

Consolidated Financial Statements

CONSOLIDATED BALANCE SHEETS

As of March 31, 2021 and 2020

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2021	2020	2021
Assets:			
Cash and due from banks (Notes 19, 22 and 23)	¥ 60,769,486	¥ 51,665,251	\$ 548,906,932
Call loans (Note 22)	1,390,000	1,040,000	12,555,324
Receivables under resale agreements (Note 22)	9,721,360	9,731,897	87,809,239
Receivables under securities borrowing transactions (Note 22)	—	112,491	—
Monetary claims bought (Notes 22 and 23)	362,212	315,812	3,271,727
Trading account securities (Notes 22 and 23)	13	31	124
Money held in trust (Notes 22 and 23)	5,547,574	4,549,736	50,109,060
Securities (Notes 6, 21, 22, 23 and 24)	138,204,256	135,204,565	1,248,344,832
Loans (Notes 22 and 25)	4,691,723	4,961,733	42,378,501
Foreign exchanges (Note 3)	80,847	147,469	730,265
Other assets (Notes 4, 6, 22 and 24)	2,857,615	2,816,182	25,811,717
Tangible fixed assets (Note 5):	198,137	193,952	1,789,698
Buildings	84,182	79,008	760,385
Land	67,250	67,250	607,450
Construction in progress	93	1,427	841
Other	46,611	46,265	421,020
Intangible fixed assets:	48,286	47,318	436,153
Software	29,386	37,215	265,440
Other	18,899	10,103	170,713
Deferred tax assets (Note 27)	93	125,468	846
Reserve for possible loan losses (Note 22)	(935)	(1,031)	(8,450)
Total assets	¥223,870,673	¥210,910,882	\$2,022,135,974

See notes to consolidated financial statements.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2021	2020	2021
Liabilities:			
Deposits (Notes 6, 7, 22 and 24)	¥189,588,549	¥183,001,984	\$1,712,478,990
Payables under repurchase agreements (Notes 6 and 22)	14,886,481	14,855,624	134,463,743
Payables under securities lending transactions (Notes 6 and 22)	1,504,543	2,219,384	13,589,954
Borrowed money (Notes 6, 8 and 22)	3,917,500	10,100	35,385,240
Foreign exchanges (Note 3)	514	511	4,651
Other liabilities (Notes 8, 9, 22 and 24)	1,536,281	1,597,067	13,876,630
Reserve for bonuses	7,582	7,478	68,493
Liability for retirement benefits (Note 26)	133,542	134,232	1,206,241
Reserve for employee stock ownership plan trust	535	605	4,838
Reserve for management board benefit trust	303	311	2,744
Reserve for reimbursement of deposits	73,830	80,324	666,877
Deferred tax liabilities (Note 27)	826,179	—	7,462,558
Total liabilities	212,475,846	201,907,626	1,919,210,966
Contingent liabilities (Note 10)			
Net assets (Note 18):			
Capital stock (Note 11)	3,500,000	3,500,000	31,614,126
Capital surplus	4,296,514	4,296,285	38,808,732
Retained earnings	2,750,234	2,563,840	24,841,790
Treasury stock	(1,300,844)	(1,300,881)	(11,750,019)
Total shareholders' equity	9,245,904	9,059,245	83,514,630
Net unrealized gains (losses) on available-for-sale securities (Note 23)	2,488,982	256,874	22,482,002
Net deferred gains (losses) on hedges	(370,486)	(327,940)	(3,346,462)
Accumulated adjustments for retirement benefits (Note 26)	5,687	5,131	51,375
Total accumulated other comprehensive income	2,124,183	(65,935)	19,186,915
Non-controlling interests	24,739	9,945	223,462
Total net assets	11,394,827	9,003,256	102,925,008
Total liabilities and net assets	¥223,870,673	¥210,910,882	\$2,022,135,974

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME

For the fiscal years ended March 31, 2021 and 2020

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2021	2020	2021
Income:			
Interest income:	¥1,198,391	¥1,317,832	\$10,824,601
Interest on loans	10,186	11,113	92,011
Interest and dividends on securities	1,162,011	1,279,804	10,495,991
Interest on call loans	191	62	1,727
Interest on receivables under resale agreements	(3,675)	(4,663)	(33,201)
Interest on receivables under securities borrowing transactions	331	674	2,998
Interest on deposits with banks	28,031	27,824	253,196
Other interest income	1,315	3,016	11,878
Fees and commissions	157,375	160,564	1,421,515
Other operating income (Note 12)	293,680	212,888	2,652,696
Other income (Note 13)	297,280	108,306	2,685,217
Total income	1,946,728	1,799,592	17,584,031
Expenses:			
Interest expenses:	241,154	346,634	2,178,256
Interest on deposits	38,323	55,096	346,162
Interest on payables under repurchase agreements	13,368	78,877	120,751
Interest on payables under securities lending transactions	6,908	49,605	62,404
Interest on commercial paper	250	614	2,258
Interest on borrowings	1,000	—	9,040
Other interest expenses	181,303	162,439	1,637,639
Fees and commissions	29,433	31,673	265,857
Other operating expenses (Note 14)	64,484	4,390	582,459
General and administrative expenses (Note 15)	1,009,358	1,019,570	9,117,143
Other expenses (Note 16)	209,642	18,691	1,893,617
Total expenses	1,554,073	1,420,961	14,037,333
Income before income taxes	392,654	378,631	3,546,697
Income taxes (Note 27):			
Current	124,350	101,366	1,123,210
Deferred	(11,225)	4,314	(101,397)
Total income taxes	113,124	105,680	1,021,813
Net income	279,529	272,950	2,524,884
Net loss attributable to non-controlling interests	(600)	(485)	(5,426)
Net income attributable to owners of parent	¥ 280,130	¥ 273,435	\$ 2,530,310

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the fiscal years ended March 31, 2021 and 2020

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2021	2020	2021
Net income	¥ 279,529	¥ 272,950	\$ 2,524,884
Other comprehensive income (loss) (Note 17):	2,190,854	(2,450,194)	19,789,124
Net unrealized gains (losses) on available-for-sale securities	2,232,843	(2,183,250)	20,168,399
Net deferred gains (losses) on hedges	(42,546)	(265,586)	(384,302)
Adjustments for retirement benefits	556	(1,357)	5,027
Share of other comprehensive income (loss) of affiliates accounted for by the equity method	(0)	(0)	(0)
Comprehensive income (loss)	2,470,383	(2,177,244)	22,314,009
Total comprehensive income (loss) attributable to:			
Owners of parent	2,470,249	(2,176,658)	22,312,791
Non-controlling interests	¥ 134	¥ (585)	\$ 1,217

Per Share of Common Stock	Yen		U.S. dollars (Note 1)
	2021	2020	2021
Basic net income (Note 30)	¥74.72	¥72.94	\$0.67

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

For the fiscal years ended March 31, 2021 and 2020

	Millions of yen				
	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
2021					
Balance at the beginning of the fiscal year	¥3,500,000	¥4,296,285	¥2,563,840	¥(1,300,881)	¥9,059,245
Changes during the fiscal year:					
Cash dividends			(93,736)		(93,736)
Net income attributable to owners of parent			280,130		280,130
Repurchase of treasury stock				(295)	(295)
Disposal of treasury stock				332	332
Changes in equity of parent due to transactions with non-controlling shareholders		228			228
Net changes in items other than shareholders' equity					
Total changes during the fiscal year	—	228	186,393	36	186,659
Balance at the end of the fiscal year	¥3,500,000	¥4,296,514	¥2,750,234	¥(1,300,844)	¥9,245,904

	Millions of yen					
	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains (losses) on hedges	Accumulated adjustments for retirement benefits	Total accumulated other comprehensive income		
2021						
Balance at the beginning of the fiscal year	¥ 256,874	¥(327,940)	¥5,131	¥ (65,935)	¥ 9,945	¥ 9,003,256
Changes during the fiscal year:						
Cash dividends						(93,736)
Net income attributable to owners of parent						280,130
Repurchase of treasury stock						(295)
Disposal of treasury stock						332
Changes in equity of parent due to transactions with non-controlling shareholders						228
Net changes in items other than shareholders' equity	2,232,108	(42,546)	556	2,190,118	14,793	2,204,912
Total changes during the fiscal year	2,232,108	(42,546)	556	2,190,118	14,793	2,391,571
Balance at the end of the fiscal year	¥2,488,982	¥(370,486)	¥5,687	¥2,124,183	¥24,739	¥11,394,827

	Millions of yen				
	Shareholders' equity				Total shareholders' equity
	Capital stock	Capital surplus	Retained earnings	Treasury stock	
2020					
Balance at the beginning of the fiscal year	¥3,500,000	¥4,296,286	¥2,477,878	¥(1,300,926)	¥8,973,237
Changes during the fiscal year:					
Cash dividends			(187,473)		(187,473)
Net income attributable to owners of parent			273,435		273,435
Repurchase of treasury stock				(358)	(358)
Disposal of treasury stock				404	404
Changes in equity of parent due to transactions with non-controlling shareholders			(0)		(0)
Net changes in items other than shareholders' equity					
Total changes during the fiscal year	—	(0)	85,962	45	86,007
Balance at the end of the fiscal year	¥3,500,000	¥4,296,285	¥2,563,840	¥(1,300,881)	¥9,059,245

	Millions of yen					
	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains (losses) on hedges	Accumulated adjustments for retirement benefits	Total accumulated other comprehensive income		
2020						
Balance at the beginning of the fiscal year	¥ 2,440,024	¥ (62,353)	¥ 6,488	¥ 2,384,159	¥4,968	¥11,362,365
Changes during the fiscal year:						
Cash dividends						(187,473)
Net income attributable to owners of parent						273,435
Repurchase of treasury stock						(358)
Disposal of treasury stock						404
Changes in equity of parent due to transactions with non-controlling shareholders						(0)
Net changes in items other than shareholders' equity	(2,183,150)	(265,586)	(1,357)	(2,450,094)	4,977	(2,445,116)
Total changes during the fiscal year	(2,183,150)	(265,586)	(1,357)	(2,450,094)	4,977	(2,359,109)
Balance at the end of the fiscal year	¥ 256,874	¥(327,940)	¥ 5,131	¥ (65,935)	¥9,945	¥ 9,003,256

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS (Continued)

	Thousands of U.S. dollars (Note 1)				
	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
2021					
Balance at the beginning of the fiscal year	\$31,614,126	\$38,806,665	\$23,158,167	\$(11,750,350)	\$81,828,609
Changes during the fiscal year:					
Cash dividends			(846,688)		(846,688)
Net income attributable to owners of parent			2,530,310		2,530,310
Repurchase of treasury stock				(2,670)	(2,670)
Disposal of treasury stock				3,002	3,002
Changes in equity of parent due to transactions with non-controlling shareholders		2,067			2,067
Net changes in items other than shareholders' equity					
Total changes during the fiscal year	—	2,067	1,683,622	331	1,686,020
Balance at the end of the fiscal year	\$31,614,126	\$38,808,732	\$24,841,790	\$(11,750,019)	\$83,514,630

	Thousands of U.S. dollars (Note 1)					
	Accumulated other comprehensive income					
	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains (losses) on hedges	Accumulated adjustments for retirement benefits	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
2021						
Balance at the beginning of the fiscal year	\$ 2,320,246	\$(2,962,159)	\$46,347	\$ (595,565)	\$ 89,837	\$ 81,322,881
Changes during the fiscal year:						
Cash dividends						(846,688)
Net income attributable to owners of parent						2,530,310
Repurchase of treasury stock						(2,670)
Disposal of treasury stock						3,002
Changes in equity of parent due to transactions with non-controlling shareholders						2,067
Net changes in items other than shareholders' equity	20,161,755	(384,302)	5,027	19,782,480	133,625	19,916,105
Total changes during the fiscal year	20,161,755	(384,302)	5,027	19,782,480	133,625	21,602,126
Balance at the end of the fiscal year	\$22,482,002	\$(3,346,462)	\$51,375	\$19,186,915	\$223,462	\$102,925,008

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the fiscal years ended March 31, 2021 and 2020

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2021	2020	2021
Cash flows from operating activities:			
Income before income taxes	¥ 392,654	¥ 378,631	\$ 3,546,697
Adjustments for:			
Depreciation and amortization	35,033	36,263	316,440
Losses on impairment of fixed assets	1,006	0	9,089
Gains on negative goodwill	—	(48)	—
Losses (gains) on step acquisitions	—	21	—
Equity in losses (gains) of affiliates	(289)	(239)	(2,610)
Net change in reserve for possible loan losses	(95)	72	(864)
Net change in reserve for bonuses	104	(380)	947
Net change in liability for retirement benefits	2,034	(618)	18,378
Net change in reserve for employee stock ownership plan trust	(70)	(233)	(633)
Net change in reserve for management board benefit trust	(7)	73	(68)
Net change in reserve for reimbursement of deposits	(6,494)	(8,008)	(58,663)
Interest income	(1,198,391)	(1,317,832)	(10,824,601)
Interest expenses	241,154	346,634	2,178,256
Losses (gains) related to securities—net	214,460	(19,912)	1,937,141
Losses (gains) on money held in trust—net	(272,749)	(72,838)	(2,463,638)
Foreign exchange losses (gains)—net	(461,927)	(87,351)	(4,172,409)
Losses (gains) on sales and disposals of fixed assets—net	560	532	5,062
Net change in loans	268,257	334,007	2,423,067
Net change in deposits	6,586,564	2,004,868	59,493,849
Net change in borrowed money	3,907,400	6,200	35,294,011
Net change in call loans, etc.	(386,825)	(2,023,847)	(3,494,041)
Net change in receivables under securities borrowing transactions	112,491	(112,491)	1,016,095
Net change in call money, etc.	30,856	3,286,253	278,711
Net change in commercial paper	—	(28,029)	—
Net change in payables under securities lending transactions	(714,840)	(254,073)	(6,456,876)
Net change in foreign exchange assets	66,622	(67,072)	601,770
Net change in foreign exchange liabilities	3	(117)	33
Interest received	1,276,210	1,379,285	11,527,512
Interest paid	(429,823)	(405,217)	(3,882,425)
Other—net	(131,700)	(360,841)	(1,189,599)
Subtotal	9,532,200	3,013,687	86,100,632
Income taxes paid	(100,988)	(77,721)	(912,189)
Net cash provided by (used in) operating activities	9,431,212	2,935,966	85,188,442
Cash flows from investing activities:			
Purchases of securities	(30,203,051)	(23,045,866)	(272,812,319)
Proceeds from sales of securities	4,938,406	2,235,051	44,606,684
Proceeds from maturity of securities	25,240,978	19,843,681	227,991,861
Investment in money held in trust	(932,868)	(1,427,732)	(8,426,233)
Proceeds from disposition of money held in trust	745,711	632,179	6,735,721
Purchases of tangible fixed assets	(23,064)	(16,385)	(208,328)
Purchases of intangible fixed assets	(14,160)	(9,193)	(127,909)
Proceeds from purchases of stocks of subsidiaries resulting in change in the scope of consolidation	—	487	—
Other—net	70	419	640
Net cash provided by (used in) investing activities	(247,977)	(1,787,359)	(2,239,884)
Cash flows from financing activities:			
Repurchase of treasury stock	(295)	(358)	(2,670)
Proceeds from disposal of treasury stock	71	82	642
Proceeds from investments by non-controlling shareholders	14,980	5,590	135,317
Cash dividends paid	(93,804)	(187,553)	(847,300)
Cash dividends paid to non-controlling interests	(105)	(26)	(955)
Purchases of investments in subsidiaries not resulting in change in the scope of consolidation	—	(1)	—
Proceeds from sale of investments in subsidiaries not resulting in change in the scope of consolidation	12	0	113
Net cash provided by (used in) financing activities	(79,141)	(182,265)	(714,854)
Effect of exchange rate changes on cash and cash equivalents	142	223	1,282
Net change in cash and cash equivalents	9,104,235	966,564	82,234,986
Cash and cash equivalents at the beginning of the fiscal year	51,600,251	50,633,686	466,084,826
Cash and cash equivalents at the end of the fiscal year (Note 19)	¥ 60,704,486	¥ 51,600,251	\$ 548,319,813

See notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Fiscal years ended March 31, 2021 and 2020

1. Basis of Presenting Consolidated Financial Statements

JAPAN POST BANK Co., Ltd. (the "Bank") became a private bank under the Banking Act of Japan (the "Banking Act"), as a wholly owned subsidiary of JAPAN POST HOLDINGS Co., Ltd., following its privatization on October 1, 2007 in accordance with the Postal Service Privatization Act. In November 2015, the Bank filed for an initial public offering. As a result, the Bank is no longer a wholly owned subsidiary of JAPAN POST HOLDINGS Co., Ltd., while its significant majority of shares are still held by JAPAN POST HOLDINGS Co., Ltd.

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in a) the Japanese Financial Instruments and Exchange Act and its related accounting regulations and b) the "Ordinance for the Enforcement of the Banking Act" (Ordinance of Ministry of Finance No. 10 of 1982), and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form that is more familiar to readers outside Japan.

In conformity with the Japanese Financial Instruments and Exchange Act and its related accounting regulations, all Japanese yen figures in the consolidated financial statements have been rounded down to the nearest million yen amount, except for per share data. Accordingly, the total of each account may not be equal to the combined total of individual items.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Bank and its consolidated subsidiaries (the "Group") are incorporated and operate. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥110.71 to US\$1.00, the approximate rate of exchange as of March 31, 2021. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate. All U.S. dollar figures in the consolidated financial statements have been rounded down to the nearest thousand dollar amount, except for per share data. Accordingly, the total of each account may not be equal to the combined total of individual items.

2. Significant Accounting Policies for Preparing of Consolidated Financial Statements

a. Scope of Consolidation

(1) Consolidated subsidiaries: 4 companies

Name of principal companies

Japan Post Investment Corporation

JAPAN POST BANK LOAN CENTER Co., Ltd.

(2) Non-consolidated subsidiaries: 2 companies

Name of principal company

Advanced Fintech I Limited Partnership

The non-consolidated subsidiaries were excluded from the scope of consolidation since their assets, ordinary income, and our share of their net income, retained earnings and accumulated other comprehensive income did not have a material impact, and this exclusion from the scope of consolidation would not prevent a reasonable judgment of the Group's financial position and business results.

b. Application of the Equity Method

(1) Affiliates accounted for by the equity method: 2 companies

Name of principal companies

ATM Japan Business Service, Ltd.

JP Asset Management Co., Ltd.

(2) Non-consolidated subsidiaries that are not accounted for by the equity method: 2 companies

Name of principal company

Advanced Fintech I Limited Partnership

The non-consolidated subsidiaries that are not accounted for by the equity method were excluded from the scope of the equity method since our share of their net income, retained earnings and accumulated other comprehensive income did not have a material impact, and this exclusion from the equity method would not have a significant impact to the consolidated financial statements.

c. Fiscal Years of Consolidated Subsidiaries

(1) Balance sheet dates of the consolidated subsidiaries are as follows:

December 31: 2 companies

March 31: 2 companies

(2) Consolidated subsidiaries whose balance sheet date is December 31 are consolidated using the preliminary financial statements as of March 31.

d. Accounting Policies

(1) Trading Account Securities, Securities and Money Held in Trust

(a) Trading account securities are stated at fair value.

(b) Held-to-maturity securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity, are stated at amortized cost (straight-line method) determined by the moving-average method.

(c) Available-for-sale securities are, as a general principle, stated at fair value based on the market price prevailing at the fiscal year-end, etc. (cost of securities sold is primarily calculated using the moving-average method). However, available-for-sale securities that are deemed to be extremely difficult to determine a fair value are stated at cost determined by the moving-average method. Net unrealized gains or losses including foreign exchange fluctuations, but excluding cases where the fair value hedge accounting method is applied to hedge exposure to the risks of foreign exchange fluctuations, net of applicable income taxes, are stated as a separate component of net assets.

(d) For securities that form part of trust assets in money held in trust, stocks are stated at fair value based on the average market price during the period of one month before the fiscal year-end, etc. while other securities are stated at fair value based on the market price prevailing at the fiscal year-end, etc. (cost of securities sold is primarily calculated using the moving-average method). However, securities that are deemed to be extremely difficult to determine a fair value are stated at cost determined by the moving-average method. Net unrealized gains or losses on money held in trust classified as available-for-sale are stated as a separate component of net assets.

(2) Tangible Fixed Assets—Depreciation of tangible fixed assets is computed by the straight-line method. The range of useful lives is principally from 3 to 50 years for buildings and from 2 to 75 years for others.

(3) Intangible Fixed Assets—The amortization of intangible fixed assets is computed by the straight-line method. Capitalized cost of computer software developed and obtained for internal use is amortized over the estimated useful life (mainly 5 years).

(4) Reserve for Possible Loan Losses—The reserve for possible loan losses is provided for in accordance with the prescribed standards for write-offs and reserves as described below:

Loans to normal borrowers and borrowers requiring caution, as provided by “Practical Guidance for Checking Internal Controls for Self-Assessments of Assets by Banks and Other Financial Institutions and for Audits of Loans Written Off and Loan Loss Allowance Provisions” (Japanese Institute of Certified Public Accountants (JICPA), Special Committee for Audits of Banks, etc., Report No. 4, October 8, 2020), are classified into certain groups, and a reserve is provided for each group based on the estimated rate of loan losses.

For loans to doubtful borrowers, a reserve is provided in the amount of loans, net of amounts expected to be collected through disposition of collateral or through execution of guarantees, and considered to be necessary based on a solvency assessment. For loans to bankrupt or substantially bankrupt borrowers, a reserve is provided based on the amount of loans, net of amounts expected to be collected through disposition of collateral or to be recoverable under guarantees.

All loans are assessed initially by the marketing and other departments based on internal rules for self-assessment of asset quality. The asset evaluation department, which is independent from the marketing and other departments, reviews these self-assessments.

(5) Reserve for Bonuses—The reserve for bonuses is provided for the estimated amount of employees’ bonuses attributable to the fiscal year.

(6) Reserve for Employee Stock Ownership Plan Trust—The reserve for employee stock ownership plan trust, which is provided for the payment of the Bank’s shares to employees, is recorded in the amount expected to be incurred at the end of the fiscal year based on the estimated amount of stock benefit obligations at the end of the fiscal year.

(7) Reserve for Management Board Benefit Trust—The reserve for management board benefit trust, which is provided for the payment of the Bank’s shares, etc. to Executive Officers, is recorded in the amount expected to be incurred at the end of the fiscal year based on the estimated amount of stock benefit obligations at the end of the fiscal year.

(8) Reserve for Reimbursement of Deposits—The reserve for reimbursement of deposits, which is provided for depositor’s requests for refunds in relation to deposits that are no longer recorded as liabilities, is recorded in the amount of expected losses to be incurred, which is estimated based on future requests for refunds.

(9) Employees’ Retirement Benefits—The method of attributing projected benefit obligation to periods ending on or before March 31, 2021 is by the benefit formula basis.

Prior service cost is amortized using the straight-line method for a fixed period (10 years), within the employees’ average remaining service period.

Actuarial gains and losses are amortized using the straight-line method for a fixed period (10 years), within the employees’ average remaining service period, from the following fiscal year after they are incurred.

(Additional information)

In August 2020, the Bank determined to change its retirement benefit rule with the effective date of October 1, 2020, and made it known that the lump-sum retirement payment plan would be revised due to the extension of the retirement age from 60 to 65. In line with the revision, the projected benefit obligation decreased and ¥2,542 million (\$22,962 thousand) of prior service cost (favorable difference) was incurred.

(10) Foreign Currency Transactions—Foreign currency denominated assets and liabilities of the Group are translated into Japanese yen principally at the exchange rates in effect at the consolidated balance sheet date.

(11) Derivatives and Hedging Activities—Derivatives are stated at fair value.

Hedging against interest rate risks:

The Group uses interest rate swaps to reduce its exposure to interest rate risk on its monetary assets. The Group applies the deferred hedge accounting method for hedges of interest rate risk on its monetary assets.

As for portfolio hedges on groups of large-volume, small-value monetary debts, the Group applies the deferred hedge accounting method as stipulated in “Treatment of Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry” (JICPA Industry Audit Committee Report No. 24, October 8, 2020).

To evaluate the effectiveness of portfolio hedges on groups of large-volume, small-value monetary debts, the Group designates deposits as hedged items and interest rate swaps and others as hedging instruments and assesses how the hedging instruments offset changes in the fair value of hedged items by grouping them into their maturities.

The Group considers the individual hedges to be highly effective because the Group designates the hedges in such a way that the major conditions of the hedged items are almost the same as the hedging instruments, which allows the interest rate swaps to meet conditions stipulated for special accounting treatment for interest rate swaps.

Hedging against foreign exchange fluctuation risks:

The Group applies the deferred hedge accounting method and the fair value hedge accounting method to reduce its exposure to exchange rate fluctuations on the portion of the net unrealized gains or losses on available-for-sale securities exposed to the risks of foreign exchange fluctuations.

In order to hedge risk arising from volatility of exchange rates for securities denominated in foreign currencies, the Group applies portfolio hedges, on the conditions that the hedged foreign securities are designated in advance and that sufficient on-balance (actual) or off-balance (forward) liability exposure exists to cover the cost of the hedged foreign securities denominated in the same foreign currencies.

In case of the individual hedges, the Group considers its hedges to be highly effective because the Group designates the hedges in such a way that the major conditions of the hedged items and the hedging instruments are almost the same.

(12) Accounts to Record Gains or Losses on Cancellation of Investment Trusts—Gains or losses on cancellation of investment trusts are recorded as “interest and dividends on securities” if the underlying investment assets are bonds and bond equivalent, and as gains or losses on sales of stocks and other securities in “other income” or “other expenses” if the underlying investment assets are other than bonds and bond equivalent. However, if the total of “interest and dividends on securities” of investment trusts is a loss, such loss is recorded as losses on redemption of bonds in “other operating expenses.”

(Additional information)

In line with the application of “Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections” (ASBJ Statement No.24, March 31, 2020), “accounting policies and procedures adopted in the absence of requirements in relevant accounting standards, etc. that specifically apply to events or transactions that are accounted for” are disclosed.

(13) Scope of Cash and Cash Equivalents on the Consolidated Statements of Cash Flows—For the purpose of the consolidated statements of cash flows, cash and cash equivalents represent cash and due from banks on the consolidated balance sheets, excluding negotiable certificates of deposit in other banks.

(14) Consumption Taxes—The Bank and its domestic consolidated subsidiaries are subject to Japan’s national and local consumption taxes. Japan’s national and local consumption taxes are excluded from transaction amounts.

(15) Significant Accounting Estimates—Items using accounting estimates reported in the consolidated financial statements for the current fiscal year that may have a significant impact to the items on the consolidated financial statements for the following fiscal year are as follows:

Fair value measurement of securities

The Group’s balance of securities measured at fair value is material, and it has a significant impact on the consolidated financial statements. Accordingly, the fair value of securities is considered as a significant factor in accounting estimates.

(1) Carrying amount in the consolidated financial statements for the fiscal year

Securities as of March 31, 2021 was as follows:

	Millions of yen	Thousands of U.S. dollars
	2021	2021
Securities	¥138,204,256	\$1,248,344,832

(2) Information that facilitates the understanding of the details of the significant accounting estimates used for the identified items

(i) Calculation methodology and key assumptions

For bonds, the Group uses the price quoted on the securities exchange, the Reference Statistical Prices (Yields) for OTC Bond Transactions published by the Japan Securities Dealers Association, and the comparable price method, or the price provided by a broker, etc., as the fair value. The Group uses the funds’ unit price for investment trust as the fair value. Key assumptions for the comparable price method, or the price provided by a broker, etc. are inputs used for fair value measurement which include directly or indirectly observable inputs in the markets such as yield curves, spreads estimated based on prices of similar securities, as well as inputs that are unobservable in the markets containing significant estimates.

(ii) Impact on the consolidated financial statements for the following fiscal year

Fair value of securities may fluctuate due to changes in inputs that are key assumptions, due to factors such as changes in market environment.

If the spread of COVID-19 causes turmoil in financial markets, this may have an impact on key assumptions for fair value measurement of securities, resulting in a significant impact on the consolidated financial statements of the following fiscal year.

(16) Accounting Pronouncements Issued but not yet Adopted

“Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019), “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, July 4, 2019), “Accounting Standard for Financial Instruments” (ASBJ statement No. 10, July 4, 2019), “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19, March 31, 2020)

1) Overview

“Accounting Standard for Fair Value Measurement” and “Implementation Guidance on Accounting Standard for Fair Value Measurement” (hereinafter “Fair Value Measurement Accounting Standards”) were developed to encourage the preparation for more readily comparable financial information on an international financial standard basis, and subsequently guidance for fair value measurements among others has been established. The Fair Value Measurement Accounting Standards are applied to the calculation of the fair value for the following items.

*Financial instruments subjected to the “Accounting Standard for Financial Instruments”

In addition, “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” has been revised stipulating the required disclosure of a breakdown of financial instruments according to their fair value levels among other requirements.

2) Scheduled date of application

The implementation of these standards is scheduled to be applied from the beginning of the fiscal year ending March 31, 2022.

3) Impact from the application of these accounting standards

Evaluation of the impact was ongoing at the time when these consolidated financial statements were prepared.

(17) Changes in Presentation

Adoption of “Accounting Standard for Disclosure of Accounting Estimates”

“Accounting Standard for Disclosure of Accounting Estimates” (ASBJ Statement No. 31, March 31, 2020) is adopted to the consolidated financial statements for the fiscal year ended March 31, 2021, and notes on the significant accounting estimates used in the consolidated financial statements are disclosed.

However, in accordance with the transitional treatment set forth in the proviso of paragraph 11 of this accounting standard, the details related to the consolidated financial statements for the fiscal year ended March 31, 2020, are not disclosed in the notes.

(18) Additional Information

(a) Transactions for Delivery of the Bank’s Shares, etc. to its Executive Officers through Trusts—

The Bank introduced a performance-linked stock compensation system using a trust for the Bank’s Executive Officers.

Regarding the accounting treatment of relevant trust agreements, the Bank adopted the “Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees etc. through Trusts” (Practical Issues Task Force (PITF) No. 30, March 26, 2015).

1) Overview of transactions

The Bank grants points to its Executive Officers in accordance with the Stock Benefit Regulations, and delivers the Bank’s shares to Executive Officers who have satisfied the beneficiary requirements as set forth in the Stock Benefit Regulations (hereinafter the “beneficiary”) in accordance with the number of points granted to the beneficiary. A certain portion of the Bank’s shares scheduled to be delivered will be converted into cash and the money will be paid by the trust (the management board benefit trust).

As for shares which the Bank intends to deliver to its Executive Officers, a trust bank acquires the Bank’s shares from the stock market, including those intended for future deliveries, using money entrusted by the Bank in advance to establish the trust, and such acquired shares are separately managed as trust assets.

2) Residual shares remaining in the trust

The Bank recorded the shares remaining in the trust as treasury stock under net assets, at the book value in the trust (excluding incidental expenses). The book value and the number of said shares of treasury stock, as of March 31, 2021 and 2020, were ¥290 million (\$2,621 thousand) and 228 thousand shares, and ¥358 million and 282 thousand shares, respectively.

(b) Transactions for Delivery of the Bank’s Shares to its Management Employees in the Investment Division through Trusts—The Bank introduced an employee stock ownership plan using a trust for the Bank’s management employees in the Investment Division.

Regarding the accounting treatment of relevant trust agreements, the Bank adopted the “Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees etc. through Trusts” (Practical Issues Task Force (PITF) No. 30, March 26, 2015).

1) Overview of transactions

The Bank grants points to its management employees in the Investment Division in accordance with the Stock Benefit Regulations, and delivers the Bank's shares to those who have satisfied the beneficiary requirements as set forth in the Stock Benefit Regulations (hereinafter the "beneficiary") in accordance with the number of points granted to the beneficiary through the trust (the stock benefit trust).

As for shares which the Bank intends to deliver to its management employees in the Investment Division, a trust bank acquires the Bank's shares from the stock market, including those intended for future deliveries, using money entrusted by the Bank in advance to establish the trust, and such acquired shares are separately managed as trust assets.

2) Residual shares remaining in the trust

The Bank recorded the shares remaining in the trust as treasury stock under net assets, at the book value in the trust (excluding incidental expenses). The book value and the number of said shares of treasury stock, as of March 31, 2021 and 2020, were ¥555 million (\$5,014 thousand) and 493 thousand shares, and ¥523 million and 400 thousand shares, respectively.

3. Foreign Exchanges

Foreign exchanges as of March 31, 2021 and 2020 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Assets:			
Due from foreign banks	¥80,847	¥147,469	\$730,265
Total	¥80,847	¥147,469	\$730,265
Liabilities:			
Foreign bills payable	¥ 514	¥ 511	\$ 4,651
Total	¥ 514	¥ 511	\$ 4,651

4. Other Assets

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

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Domestic exchange settlement accounts—debit	¥ 24,717	¥ 24,721	\$ 223,264
Prepaid expenses	4,027	2,334	36,377
Accrued income	178,049	207,314	1,608,253
Initial margins for future transactions	150,929	147,125	1,363,289
Variation margins for future transactions	147	—	1,336
Derivatives other than trading	114,058	331,589	1,030,244
Cash collateral paid for financial instruments	313,549	292,377	2,832,169
Advance payments of funds necessary for delivery of deposits in bank agency services	810,000	810,000	7,316,412
Other	1,262,135	1,000,718	11,400,370
Total	¥2,857,615	¥2,816,182	\$25,811,717

5. Accumulated Depreciation on Tangible Fixed Assets

Accumulated depreciation on tangible fixed assets as of March 31, 2021 and 2020 was as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Accumulated depreciation	¥186,453	¥179,600	\$1,684,165

6. Assets Pledged as Collateral

Assets pledged as collateral and their relevant liabilities as of March 31, 2021 and 2020 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Assets pledged as collateral:			
Securities	¥20,431,474	¥17,492,933	\$184,549,490
Liabilities corresponding to assets pledged as collateral:			
Deposits	754,882	939,049	6,818,558
Payables under repurchase agreements	14,886,481	14,841,880	134,463,743
Payables under securities lending transactions	1,504,543	2,168,924	13,589,954
Borrowed money	3,917,500	10,100	35,385,240

In addition, the settlement accounts of Bank of Japan overdrafts, exchange settlement transactions, or derivative transactions were collateralized, and margins for future transactions, etc. were substituted by securities of ¥2,951,466 million (\$26,659,442 thousand) and ¥1,494,137 million as of March 31, 2021 and 2020, respectively.

"Other assets" included initial margins for future transactions of ¥150,929 million (\$1,363,289 thousand) and ¥147,125 million, guarantee deposits of ¥2,090 million (\$18,883 thousand) and ¥2,046 million, cash collateral paid for financial instruments of ¥313,549 million (\$2,832,169 thousand) and ¥292,377 million, margins with central counterparty of ¥679,900 million (\$6,141,273 thousand) and ¥692,575 million, and other margins, etc. of ¥208,129 million (\$1,879,955 thousand) and ¥13,028 million as of March 31, 2021 and 2020, respectively.

7. Deposits

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

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Transfer deposits	¥ 9,145,203	¥ 7,709,577	\$ 82,605,033
Ordinary deposits	90,808,242	78,425,052	820,235,232
Savings deposits	612,591	508,971	5,533,300
Time deposits	4,709,291	5,225,651	42,537,180
Special deposits*	738,060	921,218	6,666,611
TEIGAKU deposits**	83,436,358	90,073,256	753,647,893
Other deposits	138,801	138,256	1,253,738
Total	¥189,588,549	¥183,001,984	\$1,712,478,990

*"Special deposits" represent deposits received from the Organization for Postal Savings, Postal Life Insurance and Post Office Network.

**"TEIGAKU deposits" are a kind of 10-year-maturity time deposits unique to the Bank. The key feature is that depositors have the option to withdraw money anytime six months after the initial deposit. The interest rates on such deposits rise every six months in a staircase pattern, with duration of up to three years. After three years, the interest is compounded using fixed interest rates until the maturity of 10 years.

Note: "Transfer deposits" correspond to "Current deposits" and "TEIGAKU deposits" to "Other deposits" in liabilities in accordance with the "Ordinance for the Enforcement of the Banking Act."

8. Borrowed Money and Lease Obligations

Borrowed money and lease obligations as of March 31, 2021 and 2020 consisted of the following:

	Millions of yen			
	2021			
	Amount at the beginning of the fiscal year	Amount at the end of the fiscal year	Average interest rate*	Maturity for repayment
Borrowed money:	¥10,100	¥3,917,500	—%	
Borrowings**	10,100	3,917,500	—%	June 2021—December 2024
Lease obligations***	—	5	—%	April 2021—July 2025

	Millions of yen			
	2020			
	Amount at the beginning of the fiscal year	Amount at the end of the fiscal year	Average interest rate*	Maturity for repayment
Borrowed money:	¥3,900	¥10,100	—%	
Borrowings**	3,900	10,100	—%	June 2020—December 2023
Lease obligations***	—	—	—%	

	Thousands of U.S. dollars			
	2021			
	Amount at the beginning of the fiscal year	Amount at the end of the fiscal year	Average interest rate*	Maturity for repayment
Borrowed money:	\$91,229	\$35,385,240	—%	
Borrowings**	91,229	35,385,240	—%	June 2021—December 2024
Lease obligations***	—	46	—%	April 2021—July 2025

*Average interest rate is calculated (weighted average) by interest rate and the amount at the end of the fiscal years ended March 31.

**Borrowings are interest-free.

***The average interest rate of lease obligations is not presented above because interest included in the total amount of lease payments is allocated to each fiscal year using the straight-line method.

Note: Borrowings are included in "Borrowed money" and lease obligations are included in "Other liabilities" in the accompanying consolidated balance sheets, respectively.

9. Other Liabilities

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

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Domestic exchange settlement accounts—credit	¥ 37,070	¥ 36,254	\$ 334,843
Income taxes payable	46,175	22,269	417,080
Accrued expenses	242,373	435,571	2,189,261
Unearned income	59	68	539
Variation margins for future transactions	—	403	—
Derivatives other than trading	905,395	873,531	8,178,086
Cash collateral received for financial instruments	—	21,237	—
Asset retirement obligations	143	172	1,291
Accounts payable	276,621	173,139	2,498,612
Other	28,443	34,416	256,915
Total	¥1,536,281	¥1,597,067	\$13,876,630

10. Contingent Liabilities

The Group has contractual obligations to make future payments on consignment contracts for system-related services (such as usage of hardware, software, telecommunication services, and maintenance). The details as of March 31, 2021 and 2020 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
One year or less	¥158	¥406	\$1,435
Over one year	—	149	—
Total	¥158	¥556	\$1,435

11. Capital Stock

Capital stock consists of common stock. Common stock as of March 31, 2021 and 2020 was as follows:

	Number of shares			
	2021		2020	
	Authorized	Issued	Authorized	Issued
Common stock	18,000,000,000	4,500,000,000	18,000,000,000	4,500,000,000

12. Other Operating Income

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

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Gains on foreign exchanges	¥254,662	¥202,139	\$2,300,265
Gains on sales of bonds	38,503	10,748	347,790
Income from derivatives other than for trading or hedging	513	—	4,641
Total	¥293,680	¥212,888	\$2,652,696

13. Other Income

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

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Reversal of reserve for possible loan losses	¥ 59	¥ —	\$ 535
Recoveries of written-off claims	24	23	223
Gains on sales of stocks and other securities	8,654	23,131	78,176
Gains on money held in trust	277,072	75,239	2,502,689
Income from deposits	1,473	1,288	13,310
Gains from investments in affiliates	289	239	2,610
Gains on negative goodwill	—	48	—
Other	9,706	8,336	87,671
Total	¥297,280	¥108,306	\$2,685,217

14. Other Operating Expenses

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

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Losses on sales of bonds	¥64,484	¥2,651	\$582,459
Expenses on derivatives other than for trading or hedging	—	1,739	—
Total	¥64,484	¥4,390	\$582,459

15. General and Administrative Expenses

General and administrative expenses for the fiscal years ended March 31, 2021 and 2020 included the following expenses:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Commissions on bank agency services, etc. paid to JAPAN POST Co., Ltd.	¥366,358	¥369,716	\$3,309,170
Contributions paid to the Organization for Postal Savings, Postal Life Insurance and Post Office Network	237,439	237,820	2,144,695

16. Other Expenses

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

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Provision for reserve for possible loan losses	¥ —	¥ 116	\$ —
Losses on sales of stocks and other securities	197,135	11,295	1,780,648
Losses on devaluation of stocks and other securities	—	20	—
Losses on money held in trust	4,323	2,401	39,050
Losses on sales and disposals of fixed assets	560	532	5,062
Losses on impairment of fixed assets	1,006	0	9,089
Losses on step acquisitions	—	21	—
Other	6,616	4,302	59,765
Total	¥209,642	¥18,691	\$1,893,617

17. Other Comprehensive Income (Loss)

Other comprehensive income (loss) for the fiscal years ended March 31, 2021 and 2020 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Net unrealized gains (losses) on available-for-sale securities:			
Amount arising during the fiscal year	¥3,465,125	¥(2,801,375)	\$31,299,118
Reclassification adjustments	(246,946)	(345,596)	(2,230,567)
Before tax effect adjustments	3,218,179	(3,146,972)	29,068,550
Tax effect	(985,335)	963,721	(8,900,150)
Net unrealized gains (losses) on available-for-sale securities	2,232,843	(2,183,250)	20,168,399
Net deferred gains (losses) on hedges:			
Amount arising during the fiscal year	(177,663)	(555,492)	(1,604,760)
Reclassification adjustments	114,017	173,913	1,029,878
Adjustments of assets' acquisition costs	(1,701)	(1,248)	(15,370)
Before tax effect adjustments	(65,346)	(382,826)	(590,252)
Tax effect	22,800	117,239	205,949
Net deferred gains (losses) on hedges	(42,546)	(265,586)	(384,302)
Adjustments for retirement benefits:			
Amount arising during the fiscal year	2,724	(13)	24,610
Reclassification adjustments	(1,922)	(1,943)	(17,364)
Before tax effect adjustments	802	(1,956)	7,246
Tax effect	(245)	599	(2,219)
Adjustments for retirement benefits	556	(1,357)	5,027
Share of other comprehensive income (loss) of affiliates accounted for by the equity method:			
Amount arising during the fiscal year	0	0	0
Reclassification adjustments	(0)	(0)	(0)
Before tax effect adjustments	(0)	(0)	(0)
Tax effect	—	—	—
Share of other comprehensive income (loss) of affiliates accounted for by the equity method	(0)	(0)	(0)
Total other comprehensive income (loss)	¥2,190,854	¥(2,450,194)	\$19,789,124

18. Shareholders' Equity

The Corporate Law of Japan requires that all shares of capital stock be issued with no par value and at least 50% of the amount paid of new shares is required to be recorded as capital stock and the remaining net proceeds as legal capital surplus, which is included in capital surplus. The Banking Act of Japan provides that an amount equal to at least 20% of cash dividends and other cash appropriations shall be reserved as legal retained earnings or legal capital surplus until the total amount of them equals 100% of capital stock. Legal retained earnings and legal capital surplus that could be used to eliminate or reduce a deficit, or could be capitalized, generally require a resolution of the shareholders' meeting. All legal retained earnings and legal capital surplus are potentially available for dividends. The Corporate Law of Japan permits Japanese companies, upon approval of the board of directors, to issue shares to existing shareholders without consideration by way of a stock split. Such issuance of shares generally does not give rise to changes within shareholders' accounts.

The Corporate Law of Japan allows Japanese companies to purchase treasury stock and dispose of such treasury stock upon approval of the board of directors. The aggregate purchased amount of treasury stock cannot exceed the amount available for future dividends.

The maximum amount that the Bank is able to distribute as dividends subject to the approval of the shareholders is calculated based on the non-consolidated financial statements of the Bank in accordance with the Corporate Law of Japan.

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

	Thousand shares				Notes
	Number of shares at the beginning of the fiscal year	Increase	Decrease	Number of shares at the end of the fiscal year	
Shares issued					
Common stock	4,500,000	—	—	4,500,000	
Treasury stock					
Common stock	751,207	326	288	751,246	*, **, ***

*The number of shares of treasury stock at the beginning of the fiscal year and that at the end of the fiscal year included 682 thousand shares and 721 thousand shares of treasury stock held by the stock benefit trust.

**An increase of 326 thousand shares of treasury stock is due to the purchases of 326 thousand shares of treasury stock by the stock benefit trust and the purchase of 0 thousand shares of shares less than one unit.

***A decrease of 288 thousand shares of treasury stock is attributable to a decrease of 288 thousand shares of treasury stock due to the grant and the sale of treasury stock by the stock benefit trust.

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

	Thousand shares				Notes
	Number of shares at the beginning of the fiscal year	Increase	Decrease	Number of shares at the end of the fiscal year	
Shares issued					
Common stock	4,500,000	—	—	4,500,000	
Treasury stock					
Common stock	751,208	308	309	751,207	*, **, ***

*The number of shares of treasury stock at the beginning of the fiscal year and that at the end of the fiscal year included 683 thousand shares and 682 thousand shares of treasury stock held by the stock benefit trust.

**An increase of 308 thousand shares of treasury stock is due to the purchases of 308 thousand shares of treasury stock by the stock benefit trust and the purchase of 0 thousand shares of shares less than one unit.

***A decrease of 309 thousand shares of treasury stock is attributable to a decrease of 309 thousand shares of treasury stock due to the grant and the sale of treasury stock by the stock benefit trust.

Dividends distributed during the fiscal year ended March 31, 2021

Resolution	Type	Cash dividends (Millions of yen)	Cash dividends (Thousands of U.S. dollars)	Cash dividends per share (Yen)	Cash dividends per share (U.S. dollars)	Record date	Effective date
May 15, 2020 at the meeting of the Board of Directors	Common stock	¥93,736	\$846,688	¥25.00	\$0.22	March 31, 2020	June 17, 2020

Note: The total amount of dividends resolved by the Board of Directors' meeting held on May 15, 2020 included dividends of ¥17 million (\$154 thousand) for the Bank's shares held by the stock benefit trust.

Dividends distributed during the fiscal year ended March 31, 2020

Resolution	Type	Cash dividends (Millions of yen)	Cash dividends per share (Yen)	Record date	Effective date
May 15, 2019 at the meeting of the Board of Directors	Common stock	¥93,736	¥25.00	March 31, 2019	June 19, 2019
November 14, 2019 at the meeting of the Board of Directors	Common stock	¥93,736	¥25.00	September 30, 2019	December 6, 2019

Note: The total amount of dividends resolved by the Board of Directors' meeting held on May 15, 2019 and November 14, 2019 included dividends of ¥17 million and ¥17 million, respectively, for the Bank's shares held by the stock benefit trust.

Dividends with the record date within the fiscal years ended March 31, 2021 and 2020 and with the effective date coming after the end of the fiscal years

Resolution	Type	2021					Record date	Effective date
		Cash dividends (Millions of yen)	Cash dividends (Thousands of U.S. dollars)	Resource of dividends	Cash dividends per share (Yen)	Cash dividends per share (U.S. dollars)		
May 14, 2021 at the meeting of the Board of Directors	Common stock	¥187,473	\$1,693,376	Retained earnings	¥50.00	\$0.45	March 31, 2021	June 18, 2021

Note: The total amount of dividends resolved by the Board of Directors' meeting held on May 14, 2021 included dividends of ¥36 million (\$325 thousand) for the Bank's shares held by the stock benefit trust.

Resolution	Type	2020					Record date	Effective date
		Cash dividends (Millions of yen)	Resource of dividends	Cash dividends per share (Yen)				
May 15, 2020 at the meeting of the Board of Directors	Common stock	¥93,736	Retained earnings	¥25.00		March 31, 2020	June 17, 2020	

Note: The total amount of dividends resolved by the Board of Directors' meeting held on May 15, 2020 included dividends of ¥17 million for the Bank's shares held by the stock benefit trust.

19. Cash and Cash Equivalents

The reconciliation between cash and cash equivalents in the statements of cash flows and cash and due from banks in the consolidated balance sheets as of March 31, 2021 and 2020 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Cash and due from banks	¥60,769,486	¥51,665,251	\$548,906,932
Due from banks, –negotiable certificates of deposit in other banks	(65,000)	(65,000)	(587,119)
Cash and cash equivalents	¥60,704,486	¥51,600,251	\$548,319,813

20. Leases

Operating lease transactions:

Future lease payments on non-cancelable operating leases as of March 31, 2021 and 2020 were as follows:

(Lessees)

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Due within one year	¥342	¥340	\$3,096
Due over one year	68	386	614
Total	¥410	¥727	\$3,710

(Lessors)

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Due within one year	¥101	¥101	\$915
Due over one year	—	101	—
Total	¥101	¥202	\$915

21. Securities

Stocks and investments in capital of non-consolidated subsidiaries and affiliates as of March 31, 2021 and 2020 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Stocks	¥ 846	¥701	\$ 7,650
Investments in capital	1,477	—	13,342

As of March 31, 2021 and 2020, Japanese government bonds in “Securities” include ¥2,070,129 million (\$18,698,667 thousand) and ¥1,939,840 million of unsecured and secured loaned securities for which borrowers have the right to sell or pledge (securities collateralized bond lending/borrowing transactions).

Of the securities that the Group had the right to sell or (re-)pledge without restrictions among those purchased under resale agreements, etc., the Group held ¥64,499 million of securities (re-)pledged as of March 31, 2020 and held ¥1,894,866 million (\$17,115,585 thousand) and ¥5,394,231 million of those neither sold nor pledged as of March 31, 2021 and 2020, respectively.

22. Financial Instruments

a. Notes related to the conditions of financial instruments

(1) Policy for handling financial instruments

The Group’s operations comprise deposit-taking up to designated limits, syndicated loans and other lending, securities investment, domestic and foreign exchange, retail sales of Japanese government bonds, investment trusts, and insurance products, intermediary services including mortgages, and credit card operations.

The Group raises funds primarily through deposits from individuals, and subsequently manages those funds by investing in securities including Japanese bonds and foreign bonds as well as by making loans. Most of these financial assets and liabilities are subject to price fluctuations associated with market movements and other risks, making it necessary to manage them so that future interest rate and foreign exchange rate movements do not have a negative impact on the Group including affecting the stability of its earnings. The Group therefore strives to appropriately manage its earnings and risks using integrated asset-liability management (ALM), and as part of this, engages in derivative transactions including interest rate swaps, currency swaps and others.

Since its incorporation in October 2007, the Group has diversified its earnings sources through investment diversification and consequently the outstanding amount of financial assets with credit risk has steadily grown. However, these investments are made with careful regard to the securities in which the Group invests and the amount invested so that the occurrence of a credit risk event or other factors will not result in excessive losses.

(2) Details of financial instruments and associated risks

The financial assets held by the Group are securities including Japanese bonds and foreign bonds. These financial assets contain credit risk with regard to the issuer and risks associated with interest rate fluctuations, market price movements, and other factors. Financial assets also include loans and stock investments via money held in trust, but the amounts of these investments are less than those of bonds and other securities.

From the viewpoint of the Group’s ALM, the Group utilizes interest rate swaps and others as hedging instruments for interest rate-related transactions to avoid the risks of changes in future economic values and interest rates (cash flows) of securities, loans, and time deposits on fluctuations

of the yen interest rate. For currency-related transactions, the Group utilizes currency swaps and others as hedging instruments to avoid the risk of foreign exchange fluctuations in connection with the translation of foreign currency-denominated securities held by the Group and related yen translation amounts of redemption of principal and interest.

Derivative transactions which meet certain requirements are accounted for by the hedge accounting method to control the effect on financial accounting within a fixed range when utilizing derivatives for hedging purposes. The hedging instruments, the hedged items, the hedging policy, and the way to evaluate the effectiveness of hedges are included in the section "d. Accounting policies, (11) Derivatives and Hedging Activities" of Note 2. Significant accounting policies for preparing of consolidated financial statements.

(3) Risk management structure for financial instruments

a) Basic policy

The Executive Committee has established special advisory committees, the Risk Management Committee and the ALM Committee, to handle risk management responsibilities. These advisory committees submit risk management reports based on the nature of each risk and discuss risk management policies and measures.

b) Credit risk

The Group manages credit risk using Value at Risk (VaR: a statistical method that identifies the maximum loss possible based on designated probabilities in the financial assets and liabilities held) based on internal guidelines to quantitatively measure the amount of credit risk. The Group sets appropriate risk limits to reflect risk capital allocations and then ensures the amounts of credit risk do not exceed its limits based on its financial strength, which is driven by a number of factors including capital.

In order to control credit concentration, the Group has set upper limits of exposure for individual companies, corporate groups, countries and regions to monitor and manage such risk.

The Risk Management Department oversees credit risk management activities including credit risk measurement, management of credit concentration risk and the Group's internal credit rating system. The Credit Department assigns internal credit ratings, monitors borrower status, watches large borrowers, and judges individual loans.

The Risk Management Committee, the ALM Committee, and the Executive Committee regularly hold meetings to discuss matters related to the maintenance and management of the credit risk management structure, and matters related to the implementation of credit risk management.

c) Market risk

As per the Group's ALM policy, the Group makes investments in instruments including Japanese and foreign bonds and equities as part of its banking operations, and these investments may therefore be affected by interest rate, exchange rate, stock price and other fluctuations. However, based on internal guidelines regarding market risk management, the Group measures the amount of market risk using the VaR statistical method. The Group sets appropriate risk limits to reflect risk capital allocations and then ensures the amounts of market risk do not exceed its limits based on its financial strength, which is driven by a number of factors including capital.

The main financial instruments held by the Group or transactions undertaken by the Group that are affected by changes in variable components of major market risk (interest rates, currency exchange rates, stock prices) are call loans, monetary claims bought, money held in trust, securities, loans, deposits and derivative transactions.

The Group measures and manages market risk using the VaR method. For its market risk measurement model, the Group uses a historical simulation method (holding period of 240 business days (one year); confidence interval of 99%; and observation period of 1,200 business days (five years)). For liability measurement, the Group uses its own internal model.

As of March 31, 2021 and 2020, the Group calculates the amounts of its market risk volume (estimated potential losses from such risk) at ¥3,689,515 million (\$33,325,946 thousand) and ¥2,925,366 million, respectively. VaR provides the major market risk exposure which is statistically calculated under certain probability based on historical market fluctuations. Thus, it may not capture fully the risk stemming from extraordinary changes in the market environment that are normally considered improbable. To complement such risks, the Group conducts stress testing using a variety of scenarios.

The Risk Management Committee, the ALM Committee, and the Executive Committee regularly hold meetings to discuss matters related to the maintenance and management of the market risk management structure, and matters related to the implementation of market risk management.

In addition, the Group has a distinctive asset and liability structure, with Japanese government bonds, etc. accounting for the majority of its assets and TEIGAKU deposits for a majority of its liabilities. Recognizing the importance of the impact of interest rate risk on the Group's profit structure, the Group closely monitors and carefully controls interest rate risk by performing earnings simulations based on various market scenarios as part of its ALM.

Policy with regard to its ALM is discussed and determined at meetings of the Executive Committee, and the status of its implementation is reported to the ALM Committee and the Executive Committee.

The Group manages market risk that arises from derivative transactions by separating the responsibilities of executing transactions, evaluating the effectiveness of hedges and operational management, and by establishing an internal control structure, based on internal guidelines related to derivatives.

d) Funding liquidity risk

The Group's funding liquidity risk management consists primarily of closely monitoring funding conditions and taking timely and appropriate actions. It then maintains appropriate liquidity reserves for unexpected fund outflows.

Through these steps, the Group sets, monitors, and analyzes its funding liquidity indicators to ensure stable liquidity management.

The Risk Management Committee, the ALM Committee, and the Executive Committee regularly hold meetings to discuss matters related to the maintenance and management of the funding liquidity risk management structure and matters related to the implementation of funding liquidity risk management.

(4) Supplementary explanation of items related to the fair value of financial instruments

The Group determines the fair value of financial instruments based on the market price, but could use a reasonably calculated prices in cases of no readily available market price. Various assumptions are used in these price estimates. Accordingly, the fair value may be changed if different assumptions and other factors are applied.

b. Notes related to the fair values of financial instruments

The amounts on the consolidated balance sheets, the fair values, and the differences between the two as of March 31, 2021 and 2020 were as follows:

	Millions of yen		
	2021		
	Amount on the consolidated balance sheet	Fair value	Difference
(1) Cash and due from banks	¥ 60,769,486	¥ 60,769,486	¥ —
(2) Call loans	1,390,000	1,390,000	—
(3) Receivables under resale agreements	9,721,360	9,721,360	—
(4) Receivables under securities borrowing transactions	—	—	—
(5) Monetary claims bought	362,212	362,212	—
(6) Trading account securities:			
Securities classified as trading purposes	13	13	—
(7) Money held in trust	5,099,821	5,083,744	(16,076)
(8) Securities:			
Held-to-maturity securities	25,178,079	25,416,257	238,178
Available-for-sale securities	110,713,723	110,713,723	—
(9) Loans:	4,691,723		
Reserve for possible loan losses*	(145)		
	4,691,577	4,710,098	18,520
Total assets	¥217,926,276	¥218,166,898	¥240,621
(1) Deposits	¥189,588,549	¥189,636,410	¥ 47,861
(2) Payables under repurchase agreements	14,886,481	14,886,481	—
(3) Payables under securities lending transactions	1,504,543	1,504,543	—
(4) Borrowed money	3,917,500	3,917,500	—
Total liabilities	¥209,897,073	¥209,944,935	¥ 47,861
Derivative transactions**:			
For which hedge accounting is not applied	¥ (6,066)	¥ (6,066)	¥ —
For which hedge accounting is applied	(785,271)	(785,271)	—
Total derivative transactions	¥ (791,337)	¥ (791,337)	¥ —

	Millions of yen		
	2020		
	Amount on the consolidated balance sheet	Fair value	Difference
(1) Cash and due from banks	¥ 51,665,251	¥ 51,665,251	¥ —
(2) Call loans	1,040,000	1,040,000	—
(3) Receivables under resale agreements	9,731,897	9,731,897	—
(4) Receivables under securities borrowing transactions	112,491	112,491	—
(5) Monetary claims bought	315,812	315,812	—
(6) Trading account securities:			
Securities classified as trading purposes	31	31	—
(7) Money held in trust	4,181,926	4,179,289	(2,637)
(8) Securities:			
Held-to-maturity securities	24,170,708	24,661,546	490,838
Available-for-sale securities	109,282,514	109,282,514	—
(9) Loans:	4,961,733		
Reserve for possible loan losses*	(104)		
	4,961,628	4,969,048	7,419
Total assets	¥205,462,263	¥205,957,884	¥495,620
(1) Deposits	¥183,001,984	¥183,046,848	¥ 44,863
(2) Payables under repurchase agreements	14,855,624	14,855,624	—
(3) Payables under securities lending transactions	2,219,384	2,219,384	—
(4) Borrowed money	10,100	10,100	—
Total liabilities	¥200,087,094	¥200,131,957	¥ 44,863
Derivative transactions**:			
For which hedge accounting is not applied	¥ 158	¥ 158	¥ —
For which hedge accounting is applied	(542,100)	(542,100)	—
Total derivative transactions	¥ (541,942)	¥ (541,942)	¥ —

	Thousands of U.S. dollars		
	2021		
	Amount on the consolidated balance sheet	Fair value	Difference
(1) Cash and due from banks	\$ 548,906,932	\$ 548,906,932	\$ —
(2) Call loans	12,555,324	12,555,324	—
(3) Receivables under resale agreements	87,809,239	87,809,239	—
(4) Receivables under securities borrowing transactions	—	—	—
(5) Monetary claims bought	3,271,727	3,271,727	—
(6) Trading account securities:			
Securities classified as trading purposes	124	124	—
(7) Money held in trust	46,064,686	45,919,471	(145,215)
(8) Securities:			
Held-to-maturity securities	227,423,716	229,575,085	2,151,368
Available-for-sale securities	1,000,033,632	1,000,033,632	—
(9) Loans:	42,378,501		
Reserve for possible loan losses*	(1,317)		
	42,377,183	42,544,472	167,289
Total assets	\$1,968,442,568	\$1,970,616,011	\$2,173,443
(1) Deposits	\$1,712,478,990	\$1,712,911,305	\$ 432,314
(2) Payables under repurchase agreements	134,463,743	134,463,743	—
(3) Payables under securities lending transactions	13,589,954	13,589,954	—
(4) Borrowed money	35,385,240	35,385,240	—
Total liabilities	\$1,895,917,929	\$1,896,350,244	\$ 432,314
Derivative transactions**:			
For which hedge accounting is not applied	\$ (54,793)	\$ (54,793)	\$ —
For which hedge accounting is applied	(7,093,047)	(7,093,047)	—
Total derivative transactions	\$ (7,147,841)	\$ (7,147,841)	\$ —

*Reserve for possible loan losses is the general reserve for possible loan losses corresponding to loans.

**Figures are total derivative transactions recorded as other assets or other liabilities.

The net amount is shown for net claims and obligations arising from derivative transactions, with totals that are net obligations shown in parentheses.

Valuation methodology for financial instruments

Assets

(1) Cash and due from banks

The fair value of due from banks that do not have a maturity date is approximately the same as their book value, and therefore the Group uses the book value as the fair value. For due from banks that have a maturity date, their contract tenors are short term (within one year) and their fair value is approximately the same as the book value, and therefore the Group uses the book value as the fair value.

(2) Call loans, (3) Receivables under resale agreements, (4) Receivables under securities borrowing transactions

Contract tenors are short term (within one year) and the fair value is approximately the same as the book value, and therefore the Group uses the book value as the fair value.

(5) Monetary claims bought

The Group uses the price provided by a broker, etc., as the fair value.

(6) Trading account securities

The Group uses the purchase price provided by the Bank of Japan as the fair value.

(7) Money held in trust

For the securities representing trust assets in money held in trust, the Group uses the price at the exchange market for stocks and the Reference Statistical Prices (Yields) for OTC Bond Transactions published by the Japan Securities Dealers Association for bonds as the fair value. For derivative transactions, the Group uses prices, etc. quoted by information vendors as the fair value. For loans, the Group calculates the fair value for each loan based on total principal and interest amounts discounted at the interest rate that reflects the remaining tenor and credit risk of the borrower.

Notes pertaining to money held in trust by holding purpose are included in the below "g. Money held in trust" of Note 23. Fair Value Information.

(8) Securities

For bonds, the Group uses the price quoted on the securities exchange, the Reference Statistical Prices (Yields) for OTC Bond Transactions published by the Japan Securities Dealers Association, and the comparable price method, or the price provided by a broker, etc., as the fair value. The Group uses the funds' unit price for investment trust as the fair value.

Notes pertaining to securities by holding purpose are included in the below Note 23. Fair Value Information.

(9) Loans

Loans with floating interest rates reflect market interest rates within the short term. Unless a borrower's credit standing has changed significantly after the loan was originated, the fair value is approximately the same as the book value, and therefore the Group uses the book value as the fair value. For fixed-rate loans, the Group calculates the fair value for each loan based on total principal and interest amounts discounted at the interest rate that reflects the remaining tenor and credit risk of the borrower.

For loans that are limited to within a designated percentage of the amount of pledged assets, such as loans secured by deposit, the fair value is approximately the same as the book value based on the repayment period, interest rate conditions, etc., and therefore the Group uses the book value as the fair value.

Liabilities

(1) Deposits

For demand deposits including transfer deposits and ordinary deposits, the Group uses the amount that might be paid on demand at the consolidated balance sheet date (the book value) as the fair value.

For fixed-term deposits including time deposits and TEIGAKU deposits, the Group classifies the deposits by specified tenors and then calculates the present value by discounting the projected future cash flow. In addition, for TEIGAKU deposits, the projected future cash flow reflects an early cancellation rate calculated using historical results. The Group uses the interest rates on newly accepted fixed-term deposits as the discount rate.

(2) Payables under repurchase agreements, (3) Payables under securities lending transactions

Contract tenors are short term (within one year) and the fair value is approximately the same as the book value, and therefore the Group uses the book value as the fair value.

(4) Borrowed money

The fair value of borrowed money is stated at its present value, which is calculated by discounting the projected future cash flow, using the refinancing rate applicable to a similar loan. The fair value of borrowed money on a short-term contract (due within one year) is approximately the same as the book value, and therefore the Group uses the book value as the fair value.

Derivative transactions

Derivative transactions consist of interest rate-related transactions (interest rate swaps), currency-related transactions (foreign exchange forward contracts, currency swaps), stock-related transactions (stock index futures), bond-related transactions (bond futures), and credit derivative transactions (credit default swaps), etc., and the Group calculates the fair value using the price at the exchange market and the discounted present value, etc.

The amount on the consolidated balance sheets of financial instruments for which the Group deems it extremely difficult to determine a fair value as of March 31, 2021 and 2020 was as follows. The fair value information for these financial instruments is not included in "(7) Money held in trust" and "(8) Securities" in total assets.

Type	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Money held in trust*	¥ 447,752	¥ 367,810	\$ 4,044,373
Securities:			
Unlisted stocks**	24,170	10,654	218,326
Investment trusts***	2,217,712	1,692,354	20,031,724
Investments in partnerships****	70,176	48,333	633,875
Other	393	—	3,557
Total	¥2,760,205	¥2,119,152	\$24,931,856

* Money held in trust, within which the underlying investment assets were deemed to be extremely difficult to determine a fair value such as private REIT, is not included in the scope of fair value disclosures.

** Unlisted stocks are not included in the scope of fair value disclosures because they did not have a market price and they were deemed to be extremely difficult to determine a fair value.

*** Investment trusts, within which the underlying investment assets were deemed to be extremely difficult to determine a fair value such as unlisted stocks, are not included in the scope of fair value disclosures.

**** Investments in partnerships are not included in the scope of fair value disclosures because they consisted of partnership asset components such as unlisted stocks which were deemed to be extremely difficult to determine a fair value.

Scheduled redemption amounts of monetary claims and securities with a maturity date subsequent to the fiscal years ended March 31, 2021 and 2020 were as follows:

	Millions of yen					
	2021					
	One Year or Less	> One and ≤ Three Years	> Three and ≤ Five Years	> Five and ≤ Seven Years	> Seven and ≤ Ten Years	Over Ten Years
Due from banks	¥60,465,645	¥ —	¥ —	¥ —	¥ —	¥ —
Call loans	1,390,000	—	—	—	—	—
Receivables under resale agreements	9,721,360	—	—	—	—	—
Receivables under securities borrowing transactions	—	—	—	—	—	—
Monetary claims bought	3,666	37,072	32,159	58,153	81,957	148,106
Securities:	15,047,017	29,271,851	8,642,131	9,805,391	10,049,266	18,294,298
Held-to-maturity securities:	6,362,407	11,507,925	1,198,328	822,487	1,398,730	3,878,818
Japanese government bonds	6,304,300	10,730,100	—	—	—	3,550,000
Japanese local government bonds	42,607	174,212	671,088	138,904	855,960	—
Japanese corporate bonds	15,500	603,613	527,240	683,583	542,770	328,818
Available-for-sale securities (with maturity date):	8,684,609	17,763,926	7,443,802	8,982,904	8,650,536	14,415,480
Japanese government bonds	2,328,274	9,359,310	1,318,510	4,374,471	4,576,298	6,952,100
Japanese local government bonds	694,718	1,380,556	745,369	636,989	106,396	—
Japanese corporate bonds	2,863,568	1,805,356	1,400,068	761,350	496,400	926,570
Other securities	2,798,048	5,218,702	3,979,854	3,210,093	3,471,441	6,536,809
Loans	2,464,331	695,648	549,390	254,418	386,697	334,474
Total	¥89,092,022	¥30,004,572	¥9,223,680	¥10,117,963	¥10,517,920	¥18,776,879

	Millions of yen					
	2020					
	One Year or Less	> One and ≤ Three Years	> Three and ≤ Five Years	> Five and ≤ Seven Years	> Seven and ≤ Ten Years	Over Ten Years
Due from banks	¥51,331,877	¥ —	¥ —	¥ —	¥ —	¥ —
Call loans	1,040,000	—	—	—	—	—
Receivables under resale agreements	9,731,897	—	—	—	—	—
Receivables under securities borrowing transactions	112,491	—	—	—	—	—
Monetary claims bought	12,044	20,356	23,836	76,319	34,107	147,088
Securities:	14,590,455	30,762,339	15,555,202	6,699,997	10,015,666	15,367,944
Held-to-maturity securities:	2,753,916	15,129,805	3,149,289	252,456	1,378,045	1,500,061
Japanese government bonds	2,726,900	14,981,100	2,053,300	—	—	1,284,000
Japanese local government bonds	7,116	68,635	383,573	97,320	583,371	—
Japanese corporate bonds	19,900	80,070	712,415	155,136	794,673	216,061
Available-for-sale securities (with maturity date):	11,836,538	15,632,534	12,405,913	6,447,540	8,637,620	13,867,883
Japanese government bonds	4,874,417	7,346,387	4,613,904	3,327,341	4,390,657	6,792,700
Japanese local government bonds	1,182,344	1,410,522	1,142,129	594,633	452,122	—
Japanese corporate bonds	2,079,210	1,956,271	1,461,105	820,646	524,300	1,035,111
Other securities	3,700,566	4,919,353	5,188,774	1,704,919	3,270,541	6,040,072
Loans	3,155,471	616,403	387,376	237,915	288,340	270,443
Total	¥79,974,238	¥31,399,099	¥15,966,415	¥7,014,232	¥10,338,114	¥15,785,477

	Thousands of U.S. dollars					
	2021					
	One Year or Less	> One and ≤ Three Years	> Three and ≤ Five Years	> Five and ≤ Seven Years	> Seven and ≤ Ten Years	Over Ten Years
Due from banks	\$546,162,455	\$ —	\$ —	\$ —	\$ —	\$ —
Call loans	12,555,324	—	—	—	—	—
Receivables under resale agreements	87,809,239	—	—	—	—	—
Receivables under securities borrowing transactions	—	—	—	—	—	—
Monetary claims bought	33,121	334,857	290,482	525,278	740,286	1,337,787
Securities:	135,913,808	264,401,153	78,060,979	88,568,257	90,771,084	165,245,223
Held-to-maturity securities:	57,469,134	103,946,577	10,824,033	7,429,209	12,634,181	35,035,842
Japanese government bonds	56,944,268	96,920,784	—	—	—	32,065,757
Japanese local government bonds	384,860	1,573,593	6,061,678	1,254,666	7,731,553	—
Japanese corporate bonds	140,005	5,452,199	4,762,354	6,174,542	4,902,628	2,970,084
Available-for-sale securities (with maturity date):	78,444,673	160,454,576	67,236,946	81,139,048	78,136,902	130,209,381
Japanese government bonds	21,030,391	84,538,983	11,909,586	39,512,883	41,335,911	62,795,592
Japanese local government bonds	6,275,119	12,470,029	6,732,629	5,753,673	961,037	—
Japanese corporate bonds	25,865,490	16,307,074	12,646,265	6,876,975	4,483,786	8,369,350
Other securities	25,273,672	47,138,488	35,948,465	28,995,516	31,356,166	59,044,439
Loans	22,259,339	6,283,520	4,962,428	2,298,058	3,492,882	3,021,175
Total	\$804,733,289	\$271,019,532	\$83,313,891	\$91,391,595	\$95,004,254	\$169,604,186

Scheduled repayment amounts of interest-bearing liabilities subsequent to the fiscal years ended March 31, 2021 and 2020 were as follows:

	Millions of yen					
	2021					
	One Year or Less	> One and ≤ Three Years	> Three and ≤ Five Years	> Five and ≤ Seven Years	> Seven and ≤ Ten Years	Over Ten Years
Deposits*	¥117,631,529	¥11,086,454	¥11,688,362	¥21,295,472	¥27,886,729	¥—
Payables under repurchase agreements	14,886,481	—	—	—	—	—
Payables under securities lending transactions	1,504,543	—	—	—	—	—
Borrowed money	3,904,600	7,700	5,200	—	—	—
Total	¥137,927,154	¥11,094,154	¥11,693,562	¥21,295,472	¥27,886,729	¥—

	Millions of yen					
	2020					
	One Year or Less	> One and ≤ Three Years	> Three and ≤ Five Years	> Five and ≤ Seven Years	> Seven and ≤ Ten Years	Over Ten Years
Deposits*	¥105,874,459	¥15,016,765	¥13,244,338	¥15,125,567	¥33,740,852	¥—
Payables under repurchase agreements	14,855,624	—	—	—	—	—
Payables under securities lending transactions	2,219,384	—	—	—	—	—
Borrowed money	5,100	2,600	2,400	—	—	—
Total	¥122,954,569	¥15,019,365	¥13,246,738	¥15,125,567	¥33,740,852	¥—

	Thousands of U.S. dollars					
	2021					
	One Year or Less	> One and ≤ Three Years	> Three and ≤ Five Years	> Five and ≤ Seven Years	> Seven and ≤ Ten Years	Over Ten Years
Deposits*	\$1,062,519,463	\$100,139,595	\$105,576,392	\$192,353,651	\$251,889,887	\$—
Payables under repurchase agreements	134,463,743	—	—	—	—	—
Payables under securities lending transactions	13,589,954	—	—	—	—	—
Borrowed money	35,268,720	69,551	46,969	—	—	—
Total	\$1,245,841,881	\$100,209,146	\$105,623,362	\$192,353,651	\$251,889,887	\$—

*Demand deposits are included in "One Year or Less."

23. Fair Value Information

The fair value information of securities was as follows.

Securities discussed here include trading account securities, negotiable certificates of deposit recorded under cash and due from banks, monetary claims bought, as well as securities listed on the consolidated balance sheets.

a. Trading account securities

There were no unrealized gains or losses from trading account securities included in the profit and loss recorded in the consolidated statements of income for the fiscal years ended March 31, 2021 and 2020.

b. Held-to-maturity securities

		Millions of yen		
		2021		
Type		Amount on the consolidated balance sheet	Fair value	Difference
Those for which the fair value exceeds the amount on the consolidated balance sheet	Japanese government bonds	¥18,677,079	¥18,933,328	¥256,249
	Japanese local government bonds	1,034,174	1,037,327	3,152
	Japanese corporate bonds	1,324,166	1,335,856	11,690
	Total	21,035,420	21,306,512	271,092
Those for which the fair value does not exceed the amount on the consolidated balance sheet	Japanese government bonds	1,899,303	1,873,734	(25,569)
	Japanese local government bonds	857,086	855,539	(1,547)
	Japanese corporate bonds	1,386,269	1,380,471	(5,797)
	Total	4,142,659	4,109,745	(32,914)
Total		¥25,178,079	¥25,416,257	¥238,178

		Millions of yen		
		2020		
Type		Amount on the consolidated balance sheet	Fair value	Difference
Those for which the fair value exceeds the amount on the consolidated balance sheet	Japanese government bonds	¥20,804,000	¥21,279,726	¥475,726
	Japanese local government bonds	546,335	549,334	2,998
	Japanese corporate bonds	1,250,441	1,267,850	17,409
	Total	22,600,777	23,096,911	496,134
Those for which the fair value does not exceed the amount on the consolidated balance sheet	Japanese government bonds	234,148	233,940	(208)
	Japanese local government bonds	600,452	599,119	(1,332)
	Japanese corporate bonds	735,330	731,575	(3,754)
	Total	1,569,931	1,564,634	(5,296)
Total		¥24,170,708	¥24,661,546	¥490,838

		Thousands of U.S. dollars		
		2021		
	Type	Amount on the consolidated balance sheet	Fair value	Difference
Those for which the fair value exceeds the amount on the consolidated balance sheet	Japanese government bonds	\$168,702,732	\$171,017,331	\$2,314,599
	Japanese local government bonds	9,341,294	9,369,771	28,476
	Japanese corporate bonds	11,960,672	12,066,265	105,592
	Total	190,004,699	192,453,368	2,448,668
Those for which the fair value does not exceed the amount on the consolidated balance sheet	Japanese government bonds	17,155,662	16,924,706	(230,956)
	Japanese local government bonds	7,741,725	7,727,751	(13,974)
	Japanese corporate bonds	12,521,628	12,469,259	(52,369)
	Total	37,419,016	37,121,716	(297,299)
Total		\$227,423,716	\$229,575,085	\$2,151,368

c. Available-for-sale securities whose fair value is available

		Millions of yen		
		2021		
	Type	Amount on the consolidated balance sheet	Acquisition cost	Difference (Note 1)
Those for which the amount on the consolidated balance sheet exceeds the acquisition cost	Bonds:	¥ 31,908,997	¥ 31,257,734	¥ 651,262
	Japanese government bonds	23,640,387	23,047,518	592,868
	Japanese local government bonds	3,277,504	3,260,034	17,470
	Japanese corporate bonds	4,991,105	4,950,182	40,923
	Others:	62,306,084	60,291,563	2,014,520
	Foreign bonds	19,267,470	18,156,915	1,110,554
	Investment trusts (Note 2)	42,831,251	41,928,585	902,666
Total		94,215,081	91,549,298	2,665,783
Those for which the amount on the consolidated balance sheet does not exceed the acquisition cost	Bonds:	9,915,164	9,968,604	(53,440)
	Japanese government bonds	6,276,707	6,326,778	(50,070)
	Japanese local government bonds	325,048	325,346	(297)
	Japanese corporate bonds	3,313,408	3,316,480	(3,072)
	Others:	7,010,689	7,216,565	(205,875)
	Foreign bonds	4,237,646	4,316,801	(79,155)
	Investment trusts (Note 2)	2,553,193	2,679,643	(126,450)
Total		16,925,854	17,185,170	(259,316)
Total		¥111,140,936	¥108,734,468	¥2,406,467

		Millions of yen		
		2020		
Type		Amount on the consolidated balance sheet	Acquisition cost	Difference (Note 1)
Those for which the amount on the consolidated balance sheet exceeds the acquisition cost	Bonds:	¥ 38,512,761	¥ 37,607,986	¥ 904,775
	Japanese government bonds	30,054,591	29,222,557	832,033
	Japanese local government bonds	4,060,016	4,033,405	26,611
	Japanese corporate bonds	4,398,154	4,352,023	46,130
	Others:	17,336,223	16,087,226	1,248,996
	Foreign bonds	13,386,880	12,368,771	1,018,109
	Investment trusts (Note 2)	3,758,275	3,529,533	228,742
Total	55,848,985	53,695,213	2,153,772	
Those for which the amount on the consolidated balance sheet does not exceed the acquisition cost	Bonds:	6,854,219	6,901,858	(47,638)
	Japanese government bonds	2,543,373	2,581,183	(37,810)
	Japanese local government bonds	779,544	780,480	(935)
	Japanese corporate bonds	3,531,301	3,540,194	(8,892)
	Others:	46,960,122	49,818,126	(2,858,003)
	Foreign bonds	10,319,989	10,908,673	(588,683)
	Investment trusts (Note 2)	36,450,387	38,719,545	(2,269,158)
Total	53,814,342	56,719,984	(2,905,642)	
Total	¥109,663,327	¥110,415,197	¥ (751,869)	

		Thousands of U.S. dollars		
		2021		
Type		Amount on the consolidated balance sheet	Acquisition cost	Difference (Note 1)
Those for which the amount on the consolidated balance sheet exceeds the acquisition cost	Bonds:	\$ 288,221,456	\$282,338,856	\$ 5,882,600
	Japanese government bonds	213,534,342	208,179,190	5,355,152
	Japanese local government bonds	29,604,416	29,446,612	157,804
	Japanese corporate bonds	45,082,697	44,713,054	369,643
	Others:	562,786,419	544,590,041	18,196,377
	Foreign bonds	174,035,498	164,004,299	10,031,198
	Investment trusts (Note 2)	386,877,892	378,724,462	8,153,430
Total	851,007,876	826,928,898	24,078,977	
Those for which the amount on the consolidated balance sheet does not exceed the acquisition cost	Bonds:	89,559,792	90,042,498	(482,705)
	Japanese government bonds	56,695,039	57,147,305	(452,265)
	Japanese local government bonds	2,936,033	2,938,723	(2,690)
	Japanese corporate bonds	29,928,718	29,956,469	(27,750)
	Others:	63,324,810	65,184,405	(1,859,594)
	Foreign bonds	38,276,995	38,991,971	(714,976)
	Investment trusts (Note 2)	23,061,996	24,204,172	(1,142,175)
Total	152,884,603	155,226,903	(2,342,300)	
Total	\$1,003,892,479	\$982,155,802	\$21,736,677	

Notes: 1. Of the difference shown above, ¥173,512 million (\$1,567,271 thousand) profit and ¥308,341 million losses were included in the consolidated statements of income for the fiscal years ended March 31, 2021 and 2020, respectively, because of the application of fair value hedge accounting.

2. Investment trusts are mainly invested in foreign bonds.

3. Available-for-sale securities that are deemed to be extremely difficult to determine a fair value as of March 31, 2021 and 2020 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
	Amount on the consolidated balance sheet	Amount on the consolidated balance sheet	Amount on the consolidated balance sheet
Japanese stocks	¥ 23,323	¥ 9,953	\$ 210,675
Investment trusts	2,217,712	1,692,354	20,031,724
Investments in partnerships	68,699	48,333	620,533
Other	393	—	3,557
Total	¥2,310,129	¥1,750,640	\$20,866,491

Since these securities did not have a market price and they were extremely difficult to determine a fair value, they are not included in "Available-for-sale securities whose fair value is available" shown above.

d. Held-to-maturity securities sold during the fiscal year

There were no held-to-maturity securities sold during the fiscal years ended March 31, 2021 and 2020.

e. Available-for-sale securities sold during the fiscal year

Available-for-sale securities sold during the fiscal years ended March 31, 2021 and 2020 consisted of the following:

Type	Millions of yen		
	2021	2021	2021
	Sales proceeds	Total realized gains	Total realized losses
Japanese stocks	¥ —	¥ —	¥ —
Bonds:	1,672,266	2,846	(44,514)
Japanese government bonds	1,671,527	2,846	(44,505)
Japanese corporate bonds	738	—	(9)
Others:	3,266,139	44,312	(217,105)
Foreign bonds	2,503,750	35,657	(19,969)
Investment trusts	762,388	8,654	(197,135)
Total	¥4,938,406	¥47,158	¥(261,619)

Type	Millions of yen		
	2020	2020	2020
	Sales proceeds	Total realized gains	Total realized losses
Japanese stocks	¥ 98,055	¥ 8,143	¥ (1,868)
Bonds:	988,246	6,217	(2,651)
Japanese government bonds	985,609	6,217	(2,578)
Japanese corporate bonds	2,637	—	(72)
Others:	1,148,749	19,518	(9,427)
Foreign bonds	341,093	4,531	—
Investment trusts	807,655	14,987	(9,427)
Total	¥2,235,051	¥33,879	¥(13,946)

Type	Thousands of U.S. dollars		
	2021		
	Sales proceeds	Total realized gains	Total realized losses
Japanese stocks	\$ —	\$ —	\$ —
Bonds:	15,104,931	25,713	(402,082)
Japanese government bonds	15,098,256	25,713	(402,000)
Japanese corporate bonds	6,674	—	(82)
Others:	29,501,753	400,253	(1,961,025)
Foreign bonds	22,615,396	322,077	(180,376)
Investment trusts	6,886,357	78,176	(1,780,648)
Total	\$44,606,684	\$425,967	\$(2,363,108)

f. Securities for which accounting for impairment was applied

For securities (excluding trading securities) with market quotations, whose fair value shows a substantial decline from their acquisition cost and is not judged to recover to their acquisition cost, the Group reduces its book value of securities to fair value on the consolidated balance sheet and charges valuation differences to income (hereafter "impairment losses") in the fiscal year in which they are recognized. No impairment losses were recognized for the fiscal year ended March 31, 2021. Impairment losses for the fiscal year ended March 31, 2020 amounted to ¥20 million.

The criteria for determining if a security's fair value shows a "substantial decline," as a general principle, are as follows:

- a) Bonds and bonds equivalent
 - Securities whose fair value is 70% or less than the acquisition cost
- b) Securities other than a)
 - Securities whose fair value is 50% or less than the acquisition cost, or
 - Securities whose fair value is 70% or less but over 50% of the acquisition cost and the market price continues to be less than a certain level

g. Money held in trust

The fair value information of money held in trust was as follows.

The Group did not hold money held in trust for the purpose of trading as of March 31, 2021 and 2020.

The Group did not hold money held in trust for the purpose of held-to-maturity as of March 31, 2021 and 2020.

Money held in trust (excluding trading and held-to-maturity purposes) as of March 31, 2021 and 2020 were as follows:

	Millions of yen				
	2021				
	Amount on the consolidated balance sheet	Acquisition cost	Difference	Those for which the amount on the consolidated balance sheet exceeds the acquisition cost	Those for which the amount on the consolidated balance sheet does not exceed the acquisition cost
Money held in trust classified as:					
Available-for-sale	¥5,099,821	¥3,744,714	¥1,355,107	¥1,375,644	¥(20,537)

	Millions of yen				
	2020				
	Amount on the consolidated balance sheet	Acquisition cost	Difference	Those for which the amount on the consolidated balance sheet exceeds the acquisition cost	Those for which the amount on the consolidated balance sheet does not exceed the acquisition cost
Money held in trust classified as:					
Available-for-sale	¥4,181,926	¥3,366,562	¥815,364	¥869,238	¥(53,874)

	Thousands of U.S. dollars				
	2021				
	Amount on the consolidated balance sheet	Acquisition cost	Difference	Those for which the amount on the consolidated balance sheet exceeds the acquisition cost	Those for which the amount on the consolidated balance sheet does not exceed the acquisition cost
Money held in trust classified as:					
Available-for-sale	\$46,064,686	\$33,824,536	\$12,240,150	\$12,425,654	\$(185,504)

Notes: 1. "Those for which the amount on the consolidated balance sheet exceeds the acquisition cost" and "Those for which the amount on the consolidated balance sheet does not exceed the acquisition cost" represent the breakdown of the "Difference" for the respective items.
 2. Money held in trust classified as available-for-sale that is deemed to be extremely difficult to determine a fair value as of March 31, 2021 and 2020 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
	Amount on the consolidated balance sheet	Amount on the consolidated balance sheet	Amount on the consolidated balance sheet
Money held in trust classified as:			
Available-for-sale	¥447,752	¥367,810	\$4,044,373

Since these money held in trust did not have a market price and they were extremely difficult to determine a fair value, they are not included in "Money held in trust (excluding trading and held-to-maturity purposes)" shown above.

h. Money held in trust for which accounting for impairment was applied

For securities with market quotations invested in the money held in trust (excluding money held in trust for the purpose of trading), whose fair value shows a substantial decline from their acquisition cost and is not judged to recover to their acquisition cost, the Group reduces its book value of securities to fair value on the consolidated balance sheet and charges valuation differences to income (hereafter "impairment losses") in the fiscal year in which they are recognized. Impairment losses for the fiscal years ended March 31, 2021 and 2020 amounted to ¥5,528 million (\$49,935 thousand) and ¥9,212 million, respectively.

The criteria for determining if a security's fair value shows a "substantial decline," as a general principle, are as follows:

- a) Bonds and bonds equivalent
 - Securities whose fair value is 70% or less than the acquisition cost
- b) Securities other than a)
 - Securities whose fair value is 50% or less than the acquisition cost, or
 - Securities whose fair value is 70% or less but over 50% of the acquisition cost and the market price continues to be less than a certain level

i. Unrealized gains (losses) on available-for-sale securities

Unrealized gains (losses) on available-for-sale securities as of March 31, 2021 and 2020 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Valuation differences:	¥ 3,588,270	¥ 370,090	\$32,411,436
Available-for-sale securities	2,235,145	(443,761)	20,189,194
Money held in trust classified as:			
Available-for-sale	1,353,124	813,852	12,222,242
Deferred tax assets (liabilities)	(1,098,729)	(113,393)	(9,924,394)
Unrealized gains (losses) on available-for-sale securities (before adjustment)	2,489,540	256,696	22,487,042
Amount corresponding to non-controlling interests	(558)	177	(5,040)
Amount corresponding to net unrealized gains (losses) on available-for-sale securities owned by affiliated company, which is attributable to the Bank	—	0	—
Unrealized gains (losses) on available-for-sale securities	¥ 2,488,982	¥ 256,874	\$22,482,002

Notes: 1. In addition to the difference shown above, ¥173,512 million (\$1,567,271 thousand) profit and ¥308,341 million losses were included in the consolidated statements of income for the fiscal years ended March 31, 2021 and 2020, respectively, because of the application of fair value hedge accounting.

2. "Valuation differences" for the fiscal years ended March 31, 2021 and 2020 included the following:

- Foreign currency translation adjustment related to available-for-sale securities denominated in foreign currencies that are deemed to be extremely difficult to determine the fair value and valuation differences related to available-for-sale securities which comprised partnership asset components: ¥2,190 million (\$19,788 thousand) profit
- Valuation differences related to available-for-sale securities which comprised partnership asset components: ¥232 million losses
- Foreign currency translation adjustment related to available-for-sale securities denominated in foreign currencies included in the underlying investment assets of money held in trust classified as available-for-sale that is deemed to be extremely difficult to determine a fair value: ¥1,982 million (\$17,908 thousand) losses and ¥1,511 million losses

24. Derivatives

a. Derivatives for which hedge accounting is not applied as of March 31, 2021 and 2020

For derivative transactions for which hedge accounting is not applied, the contract amounts at the balance sheet date for each type of underlying instrument, the principal equivalent amount stipulated in the contract, the fair value, unrealized gains or losses, and the valuation method are as follows. The amount shown as the contract amount, etc., does not show market risk related to the derivative transactions.

(1) Interest rate-related derivatives

There was no interest rate-related derivatives as of March 31, 2021.

Category	Type	Millions of yen			
		2020			
		Contract amount, etc.	Portion of contract amount, etc., exceeding 1 year	Fair value (Note 2)	Unrealized gains/losses
OTC	Interest rate swap transactions: Pay floating swaps, receive fixed swaps	¥146,267	¥127,766	¥ 34,182	¥ 34,182
	Interest rate swap transactions: Pay fixed swaps, receive floating swaps	162,156	141,370	(34,764)	(34,764)
Total		/	/	¥ (582)	¥ (582)

Notes: 1. The above transactions are stated at fair value and unrealized gains (losses) are charged to income or expenses in the consolidated statements of income.

2. The fair value is determined using the discounted cash flows.

(2) Currency-related derivatives

		Millions of yen			
		2021			
Category	Type	Contract amount, etc.	Portion of contract amount, etc., exceeding 1 year	Fair value (Note 2)	Unrealized gains/losses
OTC	Foreign exchange forward contracts—sold	¥574,082	¥—	¥(17,612)	¥(17,612)
	Foreign exchange forward contracts—bought	559,872	—	11,117	11,117
Total		/	/	¥ (6,495)	¥ (6,495)

		Millions of yen			
		2020			
Category	Type	Contract amount, etc.	Portion of contract amount, etc., exceeding 1 year	Fair value (Note 2)	Unrealized gains/losses
OTC	Foreign exchange forward contracts—sold	¥285,497	¥—	¥(1,302)	¥(1,302)
	Foreign exchange forward contracts—bought	148,351	—	289	289
Total		/	/	¥(1,013)	¥(1,013)

		Thousands of U.S. dollars			
		2021			
Category	Type	Contract amount, etc.	Portion of contract amount, etc., exceeding 1 year	Fair value (Note 2)	Unrealized gains/losses
OTC	Foreign exchange forward contracts—sold	\$5,185,459	\$—	\$(159,083)	\$(159,083)
	Foreign exchange forward contracts—bought	5,057,107	—	100,416	100,416
Total		/	/	\$ (58,667)	\$ (58,667)

Notes: 1. The above transactions are stated at fair value and unrealized gains (losses) are charged to income or expenses in the consolidated statements of income.
2. The fair value is determined using the discounted cash flows.

(3) Equity-related derivatives

There was no equity-related derivatives as of March 31, 2021.

		Millions of yen			
		2020			
Category	Type	Contract amount, etc.	Portion of contract amount, etc., exceeding 1 year	Fair value (Note 2)	Unrealized gains/losses
Listed	Equity price index futures—sold	¥35,773	¥—	¥698	¥698
Total		/	/	¥698	¥698

Notes: 1. The above transactions are stated at fair value and unrealized gains (losses) are charged to income or expenses in the consolidated statements of income.
2. The fair value is determined using the closing price of OSAKA Exchange.

(4) Bond-related derivatives

		Millions of yen			
		2021			
Category	Type	Contract amount, etc.	Portion of contract amount, etc., exceeding 1 year	Fair value (Note 2)	Unrealized gains/losses
Listed	Bond futures—sold	¥19,470	¥—	¥(147)	¥(147)
Total		/	/	¥(147)	¥(147)

		Millions of yen			
		2020			
Category	Type	Contract amount, etc.	Portion of contract amount, etc., exceeding 1 year	Fair value (Note 2)	Unrealized gains/losses
Listed	Bond futures—sold	¥17,932	¥—	¥403	¥403
Total		/	/	¥403	¥403

		Thousands of U.S. dollars			
		2021			
Category	Type	Contract amount, etc.	Portion of contract amount, etc., exceeding 1 year	Fair value (Note 2)	Unrealized gains/losses
Listed	Bond futures—sold	\$175,864	\$—	\$(1,336)	\$(1,336)
Total		/	/	\$(1,336)	\$(1,336)

Notes: 1. The above transactions are stated at fair value and unrealized gains (losses) are charged to income or expenses in the consolidated statements of income.
2. The fair value is determined using the closing price of Eurex Exchange.

(5) Commodity-related derivatives: None as of March 31, 2021 and 2020

(6) Credit derivatives

		Millions of yen			
		2021			
Category	Type	Contract amount, etc.	Portion of contract amount, etc., exceeding 1 year	Fair value (Note 2)	Unrealized gains/losses
OTC	Credit default swaps—sold	¥28,107	¥28,107	¥576	¥576
Total		/	/	¥576	¥576

		Millions of yen			
		2020			
Category	Type	Contract amount, etc.	Portion of contract amount, etc., exceeding 1 year	Fair value (Note 2)	Unrealized gains/losses
OTC	Credit default swaps—sold	¥28,088	¥28,088	¥651	¥651
Total		/	/	¥651	¥651

		Thousands of U.S. dollars			
		2021			
Category	Type	Contract amount, etc.	Portion of contract amount, etc., exceeding 1 year	Fair value (Note 2)	Unrealized gains/losses
OTC	Credit default swaps—sold	\$253,880	\$253,880	\$5,209	\$5,209
Total		/	/	\$5,209	\$5,209

Notes: 1. The above transactions are stated at fair value and unrealized gains (losses) are charged to income or expenses in the consolidated statements of income.
2. The fair value is determined using the discounted cash flows.
3. "Sold" represents transactions in which the credit risk is accepted.

b. Derivatives for which hedge accounting is applied as of March 31, 2021 and 2020

For derivative transactions for which hedge accounting is applied, the contract amount at the balance sheet date for each type of underlying instruments for each hedge accounting method, the principal equivalent amount stipulated in the contract, the fair value, and the valuation method are as follows. The amount shown as the contract amount, etc., does not show market risk related to the derivative transactions.

(1) Interest rate-related derivatives

			Millions of yen		
			2021		
Hedge accounting method	Type	Primary hedged instrument	Contract amount, etc.	Portion of contract amount, etc., exceeding 1 year	Fair value (Note 2)
Standard treatment	Interest rate swap transactions: Pay floating swaps, receive fixed swaps	Available-for-sale securities (Japanese government bonds and foreign securities), Deposits	¥3,400,000	¥3,400,000	¥ 40,662
	Interest rate swap transactions: Pay fixed swaps, receive floating swaps		4,736,647	3,574,948	(233,971)
Total			/	/	¥(193,308)

			Millions of yen		
			2020		
Hedge accounting method	Type	Primary hedged instrument	Contract amount, etc.	Portion of contract amount, etc., exceeding 1 year	Fair value (Note 2)
Standard treatment	Interest rate swap transactions: Pay floating swaps, receive fixed swaps	Available-for-sale securities (Japanese government bonds and foreign securities), Deposits	¥3,400,000	¥3,400,000	¥ 59,751
	Interest rate swap transactions: Pay fixed swaps, receive floating swaps		5,513,409	4,894,995	(525,138)
Total			/	/	¥(465,386)

			Thousands of U.S. dollars		
			2021		
Hedge accounting method	Type	Primary hedged instrument	Contract amount, etc.	Portion of contract amount, etc., exceeding 1 year	Fair value (Note 2)
Standard treatment	Interest rate swap transactions: Pay floating swaps, receive fixed swaps	Available-for-sale securities (Japanese government bonds and foreign securities), Deposits	\$30,710,866	\$30,710,866	\$ 367,292
	Interest rate swap transactions: Pay fixed swaps, receive floating swaps		42,784,277	32,291,103	(2,113,372)
Total			/	/	\$(1,746,080)

Notes: 1. The deferred hedge accounting method is applied as the hedge accounting method for interest rate risks arising from financial assets and liabilities.
2. The fair value is determined using the discounted cash flows.

(2) Currency-related derivatives

			Millions of yen		
			2021		
Hedge accounting method	Type	Primary hedged instrument	Contract amount, etc.	Portion of contract amount, etc., exceeding 1 year	Fair value (Note 2)
Standard treatment	Currency swap	Available-for-sale securities (Foreign securities)	¥8,073,418	¥7,167,516	¥(409,961)
Accounting method for recognizing gains and losses on hedged items	Currency swap	Available-for-sale securities (Foreign securities)	911,908	532,259	(39,259)
	Foreign exchange forward contracts—sold		3,096,033	—	(142,741)
Total			/	/	¥(591,962)

Hedge accounting method	Type	Primary hedged instrument	Millions of yen		
			2020		
			Contract amount, etc.	Portion of contract amount, etc., exceeding 1 year	Fair value (Note 2)
Standard treatment	Currency swap	Available-for-sale securities (Foreign securities)	¥7,426,920	¥6,585,868	¥(80,233)
Accounting method for recognizing gains and losses on hedged items	Currency swap	Available-for-sale securities (Foreign securities)	411,296	411,296	(5,989)
	Foreign exchange forward contracts—sold		2,722,207	—	9,509
Total			/	/	¥(76,713)

Hedge accounting method	Type	Primary hedged instrument	Thousands of U.S. dollars		
			2021		
			Contract amount, etc.	Portion of contract amount, etc., exceeding 1 year	Fair value (Note 2)
Standard treatment	Currency swap	Available-for-sale securities (Foreign securities)	\$72,924,022	\$64,741,368	\$(3,703,021)
Accounting method for recognizing gains and losses on hedged items	Currency swap	Available-for-sale securities (Foreign securities)	8,236,908	4,807,693	(354,616)
	Foreign exchange forward contracts—sold		27,965,253	—	(1,289,329)
Total			/	/	\$(5,346,967)

Notes: 1. The deferred hedge accounting method is primarily used to hedge the risk from market exchange rate fluctuations for foreign currency-denominated securities.

2. The fair value is determined using the discounted cash flows.

(3) Equity-related derivatives: None as of March 31, 2021 and 2020

(4) Bond-related derivatives: None as of March 31, 2021 and 2020

25. Loans

There were no loans to bankrupt borrowers, past-due loans for three months or more, and restructured loans as of March 31, 2021 and 2020.

Loans to bankrupt borrowers refer to loans for which accrued interest is not recognized upon determination that collection or repayment of principal or interest is unlikely due to a delay in payment of principal or interest over a considerable period or for some other reasons (excluding the portion written down, hereinafter “non-accrual loans”) which satisfy the conditions stipulated in Article 96, Paragraph 1, Item 3, (a) through (e) of the Order for Enforcement of the Corporation Tax Act (Cabinet Order No. 97 of 1965) or Item 4 of the same Paragraph.

Past-due loans for three months or more refer to loans with principal or interest unpaid for three months or more after the day following the due date, excluding loans to bankrupt borrowers and non-accrual delinquent loans.

Restructured loans refer to loans of which terms and conditions have been amended in favor of the borrowers, such as by a reduction of the original interest rate, deferral of interest payments, extension of principal repayments or debt forgiveness, with the objective of restructuring businesses of the borrowers or supporting them, excluding the loans to bankrupt borrowers, non-accrual delinquent loans and past-due loans for three months or more.

There were no loans to non-accrual delinquent loans as of March 31, 2021. Non-accrual delinquent loans, before reserved, were ¥0 million as of March 31, 2020. Non-accrual delinquent loans refer to non-accrual loans other than the loans to bankrupt borrowers and the loans for which interest payments are deferred with the objective of restructuring businesses of the borrowers or supporting them.

There were no loans to bankrupt borrowers, non-accrual delinquent loans, past-due loans for three months or more, and restructured loans as of March 31, 2021. The total amount of loans to bankrupt borrowers, non-accrual delinquent loans, past-due loans for three months or more, and restructured loans were, before reserved, ¥0 million as of March 31, 2020.

Contracts of overdraft facilities and loan commitments are contracts with customers to lend funds up to a certain limit agreed in advance. The Group will make the loans upon the request of an obligor to draw down funds under such loan agreements, unless any terms or conditions stipulated in the relevant loan agreement are violated.

The amount of unused commitment balance relating to these loan agreements as of March 31, 2021 and 2020 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Unused commitment balance:	¥68,149	¥49,700	\$615,568
Loan agreements in which the term of the agreement was less than one year, or the unconditional cancellation of the agreement was allowed at any time	¥35,500	¥20,000	\$320,657

In many cases, the term of the agreement runs its course without the loan ever being drawn down. Therefore, the unused amount will not necessarily affect future cash flows of the Group. Conditions are included in certain loan agreements that allow the Group to decline the request for a loan draw-down when there is due cause to do so, such as when there is a change in financial condition or when it is necessary to protect the Group's credit. At the inception of contracts, the Group has the obligor pledge collateral to the Group in the form of real estate, securities, etc., if considered to be necessary. Subsequently, the Group reviews the obligor's financial condition in accordance with the Group's established internal procedures and takes necessary measures to protect the Group's credit.

26. Retirement Benefits

An outline of employees' retirement benefits as of March 31, 2021 and 2020 was as follows:

a. Outline of employees' retirement benefit plans adopted by the Group

The Group has a lump-sum retirement payment plan for employees based on its retirement benefit rule.

In addition, started from October 1, 2015, the new retirement pension plan has been applied to the Bank. The plan is based on the "Act for Partial Amendment of the Act on National Public Officers' Retirement Allowance, etc., for the Purpose of Review over the Levels of the Retirement Benefits for National Public Officers (Act No. 96 of 2012)," which was introduced as a new pension system to replace the discontinued occupational portion (third-tier portion) of the mutual pension.

b. Defined-benefit plan

(1) Reconciliations of the projected benefit obligation at the beginning and the end of the fiscal years

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Projected benefit obligation at the beginning of the fiscal year	¥134,232	¥134,837	\$1,212,473
Service cost	6,851	7,113	61,886
Interest cost on projected benefit obligation	935	943	8,449
Net actuarial (gains) losses arising during the fiscal year	(351)	13	(3,178)
Retirement benefits paid	(5,443)	(8,512)	(49,168)
Prior service cost arising during the fiscal year	(2,542)	—	(22,962)
Other	(139)	(163)	(1,258)
Projected benefit obligation at the end of the fiscal year	¥133,542	¥134,232	\$1,206,241

Note: Since the Group revised the lump-sum retirement payment plan due to the extension of the retirement age from 60 to 65, prior service cost was incurred for the fiscal year ended March 31, 2021.

(2) Reconciliations of the projected benefit obligation at the end of the fiscal years and the liability for retirement benefits recorded on the consolidated balance sheets

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Unfunded projected benefit obligation	¥133,542	¥134,232	\$1,206,241
The liability for retirement benefits recorded on the consolidated balance sheet	¥133,542	¥134,232	\$1,206,241

(3) Total retirement benefit costs and components

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Service cost	¥ 6,851	¥ 7,113	\$ 61,886
Interest cost on projected benefit obligation	935	943	8,449
Amortization of net actuarial (gains) losses	(761)	(782)	(6,875)
Amortization of prior service cost	(1,330)	(1,161)	(12,019)
Other	32	77	297
Total retirement benefit costs related to the defined-benefit plan	¥ 5,727	¥ 6,191	\$ 51,738

(4) Adjustments for retirement benefits (before tax effect)

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Prior service cost	¥1,211	¥(1,161)	\$10,943
Net actuarial (gains) losses	(409)	(795)	(3,696)
Total	¥ 802	¥(1,956)	\$ 7,246

(5) Accumulated adjustments for retirement benefits (before tax effect)

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Unrecognized prior service cost	¥6,920	¥5,709	\$62,513
Unrecognized net actuarial gains (losses)	1,277	1,686	11,540
Total	¥8,198	¥7,396	\$74,053

(6) The major assumptions used in the calculation of projected benefit obligation

	2021	2020
Discount rate	0.7%	0.7%

27. Deferred Tax Assets/Liabilities

Income taxes, which consist of corporation, inhabitants', and enterprise taxes, are calculated based on taxable income.

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

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Deferred tax assets:			
Reserve for possible loan losses	¥ 0	¥ 7	\$ 3
Liability for retirement benefits	40,900	41,108	369,441
Accrued enterprise taxes	5,036	3,228	45,491
Net deferred losses on hedges	167,565	144,765	1,513,557
Reserve for reimbursement of deposits	22,610	24,599	204,229
Depreciation	7,762	8,775	70,113
Unrealized losses of money held in trust	3,123	1,680	28,214
Other	32,076	22,429	289,735
Subtotal deferred tax assets	279,076	246,593	2,520,785
Valuation allowance	(21)	(20)	(194)
Total deferred tax assets	279,054	246,572	2,520,590
Deferred tax liabilities:			
Net unrealized gains on available-for-sale securities	(1,098,729)	(113,393)	(9,924,394)
Other	(6,411)	(7,709)	(57,908)
Total deferred tax liabilities	(1,105,140)	(121,103)	(9,982,302)
Net deferred tax assets (liabilities)	¥ (826,086)	¥ 125,468	\$(7,461,711)

b. The reconciliation of the effective statutory tax rate of the Group to the effective income tax rate for the fiscal years ended March 31, 2021 and 2020 was as follows:

	2021	2020
Effective statutory tax rate	30.62%	30.62%
Adjustments for:		
Permanent differences (e.g., Entertainment expenses)	0.00	0.00
Permanent differences (e.g., Cash dividends received)	(0.80)	(0.92)
Per capita inhabitants' taxes, etc.	0.07	0.07
Income tax credit	(2.28)	(2.45)
Other	1.20	0.58
Effective income tax rate	28.81%	27.91%

28. Segment Information

Segment information is omitted since the Group comprises of only one segment, which is defined as banking service.

Related Information

a. Information about services

Information about services is omitted since income from securities investment accounted for more than 90% of the total income in the consolidated statement of income for the fiscal years ended March 31, 2021 and 2020.

b. Information about geographical areas

(1) Income

Information about income by geographical area is omitted as income from external customers in Japan accounted for more than 90% of the total income in the consolidated statements of income for the fiscal years ended March 31, 2021 and 2020.

(2) Tangible fixed assets

Information about tangible fixed assets by geographical areas is omitted as related assets located in Japan accounted for more than 90% of the tangible fixed assets in the consolidated balance sheets as of March 31, 2021 and 2020.

c. Information about major customers

Information about major customers is omitted as there was no single external customer that accounted for 10% or more of the total income in the consolidated statements of income for the fiscal years ended March 31, 2021 and 2020.

Information about losses on impairment of fixed assets by reported segments

The related information is omitted as the Group comprises of only one segment, which is defined as banking service.

Information about amortization of goodwill and unamortized balance by reported segments

None

Information about recognized gain on negative goodwill by reported segments

None for the fiscal year ended March 31, 2021

The related information is omitted as the Group comprises of only one segment, which is defined as banking service, for the fiscal year ended March 31, 2020.

29. Related Party Transactions

a. Transactions with related parties

Transactions between the Group and related parties for the fiscal years ended March 31, 2021 and 2020 were as follows:

(1) Transactions between the Group and the parent company, or major corporate shareholders:

For the fiscal year ended March 31, 2021

JAPAN POST HOLDINGS Co., Ltd. (Parent company)

Ownership of voting rights held	89.00% of the Bank's shares (Direct)	
Capital	¥3,500,000 million (\$31,614,126 thousand)	
Nature of transactions	Management of JAPAN POST GROUP Concurrent holding of positions by executive management directors Contract for using IT system service	
Details of transactions	Payment of brand royalty fees*	Payment of IT system service charge**
Transaction amount	¥4,210 million (\$38,027 thousand)	¥8,372 million (\$75,626 thousand)
Account	Other liabilities	Other liabilities
Outstanding balance at the end of the fiscal year	¥385 million (\$3,485 thousand)	¥1,616 million (\$14,598 thousand)

Transaction conditions and policies on determining transaction conditions, etc.

*The Bank belongs to JAPAN POST GROUP and receives benefits from the brand value of JAPAN POST GROUP that reflects the Bank's performance, and pays brand royalty fees calculated at a certain rate of the average deposit balance for the previous fiscal year, which is considered as the representative performance metric.

**Payment is made for IT system service within JAPAN POST GROUP at rates determined based on arm's length principle.

Note: Transaction amount is exclusive of consumption taxes. Year-end balance includes consumption taxes.

For the fiscal year ended March 31, 2020

JAPAN POST HOLDINGS Co., Ltd. (Parent company)

Ownership of voting rights held	89.00% of the Bank's shares (Direct)	
Capital	¥3,500,000 million	
Nature of transactions	Management of JAPAN POST GROUP Concurrent holding of positions by executive management directors Contract for using IT system service	
Details of transactions	Payment of brand royalty fees*	Payment of IT system service charge**
Transaction amount	¥4,169 million	¥2,002 million
Account	Other liabilities	Other liabilities
Outstanding balance at the end of the fiscal year	¥382 million	¥454 million

Transaction conditions and policies on determining transaction conditions, etc.

*The Bank belongs to JAPAN POST GROUP and receives benefits from the brand value of JAPAN POST GROUP that reflects the Bank's performance, and pays brand royalty fees calculated at a certain rate of the average deposit balance for the previous fiscal year, which is considered as the representative performance metric.

**Payment is made for IT system service within JAPAN POST GROUP at rates determined based on arm's length principle.

Note: Transaction amount is exclusive of consumption taxes. Year-end balance includes consumption taxes.

(2) Transactions between the Group and unconsolidated subsidiaries or affiliates:

None for the fiscal years ended March 31, 2021 and 2020

(3) Transactions between the Group and companies with the same parent or subsidiaries of the Group's affiliates:

For the fiscal year ended March 31, 2021

JAPAN POST Co., Ltd. (Subsidiary of parent company)

Ownership of voting rights held	Nil				
Capital	¥400,000 million (\$3,613,043 thousand)				
Nature of transactions	Concurrent holding of positions by executive management directors, Commissions on bank agency services, etc., Bank counter services agreement and Consignment contracts for logistics operations				
Details of transactions	Payment of commissions on bank agency services, etc.*	Receipt and payment of funds related to bank agency services	—***	Payment of consignment fees for logistics operations****	
Transaction amount	¥366,358 million (\$3,309,170 thousand)	¥962,904 million (\$8,697,535 thousand)	—***	¥2,866 million (\$25,889 thousand)	
Account	Other liabilities	Other assets**	Other assets***	Other liabilities	Accrued expenses
Outstanding balance at the end of the fiscal year	¥36,516 million (\$329,835 thousand)	¥810,000 million (\$7,316,412 thousand)	¥10,279 million (\$92,853 thousand)	¥306 million (\$2,765 thousand)	¥50 million (\$453 thousand)

Transaction conditions and policies on determining transaction conditions, etc.

*The figures are determined based on costs, etc., incurred in connection with commissions on bank agency services, etc.

**The figures represent advance payments of funds necessary for delivery of deposits in bank agency services. The transaction amounts are presented on an average balance basis for the fiscal year ended March 31, 2021.

***The figures represent the unsettled amount between the Bank and JAPAN POST Co., Ltd. in connection with receipt/payment operations with customers in bank agency services. Transaction amounts are not presented because, being settlement transactions, these amounts are substantial.

****Payment is made for consigned operations, such as loading and unloading, storage, and delivery of articles at rates determined based on arm's length principle.

Notes: 1. Transaction amount is exclusive of consumption taxes. Year-end balance includes consumption taxes.

2. In addition to the above transactions, pursuant to the Act on Organization for Postal Savings, Postal Life Insurance and Post Office Network, from the fiscal year ended March 31, 2020, of the costs necessary to maintain the post office network, the costs that are indispensable for securing the universal services (except for those incurred by JAPAN POST Co., Ltd.) are covered by the subsidy from the Organization for Postal Savings, Postal Life Insurance and Post Office Network granted to JAPAN POST Co., Ltd. The subsidy has been funded by contributions from the Bank and JAPAN POST INSURANCE Co., Ltd. The contribution made by the Bank for the fiscal year ended March 31, 2021 was ¥237,439 million (\$2,144,695 thousand).

Japan Post Information Technology Co., Ltd. (Subsidiary of parent company)

Ownership of voting rights held	Nil
Capital	¥3,150 million (\$28,452 thousand)
Nature of transactions	Concurrent holding of positions by executive management directors Contract for using IT system service
Details of transactions	Payment of IT system service charge*
Transaction amount	¥9,945 million (\$89,829 thousand)
Account	Accrued expenses
Outstanding balance at the end of the fiscal year	¥11 million (\$106 thousand)

Transaction conditions and policies on determining transaction conditions, etc.

*Payment is made for IT system service within JAPAN POST GROUP at rates determined based on arm's length principle.

Note: Transaction amount is exclusive of consumption taxes. Year-end balance includes consumption taxes.

For the fiscal year ended March 31, 2020

JAPAN POST Co., Ltd. (Subsidiary of parent company)

Ownership of voting rights held	Nil				
Capital	¥400,000 million				
Nature of transactions	Concurrent holding of positions by executive management directors, Commissions on bank agency services, etc., Bank counter services agreement and Consignment contracts for logistics operations				
Details of transactions	Payment of commissions on bank agency services, etc.*	Receipt and payment of funds related to bank agency services	—***	Payment of consignment fees for logistics operations****	
Transaction amount	¥369,716 million	¥868,934 million	—***	¥3,156 million	
Account	Other liabilities	Other assets**	Other assets***	Other liabilities	Accrued expenses
Outstanding balance at the end of the fiscal year	¥34,555 million	¥810,000 million	¥3,160 million	¥315 million	¥89 million

Transaction conditions and policies on determining transaction conditions, etc.

*The figures are determined based on costs, etc., incurred in connection with commissions on bank agency services, etc.

**The figures represent advance payments of funds necessary for delivery of deposits in bank agency services. The transaction amounts are presented on an average balance basis for the fiscal year ended March 31, 2020.

***The figures represent the unsettled amount between the Bank and JAPAN POST Co., Ltd. in connection with receipt/payment operations with customers in bank agency services. Transaction amounts are not presented because, being settlement transactions, these amounts are substantial.

****Payment is made for consigned operations, such as loading and unloading, storage, and delivery of articles at rates determined based on arm's length principle.

Notes: 1. Transaction amount is exclusive of consumption taxes. Year-end balance includes consumption taxes.

2. In addition to the above transactions, pursuant to the Act on Organization for Postal Savings, Postal Life Insurance and Post Office Network, from the fiscal year ended March 31, 2020, of the costs necessary to maintain the post office network, the costs that are indispensable for securing the universal services (except for those incurred by JAPAN POST Co., Ltd.) are covered by the subsidy from the Organization for Postal Savings, Postal Life Insurance and Post Office Network granted to JAPAN POST Co., Ltd. The subsidy has been funded by contributions from the Bank and JAPAN POST INSURANCE Co., Ltd. The contribution made by the Bank for the fiscal year ended March 31, 2020 was ¥237,820 million.

Japan Post Information Technology Co., Ltd. (Subsidiary of parent company)

Ownership of voting rights held	Nil
Capital	¥3,150 million
Nature of transactions	Concurrent holding of positions by executive management directors Contract for using IT system service
Details of transactions	Payment of IT system service charge*
Transaction amount	¥16,814 million
Account	Accrued expenses
Outstanding balance at the end of the fiscal year	¥1,241 million

Transaction conditions and policies on determining transaction conditions, etc.

*Payment is made for IT system service within JAPAN POST GROUP at rates determined based on arm's length principle.

Note: Transaction amount is exclusive of consumption taxes. Year-end balance includes consumption taxes.

(4) Transactions between the Group and directors and/or executive officers, or major individual shareholders:

None for the fiscal years ended March 31, 2021 and 2020

b. Notes related to the parent company and/or significant affiliates**(1) Information on the parent company**

JAPAN POST HOLDINGS Co., Ltd. (Listed on Tokyo Stock Exchange)

(2) Information on significant affiliates

None

30. Per Share Data

Net assets per share as of March 31, 2021 and 2020 and net income per share for the fiscal years then ended were as follows:

	Yen		U.S. dollars
	2021	2020	2021
Net assets per share	¥3,033.03	¥2,398.98	\$27.39
Net income per share	74.72	72.94	0.67

Notes: 1. Diluted net income per share is not presented since there has been no potential dilution for the fiscal years ended March 31, 2021 and 2020.
2. Net assets per share as of March 31, 2021 and 2020 were calculated based on the following:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Net assets	¥11,394,827	¥9,003,256	\$102,925,008
Amounts deducted from net assets	24,739	9,945	223,462
Non-controlling interests	24,739	9,945	223,462
Net assets attributable to common stock at the end of the fiscal year	11,370,088	8,993,310	102,701,545
Number of common stock at the end of the fiscal year used for the calculation of net assets per share (thousand shares)	3,748,753	3,748,792	

3. Net income per share data for the fiscal years ended March 31, 2021 and 2020 was calculated based on the following:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Net income attributable to owners of parent	¥ 280,130	¥ 273,435	\$2,530,310
Amount not attributable to common shareholders	—	—	—
Net income attributable to owners of parent attributable to common stock	280,130	273,435	2,530,310
Average number of common stock outstanding during the fiscal year (thousand shares)	3,748,730	3,748,764	

4. To calculate net assets per share, the treasury stock deducted from the number of common stock outstanding as of March 31, 2021 and 2020 included 721 thousand shares and 682 thousand shares of treasury stock held by the stock benefit trust, respectively. To calculate net income per share, the treasury stock deducted to calculate the average number of outstanding shares for the fiscal years ended March 31, 2021 and 2020 included 744 thousand shares and 710 thousand shares of treasury stock held by the stock benefit trust, respectively.

31. Significant Subsequent Event

None



Independent auditor's report

To the Board of Directors of JAPAN POST BANK Co., Ltd.:

Opinion

We have audited the accompanying consolidated financial statements of JAPAN POST BANK Co., Ltd. (“the Company”) and its consolidated subsidiaries (collectively referred to as “the Group”), which comprise the consolidated balance sheets as at March 31, 2021 and 2020, the consolidated statements of income, comprehensive income, changes in net assets and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and 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 2020, and its consolidated financial performance and its consolidated cash flows for the years 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.

Reasonableness of the valuation of certain illiquid securities with no readily available market prices	
The key audit matter	How the matter was addressed in our audit
<p>In the consolidated balance sheet of the Group as of March 31, 2021, securities of ¥138,204,256 million were recognized, accounting for approximately 61% of the consolidated total assets.</p> <p>As described in Note 22. “Financial instruments” and Note 23. “Fair Value Information”, the Group manages funds raised primarily through deposits by investing them in securities, including Japanese government bonds, Japanese corporate bonds, foreign bonds and investment trusts. Of those securities, available-for-sale securities of ¥110,713,723 million were recognized at their fair value in the Group’s consolidated balance sheet. Included therein were certain illiquid securities with no readily available market prices (such as private placement bonds and securitized products), for which the Group deems reasonably calculated based on prices mainly obtained from third parties including information vendors and brokers, as their fair value. However, as described in “(15) Significant accounting estimates” in Note 2. “Significant Accounting Policies for Preparing of Consolidated Financial Statements,” directly or indirectly observable market inputs such as spreads estimated based on prices of similar securities and unobservable market inputs including significant estimates, are used as key assumptions in the prices obtained from third parties.</p> <p>These key assumptions may be affected by a sudden change in market environment or a distortion in the financial markets that results in, for example, a significant widening of bid-ask spreads or a significant increase in liquidity risk premiums. If alternative assumptions are used, they may have a significant impact on the fair value of these illiquid securities. Accordingly, using the prices obtained from third parties as fair value of certain illiquid securities with no readily available market prices involved significant management judgment, and the use of a price based on unreasonable</p>	<p>The primary procedures we performed to assess whether the valuation of certain illiquid securities with no readily available market prices was reasonable included the following:</p> <p>(1) Internal control testing</p> <p>We tested the design and operating effectiveness of certain of the Group’s internal controls relevant to the valuation of certain illiquid securities with no readily available market prices. In this assessment, special attention was given to the following controls:</p> <ul style="list-style-type: none"> ● controls to validate the reasonableness of the price to be used as fair value through the comparison with prices obtained from multiple third parties; and ● controls to validate the reasonableness of the price to be used as fair value through the examination of spreads estimated based on prices. <p>(2) Assessment of the reasonableness of fair value</p> <p>For the individually selected illiquid securities with no readily available market prices of which prices varied widely amongst various third parties as well as securitized products, we involved financial instrument valuation specialists from our member network firm and performed the following procedures:</p> <ul style="list-style-type: none"> ● We assessed whether the price used by the Group as fair value was within a reasonable range by comparing it with the prices obtained directly from third parties; and ● We assessed whether the price used by the Group as fair value was within a reasonable range by comparing it with the price independently estimated.

assumptions may have a significant impact on the consolidated financial statements.

We, therefore, determined that our assessment of the reasonableness of the valuation of certain illiquid securities with no readily available market prices was the most significant areas in our audit of the consolidated financial statements for the current fiscal year, and accordingly, determined a key audit matter.

Responsibilities of Management and the Audit 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.

The audit committee is responsible for overseeing the executive officers' and directors' performance of their duties with regard to 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 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 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 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 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.

/S/ MAENO Atsuji

Designated Engagement Partner

Certified Public Accountant

/S/ KANNO Masako

Designated Engagement Partner

Certified Public Accountant

/S/ OKADA Hideki

Designated Engagement Partner

Certified Public Accountant

KPMG AZSA LLC

Tokyo Office, Japan

June 18, 2021

Notes to the Reader of Independent Auditor's Report:

This is a copy of the Independent Auditor's Report and the original copies are kept separately by the Company and KPMG AZSA LLC.