

# Notes to Consolidated Financial Statements

Years ended March 31, 2021 and 2020

## 1. Basis of presenting consolidated financial statements

The accompanying consolidated financial statements have been prepared based on the accounts maintained by THE SHIGA BANK, LTD. (the "Bank") and its significant subsidiaries (together the "Group") in accordance with the provisions set forth in the Companies Act of Japan, the Japanese Financial Instruments and Exchange Act, and the Japanese Banking Act and in conformity with accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

Certain items presented in the consolidated financial statements submitted to the Director of the Kanto Finance Bureau in Japan have been reclassified in these accounts for the convenience of readers outside Japan.

Amounts in yen of respective accounts included in the accompanying consolidated financial statements and notes thereto are stated in millions of yen by discarding fractional amounts less than ¥1 million. Therefore, total or subtotal amounts do not necessarily tie in with the aggregation of such account balances.

Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥110.71 to U.S.\$1, the rate of exchange at March 31, 2021, has been used in translation. 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. dollar amounts at this rate or any other rates.

## 2. Summary of significant accounting policies

### (a) Principles of consolidation

The accompanying consolidated financial statements for the years ended March 31, 2021 and 2020 include the accounts of the Bank and seven consolidated subsidiaries and the Bank and nine consolidated subsidiaries, respectively.

The consolidated subsidiaries' respective fiscal periods end March 31 for the years ended March 31, 2021 and 2020.

The Bank has four other nonconsolidated subsidiaries in 2021 and 2020, in which investments are not accounted for by the equity method because their net income (the portion corresponding to the Bank's equity), retained earnings (as above) and accumulated other comprehensive income (as above) have no material impact on the Group's financial position or business performance.

All significant intercompany transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is eliminated.

### (b) Cash equivalents

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

### (c) Trading securities

Trading securities held by the Bank are stated at fair value at the fiscal year end (cost of sales, in principle, is computed by the moving-average method).

### (d) Investment securities

*i.* Marketable securities held for trading purposes are stated at fair value (cost of sales, in principle, is computed by the moving-average method).

Securities held to maturity are stated at amortized cost (straight-line method) using the moving-average method. Securities available-for-sale for which current value can be estimated are stated at fair value at the fiscal year end. Securities whose fair value cannot be reliably determined are stated at cost using the moving-average method. Valuation gains/losses on securities available for sale are included in net assets, net of income taxes (cost of sales, in principle, is computed by the moving-average method).

*ii.* Marketable securities included in money held in trust by the Bank are treated as trust assets and are stated at fair value at the fiscal year-end.

*iii.* Beneficiary rights included in "debt purchased" are stated using the same methods described in (i) above.

### (e) Derivatives and hedging activities

Under the Accounting Standards for Financial Instruments, derivatives are stated at fair value unless they are used for hedging purposes.

#### *i.* Interest rate risk hedges

The Bank applies deferred hedge accounting to hedge transactions against interest rate risk arising from financial assets and liabilities which includes the method of designating hedging instruments to hedged items as well as the method stipulated in "Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry" (JICPA Industry Committee Practical Guidelines No. 24, October 8, 2020).

With regard to the assessment of hedge effectiveness, for the hedges that offset the fluctuations in the fair value of fixed interest rates classified as available-for-sale securities, interest rate swaps are assigned to hedged items collectively by bond type as the hedging instrument. The Bank designates the hedges so as to ensure that the important conditions related to the hedged items and hedging instruments are largely identical; therefore the hedges are considered to be highly effective, and the assessment of the effectiveness is based on the similarity of the conditions.

With regard to the effectiveness of cash flow hedges, hedge effectiveness is assessed by verifying the relationship of the interest rate fluctuation factors of the hedged items and the hedging instruments.

#### *ii.* Currency exchange risk hedges

Regarding the hedge accounting method applied to hedging transactions against currency exchange risk arising from assets and liabilities in foreign currencies, the Bank applies deferred hedge accounting stipulated in "Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in Banking Industry" (JICPA Industry Committee Practical Guidelines No. 25, October 8, 2020).

The Bank assesses the effectiveness of exchange swaps executed to reduce the risk of changes in currency exchange rates with fund swap transactions by verifying that there exist foreign currency positions of the hedging instruments corresponding to the foreign currency monetary claims and debts to be hedged.

Fund swap transactions are foreign exchange transactions that are contracted for the purpose of lending or borrowing funds in different currencies. These transactions consist of spot foreign exchange either bought or sold and forward foreign exchange either bought or sold.

### (f) Bills discounted

Bills discounted are accounted for as financial transactions in accordance with JICPA Industry Committee Practical Guidelines No. 24. The Bank has rights to sell or pledge bank acceptances bought, commercial bills discounted, documentary bills and foreign exchanges bought without restrictions.

### (g) Tangible fixed assets (except for lease assets)

Tangible fixed assets are stated at cost less accumulated depreciation.

Depreciation for buildings and equipment of the Bank is computed using the declining-balance method at a rate principally based on the estimated useful lives of the assets. However, buildings purchased on or after April 1, 1998 (excluding fittings and equipment), and fittings and equipment and structures purchased on or after April 1, 2016, are depreciated using the straight-line method.

The range of useful lives is principally from 3 to 50 years for buildings and from 3 to 20 years for equipment.

Depreciation of tangible fixed assets owned by subsidiaries is computed principally using the declining-balance method over the estimated useful lives of the assets.

Under certain conditions such as exchanges of fixed assets of similar kinds and sales and purchases resulting from expropriation, Japanese tax acts permit companies to defer the profit arising from such transactions by reducing the cost of the assets acquired or by providing a special reserve in the equity section. The Bank adopted the former treatment and reduced the cost of the assets acquired by ¥3,538 million (\$31,957 thousand) and ¥3,538 million at March 31, 2021 and 2020, respectively.

#### (h) Long-lived assets

The Group reviews its long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

Accumulated impairment losses are directly deducted from the respective fixed assets.

#### (i) Intangible fixed assets (except for lease assets)

Depreciation for intangible fixed assets is computed under the straight-line method. Development costs for internally used software are capitalized and depreciated using the straight-line method over the estimated useful lives of 5 years.

#### (j) Lease assets

Lease assets in "Tangible fixed assets" or "Intangible fixed assets" of the finance leases other than those that were deemed to transfer the ownership of the leased property to the lessee are computed under the straight-line method over the lease term with zero residual value unless residual value is guaranteed by the corresponding lease contracts.

#### (k) Allowance for loan losses

Allowance for loan losses of the Bank is provided as detailed below, pursuant to internal rules for write-offs and allowances.

For debtors who are legally bankrupt (bankrupt, under special liquidation, or subject to legal bankruptcy proceedings) or virtually bankrupt (in a similar situation), an allowance is provided based on the amount of claims, after the write-off stated below, net of amounts expected to be collected through disposal of collateral or execution of guarantees. For loans to debtors who are likely to go bankrupt, an allowance is provided for the amount considered to be necessary based on an overall solvency assessment performed for the amount of such loans, net of amounts deemed collectible through disposal of collateral or execution of guarantees, using the following methods.

- (i) For large debtors with credit exposure above a certain amount, an allowance is provided for the non-protected amount, net of an estimate of the amount collectible through cash flow based on a comprehensive assessment of the debtor's situation (cash flow deduction method).
- (ii) For loans to debtors other than (i), an allowance is provided for the expected losses for the subsequent three years. Expected losses are determined based on the average loan loss ratio over a certain period of time calculated using historical loan loss experience over three years, with required adjustments for future forecasts and others.

For loans to other debtors, with regard to debtors who are recognized as having good business conditions and no particular problems with their financial conditions (hereinafter, "normal debtors") and debtors who require careful management (hereinafter, "debtors on close watch") such as debtors that have problems with loan terms, debtors with performance issues, debtors with weak or unstable business conditions, and debtors that have problems with their financial conditions, an allowance is provided for the expected losses for subsequent one year. Among the debtors on close watch, for debtors whose loans are in need of management (restructured loans and loans that are delinquent for three months or more), an allowance is provided for the expected losses for the subsequent three years. Expected losses are determined based on the average loan loss ratio over a certain period of time calculated using historical loan loss experience over one year or three years, with required adjustments for future forecasts and others.

\*Necessary revision and determination method of the expected loss ratio due to future forecasts, etc.

The expected loss ratio used in the calculation of the allowance is determined by comparing the average value of the most recent three calculation periods with the long-term average value that takes into account the business cycle. The average of the three most recent

calculation periods is calculated after reviewing the current situation, future forecasts, and other necessary adjustments.

All loans are assessed by the branches and the operating divisions based on the Bank's internal rules for self-assessment of assets. The Asset Assessment Division, which is independent from the branches and the operating divisions, subsequently conducts audits of their assessments, and an allowance is provided based on the audit results.

For collateralized or guaranteed claims to debtors who are legally bankrupt or virtually bankrupt, the amount deemed unrecoverable, which is the amount of claims exceeding the estimated value of collateral or guarantee, has been written off and amounted to ¥9,584 million (\$86,568 thousand) and ¥10,906 million as of March 31, 2021 and 2020, respectively.

Allowance for loan losses of the Bank's consolidated subsidiaries is provided based on historical loan loss experience in addition to amounts deemed necessary based on estimation of the collectability of specific claims.

#### (l) Retirement and Pension Plans

The Bank has a contributory funded pension plan and lump-sum severance payment plan. Consolidated subsidiaries have unfunded lump-sum severance payment plans.

The projected benefit obligations are attributed to periods on a benefit formula basis. Past service costs are amortized on a straight-line basis over 10 years within the average remaining service period.

Actuarial gains and losses are amortized on a straight-line basis over 10 years within the average remaining service period from the fiscal year following the respective fiscal year in which the difference is recognized.

Consolidated subsidiaries adopt a simplified method where the amount to be required for voluntary termination at the fiscal year end is recorded as projected benefit obligations in the calculation of their liability for retirement benefits and retirement benefit costs.

#### (m) Liability for retirement of directors and Audit & Supervisory Board Members

Consolidated subsidiaries provide Liability for retirement benefits of directors and Audit & Supervisory Board Members at the amount required if they all retired at the fiscal yearend, calculated based on the internal rules of the Group.

#### (n) Liability for reimbursement of deposits

Liability for reimbursement of deposits that were derecognized as liabilities under certain conditions is provided for losses on the future claims of withdrawal based on historical reimbursement experience.

#### (o) Allowance for repayment of excess interest

Allowance for repayment of excess interest is provided at the estimated amount based on payment experience that the Bank's consolidated subsidiaries may be required to refund upon customers' claims.

#### (p) Reserve for other contingent losses

The Bank provides reserves for contingent liabilities not covered by other reserves in an amount deemed necessary based on estimated losses in the future.

#### (q) Foreign currency transactions

Receivables and payables in foreign currencies and foreign branch accounts are translated into Japanese yen principally at the rates prevailing at the balance sheet dates.

#### (r) Accounting for leases

In March 2007, the ASBJ issued ASBJ Statement No. 13, "Accounting Standard for Lease Transactions," which revised the previous accounting standard for lease transactions.

##### *i. As lessee*

Finance lease transactions are capitalized by recognizing lease assets and lease obligations in the balance sheet.

##### *ii. As lessor*

Under the previous accounting standard, finance leases that were deemed to transfer ownership of the leased property to the lessee were to be treated

as sales. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if sold" information is disclosed in the notes to the lessor's financial statements. The revised accounting standard requires that all finance leases that are deemed to transfer ownership of the leased property to the lessee should be recognized as lease receivables and all finance leases that are deemed not to transfer ownership of the leased property to the lessee should be recognized as investments in leases.

Lease revenue and lease costs are recognized over the lease period.

#### (s) Income taxes

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

#### (t) Appropriations of retained earnings

The consolidated statements of changes in equity reflect the appropriation resolved by the general shareholders' meeting when duly resolved and paid.

#### (u) Per share information

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

Diluted net income per share reflects the potential dilution that could occur if securities were exercised or converted into common stock. Diluted net income per share of common stock assumes full conversion of the outstanding convertible notes and bonds at the beginning of the year (or at the time of issuance) with an applicable adjustment for related interest expense, net of tax, and full exercise of outstanding warrants.

Cash dividends per share presented in the accompanying consolidated statements of income are dividends applicable to the respective fiscal years, including dividends to be paid after the end of the fiscal year.

#### (v) Significant accounting estimates

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

#### Allowance for loan losses

(1) Amounts recorded in the consolidated financial statements for the year ended March 31, 2021

Allowance for loan losses ¥33,692 million (\$304,326 thousand)

(2) Information that contributes to an understanding of the content of significant accounting estimates for identified items

##### i. Calculation method

The method of calculating the allowance for loan losses is described in "(k) Allowance for loan losses" in "2. Summary of significant accounting policies." In addition, based on the following assumptions, in order to prepare for expected losses due to such impacts, the Bank has recorded an allowance for loan losses by revising the debtor classifications based on the current deterioration in business performance and estimates related to impacts that are not yet reflected in financial information.

##### ii. Major assumptions

The major assumption is the "future forecasts of business environments of the borrower in determining the debtor classifications." It is set based on the individual evaluation of each debtor's ability to earn income. In addition, assumptions regarding the impact of the novel coronavirus infection that may have a significant impact on the "future forecasts of business environments of the borrower in determining the debtor classifications" are as follows.

Assumptions regarding the impact of novel coronavirus infections  
Since the end of September 2020, the Group has been making accounting estimates for the allowance for loan losses, etc. based on the assumption

that the spread of the novel coronavirus infection would continue to be a constraint on various economic activities and that the economy would only enter a full-scale recovery phase in April 2021 or later.

However, based on the recognition that the spread of the novel coronavirus infection was not yet under control as of the end of March 2021, the Group has revised its assumptions regarding the impact of the novel coronavirus infection as follows.

Assumptions regarding the impact of novel coronavirus infections as of the end of March 2021

The spread of the novel coronavirus infection continues to be a constraint on various economic activities, and the economy will only enter a full-scale recovery phase in April 2022 or later.

iii. Impacts on the consolidated financial statements for the following fiscal year

The Group conducts strict self-assessment and takes measures such as setting aside an allowance for loan losses as deemed necessary. However, due to the high degree of uncertainty in the above assumptions, changes in the assumptions used for the initial estimates due to changes in the performance of individual borrowers or other factors, as well as the future spread of the novel coronavirus infection and its impact on the economy, may have a significant impact on the allowance for loan losses in the consolidated financial statements for the following fiscal year (ending March 31, 2022) and thereafter.

In addition, the uncertainty may grow even greater when the determination of the debtor classifications depends on future forecasts of business environments, such as the business improvement plan of the borrower.

#### (w) New accounting pronouncements

"Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29 issued in March 2020)

"Implementation Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30 issued in March 2021)

##### (1) Summary

ASBJ developed a comprehensive accounting standard for revenue recognition. Revenue is recognized by applying the following five steps:

Step 1: Identify the contract with the customer

Step 2: Identify the performance obligations under the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the separate performance obligations under the contract

Step 5: Recognize revenue when performance obligations are satisfied or as they are satisfied

##### (2) Effective date

The Group expects to apply the new standard and guidance effective from the beginning of the year ending March 31, 2022.

##### (3) Effects of application of the standard and guidance

The effects of the application of the standard and guidance are immaterial.

"Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30 issued in July 2019)

"Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31 issued in July 2019)

"Accounting Standard for Financial Instruments" (ASBJ Statement No. 10 issued in July 2019)

"Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19 issued in March 2020)

##### (1) Summary

ASBJ developed and issued "Accounting Standard for Fair Value Measurement" and "Implementation Guidance on Accounting Standard for Fair Value Measurement" (hereinafter, "Fair Value Measurement Standard etc.") to enhance comparability of the requirements between the Japanese accounting standards and international accounting standards.

Fair Value Measurement Standard etc. is applied to the fair value of financial instruments as defined in the "Accounting Standard for Financial Instruments."

In addition, "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" was revised to include a note on the breakdown of the fair value of financial instruments by level.

(2) Effective date

The Group expects to apply the new standards and guidance effective from the beginning of the year ending March 31, 2022.

(3) Effects of application of the standards and guidance

The impact of the application of the standard and guidance is immaterial.

(x) Changes in presentation

Changes in accordance with the application of the "Accounting Standard for Disclosure of Accounting Estimates"

The "Accounting Standard for Disclosure of Accounting Estimates" (ASBJ Statement No. 31 issued in March 2020) has been applied to the consolidated financial statements for the current fiscal year, and notes regarding significant accounting estimates have been included in the "2. Summary of significant accounting policies."

However, in accordance with the transitional treatment set forth in the provision of Paragraph 11 of the said accounting standard, the content related to the previous consolidated fiscal year is not disclosed.

### 3. Cash and cash equivalents

The reconciliation of "Cash and cash equivalents" and "Cash and due from banks" in the consolidated balance sheets at March 31, 2021 and 2020, is as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Cash and due from banks .....	¥2,013,251	¥934,834	\$18,184,906
Other due from banks .....	(956)	(746)	(8,635)
<b>Cash and cash equivalents.....</b>	<b>¥2,012,295</b>	<b>¥934,088</b>	<b>\$18,176,271</b>

### 4. Securities

Securities at March 31, 2021 and 2020 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Japanese government bonds.....	¥ 319,781	¥ 255,059	\$ 2,888,456
Japanese local government bonds .....	255,705	215,571	2,309,682
Japanese corporate bonds.....	348,263	360,114	3,145,723
Corporate stocks.....	350,016	202,949	3,161,557
Other securities.....	312,738	273,412	2,824,839
<b>Total.....</b>	<b>¥1,586,506</b>	<b>¥1,307,107</b>	<b>\$14,330,286</b>

Securities lent under unsecured loan (bond lending transactions) amounted to ¥16,159 million (\$145,957 thousand) are included in Japanese government bonds of securities at March 31, 2021.

Fair value and other information on securities at March 31, 2021 and 2020 were as follows. Securities include "Trading securities" and trust beneficiary right under "Debt purchased," in addition to "Investment securities," which are presented on the consolidated balance sheet.

#### Securities

##### (1) Trading securities

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
	Losses included in loss during the fiscal year		
Trading securities.....	¥(0)	¥0	\$(0)

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

Held-to-maturity securities as of March 31, 2021 were as follows:

	Millions of yen		
	2021		
	Consolidated balance sheet amount	Fair value	Difference
Fair value exceeding consolidated balance sheet amount:			
Japanese government bonds.....	¥ 6,000	¥ 6,027	¥ 26
Japanese local government bonds .....	—	—	—
Japanese corporate bonds.....	—	—	—
Others.....	—	—	—
<b>Subtotal.....</b>	<b>¥ 6,000</b>	<b>¥ 6,027</b>	<b>¥ 26</b>
Fair value not exceeding consolidated balance sheet amount:			
Japanese government bonds.....	¥14,011	¥13,815	¥(195)
Japanese local government bonds .....	—	—	—
Japanese corporate bonds.....	—	—	—
Others.....	—	—	—
<b>Subtotal.....</b>	<b>14,011</b>	<b>13,815</b>	<b>(195)</b>
<b>Total.....</b>	<b>¥20,011</b>	<b>¥19,842</b>	<b>¥(168)</b>

	Thousands of U.S. dollars		
	2021		
	Consolidated balance sheet amount	Cost	Unrealized gains (losses)
Fair value exceeding consolidated balance sheet amount:			
Japanese government bonds.....	\$ 54,195	\$ 54,439	\$ 234
Japanese local government bonds .....	—	—	—
Japanese corporate bonds.....	—	—	—
Others.....	—	—	—
<b>Subtotal.....</b>	<b>\$ 54,195</b>	<b>\$ 54,439</b>	<b>\$ 234</b>
Fair value not exceeding consolidated balance sheet amount:			
Japanese government bonds.....	\$126,555	\$124,785	\$(1,761)
Japanese local government bonds .....	—	—	—
Japanese corporate bonds.....	—	—	—
Others.....	—	—	—
<b>Subtotal.....</b>	<b>126,555</b>	<b>124,785</b>	<b>(1,761)</b>
<b>Total.....</b>	<b>\$180,751</b>	<b>\$179,225</b>	<b>\$(1,517)</b>

No securities were classified as held to maturity as of March 31, 2020.

### (3) Available-for-sale securities

Available-for-sale securities as of March 31, 2021 and 2020 were as follows:

	Millions of yen		
	2021		
	Consolidated balance sheet amount	Cost	Unrealized gains (losses)
Consolidated balance sheet amount exceeding cost:			
Stocks.....	¥ 337,422	¥ 62,427	¥274,994
Bonds:.....	534,519	527,462	7,056
Japanese government bonds ...	155,255	151,698	3,556
Japanese local government bonds .....	142,816	141,823	993
Japanese corporate bonds.....	236,447	233,940	2,507
Others.....	171,664	166,305	5,359
<b>Subtotal.....</b>	<b>¥1,043,606</b>	<b>¥ 756,195</b>	<b>¥287,410</b>
Consolidated balance sheet amount not exceeding cost:			
Stocks.....	¥ 8,830	¥ 9,372	¥ (541)
Bonds:.....	369,220	373,157	(3,937)
Japanese government bonds ...	144,515	147,430	(2,915)
Japanese local government bonds .....	112,889	113,326	(437)
Japanese corporate bonds.....	111,815	112,399	(584)
Others.....	137,330	143,974	(6,644)
<b>Subtotal.....</b>	<b>515,381</b>	<b>526,504</b>	<b>(11,123)</b>
<b>Total.....</b>	<b>¥1,558,987</b>	<b>¥1,282,700</b>	<b>¥276,287</b>

	Millions of yen		
	2020		
	Consolidated balance sheet amount	Cost	Unrealized gains (losses)
Consolidated balance sheet amount exceeding cost:			
Stocks.....	¥ 184,305	¥ 43,671	¥140,633
Bonds:.....	599,935	589,374	10,560
Japanese government bonds ...	192,935	186,981	5,954
Japanese local government bonds .....	156,305	154,967	1,338
Japanese corporate bonds.....	250,693	247,425	3,268
Others.....	125,837	121,462	4,375
<b>Subtotal.....</b>	<b>¥ 910,077</b>	<b>¥ 754,508</b>	<b>¥155,569</b>

	Millions of yen		
	2020		
	Consolidated balance sheet amount	Cost	Unrealized gains (losses)
Consolidated balance sheet amount not exceeding cost:			
Stocks.....	¥ 14,790	¥ 18,486	¥ (3,695)
Bonds:.....	230,810	233,457	(2,646)
Japanese government bonds ...	62,124	63,534	(1,409)
Japanese local government bonds .....	59,266	59,583	(317)
Japanese corporate bonds.....	109,420	110,339	(919)
Others.....	143,935	151,230	(7,295)
<b>Subtotal.....</b>	<b>389,536</b>	<b>403,174</b>	<b>(13,637)</b>
<b>Total.....</b>	<b>¥1,299,614</b>	<b>¥1,157,682</b>	<b>¥141,931</b>

	Thousands of U.S. dollars		
	2021		
	Consolidated balance sheet amount	Cost	Unrealized gains (losses)
Consolidated balance sheet amount exceeding cost:			
Stocks.....	\$ 3,047,800	\$ 563,878	\$2,483,912
Bonds:.....	4,828,100	4,764,357	63,734
Japanese government bonds ...	1,402,357	1,370,228	32,119
Japanese local government bonds .....	1,290,000	1,281,031	8,969
Japanese corporate bonds.....	2,135,732	2,113,088	22,644
Others.....	1,550,573	1,502,167	48,405
<b>Subtotal.....</b>	<b>\$ 9,426,483</b>	<b>\$ 6,830,412</b>	<b>\$2,596,061</b>
Consolidated balance sheet amount not exceeding cost:			
Stocks.....	\$ 79,757	\$ 84,653	\$ (4,886)
Bonds:.....	3,335,019	3,370,580	(35,561)
Japanese government bonds ...	1,305,347	1,331,677	(26,330)
Japanese local government bonds .....	1,019,682	1,023,629	(3,947)
Japanese corporate bonds.....	1,009,981	1,015,256	(5,275)
Others.....	1,240,448	1,300,460	(60,012)
<b>Subtotal.....</b>	<b>4,655,234</b>	<b>4,755,704</b>	<b>(100,469)</b>
<b>Total.....</b>	<b>\$14,081,718</b>	<b>\$11,586,125</b>	<b>\$2,495,592</b>

(4) Bonds classified as held to maturity were not sold for the years ended March 31, 2021 and 2020.

### (5) Available-for-sale securities sold

	Millions of yen		
	2021		
	Sales amount	Gains on sales	Losses on sales
Stocks.....	¥ 21,189	¥5,375	¥ 277
Bonds:.....	383,233	536	460
Japanese government bonds.....	365,295	338	364
Japanese local government bonds .....	10,024	25	—
Japanese corporate bonds.....	7,913	172	95
Others.....	126,636	2,213	3,671
<b>Total.....</b>	<b>¥531,059</b>	<b>¥8,125</b>	<b>¥4,409</b>

	Millions of yen		
	2020		
	Sales amount	Gains on sales	Losses on sales
Stocks.....	¥ 6,484	¥2,161	¥ 834
Bonds:.....	44,266	322	—
Japanese government bonds.....	43,159	301	—
Japanese local government bonds .....	—	—	—
Japanese corporate bonds.....	1,106	20	—
Others.....	139,775	4,143	1,160
<b>Total.....</b>	<b>¥190,526</b>	<b>¥6,627</b>	<b>¥1,995</b>

	Thousands of U.S. dollars		
	2021		
	Sales amount	Gains on sales	Losses on sales
Stocks.....	\$ 191,391	\$48,550	\$ 2,502
Bonds:.....	3,461,593	4,841	4,154
Japanese government bonds.....	3,299,566	3,053	3,287
Japanese local government bonds.....	90,542	225	—
Japanese corporate bonds.....	71,475	1,553	858
Others.....	1,143,853	19,989	33,158
<b>Total.....</b>	<b>\$4,796,847</b>	<b>\$73,389</b>	<b>\$39,824</b>

#### (6) Reclassification of investment securities due to change in intent of holding

There were no reclassifications of investment securities due to change in intent of holding for the years ended March 31, 2021 and 2020.

#### (7) Impairment losses on securities

For available-for-sale securities with market quotations (other than securities whose fair value cannot be reliably determined), in cases where the fair value has fallen substantially from the acquisition cost and there is believed to be little likelihood of a recovery in the acquisition cost level, said securities are shown on the balance sheets at fair value and the difference between the fair value and the acquisition cost is posted as a loss (hereinafter "impairment loss").

Impairment losses amounted to ¥1,580 million (\$14,271 thousand) which consisted of stocks of ¥1,574 million (\$14,217 thousand) and bonds of ¥5 million (\$45 thousand); and ¥277 million which consisted of stocks of ¥227 million and bonds of ¥50 million; as of March 31, 2021 and 2020, respectively.

In addition, the Bank recognizes that fair value has fallen significantly based on standards that have been set out in the self-assessment standards for assets by the issuing companies of securities. The details are as follows:

The Bank recognizes that the fair value of available-for-sale securities of legally bankrupt debtors, virtually bankrupt debtors, or debtors who are likely to go bankrupt, has fallen significantly when the fair value of such instruments as of the consolidated balance sheet date has decreased from the acquisition cost. For debtors on close watch, the Bank recognizes that the fair value has fallen significantly when the fair value as of the consolidated balance sheet date has decreased 30% or more from the acquisition cost. For normal debtors, it recognizes this when the fair value as of the consolidated balance sheet date has fallen 50% or more from the acquisition cost or when the fair value as of the consolidated balance sheet date has fallen 30% or more from the acquisition cost and the market prices remain below certain levels.

Debtors on close watch are defined as those who will require close monitoring in the future and normal debtors are defined as those other than legally bankrupt debtors, virtually bankrupt debtors, debtors who are likely to go bankrupt, or debtors on close watch.

## 5. Money held in trust

### (1) Money held in trust classified as trading

	Millions of yen			
	2021		2020	
	Consolidated balance sheet amount	Gains (losses) included in profit (loss) during the fiscal year	Consolidated balance sheet amount	Gains (losses) included in profit (loss) during the fiscal year
Money held in trust classified as trading.....	¥14,476	¥(78)	¥14,424	¥116

	Thousands of U.S. dollars	
	2021	
	Consolidated balance sheet amount	Gains (losses) included in profit (loss) during the fiscal year
Money held in trust classified as trading.....	\$130,756	\$(704)

(2) No money held in trust was classified as held to maturity.

(3) No other money held in trust (other than money held in trust for trading purposes and money in trust held to maturity).

## 6. Net unrealized gains/losses on available-for-sale securities

Available-for-sale securities were valued at market and net unrealized gains/losses on valuation were as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Net unrealized gains on investment securities.....	¥275,998	¥141,643	\$2,492,981
Deferred tax liabilities.....	(80,824)	(39,331)	(730,051)
Noncontrolling interests.....	—	—	—
Net unrealized gains on available-for-sale securities.....	¥195,174	¥102,311	\$1,762,930

## 7. Loans and bills discounted

Loans and bills discounted at March 31, 2021 and 2020, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Bills discounted.....	¥ 6,689	¥ 9,462	\$ 60,419
Loans on bills.....	80,025	93,026	722,834
Loans on deeds.....	3,570,766	3,362,284	32,253,328
Overdrafts.....	344,217	394,589	3,109,177
<b>Total.....</b>	<b>¥4,001,698</b>	<b>¥3,859,363</b>	<b>\$36,145,768</b>

Loans in legal bankruptcy totaled ¥259 million (\$2,339 thousand) and ¥213 million as of March 31, 2021 and 2020, respectively. Nonaccrual loans totaled ¥45,486 million (\$410,857 thousand) and ¥37,196 million as of March 31, 2021 and 2020, respectively. Loans in legal bankruptcy are loans in which the interest accrual is discontinued (excluding the portion recognized as bad debts) based on management's judgment of the collectability of principal or interest resulting from the delay in payments of interest or principal for a considerable period of time and other factors. Nonaccrual loans are loans in which the interest accrual is discontinued, other than loans in legal bankruptcy and loans granting deferral of interest payment to the debtors in financial difficulties to assist them in their recovery.

Past due loans (three months or more) as to principal or interest payments totaled ¥136 million (\$1,228 thousand) and ¥177 million as of March 31, 2021 and 2020, respectively. Loans classified as loans in legal bankruptcy and nonaccrual loans are excluded.

Restructured loans totaled ¥25,563 million (\$230,900 thousand) and ¥16,000 million as of March 31, 2021 and 2020, respectively. Such restructured loans are loans on which creditors grant concessions (e.g., reduction of the stated interest rate, deferral of interest payments, extension of maturity dates, waiver of the face amount, or other concessive measures) to the debtors to assist them in recovering from financial difficulties and eventually being able to pay creditors. Loans classified as loans in legal bankruptcy, nonaccrual loans and past due three months or more are excluded.

The total face value of bills discounted at March 31, 2021 and 2020 was ¥6,750 million (\$60,970 thousand) and ¥9,523 million, respectively.

## 8. Foreign exchanges

Foreign exchange assets and liabilities at March 31, 2021 and 2020, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
<b>Assets:</b>			
Due from foreign correspondents.....	¥7,715	¥6,946	\$69,686
Foreign bills of exchange purchased.....	0	0	0
Foreign bills of exchange receivable.....	618	962	5,582
<b>Total.....</b>	<b>¥8,334</b>	<b>¥7,909</b>	<b>\$75,277</b>
<b>Liabilities:</b>			
Foreign bills of exchange sold.....	¥ 142	¥ 33	\$ 1,282
Accrued foreign bills of exchange.....	160	6	1,445
<b>Total.....</b>	<b>¥ 303</b>	<b>¥ 40</b>	<b>\$ 2,736</b>

## 9. Other assets

Other assets at March 31, 2021 and 2020, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Prepaid expenses.....	¥ 151	¥ 54	\$ 1,363
Accrued income.....	3,666	3,957	33,113
Derivatives.....	9,171	3,398	82,838
Other (Note 12).....	85,032	90,226	768,060
<b>Total.....</b>	<b>¥98,021</b>	<b>¥97,636</b>	<b>\$885,385</b>

## 10. Tangible fixed assets

Tangible fixed assets at March 31, 2021 and 2020, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Buildings.....	¥14,019	¥14,648	\$126,628
Land.....	31,665	35,735	286,017
Construction in progress.....	—	134	—
Other.....	1,983	2,325	17,911
<b>Total.....</b>	<b>¥47,667</b>	<b>¥52,843</b>	<b>\$430,557</b>

Accumulated depreciation on tangible fixed assets at March 31, 2021 and 2020 amounted to ¥46,516 million (\$420,160 thousand) and ¥46,473 million, respectively.

## 11. Long-lived assets

The Group recognized impairment losses for the years ended March 31, 2021 and 2020, as follows:

The Bank groups assets by the methods described in the "Overview of asset groups and grouping method" below. Subsidiaries group their assets by unit, which periodically manages profit and loss. The Bank wrote down the carrying amounts to the recoverable amounts and recognized impairment losses of ¥316 million (\$2,854 thousand) and ¥949 million for the years ended March 31, 2021 and 2020, respectively since the carrying amounts of the assets held by the above branches and other exceeded the sum of the undiscounted future cash flows.

The recoverable amounts of these assets were the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

The discount rate used for computation of the present value of future cash flows was 5% and the net selling price was determined by quotations from real estate appraisal information, less estimated costs to dispose.

Location	Description	Classification	Impairment losses		
			Millions of yen		Thousands of U.S. dollars
			2021	2020	2021
Shiga Prefecture	Business assets	Land, buildings and equipment.....	¥316	¥636	\$2,854
Outside of Shiga Prefecture	Business assets	Land, buildings and equipment.....	—	312	—
<b>Total.....</b>			<b>¥316</b>	<b>¥949</b>	<b>\$2,854</b>

Impairment losses are included in other expenses (Note 26).

### Overview of asset groups and grouping method

#### (1) Outline of asset groups

##### i. Idle assets

Stores, former company housing sites, etc.

##### ii. Operating assets

Assets used for business purposes

##### iii. Common assets

Assets related to the entire bank (headquarters, office centers, dormitories, company housing, etc.)

#### (2) Methods of grouping

##### i. Idle assets

Grouping as independent assets.

##### ii. Operating assets

For the year ended March 31, 2021

Grouping is done by store groups or store units that constitute full-banking functions (\*).

For the year ended March 31, 2020

In principle, grouping is done on a branch-by-branch basis. However, sub-branches that have a strong complementary relationship with mother branches are grouped together with mother branches.

(\*) In line with the consolidation of business branch functions such as financing operations by region, the method of grouping has been changed from the current consolidated fiscal year to store groups or store units that constitute full-banking functions.

##### iii. Common assets

Grouping of the entire bank as a whole.

## 12. Assets pledged

Assets pledged as collateral and related liabilities at March 31, 2021 and 2020, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Investment securities.....	¥696,661	¥616,236	\$6,292,665
Loans and bills discounted.....	889,093	231,307	8,030,828
Other assets (investments in leases) .....	412	629	3,721

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Related liabilities			
Deposits.....	¥ 25,048	¥ 25,049	\$ 226,248
Call money and bills sold.....	—	18,501	—
Payables under securities lending transactions .....	272,654	235,538	2,462,776
Borrowed money.....	893,235	437,738	8,068,241

In addition, other assets (deposits to central counterparty) of ¥34,332 million (\$310,107 thousand) and ¥41,071 million at March 31, 2021 and 2020, respectively.

Other assets include guarantee deposits of ¥394 million (\$3,558 thousand) and ¥461 million at March 31, 2021 and 2020, respectively.

## 13. Overdrafts and commitment lines

Overdraft agreements and commitment line agreements are agreements that oblige the Group to lend funds up to a certain limit agreed in advance. The Group makes the loans upon the request of an obligor to draw down funds under such loan agreements as long as there is no breach of the various terms and conditions stipulated in the relevant loan agreements. The unused commitment balance relating to these loan agreements at March 31, 2021 and 2020 amounted to ¥1,069,313 million (\$9,658,684 thousand) and ¥959,236 million, respectively, and the amounts of unused commitments whose original contract terms are within one year or unconditionally cancelable at any time were ¥973,892 million (\$8,796,784 thousand) and ¥896,110 million at March 31, 2021 and 2020, respectively. In many cases, the term of the agreement expires without the loan ever being drawn down. Therefore, the unused loan commitment will not necessarily affect future cash flows. Conditions are included in certain loan agreements that allow the Group to decline the request for a loan draw down or to reduce the agreed limit amount where there is due cause to do so, such as when there is a change in financial conditions or when it is necessary to do so in order to protect the Group's credit. The Group takes various measures to protect its credit. Such measures include having the obligor pledge collateral to the Group in the form of real estate, securities, etc. on signing the loan agreements or, in accordance with the Group's established internal procedures, confirming the obligor's financial condition, etc. at regular intervals.

## 14. Land revaluation

Under the "Act of Land Revaluation," promulgated on March 31, 1998 (final revision on May 30, 2003), the Bank elected a one-time revaluation of its own-use land to a value based on real estate appraisal information as of March 31, 2002. The resulting land revaluation surplus represented unrealized appreciation of land and was stated, net of income taxes, as a component of equity. There was no effect on the consolidated statement of income. Continuous readjustment is not permitted unless the land value subsequently declines significantly such that the amount of the decline in value should be removed from the land revaluation surplus account and related deferred tax liabilities. At March 31, 2021 and 2020, the carrying amount of the land after the above one-time revaluation exceeded the fair value by ¥8,242 million (\$74,446 thousand) and ¥9,898 million, respectively.

### Method of revaluation

The fair values were determined by applying appropriate adjustments for land shape and analysis on the appraisal specified in Article 2-3 of the Enforcement Ordinance of the Act of Land Revaluation effective March 31, 1998.

## 15. Deposits

Deposits at March 31, 2021 and 2020, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Current deposits.....	¥ 230,158	¥ 196,966	\$ 2,078,926
Ordinary deposits.....	2,966,522	2,521,215	26,795,429
Deposits at notice.....	68,359	35,606	617,460
Time deposits.....	2,016,827	2,021,652	18,217,207
Other deposits.....	116,984	110,993	1,056,670
<b>Total.....</b>	<b>¥5,398,851</b>	<b>¥4,886,433</b>	<b>\$48,765,703</b>

## 16. Borrowed money

At March 31, 2021 and 2020, the weighted-average interest rates applicable to borrowed money were 0.03% and 0.43%, respectively.

Borrowed money at March 31, 2021 and 2020, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Subordinated loans.....	¥ —	¥ 10,000	\$ —
Borrowing from banks and other....	899,055	441,079	8,120,811
<b>Total.....</b>	<b>¥899,055</b>	<b>¥451,079</b>	<b>\$8,120,811</b>

Annual maturities of borrowed money at March 31, 2021 were as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2022.....	¥786,116	\$7,100,677
2023.....	41,639	376,108
2024.....	35,403	319,781
2025.....	32,271	291,491
2026.....	89	803
2027 and thereafter.....	3,534	31,921
<b>Total.....</b>	<b>¥899,055</b>	<b>\$8,120,811</b>



## 17. Bonds

Bonds at March 31, 2021 and 2020, consisted of the following:

	Millions of yen		Thousands of U.S. dollars	Interest rate	Due
	2021	2020	2021		
Convertible bonds with stock acquisition rights (*)	¥—	¥21,766	\$—	—	June 23, 2020

(\*) The above convertible bonds with stock acquisition rights were redeemed on June 23, 2020. The description of the said bonds was as follows:

Description of bonds	Unsecured convertible bonds with stock acquisition rights, payable in Euro/U.S. dollars, due June 23, 2020 (subordinated bonds with non-viability write-off clause)
Class of shares to be issued	Ordinary shares of common stock
Issue price for stock acquisition rights	—
Exercise price of shares	\$29.159
Total amount of debt securities issued	\$200,000 thousand
Total amount of shares issued by exercising stock acquisition rights	—
Percentage of shares with stock acquisition rights	100%
Exercise period of stock acquisition rights	From April 7, 2015 to June 9, 2020
Content and amount of assets in case stock acquisition rights are exercised by contributions of non-cash assets	At the time of exercise of the respective stock acquisition rights, the bonds pertaining to the stock acquisition rights shall be contributed, and the price of such bonds shall be the same amount as their face value.

## 18. Borrowed money from trust account

Principal amounts of trusts with a principal compensation agreement at March 31, 2021 were ¥166 million (\$1,499 thousand).

## 19. Other liabilities

Other liabilities at March 31, 2021 and 2020, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Accrued income taxes	¥ 3,677	¥ 1,876	\$ 33,212
Accrued expenses	3,519	4,688	31,785
Unearned income	8,881	8,893	80,218
Derivatives	10,561	15,107	95,393
Other	27,005	15,421	243,925
<b>Total</b>	<b>¥53,645</b>	<b>¥45,988</b>	<b>\$484,554</b>

## 20. Acceptances and guarantees

All contingent liabilities arising from acceptances and guarantees are reflected in "Acceptances and guarantees." As a contra account, "Customers' liabilities for acceptances and guarantees," is shown as an asset representing the Bank's right of indemnity from the applicants.

The amounts of "Acceptances and guarantees" and "Customers' liabilities for acceptances and guarantees" amounting to ¥23,516 million (\$212,410 thousand) and ¥27,537 million as of March 31, 2021 and 2020, respectively, were set off because those which were relevant to corporate bonds and the guaranteed bonds were held by the Bank itself.

## 21. Equity

### (1) Capital stock and capital surplus

The Bank implemented a 1-for-5 reverse stock split on October 1, 2018. As a result, the number of shares of common stock issued decreased from 265,450 thousand shares to 53,090 thousand shares. The numbers of shares in the consolidated statement of changes in equity are calculated on the assumption that the reverse stock split was implemented on April 1, 2017.

### (2) Companies Act

Japanese companies are subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

#### (a) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders' meeting. For companies that meet certain criteria such as: (1) having a Board of Directors, (2) having independent auditors, (3) having an Audit & Supervisory Board, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. However, the Bank cannot do so because it does not meet all the above criteria.

The Companies Act permits companies to distribute dividends-in-kind (non-cash assets) to shareholders subject to a certain limitation and additional requirements.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

#### (b) Increases/decreases and transfer of common stock, reserve and surplus

The Companies Act requires that an amount equal to 10% (20% for banks pursuant to the Banking Act) of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus), depending on the equity account charged upon the payment of such dividends, until the total of the aggregate amount of legal reserve and additional paid-in capital equals 25% (100% for banks pursuant to the Banking Act) of common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

#### (c) Treasury stock and treasury stock acquisition rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders that is determined by a specific formula. Under the Companies Act, stock acquisition rights are presented as a separate component of equity. The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

### (3) Appropriations of retained earnings

The following appropriation of retained earnings at March 31, 2021 will be proposed at the Bank's ordinary general shareholders' meeting held on June 25, 2021.

	Millions of yen	Thousands of U.S. dollars
Cash dividends (dividend amount per share: ¥22.5 (\$0.203))	¥1,119	\$10,107

## 22. Stock options

The stock options outstanding as of March 31, 2021, are as follows:

Description	Persons granted	Number of options granted (*)	Date of grant	Exercise price	Exercise period
2013 Stock Option	2 directors	1,980 shares	August 20, 2013	¥ 1 (\$ 0.01)	From August 21, 2013 to August 20, 2043
2014 Stock Option	3 directors	2,660 shares	August 20, 2014	¥ 1 (\$ 0.01)	From August 21, 2014 to August 20, 2044
2015 Stock Option	3 directors	2,620 shares	August 20, 2015	¥ 1 (\$ 0.01)	From August 21, 2015 to August 20, 2045
2016 Stock Option	3 directors	4,240 shares	August 19, 2016	¥ 1 (\$ 0.01)	From August 20, 2016 to August 19, 2046
2017 Stock Option	4 directors	4,460 shares	August 18, 2017	¥ 1 (\$ 0.01)	From August 19, 2017 to August 18, 2047
2018 Stock Option	4 directors	4,580 shares	August 20, 2018	¥ 1 (\$ 0.01)	From August 21, 2018 to August 20, 2048
2019 Stock Option	5 directors	6,400 shares	August 20, 2019	¥ 1 (\$ 0.01)	From August 21, 2019 to August 20, 2049
2020 Stock Option	6 directors	7,900 shares	August 20, 2020	¥ 1 (\$ 0.01)	From August 21, 2020 to August 20, 2050

(\*) The number of options granted has been restated, as appropriate, to reflect a 1-for-5 reverse stock split on October 1, 2018.

The stock option activity is as follows:

Year Ended March 31, 2021	2013 Stock Option	2014 Stock Option	2015 Stock Option
<u>Non-vested</u>			
April 1, 2020—Outstanding	—	—	—
Granted	—	—	—
Canceled	—	—	—
Vested	—	—	—
March 31, 2021—Outstanding	—	—	—
<u>Vested</u>			
April 1, 2020—Outstanding	4,780	5,860	5,760
Vested	—	—	—
Exercised	(2,800)	(3,200)	(3,140)
Canceled	—	—	—
March 31, 2021—Outstanding	1,980	2,660	2,620

Year Ended March 31, 2021	2016 Stock Option	2017 Stock Option	2018 Stock Option
<u>Non-vested</u>			
April 1, 2020—Outstanding	—	—	—
Granted	—	—	—
Canceled	—	—	—
Vested	—	—	—
March 31, 2021—Outstanding	—	—	—
<u>Vested</u>			
April 1, 2020—Outstanding	8,680	8,140	8,200
Vested	—	—	—
Exercised	(4,440)	(3,680)	(3,620)
Canceled	—	—	—
March 31, 2021—Outstanding	4,240	4,460	4,580
<u>2019 Stock Option</u>			
<u>2020 Stock Option</u>			
<u>Year Ended March 31, 2021</u>			
<u>Non-vested</u>			
April 1, 2020—Outstanding	2,670	—	—
Granted	—	7,900	—
Canceled	—	—	—
Vested	(2,670)	(5,925)	—
March 31, 2021—Outstanding	—	1,975	—
<u>Vested</u>			
April 1, 2020—Outstanding	8,010	—	—
Vested	2,670	5,925	—
Exercised	(4,280)	—	—
Canceled	—	—	—
March 31, 2021—Outstanding	6,400	5,925	—

	2013 Stock Option	2014 Stock Option	2015 Stock Option
Exercise price	¥ 1 (\$ 0.01)	¥ 1 (\$ 0.01)	¥ 1 (\$ 0.01)
Average stock price at exercise (*)	¥2,460 (\$22.22)	¥2,460 (\$22.22)	¥2,460 (\$22.22)
Fair value price at grant date (*)	¥2,640 (\$23.85)	¥2,945 (\$26.60)	¥3,170 (\$28.63)
<u>2016 Stock Option</u>			
<u>2017 Stock Option</u>			
<u>2018 Stock Option</u>			
Exercise price	¥ 1 (\$ 0.01)	¥ 1 (\$ 0.01)	¥ 1 (\$0.01)
Average stock price at exercise (*)	¥2,460 (\$22.22)	¥2,460 (\$22.22)	¥2,460 (\$22.22)
Fair value price at grant date (*)	¥2,365 (\$21.36)	¥2,785 (\$25.16)	¥2,800 (\$25.29)

	2019 Stock Option	2020 Stock Option
Exercise price	¥ 1	¥ 1
	(\$ 0.01)	(\$ 0.01)
Average stock price at exercise (*)	¥2,460	¥ —
	(\$22.22)	(\$ —)
Fair value price at grant date (*)	¥2,204	¥2,359
	(\$19.91)	(\$21.31)

(\*) Average stock price at exercise and fair value price at grant date have been restated, as appropriate, to reflect a 1-for-5 reverse stock split on October 1, 2018.

#### The Assumptions Used to Measure the Fair Value of the 2020 Stock Option

Estimate method:	Black-Scholes option-pricing model
Volatility of stock price:	27.250%
Estimated remaining outstanding period:	3 years and 0 months
Estimated dividend:	¥40.00 (\$0.36) per share
Risk free interest rate:	0.122% negative

## 23. Other operating income

Other operating income for the years ended March 31, 2021 and 2020, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Gains on foreign exchange transactions-net.....	¥ 701	¥ 532	\$ 6,331
Gains on sales of bonds.....	2,603	4,611	23,511
Gains on redemption of bonds.....	50	—	451
Gains on derivative financial instruments.....	250	—	2,258
Other.....	11,604	13,955	104,814
<b>Total.....</b>	<b>¥15,210</b>	<b>¥19,099</b>	<b>\$137,385</b>

## 24. Other income

Other income for the years ended March 31, 2021 and 2020, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Gains on sales of stocks and other securities.....	¥5,542	¥2,381	\$50,058
Recovery of claims previously charged-off.....	366	395	3,305
Other.....	3,798	6,027	34,305
<b>Total.....</b>	<b>¥9,707</b>	<b>¥8,804</b>	<b>\$87,679</b>

## 25. Other operating expenses

Other operating expenses for the years ended March 31, 2021 and 2020, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Losses on sales of government bonds.....	¥ 3,617	¥ 1,354	\$ 32,670
Amortization of bonds.....	5	—	45
Expenses on derivatives other than for hedging.....	—	2,137	—
Other.....	10,634	12,932	96,052
<b>Total.....</b>	<b>¥14,257</b>	<b>¥16,424</b>	<b>\$128,777</b>

## 26. Other expenses

Other expenses for the years ended March 31, 2021 and 2020, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Provision of allowance for loan losses.....	¥ 7,459	¥2,172	\$ 67,374
Losses on sales of stocks and other securities.....	823	998	7,433
Charge-off of loans and bills discounted.....	660	1,052	5,961
Losses on devaluation of stocks and other securities.....	1,575	243	14,226
Losses on disposal of fixed assets....	113	139	1,020
Losses on impairment of long-lived assets.....	316	949	2,854
Other.....	720	563	6,503
<b>Total.....</b>	<b>¥11,668</b>	<b>¥6,119</b>	<b>\$105,392</b>

## 27. Gains (losses) related to bonds

Gains (losses) related to bonds for the years ended March 31, 2021 and 2020, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
<b>Gains (losses) related to bonds including Japanese government bonds:</b>			
Gains on sales of bonds.....	¥ 2,603	¥ 4,611	\$ 23,511
Gains on redemption of bonds.....	50	—	451
Losses on sales of bonds.....	(3,617)	(1,354)	(32,670)
Losses on devaluation of bonds.....	(5)	(50)	(45)
<b>Total.....</b>	<b>¥ (968)</b>	<b>¥ 3,207</b>	<b>\$ (8,743)</b>
<b>Gains (losses) on derivatives:</b>	<b>¥ 250</b>	<b>¥(2,137)</b>	<b>\$ 2,258</b>
<b>Gains (losses) related to bonds.....</b>	<b>¥ (718)</b>	<b>¥ 1,069</b>	<b>\$ (6,485)</b>

## 28. Gains (losses) related to stocks and other securities

Gains (losses) related to stocks and other securities for the years ended March 31, 2021 and 2020, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
<b>Gains (losses) related to stocks and other securities:</b>			
Gains on sales of stocks and other securities.....	¥ 5,542	¥2,381	\$ 50,058
Losses on sales of stocks and other securities.....	(823)	(998)	(7,433)
Losses on devaluation of stocks and other securities.....	(1,575)	(243)	(14,226)
<b>Gains related to stocks and other securities.....</b>	<b>¥ 3,143</b>	<b>¥1,140</b>	<b>\$ 28,389</b>

## 29. Leases

### Lessor

One subsidiary leases certain equipment and other assets.

As stated in Note 2 (r) ii, finance lease transactions other than those in which ownership is fully transferred to the lessee are accounted for in a similar manner to ordinary sales and transactions, effective from the year ended March 31, 2009.

Investments in leases included in other assets on the balance sheets as of March 31, 2021 and 2020 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Gross lease receivables .....	¥15,936	¥17,388	\$143,943
Unguaranteed residual values.....	428	463	3,865
Unearned interest income.....	(1,355)	(1,557)	(12,239)
Investments in leases.....	¥15,008	¥16,294	\$135,561

Maturities of lease receivables for finance leases that are deemed to transfer ownership of the leased property to the lessee are as of March 31, 2021 are as follows:

	Millions of yen	Thousands of U.S. dollars
2022 .....	¥413	\$3,730
2023 .....	390	3,522
2024 .....	278	2,511
2025 .....	84	758
2026 .....	62	560
2027 and thereafter.....	0	0

Maturities of gross lease receivables related to investments in leases as of March 31, 2021 are as follows:

	Millions of yen	Thousands of U.S. dollars
2022 .....	¥5,141	\$46,436
2023 .....	4,100	37,033
2024 .....	3,065	27,684
2025 .....	2,033	18,363
2026 .....	982	8,870
2027 and thereafter.....	612	5,527

The minimum rental commitments under noncancelable operating leases as of March 31, 2021 and 2020, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Due within one year .....	¥3	¥3	\$27
Due after one year .....	6	5	54
<b>Total.....</b>	<b>¥9</b>	<b>¥9</b>	<b>\$81</b>

## 30. Retirement benefit plans

The Bank and consolidated subsidiaries have either funded or unfunded defined benefit plans. The Bank's funded defined benefit corporate pension plan (contract type) provides lump-sum or annuity payments, the amounts of which are determined based on the length of service and certain other factors. The Bank's lump-sum severance payment plan, which became a funded plan as a result of setting a retirement benefits trust, provides lump-sum payments determined based on the length of service, position, and certain other factors. As of October 1, 2017, the Bank has transferred a part of its funded defined benefit corporate pension plan to a defined contribution plan. The consolidated subsidiaries' unfunded lump-sum severance payment plans are based on a simplified method in the calculation of their liability for retirement benefits and retirement benefit costs.

### 1. Defined benefit plan (except for the plan adopting the simplified method)

(1) The changes in defined benefit obligation for the years ended March 31, 2021 and 2020, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Balance at beginning of year .....	¥47,358	¥47,549	\$427,766
Current service cost .....	1,720	1,727	15,536
Interest cost .....	203	204	1,833
Actuarial losses.....	1,268	374	11,453
Benefits paid.....	(2,945)	(2,497)	(26,601)
Prior service cost.....	—	—	—
Balance at end of year .....	¥47,605	¥47,358	\$429,997

(2) The changes in plan assets for the years ended March 31, 2021 and 2020, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Balance at beginning of year .....	¥45,648	¥45,861	\$412,320
Expected return on plan assets .....	737	890	6,657
Actuarial gains (losses).....	13,782	(1,540)	124,487
Contribution from the employer .....	1,750	1,773	15,807
Benefits paid.....	(1,342)	(1,336)	(12,121)
Balance at end of year .....	¥60,575	¥45,648	\$547,150

(3) Reconciliation between the liability (asset) recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Funded defined benefit obligation.....	¥ 47,605	¥ 47,358	\$ 429,997
Plan assets.....	(60,575)	(45,648)	(547,150)
Net liability (asset) arising from the balance sheet .....	¥(12,969)	¥ 1,710	\$(117,143)

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Liability for retirement benefits .....	¥ —	¥1,710	\$ —
Asset for retirement benefits.....	12,969	—	117,143
Net liability (asset) arising from the balance sheet .....	¥(12,969)	¥1,710	\$(117,143)

(4) The components of net periodic benefit costs for the years ended March 31, 2021 and 2020, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Service cost .....	¥1,720	¥1,727	\$15,536
Interest cost.....	203	204	1,833
Expected return on plan assets.....	(737)	(890)	(6,657)
Recognized actuarial gains.....	(488)	(632)	(4,407)
Amortization of prior service cost...	—	—	—
Net periodic benefit costs.....	¥ 697	¥ 408	\$ 6,295

(5) Amounts recognized in other comprehensive income (before income tax effect) in respect of defined retirement benefit plans for the years ended March 31, 2021 and 2020, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Prior service cost.....	¥ —	¥ —	\$ —
Actuarial losses (gains).....	(12,024)	2,547	(108,608)
Total.....	¥(12,024)	¥2,547	\$(108,608)

(6) Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of defined retirement benefit plans as of March 31, 2021 and 2020, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Unrecognized prior service cost.....	¥ —	¥ —	\$ —
Unrecognized actuarial gains.....	(13,310)	(1,285)	(120,224)
Total.....	¥(13,310)	¥(1,285)	\$(120,224)

(7) Plan assets:

a. Components of plan assets

	2021	2020
Bonds.....	13%	16%
Stocks.....	62	53
Cash and cash equivalents.....	8	10
General accounts.....	17	21
Total.....	100%	100%

(Note) Total plan assets included retirement benefits trust of 53% and 45%, for the years ended March 31, 2021 and 2020, respectively, mainly consisting of 5 stocks, which were set for a corporate pension plan and a lump-sum payment plan.

b. Method of determining the expected rate of return on plan assets

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

(8) Assumptions used for the years ended March 31, 2021 and 2020, were set forth as follows:

	2021	2020
Discount rate.....	0.43%	0.43%
Expected rate of return on plan assets		
Plan assets (except for retirement benefits trust).....	2.96%	3.58%
Plan assets (retirement benefits trust).....	0.00%	0.00%
Estimated rate of salary increase.....	4.10%	4.10%

2. Defined benefit plan adopting the simplified method

(1) The changes in defined benefit obligation adopting the simplified method for the years ended March 31, 2021 and 2020, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Balance at beginning of year.....	¥130	¥121	\$1,174
Net periodic benefit costs.....	21	21	189
Benefits paid.....	(8)	(12)	(72)
Contribution to the plan.....	—	—	—
Balance at end of year.....	¥143	¥130	\$1,291

(2) Reconciliation between the liability recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Unfunded defined benefit obligation.....	¥143	¥130	\$1,291
Net liability arising from the balance sheet.....	¥143	¥130	\$1,291

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Liability for retirement benefits.....	¥143	¥130	\$1,291
Net liability arising from the balance sheet.....	¥143	¥130	\$1,291

(3) Net periodic benefit costs recognized in the simplified method for the years ended March 31, 2021 and 2020, were ¥21 million (\$189 thousand) and ¥22 million, respectively.

3. Defined contribution plan

The Bank's required contribution to the defined contribution plan for the years ended March 31, 2021 and 2020 were ¥329 million (\$2,971 thousand) and ¥326 million, respectively.

31. Income taxes

The tax effects of significant temporary differences that resulted in deferred tax assets and liabilities at March 31, 2021 and 2020, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Deferred tax assets:			
Allowance for loan losses.....	¥ 11,763	¥ 10,201	\$ 106,250
Devaluation of stocks and other securities.....	5,178	4,979	46,770
Liability for retirement benefits.....	2,495	3,222	22,536
Depreciation.....	1,837	1,496	16,592
Accrued enterprise tax.....	272	179	2,456
Deferred losses on derivatives under hedge accounting.....	—	3,656	—
Other.....	1,984	1,934	17,920
Less valuation allowance (Note).....	(11,659)	(13,785)	(105,311)
<b>Total.....</b>	<b>¥ 11,871</b>	<b>¥ 11,885</b>	<b>\$ 107,226</b>
Deferred tax liabilities:			
Reserve for advance depreciation of fixed assets.....	(175)	(175)	(1,580)
Net unrealized gains on available-for-sale securities.....	(80,824)	(39,331)	(730,051)
Defined retirement benefit plans.....	(4,052)	(391)	(36,600)
Deferred gains on derivatives under hedge accounting.....	(715)	—	(6,458)
<b>Total.....</b>	<b>(85,767)</b>	<b>(39,898)</b>	<b>(774,699)</b>
<b>Net deferred tax liabilities.....</b>	<b>¥(73,896)</b>	<b>¥(28,013)</b>	<b>\$(667,473)</b>

Note: The valuation allowance decreased by ¥2,125 million (\$19,194 thousand). This decrease was mainly due to the fact that the Bank recognized tax losses on a portion of valuation allowances related to loans and impaired securities that were written off or reserved for in prior years, following sales etc. of such assets.

A reconciliation of the effective income tax rate reflected in the accompanying consolidated statement of income to the statutory tax rate for the years ended March 31, 2021 and 2020, were as follows:

	2021	2020
Statutory tax rate .....	30.4%	—
(Reconciliation)		
Permanent differences excluded from taxable income such as dividend income .....	(1.9)%	—
Changes in valuation allowance.....	(16.2)%	—
Others.....	(0.1)%	—
Effective income tax rate .....	12.2%	—

The information for the year ended March 31, 2020 was not presented because the difference was less than or equal to 5% of the statutory tax rate.

## 32. Financial instruments and related disclosures

### 1. Overall situation concerning financial instruments

#### (1) Basic policy for financial instruments

As a regional financial institution with its main business base in Shiga Prefecture, the Group provides financial services centered on banking operations.

The Group's main operations are to extend loans to customers in its business area, and make investments in securities by mainly using funds that are received as deposits from customers and those that are obtained through the financial market.

To carry out these operations, the Group has financial assets and financial liabilities that are largely subject to interest rate volatility. To prevent adverse effects from such interest rate volatility, the Group conducts Asset Liability Management (ALM), the comprehensive management of assets and liabilities.

#### (2) Nature and extent of risks arising from financial instruments

The financial assets held by the Group are primarily loans to customers within its business area and are subject to credit risk of incurring losses when the value of such assets declines or disappears due to deterioration in the financial condition of its customers. The Group's domestic loan portfolio attempts to distribute risk by industry sector to eliminate its exposure to credit risk caused by changes in the business environment in certain industries.

The Group holds investment securities, primarily comprised of bonds, corporate stocks and investment trusts, for the following purposes: to sell them to customers, for purely investment purposes, and for strategic investment. These are subject to market risk of incurring potential losses due to fluctuations of interest rates, foreign exchange rates, stock markets and others, and the credit risk of the issuers.

Foreign currency-denominated loans and bonds are subject to foreign exchange risk in addition to the risks as described above. They are managed to reduce foreign exchange risk by procuring foreign currency funds through currency swaps, repurchase transactions, or call transactions.

Financial liabilities are primarily deposits from customers and borrowed money. Borrowed money is — under certain conditions, such as when the Group is unable to access the market — subject to risks that losses are incurred due to an inability to secure required funds or being forced to raise funds at significantly higher than normal interest rates. Moreover, some of the Group's borrowings are made at variable interest rates and are subject to risks of losses from increasing fund procurement costs associated with rising interest rates.

To respond to customer needs and hedge market risks for assets and liabilities, the Group uses derivative transactions, including interest rate swaps, currency swaps, currency options, and forward exchange contracts. For some of these transactions, the Group applies hedge accounting based on internal regulations that comply with the "JICPA Practical Guidelines for Financial Instruments" and the Group's own hedging policies.

To obtain short-swing profits, the Group transacts bond futures contracts, bond options, and stock price index futures trading after setting position limit and loss limits amounts.

These derivative transactions include market risk as well as credit risk.

### (3) Risk management for financial instruments

#### (i) Credit risk management

Recognizing credit risk as the most important risk to business management from the standpoint of its impact, the Group has established regulations and standards pertaining to such risk. It has also developed a debtor rating system based on a Foundation Internal Ratings-based approach and has built a credit risk management system appropriate to its needs.

Notably, the Group has developed a rating system that involves asset self-assessments. Under this system, for example, the Business Management Department reports the results of its own asset ratings at meetings such as the Meeting of Managing Directors.

With respect to individual credit management, the Group has instituted its "Basic Rules of Loan Business," in which it has clearly defined the way of thinking and a code of conduct to which all employees involved in the loan business should adhere. It has also established basic procedures to follow when making credit decisions or managing credit, along with putting in place a system that enables executives and employees to make credit decisions in accordance with the principles of public benefit, security, profitability, liquidity, and growth potential. More specifically, the Group has developed and is operating a credit management system that handles credit assessment, credit limits, credit information management, and internal ratings; sets guarantees and collateral; and deals with problem debts of companies (or corporate groups) or individual projects. This credit management system is being implemented in every bank branch and the Credit Supervision Department.

With respect to extending credit to overseas debtors, the Group manages it by setting a credit limit for each country at the Meeting of Managing Directors each fiscal year, after taking into account the foreign currency conditions and the political and economic situation of the country in which the debtor resides.

With respect to conducting market transactions for securities or other instruments, a limit is set semiannually at the Meeting of Managing Directors for bond issuer credit risk and counterparty risk for derivative and financial transactions, and the credit status and the market prices are managed on a daily basis. The Group has established a system in which reports about those risks are routinely given to the Meeting of Managing Directors.

#### (ii) Market risk management

The Group has compiled a set of Market Risk Management Rules with the goal of upgrading market risk management, strengthening internal controls, and ensuring sound management. To achieve stable profits, the Group institutes a financial plan and risk management policy semiannually and is working to build an appropriate risk management system.

##### 1) Interest rate risk management

As interest rate risk inevitably arises in banking business operations, the Group manages all assets and liabilities (including off-balance transactions), such as deposits, loans, and securities, in a comprehensive manner through ALM.

Along with the aforementioned Market Risk Management Rules, the Group has established standards for risk management methods and reporting procedures. The Group conducts monitoring through such models as Value at Risk (VaR) and the maturity ladder approach, and reports to the ALM Committee on a regular basis.

##### 2) Exchange rate risk management

For exchange rate volatility risk, the Group sets position limits at the Meeting of Managing Directors to manage positions that are subject to exchange rate risk. The Group controls positions by using derivative transactions, including foreign currency transactions and currency swaps.

The Group establishes an acceptable level of risk using VaR and manages the level of risk on a daily basis so that it stays within an acceptable range.

##### 3) Price volatility risk management

To rigorously manage price volatility risk for transactions, including securities, the Group has divided the organization into a market transaction sector, business management sector, and risk management sector.

For market transactions including securities, the Group takes into account overall Group risk and return, based on a financial plan and a risk management policy, and formulates a business management plan in the market sector.

When making investments, the Group calculates position amounts, gains, and losses as well as VaR and Basis Point Value (BPV) based on the abovementioned policy and plan. The extent to which the Group complies

with the established acceptable risk limit and other risk limits is monitored on a daily basis and is reported to management.

#### 4) Derivative transaction management

With respect to derivative transactions, the divisions concerned with the execution of transactions, the evaluation of hedge effectiveness, and business management have been separated, and an internal checking system has been established. Because a majority of the Group's derivative transactions are performed for the purposes of hedging and cover transactions to customer transactions, the Group manages them so that asset and liability risks and market risks are offset with each other.

#### 5) Quantitative information regarding market risks

Regarding market risks, the Group measures the quantitative risk of interest rate risks and stock price volatility risks through VaR, a statistical method. Principally by reporting these risks to the ALM Committee and other organizations on a regular basis, the Group ensures appropriate monitoring and management. In calculating the risk amounts, the Group adopts a historical simulation method (a holding period of one year, a confidence interval of 99%, and an observing period of two years).

##### Interest rate risks

The Group measures interest rate risks of all its assets and liabilities, including loans, securities and deposits, and derivative transactions.

The Group's interest rate risk amounts stood at ¥19,765 million (\$178,529 thousand) as of March 31, 2021 and ¥9,213 million as of March 31, 2020.

Regarding liquid deposits, such as ordinary deposits, the Group handles some as deposits that remain with the Group for an extended period and manages them by allocating them to each period category based on an internal model.

##### Stock price volatility risks

The Group holds certain shares for strategic investment and purely investment purposes. The volatility risk amounts of the prices of such shares stood at ¥79,335 million (\$716,601 thousand) as of March 31, 2021, and ¥45,345 million as of March 31, 2020.

##### Backtesting

To verify the appropriateness of the risk amounts that are measured through VaR, the Group carries out backtesting in which VaR is compared with gains and losses. In this way, the Group analyzes the effectiveness of the risk measurement method. However, because VaR statistically measures the amounts based on the historical market volatility, results may vary due to assumptions, measuring methods, and other factors. In addition, risks may not be able to be appropriately captured when the market environment changes drastically.

Interest rate risks and stock price volatility risks that are held by the Bank's consolidated subsidiaries are excluded from the calculation of the market risk amount as the impact from such risks on the Group is limited.

#### (iii) Liquidity risk management related to financing

The Group has compiled a set of Liquidity Risk Management Rules under a basic policy of clearly understanding its cash position and ensuring stable financing. In this way, it strives to establish an appropriate risk management system.

With respect to daily financing, the Group monitors and manages the financial environment, the balance of realizable current assets, the expected amount of cash outflows, and other such factors. The Group reports the financing situation and other related matters to the ALM Committee on a regular basis.

## 2. Fair value of financial instruments

Fair value and the consolidated balance sheet amount as of March 31, 2021 and 2020, are shown below. Immaterial accounts on the consolidated balance sheet are not included in the table below. Some instruments, such as unlisted stocks, whose fair value cannot be reliably determined, are not included in the table below (see Note 2).

	Millions of yen		
	2021		
	Consolidated balance sheet amount	Fair value	Difference
Cash and due from banks .....	¥2,013,251	¥2,013,251	¥ —
Investment securities			
Held-to-maturity securities .....	20,011	19,842	(168)
Available-for-sale securities .....	1,556,937	1,556,937	—
Loans and bills discounted .....	4,001,698	—	—
Allowance for loan losses (*1) .....	(32,909)	—	—
	3,968,789	3,992,558	23,769
Assets total .....	7,558,989	7,582,590	23,600
Deposits .....	5,398,851	5,399,054	203
Negotiable certificates of deposit .....	49,560	49,562	2
Call money and bills sold .....	516,077	516,077	—
Payables under securities lending transactions .....	272,654	272,654	—
Borrowed money .....	899,055	899,095	40
Liabilities total .....	7,136,198	7,136,444	245
Derivative transactions (*2)			
Deferred hedge accounting is not applied .....	(3,739)	(3,739)	—
Deferred hedge accounting is applied .....	2,350	2,350	—
Derivative transactions total .....	¥ (1,389)	¥ (1,389)	¥ —

	Millions of yen		
	2020		
	Consolidated balance sheet amount	Fair value	Difference
Cash and due from banks .....	¥ 934,834	¥ 934,834	¥ —
Investment securities			
Held-to-maturity securities .....	—	—	—
Available-for-sale securities .....	1,299,561	1,299,561	—
Loans and bills discounted .....	3,859,363	—	—
Allowance for loan losses (*1) .....	(27,412)	—	—
	3,831,950	3,859,117	27,166
Assets total .....	6,066,346	6,093,513	27,166
Deposits .....	4,886,433	4,886,683	249
Negotiable certificates of deposit .....	66,683	66,685	2
Call money and bills sold .....	136,386	136,386	—
Payables under securities lending transactions .....	235,538	235,538	—
Borrowed money .....	451,079	451,088	8
Liabilities total .....	5,776,121	5,776,382	260
Derivative transactions (*2)			
Deferred hedge accounting is not applied .....	298	298	—
Deferred hedge accounting is applied .....	(12,007)	(12,007)	—
Derivative transactions total .....	¥ (11,709)	¥ (11,709)	¥ —

	Thousands of U.S. dollars		
	2021		
	Consolidated balance sheet amount	Fair value	Difference
Cash and due from banks .....	\$18,184,906	\$18,184,906	\$ —
Investment securities			
Held-to-maturity securities .....	180,751	179,225	(1,517)
Available-for-sale securities .....	14,063,201	14,063,201	—
Loans and bills discounted .....	36,145,768	—	—
Allowance for loan losses (*1) .....	(297,254)	—	—
	35,848,514	36,063,210	214,696
Assets total .....	68,277,382	68,490,560	213,169
Deposits .....	48,765,703	48,767,536	1,833
Negotiable certificates of deposit .....	447,656	447,674	18
Call money and bills sold .....	4,661,521	4,661,521	—
Payables under securities lending transactions .....	2,462,776	2,462,776	—
Borrowed money .....	8,120,811	8,121,172	361
Liabilities total .....	64,458,477	64,460,699	2,212
Derivative transactions (*2)			
Deferred hedge accounting is not applied .....	(33,772)	(33,772)	—
Deferred hedge accounting is applied .....	21,226	21,226	—
Derivative transactions total .....	\$ (12,546)	\$ (12,546)	\$ —

(\*1) General allowance for loan losses and specific allowance for loan losses provided to "Loans and bills discounted" are separately presented in the above table.

(\*2) Derivative transactions recorded in "Other assets" and "Other liabilities" are aggregated and shown herein. Assets and liabilities attributable to the derivative transactions are totally offset and the net liability position as a consequence of offsetting would be represented with brackets.

## (Note 1) Valuation method of financial instruments

### Assets

#### (1) Cash and due from banks

As fair values of cash and due from banks without maturity approximate book values, the Group deems the book values to be the fair values. Since contractual terms of cash and due from banks with maturities are short (i.e., less than one year) and fair values of these instruments approximate book values, the Group deems the book values to be the fair values.

#### (2) Securities

Fair values of securities that have market prices are based on their market prices.

With respect to those without market prices, the Group uses the present value that is calculated by discounting the future cash flows of the principal based on contracts, using an interest rate obtained by adjusting interest rates available in the interbank market in accordance with categories of internal ratings and terms, taking into account the credit risk premium and the liquidity risk premium.

Fair value information for securities by classification is included in Note 4 "Securities."

#### (3) Loans and bills discounted

As fair values of loans and bills discounted with short contractual terms (i.e., less than one year) approximate book values, the Group deems the book values to be the fair values.

Regarding loans with long contract terms (i.e., one year or longer), those with floating interest rates reflect the market rate in the short term. Consequently, unless the credit conditions of borrowers have not significantly changed after the execution of the loans, the book value of the loans is presented as the fair value, as the fair value approximates the book value. With respect to fair values of loans with long contract terms with fixed interest rates, the Group uses the present value that is calculated by discounting the future cash flows of the principal based on contracts, using an interest rate obtained by adjusting interest rates available in the interbank market in accordance with categories of internal ratings and terms, taking

into account the credit risk premium and the liquidity risk premium. Meanwhile, the fair value of certain loans (including consumer loans) is calculated by discounting the future cash flows of the principal based on contracts, using an interest rate considered to be applicable in cases when similar loans are executed.

With respect to claims against legally bankrupt debtors, virtually bankrupt debtors and debtors who are likely to go bankrupt (potentially bankrupt debtors), since credit losses are calculated based on the present value of the expected future cash flows or the estimated amounts that the Group would be able to collect from collateral and guarantees, fair values approximate the consolidated balance sheet amount net of the currently expected credit loss amount, and the Group thus deems such amounts to be fair value.

Regarding loans, for those without a fixed maturity due to loan characteristics such as limiting loans to within the value of collaterals, the Group deems the book value to be the fair value, since the fair value is expected to approximate the book value based on the estimated repayment period, interest rate, and other conditions.

### Liabilities

#### (1) Deposits and (2) Negotiable certificates of deposit

For demand deposits, the Group deems the payment amounts required on the consolidated balance sheet date (i.e., book values) to be the fair value.

The fair value of time deposits and negotiable certificates of deposit with short deposit terms (i.e., less than one year) approximate the book value, and the Group deems the book value to be the fair value. With respect to deposits with long deposit terms (i.e., one year or longer), the Group uses the present value calculated by discounting future cash flows of the principal based on contracts, using the interest rate that would apply to newly accepted deposits in accordance with the categories of deposit terms.

#### (3) Call money and bills sold and (4) Payables under securities lending transactions

Since contractual terms of these instruments are short (i.e., less than one year) and fair values of these instruments approximate book values, the Group deems the book values to be the fair values.

#### (5) Borrowed money

As the fair value of borrowed money with short contractual terms (i.e., less than one year) approximates the book value, the Group deems the book value to be the fair value.

Regarding borrowed money with long contractual terms (i.e., one year or longer), for floating rate borrowings, the book value is presented as the fair value, because the fair value approximates book value. This is because the floating rate borrowings reflect the market interest rate in a short period and there has been no significant change in our credit conditions or in the credit conditions of our consolidated subsidiaries before or after the borrowings were made. With respect to fixed rate borrowings, the Group uses the present value calculated by discounting the future cash flows of the principal based on contracts, using an interest rate obtained by adjusting interest rates available in the interbank market in accordance with categories of terms, taking into account the Bank's credit risk premium.

Meanwhile, fair values of borrowings of consolidated subsidiaries are calculated by discounting the future cash flows of the principal based on contracts, using interest rates considered to be applicable in cases when the similar borrowings are made.

### Derivatives

Fair value information for derivatives is included in Note 33 "Fair value information on derivative transactions."



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

The following instruments are not included in "Available-for-sales securities" in the above table showing the fair value of financial instruments.

	Consolidated balance sheet amount		
	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Unlisted stocks (*1) (*2).....	¥3,765	¥3,853	\$34,007
Investment in capital of partnership and others (*3).....	5,792	3,692	52,316
<b>Total</b> .....	<b>¥9,557</b>	<b>¥7,545</b>	<b>\$86,324</b>

(\*1) Fair value of unlisted stocks is exempt from disclosure because they do not have a market price and their fair value cannot be reliably determined.

(\*2) Impairment losses for unlisted stocks amounted to ¥0 million (\$0 thousand) and ¥15 million for the years ended March 31, 2021 and 2020, respectively.

(\*3) Fair value of investment in capital of partnership and others is exempt from disclosure because partnership assets are composed of unlisted stock and others and their fair value cannot be reliably determined.

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

	Millions of yen					
	2021					
	1 year or less	1 to 3 years	3 to 5 years	5 to 7 years	7 to 10 years	Over 10 years
Due from banks.....	¥1,973,224	¥ —	¥ —	¥ —	¥ —	¥ —
Investment securities.....	89,331	142,386	114,864	71,452	262,438	519,743
Held-to-maturity securities.....	—	—	—	—	—	20,000
Japanese government bonds.....	—	—	—	—	—	20,000
Japanese local government bonds.....	—	—	—	—	—	—
Japanese corporate bonds.....	—	—	—	—	—	—
Available-for-sale securities.....	89,331	142,386	114,864	71,452	262,438	499,743
Japanese government bonds.....	—	4,000	12,000	—	40,000	238,000
Japanese local government bonds.....	12,609	33,596	25,393	34,714	132,966	15,237
Japanese corporate bonds.....	44,100	42,174	35,486	23,443	17,600	183,220
Others.....	32,620	62,615	41,984	13,295	71,871	63,284
Loans and bills discounted (*).....	870,617	793,717	601,858	408,177	412,527	844,164
<b>Total</b> .....	<b>¥2,933,173</b>	<b>¥936,104</b>	<b>¥716,723</b>	<b>¥479,630</b>	<b>¥674,966</b>	<b>¥1,363,907</b>

	Millions of yen					
	2020					
	1 year or less	1 to 3 years	3 to 5 years	5 to 7 years	7 to 10 years	Over 10 years
Due from banks.....	¥ 896,491	¥ —	¥ —	¥ —	¥ —	¥ —
Investment securities.....	—	—	—	—	—	—
Held-to-maturity securities.....	—	—	—	—	—	—
Japanese government bonds.....	—	—	—	—	—	—
Japanese local government bonds.....	—	—	—	—	—	—
Japanese corporate bonds.....	—	—	—	—	—	—
Available-for-sale securities.....	133,595	169,407	113,101	59,717	142,653	439,099
Japanese government bonds.....	21,000	—	16,000	—	10,000	199,000
Japanese local government bonds.....	42,857	32,521	18,605	21,453	86,887	11,450
Japanese corporate bonds.....	33,591	68,554	23,812	27,861	23,600	180,005
Others.....	36,145	68,331	54,683	10,402	22,166	48,643
Loans and bills discounted (*).....	929,566	764,871	557,557	372,416	361,766	807,786
<b>Total</b> .....	<b>¥1,959,653</b>	<b>¥934,279</b>	<b>¥670,658</b>	<b>¥432,133</b>	<b>¥504,419</b>	<b>¥1,246,886</b>

	Thousands of U.S. dollars					
	2021					
	1 year or less	1 to 3 years	3 to 5 years	5 to 7 years	7 to 10 years	Over 10 years
Due from banks.....	\$17,823,358	\$ —	\$ —	\$ —	\$ —	\$ —
Investment securities.....	806,891	1,286,116	1,037,521	645,397	2,370,499	4,694,634
Held-to-maturity securities.....	—	—	—	—	—	180,652
Japanese government bonds.....	—	—	—	—	—	180,652
Japanese local government bonds.....	—	—	—	—	—	—
Japanese corporate bonds.....	—	—	—	—	—	—
Available-for-sale securities.....	806,891	1,286,116	1,037,521	645,397	2,370,499	4,513,982
Japanese government bonds.....	—	36,130	108,391	—	361,304	2,149,760
Japanese local government bonds.....	113,892	303,459	229,365	313,557	1,201,029	137,629
Japanese corporate bonds.....	398,338	380,941	320,531	211,751	158,973	1,654,954
Others.....	294,643	565,576	379,225	120,088	649,182	571,619
Loans and bills discounted (*).....	7,863,941	7,169,334	5,436,347	3,686,902	3,726,194	7,625,002
<b>Total.....</b>	<b>\$26,494,201</b>	<b>\$8,455,460</b>	<b>\$6,473,877</b>	<b>\$4,332,309</b>	<b>\$6,096,703</b>	<b>\$12,319,636</b>

(\*) Loans in legal bankruptcy, virtual bankruptcy, and potential bankruptcy amounting to ¥45,746 million (\$413,205 thousand) and ¥37,409 million, and, loans and bills discounted without contractual maturities amounting to ¥24,889 million (\$224,812 thousand) and ¥27,988 million are excluded from the table above as of March 31, 2021 and 2020.

**(Note 4) Maturity analysis for bonds, borrowed money, and other interest-bearing liabilities**

	Millions of yen					
	2021					
	1 year or less	1 to 3 years	3 to 5 years	5 to 7 years	7 to 10 years	Over 10 years
Deposits (*).....	¥5,073,145	¥306,591	¥19,114	¥—	¥—	¥—
Negotiable certificates of deposit.....	49,560	—	—	—	—	—
Call money and bills sold.....	516,077	—	—	—	—	—
Payables under securities lending transactions.....	272,654	—	—	—	—	—
Borrowed money.....	786,116	77,043	32,360	94	3,440	—
<b>Total.....</b>	<b>¥6,697,554</b>	<b>¥383,634</b>	<b>¥51,475</b>	<b>¥94</b>	<b>¥3,440</b>	<b>¥—</b>

	Millions of yen					
	2020					
	1 year or less	1 to 3 years	3 to 5 years	5 to 7 years	7 to 10 years	Over 10 years
Deposits (*).....	¥4,541,372	¥323,574	¥21,486	¥—	¥—	¥—
Negotiable certificates of deposit.....	66,683	—	—	—	—	—
Call money and bills sold.....	136,386	—	—	—	—	—
Payables under securities lending transactions.....	235,538	—	—	—	—	—
Borrowed money.....	345,883	41,701	63,483	11	—	—
<b>Total.....</b>	<b>¥5,325,863</b>	<b>¥365,276</b>	<b>¥84,969</b>	<b>¥11</b>	<b>¥—</b>	<b>¥—</b>

	Thousands of U.S. dollars					
	2021					
	1 year or less	1 to 3 years	3 to 5 years	5 to 7 years	7 to 10 years	Over 10 years
Deposits (*).....	\$45,823,728	\$2,769,316	\$172,649	\$ —	\$ —	\$ —
Negotiable certificates of deposit.....	447,656	—	—	—	—	—
Call money and bills sold.....	4,661,521	—	—	—	—	—
Payables under securities lending transactions.....	2,462,776	—	—	—	—	—
Borrowed money.....	7,100,677	695,899	292,295	849	31,072	—
<b>Total.....</b>	<b>\$60,496,377</b>	<b>\$3,465,215</b>	<b>\$464,953</b>	<b>\$849</b>	<b>\$31,072</b>	<b>\$—</b>

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

### 33. Fair value information on derivative transactions

#### Derivative transactions to which hedge accounting is not applied

The following is the fair value information for derivative transactions to which hedge accounting is not applied at March 31, 2021 and 2020.

The contractual value of swap agreements and the contract amounts of forward exchange contracts, option agreements and other derivatives do not necessarily measure the Bank's exposure to market risk.

#### (1) Interest-rate-related transactions

	Millions of yen			
	2021			
	Contractual value	Contractual value due after one year	Fair value	Net unrealized gains (losses)
Over-the-counter:				
Interest rate swap				
Receivable fixed rate/pay floating rate .....	¥8,481	¥8,370	¥ 26	¥ 26
Receivable floating rate /pay fixed rate.....	9,256	9,256	(41)	(41)
<b>Total.....</b>	<b>¥ —</b>	<b>¥ —</b>	<b>¥(14)</b>	<b>¥(14)</b>

	Millions of yen			
	2020			
	Contractual value	Contractual value due after one year	Fair value	Net unrealized gains (losses)
Over-the-counter:				
Interest rate swap				
Receivable fixed rate/pay floating rate .....	¥ 326	¥ 217	¥ 8	¥ 8
Receivable floating rate /pay fixed rate.....	7,509	7,509	(484)	(484)
<b>Total.....</b>	<b>¥ —</b>	<b>¥ —</b>	<b>¥(476)</b>	<b>¥(476)</b>

	Thousands of U.S. dollars			
	2021			
	Contractual value	Contractual value due after one year	Fair value	Net unrealized gains (losses)
Over-the-counter:				
Interest rate swap				
Receivable fixed rate/pay floating rate .....	\$76,605	\$75,602	\$ 234	\$ 234
Receivable floating rate /pay fixed rate.....	83,605	83,605	(370)	(370)
<b>Total.....</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$(126)</b>	<b>\$(126)</b>

Notes: 1. The above transactions were revalued at the end of each of the years and the related gains and losses are reflected in the accompanying consolidated statements of income.

2. The fair values of the above derivatives are principally based on quoted market prices, such as those of Tokyo Financial Exchange Inc., or discounted values of future cash flows.

#### (2) Currency-related transactions

	Millions of yen			
	2021			
	Contractual value	Contractual value due after one year	Fair value	Net unrealized gains (losses)
Over-the-counter:				
Currency swap.....	¥ 29,632	¥25,473	¥ (96)	¥ (96)
Forward exchange contracts:				
Sold .....	110,070	—	(4,026)	(4,026)
Bought .....	5,289	—	284	284
Currency options:				
Sold .....	99,602	62,977	(3,320)	(309)
Bought .....	99,602	62,977	3,434	1,017
<b>Total.....</b>	<b>¥ —</b>	<b>¥ —</b>	<b>¥(3,724)</b>	<b>¥(3,130)</b>

	Millions of yen			
	2020			
	Contractual value	Contractual value due after one year	Fair value	Net unrealized gains (losses)
Over-the-counter:				
Currency swap.....	¥49,142	¥29,222	¥ 699	¥ 699
Forward exchange contracts:				
Sold .....	44,225	—	(25)	(25)
Bought .....	34,599	—	100	100
Currency options:				
Sold .....	83,720	50,742	(2,240)	1,005
Bought .....	83,720	50,742	2,240	(415)
<b>Total.....</b>	<b>¥ —</b>	<b>¥ —</b>	<b>¥ 774</b>	<b>¥1,365</b>

	Thousands of U.S. dollars			
	2021			
	Contractual value	Contractual value due after one year	Fair value	Net unrealized gains (losses)
Over-the-counter:				
Currency swap.....	\$267,654	\$230,087	\$ (867)	\$ (867)
Forward exchange contracts:				
Sold .....	994,219	—	(36,365)	(36,365)
Bought .....	47,773	—	2,565	2,565
Currency options:				
Sold .....	899,665	568,846	(29,988)	(2,791)
Bought .....	899,665	568,846	31,017	9,186
<b>Total.....</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$(33,637)</b>	<b>\$(28,272)</b>

Notes: 1. The above transactions were revalued at the end of each of the years and the related gains and losses are reflected in the accompanying consolidated statements of income.

2. Fair value is calculated using discounted cash flows.

(3) Stock-related transactions are not performed.

(4) Bond-related transactions are not performed.

(5) Financial product-related transactions are not performed.

(6) Credit derivative transactions are not performed.

## Derivative transactions to which hedge accounting is applied

The following is the fair value information for derivative transactions to which hedge accounting is applied at March 31, 2021 and 2020.

The contract amounts do not necessarily measure the Bank's exposure to market risk:

### (1) Interest-rate-related transactions

		Millions of yen			
		2021			
	Hedged items	Contractual value	Contractual value due after one year	Fair value	
Principle treatment	Available-				
Interest rate swap:	for-sale				
Receivable floating rate/	securities				
pay fixed rate .....	(bonds)	¥272,712	¥272,712	¥2,350	

		Millions of yen			
		2020			
	Hedged items	Contractual value	Contractual value due after one year	Fair value	
Principle treatment	Available-				
Interest rate swap:	for-sale				
Receivable floating rate/	securities				
pay fixed rate .....	(bonds)	¥193,794	¥193,794	¥(12,007)	

		Thousands of U.S. dollars			
		2021			
	Hedged items	Contractual value	Contractual value due after one year	Fair value	
Principle treatment	Available-				
Interest rate swap:	for-sale				
Receivable floating rate/	securities				
pay fixed rate .....	(bonds)	\$2,463,300	\$2,463,300	\$21,226	

Notes: 1. Deferred hedge accounting is mainly applied.

2. The fair values of the above derivatives are principally based on quoted market prices, such as those of Tokyo Financial Exchange Inc., or discounted values of future cash flows.

(2) Currency-related transactions are not performed.

(3) Stock-related transactions are not performed.

(4) Bond-related transactions are not performed.

## 34. Comprehensive income

The components of other comprehensive income for the years ended March 31, 2021 and 2020, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Net unrealized gains (losses) on available-for-sale securities:			
The amount arising during the period.....	¥ 136,490	¥ (35,917)	\$ 1,232,860
Reclassification adjustments to profit or loss.....	(2,135)	(4,353)	(19,284)
Before adjustments to tax effect.....	134,355	(40,271)	1,213,576
The amount of tax effect.....	(41,492)	11,969	(374,780)
<b>Total.....</b>	<b>¥ 92,863</b>	<b>¥ (28,302)</b>	<b>\$ 838,795</b>
Deferred gains (losses) on derivatives under hedge accounting:			
The amount arising during the period.....	¥ 14,363	¥ (7,240)	\$ 129,735
Reclassification adjustments to profit or loss.....	(5)	834	(45)
Before adjustments to tax effect.....	14,357	(6,406)	129,681
The amount of tax effect.....	(4,371)	1,950	(39,481)
<b>Total.....</b>	<b>¥ 9,985</b>	<b>¥ (4,455)</b>	<b>\$ 90,190</b>
Defined retirement benefit plans:			
The amount arising during the period.....	¥ 12,513	¥ (1,914)	\$ 113,025
Reclassification adjustments to profit or loss.....	(488)	(632)	(4,407)
Before adjustments to tax effect.....	12,024	(2,547)	108,608
The amount of tax effect.....	(3,661)	775	(33,068)
<b>Total.....</b>	<b>¥ 8,362</b>	<b>¥ (1,771)</b>	<b>\$ 75,530</b>
<b>Total other comprehensive income.....</b>	<b>¥ 111,212</b>	<b>¥ (34,529)</b>	<b>\$ 1,004,534</b>

## 35. Net income per share

Reconciliation of the differences between basic and diluted net income per share ("EPS") for the years ended March 31, 2021 and 2020, is as follows:

	Millions of yen	Thousands of shares	Yen	U.S. dollars
	Net Income Attributable to Owners of the Parent	Weighted-Average Shares	EPS	
<b>For the year ended March 31, 2021</b>				
Basic EPS:				
Net income attributable to common shareholders .....	¥11,448	50,183	¥228.12	\$2.061
Effect of dilutive securities:				
Warrants .....		1,752		
Diluted EPS:				
Net income for computation .....	¥11,448	51,935	¥220.43	\$1.991
<b>For the year ended March 31, 2020</b>				
Basic EPS:				
Net income attributable to common shareholders .....	¥12,412	51,067	¥243.05	
Effect of dilutive securities:				
Warrants .....		6,880		
Diluted EPS:				
Net income for computation .....	¥12,412	57,947	¥214.19	

## 36. Subsequent event

Appropriation of retained earnings

The following appropriation of retained earnings will be authorized at the ordinary general shareholders' meeting to be held on June 25, 2021:

	Millions of yen	Thousands of U.S. dollars
Cash dividends, ¥22.5 (\$0.203) per share.....	¥1,119	\$10,107
<b>Total.....</b>	<b>¥1,119</b>	<b>\$10,107</b>

Acquisition of treasury stock

At a meeting of the Board of Directors held on May 14, 2021, the Bank resolved the matter related to acquisition of treasury stock in accordance with the provisions of Article 156 of the Companies Act, as applied mutatis mutandis pursuant to Article 165, Paragraph 3 of the same Act.

1. Reasons for the acquisition of treasury stock

The Bank will repurchase its own shares in order to increase shareholder value through the return of profits to shareholders

2. Details of matters related to the acquisition

(1) Type of shares to be acquired: Common stock

(2) Total number of shares to be acquired: 500 thousand shares (upper limit)

(3) Total cost of stock acquisition: 1 billion yen (\$9,032 thousands) (upper limit)

(4) Period of acquisition of treasury stock: From May 19, 2021 to July 30, 2021

(5) Method of acquisition: Market purchase on the Tokyo Stock Exchange

## 37. Segment information

For the years ended March 31, 2021 and 2020

Because the Group has only one segment, banking, the description is not presented.

Related Information

(1) Information about services

	Millions of yen				
	2021				
	Lending services	Securities investment	Fees and commissions	Other	Total
Operating income from external customers.....	¥34,933	¥20,348	¥16,542	¥14,260	¥86,084
	Millions of yen				
	2020				
	Lending services	Securities investment	Fees and commissions	Other	Total
Operating income from external customers.....	¥37,299	¥20,145	¥15,621	¥15,804	¥88,871
	Thousands of U.S. dollars				
	2021				
	Lending services	Securities investment	Fees and commissions	Other	Total
Operating income from external customers.....	\$315,536	\$183,795	\$149,417	\$128,804	\$777,563

(2) Information about geographical areas

(a) Operating income

Operating income from external domestic customers exceeded 90% of total operating income on the consolidated statements of income for the years ended March 31, 2021 and 2020; therefore geographical operating income information is not presented.

(b) Tangible fixed assets

The balance of domestic tangible fixed assets exceeded 90% of the total balance of tangible fixed assets on the consolidated balance sheets as of March 31, 2021 and 2020; therefore, geographical tangible fixed assets information is not presented.

(3) Information about major customers

Operating income to a specific customer did not reach 10% of total operating income on the consolidated statements of income for the years ended March 31, 2021 and 2020; therefore, major customer information is not presented.

## 38. Related party transactions

Transactions of the Bank with related parties for the year ended March 31, 2021, were as follows:

Related party	Category	Description of transactions	Transaction amount		Accounts name	Year-end balance	
			Millions of yen	Thousands of U.S. dollars		Millions of yen	Thousands of U.S. dollars
Misao Daido	Director or relative	Lending operation loan, net of collection .....	¥ (0)	\$ (0)	Loans .....	¥ 33	\$ 298
		Interest receipts .....	0	0	Other assets .....	0	0
		Commission receipts, etc. ....	0	0			
Taiyo & Co.	Company in which director or relative has the majority of the voting rights	Lending operation loan, net of collection .....	(1)	(9)	Loans .....	14	126
		Interest receipts .....	0	0	Other liabilities .....	0	0
		Commission receipts, etc. ....	0	0			
Albatross Co., Ltd.	Company in which director or relative has the majority of the voting rights	Lending operation loan, net of collection .....	9	81	Loans .....	13	117
		Interest receipts .....	0	0	Other liabilities .....	0	0
		Commission receipts, etc. ....	0	0			
KUSANEN CO., LTD.	Company in which director or relative has the majority of the voting rights	Lending operation loan, net of collection .....	(10)	(90)	Loans .....	66	596
		Guarantee of payment .....	—	—	Other assets .....	10	90
		Lease income .....	1	9	Customers' liabilities for acceptances and guarantees .....	10	90
		Interest receipts .....	0	0	Acceptances and guarantees .....	10	90
		Guarantee commission receipts .....	0	0	Other liabilities .....	0	0
		Commission receipts, etc. ....	0	0			
Takagi Building Co., Ltd.	Company in which director or relative has the majority of the voting rights	Lending operation loan, net of collection .....	28	252	Loans .....	88	794
		Interest receipts .....	0	0	Other liabilities .....	0	0
		Commission receipts, etc. ....	0	0			

Transactions of the Bank with related parties for the year ended March 31, 2020, were as follows:

Related party	Category	Description of transactions	Transaction amount		Accounts name	Year-end balance	
			Millions of yen	Millions of yen		Millions of yen	Millions of yen
Misao Daido	Director or relative	Lending operation loan, net of collection .....	¥ (2)		Loans .....	¥34	
		Interest receipts .....	0		Other assets .....	0	
		Commission receipts, etc. ....	0				
Taiyo & Co.	Company in which director or relative has the majority of the voting rights	Lending operation loan, net of collection .....	(4)		Loans .....	15	
		Interest receipts .....	0		Other liabilities .....	0	
		Commission receipts, etc. ....	0				
KUSANEN CO., LTD.	Company in which director or relative has the majority of the voting rights	Lending operation loan, net of collection .....	10		Loans .....	77	
		Guarantee of payment .....	(36)		Other assets .....	11	
		Lease income .....	4		Customers' liabilities for acceptances and guarantees .....	10	
		Interest receipts .....	0		Acceptances and guarantees .....	10	
		Guarantee commission receipts .....	0		Other liabilities .....	0	
		Commission receipts, etc. ....	0				