
Accrued income	**46,789**	53,989	**415**
Initial margins for futures transactions	**20,308**	10,261	**180**
Financial derivatives, principally including option premiums and contracts under hedge accounting	**401,581**	420,169	**3,563**
Guarantee deposits	**20,386**	21,311	**180**
Cash collateral paid for financial instruments	**83,254**	66,218	**738**
Other receivable on sales of securities	**195,304**	72,475	**1,733**
Other	**88,857**	87,323	**788**
Total	**¥ 872,845**	¥ 749,994	**$ 7,745**

9. TANGIBLE FIXED ASSETS

Tangible fixed assets as of March 31, 2016 and 2015 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2016	2015	**2016**
Land, buildings and leased assets	**¥ 529,472**	¥ 524,270	**$ 4,698**
Construction in progress	**4,370**	1,222	**38**
Subtotal	**533,842**	525,492	**4,737**
Accumulated depreciation	**(226,232)**	(219,999)	**(2,007)**
Total	**¥ 307,610**	¥ 305,493	**$ 2,729**

Under certain conditions such as exchanges of tangible fixed assets of similar kinds and sales and purchases resulting from expropriation, Japanese tax laws permit companies to effectively defer the recognition of taxable profit arising from such transactions by reducing the cost of the assets acquired. As of March 31, 2016 and 2015, such deferred profit amounted to ¥50,979 million ($452 million) and ¥51,203 million, respectively.

10. INTANGIBLE FIXED ASSETS

Intangible fixed assets as of March 31, 2016 and 2015 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2016	2015	**2016**
Software	**¥ 7,184**	¥ 6,820	**$ 63**
Leased assets	**20,086**	25,450	**178**
Other intangible fixed assets	**5,118**	5,127	**45**
Total	**¥ 32,389**	¥ 37,398	**$ 287**

11. LONG-LIVED ASSETS

For the fiscal years ended March 31, 2016 and 2015, the Group recognized impairment losses on long-lived assets of ¥1,454 million ($12 million) and ¥5,738 million, respectively. For all assets on which impairment losses were recognized, the Group used an estimated net selling price as the recoverable amount, which was higher than the discounted value in use.

12. ASSETS PLEDGED AS COLLATERAL

Assets pledged as collateral and debt collateralized as of March 31, 2016 and 2015 were as follows:

	Millions of yen		Millions of U.S. dollars
	2016	2015	**2016**
Assets pledged as collateral:			
Cash and due from banks	**¥ 10,682**	¥ 10,579	**$ 94**
Trading assets	**6,000**	50,993	**53**
Securities	**2,569,098**	3,534,541	**22,797**
Loans and bills discounted	**117,731**	131,451	**1,044**
Other assets	**3,927**	3,872	**34**
Debt collateralized:			
Deposits	**¥ 203,109**	¥ 197,646	**$ 1,802**
Payables under repurchase agreements	**5,999**	50,993	**53**
Payables under securities lending transactions	**145,107**	24,122	**1,287**
Borrowed money	**739,748**	665,925	**6,564**

In addition to the pledged assets shown above, the following assets were pledged as collateral for settlements of domestic exchanges, or for futures transactions as of March 31, 2016 and 2015

	Millions of yen		Millions of U.S. dollars
	2016	2015	**2016**
Assets pledged as collateral:			
Cash and due from banks	**¥ 80**	¥ 80	**$ 0**
Securities	**832,945**	888,333	**7,391**
Other assets	**612**	594	**5**

In addition to the above, initial margins for futures transactions, cash collateral paid for financial instruments and guarantee deposits are included in other assets.

	Millions of yen		Millions of U.S. dollars
	2016	2015	**2016**
Initial margins for futures transactions	**¥ 20,308**	¥ 10,261	**$ 180**
Cash collateral paid for financial instruments	**83,254**	66,218	**738**
Guarantee deposits	**20,386**	21,311	**180**

13. COMMITMENT LINE AGREEMENTS

Overdraft agreements on current accounts and commitment line agreements for loans are agreements to extend loans up to the prearranged amount at a quoted rate during a specific future period upon customers' requests, unless any terms or conditions in the agreements are violated.

Unused balances related to these agreements as of March 31, 2016 and 2015 amounted to ¥8,669,077 million ($76,928 million) and ¥8,429,964 million, respectively, including ¥8,221,779 million ($72,959 million) and ¥8,041,012 million, respectively, of agreements with original terms of one year or less or those that are unconditionally cancellable by the Group at any time without penalty.

The unused balances do not necessarily affect future cash flows of the Group because most of these agreements are expected to expire without being exercised. In addition, most agreements contain provisions which stipulate that the Group may decline to extend loans or reduce the prearranged commitment amount when there are adverse changes in the financial conditions of the borrowers or for other reasons.

When extending loans to customers, the Group may request collateral or guarantees such as real estate and securities if deemed necessary. After originating loans, the Group periodically checks the financial condition of the borrowers based on its internal rules and, if necessary, takes measures to ensure the security of the loans.

14. DEPOSITS

Deposits as of March 31, 2016 and 2015 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2016	2015	**2016**
Current deposits	¥ **2,981,901**	¥ 2,713,828	$ **26,461**
Ordinary deposits	**22,619,349**	21,446,257	**200,721**
Savings deposits	**350,540**	357,406	**3,110**
Notice deposits	**122,952**	122,700	**1,091**
Time deposits	**10,903,441**	11,014,292	**96,756**
Other deposits	**1,250,634**	1,058,365	**11,098**
Total	¥ **38,228,820**	¥ 36,712,851	$ **339,238**

15. BORROWED MONEY AND LEASE OBLIGATIONS

(1) Borrowed money

As of March 31, 2016 and 2015, the weighted average annual interest rates applicable to borrowed money were 0.34% and 0.38%, respectively.

Borrowed money included borrowings from the Bank of Japan and other financial institutions. In addition, borrowed money as of March 31, 2015 included subordinated borrowings of ¥26,000 million.

The following is a summary of maturities of borrowed money subsequent to March 31, 2016:

Fiscal Year Ending March 31	Millions of yen	Millions of U.S. dollars
2017	¥ **426,302**	$ **3,782**
2018	**7,372**	**65**
2019	**151,223**	**1,341**
2020	**190,777**	**1,692**
2021	**3,879**	**34**
2022 and thereafter	**29,492**	**261**
Total	¥ **809,049**	$ **7,179**

(2) Obligations under finance lease transactions

As of March 31, 2016 and 2015, the weighted average annual interest rates applicable to the finance lease obligations were 0.16% and 0.20%, respectively.

The following is a summary of maturities of the finance lease obligations subsequent to March 31, 2016:

Fiscal Year Ending March 31	Millions of yen	Millions of U.S. dollars
2017	¥ **10,982**	$ **97**
2018	**9,211**	**81**
2019	**6,595**	**58**
2020	**4,347**	**38**
2021	**1,744**	**15**
2022 and thereafter	**588**	**5**
Total	¥ **33,470**	$ **297**

The finance lease obligations were included in other liabilities in the consolidated balance sheet.

16. BONDS

Bonds as of March 31, 2016 and 2015 consisted of the following:

	Rate	Maturity	Millions of Yen	Millions of U.S. dollars
March 31, 2016				
The Company:				
Straight bond................................	**0.644%**	**September 20, 2016**	**¥ 30,000**	**$ 266**
Straight bond................................	**0.399%**	**December 13, 2017**	**50,000**	**443**
Resona Bank, Limited:				
Subordinated bonds (*1)	**1.32% to 5.85%**	**June 20, 2019 to Perpetuity**	**468,496**	**4,157**
Saitama Resona Bank, Limited:				
Subordinated bonds.....................	**1.24% to 1.45%**	**October 19, 2021 to July 27, 2022**	**75,000**	**665**
P.T. Bank Resona Perdania (*2):				
Straight bond (*4).........................	**10.65%**	**November 12, 2016**	**1,316**	**11**
Total			**¥ 624,812**	**$ 5,544**
March 31, 2015				
The Company:				
Straight bond................................	0.644%	September 20, 2016	¥ 30,000	
Straight bond................................	0.399%	December 13, 2017	50,000	
Resona Bank, Limited:				
Subordinated bonds (*1)	1.32% to 5.85%	December 18, 2015 to Perpetuity	498,352	
Saitama Resona Bank, Limited:				
Subordinated bonds.....................	1.24% to 1.45%	December 17, 2020 to July 27, 2022	85,000	
P.T. Bank Resona Perdania (*2):				
Straight bond (*3).........................	8.75%	July 25, 2015	2,903	
Straight bond (*4).........................	10.65%	November 12, 2016	1,451	
Total			¥ 667,707	

Notes: (*1) The amount includes the balances of bonds denominated in foreign currency issued at U.S. $1,299 million and U.S. $1,299 million as of March 31, 2016 and 2015, respectively.
(*2) P.T. Bank Resona Perdania is a consolidated subsidiary of Resona Bank, Limited ("Resona Bank") which has 43.4% of its voting rights.
(*3) The amount includes the balance of bonds denominated in foreign currency issued at IDR Rp 299,307 million as of March 31, 2015.
(*4) The amount includes the balance of bonds denominated in foreign currency issued at IDR Rp 149,628 million and IDR Rp 149,653 million as of March 31, 2016 and 2015, respectively.
5 All of the outstanding bonds are unsecured.

The following is a summary of the maturities of bonds subsequent to March 31, 2016:

Fiscal Year Ending March 31	Millions of yen	Millions of U.S. dollars
2017	**¥ 31,316**	**$ 277**
2018	**50,000**	**443**
2019	**—**	**—**
2020	**100,000**	**887**
2021	**40,000**	**354**
2022 and thereafter	**403,496**	**3,580**
Total	**¥ 624,812**	**$ 5,544**

Note: The above amounts are stated at carrying amounts.

17. OTHER LIABILITIES

Other liabilities as of March 31, 2016 and 2015 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2016	2015	**2016**
Accrued income taxes	**¥ 9,660**	¥ 12,033	**$ 85**
Accrued expenses	**22,334**	24,031	**198**
Unearned income	**17,374**	18,584	**154**
Cash collateral received for financial instruments	**148,340**	167,515	**1,316**
Lease obligations	**33,470**	36,001	**297**
Asset retirement obligations	**1,360**	1,448	**12**
Other payable on purchases of securities	**33,660**	84,003	**298**
Financial derivatives, principally including option premiums and contracts under hedge accounting	**308,914**	330,630	**2,741**
Other	**409,891**	406,718	**3,637**
Total	**¥ 985,007**	¥ 1,080,968	**$ 8,740**

18. OTHER RESERVES

(i) A reserve for losses on reimbursement of dormant deposits is provided for the estimated future losses resulting from reimbursements of dormant deposits subsequent to the period of derecognition of the related liabilities, and amounted to ¥28,775 million ($255 million) and ¥24,082 million as of March 31, 2016 and 2015, respectively.

(ii) A reserve for Resona Club points is provided for the estimated future expense by usage of the points awarded to the Resona Club members and amounted to ¥4,954 million ($43 million) and ¥4,261 million as of March 31, 2016 and 2015, respectively.

(iii) A reserve for expense on burden charge under the credit guarantee system is provided for the estimated future losses to be charged by the credit guarantee corporation under the burden sharing system for credit losses on loans to certain small and medium-sized companies, and amounted to ¥4,900 million ($43 million) and ¥5,383 million as of March 31, 2016 and 2015, respectively.

19. CUSTOMERS' LIABILITIES FOR ACCEPTANCES AND GUARANTEES

All contingent liabilities arising from acceptances and guarantees are reflected in "acceptances and guarantees." As a contra account, "customers' liabilities for acceptances and guarantees" are shown on the assets side of the consolidated balance sheets, representing the Group's right of indemnity from the applicants.

In addition to the acceptances and guarantees described above, a consolidated domestic banking subsidiary guarantees the principals on certain jointly managed trust products. The guaranteed principal amounts held in such trusts were ¥3,728,256 million ($33,084 million) and ¥637,296 million as of March 31, 2016 and 2015, respectively.

20. REVALUATION RESERVE FOR LAND

Effective March 31, 1998, certain domestic consolidated subsidiaries adopted a special one-time measure to revalue their land used in operations in accordance with the "Act Concerning Land Revaluation" (Act 34, announced on March 31, 1998). The land revaluation differences have been recorded in "revaluation reserve for land" as a separate component of net assets with the related income taxes included in "deferred tax liabilities for land revaluation."

In accordance with Article 3, Item 3 of the Act, the revaluation was based on the official notice prices stated in the "Act of Public Notice of Land Prices" (assessment date, January 1, 1998) as stipulated in Article 2, Item 1 of the "Ordinance for the Act Concerning Land Revaluation" (Government Ordinance No. 119, announced on March 31, 1998) after making reasonable adjustments for the location and quality of the sites.

The aggregate carrying value of the land after one-time revaluation exceeded its aggregate fair value that was determined in accordance with Article 10 of the Act by ¥23,505 million ($208 million) and ¥27,847 million as of March 31, 2016 and 2015, respectively.

21. NET ASSETS

Capital requirement

The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

(i) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders meeting. For companies that meet certain criteria such as: (1) having a Board of Directors, (2) having independent auditors, (3) having a Board of Corporate Auditors, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. The Company meets all of the above criteria.

The Board of Directors of companies with nominating committee, etc. can also declare dividends (except for dividends-in-kind) because such companies with corporate governance committees already, by nature, meet the above criteria under the Companies Act, even though such companies have an audit committee instead of the Board of Corporate Auditors. The Company is organized as a company with committees.

The Companies Act permits companies to distribute dividends-in-kind (non-cash assets) to stockholders subject to a certain limitation and additional requirements. Interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate.

The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the stockholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

(ii) Increase, decrease and transfer of stated capital, reserve and surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a capital reserve (a component of capital surplus) or as a legal reserve (a component of retained earnings) depending on the net assets account charged upon the payment of such dividends until the total of the aggregate amount of the capital reserve and the legal reserve equals 25% of stated capital.

Under the Companies Act, the total amount of the capital reserve and the legal reserve may be available for dividends upon resolution of the stockholders after transferring the amount to retained earnings without limitation. The Companies Act also provides that stated capital, the capital reserve, the legal reserve, other capital surplus (capital surplus other than the capital reserve) and other retained earnings (retained earnings other than the legal reserve) can be transferred among the accounts under certain conditions upon resolution of the stockholders. In addition, a company can do so without resolution of the stockholders when it meets certain other conditions under Articles 447-3 and 448-3.

(iii) Treasury stock and treasury stock acquisition rights

The Companies Act also provides for companies to acquire treasury stock and dispose such treasury stock by resolution of the Board of Directors. The amount of treasury stock acquired cannot exceed the amount available for distribution to the stockholders which is determined by specific formula.

Under the Companies Act, stock acquisition rights are presented as a separate component of net assets.

The Companies Act also provides that companies can acquire both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of net assets or deducted directly from stock acquisition rights.

(iv) Accounting standards for treasury shares and appropriation of legal reserve

The ASBJ Statement No. 1, “Accounting Standards for Treasury Shares and Appropriation of Legal Reserve,” and the ASBJ Guidance No. 2, “Guidance on Accounting Standards for Treasury Shares and Appropriation of Legal Reserve,” clarify the accounting treatment for retirement of treasury stock, requiring the cost of retired treasury stock to be first deducted from other capital surplus (capital surplus other than the capital reserve). These standards also require that when the other capital surplus at the end of the fiscal year would become negative as a result of retirement of treasury stock, the negative balance of other capital surplus shall be zero and the negative balance shall be deducted from other retained earnings (retained earnings other than the legal reserve).

Capital Stock-Changes during the Fiscal Year

The changes in the number and class of shares issued and treasury stock for the fiscal year ended March 31, 2016 were as follows:

	(Shares in thousands)				
	As of April 1, 2015	Changes during the fiscal year		As of March 31, 2016	
		Increase	Decrease		
Issued stock:					
Common stock	2,324,118	—	—	**2,324,118**	
Preferred stock:					
Class C No.1 preferred stock	12,000	—	12,000	—	(*1)
Class F No.1 preferred stock	8,000	—	8,000	—	(*1)
Class Four preferred stock	2,520	—	2,520	—	(*2)
Class Five preferred stock	4,000	—	—	**4,000**	
Class Six preferred stock	3,000	—	—	**3,000**	
Total	2,353,638	—	22,520	**2,331,118**	
Treasury stock:					
Common stock	5,999	10	1,630	**4,379**	(*3)
Preferred stock:					
Class C No.1 preferred stock	—	12,000	12,000	—	(*4)
Class F No.1 preferred stock	—	8,000	8,000	—	(*4)
Class Four preferred stock	—	2,520	2,520	—	(*5)
Total	5,999	22,530	24,150	**4,379**	

Notes: (*1) The decrease represents cancellation of own common stock acquired based on ceiling on total number of shares available for acquisition resolved at the board of directors' meetings held on May 12, 2015.

(*2) The decrease represents cancellation of own common stock acquired pursuant to Article 19, paragraph (1) of the articles of incorporation of the Company.

(*3) The increase represents acquisition of 10 thousand shares of the odd lot shares. The decrease represents disposal of 0 thousand shares of odd-lot shares and the 1,629 thousand shares sold to ESOP-type Stock Benefit Trust for the Employee Shareholding Association of the Company.

Number of shares at the beginning of the fiscal year and the end of the fiscal year include 5,057 thousand shares and 3,427 thousand shares, respectively, owned by ESOP-type Stock Benefit Trust for the Employee Shareholding Association.

(*4) The increase represents acquisition of own common stock based on the ceiling on total number of shares available for acquisition as described Note (*1). Also, the decrease represents cancellation of own common stock which acquired based on the ceiling on total number of shares available for acquisition as described Note (*1).

(*5) The increase represents acquisition of own common stock as described Note (*2). Also, the decrease represents cancellation of own common stock pursuant to Article 178 of the Companies Act.

The changes in the number and class of shares issued and treasury stock for the fiscal year ended March 31, 2015 were as follows:

	(Shares in thousands)				
	As of April 1, 2014	Changes during the fiscal year		As of March 31, 2015	
		Increase	Decrease		
Issued stock:					
Common stock	2,324,118	—	—	2,324,118	
Preferred stock:					
Class C No.1 preferred stock	12,000	—	—	12,000	
Class F No.1 preferred stock	8,000	—	—	8,000	
Class Three No.1 preferred stock	98,000	—	98,000	—	(*1)
Class Four preferred stock	2,520	—	—	2,520	
Class Five preferred stock	4,000	—	—	4,000	
Class Six preferred stock	3,000	—	—	3,000	
Total	2,451,638		98,000	2,353,638	
Treasury stock:					
Common stock	137,204	11	131,216	5,999	(*2)
Preferred stock:					
Class Three No.1 preferred stock	—	98,000	98,000	—	(*3)
Total	137,204	98,011	229,216	5,999	

Notes: (*1) The decrease represents cancellation of own preferred stock of 98,000 thousand shares which were acquired based on the ceiling on total number of shares available for acquisition resolved at the board of directors' meetings held on July 25, 2014.

(*2) The increase represents acquisition of 11 thousand shares of the odd-lot shares. The decrease represents disposal of own common stock of 130,000 thousand shares due to the third party allotment of shares resolved at the board of directors' meetings held on February 27, 2015, disposal of 0 thousand shares of odd-lot shares and 1,216 thousand shares sold by ESOP-type Stock Benefit Trust for the Employee Shareholding Association to Employee Shareholdings Association of the Company. Number of shares at the beginning of the fiscal year and the end of the fiscal year include 6,273 thousand shares and 5,057 thousand shares, respectively, owned by ESOP-type Stock Benefit Trust for the Employee Shareholding Association.

(*3) The increase represents acquisition of own preferred stock of 98,000 thousand shares based on the ceiling on total number of shares available for acquisition as described Note (*1). Also, the decrease represents cancellation of own preferred stock of 98,000 thousand shares which were acquired based on the ceiling on total number of shares available for acquisition as described Note (*1).

Capital Stock-Summary of Stock Right

Common stock and preferred stock as of March 31, 2016 were as follows:

March 31, 2016	Number of shares		Liquidation value per	Convertible	Convertible	Voting	Conversion
Class of stock	Authorized	Issued	share (Yen)	or not	period	right	ratio or price
Common stock	**6,000,000,000**	**2,324,118,091**	**¥ —**	**No**	**Not applicable**	**Yes**	**Not applicable**
Class Five preferred stock (*1)....	**4,000,000**	**4,000,000**	**25,000**	**No**	**—**	**No**	**—**
Class Six preferred stock (*1)	**3,000,000**	**3,000,000**	**25,000**	**No**	**—**	**No**	**—**

Notes: (*1) The preferred stocks stated above will have voting right if the dividend becomes zero.

2 In addition to the above, the authorized numbers of shares for preferred stocks are as follows as of March 31, 2016:

Class C No.1 preferred stock: 12,000,000 shares
Class F No.1 preferred stock: 8,000,000 shares
Class Four preferred stock: 2,520,000 shares
First Series of Class Seven preferred stock: 10,000,000 shares
Second Series of Class Seven preferred stock: 10,000,000 shares
Third Series of Class Seven preferred stock: 10,000,000 shares
Fourth Series of Class Seven preferred stock 10,000,000 shares
First Series of Class Eight preferred stock: 10,000,000 shares
Second Series of Class Eight preferred stock: 10,000,000 shares
Third Series of Class Eight preferred stock: 10,000,000 shares
Fourth Series of Class Eight preferred stock: 10,000,000 shares

The total number of authorized shares for the First through Fourth Series of Class Seven preferred stocks shall not exceed 10,000,000 shares in the aggregate. The total number of authorized shares for the First through Fourth Series of Class Eight preferred stocks shall not exceed 10,000,000 shares in the aggregate.

3 At the annual shareholders' meeting held on June 24, 2016, the agenda for a partial amendment to the articles of incorporation concerning preferred stocks was approved. As result of the amendment, the authorized numbers of shares decreased by 22,520,000 shares and become 6,027,000,000 shares.

The authorized numbers of shares for preferred stocks are as follows as of June 24, 2016:

Common stock: 6,000,000,000 shares
Class Five preferred stock: 4,000,000 shares
Class Six preferred stock: 3,000,000 shares
First Series of Class Seven preferred stock: 10,000,000 shares
Second Series of Class Seven preferred stock: 10,000,000 shares
Third Series of Class Seven preferred stock: 10,000,000 shares
Fourth Series of Class Seven preferred stock 10,000,000 shares
First Series of Class Eight preferred stock: 10,000,000 shares
Second Series of Class Eight preferred stock: 10,000,000 shares
Third Series of Class Eight preferred stock: 10,000,000 shares
Fourth Series of Class Eight preferred stock: 10,000,000 shares

The total number of authorized shares for the First through Fourth Series of Class Seven preferred stocks shall not exceed 10,000,000 shares in the aggregate. The total number of authorized shares for the First through Fourth Series of Class Eight preferred stocks shall not exceed 10,000,000 shares in the aggregate.

Holders or registered pledges of preferred stocks are entitled to receive annual dividends and the distribution of residual assets in priority to stockholders of common stock but *pari passu* among themselves. The Company may pay up to one-half the annual dividends payable on each class of preferred stock as an interim dividend. Dividends on the preferred stock are not cumulative.

The Company may repurchase Class Five preferred stock with cash at a price of ¥25,000 plus a daily basis of annual dividends on or after August 28, 2014.

The Company may repurchase Class Six preferred stock with cash at a price of ¥25,000 plus a daily basis of annual dividends on or after December 8, 2016.

Cash Dividends Per Share

Cash dividends per share applicable to the fiscal years ended March 31, 2016 and 2015 and cash dividends per share paid for the fiscal years ended March 31, 2016 and 2015 were as follows:

	Cash dividends per share applicable to the fiscal year					
	Yen				U.S. dollars	
	2016		2015		**2016**	
Source of dividends / Class of stock	Interim cash dividend (*1)	Year-end cash dividend (*2)	Interim cash dividend	Year-end cash dividend (*3)	Interim cash dividend (*1)	Year-end cash dividend (*2)
Dividends from capital surplus:						
Class C No.1 preferred stock	—	—	—	¥ 1,000.00	—	—
Class F No.1 preferred stock	—	—	—	2,500.00	—	—
Dividends from retained earnings:						
Common stock	**¥ 8.500**	**¥ 8.500**	—	¥ 17.00	**$ 0.075**	**$ 0.075**
Class C No.1 preferred stock	—	—	—	54.40	—	—
Class F No.1 preferred stock	—	—	—	148.00	—	—
Class Four preferred stock	—	—	—	992.50	—	—
Class Five preferred stock	**459.375**	**459.375**	—	918.75	**4.076**	**4.076**
Class Six preferred stock	**618.750**	**618.750**	—	1,237.50	**5.490**	**5.490**

	Cash dividends per share paid during the fiscal year					
	Yen				U.S. dollars	
	2016		2015		**2016**	
Source of dividends / Class of stock	Year-end cash dividend (*2)	Interim cash dividend (*1)	Year-end cash dividend (*3)	Interim cash dividend	Year-end cash dividend (*2)	Interim cash dividend (*1)
Dividends from capital surplus:						
Class C No.1 preferred stock	**¥ 1,000.00**	—	¥ 1,000.00	—	**$ 8.87**	—
Class F No.1 preferred stock	**2,500.00**	—	2,500.00	—	**22.18**	—
Dividends from retained earnings:						
Common stock	**¥ 17.00**	**¥ 8.500**	¥ 15.00	—	**$ 0.15**	**$ 0.075**
Class C No.1 preferred stock	**54.40**	—	68.00	—	**0.48**	—
Class F No.1 preferred stock	**148.00**	—	185.00	—	**1.31**	—
Class Three No.1 preferred stock	—	—	19.02	—	—	—
Class Four preferred stock	**992.50**	—	992.50	—	**8.80**	—
Class Five preferred stock	**918.75**	**459.375**	918.75	—	**8.15**	**4.076**
Class Six preferred stock	**1,237.50**	**618.750**	1,237.50	—	**10.98**	**5.490**

Notes: (*1) Interim cash dividends for the fiscal year ended March 31, 2016 were approved at the Board of Directors' meeting held on November 11, 2015.
(*2) Year-end cash dividends for the fiscal year ended March 31, 2016 were approved at the Board of Directors' meeting held on May 12, 2016.
(*3) Year-end cash dividends for the fiscal year ended March 31, 2015 were approved at the Board of Directors' meeting held on May 12, 2015.

22. INTEREST INCOME AND EXPENSES

Interest income and expenses for the fiscal years ended March 31, 2016 and 2015 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2016	2015	**2016**
Interest income:			
Interest on loans and bills discounted	**¥ 353,242**	¥ 373,090	**$ 3,134**
Interest and dividends on securities	**55,102**	60,743	**488**
Interest on call loans and bills bought	**776**	931	**6**
Interest on receivables under securities borrowing transactions	**5**	22	**0**
Interest on due from banks	**9,956**	8,308	**88**
Other interest income	**24,465**	23,558	**217**
Total	**¥ 443,549**	¥ 466,655	**$ 3,936**

	Millions of yen		Millions of U.S. dollars
	2016	2015	**2016**
Interest expenses:			
Interest on deposits	**¥ 14,185**	¥ 14,851	**$ 125**
Interest on negotiable certificates of deposit	**1,541**	1,825	**13**
Interest on call money and bills sold	**2,789**	1,613	**24**
Interest on payables under repurchase agreements	**55**	79	**0**
Interest on payables under securities lending transactions	**893**	936	**7**
Interest on borrowed money	**3,022**	2,581	**26**
Interest on bonds	**17,495**	17,121	**155**
Other interest expenses	**2,217**	1,657	**19**
Total	**¥ 42,200**	¥ 40,666	**$ 374**

23. TRADING INCOME

Trading income for the fiscal years ended March 31, 2016 and 2015 consisted of the following:

	Millions of yen		Millions of U.S. dollars
Trading income:	**2016**	2015	**2016**
Income from trading securities	**¥ 782**	¥ 1,124	**$ 6**
Income from trading-related financial derivatives	**9,476**	4,495	**84**
Other trading income	**189**	354	**1**
Total	**¥ 10,448**	¥ 5,973	**$ 92**

Income from trading securities included net valuation gain of ¥197 million ($1 million) and ¥48 million for the fiscal years ended March 31, 2016 and 2015, respectively.

24. OTHER OPERATING INCOME AND EXPENSES

Other operating income and expenses for the fiscal years ended March 31, 2016 and 2015 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2016	2015	**2016**
Other operating income:			
Gains on foreign exchange transactions	**¥ 7,789**	¥ 12,844	**$ 69**
Gains on sales of Japanese government bonds and other	**53,363**	32,071	**473**
Other	**306**	315	**2**
Total	**¥ 61,458**	¥ 45,231	**$ 545**
Other operating expenses:			
Losses on sales of Japanese government bonds and other	**¥ 3,814**	¥ 7,664	**$ 33**
Impairment losses on Japanese government bonds and other	**398**	10	**3**
Expenses for financial derivatives	**17,837**	5,499	**158**
Other	**3**	2	**0**
Total	**¥ 22,053**	¥ 13,176	**$ 195**

25. OTHER INCOME AND EXPENSES

Other income and expenses for the fiscal years ended March 31, 2016 and 2015 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2016	2015	**2016**
Other income:			
Gains on sales of stocks and other securities	**¥ 35,101**	¥ 47,407	**$ 311**
Gains on disposal of fixed assets	**1,353**	104	**12**
Reversal of reserve for possible loan losses	—	27,627	—
Recoveries of written-off loans	**15,317**	13,853	**135**
Other	**27,093**	30,720	**240**
Total	**¥ 78,865**	¥ 119,713	**$ 699**

	Millions of yen				Millions of U.S. dollars	
		2016		2015		2016
Other expenses:						
Write-offs of loans	¥	31,847	¥	17,795	$	282
Losses on sales of stocks and other securities		39,268		2,179		348
Provision to reserve for possible loan losses		8,624		—		76
Impairment losses on stocks and other securities		2,437		665		21
Losses on disposal of fixed assets		1,074		1,430		9
Impairment losses on fixed assets		1,454		5,738		12
Other		15,682		40,368		139
Total	¥	100,389	¥	68,178	$	890

26. INCOME TAXES

The Company and its consolidated domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 33.01% and 35.59% for the fiscal years ended March 31, 2016 and 2015, respectively.

The tax effects of significant temporary differences and loss carryforwards which resulted in deferred tax assets and liabilities as of March 31, 2016 and 2015 were as follows:

	Millions of yen				Millions of U.S. dollars	
		2016		2015		2016
Deferred tax assets:						
Write-downs of securities	¥	659,351	¥	703,702	$	5,851
Reserve for possible loan losses and write-offs of loans		91,247		120,133		809
Net defined benefit liability		50,006		47,332		443
Tax loss carryforwards		11,560		19,183		102
Other		69,063		71,789		612
Gross deferred tax assets		881,229		962,141		7,819
Less: valuation allowance		(717,746)		(788,495)		(6,369)
Total deferred tax assets		163,482		173,646		1,450
Deferred tax liabilities:						
Unrealized gains on available-for-sale securities		(105,349)		(142,539)		(934)
Deferred gains on hedges		(21,812)		(15,810)		(193)
Gains on securities transferred to employees' retirement benefit trust		(2,908)		(2,521)		(25)
Dividends receivable		(2,389)		(2,181)		(21)
Other		(5,538)		(5,404)		(49)
Total deferred tax liabilities		(137,999)		(168,458)		(1,224)
Net deferred tax assets	¥	25,483	¥	5,187	$	226

Reconciliations between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statements of income for the fiscal years ended March 31, 2016 and 2015 were as follows:

	2016	2015
Normal effective statutory tax rate	33.01%	35.59%
Expiration of tax loss carryforward	—	0.14
Change in valuation allowance	(9.38)	(5.60)
Lower tax rates applicable to income of subsidiaries	(0.57)	(1.24)
Dividends exempted for income tax purposes	(0.48)	(1.11)
Decrease in deferred tax assets due to change in tax rates	2.16	4.00
Other	1.51	1.59
Effective tax rate	26.23%	33.35%

Changes in tax rates used to determine deferred tax assets and liabilities

Following the enactment of the "Act on the Partial Revision of the Income Tax etc. (Act No. 15 of 2016)" and "Act on the Partial Revision of the Local Tax etc. (Act No. 13 of 2016)" at the Diet on March 29, 2016, corporate tax rate will be reduced from the fiscal years beginning on or after April 1, 2016. In line with these changes, the normal effective statutory tax rates used to measure deferred tax assets and liabilities were changed from 32.22% to 30.81% for temporary differences expected to be reversed in the fiscal years beginning on April 1, 2016 and 2017, and to 30.58% for those expected to be reversed in the fiscal years beginning on or after April 1, 2018.

As a result of this change, deferred tax assets decreased by ¥1,061 million ($9 million), deferred tax liabilities decreased by ¥758 million ($6 million), remeasurements of defined benefit plans decreased by ¥1,639 million ($14 million), income taxes-deferred increased by ¥5,427 million ($48 million), net unrealized gains on available-for-sale securities increased by ¥5,601 million ($49 million) and net deferred gains on hedges increased by ¥1,162 million ($10 million). In addition, deferred tax liabilities for land revaluation decreased by ¥1,072 million ($9 million) and revaluation reserve for land increased by the same amount.

27. LEASE TRANSACTIONS

(1) Lessee

(a) Finance lease transactions

The Group mainly leases electronic calculators, cash dispensers and software.

(b) Operating lease transactions

As of March 31, 2016 and 2015, future minimum lease payments including interest expense under non-cancellable operating lease transactions were as follows:

	Millions of yen		Millions of U.S. dollars
	2016	2015	**2016**
Due within one year	¥ **3,745**	¥ 4,250	$ **33**
Due after one year	**15,152**	17,085	**134**
Total	¥ **18,897**	¥ 21,336	$ **167**

(2) Lessor

Operating lease transactions

As of March 31, 2016 and 2015, future minimum lease receipts including interest income under non-cancellable operating lease transactions were as follows:

	Millions of yen		Millions of U.S. dollars
	2016	2015	**2016**
Due within one year	¥ **49**	¥ 33	$ **0**
Due after one year	**411**	406	**3**
Total	¥ **461**	¥ 440	$ **4**

28. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

I. Conditions of financial instruments

(1) Policies and objectives for using financial instruments

As a financial services group comprising three commercial banks with consolidated assets of approximately ¥49 trillion, the Group aims to render useful financial services to customers and provide various financial instruments corresponding to customer needs. In addition, the Group utilizes financial instruments for risk-taking and risk-control in order to improve its profitability and secure sound operations.

The Group responds to customers’ funding needs through providing credit such as lending, loans, undertaking private placement bonds and guarantees to individuals and corporate customers. It holds bonds such as Japanese government bonds as stable investments and securities such as stocks for maintaining strong relationship with customers. Recently the Group began providing interest rate-related and currency-related derivatives to meet sophisticated and diversified customer needs.

To provide these financial services, the Group raises funds by using financial instruments such as customer deposits, issuance of bonds and funding from the inter-bank market.

Asset and Liability Management (ALM) is in place to manage the interest rate gap between short-term and long-term and interest fluctuation risk resulting from its investment and funding activities, and to improve profitability management across business divisions. As part of ALM, the Group executes derivative transactions, which are designated to hedge the interest rate gap between short-term and long-term and interest fluctuation risks, as well as covering transactions related to customers’ derivative contracts.

Certain consolidated subsidiaries and affiliates conduct domestic banking services such as credit guarantee, and foreign banking services under foreign regulations.

(2) Type of and risks associated with financial instruments

(a) Type of and risks associated with loans and bills discounted

The Group's primary geographical business area is the metropolitan areas of Tokyo and Saitama, and the Kansai region mainly Osaka. Loans to small-to-mid-size companies and individual mortgages comprise a significant portion of our credit portfolio. These loans are exposed to credit risks in which the Group may suffer losses due to a decline or the disappearance of an asset's value as a result of deterioration of the financial position of obligors.

(b) Type of and risks associated with securities

Securities, which each bank of the Group holds, are bonds, stocks, investment limited partnerships, investment trusts in partnership and specified purpose funds. The Group holds them to promote business in addition to generating investment income and capital appreciation, and smooth cash flow operation. Japanese government bonds represent 49% and 59% of securities as of March 31, 2016 and 2015, respectively.

Securities are exposed to market risks in which the Group may suffer losses due to changes in values of assets and liabilities or revenues generated from them by variance of risk factors such as interest rate, stock market and foreign exchange market, and credit risks in which the Group may suffer losses due to a decline or the disappearance of asset's value as a result of deterioration of the financial position of obligors.

(c) Type of and risks associated with derivative transactions

The Group utilizes derivative instruments such as interest rate-related products, currency-related products, stock-related products and bond-related products.

- Interest rate-related products: futures, future options, forward rate agreements, swaps and options
- Currency-related products: forward exchange contracts, swaps and options
- Stock-related products: index futures, index options and over-the-counter options
- Bond-related products: futures, future options and over-the-counter options

Derivative transactions are essential to satisfy the sophisticated and diverse financial needs of customers and to control various risks to which each bank of the Group is exposed. The Group's basic policy is to execute derivative transactions in line with its business strategy and resources under the appropriate risk management system after accurately identifying risks associated with the transactions.

Each bank of the Group executes derivative transactions in order to respond to customers' risk hedging needs, hedging risks of financial assets and liabilities, and for trading purposes as follows.

(i) Customers' risk hedging needs

Customers are exposed to various risks and, accordingly, their needs to hedge these risks are essential and diverse. One of the primary purposes of derivative transactions for each bank of the Group is to provide customers with financial products which enable them to achieve their objectives of hedging and mitigating risks. Each bank of the Group develops a variety of derivatives and makes an effort to increase its ability to provide those financial products in order to offer sophisticated financial solutions to customers.

Derivative transactions may, however, result in significant losses to customers depending upon the design and nature of the products. Accordingly, in offering such products to customers, each bank of the Group follows strict guidelines which ensure that:

- Sufficient explanation of the products and associated risks

Customers are given sufficient explanation on the nature of products and their risks in writing. A description of the product, structure, hedge effectiveness (including explanation of which customers would not be able to gain expected economic effects and which the economic effects from the hedge transactions would be against customers' interests), market risk and credit risk associated with the product are required to be included in the explanation documents (proposal, written explanation of derivative risks).

Customers are given explanation in accurate and simplified terms instead of difficult technical terms. Customers are given cooperation to confirm completeness of the explanation and full understanding by using designated documents with check column.

- Customers' responsibility and capability to enter into a transaction

Customers are ready to take responsibility for the products fully, and are capable and willing to enter into the transactions based on their own judgment.

Customers are not engaged in transactions which are recognized as improper from the points of transaction amount, term, and level of risk of view, according to customers' knowledge, experience, assets, purpose of transaction, capacity to meet loss and internal management systems.

- Providing relevant fair value information

  Customers are provided with relevant fair value information (i.e., unrealized gains and losses on customers' positions) to assist them in evaluating the products and transactions, periodically or whenever considered necessary.

(ii) Hedging risks of financial assets and liabilities

Each bank of the Group uses derivatives to manage interest rate and foreign currency risks associated with various financial assets and liabilities, such as loans and deposits. Each bank of the Group uses fair value hedges to protect the fair value of assets and liabilities against risks such as interest rate fluctuations, and cash flow hedges to ensure future cash flows from their variability on an individual and a portfolio basis. As for foreign currency risks, each bank of the Group uses foreign currency hedges to protect future fair value of assets and liabilities against risks such as foreign currency fluctuations.

Derivative transactions designated as hedges are strictly monitored by assessing hedge effectiveness periodically in accordance with the relevant hedge accounting guidelines.

For a portfolio hedge of interest rate risks, hedge effectiveness is assessed by grouping hedging instruments and hedged items according to their maturities to determine that certain critical conditions are satisfied, or confirming high correlation between the changes in interest rate factors underlying the hedging instruments and hedged items by means of regression analyses. For an individual hedge, hedge effectiveness is assessed individually. For a foreign currency hedge, hedge effectiveness is assessed by confirming that the principal and interest amount of receivables and liabilities denominated in foreign currencies exceed the principal and interest amount of hedging instruments.

(iii) Trading activities

Each bank of the Group engages in trading activities to earn profits by taking advantage of short-term fluctuations in market indices or market gaps.

Risks associated with derivative transactions are credit risks and market risks. Each bank of the Group determines and monitors credit exposures by measuring credit risks based on the current exposure method periodically, adding the credit exposure together with the on-balance sheet transactions such as loans, and the Loan and Credit Division, independent from Market Divisions and Operation Divisions, establishing individual credit limits. The division reviews the transaction and credit limits applicable to each of the counterparties, on an on-going basis, in response to the changes in creditworthiness of the counterparties.

Refer to following (3) (b) "Market risk management."

(d) Type of and risks associated with financial liabilities

Each bank of the Group raises funds through acceptance of customer deposits, funding in the market and issuing bonds. Customer deposits comprise 80% and 82% of liabilities as of March 31, 2016 and 2015, respectively. Liabilities are exposed to liquidity risk and may be difficult to fund based on the fluctuation of the financial economic environment.

(e) Type of and risks associated with non-banking subsidiaries and affiliates accounted for by the equity method

Non-banking subsidiaries and affiliates accounted for by the equity method include Resona Guarantee Co., Ltd. which conducts a credit guarantee business and Resona Card Co., Ltd. which conducts a credit card administration and credit guarantee business. They are exposed to credit risk and market risk related to each business activity.

(3) Risk management system related to financial instruments

The Company has established the Group Risk Management Policy that serves as the basic risk management policy. Based on the policy and operational characteristics, each bank of the Group established its own risk management policy "Basic Policy for Risk Management," approved by the Board of Directors of each bank of the Group, including basic policies for credit risk management, market risk management and liquidity risk management. In accordance with the Basic Policy for Risk Management, each bank of the Group manages risks and establishes detailed rules over risk management activities.

Each bank of the Group plans and conducts internal audits depending on the degree of intrinsic risks and the risk management system.

(a) Credit risk management

In accordance with the Basic Policy for Risk Management, Credit Risk Management-related Departments, independent from sales promotion-related divisions, are responsible for determining and monitoring credit exposures at each bank of the Group. As an organization responsible for credit risk management, each bank of the Group sets up Credit Committee and Credit Risk Management-related Departments, which include the Credit Risk Management Division, Credit Analysis Division and Administration of Problem Loans. The Credit Committee has been established to resolve, discuss and report significant credit matters as a whole. The Credit Risk Management Division is a division to propose policies and procedures over credit rating and a framework necessary for appropriate credit risk management such as credit analysis. The Credit Analysis Division is a division to review operational and financial conditions, qualitative factors, funding purpose, repayment plan, etc. of counterparties, and determine credit exposures by considering the nature of risks associated with the transaction appropriately. The Administration of Problem Loans is a division to understand the business condition of the counterparties with problems and engage in rehabilitation, resolution and correction of the business.

To reduce credit risks, each bank of the Group makes an effort to include “offsetting” provisions of credit claims (i.e., unsecured portion of loans) into debt obligations (i.e., non-collateralized deposits) in case of customers’ insolvency under banking account agreements with customers. Collateral is composed of deposits with each bank of the Group, bonds such as Japanese government bonds and securities such as listed corporate stocks, commercial bills, and real estate. Other than the collateral, each bank of the Group reduces credit risks by utilizing guarantees, contracts to offset loans and deposits on each bank of the Group without collateral, and negotiated netting contracts of derivative transactions and repurchase transactions. Each bank of the Group controls credit risks within certain amounts by measuring credit risks from the perspective of managing the whole credit portfolio and setting credit limits.

(b) Market risk management

(i) Market risk management system

In accordance with the Basic Policy for Risk Management, each bank of the Group established the Risk Management Division (middle-office) and Office Management Division (back-office), independent from Transaction Divisions (front-office), to enable mutual checks and balances. The ALM Committee has been established to manage changes and conditions of funding, revenue, risk and cost, and to discuss and report corresponding actions to the circumstances.

Each bank of the Group establishes policies such as “Market Risk Management Policy” to manage market risk appropriately and strictly in accordance with the Basic Policy for Risk Management.

As for market risks resulting from fair market valuation of transactions or changes in risk factors such as interest, market prices, and foreign currency exchange, each bank of the Group measures risk exposures by Value at Risk (“VaR”), establishes limits of risk exposure, limits of loss and limits of sensitivity by product, and monitors those observance conditions. In addition, each bank of the Group regularly measures potential loss amounts based on stress-scenario testing.

Each bank of the Group monitors and reports to management about risk exposures and profit/loss conditions, including observance of the conditions of the credit limits. It also leads checks and balances by the Risk Management Division (middle-office) to the Transaction Divisions (front-office).

(ii) Quantitative information on market risk

Each bank of the Group measures VaR of market risks based on the purpose of holding financial instruments: trading, banking and securities held for the purpose of strategic investment. Market risk exposure of the Group is measured by simply aggregating VaR of Resona Bank, Saitama Resona Bank, Limited. (“Saitama Resona Bank”) and The Kinki Osaka Bank, Limited. (“Kinki Osaka Bank”).

Risk exposures of certain products and affiliated companies are excluded from the market risk exposure of the Group, as the effect is confirmed to be immaterial.

(Trading)
The Group adopts a historical simulation method (holding period is 10 business days, confidence interval is 99%, observation period is 250 business days) in order to measure VaR associated with securities held for trading and derivative instruments. The market risk exposure of the Group in the trading operation as of March 31, 2016 and 2015 is ¥1,521 million ($13 million) and ¥381 million, respectively.

(Banking)
In the banking operation, each bank of the Group deals with financial instruments other than those held for trading and securities held for the purpose of strategic investment, and any other assets and liabilities. The Group adopts a historical simulation method (holding period is 20 or 125 business days, confidence interval is 99%, observation period is 1,250 business days) in order to measure VaR associated with the banking operation. The market risk exposure of the Group in the banking operation as of March 31, 2016 and 2015 is ¥31,090 million ($275 million) and ¥35,865 million, respectively.

(Securities held for the purpose of strategic investment)
Each bank of the Group measures VaR or manages risks associated with securities held for the purpose of strategic investment separately from the trading and the banking operation. The Group adopts a historical simulation method (holding period is 125 business days, confidence interval is 99%, observation period is 250 and 1,250 business days) in order to measure VaR associated with securities held for the

purpose of strategic investment, and measures risk exposure by considering impairment risks. The market risk exposure of the Group on the securities held for the purpose of strategic investment as of March 31, 2016 and 2015 is ¥23,594 million ($209 million) and ¥5,978 million, respectively.

(Verification system of VaR)
Each bank of the Group performs a backtesting which reconciles VaR measured by the model for each measurement unit with actual market fluctuations in order to verify reliability and effectiveness of the risk measurement model.

VaR represents a risk exposure under a certain probability calculated statistically based on the historical market movements. In the case that the actual market fluctuates over the ranges anticipated by the historical market movements, fair market values may fluctuate over VaR.

(c) Liquidity risk management

In accordance with the Basic Policy for Risk Management, each bank of the Group has established the Cash Management Division and the Liquidity Risk Management Division, to enable mutual checks and balances. The ALM Committee and the Liquidity Risk Management Committee monitor and report to management timely and appropriately.

Each bank of the Group establishes policies such as the "Liquidity Risk Management Policy" to manage liquidity risk appropriately and strictly in accordance with the Basic Policies for Risk Management.

For cash flow management, each bank of the Group establishes liquidity risk phases (normal and 3 levels under emergency condition) and carries out corresponding actions at each phase determined in advance.

Each bank of the Group monitors liquidity risks by defining a key indicator for liquidity risk management based on its size and nature of the business and circumstances over a liquidity risk. Each bank of the Group establishes guidelines of a key indicator for liquidity risk management as necessary.

As for market liquidity risks in which each bank of the Group may suffer losses because it cannot make transactions on market or is forced to make significantly unfavorable transactions due to market turmoil, each bank of the Group monitors conditions of the market liquidity risk on a regular basis.

(4) Supplementary explanation relating to fair value of financial instruments and other

The fair value of financial instruments includes, in addition to the value determined based on the market price, a value calculated on a reasonable basis if no market price is available. Certain assumptions are used for the calculation of such amount. Accordingly, the result of such calculation may vary if different assumptions are used. Refer to "(Note 1) Calculation method of fair value of financial instruments" on "II. Fair value of financial instruments" for certain assumptions. Fair value of financial instruments does not include transactions not recognized on the consolidated balance sheet, such as an investment trust sold to a customer.

II. Fair value of financial instruments

Amount on consolidated balance sheet, fair values and differences between them as of March 31, 2016 and 2015 were as follows. The below table does not include non-marketable securities whose fair values cannot be reliably determined such as non-listed equity securities (Refer to (Note 2) "Financial instruments whose fair values cannot be reliably determined"):

	Millions of yen		
March 31, 2016	Amount on consolidated balance sheet	Fair value	Difference
Cash and due from banks	¥ **13,514,516**	¥ **13,514,516**	¥ —
Call loans and bills bought	**191,938**	**191,938**	—
Monetary claims bought (*1)	**391,507**	**388,959**	**(2,547)**
Trading assets:			
Trading securities	**174,547**	**174,547**	—
Securities:			
Held-to-maturity debt securities	**2,383,521**	**2,477,166**	**93,645**
Available-for-sale securities.	**2,892,234**	**2,892,234**	—
Loans and bills discounted	**27,664,964**		
Reserve for possible loan losses (*1)	**(185,420)**		
	27,479,543	**27,736,811**	**257,267**
Foreign exchange assets (*1)	**68,866**	**68,866**	—
Total assets	¥ **47,096,674**	¥ **47,445,040**	¥ **348,365**

March 31, 2016	Amount on consolidated balance sheet (Millions of yen)	Fair value (Millions of yen)	Difference (Millions of yen)
Deposits	**¥ 38,228,820**	**¥ 38,230,269**	**¥ 1,448**
Negotiable certificates of deposit	**1,344,500**	**1,344,518**	**18**
Call money and bills sold	**606,916**	**606,916**	—
Payables under repurchase agreements	**5,999**	**5,999**	—
Payables under securities lending transactions	**145,107**	**145,107**	—
Borrowed money	**809,049**	**809,049**	—
Foreign exchange liabilities	**1,991**	**1,991**	—
Bonds	**624,812**	**649,290**	**24,477**
Due to trust account	**3,707,658**	**3,707,658**	—
Total liabilities	**¥ 45,474,857**	**¥ 45,500,801**	**¥ 25,944**
Derivative transactions (*2):			
Hedge accounting not applied	**¥ 16,804**	**¥ 16,804**	**¥ —**
Hedge accounting applied	**85,076**	**84,793**	**(283)**
Total derivative transactions	**¥ 101,881**	**¥ 101,598**	**¥ (283)**

	Contractual amount (Millions of yen)	Fair value (Millions of yen)
Other:		
Guarantee contract (*3)	**¥ 431,439**	**¥ (8,995)**

March 31, 2015	Amount on consolidated balance sheet (Millions of yen)	Fair value (Millions of yen)	Difference (Millions of yen)
Cash and due from banks	¥ 9,672,994	¥ 9,672,994	¥ —
Call loans and bills bought	36,243	36,243	—
Monetary claims bought (*1)	442,351	439,163	(3,187)
Trading assets:			
Trading securities	277,487	277,487	—
Securities:			
Held-to-maturity debt securities	2,435,747	2,508,381	72,633
Available-for-sale securities.	4,359,873	4,359,873	—
Loans and bills discounted	27,487,284		
Reserve for possible loan losses (*1)	(190,189)		
	27,297,095	27,504,238	207,143
Foreign exchange assets (*1)	97,945	97,945	—
Total assets	¥ 44,619,738	¥ 44,896,327	276,588
Deposits	¥ 36,712,851	¥ 36,713,515	¥ 664
Negotiable certificates of deposit	2,130,640	2,130,640	—
Call money and bills sold	1,531,519	1,531,519	—
Payables under repurchase agreements	50,993	50,993	—
Payables under securities lending transactions	24,122	24,122	—
Borrowed money	737,051	737,514	462
Foreign exchange liabilities	1,439	1,439	—
Bonds	667,707	699,433	31,725
Due to trust account	617,622	617,622	—
Total liabilities	¥ 42,473,947	¥ 42,506,800	¥ 32,852
Derivative transactions (*2):			
Hedge accounting not applied	¥ 23,911	¥ 23,911	¥ —
Hedge accounting applied	74,924	74,641	(282)
Total derivative transactions	¥ 98,835	¥ 98,553	¥ (282)

	Contractual amount (Millions of yen)	Fair value (Millions of yen)
Other:		
Guarantee contract (*3)	¥ 478,968	¥ (9,734)

March 31, 2016	Millions of U.S. dollars Amount on consolidated balance sheet	Fair value	Difference
Cash and due from banks	$ 119,926	$ 119,926	$ —
Call loans and bills bought	1,703	1,703	—
Monetary claims bought (*1)	3,474	3,451	(22)
Trading assets:			
Trading securities	1,548	1,548	—
Securities:			
Held-to-maturity debt securities	21,151	21,982	830
Available-for-sale securities.	25,665	25,665	—
Loans and bills discounted	245,496		
Reserve for possible loan losses (*1)	(1,645)		
	243,850	246,133	2,282
Foreign exchange assets (*1)	611	611	—
Total assets	$ 417,931	$ 421,022	$ 3,091
Deposits	$ 339,238	$ 339,251	$ 12
Negotiable certificates of deposit	11,930	11,931	0
Call money and bills sold	5,385	5,385	—
Payables under repurchase agreements	53	53	—
Payables under securities lending transactions	1,287	1,287	—
Borrowed money	7,179	7,179	—
Foreign exchange liabilities	17	17	—
Bonds	5,544	5,761	217
Due to trust account	32,901	32,901	—
Total liabilities	$ 403,539	403,769	$ 230
Derivative transactions (*2):			
Hedge accounting not applied	$ 149	$ 149	$ —
Hedge accounting applied	754	752	(2)
Total derivative transactions	$ 904	$ 901	$ (2)

	Millions of U.S. dollars Contractual amount	Fair value
Other:		
Guarantee contract (*3)	$ 3,828	$ (79)

Notes: (*1) Reserve for possible loan losses corresponding to loans and bills discounted are deducted. Specific reserve for possible loan losses corresponding to monetary claims bought and foreign exchange assets are excluded from the amount on consolidated balance sheet directly due to immateriality.

(*2) Derivative financial instruments included in trading assets/liabilities and other assets/liabilities are presented in total. Assets (positive amount) and liabilities (negative amount) arising from derivative transactions are presented on a net basis.

(*3) Contractual amount of guarantee contract is equal to acceptances and guarantees in the consolidated balance sheet.

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

Assets

Cash and due from banks

For due from banks which have no maturity, since fair values of these items approximate carrying amounts, the Group deems the carrying amounts to be fair values. For due from banks with contractual maturity, since contractual terms of these items are short (i.e., within one year) and fair values of these items approximate carrying amounts, the Group deems the carrying amounts to be fair value.

Call loans and bills bought

Since contractual terms of these items are short (i.e., within one year) and fair values of these items approximate carrying amounts, the Group deems the carrying amounts to be fair value.

Monetary claims bought

Fair values for deed of beneficiary certificate of loan trust are based on the values provided by third parties (brokers) or calculated by a similar method used for loans and bills discounted (Refer to “Loans and bills discounted” below).

Trading assets

Fair values of bonds held for trading are based on the values calculated by statistics of over-the-counter bonds released from the Japan Securities Dealers Association, and fair values of short-term bonds are based on present values determined by discounting face values with market interest rate.

Securities

Fair values of stocks are based on the one month weighted average of the market prices prior to the end of the fiscal year. Fair values of bonds (excluding private placement bonds) are based on the values calculated by statistics released from the Japan Securities Dealers Association or prices provided by financial institutions. Fair values of investment trusts are based on the disclosed net asset value. Fair values of private placement bonds are, in principle, determined by discounting the principal and interest amount with the interest rate used for new issuances for each category based on the internal rating. Refer to Note 5 "Securities" for the purpose of holding those securities.

Loans and bills discounted

For fair values of loans with floating interest rates reflecting the market interest rates in a short-term period, the carrying amounts are presented as fair values as the fair values approximate such carrying amounts, unless creditworthiness of borrowers has changed significantly since the loan was executed. For fair values of loans with fixed interest rates, fair values are determined by discounting the principal and interest amount with the interest rate used for new loans for each category of loan, internal rating and loan period. For fair values of loans by maturity within one year, the carrying amounts are presented as fair values as the fair values approximate such carrying amounts.

For fair values of loans to bankrupt obligors, effectively bankrupt obligors and borrowers with high probability of becoming insolvent, reserve for possible loan losses is estimated based on the present value of future cash flow and recoverable amount of collateral or guarantees. Since fair values of such loans approximate carrying amounts after deducting reserve for possible loan losses at the end of the fiscal year, the Group deems the carrying amounts to be fair value.

For fair values of the loans and bills discounted, for those without a fixed maturity due to loan characteristics such as limiting loans to within the value of pledged assets, the Group deems the carrying amounts to be fair value since fair values are expected to approximate carrying amounts based on the estimated loan periods, interest rates and other conditions.

Foreign exchange assets

Fair values of foreign exchanges consist of foreign currency deposits with other banks (due from other foreign banks), short-term loans involving foreign currencies (loans to other foreign banks), export bills and traveler's checks, etc. (purchased foreign bills), and loans on notes using import bills (foreign bills receivables), the carrying amounts are presented as fair values, as the fair values approximate such carrying amounts because these items are deposits without maturity or have short contract terms (one year or less).

Liabilities

Deposits and negotiable certificates of deposit

For fair values of demand deposits, the Group deems the payment amounts required on the consolidated balance sheet date (i.e., carrying amounts) to be fair values. Fair values of time deposits and negotiable certificates of deposit are calculated by classifying them based on their terms and discounting the future cash flows. Discount rates used in such calculations are the interest rates that would be applied to newly accepted deposits. For fair values of deposits with maturity within one year, the carrying amounts are presented as fair values as the fair values approximate such carrying amounts.

Call money and bills sold, payables under repurchase agreements and payables under securities lending transactions

Since contractual terms of these items are short (i.e., within one year) and fair values of these items approximate carrying amounts, the Group deems the carrying amounts to be fair value.

Borrowed money

For fair values of borrowed money with floating interest rates reflecting the market interest rates in a short-term period, the carrying amounts are presented as fair values, as the fair values approximate such carrying amounts and the creditworthiness of the Company and its consolidated subsidiaries have not changed significantly since they made the borrowing. For fair values of borrowed money with fixed interest rates, fair values are determined by discounting the principal and interest amount with the interest rate expected for similar borrowed money. For fair values of borrowed money by maturity within one year, the carrying amounts are presented as fair values as the fair values approximate such carrying amounts.

Foreign exchange liabilities

Among foreign exchange contracts, foreign currency deposits accepted from other banks and non-resident yen deposits are deposits without maturity (due to other foreign banks). Foreign currency short-term borrowed money have short contract terms (one year or less). Thus, their carrying amounts are presented as fair values for these contracts as the fair values approximate such carrying amounts.

Bonds

Fair values of corporate bonds issued by the Company and its consolidated subsidiaries are based on the values calculated by statistics released from the Japan Securities Dealers Association, prices provided by financial institutions or values determined by discounting the principal and interest amount with the interest rate expected for use of new bond issuance.

Due to trust account

Due to trust account represents short-term fundings by accepting surplus in trust account and unused principal. The carrying amounts are presented as fair values which approximate such carrying amounts.

Derivative transactions

Refer to Note 29 “Derivatives” on derivative transactions.

Other

Guarantee contracts

For guarantee contracts, the Group deems the difference between future cash flow of the contractual guarantee fee and future cash flow of the expected guarantee fee if it executes a new guarantee contract, to be fair values.

For the guarantee to bankrupt obligors, effectively bankrupt obligors and borrowers with high probability of becoming insolvent, the Group deems the present values, which is calculated based on the estimated future cash flow or recoverable amounts from collateral and guarantee, as fair values.

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

Financial instruments are not included in “Securities” in (Note 1) above “Calculation method of fair value of financial instruments.”

	Millions of yen		Millions of U.S. dollars
	2016	2015	**2016**
Unlisted stocks (*1) (*2)	¥ **53,365**	¥ 54,426	$ **473**
Investments in partnerships (*2) (*3)	**17,605**	14,163	**156**
Total	¥ **70,970**	¥ 68,590	$ **629**

Notes: (*1) Unlisted stocks do not carry quoted market prices. Since the fair values of these securities cannot be reliably determined, their fair values are not disclosed. Unlisted stocks are amounts before reserve for possible losses on investments and the total of both domestic and foreign securities.

(*2) For the fiscal year ended March 31, 2016, impairment losses of unlisted stocks and investment limited partnerships were ¥51 million ($0 million) and ¥3 million ($0 million),respectively. For the fiscal year ended March 31, 2015, impairment losses of unlisted stocks were ¥654 million.

(*3) Investments in partnerships contain assets such as unlisted stocks which do not carry quoted market prices. Since the fair values of these securities cannot be reliably determined, their fair values are not disclosed. Investments in partnerships are the total of both domestic and foreign assets.

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

	Millions of yen					
As of March 31, 2016	One year or less	One to three years	Three to five years	Five to seven years	Seven to ten years	Over ten years
Due from banks	**¥ 13,018,933**	**¥ 6,117**	**¥ —**	**¥ —**	**¥ —**	**¥ —**
Call loans and bills bought	**191,938**	—	—	—	—	—
Monetary claims bought	**270,335**	**36,800**	**18,672**	**9,438**	**5,170**	**48,736**
Securities:						
Held-to-maturity debt securities	**166,243**	**382,118**	**1,039,170**	**231,462**	**549,589**	**15,531**
Japanese government bonds.	**118,000**	**284,300**	**945,200**	**130,000**	**400,000**	**3,000**
Japanese local government bonds.	**43,500**	**88,231**	**88,700**	**100,015**	**148,000**	—
Japanese corporate bonds.	**4,743**	**9,587**	**5,270**	**1,447**	**1,589**	**12,531**
Available-for-sale securities.	**389,399**	**689,008**	**294,026**	**117,107**	**361,816**	**108,484**
Japanese government bonds.	**240,000**	**289,200**	**80,000**	—	**128,000**	**17,500**
Japanese local government bonds.	**7,004**	**22,703**	**15,635**	**8,564**	**50,786**	—
Japanese corporate bonds.	**134,255**	**359,638**	**186,512**	**68,381**	**52,503**	**10,340**
Loans and bills discounted (*1).	**6,281,036**	**4,332,627**	**3,191,433**	**2,145,599**	**2,753,571**	**8,873,071**
Foreign exchange assets.	**68,866**	—	—	—	—	—
Total assets.	**¥ 20,386,754**	**¥ 5,446,672**	**¥ 4,543,302**	**¥ 2,503,607**	**¥ 3,670,148**	**¥ 9,045,823**

As of March 31, 2016	Millions of yen					
	One year or less	One to three years	Three to five years	Five to seven years	Seven to ten years	Over ten years
Deposits (*2)	**¥ 35,419,431**	**¥ 2,307,110**	**¥ 502,279**	**¥ —**	**¥ —**	**¥ —**
Negotiable certificates of deposit	**1,322,860**	**21,640**	—	—	—	—
Call money and bills sold	**606,916**	—	—	—	—	—
Payables under repurchase agreement	**5,999**	—	—	—	—	—
Payables under securities lending transactions	**145,107**	—	—	—	—	—
Borrowed money	**426,302**	**158,596**	**194,657**	**11,009**	**18,483**	—
Foreign exchange liabilities	**1,991**	—	—	—	—	—
Bonds (*3)	**31,320**	**50,000**	**140,000**	**221,000**	—	**36,000**
Due to trust account	**3,707,658**	—	—	—	—	—
Total liabilities	**¥ 41,667,588**	**¥ 2,537,347**	**¥ 836,936**	**¥ 232,009**	**¥ 18,483**	**¥ 36,000**

As of March 31, 2015	Millions of yen					
	One year or less	One to three years	Three to five years	Five to seven years	Seven to ten years	Over ten years
Due from banks	¥ 9,140,787	¥ 10,579	¥ —	¥ —	¥ —	¥ —
Call loans and bills bought	36,243	—	—	—	—	—
Monetary claims bought	279,709	46,164	25,789	12,926	7,782	66,952
Securities:						
Held-to-maturity debt securities	130,080	417,250	567,627	768,254	550,005	3,000
Japanese government bonds.	82,000	323,300	486,300	667,900	400,000	3,000
Japanese local government bonds.	43,803	87,474	77,617	100,010	150,005	—
Japanese corporate bonds.	4,277	6,476	3,709	344	—	—
Available-for-sale securities.	922,367	863,774	775,667	284,252	431,769	60,075
Japanese government bonds.	690,200	532,000	413,000	185,000	310,000	—
Japanese local government bonds.	7,950	29,368	79,746	17,352	18,764	—
Japanese corporate bonds.	219,483	289,966	260,933	36,625	48,946	23,170
Loans and bills discounted (*1).	6,569,342	4,353,871	3,150,822	2,094,287	2,560,766	8,661,325
Foreign exchange assets.	97,945	—	—	—	—	—
Total assets.	¥ 17,176,477	¥ 5,691,639	¥ 4,519,906	¥ 3,159,720	¥ 3,550,324	¥8,791,353
Deposits (*2)	¥ 33,776,346	¥ 2,218,979	¥ 717,524	¥ —	¥ —	¥ —
Negotiable certificates of deposit	2,130,640	—	—	—	—	—
Call money and bills sold	1,531,519	—	—	—	—	—
Payables under repurchase agreement	50,993	—	—	—	—	—
Payables under securities lending transactions	24,122	—	—	—	—	—
Borrowed money	200,089	316,444	177,077	27,901	15,538	—
Foreign exchange liabilities	1,439	—	—	—	—	—
Bonds (*3)	22,910	81,455	100,000	160,000	111,000	36,000
Due to trust account	617,622	—	—	—	—	—
Total liabilities	¥ 38,355,683	¥ 2,616,879	¥ 994,602	¥ 187,901	¥ 126,538	¥ 36,000

As of March 31, 2016	Millions of U.S. dollars					
	One year or less	One to three years	Three to five years	Five to seven years	Seven to ten years	Over ten years
Due from banks	**$ 115,528**	**$ 54**	**$ —**	**$ —**	**$ —**	**$ —**
Call loans and bills bought	**1,703**	—	—	—	—	—
Monetary claims bought	**2,398**	**326**	**165**	**83**	**45**	**432**
Securities:						
Held-to-maturity debt securities	**1,475**	**3,390**	**9,221**	**2,053**	**4,876**	**137**
Japanese government bonds.	**1,047**	**2,522**	**8,387**	**1,153**	**3,549**	**26**
Japanese local government bonds.	**386**	**782**	**787**	**887**	**1,313**	—
Japanese corporate bonds.	**42**	**85**	**46**	**12**	**14**	**111**
Available-for-sale securities	**3,455**	**6,114**	**2,609**	**1,039**	**3,210**	**962**
Japanese government bonds.	**2,129**	**2,566**	**709**	—	**1,135**	**155**
Japanese local government bonds.	**62**	**201**	**138**	**75**	**450**	—
Japanese corporate bonds.	**1,191**	**3,191**	**1,655**	**606**	**465**	**91**
Loans and bills discounted (*1).	**55,737**	**38,447**	**28,320**	**19,039**	**24,434**	**78,738**
Foreign exchange assets.	**611**	—	—	—	—	—
Total assets.	**$ 180,910**	**$ 48,333**	**$ 40,316**	**$ 22,216**	**$ 32,568**	**$ 80,271**

As of March 31, 2016	Millions of U.S. dollars One year or less	One to three years	Three to five years	Five to seven years	Seven to ten years	Over ten years
Deposits (*2)	$ 314,308	$ 20,473	$ 4,457	$ —	$ —	$ —
Negotiable certificates of deposit	11,738	192	—	—	—	—
Call money and bills sold	5,385	—	—	—	—	—
Payables under repurchase agreements	53	—	—	—	—	—
Payables under securities lending transactions	1,287	—	—	—	—	—
Borrowed money	3,782	1,407	1,727	97	164	—
Foreign exchange liabilities	17	—	—	—	—	—
Bonds (*3)	277	443	1,242	1,961	—	319
Due to trust account	32,901	—	—	—	—	—
Total liabilities	$ 369,754	$ 22,516	$ 7,426	$ 2,058	$ 164	$ 319

Notes: (*1) Loans and bills discounted, for which it is difficult to estimate the redemption amount, amounted to ¥87,625 million ($777 million) and ¥96,869 million as of March 31, 2016 and 2015, respectively, are excluded from the above table. The estimated uncollectable amount, which is deducted from loans directly, is excluded.
(*2) Demand deposits are included and presented in "one year or less" in the above table.
(*3) Bonds without maturity dates, which amounted to ¥146,497 million ($1,300 million) and ¥156,364 million as of March 31, 2016 and 2015, respectively, are excluded from the above table.

29. DERIVATIVES

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

The notional principal or contract amounts, fair values and unrealized gains or losses on derivative transactions to which hedge accounting is not applied as of March 31, 2016 and 2015 were as follows:

(a) Interest rate-related transactions

			Millions of yen Notional or contract amount Total	Maturity over 1 year	Fair value	Unrealized gains (losses)
March 31, 2016						
Listed	Futures					
		Sold	¥ —	¥ —	¥ —	¥ —
		Bought	19,756	—	3	3
Over-the-counter	Swaps					
		Receive fixed/pay floating	18,441,485	14,823,663	467,675	467,675
		Receive floating/pay fixed	18,001,703	14,421,274	(454,592)	(454,592)
		Receive floating/pay floating	5,862,900	5,110,900	5,711	5,711
	Caps					
		Sold	28,859	23,426	(387)	517
		Bought	1,500	1,500	2	(20)
	Floors					
		Sold	—	—	—	—
		Bought	37,949	32,316	796	730
	Swaptions					
		Sold	55,800	45,800	869	164
		Bought	267,800	47,800	1,278	258
Consolidated related party	Swaps	Receive fixed/pay floating	17,000	12,000	283	283
Total					¥ 20,676	¥ 20,730

			Millions of yen			
			Notional or contract amount			Unrealized
			Total	Maturity over 1 year	Fair value	gains (losses)
March 31, 2015						
Listed	Futures					
		Sold	¥ 2,981	¥ —	¥ (2)	¥ (2)
		Bought	—	—	—	—
Over-the-counter	Swaps					
		Receive fixed/pay floating	21,736,188	18,328,590	372,776	372,776
		Receive floating/pay fixed	21,311,399	17,843,293	(357,507)	(357,507)
		Receive floating/pay floating	5,927,740	4,546,040	5,424	5,424
	Caps					
		Sold	39,366	31,775	(639)	693
		Bought	—	—	—	—
	Floors					
		Sold	3,000	—	28	(0)
		Bought	57,056	51,511	1,024	927
	Swaptions					
		Sold	147,000	37,600	2,151	(286)
		Bought	350,800	246,800	1,088	130
Consolidated related party	Swaps	Receive fixed/pay floating	17,000	17,000	282	282
Total					¥ 21,546	¥ 22,438

			Millions of U.S. dollars			
			Notional or contract amount			Unrealized
			Total	Maturity over 1 year	Fair value	gains (losses)
March 31, 2016						
Listed	Futures					
		Sold	**$ —**	**$ —**	**$ —**	**$ —**
		Bought	**175**	**—**	**0**	**0**
Over-the-counter	Swaps					
		Receive fixed/pay floating	**163,647**	**131,543**	**4,150**	**4,150**
		Receive floating/pay fixed	**159,745**	**127,972**	**(4,034)**	**(4,034)**
		Receive floating/pay floating	**52,026**	**45,353**	**50**	**50**
	Caps					
		Sold	**256**	**207**	**(3)**	**4**
		Bought	**13**	**13**	**0**	**(0)**
	Floors					
		Sold	**—**	**—**	**—**	**—**
		Bought	**336**	**286**	**7**	**6**
	Swaptions					
		Sold	**495**	**406**	**7**	**1**
		Bought	**2,376**	**424**	**11**	**2**
Consolidated related party	Swaps	Receive fixed/pay floating	**150**	**106**	**2**	**2**
Total					**$ 183**	**$ 183**

Notes: 1. The above transactions are stated at fair value and unrealized gains or losses are charged to income or expenses in the consolidated statements of income.

2. The fair value of listed contracts is based on the closing price on Tokyo Financial Exchange Inc. and other exchanges. The fair value of over-the-counter contracts and contracts between consolidated related parties is determined using the discounted value of their future cash flows, option pricing models, etc.

(b) Currency-related transactions

			Millions of yen			
			Notional or contract amount			Unrealized
			Total	Maturity over 1 year	Fair value	gains (losses)
March 31, 2016						
Over-the-counter	Currency swaps		**¥ 840,262**	**¥ 569,897**	**¥ (13,993)**	**¥ (111)**
	Forward contracts					
		Sold	**557,485**	**48,273**	**(3,816)**	**(3,816)**
		Bought	**615,123**	**90,300**	**31,168**	**31,168**
	Currency options					
		Sold	**256,576**	**82,730**	**26,789**	**(12,329)**
		Bought	**257,689**	**78,293**	**9,682**	**(2,790)**
Total					**¥ (3,748)**	**¥ 12,119**
March 31, 2015						
Over-the-counter	Currency swaps		¥ 1,043,354	¥ 894,167	¥ (16,470)	¥ (3,304)
	Forward contracts					
		Sold	695,482	72,887	(49,359)	(49,359)
		Bought	934,226	167,046	126,405	126,405
	Currency options					
		Sold	716,022	211,965	92,792	(54,759)
		Bought	687,197	212,443	36,266	8,875
Total					¥ 4,049	¥ 27,857

			Millions of U.S. dollars			
			Notional or contract amount			Unrealized
			Total	Maturity over 1 year	Fair value	gains (losses)
March 31, 2016						
Over-the-counter	Currency swaps		**$ 7,456**	**$ 5,057**	**$ (124)**	**$ (0)**
	Forward contracts					
		Sold	**4,947**	**428**	**(33)**	**(33)**
		Bought	**5,458**	**801**	**276**	**276**
	Currency options					
		Sold	**2,276**	**734**	**237**	**(109)**
		Bought	**2,286**	**694**	**85**	**(24)**
Total					**$ (33)**	**$ 107**

Notes: 1. The above transactions are stated at fair value and unrealized gains or losses are charged to income or expenses in the consolidated statements of income.
2. The fair value is determined using the discounted value of future cash flows.

(c) Stock-related transactions

			Millions of yen			
			Notional or contract amount			Unrealized
			Total	Maturity over 1 year	Fair value	gains (losses)
March 31, 2016						
Listed	Index futures					
		Sold	**¥ 1,406**	**¥ —**	**¥ (18)**	**(18)**
		Bought	—	—	—	—
	Index options					
		Sold	—	—	—	—
		Bought	**6,000**	—	**3**	**(18)**
Total					**¥ (14)**	**(37)**
March 31, 2015						
Listed	Index futures					
		Sold	¥ 54,023	¥ —	¥ (552)	(552)
		Bought	—	—	—	—
	Index options					
		Sold	—	—	—	—
		Bought	3,825	—	68	7
Total					¥ (484)	(545)

			Millions of U.S. dollars			
			Notional or contract amount			Unrealized
				Maturity		gains
			Total	over 1 year	Fair value	(losses)
March 31, 2016						
Listed	Index futures					
		Sold	**$ 12**	**$ —**	**$ (0)**	**$ (0)**
		Bought	—	—	—	—
	Index options					
		Sold	—	—	—	—
		Bought	**53**	—	**0**	**(0)**
Total					**$ (0)**	**$ (0)**

Notes: 1. The above transactions are stated at fair value and unrealized gains or losses are charged to income or expenses in the consolidated statements of income.
2. The fair value of listed contracts is based on the closing prices on Osaka Exchange, Inc. and other exchanges.

(d) Bond-related transactions

			Millions of yen			
			Notional or contract amount			Unrealized
				Maturity		gains
			Total	over 1 year	Fair value	(losses)
March 31, 2016						
Listed	Futures					
		Sold	**¥ 64,296**	**¥ —**	**¥ (175)**	**¥ (175)**
		Bought	—	—	—	—
	Future options					
		Sold	—	—	—	—
		Bought	**15,150**	—	**67**	**21**
Total					**¥ (108)**	**¥ (153)**
March 31, 2015						
Listed	Futures					
		Sold	¥ 272,581	¥ —	¥ (1,199)	¥ (1,199)
		Bought	—	—	—	—
Total					¥ (1,199)	¥ (1,199)

			Millions of U.S. dollars			
			Notional or contract amount			Unrealized
				Maturity		gains
			Total	over 1 year	Fair value	(losses)
March 31, 2016						
Listed	Futures					
		Sold	**$ 570**	**$ —**	**$ (1)**	**$ (1)**
		Bought	—	—	—	—
	Future options					
		Sold	—	—	—	—
		Bought	**134**	—	**0**	**0**
Total					**$ (0)**	**$ (1)**

Notes: 1. The above transactions are stated at fair value and unrealized gains or losses are charged to income or expenses in the consolidated statements of income.
2. The fair value of listed contracts is based on the closing prices on Osaka Exchange, Inc. and other exchanges.

(2) Derivative transactions to which hedge accounting is applied

The notional principal or contract amounts, fair values and unrealized gains or losses on derivative transactions to which hedge accounting is applied as of March 31, 2016 and 2015, were as follows:

(a) Interest rate-related transactions

Accounting method for hedge	Hedging instruments	Hedged items	Millions of yen: Notional or contract amount: Total	Over 1 year	Fair value
March 31, 2016					
Deferral hedge accounting	Swaps				
	Receive fixed/pay floating	Financial assets and liabilities with interests (e.g., loans and deposits)	**¥ 2,275,000**	**¥ 1,825,000**	**¥ 95,818**
	Receive floating/pay fixed		**634,141**	**548,507**	**(21,080)**
Special treatment of interest rate swaps	Swaps				
	Receive floating/pay fixed	Loans	**17,000**	**12,000**	**(283)**
Total					**¥ 74,454**
March 31, 2015					
Deferral hedge accounting	Swaps				
	Receive fixed/pay floating	Financial assets and liabilities with interests (e.g., loans and deposits)	¥ 2,460,727	¥ 2,125,000	¥ 83,502
	Receive floating/pay fixed		651,495	636,261	(29,304)
Special treatment of interest rate swaps	Swaps				
	Receive floating/pay fixed	Loans	17,000	17,000	(282)
Total					¥ 53,915

Accounting method for hedge	Hedging instruments	Hedged items	Millions of U.S. dollars: Notional or contract amount: Total	Over 1 year	Fair value
March 31, 2016					
Deferral hedge accounting	Swaps				
	Receive fixed/pay floating	Financial assets and liabilities with interests (e.g., loans and deposits)	**$ 20,188**	**$ 16,194**	**$ 850**
	Receive floating/pay fixed		**5,627**	**4,867**	**(187)**
Special treatment of interest rate swaps	Swaps				
	Receive floating/pay fixed	Loans	**150**	**106**	**(2)**
Total					**$ 660**

Note: The fair value is determined using the discounted value of future cash flows.

(b) Currency-related transactions

Accounting method for hedge	Hedging instruments	Hedged items	Millions of yen: Notional or contract amount: Total	Over 1 year	Fair value
March 31, 2016					
Deferral hedge accounting	Currency swaps	Financial assets and liabilities denominated in foreign currency (e.g., loans and deposits)	**¥ 745,601**	**¥ 636**	**¥ 10,339**
March 31, 2015					
Deferral hedge accounting	Currency swaps	Financial assets and liabilities denominated in foreign currency (e.g., loans and deposits)	¥ 569,002	¥ 144,494	¥ 20,725

Accounting method for hedge	Hedging instruments	Hedged items	Millions of U.S. dollars: Notional or contract amount: Total	Over 1 year	Fair value
March 31, 2016					
Deferral hedge accounting	Currency swaps	Financial assets and liabilities denominated in foreign currency (e.g., loans and deposits)	**$ 6,616**	**$ 5**	**$ 91**

Note: The fair value is determined using the discounted value of future cash flows.

30. RETIREMENT BENEFIT PLANS

(1) Outline of the plans

Certain consolidated domestic subsidiaries have lump-sum retirement benefit plans, primary unfunded plans but includes substantive funded plans after set up a segregated retirement benefit trust, contributory funded defined benefit pension plans and defined contribution retirement plan, to which a part of the lump-sum retirement benefit plans has been transferred since July 2014. Upon an employees' retirement, supplemental benefits which are not subject to the actuarial calculation required by accounting standards may be provided. Some of the consolidated domestic subsidiaries, included in the above, maintain certain plan assets in a segregated retirement benefit trust established at a third party trustee to fund their retirement benefit plans.

The Company does not have a retirement benefit plan.

Certain consolidated subsidiaries estimated net defined benefit liability and retirement benefit costs using the simplified method whereby the retirement benefit obligations amount that would be payable if the eligible employees terminate the employment on the consolidated balance sheet date.

(2) Defined benefit plan (including the plan using the simplified method)

(a) The changes in defined benefit obligation for the fiscal years ended March 31, 2016 and 2015

	Millions of yen		Millions of U.S. dollars
	2016	2015	**2016**
Balance at the beginning of the fiscal year	**¥ 404,050**	¥ 392,709	**$ 3,585**
Cumulative effect of accounting change	—	(1,747)	—
Restated balance	**404,050**	390,962	**3,585**
Current service cost	**12,165**	12,036	**107**
Interest cost	**4,102**	5,067	**36**
Actuarial losses	**37,275**	23,867	**330**
Benefits paid	**(20,952)**	(20,268)	**(185)**
Decrease due to transfer to defined contribution retirement plan	—	(7,541)	—
Other	**477**	(72)	**4**
Balance at the end of the fiscal year	**¥ 437,118**	¥ 404,050	**$ 3,878**

Note: (*) Retirement benefit expenses for the consolidated subsidiaries which adopt the simplified method are all included in current service cost.

(b) The changes in plan assets for the fiscal years ended March 31, 2016 and 2015

	Millions of yen		Millions of U.S. dollars
	2016	2015	**2016**
Balance at the beginning of the year	**¥ 402,368**	¥ 390,279	**$ 3,570**
Expected return on plan assets	**5,415**	4,904	**48**
Actuarial gains	**3,288**	7,247	**29**
Contribution from the employer	**18,934**	13,256	**168**
Partial refund from the segregated retirement benefit trust	**(24,618)**	—	**(218)**
Set up segregated retirement benefit trust	**5,800**	—	**51**
Contribution to segregated retirement benefit trust	**10,900**	—	**96**
Benefit paid	**(13,666)**	(13,318)	**(121)**
Other	**410**	—	**3**
Balance at the end of the fiscal year	**¥ 408,832**	¥ 402,368	**$ 3,627**

(c) Reconciliation between the liability recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets as of March 31, 2016 and 2015

	Millions of yen				Millions of U.S. dollars	
		2016		2015		**2016**
Funded plans benefit obligation	**¥**	**435,491**	¥	396,732	**$**	**3,864**
Plan assets		**(408,832)**		(402,368)		**(3,627)**
Subtotal		**26,658**		(5,636)		**236**
Unfunded defined benefit obligation		**1,627**		7,318		**14**
Net liability for defined benefit obligation	**¥**	**28,285**	¥	1,681	**$**	**250**
Net defined benefit liability		**32,534**		28,837		**288**
Net defined benefit asset		**(4,248)**		(27,155)		**(37)**
Net liability for defined benefit obligation	**¥**	**28,285**	¥	1,681	**$**	**250**

(d) The components of net periodic benefit costs for the fiscal years ended March 31, 2016 and 2015

	Millions of yen				Millions of U.S. dollars	
		2016		2015		**2016**
Service cost	**¥**	**12,165**	¥	12,036	**$**	**107**
Interest cost		**4,102**		5,067		**36**
Expected return on plan assets		**(5,415)**		(4,904)		**(48)**
Recognized actuarial gains		**1,849**		1,220		**16**
Other (Supplemental benefits which are not subject to defined benefit obligation)		**1,110**		2,267		**9**
Net periodic benefit costs	**¥**	**13,811**	¥	15,687	**$**	**122**

The above amount for the fiscal year ended March 31, 2015 includes the effect of transfer to the defined contribution retirement plan from the lump-sum retirement benefit. The effect of the transfer (before taxes) was as follows:

	Millions of yen	
Decrease of defined benefit obligation	**¥**	**(7,541)**
Transfer assets to defined contribution retirement plan		**8,854**
Subtotal		**1,313**
Eliminate unrecognized actuarial losses		**764**
Total (loss from transfer assets to defined contribution retirement plan)	**¥**	**2,077**

(e) The components of remeasurements of defined benefit plans for the fiscal years ended March 31, 2016 and 2015

	Millions of yen				Millions of U.S. dollars	
		2016		2015		**2016**
Actuarial losses	**¥**	**32,278**	¥	15,399	**$**	**286**

(f) Accumulated other comprehensive income (before tax effect) on defined retirement benefit plans as of March 31, 2016 and 2015

	Millions of yen				Millions of U.S. dollars	
		2016		2015		**2016**
Unrecognized actuarial losses	**¥**	**101,095**	¥	68,817	**$**	**897**

(g) Plan assets as of March 31, 2016 and 2015

(i) Components of plan assets

	2016	2015
Bonds	**62%**	55%
Stocks	**4%**	11%
Cash and Deposits and other	**34%**	34%
Total	**100%**	100%

Note: Total plan assets include 31% and 33% for the fiscal years ended March 31, 2016 and 2015, respectively, of a segregated retirement benefit trust which is set up for corporate pension fund and lump-sum retirement benefit plans.

(ii) Method of determining the expected rate of return on plan assets

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

(h) Assumptions used for the fiscal years ended March 31, 2016 and 2015

	2016	2015
Discount rate (weighted average)	**0.35%**	1.01%
Expected rate of return on plan assets	**2.00%**	2.00%

Note: Expected salary increase rate is determined by the age-specific salary increase index calculated with a reference date of March 31, 2014.

(3) Defined contribution retirement plan

Contribution paid to the defined contribution plan of certain consolidated domestic subsidiaries were ¥912 million ($8 million) and ¥638 million for the fiscal year ended March 31, 2016 and 2015, respectively

31. COMPREHENSIVE INCOME

Reclassification adjustment and tax effect of other comprehensive income for the fiscal years ended March 31, 2016 and 2015 were as follows:

	Millions of yen		Millions of U.S. dollars
	2016	2015	**2016**
Net unrealized gains on available-for-sale securities			
Amount incurred during the fiscal year	**¥ (70,533)**	¥ 306,568	**$ (625)**
Reclassification adjustment	**(42,288)**	(65,926)	**(375)**
Prior to deducting tax effect	**(112,822)**	240,641	**(1,001)**
Tax effect	37,190	(61,721)	330
Net unrealized gains on available-for-sale securities	**¥ (75,632)**	¥ 178,920	**$ (671)**
Net deferred gains on hedges			
Amount incurred during the fiscal year	**¥ 42,430**	¥ 28,254	**$ 376**
Reclassification adjustment	**(20,004)**	(22,964)	**(177)**
Prior to deducting tax effect	**22,425**	5,290	**198**
Tax effect	**(6,043)**	(242)	**(53)**
Net deferred gains on hedges	**¥ 16,382**	¥ 5,047	**$ 145**
Revaluation reserve for land			
Amount incurred during the fiscal year	**¥ —**	¥ —	**$ —**
Reclassification adjustment	—	—	—
Prior to deducting tax effect	—	—	—
Tax effect	**1,085**	2,231	**9**
Revaluation reserve for land	**¥ 1,085**	¥ 2,231	**$ 9**
Foreign currency translation adjustments			
Amount incurred during the fiscal year	**¥ (14,134)**	¥ 26,385	**$ (125)**
Reclassification adjustment	**215**	—	**1**
Prior to deducting tax effect	**(13,919)**	26,385	**(123)**
Tax effect	—	—	
Foreign currency translation adjustments	**¥ (13,919)**	¥ 26,385	**$ (123)**

	Millions of yen		Millions of U.S. dollars
	2016	2015	**2016**
Remeasurements of defined benefit plans			
Amount incurred during the fiscal year	**¥ (34,127)**	¥ (16,619)	**$ (302)**
Reclassification adjustment	**1,849**	1,220	**16**
Prior to deducting tax effect	**(32,278)**	(15,399)	**(286)**
Tax effect	**11,171**	2,242	**99**
Remeasurements of defined benefit plans	**¥ (21,107)**	¥ (13,157)	**$ (187)**
Share of other comprehensive income of affiliates accounted for using equity method			
Amount incurred during the fiscal year	**¥ (1)**	¥ 8	**$ (0)**
Reclassification adjustment	**(0)**	5	**(0)**
Share of other comprehensive income of affiliates accounted for using equity method	**¥ (1)**	¥ 13	**$ (0)**
Total other comprehensive income	**¥ (93,192)**	¥ 199,441	**$ (826)**

32. PER COMMON SHARE INFORMATION

(1) Net income per share of common stock

Reconciliation between basic and diluted net income per share of common stock ("EPS") for the fiscal years ended March 31, 2016 and 2015 was as follows:

	Net income (Millions of yen)	Weighted average shares (Thousands of shares)	EPS (Yen)	EPS (U.S. dollars)
March 31, 2016				
Basic EPS:				
Net income attributable to owners of parent for common stock	**¥ 175,616**	**2,318,808**	**¥ 75.73**	**$ 0.67**
March 31, 2015				
Basic EPS:				
Net income attributable to owners of parent for common stock	¥ 199,752	2,193,242	¥91.07	
Adjustments for the potential effect of dilutive securities:				
Convertible preferred stock	1,836	198,513		
Diluted EPS:				
Net income attributable to owners of parent for computation	¥ 201,589	2,391,756	¥84.28	

Notes: 1. Average number of common shares during the period is after deductions of 1) the number of shares of the treasury stock and 2) the number of shares held by the ESOP Trust (4,361 thousands shares and 5,637 thousands shares as of March 31, 2016 and 2015, respectively).
2. Diluted EPS per share for the fiscal year ended March 31,2016 is not disclosed because there are no potentially dilutive common shares.

(2) Net assets per share of common stock

Net assets per share of common stock as of March 31, 2016 and 2015 were as follows:

	Yen		U.S. dollars
	2016	2015	**2016**
Net assets per share of common stock	**¥ 705.81**	¥ 690.66	**$ 6.26**

Net assets per share of common stock as of March 31, 2016 and 2015 were calculated based on the following:

	Millions of yen		Millions of U.S. dollars
	2016	2015	**2016**
Total net assets	**¥ 1,833,470**	¥ 2,143,379	**$ 16,270**
Deductions from total net assets:			
Noncontrolling interests	**17,468**	164,600	**155**
Preferred stock	**175,000**	366,000	**1,552**
Preferred dividends	**3,693**	11,725	**32**
Net assets attributable to common stock at the end of the fiscal year	**¥ 1,637,308**	¥ 1,601,053	**$ 14,529**
Number of shares of common stock at the end of the fiscal year used for the calculation of net assets per share of common stock (shares in thousand)	**2,319,738**	2,318,118	

Notes: (*1) Regarding to Class C No.1 preferred stock and Class F No.1 preferred stock acquired and cancelled on June 25, 2015, the right to receive the distribution of residual assets (total amount is ¥160.0 billion) is not decreased by the special preferred dividends made for repayment of public funds. However, in order to represent the actual conditions of the repayment scheme (the repayment of public fund has been implemented by special preferred dividends funded by other capital surplus) based on "Public funds full repayment plan" announced on May 10, 2013, "Net assets attributable to common stock at the end of the fiscal year" was calculated after deducting the Public funds to be repaid for the preferred stocks of ¥128.0 billion from "Total net assets"(specifically, included in "Preferred stock" of "Deductions from total net assets"). To avoid duplicated deduction of Public funds to be repaid impact described above, the special preferred dividends of ¥32.0 billion, which record date was at the end of the fiscal year 2014 and was funded by other capital surplus, was not deducted from "Total net assets".

(*2) The number of shares of common stock at the end of the fiscal year used for the calculation of net assets per share of common stock is after deductions of 1) the number of treasury shares and 2) the number of shares held by ESOP-type Stock Benefit Trust for the Employee Shareholding Association (3,427 thousands shares and 5,057 thousands shares as of March 31,2016 and 2015, respectively).

33. SEGMENT INFORMATION

(1) Description of segments

(a) General information about segments

Segments are components of the Group for which discrete financial information is available and whose operating results are regularly reviewed by the chief operating decision maker, the Board of Directors in the case of the Company, to make decisions about resources to be allocated to the segment and assess its performance.

Under the management accounting by group business line, which unifying management accounting of three subsidiary banks; Resona Bank, Saitama Resona Bank and the Kinki Osaka Bank, group business line is classified into Consumer banking, Corporate banking and Market trading. The Group assesses them as reportable segments.

Principal operating activities of the segments are as follows:

Segment	Principal operating activity
Consumer banking	Mainly for individual customers, provide consulting services regarding consumer loan, asset management and asset succession
Corporate banking	Mainly for corporate customers, support their business growth by providing services regarding corporate loan, trust asset management, real estate business, corporate pension and asset succession
Market trading	In financial markets, transact in short term lending, borrowing, bond purchase and sale, and derivatives trading

(b) Overview of segment profit and loss

(i) Gross operating profit

Gross operating profit includes "net interest income" representing net interest income on deposits, loans and securities and "fees and commissions" representing various net commission fees. It is equal to the amount of "income" except "other income," such as gain on sales of securities, less "expenses" except "general and administrative expenses" and "other expenses," such as provision to reserve for possible loan losses, in the consolidated statements of income.

(ii) General and administrative expenses
General and administrative expenses are personnel and other operating expenses for the banking business. They are equal to the amount of "general and administrative expenses" less a part of "retirement benefit expenses" in the consolidated statements of income.

(iii) Actual net operating profit
Actual net operating profit is equal to the amount of gross operating profit (before credit costs for trust accounts) less general and administrative expenses. It represents the primary operating profit from the banking business.

(iv) Credit cost
Credit cost is the amount of credit-related expenses included in "other expenses," such as provision to reserve for possible loan losses and write-off of loans, less credit-related gains included in "other income," such as gain on recovery of written-off loans, in the consolidated statements of income.

(v) Net operating profit less credit cost
Net operating profit less credit cost is equal to the amount of actual net operating profit less credit cost. It represents segment net income of the Group.

(c) Change in segment classification

A part of "Fees and commissions" previously classified as "Consumer banking" at some of the Group banks has been included in "Corporate banking" from the fiscal year 2015. The segment information for the fiscal year ended March 31, 2015 is also disclosed by the revised segment classification.

(2) Basis for measurement of segment profit and loss

Accounting policies and methods used to determine profit and loss of the segments are the same as those applied to the consolidated financial statements, described in Note 2 "Summary of significant accounting policies".

In cases where funds are raised by the market trading segment and are utilized in the consumer banking or the corporate banking segments, certain profit and loss determined by internal accounting rule is allocated to each operating segment for performance measurement purpose.

Disclosure of segment assets is omitted because the Group does not allocate assets to each segment.

(3) Information about profit and loss of each segment

Profit and loss of each segment for the fiscal years ended March 31, 2016 and 2015 were as follows:

	Millions of yen					
	Consumer banking (*2)	Corporate banking (*3)	Market trading (*4)	Subtotal	Other (*5)	Total(*1)
March 31, 2016						
Gross operating profit	**¥ 242,258**	**¥ 275,836**	**¥ 66,999**	**¥ 585,094**	**¥ (2,362)**	**¥ 582,731**
General and administrative expenses (*6)	**(167,872)**	**(150,515)**	**(11,024)**	**(329,413)**	**—**	**(329,413)**
Actual net operating profit	**74,385**	**125,303**	**55,974**	**255,664**	**(2,362)**	**253,301**
Credit cost	**1,121**	**(22,731)**	**—**	**(21,609)**	**—**	**(21,609)**
Net operating profit less credit cost	**¥ 75,507**	**¥ 102,572**	**¥ 55,974**	**¥ 234,055**	**¥ (2,362)**	**¥ 231,692**
March 31, 2015						
Gross operating profit	¥ 256,075	¥ 285,189	¥ 79,329	¥ 620,594	¥ (3,846)	¥ 616,747
General and administrative expenses (*6)	(172,477)	(155,594)	(10,339)	(338,411)	—	(338,411)
Actual net operating profit	83,598	129,548	68,989	282,135	(3,846)	278,289
Credit cost	158	24,564	—	24,722	—	24,722
Net operating profit less credit cost	¥ 83,756	¥ 154,113	¥ 68,989	¥ 306,858	¥ (3,846)	¥ 303,012

	Millions of U.S. dollars					
	Consumer banking (*2)	Corporate banking (*3)	Market trading (*4)	Subtotal	Other (*5)	Total(*1)
March 31, 2016						
Gross operating profit	**$ 2,149**	**$ 2,447**	**$ 594**	**$ 5,192**	**$ (20)**	**$ 5,171**
General and administrative expenses (*6)	**(1,489)**	**(1,335)**	**(97)**	**(2,923)**	**—**	**(2,923)**
Actual net operating profit	**660**	**1,111**	**496**	**2,268**	**(20)**	**2,247**
Credit cost	**9**	**(201)**	**—**	**(191)**	**—**	**(191)**
Net operating profit less credit cost	**$ 670**	**$ 910**	**$ 496**	**$ 2,076**	**$ (20)**	**$ 2,056**

Notes: (*1) Total amount is aggregated by the figures of three consolidated subsidiary banks and three consolidated credit guarantee subsidiaries.

(*2) The consumer banking unit and the corporate banking unit contain operating results of the three credit guarantee subsidiaries.

(*3) Gross operating profit of corporate banking unit does not include credit costs incurred in trust accounts amounting to ¥16 million ($0 million) and¥47 million of gain for the fiscal years ended March 31, 2016 and 2015, respectively.

(*4) Gross operating profit of the market trading unit contains some portion of gains/losses on equity securities.

(*5) "Other" includes all other departments, such as management office, which are not operating segments.

(*6) Depreciation expense is included in general and administrative expenses.

(4) Reconciliation between the segment information and the consolidated financial statements

Reconciliation between the segment information and the consolidated financial statements for the fiscal years ended March 31, 2016 and 2015 was as follows:

	Millions of yen		Millions of U.S. dollars
	2016	2015	**2016**
Total amount of segments	**¥ 234,055**	¥ 306,858	**$ 2,076**
Net losses of "Other"	**(2,362)**	(3,846)	**(20)**
Net non-recurring gains (losses) other than credit cost (*1)	**15,068**	21,907	**133**
Net extraordinary losses (*2)	**(1,149)**	(7,045)	**(10)**
Net other reconciliation items	**4,918**	8,377	**43**
Income before income taxes	**¥ 250,530**	¥ 326,251	**$ 2,223**

Notes: (*1) Non-recurring gains (losses) other than credit cost include some portion of gains/losses on securities and retirement benefit expenses.

(*2) Net extraordinary losses other than credit cost include impairment loss.

(5) Additional information

(a) Information on services for the fiscal years ended March 31, 2016 and 2015

Information on services has been omitted because the Group classifies operating segments by service.

(b) Geographic information for the fiscal years ended March 31, 2016 and 2015

Since the ordinary income and total tangible fixed assets attributable to the "Japan" segment account for more than 90% of the total of all geographic segments, geographical segment information has not been presented.

(c) Information on major customers for the fiscal years ended March 31, 2016 and 2015

Since there has been no specific customer to which the Group sells more than 10% of total ordinary income in the consolidated statements of income, information on major customers has not been presented.

34. SUBSEQUENT EVENTS

(1) Appropriation of retained earnings

On May 12, 2016, the Board of Directors approved payment of cash dividends to stockholders of record on March 31, 2016 as follows:

	Millions of yen	Millions of U.S. dollars
Year-end cash dividends of which dividends source were retained earnings:		
Common stock, ¥ 8.500 ($ 0.075) per share (*)	**19,746**	**175.22**
Class Five preferred stock, ¥ 459.375 ($ 4.076) per share	**1,837**	**16.30**
Class Six preferred stock, ¥ 618.750 ($ 5.490) per share	**1,856**	**16.46**
Total	**¥ 23,439**	**$ 207.99**

Note:(*)Year-end cash dividends for the fiscal year ended March 31, 2016 included ¥29 million ($0 million) of dividends paid to ESOP-type Stock Benefit Trust for the Employee Shareholding Association.