

Financial Review

■ Financial Results for the fiscal year ended March 31, 2020 (Consolidated)

The Norinchukin Bank's ("the Bank") financial results on a consolidated basis as of March 31, 2020 include the results of 17 consolidated subsidiaries and 7 affiliates which are accounted for by the equity method.

The following is a summary of Financial Results for the fiscal year 2019 (for the fiscal year ended March 31, 2020).

• Balance of Assets and Liabilities

Consolidated Total Assets decreased by ¥471.9 billion from the previous fiscal year-end to ¥105,482.0 billion, and consolidated Total Net Assets decreased by ¥211.6 billion from the previous fiscal year-end to ¥7,261.6 billion.

On the assets side, Loans and Bills Discounted increased by ¥1,445.8 billion to ¥20,058.8 billion, and Securities decreased by ¥1,125.4 billion to ¥54,533.2 billion from the previous fiscal year-end, respectively.

On the liabilities side, Deposits decreased by ¥1,157.9 billion to ¥65,639.0 billion, and Debentures decreased by ¥469.7 billion to ¥784.4 billion from the previous fiscal year-end, respectively.

• Income

Consolidated Ordinary Profits* were ¥122.9 billion, down ¥1.6 billion from the previous fiscal year, and Profit Attributable to Owners of Parent was ¥92.0 billion, down ¥11.5 billion from the previous fiscal year.

* Ordinary Profits represent Ordinary Income less Ordinary Expenses. Ordinary Income represents Total Income less certain special income, and Ordinary Expenses represent Total Expenses less certain special expenses.

• Capital Adequacy Ratio

The Bank's Consolidated Capital Adequacy Ratios (Basel III standard) were as follows: Consolidated Common Equity Tier 1 Capital Ratio 19.49%, Consolidated Tier 1 Capital Ratio 23.02%, and Consolidated Total Capital Ratio 23.02% as of March 31, 2020.

Key Management Indicators (Consolidated)

(Billions of Yen/Millions of U.S. Dollars (Note 1))

	2016/3	2017/3	2018/3	2019/3	2020/3	2020/3
Total Income	¥ 1,287.9	¥ 1,373.5	¥ 1,464.4	¥ 1,732.1	¥ 1,546.3	\$ 14,231
Total Expenses	964.4	1,152.5	1,280.5	1,607.8	1,422.3	13,089
Profit Attributable to Owners of Parent	271.2	206.1	147.6	103.5	92.0	846
Total Comprehensive Income	(98.1)	(109.2)	(192.9)	238.5	(111.1)	(1,022)
Total Net Assets	7,186.7	7,008.8	6,746.0	7,473.2	7,261.6	66,829
Total Assets	101,182.9	107,062.7	104,927.7	105,953.9	105,482.0	970,752
Capital Adequacy Ratio (BIS) (Note 2)						
Common Equity Tier 1 Capital Ratio (%)	18.94	19.31	19.02	16.59	19.49	19.49
Tier 1 Capital Ratio (%)	18.99	19.34	19.02	19.65	23.02	23.02
Total Capital Ratio (%)	25.07	24.39	23.50	19.65	23.02	23.02

Notes: 1. U.S. dollars have been converted at the rate of ¥108.66 to U.S. \$1, the effective rate of exchange at March 31, 2020.

2. The calculation of the Bank's Consolidated BIS Capital Adequacy Ratio is based on the formula found in Notification No. 4 of the Financial Services Agency and the Ministry of Agriculture, Forestry and Fisheries (Standards for Judging the Soundness of Management of the Norinchukin Bank) issued in 2006.

■ Financial Results for the fiscal year ended March 31, 2020 (Non-consolidated)

• Balance of Assets and Liabilities

Total Assets of the Bank at the end of the fiscal year decreased by ¥773.2 billion to ¥103,403.5 billion from the previous fiscal year-end. Total Net Assets at the end of the fiscal year decreased by ¥207.0 billion to ¥7,174.8 billion from the previous fiscal year-end.

On the assets side, Loans and Bills Discounted was ¥19,828.8 billion, and Securities was ¥54,694.3 billion. On the liabilities side, Deposits amounted to ¥65,656.0 billion, and Debentures was ¥791.4 billion.

• Income

Interest income of the Bank for the fiscal year ended March 31, 2020 totaled to ¥136.2 billion, up ¥26.9 billion from the previous fiscal year.

The total credit costs were ¥2.4 billion in net losses mainly from the provision of the reserves due to the increase in loans.

As for securities investments, net gains/losses on sales were net gains of ¥67.9 billion, up ¥1.6 billion from the previous fiscal year, and the expenses of provisions and impairments for price-decline of securities and other reasons increased by ¥0.8 billion to ¥1.9 billion from the previous fiscal year.

As a result, with all of the factors mentioned above, the Bank recorded ¥116.5 billion in Ordinary Profits, down ¥0.9 billion and ¥89.4 billion in Net Income, down ¥11.1 billion from the previous fiscal year, respectively. The Bank's net operating profits stood at ¥64.8 billion.

• Capital Adequacy Ratio

The Bank's Non-consolidated Capital Adequacy Ratios (Basel III standard) were as follows: Common Equity Tier 1 Capital Ratio 19.56%, Tier 1 Capital Ratio 23.15%, and Total Capital Ratio 23.15% as of March 31, 2020.

Key Management Indicators (Non-consolidated)

(Billions of Yen/Millions of U.S. Dollars (Note 1))

	2016/3	2017/3	2018/3	2019/3	2020/3	2020/3
Total Income	¥ 1,274.7	¥ 1,360.3	¥ 1,425.7	¥ 1,709.1	¥ 1,520.9	\$ 13,997
Total Expenses	953.9	1,139.9	1,268.4	1,591.9	1,403.1	12,913
Net Income	271.5	203.4	129.9	100.6	89.4	823
Paid-in Capital	3,480.4	3,480.4	3,480.4	4,040.1	4,040.1	37,182
Total Net Assets	7,133.6	6,939.0	6,654.0	7,381.8	7,174.8	66,030
Total Assets	100,130.0	105,812.4	103,417.6	104,176.8	103,403.5	951,624
Deposits	58,838.5	61,904.2	65,823.8	66,821.5	65,656.0	604,233
Debentures	3,133.0	2,423.8	1,774.4	1,262.2	791.4	7,283
Loans and Bills Discounted	17,915.8	11,948.5	11,742.6	18,438.0	19,828.8	182,485
Securities	58,329.7	62,108.2	52,332.7	55,751.1	54,694.3	503,352
Capital Adequacy Ratio (BIS) (Note 2)						
Common Equity Tier 1 Capital Ratio (%)	19.02	19.42	19.20	16.73	19.56	19.56
Tier 1 Capital Ratio (%)	19.07	19.47	19.23	19.86	23.15	23.15
Total Capital Ratio (%)	25.29	24.60	23.78	19.86	23.15	23.15

Notes: 1. U.S. dollars have been converted at the rate of ¥108.66 to U.S. \$1, the effective rate of exchange at March 31, 2020.

2. The calculation of the Bank's Non-Consolidated BIS Capital Adequacy Ratio is based on the formula found in Notification No. 4 of the Financial Services Agency and the Ministry of Agriculture, Forestry and Fisheries (Standards for Judging the Soundness of Management of the Norinchukin Bank) issued in 2006.

Consolidated Balance Sheet

The Norinchukin Bank and Subsidiaries
As of March 31, 2020

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2020	2019	2020
Assets			
Cash and Due from Banks (Notes 29, 31 and 32)	¥ 19,505,050	¥ 18,941,664	\$179,505
Call Loans and Bills Bought (Note 31)	54,330	44,368	500
Receivables under Resale Agreements	13,048	10,096	120
Monetary Claims Bought (Notes 31 and 32)	301,081	326,079	2,770
Trading Assets (Notes 3, 31 and 32)	7,862	15,844	72
Money Held in Trust (Notes 9, 31 and 33)	5,996,681	8,667,392	55,187
Securities (Notes 4, 9, 20, 31 and 32)	54,533,258	55,658,707	501,870
Loans and Bills Discounted (Notes 5, 9, 19 and 31)	20,058,825	18,613,018	184,601
Foreign Exchange Assets (Note 6)	209,889	344,943	1,931
Other Assets (Notes 7, 9 and 31)	2,500,911	1,415,586	23,015
Tangible Fixed Assets (Note 8)	123,562	117,294	1,137
Intangible Fixed Assets (Note 8)	53,100	48,765	488
Net Defined Benefit Asset (Note 16)	58,213	57,715	535
Deferred Tax Assets (Note 17)	2,952	2,034	27
Customers' Liabilities for Acceptances and Guarantees (Note 18)	2,115,202	1,738,971	19,466
Reserve for Possible Loan Losses (Note 31)	(51,587)	(48,402)	(474)
Reserve for Possible Investment Losses	(372)	(154)	(3)
Total Assets	¥105,482,009	¥105,953,925	\$970,752
Liabilities and Net Assets			
Liabilities			
Deposits (Notes 10 and 31)	¥ 65,639,097	¥ 66,797,069	\$604,077
Negotiable Certificates of Deposit (Note 31)	2,406,965	790,599	22,151
Debentures (Notes 11 and 31)	784,446	1,254,239	7,219
Payables under Repurchase Agreements (Notes 9 and 31)	15,726,573	15,111,297	144,731
Trading Liabilities (Notes 12 and 31)	8,102	7,022	74
Borrowed Money (Notes 9, 13 and 31)	5,413,844	4,837,392	49,823
Foreign Exchange Liabilities (Note 14)	0	32	0
Short-term Entrusted Funds (Note 31)	792,594	1,048,091	7,294
Other Liabilities (Notes 15 and 31)	4,824,601	6,320,163	44,400
Reserve for Bonus Payments	7,490	7,557	68
Net Defined Benefit Liability (Note 16)	38,841	38,287	357
Reserve for Directors' Retirement Benefits	1,425	1,236	13
Deferred Tax Liabilities (Note 17)	452,542	520,070	4,164
Deferred Tax Liabilities for Land Revaluation	8,607	8,607	79
Acceptances and Guarantees (Note 18)	2,115,202	1,738,971	19,466
Total Liabilities	98,220,336	98,480,637	903,923
Net Assets			
Paid-in Capital (Note 21)	4,040,198	4,040,198	37,182
Capital Surplus	24,993	24,993	230
Retained Earnings	2,013,599	2,021,435	18,531
Total Owners' Equity	6,078,792	6,086,627	55,943
Net Unrealized Gains on Other Securities	1,701,619	1,501,790	15,660
Net Deferred Losses on Hedging Instruments	(550,151)	(152,678)	(5,063)
Revaluation Reserve for Land	14,312	14,312	131
Foreign Currency Transaction Adjustments	(153)	(67)	(1)
Remeasurements of Defined Benefit Plans (Note 16)	6,118	12,959	56
Total Accumulated Other Comprehensive Income	1,171,744	1,376,316	10,783
Non-controlling Interests	11,136	10,343	102
Total Net Assets	7,261,673	7,473,287	66,829
Total Liabilities and Net Assets	¥105,482,009	¥105,953,925	\$970,752

The accompanying notes are an integral part of the financial statements.

Consolidated Statements of Operations and Comprehensive Income

(1) Consolidated Statement of Operations

The Norinchukin Bank and Subsidiaries
For the fiscal year ended March 31, 2020

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2020	2019	2020
Income			
Interest Income:	¥1,246,628	¥1,311,278	\$11,472
Interest on Loans and Bills Discounted	126,361	108,599	1,162
Interest and Dividends on Securities	1,092,029	1,178,448	10,049
Interest on Call Loans and Bills Bought	2,187	(910)	20
Interest on Receivables under Resale Agreements	5	(727)	0
Interest on Receivables under Securities Borrowing Transactions	—	1	—
Interest on Due from Banks	20,093	20,146	184
Other Interest Income	5,950	5,719	54
Fees and Commissions	35,576	31,077	327
Trading Income (Note 22)	—	124	—
Other Operating Income (Note 23)	137,769	151,587	1,267
Other Income (Note 24)	126,367	238,078	1,162
Total Income	1,546,341	1,732,146	14,231
Expenses			
Interest Expenses:	1,155,180	1,269,168	10,631
Interest on Deposits	121,363	135,445	1,116
Interest on Negotiable Certificates of Deposit	41,918	25,651	385
Interest on Debentures	1,825	3,487	16
Interest on Borrowed Money	42,868	83,339	394
Interest on Call Money and Bills Sold	(14)	(2)	(0)
Interest on Payables under Repurchase Agreements	174,812	166,785	1,608
Interest on Payables under Securities Lending Transactions	—	0	—
Other Interest Expenses	772,405	854,460	7,108
Fees and Commissions	19,057	18,103	175
Trading Expenses (Note 25)	885	330	8
Other Operating Expenses (Note 26)	66,065	142,424	607
General and Administrative Expenses	153,383	162,049	1,411
Other Expenses (Note 27)	27,769	15,791	255
Total Expenses	1,422,341	1,607,868	13,089
Income before Income Taxes	123,999	124,278	1,141
Income Taxes — Current	21,637	17,199	199
Income Taxes — Deferred	8,871	2,086	81
Total Income Taxes	30,509	19,285	280
Profit	93,490	104,992	860
Profit Attributable to Non-controlling Interests	1,462	1,416	13
Profit Attributable to Owners of Parent	¥ 92,027	¥ 103,575	\$ 846
		Yen	U.S. Dollars (Note 1)
	2020	2019	2020
Profit Attributable to Owners of Parent per Share	¥6.94	¥6.87	\$0.06

The accompanying notes are an integral part of the financial statements.

(2) Consolidated Statement of Comprehensive Income

The Norinchukin Bank and Subsidiaries
For the fiscal year ended March 31, 2020

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2020	2019	2020
Profit	¥ 93,490	¥ 104,992	\$ 860
Other Comprehensive Income	(204,596)	133,546	(1,882)
Net Unrealized Gains (Losses) on Other Securities (Note 28)	199,065	349,444	1,832
Net Deferred Gains (Losses) on Hedging Instruments (Note 28)	(397,480)	(212,514)	(3,658)
Foreign Currency Transaction Adjustments (Note 28)	(63)	8	(0)
Remeasurements of Defined Benefit Plans (Note 28)	(6,841)	(2,945)	(62)
Share of Other Comprehensive Income of Affiliates accounted for by the equity method (Note 28)	722	(446)	6
Total Comprehensive Income	¥(111,106)	¥ 238,538	\$(1,022)
Attributable to:			
Owners of Parent	(112,537)	237,128	(1,035)
Non-controlling Interests	1,431	1,410	13

The accompanying notes are an integral part of the financial statements.

Consolidated Statement of Capital Surplus and Retained Earnings

The Norinchukin Bank and Subsidiaries
For the fiscal year ended March 31, 2020

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2020	2019	2020
Capital Surplus			
Balance at the Beginning of the Fiscal Year	¥ 24,993	¥ 24,993	\$ 230
Additions:	—	—	—
Deductions:	—	—	—
Balance at the End of the Fiscal Year	24,993	24,993	230
Retained Earnings			
Balance at the Beginning of the Fiscal Year	2,021,435	1,988,359	18,603
Additions:			
Profit Attributable to Owners of Parent	92,027	103,575	846
Increase Resulting from Exclusion from Consolidation	6	—	0
Deductions:			
Dividends	99,870	70,500	919
Balance at the End of the Fiscal Year	¥2,013,599	¥2,021,435	\$18,531

The accompanying notes are an integral part of the financial statements.

Consolidated Statement of Cash Flows

The Norinchukin Bank and Subsidiaries
For the fiscal year ended March 31, 2020

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2020	2019	2020
Cash Flows from Operating Activities:			
Income before Income Taxes	¥ 123,999	¥ 124,278	\$ 1,141
Depreciation	20,861	17,778	191
Losses on Impairment of Fixed Assets	218	—	2
Equity in Losses (Earnings) of Affiliates	(4,320)	(3,669)	(39)
Net Increase (Decrease) in Reserve for Possible Loan Losses	3,190	687	29
Net Increase (Decrease) in Reserve for Possible Investment Losses	217	150	2
Net Increase (Decrease) in Reserve for Bonus Payments	(66)	(33)	(0)
Net Decrease (Increase) in Net Defined Benefit Asset	(498)	(5,205)	(4)
Net Increase (Decrease) in Net Defined Benefit Liability	553	2,805	5
Net Increase (Decrease) in Reserve for Directors' Retirement Benefits	189	(272)	1
Interest Income	(1,246,628)	(1,311,278)	(11,472)
Interest Expenses	1,155,180	1,269,168	10,631
Losses (Gains) on Securities	(104,196)	(183,220)	(958)
Losses (Gains) on Money Held in Trust	(5,754)	(1,472)	(52)
Foreign Exchange Losses (Gains)	1,221,648	(642,970)	11,242
Losses (Gains) on Disposal of Fixed Assets	(1,303)	261	(11)
Net Decrease (Increase) in Trading Assets	7,981	(7,261)	73
Net Increase (Decrease) in Trading Liabilities	1,080	1,987	9
Net Decrease (Increase) in Loans and Bills Discounted	(1,464,008)	(6,755,155)	(13,473)
Net Increase (Decrease) in Deposits	(1,157,971)	997,508	(10,656)
Net Increase (Decrease) in Negotiable Certificates of Deposit	1,616,366	(2,130,057)	14,875
Net Increase (Decrease) in Debentures	(469,792)	(512,259)	(4,323)
Net Increase (Decrease) in Borrowed Money (Excluding Subordinated Borrowed Money)	593,178	392,322	5,459
Net Decrease (Increase) in Interest-bearing Due from Banks	(403,009)	270,261	(3,708)
Net Decrease (Increase) in Call Loans and Bills Bought and Other	12,088	604,326	111
Net Increase (Decrease) in Call Money and Bills Sold and Other	615,276	30,659	5,662
Net Increase (Decrease) in Short-term Entrusted Funds	(255,497)	(357,095)	(2,351)
Net Decrease (Increase) in Foreign Exchange Assets	135,053	(20,244)	1,242
Net Increase (Decrease) in Foreign Exchange Liabilities	(32)	(6)	(0)
Interest Received	1,253,014	1,289,872	11,531
Interest Paid	(1,162,236)	(1,257,830)	(10,696)
Other, Net	(938,536)	(130,559)	(8,637)
Subtotal	(453,753)	(8,316,524)	(4,175)
Income Taxes Paid	(16,076)	(12,004)	(147)
Net Cash Provided by (Used in) Operating Activities	(469,829)	(8,328,529)	(4,323)

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2020	2019	2020
Cash Flows from Investing Activities:			
Purchases of Securities	(10,603,832)	(13,100,524)	(97,587)
Proceeds from Sales of Securities	1,426,336	4,139,697	13,126
Proceeds from Redemption of Securities	9,295,906	6,933,138	85,550
Increase in Money Held in Trust	(871,627)	(293,098)	(8,021)
Decrease in Money Held in Trust	1,497,296	826,703	13,779
Purchases of Tangible Fixed Assets	(1,617)	(2,487)	(14)
Purchases of Intangible Fixed Assets	(12,997)	(12,302)	(119)
Proceeds from Sales of Tangible Fixed Assets	2,566	0	23
Net Cash Provided by (Used in) Investing Activities	732,031	(1,508,873)	6,736
Cash Flows from Financing Activities:			
Proceeds from Subordinated Borrowed Money	—	1,316,972	—
Repayments of Subordinated Borrowed Money	—	(1,512,373)	—
Proceeds from Issuance of Stock	—	559,710	—
Dividends Paid	(99,870)	(70,500)	(919)
Dividends Paid to Non-controlling Interests	(638)	(548)	(5)
Net Cash Provided by (Used in) Financing Activities	(100,508)	293,259	(924)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	47	(300)	0
Net Increase (Decrease) in Cash and Cash Equivalents	161,740	(9,544,443)	1,488
Cash and Cash Equivalents at the Beginning of the Fiscal Year	18,330,229	27,874,673	168,693
Cash and Cash Equivalents at the End of the Fiscal Year (Note 29)	¥ 18,491,970	¥ 18,330,229	\$ 170,181

The accompanying notes are an integral part of the financial statements.

Notes to the Consolidated Financial Statements

The Norinchukin Bank and Subsidiaries

1. Basis of Presentation

The consolidated financial statements have been prepared based on the accounting records maintained by The Norinchukin Bank (“the Bank”) and its consolidated subsidiaries in accordance with the provisions set forth in The Norinchukin Bank Law and in conformity with accounting principles and practices generally accepted in Japan, that are different in certain respects from the application and disclosure requirements of International Financial Reporting Standards.

Certain items presented in the consolidated financial statements filed with the Ministry of Agriculture, Forestry and Fisheries of Japan have been reclassified for the convenience of readers.

Amounts in U.S. dollars are included solely for the convenience of readers. The exchange rate of ¥108.66=U.S.\$1, the approximate rate of exchange prevailing on March 31, 2020, has been used for translation purposes. The inclusion of such amounts is not intended to imply that Japanese yen amounts have been, or could be, readily converted, realized or settled in U.S. dollars at the aforementioned rate or at any other rate.

The yen and U.S. dollars figures disclosed in the consolidated financial statements are expressed in millions of yen and millions of U.S. dollars, and have been rounded down. Consequently, differences may exist between the sum of rounded figures and the totals listed in the annual report.

2. Summary of Significant Accounting Policies

(1) Principles of Consolidation

Scope of Consolidation

Subsidiaries

Subsidiaries are, in general, the companies in which the Bank 1) holds, directly and/or indirectly, more than 50% of the voting shares; 2) holds, directly and/or indirectly, 40% or more of the voting shares and, at the same time, exercises effective control over the decision-making body by directing business policy and deciding on financial and operating policies; or 3) holds more than 50% of the voting shares together with those entities that would vote or agree to vote with the Bank due to their close relationship with the Bank through sharing of personnel, provision of finance and technology and other relationships and, at the same time, has effective control over the decision-making body, unless evidence exists which shows that the Bank does not have such control.

The number of subsidiaries as of March 31, 2019 was 16, all of which were consolidated. The number of subsidiaries as of March 31, 2020 was 19, 17 of which were consolidated and the remaining 2 subsidiaries were unconsolidated.

The major consolidated subsidiaries are as follows:

The Norinchukin Trust & Banking Co., Ltd.
Kyodo Housing Loan Co., Ltd.

Newly established “GN Loan Fund, L.P” and the other company have been consolidated from the fiscal year ended March 31, 2020. Moreover, Norinchukin Finance (Cayman) Limited was excluded from the scope of the consolidation since it has been mostly liquidated at the end of this fiscal year end and since its impact on the consolidated financial statements was as less material as negligible.

The major unconsolidated subsidiary is as follows:

Norinchukin Finance (Cayman) Limited

The unconsolidated subsidiaries were excluded from the scope of consolidation, since its impact on the consolidated financial statements was not so material as to hinder a rational judgement of the financial position and results of operations in terms of Total Assets, Ordinary Income, Net Income, Retained Earnings and Accumulated Other Comprehensive Income.

The dates of the fiscal year-end of all consolidated subsidiaries are as follows:

Closing date: December 31, 2019 Number of subsidiaries: 5
Closing date: March 31, 2020 Number of subsidiaries: 12

The necessary adjustments have been made to the financial statements for any significant transactions that took place between their respective closing dates and the date of the consolidated financial statements.

Affiliates

Affiliates are, in general, the companies, other than subsidiaries, in which the Bank 1) holds, directly and/or indirectly, 20% or more of the voting shares; 2) holds, directly and/or indirectly, 15% or more of the voting shares and also is able to influence the decision-making body through sharing of personnel, provision of finance and technology, and other relationships; or 3) holds more than 20% of the voting shares together with those entities that would vote or agree to vote with the Bank due to their close relationship with the Bank through sharing of personnel, provision of finance and technology and other relationships and, at the same time, is able to influence the decision-making body in a material degree, unless evidence exists which shows that the Bank does not have such influence.

The numbers of affiliates as of March 31, 2020 and 2019 were 7 and 7, respectively, all of which were accounted for by the equity method. Differences between the cost and the underlying net equity at fair value of investments in companies which are accounted for by the equity method have been amortized by the straight-line method over 20 years except for immaterial goodwill which are charged to income in the year of acquisition. Negative goodwill is credited to income in the year of acquisition. The major affiliate accounted for by the equity method is as follows:

JA MITSUI LEASING, LTD.

(2) Transactions for Trading Purposes

Transactions for trading purposes are those seeking gains arising from short-term market movements or from the arbitrage opportunities in interest rates, foreign exchange rates and other market related indices. Such transactions are reported as Trading Assets or Trading Liabilities in the consolidated balance sheet on a trade date basis.

Gains and losses arising from transactions for trading purposes are recorded in Trading Income and Trading Expenses on the consolidated statement of operations.

Securities, monetary claims and certain other instruments held for trading purposes are valued at fair value prevailing at the end of the period. Derivatives held for trading purposes, such as swaps, futures and options, are valued on the assumption that they were settled at the end of the period.

Trading Income and Trading Expenses include interest received and paid in the fiscal year, gains or losses resulting from any change in the fair value of securities and monetary claims from the end of the previous fiscal year and gains or losses of derivatives resulting from any change in the fair value, which is determined assuming they were settled at the end of the fiscal year, from the end of the previous fiscal year.

Derivatives are measured at fair value based on net assets or liabilities after offsetting financial assets and financial liabilities with respect to specific market risk or specific credit risk.

(3) Financial Instruments

a. Securities

Held-to-maturity debt securities are valued at amortized cost (straight-line method), as determined by the moving average method.

Other securities are valued at fair value (the cost of securities sold is calculated by the moving average method). Stocks and others which are no market prices (“Stocks and others with no market prices”) are valued at cost determined by the moving average method.

Net Unrealized Gains or Losses on Other Securities, net of taxes, are reported separately in Net Assets.

Securities included in Money Held in Trust are valued using the same methods described in (2) and (3) a. above.

b. Derivatives

Derivative transactions (other than transactions for trading purposes) are recorded at fair value.

The fair value of Derivatives is calculated based on net assets or liabilities after offsetting financial assets and financial liabilities with respect to specific market risk or specific credit risk.

c. Hedge Accounting

(a) Hedge of Interest Rate Risk

The Bank applies the deferral method of hedge accounting to the hedge transactions to manage interest rate risk associated with various financial assets and liabilities, which is described in “Accounting and Auditing Treatment relating to the Adoption of the ‘Accounting for Financial Instruments’ for Banks,” issued by the Japanese Institute of Certified Public Accountants (“JICPA”), (JICPA Industry Audit Committee Report No. 24, issued on February 13, 2002). Hedge effectiveness of a fair value hedge is assessed by identified groups of hedged items, such as loans and deposits, and the corresponding groups of hedging instruments, such as interest rate swaps within the same maturity bucket. Hedge effectiveness of a cash flow hedge is assessed based on the correlation of the interest rate risk indicators of the hedged items and that of the hedging instruments.

(b) Hedge of Foreign Exchange Rate Risk

The Bank applies the deferral method of hedge accounting to the hedge transactions to manage foreign exchange rate risk arising from various financial assets and liabilities denominated in foreign currencies, which is described in “Accounting and Auditing Treatment relating to Accounting for Foreign Currency Transactions in the Banking Industry” (JICPA Industry Audit Committee Report No. 25, issued on July 29, 2002). Hedge effectiveness is assessed by reviewing whether the amount of the hedged items, such as financial monetary assets and liabilities denominated in foreign currencies, exceeds that of the hedging instruments, such as currency swap or foreign exchange swap transactions, entered into to mitigate the foreign exchange rate risk arising from the hedged items.

The deferral method or the fair value method of hedge accounting is applied to the portfolio hedges of foreign exchange rate risks associated with securities denominated in foreign currencies (other than debt securities), provided that (1) the securities denominated in foreign currencies are identified as hedged items in advance, and (2) foreign currency amounts of spot and forward liabilities exceeds those of the acquisition costs of the foreign currency securities designated as hedged items.

(c) Internal Derivative Transactions

Internal derivative transactions between trading accounts and banking accounts or inter-division transactions, which are designated as hedges, are not eliminated. The related gains and losses are recognized in the consolidated statement of operations or are deferred in the consolidated balance sheet in accordance with the hedge accounting rules, because the internal interest rate swap and currency swap transactions, that are designated as hedging instruments, are traded in a non-discretionary manner and are appropriately and ultimately covered by third party transactions, which are conducted in accordance with the standards stipulated in the JICPA Industry Audit Committee Report No. 24 and No. 25.

For certain other assets or liabilities, the Bank applies the deferral method or the accrual method of hedge accounting, as specifically permitted for certain interest rate swaps. Under the deferral method, the recognition of income or expenses associated with a hedging instrument is deferred to the period when the income or expense arising from the hedged item is recognized.

(4) Tangible Fixed Assets (other than Lease Assets)

a. Depreciation

Depreciation of Tangible Fixed Assets of the Bank is calculated using the declining-balance method. However, depreciation on buildings acquired on or after April 1, 1998 (excluding buildings and accompanying facilities) and buildings and accompanying facilities and structures acquired on or after April 1, 2016 are calculated using the straight-line method.

The useful lives of major Tangible Fixed Assets are as follows:

Buildings:	15 years to 50 years
Others:	5 years to 15 years

Depreciation of Tangible Fixed Assets of the consolidated subsidiaries is primarily calculated using the declining-balance method over their estimated economic useful lives.

b. Land Revaluation

In accordance with the Law Concerning the Revaluation of Land, effective as of March 31, 1998, land used for business purposes was revaluated on March 31, 1998. Unrealized gains arising from revaluation, net of deferred tax, are disclosed as Revaluation Reserve for Land and included in Net Assets on the consolidated balance sheet. The related deferred tax liability is recorded as Deferred Tax Liabilities for Land Revaluation.

The land prices used for the revaluation were reasonably calculated based on third-party appraisals in accordance with Article 2-5 of the enforcement ordinance for the Law Concerning the Revaluation of Land.

(5) Intangible Fixed Assets (other than Lease Assets)

Depreciation of Intangible Fixed Assets is calculated using the straight-line method.

The costs of software developed or obtained for internal use are capitalized and amortized over an estimated useful life of 5 years.

(6) Lease Assets

Depreciation of Lease Assets in Tangible Fixed Assets and Intangible Fixed Assets which are finance leases where the ownership of assets is not transferred to the lessees is calculated using the straight-line method over the lease term with zero residual value unless residual value is guaranteed by the corresponding lease contracts.

(7) Foreign Currency Translation

Assets and liabilities denominated in foreign currencies, and accounts of overseas branches are translated into Japanese yen primarily using the exchange rates in effect at the consolidated balance sheet date.

Assets and liabilities of the consolidated subsidiaries denominated in foreign currencies are translated into Japanese yen using the respective exchange rates in effect at the balance sheet date.

(8) Reserve for Possible Loan Losses

Reserve for Possible Loan Losses of the Bank is computed as follows:

- a. Reserve for loans to debtors who are legally bankrupt under the Bankruptcy Law, Special Liquidation under Company Law or other similar laws (“debtors in bankruptcy”) or debtors who are substantially bankrupt under those laws (“debtors in default”) is provided based on the remaining book value of the loans after the direct write-off described below and the deduction of the amount expected to be collected through the disposals of collateral or the execution of guarantees.

With respect to loans to borrowers who are legally or substantially bankrupt and that are secured by collateral or guarantees, the remaining book value of the loan, after the deduction of the amount of collateral or the execution of guarantees, is directly written off. Direct write-offs were ¥9,827 million (\$90 million) and ¥12,461 million for the fiscal years ended March 31, 2020 and 2019, respectively.

- b. Reserve for loans to debtors who are not currently bankrupt, but are likely to become bankrupt (“doubtful debtors”), is determined after taking into account a comprehensively evaluated repayment ability of debtors after deducting the amount expected to be collected through the disposal of collateral or the execution of guarantees.
- c. Reserve for loans to debtors with restructured loans (see Note 5) and other debtors requiring close monitoring going forward is provided based on the Discounted Cash Flow method if the loan balance exceeds a specific amount and the future cash flows of the principal and interest of the loan can be reasonably estimated. Under the Discounted Cash Flow method, reserve is measured as the difference between the book value of the loan and its present value of expected future cash flows, discounted primarily by the contractual interest rate before the terms of the loan were restructured.
- d. As for reserve for loans other than those indicated above, the Bank principally estimates expected losses for the next 1 year or the expected losses for the next 3 years. The expected losses are calculated by long-term averages of the historical loan-loss ratios based on past 1-or 3-year loan-loss experience with necessary adjustments such as future prospects and so forth.
- e. Specific reserve for loans to certain countries with financial difficulties is provided based on the expected amount of losses taking into account the political, economic and other conditions in each country.

All claims are assessed by the Business Units based on the Bank's internal rules for the self-assessment of asset quality. The Asset Audit Department, which is independent from the Business Units, audits these self-assessments. Reserves described above are determined based on the results of these self-assessments.

Reserve for Possible Loan Losses for receivables of the Bank's consolidated subsidiaries is provided at the amount determined as necessary using the past default ratio. Reserve for Possible Loan Losses for problem receivables of the Bank's consolidated subsidiaries is provided by taking into account their recoverability and an estimate of uncollectible amount.

(9) Reserve for Possible Investment Losses

Reserve for Possible Investment Losses represents an amount determined to be necessary to cover the estimated loss from the investments, taking into account the financial condition and other factors of the issuer of the securities.

(10) Reserve for Bonus Payments

Reserve for Bonus Payments represents estimated cost of payment of employees' bonuses attributable to the period.

(11) Reserve for Directors' Retirement Benefits

Reserve for Directors' Retirement Benefits for the payments of retirement benefits for directors (including Executive Officers) and corporate auditors is recognized as the required amount accrued at the end of the period.

(12) Accounting Method for Retirement Benefits

In calculating retirement benefit obligations, the benefit formula basis is used for attributing expected retirement benefits to the period up to the end of this fiscal year.

Unrecognized prior service cost is amortized over a certain period (10 years) within the employees' average remaining service period using the straight-line method beginning in the fiscal year in which the difference has arisen.

Unrecognized actuarial differences are amortized over a certain period (10 years) within the employees' average remaining service period using the declining-balance method beginning in the fiscal year after the difference has arisen.

Some of the Bank's consolidated subsidiaries, in calculating Net Defined Benefit Liability and retirement benefit cost, adopt the simplified method whereby the retirement benefit obligations are calculated at an amount that would be paid if all eligible employees voluntarily retired at the consolidated balance sheet date.

(13) Consumption Taxes

Consumption tax and local consumption tax incurred on taxable transactions are excluded from these transaction amounts.

(14) Scope of "Cash and Cash Equivalents" in the Consolidated Statement of Cash Flows

"Cash and Cash Equivalents" in the consolidated statement of cash flows represents cash, non-interest bearing due from banks and due from the Bank of Japan in Cash and Due from Banks on the consolidated balance sheet.

(15) Profit Attributable to Owners of Parent per Share

Profit Attributable to Owners of Parent per Share is computed based upon the weighted average number of shares outstanding during the period.

The total dividends for lower dividend rate stocks and preferred stocks and the total special dividends are deducted from the numerator, the aggregate number of lower dividend rate stocks and preferred stocks is deducted from the denominator, respectively, in the calculation of Profit Attributable to Owners of Parent per Share.

(Change in Accounting Policies)

Application of Accounting Standard for Fair Value Measurement

As Accounting Standard for Fair Value Measurement (The Accounting Standards Board of Japan (ASBJ) Statement No. 30 on 4th July

2019) has become available for consolidated financial statements since the end of the fiscal year 2019, the Bank applies this accounting standard at the end of the fiscal year, and the Bank will continue to apply accounting guidelines established by Accounting Standard for Fair Value Measurement and others in the future pursuant to transitional measure established on Article 19 of Accounting Standard for Fair Value Measurement and Article 44 and Paragraph 2 of Accounting Standard for Financial Instrument (ASBJ Statement No. 10 on 4th July 2019). Private Investment Trusts which are composed of real estate such as Private REIT have hitherto been out of scope from fair value measurement as securities due to the extreme difficulty to determine fair value. According to this application, the Investment Trusts are evaluated by net asset value and others at the end of the current period after the end of the fiscal year. Furthermore, the fair value for derivative instruments such as Swap and others is reflected on the price adjustment based on credit risk of counter parties and the Bank itself. The effect of these changes is immaterial.

The Bank describes the notes in the “31. Financial Instruments” of this disclosure about the breakdown and others of the fair values for financial instruments classified into each level. However, it does not describe the ones of the previous consolidated fiscal year in accordance with transactional measure established on Article 7-4 of Implementation Guidance on Disclosures about Fair Value of Financial Instruments (ASBJ Guidance No. 19 revised in 2019).

(Additional Information)

The Bank made decision to relocate its headquarter in the board of directors held on 3rd March 2020. In response to this relocation, the Bank will not only integrate functions dispersed and enhance the creativity of new values but also will restructure functions of its headquarter and deepen the relationship further with Corporative. As a result of these challenges, the Bank will meet the expectation of our customers, realize sustained growth and offer value to society.

1. Acquisition of New Property

(1) Summary of Assets Acquired

Address: 7th to 10th floor, Otemachi One Tower, 2-1, Otemachi 1-chome, Chiyoda-ku, Tokyo, Japan

Sorts of Assets: Land and Building

(2) Seller

Mitsui Fudosan Co., Ltd.

(3) Date of Relocation

The Bank will acquire the property aiming for 2021 and then the relocation will be divided into plural times.

2. Transfer of Original Property

(1) Summary of Assets Transferred

Address: 13-2, Yurakucho 1-chome, Chiyoda-ku, Tokyo, Japan

Sorts of Assets: Land and Building

(2) Transferee

The Dai-ichi Life Insurance Company, Limited

(3) Date of Transfer

This transfer will be divided into twice, March 2022 and September 2022, respectively.

(4) Impact on Its Profit and Losses

The transfer had no impact on profit and losses on its consolidated financial statements of the fiscal year 2019.

The transfer will generate profit about ¥50,000 million (\$460 million) in total. This profit will be divided into twice and will be booked as “Gains on Disposal of Fixed Assets” of “Extraordinary Profits” on the consolidated financial statements of the fiscal years 2021 and 2022. The amount of profit after deduction of corporate tax and others from the original profit for the transfer will approximately be ¥36,000 million (\$331 million) in total and will be divided into twice as well. Furthermore, the Bank is examining the amount of profit for the transfer should be attributed to each period.

3. Trading Assets

As of March 31	Millions of Yen		Millions of U.S. Dollars
	2020	2019	2020
Trading Securities	¥ 1	¥ 8,560	\$ 0
Derivatives of Securities Related to Trading Transactions	—	32	—
Trading-related Financial Derivatives	7,861	7,251	72
Total	¥7,862	¥15,844	\$72

4. Securities

As of March 31	Millions of Yen		Millions of U.S. Dollars
	2020	2019	2020
Japanese Government Bonds	¥11,180,408	¥10,563,017	\$102,893
Municipal Government Bonds	166,838	13,262	1,535
Corporate Bonds	1,473,066	1,215,377	13,556
Stocks	711,596	832,578	6,548
Other	41,001,347	43,034,472	377,336
Foreign Bonds	28,018,545	28,677,351	257,855
Foreign Stocks	25,423	32,575	233
Investment Trusts	12,254,043	13,437,295	112,774
Other	703,334	887,250	6,472
Total	¥54,533,258	¥55,658,707	\$501,870

The maturity profile of securities is as follows:

As of March 31, 2020	Millions of Yen				
	1 Year or Less	Over 1 Year to 5 Years	Over 5 Years to 10 Years	Over 10 Years	With no maturity date
Bonds	¥4,256,540	¥4,666,639	¥ 1,384,945	¥ 2,512,187	¥ —
Japanese Government Bonds	3,590,838	4,146,073	1,328,141	2,115,355	—
Municipal Government Bonds	41,633	15,820	20,569	88,814	—
Corporate Bonds	624,068	504,745	36,234	308,017	—
Stocks	—	—	—	—	711,596
Other	2,636,285	2,743,729	16,330,588	8,346,145	10,944,598
Foreign Bonds	2,616,945	1,871,702	15,822,443	7,707,453	—
Foreign Stocks	—	—	—	—	25,423
Investment Trusts	—	772,902	162,408	595,731	10,723,001
Other	19,339	99,124	345,735	42,959	196,174
Total	¥6,892,826	¥7,410,369	¥17,715,533	¥10,858,332	¥11,656,195

As of March 31, 2019	Millions of Yen				
	1 Year or Less	Over 1 Year to 5 Years	Over 5 Years to 10 Years	Over 10 Years	With no maturity date
Bonds	¥1,749,304	¥ 8,229,542	¥ 1,886	¥ 1,810,923	¥ —
Japanese Government Bonds	1,312,990	7,509,487	—	1,740,539	—
Municipal Government Bonds	4	13,232	23	1	—
Corporate Bonds	436,309	706,821	1,862	70,383	—
Stocks	—	—	—	—	832,578
Other	3,811,238	4,657,551	12,900,806	9,627,508	12,037,367
Foreign Bonds	3,681,959	3,802,977	12,409,286	8,783,127	—
Foreign Stocks	—	—	—	—	32,575
Investment Trusts	115,376	712,669	82,825	782,235	11,744,188
Other	13,902	141,904	408,694	62,145	260,603
Total	¥5,560,543	¥12,887,094	¥12,902,692	¥11,438,431	¥12,869,945

As of March 31, 2020	Millions of U.S. Dollars				
	1 Year or Less	Over 1 Year to 5 Years	Over 5 Years to 10 Years	Over 10 Years	With no maturity date
Bonds	\$39,173	\$42,947	\$ 12,745	\$23,119	\$ —
Japanese Government Bonds	33,046	38,156	12,222	19,467	—
Municipal Government Bonds	383	145	189	817	—
Corporate Bonds	5,743	4,645	333	2,834	—
Stocks	—	—	—	—	6,548
Other	24,261	25,250	150,290	76,809	100,723
Foreign Bonds	24,083	17,225	145,614	70,931	—
Foreign Stocks	—	—	—	—	233
Investment Trusts	—	7,113	1,494	5,482	98,683
Other	177	912	3,181	395	1,805
Total	\$63,434	\$68,197	\$163,036	\$99,929	\$107,272

Notes: 1. The above amount is based on the consolidated balance sheet amount at the end of the fiscal year.
2. Investment Trusts include Japanese trusts and foreign trusts.

5. Loans and Bills Discounted

As of March 31	Millions of Yen		Millions of U.S. Dollars
	2020	2019	2020
Loans on Deeds	¥18,430,802	¥17,106,235	\$169,619
Loans on Bills	382,495	367,218	3,520
Overdrafts	1,243,600	1,136,946	11,444
Bills Discounted	1,926	2,616	17
Total	¥20,058,825	¥18,613,018	\$184,601

As of March 31	Millions of Yen		Millions of U.S. Dollars
	2020	2019	2020
Loans to Borrowers under Bankruptcy Proceedings	¥ 277	¥ 534	\$ 2
Delinquent Loans	23,991	24,177	220
Loans Past Due for Three Months or More	242	888	2
Restructured Loans	15,935	18,040	146
Total	¥40,446	¥43,641	\$372

Notes: 1. Loans to Borrowers under Bankruptcy Proceedings are loans (excluding the parts written-off for possible loan losses) stipulated in Article 96-1-3, 4 of Order for Enforcement of the Corporation Tax Act (Cabinet Order No. 97, 1965) on which interest is placed on a non-accrual status (hereinafter referred to as "Non-accrual Loans") since the loan principals and/or their pertaining interests are determined to be uncollectible considering the period of time past due and other reasons.
2. Delinquent Loans are also Non-accrual Loans other than Loans to Borrowers under Bankruptcy Proceedings or loans whereby payments of interests are deferred in order to support the borrowers' rehabilitation.
3. Loans Past Due for Three Months or More are loans whose principal or interest is past-due for three months or more, other than Loans to Borrowers under Bankruptcy Proceedings and Delinquent Loans.
Note: Even if debtors' loans past due for six months or more, in case that they are not identified as doubtful debtors or below based on their debt repayment statuses, the prospect of their capacity to eliminate liabilities in excess of assets as well as their business revitalization plan, their loans are included in this scope.
4. Restructured loans are Loans whereby its terms are modified in favor of the borrowers by reducing the interest rate, deferral of payments of interest or principal, waiving principal repayments, etc., in order to support the borrowers' rehabilitation and facilitate the collection of the loan.

6. Foreign Exchange Assets

As of March 31	Millions of Yen		Millions of U.S. Dollars
	2020	2019	2020
Due from Foreign Banks	¥209,889	¥344,943	\$1,931
Total	¥209,889	¥344,943	\$1,931

7. Other Assets

As of March 31	Millions of Yen		Millions of U.S.
	2020	2019	Dollars 2020
Prepaid Expenses	¥ 1,332	¥ 1,311	\$ 12
Accrued Income	154,610	186,905	1,422
Derivatives other than for Trading	339,270	171,796	3,122
Cash Collateral Paid for Financial Instruments	1,243,372	348,567	11,442
Other	762,325	707,006	7,015
Total	¥2,500,911	¥1,415,586	\$23,015

8. Tangible Fixed Assets and Intangible Fixed Assets

Tangible Fixed Assets

As of March 31	Millions of Yen		Millions of U.S.
	2020	2019	Dollars 2020
Buildings	¥ 42,048	¥ 45,304	\$ 386
Land	46,885	47,150	431
Lease Assets	31,279	20,864	287
Construction in Progress	212	2	1
Other	3,135	3,971	28
Total Net Book Value	123,562	117,294	1,137
Accumulated Depreciation Deducted	¥114,514	¥106,285	\$1,053

Intangible Fixed Assets

As of March 31	Millions of Yen		Millions of U.S.
	2020	2019	Dollars 2020
Software	¥27,299	¥24,272	\$251
Lease Assets	4,772	5,181	43
Other	21,028	19,311	193
Total	¥53,100	¥48,765	\$488

9. Assets Pledged

Assets pledged as collateral comprise the following:

As of March 31	Millions of Yen		Millions of U.S.
	2020	2019	Dollars 2020
Securities	¥19,035,378	¥18,229,425	\$175,182
Loans and Bills Discounted	1,254,816	1,388,120	11,548

Liabilities secured by the above assets are as follows:

As of March 31	Millions of Yen		Millions of U.S.
	2020	2019	Dollars 2020
Payables under Repurchase Agreements	¥15,726,573	¥15,111,297	\$144,731
Borrowed Money	3,193,998	3,079,812	29,394

In addition, as of March 31, 2020 and 2019, Securities (including transactions of Money Held in Trust) of ¥10,006,531 million (\$92,090 million) and ¥12,429,226 million, respectively, were pledged as collateral for settlement of exchange and derivative transactions or as margins of futures transactions.

As of March 31, 2020 and 2019, initial margins of futures markets of ¥31,692 million (\$291 million) and ¥32,203 million, respectively, cash collateral paid for financial instruments of ¥1,243,372 million (\$11,442 million) and ¥348,567 million, respectively, other cash collateral paid of ¥509,993 million (\$4,693 million) and ¥599,203 million, respectively, and guarantee deposits of ¥8,106 million (\$74 million) and ¥7,862 million, respectively, were included in Other Assets.

10. Deposits

	Millions of Yen		Millions of U.S. Dollars
	2020	2019	2020
As of March 31			
Time Deposits	¥56,953,166	¥58,135,842	\$524,141
Deposits at Notice	12,658	14,020	116
Ordinary Deposits	3,565,850	3,197,984	32,816
Current Deposits	91,101	82,320	838
Other Deposits	5,016,320	5,366,900	46,165
Total	¥65,639,097	¥66,797,069	\$604,077

11. Debentures

	Millions of Yen		Millions of U.S. Dollars
	2020	2019	2020
As of March 31			
Long-term Coupon Debentures	¥784,446	¥1,254,239	\$7,219
Total	¥784,446	¥1,254,239	\$7,219

12. Trading Liabilities

	Millions of Yen		Millions of U.S. Dollars
	2020	2019	2020
As of March 31			
Derivatives of Trading Securities	¥ —	¥ 29	\$—
Derivatives of Securities Related to Trading Transactions	—	36	—
Trading-related Financial Derivatives	8,102	6,955	74
Total	¥8,102	¥7,022	\$74

13. Borrowed Money

Borrowed Money includes subordinated borrowings of ¥1,317,895 million (\$12,128 million) and ¥1,317,895 million as of March 31, 2020 and 2019, respectively, which have a special agreement that requires the fulfillment of the payment obligations of such borrowing to be subordinated to other general liabilities.

14. Foreign Exchange Liabilities

	Millions of Yen		Millions of U.S. Dollars
	2020	2019	2020
As of March 31			
Foreign Bills Payable	¥0	¥32	\$0
Total	¥0	¥32	\$0

15. Other Liabilities

	Millions of Yen		Millions of U.S. Dollars
	2020	2019	2020
As of March 31			
Accrued Expenses	¥ 69,297	¥ 76,332	\$ 637
Income Taxes Payable	8,731	4,314	80
Unearned Income	9,224	590	84
Derivatives other than for Trading	950,878	485,291	8,750
Accounts Payable for Securities Purchased	3,408,314	5,537,846	31,366
Other	378,155	215,788	3,480
Total	¥4,824,601	¥6,320,163	\$44,400

16. Retirement Benefit Plans

(1) Outline of the adopted Retirement Benefit Plans

The Bank has a point based plan on which points are granted according to years of employees' service etc. The Bank has a defined benefit pension plan (funded) and, in addition, has a lump-sum payment pension plan (originally unfunded, but establishing a retirement benefit trust makes this plan funded). On the defined benefit pension plan, a lump-sum payment or pension is granted based on employees' salary and length of service. On the lump-sum payment pension plan, a lump-sum payment is granted based on employees' salary and length of service. Additional retirement benefits are paid to employees in certain cases.

Some of the Bank's consolidated subsidiaries, in calculating Net Defined Benefit Liability and retirement benefit cost, adopt the simplified method whereby retirement benefit obligations are calculated at an amount that would be paid if all eligible employees voluntarily retired at the consolidated balance sheet date.

(2) Defined Benefit Plan

a. The changes in the retirement benefit obligations for the years ended March 31, 2020 and 2019, except for the plans accounted for by the simplified method, are as follows:

As of March 31	Millions of Yen		Millions of U.S.
	2020	2019	Dollars 2020
Balance at the Beginning of the Fiscal Year	¥142,874	¥139,531	\$1,314
Service Cost	4,357	4,053	40
Interest Cost	422	421	3
Actuarial Differences	441	1,586	4
Retirement Benefit Paid	(8,411)	(5,020)	(77)
Transfer due to change from the simplified method to the principal method	—	2,301	—
Balance at the End of the Fiscal Year	¥139,685	¥142,874	\$1,285

b. The changes in plan assets for the years ended March 31, 2020 and 2019, except for the plans accounted for by the simplified method, are as follows:

As of March 31	Millions of Yen		Millions of U.S.
	2020	2019	Dollars 2020
Balance at the Beginning of the Fiscal Year	¥163,428	¥158,299	\$1,504
Expected Return on Plan Assets	2,138	2,138	19
Actuarial Differences	(4,922)	2,170	(45)
Contributions by the Bank	2,031	1,765	18
Retirement Benefit Paid	(2,428)	(2,296)	(22)
Transfer due to change from the simplified method to the principal method	—	1,351	—
Balance at the End of the Fiscal Year	¥160,248	¥163,428	\$1,474

c. The changes in Net Defined Benefit Liability of the plans accounted for by the simplified method for the years ended March 31, 2020 and 2019 are as follows:

As of March 31	Millions of Yen		Millions of U.S.
	2020	2019	Dollars 2020
Balance at the Beginning of the Fiscal Year	¥1,125	¥1,739	\$10
Retirement Benefit Expense	355	336	3
Retirement Benefit Paid	(250)	(207)	(2)
Contributions to the Plans	(41)	(34)	(0)
Transfer due to change from the simplified method to the principal method	—	(708)	—
Balance at the End of the Fiscal Year	¥1,190	¥1,125	\$10

d. The following table sets forth the funded status of the plans and the amounts recognized in the Consolidated Balance Sheet as of March 31, 2020 and 2019 for the Bank's and the consolidated subsidiaries' defined benefit plans:

	Millions of Yen		Millions of U.S. Dollars
	2020	2019	2020
As of March 31			
Funded Retirement Benefit Obligations	¥ 140,775	¥ 144,010	\$ 1,295
Plan Assets at Fair Value	(160,938)	(164,171)	(1,481)
	(20,163)	(20,161)	(185)
Unfunded Retirement Benefit Obligations	791	733	7
Net Amount of Liabilities and Assets Recorded in the Consolidated Balance Sheet	(19,372)	(19,427)	(178)
Net Defined Benefit Liability	38,841	38,287	357
Net Defined Benefit Asset	58,213	57,715	535
Net Amount of Liabilities and Assets Recorded in the Consolidated Balance Sheet	¥ (19,372)	¥ (19,427)	\$ (178)

Note: The above table includes the plans accounted for by the simplified method.

e. The components of retirement benefit expense are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2020	2019	2020
For the fiscal years ended March 31			
Service Cost	¥ 4,357	¥ 4,053	\$ 40
Interest Cost	422	421	3
Expected Return on Plan Assets	(2,138)	(2,138)	(19)
Amortization of Actuarial Differences	(4,157)	(4,820)	(38)
Amortization of Prior Service Cost	53	159	0
Retirement Benefit Expense by the Simplified Method	355	336	3
Other	813	1,431	7
Retirement Benefit Expense on Defined Benefit Plan	¥ (293)	¥ (556)	\$ (2)

f. Effect of Remeasurements of Defined Benefit Plans on Consolidated Statement of Comprehensive Income

The components of Remeasurements of Defined Benefit Plans recognized on the Consolidated Statement of Comprehensive Income (before tax effect) are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2020	2019	2020
For the fiscal years ended March 31			
Prior Service Cost	¥ 53	¥ 159	\$ 0
Actuarial Differences	(9,522)	(4,236)	(87)
Total	¥(9,469)	¥(4,076)	\$(87)

g. Effect of Remeasurements of Defined Benefit Plans on Consolidated Balance Sheet

The components of Remeasurements of Defined Benefit Plans recognized on the Consolidated Balance Sheet (before tax effect) are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2020	2019	2020
As of March 31			
Unrecognized Prior Service Cost	¥ —	¥ (53)	\$—
Unrecognized Actuarial Differences	9,014	18,536	82
Total	¥9,014	¥18,483	\$82

h. Particulars of Plan Assets

(a) The fair value of Plan Assets, by major category, as a percentage of total Plan Assets are as follows:

As of March 31	2020	2019
Bonds	16%	15%
Stocks	74%	75%
Insurance Assets (General Account)	9%	9%
Other	1%	1%
Total	100%	100%

(b) Method for estimating the expected rates of return on Plan Assets

The expected rates of return on Plan Assets have been estimated based on the current and anticipated allocation to each asset class and the current and expected long-term returns on assets held in each category of Plan Assets.

i. The assumptions used in accounting for the above plan

The major assumptions used in accounting for the above plan are as follows:

As of or for the fiscal years ended March 31	2020	2019
Discount Rate	0.3%	0.3%
Expected Rates of Increase in Salary	2.0–3.6%	2.0–3.6%
Expected Rates of Return on Plan Assets	0–3.0%	0–3.0%

17. Accounting for Income Taxes

Components of deferred tax assets and liabilities are as follows:

As of March 31	Millions of Yen		Millions of U.S. Dollars
	2020	2019	2020
Deferred Tax Assets:			
Reserve for Possible Loan Losses	¥ 4,061	¥ 3,905	\$ 37
Write-off of Loans	1,194	1,851	10
Losses on Revaluation of Securities	15,645	13,972	143
Net Defined Benefit Liability	6,474	8,592	59
Depreciation Expense	498	459	4
Net Operating Losses Carried Forward	665	21	6
Unrealized Losses on Other Securities	34	—	0
Deferred Losses on Hedging Instruments	250,437	101,331	2,304
Unrealized Losses on Reclassification	2,867	3,710	26
Other	98,754	88,376	908
Subtotal	380,635	222,220	3,502
Valuation Allowance	(65,957)	(58,106)	(607)
Total Deferred Tax Assets	314,678	164,114	2,895
Deferred Tax Liabilities:			
Gains from Contribution of Securities to Employee			
Retirement Benefit Trust	(7,469)	(10,097)	(68)
Unrealized Gains on Other Securities	(645,746)	(564,620)	(5,942)
Deferred Gains on Hedging Instruments	(39,007)	(42,566)	(358)
Unrealized Gains on Reclassification	(4,037)	(8,014)	(37)
Other	(68,006)	(56,851)	(625)
Total Deferred Tax Liabilities	(764,268)	(682,150)	(7,033)
Net Deferred Tax Liabilities	¥(449,589)	¥(518,035)	\$(4,137)

18. Acceptances and Guarantees

As of March 31	Millions of Yen		Millions of U.S. Dollars
	2020	2019	2020
Guarantees	¥2,115,202	¥1,738,971	\$19,466
Total	¥2,115,202	¥1,738,971	\$19,466

All contingent liabilities arising in connection with customers' foreign trade and other transactions are classified under Acceptances and Guarantees. As a contra account, Customers' Liabilities for Acceptances and Guarantees, is classified as an asset representing the Bank's right of indemnity from customers.

19. Commitments to Overdrafts and Loans

Commitments related to overdrafts and loans represent agreements to extend overdrafts or loans up to the pre-agreed amount at the customer's request as long as no violation of the conditions stipulated in the commitment agreement exists. The amounts of undrawn commitments in relation to such agreements were ¥3,776,487 million (\$34,755 million) and ¥3,906,443 million as of March 31, 2020 and 2019, respectively. The amounts of the undrawn commitments, which the Bank and its consolidated subsidiaries could cancel at any time without cause, were ¥2,490,912 million (\$22,923 million) and ¥2,796,710 million as of March 31, 2020 and 2019 respectively.

The amount of undrawn commitments does not necessarily affect the future cash flow of the Bank and its consolidated subsidiaries because the majority of such agreements are terminated without being exercised. Most of these agreements have provisions which stipulate that the Bank and its consolidated subsidiaries may not extend the loan or may decrease the commitment when there are certain changes in the overall financial conditions, certain issues relating to collateral and other reasons. At the time of extending loans to customers, the Bank and its consolidated subsidiaries are able to request collateral in the form of premises or securities as necessary. After extending loans, the Bank and its consolidated subsidiaries periodically check the financial condition of its customers based on predefined policies and procedures and acts to secure loans as necessary.

20. Securities Loaned

Securities include securities loaned under unsecured lending agreements (Saiken Taishaku Torihiki) of ¥746,703 million (\$6,871 million) and ¥952,649 million as of March 31, 2020 and 2019, respectively.

Securities borrowed under unsecured borrowing agreements (Saiken Taishaku Torihiki) and securities purchased under resale agreements and cash-collateralized borrowing agreements and others, which can be sold or re-pledged by the Bank, include securities re-pledge of ¥818,296 million (\$7,530 million) and ¥393,990 million as of March 31, 2020 and 2019, respectively, and include securities held without re-pledge of ¥445,176 million (\$4,096 million) and ¥477,318 million as of March 31, 2020 and 2019, respectively. No such securities are re-loaned to the third parties.

21. Paid-in Capital

As of March 31	Millions of Yen		Millions of U.S. Dollars
	2020	2019	2020
Common Stock	¥4,015,198	¥4,015,198	\$36,951
Preferred Stock	24,999	24,999	230
Total	¥4,040,198	¥4,040,198	\$37,182

The Common Stock account includes lower dividend rate stock with a total par value of ¥3,589,481 million (\$33,034 million) and ¥3,589,481 million as of March 31, 2020 and 2019, respectively.

Lower dividend rate stock is similar to regular common stock but has been issued on the condition that the dividend yield will be set below that relating to common stock.

22. Trading Income

Fiscal years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2020	2019	2020
Income from Trading-related Financial Derivatives	¥—	¥124	\$—
Total	¥—	¥124	\$—

23. Other Operating Income

Fiscal years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2020	2019	2020
Gains on Foreign Exchange Transactions	¥ 3,490	¥ —	\$ 32
Gains on Sales of Bonds	84,012	97,794	773
Gains on Redemption of Bonds	0	0	0
Gains on Derivatives other than for Trading or Hedging	—	3,783	—
Other	50,266	50,009	462
Total	¥137,769	¥151,587	\$1,267

24. Other Income

Fiscal years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2020	2019	2020
Gains on Sales of Stocks and Other Securities	¥ 4,671	¥ 68,414	\$ 42
Gains on Money Held in Trust	112,111	163,873	1,031
Equity in Earnings of Affiliates	4,320	3,669	39
Gains on Disposal of Fixed Assets	1,796	0	16
Recoveries of Written-off Claims	1,901	559	17
Other	1,565	1,562	14
Total	¥126,367	¥238,078	\$1,162

25. Trading Expenses

Fiscal years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2020	2019	2020
Expenses on Trading Securities and Derivatives	¥ 7	¥ 30	\$0
Expenses on Securities and Derivatives Related to Trading Transactions	36	299	0
Expenses on Trading-related Financial Derivatives	841	—	7
Total	¥885	¥330	\$8

26. Other Operating Expenses

Fiscal years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2020	2019	2020
Amortization of Debenture Issuance Costs	¥ 28	¥ 98	\$ 0
Losses on Foreign Exchange Transactions	—	1,145	—
Losses on Sales of Bonds	20,010	99,649	184
Losses on Redemption of Bonds	—	0	—
Losses on Derivatives other than for Trading or Hedging	4,744	—	43
Other	41,281	41,530	379
Total	¥66,065	¥142,424	\$607

27. Other Expenses

Fiscal years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2020	2019	2020
Write-off of Loans	¥ 42	¥ 213	\$ 0
Provision of Reserve for Possible Loan Losses	3,470	2,437	31
Losses on Sales of Stocks and Other Securities	649	0	5
Losses on Revaluation of Stocks and Other Securities	1,893	450	17
Losses on Money Held in Trust	6,215	297	57
Losses on Disposal of Fixed Assets	493	262	4
Provision of Reserve for Possible Investment Losses	217	150	2
Other	14,787	11,979	136
Total	¥27,769	¥15,791	\$255

28. Other Comprehensive Income

Reclassification adjustments and tax effects on the Other Comprehensive Income are as follows:

Fiscal years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2020	2019	2020
Net Unrealized Gains (Losses) on Other Securities:			
Gains (Losses) arising during the fiscal year	¥ 348,242	¥ 451,087	\$ 3,204
Reclassification adjustments to profit or loss	(71,207)	34,166	(655)
Amounts before tax effects	277,034	485,254	2,549
Tax effects	(77,969)	(135,810)	(717)
Total	199,065	349,444	1,832
Net Deferred Gains (Losses) on Hedging Instruments:			
Gains (Losses) arising during the fiscal year	(984,174)	(661,166)	(9,057)
Reclassification adjustments to profit or loss	434,028	367,409	3,994
Amounts before tax effects	(550,145)	(293,756)	(5,062)
Tax effects	152,665	81,242	1,404
Total	(397,480)	(212,514)	(3,658)
Foreign Currency Transaction Adjustments:			
Gains (Losses) arising during the fiscal year	(63)	8	(0)
Reclassification adjustments to profit or loss	—	—	—
Amounts before tax effects	(63)	8	(0)
Tax effects	—	—	—
Total	(63)	8	(0)
Remeasurements of Defined Benefit Plans:			
Gains (Losses) arising during the fiscal year	(5,364)	583	(49)
Reclassification adjustments to profit or loss	(4,104)	(4,660)	(37)
Amounts before tax effects	(9,469)	(4,076)	(87)
Tax effects	2,627	1,131	24
Total	(6,841)	(2,945)	(62)
Share of Other Comprehensive Income of Affiliates accounted for by the equity method:			
Gains (Losses) during the fiscal year	984	(493)	9
Reclassification adjustments to profit or loss	(261)	46	(2)
Total	722	(446)	6
Total Other Comprehensive Income	¥(204,596)	¥ 133,546	\$ (1,882)

29. Cash Flows

The reconciliation of Cash and Due from Banks in the consolidated balance sheet to “Cash and Cash Equivalents” at the end of the fiscal year is as follows:

As of March 31	Millions of Yen		Millions of U.S. Dollars
	2020	2019	2020
Cash and Due from Banks	¥19,505,050	¥18,941,664	\$179,505
Less: Interest-bearing Due from Banks	(1,013,080)	(611,434)	(9,323)
Cash and Cash Equivalents at the End of the Fiscal Year	¥18,491,970	¥18,330,229	\$170,181

30. Segment Information

Fiscal year ended March 31, 2020

(1) Segment Information

Segment Information is not shown in these statements, since the banking business is the only reportable segment.

(2) Related Information

a. Information about Services

Fiscal year ended March 31, 2020	Millions of Yen			
	Loan Business	Securities Investment Business	Others	Total
Ordinary Income from External Customers	¥129,571	¥1,295,831	¥119,142	¥1,544,544

Fiscal year ended March 31, 2020	Millions of U.S. Dollars			
	Loan Business	Securities Investment Business	Others	Total
Ordinary Income from External Customers	\$1,192	\$11,925	\$1,096	\$14,214

Notes: 1. Ordinary Income represents Total Income less certain special income.
2. Ordinary Income is shown in place of Sales for non-financial companies.

b. Information about Geographic Areas

(a) Ordinary Income

Fiscal year ended March 31, 2020	Millions of Yen				
	Japan	Americas	Europe	Others	Total
	¥1,483,494	¥36,142	¥5,527	¥19,380	¥1,544,544

Fiscal year ended March 31, 2020	Millions of U.S. Dollars				
	Japan	Americas	Europe	Others	Total
	\$13,652	\$332	\$50	\$178	\$14,214

Notes: 1. Ordinary Income represents Total Income less certain special income.
2. Ordinary Income is shown in place of Sales for non-financial companies.
3. Ordinary Income is categorized by countries or areas based on the location of the Bank's head office, branches and its consolidated subsidiaries.
4. Americas includes the United States of America and Cayman Islands. Europe includes the United Kingdom.

(b) Tangible Fixed Assets

As of March 31, 2020	Millions of Yen				
	Japan	Americas	Europe	Others	Total
	¥122,230	¥214	¥791	¥325	¥123,562

As of March 31, 2020	Millions of U.S. Dollars				
	Japan	Americas	Europe	Others	Total
	\$1,124	\$1	\$7	\$2	\$1,137

c. Information about Major Customers

Fiscal year ended March 31, 2020	Name of Customer	Millions of Yen	
		Ordinary Income	Name of Related Segments
	U.S. Department of the Treasury	¥191,652	—

Fiscal year ended March 31, 2020	Name of Customer	Millions of U.S. Dollars	
		Ordinary Income	Name of Related Segments
	U.S. Department of the Treasury	\$1,763	—

Notes: 1. Ordinary Income represents Total Income less certain special income.
2. Ordinary Income is shown in place of Sales for non-financial companies.

(3) Information about Impairment Loss of Fixed Assets in Reportable Segments

Information about Impairment Loss of Fixed Assets in Reportable Segments is not shown in these statements, since the banking business is the only reportable segment.

(4) Information about Amortization and Unamortized Balance of Goodwill in Reportable Segments

None

(5) Information about Gain on Recognition of Negative Goodwill in Reportable Segments

None

Fiscal year ended March 31, 2019

(1) Segment Information

Segment Information is not shown in these statements, since the banking business is the only reportable segment.

(2) Related Information

a. Information about Services

Fiscal year ended March 31, 2019	Millions of Yen			
	Loan Business	Securities Investment Business	Others	Total
Ordinary Income from External Customers	¥110,654	¥1,514,602	¥106,889	¥1,732,146

Notes: 1. Ordinary Income represents Total Income less certain special income.
2. Ordinary Income is shown in place of Sales for non-financial companies.

b. Information about Geographic Areas

(a) Ordinary Income

Fiscal year ended March 31, 2019	Millions of Yen				
	Japan	Americas	Europe	Others	Total
	¥1,674,786	¥33,708	¥5,080	¥18,571	¥1,732,146

Notes: 1. Ordinary Income represents Total Income less certain special income.
2. Ordinary Income is shown in place of Sales for non-financial companies.
3. Ordinary Income is categorized by countries or areas based on the location of the Bank's head office, branches and its consolidated subsidiaries.
4. Americas includes the United States of America and Cayman Islands. Europe includes the United Kingdom.

(b) Tangible Fixed Assets

As of March 31, 2019	Millions of Yen				
	Japan	Americas	Europe	Others	Total
	¥115,886	¥248	¥844	¥315	¥117,294

c. Information about Major Customers

Fiscal year ended March 31, 2019	Name of Customer	Millions of Yen	
		Ordinary Income	Name of Related Segments
	U.S. Department of the Treasury	¥202,819	—

Notes: 1. Ordinary Income represents Total Income less certain special income.
2. Ordinary Income is shown in place of Sales for non-financial companies.

(3) Information about Impairment Loss of Fixed Assets in Reportable Segments

Information about Impairment Loss of Fixed Assets in Reportable Segments is not shown in these statements, since the banking business is the only reportable segment.

(4) Information about Amortization and Unamortized Balance of Goodwill in Reportable Segments

Information about Amortization and Unamortized Balance of Goodwill in Reportable Segments is not shown in these statements, since the banking business is the only reportable segment.

(5) Information about Gain on Recognition of Negative Goodwill in Reportable Segments

None

31. Financial Instruments

(1) Particulars of Financial Instruments

a. Policy on Financial Instruments

The Bank is a financial institution which takes as its foundation the Japanese agricultural, forestry and fisheries industry cooperatives. The Bank mainly raises procurement funds from its cooperative members' deposits (mainly 1 year) and various financial markets, and invests these funds mainly in loans and securities. The Bank oversees the management of its securities based on the fundamental concept "globally diversified investment." In terms of geographical area, the Bank invests in Japan, the United States, Europe, and other regions. The Bank classifies its assets as bonds, equities, credit assets, and alternative investments, depending on the investment allocation. The Bank possesses various financial assets and liabilities, and its integrated risk management framework is conducted in concert with its financial management framework (asset and liability management ("ALM"), market portfolio management, credit portfolio management and others). In addition, these include derivative instruments. It is also important to note that in the management of foreign currency assets, the Bank takes steps to limit the foreign exchange rate risk in most of these investments by employing various tools, such as cross-currency swaps.

Some of the Bank's consolidated subsidiaries conduct banking business, mortgage loan business and other businesses.

b. Contents and Risk of Financial Instruments

The main financial assets of the Bank and its consolidated subsidiaries consist of Loans and Bills Discounted, Securities and Money Held in Trust.

Loans and Bills Discounted are exposed to credit risk. Securities and Money Held in Trust mainly consist of bonds, equities, credit and alternative assets, which are held for held-to-maturity, available for sale, and trading purposes. These securities are exposed to the market risk arising from interest rates, currency exchange rates and price fluctuations, as well as the credit risk and liquidity risk.

The main financial liabilities of the Bank consist of Deposits from members, Debentures, Borrowed Money, Call Money and Bills Sold and Payables under Repurchase Agreements. These financial liabilities are exposed to market risk arising from interest rates and currency exchange rates. Procurement fund from the financial markets is exposed to liquidity risk arising from difficulties of securing necessary funds in certain cases such as market crashes.

Derivative instruments include the transactions accounted for as hedge transactions, as part of our ALM. A portion of interest-related derivative instruments and currency-related derivative instruments are not accounted for as hedge transactions, and are exposed to the market risk arising from interest rates and currency exchange rates.

Ref: Summary of Significant Accounting Policies (3) Financial Instruments c. Hedge Accounting for hedged items and hedging instruments related to hedge accounting, hedge policy and hedge effectiveness

c. Risk Management for Financial Instruments

(a) Integrated Risk Management

The Bank, under its “Basic Policies for Risk Management,” focuses on comprehensive risk management, where risks it faces in conducting business are identified and managed taking into account their respective natures, and its overall risk measured using quantitative methods is managed in comparison with its capital, the Bank’s financial strength. To implement integrated risk management, the Bank has established the Risk Management Committee. The Committee also ensures that the total amount of risk undertaken is kept within the Bank’s financial strength. The Bank has also established a number of committees which are categorized according to the type of risk they handle, e.g. the Portfolio Management Committee (market risk, credit risk, liquidity risk), the Credit Committee, the Food and Agri Finance Committee (credit risk), and other, to enable the top management to discuss risk management policies, including planned risk-taking. The framework also requires the integrated risk management situation to be regularly reported to the Board of Directors.

The Bank’s consolidated subsidiaries have managed to align each risk management framework in accordance with the Bank’s “Management and Operation Policy for Group Companies,” taking account of the Bank’s “Basic Policies for Risk Management” as well as the nature of its own business activities and the risk profile.

(b) Market Risk Management

The Bank has established its “Policies and Procedures for Market Risk Management” and other rules for market risk, and aligns its market risk management framework with other relevant frameworks, policies and procedures.

Specifically, through the investment execution process, the Bank ensures the segregation of duties among divisions in charge for decisions (planning) on allocation policy, execution of individual transactions, and monitoring of risk positions. The Portfolio Management Committee sets market portfolio allocation policy, the front sections execute the transactions in accordance with the allocation policy, and the middle sections conduct monitoring.

The risk balance of the market portfolio is managed by analyzing and understanding market portfolio conditions based on the degree of market risk measured by the middle sections, including the amount of aggregate risk, risk indicators such as Value at Risk (VaR) and interest rate risk sensitivity, and correlation among asset classes. In principle, market risk measurements cover all financial assets and liabilities in the Bank’s portfolio and make use of the Internal Model for the calculation of VaR.

From a risk management perspective, the front sections executing trades for the trading accounts are explicitly separated from the front sections executing trades for the banking accounts. Targets for profits, and position and loss limits are revised semi-annually. Progress in achieving profit targets within approved limits is monitored on a daily basis. When positions or losses exceed approved limits, the middle sections alert the front sections to take appropriate action, which includes preparing corrective measures, reducing trading volumes, or suspending trading altogether.

The Bank adopts the variance-covariance method to measure the VaR of the trading securities within Trading Assets and certain interest-related, bond-related or other derivative transactions within Derivative Instruments, which are accounted for as trading operations. The market risk (the estimate of the potential loss) of the Bank’s trading operations as of March 31, 2020 and 2019 summed up to ¥5 million (\$0 million) and ¥16 million, respectively, in total under the variance-covariance method with the holding period of one business day, a 99% confidence interval, and the observation period of 1,000 business days.

In order to measure the VaR of the financial assets and liabilities from the banking operations (the operations other than trading operations), the Bank adopts the historical simulation method. The market risk (the estimate of the potential net loss) of the Bank from the banking operations totaled ¥1,991,361 million (\$18,326 million) and ¥2,170,676 million as of March 31, 2020 and 2019, respectively, under the historical simulation method with holding period of 1 year, a 99.5% confidence interval, and the observation period from fiscal year 1995 to recent day. Since the Bank adopts mid- to long-term investment policies, as to the impact of the short-term market volatilities, the variance-covariance method VaR and others are separately calculated while market risks are basically measured by using the historical simulation method VaR as mentioned above.

The Bank also performs a back-testing to compare the model-measured VaR with the actual profits and losses. From the back-testing for the fiscal years ended March 31, 2020 and 2019 actual results, the Bank had only one exception for each fiscal year where the actual

loss exceeded VaR and concludes that the adopted measurement method provides a sufficient accuracy of the market risk measurement. VaR, however, is designed to measure the market risk under the certain occurrence probability hypothesis based on the statistical calculation of the historical market movements. Therefore, VaR may not cover the risks in extremely volatile market conditions. The Bank measures losses under various scenarios (stress test) to complement the said limits and weakness of the model.

(c) Credit Risk Management

The Bank has established its “Policies and Procedures for Credit Risk Management” and other rules for credit risk, and manages to align the credit risk management framework with the Bank’s internal rating, credit risk analysis, credit ceiling, credit management and others. Specifically, as for the credit risk assets, which consist of loans and various products for the item, area and business, the Bank comprehensively manages credit risk on an entire credit portfolio basis as well as individual credit basis for whole credit risk assets.

The Bank’s credit risk management framework is comprised of several committees (Including the Risk Management Committee, the Portfolio Management Committee and other committees), which determine the credit risk management framework as well as credit investment policy. Front sections execute loan transactions and credit investments in accordance with the credit policy and within the credit limits approved by the committees. Middle sections, which are segregated from the front sections, monitor changes in the credit risk portfolio and report them to the committees. Those reports are used for upgrading the risk management framework and for future credit investment planning.

The Bank performs specialized analysis for all outstanding credit according to borrower type, such as cooperatives, corporates, public entities, financial institutions, overseas borrowers and securitized products.

To mitigate credit over-concentration risk, the Bank has established credit ceiling systems. Total credit exposure for each ceiling category is monitored on a regular basis and controlled to avoid any over-concentration on credit exposure.

(d) Liquidity Risk Management

The Bank manages liquidity risk in accordance with its “Policies and Procedures for Liquidity Risk Management.” Considering the profiles of the Bank’s ALM together with the relatively less liquid assets that it holds, the Bank takes initiatives to diversify and enhance the varieties of funding instruments, placing an emphasis on the stability of cash flows. Cash flow management is conducted on an aggregate basis at the head office in collaboration with relevant branches, and various limits for each currency, funding instrument and funding base are established by the Risk Management Committee. The cash flow management plan, which sets out specific cash flow policy, is approved by the Portfolio Management Committee.

d. Supplementary Explanations for the Fair Value of Financial Instruments and Other Items

As the reasonably estimated amounts are calculated based on certain assumptions, these estimates could be significantly affected by different assumptions.

(2) Disclosures Regarding the Fair Value of Financial Instruments and Other Items

Stocks and others with no market prices are excluded from the table below (ref. Note 1). In addition to this, Call Loans and Bills Bought, Cash and Due from Banks, Negotiable Certificates of Deposit, Payables under Repurchase Agreements, and Short-term Entrusted Funds are omitted because these instruments are settled in a short period and then their fair values would approximate their carrying values.

Investments in Partnership and others are out of scope from the disclosure of the fair value measurement due to being applied to transitional measure of Article 27 of Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31 on 4th July 2019), and the consolidated balance sheet amount of the financial instrument is ¥699,756 million (\$6,439 million) and ¥887,151 million as of March 31, 2020 and 2019, respectively.

“Consolidated Balance Sheet Amount,” “Fair Value” and “Difference” as of March 31, 2020 and 2019 are as follows:

	Millions of Yen			Millions of U.S. Dollars		
	Consolidated Balance Sheet Amount	Fair Value	Difference	Consolidated Balance Sheet Amount	Fair Value	Difference
As of March 31, 2020						
Monetary Claims Bought	¥ 301,081	¥ 301,067	¥ (13)	\$ 2,770	\$ 2,770	\$ (0)
Trading Assets (*2)						
Trading Securities	1	1	—	0	0	—
Money Held in Trust (*1)						
Other Money Held in Trust	5,996,527	6,000,651	4,123	55,186	55,224	37
Securities						
Held-to-Maturity Debt Securities	15,793,031	15,395,716	(397,315)	145,343	141,687	(3,656)
Other Securities	37,907,922	37,907,922	—	348,867	348,867	—
Loans and Bills Discounted	20,058,825			184,601		
Reserve for Possible Loan Losses (*1)	(48,871)			(449)		
	20,009,953	20,037,723	27,769	184,151	184,407	255
Total Assets	¥80,008,518	¥79,643,081	¥(365,436)	\$736,319	\$732,956	\$ (3,363)
Deposits	¥65,639,097	¥65,639,105	¥ 7	\$604,077	\$604,077	\$ 0
Debentures	784,446	784,758	311	7,219	7,222	2
Borrowed Money	5,413,844	5,413,844	—	49,823	49,823	—
Total Liabilities	¥71,837,388	¥71,837,707	¥ 319	\$661,120	\$661,123	\$ 2
Derivative Instruments (*3)						
Transactions not Accounted for as Hedge						
Transactions	¥ 6,968	¥ 6,968	¥ —	\$ 64	\$ 64	\$ —
Transactions Accounted for as Hedge						
Transactions	(618,818)	(618,818)	—	(5,694)	(5,694)	—
Total Derivative Instruments	¥ (611,849)	¥ (611,849)	¥ —	\$ (5,630)	\$ (5,630)	\$ —

(*1) 1. Money Held in Trust and Loans and Bills Discounted are net of Reserve for Possible Loan Losses. Money Held in Trust is presented by net on the consolidated balance sheet as the reserve amounts are immaterial.

2. Derivative Instruments are excluded from Trading Assets.

3. Derivative Instruments within Trading Assets, Trading Liabilities, Other Assets and Other Liabilities are shown by net position. Receivables and payables which arise from Derivative Instruments are shown on a net basis.

As of March 31, 2019	Millions of Yen		
	Consolidated Balance Sheet Amount	Fair Value	Difference
Monetary Claims Bought	¥ 326,079	¥ 326,413	¥ 333
Trading Assets (*2)			
Trading Securities	8,560	8,560	—
Money Held in Trust (*1)			
Other Money Held in Trust	8,667,172	8,672,304	5,131
Securities			
Held-to-Maturity Debt Securities	18,443,863	18,429,773	(14,089)
Other Securities	35,973,644	35,973,644	—
Loans and Bills Discounted	18,613,018		
Reserve for Possible Loan Losses (*1)	(46,072)		
	18,566,945	18,591,749	24,803
Total Assets	¥81,986,266	¥82,002,445	¥ 16,179
Deposits	¥66,797,069	¥66,797,077	¥ 8
Debentures	1,254,239	1,256,761	2,522
Borrowed Money	4,837,392	4,837,392	—
Total Liabilities	¥72,888,700	¥72,891,231	¥ 2,530
Derivative Instruments (*3)			
Transactions not Accounted for as Hedge			
Transactions	¥ (572)	¥ (572)	¥ —
Transactions Accounted for as Hedge			
Transactions	(312,649)	(312,649)	—
Total Derivative Instruments	¥ (313,221)	¥ (313,221)	¥ —

(*1) 1. Money Held in Trust and Loans and Bills Discounted are net of Reserve for Possible Loan Losses. Money Held in Trust is presented by net on the consolidated balance sheet as the reserve amounts are immaterial.

2. Derivative Instruments are excluded from Trading Assets.

3. Derivative Instruments within Trading Assets, Trading Liabilities, Other Assets and Other Liabilities are shown by net position. Receivables and payables which arise from Derivative Instruments are shown on a net basis.

4. The figures for the fiscal year ended March 31, 2019 have been partially revised due to the application of Accounting Standard for Fair Value Measurement.

(Note 1) The following table lists Consolidated Balance Sheet Amount of Stocks and others with no market prices as of March 31, 2020: “Other Securities” in “Disclosures Regarding the Fair Value of Financial Instruments and Other Items” excludes these financial instruments.

As of March 31, 2020	Millions of Yen	Millions of U.S. Dollars
Unlisted Stocks (*1)	¥128,969	\$1,186
Others (*2)	2,984	27
Total	¥131,953	\$1,214

(*1) 1. The amount of revaluation losses for the fiscal year ended March 31, 2020 was ¥309 million (\$2 million) on Unlisted Stocks.

2. “Others” includes preferred equity securities issued by special purpose companies.

The following table lists Consolidated Balance Sheet Amount of financial instruments as of March 31, 2019, the fair value of which is extremely difficult to determine:

“Other Securities” in “Disclosures Regarding the Fair Value of Financial Instruments and Other Items” excludes these financial instruments.

As of March 31, 2019	Millions of Yen
Unlisted Stocks (*1)	¥125,178
Investment Trusts (*2)	228,770
Total	¥353,949

(*1) 1. The amount of revaluation losses for the fiscal year ended March 31, 2019 was ¥325 million on Unlisted Stocks.

2. Out of Investments in Investment Trusts, certain “Private REIT” whose fair value is extremely difficult to determine are excluded from “Disclosures Regarding the Fair Value of Financial Instruments and Other Items.”

(Note 2) The redemption schedule of money claims and securities with stated maturities after the consolidated balance sheet date is as follows:

	Millions of Yen					
	1 Year or Less	Over 1 Year to 3 Years	Over 3 Years to 5 Years	Over 5 Years to 7 Years	Over 7 Years to 10 Years	Over 10 Years
As of March 31, 2020						
Due from Banks (*1)	¥19,463,323	¥ —	¥ —	¥ —	¥ —	¥ —
Call Loans and Bills Bought	54,330	—	—	—	—	—
Monetary Claims Bought	130,600	—	—	41,067	72,199	57,221
Securities						
Held-to-Maturity Debt Securities	2,719,981	3,166,878	496,470	504,103	2,264,694	6,640,010
Japanese Government Bonds	2,171,200	2,626,000	16,000	—	—	—
Corporate Bonds	—	371	1,447	—	—	—
Foreign Bonds	548,781	540,507	479,023	504,103	2,264,694	6,640,010
Other Securities held that have Maturity	4,024,769	2,117,186	1,524,697	4,934,755	8,929,954	3,603,766
Japanese Government Bonds	1,407,400	1,426,600	40,000	—	1,304,400	1,905,000
Municipal Government Bonds	41,636	9,009	6,809	5,861	14,607	65,500
Corporate Bonds	623,929	313,339	189,249	28,374	8,000	247,600
Foreign Bonds	1,932,463	202,356	582,493	4,702,298	7,293,022	746,974
Investment Trust	—	125,508	647,393	2,440	159,968	595,731
Other	19,339	40,372	58,752	195,780	149,955	42,959
Loans and Bills Discounted (*2)	9,865,033	4,146,601	2,929,704	1,414,456	945,210	723,556
Total	¥36,258,038	¥9,430,666	¥4,950,872	¥6,894,383	¥12,212,058	¥11,024,555

	Millions of U.S. Dollars					
	1 Year or Less	Over 1 Year to 3 Years	Over 3 Years to 5 Years	Over 5 Years to 7 Years	Over 7 Years to 10 Years	Over 10 Years
As of March 31, 2020						
Due from Banks (*1)	\$179,121	\$ —	\$ —	\$ —	\$ —	\$ —
Call Loans and Bills Bought	500	—	—	—	—	—
Monetary Claims Bought	1,201	—	—	377	664	526
Securities						
Held-to-Maturity Debt Securities	25,032	29,144	4,569	4,639	20,842	61,108
Japanese Government Bonds	19,981	24,167	147	—	—	—
Corporate Bonds	—	3	13	—	—	—
Foreign Bonds	5,050	4,974	4,408	4,639	20,842	61,108
Other Securities held that have Maturity	37,040	19,484	14,031	45,414	82,182	33,165
Japanese Government Bonds	12,952	13,129	368	—	12,004	17,531
Municipal Government Bonds	383	82	62	53	134	602
Corporate Bonds	5,742	2,883	1,741	261	73	2,278
Foreign Bonds	17,784	1,862	5,360	43,275	67,117	6,874
Investment Trust	—	1,155	5,957	22	1,472	5,482
Other	177	371	540	1,801	1,380	395
Loans and Bills Discounted (*2)	90,788	38,161	26,962	13,017	8,698	6,658
Total	\$333,683	\$86,790	\$45,562	\$63,449	\$112,387	\$101,459

(*1) 1. Demand deposits within Due from Banks are included in "1 Year or Less."

2. Loans to debtors in bankruptcy, debtors in default, doubtful debtors and others of ¥24,261 million (\$223 million) for which the redemption amount cannot be estimated, and loans with no maturity of ¥10,000 million (\$92 million) within Loans and Bills Discounted, are excluded from the table above.

	Millions of Yen					
	1 Year or Less	Over 1 Year to 3 Years	Over 3 Years to 5 Years	Over 5 Years to 7 Years	Over 7 Years to 10 Years	Over 10 Years
As of March 31, 2019						
Due from Banks (*1)	¥18,849,584	¥ —	¥ —	¥ —	¥ —	¥ —
Call Loans and Bills Bought	44,368	—	—	—	—	—
Monetary Claims Bought	133,600	—	5,095	16,887	98,916	71,591
Securities						
Held-to-Maturity Debt Securities	2,226,832	5,288,827	730,267	943,333	1,529,827	7,720,488
Japanese Government Bonds	696,000	4,409,700	403,500	—	—	—
Corporate Bonds	—	651	0	1,862	—	—
Foreign Bonds	1,530,832	878,476	326,766	941,470	1,529,827	7,720,488
Other Securities held that have Maturity	3,258,359	4,994,815	1,622,325	1,404,751	8,674,137	3,276,124
Japanese Government Bonds	612,000	1,858,800	747,900	—	—	1,505,000
Municipal Government Bonds	4	9	13,209	9	11	1
Corporate Bonds	436,000	692,600	12,555	—	—	70,000
Foreign Bonds	2,081,076	2,178,047	259,446	1,181,564	8,405,782	856,742
Investment Trust	115,376	208,917	503,751	7,142	75,683	782,235
Other	13,902	56,441	85,462	216,034	192,660	62,145
Loans and Bills Discounted (*2)	10,032,105	3,411,850	2,760,686	1,158,986	725,865	488,707
Total	¥34,544,850	¥13,695,493	¥5,118,374	¥3,523,958	¥11,028,747	¥11,556,912

(*1) 1. Demand deposits within Due from Banks are included in "1 Year or Less."

2. Loans to debtors in bankruptcy, debtors in default, doubtful debtors and others of ¥24,816 million for which the redemption amount cannot be estimated, and loans with no maturity of ¥10,000 million within Loans and Bills Discounted, are excluded from the table above.

(Note 3) The redemption schedule of Borrowed Money and other interest-bearing liabilities after the consolidated balance sheet date is as follows:

	Millions of Yen					
	1 Year or Less	Over 1 Year to 3 Years	Over 3 Years to 5 Years	Over 5 Years to 7 Years	Over 7 Years to 10 Years	Over 10 Years
As of March 31, 2020						
Deposits (*1)	¥65,363,328	¥ 190,193	¥ 85,575	¥ —	¥ —	¥ —
Negotiable Certificates of Deposit	2,406,965	—	—	—	—	—
Debentures	401,379	248,477	134,588	1	—	—
Payables under Repurchase Agreements	15,726,573	—	—	—	—	—
Borrowed Money (*2)	2,118,321	1,355,881	568,162	19,855	25,252	1,326,372
Short-term Entrusted Funds	792,594	—	—	—	—	—
Total	¥86,809,162	¥1,794,552	¥788,326	¥19,856	¥25,252	¥1,326,372

	Millions of U.S. Dollars					
	1 Year or Less	Over 1 Year to 3 Years	Over 3 Years to 5 Years	Over 5 Years to 7 Years	Over 7 Years to 10 Years	Over 10 Years
As of March 31, 2020						
Deposits (*1)	\$601,539	\$ 1,750	\$ 787	\$ —	\$ —	\$ —
Negotiable Certificates of Deposit	22,151	—	—	—	—	—
Debentures	3,693	2,286	1,238	0	—	—
Payables under Repurchase Agreements	144,731	—	—	—	—	—
Borrowed Money (*2)	19,494	12,478	5,228	182	232	12,206
Short-term Entrusted Funds	7,294	—	—	—	—	—
Total	\$798,906	\$16,515	\$7,254	\$182	\$232	\$12,206

(*1) 1. Demand deposits within Deposits are included in "1 Year or Less."

2. Perpetual subordinated borrowings within Borrowed Money are included in "Over 10 Years."

As of March 31, 2019	Millions of Yen					
	1 Year or Less	Over 1 Year to 3 Years	Over 3 Years to 5 Years	Over 5 Years to 7 Years	Over 7 Years to 10 Years	Over 10 Years
Deposits (*1)	¥66,614,733	¥ 150,408	¥ 31,927	¥ —	¥ —	¥ —
Negotiable Certificates of Deposit	790,599	—	—	—	—	—
Debentures	474,791	526,026	253,420	—	—	—
Payables under Repurchase Agreements	15,111,297	—	—	—	—	—
Borrowed Money (*2)	1,049,163	1,791,517	673,648	3,825	1,342	1,317,895
Short-term Entrusted Funds	1,048,091	—	—	—	—	—
Total	¥85,088,676	¥2,467,953	¥958,996	¥3,825	¥1,342	¥1,317,895

(*1) 1. Demand deposits within Deposits are included in "1 Year or Less."

2. Perpetual subordinated borrowings within Borrowed Money are included in "Over 10 Years."

(3) Disclosures Regarding the Fair Value of Financial Instruments and Other Items by Level within the Fair Value Hierarchy

According to observability and significance of inputs used by calculating fair values, fair values for these financial instruments are classified into the following three-level hierarchy.

Level 1 - Unadjusted quoted prices for identical instruments in active markets.

Level 2 - Observable inputs other than Level 1 prices that are either directly or indirectly observable for the financial instrument.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the instruments.

If multiple inputs which have a significant impact on market value calculation are used, a financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Financial assets and liabilities whose fair values are equal to consolidated balance sheet amounts are as follows.

As of March 31, 2020	Millions of Yen			Millions of U.S. Dollars		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Monetary Claims Bought	¥ —	¥ —	¥ 777	\$ —	\$ —	\$ 7
Trading Assets						
Trading Securities	1	—	—	0	—	—
Money Held in Trust						
Other Money Held in trust	3,819,386	2,102,992	2,215	35,149	19,353	20
Securities						
Other Securities						
Stocks	597,894	—	—	5,502	—	—
Bonds	6,355,032	1,636,676	1,409	58,485	15,062	12
Japanese Government Bonds	6,355,032	—	—	58,485	—	—
Municipal Government Bonds	—	166,838	—	—	1,535	—
Corporate Bonds	—	1,469,838	1,409	—	13,526	12
Other	15,093,474	14,159,456	63,978	138,905	130,309	588
Foreign Bonds	14,727,626	2,300,892	24,189	135,538	21,175	222
Foreign Stocks	10,157	—	—	93	—	—
Investment Trust	355,690	11,858,563	39,789	3,273	109,134	366
Total Assets	¥25,865,788	¥17,899,125	¥68,382	\$238,043	\$164,725	\$629
Derivative Instruments						
Related to Currencies	¥ —	¥ 207,318	¥ —	\$ —	\$ 1,907	\$ —
Related to Interest Rates	—	(819,168)	—	—	(7,538)	—
Related to Bonds	—	—	—	—	—	—
Total Derivative Instruments	¥ —	¥ (611,849)	¥ —	\$ —	\$ (5,630)	\$ —

Financial assets and liabilities whose fair values are not equal to consolidated balance sheet amounts are as follows.

As of March 31, 2020	Millions of Yen			Millions of U.S. Dollars		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Monetary Claims Bought	¥—	¥ 266,397	¥ 33,892	\$—	\$ 2,451	\$ 311
Money Held in Trust						
Other Money Held in trust	—	393	75,662	—	3	696
Securities						
Held-to-Maturity Debt Securities						
Japanese Government Bonds	—	4,853,251	—	—	44,664	—
Corporate Bonds	—	1,831	—	—	16	—
Foreign Bonds	—	10,330,434	210,199	—	95,071	1,934
Loans and Bills Discounted	—	—	20,037,723	—	—	184,407
Total Assets	¥—	¥15,452,307	¥20,357,477	\$—	\$142,207	\$187,350
Deposits	¥—	¥65,639,105	¥—	\$—	\$604,077	\$—
Debentures	—	784,758	—	—	7,222	—
Borrowed Money	—	5,413,844	—	—	49,823	—
Total Liabilities	¥—	¥71,837,707	¥—	\$—	\$661,123	\$—

(Note 1) Calculation Methods and Inputs for the Fair Value of Financial Instruments are as follows:

Assets

Monetary Claims Bought

Monetary Claims Bought are valued and classified according to the same methods described in “Loans and Bills Discounted” and “Securities” below.

Trading Assets

Trading Securities are valued and classified according to the same methods described in “Securities” below.

Money Held in Trust

Loans and Bills Discounted and Securities included in Money Held in Trust are valued and classified according to the same methods described in “Loans and Bills Discounted” and “Securities” below.

Relevant notes concerning the fair value of Money Held in Trust of each classification are described in section 33. Fair Value of Money Held in Trust.

Securities

When unadjusted quoted prices are available in an active market, such securities are classified into Level 1 of the fair value hierarchy. Examples of Level 1 securities include listed equities and government bonds.

When quoted prices are available but not traded actively, such securities are classified into Level 2 of the fair value hierarchy. Level 2 securities mainly include municipal bonds and corporate bonds. When quoted prices are not available, the Bank and its subsidiaries generally estimate fair values by using prices obtained from independent pricing vendors, or by using valuation technique such as Discount Cash Flow method. As for valuation, the Bank and its subsidiaries maximize the use of observable inputs. Inputs include default rates, recovery rates, pre-payment rates, discount rates and other variables. Where significant inputs adopted to the fair value measurements for securities are unobservable, such securities are classified into Level 3 of the fair value hierarchy. Upon the adoption of Accounting Standard for Fair Value Measurement from the end of this consolidated fiscal year as mentioned above “Application of Accounting Standard for Fair Value Measurement” in “(Change in Accounting Policies)” of “2. Summary of Significant Accounting Policies,” quoted market price is used for fair value of Japanese government floating rate bonds which is replaced from using reasonably estimated valuation based upon reasonable quotation by management.

Additionally, in terms of the fair value hierarchy for Investment Trusts, the Bank does not apply the transitional measurement permitted by ASBJ Guidance No. 31 Implementation Guidance on Accounting Standard for Fair Value Measurement. It discloses the

detail and others of the fair value hierarchy for the instrument in each level. Concretely, in addition to the factors mentioned above, probability of redemption or sale at net asset value are reflected on classification of the fair value hierarchy for Investment Trusts. Net asset value for certain Investment Trusts is adjusted by liquidity discount and such Investment Trust is classified into Level 3 of the fair value hierarchy.

Loans and Bills Discounted

The fair value of Loans and Bills Discounted with floating rates approximates the book value since it is repriced reflecting market interest fluctuations within a short period, unless the creditworthiness of the debtors has changed significantly after execution. Accordingly, the book value is deemed to be the fair value. As for Loans and Bills Discounted with fixed rates, the fair value is calculated according to the Discounted Cash Flow method. The main inputs include the default rates based on the current credit rating of the debtors, recovery rates, and other inputs. As for mortgages, the fair value is calculated according to the Discounted Cash Flow method. The main inputs include the default rates, recovery rates, pre-payment rates and other inputs.

As for Loans and Bills Discounted to doubtful debtors and others, the fair value is calculated by the present value of expected future cash flows or the estimated recovery amount of collateral and guarantee.

With respect to Loans and Bills Discounted without stated maturity for which credit is extended up to the value of the collateral assets, the book value is deemed to approximate the fair value, taking into account expected maturities, interest rates and other terms. All of Loans and Bills Discounted are classified into Level 3 of the fair value hierarchy since significant inputs for the assets are unobservable.

Liabilities

Deposits

With respect to demand deposits, the amounts payable on demand as of the consolidated balance sheet date (the book value) are estimated at fair value. The fair value of time deposits with floating rates approximates the book value since it is repriced reflecting market interest rate fluctuations within a short period (1 year or less), unless the creditworthiness of the Bank and its consolidated subsidiaries has changed significantly. Accordingly, the fair value is deemed to be the book value. As for time deposits with fixed rates, the fair value is calculated according to the Discounted Cash Flow method, and these discount rates are the currently-applied deposit rates determined as interest rates similar to the market basis. Some contractual terms are short-term (1 year or less), and the fair value approximates the book value. Accordingly, the fair value is deemed to be the book value. All of the calculated fair values for deposits are classified into Level 2 of the fair value hierarchy.

Debentures

As for Debentures, the fair value is based on the quoted market price if available, or calculated according to the Discounted Cash Flow method. The main input of this method is the rate which would be applied if a similar debenture was issued. Debentures are classified into Level 2 of the fair value hierarchy considering the market liquidity for those.

Borrowed Money

The fair value of Borrowed Money with floating rates approximates the book value since it is repriced reflecting market interest rate fluctuations within a short period (1 year or less), unless the creditworthiness of the Bank and its consolidated subsidiaries has changed significantly. Accordingly, the book value is deemed to be the fair value. Therefore, Borrowed Money with floating rate is classified into Level 2 of the fair value hierarchy.

As for Borrowed Money with fixed rates, the fair value is calculated according to the Discounted Cash Flow method. The input of this method is the interest rate which would be applied to a similar borrowed money. Where unobservable inputs have a significant impact on the fair value for Borrowed Money with fixed rates, the instrument is classified into Level 3 of the fair value hierarchy. Where not, the instrument is classified into Level 2 of the fair value hierarchy. The fair value of the Borrowed Money within a year or less with fixed rates approximates the book value and then the fair value is deemed to be the book value. Such Borrowed Money is classified into Level 2 of the fair value hierarchy.

Derivative Instruments

When unadjusted quoted prices are available for Derivative instruments in an active market, such instruments are classified into Level 1 of the fair value hierarchy. Examples of these Derivative instruments include Bond Futures, Interest Rate Futures and others.

Where quoted market price is unavailable, the Bank estimates fair values for Derivative instruments by a discounted net present value method, an option pricing model and other methods as appropriate. Main inputs used by valuation methods mentioned above are interest rates, foreign currency exchange rates, volatility and other variables. Further, the fair value for derivative instruments such as Swap and others is reflected on the price adjustment based on credit risk of counter parties and the Bank itself. Where unobservable inputs are not adopted or their impact is not significant on the fair value for Derivative instruments, such derivative instruments are classified into Level 2 of the fair value hierarchy. Derivatives that are evaluated using valuation techniques with significant unobservable inputs are classified into Level 3 of the fair value hierarchy.

Relevant notes regarding the fair value of derivative instruments are described in section 34. Fair Value of Derivative Instruments.

(Note 2) The Fair value of Level 3 for financial instruments recorded at fair value on the consolidated balance sheet is as follows:

Quantitative Information of Significant Unobservable Inputs about Level 3 Fair Value Measurements

Asset	Valuation Technique	Significant Unobservable Inputs	Range
Securities			
Other Securities			
Corporate Bonds	Discount Present Value Method	Default rates	1.02%
		Recovery rates	50.00%

Explanation of Market Value Evaluation Process

Supervisory Department for Fair Value Measurement in the Bank establishes guidelines and procedures for fair value and Fair Value Measurement Department calculates fair value in compliance with these guidelines and procedures. Assessment Department, which is independent from Fair Value Measurement Department verifies appropriateness of the calculation result of fair value, and the result of the verification is reported in the Risk Management Committee. Thus, the Bank confirms the appropriateness of guidelines and procedures for fair value measurement.

Moreover, as for fair value measurement, the Bank adopts pricing models which the most properly reflect on types, characteristics, and risks for individual financial instrument. Where market values obtained from independent pricing vendors are used, the Bank verifies the validity of the vendors' market values by means of appropriate approaches such as assessment of pricing models and inputs which the vendors adopt, comparison with fair values of similar financial instruments and others.

Explanation of an Impact on Fair Value in the Case of Changing Significant Unobservable Inputs

Significant unobservable inputs used by calculating the fair value for corporate bonds are default rates and recovery rates. Rapid increase (or decrease) of default rates will independently cause rapid drop (or increase) of fair value and rapid increase (or decrease) of recovery rates will independently cause rapid increase (or drop) of fair value. Generally, the change of assumption about default rates oppositely correlates the change of assumption about recovery rates.

32. Fair Value of Securities

Trading Securities

	Millions of Yen		Millions of U.S. Dollars
	2020	2019	2020
Unrealized Gain Recognized as Income		Unrealized Gain Recognized as Income	Unrealized Gain Recognized as Income
As of March 31			
Trading Securities	¥—	¥181	\$—

Note: The above analysis of Trading Securities includes Trading Securities disclosed as Trading Assets in the consolidated balance sheet.

Held-to-Maturity Debt Securities

As of March 31, 2020	Type	Millions of Yen			Millions of U.S. Dollars		
		Consolidated			Consolidated		
		Balance Sheet Amount	Fair Value	Difference	Balance Sheet Amount	Fair Value	Difference
Transactions for Fair Value exceeding Consolidated Balance Sheet Amount	Japanese Government Bonds	¥ 4,825,376	¥ 4,853,251	¥ 27,874	\$ 44,408	\$ 44,664	\$ 256
	Municipal Government Bonds	—	—	—	—	—	—
	Short-term Corporate Bonds	—	—	—	—	—	—
	Corporate Bonds	1,818	1,831	12	16	16	0
	Other	1,490,455	1,505,572	15,117	13,716	13,855	139
	Foreign Bonds	1,400,484	1,415,427	14,942	12,888	13,026	137
	Other	89,970	90,145	174	827	829	1
	Subtotal	6,317,650	6,360,655	43,005	58,141	58,537	395
Transactions for Fair Value not exceeding Consolidated Balance Sheet Amount	Japanese Government Bonds	—	—	—	—	—	—
	Municipal Government Bonds	—	—	—	—	—	—
	Short-term Corporate Bonds	—	—	—	—	—	—
	Corporate Bonds	—	—	—	—	—	—
	Other	9,775,685	9,335,350	(440,334)	89,965	85,913	(4,052)
	Foreign Bonds	9,565,352	9,125,206	(440,145)	88,030	83,979	(4,050)
Other	210,333	210,144	(188)	1,935	1,933	(1)	
Subtotal	9,775,685	9,335,350	(440,334)	89,965	85,913	(4,052)	
Total	¥16,093,335	¥15,696,005	¥(397,329)	\$148,107	\$144,450	\$(3,656)	

Note: The above analysis of Held-to-Maturity Debt Securities includes Securities and trust beneficiary interests in Monetary Claims Bought in the consolidated balance sheet.

As of March 31, 2019	Type	Millions of Yen		
		Consolidated		
		Balance Sheet Amount	Fair Value	Difference
Transactions for Fair Value exceeding Consolidated Balance Sheet Amount	Japanese Government Bonds	¥ 2,229,371	¥ 2,235,070	¥ 5,699
	Municipal Government Bonds	—	—	—
	Short-term Corporate Bonds	—	—	—
	Corporate Bonds	2,514	2,536	22
	Other	4,736,764	4,776,432	39,667
	Foreign Bonds	4,574,275	4,613,586	39,311
	Other	162,489	162,845	356
	Subtotal	6,968,650	7,014,040	45,389
Transactions for Fair Value not exceeding Consolidated Balance Sheet Amount	Japanese Government Bonds	3,299,450	3,294,251	(5,199)
	Municipal Government Bonds	—	—	—
	Short-term Corporate Bonds	—	—	—
	Corporate Bonds	—	—	—
	Other	8,501,842	8,447,895	(53,946)
	Foreign Bonds	8,338,251	8,284,327	(53,923)
Other	163,590	163,567	(22)	
Subtotal	11,801,293	11,742,147	(59,145)	
Total	¥18,769,943	¥18,756,187	¥(13,756)	

Note: The above analysis of Held-to-Maturity Debt Securities includes Securities and trust beneficiary interests in Monetary Claims Bought in the consolidated balance sheet.

Other Securities

As of March 31, 2020	Type	Millions of Yen			Millions of U.S. Dollars		
		Consolidated Balance Sheet Amount	Acquisition Cost	Difference	Consolidated Balance Sheet Amount	Acquisition Cost	Difference
	Stocks	¥ 559,022	¥ 220,044	¥ 338,978	\$ 5,144	\$ 2,025	\$ 3,119
	Bonds	5,797,427	5,556,978	240,448	53,353	51,140	2,212
	Japanese Government Bonds	5,660,799	5,420,516	240,283	52,096	49,885	2,211
	Municipal Government Bonds	7,048	7,040	8	64	64	0
Transactions for Consolidated Balance Sheet Amount exceeding Acquisition Cost	Short-term Corporate Bonds	—	—	—	—	—	—
	Corporate Bonds	129,579	129,422	157	1,192	1,191	1
	Other	23,419,412	21,494,767	1,924,645	215,529	197,816	17,712
	Foreign Bonds	15,081,883	13,978,465	1,103,417	138,798	128,644	10,154
	Foreign Stocks	10,157	7,075	3,082	93	65	28
	Investment Trusts	8,320,070	7,501,932	818,138	76,569	69,040	7,529
	Other	7,301	7,294	7	67	67	0
	Subtotal	29,775,863	27,271,790	2,504,072	274,027	250,982	23,045
	Stocks	38,871	47,136	(8,264)	357	433	(76)
	Bonds	2,195,690	2,208,240	(12,549)	20,206	20,322	(115)
	Japanese Government Bonds	694,232	701,257	(7,024)	6,389	6,453	(64)
	Municipal Government Bonds	159,789	161,817	(2,028)	1,470	1,489	(18)
Transactions for Consolidated Balance Sheet Amount not exceeding Acquisition Cost	Short-term Corporate Bonds	—	—	—	—	—	—
	Corporate Bonds	1,341,668	1,345,165	(3,496)	12,347	12,379	(32)
	Other	5,910,227	6,227,786	(317,559)	54,391	57,314	(2,922)
	Foreign Bonds	1,970,825	2,045,422	(74,597)	18,137	18,824	(686)
	Foreign Stocks	—	—	—	—	—	—
	Investment Trusts	3,933,973	4,176,931	(242,957)	36,204	38,440	(2,235)
	Other	5,429	5,432	(3)	49	49	(0)
	Subtotal	8,144,790	8,483,164	(338,373)	74,956	78,070	(3,114)
	Total	¥37,920,653	¥35,754,954	¥2,165,698	\$348,984	\$329,053	\$19,930

Notes: 1. The above analysis of Other Securities includes Securities, negotiable certificates of deposit disclosed as Cash and Due from Banks and trust beneficiary interests in Monetary Claims Bought in the consolidated balance sheet.

2. Investment Trusts include Japanese trusts and foreign trusts.

As of March 31, 2019	Type	Millions of Yen		
		Consolidated Balance Sheet Amount	Acquisition Cost	Difference
	Stocks	¥ 711,487	¥ 255,286	¥ 456,200
	Bonds	5,407,989	5,117,650	290,339
	Japanese Government			
	Bonds	5,034,195	4,744,412	289,782
	Municipal Government			
	Bonds	13,262	13,245	16
Transactions for Consolidated Balance Sheet Amount	Short-term Corporate Bonds	—	—	—
exceeding Acquisition Cost	Corporate Bonds	360,532	359,991	540
	Other	18,600,165	17,283,203	1,316,962
	Foreign Bonds	11,001,728	10,484,956	516,772
	Foreign Stocks	17,038	7,372	9,666
	Investment Trusts	7,581,398	6,790,874	790,523
	Other	—	—	—
	Subtotal	24,719,642	22,656,140	2,063,502
	Stocks	11,448	14,122	(2,674)
	Bonds	852,331	852,599	(267)
	Japanese Government			
	Bonds	—	—	—
	Municipal Government			
	Bonds	—	—	—
Transactions for Consolidated Balance Sheet Amount not exceeding Acquisition Cost	Short-term Corporate Bonds	—	—	—
	Corporate Bonds	852,331	852,599	(267)
	Other	10,398,540	10,556,003	(157,463)
	Foreign Bonds	4,763,095	4,776,839	(13,744)
	Foreign Stocks	—	—	—
	Investment Trusts	5,627,126	5,770,844	(143,717)
	Other	8,317	8,318	(1)
	Subtotal	11,262,319	11,422,724	(160,405)
	Total	¥35,981,962	¥34,078,865	¥1,903,096

Notes: 1. The above analysis of Other Securities includes Securities, negotiable certificates of deposit disclosed as Cash and Due from Banks and trust beneficiary interests in Monetary Claims Bought in the consolidated balance sheet.

2. Investment Trusts include Japanese trusts and foreign trusts.

3. The figures for the fiscal year ended March 31, 2019 have been partially revised due to the application of Accounting Standard for Fair Value Measurement.

Held-to-Maturity Debt Securities Sold during the Fiscal Year

The Bank and its consolidated subsidiaries sold no held-to-maturity debt securities for the fiscal years ended March 31, 2020 and 2019.

Other Securities Sold during the Fiscal Year

Fiscal year ended March 31, 2020	Millions of Yen			Millions of U.S. Dollars		
	Sales Proceeds	Gains on Sales	Losses on Sales	Sales Proceeds	Gains on Sales	Losses on Sales
Stocks	¥ 2,146	¥ 1,503	¥ 1	\$ 19	\$ 13	\$ 0
Bonds	287,531	1,630	5	2,646	15	0
Japanese Government Bonds	287,531	1,630	5	2,646	15	0
Municipal Government Bonds	—	—	—	—	—	—
Short-term Corporate Bonds	—	—	—	—	—	—
Corporate Bonds	—	—	—	—	—	—
Other	1,278,981	85,549	20,653	11,770	787	190
Foreign Bonds	949,450	48,105	—	8,737	442	—
Foreign Stocks	—	—	—	—	—	—
Investment Trusts	48,980	3,193	925	450	29	8
Other	280,550	34,250	19,728	2,581	315	181
Total	¥1,568,659	¥88,683	¥20,660	\$14,436	\$816	\$190

Note: Investment Trusts include Japanese trusts and foreign trusts.

Fiscal year ended March 31, 2019	Millions of Yen		
	Sales Proceeds	Gains on Sales	Losses on Sales
Stocks	¥ 26,811	¥ 17,638	¥ —
Bonds	139,828	1,184	1
Japanese Government Bonds	139,481	1,184	—
Municipal Government Bonds	—	—	—
Short-term Corporate Bonds	—	—	—
Corporate Bonds	346	—	1
Other	3,879,368	147,120	99,659
Foreign Bonds	3,590,954	72,084	72,230
Foreign Stocks	1,908	492	0
Investment Trusts	118,455	50,967	28
Other	168,048	23,574	27,400
Total	¥4,046,008	¥165,943	¥99,661

Note: Investment Trusts include Japanese trusts and foreign trusts.

Securities Recognized for Revaluation Loss

Securities other than those for trading purposes and Stocks and others with no market prices and Investments in Partnership and others are revalued to their fair value, and the difference between the book value and the fair value is treated as a realized loss for the fiscal years ended March 31, 2020 and 2019 (“revaluation loss”), if the fair value has significantly deteriorated from the book value unless a recovery in the fair value is deemed probable.

The amount of revaluation loss for the fiscal year ended March 31, 2020 was ¥1,583 million (\$14 million), all of which was on Stocks.

The amount of revaluation loss for the fiscal year ended March 31, 2019 was ¥124 million, all of which was on Stocks.

The criteria for determining whether the securities’ fair value has “significantly deteriorated” are outlined as follows:

Securities whose fair values are equal to or less than 50% of their book value

Securities whose fair values remain between 50% (exclusive) and 70% (inclusive) of their book value for a certain period

33. Fair Value of Money Held in Trust

Other Money Held in Trust (Money Held in Trust other than that for trading purposes or held-to-maturity)

	Millions of Yen				
	Consolidated Balance Sheet Amount	Acquisition Cost	Difference	Transactions for Consolidated Balance Sheet Amount exceeding Acquisition Cost	Transactions for Consolidated Balance Sheet Amount not exceeding Acquisition Cost
As of March 31, 2020					
Other Money Held in Trust	¥5,996,681	¥5,900,065	¥96,615	¥137,261	¥40,646

	Millions of U.S. Dollars				
	Consolidated Balance Sheet Amount	Acquisition Cost	Difference	Transactions for Consolidated Balance Sheet Amount exceeding Acquisition Cost	Transactions for Consolidated Balance Sheet Amount not exceeding Acquisition Cost
As of March 31, 2020					
Other Money Held in Trust	\$55,187	\$54,298	\$889	\$1,263	\$374

Note: “Transactions for Consolidated Balance Sheet Amount exceeding Acquisition Cost” and “Transactions for Consolidated Balance Sheet Amount not exceeding Acquisition Cost” are gross valuation of the difference between the acquisition cost and the consolidated balance sheet amount presented in “Difference.”

	Millions of Yen				
	Consolidated Balance Sheet Amount	Acquisition Cost	Difference	Transactions for Consolidated Balance Sheet Amount exceeding Acquisition Cost	Transactions for Consolidated Balance Sheet Amount not exceeding Acquisition Cost
As of March 31, 2019					
Other Money Held in Trust	¥8,667,392	¥8,618,740	¥48,651	¥140,343	¥91,691

Note: “Transactions for Consolidated Balance Sheet Amount exceeding Acquisition Cost” and “Transactions for Consolidated Balance Sheet Amount not exceeding Acquisition Cost” are gross valuation of the difference between the acquisition cost and the consolidated balance sheet amount presented in “Difference.”

34. Fair Value of Derivative Instruments

(1) Derivative Instruments not accounted for as hedges

Regarding the derivative instruments which are not accounted for as hedge transactions, Contract Amount or Notional Amount, Fair Value and Unrealized Gain or Loss for each type of derivative transactions, respectively, at the consolidated balance sheet date, and determination of fair value are as follows.

Contract Amount or Notional Amount does not show by itself market risk of derivative instruments.

Interest Rate-Related Derivative Instruments

As of March 31, 2020	Millions of Yen				Millions of U.S. Dollars			
	Contract Amount or Notional Amount		Fair Value	Unrealized Gain/Loss	Contract Amount or Notional Amount		Fair Value	Unrealized Gain/Loss
	Total	Over 1 Year			Total	Over 1 Year		
Exchange-traded Transactions								
Interest Rate Futures:								
Sold	¥ —	¥ —	¥ —	¥ —	\$ —	\$ —	\$ —	\$ —
Purchased	—	—	—	—	—	—	—	—
Interest Rate Options:								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Over-the-counter Transactions								
Forward Rate Agreements:								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Interest Rate Swaps:								
Rec.: Fix.-Pay.: Flt.	762,918	721,600	21,928	21,928	7,021	6,640	201	201
Rec.: Flt.-Pay.: Fix.	336,427	295,109	(23,247)	(23,247)	3,096	2,715	(213)	(213)
Rec.: Flt.-Pay.: Flt.	—	—	—	—	—	—	—	—
Interest Rate Options:								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Other:								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Total	¥ /	¥ /	¥ (1,319)	¥ (1,319)	\$ /	\$ /	\$ (12)	\$ (12)

Notes: 1. Derivative instruments are revalued to fair value. Changes in fair value are included in the consolidated statement of operations.

2. Determination of fair value:

The fair value of exchange-traded derivative instruments is based on closing prices at the Tokyo Financial Exchange or other relevant exchanges.

The fair value of over-the-counter traded derivative instruments is determined based on a discounted net present value model, an option pricing model or other models as appropriate.

As of March 31, 2019	Millions of Yen			
	Contract Amount or Notional Amount		Fair Value	Unrealized Gain/Loss
	Total	Over 1 Year		
Exchange-traded Transactions				
Interest Rate Futures:				
Sold	¥ 5,380	¥ 5,380	¥ (37)	¥ (37)
Purchased	5,398	—	6	6
Interest Rate Options:				
Sold	—	—	—	—
Purchased	—	—	—	—
Over-the-counter Transactions				
Forward Rate Agreements:				
Sold	—	—	—	—
Purchased	—	—	—	—
Interest Rate Swaps:				
Rec.: Fix.-Pay.: Flt.	206,659	196,864	7,229	7,229
Rec.: Flt.-Pay.: Fix.	200,576	190,864	(6,891)	(6,891)
Rec.: Flt.-Pay.: Flt.	—	—	—	—
Interest Rate Options:				
Sold	—	—	—	—
Purchased	—	—	—	—
Other:				
Sold	—	—	—	—
Purchased	—	—	—	—
Total	¥ /	¥ /	¥ 307	¥ 307

Notes: 1. Derivative instruments are revalued to fair value. Changes in fair value are included in the consolidated statement of operations.

2. Determination of fair value:

The fair value of exchange-traded derivative instruments is based on closing prices at the Tokyo Financial Exchange or other relevant exchanges.

The fair value of over-the-counter traded derivative instruments is determined based on a discounted net present value model, an option pricing model or other models as appropriate.

Currency-Related Derivative Instruments

As of March 31, 2020	Millions of Yen				Millions of U.S. Dollars			
	Contract Amount or Notional Amount		Fair Value	Unrealized Gain/Loss	Contract Amount or Notional Amount		Fair Value	Unrealized Gain/Loss
	Total	Over 1 Year			Total	Over 1 Year		
Exchange-traded Transactions								
Currency Futures:								
Sold	¥ —	¥ —	¥ —	¥ —	\$ —	\$ —	\$ —	\$ —
Purchased	—	—	—	—	—	—	—	—
Currency Options:								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Over-the-counter Transactions								
Currency Swaps								
Sold	—	—	—	—	—	—	—	—
Forwards:								
Sold	1,247,639	2,743	(6,317)	(6,317)	11,482	25	(58)	(58)
Purchased	2,427,802	2,629	14,604	14,604	22,343	24	134	134
Currency Options:								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Other:								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Total	¥ /	¥ /	¥ 8,287	¥ 8,287	\$ /	\$ /	\$ 76	\$ 76

Notes: 1. Derivative instruments are revalued to fair value. Changes in fair value are included in the consolidated statement of operations.

2. Determination of fair value:

Fair value is determined based on the discounted net present value model.

As of March 31, 2019	Millions of Yen			
	Contract Amount or Notional Amount		Fair Value	Unrealized Gain/Loss
	Total	Over 1 Year		
Exchange-traded Transactions				
Currency Futures:				
Sold	¥ —	¥ —	¥ —	¥ —
Purchased	—	—	—	—
Currency Options:				
Sold	—	—	—	—
Purchased	—	—	—	—
Over-the-counter Transactions				
Currency Swaps				
Forwards:				
Sold	368,399	14,489	(3,225)	(3,225)
Purchased	556,750	14,533	2,380	2,380
Currency Options:				
Sold	—	—	—	—
Purchased	—	—	—	—
Other:				
Sold	—	—	—	—
Purchased	—	—	—	—
Total	¥ /	¥ /	¥ (845)	¥ (845)

Notes: 1. Derivative instruments are revalued to fair value. Changes in fair value are included in the consolidated statement of operations.

2. Determination of fair value:

Fair value is determined based on the discounted net present value model.

Stock-Related Derivative Instruments

The Bank and its consolidated subsidiaries held no Stock-Related Derivative Instruments as of March 31, 2020 and 2019.

Bond-Related Derivative Instruments

As of March 31, 2020	Millions of Yen				Millions of U.S. Dollars			
	Contract Amount or Notional Amount		Fair Value	Unrealized Gain/Loss	Contract Amount or Notional Amount		Fair Value	Unrealized Gain/Loss
	Total	Over 1 Year			Total	Over 1 Year		
Exchange-traded Transactions								
Bond Futures:								
Sold	¥—	¥—	¥—	¥—	\$—	\$—	\$—	\$—
Purchased	—	—	—	—	—	—	—	—
Bond Futures Options:								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Over-the-counter Transactions								
Bond Options:								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Other:								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Total	¥ /	¥ /	¥—	¥—	\$ /	\$ /	\$—	\$—

Notes: 1. Derivative instruments are revalued to fair value. Changes in fair value are included in the consolidated statement of operations.

2. Determination of fair value:

The fair value of exchange-traded derivative instruments is based on closing prices at Osaka Exchange or other relevant exchanges.

The fair value of over-the-counter traded derivative instruments is determined based on an option pricing model or other models as appropriate.

As of March 31, 2019	Millions of Yen			
	Contract Amount or Notional Amount		Fair Value	Unrealized Gain/Loss
	Total	Over 1 Year		
Exchange-traded Transactions				
Bond Futures:				
Sold	¥13,471	¥—	¥(65)	¥(65)
Purchased	10,309	—	31	31
Bond Futures Options:				
Sold	—	—	—	—
Purchased	—	—	—	—
Over-the-counter Transactions				
Bond Options:				
Sold	—	—	—	—
Purchased	—	—	—	—
Other:				
Sold	—	—	—	—
Purchased	—	—	—	—
Total	¥ /	¥ /	¥(34)	¥(34)

Notes: 1. Derivative instruments are revalued to fair value. Changes in fair value are included in the consolidated statement of operations.

2. Determination of fair value:

The fair value of exchange-traded derivative instruments is based on closing prices at Osaka Exchange or other relevant exchanges.

The fair value of over-the-counter traded derivative instruments is determined based on an option pricing model or other models as appropriate.

Commodities-Related Derivative Instruments

The Bank and its consolidated subsidiaries held no Commodities-Related Derivative Instruments as of March 31, 2020 and 2019.

Credit Derivative Instruments

The Bank and its consolidated subsidiaries held no Credit Derivative Instruments as of March 31, 2020 and 2019.

(2) Derivative Instruments accounted for as hedges

Regarding the derivative instruments which are accounted for as hedge transactions, Contract Amount or Notional Amount, and Fair Value for each type of derivative transactions, respectively, at the consolidated balance sheet date, and determination of fair value are as follows.

Contract Amount or Notional Amount does not show by itself market risk of derivative instruments.

Interest Rate-Related Derivative Instruments

As of March 31, 2020			Millions of Yen			Millions of U.S. Dollars		
Method of Hedges	Type of Derivative Instruments	Hedged Items	Contract Amount or Notional Amount		Fair Value	Contract Amount or Notional Amount		Fair Value
			Total	Over 1 Year		Total	Over 1 Year	
The Deferral Method	Interest Rate Swaps (Rec.: Fix.-Pay.: Flt.)	Debentures	¥ 455,000	¥ 320,000	¥ 1,393	\$ 4,187	\$ 2,944	\$ 12
	Interest Rate Swaps (Rec.: Flt.-Pay.: Fix.)	Yen-denominated Securities, Deposits and Others	8,927,696	7,950,963	(819,242)	82,161	73,172	(7,539)
The Accrual Method	Interest Rate Swaps (Rec.: Flt.-Pay.: Fix.)	Loans and Bills Discounted, Yen-denominated Securities and Others	346,900	272,182	Note 3	3,192	2,504	Note 3
Total			¥ /	¥ /	¥(817,849)	\$ /	\$ /	\$(7,526)

Notes: 1. Primarily, the Bank applies the deferral method of hedge accounting which is described in "Accounting and Auditing Treatment relating to the Adoption of 'Accounting for Financial Instruments' for Banks," issued by the Japanese Institute of Certified Public Accountants ("JICPA"), (JICPA Industry Audit Committee Report No. 24, issued on February 13, 2002).

2. Determination of fair value:

The fair value of exchange-traded derivative instruments is based on closing prices at the Tokyo Financial Exchange or other relevant exchanges. The fair value of over-the-counter traded derivative instruments is determined based on a discounted net present value model, an option pricing model or other models as appropriate.

3. The fair value of certain interest rate swaps which the accrual method of hedge accounting is applied, as specifically permitted for certain interest rate swaps, is not included in the table above as the hedging instruments are accounted for together with the Loans and Bills Discounted and other items (ref: 31. Financial Instruments (2) Disclosures Regarding the Fair Value of Financial Instruments and Other Items).

As of March 31, 2019

Millions of Yen

Method of Hedges	Type of Derivative Instruments	Hedged Items	Contract Amount or Notional Amount		Fair Value
			Total	Over 1 Year	
The Deferral Method	Interest Rate Swaps (Rec.: Fix.-Pay.: Flt.)	Debentures	¥ 905,000	¥ 465,000	¥ 3,273
	Interest Rate Swaps (Rec.: Flt.-Pay.: Fix.)	Yen-denominated Securities, Deposits and Others	7,537,453	7,022,892	(193,036)
The Accrual Method	Interest Rate Swaps (Rec.: Flt.-Pay.: Fix.)	Loans and Bills Discounted, Yen-denominated Securities and Others	305,967	253,749	Note 3
Total			¥ /	¥ /	¥(189,763)

Notes: 1. Primarily, the Bank applies the deferral method of hedge accounting which is described in "Accounting and Auditing Treatment relating to the Adoption of 'Accounting for Financial Instruments' for Banks," issued by the Japanese Institute of Certified Public Accountants ("JICPA"), (JICPA Industry Audit Committee Report No. 24, issued on February 13, 2002).

2. Determination of fair value:

The fair value of exchange-traded derivative instruments is based on closing prices at the Tokyo Financial Exchange or other relevant exchanges. The fair value of over-the-counter traded derivative instruments is determined based on a discounted net present value model, an option pricing model or other models as appropriate.

3. The fair value of certain interest rate swaps which the accrual method of hedge accounting is applied, as specifically permitted for certain interest rate swaps, is not included in the table above as the hedging instruments are accounted for together with the Loans and Bills Discounted and other items (ref: 31. Financial Instruments (2) Disclosures Regarding the Fair Value of Financial Instruments and Other Items).

Currency-Related Derivative Instruments

As of March 31, 2020

Millions of Yen

Millions of U.S. Dollars

Method of Hedges	Type of Derivative Instruments	Hedged Items	Contract Amount or Notional Amount		Fair Value	Contract Amount or Notional Amount		Fair Value
			Total	Over 1 Year		Total	Over 1 Year	
The Deferral Method	Currency Swaps	Foreign Currency Denominated Securities and Others	¥15,728,890	¥8,428,975	¥237,304	\$144,753	\$77,572	\$2,183
	Forex Forward		3,404,192	—	(38,273)	31,328	—	(352)
Total			¥ /	¥ /	¥199,031	\$ /	\$ /	\$1,831

Notes: 1. Primarily, the Bank applies the deferral method of hedge accounting which is described in "Accounting and Auditing Treatment relating to Accounting for Foreign Currency Transactions in the Banking Industry" (JICPA Industry Audit Committee Report No. 25, issued on July 29, 2002).

2. Determination of fair value:

Fair value is determined based on the discounted net present value model.

As of March 31, 2019

Millions of Yen

Method of Hedges	Type of Derivative Instruments	Hedged Items	Contract Amount or Notional Amount		Fair Value
			Total	Over 1 Year	
The Deferral Method	Currency Swaps	Foreign Currency Denominated Securities and Others	¥17,402,560	¥10,065,496	¥(107,732)
	Forex Forward		5,131,927	—	(15,154)
Total			¥ /	¥ /	¥(122,886)

Notes: 1. Primarily, the Bank applies the deferral method of hedge accounting which is described in "Accounting and Auditing Treatment relating to Accounting for Foreign Currency Transactions in the Banking Industry" (JICPA Industry Audit Committee Report No. 25, issued on July 29, 2002).

2. Determination of fair value:

Fair value is determined based on the discounted net present value model.

Stock-Related Derivative Instruments

The Bank and its consolidated subsidiaries held no Stock-Related Derivative Instruments as of March 31, 2020 and 2019.

Bond-Related Derivative Instruments

The Bank and its consolidated subsidiaries held no Bond-Related Derivative Instruments as of March 31, 2020 and 2019.

35. The Norinchukin Bank (Parent Company)

(1) Non-consolidated Balance Sheet

As of March 31	Millions of Yen		Millions of U.S.
	2020	2019	Dollars 2020
Assets			
Cash and Due from Banks	¥ 19,458,993	¥ 18,906,686	\$179,081
Call Loans	54,330	44,368	500
Receivables under Resale Agreements	13,048	10,096	120
Monetary Claims Bought	301,081	326,079	2,770
Trading Assets	7,862	15,844	72
Money Held in Trust	5,996,009	8,666,524	55,181
Securities	54,694,312	55,751,186	503,352
Loans and Bills Discounted	19,828,858	18,438,032	182,485
Foreign Exchange Assets	189,851	327,003	1,747
Other Assets	2,475,961	1,409,538	22,786
Tangible Fixed Assets	122,233	115,914	1,124
Intangible Fixed Assets	49,375	45,435	454
Prepaid Pension Cost	35,568	28,574	327
Customers' Liabilities for Acceptances and Guarantees	226,965	140,063	2,088
Reserve for Possible Loan Losses	(49,181)	(46,861)	(452)
Reserve for Possible Investment Losses	(1,734)	(1,680)	(15)
Total Assets	¥103,403,535	¥104,176,806	\$951,624
Liabilities and Net Assets			
Liabilities			
Deposits	¥ 65,656,007	¥ 66,821,541	\$604,233
Negotiable Certificates of Deposit	2,406,965	790,599	22,151
Debentures	791,446	1,262,239	7,283
Payables under Repurchase Agreements	15,726,573	15,111,297	144,731
Trading Liabilities	8,102	7,022	74
Borrowed Money	5,357,344	4,780,892	49,303
Foreign Exchange Liabilities	0	32	0
Short-term Entrusted Funds	792,594	1,048,091	7,294
Other Liabilities	4,773,113	6,276,796	43,927
Reserve for Bonus Payments	5,877	5,947	54
Reserve for Retirement Benefits	23,124	25,617	212
Reserve for Directors' Retirement Benefits	925	782	8
Deferred Tax Liabilities	451,012	515,400	4,150
Deferred Tax Liabilities for Land Revaluation	8,607	8,607	79
Acceptances and Guarantees	226,965	140,063	2,088
Total Liabilities	96,228,661	96,794,930	885,594
Net Assets			
Paid-in Capital	4,040,198	4,040,198	37,182
Capital Surplus	25,020	25,020	230
Retained Earnings	1,942,649	1,953,053	17,878
Total Owners' Equity	6,007,868	6,018,273	55,290
Net Unrealized Gains on Other Securities, net of taxes	1,700,265	1,501,099	15,647
Net Deferred Losses on Hedging Instruments, net of taxes	(547,571)	(151,808)	(5,039)
Revaluation Reserve for Land, net of taxes	14,312	14,312	131
Total Valuation and Translation Adjustments	1,167,005	1,363,602	10,739
Total Net Assets	7,174,874	7,381,875	66,030
Total Liabilities and Net Assets	¥103,403,535	¥104,176,806	\$951,624

(2) Non-consolidated Statement of Operations

For the fiscal years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2020	2019	2020
Income			
Interest Income:	¥1,246,587	¥1,311,996	\$11,472
Interest on Loans and Bills Discounted	115,880	103,937	1,066
Interest and Dividends on Securities	1,102,526	1,183,896	10,146
Interest on Call Loans	2,187	(910)	20
Interest on Receivables under Resale Agreements	5	(727)	0
Interest on Receivables under Securities Borrowing Transactions	—	1	—
Interest on Due from Banks	20,036	20,079	184
Other Interest Income	5,950	5,719	54
Fees and Commissions	19,417	15,779	178
Trading Income	—	124	—
Other Operating Income	132,740	147,196	1,221
Other Income	122,174	234,020	1,124
Total Income	1,520,919	1,709,117	13,997
Expenses			
Interest Expenses:	1,155,024	1,269,032	10,629
Interest on Deposits	121,363	135,445	1,116
Interest on Negotiable Certificates of Deposit	41,918	25,651	385
Interest on Debentures	1,825	3,487	16
Interest on Borrowed Money	42,733	83,212	393
Interest on Call Money	(14)	(2)	(0)
Interest on Payables under Repurchase Agreements	174,812	166,785	1,608
Interest on Payables under Securities Lending Transactions	—	0	—
Other Interest Expenses	772,383	854,452	7,108
Fees and Commissions	16,055	15,704	147
Trading Expenses	885	330	8
Other Operating Expenses	65,427	141,810	602
General and Administrative Expenses	139,440	149,546	1,283
Other Expenses	26,325	15,503	242
Total Expenses	1,403,158	1,591,927	12,913
Income before Income Taxes	117,761	117,190	1,083
Income Taxes — Current	18,673	14,447	171
Income Taxes — Deferred	9,621	2,095	88
Total Income Taxes	28,295	16,542	260
Net Income	¥ 89,465	¥ 100,647	\$ 823

	Yen		U.S. Dollars
	2020	2019	2020
Net Income per Share	¥6.34	¥6.18	\$0.05

36. Appropriation of Retained Earnings

The following dividends were approved at the Council of Delegates held on June 24, 2020.

	Millions of Yen		Millions of U.S. Dollars
	2020	2019	2020
Cash Dividends			
Special Dividends	¥14,690		\$135
Dividends on Common Stock			
(at the rate of 3% of the ¥100 face value, or ¥3.00 per share)	12,771		117
Dividends on Lower Dividend Rate Stock			
(at the rate of 1.3% of the ¥100 face value, or ¥1.30 per share)	46,663		429
Dividends on Preferred Stock			
(at the rate of 20% of the ¥100 face value, or ¥20.00 per share)	1,115		10

Independent Auditor's Report

The Board of Directors
The Norinchukin Bank

Opinion

We have audited the accompanying consolidated financial statements of The Norinchukin Bank and its consolidated subsidiaries (the Group), which comprise the consolidated balance sheet as at March 31, 2020, and the consolidated statements of operations, comprehensive income, capital surplus and retained earnings, and cash flows for the year then ended, and notes to the consolidated financial statements.

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

Basis for Opinion

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

Responsibilities of Management, Audit & Supervisory Board Member and Audit & Supervisory Board for the Consolidated Financial Statements

Pursuant to Article 80, Section 2 of the Norinchukin Bank Act, Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Audit & Supervisory Board Member and Audit & Supervisory Board are responsible for overseeing the Group's financial reporting process.

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

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

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

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

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

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

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

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2020 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

Ernst & Young ShinNihon LLC
Tokyo, Japan

June 24, 2020

/s/ Hideya Nanba
Designated Engagement Partner
Certified Public Accountant

/s/ Masatoshi Omura
Designated Engagement Partner
Certified Public Accountant

/s/ Mitsuhiro Nagao
Designated Engagement Partner
Certified Public Accountant