

Financial Review

■ Financial Results for the fiscal year ended March 31, 2021 (Consolidated)

The Norinchukin Bank's ("the Bank") financial results on a consolidated basis as of March 31, 2021 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 2020 (for the fiscal year ended March 31, 2021).

• Balance of Assets and Liabilities

Consolidated Total Assets increased by ¥2,165.7 billion from the previous fiscal year-end to ¥107,647.8 billion, and consolidated Total Net Assets increased by ¥693.9 billion from the previous fiscal year-end to ¥7,955.5 billion.

On the assets side, Loans and Bills Discounted increased by ¥2,043.7 billion to ¥22,102.5 billion, and Securities decreased by ¥6,439.4 billion to ¥48,093.8 billion from the previous fiscal year-end, respectively. On the liabilities side, Deposits increased by ¥13.0 billion to ¥65,652.1 billion, and Debentures decreased by ¥428.9 billion to ¥355.4 billion from the previous fiscal year-end, respectively.

• Income

Consolidated Ordinary Profits* were ¥310.0 billion, up ¥187.0 billion from the previous fiscal year, and Profit Attributable to Owners of Parent was ¥208.2 billion, up ¥116.2 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 19.86%, Consolidated Tier 1 Capital Ratio 23.19%, and Consolidated Total Capital Ratio 23.19% as of March 31, 2021.

Key Management Indicators (Consolidated)

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

	2017/3	2018/3	2019/3	2020/3	2021/3	2021/3
Total Income	¥ 1,373.5	¥ 1,464.4	¥ 1,732.1	¥ 1,546.3	¥ 1,358.8	\$ 12,274
Total Expenses	1,152.5	1,280.5	1,607.8	1,422.3	1,065.2	9,621
Profit Attributable to Owners of Parent	206.1	147.6	103.5	92.0	208.2	1,880
Total Comprehensive Income	(109.2)	(192.9)	238.5	(111.1)	769.8	6,953
Total Net Assets	7,008.8	6,746.0	7,473.2	7,261.6	7,955.5	71,859
Total Assets	107,062.7	104,927.7	105,953.9	105,482.0	107,647.8	972,340
Capital Adequacy Ratio (BIS) (Note 2)						
Common Equity Tier 1 Capital Ratio (%)	19.31	19.02	16.59	19.49	19.86	19.86
Tier 1 Capital Ratio (%)	19.34	19.02	19.65	23.02	23.19	23.19
Total Capital Ratio (%)	24.39	23.50	19.65	23.02	23.19	23.19

Notes: 1. U.S. dollars have been converted at the rate of ¥110.71 to U.S. \$1, the effective rate of exchange at March 31, 2021.

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, 2021 (Non-consolidated)

• Balance of Assets and Liabilities

Total Assets of the Bank at the end of the fiscal year increased by ¥1,834.5 billion to ¥105,238.1 billion from the previous fiscal year-end. Total Net Assets at the end of the fiscal year increased by ¥651.1 billion to ¥7,826.0 billion from the previous fiscal year-end.

On the assets side, Loans and Bills Discounted was ¥21,824.0 billion, and Securities was ¥48,491.4 billion. On the liabilities side, Deposits amounted to ¥65,675.4 billion, and Debentures was ¥361.4 billion.

• Income

Interest income of the Bank for the fiscal year ended March 31, 2021 totaled to ¥264.1 billion, up ¥127.9 billion from the previous fiscal year.

The total credit costs were ¥83.1 billion in net losses mainly due to the general provision of reserve for possible loan losses and others.

As for securities investments, net gains/losses on sales were net losses of ¥46.5 billion, down ¥114.5 billion from the previous fiscal year and the expenses of provisions and impairments for price-decline of securities and other reasons increased by ¥11.5 billion to ¥13.4 billion from the previous fiscal year.

As a result, with all of the factors mentioned above, the Bank recorded ¥309.6 billion in Ordinary Profits, up ¥193.0 billion and ¥212.0 billion in Net Income, up ¥122.6 billion from the previous fiscal year, respectively. The Bank's net operating profits stood at ¥2.3 billion.

• Capital Adequacy Ratio

The Bank's Non-consolidated Capital Adequacy Ratios (Basel III standard) were as follows: Common Equity Tier 1 Capital Ratio 19.84%, Tier 1 Capital Ratio 23.22%, and Total Capital Ratio 23.23% as of March 31, 2021.

Key Management Indicators (Non-consolidated)

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

	2017/3	2018/3	2019/3	2020/3	2021/3	2021/3
Total Income	¥ 1,360.3	¥ 1,425.7	¥ 1,709.1	¥ 1,520.9	¥ 1,337.1	\$ 12,078
Total Expenses	1,139.9	1,268.4	1,591.9	1,403.1	1,043.9	9,429
Net Income	203.4	129.9	100.6	89.4	212.0	1,915
Paid-in Capital	3,480.4	3,480.4	4,040.1	4,040.1	4,040.1	36,493
Total Net Assets	6,939.0	6,654.0	7,381.8	7,174.8	7,826.0	70,689
Total Assets	105,812.4	103,417.6	104,176.8	103,403.5	105,238.1	950,574
Deposits	61,904.2	65,823.8	66,821.5	65,656.0	65,675.4	593,220
Debentures	2,423.8	1,774.4	1,262.2	791.4	361.4	3,265
Loans and Bills Discounted	11,948.5	11,742.6	18,438.0	19,828.8	21,824.0	197,127
Securities	62,108.2	52,332.7	55,751.1	54,694.3	48,491.4	438,004
Capital Adequacy Ratio (BIS) (Note 2)						
Common Equity Tier 1 Capital Ratio (%)	19.42	19.20	16.73	19.56	19.84	19.84
Tier 1 Capital Ratio (%)	19.47	19.23	19.86	23.15	23.22	23.22
Total Capital Ratio (%)	24.60	23.78	19.86	23.15	23.23	23.23

Notes: 1. U.S. dollars have been converted at the rate of ¥110.71 to U.S. \$1, the effective rate of exchange at March 31, 2021.

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

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2021	2020	2021
Assets			
Cash and Due from Banks (Notes 30, 32 and 33)	¥ 20,066,967	¥ 19,505,050	\$181,257
Call Loans and Bills Bought (Note 32)	60,890	54,330	550
Receivables under Resale Agreements	548,061	13,048	4,950
Monetary Claims Bought (Notes 32 and 33)	302,918	301,081	2,736
Trading Assets (Notes 3, 32 and 33)	7,310	7,862	66
Money Held in Trust (Notes 9, 10, 32 and 34)	10,638,598	5,996,681	96,094
Securities (Notes 4, 9, 10, 21, 32 and 33)	48,093,847	54,533,258	434,412
Loans and Bills Discounted (Notes 5, 9, 20 and 32)	22,102,545	20,058,825	199,643
Foreign Exchange Assets (Note 6)	290,017	209,889	2,619
Other Assets (Notes 7, 9 and 32)	2,885,756	2,500,911	26,065
Tangible Fixed Assets (Note 8)	165,914	123,562	1,498
Intangible Fixed Assets (Note 8)	57,724	53,100	521
Net Defined Benefit Asset (Note 17)	112,151	58,213	1,013
Deferred Tax Assets (Note 18)	3,771	2,952	34
Customers' Liabilities for Acceptances and Guarantees (Note 19)	2,446,587	2,115,202	22,099
Reserve for Possible Loan Losses (Note 32)	(134,983)	(51,587)	(1,219)
Reserve for Possible Investment Losses	(270)	(372)	(2)
Total Assets	¥107,647,809	¥105,482,009	\$972,340
Liabilities and Net Assets			
Liabilities			
Deposits (Notes 11 and 32)	¥ 65,652,162	¥ 65,639,097	\$593,010
Negotiable Certificates of Deposit (Note 32)	3,100,259	2,406,965	28,003
Debentures (Notes 12 and 32)	355,479	784,446	3,210
Payables under Repurchase Agreements (Notes 9 and 32)	17,073,926	15,726,573	154,222
Trading Liabilities (Notes 13 and 32)	5,137	8,102	46
Borrowed Money (Notes 9, 14 and 32)	5,092,464	5,413,844	45,998
Foreign Exchange Liabilities (Note 15)	0	0	0
Short-term Entrusted Funds (Note 32)	877,743	792,594	7,928
Other Liabilities (Notes 16 and 32)	4,543,028	4,824,601	41,035
Reserve for Bonus Payments	7,552	7,490	68
Net Defined Benefit Liability (Note 17)	29,486	38,841	266
Reserve for Directors' Retirement Benefits	1,459	1,425	13
Deferred Tax Liabilities (Note 18)	498,333	452,542	4,501
Deferred Tax Liabilities for Land Revaluation	8,607	8,607	77
Acceptances and Guarantees (Note 19)	2,446,587	2,115,202	22,099
Total Liabilities	99,692,228	98,220,336	900,480
Net Assets			
Paid-in Capital (Note 22)	4,040,198	4,040,198	36,493
Capital Surplus	24,993	24,993	225
Retained Earnings	2,146,592	2,013,599	19,389
Total Owners' Equity	6,211,784	6,078,792	56,108
Net Unrealized Gains on Other Securities	1,948,587	1,701,619	17,600
Net Deferred Losses on Hedging Instruments	(280,135)	(550,151)	(2,530)
Revaluation Reserve for Land	14,312	14,312	129
Foreign Currency Transaction Adjustments	(16)	(153)	(0)
Remeasurements of Defined Benefit Plans (Note 17)	49,260	6,118	444
Total Accumulated Other Comprehensive Income	1,732,008	1,171,744	15,644
Non-controlling Interests	11,787	11,136	106
Total Net Assets	7,955,581	7,261,673	71,859
Total Liabilities and Net Assets	¥107,647,809	¥105,482,009	\$972,340

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

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2021	2020	2021
Profit	¥209,526	¥ 93,490	\$1,892
Other Comprehensive Income	560,307	(204,596)	5,061
Net Unrealized Gains (Losses) on Other Securities (Note 29)	244,792	199,065	2,211
Net Deferred Gains (Losses) on Hedging Instruments (Note 29)	270,026	(397,480)	2,439
Foreign Currency Transaction Adjustments (Note 29)	121	(63)	1
Remeasurements of Defined Benefit Plans (Note 29)	42,960	(6,841)	388
Share of Other Comprehensive Income of Affiliates accounted for by the equity method (Note 29)	2,406	722	21
Total Comprehensive Income	¥769,833	¥(111,106)	\$6,953
Attributable to:			
Owners of Parent	768,497	(112,537)	6,941
Non-controlling Interests	1,336	1,431	12

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

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2021	2020	2021
Capital Surplus			
Balance at the Beginning of the Fiscal Year	¥ 24,993	¥ 24,993	\$ 225
Additions:	—	—	—
Deductions:	—	—	—
Balance at the End of the Fiscal Year	24,993	24,993	225
Retained Earnings			
Balance at the Beginning of the Fiscal Year	2,013,599	2,021,435	18,188
Additions:			
Profit Attributable to Owners of Parent	208,233	92,027	1,880
Increase Resulting from Exclusion from Consolidation	—	6	—
Deductions:			
Dividends	75,241	99,870	679
Balance at the End of the Fiscal Year	¥2,146,592	¥2,013,599	\$19,389

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

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2021	2020	2021
Cash Flows from Operating Activities:			
Income before Income Taxes	¥ 293,613	¥ 123,999	\$ 2,652
Depreciation	24,150	20,861	218
Losses on Impairment of Fixed Assets	16,047	218	144
Equity in Losses (Earnings) of Affiliates	(3,008)	(4,320)	(27)
Net Increase (Decrease) in Reserve for Possible Loan Losses	83,455	3,190	753
Net Increase (Decrease) in Reserve for Possible Investment Losses	(101)	217	(0)
Net Increase (Decrease) in Reserve for Bonus Payments	61	(66)	0
Net Decrease (Increase) in Net Defined Benefit Asset	(53,937)	(498)	(487)
Net Increase (Decrease) in Net Defined Benefit Liability	(9,354)	553	(84)
Net Increase (Decrease) in Reserve for Directors' Retirement Benefits	34	189	0
Interest Income	(847,539)	(1,246,628)	(7,655)
Interest Expenses	631,003	1,155,180	5,699
Losses (Gains) on Securities	29,472	(104,196)	266
Losses (Gains) on Money Held in Trust	(94,234)	(5,754)	(851)
Foreign Exchange Losses (Gains)	(1,619,658)	1,221,648	(14,629)
Losses (Gains) on Disposal of Fixed Assets	340	(1,303)	3
Net Decrease (Increase) in Trading Assets	552	7,981	4
Net Increase (Decrease) in Trading Liabilities	(2,965)	1,080	(26)
Net Decrease (Increase) in Loans and Bills Discounted	(2,003,467)	(1,464,008)	(18,096)
Net Increase (Decrease) in Deposits	13,064	(1,157,971)	118
Net Increase (Decrease) in Negotiable Certificates of Deposit	693,293	1,616,366	6,262
Net Increase (Decrease) in Debentures	(428,967)	(469,792)	(3,874)
Net Increase (Decrease) in Borrowed Money (Excluding Subordinated Borrowed Money)	(364,898)	593,178	(3,295)
Net Decrease (Increase) in Interest-bearing Due from Banks	68,890	(403,009)	622
Net Decrease (Increase) in Call Loans and Bills Bought and Other	(543,180)	12,088	(4,906)
Net Increase (Decrease) in Call Money and Bills Sold and Other	1,347,353	615,276	12,170
Net Increase (Decrease) in Short-term Entrusted Funds	85,149	(255,497)	769
Net Decrease (Increase) in Foreign Exchange Assets	(80,127)	135,053	(723)
Net Increase (Decrease) in Foreign Exchange Liabilities	(0)	(32)	(0)
Interest Received	871,473	1,253,014	7,871
Interest Paid	(664,663)	(1,162,236)	(6,003)
Other, Net	53,762	(938,536)	485
Subtotal	(2,504,385)	(453,753)	(22,621)
Income Taxes Paid	(38,051)	(16,076)	(343)
Net Cash Provided by (Used in) Operating Activities	(2,542,436)	(469,829)	(22,964)

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2021	2020	2021
Cash Flows from Investing Activities:			
Purchases of Securities	(11,727,989)	(10,603,832)	(105,934)
Proceeds from Sales of Securities	4,661,573	1,426,336	42,106
Proceeds from Redemption of Securities	10,050,713	9,295,906	90,784
Increase in Money Held in Trust	(537,046)	(871,627)	(4,850)
Decrease in Money Held in Trust	883,393	1,497,296	7,979
Purchases of Tangible Fixed Assets	(75,581)	(1,617)	(682)
Purchases of Intangible Fixed Assets	(9,151)	(12,997)	(82)
Proceeds from Sales of Tangible Fixed Assets	—	2,566	—
Net Cash Provided by (Used in) Investing Activities	3,245,911	732,031	29,319
Cash Flows from Financing Activities:			
Dividends Paid	(75,241)	(99,870)	(679)
Dividends Paid to Non-controlling Interests	(685)	(638)	(6)
Net Cash Provided by (Used in) Financing Activities	(75,926)	(100,508)	(685)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	2,274	47	20
Net Increase (Decrease) in Cash and Cash Equivalents	629,823	161,740	5,688
Cash and Cash Equivalents at the Beginning of the Fiscal Year	18,491,970	18,330,229	167,030
Cash and Cash Equivalents at the End of the Fiscal Year (Note 30)	¥ 19,121,793	¥ 18,491,970	\$ 172,719

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 Act 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 ¥110.71=U.S.\$1, the approximate rate of exchange prevailing on March 31, 2021, 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, 2020 was 19, 17 of which were consolidated and the remaining 2 subsidiaries were unconsolidated. The number of subsidiaries as of March 31, 2021 was 18, 17 of which were consolidated and the remaining subsidiary was unconsolidated.

The major consolidated subsidiaries are as follows:

The Norinchukin Trust & Banking Co., Ltd.

Kyodo Housing Loan Co., Ltd.

The major unconsolidated subsidiary is as follows:

NORINCHUKIN INNOVATION FUND L.P.

The unconsolidated subsidiary was 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, 2020 Number of subsidiaries: 5

Closing date: March 31, 2021 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-mak-

ing 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, 2021 and 2020 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 ‘Accounting for Financial Instruments’ for Banks,” issued by the Japanese Institute of Certified Public Accountants (“JICPA”), (JICPA Industry Committee Practical Guideline No. 24, issued on October 8, 2020). 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 Committee Practical Guideline No. 25, issued on October 8, 2020). 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 Committee Practical Guideline 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.

(d) Hedges Applied to “the Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR”

As for Hedges mentioned above, all of hedges under “the Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR” (The Accounting Standards Board of Japan (ASBJ) the PITF No. 40 for Practical Solution, issued on September 29, 2020) are applied to the specific treatments designated by the PITF. Hedges applied to the PITF are as follows.

I Hedge Methods: The Deferral Method or The Accrual Method specifically permitted for certain interest rate swap

Hedge Instruments: Interest rate swaps

Hedged Items: Loans and Bill Discounted, Securities (Bonds) and others

Type of Hedge Transactions: Offsetting market movements

II Hedge Method: The Deferral Method

Hedge Instrument: Interest rate swaps

Hedged Items: Payables under Repurchase Agreements and others

Type of Hedge Transactions: Fixing cash flows

III Hedge Method: The Deferral Method

Hedge Instrument: Currency swaps

Hedged Items: Financial monetary assets and liabilities denominated in foreign currencies and others

Type of Hedge Transactions: Offsetting market movements

(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 ¥9,911 million (\$89 million) and ¥9,827 million for the fiscal years ended March 31, 2021 and 2020, 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 (“debtors under requirement of control”) (see Note 5) and other debtors requiring close monitoring going forward (“other substandard debtors”) 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. Reserve for loans to “debtors under requirement of control” other than those indicated above, the Bank principally estimates expected losses for the next 3 years. Whereas “other substandard debtors” and debtors who maintain favorable operating conditions and who have no particular financial difficulties (“standard”), the Bank estimates expected losses for the next year. 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 and further adjusted for uncertainties of future forecasts. This is adjusted by referring the historical loan losses in accordance with current position in economic cycle and possibility of each scenario in light of future outlook. These are based on the macroeconomic indicators (Japan’s GDP growth rate) which are highly correlated to historical records of loan losses and the Bank’s outlook for economic fluctuation. The future forecasts are approved by directors after consultation with a committee composed of management (the Risk Management Committee).
- 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.

(16) Accounting Treatment of Profit and Losses on Cancellation of Investment Trust

Profit and losses on cancellation of Investment Trust are accounted in “Interest and Dividends on Securities” on Profit and Loss Statement.

(Additional Information)

The Bank has applied “Accounting Policy Disclosures, Accounting Changes and Error Corrections” (ASBJ Statement No. 24 Accounting Standard, issued on March 31, 2020) and has newly disclosed accounting rules and procedures which are not clearly mentioned to related accounting standards and others.

(17) Significant Accounting Estimates

Items for which the amount was recorded in the consolidated financial statements for this fiscal year due to accounting estimates and which may have a significant impact on the consolidated financial statements for the following consolidated fiscal year are as follows:

a. Reserve for Possible Loan Losses

- (a). The amount of Reserve for Possible Loan Losses on the consolidated financial statements for the fiscal year ended March 31, 2021 was ¥134,983 million (\$1,219 million).
- (b). Information relating the content of significant accounting estimates for identified items

I. Calculation methods

The Bank’s Reserve for Possible Loan Losses is calculated based on the determination of the debtor classification (“standard,” “other substandard debtors,” “debtors under requirement of control,” “doubtful,” “debtors in default,” “debtors in bankruptcy”) based on each debtor’s future debt repayment capacity through asset assessments, as well as a certain calculation method according to debtor classification, as stated in (8) Reserve for Possible Loan Losses.

II. Key assumptions

Key assumptions in determining debtor classification are forward-looking statements such as the performance of debtors and others.

In forecasting the future when calculating Reserve for Possible Loan Losses of “standard,” “substandard” (“other substandard debtors” and “debtors under requirement of control”), the possibility of each scenario based upon current position in economic cycle and an outlook for future is a key assumption.

The Bank estimates the current position in the economic cycle as a period of recovery in the fiscal year. As for the future outlook, the Bank assumes that it will take time for a full economic recovery as a main scenario which is mainly due to the uncertain impact various waves of COVID-19 and government assistance will have on the economy in the near-term.

III. Impact on the consolidated financial statements for the following fiscal year

Changes in the assumptions used in the estimates due to changes in the performance of debtors and in economic conditions, such as COVID-19 infection status, could have a significant impact on Reserve for Possible Loan Losses in the following fiscal year.

b. Fair Value of Foreign Bonds for which the Bank cannot Obtain Publicized Market Values

(a). Amounts accounted on consolidated financial statements as of March 31, 2021 are as follows.

Items	Millions of Yen		Millions of U.S. Dollars	
	Consolidated Balance Sheet Amount	Fair Value	Consolidated Balance Sheet Amount	Fair Value
Foreign Bonds				
Other securities	¥ 256,444	¥ 256,444	\$ 2,316	\$ 2,316
Held-to-Maturity Debt Securities	8,203,610	8,222,262	74,099	74,268
Total	¥8,460,055	¥8,478,706	\$76,416	\$76,584

(b). Information relating the content of significant accounting estimates for identified items

I. Calculation methods

As for fair value of foreign bonds for which the Bank cannot obtain publicized market values, the prices of the bonds are evaluated by using the valuation obtained from the third parties such as information vendors or by calculating the value of the bonds based on the Bank's own estimates. In both of the cases, Income approach (the valuation method that shows current market expectation for future cash flows as discounted present value) are adopted. As for calculating the fair value, the Bank has adopted the valuation model which reflects the nature, characteristics, and risks of each financial instrument and has mainly used observable inputs. Additionally, the Bank uses inputs such as default rates, recovery rates, prepayment rates and discount rates, to calculate the fair value.

Where the Bank adopts the valuation obtained from the third party, it verifies the validity of the valuation with appropriate methods such as confirmation of valuation models and inputs, comparison with the fair values for similar financial instruments.

II. Key Assumptions

In terms of verifying the validity of valuation obtained from the third party and calculating the fair value based on the Bank's estimates, key assumptions are default rates, recovery rates, prepayment rates and discount rates according to characteristics in asset classes. As for calculating discount rates, the Bank has considered benchmark interest rates and transactions for similar financial instruments.

III. Impact on the consolidated financial statements in the following fiscal year

If the assumption used in the Bank's estimates due to the fluctuation in financial economic environment changes, the change could have a significant impact on the fair values in the following fiscal year.

(Changes in Presentation methods)

The Bank has applied to "Accounting Standard for Disclosure of Accounting Estimates" (ASBJ Statement No. 31, issued on March 31, 2020), and disclosed the items relating significant accounting estimates. However, it does not describe the ones of the previous fiscal year in accordance with transitional measure established on Article 11 of this accounting standard.

(18) Other Information**(Change in Accounting Estimates)**

The Bank had estimated Reserve for Possible Loan Losses based on long-term averages of the historical loan-loss ratios. In accordance with "JFSA's supervisory approaches to lending business and loan loss provisioning" (Financial Services Agency, December 18, 2019), the Bank has prepared methodology and setup by which the Bank reflects uncertainties of future forecasts on estimation of Reserve for Possible Loan Losses. The Bank's objective of the preparation is to maintain stable lending to other institutions regardless of economic uncertainties such as the expansion of COVID-19.

The Bank has changed the methodology of estimating Reserve for Possible Loan Losses from the fiscal year ended March 31, 2021 because the Bank has been able to reasonably make an estimate which reflects the risks more properly on Reserve for Possible Loan Losses before uncertainties of future forecasts are actually recognized as loan losses.

This is adjusted by referring the historical loan losses in accordance with current position in economic cycle and possibility of each scenario in light of future outlook. These are based on the macroeconomic indicators (Japan's GDP growth rate) which are highly correlated to historical records of loan losses and the Bank's outlook for economic fluctuation.

According to the change in accounting estimates, Reserve for Possible Loan Losses increased by ¥34,774 million (\$314 million), and both Ordinary Profits and Income before Income Taxes decreased by ¥34,774 million (\$314 million) in the fiscal year ended March 31, 2021.

(Additional Information)

As described (Additional Information) in financial statements for the previous fiscal year, the Bank made decision to relocate its headquarter in the board of directors held on March 3, 2020, and concluded a memorandum between the Bank and the transferee for divided sale of land and building. This transfer will be carried out at two separate times, in March and April 2022. The transfer will generate profit approximately ¥26,000 million (\$234 million) in the fourth quarter of the fiscal year ended March 31, 2022 and approximately ¥24,000 million (\$216 million) in the first quarter of the fiscal year ended March 31, 2023, respectively, which will be stated as “Gains on Disposal of Fixed Assets” of “Extraordinary Profits” on the consolidated financial statements of the each quarter. The profit after deduction of corporate tax and others from the original profit for the transfer will approximately be ¥18,000 million (\$162 million) in the fourth quarter of the fiscal year ended March 31, 2022, and ¥17,000 million (\$153 million) in the first quarter of the fiscal year ended March 31, 2023, respectively.

The transfer had no impact on profit and losses on its consolidated financial statements of the fiscal year ended March 31, 2021.

3. Trading Assets

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
As of March 31			
Trading Securities	¥2,016	¥ 1	\$18
Derivatives of Securities Related to Trading Transactions	39	—	0
Trading-related Financial Derivatives	5,254	7,861	47
Total	¥7,310	¥7,862	\$66

4. Securities

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
As of March 31			
Japanese Government Bonds	¥10,112,251	¥11,180,408	\$ 91,339
Municipal Government Bonds	153,990	166,838	1,390
Corporate Bonds	1,303,319	1,473,066	11,772
Stocks	906,672	711,596	8,189
Other	35,617,614	41,001,347	321,719
Foreign Bonds	27,820,107	28,018,545	251,288
Foreign Stocks	34,571	25,423	312
Investment Trusts	6,931,963	12,254,043	62,613
Other	830,971	703,334	7,505
Total	¥48,093,847	¥54,533,258	\$434,412

The maturity profile of securities is as follows:

	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
As of March 31, 2021					
Bonds	¥2,904,335	¥2,295,517	¥ 3,030,679	¥3,339,027	¥ —
Japanese Government Bonds	2,626,255	1,613,817	2,875,175	2,997,003	—
Municipal Government Bonds	5	45,844	20,558	87,582	—
Corporate Bonds	278,075	635,856	134,946	254,441	—
Stocks	—	—	—	—	906,672
Other	489,876	3,287,726	21,352,244	4,606,334	5,881,432
Foreign Bonds	462,176	2,678,648	20,766,543	3,912,739	—
Foreign Stocks	—	—	—	—	34,571
Investment Trusts	3,524	372,964	243,527	652,431	5,659,515
Other	24,175	236,112	342,172	41,163	187,346
Total	¥3,394,212	¥5,583,244	¥24,382,924	¥7,945,362	¥6,788,104

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, 2021	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	\$26,233	\$20,734	\$ 27,374	\$30,160	\$ —
Japanese Government Bonds	23,721	14,576	25,970	27,070	—
Municipal Government Bonds	0	414	185	791	—
Corporate Bonds	2,511	5,743	1,218	2,298	—
Stocks	—	—	—	—	8,189
Other	4,424	29,696	192,866	41,607	53,124
Foreign Bonds	4,174	24,195	187,576	35,342	—
Foreign Stocks	—	—	—	—	312
Investment Trusts	31	3,368	2,199	5,893	51,120
Other	218	2,132	3,090	371	1,692
Total	\$30,658	\$50,431	\$220,241	\$71,767	\$61,314

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
	2021	2020	2021
Loans on Deeds	¥19,953,948	¥18,430,802	\$180,236
Loans on Bills	286,386	382,495	2,586
Overdrafts	1,860,952	1,243,600	16,809
Bills Discounted	1,257	1,926	11
Total	¥22,102,545	¥20,058,825	\$199,643

As of March 31	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Loans to Borrowers under Bankruptcy Proceedings	¥ 1,505	¥ 277	\$ 13
Delinquent Loans	69,900	23,991	631
Loans Past Due for Three Months or More	77	242	0
Restructured Loans	27,224	15,935	245
Total	¥98,707	¥40,446	\$891

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 no-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

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
As of March 31			
Due from Foreign Banks	¥290,017	¥209,889	\$2,619
Total	¥290,017	¥209,889	\$2,619

7. Other Assets

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
As of March 31			
Prepaid Expenses	¥ 1,718	¥ 1,332	\$ 15
Accrued Income	125,775	154,610	1,136
Derivatives other than for Trading	61,325	339,270	553
Cash Collateral Paid for Financial Instruments	1,424,768	1,243,372	12,869
Other	1,272,166	762,325	11,490
Total	¥2,885,756	¥2,500,911	\$26,065

8. Tangible Fixed Assets and Intangible Fixed Assets

Tangible Fixed Assets

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
As of March 31			
Buildings	¥ 36,641	¥ 42,048	\$ 330
Land	97,707	46,885	882
Lease Assets	19,436	31,279	175
Construction in Progress	1,187	212	10
Other	10,941	3,135	98
Total Net Book Value	165,914	123,562	1,498
Accumulated Depreciation Deducted	¥116,002	¥114,514	\$1,047

Intangible Fixed Assets

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
As of March 31			
Software	¥38,636	¥27,299	\$348
Lease Assets	10,863	4,772	98
Other	8,224	21,028	74
Total	¥57,724	¥53,100	\$521

9. Assets Pledged

Assets pledged as collateral comprise the following:

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
As of March 31			
Securities	¥18,501,625	¥19,035,378	\$167,117
Loans and Bills Discounted	2,151,881	1,254,816	19,437

Liabilities secured by the above assets are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
As of March 31			
Payables under Repurchase Agreements	¥17,073,926	¥15,726,573	\$154,222
Borrowed Money	2,606,580	3,193,998	23,544

In addition, as of March 31, 2021 and 2020, Securities (including transactions of Money Held in Trust) of ¥9,568,323 million (\$86,426 million) and ¥10,006,531 million, respectively, were pledged as collateral for settlement of exchange and derivative transactions or as margins of futures transactions.

As of March 31, 2021 and 2020, initial margins of futures markets of ¥20,493 million (\$185 million) and ¥31,692 million, respectively, cash collateral paid for financial instruments of ¥1,424,768 million (\$12,869 million) and ¥1,243,372 million, respectively, other cash collateral paid of ¥1,059,337 million (\$9,568 million) and ¥509,993 million, respectively, and guarantee deposits of ¥8,119 million (\$73 million) and ¥8,106 million, respectively, were included in Other Assets.

10. Conversion of Investment Form for a Part of Securities

In order that the Bank more actively takes part in investment activities as a part of the enhancement of the Bank's asset management capability, the Bank has converted a part of Securities (¥4,723,899 million, \$42,669 million) into Money Held in Trust in this period.

The impact of this conversion on profit and cash flow in this period is immaterial.

11. Deposits

As of March 31	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Time Deposits	¥56,792,010	¥56,953,166	\$512,979
Deposits at Notice	12,650	12,658	114
Ordinary Deposits	3,798,523	3,565,850	34,310
Current Deposits	98,339	91,101	888
Other Deposits	4,950,639	5,016,320	44,717
Total	¥65,652,162	¥65,639,097	\$593,010

12. Debentures

As of March 31	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Long-term Coupon Debentures	¥355,479	¥784,446	\$3,210
Total	¥355,479	¥784,446	\$3,210

13. Trading Liabilities

As of March 31	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Derivatives of Securities Related to Trading Transactions	¥ 26	¥ —	\$ 0
Trading-related Financial Derivatives	5,111	8,102	46
Total	¥5,137	¥8,102	\$46

14. Borrowed Money

Borrowed Money includes subordinated borrowings of ¥1,317,895 million (\$11,904 million) and ¥1,317,895 million as of March 31, 2021 and 2020, respectively, which have a special agreement that requires the fulfillment of the payment obligations of such borrowing to be subordinated to other general liabilities.

15. Foreign Exchange Liabilities

As of March 31	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Foreign Bills Payable	¥0	¥0	\$0
Total	¥0	¥0	\$0

16. Other Liabilities

As of March 31	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Accrued Expenses	¥ 36,032	¥ 69,297	\$ 325
Income Taxes Payable	218,956	8,731	1,977
Unearned Income	5,096	9,224	46
Derivatives other than for Trading	1,262,630	950,878	11,404
Accounts Payable for Securities Purchased	2,914,976	3,408,314	26,329
Other	105,305	378,155	951
Total	¥4,542,997	¥4,824,601	\$41,035

17. 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, 2021 and 2020, except for the plans accounted for by the simplified method, are as follows:

As of March 31	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Balance at the Beginning of the Fiscal Year	¥139,685	¥142,874	\$1,261
Service Cost	4,386	4,357	39
Interest Cost	421	422	3
Actuarial Differences	3,452	441	31
Retirement Benefit Paid	(5,196)	(8,411)	(46)
Balance at the End of the Fiscal Year	¥142,749	¥139,685	\$1,289

b. The changes in plan assets for the years ended March 31, 2021 and 2020, except for the plans accounted for by the simplified method, are as follows:

As of March 31	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Balance at the Beginning of the Fiscal Year	¥160,248	¥163,428	\$1,447
Expected Return on Plan Assets	2,044	2,138	18
Actuarial Differences	64,770	(4,922)	585
Contributions by the Bank	2,035	2,031	18
Retirement Benefit Paid	(2,536)	(2,428)	(22)
Balance at the End of the Fiscal Year	¥226,562	¥160,248	\$2,046

c. The changes in Net Defined Benefit Liability of the plans accounted for by the simplified method for the years ended March 31, 2021 and 2020 are as follows:

	Millions of Yen		Millions of U.S.
	2021	2020	Dollars
As of March 31			2021
Balance at the Beginning of the Fiscal Year	¥1,190	¥1,125	\$10
Retirement Benefit Expense	295	355	2
Retirement Benefit Paid	(290)	(250)	(2)
Contributions to the Plans	(45)	(41)	(0)
Balance at the End of the Fiscal Year	¥1,148	¥1,190	\$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, 2021 and 2020 for the Bank's and the consolidated subsidiaries' defined benefit plans:

	Millions of Yen		Millions of U.S.
	2021	2020	Dollars
As of March 31			2021
Funded Retirement Benefit Obligations	¥ 143,782	¥ 140,775	\$ 1,298
Plan Assets at Fair Value	(227,275)	(160,938)	(2,052)
	(83,492)	(20,163)	(754)
Unfunded Retirement Benefit Obligations	827	791	7
Net Amount of Liabilities and Assets Recorded in the Consolidated Balance Sheet	(82,664)	(19,372)	(746)
Net Defined Benefit Liability	29,486	38,841	266
Net Defined Benefit Asset	112,151	58,213	1,013
Net Amount of Liabilities and Assets Recorded in the Consolidated Balance Sheet	¥ (82,664)	¥ (19,372)	\$ (746)

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.
	2021	2020	Dollars
For the fiscal years ended March 31			2021
Service Cost	¥ 4,386	¥ 4,357	\$ 39
Interest Cost	421	422	3
Expected Return on Plan Assets	(2,044)	(2,138)	(18)
Amortization of Actuarial Differences	(1,857)	(4,157)	(16)
Amortization of Prior Service Cost	—	53	—
Retirement Benefit Expense by the Simplified Method	295	355	2
Other	795	813	7
Retirement Benefit Expense on Defined Benefit Plan	¥ 1,997	¥ (293)	\$ 18

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.
	2021	2020	Dollars
For the fiscal years ended March 31			2021
Prior Service Cost	¥ —	¥ 53	\$ —
Actuarial Differences	59,460	(9,522)	537
Total	¥59,460	¥(9,469)	\$537

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:

As of March 31	Millions of Yen		Millions of U.S.
	2021	2020	Dollars
Unrecognized Prior Service Cost	¥ —	¥ —	\$ —
Unrecognized Actuarial Differences	68,475	9,014	618
Total	¥68,475	¥9,014	\$618

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	2021	2020
Bonds	13%	16%
Stocks	80%	74%
Insurance Assets (General Account)	6%	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	2021	2020
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%

18. 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.
	2021	2020	Dollars 2021
Deferred Tax Assets:			
Reserve for Possible Loan Losses	¥ 18,588	¥ 4,061	\$ 167
Write-off of Loans	1,069	1,194	9
Losses on Revaluation of Securities	17,450	15,645	157
Net Defined Benefit Liability	5,730	6,474	51
Depreciation Expense	485	498	4
Net Operating Losses Carried Forward	1,371	665	12
Unrealized Losses on Other Securities	27	34	0
Deferred Losses on Hedging Instruments	142,856	250,437	1,290
Unrealized Losses on Reclassification	2,531	2,867	22
Conversion of Investment Form of Securities	120,944	—	1,092
Other	115,658	98,754	1,044
Subtotal	426,716	380,635	3,854
Valuation Allowance	(72,585)	(65,957)	(655)
Total Deferred Tax Assets	354,130	314,678	3,198
Deferred Tax Liabilities:			
Gains from Contribution of Securities to Employee Retirement Benefit Trust	(4,968)	(4,968)	(44)
Net Defined Benefit Asset	(19,001)	(2,501)	(171)
Unrealized Gains on Other Securities	(740,446)	(645,746)	(6,688)
Deferred Gains on Hedging Instruments	(35,138)	(39,007)	(317)
Unrealized Gains on Reclassification	(1,116)	(4,037)	(10)
Conversion of Investment Form of Securities	(180)	—	(1)
Other	(47,839)	(68,006)	(432)
Total Deferred Tax Liabilities	(848,692)	(764,268)	(7,665)
Net Deferred Tax Liabilities	¥(494,561)	¥(449,589)	\$(4,467)

19. Acceptances and Guarantees

As of March 31	Millions of Yen		Millions of U.S.
	2021	2020	Dollars 2021
Guarantees	¥2,446,587	¥2,115,202	\$22,099
Total	¥2,446,587	¥2,115,202	\$22,099

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.

20. 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 ¥4,158,145 million (\$37,558 million) and ¥3,776,487 million as of March 31, 2021 and 2020, respectively. The amounts of the undrawn commitments, which the Bank and its consolidated subsidiaries could cancel at any time without cause, were ¥2,678,644 million (\$24,195 million) and ¥2,490,912 million as of March 31, 2021 and 2020, 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.

21. Securities Loaned

Securities include securities loaned under unsecured lending agreements (Saiken Taishaku Torihiki) of ¥454,450 million (\$4,104 million) and ¥746,703 million as of March 31, 2021 and 2020, 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 ¥1,558,253 million (\$14,075 million) and ¥818,296 million as of March 31, 2021 and 2020, respectively, and include securities held without re-pledge of ¥457,271 million (\$4,130 million) and ¥445,176 million as of March 31, 2021 and 2020, respectively. No such securities are re-loaned to the third parties.

22. Paid-in Capital

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
As of March 31			
Common Stock	¥4,015,198	¥4,015,198	\$36,267
Preferred Stock	24,999	24,999	225
Total	¥4,040,198	¥4,040,198	\$36,493

The Common Stock account includes lower dividend rate stock with a total par value of ¥3,589,481 million (\$32,422 million) and ¥3,589,481 million as of March 31, 2021 and 2020, 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.

23. Trading Income

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Fiscal years ended March 31			
Income from Securities and Derivatives Related to Trading Transactions	¥ 50	¥—	\$0
Income from Trading-related Financial Derivatives	463	—	4
Total	¥513	¥—	\$4

24. Other Operating Income

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Fiscal years ended March 31			
Gains on Foreign Exchange Transactions	¥ —	¥ 3,490	\$ —
Gains on Sales of Bonds	19,366	84,012	174
Gains on Redemption of Bonds	4	0	0
Gains on Derivatives other than for Trading or Hedging	9,009	—	81
Other	51,081	50,266	461
Total	¥79,462	¥137,769	\$717

25. Other Income

Fiscal years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Gains on Sales of Stocks and Other Securities	¥ 33,035	¥ 4,671	\$ 298
Gains on Money Held in Trust	352,813	112,111	3,186
Equity in Earnings of Affiliates	3,008	4,320	27
Gains on Disposal of Fixed Assets	—	1,796	—
Recoveries of Written-off Claims	202	1,901	1
Other	10,928	1,565	98
Total	¥399,989	¥126,367	\$3,612

26. Trading Expenses

Fiscal years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Expenses on Trading Securities and Derivatives	¥18	¥ 7	\$ 0
Expenses on Securities and Derivatives Related to Trading Transactions	—	36	—
Expenses on Trading-related Financial Derivatives	—	841	—
Total	¥18	¥885	\$ 0

27. Other Operating Expenses

Fiscal years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Amortization of Debenture Issuance Costs	¥ 23	¥ 28	\$ 0
Losses on Foreign Exchange Transactions	1,438	—	12
Losses on Sales of Bonds	98,691	20,010	891
Losses on Redemption of Bonds	16	—	0
Losses on Revaluation of Bonds	12,113	—	109
Losses on Derivatives other than for Trading or Hedging	—	4,744	—
Other	44,847	41,281	405
Total	¥157,130	¥66,065	\$1,419

28. Other Expenses

Fiscal years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Write-off of Loans	¥ 137	¥ 42	\$ 1
Provision of Reserve for Possible Loan Losses	84,317	3,470	761
Losses on Sales of Stocks and Other Securities	282	649	2
Losses on Revaluation of Stocks and Other Securities	1,339	1,893	12
Losses on Money Held in Trust	4,747	6,215	42
Losses on Disposal of Fixed Assets	340	493	3
Provision of Reserve for Possible Investment Losses	—	217	—
Losses on Impairment of Fixed Assets	16,047	218	144
Other	1,002	14,568	9
Total	¥108,214	¥27,769	\$977

Note: The following Losses on Impairment of Fixed Assets were recognized in the fiscal year ended March 31, 2021.

Purpose of Use	Type	Area	Impairment Losses	
			Millions of Yen	Millions of U.S. Dollars
Operating assets	Buildings	Tokyo	¥16,047	\$144

As for operating assets, the Bank aggregates the head office and all branches as one unit, taking into consideration mutually complementary relationship of the cash flows. Idle assets (including assets held for sale) were assessed individually by asset.

For the operating assets to be sold due to decision to relocate the data center, the Bank reduced the book values to their recoverable amounts and recognized the relevant losses as Losses on Impairment of Fixed Assets in the fiscal year ended March 31, 2021. The recoverable amounts are the net realizable value, which is calculated based on the appraisal value excluding estimated disposal costs.

For the consolidated subsidiaries, assets of each individual subsidiary are grouped as one unit. There is no Losses on Impairment of Fixed Assets for these asset groups in the fiscal year ended March 31, 2021.

29. 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
	2021	2020	2021
Net Unrealized Gains (Losses) on Other Securities:			
Gains (Losses) arising during the fiscal year	¥ 532,807	¥ 348,242	\$ 4,812
Reclassification adjustments to profit or loss	(195,905)	(71,207)	(1,769)
Amounts before tax effects	336,902	277,034	3,043
Tax effects	(92,109)	(77,969)	(831)
Total	244,792	199,065	2,211
Net Deferred Gains (Losses) on Hedging Instruments:			
Gains (Losses) arising during the fiscal year	56,736	(984,174)	512
Reclassification adjustments to profit or loss	317,003	434,028	2,863
Amounts before tax effects	373,739	(550,145)	3,375
Tax effects	(103,712)	152,665	(936)
Total	270,026	(397,480)	2,439
Foreign Currency Transaction Adjustments:			
Gains (Losses) arising during the fiscal year	121	(63)	1
Reclassification adjustments to profit or loss	—	—	—
Amounts before tax effects	121	(63)	1
Tax effects	—	—	—
Total	121	(63)	1
Remeasurements of Defined Benefit Plans:			
Gains (Losses) arising during the fiscal year	61,318	(5,364)	553
Reclassification adjustments to profit or loss	(1,857)	(4,104)	(16)
Amounts before tax effects	59,460	(9,469)	537
Tax effects	(16,500)	2,627	(149)
Total	42,960	(6,841)	388
Share of Other Comprehensive Income of Affiliates accounted for by the equity method:			
Gains (Losses) during the fiscal year	2,366	984	21
Reclassification adjustments to profit or loss	39	(261)	0
Total	2,406	722	21
Total Other Comprehensive Income	¥ 560,307	¥(204,596)	\$ 5,061

30. 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
	2021	2020	2021
Cash and Due from Banks	¥20,066,967	¥19,505,050	\$181,257
Less: Interest-bearing Due from Banks	(945,174)	(1,013,080)	(8,537)
Cash and Cash Equivalents at the End of the Fiscal Year	¥19,121,793	¥18,491,970	\$172,719

31. Segment Information

Fiscal year ended March 31, 2021

(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

Millions of Yen				
Fiscal year ended March 31, 2021	Loan Business	Securities Investment Business	Others	Total
Ordinary Income from External Customers	¥99,177	¥1,146,767	¥112,918	¥1,358,863

Millions of U.S. Dollars				
Fiscal year ended March 31, 2021	Loan Business	Securities Investment Business	Others	Total
Ordinary Income from External Customers	\$895	\$10,358	\$1,019	\$12,274

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

Millions of Yen					
Fiscal year ended March 31, 2021	Japan	Americas	Europe	Others	Total
	¥1,321,134	¥19,422	¥4,314	¥13,991	¥1,358,863

Millions of U.S. Dollars					
Fiscal year ended March 31, 2021	Japan	Americas	Europe	Others	Total
	\$11,933	\$175	\$38	\$126	\$12,274

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

Millions of Yen					
As of March 31, 2021	Japan	Americas	Europe	Others	Total
	¥164,565	¥195	¥833	¥320	¥165,914

Millions of U.S. Dollars					
As of March 31, 2021	Japan	Americas	Europe	Others	Total
	\$1,486	\$1	\$7	\$2	\$1,498

c. Information about Major Customers

Millions of Yen			
Fiscal year ended March 31, 2021	Name of Customer	Ordinary Income	Name of Related Segments
	U.S. Department of the Treasury	¥166,869	—

Millions of U.S. Dollars			
Fiscal year ended March 31, 2021	Name of Customer	Ordinary Income	Name of Related Segments
	U.S. Department of the Treasury	\$1,507	—

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, 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

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

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

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	—

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

32. 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, 2021 and 2020 summed up to ¥11 million (\$0 million) and ¥5 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 ¥2,755,437 million (\$24,888 million) and ¥1,991,361 million as of March 31, 2021 and 2020, 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, 2021 and 2020 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, Cash Collateral Paid for Financial Instruments, 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 ¥827,012 million (\$7,470 million) and ¥699,756 million as of March 31, 2021 and 2020, respectively.

“Consolidated Balance Sheet Amount,” “Fair Value” and “Difference” as of March 31, 2021 and 2020 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, 2021						
Monetary Claims Bought	¥ 302,918	¥ 302,983	¥ 65	\$ 2,736	\$ 2,736	\$ 0
Trading Assets (*2)						
Trading Securities	2,016	2,016	—	18	18	—
Money Held in Trust (*1)						
Other Money Held in Trust	10,638,362	10,643,016	4,653	96,092	96,134	42
Securities						
Held-to-Maturity Debt Securities	12,786,165	12,843,398	57,232	115,492	116,009	516
Other Securities	34,300,147	34,300,147	—	309,819	309,819	—
Loans and Bills Discounted	22,102,545			199,643		
Reserve for Possible Loan Losses (*1)	(128,885)			(1,164)		
	21,973,659	22,016,167	42,507	198,479	198,863	383
Total Assets	¥80,003,269	¥80,107,729	¥104,459	\$722,638	\$723,581	\$943
Deposits	¥65,652,162	¥65,652,219	¥ 56	\$593,010	\$593,010	\$ 0
Debentures	355,479	355,756	277	3,210	3,213	2
Borrowed Money	5,092,464	5,092,464	—	45,998	45,998	—
Total Liabilities	¥71,100,105	¥71,100,440	¥ 334	\$642,219	\$642,222	\$ 3
Derivative Instruments (*3)						
Transactions not Accounted for as Hedge						
Transactions	¥ (2,133)	¥ (2,133)	¥ —	\$ (19)	\$ (19)	\$ —
Transactions Accounted for as Hedge						
Transactions	(1,199,014)	(1,199,014)	—	(10,830)	(10,830)	—
Total Derivative Instruments	¥(1,201,148)	¥(1,201,148)	¥ —	\$(10,849)	\$(10,849)	\$ —

(*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, 2020	Millions of Yen		
	Consolidated Balance Sheet Amount	Fair Value	Difference
Monetary Claims Bought	¥ 301,081	¥ 301,067	¥ (13)
Trading Assets (*2)			
Trading Securities	1	1	—
Money Held in Trust (*1)			
Other Money Held in Trust	5,996,527	6,000,651	4,123
Securities			
Held-to-Maturity Debt Securities	15,793,031	15,395,716	(397,315)
Other Securities	37,907,922	37,907,922	—
Loans and Bills Discounted	20,058,825		
Reserve for Possible Loan Losses (*1)	(48,871)		
	20,009,953	20,037,723	27,769
Total Assets	¥80,008,518	¥79,643,081	¥(365,436)
Deposits	¥65,639,097	¥65,639,105	¥ 7
Debentures	784,446	784,758	311
Borrowed Money	5,413,844	5,413,844	—
Total Liabilities	¥71,837,388	¥71,837,707	¥ 319
Derivative Instruments (*3)			
Transactions not Accounted for as Hedge			
Transactions	¥ 6,968	¥ 6,968	¥ —
Transactions Accounted for as Hedge			
Transactions	(618,818)	(618,818)	—
Total Derivative Instruments	¥ (611,849)	¥ (611,849)	¥ —

(*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.

(Note 1) The following tables list Consolidated Balance Sheet Amount of Stocks and others with no market prices as of March 31, 2021 and as of March 31, 2020, respectively:

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

As of March 31, 2021	Millions of Yen	Millions of U.S. Dollars
Unlisted Stocks (*1)	¥176,562	\$1,594
Others (*2)	2,984	26
Total	¥179,547	\$1,621

(*1) 1. The amount of revaluation losses for the fiscal year ended March 31, 2021 was ¥466 million (\$4 million) on Unlisted Stocks.

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

As of March 31, 2020	Millions of Yen
Unlisted Stocks (*1)	¥128,969
Others (*2)	2,984
Total	¥131,953

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

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

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

As of March 31, 2021	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
Due from Banks (*1)	¥20,032,567	¥ —	¥ —	¥ —	¥ —	¥ —
Call Loans and Bills Bought	60,890	—	—	—	—	—
Receivables under Resale Agreements	548,061	—	—	—	—	—
Monetary Claims Bought	2,685	—	3,365	46,757	78,638	171,238
Securities						
Held-to-Maturity Debt Securities	2,569,896	705,904	807,451	714,513	4,438,948	3,556,075
Japanese Government Bonds	2,238,500	403,500	—	—	—	500,000
Corporate Bonds	66	—	1,046	100,000	—	—
Foreign Bonds	331,330	302,404	806,404	614,513	4,438,948	3,056,075
Other Securities held that have Maturity	819,660	1,616,776	2,348,351	6,588,819	11,983,016	3,958,140
Japanese Government Bonds	383,500	747,900	446,600	—	2,854,900	2,395,000
Municipal Government Bonds	4	13,209	32,609	5,860	14,603	65,500
Corporate Bonds	277,945	424,355	210,153	27,000	8,000	197,680
Foreign Bonds	130,510	261,144	1,220,079	6,343,119	8,732,651	606,364
Investment Trust	3,524	128,816	244,148	10,477	233,050	652,431
Other	24,175	41,351	194,760	202,361	139,811	41,163
Loans and Bills Discounted (*2)	11,108,712	4,370,675	3,118,394	1,378,041	1,199,560	836,873
Total	¥35,142,475	¥6,693,356	¥6,277,562	¥8,728,131	¥17,700,164	¥8,522,327

As of March 31, 2021	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
Due from Banks (*1)	\$180,946	\$ —	\$ —	\$ —	\$ —	\$ —
Call Loans and Bills Bought	550	—	—	—	—	—
Receivables under Resale Agreements	4,950	—	—	—	—	—
Monetary Claims Bought	24	—	30	422	710	1,546
Securities						
Held-to-Maturity Debt Securities	23,212	6,376	7,293	6,453	40,095	32,120
Japanese Government Bonds	20,219	3,644	—	—	—	4,516
Corporate Bonds	0	—	9	903	—	—
Foreign Bonds	2,992	2,731	7,283	5,550	40,095	27,604
Other Securities held that have Maturity	7,403	14,603	21,211	59,514	108,237	35,752
Japanese Government Bonds	3,464	6,755	4,033	—	25,787	21,633
Municipal Government Bonds	0	119	294	52	131	591
Corporate Bonds	2,510	3,833	1,898	243	72	1,785
Foreign Bonds	1,178	2,358	11,020	57,294	78,878	5,477
Investment Trust	31	1,163	2,205	94	2,105	5,893
Other	218	373	1,759	1,827	1,262	371
Loans and Bills Discounted (*2)	100,340	39,478	28,167	12,447	10,835	7,559
Total	\$317,428	\$60,458	\$56,702	\$78,837	\$159,878	\$76,978

(*) 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 ¥70,287 million (\$634 million) for which the redemption amount cannot be estimated, and loans with no maturity of ¥20,000 million (\$180 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, 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

(*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 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, 2021						
Deposits (*1)	¥65,283,696	¥ 312,348	¥ 56,117	¥ —	¥ —	¥ —
Negotiable Certificates of Deposit	3,100,259	—	—	—	—	—
Debentures	118,979	236,500	—	—	—	—
Payables under Repurchase Agreements	17,073,926	—	—	—	—	—
Borrowed Money (*2)	1,008,049	1,300,218	1,419,198	19,619	27,484	1,317,895
Short-term Entrusted Funds	877,743	—	—	—	—	—
Total	¥87,462,653	¥1,849,067	¥1,475,315	¥19,619	¥27,484	¥1,317,895

	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, 2021						
Deposits (*1)	\$589,682	\$ 2,821	\$ 506	\$ —	\$ —	\$ —
Negotiable Certificates of Deposit	28,003	—	—	—	—	—
Debentures	1,074	2,136	—	—	—	—
Payables under Repurchase Agreements	154,222	—	—	—	—	—
Borrowed Money (*2)	9,105	11,744	12,819	177	248	11,904
Short-term Entrusted Funds	7,928	—	—	—	—	—
Total	\$790,015	\$16,701	\$13,325	\$177	\$248	\$11,904

(*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."

	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

(*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, 2021	Millions of Yen			Millions of U.S. Dollars		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Monetary Claims Bought	¥ —	¥ 125,522	¥ 674	\$ —	\$ 1,133	\$ 6
Trading Assets						
Trading Securities	2,016	—	—	18	—	—
Money Held in Trust						
Other Money Held in Trust	8,590,336	1,984,353	2,061	77,593	17,923	18
Securities						
Other Securities						
Stocks	744,327	—	—	6,723	—	—
Bonds	6,967,074	1,356,197	—	62,930	12,249	—
Japanese Government Bonds	6,967,074	—	—	62,930	—	—
Municipal Government Bonds	—	153,990	—	—	1,390	—
Corporate Bonds	—	1,202,206	—	—	10,859	—
Other	15,608,979	9,565,576	57,992	140,989	86,402	523
Foreign Bonds	15,138,986	3,115,927	25,317	136,744	28,144	228
Foreign Stocks	20,351	—	—	183	—	—
Investment Trust	449,640	6,449,648	32,674	4,061	58,257	295
Total Assets	¥31,912,734	¥13,031,648	¥60,728	\$288,255	\$117,709	\$548
Derivative Instruments						
Related to Currencies	¥ —	¥ (837,245)	¥ —	\$ —	\$ (7,562)	\$ —
Related to Interest Rates	—	(363,915)	—	—	(3,287)	—
Related to Bonds	12	—	—	0	—	—
Total Derivative Instruments	¥ 12	¥(1,201,161)	¥ —	\$ 0	\$ (10,849)	\$ —

As of March 31, 2020	Millions of Yen		
	Level 1	Level 2	Level 3
Monetary Claims Bought	¥ —	¥ —	¥ 777
Trading Assets			
Trading Securities	1	—	—
Money Held in Trust			
Other Money Held in Trust	3,819,386	2,102,992	2,215
Securities			
Other Securities			
Stocks	597,894	—	—
Bonds	6,355,032	1,636,676	1,409
Japanese Government Bonds	6,355,032	—	—
Municipal Government Bonds	—	166,838	—
Corporate Bonds	—	1,469,838	1,409
Other	15,093,474	14,159,456	63,978
Foreign Bonds	14,727,626	2,300,892	24,189
Foreign Stocks	10,157	—	—
Investment Trust	355,690	11,858,563	39,789
Total Assets	¥25,865,788	¥17,899,125	¥68,382
Derivative Instruments			
Related to Currencies	¥ —	¥ 207,318	¥ —
Related to Interest Rates	—	(819,168)	—
Related to Bonds	—	—	—
Total Derivative Instruments	¥ —	¥ (611,849)	¥ —

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

As of March 31, 2021	Millions of Yen			Millions of U.S. Dollars		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Monetary Claims Bought	¥ —	¥ 151,946	¥ 24,840	\$ —	\$ 1,372	\$ 224
Money Held in Trust						
Other Money Held in Trust	—	381	65,883	—	3	595
Securities						
Held-to-Maturity Debt Securities						
Japanese Government Bonds	493,520	2,670,296	—	4,457	24,119	—
Corporate Bonds	—	101,157	—	—	913	—
Foreign Bonds	—	9,443,305	135,118	—	85,297	1,220
Loans and Bills Discounted	—	—	22,016,167	—	—	198,863
Total Assets	¥493,520	¥12,367,087	¥22,242,009	\$4,457	\$111,707	\$200,903
Deposits	¥ —	¥65,652,219	¥ —	\$ —	\$593,010	\$ —
Debentures	—	355,756	—	—	3,213	—
Borrowed Money	—	5,092,464	—	—	45,998	—
Total Liabilities	¥ —	¥71,100,440	¥ —	\$ —	\$642,222	\$ —

As of March 31, 2020	Millions of Yen		
	Level 1	Level 2	Level 3
Monetary Claims Bought	¥—	¥ 266,397	¥ 33,892
Money Held in Trust			
Other Money Held in Trust	—	393	75,662
Securities			
Held-to-Maturity Debt Securities			
Japanese Government Bonds	—	4,853,251	—
Corporate Bonds	—	1,831	—
Foreign Bonds	—	10,330,434	210,199
Loans and Bills Discounted	—	—	20,037,723
Total Assets	¥—	¥15,452,307	¥20,357,477
Deposits	¥—	¥65,639,105	¥ —
Debentures	—	784,758	—
Borrowed Money	—	5,413,844	—
Total Liabilities	¥—	¥71,837,707	¥ —

(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 34. 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, prepayment rates and discount rates. 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.

Additionally, in terms of the fair value hierarchy for Investment Trusts, the Bank does not apply the transitional measurement permitted by Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31 on 4th July 2019). 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, prepayment 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 35. 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

As of March 31, 2021

None

As of March 31, 2020

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

Table of a Reconciliation from Balance at the Beginning of the Fiscal Year to Balance at the End of the Period, and Unrealized gain/loss recognized as profit/loss in the period is as follows

	Millions of Yen				Millions of U.S. Dollars					
	Balance at the Beginning of the Fiscal Year	Profit or Loss for the Current Period or Other Comprehensive Income	Recorded in Profit or Loss	Recorded in Other Comprehensive Income (*1)	Net amount of Purchase, Sale, Issuance and Settlement	Balance at the Beginning of the Fiscal Year	Profit or Loss for the Current Period or Other Comprehensive Income	Recorded in Profit or Loss	Recorded in Other Comprehensive Income (*1)	Net amount of Purchase, Sale, Issuance and Settlement
As of March 31, 2021										
Monetary Claims Bought	¥ 777	¥—	¥ (2)	¥ (101)	\$ 7	\$—	\$ (0)	\$ (0)	\$ (0)	\$ (0)
Money Held in Trust										
Other Money Held in Trust	2,215	—	(512)	358	20	—	(4)	3	3	3
Securities										
Other Securities										
Bonds	1,409	—	90	(252)	12	—	0	(2)	(2)	(2)
Corporate Bonds	1,409	—	90	(252)	12	—	0	(2)	(2)	(2)
Other	63,978	—	1,733	(7,720)	577	—	15	(69)	(69)	(69)
Foreign Bonds	24,189	—	(31)	1,159	218	—	(0)	10	10	10
Investment Trust	39,789	—	1,764	(8,879)	359	—	15	(80)	(80)	(80)
Total Assets	¥68,382	¥—	¥1,309	¥(7,714)	\$617	\$—	\$11	\$(69)	\$(69)	\$(69)

	Millions of Yen				Millions of U.S. Dollars			
	Transfers to Fair Value of Level 3	Transfers from Fair Value of Level 3 (*2)	Balance at the End of the Period	Unrealized Gain/Loss recorded as Profit/Loss during the period for Financial Assets and Financial Liabilities held at the end of the period	Transfers to Fair Value of Level 3	Transfers from Fair Value of Level 3 (*2)	Balance at the End of the Period	Unrealized Gain/Loss recorded as Profit/Loss during the period for Financial Assets and Financial Liabilities held at the end of the period
As of March 31, 2021								
Monetary Claims Bought	¥—	¥ —	¥ 674	¥—	\$—	\$—	\$ 6	\$—
Money Held in Trust								
Other Money Held in Trust	—	—	2,061	—	—	—	18	—
Securities								
Other Securities								
Bonds	—	(1,247)	—	—	—	(11)	—	—
Corporate Bonds	—	(1,247)	—	—	—	(11)	—	—
Other	—	—	57,992	—	—	—	523	—
Foreign Bonds	—	—	25,317	—	—	—	228	—
Investment Trust	—	—	32,674	—	—	—	295	—
Total Assets	¥—	¥(1,247)	¥60,728	¥—	\$—	\$(11)	\$548	\$—

(*) 1. "Recorded in Other Comprehensive Income" is included Net Unrealized Gains (Losses) on Other Securities in Other Comprehensive Income of Consolidated Statement of Comprehensive Income.

2. These are transfers from the fair value of Level 3 to that of Level 2. This is primarily because credit spreads for similar financial instruments as observable inputs have become available. This transfer is implemented at the end of the period.

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

As of March 31, 2021

None

As of March 31, 2020

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.

33. Fair Value of Securities

Trading Securities

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
As of March 31			
Trading Securities	¥(6)	¥—	\$(0)

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

Held-to-Maturity Debt Securities

	Type	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, 2021							
Transactions for Fair Value exceeding Consolidated Balance Sheet Amount	Japanese Government Bonds	¥ 2,645,562	¥ 2,670,296	¥ 24,733	\$ 23,896	\$ 24,119	\$ 223
	Municipal Government Bonds	—	—	—	—	—	—
	Corporate Bonds	101,113	101,157	44	913	913	0
	Other	6,552,479	6,598,745	46,266	59,185	59,603	417
	Foreign Bonds	6,466,477	6,512,642	46,165	58,409	58,826	416
	Other	86,001	86,102	101	776	777	0
	Subtotal	9,299,155	9,370,199	71,044	83,995	84,637	641
Transactions for Fair Value not exceeding Consolidated Balance Sheet Amount	Japanese Government Bonds	499,613	493,520	(6,093)	4,512	4,457	(55)
	Municipal Government Bonds	—	—	—	—	—	—
	Corporate Bonds	—	—	—	—	—	—
	Other	3,164,118	3,156,465	(7,652)	28,580	28,511	(69)
	Foreign Bonds	3,073,398	3,065,781	(7,616)	27,760	27,692	(68)
	Other	90,719	90,684	(35)	819	819	(0)
	Subtotal	3,663,731	3,649,985	(13,745)	33,093	32,968	(124)
Total		¥12,962,886	¥13,020,185	¥ 57,298	\$117,088	\$117,606	\$ 517

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.

		Millions of Yen		
		Consolidated	Fair Value	Difference
As of March 31, 2020	Type	Balance Sheet Amount		
Transactions for Fair Value exceeding Consolidated Balance Sheet Amount	Japanese Government Bonds	¥ 4,825,376	¥ 4,853,251	¥ 27,874
	Municipal Government Bonds	—	—	—
	Corporate Bonds	1,818	1,831	12
	Other	1,490,455	1,505,572	15,117
	Foreign Bonds	1,400,484	1,415,427	14,942
	Other	89,970	90,145	174
	Subtotal	6,317,650	6,360,655	43,005
	Japanese Government Bonds	—	—	—
	Municipal Government Bonds	—	—	—
	Corporate Bonds	—	—	—
Other	9,775,685	9,335,350	(440,334)	
Foreign Bonds	9,565,352	9,125,206	(440,145)	
Other	210,333	210,144	(188)	
Subtotal	9,775,685	9,335,350	(440,334)	
Total		¥16,093,335	¥15,696,005	¥(397,329)

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

		Millions of Yen			Millions of U.S. Dollars		
		Consolidated	Acquisition	Difference	Consolidated	Acquisition	Difference
As of March 31, 2021	Type	Balance Sheet Amount	Cost		Balance Sheet Amount	Cost	
Transactions for Consolidated Balance Sheet Amount exceeding Acquisition Cost	Stocks	¥ 729,825	¥ 247,130	¥ 482,694	\$ 6,592	\$ 2,232	\$ 4,359
	Bonds	3,069,931	2,935,371	134,560	27,729	26,514	1,215
	Japanese Government Bonds	2,919,990	2,785,565	134,424	26,375	25,160	1,214
	Municipal Government Bonds	45,364	45,336	27	409	409	0
	Corporate Bonds	104,577	104,470	107	944	943	0
	Other	18,269,308	16,375,128	1,894,180	165,019	147,910	17,109
	Foreign Bonds	13,297,229	12,309,926	987,303	120,108	111,190	8,917
	Foreign Stocks	20,351	7,682	12,669	183	69	114
	Investment Trusts	4,818,888	3,924,913	893,974	43,527	35,452	8,074
	Other	132,839	132,605	233	1,199	1,197	2
Subtotal	22,069,066	19,557,630	2,511,435	199,341	176,656	22,684	
Transactions for Consolidated Balance Sheet Amount not exceeding Acquisition Cost	Stocks	14,502	17,700	(3,198)	130	159	(28)
	Bonds	5,253,339	5,298,601	(45,261)	47,451	47,860	(408)
	Japanese Government Bonds	4,047,084	4,087,890	(40,805)	36,555	36,924	(368)
	Municipal Government Bonds	108,626	110,229	(1,602)	981	995	(14)
	Corporate Bonds	1,097,628	1,100,482	(2,853)	9,914	9,940	(25)
	Other	7,101,613	7,476,432	(374,819)	64,146	67,531	(3,385)
	Foreign Bonds	4,983,002	5,205,465	(222,462)	45,009	47,018	(2,009)
	Foreign Stocks	—	—	—	—	—	—
	Investment Trusts	2,113,075	2,265,432	(152,356)	19,086	20,462	(1,376)
	Other	5,535	5,535	(0)	49	49	(0)
Subtotal	12,369,455	12,792,735	(423,279)	111,728	115,551	(3,823)	
Total	¥34,438,521	¥32,350,365	¥2,088,156	\$311,069	\$292,208	\$18,861	

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, 2020	Type	Millions of Yen		
		Consolidated Balance Sheet Amount	Acquisition Cost	Difference
	Stocks	¥ 559,022	¥ 220,044	¥ 338,978
	Bonds	5,797,427	5,556,978	240,448
	Japanese Government Bonds	5,660,799	5,420,516	240,283
	Municipal Government Bonds	7,048	7,040	8
	Corporate Bonds	129,579	129,422	157
	Other	23,419,412	21,494,767	1,924,645
	Foreign Bonds	15,081,883	13,978,465	1,103,417
	Foreign Stocks	10,157	7,075	3,082
	Investment Trusts	8,320,070	7,501,932	818,138
	Other	7,301	7,294	7
	Subtotal	29,775,863	27,271,790	2,504,072
	Stocks	38,871	47,136	(8,264)
	Bonds	2,195,690	2,208,240	(12,549)
	Japanese Government Bonds	694,232	701,257	(7,024)
	Municipal Government Bonds	159,789	161,817	(2,028)
	Corporate Bonds	1,341,668	1,345,165	(3,496)
	Other	5,910,227	6,227,786	(317,559)
	Foreign Bonds	1,970,825	2,045,422	(74,597)
	Foreign Stocks	—	—	—
	Investment Trusts	3,933,973	4,176,931	(242,957)
	Other	5,429	5,432	(3)
	Subtotal	8,144,790	8,483,164	(338,373)
	Total	¥37,920,653	¥35,754,954	¥2,165,698

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.

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, 2021 and 2020.

Other Securities Sold during the Fiscal Year

Fiscal year ended March 31, 2021	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	¥ 11,761	¥ 6,574	¥ 23	\$ 106	\$ 59	\$ 0
Bonds	983,657	5,006	845	8,884	45	7
Japanese Government Bonds	983,657	5,006	845	8,884	45	7
Municipal Government Bonds	—	—	—	—	—	—
Corporate Bonds	—	—	—	—	—	—
Other	3,761,627	40,819	98,106	33,977	368	886
Foreign Bonds	3,656,949	14,151	97,831	33,031	127	883
Foreign Stocks	24	24	0	0	0	0
Investment Trusts	99,481	26,435	274	898	238	2
Other	5,172	208	—	46	1	—
Total	¥4,757,045	¥52,400	¥98,974	\$42,968	\$473	\$893

Note: Investment Trusts include Japanese trusts and foreign trusts.

Fiscal year ended March 31, 2020	Millions of Yen		
	Sales Proceeds	Gains on Sales	Losses on Sales
Stocks	¥ 2,146	¥ 1,503	¥ 1
Bonds	287,531	1,630	5
Japanese Government Bonds	287,531	1,630	5
Municipal Government Bonds	—	—	—
Corporate Bonds	—	—	—
Other	1,278,981	85,549	20,653
Foreign Bonds	949,450	48,105	—
Foreign Stocks	—	—	—
Investment Trusts	48,980	3,193	925
Other	280,550	34,250	19,728
Total	¥1,568,659	¥88,683	¥20,660

Note: Investment Trusts include Japanese trusts and foreign trusts.

Securities Recognized for Revaluation Loss

Securities other than those for trading purposes (except Stocks and others with no market prices and Investments in Partnership) 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, 2021 and 2020 (“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, 2021 was ¥12,986 million (\$117 million) including ¥12,113 million (\$109 million) on Investment Trusts and ¥872 million (\$7 million) on Stocks.

The amount of revaluation loss for the fiscal year ended March 31, 2020 was ¥1,583 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

34. 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, 2021					
Other Money Held in Trust	¥10,638,598	¥10,192,091	¥446,506	¥470,534	¥24,028

	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, 2021					
Other Money Held in Trust	\$96,094	\$92,061	\$4,033	\$4,250	\$217

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, 2020					
Other Money Held in Trust	¥5,996,681	¥5,900,065	¥96,615	¥137,261	¥40,646

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.”

35. 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

	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		
As of March 31, 2021								
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.	340,741	319,401	3,147	3,147	3,077	2,885	28	28
Rec.: Flt.-Pay.: Fix.	208,886	187,545	(2,875)	(2,875)	1,886	1,694	(25)	(25)
Rec.: Flt.-Pay.: Flt.	—	—	—	—	—	—	—	—
Interest Rate Options:								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Other:								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Total	¥ /	¥ /	¥ 272	¥ 272	\$ /	\$ /	\$ 2	\$ 2

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

As of March 31, 2020	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	1,247,639	2,743	(6,317)	(6,317)
Purchased	2,427,802	2,629	14,604	14,604
Currency Options:				
Sold	—	—	—	—
Purchased	—	—	—	—
Other:				
Sold	—	—	—	—
Purchased	—	—	—	—
Total	¥ /	¥ /	¥ 8,287	¥ 8,287

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

Stock-Related Derivative Instruments

The Bank and its consolidated subsidiaries held no Stock-Related Derivative Instruments as of March 31, 2021 and 2020.

Bond-Related Derivative Instruments

As of March 31, 2021	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	¥2,838	¥—	¥ 36	¥ 36	\$25	\$—	\$ 0	\$ 0
Purchased	3,531	—	(23)	(23)	31	—	(0)	(0)
Bond Futures Options:								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Over-the-counter Transactions								
Bond Options:								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Other:								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Total	¥ /	¥ /	¥ 12	¥ 12	\$ /	\$ /	\$ 0	\$ 0

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

As of March 31, 2020	Millions of Yen			
	Contract Amount or Notional Amount		Fair Value	Unrealized Gain/Loss
	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	¥ /	¥ /	¥—	¥—

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

Commodities-Related Derivative Instruments

The Bank and its consolidated subsidiaries held no Commodities-Related Derivative Instruments as of March 31, 2021 and 2020.

Credit Derivative Instruments

The Bank and its consolidated subsidiaries held no Credit Derivative Instruments as of March 31, 2021 and 2020.

(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, 2021		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	¥ 320,000	¥ 200,000	¥ 756	\$ 2,890	\$ 1,806	\$ 6
	Interest Rate Swaps (Rec.: Flt.-Pay.: Fix.)	Yen-denominated Securities, Deposits and Others	8,059,185	7,312,908	(364,943)	72,795	66,054	(3,296)
The Accrual Method	Interest Rate Swaps (Rec.: Flt.-Pay.: Fix.)	Loans and Bills Discounted, Yen-denominated Securities and Others	341,338	283,515	Note 2	3,083	2,560	Note 2
Total			¥ /	¥ /	¥(364,187)	\$ /	\$ /	\$(3,289)

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 Committee Practical Guideline No. 24, issued on October 8, 2020).

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

As of March 31, 2020			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	¥ 455,000	¥ 320,000	¥ 1,393
	Interest Rate Swaps (Rec.: Flt.-Pay.: Fix.)	Yen-denominated Securities, Deposits and Others	8,927,696	7,950,963	(819,242)
The Accrual Method	Interest Rate Swaps (Rec.: Flt.-Pay.: Fix.)	Loans and Bills Discounted, Yen-denominated Securities and Others	346,900	272,182	Note 2
Total			¥ /	¥ /	¥(817,849)

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

Currency-Related Derivative Instruments

As of March 31, 2021			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	¥15,826,273	¥9,964,047	¥(773,815)	\$142,952	\$90,001	\$(6,989)
	Forex Forward		2,216,719	—	(61,010)	20,022	—	(551)
Total			¥ /	¥ /	¥(834,826)	\$ /	\$ /	\$(7,540)

Note: 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 Committee Practical Guideline No. 25, issued on October 8, 2020).

As of March 31, 2020			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	¥15,728,890	¥8,428,975	¥237,304
	Forex Forward		3,404,192	—	(38,273)
Total			¥ /	¥ /	¥199,031

Note: 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).

Stock-Related Derivative Instruments

The Bank and its consolidated subsidiaries held no Stock-Related Derivative Instruments as of March 31, 2021 and 2020.

Bond-Related Derivative Instruments

The Bank and its consolidated subsidiaries held no Bond-Related Derivative Instruments as of March 31, 2021 and 2020.

36. The Norinchukin Bank (Parent Company)

(1) Non-consolidated Balance Sheet

As of March 31	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Assets			
Cash and Due from Banks	¥ 19,820,208	¥ 19,458,993	\$179,028
Call Loans	60,890	54,330	550
Receivables under Resale Agreements	547,931	13,048	4,949
Monetary Claims Bought	302,918	301,081	2,736
Trading Assets	7,310	7,862	66
Money Held in Trust	10,637,717	5,996,009	96,086
Securities	48,491,498	54,694,312	438,004
Loans and Bills Discounted	21,824,004	19,828,858	197,127
Foreign Exchange Assets	271,190	189,851	2,449
Other Assets	2,877,505	2,475,961	25,991
Tangible Fixed Assets	164,657	122,233	1,487
Intangible Fixed Assets	54,299	49,375	490
Prepaid Pension Cost	41,641	35,568	376
Customers' Liabilities for Acceptances and Guarantees	269,647	226,965	2,435
Reserve for Possible Loan Losses	(131,577)	(49,181)	(1,188)
Reserve for Possible Investment Losses	(1,730)	(1,734)	(15)
Total Assets	¥105,238,114	¥103,403,535	\$950,574
Liabilities and Net Assets			
Liabilities			
Deposits	¥ 65,675,444	¥ 65,656,007	\$593,220
Negotiable Certificates of Deposit	3,100,259	2,406,965	28,003
Debentures	361,479	791,446	3,265
Payables under Repurchase Agreements	17,073,926	15,726,573	154,222
Trading Liabilities	5,137	8,102	46
Borrowed Money	5,035,964	5,357,344	45,487
Foreign Exchange Liabilities	0	0	0
Short-term Entrusted Funds	877,743	792,594	7,928
Other Liabilities	4,491,742	4,773,113	40,572
Reserve for Bonus Payments	5,901	5,877	53
Reserve for Retirement Benefits	25,394	23,124	229
Reserve for Directors' Retirement Benefits	1,015	925	9
Deferred Tax Liabilities	479,825	451,012	4,334
Deferred Tax Liabilities for Land Revaluation	8,607	8,607	77
Acceptances and Guarantees	269,647	226,965	2,435
Total Liabilities	97,412,087	96,228,661	879,885
Net Assets			
Paid-in Capital	4,040,198	4,040,198	36,493
Capital Surplus	25,020	25,020	225
Retained Earnings	2,079,491	1,942,649	18,783
Total Owners' Equity	6,144,710	6,007,868	55,502
Net Unrealized Gains on Other Securities, net of taxes	1,944,952	1,700,265	17,567
Net Deferred Losses on Hedging Instruments, net of taxes	(277,948)	(547,571)	(2,510)
Revaluation Reserve for Land, net of taxes	14,312	14,312	129
Total Valuation and Translation Adjustments	1,681,316	1,167,005	15,186
Total Net Assets	7,826,026	7,174,874	70,689
Total Liabilities and Net Assets	¥105,238,114	¥103,403,535	\$950,574

(2) Non-consolidated Statement of Operations

For the fiscal years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Income			
Interest Income:	¥ 851,281	¥1,246,587	\$ 7,689
Interest on Loans and Bills Discounted	83,558	115,880	754
Interest and Dividends on Securities	749,319	1,102,526	6,768
Interest on Call Loans	(4)	2,187	(0)
Interest on Receivables under Resale Agreements	(211)	5	(1)
Interest on Due from Banks	11,857	20,036	107
Other Interest Income	6,762	5,950	61
Fees and Commissions	14,346	19,417	129
Trading Income	513	—	4
Other Operating Income	74,208	132,740	670
Other Income	396,843	122,174	3,584
Total Income	1,337,192	1,520,919	12,078
Expenses			
Interest Expenses:	629,387	1,155,024	5,685
Interest on Deposits	29,065	121,363	262
Interest on Negotiable Certificates of Deposit	8,629	41,918	77
Interest on Debentures	690	1,825	6
Interest on Borrowed Money	40,816	42,733	368
Interest on Call Money	(0)	(14)	(0)
Interest on Payables under Repurchase Agreements	4,977	174,812	44
Other Interest Expenses	545,209	772,383	4,924
Fees and Commissions	15,925	16,055	143
Trading Expenses	18	885	0
Other Operating Expenses	156,212	65,427	1,411
General and Administrative Expenses	135,504	139,440	1,223
Other Expenses	106,899	26,325	965
Total Expenses	1,043,948	1,403,158	9,429
Income before Income Taxes	293,244	117,761	2,648
Income Taxes — Current	247,987	18,673	2,239
Income Taxes — Deferred	(166,826)	9,621	(1,506)
Total Income Taxes	81,160	28,295	733
Net Income	¥ 212,083	¥ 89,465	\$ 1,915
		Yen	U.S. Dollars
Net Income per Share	¥28.10	2020 ¥6.34	2021 \$0.25

37. Appropriation of Retained Earnings

The following dividends were approved at the Council of Delegates held on June 24, 2021.

	Millions of Yen	Millions of U.S. Dollars
Cash Dividends		
Special Dividends	¥44,672	\$403
Dividends on Common Stock (at the rate of 3% of the ¥100 face value, or ¥3.00 per share)	12,771	115
Dividends on Lower Dividend Rate Stock (at the rate of 1.3% of the ¥100 face value, or ¥1.30 per share)	46,663	421
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, 2021, 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, 2021, 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters.

Measurement of reserve for possible loan losses to the loans and bills discounted	
Key Audit Matter	Auditor's Responses
<p>The Norinchukin Bank (the Bank) is engaged in lending to a wide variety of industries in Japan and overseas.</p> <p>The collectability of loans and bills discounted recorded by the Bank is affected by uncertainties including the financial condition of the debtors and the deterioration of the economic environment, possibly leading to loan losses.</p> <p>To provide for such loan losses, the Bank calculates the amount of expected losses that</p>	<p>Our audit procedures performed to evaluate the appropriateness of the debtor classification as well as the appropriateness of recognition of reserve for possible loan losses adjusted for uncertainties of the future forecasts included the following, among others:</p> <ul style="list-style-type: none"> We evaluated the design and tested the operating effectiveness of the Bank's internal control over determination of debtor classification and recognition of

Key Audit Matter	Auditor's Responses
<p>will not be collected and records them as reserve for possible loan losses.</p> <p>The amount of the Reserve for Possible Loan Losses included in the consolidated balance sheet as of March 31, 2021 was 134,983 million-yen, and the specific method of recognition is described in Section (8) "Reserve for Possible Loan Losses" of Note 2 "Summary of Significant Accounting Policies" to the consolidated financial statements.</p> <p>The reserve for possible loan losses is calculated in accordance with the Bank's internal rules for self-assessment of asset quality and write-offs and provisions. The calculation process includes the determination of debtor classification based on the debtor's future debt repayment capacity and certain calculation method according to the debtor classification. Also, from the fiscal year ended March 31, 2021, the Bank has changed the methodology of estimating reserve for possible loan losses and calculates expected losses adjusted for the uncertainties of future forecasts in order to maintain stable lending to other institutions regardless of economic uncertainties. This is adjusted by referring the historical loan losses in accordance with current situation in economic cycle and possibility of each scenario in light of future outlook. These are based on the macroeconomic indicators (Japan's GDP growth rate) which are highly correlated to historical records of loan losses and the Bank's outlook for economic fluctuation. The current position in the economic cycle and the future forecasts which include the impact of the COVID-19 pandemic are described in Section (17) "Significant Accounting Estimates" of Note 2 "Summary of Significant Accounting Policies" to the consolidated financial statements.</p> <p>In recording reserve for possible loan losses, the key assumptions in determining the debtor classifications are forward-looking assumptions such as the performance of debtors. In recording reserve for possible loan losses adjusted for the uncertainties of future forecasts, the key assumptions are the current</p>	<p>reserve for possible loan losses adjusted for the risks identified by the future forecasts.</p> <ul style="list-style-type: none"> • We selected certain debtors by taking into account the type of business of the debtor, financial position, business performance and the effects of COVID-19 to test whether the management classification of the selected debtor was appropriate. We also considered the monetary impact of changes in debtor classification on the amount recorded in reserve for possible loan losses. • We evaluated certain debtors' recent financial position and business performance by inspecting a set of materials related to the Bank's self-assessment of asset quality as well as we made inquiries to the Credit Risk Management Division and other relevant divisions to obtain supporting evidences as necessary. • We examined the reasonableness and possibility of the future outlook of individual debtors by analyzing the trends from past results of the major financial items. Our procedures also consisted of evaluating the accuracy of estimates based on the historical degree of achievement of business plans in previous fiscal years. We also considered and evaluated relevant market and industry information, when available, that corroborated or contracted managements assumptions used in the classification of debtors. • We assessed the possibility of each scenario based on the assumptions adopted and evaluated management's assumptions by comparing each scenario with available external information, such as external economists' reports, etc. In performing these procedures, we involved our network firm's specialists in the economic domain. • We examined the amount of the reserve for possible loan losses calculated based on the assumptions applied, by inspecting the inputs and testing the accuracy through recalculation.

Key Audit Matter	Auditor's Responses
<p>position in the economic cycle and the possibility of each scenario in light of the future outlook.</p> <p>The future forecasts of debtors' performance and the current position in the economic cycle are highly dependent on estimates and the management's judgement since these key assumptions are affected by changes in the business environment surrounding the debtors and economic conditions which could be further affected by COVID-19.</p> <p>Therefore, the appropriateness of the determination of debtor classification and the recognition of reserve for possible loan losses adjusted for uncertainties of future forecasts is considered a key audit matter.</p>	

Appropriateness of fair value measurement of Foreign Bonds for which publicized market prices are not available	
Key Audit Matter	Auditor's Responses
<p>The Bank invests in securities based on the fundamental concept of "globally diversified investment". In terms of geographical area, the Bank invests in areas including Japan, the United States and Europe and other regions, and the Bank allocates its assets by various assets, including bonds, equities, credit, and alternative assets. The assets mainly include Held-To-Maturity Debt Securities and Other Securities. As of March 31, 2021, the amount of securities recorded on the consolidated balance sheet was 48,093,847 million-yen, accounting for 44% of total assets.</p> <p>Foreign bonds consist of products such as asset-backed securities which are exposed to market risks arising from interest rates, currency exchange rates and price fluctuations as well as credit and liquidity risks. The amount of Foreign Bonds recorded in the consolidated balance sheet as of March 31, 2021 was 27,820,107 million-yen, accounting for 57% of Securities.</p> <p>In cases where publicized market prices are not available, the fair value of foreign bonds are evaluated by using the valuation obtained from third parties such as information vendors, or determined based on the Bank's own estimates, and the fair value is measured using the income approach in both cases. As</p>	<p>Our audit procedures performed to examine the appropriateness of fair value measurement of Foreign Bonds for which publicized market prices included the following, among others:</p> <ul style="list-style-type: none"> • We evaluated the design and tested the operating effectiveness of the Bank's internal control over fair value measurement of foreign bonds. • We inspected the results of the Bank's verification of comparisons of the valuations obtained from third parties with those obtained from other third parties, trend analysis and accordance with accounting standards for third party's fair value measurements, and examined the content and the valuation process. • We examined the valuations obtained from third parties by obtaining the valuations of the third parties such as brokers, other than the external information vendor, which is the sources of the fair values, and by comparing them with the fair values used by the Bank. • For foreign bonds fair-valued by the Bank by its own, we inspected the results of the Bank's validation for key inputs and valuation models and examined the fair value measurement approach used. We

Key Audit Matter	Auditor's Responses
<p>for calculating the fair value, the Bank has adopted the valuation models which reflects the nature, characteristics and risks of each instrument, and has used inputs such as default rates, recovery rates, prepayment rates and discount rates.</p> <p>As stated in the Section (17) "Significant Accounting Estimates" of Note 2 "Summary of Significant Accounting Policies" the fair value of Foreign Bonds for which publicized market prices are not available is 256,444 million-yen for Other Securities and 8,222,262 million-yen for Held-To-Maturity Debt Securities.</p> <p>In determining fair value, those inputs are used, but the fair value may differ if different assumptions are used, and the determination of fair value is highly dependent on the uncertainty of key assumptions used in estimates and management's judgment. Therefore, appropriateness of fair value measurement of foreign bonds for which publicized market prices are not available is considered a key audit matter.</p>	<p>involved our network firm's valuation specialists to perform these procedures.</p> <ul style="list-style-type: none"> • We examined the inputs by cross-checking the inputs used in the fair value measurement with the evidences that support the objectivity of these inputs. • We examined the fair value measured based on the Bank's own estimates, by independently testing the accuracy through recalculation and comparing the outcome with the Bank's outcome. • We inspected and assessed the external credit ratings and examined whether to make adjustment to the valuation of foreign bonds related to credit risk.

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

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

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

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.

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

From the matters communicated with Audit & Supervisory Board Member and Audit & Supervisory Board, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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, 2021 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, 2021

/s/ Hideya Nanba
Designated Engagement Partner
Certified Public Accountant

/s/ Kazuya Hosono
Designated Engagement Partner
Certified Public Accountant

/s/ Mitsuhiro Nagao
Designated Engagement Partner
Certified Public Accountant