

# Consolidated Balance Sheets

## THE SAN-IN GODO BANK, LTD. AND CONSOLIDATED SUBSIDIARIES

As of March 31, 2020 and 2021	Millions of Yen		Thousands of U.S. Dollars
	2020	2021	2021
<b>Assets:</b>			
Cash and due from banks (Notes 17 and 19)	¥ 571,248	¥ 872,988	\$ 7,885,358
Debt purchased	11,230	10,914	98,581
Trading securities (Note 20)	89	—	—
Money held in trust (Note 22)	4,955	4,978	44,964
Securities (Notes 8, 19, 20 and 21)	1,654,917	1,809,682	16,346,147
Loans and bills discounted (Notes 7, 9 and 19)	3,322,376	3,554,553	32,106,882
Foreign exchange	6,324	9,494	85,755
Lease receivables and investments in lease assets (Notes 8 and 18)	30,392	29,514	266,588
Other assets (Notes 8 and 19)	71,585	67,392	608,725
Tangible fixed assets (Notes 11 and 12):	35,259	34,226	309,150
Buildings	12,105	11,251	101,625
Land	20,044	19,737	178,276
Construction in process	7	81	731
Others	3,102	3,157	28,515
Intangible fixed assets:	5,596	4,894	44,205
Software	5,328	4,626	41,784
Others	268	268	2,420
Retirement benefit asset	—	443	4,001
Deferred tax assets (Note 26)	3,663	39	352
Customers' liabilities for acceptances and guarantees (Note 9)	14,323	13,971	126,194
Reserve for possible loan losses	(40,465)	(42,629)	(385,051)
Reserve for devaluation of securities	(39)	(179)	(1,616)
<b>Total assets</b>	<b>¥ 5,691,460</b>	<b>¥ 6,370,285</b>	<b>\$ 57,540,285</b>
<b>Liabilities:</b>			
Deposits (Notes 8 and 19)	¥ 3,911,792	¥ 4,432,481	\$ 40,036,862
Negotiable certificates of deposit (Note 19)	309,400	285,982	2,583,163
Call money and bills sold	108,793	115,456	1,042,868
Cash collateral received under securities lending (Notes 8 and 19)	443,097	445,776	4,026,519
Borrowed money (Notes 8 and 19)	447,717	597,672	5,398,536
Foreign exchange	24	83	749
Other liabilities (Notes 8, 19 and 28)	78,222	83,830	757,203
Reserve for bonuses to employees	970	966	8,725
Net defined benefit liability (Note 24)	11,195	9,681	87,444
Reserve for stock benefits	388	392	3,540
Reserve for directors' and corporate auditors' retirement benefits	77	76	686
Reserve for reimbursement of deposits	350	319	2,881
Reserve for contingencies	981	862	7,786
Reserve under special laws	0	—	—
Deferred tax liabilities (Note 26)	312	743	6,711
Deferred tax liabilities for land revaluation excess (Note 11)	2,161	2,133	19,266
Acceptances and guarantees (Note 9)	14,323	13,971	126,194
<b>Total liabilities</b>	<b>¥ 5,329,809</b>	<b>¥ 5,990,432</b>	<b>\$ 54,109,222</b>
<b>Net assets (Note 32):</b>			
Common stock:			
Authorized — 495,021,000 shares in 2020 and 2021			
Issued and outstanding — 156,977,472 shares in 2020 and 2021	¥ 20,705	¥ 20,705	\$ 187,020
Capital surplus	21,385	22,058	199,241
Retained earnings	283,495	290,042	2,619,835
Treasury stock, at cost — 1,417,865 shares in 2020 and 1,142,966 shares in 2021	(947)	(749)	(6,765)
<b>Total shareholders' equity</b>	<b>324,637</b>	<b>332,056</b>	<b>2,999,331</b>
Net unrealized gain on other securities (Note 20)	38,191	47,912	432,770
Net deferred gain (loss) on hedging instruments	8	(0)	(0)
Land revaluation excess (Note 11)	2,522	2,510	22,671
Remeasurements of defined benefit plans (Note 24)	(5,314)	(3,330)	(30,078)
<b>Total accumulated other comprehensive income</b>	<b>35,407</b>	<b>47,092</b>	<b>425,363</b>
Subscription rights to new shares (Note 25)	281	170	1,535
Non-controlling interests	1,323	532	4,805
<b>Total net assets</b>	<b>¥ 361,650</b>	<b>¥ 379,852</b>	<b>\$ 3,431,054</b>
<b>Total liabilities and net assets</b>	<b>¥ 5,691,460</b>	<b>¥ 6,370,285</b>	<b>\$ 57,540,285</b>

See accompanying notes to consolidated financial statements.

# Consolidated Statements of Income

## THE SAN-IN GODO BANK, LTD. AND CONSOLIDATED SUBSIDIARIES

Years Ended March 31, 2020 and 2021	Millions of Yen		Thousands of U.S. Dollars
	2020	2021	2021
<b>Income:</b>			
Interest income:	¥ 57,957	¥ 56,723	\$ 512,356
Interest on loans and discounts	33,384	34,854	314,822
Interest and dividends on securities	22,276	20,667	186,676
Other interest income	2,295	1,200	10,839
Fees and commissions	11,248	11,384	102,827
Other operating income	17,165	17,030	153,825
Other income	3,981	4,061	36,681
<b>Total income</b>	<b>90,352</b>	<b>89,199</b>	<b>805,699</b>
<b>Expenses:</b>			
Interest expenses:	4,010	1,999	18,056
Interest on deposits and NCDs	1,435	1,222	11,037
Interest on call money and bills sold	1,679	429	3,874
Interest on securities lending with cash collateral	516	110	993
Interest on borrowed money	45	44	397
Other interest expenses	333	191	1,725
Fees and commissions	4,196	4,214	38,063
Other operating expenses	15,847	17,814	160,906
General and administrative expenses	41,057	40,262	363,670
Provision for reserve for possible loan losses	4,924	7,159	64,664
Other expenses (Note 13)	5,026	3,582	32,354
<b>Total expenses</b>	<b>75,063</b>	<b>75,032</b>	<b>677,734</b>
Profit before income taxes	15,288	14,167	127,964
Income taxes (Note 26):	4,791	4,500	40,646
Current	5,904	5,603	50,609
Deferred	(1,112)	(1,102)	(9,953)
<b>Profit</b>	<b>10,496</b>	<b>9,667</b>	<b>87,318</b>
Profit (loss) attributable to non-controlling interests	29	(11)	(99)
<b>Profit attributable to owners of the Bank</b>	<b>¥ 10,467</b>	<b>¥ 9,679</b>	<b>\$ 87,426</b>

See accompanying notes to consolidated financial statements.

# Consolidated Statements of Comprehensive Income

## THE SAN-IN GODO BANK, LTD. AND CONSOLIDATED SUBSIDIARIES

Years Ended March 31, 2020 and 2021	Millions of Yen		Thousands of U.S. Dollars
	2020	2021	2021
Profit	¥ 10,496	¥ 9,667	\$ 87,318
Other comprehensive income:			
Net unrealized gain (loss) on other securities	(16,537)	9,722	87,815
Net deferred gain (loss) on hedging instruments	17	(8)	(72)
Remeasurements of defined benefit plans	(522)	1,984	17,920
Total other comprehensive income (Note 14)	(17,042)	11,698	105,663
Comprehensive income	¥ (6,545)	¥ 21,365	\$ 192,981
Comprehensive income attributable to owners of the Bank	¥ (6,543)	¥ 21,376	\$ 193,081
Comprehensive income attributable to non-controlling interests	(1)	(10)	(90)

See accompanying notes to consolidated financial statements.

# Consolidated Statements of Changes in Net Assets

THE SAN-IN GODO BANK, LTD. AND CONSOLIDATED SUBSIDIARIES

Years Ended March 31, 2020 and 2021	Millions of Yen				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' Equity
<b>Net assets as of April 1, 2019</b>	¥ 20,705	¥ 21,381	¥ 276,800	¥ (724)	¥ 318,162
Dividends			(4,070)		(4,070)
Profit attributable to owners of the Bank			10,467		10,467
Purchases of treasury stock				(268)	(268)
Sales of treasury stock		3	—	45	48
Transfer from land revaluation excess			297		297
Net changes of items other than shareholders' equity					
Total changes during the year	—	3	6,694	(223)	6,474
<b>Net assets as of April 1, 2020</b>	20,705	21,385	283,495	(947)	324,637
Dividends			(3,132)		(3,132)
Profit attributable to owners of the Bank			9,679		9,679
Purchases of treasury stock				(0)	(0)
Sales of treasury stock		(3)	(12)	199	183
Transfer from land revaluation excess			12		12
Change in ownership interest of parent due to transactions with non-controlling interests		677			677
Net changes of items other than shareholders' equity					
Total changes during the year	—	673	6,546	198	7,419
<b>Balance as of March 31, 2021</b>	¥ 20,705	¥ 22,058	¥ 290,042	¥ (749)	¥ 332,056

Years Ended March 31, 2020 and 2021	Millions of Yen							
	Accumulated other comprehensive income							
	Net unrealized gain (loss) on other securities	Net deferred gain (loss) on hedging instruments	Land revaluation excess	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Subscriptions on rights to new shares	Non-controlling interests	Total net assets
<b>Net assets as of April 1, 2019</b>	¥ 54,697	¥ (8)	¥ 2,820	¥ (4,792)	¥ 52,716	¥ 292	¥ 1,326	¥ 372,498
Dividends								(4,070)
Profit attributable to owners of the Bank								10,467
Purchases of treasury stock								(268)
Sales of treasury stock								48
Transfer from land revaluation excess								297
Net changes of items other than shareholders' equity	(16,506)	17	(297)	(522)	(17,308)	(11)	(2)	(17,323)
Total changes during the year	(16,506)	17	(297)	(522)	(17,308)	(11)	(2)	(10,848)
<b>Net assets as of April 1, 2020</b>	38,191	8	2,522	(5,314)	35,407	281	1,323	361,650
Dividends								(3,132)
Profit attributable to owners of the Bank								9,679
Purchases of treasury stock								(0)
Sales of treasury stock								183
Transfer from land revaluation excess								12
Change in ownership interest of parent due to transactions with non-controlling interests								677
Net changes of items other than shareholders' equity	9,721	(8)	(12)	1,984	11,684	(110)	(791)	10,783
Total changes during the year	9,721	(8)	(12)	1,984	11,684	(110)	(791)	18,202
<b>Balance as of March 31, 2021</b>	¥ 47,912	¥ (0)	¥ 2,510	¥ (3,330)	¥ 47,092	¥ 170	¥ 532	¥ 379,852

	Thousands of U.S. Dollars				
	Shareholders' equity				
Year Ended March 31, 2021	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
<b>Net assets as of April 1, 2020</b>	\$ 187,020	\$ 193,162	\$ 2,560,699	\$ (8,553)	\$ 2,932,318
Dividends			(28,290)		(28,290)
Profit attributable to owners of the Bank			87,426		87,426
Purchases of treasury stock				(0)	(0)
Sales of treasury stock		(27)	(108)	1,797	1,652
Transfer from land revaluation excess			108		108
Change in ownership interest of parent due to transactions with non-controlling interests		6,115			6,115
Net changes of items other than shareholders' equity					
Total changes during the year	—	6,078	59,127	1,788	67,012
<b>Balance as of March 31, 2021</b>	\$ 187,020	\$ 199,241	\$ 2,619,835	\$ (6,765)	\$ 2,999,331

	Thousands of U.S. Dollars							
	Accumulated other comprehensive income							
Year Ended March 31, 2021	Net unrealized gain (loss) on other securities	Net deferred gain (loss) on hedging instruments	Land revaluation excess	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Subscription rights to new shares	Non-controlling interests	Total net assets
<b>Net assets as of April 1, 2020</b>	\$344,964	\$ 72	\$22,780	\$(47,999)	\$319,817	\$2,538	\$11,950	\$3,266,642
Dividends								(28,290)
Profit attributable to owners of the Bank								87,426
Purchases of treasury stock								(0)
Sales of treasury stock								1,652
Transfer from land revaluation excess								108
Change in ownership interest of parent due to transactions with non-controlling interests								6,115
Net changes of items other than shareholders' equity	87,805	(72)	(108)	17,920	105,536	(993)	(7,144)	97,398
Total changes during the year	87,805	(72)	(108)	17,920	105,536	(993)	(7,144)	164,411
<b>Balance as of March 31, 2021</b>	\$432,770	\$ (0)	\$22,671	\$(30,078)	\$425,363	\$1,535	\$4,805	\$3,431,054

See accompanying notes to consolidated financial statements.

# Consolidated Statements of Cash Flows

## THE SAN-IN GODO BANK, LTD. AND CONSOLIDATED SUBSIDIARIES

Years Ended March 31, 2020 and 2021	Millions of Yen		Thousands of U.S. Dollars
	2020	2021	2021
<b>Cash flows from operating activities:</b>			
Profit before income taxes	¥ 15,288	¥ 14,167	\$ 127,964
Depreciation	2,433	2,965	26,781
Loss on impairment of fixed assets	812	249	2,249
Increase (decrease) in reserve for possible loan losses	2,948	2,163	19,537
Increase (decrease) in reserve for devaluation of securities	(7)	140	1,264
Increase (decrease) in reserve for bonuses to employees	(38)	(3)	(27)
(Increase) decrease in retirement benefit asset	—	(443)	(4,001)
Increase (decrease) in net defined benefit liability	(62)	(1,514)	(13,675)
Increase (decrease) in reserve for stock benefits	73	3	27
Increase (decrease) in reserve for directors' and corporate auditors' retirement benefits	(11)	(0)	(0)
Increase (decrease) in reserve for reimbursement of deposits	(63)	(30)	(270)
Increase (decrease) in reserve for contingencies	12	(118)	(1,065)
Interest and dividend income	(57,957)	(56,723)	(512,356)
Interest expenses	4,010	1,999	18,056
Net (gain) loss on securities transactions	(504)	1,778	16,059
Net (gain) loss on money held in trust	39	21	189
Net foreign exchange (gain) loss	(281)	(400)	(3,613)
Net (gain) loss on disposals of fixed assets	155	23	207
Net (increase) decrease in loans and bills discounted	(232,329)	(232,176)	(2,097,154)
Net increase (decrease) in deposits	92,858	520,689	4,703,179
Net increase (decrease) in negotiable certificates of deposit	(11,970)	(23,417)	(211,516)
Net increase (decrease) in borrowed money	350	149,955	1,354,484
Net (increase) decrease in due from banks (exclusive of the Bank of Japan)	909	1,094	9,881
Net (increase) decrease in call loans	(96)	316	2,854
Net increase (decrease) in call money	32,820	6,663	60,184
Net increase (decrease) in cash collateral received under securities lending	(25,342)	2,679	24,198
Net (increase) decrease in foreign exchange assets	(367)	(3,169)	(28,624)
Net increase (decrease) in foreign exchange liabilities	16	58	523
Interest and dividends received	59,325	56,644	511,643
Interest paid	(4,325)	(2,354)	(21,262)
Others	21,846	2,493	22,518
Subtotal	(99,457)	443,752	4,008,237
Income taxes paid	(7,794)	(4,677)	(42,245)
Net cash provided by (used in) operating activities	(107,251)	439,075	3,965,992
<b>Cash flows from investing activities:</b>			
Purchases of securities	(340,299)	(485,064)	(4,381,392)
Proceeds from sales of securities	53,009	77,362	698,780
Proceeds from redemption of securities	206,284	275,960	2,492,638
Increase in money held in trust	(1,000)	(44)	(397)
Purchases of tangible fixed assets	(1,290)	(724)	(6,539)
Purchases of intangible fixed assets	(2,694)	(612)	(5,527)
Proceeds from sales of tangible fixed assets	62	116	1,047
Net cash provided by (used in) investing activities	(85,927)	(133,006)	(1,201,391)
<b>Cash flows from financing activities:</b>			
Purchases of treasury stock	(0)	(0)	(0)
Proceeds from sales of treasury stock	0	0	0
Dividends paid	(4,070)	(3,132)	(28,290)
Dividends paid to non-controlling shareholders	(1)	(1)	(9)
Purchases of subsidiary's stock that do not result in change in scope of consolidation	—	(102)	(921)
Net cash provided by (used in) financing activities	(4,072)	(3,236)	(29,229)
<b>Effect of changes in exchange rates on cash and cash equivalents</b>	(0)	0	0
<b>Net increase (decrease) in cash and cash equivalents</b>	(197,252)	302,833	2,735,371
<b>Cash and cash equivalents at the beginning of the year</b>	764,889	567,637	5,127,242
<b>Cash and cash equivalents at the end of the year (Note 17)</b>	¥ 567,637	¥ 870,471	\$ 7,862,623

See accompanying notes to consolidated financial statements.

# Notes to the Consolidated Financial Statements

## THE SAN-IN GODO BANK, LTD. AND CONSOLIDATED SUBSIDIARIES

### 1. Basis of Preparation

The accompanying consolidated financial statements of The San-in Godo Bank, Ltd. (the "Bank") and consolidated subsidiaries (together, the "Group") are prepared on the basis of accounting principles generally accepted in Japan, the Companies Act of Japan and the Banking Act of Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Bank as required by the Financial Instruments and Exchange Act of Japan.

In preparing the accompanying consolidated financial statements, certain reclassifications have been made in the consolidated financial statements issued for domestic purposes in order to present them in a form which is more familiar to readers outside Japan. In addition, the notes to the consolidated financial statements include information which is not required under accounting principles generally accepted in Japan but is presented herein as additional information.

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

The U.S. dollar amounts presented in the accompanying consolidated financial statements are included solely for convenience and should not be construed as representations that yen amounts have been, or could in the future be, converted into U.S. dollars. The rate of ¥110.71 to U.S. \$1, prevailing at the end of March 2021, has been used to translate the yen amounts in the accompanying financial statements into U.S. dollar amounts.

### 2. Summary of Significant Accounting Policies

#### (a) Scope of Consolidation

##### (i) Consolidated subsidiaries

The consolidated financial statements include the accounts of the Group, after elimination of all significant inter-company transactions, balances, and unrealized profits. The number of consolidated subsidiaries as of March 31, 2020 and 2021 was 9.

##### (ii) Unconsolidated subsidiaries

The number of unconsolidated subsidiaries due to less materiality as of March 31, 2020 and 2021 were 11 and 10, respectively. These unconsolidated subsidiaries are not accounted for by the equity method, but stated at cost determined by the moving average method.

##### (iii) Balance sheet date of subsidiaries

The fiscal year-end of all the consolidated subsidiaries is March 31.

#### (b) Trading Securities

Trading securities are carried at fair value with unrealized gains or losses recognized in earnings. Cost of trading securities sold is determined by the moving average method.

#### (c) Securities

Securities other than trading securities are classified and accounted for as follows:

(i) Debt securities which the Bank has the positive intent and ability to hold to maturity are carried at amortized cost computed by the straight-line method. The cost of securities sold is determined by the moving average method.

(ii) Other securities are generally carried at fair value based on market prices at the balance sheet date with unrealized gains or losses, net of applicable income taxes, included directly in net assets. However, certain other securities, of which fair value is extremely difficult to determine, are carried at cost. Cost of securities sold is determined by the moving average method.

(iii) Securities included in money held in trust for the purpose of securities trading are carried at fair value with unrealized gains or losses recognized in earnings.

(iv) Securities included in money held in trust for the purpose other than securities trading and investment in held to maturity securities are carried at fair value with unrealized gains or losses, net of applicable income taxes, included directly in net assets.

#### (d) Derivatives

Derivative financial instruments are stated at fair value.

#### (e) Depreciation of Tangible Fixed Assets

Buildings are depreciated using the straight-line method, while the declining-balance method is used for equipment. The estimated useful lives of major tangible fixed assets are as follows:

Buildings..... 15 to 50 years

Equipment..... 5 to 15 years

Depreciation of tangible fixed assets of the consolidated subsidiaries is computed primarily by the straight-line method over the estimated useful lives of respective assets.



**(f) Depreciation of Intangible Fixed Assets**

Intangible fixed assets are depreciated by the straight-line method. Acquisition costs of software intended for internal use are capitalized and depreciated over the estimated useful lives (mainly 5 years).

**(g) Depreciation of Leased Assets**

Leased assets included in tangible or intangible fixed assets under the finance lease arrangements which do not transfer ownership of the leased assets to the lessee are depreciated by the straight-line method over the respective lease periods without residual values or with predetermined residual values in the lease contracts.

**(h) Reserves****(i) Reserve for possible loan losses**

The Bank makes reserve for possible loan losses based on “Guidelines for Auditing Self-Assessment of Assets, Write-Offs and Loan Loss Provisions of Banks and Other Financial Institutions” issued by the Japanese Institute of Certified Public Accountants (“JICPA”) (JICPA Bank Auditing Special Committee Report No. 4, issued on October 8, 2020).

A reserve is provided for “Normally Performing Loans” and “Loans to Borrowers under Close Observation”, mainly based on the expected loan losses for the next one or three years. Expected loan losses are computed by using the loan loss ratios or bankruptcy ratios derived from the average of historical loan loss ratios or bankruptcy ratios for the one or three years, and making modifications deemed necessary considering future prospects.

A reserve is also provided for “Loans to Borrowers with Bankruptcy Imminent.” In such cases, the anticipated proceeds from the sales of collateral pledged against such loans and the amounts expected to be recovered from guarantors of the loans are first subtracted from the book value of the loans. A reserve is then provided in the amount deemed necessary.

A reserve is maintained at the book value of “Loans to Borrowers under Bankruptcy Proceedings” or “Loans to Borrowers Substantially in Bankruptcy” after deducting the anticipated proceeds from the sale of collateral pledged against such loans and the amounts expected to be recovered from the guarantors of the loans.

If a borrower of loans with altered lending conditions is bankruptcy imminent or under close observation, whose loan balance is more than a certain amount and the Bank can reasonably estimate the borrower’s future cash flows, a reserve is maintained at book value after deducting estimated future cash flows discounted by the loan rate before any restructuring to provide relief to borrowers by reducing interest rates.

All loans are reviewed by the asset review divisions, with cooperation from the relevant business divisions based on the Bank’s internal rules for self-assessment of assets.

With respect to the reserves for possible loan losses of the consolidated subsidiaries, the amounts deemed necessary are provided based on the actual default ratios in the past. In cases where there is more concern about the failure of the obligor, amounts deemed uncollectible are provided in the reserve.

**(ii) Reserve for devaluation of securities**

A reserve for devaluation of securities is provided in the amount necessary to cover possible losses on investments in securities, which is determined based on assessment of the financial position of the companies issuing the securities.

**(iii) Reserve for bonuses to employees**

A reserve for bonuses to employees is provided in the amount accrued during the year, which is calculated based on the estimated amount of future bonus payment to employees.

**(iv) Reserve for stock benefits**

A reserve for stock benefits is provided in the estimated amount of future stock payments to the Bank’s directors and executive officers.

**(v) Reserve for directors’ and corporate auditors’ retirement benefits**

A reserve for directors’ and corporate auditors’ retirement benefits is provided in the estimated amount of future retirement payments to directors (excluding directors who are members of the Audit and Supervisory Committee) and corporate auditors of the Bank’s subsidiaries.

**(vi) Reserve for reimbursement of deposits**

A reserve for reimbursement of deposits is provided in the estimated amount of future claims for payments of deposits not accounted for as liability.

**(vii) Reserve for contingencies**

A reserve for contingencies is provided in the estimated amount of future loss arising from contingencies other than events described above.

**(i) Employees’ Retirement Benefits**

Net defined benefit liability is recognized based on the estimated amounts of the projected retirement benefit obligations and assets of the existing pension plans.

For determination of projected retirement benefit obligations, the benefit formula basis is used as a method of attributing expected benefit to each period.

Unrecognized prior service cost is amortized by the straight-line method over the specific years (10 years) within the average remaining years of service of the eligible employees. Actuarial gains or losses are amortized from the next year after incurrence by the straight-line method over the specific years (10 years) within the average remaining years of service of the eligible employees.

Certain consolidated subsidiaries record net defined benefit liability and net retirement benefit expense using the simplified method whereby the projected retirement benefit obligations are estimated at the amount that would be payable if the eligible employees would have been retired voluntarily at the balance sheet date.



#### **(j) Foreign Currency Transactions**

Assets and liabilities denominated in foreign currencies are translated into Japanese yen using primarily applicable rate of exchange effective at the balance sheet date.

#### **(k) Hedge Accounting**

##### **(i) Hedge of interest rate risk**

The Bank hedges the interest rate risk arising from the Bank's financial assets and liabilities by individually matching interest rate swaps with fixed-interest rate loans. The Bank applies the deferral method of hedge accounting, under which gains or losses on derivatives are deferred until maturity of the hedged transactions, or the special treatment for interest rate swaps, under which the differential paid or received under the swap agreements are recognized and included in interest expenses or income. "Practical Solution on the Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR" (ASBJ PITF No.40, September 29,2020) is applied for these hedges accounting.

##### **(ii) Hedge of foreign exchange risk**

In accordance with the general provisions of the "Accounting and Auditing Treatment of Foreign Exchange Transactions for the Banking Industry" (JICPA Industry Committee Practical Guidelines No. 25, issued on October 8, 2020), the Bank applies the deferral method to account for derivative instruments which hedge the foreign exchange risk on financial assets and liabilities denominated in foreign currency.

The effectiveness of these transactions to hedge the foreign exchange risks of financial assets or liabilities denominated in foreign currencies is assessed by comparing the foreign currency position of the hedged assets or liabilities with that of the hedging instruments.

#### **(l) Consumption Taxes**

Transactions subject to consumption taxes including the local consumption tax are recorded at amount exclusive of consumption taxes.

#### **(m) Cash and Cash Equivalents**

For the purpose of the consolidated statements of cash flows, cash and cash equivalents are defined as cash and due from the Bank of Japan.

#### **(n) Adopted Accounting Policies and Procedures When Provisions of Relevant Accounting Standards are Not Clarified**

Interim dividends (including gain on cancellation or redemption) from investment trusts held by the Bank included in "Securities" in the consolidated balance sheets are recorded in interest and dividends on securities. Loss on cancellation or redemption is recorded in other operating expenses.

### **3. Significant Accounting Estimates**

Items whose amount are recorded in the consolidated financial statements for the current fiscal year based on accounting estimates, and which would have a significant impact on the consolidated financial statements for the following fiscal year, are as follows.

Regarding the impact of the spread of COVID-19, we assumed that the impact would be settled until around September 2020 as of the previous fiscal year end. However, we have changed to the assumption that the impact will continue during the fiscal year ended March 31, 2022 even gradually settled, and it is recovered to the previous level in the first half of the fiscal year ended March 31, 2023. Below (1) Reserve for possible loans losses includes accounting estimates based on this assumption.

The Bank set assumptions concerning the COVID-19 spread way, time to settle down and economic recovery process based on the available information as of this fiscal year end.

#### **(1) Reserve for Possible Loans Losses**

##### **(a) Amount in the consolidated financial statements for the current fiscal year**

Reserve for possible loans losses    ¥42,629 million (\$385,051 thousands)

##### **(b) Calculation method and major assumptions**

The calculation method of "Reserve for possible loan losses" is described on "2. Summary of Significant Accounting Policies

##### **(h) Reserves (i) Reserve for possible loan losses."**

The major assumption is "Future business outlook of borrowers used in determining the classification of obligors." "Future business outlook of borrowers used in determining the classification of obligors" is set by assessing each obligor's earning ability individually.

##### **(c) Effects on the consolidated financial statements for the next fiscal year**

If those assumptions, such as the credit status of the borrower, appraisal value of collateral, amount to be collected from guarantees and other assumptions used for the calculation (e.g. expected loan losses, loan loss ratios and bankruptcy ratios) deviate from the actual situation, it would have a significant impact on the Group consolidated financial statements through the increase or decrease of reserve for possible loan losses.

#### 4. Accounting Standards Not Yet Applied

##### (1) Accounting Standards for Fair Value Measurement

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

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

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

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

##### (a) Overview

To improve the comparability with international accounting standards, “Accounting Standard for Fair Value Measurement” and “Implementation Guidance on Accounting Standard for Fair Value “ (together, Accounting standards for fair value measurement) were developed and provide the guidance of fair value measurement. The accounting standards for fair value measurement are applied to the fair value of followings.

- Financial instruments under “Accounting Standard for Financial Instruments”

In addition, “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” was revised and notes for breakdown by level of the fair value of financial instruments are introduced.

##### (b) Scheduled date of application

The Group is going to apply the accounting standards from the beginning of the fiscal year ending March 31, 2022.

##### (c) Effects of application

Effects of application of the accounting standards are currently being examined.

#### 5. Change in Presentation

The Group applies “Accounting Standard for Disclosure of Accounting Estimates” (ASBJ Statement No. 31, March 31, 2020) from the end of the current fiscal year, and significant accounting estimates are disclosed in the note to the consolidated financial statements.

The notes for the previous fiscal year are not presented in accordance with the transitional treatment set forth in a provision of paragraph 11 of the accounting standard.

#### 6. Additional Information

##### (1) Transaction to Provide Shares of the Bank to Executives through a Trust

The Bank introduced a stock-based remuneration system called Board Benefit Trust (“BBT”) for the Bank’s directors (excluding directors who are members of the Audit and Supervisory Committee) and executive officers (“Directors, etc.”) in order to encourage contribution to mid-term business results and expanding corporate value.

##### (a) Overview of the transaction

The Bank distributes certain points to subjected Directors, etc. each fiscal year based on the Stock Benefit Rules for Directors, etc. stipulated by the Bank. When Directors, etc. retire, the Bank, in accordance with the accumulated points, provides both the shares of the Bank and money corresponding to the market value of the shares of the Bank.

The Bank’s shares and money are acquired by the trust. The Bank’s shares and money in the trust are managed separately.

##### (b) The Bank’s shares in the trust

The Bank’s shares in the trust are recognized as treasury stock in net assets at carrying amount of the trust. The amounts of treasury stock in the trust were ¥616 million and ¥543 million (\$4,904 thousand) and the numbers of those shares were 1,007 thousand and 888 thousand as of March 31, 2020 and 2021, respectively.

##### (2) Adopted Accounting Policies and Procedures When Provision of Relevant Accounting Standards are Not Clarified

The Group applies “Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections” (ASBJ Statement No. 24, March 31, 2020) from the end of the current fiscal year. Adopted accounting policies and procedures when provision of relevant accounting standards are not clarified are disclosed in the note to the consolidated financial statements.

#### 7. Loans and Bills Discounted

Loans and bills discounted as of March 31, 2020 and 2021 include the following risk managed loans.

	Millions of Yen		Thousands of U.S. Dollars
	2020	2021	2021
Loans to borrowers under bankruptcy proceedings (*1)	¥ 3,870	¥ 2,459	\$ 22,211
Non-accrual past due loans (*2)	40,353	44,297	400,117
Loans past due for three months or more (*3)	—	—	—
Loans with altered lending conditions (*4)	15,218	14,615	132,011
Total	¥ 59,442	¥ 61,371	\$ 554,340

- (\*1) Loans for which circumstances apply as stated in the Tax Law among non-accrual loans (excluding loan write-offs) for which payments of outstanding principal or interest have not been received for a substantial period or which have arisen for other reasons.
- (\*2) Loans for which payments of outstanding principal or interest have not been received for a substantial period, excluding loans to borrowers under bankruptcy proceedings and loans for which interest payments have been rescheduled with the objective of assisting these borrowers in business restructuring.
- (\*3) Loans for which payments of principal or interest have not been received for a period of three months or more from the next day of the due date, and which are not included in loans to borrowers under bankruptcy proceedings or non-accrual past due loans.
- (\*4) Loans which are restructured to provide relief to borrowers by reducing interest rates, rescheduling interest and principal payments, or waiving the claims on borrowers. Such loans exclude loans to borrowers under bankruptcy proceedings, non-accrual past due loans and loans past due for three months or more.

Discounted bills are accounted for as financing transactions in accordance with "Accounting and Auditing Treatment of Financial Instruments for the Banking Industry" (JICPA Industry Committee Practical Guidelines No. 24, issued on October 8, 2020). These discounted bills generally include banker's acceptances, commercial bills, documentary bills and bills purchased in connection with foreign exchange transactions. As of March 31, 2020 and 2021, the face value of commercial bills which can be sold or repledged by the Bank amounted to ¥9,860 million and ¥7,439 million (\$67,193 thousand), respectively.

## 8. Assets Pledged

Assets pledged as collateral as of March 31, 2020 and 2021 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2021	2021
Assets pledged as collateral:			
Securities	¥ 759,886	¥ 899,910	\$ 8,128,534
Loans and bills discounted	262,817	266,507	2,407,253
Lease receivables and investments in lease assets	13,844	13,712	123,855
Other assets	1,622	2,603	23,511
Liabilities secured by the above assets:			
Deposits	98,068	150,335	1,357,917
Call money and bills sold	10,883	—	—
Cash collateral received under securities lending	443,097	445,776	4,026,519
Borrowed money	444,887	594,807	5,372,658
Other liabilities	680	2,383	21,524

Other than the items presented above, other assets of ¥40,017 million and ¥40,017 million (\$361,457 thousand) as of March 31, 2020 and 2021, respectively, were held as collateral for transactions of exchange settlement etc.

Other assets included guarantee deposits of ¥655 million and ¥715 million (\$6,458 thousand) as of March 31, 2020 and 2021, respectively.

## 9. Customers' Liabilities for Acceptances and Guarantees

All contingent liabilities arising from acceptances and guarantees are recorded in "Acceptances and guarantees." A contra account, "Customers' liabilities for acceptances and guarantees," is shown on the asset side representing the Bank's right to indemnify from its customers.

## 10. Overdraft Agreements and Loan Commitments

Overdraft agreements and loan commitments are agreements under which the Group is obliged to extend loans up to a prearranged limit, provided there is no violation of condition in the contracts. The loan commitments not yet drawn down as of March 31, 2020 and 2021 totaled ¥862,156 million and ¥925,972 million (\$8,363,941 thousand), respectively, of which ¥788,667 million and ¥836,011 million (\$7,551,359 thousand), respectively, were related to agreements whose contractual terms were for one year or less or which were unconditionally cancelable at any time.

As the majority of these agreements expire without being drawn down, the unused commitment balance does not necessarily affect the future cash flows of the Bank or of its consolidated subsidiaries. These agreements usually include provisions which stipulate that the Group has the right either to refuse the execution of the loans or to reduce the contractual commitments when there is a change in the financial condition, when additional assurance of the financial soundness and creditworthiness of a borrower is necessary, or when other unexpected events occur. The Group takes various measures to protect their credit. Such measures include obtaining real estate or securities as collateral at the time of the agreements, monitoring a customer's business on a regular basis in accordance with established internal procedures, and amending the loan commitment agreements when necessary.

## 11. Land Revaluation Excess

On March 31, 1998, the Bank revalued its land used for business purposes based on the Law Concerning Land Revaluation (Law No. 34, promulgated on March 31, 1998). As a result of this revaluation, the revaluation difference, net of the applicable tax effect, has been recorded as land revaluation excess in net assets. The tax effect has been recorded as "Deferred tax liability for land revaluation excess" in liabilities.

The difference between the fair value of land used for business purposes revalued as stipulated under Article 10 of the Law Concerning Land Revaluation and the book value of such land after revaluation as of March 31, 2020 and 2021 resulted in unrealized loss of ¥8,289 million and ¥8,044 million (\$72,658 thousand), respectively.

The revaluation method as stated in Article 3-3 of the Law Concerning Land Revaluation:

The value of land is evaluated using the method as stipulated in Article 2-4 of the Ordinance Implementing the Law Concerning Land Revaluation (Government Ordinance No. 119, promulgated on March 31, 1998), to make reasonable adjustments on the prices calculated through such a way as the Commissioner of the National Tax Administration established and officially announced so as to compute the official notice prices as provided in Article 16 of the Law Concerning Public Notification of Land Prices, in combination with the prices estimated by real estate appraisers as stipulated in Article 2-5 of the abovementioned ordinance.

## 12. Accumulated Depreciation and Deferred Revenue on Tangible Fixed Assets

The amounts of accumulated depreciation of tangible fixed assets were ¥48,762 million and ¥49,033 million (\$442,895 thousand) as of March 31, 2020 and 2021, respectively. The amounts of deferred revenue of tangible fixed assets were ¥1,265 million and ¥1,251 million (\$11,299 thousand) as of March 31, 2020 and 2021, respectively. There was no deferred revenue on tangible fixed assets incurred for the years ended March 31, 2020 and 2021.

## 13. Other Expenses

For the year ended March 31, 2020, other expenses included loss on impairment of fixed assets of ¥812 million, loss on write-offs of loans of ¥20 million, loss on write-offs of stocks of ¥1,124 million, and loss on sales of loans of ¥216 million and one-time cost associated with migration of core system of ¥1,712 million.

For the year ended March 31, 2021, other expenses included loss on impairment of fixed assets of ¥249 million (\$2,249 thousand), loss on write-offs of loans of ¥19 million (\$171 thousand), loss on write-offs of stocks of ¥112 million (\$1,011 thousand), and loss on sales of loans of ¥102 million (\$921 thousand).

## 14. Other Comprehensive Income

Reclassification adjustment and tax effect of other comprehensive income for the years ended March 31, 2020 and 2021 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2021	2021
Net unrealized gain (loss) on other securities:			
Amount incurred during the year	¥ (19,113)	¥ 13,505	\$ 121,985
Reclassification adjustment	(4,555)	481	4,344
Amount before tax effect	(23,668)	13,987	126,339
Tax effect	7,131	(4,264)	(38,515)
Net unrealized gain (loss) on other securities	(16,537)	9,722	87,815
Net deferred gain (loss) on hedging instruments:			
Amount incurred during the year	1,481	379	3,423
Reclassification adjustment	(1,456)	(391)	(3,531)
Amount before tax effect	25	(12)	(108)
Tax effect	(7)	3	27
Net deferred gain (loss) on hedging instruments	17	(8)	(72)
Remeasurements of defined benefit plans:			
Amount incurred during the year	(1,643)	1,581	14,280
Reclassification adjustment	892	1,272	11,489
Amount before tax effect	(750)	2,853	25,770
Tax effect	228	(868)	(7,840)
Net remeasurements of defined benefit plans	(522)	1,984	17,920
Total other comprehensive income	¥ (17,042)	¥ 11,698	\$ 105,663

## 15. Shares Issued

The numbers of shares issued and changes during the years ended March 31, 2020 and 2021 are summarized as follows:

Year ended March 31, 2020	Thousands of shares	
	Treasury stock	Common stock issued
Beginning of the year	(*)1	957
Increase during the year	(*)2	522
Decrease during the year	(*)2	61
End of the year	(*)1	1,417

(\*)1 The Bank's stock held by Board Benefit Trust (BBT) of 537 thousand shares and 1,007 thousand shares were included in the treasury stock at the beginning and end of the year, respectively.

(\*)2 The increase in treasury stock is due to acquisition by Board Benefit Trust (BBT) from the market of 520 thousand shares and purchase of odd-lot shares of 1 thousand shares. The decrease in treasury stock is due to execution of stock options of 9 thousand shares, stock benefit paid by Board Benefit Trust (BBT) of 51 thousand shares and sales of odd-lot shares of 0 thousand shares.

Year ended March 31, 2021	Thousands of shares	
	Treasury stock	Common stock issued
Beginning of the year	(*1) 1,417	156,977
Increase during the year	(*2) 1	—
Decrease during the year	(*2) 276	—
End of the year	(*1) 1,142	156,977

(\*1) The Bank's stock held by Board Benefit Trust (BBT) of 1,007 thousand shares and 888 thousand shares were included in the treasury stock at the beginning and end of the year, respectively.

(\*2) The increase in treasury stock is due to purchase of odd-lot shares. The decrease in treasury stock is due to execution of stock options of 156 thousand shares, stock benefit paid by Board Benefit Trust (BBT) of 119 thousand shares and sales of odd-lot shares of 0 thousand shares.

## 16. Dividends

### Year ended March 31, 2020

Dividends paid during the year are summarized as follows:

Resolution	Total dividends	Dividend per share	Base date	Effective date
The general shareholders' meeting on June 25, 2019	¥ 2,974 million	¥ 19.0	March 31, 2019	June 26, 2019
The board of directors on November 11, 2019	¥ 1,095 million	¥ 7.0	September 30, 2019	December 6, 2019

(\*) Total dividends resolved by the general shareholders' meeting on June 25, 2019 and the board of directors on November 11, 2019 include ¥10 million and ¥3 million of dividends to the shares held by Board Benefit Trust (BBT), respectively.

Dividend of which base date belonged to the year is summarized as follows:

Resolution	Total dividend	Dividend per share	Base date	Effective date
The general shareholders' meeting on June 25, 2020	¥ 2,035 million	¥ 13.0	March 31, 2020	June 26, 2020

(\*) Total dividend resolved by the general shareholders' meeting on June 25, 2020 includes ¥13 million of dividend to the shares held by Board Benefit Trust (BBT).

### Year ended March 31, 2021

Dividends paid during the year are summarized as follows:

Resolution	Total dividends	Dividend per share	Base date	Effective date
The general shareholders' meeting on June 25, 2020	¥ 2,035 million \$ 18,381 thousand	¥ 13.0 \$ 0.11	March 31, 2020	June 26, 2020
The board of directors on November 11, 2020	¥ 1,097 Million \$ 9,908 thousand	¥ 7.0 \$ 0.06	September 30, 2020	December 4, 2020

(\*) Total dividends resolved by the general shareholders' meeting on June 25, 2020 and the board of directors on November 11, 2020 include ¥13 million (\$117 thousand) and ¥6 million (\$54 thousand) of dividends to the shares held by Board Benefit Trust (BBT), respectively.

Dividend of which base date belonged to the year is summarized as follows:

Resolution	Total dividend	Dividend per share	Base date	Effective date
The general shareholders' meeting on June 22, 2021	¥ 1,723 million \$ 15,563 thousand	¥ 11.0 \$ 0.09	March 31, 2021	June 23, 2021

(\*) Total dividend resolved by the general shareholders' meeting on June 22, 2021 includes ¥9 million (\$81 thousand) of dividend to the shares held by Board Benefit Trust (BBT).

## 17. Reconciliation of Cash and Cash Equivalents

Reconciliation between cash and due from banks in the consolidated balance sheets as of March 31, 2020 and 2021 and cash and cash equivalents in the consolidated statements of cash flows for the years then ended are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2021	2021
Cash and due from banks	¥ 571,248	¥ 872,988	\$ 7,885,358
Deposits to banks excluding the Bank of Japan	(3,611)	(2,516)	(22,726)
Cash and cash equivalents	¥ 567,637	¥ 870,471	\$ 7,862,623

## 18. Lease Transactions

### As a Lessee

Tangible fixed assets and intangible fixed assets include finance lease assets (mainly vehicles, equipment for business and software) of which ownership do not transfer to the lessee.

### As a Lessor

Investments in lease assets as of March 31, 2020 and 2021 are summarized as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2021	2021
Gross lease receivables	¥ 30,445	¥ 29,157	\$ 263,363
Expected residual values	2,676	2,499	22,572
Unearned interest income	(2,729)	(2,142)	(19,347)
Investments in lease assets	¥ 30,392	¥ 29,514	\$ 266,588

Maturities of gross lease receivables for finance leases as of March 31, 2021 are as follows:

Year ending March 31	Millions of Yen	Thousands of U.S. Dollars
2022	¥ 9,240	\$ 83,461
2023	7,488	67,636
2024	5,626	50,817
2025	3,693	33,357
2026	1,854	16,746
2027 and thereafter	1,254	11,326
Total	¥ 29,157	\$ 263,363

## 19. Financial Instruments and Related Disclosures

### Disclosure of Financial Instruments

#### (1) Policy on financial instruments

The Group provides financial services including banking services such as deposit-taking, lending services and others. Accordingly, the Group is exposed to the risk of fluctuation of values and earnings of financial assets and liabilities resulting from changes in interest rates (interest rate risk) and the risk that the Group may suffer losses on collection of principal and interest on loans due to bankruptcy or deterioration of performances of counterparties (credit risk). In addition, the Group is exposed to price fluctuation risk associated with equity securities in addition to interest rate risk and credit risk for securities investment operations. The Group conducts comprehensive Asset and Liability Management (ALM) aiming at appropriate risk management and maximization of earnings and, as part of ALM, employs derivative transactions.

#### (2) Nature and risk of financial instruments

Financial assets held by the Group principally consist of loans to domestic customers, which are exposed to interest rate risk and credit risk arising from nonperformance of contractual obligations. The Group holds securities principally consisting of debt securities and equity securities which are classified into trading securities, held-to-maturity securities and other (available-for-sale) securities depending on the holding purposes. They are exposed to credit risk of issuers, interest rate risk and price fluctuation risk. Financial liabilities held by the Group principally consist of deposits accepted from domestic customers, which are exposed to interest rate risk. Borrowed money is exposed to liquidity risk that the Group may not be able to settle on the maturity date when the Group might not be able to utilize the market under certain environments.

Derivative transactions consist of forward foreign exchange contracts, currency swaps and currency options as currency related derivatives and interest rate swaps and interest rate futures as interest rate related derivatives. Interest rate swaps and forward foreign exchange contracts which qualify for hedge accounting and meet internal policy as to the application of hedge accounting are accounted for under hedge accounting.



### (3) Risk management system for financial instruments

#### *Credit risk management*

Credit risk management of the Group consists of "Strict review and control on individual transactions (micro base credit risk management)," "Portfolio management and appropriate administration through credit risk quantification (macro base credit risk management)" and "Strict self-assessment and appropriate write-offs and provision" based on "Internal rating system."

With respect to control system on the volume of risk, status of self-assessment, internal rating, write-offs and provision, status on measurement of risk with VaR, etc., status of concentration of credit risk, status of profitability on lending and status on doubtful accounts are reported to the Loan Review (executive management meeting), the Credit Risk Control Committee and the ALM Committee on a regular basis and, if necessary, discussed in the executive management meeting. The Bank allocates capital to the credit risk exposure and monitors it to balance the volume of risk within the extent of the capacity (capital).

#### *Market risk management*

##### (a) Qualitative information on market risk management

With respect to market risk management, the Bank identifies and controls the volume of risk using real risk subtracted holding gain or loss and realized gain or loss from VaR for internal management purpose. The Bank allocates capital to the market risk exposure and monitors it to balance the volume of risk within the extent of the capacity (capital). In addition to daily monitoring and controls of the real risk and VaR, the monthly ALM committee discusses and determines the means of appropriate risk control.

##### (b) Quantitative information on market risk management

###### (i) Risk related to securities

The Bank, in principle, utilizes the historical simulation method in calculating VaR of securities held. The volume of risk associated with products for which market value is not readily available, such as CMO, other securities except for investment trusts and unlisted equity securities, is calculated by applying a certain factor to acquisition costs, etc.

VaR is calculated on a daily basis using the following assumptions: holding period of 60 days (120 days for strategic shares), confidence level of 99%, and time horizon of one year.

As of March 31, 2021, the volume of VaR was ¥ 67,674 million (\$611,272 thousand) and the real risk was ¥10,072 million (\$90,976 thousand), respectively.

The Bank verifies the effectiveness of the VaR model by comparing VaR and daily gains and losses. However, VaR calculates the volume of market risk with certain probability level which is statistically calculated based on the historical market changes, and it may not capture risks under extremely unusual situation where market environment changes drastically.

###### (ii) Interest rate risk related to financial instruments other than securities

The Bank utilizes the delta method in calculating VaR of financial instruments exposed to interest rate risk such as deposits and loans, except securities, and the core deposit internal model for liquid deposit. The volume of risk related to loans with embedded option is calculated by applying a certain factor to outstanding balance.

VaR is calculated on a monthly basis using the following assumptions: holding period of 60 days, confidence level of 99%, and time horizon of one year. The volume of interest rates risk related to deposits and loans as of March 31, 2021 was ¥ (9,310) million (\$84,093 thousand). For risk calculation of financial instruments other than securities, an increase in subject interest rates as of the fiscal year end would result in an overall value; therefore, the volume of risk is calculated as negative value for internal management purpose.

However, VaR calculates the volume of market risk with certain probability level which is statistically calculated based on the historical interest rates changes, and it may not capture risks under extremely unusual situation where interest rate environment changes drastically.

#### *Liquidity risk management related to fund raising*

With respect to liquidity risk management, the Bank controls the risk using limits on fund gap on a daily basis and also prepares forecast and actual results of cash management on a monthly basis and verifies the variance against the plan. Furthermore, the Bank prepares a contingency plan which contains organization plans and measures for emergency. The Bank holds sufficient high liquid debt securities such as government bonds and other high liquid assets and has established effective system against liquidity risk.

##### (4) Supplementary explanation about fair values of financial instruments

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

#### **Disclosure of Fair Values of Financial Instruments**

The carrying amount, the fair value and the difference between these values as of March 31, 2020 and 2021 are as follows: Note that securities of which fair value is extremely difficult to determine, such as unlisted equity securities, are not included in the following table (See Note 2 below).



	Millions of Yen		
	Carrying amount	Fair value	Difference
As of March 31, 2020			
Cash and due from banks	¥ 571,248	¥ 571,248	¥ –
Securities:			
Held-to-maturity debt securities	82,736	82,357	(378)
Other securities	1,546,423	1,546,423	–
Loans and bills discounted	3,322,376		
Reserve for possible loan losses (*1)	(38,343)		
	3,284,033	3,349,325	65,292
Total assets	5,484,442	5,549,356	64,913
Deposits	3,911,792	3,912,639	847
Negotiable certificates of deposit	309,400	309,400	–
Call money and bills sold	108,793	108,793	–
Cash collateral received under securities lending	443,097	443,097	–
Borrowed money	447,717	447,711	(5)
Total liabilities	5,220,800	5,221,642	841
Derivative transactions (*2):			
To which hedge accounting is not applied	322	322	–
To which hedge accounting is applied	1,177	1,177	–
Total derivative transactions	¥ 1,499	¥ 1,499	¥ –
As of March 31, 2021			
Cash and due from banks	¥ 872,988	¥ 872,988	¥ –
Securities:			
Held-to-maturity debt securities	89,143	89,023	(120)
Other securities	1,696,212	1,696,212	–
Loans and bills discounted	3,554,553		
Reserve for possible loan losses (*1)	(40,763)		
	3,513,789	3,585,528	71,738
Total assets	6,172,133	6,243,751	71,617
Deposits	4,432,481	4,433,369	887
Negotiable certificates of deposit	285,982	285,982	–
Call money and bills sold	115,456	115,456	–
Cash collateral received under securities lending	445,776	445,776	–
Borrowed money	597,672	597,474	(198)
Total liabilities	5,877,369	5,878,059	689
Derivative transactions (*2):			
To which hedge accounting is not applied	(1,533)	(1,533)	–
To which hedge accounting is applied	1,333	1,333	–
Total derivative transactions	¥ (200)	¥ (200)	¥ –

	Thousands of U.S. Dollars		
	Carrying amount	Fair value	Difference
As of March 31, 2021			
Cash and due from banks	\$ 7,885,358	\$ 7,885,358	\$ –
Securities:			
Held-to-maturity debt securities	805,193	804,109	(1,083)
Other securities	15,321,217	15,321,217	–
Loans and bills discounted	32,106,882		
Reserve for possible loan losses (*1)	(368,196)		
	31,738,677	32,386,667	647,981
Total assets	55,750,456	56,397,353	646,888
Deposits	40,036,862	40,044,883	8,011
Negotiable certificates of deposit	2,583,163	2,583,163	–
Call money and bills sold	1,042,868	1,042,868	–
Cash collateral received under securities lending	4,026,519	4,026,519	–
Borrowed money	5,398,536	5,396,748	(1,788)
Total liabilities	53,087,968	53,094,201	6,223
Derivative transactions (*2):			
To which hedge accounting is not applied	(13,846)	(13,846)	–
To which hedge accounting is applied	12,040	12,040	–
Total derivative transactions	\$ (1,806)	\$ (1,806)	\$ –

(\*1) General and specific reserves for possible loan losses corresponding to loans are deducted.

(\*2) Derivative transactions include derivatives recorded in other assets and other liabilities. Assets and liabilities arising from derivative transactions are shown on a net basis. In case total of the assets and liabilities results net liabilities, it is disclosed by using “( )”.

(Note 1) Determining the fair value of financial instruments

*Assets:*

*Cash and due from banks*

The carrying amount is presented as the fair value since the fair value approximates the carrying amount because these are without maturity or the remaining maturity is short (less than one year).

*Securities*

For equity securities, the fair value is determined using the price at the exchange. The fair value of debt securities is determined using firstly the published market price by the Japan Securities Dealers Association, secondly the computed price by the information vendors or thirdly the quoted price by the brokers. The fair value of investment trusts is determined using firstly the published standard quotation price or secondly the quoted price by the brokers. For privately placed bonds guaranteed by the Bank, the fair value is determined based on the present value of the aggregated principal and interest discounted at an interest rate assumed if the same issue were underwritten.

*Loans and bills discounted*

For loans with variable interest rates, the carrying amount is presented as the fair value since the fair value approximates the carrying amount, unless the credit status of the borrower has changed significantly since the loan origination. For loans with fixed interest rates, the fair value is determined based on the present value of the principal and interest aggregated by the type of loans, internal ratings, collaterals and maturities discounted at an interest rate assumed if the new loans were made. For loans with short remaining maturity (less than one year), the carrying amount is presented as the fair value since the fair value approximates the carrying value.

For receivables due from bankrupt, substantially bankrupt or bankruptcy imminent borrowers, loan loss provisions are estimated based on expected future cash flows or the expected amount to be collected from collaterals and guarantees. Therefore, carrying amount of those items, net of related loan loss provisions, is presented as the fair value.

The fair value of interest rate swap contracts which are accounted for combined with the loans as hedged items under the hedge accounting is included in the fair value of the corresponding loans.

*Liabilities:*

*Deposits*

For demand deposits, the amount payable on demand as of the balance sheet date (i.e., the carrying amount) is considered to be the fair value. The fair value of time deposit is determined using the discounted present value of future cash flows grouped by types of deposits and maturity lengths. The discount rate used is the interest rate that would be applied to newly accepted deposits. For deposits whose remaining maturity is short (less than one year), the carrying amount is presented as the fair value since the fair value approximates the carrying amount.

*Negotiable certificates of deposit*

The carrying amount is presented as the fair value since the fair value approximates the carrying amount because the remaining maturity is short (less than one year).

*Call money and bills sold*

The carrying amount is presented as the fair value since the fair value approximates the carrying amount because the remaining maturity is short (less than one year).

*Cash collateral received under securities lending*

The carrying amount is presented as the fair value since the fair value approximates the carrying amount because the remaining contractual term is short (less than one year).

*Borrowed money*

For borrowed money with variable interest rates reflecting the market interest rates in a short-term period, the carrying amount is presented as the fair value since the fair value approximates the carrying amount. For borrowed money with fixed interest rates, the fair value is determined using the present value discounted at an interest rate assumed if the new borrowing were made. For borrowed money with short contractual term (less than one year), the carrying amount is presented as the fair value since the fair value approximates the carrying amount.

*Derivative transactions:*

The fair value of derivatives is described in note "23. Derivatives."

(Note 2) Securities whose fair value is extremely difficult to determine as of March 31, 2020 and 2021

	Millions of Yen		Thousands of U.S. Dollars
	2020	2021	2021
Unlisted equity securities (*1) (*2)	¥ 2,717	¥ 2,204	\$ 19,907
Investment in partnerships (*3)	15,945	15,029	135,751
Others	7,093	7,093	64,068
Total	¥ 25,757	¥ 24,326	\$ 219,727

(\*1) The fair value of unlisted equity securities is not disclosed since it is extremely difficult to identify their fair value.

(\*2) The Group recognized impairment losses on unlisted equity securities in an amount of ¥27million and ¥112 million (\$1,011 thousand) for the years ended March 31, 2020 and 2021, respectively.

(\*3) The fair value of investment in partnerships whose assets consist of securities such as unlisted equity securities whose fair value is extremely difficult to identify is not disclosed.

(Note 3) Repayment schedule of monetary receivables and securities with contractual maturities as of March 31, 2020 and 2021

	Millions of Yen					
	Due in one year or less	Due after one year through three years	Due after three years through five years	Due after five years through seven years	Due after seven years through ten years	Due after ten years
As of March 31, 2020						
Due from banks	¥ 527,166	¥ –	¥ –	¥ –	¥ –	¥ –
Securities:	247,718	271,262	127,399	100,800	219,287	253,361
Held-to-maturity debt securities:	11,212	36,516	29,875	5,030	100	–
Corporate bonds	11,212	36,516	29,875	5,030	–	–
Other securities with maturity:	236,506	234,746	97,524	95,770	219,187	253,361
Government bonds	184,000	165,000	5,000	40,000	–	142,000
Municipal bonds	24,756	33,992	42,819	35,562	77,018	1,500
Corporate bonds	18,150	15,951	8,319	3,634	10,200	23,529
Loans and bills discounted	868,819	629,843	435,700	342,270	303,936	741,805
Total	¥ 1,643,704	¥ 901,106	¥ 563,100	¥ 443,071	¥ 523,223	¥ 995,166
As of March 31, 2021						
Due from banks	¥ 821,499	¥ –	¥ –	¥ –	¥ –	¥ –
Securities:	51,817	296,862	123,232	117,907	247,538	419,972
Held-to-maturity debt securities:	19,317	37,234	28,200	4,290	100	–
Corporate bonds	19,317	37,234	28,200	4,290	–	–
Other securities with maturity:	32,500	259,628	95,032	113,617	247,438	419,972
Government bonds	–	170,000	20,000	20,000	–	279,000
Municipal bonds	17,070	39,802	48,321	44,770	92,548	1,000
Corporate bonds	3,912	16,918	6,016	8,918	3,700	28,750
Loans and bills discounted	857,979	629,239	521,558	347,752	383,444	814,579
Total	¥ 1,731,296	¥ 926,102	¥ 644,790	¥ 465,659	¥ 630,982	¥ 1,234,551

	Thousands of U.S. Dollars					
	Due in one year or less	Due after one year through three years	Due after three years through five years	Due after five years through seven years	Due after seven years through ten years	Due after ten years
As of March 31, 2021						
Due from banks	\$ 7,420,278	\$ –	\$ –	\$ –	\$ –	\$ –
Securities:	468,042	2,681,437	1,113,106	1,065,007	2,235,913	3,793,442
Held-to-maturity debt securities:	174,482	336,320	254,719	38,749	903	–
Corporate bonds	174,482	336,320	254,719	38,749	–	–
Other securities with maturity:	293,559	2,345,117	858,386	1,026,257	2,235,010	3,793,442
Government bonds	–	1,535,543	180,652	180,652	–	2,520,097
Municipal bonds	154,186	359,515	436,464	404,389	835,949	9,032
Corporate bonds	35,335	152,813	54,340	80,552	33,420	259,687
Loans and bills discounted	7,749,787	5,683,669	4,711,028	3,141,107	3,463,499	7,357,772
Total	\$ 15,638,117	\$ 8,365,116	\$ 5,824,135	\$ 4,206,115	\$ 5,699,412	\$ 11,151,214

(Note 4) Repayment schedule of borrowed money and other interest bearing liabilities as of March 31, 2020 and 2021

	Millions of Yen					
	Due in one year or less	Due after one year through three years	Due after three years through five years	Due after five years through seven years	Due after seven years through ten years	Due after ten years
As of March 31, 2020						
Deposits (*1)	¥ 3,442,975	¥ 427,141	¥ 41,675	¥ –	¥ –	¥ –
Negotiable certificates of deposit	309,400	–	–	–	–	–
Call money and bills sold	108,793	–	–	–	–	–
Cash collateral received under securities lending	443,097	–	–	–	–	–
Borrowed money	6,990	268,522	172,205	–	–	–
Total	¥ 4,311,256	¥ 695,663	¥ 213,880	¥ –	¥ –	¥ –
As of March 31, 2021						
Deposits (*1)	¥ 3,958,540	¥ 420,442	¥ 53,498	¥ –	¥ –	¥ –
Negotiable certificates of deposit	285,982	–	–	–	–	–
Call money and bills sold	115,456	–	–	–	–	–
Cash collateral received under securities lending	445,776	–	–	–	–	–
Borrowed money	53,525	392,207	151,940	–	–	–
Total	¥ 4,859,281	¥ 812,650	¥ 205,438	¥ –	¥ –	¥ –

As of March 31, 2021	Thousands of U.S. Dollars					
	Due in one year or less	Due after one year through three years	Due after three years through five years	Due after five years through seven years	Due after seven years through ten years	Due after ten years
Deposits (*1)	\$35,755,938	\$ 3,797,687	\$ 483,226	\$ —	\$ —	\$ —
Negotiable certificates of deposit	2,583,163	—	—	—	—	—
Call money and bills sold	1,042,868	—	—	—	—	—
Cash collateral received under securities lending	4,026,519	—	—	—	—	—
Borrowed money	483,470	3,542,651	1,372,414	—	—	—
Total	\$43,891,979	\$ 7,340,348	\$ 1,855,640	\$ —	\$ —	\$ —

(\*1) Demand deposits included in "Deposits" are presented under "Due in one year or less."

## 20. Fair Value of Securities

### (1) Trading securities

Net holding gain (loss) resulting from revaluation of trading securities as of March 31, 2020 was ¥(0) million.

### (2) Held-to-maturity securities

The carrying value and fair value of held-to-maturity securities and the related unrealized gain (loss) as of and for the years ended March 31, 2020 and 2021 are as follows:

	Millions of Yen		
	Carrying value	Fair value	Difference
As of March 31, 2020			
Fair value exceeding amount on consolidated balance sheet:			
Corporate bonds	¥ 21,124	¥ 21,168	¥ 44
Fair value below amount on consolidated balance sheet:			
Corporate bonds	61,512	61,092	(420)
Other	100	97	(2)
Sub total	61,612	61,189	(422)
Total	¥ 82,736	¥ 82,357	¥ (378)
As of March 31, 2021			
Fair value exceeding amount on consolidated balance sheet:			
Corporate bonds	¥ 37,790	¥ 37,877	¥ 87
Fair value below amount on consolidated balance sheet:			
Corporate bonds	51,253	51,054	(199)
Other	100	91	(8)
Sub total	51,353	51,145	(207)
Total	¥ 89,143	¥ 89,023	¥ (120)

As of March 31, 2021	Thousands of U.S. Dollars		
	Carrying value	Fair value	Difference
Fair value exceeding amount on consolidated balance sheet:			
Corporate bonds	\$ 341,342	\$ 342,128	\$ 785
Fair value below amount on consolidated balance sheet:			
Corporate bonds	462,948	461,150	(1,797)
Other	903	821	(72)
Sub total	463,851	461,972	(1,869)
Total	\$ 805,193	\$ 804,109	\$ (1,083)

(3) Other securities

The carrying value and acquisition cost of other securities as of March 31, 2020 and 2021 are summarized as follows:

	Millions of Yen		
	Carrying value	Acquisition cost	Difference
As of March 31, 2020			
Amount on consolidated balance sheet exceeding acquisition cost:			
Equity securities	¥ 41,859	¥ 21,067	¥ 20,791
Debt securities:			
Government bonds	550,852	524,718	26,133
Municipal bonds	150,781	148,933	1,847
Corporate bonds	79,951	78,291	1,660
Others	396,445	375,958	20,486
Sub total	1,219,889	1,148,969	70,919
Amount on consolidated balance sheet below acquisition cost:			
Equity securities	7,171	9,200	(2,028)
Debt securities:			
Government bonds	14,971	15,028	(56)
Municipal bonds	66,503	66,729	(226)
Corporate bonds	1,505	1,508	(2)
Others	236,382	249,938	(13,556)
Sub total	326,534	342,405	(15,870)
Total	¥ 1,546,423	¥ 1,491,375	¥ 55,048
As of March 31, 2021			
Amount on consolidated balance sheet exceeding acquisition cost:			
Equity securities	¥ 45,155	¥ 14,854	¥ 30,300
Debt securities:			
Government bonds	380,958	359,928	21,030
Municipal bonds	188,096	186,397	1,698
Corporate bonds	67,593	66,270	1,322
Others	459,266	432,471	26,795
Sub total	1,141,070	1,059,923	81,146
Amount on consolidated balance sheet below acquisition cost:			
Equity securities	7,056	7,828	(772)
Debt securities:			
Government bonds	130,002	132,071	(2,069)
Municipal bonds	56,906	57,109	(202)
Corporate bonds	1,964	1,969	(4)
Others	359,211	368,274	(9,062)
Sub total	555,142	567,253	(12,110)
Total	¥ 1,696,212	¥ 1,627,176	¥ 69,036
	Thousands of U.S. Dollars		
	Carrying value	Acquisition cost	Difference
As of March 31, 2021			
Amount on consolidated balance sheet exceeding acquisition cost:			
Equity securities	\$ 407,867	\$ 134,170	\$ 273,688
Debt securities:			
Government bonds	3,441,044	3,251,088	189,955
Municipal bonds	1,698,997	1,683,650	15,337
Corporate bonds	610,541	598,590	11,941
Others	4,148,369	3,906,340	242,028
Sub total	10,306,837	9,573,868	732,959
Amount on consolidated balance sheet below acquisition cost:			
Equity securities	63,734	70,707	(6,973)
Debt securities:			
Government bonds	1,174,257	1,192,945	(18,688)
Municipal bonds	514,009	515,843	(1,824)
Corporate bonds	17,740	17,785	(36)
Others	3,244,612	3,326,474	(81,853)
Sub total	5,014,379	5,123,773	(109,384)
Total	\$15,321,217	\$14,697,642	\$ 623,575

The components of net unrealized gain (loss) on other securities as of March 31, 2020 and 2021 are summarized as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2021	2021
Gross valuation difference	¥ 55,048	¥ 69,036	\$ 623,575
Deferred tax assets	—	(27)	(243)
Deferred tax liabilities	(16,824)	(21,062)	(190,244)
Net unrealized gain on other securities before adjustment for non-controlling interests	38,224	47,946	433,077
Non-controlling interests	(32)	(33)	(298)
Net unrealized gain on other securities	¥ 38,191	¥ 47,912	\$ 432,770

#### (4) Impairment of securities

When the decline in fair value is 50% or more of the carrying value of securities, loss on impairment is recognized at the amount of the decline without exception. When a decline in fair value is less than 50% but 30% or more of the carrying value and one of the following conditions is met, a loss on impairment is recognized:

- (i) For equity securities or investment trusts, fair value has never been above 70% of the acquisition cost for the past one year, or
- (ii) For equity securities, the company issuing the equity securities has reported negative net assets or has recorded a net loss for the past two consecutive years, or
- (iii) For debt securities, a decline in fair value is attributable to an increase in credit risk, not an increase in the interest rate.

For the year ended March 31, 2020, loss on impairment of ¥1,196 million, including ¥99 million for debt securities and ¥1,096 million for equity securities, was recorded.

For the year ended March 31, 2021, loss on impairment was not recorded.

## 21. Held to Maturity and Other Securities Sold

Held-to-maturity securities sold during the years ended March 31, 2020 and 2021 are summarized as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2021	2021
Cost of sales	¥ 157	¥ 730	\$ 6,593
Proceeds from sales	180	732	6,611
Gain on sales	22	2	18

For the year ended March 31, 2020 and 2021, the securities were sold due to redemption by the issuer.

Other securities sold during the years ended March 31, 2020 and 2021 are summarized as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2021	2021
Proceeds from sales	¥ 52,829	¥ 76,668	\$ 692,511
Gain on sales	3,724	3,899	35,218
Loss on sales	1,361	5,050	45,614

## 22. Money Held in Trust

The carrying value of money held in trust for the purpose of securities trading as of March 31, 2020 and 2021 and the related net holding gain (loss) for the years then ended are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2021	2021
Carrying value	¥ 4,955	¥ 4,978	\$ 44,964
Net holding gain (loss)	—	—	—

## 23. Derivatives

### Derivatives to which Hedge Accounting is Not Applied

With respect to derivatives to which hedge accounting is not applied, contract amount or notional principal, fair value and related gains or losses and calculation method of the fair value are as follows:

Note that the contract amount does not represent the market risk exposure associated with the derivative transactions.

## (1) Interest-related transactions

	Millions of Yen			
	Contract amount		Fair value	Gains (losses)
	Total	Over one year		
As of March 31, 2020				
Over-the-counter				
Interest-rate swaps				
Receive fixed/pay floating	¥ 2,500	¥ 2,500	¥ 425	¥ 425
Receive floating/pay fixed	2,500	2,500	(180)	(180)
Total			¥ 245	¥ 245
As of March 31, 2021				
Over-the-counter				
Interest-rate swaps				
Receive fixed/pay floating	¥ 2,500	¥ 2,500	¥ 395	¥ 395
Receive floating/pay fixed	2,500	2,500	(150)	(150)
Total			¥ 244	¥ 244

	Thousands of U.S. Dollars			
	Contract amount		Fair value	Gains (losses)
	Total	Over one year		
As of March 31, 2021				
Over-the-counter				
Interest-rate swaps				
Receive fixed/pay floating	\$ 22,581	\$ 22,581	\$ 3,567	\$ 3,567
Receive floating/pay fixed	22,581	22,581	(1,354)	(1,354)
Total			\$ 2,203	\$ 2,203

Notes: 1. Above transactions are stated at fair value and the related gains (losses) are reported in the consolidated statements of income.

2. The fair value of above transactions is determined using the discounted present value or option pricing models, etc.

## (2) Currency-related transactions

	Millions of Yen			
	Contract amount		Fair value	Gains (losses)
	Total	Over one year		
As of March 31, 2020				
Over-the-counter				
Currency swaps	¥17,639	¥15,973	¥ 79	¥ 79
Forward foreign exchange contracts:				
Sold	11,047	—	(17)	(17)
Bought	31,895	—	10	10
Currency options:				
Sold	44,846	—	(727)	(163)
Bought	44,846	—	727	167
Total			¥ 72	¥ 77
As of March 31, 2021				
Over-the-counter				
Currency swaps	¥51,019	¥12,928	¥ (1,838)	¥ (1,838)
Forward foreign exchange contracts:				
Sold	8,633	—	(218)	(218)
Bought	8,524	—	213	213
Currency options:				
Sold	20,121	—	(530)	(347)
Bought	20,121	—	530	413
Total			¥ (1,843)	¥ (1,778)

	Thousands of U.S. Dollars			
	Contract amount		Fair value	Gains (losses)
	Total	Over one year		
As of March 31, 2021				
Over-the-counter				
Currency swaps	\$ 460,834	\$ 116,773	\$ (16,601)	\$ (16,601)
Forward foreign exchange contracts:				
Sold	77,978	—	(1,969)	(1,969)
Bought	76,993	—	1,923	1,923
Currency options:				
Sold	181,745	—	(4,787)	(3,134)
Bought	181,745	—	4,787	3,730
Total			\$ (16,647)	\$ (16,059)



Notes: 1. Above transactions are stated at fair value and the related gains (losses) are reported in the consolidated statements of income.

2. The fair value is determined using the discounted present value.

### Derivatives to which Hedge Accounting is Applied

With respect to derivatives to which hedge accounting is applied, contract amount or notional principal, fair value and calculation method of the fair value are as follows:

Note that the contract amount does not represent the market risk exposure associated with the derivative transactions.

#### (1) Interest-related transactions

			Millions of Yen		
			Contract amount		
Hedge accounting method	Type of derivatives	Major hedged items	Total	Over one year	Fair value
As of March 31, 2020					
Special treatment for interest rate swaps	Interest rate swaps: Receive-floating/ Pay-fixed	Loans	¥ 14,255	¥ 10,512	(Note 3)
Total					¥ -
As of March 31, 2021					
Special treatment for interest rate swaps	Interest rate swaps: Receive-floating/ Pay-fixed	Loans	¥ 10,512	¥ 7,326	(Note 3)
Total					¥ -
			Thousands of U.S. Dollars		
			Contract amount		
Hedge accounting method	Type of derivatives	Major hedged items	Total	Over one year	Fair value
Special treatment for interest rate swaps	Interest rate swaps: Receive-floating/ Pay-fixed	Loans	\$ 94,950	\$ 66,172	(Note 3)
Total					\$ -

Notes: 1. These transactions are principally accounted for under the deferral hedge method in accordance with JICPA Industry Committee Practical Guidelines No. 24.

2. The fair value of above transactions is determined using the discounted present value or option pricing models, etc.

3. The fair value of interest rate swaps which qualify for hedge accounting and meet specific matching criteria (special treatment for interest rate swaps) is calculated together with the fair value of loans. Therefore, the fair value of such interest rate swaps is not presented here, but is included in the fair value of loans.

#### (2) Currency-related transactions

Hedge accounting method	Type of derivatives	Major hedged items	Millions of Yen		
			Contract amount		Fair value
			Total	Over one year	
As of March 31, 2020					
Normal method	Currency swaps	Securities and call money	¥ 5,441	–	¥ 17
	Forward foreign exchange contracts		103,587	–	1,160
Total					¥ 1,177
As of March 31, 2021					
Normal method	Forward foreign exchange contracts	Securities and call money	¥ 104,955	–	¥ 1,333
Total					¥ 1,333
Hedge accounting method	Type of derivatives	Major hedged items	Thousands of U.S. Dollars		
			Contract amount		Fair value
			Total	Over one year	
As of March 31, 2021					
Normal method	Forward foreign exchange contracts	Securities and call money	\$ 948,017	–	\$ 12,040
Total					\$ 12,040

Notes: 1. These transactions are principally accounted for under the deferral hedge method in accordance with JICPA Industry Committee Practical Guidelines No. 24.

2. The fair value is determined using the discounted present value.

## 24. Employees' Retirement Benefits

The Group has funded and unfunded defined benefit plans and defined contribution plans.

Under the defined benefit pension plans (all of which are funded), a lump-sum payment or pension is determined based on the salary and years of service and paid to the eligible employees.

Regarding the defined pension benefit plans, cash balance plans are introduced and there is a notional account for each eligible employee which represents funded amount and principal of the pension amount. The balance in the notional account accumulates principal credits, which are determined based on salary level, and interest credits, which are determined based on the 10-year Government bond yields to subscribers.

Under the lump-sum payment plans (all of which are unfunded), a lump-sum payment is determined based on the salary and years of service and paid to eligible employees.

For lump-sum payment plans maintained by certain consolidated subsidiaries, liability for retirement benefits and retirement benefit expenses are determined by using the simplified method.

### (1) Defined benefit plans

#### (a) Reconciliation of projected benefit obligations from beginning to ending balances for the years ended March 31, 2020 and 2021

	Millions of Yen		Thousands of U.S. Dollars
	2020	2021	2021
Projected benefit obligations at the beginning of the year	¥ 41,225	¥ 40,527	\$ 366,064
Service cost	976	966	8,725
Interest cost	207	235	2,122
Actuarial gains or losses incurred	469	(152)	(1,372)
Benefits paid	(2,351)	(2,256)	(20,377)
Prior service cost incurred	—	—	—
Others	—	—	—
Projected benefit obligations at the end of the year	¥ 40,527	¥ 39,321	\$ 355,171

#### (b) Reconciliation of plan assets from beginning to ending balances for the years ended March 31, 2020 and 2021

	Millions of Yen		Thousands of U.S. Dollars
	2020	2021	2021
Plan assets at the beginning of the year	¥ 29,967	¥ 29,331	\$ 264,935
Expected return on plan assets	719	293	2,646
Actuarial gains or losses incurred	(1,174)	1,428	12,898
Contribution from the Bank	1,442	603	5,446
Benefits paid	(1,623)	(1,575)	(14,226)
Others	0	0	0
Plan assets at the end of the year	¥ 29,331	¥ 30,083	\$ 271,727

#### (c) Reconciliation of projected benefit obligations and plan assets at end, and net defined benefit liability and assets on the consolidated balance sheets as of March 31, 2020 and 2021

	Millions of Yen		Thousands of U.S. Dollars
	2020	2021	2021
Projected benefit obligations of funded plans	¥ 30,129	¥ 29,639	\$ 267,717
Plan assets	(29,331)	(30,083)	(271,727)
	797	(443)	(4,001)
Projected benefit obligations of unfunded plans	10,397	9,681	87,444
Net amount of liability	¥ 11,195	¥ 9,238	\$ 83,443

	Millions of Yen		Thousands of U.S. Dollars
	2020	2021	2021
Net defined benefit liability	¥ 11,195	¥ 9,681	\$ 87,444
Net defined benefit asset	—	443	4,001
Net amount of liability	¥ 11,195	¥ 9,238	\$ 83,443

(d) Components of net retirement benefit expense for the years ended March 31, 2020 and 2021

	Millions of Yen		Thousands of U.S. Dollars
	2020	2021	2021
Service cost	¥ 976	¥ 966	\$ 8,725
Interest cost	207	235	2,122
Expected return on plan assets	(719)	(293)	(2,646)
Amortization of actuarial gains or losses	927	1,307	11,805
Amortization of prior service cost	(35)	(35)	(316)
Others	(0)	(0)	(0)
Net retirement benefit expense	¥ 1,356	¥ 2,181	\$ 19,700

(e) Components of remeasurements of defined benefit plans (before income taxes) for the years ended March 31, 2020 and 2021

	Millions of Yen		Thousands of U.S. Dollars
	2020	2021	2021
Prior service cost	¥ (35)	¥ (35)	\$ (316)
Actuarial gains or losses	(715)	2,888	26,086
Total	¥ (750)	¥ 2,853	\$ 25,770

(f) Accumulated other comprehensive income for remeasurements of defined benefit plans (before income taxes) as of March 31, 2020 and 2021

	Millions of Yen		Thousands of U.S. Dollars
	2020	2021	2021
Unrecognized prior service cost	¥ 25	¥ (9)	\$ (81)
Unrecognized actuarial gains or losses	(7,667)	(4,778)	(43,157)
Total	¥ (7,641)	¥ (4,787)	\$ (43,239)

(g) Component ratio of plan assets as of March 31, 2020 and 2021

	2020	2021
Bonds	66.26%	57.89%
Stocks	13.34%	18.55%
Cash and deposits	0.40%	0.14%
Others	19.98%	23.40%
Total	100.00%	100.00%

Long-term expected rate of return on plan assets is determined by considering the current/future expected allocation of plan assets and expected current/future return from various assets that compose plan assets.

(h) Assumptions in accounting for retirement benefits for the years ended March 31, 2020 and 2021

	2020	2021
Discount rate	0.50%	0.58%
Long-term expected rate of return on plan assets	2.40%	1.00%
Expected salary increase rate	3.00%	2.70%

(2) Defined contribution plans

Contribution paid to the plans by the Group during the year ended March 31, 2020 and 2021 were ¥158 million and ¥159 million (\$1,436 thousand), respectively.

## 25. Stock Options

(1) Contents, volume and activity of the stock options

(a) The stock options outstanding as of March 31, 2021

Stock Option	Persons Granted	Number of Options Granted	Date of Grant	Vesting Conditions and Service Period	Exercise Period
2008 Stock Option	17 directors 5 corporate auditors	163,500 shares of common stock	Jul. 25, 2008	N/A	From Jul. 26, 2008 to Jul. 25, 2033
2009 Stock Option	17 directors 5 corporate auditors	180,700 shares of common stock	Jul. 23, 2009	N/A	From Jul. 24, 2009 to Jul. 23, 2034
2010 Stock Option	17 directors 5 corporate auditors	224,000 shares of common stock	Jul. 23, 2010	N/A	From Jul. 24, 2010 to Jul. 23, 2035
2011 Stock Option	8 directors 5 corporate auditors 10 executive officers	258,000 shares of common stock	Jul. 26, 2011	N/A	From Jul. 27, 2011 to Jul. 26, 2036
2012 Stock Option	8 directors 5 corporate auditors 10 executive officers	281,800 shares of common stock	Jul. 27, 2012	N/A	From Jul. 28, 2012 to Jul. 27, 2037
2013 Stock Option	8 directors 5 corporate auditors 10 executive officers	202,100 shares of common stock	Jul. 26, 2013	N/A	From Jul. 27, 2013 to Jul. 26, 2038
2014 Stock Option	8 directors 5 corporate auditors 11 executive officers	231,800 shares of common stock	Jul. 25, 2014	N/A	From Jul. 26, 2014 to Jul. 25, 2039
2015 Stock Option	8 directors 5 corporate auditors 10 executive officers	122,000 shares of common stock	Jul. 24, 2015	N/A	From Jul. 25, 2015 to Jul. 24, 2040

(b) The stock option volume and activity

(i) Number of stock options (shares)

Year Ended March 31, 2021	2008 Stock Option	2009 Stock Option	2010 Stock Option	2011 Stock Option	2012 Stock Option	2013 Stock Option	2014 Stock Option	2015 Stock Option
<b>Non-vested:</b>								
March 31, 2020—outstanding	21,700	26,100	34,300	50,600	66,300	55,500	72,500	59,100
Granted	—	—	—	—	—	—	—	—
Forfeited	—	—	—	—	—	—	—	—
Vested	11,000	12,200	16,000	24,600	26,900	19,100	30,000	16,900
March 31, 2021—outstanding	10,700	13,900	18,300	26,000	39,400	36,400	42,500	42,200
<b>Vested:</b>								
March 31, 2020—outstanding	—	—	—	—	—	—	—	—
Vested	11,000	12,200	16,000	24,600	26,900	19,100	30,000	16,900
Exercised	11,000	12,200	16,000	24,600	26,900	19,100	30,000	16,900
Forfeited	—	—	—	—	—	—	—	—
March 31, 2021—outstanding	—	—	—	—	—	—	—	—

(ii) Unit price information

	2008 Stock Option	2009 Stock Option	2010 Stock Option	2011 Stock Option	2012 Stock Option	2013 Stock Option	2014 Stock Option	2015 Stock Option
Exercise price	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1
Average stock price at the time of exercise	550	550	550	550	550	550	550	550
Fair value at the date of grant	¥ 878	¥ 804	¥ 609	¥ 569	¥ 500	¥ 710	¥ 677	¥ 1,182
	2008 Stock Option	2009 Stock Option	2010 Stock Option	2011 Stock Option	2012 Stock Option	2013 Stock Option	2014 Stock Option	2015 Stock Option
Exercise price	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Average stock price at the time of exercise	4.96	4.96	4.96	4.96	4.96	4.96	4.96	4.96
Fair value at the date of grant	\$ 7.93	\$ 7.26	\$ 5.50	\$ 5.13	\$ 4.51	\$ 6.41	\$ 6.11	\$ 10.67

(2) Estimation method of the vested number of stock options

Since it is difficult to estimate the number of forfeitures for the future, only the actual number of forfeited options is reflected.

## 26. Income Taxes

Income taxes consist of corporation tax, inhabitant tax and enterprise tax. Major components of deferred tax assets and liabilities as of March 31, 2020 and 2021 are summarized as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2021	2021
Deferred tax assets:			
Reserve for possible loan losses	¥ 11,778	¥ 12,517	\$ 113,061
Depreciation	789	634	5,726
Impairment loss on fixed assets	2,468	2,484	22,436
Write-offs of securities	716	615	5,555
Net defined benefit liability	3,413	2,952	26,664
Tax loss carry-forwards	437	519	4,687
Net deferred loss on hedging instruments	—	0	0
Others	3,469	3,764	33,998
Subtotal	23,073	23,489	212,166
Valuation allowances	(2,745)	(2,857)	(25,806)
Total deferred tax assets	20,328	20,631	186,351
Deferred tax liabilities:			
Reserve for deferred revenue of tangible fixed assets	(85)	(83)	(749)
Net unrealized gain on other securities	(16,830)	(21,062)	(190,244)
Net deferred gain on hedging instruments	(3)	—	—
Others	(57)	(190)	(1,716)
Total deferred tax liabilities	(16,978)	(21,336)	(192,719)
Net deferred tax assets (liabilities)	¥ 3,350	¥ (704)	\$ (6,358)

Note: Since the difference between statutory tax rate and actual effective tax rate is less than 5% of statutory tax rate, reconciliation between the tax rates is omitted for the years ended March 31, 2020 and 2021.

## 27. Business Combination

### Transaction under common control

#### Acquisition of Treasury stock by Consolidated Subsidiary

##### (1) Overview of transaction

##### (a) Name and business of combined company

Name of the combined company: The San-in General Lease Co., Ltd. ("San-in General Lease")

Business of the combined company: Leasing

##### (b) Date of the business combination

February 26, 2021

##### (c) Legal form of the business combination

Acquisition of treasury stock from non-controlling shareholders

##### (d) Company name after the combination

No change

##### (e) Other

For the purpose of strengthening the Group management structure, the San-in General Lease acquired shares held by non-controlling shareholders (i.e. acquisition of treasury stock). As a result, the ratio of voting rights of the Bank to the San-in General Lease became 100%.

##### (2) Summary of accounting treatments

This business combination is treated as a transaction with non-controlling shareholders among transactions under common control in accordance with "Accounting Standard for Business Combinations" (ASBJ Statement No.21, January 16, 2019) and "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No.10, January 16, 2019).

##### (3) Details of additional acquisition of subsidiary's stock

Acquisition cost and breakdown of consideration by class

Consideration	Cash and due from banks	¥102 million	(\$921 thousand)
Acquisition cost		¥102 million	(\$921 thousand)

(4) Change in the Bank's shareholder interests in transactions with non-controlling shareholders

(a) Factor of the change

Acquisition cost of the treasury stock from non-controlling shareholders were below the decrease of non-controlling interests at the San-in General Lease.

(b) Amount of capital surplus increased by the transactions with non-controlling shareholders

¥677 million (\$6,115 thousand)

## 28. Asset Retirement Obligations

The Group's asset retirement obligations consist primarily of obligations to remove hazardous material (asbestos) used in construction of the buildings and obligations pursuant to real estate rental agreement to restore the property to its original state. The asset retirement obligations are calculated using the expected useful lives of the buildings of 2 to 39 years and discount rate of 0.00% to 2.26%.

Changes of asset retirement obligations during the years ended March 31, 2020 and 2021 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2021	2021
Balance at the beginning of the year	¥ 487	¥ 485	\$ 4,380
Changes due to the passage of time	5	5	45
Decrease due to transfer of tangible fixed assets	7	—	—
Balance at the end of the year	¥ 485	¥ 490	\$ 4,425

## 29. Segment Information

The Group has two reportable segments based on the service: "Banking" and "Leasing". "Banking" is the main segment of the Group and consists of deposit business, loan business, securities investment business, exchange business, etc. "Leasing" consists of leasing business conducted by The San-in General Lease Co., Ltd., a consolidated subsidiary.

The accounting policies applied in calculating ordinary income, profit or loss, assets and liabilities, etc. by segment are generally the same as those described in note "2. Summary of Significant Accounting Policies." The inter-segment income is based on the arm's length price.

Ordinary income, profit or loss, assets and liabilities, etc. by segment for the years ended March 31, 2020 and 2021 are as follows:

Year ended March 31, 2020	Millions of Yen						Consolidated
	Reportable segments			Others (Note 2)	Total	Adjustments (Note 3)	
	Banking	Leasing	Total				
Ordinary income:							
Customers	¥ 72,925	¥ 15,769	¥ 88,695	¥ 1,656	¥ 90,352	¥ —	¥ 90,352
Inter-segment	424	248	673	999	1,673	(1,673)	—
Total	73,350	16,017	89,368	2,656	92,025	(1,673)	90,352
Segment profit	15,906	516	16,423	(137)	16,286	(29)	16,256
Segment assets	5,668,979	53,489	5,722,468	19,543	5,742,012	(50,552)	5,691,460
Segment liabilities	5,321,601	47,920	5,369,522	7,344	5,376,866	(47,057)	5,329,809
Other items:							
Depreciation	2,048	265	2,314	119	2,433	—	2,433
Interest income	58,031	6	58,037	46	58,084	(127)	57,957
Interest expenses	3,970	138	4,108	8	4,117	(106)	4,010
Extraordinary gains:	0	—	0	—	0	—	0
Gain on disposals of fixed assets	0	—	0	—	0	—	0
Extraordinary losses:	859	—	859	108	968	—	968
Loss on disposals of fixed assets	155	—	155	0	156	—	156
Impairment loss	704	—	704	107	812	—	812
Tax expenses	¥ 4,568	¥ 185	¥ 4,754	¥ 37	¥ 4,792	¥ (0)	¥ 4,791

Year ended March 31, 2021	Millions of Yen						
	Reportable segments			Others (Note 2)	Total	Adjustments (Note 3)	Consolidated
	Banking	Leasing	Total				
Ordinary income:							
Customers	¥ 72,158	¥ 15,468	¥ 87,627	¥ 1,564	¥ 89,191	¥ (13)	¥ 89,178
Inter-segment	381	215	596	745	1,342	(1,342)	–
Total	72,540	15,684	88,224	2,309	90,534	(1,355)	89,178
Segment profit	13,891	400	14,291	216	14,507	(68)	14,439
Segment assets	6,352,222	52,434	6,404,657	17,560	6,422,218	(51,932)	6,370,285
Segment liabilities	5,988,309	46,559	6,034,869	4,992	6,039,861	(49,429)	5,990,432
Other items:							
Depreciation	2,603	281	2,884	80	2,965	–	2,965
Interest income	56,815	6	56,822	28	56,851	(127)	56,723
Interest expenses	1,959	136	2,096	6	2,102	(103)	1,999
Extraordinary gains:	1	–	1	21	23	(2)	21
Gain on disposals of fixed assets	1	–	1	21	23	(2)	20
Extraordinary losses:	1,302	–	1,302	11	1,313	(1,019)	293
Loss on disposals of fixed assets	33	–	33	11	44	–	44
Impairment loss	249	–	249	–	249	–	249
Loss on valuation of subsidiary's stock	1,019	–	1,019	–	1,019	(1,019)	–
Tax expenses	¥ 4,265	¥ 110	¥ 4,375	¥ 137	¥ 4,512	¥ (12)	¥ 4,500

Year ended March 31, 2021	Thousands of U.S. Dollars						
	Reportable segments			Others (Note 2)	Total	Adjustments (Note 3)	Consolidated
	Banking	Leasing	Total				
Ordinary income:							
Customers	\$ 651,774	\$ 139,716	\$ 791,500	\$ 14,126	\$ 805,627	\$ (117)	\$ 805,509
Inter-segment	3,441	1,942	5,383	6,729	12,121	(12,121)	–
Total	655,225	141,667	796,892	20,856	817,758	(12,239)	805,509
Segment profit	125,471	3,613	129,084	1,951	131,036	(614)	130,421
Segment assets	57,377,129	473,615	57,850,754	158,612	58,009,375	(469,081)	57,540,285
Segment liabilities	54,090,046	420,549	54,510,604	45,090	54,555,695	(446,472)	54,109,222
Other items:							
Depreciation	23,511	2,538	26,050	722	26,781	–	26,781
Interest income	513,187	54	513,250	252	513,512	(1,147)	512,356
Interest expenses	17,694	1,228	18,932	54	18,986	(930)	18,056
Extraordinary gains:	9	–	9	189	207	(18)	189
Gain on disposals of fixed assets	9	–	9	189	207	(18)	180
Extraordinary losses:	11,760	–	11,760	99	11,859	(9,204)	2,646
Loss on disposals of fixed assets	298	–	298	99	397	–	397
Impairment loss	2,249	–	2,249	–	2,249	–	2,249
Loss on valuation of subsidiary's stock	9,204	–	9,204	–	9,204	(9,204)	–
Tax expenses	\$ 38,524	\$ 993	\$ 39,517	\$ 1,237	\$ 40,755	\$ (108)	\$ 40,646

Notes: 1. Ordinary income is presented instead of sales of general companies.

2. "Others" include business segments other than reportable segments such as securities business and credit guarantee business.

3. "Adjustments" include as follows:

- (1) Adjustments for ordinary income for customers of ¥(13) million (\$ (117) thousand) for the year ended March 31, 2021 represents reversal of reserve for possible loan losses at Leasing segment.
- (2) Adjustments for segment profit of ¥(29) million and ¥(68) million (\$ (614) thousand) for the years ended March 31, 2020 and 2021, respectively, represent elimination of inter-segment transactions.
- (3) Adjustments for segment assets of ¥(50,552) million and ¥(51,932) million (\$ (469,081) thousand) as of March 31, 2020 and 2021, respectively, represent elimination of inter-segment balances.
- (4) Adjustments for segment liabilities of ¥((47,057) million and ¥(49,429) million (\$ (446,472) thousand) as of March 31, 2020 and 2021, respectively, represent elimination of inter-segment balances.
- (5) Adjustments for interest income of ¥(127) million and ¥(127) million (\$ (1,147) thousand) for the years ended March 31, 2020 and 2021, respectively, represent elimination of inter-segment transactions.
- (6) Adjustments for interest expenses of ¥(106) million and ¥(103) million (\$ (930) thousand) for the years ended March 31, 2020 and 2021, respectively, represent elimination of inter-segment transactions.



- (7) Adjustments for gain on disposals of fixed assets of ¥(2) million (\$ (18) thousand) for the year ended March 31, 2021, represent elimination of inter-segment transactions.
- (8) Adjustments for loss on valuation of subsidiary's stock of ¥ (1,019) million (\$ (9,204) thousand) for the year ended March 31, 2021 represents elimination of loss on valuation of subsidiary's stock recognized for a liquidating consolidated subsidiary (securities business) at Banking segment.
- (9) Adjustments for tax expenses of ¥(0) million and ¥(12) million (\$ (108) thousand) for the years ended March 31, 2020 and 2021, respectively, represent income taxes deferred related to elimination of inter-segment transactions.

## Related Information

### (1) Information by service

Millions of Yen					
Income from customers	Loans	Securities investment	Leasing	Others	Total
Year ended March 31, 2020	¥ 34,353	¥ 27,241	¥ 15,769	¥ 12,987	¥ 90,352
Year ended March 31, 2021	¥ 35,915	¥ 25,365	¥ 15,468	¥ 12,428	¥ 89,178

Thousands of U.S. Dollars					
Income from customers	Loans	Securities investment	Leasing	Others	Total
Year ended March 31, 2021	\$ 324,406	\$ 229,112	\$ 139,716	\$ 112,257	\$ 805,509

### (2) Geographical information

#### (a) Ordinary income

As the Group's ordinary income from customers in Japan accounts for over 90% of ordinary income, disclosure by location is omitted.

#### (b) Tangible fixed assets

As the Group's tangible fixed assets located in Japan account for over 90% of tangible fixed assets presented in the consolidated balance sheets, disclosure by location is omitted.

### (3) Information by major customers

As no single customer accounts for over 10% of ordinary income, disclosure by major customers is omitted.

## Information on Impairment Loss on Fixed Assets by Reportable Segment

Millions of Yen					
Impairment loss	Reportable segments			Others	Total
	Banking	Leasing	Total		
Year ended March 31, 2020	¥ 704	¥ –	¥ 704	¥ 107	¥ 812
Year ended March 31, 2021	¥ 249	¥ –	¥ 249	–	¥ 249

Thousands of U.S. Dollars					
Impairment loss	Reportable segments			Others	Total
	Banking	Leasing	Total		
Year ended March 31, 2021	\$ 2,249	\$ –	\$ 2,249	\$ –	\$ 2,249

## 30. Related Party Transactions

Transactions with the Bank's directors, corporate auditors, executive officers and their relatives include loan receivables, guarantees and securities. These transactions totaled ¥1,918 million and ¥1,649million (\$14,894 thousand) for the years ended March 31, 2020 and 2021, respectively. The balances of loan receivables from these parties totaled ¥2,710 million and ¥2,504 million (\$22,617 thousand) as of March 31, 2020 and 2021, respectively. The balances of securities (corporate bonds of these parties) totaled ¥400 million and ¥400 million (\$3,613 thousand) as of March 31, 2020 and 2021, respectively. The terms of these transactions were determined on an arm's-length basis.

## 31. Amounts per Share

	Yen		U.S. Dollars
	2020	2021	2021
Net assets per share	¥ 2,314.51	¥ 2,433.02	\$ 21.97
Profit per share:			
Basic	¥ 67.07	¥ 62.14	\$ 0.56
Diluted	66.91	62.03	0.56

The basis for the calculation of net assets per share as of March 31, 2020 and 2021 are summarized as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2021	2021
Net assets	¥ 361,650	¥ 379,852	\$ 3,431,054
Deduction:			
Subscription rights to shares	281	170	1,535
Non-controlling interests	1,323	532	4,805
Net assets attributable to shares of common stock	360,045	379,149	3,424,704
Number of shares of common stock outstanding	155,559 thousand	155,834 thousand	

Regarding the calculation of net assets per share, the shares of the Bank owned by Board Benefit Trust (BBT) and recognized as treasury stock (1,007 thousand shares and 888 thousand shares as of March 31, 2020 and 2021, respectively) are deducted from the number of shares of common stock outstanding.

The basis for the calculation of profit per share for the years ended March 31, 2020 and 2021 are summarized as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2021	2021
Profit attributable to owners of the Bank	¥ 10,467	¥ 9,679	\$ 87,426
Amount not attributable to common shareholders	—	—	—
Profit attributable to common shareholders	10,467	9,679	87,426
Average number of shares of common stock outstanding	156,043 thousand	155,761 thousand	
Average number of shares of dilutive common stock	388 thousand	266 thousand	

Regarding the calculation of profit per share, the shares of the Bank owned by Board Benefit Trust (BBT) and recognized as treasury stock (523 thousand shares and 924 thousand shares in average number for the years ended March 31, 2020 and 2021, respectively) are deducted from the average number of shares of common stock outstanding.

## 32. Shareholders' Equity and Net Assets

In accordance with the Banking Act of Japan, the Bank has provided a legal reserve by appropriation of retained earnings. The Banking Act of Japan provides that an amount equivalent to at least 20% of the amount to be disbursed as distributions of earnings be appropriated to the legal reserve until the total of such reserve and the capital surplus equals 100% of the common stock.

The Act provides that neither additional paid-in capital nor the legal reserve are available for dividends, but both may be used to reduce or eliminate a deficit by resolution of the shareholders or may be transferred to common stock by resolution of the board of directors. The Act also provides that if the total amount of additional paid-in capital and the legal reserve exceeds 100% of the amount of common stock, the excess may be distributed to the shareholders either as a return of capital or as dividends subject to the approval at the shareholders' meeting.