

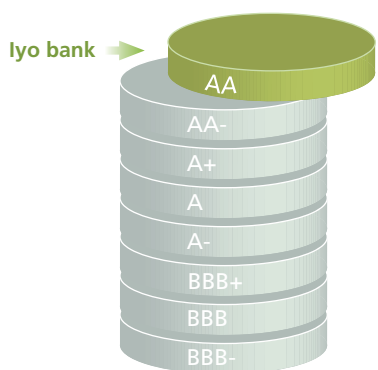
Financial Highlights

The Iyo Bank, Ltd. and its Consolidated Subsidiaries

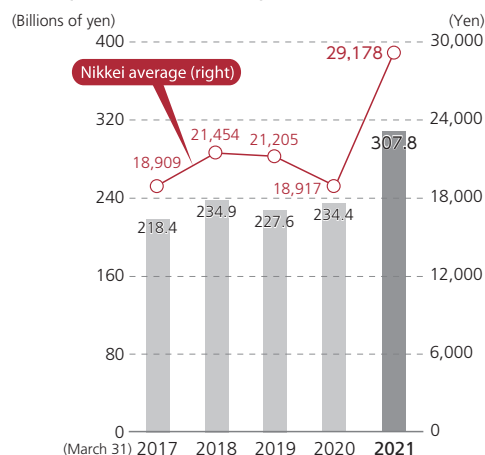
Years ended March 31:	Millions of yen				
	2021	2020	2019	2018	2017
At Year-End:					
Assets					
Securities	¥1,897,768	¥1,713,574	¥1,574,849	¥1,815,554	¥1,735,981
Loans and bills discounted	4,975,984	4,733,091	4,527,810	4,269,697	4,021,442
Total assets	8,550,739	7,795,554	7,165,655	7,096,633	6,849,283
Liabilities					
Deposits	6,495,645	5,728,742	5,688,021	5,525,398	5,437,276
Total liabilities	7,809,498	7,123,706	6,517,327	6,450,329	6,240,221
For the Year:					
Total income	¥ 124,852	¥ 126,545	¥ 126,291	¥ 121,002	¥ 117,356
Total expenses	99,052	98,153	98,163	85,209	84,228
Income before income taxes	25,799	28,329	28,129	35,791	33,127
Profit attributable to owners of parent	18,088	18,922	18,527	23,639	21,797
Net cash provided by operating activities	778,734	49,279	(150,925)	3,870	226,523
Net cash provided by investing activities	(69,750)	(134,032)	237,490	(57,093)	6,797
Net cash provided by financing activities	(13,314)	(5,741)	(4,346)	(4,106)	(7,401)
Cash and cash equivalents	1,413,563	717,887	808,389	726,157	783,504
Per Share Data:					
Basic net income	¥ 57.12	¥ 59.77	¥ 58.54	¥ 74.73	¥ 68.93
Stockholders' equity	2,313.28	2,052.46	1,975.54	1,969.99	1,864.28
Capital ratio (BIS standards) (%)	14.65	14.85	14.38	14.31	14.58
Return on equity (ROE) (%)	2.50	2.95	2.99	3.83	3.77
Price earnings ratio (PER) (Times)	11.62	9.15	10.01	10.71	10.86
Number of employee	3,071	3,109	3,147	3,122	3,082

Note: Japanese yen amounts, except net income per share, are presented in millions of yen and are rounded down to the nearest million.

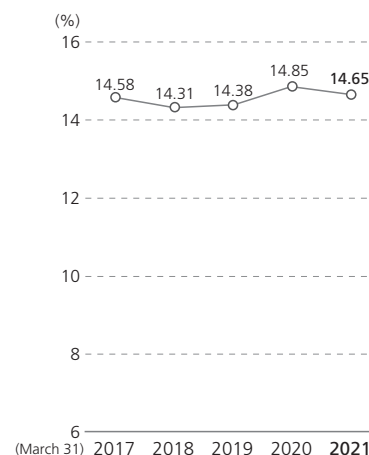
Ratings [JCR]



Evaluation gain on securities (Non-consolidated)



Capital ratio(BIS standards)



Management Discussion and Analysis of Operations

■ Business Environment

Due to the impact of COVID-19, the situation of the Japanese economy in fiscal 2020, ended March 31, 2021, was generally severe. Consumer spending was down, manufacturing activities stagnated, corporate earnings fell, and the employment situation deteriorated. At the moment, the resurgence of COVID-19 is increasing downward pressure on the economy, hampering the move towards recovery. Looking ahead, although there is a high degree of uncertainty, as we recover from the effects of the pandemic, the economy is expected to improve, albeit gradually, supported by renewed foreign demand and the government's economic stimulus package.

Like Japan as a whole, the economy of Ehime Prefecture as a whole is expected to recover gradually, although there is still a sense of stagnation due to a recent resurgence in COVID-19 cases.

Overview of Business Results, etc.

Consolidated ordinary revenue decreased ¥1,689 million over the previous fiscal year to ¥124,817 million (US\$1,127 million), mainly due to a decrease of gain on funds management. On the other hand, consolidated ordinary expense increased ¥1,551 million over the previous fiscal year to ¥98,644 million (US\$891 million), mainly due to an increase in other expenses as provision of reserve for loan losses rose.

As a result, consolidated ordinary income decreased ¥3,241 million over the previous fiscal year to ¥26,172 million (US\$236 million). Profit attributable to owners of parent decreased ¥834 million over the previous fiscal year to ¥18,088 million (US\$163 million).

On a non-consolidated basis, core business gross profit increased ¥3,827 million over the previous fiscal year to ¥80,595 million (US\$727 million), mainly due to an increase in interest and dividend income for securities. Core business

net income increased ¥4,099 million over the previous fiscal year to ¥30,934 million (US\$279 million) due to an increase in core business gross profit and a decrease in expenses, etc. Ordinary income decreased ¥2,805 million over the previous fiscal year to ¥23,776 million (US\$214 million), due to an increase in credit costs as a preventive provision for future loan losses by COVID-19 was recorded.

As a result, net income decreased ¥1,823 million over the previous fiscal year to ¥16,679 million (US\$150 million).

■ Segment Information

The Iyo Bank Group consists of the Iyo Bank and 16 consolidated subsidiaries. The Group's operations center on commercial banking services, and also cover leasing and other financial services (Note 1-1).

Banking Operations

Ordinary revenue was ¥105,584 million (US\$953 million), due to an ordinary revenue from customers of ¥104,986 million and ordinary revenue from intersegment transactions of ¥598 million. Segment profit decreased ¥3,437 million over the previous fiscal year to ¥25,093 million (US\$226 million).

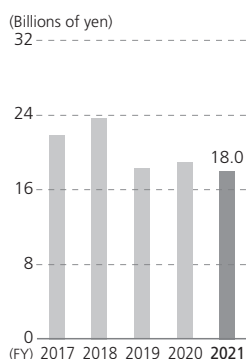
Leasing Operations

Ordinary revenue was ¥17,117 million (US\$154 million), due to an ordinary revenue from customers of ¥16,692 million and ordinary revenue from intersegment transactions of ¥424 million. Segment profit decreased ¥126 million over the previous fiscal year to ¥583 million (US\$5.2 million).

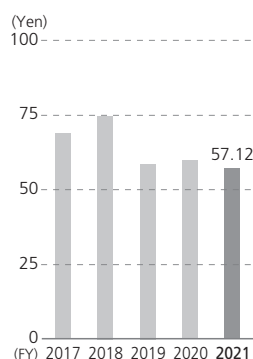
Other Businesses

Ordinary revenue was ¥5,107 million (US\$46 million), due to an ordinary revenue from customers of ¥3,138 million and ordinary revenue from intersegment transactions of ¥1,968 million. Segment profit increased ¥365 million over the

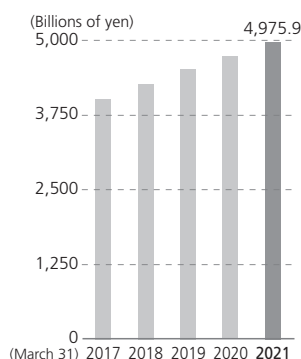
Profit Attributable to Owners of Parent



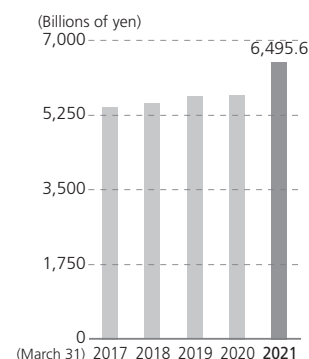
Net Income per Share



Loans and Bills Discounted



Deposits



previous fiscal year to ¥489 million (US\$4.4 million).

The term-end balance of deposits including NCDs, increased ¥766.9 billion over the previous fiscal year-end to ¥6,495.6 billion (US\$58,672 million).

The term-end balance of loans increased ¥242.8 billion over the previous fiscal year-end to ¥4,975.9 billion (US\$44,945 million).

The balance of securities at the end of the fiscal year

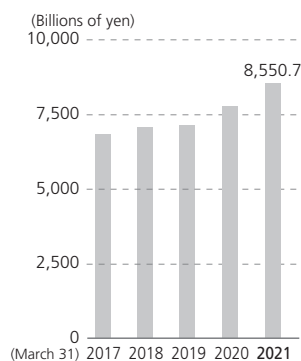
increased ¥184.1 billion from the previous fiscal year-end to ¥1,897.7 billion (US\$17,141 million).

The capital ratio (Basel III standards), which measures bank prudence and soundness, stood at 14.65%.

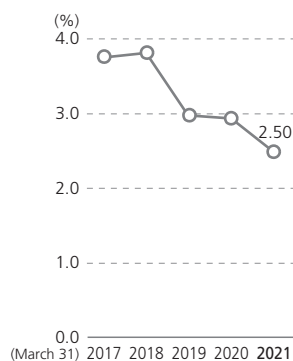
Loans by Industry

Years ended March 31:	Millions of yen			
	2021		2020	
	Loans and bills discounted outstanding	Share (%)	Loans and bills discounted outstanding	Share (%)
Domestic total (excluding loans booked offshore)	¥4,786,235	100.00	¥4,584,038	100.00
Manufacturing	660,296	13.80	650,562	14.19
Agricultural and forestry	2,989	0.06	3,115	0.07
Fishing	8,879	0.19	11,918	0.26
Mining, quarrying and gravel extraction	6,792	0.14	7,131	0.16
Construction	135,172	2.82	116,088	2.53
Electricity, gas and water utilities, sewage	176,739	3.69	154,410	3.37
Communications	17,791	0.37	18,940	0.42
Transportation and postal service	859,780	17.96	769,705	16.79
Wholesale and retail	518,160	10.83	504,305	11.00
Finance and insurance	155,990	3.26	159,666	3.48
Real estate and rental	530,296	11.08	514,007	11.21
Service	496,773	10.38	467,637	10.20
Local authorities	212,067	4.43	230,048	5.02
Others	1,004,507	20.99	976,500	21.30
Overseas total (including loans booked offshore)	189,749	100.00	149,053	100.00
Governments	—	—	—	—
Financial institutions	—	—	—	—
Others	189,749	100.00	149,053	100.00
Total	¥4,975,984	—	¥4,733,091	—

Total Assets



Return on Equity



■ Financial Position and Business Results

Consolidated gross profit

Consolidated gross profit increased ¥4,295 million over the previous consolidated fiscal year to ¥89,191 million (US\$805 million), mainly as a result of two following factors.

Interest and dividend income increased ¥5,240 million over the previous consolidated fiscal year to ¥71,615 million (US\$646 million), mainly due to an increase in loan management gain as loans grew, and increased gain on securities management and fund cancellation. Fees and commissions decreased ¥1,214 million over the previous consolidated fiscal year to ¥9,001 million (US\$81 million), mainly due to restricted face to face sales under COVID-19.

Operating costs

Operating expenses increased ¥256 million over the previous consolidated fiscal year to ¥51,909 million (US\$468 million) due to an increase in personnel expenses.

Credit costs

Credit costs increased ¥5,974 million over the previous consolidated fiscal year to ¥13,353 million (US\$120 million), as a preventive provision for future loan losses by COVID-19 was recorded.

Gain (loss) related to stock, etc.

Net gains related to stocks decreased ¥359 million over the previous consolidated fiscal year to ¥1,088 million (US\$9.8 million) due to losses on the sale of ETF (exchange-traded fund).

Extraordinary income (losses)

Extraordinary losses decreased by ¥649 million over the previous consolidated fiscal year to (¥372 million) (US\$3.3 million) due to a decrease of impairment losses.

Deposits

With deposits held by individuals and corporations both increasing steadily, the balance of deposits, including NCDs, increased ¥766.9 billion over the previous consolidated fiscal year-end, to ¥6,495.6 billion (US\$58,672 million).

Loans and bills discounted

With corporate and housing loans mainly to individuals both increasing steadily, loans and bills discounted increased ¥242.8 billion over the previous consolidated fiscal year-end, to ¥4,975.9 billion (US\$44,945 million).

Risk management loans

Risk management loans decreased ¥4.8 billion over the previous consolidated fiscal year-end, to ¥74.7 billion (US\$674 million).

Risk management loans remained at the low level of 1.50% as a proportion of the outstanding balance of loans and bills discounted.

Securities

The balance of securities increased ¥184.1 billion from the previous fiscal year to ¥1,897.7 billion (US\$17,141 million) mainly due to an increase in other securities by acquisitions of foreign currency securities.

■ Cash Flow Analysis

Consolidated Cash Flows

Cash and cash equivalents at the end of the term increased ¥695.6 billion over the previous consolidated fiscal year to ¥1,413.5 billion (US\$12,767 million).

Cash flows from operating activities were ¥778.7 billion (US\$7,033 million), mainly due to an increase in deposits and decrease in call loans.

Cash flows from investing activities were (¥69,750 million) (US\$630 million), mainly due to an acquisition of securities.

Cash flows from financing activities were (¥13,314 million) (US\$120 million), mainly due to payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation.

Consolidated Balance Sheet

The Iyo Bank, Ltd. and its Consolidated Subsidiaries
March 31, 2021

	Millions of yen		Thousands of U.S. dollars (Note 1-1)
	2021	2020	2021
ASSETS			
Cash and due from banks	¥1,415,522	¥ 719,086	\$12,785,854
Receivables under resale agreements (Note 2-5)	—	355,563	—
Monetary claims purchased	6,834	8,173	61,728
Trading account securities	649	727	5,862
Money held in trust	6,427	7,074	58,052
Securities (Notes 2-1, 2-5 and 2-9)	1,897,768	1,713,574	17,141,793
Loans and bills discounted (Notes 2-3, 2-4, 2-5 and 2-6)	4,975,984	4,733,091	44,946,111
Reserve for loan losses	(37,043)	(31,374)	(334,594)
Foreign exchange (Note 2-4)	8,596	10,741	77,644
Lease receivables and investment assets	31,680	33,803	286,153
Other assets (Note 2-5)	100,097	119,495	904,136
Tangible fixed assets (Note 2-8)	72,991	72,229	659,299
Intangible fixed assets	9,035	8,048	81,609
Net defined benefit asset	33,201	18,734	299,891
Deferred tax assets	195	199	1,761
Customers' liabilities for acceptances and guarantees	28,796	26,382	260,102
Total assets	¥8,550,739	¥7,795,554	\$77,235,471
LIABILITIES AND NET ASSETS			
Liabilities			
Deposits (Note 2-5)	¥6,495,645	¥5,728,742	\$58,672,613
Call money and bills sold	61,624	217,618	556,625
Payables under repurchase agreements (Note 2-5)	199,289	30,357	1,800,099
Payables under securities lending transactions (Note 2-5)	91,604	198,436	827,422
Borrowed money (Note 2-5)	743,645	770,378	6,717,053
Foreign exchange	266	295	2,402
Borrowed money from trust account	5	28	45
Other liabilities	76,058	64,935	687,002
Accrued employees' bonuses	1,785	1,649	16,123
Net defined benefit liability	11,326	12,487	102,303
Reserve for losses on repayment of dormant bank accounts	1,652	2,393	14,921
Reserve for contingent losses	703	591	6,349
Reverse for share-based payments	289	192	2,610
Reserve under the special laws	3	2	27
Deferred tax liabilities	87,228	59,577	787,896
Deferred taxes on revaluation excess (Note 2-7)	9,573	9,637	86,469
Acceptances and guarantees	28,796	26,382	260,102
Total liabilities	7,809,498	7,123,706	70,540,131
Net assets			
Common stock			
Authorized — 600,000,000 shares			
Issued — 323,775,366 shares	20,948	20,948	189,215
Capital surplus	20,352	14,578	183,831
Retained earnings	446,871	433,082	4,036,410
Treasury stock	(5,045)	(5,131)	(45,569)
Total stockholders' equity	483,127	463,478	4,363,896
Net unrealized holding gains (losses) on securities	222,338	166,775	2,008,291
Net deferred gains (losses) on derivatives under hedge accounting	(374)	792	(3,378)
Land revaluation excess (Note 2-7)	19,178	19,315	173,227
Remeasurements of defined benefit plans	8,279	(650)	74,780
Total accumulated other comprehensive income	249,421	186,233	2,252,922
Stock acquisition rights	273	343	2,465
Non-controlling interests	8,418	21,792	76,036
Total net assets	741,240	671,848	6,695,330
Total liabilities and net assets	¥8,550,739	¥7,795,554	\$77,235,471

See Notes to Consolidated Financial Statements.

Consolidated Statement of Income

The Iyo Bank, Ltd. and its Consolidated Subsidiaries
For the year ended March 31, 2021

	Millions of yen		Thousands of U.S. dollars (Note 1-1)
	2021	2020	2021
INCOME			
Interest and dividend income:			
Interest on loans and discounts	¥ 49,572	¥ 54,492	\$ 447,764
Interest and dividends on securities	25,530	23,594	230,602
Interest on receivables under resale agreements	(160)	(6)	(1,445)
Other interest income	1,049	1,522	9,475
Fees and commissions	14,321	15,406	129,355
Other operating income	29,882	25,344	269,912
Other income	4,655	6,192	42,046
Total income	124,852	126,545	1,127,739
EXPENSES			
Interest expense:			
Interest on deposits	1,722	4,416	15,554
Interest on borrowings and rediscounts	974	1,699	8,797
Interest on payables under repurchase agreements	187	716	1,689
Interest on payables under securities lending transactions	12	1,864	108
Other interest expense	1,479	4,529	13,359
Fees and commissions	5,319	5,190	48,044
Other operating expenses	21,308	17,038	192,466
General and administrative expenses (Note 3-1)	51,909	51,653	468,873
Other expenses (Notes 3-2 and 3-3)	16,138	11,044	145,768
Total expenses	99,052	98,153	894,697
Income before income taxes	25,799	28,392	233,032
Income taxes			
Current	8,845	7,866	79,893
Deferred	(1,295)	233	(11,697)
Total taxes	7,549	8,099	68,187
Profit	18,250	20,292	164,845
Profit attributable to noncontrolling interests	162	1,370	1,463
Profit attributable to owners of parent	¥ 18,088	¥ 18,922	\$ 163,381

Per share of common stock (yen and U.S. dollars):

	Yen		U.S. dollars (Note 1-1)
Basic net income	¥57.12	¥59.77	\$0.51
Diluted net income	57.05	59.69	0.51
Dividends	14.00	14.00	0.12

See Notes to Consolidated Financial Statements.

Consolidated Statement of Comprehensive Income

The Iyo Bank, Ltd. and its Consolidated Subsidiaries
For the year ended March 31, 2021

	Millions of yen		Thousands of U.S. dollars (Note 1-1)
	2021	2020	2021
Profit	¥18,250	¥20,292	\$164,845
Other comprehensive income (Note 4-1)	64,428	8,957	581,952
Net unrealized holding gains (losses) on securities	56,666	8,048	511,841
Net deferred gains (losses) on derivatives under hedge accounting	(1,167)	2,338	(10,541)
Remeasurements of defined benefit plans	8,929	(1,429)	80,652
Comprehensive income	¥82,678	¥29,249	\$746,797
Comprehensive income attributable to:			
Owners of parent	¥81,413	¥25,910	\$735,371
Noncontrolling interests	1,265	3,339	11,426

See Notes to Consolidated Financial Statements.

Consolidated Statement of Changes in Net Assets

The Iyo Bank, Ltd. and its Consolidated Subsidiaries
For the year ended March 31, 2021

For the year ended March 31, 2021	Millions of yen				
	Stockholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total stockholders' equity
Balance at the beginning of the accounting period	¥20,948	¥14,578	¥433,082	¥(5,131)	¥463,478
Changes during the accounting period					
Dividends			(4,436)		(4,436)
Profit attributable to owners of parent			18,088		18,088
Purchase of treasury stock				(0)	(0)
Disposal of treasury stock		11		86	98
Reversal of land revaluation excess			137		137
Increase (decrease) in equity resulting from the acquisition of shares of a consolidated subsidiary		5,761			5,761
Changes in items other than stockholders' equity, net					
Total changes during the accounting period	—	5,773	13,789	85	19,648
Balance at the end of the accounting period	¥20,948	¥20,352	¥446,871	¥(5,045)	¥483,127

For the year ended March 31, 2021	Thousands of U.S. dollars (Note 1-1)				
	Stockholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total stockholders' equity
Balance at the beginning of the accounting period	\$189,215	\$131,677	\$3,911,859	\$(46,346)	\$4,186,414
Changes during the accounting period					
Dividends			(40,068)		(40,068)
Profit attributable to owners of parent			163,381		163,381
Purchase of treasury stock				(0)	(0)
Disposal of treasury stock		99		776	885
Reversal of land revaluation excess			1,237		1,237
Increase (decrease) in equity resulting from the acquisition of shares of a consolidated subsidiary		52,036			52,036
Changes in items other than stockholders' equity, net					
Total changes during the accounting period	—	52,145	124,550	767	177,472
Balance at the end of the accounting period	\$189,215	\$183,831	\$4,036,410	\$(45,569)	\$4,363,896

For the year ended March 31, 2021	Millions of yen							
	Total other comprehensive income							
	Net unrealized holding gains (losses) on securities	Net deferred gains (losses) on derivatives under hedge accounting	Land revaluation excess	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Stock acquisition rights	Noncontrolling interests	Total net assets
Balance at the beginning of the accounting period	¥166,775	¥ 792	¥19,315	¥ (650)	¥186,233	¥343	¥ 21,792	¥671,848
Changes during the accounting period								
Dividends								(4,436)
Profit attributable to owners of parent								18,088
Purchase of treasury stock								(0)
Disposal of treasury stock								98
Reversal of land revaluation excess								137
Increase (decrease) in equity resulting from the acquisition of shares of a consolidated subsidiary							(5,761)	—
Changes in items other than stockholders' equity, net	55,563	(1,167)	(137)	8,929	63,187	(69)	(7,612)	55,505
Total changes during the accounting period	55,563	(1,167)	(137)	8,929	63,187	(69)	(13,374)	69,392
Balance at the end of the accounting period	¥222,338	¥ (374)	¥19,178	¥8,279	¥249,421	¥273	¥ 8,418	¥741,240

Thousands of U.S. dollars (Note 1-1)

	Total other comprehensive income					Stock acquisition rights	Noncontrolling interests	Total net assets
	Net unrealized holding gains (losses) on securities	Net deferred gains (losses) on derivatives under hedge accounting	Land revaluation excess	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
For the year ended March 31, 2021								
Balance at the beginning of the accounting period	\$1,506,413	\$ 7,153	\$174,464	\$ (5,871)	\$1,682,169	\$3,098	\$ 196,838	\$6,068,539
Changes during the accounting period								
Dividends								(40,068)
Profit attributable to owners of parent								163,381
Purchase of treasury stock								(0)
Disposal of treasury stock								885
Reversal of land revaluation excess								1,237
Increase (decrease) in equity resulting from the acquisition of shares of a consolidated subsidiary							(52,036)	—
Changes in items other than stockholders' equity, net	501,878	(10,541)	(1,237)	80,652	570,743	(623)	(68,756)	501,354
Total changes during the accounting period	501,878	(10,541)	(1,237)	80,652	570,743	(623)	(120,802)	626,790
Balance at the end of the accounting period	\$2,008,291	\$ (3,378)	\$173,227	\$74,780	\$2,252,922	\$2,465	\$ 76,036	\$6,695,330

Millions of yen

	Stockholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total stockholders' equity
For the year ended March 31, 2020					
Balance at the beginning of the accounting period	¥20,948	¥11,604	¥418,320	¥(5,189)	¥445,684
Changes during the accounting period					
Dividends			(4,435)		(4,435)
Profit attributable to owners of parent			18,922		18,922
Purchase of treasury stock				(0)	(0)
Disposal of treasury stock		8		58	66
Reversal of land revaluation excess			274		274
Increase (decrease) in equity resulting from the acquisition of shares of a consolidated subsidiary		2,966			2,966
Changes in items other than stockholders' equity, net					
Total changes during the accounting period	—	2,974	14,761	57	17,793
Balance at the end of the accounting period	¥20,948	¥14,578	¥433,082	¥(5,131)	¥463,478

Millions of yen

	Total other comprehensive income					Stock acquisition rights	Noncontrolling interests	Total net assets
	Net unrealized holding gains (losses) on securities	Net deferred gains (losses) on derivatives under hedge accounting	Land revaluation excess	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
For the year ended March 31, 2020								
Balance at the beginning of the accounting period	¥160,696	¥(1,545)	¥19,590	¥ 779	¥179,519	¥397	¥22,725	¥648,327
Changes during the accounting period								
Dividends								(4,435)
Profit attributable to owners of parent								18,922
Purchase of treasury stock								(0)
Disposal of treasury stock								66
Reversal of land revaluation excess								274
Increase (decrease) in equity resulting from the acquisition of shares of a consolidated subsidiary							(2,966)	—
Changes in items other than stockholders' equity, net	6,078	2,338	(274)	(1,429)	6,713	(54)	2,033	8,693
Total changes during the accounting period	6,078	2,338	(274)	(1,429)	6,713	(54)	(932)	23,520
Balance at the end of the accounting period	¥166,775	¥ 792	¥19,315	¥ (650)	¥186,233	¥343	¥21,792	¥671,848

Consolidated Statement of Cash Flows

The Iyo Bank, Ltd. and its Consolidated Subsidiaries
For the year ended March 31, 2021

	Millions of yen		Thousands of U.S. dollars (Note 1-1)
	2021	2020	2021
Cash flows from operating activities			
Income before income taxes	¥ 25,799	¥ 28,392	\$ 233,032
Depreciation	5,089	4,888	45,966
Impairment losses	200	931	1,806
Increase (decrease) in reserve for loan losses	5,668	3,471	51,196
Increase (decrease) in accrued employees' bonuses	136	(10)	1,228
Decrease (increase) in net defined benefit asset	(14,467)	(1,234)	(130,674)
Increase (decrease) in net defined benefit liability	(1,160)	205	(10,477)
Increase (decrease) in reserve for losses on repayment of dormant bank accounts	(741)	(908)	(6,693)
Increase (decrease) in reserve for contingent losses	111	75	1,002
Increase (decrease) in reserve for share-based payments	97	105	876
Increase (decrease) in reserve under special laws	0	0	0
Interest and dividend income	(75,992)	(79,601)	(686,405)
Interest expense	4,376	13,226	39,526
Securities losses (gains), net	(3,604)	(3,469)	(32,553)
Money in trust losses (gains), net	(14)	(505)	(126)
Foreign exchange losses (gains), net	(9,498)	5,606	(85,791)
Losses (gains) on disposal of tangible fixed assets, net	171	89	1,544
Net changes in loans and bills discounted	(242,893)	(205,280)	(2,193,957)
Net changes in deposits	766,902	40,721	6,927,124
Net changes in borrowed money (excluding subordinated borrowings)	(26,732)	404,521	(241,459)
Net changes in due from banks	(759)	79	(6,855)
Net changes in call loans	356,890	(352,831)	3,223,647
Net changes in call money	12,938	19,841	116,863
Net changes in payables under securities lending transactions	(106,832)	121,468	(964,971)
Net changes in foreign exchange assets	2,144	(3,576)	19,365
Net changes in foreign exchange liabilities	(29)	46	(261)
Net changes in lease receivables and investment assets	2,123	(2,360)	19,176
Net increase (decrease) in borrowed money from trust account	(23)	(2)	(207)
Interest income received	74,857	79,013	676,153
Interest expense paid	(5,171)	(13,638)	(46,707)
Other	16,990	(2,920)	153,464
Subtotal	786,579	56,345	7,104,859
Income taxes paid	(7,845)	(7,066)	(70,860)
Net cash provided by (used in) operating activities	778,734	49,279	7,033,998
Cash flows from investing activities			
Purchases of securities	(864,892)	(528,275)	(7,812,230)
Proceeds from sales of securities	594,326	258,254	5,368,313
Proceeds from maturities of securities	206,516	141,891	1,865,378
Increase in money held in trust	(3,073)	(438)	(27,757)
Decrease in money held in trust	3,516	—	31,758
Purchases of tangible fixed assets	(2,849)	(2,393)	(25,733)
Proceeds from sales of tangible fixed assets	154	90	1,391
Purchases of intangible fixed assets	(3,448)	(3,160)	(31,144)
Net cash provided by (used in) investing activities	(69,750)	(134,032)	(630,024)
Cash flows from financing activities			
Proceeds from share issuance to noncontrolling stockholders	52	13	469
Repayments to noncontrolling shareholders	(3)	—	(27)
Cash dividends paid	(4,436)	(4,435)	(40,068)
Cash dividends paid to noncontrolling stockholders	(5)	(5)	(45)
Purchases of treasury stock	(0)	(0)	(0)
Proceeds from sales of treasury stock	0	0	0
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(8,921)	(1,313)	(80,579)
Net cash provided by (used in) financing activities	(13,314)	(5,741)	(120,260)
Foreign currency translation adjustments	6	(6)	54
Net increase (decrease) in cash and cash equivalents	695,675	(90,501)	6,283,759
Cash and cash equivalents at the beginning of year	717,887	808,389	6,484,391
Cash and cash equivalents at the end of year (Note 6-1)	¥1,413,563	¥ 717,887	\$12,768,160

See Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements

The Iyo Bank, Ltd. and Its Consolidated Subsidiaries
For the year ended March 31, 2021

1-1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Financial Instruments and Exchange Act and its related accounting regulations and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards.

The accompanying consolidated financial statements have been restructured and translated into English with certain expanded disclosures from the consolidated financial statements of The Iyo Bank, Ltd. (the "Bank") prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Act. Some supplementary information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

Japanese yen amounts are rounded down to the nearest million.

Translations of the Japanese yen amounts into U.S. dollar amounts were included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2021, which was ¥110.71 to U.S. \$1.00. The translations should not be construed as representations that the Japanese yen amounts have been, could have been or could in the future be converted into U.S. dollars at this or any other rate of exchange.

Under Japanese laws and regulations, including the Companies Act (the "Act"), the entire amount paid for new shares is required to be designated as common stock. However, a company may, by a resolution of the Board of Directors, designate an amount not exceeding one half of the price of the new shares as additional paid-in capital, which is included in capital surplus.

Under the Act and the Banking Law, in cases in which a dividend distribution of surplus is made, the smaller of an amount equal to 20% of the dividend or the excess, if any, of 100% of common stock over the total of additional paid-in capital and legal earnings reserve must be set aside as additional paid-in capital or legal earnings reserve. Legal earnings reserve is included in retained earnings in the accompanying consolidated balance sheets.

Under the Act, legal earnings reserve and additional paid-in capital can be used to eliminate or reduce a deficit or can be capitalized by a resolution of the stockholders' meeting. Additional paid-in capital and legal earnings reserve may not be distributed as dividends. Under the Act and the Banking Law, however, by resolution of the stockholders' meeting, all additional paid-in capital and all legal earnings reserve may be transferred to other capital surplus and retained earnings, respectively, which are potentially available for dividends.

The maximum amount that the Bank can distribute as dividends is calculated based on the unconsolidated financial statements of the Bank in accordance with Japanese laws and regulations.

(Basis of Presenting Consolidated Financial Statements)

1 Scope of consolidation

(1) Principles of consolidation

The consolidated financial statements include the accounts of the Bank and the following 16 consolidated subsidiaries.

- The Iyogin Credit Guaranty Company Limited
- The Iyogin Business Service Company Limited

- Iyogin Capital Company Limited
- Iyogin Venture Fund Corporation Limited IV
- Iyogin Venture Fund Corporation Limited V
- Iyogin Venture Fund Corporation Limited VI
- Iyo Evergreen Sixtiary Industrialization Support Fund Investment Business Limited Partnership
- Iyo Evergreen Agriculture Support Fund Investment Business Limited Partnership
- Iyo Evergreen Agriculture Support Fund II Investment Business Limited Partnership
- Iyo Evergreen Business Succession Support Fund Investment Business Limited Partnership
- Iyogin Regional Economy Research Center, Inc.
- Iyogin DC Card Co., Ltd.
- Iyogin Challenge & Smile Co., Ltd.
- Iyogin Leasing Company Limited
- Iyogin Computer Service Company Limited
- Shikoku Alliance Securities Co., Ltd.

(2) The consolidated financial statements exclude the following subsidiary.

- Iyogin-Ehime University Originated Venture Support Fund Investment Business Limited Partnership
- Iyo Evergreen Business Succession Support Fund II Investment Business Limited Partnership

Iyogin-Ehime University Originated Venture Support Fund Investment Business Limited Partnership and Iyo Evergreen Business Succession Support Fund II Investment Business Limited Partnership are excluded from the scope of consolidation because its assets, ordinary income, net income, retained earnings and accumulated other comprehensive income are immaterial to the consolidated financial statements.

No unconsolidated subsidiary is accounted for by the equity method. Iyogin-Ehime University Originated Venture Support Fund Investment Business Limited Partnership is excluded from the scope of the equity method because its net income and retained earnings are immaterial to the consolidated financial statements.

2 Affiliated companies not accounted for by the equity method

The consolidated financial statements exclude the following affiliated companies.

- Iyogin REVIC Investments Company Limited
- Shikoku Alliance Capital Co., Ltd
- Ozu Town Creation Fund
- Shikoku Brand Co., Ltd.

Iyogin REVIC Investments Company Limited, Shikoku Alliance Capital Co., Ltd, Ozu Town Creation Fund and Shikoku Brand Co., Ltd. are excluded from the scope of the equity method because their net income and retained earnings are immaterial to the consolidated financial statements.

3 The fiscal year of consolidated subsidiaries

The consolidated financial statements include the accounts of 7 consolidated subsidiaries with fiscal years that end December 31. Appropriate adjustments are made for significant transactions during the period from December 31 to March 31, the date of the consolidated financial statements.

All significant intercompany balances, transactions and unrealized profits and losses included in assets and liabilities are eliminated.

4 Significant accounting policies

(1) Trading account securities

Trading account securities of the Bank and its consolidated subsidiaries are stated at fair market value. Gains and losses realized on the disposal and unrealized gains and losses from market value fluctuations of these securities are recognized as gains and losses in the period of the change. Realized gains and losses on the sale of such trading account securities are computed using moving average cost.

(2) Securities

- ① Held-to-maturity debt securities are stated at amortized cost by the straight-line method. Available-for-sale securities with available fair market values are stated at fair market value. Realized gains and losses on the sale of such securities are computed using moving average cost. Available-for-sale securities with fair values that are extremely difficult to determine are carried at cost using moving average cost. Unrealized gains and losses on these securities are reported, net of applicable income taxes, as a separate component of net assets.
- ② Securities included in the money held in the trust account are treated in the same manner as the securities mentioned above.

(3) Derivatives and hedge accounting

Derivative transactions are valued at fair value with changes in fair value included in current income.

(4) Tangible and intangible fixed assets and lease assets

- ① Tangible and intangible fixed assets are generally stated at cost, less the accumulated depreciation.

Depreciation of tangible fixed assets, except for lease assets, of the Bank and its consolidated subsidiaries is recorded using the declining balance method. However, buildings acquired after April 1, 1998 and accompanying facilities and structures acquired on or after April 1, 2016 are depreciated using the straight-line method. The estimated useful lives of these assets are 15 – 40 years for buildings and 5 – 10 years for equipment.
- ② Depreciation for intangible fixed assets, except for lease assets, of the Bank and its consolidated subsidiaries is recorded using the straight-line method. Internal use software costs of the Bank and its consolidated subsidiaries are depreciated using the straight-line method over the estimated useful life of mainly five years.
- ③ Both tangible and intangible lease assets under finance leases that are not deemed to transfer ownership of the lease property to the lessee are depreciated using the straight-line method over the lease term with zero residual value. In cases in which there is a residual value guarantee in the contract, the residual value is the guaranteed value. In other cases, it is deemed to be zero.

(5) Reserve for possible loan losses

The Bank and its consolidated subsidiaries write off loans and make provisions for possible loan losses. For loans to insolvent customers who are undergoing bankruptcy or other collection proceedings or who are in a similar financial condition, the reserve for possible loan losses is provided in the full amount of such loans, excluding amounts written off and the portion that is estimated to be recoverable due to the existence of security interests or guarantees. For the unsecured and unguaranteed portions of loans to customers not in the above circumstances but for who there is a high probability of becoming so, the reserve for possible loan losses is provided for the estimated unrecoverable amounts determined after an evaluation of the customer's overall financial condition.

For loans, other than to insolvent customers mentioned above, that have been restructured due to the impact of the COVID-19 or for debtors in specific industries that are highly affected by the COVID-19, an allowance is provided for the amount of claims, net of the expected amount of recoveries from the disposable security and guarantees, multiplied by a certain ratio of the remaining amount.

With regard to other receivables, the Bank principally posts estimated losses for the next 1 year or the estimated losses for the next 3 years. The estimated losses are calculated based on actual average loan loss ratios for certain 1 year or 3 years periods with necessary adjustments.

Assessments and classifications are made by each business and credit supervision department and are audited by the Credit Administration Department, an independent department. The reserve for possible loan losses is provided based on such procedures.

The estimated unrecoverable portions of loans to insolvent customers who are undergoing bankruptcy or other collection proceedings or who are in a similar financial condition are written off. The estimated unrecoverable amounts are determined after excluding amounts considered recoverable due to the existence of security interests or guarantees. As of March 31, 2021 and 2020, the estimated unrecoverable amounts were ¥19,347 million (\$174,753 thousand) and ¥19,283 million, respectively.

The consolidated subsidiaries write off loans and make provisions for possible loan losses based on the actual rate of loan losses in the past. However, unrecoverable amounts of loans to customers who have a high probability of becoming bankrupt are separately estimated and a reserve for possible loan losses is provided based on those estimations.

(6) Accrued employees' bonuses

Accrued employees' bonuses are provided for the future payment of employees' bonuses based on the estimated amounts of the future payments that are attributed to the current fiscal year.

(7) Reserve for losses on repayment of dormant bank accounts

Reserve for losses on repayment of dormant bank accounts is provided in connection with inactive bank accounts the balances of which have been derecognized as liabilities. The reserve is provided for the possible future demands on claims of withdrawal from these accounts in an amount based on historical reimbursement experience.

(8) Reserve for contingent losses

Reserve for contingent losses is maintained to provide against possible losses from contingencies which are not covered by other specific reserves. The amount of reserve is based on an estimate of the amount possible future losses.

(9) Reserve for share-based payments

Reserve for share-based payments is provided for the estimated amount of share benefit obligations at the end of the current fiscal year in order to prepare for delivery of the bank's shares to the bank's directors (excluding the audit committee members) and executive officers under the internal share delivery regulations.

(10) Reserve under special laws

Reserve under special laws is provided for contingent liabilities from financial instruments and exchange. This is a reserve pursuant to Article 46-5 of the Financial Instruments and Exchange Act and Article 175 of Cabinet Office Ordinance on the Financial Instruments Business to indemnify losses incurred in connection with the purchase and sale of securities and derivatives and other financial related transactions.

(11) Accounting method for retirement benefits

In calculating benefit obligation, the portion of the projected benefit obligation attributed to the current fiscal year is determined using the benefit formula method. Prior service cost is amortized using the straight-line method over 10 years. Actuarial differences are recognized as expenses using the straight-line method within the average of the estimated remaining service years of employees commencing with the following period.

Some consolidated subsidiaries use a simplified method to calculate net defined benefit liability and retirement benefit cost. This simplified method assumes the Company's retirement benefit obligations to be equivalent to the benefits that would be payable upon the voluntary retirement of all employees at the fiscal year-end to calculate net defined benefit liability and retirement benefit cost.

(12) Foreign currency translations

Foreign currency assets and liabilities and the accounts of overseas branches of the Bank are translated into yen at the rates prevailing at the consolidated balance sheet date. Consolidated subsidiaries' foreign currency assets and liabilities are translated into yen at the rate prevailing at their respective balance sheet dates.

(13) Revenue Recognition

- ① Finance leases
In connection with finance leases as the lessor, sales and cost of sales are recognized at the time of receiving lease payment.
- ② Operating leases
As lessor under operating leases, lease related income is recognized on a straight-line basis over the full term of the lease based on the contractual amount of lease fees per month.

(14) Significant hedge accounting methods

- ① Hedge interest rate risk
In order to hedge the interest rate risk associated with various financial assets and liabilities, the Bank applies the deferred hedge accounting method stipulated in JICPA Industry-specific Committees Guidance No. 24, October 8, 2020, "Accounting and Auditing Treatment of Accounting Standards for Financial Instruments in Banking Industry." The effectiveness of hedging is assessed for (i) each identified group of hedged items, such as deposits, loans and similar instruments and (ii) the corresponding group of hedging instruments, such as interest rate swaps, in the same maturity bucket.
- ② Hedge against fluctuation in foreign exchange rates
For certain assets and liabilities, the Bank and its consolidated subsidiaries apply the exceptional treatment permitted for interest rate swaps. The Bank applies the deferred method of hedge accounting to hedge foreign exchange risk associated with various foreign currency denominated monetary assets and liabilities as stipulated in JICPA Industry-specific Committees Guidance No. 25, October 8, 2020, "Treatment of Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in the Banking Industry." The effectiveness of the currency swap transactions, exchange swap transactions and similar transactions that hedge the foreign exchange risk of monetary assets and liabilities denominated in foreign currencies is assessed based on a comparison of the foreign currency positions of the hedged monetary assets and liabilities and the hedging instruments.
The Bank also applies fair value hedge accounting to portfolio hedges of the foreign exchange risk associated with foreign currency

denominated available-for-sale securities (other than bonds) identified as hedged items in advance as long as the amount of spot and forward foreign exchange contracts payable exceeds the acquisition costs of the hedged securities in foreign currency.

(15) Cash flow statements

In preparing the consolidated statements of cash flows, cash on hand and deposits with the Bank of Japan are considered to be cash and cash equivalents.

(16) Consumption taxes

National and local consumption taxes are accounted for mainly on a tax exclusion basis.

(17) Application of consolidated tax reporting

The Bank and its wholly owned consolidated subsidiaries have adopted a consolidated tax return system.

(18) Changes in Presentation Method

(Adoption of "Accounting Standard for Disclosure of Accounting Estimates")

The Bank and its subsidiaries adopted ASBJ Statement No. 31 "Accounting Standard for Disclosure of Accounting Estimates" (March 31, 2020) for the consolidated financial statements for the current consolidated fiscal year, and therefore significant accounting estimates are disclosed in the notes to consolidated Financial Statements. The notes do not include information for the prior consolidated fiscal year in accordance with the transitional provisions set out in Paragraph 11 of the Accounting Standard.

(19) Significant Accounting Estimates

Reserve for loan losses

- ① Carrying amounts in the current year's financial statements
¥37,043 million (\$334,594)
(Note) The amount includes ¥8,681 million (\$78,412) reflecting the effects of the COVID-19
- ② Information on the nature of significant accounting estimates for identified items
 - (a) Method in making the accounting estimates
For the calculation of Reserve for loan losses, See (5) Reserve for possible loan losses of "4 Significant accounting policies."
 - (b) Key assumptions used in making the accounting estimates
The main assumption is "Credit risk of loans in determining debtor classification." "Credit risk of loans in determining debtor classification" was determined by evaluating the repayment capacity of each debtor based on its financial condition, cash flow, profitability, etc.
In addition, for loans that have been restructured due to the impact of the COVID-19 or for debtors in specific industries that are highly affected by the COVID-19, it was highly assumed to have a deterioration in their future financial condition, cash flow, profitability, etc. than other debtors.
 - (c) The effect on the next year's financial statements
Changes for the original assumption due to the inflection in the performance of individual debtors or the impact of the spread of the COVID-19 could effect on reserve for loan losses of the consolidated financial statements for the following fiscal year.

(20) Per share data

Net income per share is based on the weighted average number of shares of common stock outstanding during the year, excluding treasury stock. Diluted net income per share reflects the potential dilution that could occur if stock options were exercised. Diluted net income per share of common stock assumes the full exercise of outstanding warrants at the time of issuance.

Cash dividends per share shown in the accompanying consolidated statements of income represent dividends declared as applicable to the respective year.

(Accounting standards not yet adopted)

"Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and "Implementation Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30, March 26, 2021)

1 Overview

The above standard and guidance provide comprehensive principles for revenue recognition. Under the standard and guidance, revenue is recognized by applying following 5 steps:

Step 1: Identify contract(s) with customers.

Step 2: Identify the performance obligations in the contract.

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price to the performance obligation in the contract.

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

2 Effective date

Effective from the beginning of the fiscal year ending March 31, 2022.

3 The impact of the adoption of this accounting standard is insignificant.

- Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019)
- Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, July 4, 2019)
- Accounting Standard for Measurement of Inventories" (ASBJ Statement No. 9, July 4, 2019)
- Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019)
- Implementation Guidance on Disclosure of Fair Value of Financial Instruments (ASBJ Guidance No. 19, March 31, 2020)

1 Overview

In order to enhance comparability with internationally recognized accounting standards, "Accounting Standard for Fair Value Measurement" and "Implementation Guidance on Accounting Standard for Fair Value Measurement" (together, hereinafter referred to as "Fair Value Accounting Standards") were developed and guidance on methods measuring fair value was issued. Fair Value Accounting Standards are applicable to the fair value measurement of the following items:

- Financial instruments defined by in "Accounting Standard for Financial Instruments"; and
- Inventories held for trading purposes defined by "Accounting Standard for Measurement of Inventories."

In addition, "Implementation Guidance on Disclosure of Fair Value of Financial Instruments" was revised to require disclosure of fair value levels.

2 Effective date

Effective from the beginning of the fiscal year ending March 31, 2022.

3 The impact of the adoption of this accounting standard is currently under evaluation.

(Additional Information)

1 The share-based payment program using the trust

The Bank has introduced a share-based payment program using a trust for its directors (excluding audit committee members) and executive officers with the aim of raising awareness of contribution to the Bank's medium to long-term performance and enhancement of its corporate value.

(1) Overview of transactions

The trust acquires shares of the Bank using funds contributed by the Bank.

In accordance with internal share delivery policies set forth by the Board of Directors of the Bank, the Bank grants points to its directors (excluding audit committee members) and executive officers. At the time of retirement, shares of the Bank and money will be delivered in accordance with the points through the trust.

(2) Shares of the Bank held by the trust

- ① Shares of the Bank held by the trust are recorded as treasury stock in net assets at the book value in the Bank.
- ② The book value of the trust at March 31, 2021 and 2020 is ¥191 million (\$1,725 thousand) and ¥219 million, respectively.
- ③ The number of shares of the Bank held by the Trust at March 31, 2021 and 2020 was 247 thousand shares and 284 thousand shares, respectively.

2 Application of tax effect accounting for the transition from the consolidated tax payment system to the group taxation system

In relation to temporary differences that have been revised following the transition to the group tax sharing system and the revision of the single tax payment system in response to the transition, which were established by the "Act for Partial Amendment of the Income Tax Act, Etc" (Act No. 8, 2020), the Bank and some of its consolidated subsidiaries did not apply Paragraph 44 of "Implementation Guidance on Tax Effect Accounting" (ASBJ Guidance No. 28, February 16, 2018) but provisions of the previous tax laws to calculate deferred tax assets and liabilities in accordance with Paragraph 3 of "Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System" (PITF No. 39, March 31, 2020).

(Notes to Consolidated Balance Sheet)

2-1. STOCKS AND INVESTMENTS IN UNCONSOLIDATED SUBSIDIARIES AND AFFILIATES

Stocks in unconsolidated subsidiaries and affiliates amounted to ¥100 million (\$903 thousand) and ¥75 million at March 31, 2021 and 2020, respectively.

Investments in unconsolidated subsidiaries and affiliates amounted to ¥212 million (\$1,914 thousand) and ¥193 million at March 31, 2021 and 2020, respectively.

2-2. Securities received under transactions with resale agreements and others that are entitled to sale or (re)pledge were nil and ¥355,563 million at March 31, 2021 and 2020, respectively.

2-3. LOANS AND BILLS DISCOUNTED

Loans and bills discounted included the following:

	Millions of yen		Thousands of U.S. dollars (Note 1-1)
	2021	2020	2021
Loans to bankrupt customers	¥ 847	¥ 4,544	\$ 7,650
Non-accrual loans	57,076	57,111	515,545
Loans overdue three months or more	1,812	2,614	16,367
Restructured loans	15,055	15,418	135,985
Total	¥74,792	¥79,690	\$675,566

Loans to bankrupt customers are loans to customers who are undergoing bankruptcy or similar proceedings or who are in a similar financial condition. Interest is not being accrued on these loans as there is a strong likelihood that the principal and interest will be uncollectible.

Non-accrual loans are nonperforming loans that are not generating interest income because of nonpayment and for which accrued interest income is not recognized, excluding loans to bankrupt customers and loans on which interest payments are deferred in order to support the borrower's recovery from financial difficulties.

Loans overdue three months or more are loans not included in the above categories or in restructured loans for which payments are past due three months or more.

Restructured loans are loans not included in the above categories for which the Bank has granted concessions such as reduced interest rates or deferral or waiver of interest and/or principal payments to support customers experiencing financial difficulties.

Amounts described above are before the deduction of reserve for possible loan losses.

2-4. COMMERCIAL BILLS

Bills discounted are accounted for as financing transactions in accordance with JICPA Industry-specific Committees Guidance No. 24, October 8, 2020, although the Bank has the right to sell or pledge them without restrictions. The total face value of commercial bills and purchased foreign exchange bills obtained as a result of discounting was ¥13,187 million (\$119,112 thousand) and ¥18,514 million at March 31, 2021 and 2020, respectively.

2-5. ASSETS PLEDGED

Assets pledged as collateral were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1-1)
	2021	2020	2021
Receivables under resale agreements	¥ —	¥ 355,563	\$ —
Securities	710,931	701,931	6,421,560
Loans	661,447	370,591	5,974,591
Total	¥1,372,378	¥1,428,086	\$12,396,152

The above pledged assets secure the following liabilities:

	Millions of yen		Thousands of U.S. dollars (Note 1-1)
	2021	2020	2021
Deposits	¥ 26,029	¥ 27,684	\$ 235,109
Payables under repurchase agreements	199,289	30,357	1,800,099
Payables under securities lending transactions	91,604	198,436	827,422
Borrowed money	732,257	760,024	6,614,190

In addition to the above, assets pledged as collateral for transactions such as exchange settlement transactions and others were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1-1)
	2021	2020	2021
Securities	¥ 434	¥ 437	\$ 3,920
Other assets	50,000	50,000	451,630

Other assets above mentioned were as follow:

	Millions of yen		Thousands of U.S. dollars (Note 1-1)
	2021	2020	2021
Initial margins of futures markets	¥ 292	¥ —	\$ 2,637
Cash collateral paid for financial instruments	10,239	9,363	92,484
Guarantees	74	75	668
Security deposits	276	280	2,492

2-6. COMMITMENT LINES

Commitment line agreements related to loans are agreements which oblige the Bank and its consolidated subsidiaries to lend funds up to certain limits agreed to in advance. The Bank and its consolidated subsidiaries will lend the funds upon the request of an obligor to draw down the funds under the loan agreement as long as there is no breach of the various terms and conditions stipulated in the relevant loan agreement. The unused commitment balances related to these loan agreements at March 31, 2021 and 2020 amounted to ¥1,247,214 million (\$11,265,594 thousand) and ¥1,180,388 million, respectively. Of these amounts, ¥1,105,322 million (\$9,983,940 thousand) and ¥1,053,999 million as of March 31, 2021 and 2020, respectively, related to loans in which the term of the agreement was one year or less or in which unconditional cancellation of the agreement was allowed at any time.

In many cases, the term of the loan agreement runs its course without the loan ever being drawn down. Therefore, unused loan commitments do not necessarily affect future cash flows.

Conditions are included in certain loan agreements which allow the Bank and its consolidated subsidiaries either to decline the request for a loan draw-down or to reduce the agreed limit when there is cause to do so, such as when there is a change in the financial condition of the obligor or when it is necessary to protect the Bank's or a consolidated subsidiary's credit. The Bank and its consolidated subsidiaries take various measures to protect their credit, including having the obligor pledge collateral in the form of real estate, securities, etc., on signing the loan agreement or in accordance with the Bank and its consolidated subsidiaries' established internal procedures for confirming an obligor's financial condition, etc., at regular intervals.

2-7. LAND REVALUATION EXCESS

In accordance with the Revaluation Act of Land Properties, the Bank revalued land used in the ordinary course of business as of March 31, 1998. The revaluation excess, net of deferred taxes, is shown as a separate component of net assets. The current market value of the revalued land was lower than the revalued amount by ¥12,635 million (\$114,126 thousand) and ¥13,177 million at March 31, 2021 and 2020, respectively.

2-8. TANGIBLE FIXED ASSETS

Accumulated depreciation of tangible fixed assets at March 31, 2021 and 2020 amounted to ¥54,267 million (\$490,172 thousand) and ¥54,297 million, respectively. The amounts that were directly offset against acquisition costs as of March 31, 2021 and 2020 were ¥8,243 million (\$74,455 thousand) and ¥8,256 million, respectively.

2-9. GUARANTEE OBLIGATIONS

Guarantee obligations for private placement bonds in securities in accordance with the Article 2-3 of the Financial Instruments and Exchange Law amounted to ¥62,323 million (\$562,939 thousand) and ¥60,466 million at March 31, 2021 and 2020, respectively.

2-10. ACCEPTANCES AND GUARANTEES

The principal amount of money trusts to be indemnified by the Bank and its consolidated subsidiaries was ¥5 million (\$45 thousand) and ¥28 million at March 31, 2021 and 2020, respectively.

(Notes to Consolidated Statement of Income)

3-1. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses included salaries and allowances in the amount of ¥21,173 million (\$191,247 thousand) and ¥21,223 million at March 31, 2021 and 2020, respectively.

3-2. OTHER EXPENSES

Other expenses consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1-1)
	2021	2020	2021
Loans written off	¥ 20	¥ 20	\$180
Securities written off	106	399	957

3-3. IMPAIRMENT LOSS

For the year ended March 31, 2021, impairment losses were immaterial. Related information, therefore, is omitted.

For the year ended March 31, 2020, the Bank reduced the book values of the following asset groups to the recoverable amounts and recognized impairment loss of ¥931 million due to a continuous decline in land prices and a decline in operating cash flow.

Millions of yen			
2020			
Location	Major use	Type	Impairment loss
Inside Ehime Prefecture	14 offices, including branches	Land and buildings	¥ 912
		(Land)	(678)
		(Buildings)	(186)
Inside Ehime Prefecture	Idle assets-2 items	Land and buildings	¥ 17
		(Land)	(16)
		(Buildings)	(0)
Outside Ehime Prefecture	1 branch	Land and buildings	¥ 1
		(Land)	(0)
		(Buildings)	(0)
Total		Land and buildings	¥ 931
		(Land)	(696)
		(Buildings)	(188)

With respect to the calculation of impairment loss on fixed assets, the minimum operational unit recognized for management accounting purposes by the Bank is a branch. However, where a number of branches operate as a group at the managerial level, the accounting unit is the group rather than the individual branch.

With respect to the consolidated subsidiaries, in principle, each company is treated as a separate and individual unit for impairment accounting purposes.

In calculating impairment loss on fixed assets for the reporting period, the amount deemed recoverable, i.e., the net proceeds from sale, was estimated by deducting the cost of disposal from the real estate appraisal value based on official appraisal standards.

(Notes to Consolidated Statement of Comprehensive Income)

4-1. RECLASSIFICATION ADJUSTMENTS AND THE RELATED TAX EFFECTS CONCERNING OTHER COMPREHENSIVE INCOME

	Millions of yen		Thousands of U.S. dollars (Note 1-1)
	2021	2020	2021
Net unrealized holding gains (losses) on securities			
Incurred during the period	¥ 85,864	¥15,553	\$ 775,575
Reclassification adjustments	(3,717)	(3,529)	(33,574)
Before tax effect adjustments	82,147	12,023	742,001
Tax effect	(25,480)	(3,975)	(230,150)
Net unrealized holding gains (losses) on securities	56,666	8,048	511,841
Net deferred gains (losses) on derivatives under hedge accounting			
Incurred during the period	(2,895)	(287)	(26,149)
Reclassification adjustments	1,215	3,652	10,974
Before tax effect adjustments	(1,680)	3,365	(15,174)
Tax effect	512	(1,026)	4,624
Net deferred gains (losses) on derivatives under hedge accounting	(1,167)	2,338	(10,541)
Remeasurements of defined benefit plans			
Incurred during the period	13,263	(1,070)	119,799
Reclassification adjustments	(415)	(985)	(3,748)
Before tax effect adjustments	12,848	(2,056)	116,050
Tax effect	(3,918)	627	(35,389)
Remeasurements of defined benefit plans	8,929	(1,429)	80,652
The total amount of other comprehensive income	¥ 64,428	¥ 8,957	\$ 581,952

(Notes to Consolidated Statement of Changes in Net Assets)

5-1. Type and number of shares issued and treasury stock

Type and number of shares issued and treasury stock in the year ended March 31, 2021 and 2020 were as follows:

	(Thousands)			
	2021			
	Number of shares at the beginning of the accounting period	Increase in number of shares during the accounting period	Decrease in number of shares during the accounting period	Number of shares at the end of the accounting period
Shares issued				
Common stock	323,775	—	—	323,775
Total	323,775	—	—	323,775
Treasury stock				
Common stock	7,222	1	119	7,104
Total	7,222	1	119	7,104

- 1 The increase in number of shares of treasury stock was from the purchase of fractional shares (1 thousand shares)
- 2 The decrease in number of shares of treasury stock was due to the delivered shares of the Bank through the Trust (36 thousand shares) and the exercise of stock acquisition rights (82 thousand shares).
- 3 The number of shares of treasury stock at the beginning of the current fiscal year and at the end of the current fiscal year includes the Bank's shares held by the Trust for the share-based payment system (284 thousand shares and 247 thousand shares, respectively).

	(Thousands)			
	2020			
	Number of shares at the beginning of the accounting period	Increase in number of shares during the accounting period	Decrease in number of shares during the accounting period	Number of shares at the end of the accounting period
Shares issued				
Common stock	323,775	—	—	323,775
Total	323,775	—	—	323,775
Treasury stock				
Common stock	7,302	0	81	7,222
Total	7,302	0	81	7,222

- 1 The increase in number of shares of treasury stock was from the purchase of fractional shares (0 thousand shares)
- 2 The decrease in number of shares of treasury stock was due to the delivered shares of the Bank through the Trust (15 thousand shares) and the exercise of stock acquisition rights (65 thousand shares).
- 3 The number of shares of treasury stock at the beginning of the current fiscal year and at the end of the current fiscal year includes the Bank's shares held by the Trust for the share-based payment system (300 thousand shares and 284 thousand shares, respectively).

5-2. Stock acquisition rights and own stock acquisition rights

Stock acquisition rights and own stock acquisition rights in the year ended March 31, 2021 and 2020 were as follows:

2021								
Division	Details of stock acquisition rights	Type of shares to be issued	Number of shares subject to stock acquisition rights				Closing balance	
			Beginning balance	Increase	Decrease	Closing balance	Millions of yen	Thousands of U.S. dollars (Note 1-1)
The Bank	Stock acquisition rights as stock options			—			273	2,465
Total				—			273	2,465

2020								
Division	Details of stock acquisition rights	Type of shares to be issued	Number of shares subject to stock acquisition rights				Closing balance	
			Beginning balance	Increase	Decrease	Closing balance	Millions of yen	
The Bank	Stock acquisition rights as stock options			—			343	
Total				—			343	

5-3. Dividends

The following dividends were paid in the year ended March 31, 2021 and March 31, 2020, respectively.

2021							
Date of resolution	Type of shares	Amount of dividends		Cash dividends per share		Record date	Effective date
		Millions of yen	Thousands of U.S. dollars (Note 1-1)	Yen	U.S. dollars (Note 1-1)		
Directors' meeting held on May 26, 2020	Common stock	¥2,217	\$20,025	¥7.00	\$0.06	March 31, 2020	June 5, 2020
Directors' meeting held on November 6, 2020	Common stock	¥2,218	\$20,034	¥7.00	\$0.06	September 30, 2020	December 10, 2020

1. The total amount of dividends on common stock resolved at the Directors' meeting held on May 26, 2020 includes ¥1 million in dividends to the Bank's shares held by the Trust for the share-based payment system.
2. The total amount of dividends on common stock resolved at the Directors' meeting held on November 6, 2020 includes ¥1 million in dividends to the Bank's shares held by the Trust for the share-based payment system.

Dividends whose record date is attributable to the year ended March 31, 2021 but which became effective after March 31, 2021

Date of resolution	Type of shares	Amount of dividends		Source of dividends	Cash dividends per share		Record date
		Millions of yen	Thousands of U.S. dollars (Note 1-1)		Yen	U.S. dollars (Note 1-1)	
Directors' meeting held on May 14, 2021	Common stock	¥2,218	\$20,034	Retained earnings	¥7.00	\$0.06	March 31, 2021

2020					
Date of resolution	Type of shares	Amount of dividends		Record date	Effective date
		Millions of yen	Cash dividends per share Yen		
Directors' meeting held on May 10, 2019	Common stock	¥2,217	¥7.00	March 31, 2019	June 6, 2019
Directors' meeting held on November 8, 2019	Common stock	¥2,217	¥7.00	September 30, 2019	December 10, 2019

1. The total amount of dividends on common stock resolved at the Directors' meeting held on May 10, 2019 includes ¥2 million in dividends to the Bank's shares held by the Trust for the share-based payment system.
2. The total amount of dividends on common stock resolved at the Directors' meeting held on November 8, 2019 includes ¥1 million in dividends to the Bank's shares held by the Trust for the share-based payment system.

Dividends whose record date is attributable to the year ended March 31, 2020 but which became effective after March 31, 2020

Date of resolution	Type of shares	Amount of dividends Millions of yen	Source of dividends	Cash dividends per share		Record date	Effective date
				Yen	U.S. dollars (Note 1-1)		
Directors' meeting held on May 26, 2020	Common stock	¥2,217	Retained earnings	¥7.00		March 31, 2020	June 5, 2020

The total amount of dividends on common stock includes ¥1 million in dividends to the Bank's shares held by the Trust for the share-based payment system.

(Notes to Consolidated Statement of Cash Flows)

6-1. CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the consolidated statements of cash flows included due from banks, except for deposits with the Bank of Japan, as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1-1)
	2021	2020	2021
Cash and due from banks in the balance sheets	¥1,415,522	¥719,086	\$12,785,854
Due from banks, except for deposits with the Bank of Japan	(1,958)	(1,198)	(17,685)
Cash and cash equivalents in the statements of cash flows	¥1,413,563	¥717,887	\$12,768,160

(Notes to Lease Transactions)

1. LEASE TRANSACTIONS

(1) Finance Leases

Finance leases that do not transfer ownership of the lease assets

① Details of lease assets

- (i) Tangible fixed assets
Automatic teller machines
- (ii) Intangible fixed assets
Not applicable

② The method used to depreciate for lease assets

See "SIGNIFICANT ACCOUNTING POLICIES - Tangible and intangible fixed assets and lease assets."

(2) Operating Leases

Future lease payment payables and receivables under noncancelable operating leases were as follows:

As lessee

	Millions of yen		Thousands of U.S. dollars (Note 1-1)
	2021	2020	2021
Due within one year	¥107	¥ 92	\$ 966
Due after one year	332	42	2,998
Total	¥440	¥134	\$3,974

As lessor

	Millions of yen		Thousands of U.S. dollars (Note 1-1)
	2021	2020	2021
Due within one year	¥ 47	¥ 65	\$ 424
Due after one year	99	147	894
Total	¥147	¥213	\$1,327

(Notes to Financial Instruments)

1 Financial instruments

(1) Policy on financial instruments

The Bank and its consolidated subsidiaries engage mainly in the financial services business and provide lending services and leasing services. Accordingly, the Bank holds financial assets and liabilities that are subject to interest rate fluctuations and undertakes asset and liability management (ALM) in order to curb any unfavorable impact from interest rate fluctuations. The Bank also engages in derivative transactions as part of its ALM.

(2) Descriptions and risks of financial instruments

The financial assets of the Bank and its consolidated subsidiaries consist mainly of loans to customers, which are subject to default risk. Also, the Bank holds securities that are mainly stocks, bonds and mutual funds for investment, management or trading purposes. They are subject to the issuer's credit risk, interest rate risk and market price risk.

The foreign currency denominated financial assets and liabilities are subject to foreign currency risk. The Bank uses currency swaps to manage the risk.

The Bank's derivative transactions include interest rate swaps. The Bank applies hedge accounting to the interest on loans to hedge interest rate risks regarding the interest rate swaps as hedge instruments. The effectiveness is ensured by maintaining a balance of hedge instruments that does not exceed the balance of the hedged items, which are grouped by incidence and remaining period.

Other transactions not qualifying for hedge accounting expose the Bank to foreign exchange and interest rate risks.

(3) Risk management system for financial products

① Credit risk management

The Bank prescribes its credit risk management policy in its "Risk Management Plan," which is issued by the Board of Directors biannually. In particular, the Bank diversifies credit risk by ensuring that credit granted is not overconcentrated in certain customers, groups or industries. The Bank periodically analyzes and evaluates the credit conditions classified by internal ratings, business area and industry. The Bank strives to optimize its credit portfolio by promoting effective credit risk management. Feedback regarding credit risk management is reported to the Board of Directors on a regular basis.

The Bank manages each customer's credit in compliance with its "Internal Rating System," part of the Bank's credit risk management. The Risk Management Division (RMD), which is completely independent from other banking business divisions, is responsible for planning and administrating the internal rating system and conducting, coordinating and monitoring the internal ratings. The Loan Group is responsible for supervising the individual credit granted and examining each customers' finances, purpose for the loan and ability to repay. The group is independent from the business promotion group and is divided into four divisions: the Credit Division - responsible for general loans, the Ship Finance Division - responsible for the loans such as loans in the shipping and shipbuilding industries, the Credit Management Division - responsible for the planning of loan administration and troubled credit and the Corporate Consulting Division - responsible for supporting company rehabilitation. The assets are initially assessed by each branch and then by the head office, followed by a validation by RMD, which is also responsible for the formulation of the assessment standards.

The credit granted by the consolidated subsidiaries is managed for each customer along with the credit granted by the Bank. RMD also manages the credit risk of issuers and counterparty risk in derivative

transactions by monitoring and periodically evaluating credit information and market prices.

② Market risk management

In order to properly manage market risk and maintain the Bank's soundness and profitability, the Bank has established a comprehensive risk management structure set forth by the ALM Committee. The ALM Committee uses various measures such as the gap method, market value analysis, periodic income/loss simulation and the VaR method to control risk. The ALM Committee also coordinates risk management plans and hedging strategies by analyzing the profitability structure and forecasting the market and the economic environment. RMD, set up as an independent supervisor, evaluates the appropriateness of market transactions dealt with by other divisions.

The Bank sets limits on the quantity of risk that may be undertaken in its "Risk Management Plan," which is developed by the Board of Directors biannually. RMD monitors compliance with the plan and reports to the Board of Directors on a monthly basis.

(Quantitative information on market risk)

The Bank measures market risk based on the VaR method. The variance-covariance model (holding period: 120 business days; confidence interval: 99.9%; and historical observation period: 1,200 business days) is applied in the measurement of VaR.

The major market risks for the Bank are equity risk and interest rate risk. Financial instruments affected by interest rate risk are loans and bills discounted, available-for-sale securities, deposits, borrowed money, interest swap transactions and interest rate cap derivative transactions. At March 31, 2021 and 2020, the quantity of market risk (expected loss), which included equity risk and interest rate risk, amounted to ¥199.8 billion (\$1,804 million) and ¥167.1 billion, respectively.

The Bank confirms the validity of the measurement model by biannually performing back-testing which compares VaR with actual fluctuations in profit and loss during the observation period. However, VaR, the quantity of market risk which is statistically measured with historical market fluctuations, may not reflect drastic changes in the market.

③ Liquidity risk management

The liquidity risk management of the Bank is conducted through asset-liability management (ALM) and the duration of funds procured with consideration for the market environment.

(4) Supplementary explanation of matters related to fair values of financial instruments and others

The fair values of financial instruments include values based on market prices and values reasonably estimated when the financial instruments do not have market prices. Since certain assumptions underlie the estimates of such values, the values may differ when other assumptions are applied.

2 Fair values of financial instruments

The following tables summarize book values, fair values and any differences between them. Unlisted stocks and others for which the fair value was deemed extremely difficult to determine were excluded from the tables below (see Note ii).

	Millions of yen			Thousands of U.S. dollars (Note 1-1)		
	2021			2021		
	Book value	Fair value	Difference	Book value	Fair value	Difference
(1) Cash and due from banks	¥1,415,522	¥1,415,522	¥ —	\$12,785,854	\$12,785,854	\$ —
(2) Receivables under resale agreements	—	—	—	—	—	—
(3) Monetary claims purchased	6,834	6,834	—	61,728	61,728	—
(4) Trading account securities						
Trading securities	649	649	—	5,862	5,862	—
(5) Money held in trust	6,427	6,427	—	58,052	58,052	—
(6) Securities						
Available-for-sale securities	1,878,329	1,878,329	—	16,966,209	16,966,209	—
(7) Loans and bills discounted	4,975,984	4,896,054	—	44,946,111	44,224,135	—
Reserve for loan losses (*1)	(35,526)	—	—	(320,892)	—	—
	4,940,458	4,896,054	(44,403)	44,625,219	44,224,135	(401,074)
Total Assets	¥8,248,221	¥8,203,817	¥(44,403)	\$74,502,944	\$74,101,860	\$(401,074)
(1) Deposits	¥5,963,676	¥5,963,765	¥ 89	\$53,867,545	\$53,868,349	\$ 803
(2) Negotiable certificates of deposit	531,969	531,969	—	4,805,067	4,805,067	—
(3) Call money and bills sold	61,624	61,624	—	556,625	556,625	—
(4) Payables under repurchase agreements	199,289	199,289	—	1,800,099	1,800,099	—
(5) Payables under securities lending transactions	91,604	91,604	—	827,422	827,422	—
(6) Borrowed money	743,645	743,686	40	6,717,053	6,717,423	361
Total Liabilities	¥7,591,809	¥7,591,939	¥ 130	\$68,573,832	\$68,575,006	\$ 1,174
Derivative Transactions (*2)						
Derivative transactions to which hedge accounting is not applied	¥ 2,329	¥ 2,329	¥ —	\$ 21,036	\$ 21,036	\$ —
Derivative transactions to which hedge accounting is applied (*3)	(7,166)	(7,166)	—	(64,727)	(64,727)	—
Total Derivative Transactions	¥ (4,837)	¥ (4,837)	¥ —	\$ (43,690)	\$ (43,690)	\$ —

(*1) General and specific reserves for loan losses relevant to loans and bills discounted are excluded.

(*2) Derivative transactions recorded in other assets and liabilities are presented as a lump sum. Net claims and debts that arise from derivative transactions are presented on a net basis.

(*3) They are interest rate swaps, etc. designated as hedging instruments to offset market fluctuations of loans and bills discounted in hedged items.

The Bank mainly adopts deferred hedges. The Bank applies "Practical Solution on the Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR" (PITF No.40, September 29, 2020) applied to these hedging relationships.

(*4) Immaterial items are omitted.

	Millions of yen		
	2020		
	Book value	Fair value	Difference
(1) Cash and due from banks	¥ 719,086	¥ 719,086	¥ —
(2) Receivables under resale agreements	355,563	355,563	—
(3) Monetary claims purchased	8,173	8,173	—
(4) Trading account securities			
Trading securities	727	727	—
(5) Money held in trust	7,074	7,074	—
(6) Securities			
Available-for-sale securities	1,694,560	1,694,560	—
(7) Loans and bills discounted	4,733,091	4,661,074	—
Reserve for loan losses (*1)	(29,591)	—	—
	4,703,500	4,661,074	(42,425)
Total Assets	¥7,488,686	¥7,446,261	¥(42,425)
(1) Deposits	¥5,246,611	¥5,246,865	¥ 254
(2) Negotiable certificates of deposit	482,131	482,131	—
(3) Call money and bills sold	217,618	217,618	—
(4) Payables under repurchase agreements	30,357	30,357	—
(5) Payables under securities lending transactions	198,436	198,436	—
(6) Borrowed money	770,378	770,659	281
Total Liabilities	¥6,945,532	¥6,946,068	¥ 535
Derivative Transactions (*2)			
Derivative transactions to which hedge accounting is not applied	¥ (2,439)	¥ (2,439)	¥ —
Derivative transactions to which hedge accounting is applied	960	960	—
Total Derivative Transactions	¥ (1,479)	¥ (1,479)	¥ —

(*1) General and specific reserves for loan losses relevant to loans and bills discounted are excluded.

(*2) Derivative transactions recorded in other assets and liabilities are presented as a lump sum. Net claims and debts that arise from derivative transactions are presented on a net basis.

(*3) Immaterial items are omitted.

Note i. Methods used to calculate fair value of financial instruments

Assets

(1) Cash and due from banks

The fair value of due from banks with no maturity is considered equal to the book value since the fair value approximates the book value. The fair value of due from banks with maturity is calculated as the present value discounted at rates that reflect the proper market risk and credit risk per contractual terms. The fair value of due from banks with short contractual terms (within one year) is considered equal to the book value since the fair value approximates the book value.

(2) Receivables under resale agreements

The fair value of receivables under resale agreements is considered equal to the book value since the contractual term is within one year and the fair value of these items approximates the book value.

(3) Monetary claims purchased

The fair value of trustee beneficial rights in monetary claims purchased is based on the price quoted by correspondent financial institutions. For monetary claims purchased with short contractual terms (within one year), the fair value is considered equal to the book value since the fair value approximates the book value.

(4) Trading account securities

The fair value of securities such as bonds held for trading is based on the market price or the price quoted by correspondent financial institutions.

(5) Money held in trust

The fair value of money held in trust is based on the price quoted by correspondent financial institutions. Information on money held in trust classified by the purpose for which it is held is disclosed in (Notes to Money held in trust).

(6) Securities

The fair value of stocks is based on market price. The fair value of bonds is based on market price or the price quoted by correspondent financial institutions. The fair value of investment trusts is based on the publicly disclosed base value. The fair value of private placement bonds is calculated as the present value discounted at a rate that reflects the proper market rate corresponding to the remaining period and credit risk based on the internal rating. Information on securities classified by the purpose for which they are held is disclosed in (Notes to Securities).

(7) Loans and bills discounted

The fair value of loans and bills discounted with floating rates are considered equal to the book value since the rate reflects the market rate in a short period, and the fair value approximates the book value unless the creditworthiness of the borrower changes significantly after the inception date. The fair value of loans and bills discounted with fixed rates is calculated as the present value, discounting future cash flow at a rate that reflects the proper market rate corresponding to the remaining period and credit risk based on the internal rating. The fair value of loans and bills discounted with short contractual terms (within one year) is considered equal to the book value since the fair value of these items approximates the book value.

In addition, the fair value of claims against bankrupt obligors, substantially bankrupt obligors and intensive control obligors approximates the consolidated balance sheet amount as of the consolidated balance sheet date less the allowance for bad debt since the bad debt is calculated based on the present value of the expected future cash flow or the estimated collectable amount from collateral and/or guarantees.

For loans and bills discounted, the fair value of loans and bills discounted with no maturity due to conditions such as limiting the loans to the value of pledged assets is deemed the book value since the fair value is expected to approximate the book value considering the estimated loan period, interest rate and other conditions.

Liabilities

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

The fair value of demand deposits is considered the payable amount as of the consolidated balance sheet date (the book value). In addition, the fair value of fixed-term deposits is calculated as the present value, discounting the future cash flow at a rate that reflects the proper market rate corresponding to the remaining period and credit risk of the Bank. The fair value of deposits with short contractual terms (within one year) is considered equal to the book value since the fair value approximates the book value.

(3) Call money and bills sold, (4) Payables under repurchase agreements and (5) Payables under securities lending transactions

The fair value of call money, bills sold and payables under securities lending transactions is considered equal to the book value since the contractual term is within one year and the fair value of these items approximates the book value.

(6) Borrowed money

The fair value of borrowed money with a floating rate is considered equal to the book value since the rate reflects the market rate in a short period, the creditworthiness of the Bank and its consolidated subsidiaries has not changed significantly since the inception date and the fair value of these items approximates the book values.

The fair value of borrowed money with a fixed rate is calculated as the present value, discounting future cash flow at a rate that reflects the proper market rate corresponding to the remaining period and credit risk of the Bank.

Derivative Transactions

Information on derivative transactions is disclosed in (Notes to Derivative Transactions.)

Note ii. Financial instruments whose fair value is deemed extremely difficult to determine are not included in "Available-for-sale-securities" in the table above.

Category	Consolidated balance sheet amount		
	(2021)	(2020)	(2021)
	Millions of yen	Millions of yen	Thousands of U.S. dollars (Note 1-1)
Unlisted stocks (*1) (*2)	¥13,649	¥12,772	\$123,286
Investments in partnerships (*3)	5,788	6,242	52,280
Total	¥19,438	¥19,014	\$175,575

(*1) Unlisted stocks are not included in the disclosure of fair value since the fair value is deemed extremely difficult to determine.

(*2) The amount of impairment on unlisted stock during the year ended March 31, 2021 and the year ended March 31, 2020 were ¥90 million (\$812 thousand) and ¥59 million, respectively.

(*3) Investments in partnerships in which the partnership assets comprise unlisted stocks are not included in the disclosure of fair value since the fair value is deemed extremely difficult to determine.

Note iii. Expected redemption of monetary claims and securities with maturities

	Millions of yen					
	2021					
	Within 1 year	1-3 years	3-5 years	5-7 years	7-10 years	Over 10 years
Due from banks	¥1,365,176	¥ —	¥ —	¥ —	¥ —	¥ —
Receivables under resale agreements	—	—	—	—	—	—
Monetary claims purchased	3,911	—	—	—	—	2,911
Securities	147,030	104,177	190,471	202,469	315,186	341,650
Held-to-maturity debt securities	—	—	—	—	—	—
Securities with maturities	147,030	104,177	190,471	202,469	315,186	341,650
Japanese government bonds	91,100	—	63,500	3,500	10,000	16,000
Municipal bonds	30,408	30,816	43,231	63,955	76,948	40,335
Corporate bonds	20,310	41,937	23,722	962	2,459	12,197
Loans and bills discounted (*)	1,152,470	895,548	745,139	530,836	539,218	1,024,919
Total	¥2,668,588	¥999,725	¥935,610	¥733,306	¥854,404	¥1,369,481

	Millions of yen					
	2020					
	Within 1 year	1-3 years	3-5 years	5-7 years	7-10 years	Over 10 years
Due from banks	¥ 670,720	¥ —	¥ —	¥ —	¥ —	¥ —
Receivables under resale agreements	355,563	—	—	—	—	—
Monetary claims purchased	4,447	—	—	—	—	3,703
Securities	204,308	224,327	111,573	139,899	264,948	234,992
Held-to-maturity debt securities	—	—	—	—	—	—
Securities with maturities	204,308	224,327	111,573	139,899	264,948	234,992
Japanese government bonds	144,000	91,100	9,500	57,500	10,000	16,000
Municipal bonds	19,294	45,053	27,358	55,054	76,033	38,414
Corporate bonds	18,616	38,383	28,749	4,586	2,314	13,676
Loans and bills discounted (*)	1,166,894	863,408	653,800	485,150	516,944	950,875
Total	¥2,401,933	¥1,087,735	¥765,374	¥625,050	¥781,893	¥1,189,571

	Thousands of U.S. dollars (Note 1-1)					
	2021					
	Within 1 year	1-3 years	3-5 years	5-7 years	7-10 years	Over 10 years
Due from banks	\$12,331,099	\$ —	\$ —	\$ —	\$ —	\$ —
Receivables under resale agreements	—	—	—	—	—	—
Monetary claims purchased	35,326	—	—	—	—	26,293
Securities	1,328,064	940,989	1,720,449	1,828,823	2,846,951	3,085,990
Held-to-maturity debt securities	—	—	—	—	—	—
Securities with maturities	1,328,064	940,989	1,720,449	1,828,823	2,846,951	3,085,990
Japanese government bonds	822,870	—	573,570	31,614	90,326	144,521
Municipal bonds	274,663	278,348	390,488	577,680	695,041	364,330
Corporate bonds	183,452	378,800	214,271	8,689	22,211	110,170
Loans and bills discounted (*)	10,409,809	8,089,133	6,730,548	4,794,833	4,870,544	9,257,691
Total	\$24,104,308	\$9,030,123	\$8,450,998	\$6,623,665	\$7,717,496	\$12,369,984

(*) Loans and bills discounted on which full repayment is not expected from debtors such as bankrupt obligors, substantially bankrupt obligors and intensively controlled obligors amounted to ¥57,924 million (\$523,204 thousand) and ¥61,656 million at March 31, 2021 and 2020, respectively, and loans and bills with no maturities amounted to ¥29,928 million (\$270,327 thousand) and ¥34,361 million at March 31, 2021 and 2020, respectively.

Note iv. Amounts to be repaid for borrowed money and other interest bearing liabilities

	Millions of yen					
	2021					
	Within 1 year	1-3 years	3-5 years	5-7 years	7-10 years	Over 10 years
Deposits (*)	¥5,598,460	¥328,346	¥ 34,025	¥1,047	¥1,795	¥ —
Certificates of deposit	531,969	—	—	—	—	—
Call money and bills sold	61,624	—	—	—	—	—
Payables under repurchase agreements	199,289	—	—	—	—	—
Payables under securities lending transactions	91,604	—	—	—	—	—
Borrowed money	435,587	105,313	202,138	238	236	130
Total	¥6,918,535	¥433,660	¥236,163	¥1,286	¥2,032	¥130

	Millions of yen					
	2020					
	Within 1 year	1-3 years	3-5 years	5-7 years	7-10 years	Over 10 years
Deposits (*)	¥4,877,705	¥329,435	¥ 36,061	¥1,951	¥1,457	¥ —
Certificates of deposit	482,131	—	—	—	—	—
Call money and bills sold	217,618	—	—	—	—	—
Payables under repurchase agreements	30,357	—	—	—	—	—
Payables under securities lending transactions	198,436	—	—	—	—	—
Borrowed money	583,010	4,625	182,157	261	203	120
Total	¥6,389,259	¥334,060	¥218,219	¥2,213	¥1,660	¥120

	Thousands of U.S. dollars (Note 1-1)					
	2021					
	Within 1 year	1-3 years	3-5 years	5-7 years	7-10 years	Over 10 years
Deposits (*)	\$50,568,692	\$2,965,820	\$ 307,334	\$ 9,457	\$16,213	\$ —
Certificates of deposit	4,805,067	—	—	—	—	—
Call money and bills sold	556,625	—	—	—	—	—
Payables under repurchase agreements	1,800,099	—	—	—	—	—
Payables under securities lending transactions	827,422	—	—	—	—	—
Borrowed money	3,934,486	951,251	1,825,833	2,149	2,131	1,174
Total	\$62,492,412	\$3,917,080	\$2,133,167	\$11,615	\$18,354	\$1,174

(*) Demand deposits are included in "Within 1 year."

(Notes to Securities)

*1 In addition to "Securities" on the consolidated balance sheets, this includes "Trading account securities" and trust beneficiary interests in "Monetary claims purchased."

1 Trading securities:

	Millions of yen		Thousands of U.S. dollars (Note 1-1)
	2021	2020	2021
Unrealized gains (losses) included in profit and loss for the fiscal year	¥(16)	¥(14)	\$(144)

2 Held-to-maturity debt securities:

None

3 Available-for-sale securities:

	Millions of yen			Millions of yen			Thousands of U.S. dollars (Note 1-1)		
	2021			2020			2021		
	Book value	Acquisition cost	Difference	Book value	Acquisition cost	Difference	Book value	Acquisition cost	Difference
Securities with unrealized gains									
Equity securities	¥ 363,242	¥ 70,440	¥292,801	¥ 268,844	¥ 64,949	¥203,895	\$ 3,281,022	\$ 636,256	\$2,644,756
Bonds	431,109	421,561	9,547	561,236	548,412	12,823	3,894,038	3,807,795	86,234
Japanese government bonds	119,985	116,895	3,090	266,666	260,898	5,768	1,083,777	1,055,866	27,910
Municipal bonds	226,478	221,733	4,745	198,109	192,842	5,266	2,045,686	2,002,827	42,859
Corporate bonds	84,645	82,933	1,712	96,461	94,672	1,788	764,565	749,101	15,463
Other	632,551	584,427	48,123	467,537	415,228	52,309	5,713,585	5,278,899	434,676
Total	¥1,426,903	¥1,076,429	¥350,473	¥1,297,619	¥1,028,591	¥269,028	\$12,888,655	\$ 9,722,960	\$3,165,685
Securities with unrealized losses									
Equity securities	¥ 16,347	¥ 21,489	¥ (5,141)	¥ 19,491	¥ 26,005	¥ (6,513)	\$ 147,656	\$ 194,101	\$ (46,436)
Bonds	171,289	172,815	(1,526)	168,552	170,547	(1,994)	1,547,186	1,560,970	(13,783)
Japanese government bonds	68,552	69,375	(823)	68,342	69,679	(1,336)	619,203	626,637	(7,433)
Municipal bonds	63,852	64,096	(243)	68,210	68,530	(319)	576,750	578,954	(2,194)
Corporate bonds	38,885	39,344	(459)	31,999	32,337	(338)	351,232	355,378	(4,145)
Other	266,711	278,091	(11,379)	212,623	223,046	(10,422)	2,409,095	2,511,886	(102,782)
Total	454,349	472,396	(18,046)	400,667	419,598	(18,930)	4,103,956	4,266,967	(163,002)
Total	¥1,881,252	¥1,548,825	¥332,426	¥1,698,286	¥1,448,189	¥250,097	\$16,992,611	\$13,989,928	\$3,002,673

4 Available-for-sale securities sold:

	Millions of yen			Millions of yen			Thousands of U.S. dollars (Note 1-1)		
	2021			2020			2021		
	Amount sold	Gains	Losses	Amount sold	Gains	Losses	Amount sold	Gains	Losses
Equity securities	¥ 4,704	¥ 2,763	¥ 223	¥ 4,357	¥3,171	¥ —	\$ 42,489	\$24,957	\$ 2,014
Bonds	589	2	—	37,294	222	—	5,320	18	—
Japanese government bonds	—	—	—	36,745	221	—	—	—	—
Corporate bonds	589	2	—	548	1	—	5,320	18	—
Other	488,156	8,259	7,116	144,560	3,245	2,770	4,409,321	74,600	64,276
Total	¥493,449	¥11,025	¥7,340	¥186,212	¥6,638	¥2,770	\$4,457,131	\$99,584	\$66,299

5 Securities impaired

Available-for-sale securities which have readily determinable fair values are written down to the fair value, and the difference between the acquisition cost and the fair value is treated as loss for the fiscal year (impairment (devaluation)) if the fair value has significantly deteriorated from the acquisition cost, unless it is deemed that there is a possibility of a recovery in the fair value. The amount of impairment (devaluation) was ¥16 million (\$144 thousand), including ¥16 million (\$144 thousand) of equity securities at March 31, 2021, and ¥339 million, including ¥339 million of equity securities at March 31, 2020. A security is deemed to have "significantly deteriorated" if the fair value has decreased to 50% or less of the acquisition cost. If the fair value exceeds 50% but is 70% or less of the acquisition cost, the security may be deemed "significantly deteriorated" considering the change in the quoted market price during a certain period in the past, the related business performance and other factors.

(Notes to Money Held in Trust)

The following table summarizes the book values (fair values) and amounts of net unrealized gains and losses for money held in trust included in profit and loss for the fiscal year.

	Millions of yen		Thousands of U.S. dollars (Note 1-1)
	2021	2020	2021
Money held in trust for investment			
Book value (fair value)	¥ —	¥2,992	\$ —
Amount of net unrealized gain (loss) included in profit and loss for the fiscal year	¥ —	¥ 8	\$ —
Other money held in trust			
Book value (fair value)	6,427	4,081	58,052
Acquisition cost	6,349	3,821	57,348
Difference	78	260	704
Unrealized gains	78	260	704
Unrealized losses	—	—	—

(Notes to Derivative Transactions)

At March 31, 2021

1 Derivative transactions to which hedge accounting was not applied

Derivative transactions to which hedge accounting was not applied are set forth in the tables below.

These items do not reflect the market risk of the derivative transactions themselves.

(1) Interest rate contracts

	Millions of yen				Thousands of U.S. dollars (Note 1-1)			
	2021				2021			
	Contract amount	Portion maturing over one year	Fair value	Recognized gains (losses)	Contract amount	Portion maturing over one year	Fair value	Recognized gains (losses)
Over-the-counter transactions:								
Swaps:								
Receive fixed rate and pay floating rate	¥81,450	¥76,292	¥1,619	¥1,619	\$735,705	\$689,115	\$14,623	\$14,623
Receive floating rate and pay fixed rate	81,450	76,292	(669)	(669)	735,705	689,115	(6,042)	(6,042)
Total	—	—	¥ 950	¥ 950	—	—	\$ 8,580	\$ 8,580

The above transactions are measured at fair value, and recognized gains (losses) are charged to the consolidated statements of income.

The fair value of over-the-counter transactions is calculated based on the discounted present value and option pricing models.

(Notes to Net Unrealized Holding Gains (losses) on Securities)

Unrealized holding gains on securities were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1-1)
	2021	2020	2021
Valuation gains			
Available-for-sale securities	¥ 332,426	¥250,097	\$3,002,673
Other money held in trust	78	260	704
Deferred tax liabilities	(102,228)	(76,747)	(923,385)
Net unrealized holding gains on securities (before adjustment for minority interests)	230,276	173,610	2,079,992
Noncontrolling interests	(7,938)	(6,835)	(71,700)
Net unrealized holding gains on securities	¥ 222,338	¥166,775	\$2,008,291

(2) Currency and foreign exchange contracts

	Millions of yen				Thousands of U.S. dollars (Note 1-1)			
	2021				2021			
	Contract amount	Portion maturing over one year	Fair value	Recognized gains (losses)	Contract amount	Portion maturing over one year	Fair value	Recognized gains (losses)
Over-the-counter transactions:								
Currency swaps	¥389,160	¥362,590	¥ 150	¥ 150	\$3,515,129	\$3,275,133	\$ 1,354	\$ 1,354
Forward exchange contracts:								
Sell	267,668	135,092	(3,055)	(3,055)	2,417,740	1,220,233	(27,594)	(27,594)
Buy	226,168	29,942	4,286	4,286	2,042,886	270,454	38,713	38,713
Currency options:								
Sell	80,822	53,070	(2,462)	378	730,033	479,360	(22,238)	3,414
Buy	80,822	53,070	2,462	273	730,033	479,360	22,238	2,465
Total	—	—	¥ 1,381	¥ 2,034	—	—	\$ 12,474	\$ 18,372

The above transactions are measured at fair value, and recognized gains (losses) are charged to the consolidated statements of income.

The fair value of over-the-counter transactions is calculated based on the discounted present value.

(3) Credit derivatives

	Millions of yen				Thousands of U.S. dollars (Note 1-1)			
	2021				2021			
	Contract amount	Portion maturing over one year	Fair value	Recognized gains (losses)	Contract amount	Portion maturing over one year	Fair value	Recognized gains (losses)
Over-the-counter transactions:								
Credit default swaps								
Sell	¥1,000	¥1,000	¥ (2)	¥ (2)	\$9,032	\$9,032	\$(18)	\$(18)
Buy	—	—	—	—	—	—	—	—
Total	—	—	¥ (2)	¥ (2)	—	—	\$(18)	\$(18)

The above transactions are measured at fair value, and recognized gains (losses) are charged to the consolidated statements of income.

The fair value of over-the-counter transactions is calculated based on the discounted present value.

(4) Others

	Millions of yen				Thousands of U.S. dollars (Note 1-1)			
	2021				2021			
	Contract amount	Portion maturing over one year	Fair value	Recognized gains (losses)	Contract amount	Portion maturing over one year	Fair value	Recognized gains (losses)
Over-the-counter transactions:								
Earthquake derivatives								
Sell	¥1,500	¥—	¥(27)	¥—	\$13,548	\$—	\$(243)	\$—
Buy	1,500	—	27	—	13,548	—	243	—
Total	—	—	¥ —	¥—	—	—	\$ —	\$—

Transactions above for which the values were not readily determinable are stated at cost.

2 Derivative transactions to which hedge accounting was applied

Derivative transactions to which hedge accounting was applied are set forth in the tables below.

These items do not reflect the market risk of the derivative transactions themselves.

(1) Interest rate contracts

Method of hedge accounting		Hedged items	Millions of yen			Hedged items	Thousands of U.S. dollars (Note 1-1)		
			2021				2021		
			Contract amount	Portion maturing over one year	Fair value		Contract amount	Portion maturing over one year	Fair value
Deferral hedge method	Interest rate swaps	Loans							
	Receive fixed rate and pay floating rate		—	—	—	—	—	—	
	Receive floating rate and pay fixed rate		¥302,523	¥302,523	¥(722)	\$2,732,571	\$2,732,571	\$(6,521)	
Total		—	—	—	¥(722)	—	—	\$(6,521)	

1 The above transactions are accounted for with the deferral hedge accounting treatment stipulated in JICPA Industry-specific Committees Guidance No. 24, October 8, 2020, "Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in the Banking Industry."

2 The fair value of over-the-counter transactions is calculated based on the discounted present value and option pricing models.

(2) Currency and foreign exchange contracts

Method of hedge accounting	Hedged items	Millions of yen			Thousands of U.S. dollars (Note 1-1)		
		2021			2021		
		Contract amount	Portion maturing over one year	Fair value	Contract amount	Portion maturing over one year	Fair value
Deferral hedge method							
Currency swaps	Foreign currency	¥218,488	¥195,039	¥(6,392)	\$1,973,516	\$1,761,710	\$(57,736)
Fund related swaps	monetary assets	3,120	—	(52)	28,181	—	(469)
Total		—	—	¥(6,444)	—	—	\$(58,206)

The above transactions are accounted for with the deferral hedge accounting treatment stipulated in JICPA Industry-specific Committees Guidance No. 25, October 8, 2020, "Treatment for Accounting and Auditing of Accounting for Foreign Currency Transactions in the Banking Industry."

The fair value of over-the-counter transactions is calculated based on the discounted present value.

At March 31, 2020

1 Derivative transactions to which hedge accounting was not applied

Derivative transactions to which hedge accounting was not applied are set forth in the tables below.

These items do not reflect the market risk of the derivative transactions themselves.

(1) Interest rate contracts

	Millions of yen			
	2020			
	Contract amount	Portion maturing over one year	Fair value	Recognized gains (losses)
Over-the-counter transactions:				
Swaps:				
Receive fixed rate and pay floating rate	¥61,085	¥60,306	¥ 2,149	¥ 2,149
Receive floating rate and pay fixed rate	61,085	60,306	(1,523)	(1,523)
Total	—	—	¥ 625	¥ 625

The above transactions are measured at fair value, and recognized gains (losses) are charged to the consolidated statements of income.

The fair value of over-the-counter transactions is calculated based on the discounted present value and option pricing models.

(2) Currency and foreign exchange contracts

	Millions of yen			
	2020			
	Contract amount	Portion maturing over one year	Fair value	Recognized gains (losses)
Over-the-counter transactions:				
Currency swaps	¥439,183	¥355,276	¥ 174	¥ 174
Forward exchange contracts:				
Sell	283,411	109,966	(3,398)	(3,398)
Buy	404,592	21,795	166	166
Currency options:				
Sell	80,060	55,625	(2,340)	584
Buy	80,060	55,625	2,340	72
Total	—	—	¥(3,057)	¥(2,399)

The above transactions are measured at fair value, and recognized gains (losses) are charged to the consolidated statements of income.

The fair value of over-the-counter transactions is calculated based on the discounted present value.

(3) Credit derivatives

	Millions of yen			
	2020			
	Contract amount	Portion maturing over one year	Fair value	Recognized gains (losses)
Over-the-counter transactions:				
Credit default swaps				
Sell	¥1,000	¥1,000	¥ (8)	¥ (8)
Buy	—	—	—	—
Total	—	—	¥ (8)	¥ (8)

The above transactions are measured at fair value, and recognized gains (losses) are charged to the consolidated statements of income.

The fair value of over-the-counter transactions is calculated based on the discounted present value.

(4) Others

	Millions of yen			
	2020			
	Contract amount	Portion maturing over one year	Fair value	Recognized gains (losses)
Over-the-counter transactions:				
Earthquake derivatives				
Sell	¥2,440	¥—	¥(40)	¥—
Buy	2,440	—	40	—
Total	—	—	¥ —	¥—

Transactions above for which the values were not readily determinable are stated at cost.

2 Derivative transactions to which hedge accounting was applied

Derivative transactions to which hedge accounting was applied are set forth in the tables below.

These items do not reflect the market risk of the derivative transactions themselves.

(1) Interest rate contracts

		Millions of yen		
		2020		
Method of hedge accounting	Hedged items	Contract amount	Portion maturing over one year	Fair value
Deferral hedge method	Interest rate swaps			
	Loans			
	Receive fixed rate and pay floating rate	—	—	—
	Receive floating rate and pay fixed rate	¥100,494	¥100,494	¥(98)
Total	—	—	—	¥(98)

1 The above transactions are accounted for with the deferral hedge accounting treatment stipulated in JICPA Industry-specific Committees Guidance No. 24, October 8, 2020, "Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in the Banking Industry."

2 The fair value of over-the-counter transactions is calculated based on the discounted present value and option pricing models.

(2) Currency and foreign exchange contracts

		Millions of yen		
		2020		
Method of hedge accounting	Hedged item	Contract amount	Portion maturing over one year	Fair value
Deferral hedge method				
Currency swaps	Foreign currency	¥149,709	¥127,728	¥1,062
Fund related swaps	monetary assets	213	—	(3)
Total	—	—	—	¥1,059

The above transactions are accounted for with the deferral hedge accounting treatment stipulated in JICPA Industry-specific Committees Guidance No. 25, October 8, 2020, "Treatment for Accounting and Auditing of Accounting for Foreign Currency Transactions in the Banking Industry."

The fair value of over-the-counter transactions is calculated based on the discounted present value.

(Notes to Retirement Benefits)

1 Outline of retirement and severance benefits plans

The retirement benefit plans of the Bank consist of a defined benefit corporate pension fund plan and a retirement lump-sum grant system. Extra retirement benefits may be paid upon the retirement of employees. In addition, the Bank set up a retirement benefit trust. On April 1, 2014, the Bank transformed its corporate pension fund plan to a cash balance plan and established a defined contribution pension plan. Consolidated subsidiaries use the simplified method in calculating net defined benefit liability and retirement benefit expenses for their retirement lump-sum grant systems.

2 Defined benefit plan

(1) Reconciliation of retirement benefit obligations between the beginning and the end of the period

	Millions of yen		Thousands of U.S. dollars (Note 1-1)
	2021	2020	2021
Retirement benefit obligations at the beginning of the period	¥72,032	¥73,851	\$650,636
Service cost	2,362	2,402	21,335
Interest cost	170	116	1,535
Actuarial differences incurred	(1,259)	(981)	(11,372)
Retirement benefits paid	(3,429)	(3,086)	(30,972)
Prior service cost	—	—	—
Retirement benefit obligations at the end of the period	69,876	72,032	\$631,162

(2) Reconciliation of pension assets between the beginning and the end of the period

	Millions of yen		Thousands of U.S. dollars (Note 1-1)
	2021	2020	2021
Pension assets at the beginning of the period	¥78,279	¥78,800	\$707,063
Expected return on pension assets	1,042	1,051	9,411
Actuarial differences incurred	12,003	(2,052)	108,418
Employer's contributions	2,726	2,722	24,622
Retirement benefits paid	(2,301)	(2,242)	(20,784)
Pension assets at the end of the period	91,750	78,279	828,741

(Note) Pension assets include assets in the retirement benefit trust.

(3) Reconciliation of retirement benefit obligations and pension assets at the end of the period to net defined benefit liability and net defined benefit asset in the consolidated balance sheets

	Millions of yen		Thousands of U.S. dollars (Note 1-1)
	2021	2020	2021
Retirement benefit obligations of the savings plan	¥ 69,460	¥ 71,619	\$ 627,404
Pension assets	(91,750)	(78,279)	(828,741)
	(22,289)	(6,660)	(201,327)
Retirement benefit obligations of the non-savings plan	415	413	3,748
Net liabilities and assets recorded on the consolidated balance sheets	(21,874)	(6,247)	(197,579)
Net defined benefit liability	11,326	12,487	102,303
Net defined benefit asset	(33,201)	(18,734)	(299,891)
Net liabilities and assets on the consolidated balance sheets	(21,874)	(6,247)	(197,579)

(Note) Pension assets include assets in the retirement benefit trust.

(4) Retirement benefit cost and its breakdown

	Millions of yen		Thousands of U.S. dollars (Note 1-1)
	2021	2020	2021
Service cost	¥ 2,171	¥ 2,209	\$19,609
Interest cost	170	116	1,535
Expected return on pension assets	(1,042)	(1,051)	(9,411)
Recognized actuarial differences	181	(388)	1,634
Amortization of prior service cost	(597)	(597)	(5,392)
	883	289	7,975

(Note 1) Retirement benefit costs of consolidated subsidiaries using the simplified method are included in "Service cost."

(Note 2) Employee contribution to the corporate pension fund is deducted from "Service cost."

(5) Remeasurements of defined benefit plans

The breakdown of items included in remeasurements of defined benefit plans (before applicable tax effects) was as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1-1)
	2021	2020	2021
Prior service cost	¥ (597)	¥ (597)	\$ (5,392)
Actuarial differences	13,445	(1,459)	121,443
Total	12,848	(2,056)	116,050

(6) Remeasurements of defined benefit plans

The breakdown of items included in remeasurements of defined benefit plans (before applicable tax effects) was as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1-1)
	2021	2020	2021
Unrecognized prior service cost	¥ (2,059)	¥(2,656)	\$ (18,598)
Unrecognized actuarial differences	(9,853)	3,592	(88,998)
Total	(11,912)	935	(107,596)

(7) Pension assets

① Pension asset portfolio

	2021	2020
Bonds	46.9%	52.3%
Equity securities	46.3%	40.1%
Other	6.8%	7.6%
Total	100.0%	100.0%

(Note) 33.4% of the total pension assets as of March 31, 2021 (29.8% as of March 31, 2020) represent assets in the retirement benefit trust for the corporate pension fund, 4.0% of which as of March 31, 2021 (3.6% as of March 31, 2020) corresponds to the lump-sum grant system.

② Determination of the long-term expected rate of return on pension assets

The long-term expected rate of return on pension assets is determined based on the average investment yield on the pension assets for the past three years. When the average rate is below 1.25% or above 2.0%, it is stated as 1.25% and 2.0%, respectively.

(8) Actuarial assumptions

The weighted average rate for assumptions used for the actuarial computation of the retirement benefit obligations for the years ended March 31, 2021 and 2020 were as follows:

	2021	2020
Discount rates		
Retirement lump-sum grant system	0.10%	0.00%
Corporate pension fund plans	0.40%	0.30%
Long-term expected return on assets		
Pension assets of corporate pension fund	1.37%	2.00%
Retirement benefit trust (Retirement lump-sum grant system and corporate pension fund plans)	0.00%	0.00%

(Note) A point system is applied to the substantive portion of the retirement lump-sum grant system and a cash balance plan to defined benefit corporate pension fund plans, respectively. The "Estimate rate of salary increase" is not disclosed due to the insignificant impact it would have on the calculation of retirement benefit obligations.

3 Defined contribution plan

The amount of required contribution by the Bank to the defined contribution plans were ¥334 million (\$3,016 thousand) and ¥338 million at March 31, 2021 and 2020, respectively.

(Notes to Stock Options)

1 Outline of stock options and changes

At the 115th Ordinary General Meeting of Shareholders held on Jun. 28, 2018, the Bank abolished compensation type stock options and introduced a share-based payment system using the trust.

In line with the introduction of this system, the Bank will not grant new stock options. However, the unexercised stock acquisition rights already granted as stock options will continue to exist.

(1) Outline of stock options

	2017 Stock Options	2016 Stock Options	2015 Stock Options	2014 Stock Options	2013 Stock Options	2012 Stock Options	2011 Stock Options
Title and number of grantees	Directors of the Bank: 8 Executive Officers of the Bank: 12	Directors of the Bank: 7 Executive Officers of the Bank: 15	Directors of the Bank: 7 Executive Officers of the Bank: 14	Directors of the Bank: 16 Executive Officers of the Bank: 4	Directors of the Bank: 18	Directors of the Bank: 17	Directors of the Bank: 17
Number of stock options (*)	Common shares: 140,900	Common shares: 184,600	Common shares: 79,500	Common shares: 123,100	Common shares: 140,900	Common shares: 199,500	Common shares: 156,800
Grant date	July 14, 2017	July 15, 2016	July 15, 2015	July 16, 2014	July 16, 2013	July 17, 2012	July 15, 2011
Conditions for vesting	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Requisite service period	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Exercise period	July 15, 2017 to July 14, 2047	July 16, 2016 to July 15, 2046	July 16, 2015 to July 15, 2045	July 17, 2014 to July 16, 2044	July 17, 2013 to July 16, 2043	July 18, 2012 to July 17, 2042	July 16, 2011 to July 15, 2041

(*) Reported in terms of shares of stock

(2) Stock options granted and changes

The table below represents stock options outstanding at the year-end and the number of stock options is converted into the number of stock.

① Number of stock options

	2017 Stock Options shares	2016 Stock Options shares	2015 Stock Options shares	2014 Stock Options shares	2013 Stock Options shares	2012 Stock Options shares	2011 Stock Options shares
Before vesting							
Previous fiscal year-end	90,600	89,800	35,200	42,100	31,900	46,800	27,800
Granted	—	—	—	—	—	—	—
Forfeited	—	—	—	—	—	—	—
Vested	9,600	11,900	5,300	3,900	—	—	—
Outstanding	81,000	77,900	29,900	38,200	31,900	46,800	27,800
After vesting							
Previous fiscal year-end	9,000	11,100	4,900	7,700	5,200	7,600	6,300
Vested	9,600	11,900	5,300	3,900	—	—	—
Exercised	18,600	23,000	10,200	11,600	5,200	7,600	6,300
Forfeited	—	—	—	—	—	—	—
Exercisable	—	—	—	—	—	—	—

② Price information

	2017 Stock Options Yen (U.S. dollars)	2016 Stock Options Yen (U.S. dollars)	2015 Stock Options Yen (U.S. dollars)	2014 Stock Options Yen (U.S. dollars)	2013 Stock Options Yen (U.S. dollars)	2012 Stock Options Yen (U.S. dollars)	2011 Stock Options Yen (U.S. dollars)
Exercise price	¥ 1 (\$0) per share	¥ 1 (\$0) per share	¥ 1 (\$0) per share	¥ 1 (\$0) per share	¥ 1 (\$0) per share	¥ 1 (\$0) per share	¥ 1 (\$0) per share
Average exercise price	¥573 (\$5) per share	¥573 (\$5) per share	¥ 573 (\$5) per share	¥573 (\$5) per share	¥573 (\$5) per share	¥573 (\$5) per share	¥573 (\$5) per share
Fair value at the grant date	¥867 (\$7) per share	¥601 (\$5) per share	¥1,473 (\$13) per share	¥989 (\$8) per share	¥918 (\$8) per share	¥550 (\$4) per share	¥704 (\$6) per share

2 Method of estimating the number of stock options vested

Only the actual number of forfeited stock options is reflected because it is difficult to rationally estimate the actual number of stock options that will be forfeited in the future.

(Notes to Income Taxes)

1 Significant components of deferred tax assets and liabilities were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1-1)
	2021	2020	2021
Deferred tax assets:			
Excess reserve for loan losses	¥ 15,910	¥ 13,900	\$ 143,708
Impairment loss on land	622	648	5,618
Accrued employees' bonuses	546	504	4,931
Reserve for losses on repayments on dormant bank accounts	503	730	4,543
Excess depreciation	497	548	4,489
Write-down of securities	399	440	3,604
Net defined benefit liability	—	774	—
Other	2,319	1,933	20,946
Valuation reserve	(924)	(937)	(8,346)
Total deferred tax assets	19,875	18,543	179,523
Deferred tax liabilities:			
Unrealized holding gains on securities	¥(102,138)	¥(76,674)	\$(922,572)
Retirement benefit asset	(3,873)	—	(34,983)
Deferred gains on real property	(896)	(898)	(8,093)
Other	—	(347)	—
Total deferred tax liabilities	(106,908)	(77,921)	(965,658)
Net deferred tax liabilities:	¥ (87,032)	¥(59,377)	\$(786,125)

2 A reconciliation of the statutory tax rate and effective tax rate for the years ended March 31, 2021 and 2020 were as follows:

	2021	2020
Statutory tax rate	—	30.5%
(Adjustments)		
Entertainment expenses and other expenses not deductible permanently for income tax purposes	—	0.4%
Dividend income and other income excluded permanently for income tax purposes	—	(1.4%)
Valuation reserve	—	(0.5%)
Other	—	(0.4%)
Effective income tax rate	—	28.5%

For the fiscal year ended March 31, 2021, a reconciliation of the statutory tax rate and the effective income tax rate is not stated as the difference between the two was less than 5% of the statutory tax rate.

(Notes to Business Combinations, etc.)

Transactions under common control

Additional acquisition of shares in subsidiaries

1 Summary of transaction

(1) Combined entity's name and business

The Iyogin Credit Guaranty Company Limited (financial guarantees for home loans, consumer loans, etc.)

Iyogin Capital Company Limited (stock and bond investment, investment fund operation, etc.)

Iyogin DC Card Co., Ltd. (credit card services, debt guarantees, etc.)

(2) Date of business combination

August 24, 2020 to September 28, 2020

(3) Legal form of business combination

Acquisition of shares from non-controlling shareholders

(4) The Name of company

The names remain the same after the business combination.

(5) Other matters concerning the outline of transaction

The Bank acquired a portion of the shares held by non-controlling shareholders in order to strengthen governance and group management.

2 Accounting method

In accordance with the "Business Combination Standards" (ASBJ Statement No. 21, Jan. 16, 2019) and the "Guidelines for the Application of the Business Combination Standards and the Business Separation Standards" (ASBJ Statement Application Guideline No. 10, Jan. 16, 2019), we treat trading with entities under common control the same as trading with non-controlling shareholders.

3 Additional acquisition of shares in subsidiary

Consideration paid for acquisition : Cash and due from banks in the amount of ¥8,921 million (\$80,579 thousand)

4 Changes in portion held by the Bank in connection with the transactions with non-controlling interests

(1) Main reasons for changes in capital surplus

Additional acquisition of subsidiary's share

(2) Increase in capital surplus due to transactions with non-controlling interest

¥5,761 million (\$52,036 thousand)

(Notes to Asset Retirement Obligations)

The total amount of asset retirement obligations is not significant and is therefore omitted.

(Notes to Real Estate for Rent)

The total amount of real estate for rent is not significant and is therefore omitted.

(Notes to Segment Information)

1 Summary of reportable segments

Reportable segments are components of the Bank and its consolidated subsidiaries for which separate financial information is available and is subject to periodic examination by the Board of Directors to determine the allocation of management resources and assess performances.

The Bank and 16 consolidated subsidiaries (16 consolidated subsidiaries as of March 31, 2020) are engaged mainly in the financial services business that includes commercial banking services and leasing services. Therefore, the Bank and its consolidated subsidiaries' reportable segments comprise 'Commercial Banking' and 'Leasing' and are distinguished by the financial services provided. 'Commercial Banking' includes deposit services, lending services, securities investment services and exchange services. 'Commercial Banking' represents the Bank's banking services as well as the consolidated subsidiaries' business support services, credit guarantee services, credit card services, securities trading services and fund management services. 'Leasing' includes leasing services by Iyogin Leasing Company Limited, one of the consolidated subsidiaries.

2 Methods used to calculate ordinary income, profit and loss, amounts of assets, debt and other items by reportable segment

The accounting policies described in the Note in (Basis of Presenting Consolidated Financial Statements) have been adopted for the reportable segments. Reportable segment profit corresponds to ordinary profits. Ordinary income arising from intersegment transactions is based on arm's length prices.

3 Information about reported ordinary income, profits and losses, amounts of assets, debts and other items

Segment information as of and for the years ended March 31, 2021 and 2020 were as follows:

	Millions of yen						
	2021						
	Reportable segments			Other businesses	Total	Adjustments	Consolidated total
	Commercial Banking	Leasing	Total				
Ordinary income							
Customers	¥ 104,986	¥16,692	¥ 121,678	¥ 3,138	¥ 124,817	¥ —	¥ 124,817
Intersegment	598	424	1,023	1,968	2,992	(2,992)	—
Total	¥ 105,584	¥17,117	¥ 122,702	¥ 5,107	¥ 127,809	¥ (2,992)	¥ 124,817
Segment profit	¥ 25,093	¥ 583	¥ 25,677	¥ 489	¥ 26,167	¥ 5	¥ 26,172
Segment assets	¥8,517,978	¥65,562	¥8,583,541	¥15,304	¥8,598,846	¥(48,106)	¥8,550,739
Segment debt	¥7,797,071	¥40,009	¥7,837,080	¥ 8,462	¥7,845,543	¥(36,044)	¥7,809,498
Other items							
Depreciation	¥ 5,130	¥ 29	¥ 5,160	¥ 46	¥ 5,206	¥ (117)	¥ 5,089
Interest income received	75,986	119	76,106	3	76,110	(118)	75,992
Interest expense paid	4,358	115	4,474	6	4,481	(105)	4,376
Extraordinary income	34	—	34	—	34	—	34
Gain on disposal of noncurrent assets	(34)	—	(34)	—	(34)	—	(34)
Extraordinary losses	406	0	406	0	407	—	407
Losses on disposal of fixed assets	(206)	(0)	(206)	(0)	(206)	—	(206)
Impairment loss	(200)	—	(200)	—	(200)	—	(200)
Provision of reserve for financial products transaction liabilities	—	—	—	(0)	(0)	—	(0)
Tax expense	7,201	196	7,397	159	7,556	(7)	7,549
Increase in tangible fixed assets and intangible fixed assets	7,506	89	7,595	36	7,631	(92)	7,539

Notes:

- Ordinary income is presented as the counterpart of sales of companies in other industries. The difference between ordinary income and operating income in the consolidated statement of income is in "Adjustments."
- "Other businesses" includes software development and information processing not included in the reportable segments.
- Adjustments are as below.
 - Adjustment of segment profit includes eliminations of intersegment transactions of ¥5 million (\$45 thousand).
 - Adjustment of segment assets includes eliminations of intersegment transactions of negative ¥48,106 million (\$434,522 thousand).
 - Adjustment of segment debt includes eliminations of intersegment transactions of negative ¥36,044 million (\$325,571 thousand).
 - Eliminations of intersegment transactions include adjustment of depreciation of negative ¥117 million (\$1,056 thousand), adjustment of interest income received of negative ¥118 million (\$1,065 thousand), adjustment of interest expense paid of negative ¥105 million (\$948 thousand), adjustment of tax expense of negative ¥7 million (\$63 thousand) and adjustment of increase in tangible fixed assets and intangible fixed assets of negative ¥92 million (\$830 thousand).
- Segment profit is adjusted to ordinary income in the consolidated statement of income.

	Millions of yen						
	2020						
	Reportable segments			Other businesses	Total	Adjustments	Consolidated total
	Commercial Banking	Leasing	Total				
Ordinary income							
Customers	¥ 107,088	¥16,905	¥ 123,993	¥ 2,513	¥ 126,506	¥ —	¥ 126,506
Intersegment	655	454	1,109	1,871	2,980	(2,980)	—
Total	¥ 107,743	¥17,359	¥ 125,102	¥ 4,384	¥ 129,487	¥ (2,980)	¥ 126,506
Segment profit	¥ 28,530	¥ 709	¥ 29,239	¥ 124	¥ 29,364	¥ 48	¥ 29,413
Segment assets	¥7,769,824	¥61,069	¥7,830,894	¥12,515	¥7,843,410	¥(47,855)	¥7,795,554
Segment debt	¥7,114,784	¥39,954	¥7,154,739	¥ 6,002	¥7,160,742	¥(37,035)	¥7,123,706
Other items							
Depreciation	¥ 4,928	¥ 25	¥ 4,954	¥ 74	¥ 5,029	¥ (140)	¥ 4,888
Interest income received	79,596	120	79,716	4	79,721	(119)	79,601
Interest expense paid	13,207	120	13,328	5	13,333	(106)	13,226
Extraordinary income	39	—	39	—	39	—	39
Gain on disposal of noncurrent assets	(39)	—	(39)	—	(39)	—	(39)
Extraordinary losses	986	—	986	73	1,060	—	1,060
Losses on disposal of fixed assets	(127)	—	(127)	(0)	(128)	—	(128)
Impairment loss	(858)	—	(858)	(72)	(931)	—	(931)
Provision of reserve for financial products transaction liabilities	—	—	—	(0)	(0)	—	(0)
Tax expense	7,805	234	8,039	56	8,096	3	8,099
Increase in tangible fixed assets and intangible fixed assets	5,695	4	5,699	61	5,761	(79)	5,682

Notes:

- Ordinary income is presented as the counterpart of sales of companies in other industries. The difference between ordinary income and operating income in the consolidated statement of income is in "Adjustments."
- "Other businesses" includes software development and information processing not included in the reportable segments.
- Adjustments are as below.
 - Adjustment of segment profit includes eliminations of intersegment transactions of ¥48 million.
 - Adjustment of segment assets includes eliminations of intersegment transactions of negative ¥47,855 million.
 - Adjustment of segment debt includes eliminations of intersegment transactions of negative ¥37,035 million.
 - Eliminations of intersegment transactions include adjustment of depreciation of negative ¥140 million, adjustment of interest income received of negative ¥119 million, adjustment of interest expense paid of negative ¥106 million, adjustment of tax expense of ¥3 million and adjustment of increase in tangible fixed assets and intangible fixed assets of negative ¥79 million.
- Segment profit is adjusted to ordinary income in the consolidated statement of income.

	Thousands of U.S. dollars (Note 1-1)						
	2021						
	Reportable segments			Other businesses	Total	Adjustments	Consolidated total
	Commercial Banking	Leasing	Total				
Ordinary income							
Customers	\$ 948,297	\$150,772	\$ 1,099,069	\$ 28,344	\$ 1,127,422	\$ —	\$ 1,127,422
Intersegment	5,401	3,829	9,240	17,776	27,025	(27,025)	—
Total	\$ 953,698	\$154,611	\$ 1,108,319	\$ 46,129	\$ 1,154,448	\$ (27,025)	\$ 1,127,422
Segment profit	\$ 226,655	\$ 5,266	\$ 231,930	\$ 4,416	\$ 236,356	\$ 45	\$ 236,401
Segment assets	\$76,939,553	\$592,195	\$77,531,758	\$138,235	\$77,670,002	\$(434,522)	\$77,235,471
Segment debt	\$70,427,883	\$361,385	\$70,789,269	\$ 76,433	\$70,865,712	\$(325,571)	\$70,540,131
Other items							
Depreciation	\$ 46,337	\$ 261	\$ 46,608	\$ 415	\$ 47,023	\$ (1,056)	\$ 45,966
Interest income received	686,351	1,074	687,435	27	687,471	(1,065)	686,405
Interest expense paid	39,364	1,038	40,411	54	40,475	(948)	39,526
Extraordinary income	307	—	307	—	307	—	307
Gain on disposal of noncurrent assets	(307)	—	(307)	—	(307)	—	(307)
Extraordinary losses	3,667	0	3,667	0	3,676	—	3,676
Losses on disposal of fixed assets	(1,860)	(0)	(1,860)	(0)	(1,860)	—	(1,860)
Impairment loss	(1,806)	—	(1,806)	—	(1,806)	—	(1,806)
Provision of reserve for financial products transaction liabilities	—	—	—	(0)	(0)	—	(0)
Tax expense	65,043	1,770	66,814	1,436	68,250	(63)	68,187
Increase in tangible fixed assets and intangible fixed assets	67,798	803	68,602	325	68,927	(830)	68,096

(4) Related information

Information by service

	Millions of yen				
	2021				
	Loans	Securities investments	Lease	Other businesses	Total
Ordinary income customers	¥52,795	¥36,895	¥16,692	¥18,434	¥124,817
	Millions of yen				
	2020				
	Loans	Securities investments	Lease	Other businesses	Total
Ordinary income customers	¥58,321	¥31,156	¥16,905	¥20,123	¥126,506
	Thousands of U.S. dollars (Note 1-1)				
	2021				
	Loans	Securities investments	Lease	Other businesses	Total
Ordinary income customers	\$476,876	\$333,258	\$150,772	\$166,507	\$1,127,422

	Millions of yen				
	2021				
	Reportable segments			Other businesses	Total
	Commercial Banking	Leasing	Total		
Impairment loss	¥200	¥—	¥200	¥—	¥200
	Millions of yen				
	2020				
	Reportable segments			Other businesses	Total
	Commercial Banking	Leasing	Total		
Impairment loss	¥858	¥—	¥858	¥72	¥931

(Note) "Other businesses" were all related to the security businesses.

	Thousands of U.S. dollars (Note 1-1)				
	2021				
	Reportable segments			Other businesses	Total
	Commercial banking	Leasing	Total		
Impairment loss	\$1,806	\$—	\$1,806	\$—	\$1,806

(Notes to Related Party Transactions)

For the year ended March 31, 2021

(1) Transactions between the Bank and related parties.

Directors or major individual stockholders

Type	Name	Location	Capital (Millions of yen)	Business	Ownerships of voting rights (%)	Relationship	Transactions	Transaction amount (Millions of yen)	Account	Outstanding balance (Millions of yen)
Companies in which a majority of voting rights is owned by a director or the director's close relatives	Ability Center, Inc	Ehime	¥50	Temporary staffing	—	Temporary staffing	Temporary staffing	¥2	—	¥—
Type	Name	Location	Capital (Thousands of U.S. dollars)	Business	Ownerships of voting rights (%)	Relationship	Transactions	Transaction amount (Thousands of U.S. dollars)	Account	Outstanding balance (Thousands of U.S. dollars)
Companies in which a majority of voting rights is owned by a director or the director's close relatives	Ability Center, Inc	Ehime	\$451	Temporary staffing	—	Temporary staffing	Temporary staffing	\$18	—	\$—

(Notes)

1 The conditions of the above transactions were the same as these of arm's length transactions.

2 Ms. Junko Miyoshi, a director and Supervisory Committee member, has a close relative who owns a majority of the voting rights of Ability Center, Inc.

(2) Transactions between consolidated subsidiaries of the Bank and related parties.

Directors or major individual stockholders

Type	Name	Location	Capital (Millions of yen)	Business	Ownerships of voting rights (%)		Relationship	Transactions	Transaction amount (Millions of yen)	Account	Outstanding balance (Millions of yen)
Companies in which a majority of voting rights is owned by a director or the director's close relatives	Ability Center, Inc.	Ehime	¥50	Temporary staffing	19.2%	Direct holding	Temporary staffing	Temporary staffing	¥26	Other liabilities	¥—
Type	Name	Location	Capital (Thousands of U.S. dollars)	Business	Ownerships of voting rights (%)		Relationship	Transactions	Transaction amount (Thousands of U.S. dollars)	Account	Outstanding balance (Thousands of U.S. dollars)
Companies in which a majority of voting rights is owned by a director or the director's close relatives	Ability Center, Inc.	Ehime	\$451	Temporary staffing	19.2%	Direct holding	Temporary staffing	Temporary staffing	\$234	Other liabilities	\$—

(Notes)

1. The conditions of the above transactions were the same as those of arm's length transactions.
2. Ms. Junko Miyoshi, a director and Supervisory Committee member, has a close relative who owns a majority of the voting rights of Ability Center, Inc.

For the year ended March 31, 2020

(1) Transactions between the Bank and related parties.

Directors or major individual stockholders

Type	Name	Location	Capital (Millions of yen)	Business	Ownerships of voting rights (%)		Relationship	Transactions	Transaction amount (Millions of yen)	Account	Outstanding balance (Millions of yen)
Companies in which a majority of voting rights is owned by a director or the director's close relatives	Ability Center, Inc.	Ehime	¥50	Temporary staffing	—		Temporary staffing	Temporary staffing	¥ 2	—	¥—
	Chuo Doryoku, Inc.	Ehime	50	Construction	—		Banking	Loaing	25	Loans and bills discounted	—
	Tatsumi Kogyo, Inc.	Oita	10	Construction	—		Banking	Loaing	25	Loans and bills discounted	20

(Notes)

1. The conditions of the above transactions were the same as these of arm's length transactions.
2. Loan transaction amounts were reported at the average balance for the period.
3. Ms. Junko Miyoshi, a director and Supervisory Committee member, has a close relative who owns a majority of the voting rights of Ability Center, Inc.
4. Ms. Junko Miyoshi, a director and Supervisory Committee member, has a close relative who owns a majority of the voting rights of parent of Chuo Doryoku, Inc. and Tatsumi Kogyo, Inc.

(2) Transactions between consolidated subsidiaries of the Bank and related parties.

Directors or major individual stockholders

Type	Name	Location	Capital (Millions of yen)	Business	Ownerships of voting rights (%)		Relationship	Transactions	Transaction amount (Millions of yen)	Account	Outstanding balance (Millions of yen)
Companies in which a majority of voting rights is owned by a director or the director's close relatives	Ability Center, Inc.	Ehime	¥50	Temporary staffing	19.2%	Direct holding	Temporary staffing	Temporary staffing	¥28	Other liabilities	¥0

(Notes)

1. The conditions of the above transactions were the same as those of arm's length transactions.
2. Ms. Junko Miyoshi, a director and Supervisory Committee member, has a close relative who owns a majority of the voting rights of Ability Center, Inc.

(Consolidated Supplementary Schedules)
1 BORROWED MONEY AND LEASE LIABILITIES

Borrowed money consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1-1)
	2021	2020	2021
Borrowings from banks	¥743,645	¥770,378	\$6,717,053
Lease liabilities (due within one year)	270	252	2,438
Lease liabilities (due after one year)	1,544	502	13,946

The weighted average interest rates on the outstanding balances at March 31, 2021 and 2020 were as follows:

	2021	2020
Borrowings from banks	0.02%	0.32%
Lease liabilities (due within one year)	—	—
Lease liabilities (due after one year)	—	—

(Note) The "average interest rate" is not shown for lease obligations because the Bank uses a method in which amounts equal to the interest in the total capital lease obligations are spread equally over each fiscal year of the lease period.



Independent Auditor's Report

To the Board of Directors of The Iyo Bank, Ltd.:

Opinion

We have audited the accompanying consolidated financial statements of The Iyo Bank, Ltd. and its consolidated subsidiaries (collectively referred to as “the Group”), which comprise the consolidated balance sheet as at March 31, 2021, and the consolidated statement of income, statement of comprehensive income, statement of changes in net assets and statement of cash flows for the year then ended, and notes, comprising a summary of significant accounting policies, other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2021, and its consolidated financial performance and cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

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

Key Audit Matters

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

Appropriateness of the estimates of reserve for loan losses	
The key audit matter	How the matter was addressed in our audit
The Iyo Bank, Ltd. (hereinafter referred to as the “Iyo Bank”) and its consolidated subsidiaries reported loans and bills discounted of ¥4,975,984 million and reserve for loan losses of ¥37,043 million in the consolidated balance sheet for the current fiscal year.	The primary procedures we performed to assess whether Iyo Bank’s estimates of reserve for loan losses for loans and bills discounted was reasonable included the following:

As described in “Basis of Presenting Consolidated Financial Statements” Note 4 Significant accounting policies (5) Reserve for possible loan losses and “Significant accounting estimates” to the consolidated financial statements, the amount of reserve for loan losses on the receivables including loans and bills discounted was measured for each borrower category. The borrower categories were determined for individual borrowers according to their assigned credit risk rating. When determining the borrower categories, each borrower’s repayment ability is assessed based on their financial position, cash flows and profitability.

Iyo Bank is a regional financial services institution with a solid operating base in the Setouchi region, primarily in Ehime Prefecture, providing comprehensive financial services to support local economy and society. As a trait of such regional financial institution, it furnishes loans to many small and medium-sized businesses in its main business operation amounting to ¥2,569,841 million, which accounted for a high proportion in total balance of loans and bills discounted.

Unlike major companies, small and medium-sized businesses generally have weak business bases and are subject to local economic conditions. As a result, Iyo Bank is required to determine borrower categories based on not only a borrower’s financial position but also its business conditions while comprehensively taking into consideration its technological capabilities, sales strengths, potential growth, payment status of remuneration to executive officers including a representative, as well as their income status, details of their assets, and guarantee status and capabilities of a representative and others. For a borrower who developed a business improvement plan, Iyo Bank needs to appropriately assess the reasonableness and feasibility of the plan. Determining the borrower categories requires significant management judgment.

(1) Internal control testing

We tested the design and operating effectiveness of certain internal controls relevant to determining the borrower categories in the self-assessment of loan quality.

- controls to validate whether the internal self-assessment criteria, and the policy for write-offs and provisions complied with accounting standards;
- controls to ensure the reliability of financial information of borrowers used in determining quantitative credit rating; and
- controls to ensure the effectiveness of examination performed by the secondary assessment department in determining the borrower categories.

(2) Assessment of the appropriateness of the borrower categories

In order to assess whether the borrower categories were appropriately determined, we:

- assessed whether borrower information such as financial information, which was used as the basis for determining the borrower categories, was based on sufficient and the latest information of borrowers by inspecting the underlying documents and comparing them to relevant documents;

In addition, as described in “Significant accounting estimates” to the consolidated financial statements, Iyo Bank provided reserve for loan losses of ¥8,681 million by estimating credit deterioration considering the impact from the COVID-19 pandemic. This reserve for loan losses is calculated by multiplying a population by a certain rate. The population consists of restructured loans to certain borrowers and loans to certain borrowers in specific sectors significantly affected by COVID-19. It is assumed that future financial conditions, cash flows and profitability of these borrowers have high chances of deterioration compared with other borrowers. Therefore, there is an assumption that the borrower categories of certain borrowers will be negatively changed. This assumption involved a high degree of uncertainty because of changes in impact from the COVID-19 pandemic and significant management judgment.

We, therefore, determined that our assessment of the reasonableness of the estimates of reserve for loan losses for loans and bills discounted at Iyo Bank was of most significance in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.

- inspected and analyzed relevant documents and inquired of the personnel responsible for determination of the borrower categories to assess whether borrower categories were appropriately determined by selecting borrowers after considering quantitative information including the balance of loans and qualitative factors such as sectors, reflecting relevant information including financial indicators and projected financial performance. The procedures include asset turnover analysis, comparison with relevant documents and inquiry of the personnel responsible for determination of the borrower categories to assess whether unrealized losses on assets were appropriately reflected on a borrower’s financial statements and whether management indicators including the ability to redeem a debt were appropriately calculated; and
- For a borrower who is in unfavorable business conditions and whose management improvement plan is a significant factor in determining the borrower categories, assessed the appropriateness of the borrower categories with comprehensive consideration of differences between the plan and actual results and trends of the sector to which the borrower belongs.

	<p>(3) Assessment of appropriateness of reserve for loan losses recorded in response to COVID-19</p> <p>In order to assess whether reserve for loan losses in response to COVID-19 was appropriately recorded, we:</p> <ul style="list-style-type: none"> • assessed the effectiveness of internal controls relevant to inspection and approval at Iyo Bank to ensure that reserve for loan losses in response to COVID-19 was appropriately recorded based on the internal rules. We also assessed the effectiveness of Iyo Bank's internal controls to ensure the accuracy and completeness of the significant basic data such as borrower information used for the internal controls; and • assessed the reasonableness of the selection of borrowers with restructured loans and sectors affected by the COVID-19 pandemic as well as the degree of downgrading the internal credit rating of the borrower by comparing with available external information.
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Responsibilities of Management and the Audit and supervisory Committee for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The audit and supervisory committee are responsible for overseeing the directors' performance of their duties including the design, implementation and maintenance of the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

We also provide the audit and supervisory committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2021 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1-1 to the consolidated financial statements.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Kazuhiro Matsuyama
Designated Engagement Partner
Certified Public Accountant

Satoshi Okuda
Designated Other Partner
Certified Public Accountant

Ryosuke Koike
Designated Other Partner
Certified Public Accountant

KPMG AZSA LLC
Osaka Office, Japan
July 30, 2021

KPMG AZSA LLC, a limited liability audit corporation incorporated under the Japanese Certified Public Accountants Law and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Nonconsolidated Balance Sheet (Unaudited)

The Iyo Bank, Ltd.
March 31, 2021

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
ASSETS			
Cash and due from banks	¥1,415,244	¥ 718,427	\$12,783,343
Receivables under resale agreements	—	355,563	—
Monetary claims purchased	6,834	8,173	61,728
Trading account securities	649	727	5,862
Money held in trust	1,257	4,948	11,353
Securities	1,890,539	1,707,613	17,076,497
Loans and bills discounted	4,999,333	4,756,637	45,157,013
Reserve for loan losses	(32,784)	(26,847)	(296,125)
Foreign exchange	8,596	10,741	77,644
Other assets	84,243	102,789	760,933
Tangible fixed assets	71,896	71,154	649,408
Intangible fixed assets	9,013	8,051	81,410
Prepaid pension cost	23,166	20,597	209,249
Customers' liabilities for acceptances and guarantees	28,796	26,382	260,102
Total assets	¥8,506,787	¥7,764,961	\$76,838,469
LIABILITIES AND NET ASSETS			
Liabilities			
Deposits	¥6,522,633	¥5,754,395	\$58,916,385
Call money	61,624	217,618	556,625
Payables under repurchase agreements	199,289	30,357	1,800,099
Payables under securities lending transactions	91,604	198,436	827,422
Borrowed money	738,176	764,056	6,667,654
Foreign exchange	266	295	2,402
Borrowed money from trust account	5	28	45
Other liabilities	63,008	53,847	569,126
Accrued employees' bonuses	1,626	1,494	14,687
Employees' severance and retirement benefits	12,789	13,002	115,518
Reserve for losses on repayment of dormant bank accounts	1,652	2,393	14,921
Reserve for contingent losses	703	591	6,349
Reserve for share-based payment	289	192	2,610
Deferred tax liabilities	76,848	56,242	694,137
Deferred taxes on revaluation excess	9,573	9,637	86,469
Acceptances and guarantees	28,796	26,382	260,102
Total liabilities	7,808,888	7,128,972	70,534,621
Net assets			
Common stock			
Authorized — 600,000,000 shares			
Issued — 323,775,366 shares	20,948	20,948	189,215
Capital surplus	10,480	10,480	94,661
Legal reserve	20,948	20,948	189,215
Other retained earnings	418,816	406,442	3,783,000
Treasury stock	(6,508)	(6,611)	(58,784)
Net unrealized holding gains (losses) on securities	214,136	163,329	1,934,206
Net deferred gains (losses) on hedging instruments	(374)	792	(3,378)
Land revaluation excess	19,178	19,315	173,227
Stock acquisition rights	273	343	2,465
Total net assets	697,899	635,989	6,303,847
Total liabilities and net assets	¥8,506,787	¥7,764,961	\$76,838,469

Nonconsolidated Statement of Income (Unaudited)

The Iyo Bank, Ltd.

For the year ended March 31, 2021

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
INCOME			
Interest and dividend income:			
Interest on loans and discounts	¥ 49,654	¥ 54,574	\$448,505
Interest and dividends on securities	25,176	23,323	227,404
Interest on receivables under resale agreements	(160)	(6)	(1,445)
Other interest income	1,041	1,515	9,402
Fees and commissions	12,664	13,833	114,388
Other operating income	11,321	6,871	102,258
Other income	4,764	6,326	43,031
Total income	104,463	106,437	943,573
EXPENSES			
Interest expense:			
Interest on deposits	1,724	4,418	15,572
Interest on borrowings and rediscounts	956	1,679	8,635
Interest on payables under repurchase agreements	187	716	1,689
Interest on payables under securities lending transactions	12	1,864	108
Other interest expense	1,477	4,527	13,341
Fees and commissions	6,462	6,718	58,368
Other operating expenses	5,767	1,395	52,091
General and administrative expenses	49,370	49,065	445,939
Other expenses	15,100	10,423	136,392
Total expenses	81,058	80,811	732,165
Income before income taxes	23,404	25,626	211,399
Income taxes:			
Current	8,093	6,961	73,100
Deferred	(1,368)	162	(12,356)
Net income	¥ 16,679	¥ 18,502	\$150,654
	Yen		U.S. dollars
Basic net income per share	¥52.67	¥58.45	\$0.47
Diluted net income per share	52.61	58.37	0.47

Nonconsolidated Statement of Changes in Net Assets (Unaudited)

The Iyo Bank, Ltd.

For the year ended March 31, 2021

For the year ended March 31, 2021	Millions of yen			
	Stockholders' equity			
	Common stock	Capital reserve	Capital surplus	
			Other capital surplus	Total capital surplus
Balance at the beginning of the accounting period	¥20,948	¥10,480	¥—	¥10,480
Changes during the accounting period				
Dividends				
Reversal of deferred gains on real property				
Provision of general reserve				
Net income				
Purchase of treasury stock				
Disposal of treasury stock			(6)	(6)
Transfer of loss on disposal of treasury stock			6	6
Reversal of land revaluation excess				
Changes in items other than stockholders' equity, net				
Total changes during the accounting period	—	—	—	—
Balance at the end of the accounting period	¥20,948	¥10,480	¥—	¥10,480

For the year ended March 31, 2021	Thousands of U.S. dollars			
	Stockholders' equity			
	Common stock	Capital reserve	Capital surplus	
			Other capital surplus	Total capital surplus
Balance at the beginning of the accounting period	\$189,215	\$94,661	\$ —	\$94,661
Changes during the accounting period				
Dividends				
Reversal of deferred gains on real property				
Provision of general reserve				
Net income				
Purchase of treasury stock				
Disposal of treasury stock			(54)	(54)
Transfer of loss on disposal of treasury stock			54	54
Reversal of land revaluation excess				
Changes in items other than stockholders' equity, net				
Total changes during the accounting period	—	—	—	—
Balance at the end of the accounting period	\$189,215	\$94,661	\$ —	\$94,661

For the year ended March 31, 2021	Millions of yen						
	Stockholders' equity						
	Legal reserve	Retained earnings			Total retained earnings	Treasury stock	Total stockholders' equity
		Deferred gains on real property	General reserve	Retained earnings brought forward			
Balance at the beginning of the accounting period	¥20,948	¥2,048	¥384,594	¥ 19,799	¥427,390	¥(6,611)	¥452,208
Changes during the accounting period							
Dividends				(4,436)	(4,436)		(4,436)
Reversal of deferred gains on real property		(6)		6	—		
Provision of general reserve			14,000	(14,000)	—		
Net income				16,679	16,679		16,679
Purchase of treasury stock						(0)	(0)
Disposal of treasury stock						104	98
Transfer of loss on disposal of treasury stock				(6)	(6)		—
Reversal of land revaluation excess				137	137		137
Changes in items other than stockholders' equity, net							
Total changes during the accounting period	—	(6)	14,000	(1,618)	12,374	103	12,477
Balance at the end of the accounting period	¥20,948	¥2,041	¥398,594	¥18,180	¥439,765	¥(6,508)	¥464,686

Thousands of U.S. dollars							
Stockholders' equity							
Retained earnings							
Other retained earnings							
For the year ended March 31, 2021	Legal reserve	Deferred gains on real property	General reserve	Retained earnings brought forward	Total retained earnings	Treasury stock	Total stockholders' equity
Balance at the beginning of the accounting period	\$189,215	\$18,498	\$3,473,886	\$178,836	\$3,860,446	\$(59,714)	\$4,084,617
Changes during the accounting period							
Dividends				(40,068)	(40,068)		(40,068)
Reversal of deferred gains on real property		(54)		54	—		
Provision of general reserve			126,456	(126,456)	—		
Net income				150,654	150,654		150,654
Purchase of treasury stock						(0)	(0)
Disposal of treasury stock						939	885
Transfer of loss on disposal of treasury stock				(54)	(54)		—
Reversal of land revaluation excess				1,237	1,237		1,237
Changes in items other than stockholders' equity, net							
Total changes during the accounting period	—	(54)	126,456	(14,614)	111,769	930	112,699
Balance at the end of the accounting period	\$189,215	\$18,435	\$3,600,343	\$164,212	\$3,972,224	\$(58,784)	\$4,197,326

Millions of yen						
Valuation and translation adjustments						
For the year ended March 31, 2021	Valuation difference on available-for-sale securities	Deferred gains and losses on hedges	Revaluation reserve for land	Total valuation and translation adjustments	Subscription rights to shares	Total net assets
Balance at the beginning of the accounting period	¥163,329	¥792	¥19,315	¥183,437	¥343	¥635,989
Changes during the accounting period						
Dividends						(4,436)
Reversal of deferred gains on real property						
Provision of general reserve						
Net income						16,679
Purchase of treasury stock						(0)
Disposal of treasury stock						98
Transfer of loss on disposal of treasury stock						
Reversal of land revaluation excess						137
Changes in items other than stockholders' equity, net	50,807	(1,167)	(137)	49,502	(69)	49,432
Total changes during the accounting period	50,807	(1,167)	(137)	49,502	(69)	61,910
Balance at the end of the accounting period	¥214,136	¥(374)	¥19,178	¥232,939	¥273	¥697,899

Thousands of U.S. dollars						
Valuation and translation adjustments						
For the year ended March 31, 2021	Valuation difference on available-for-sale securities	Deferred gains and losses on hedges	Revaluation reserve for land	Total valuation and translation adjustments	Subscription rights to shares	Total net assets
Balance at the beginning of the accounting period	\$1,475,286	\$7,153	\$174,464	\$1,656,914	\$3,098	\$5,744,639
Changes during the accounting period						
Dividends						(40,068)
Reversal of deferred gains on real property						
Provision of general reserve						
Net income						150,654
Purchase of treasury stock						(0)
Disposal of treasury stock						885
Transfer of loss on disposal of treasury stock						
Reversal of land revaluation excess						1,237
Changes in items other than stockholders' equity, net	458,919	(10,541)	(1,237)	447,132	(623)	446,499
Total changes during the accounting period	458,919	(10,541)	(1,237)	447,132	(623)	559,208
Balance at the end of the accounting period	\$1,934,206	\$(3,378)	\$173,227	\$2,104,046	\$2,465	\$6,303,847

	Millions of yen			
	Stockholders' equity			
	Common stock	Capital surplus		
		Capital reserve	Other capital surplus	Total capital surplus
For the year ended March 31, 2020				
Balance at the beginning of the accounting period	¥20,948	¥10,480	¥ —	¥10,480
Changes during the accounting period				
Dividends				
Reversal of deferred gains on real property				
Provision of general reserve				
Net income				
Purchase of treasury stock				
Disposal of treasury stock			(5)	(5)
Transfer of loss on disposal of treasury stock			5	5
Reversal of land revaluation excess				
Changes in items other than stockholders' equity, net				
Total changes during the accounting period	—	—	—	—
Balance at the end of the accounting period	¥20,948	¥10,480	¥ —	¥10,480

	Millions of yen						
	Stockholders' equity						
	Retained earnings						
	Other retained earnings						
	Legal reserve	Deferred gains on real property	General reserve	Retained earnings brought forward	Total retained earnings	Treasury stock	Total stockholders' equity
For the year ended March 31, 2020							
Balance at the beginning of the accounting period	¥20,948	¥2,059	¥370,594	¥19,452	¥413,054	¥(6,683)	¥437,800
Changes during the accounting period							
Dividends				(4,435)	(4,435)		(4,435)
Reversal of deferred gains on real property		(11)		11	—		
Provision of general reserve			14,000	(14,000)	—		
Net income				18,502	18,502		18,502
Purchase of treasury stock						(0)	(0)
Disposal of treasury stock						72	66
Transfer of loss on disposal of treasury stock				(5)	(5)		—
Reversal of land revaluation excess				274	274		274
Changes in items other than stockholders' equity, net							
Total changes during the accounting period	—	(11)	14,000	347	14,336	71	14,408
Balance at the end of the accounting period	¥20,948	¥2,048	¥384,594	¥19,799	¥427,390	¥(6,611)	¥452,208

	Millions of yen					
	Valuation and translation adjustments					
	Valuation difference on available-for-sale securities	Deferred gains and losses on hedges	Revaluation reserve for land	Total valuation and translation adjustments	Subscription rights to shares	Total net assets
For the year ended March 31, 2020						
Balance at the beginning of the accounting period	¥158,875	¥(1,545)	¥19,590	¥176,919	¥397	¥615,117
Changes during the accounting period						
Dividends						(4,435)
Reversal of deferred gains on real property						
Provision of general reserve						
Net income						18,502
Purchase of treasury stock						(0)
Disposal of treasury stock						66
Transfer of loss on disposal of treasury stock						
Reversal of land revaluation excess						274
Changes in items other than stockholders' equity, net	4,453	2,338	(274)	6,517	(54)	6,463
Total changes during the accounting period	4,453	2,338	(274)	6,517	(54)	20,871
Balance at the end of the accounting period	¥163,329	¥792	¥19,315	¥183,437	343	¥635,989