

Financial Statements

for the Fiscal Year Ended March 31, 2023

***JAPAN POST BANK Co., Ltd. and
Consolidated Subsidiaries***

1. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Assets:		
Cash and due from banks	66,667,709	68,223,319
Call loans	2,470,000	2,460,000
Receivables under resale agreements	9,861,753	9,788,452
Receivables under securities borrowing transactions	—	250,241
Monetary claims bought	397,301	478,286
Trading account securities	11	19
Money held in trust	5,828,283	6,564,738
Securities	*1, 2, 3, 4 139,577,368	*1, 2, 3, 4 132,801,422
Loans	*3, 5 4,441,967	*3, 5 5,604,366
Foreign exchanges	*3 213,924	*3 124,943
Other assets	*3, 4 3,250,444	*3, 4 2,994,833
Tangible fixed assets	*6 192,992	*6 190,543
Buildings	79,214	75,043
Land	64,023	63,917
Construction in progress	4	—
Other	49,749	51,581
Intangible fixed assets	53,702	77,727
Software	34,426	26,379
Other	19,275	51,348
Deferred tax assets	77	24,374
Reserve for possible loan losses	(1,055)	(1,036)
Total assets	232,954,480	229,582,232

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities:		
Deposits	*4 193,438,613	*4 194,948,611
Payables under repurchase agreements	*4 19,461,646	*4 18,316,621
Payables under securities lending transactions	*4 1,514,438	*4 1,941,872
Borrowed money	*4 5,603,600	*4 1,632,600
Foreign exchanges	697	1,411
Other liabilities	2,124,978	2,891,597
Reserve for bonuses	7,397	7,335
Liability for retirement benefits	134,749	134,716
Reserve for employee stock ownership plan trust	515	511
Reserve for management board benefit trust	365	424
Reserve for reimbursement of deposits	58,813	54,655
Deferred tax liabilities	306,402	—
Total liabilities	222,652,218	219,930,358
Net assets:		
Capital stock	3,500,000	3,500,000
Capital surplus	3,500,000	3,500,000
Retained earnings	2,414,349	2,481,908
Treasury stock	(902)	(24,510)
Total shareholders' equity	9,413,447	9,457,398
Net unrealized gains (losses) on available-for-sale securities	1,391,873	781,196
Net deferred gains (losses) on hedges	(538,991)	(626,041)
Accumulated adjustments for retirement benefits	3,890	2,540
Total accumulated other comprehensive income	856,772	157,695
Non-controlling interests	32,041	36,780
Total net assets	10,302,261	9,651,874
Total liabilities and net assets	232,954,480	229,582,232

(2) Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income

(Millions of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Ordinary income	1,977,640	2,064,251
Interest income	1,369,735	1,243,685
Interest on loans	10,257	9,750
Interest and dividends on securities	1,333,041	1,201,010
Interest on call loans	139	256
Interest on receivables under resale agreements	(4,608)	(2,543)
Interest on receivables under securities borrowing transactions	886	391
Interest on deposits with banks	28,640	25,906
Other interest income	1,378	8,914
Fees and commissions	157,814	175,325
Other operating income	87,583	291,922
Other ordinary income	362,507	353,317
Reversal of reserve for possible loan losses	—	10
Recoveries of written-off claims	21	14
Other	*1 362,486	*1 353,292
Ordinary expenses	1,486,748	1,608,684
Interest expenses	226,652	458,165
Interest on deposits	20,984	12,963
Interest on payables under repurchase agreements	1,657	166,687
Interest on payables under securities lending transactions	2,597	52,179
Interest on borrowings	1	280
Other interest expenses	201,412	226,054
Fees and commissions	29,343	27,516
Other operating expenses	71,513	179,786
General and administrative expenses	*2 981,401	*2 924,791
Other ordinary expenses	177,837	18,424
Provision for reserve for possible loan losses	126	—
Other	*3 177,710	*3 18,424
Net ordinary income	490,891	455,566
Extraordinary income	6,379	257
Gains on sales and disposals of fixed assets	6,379	257
Extraordinary loss	697	1,451
Losses on sales and disposals of fixed assets	681	575
Losses on impairment of fixed assets	15	875
Income before income taxes	496,574	454,373
Income taxes—current	104,430	146,058
Income taxes—deferred	37,917	(23,359)
Total income taxes	142,348	122,698
Net income	354,225	331,675
Net income (loss) attributable to non-controlling interests	(844)	6,605
Net income attributable to owners of parent	355,070	325,070

Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Net income	354,225	331,675
Other comprehensive income (loss)	*1 (1,265,220)	*1 (696,227)
Net unrealized gains (losses) on available-for-sale securities	(1,094,919)	(607,827)
Net deferred gains (losses) on hedges	(168,504)	(87,050)
Adjustments for retirement benefits	(1,797)	(1,349)
Comprehensive income (loss)	(910,994)	(364,552)
Total comprehensive income (loss) attributable to:		
Owners of parent	(912,339)	(374,006)
Non-controlling interests	1,344	9,454

(3) Consolidated Statements of Changes in Net Assets
For the fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the fiscal year	3,500,000	4,296,514	2,750,234	(1,300,844)	9,245,904
Cumulative effects of changes in accounting policies			(119)		(119)
Restated balance	3,500,000	4,296,514	2,750,115	(1,300,844)	9,245,785
Changes during the fiscal year					
Cash dividends			(187,473)		(187,473)
Net income attributable to owners of parent			355,070		355,070
Repurchase of treasury stock				(195)	(195)
Disposal of treasury stock				260	260
Cancellation of treasury stock		(1,299,878)		1,299,878	—
Changes in equity of parent due to transactions with non-controlling shareholders					—
Transfer from retained earnings to capital surplus		503,363	(503,363)		—
Net changes in items other than shareholders' equity					
Total changes during the fiscal year	—	(796,514)	(335,766)	1,299,942	167,661
Balance at the end of the fiscal year	3,500,000	3,500,000	2,414,349	(902)	9,413,447

	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		
Balance at the beginning of the fiscal year	2,488,982	(370,486)	5,687	2,124,183	24,739	11,394,827
Cumulative effects of changes in accounting policies						(119)
Restated balance	2,488,982	(370,486)	5,687	2,124,183	24,739	11,394,708
Changes during the fiscal year						
Cash dividends						(187,473)
Net income attributable to owners of parent						355,070
Repurchase of treasury stock						(195)
Disposal of treasury stock						260
Cancellation of treasury stock						—
Changes in equity of parent due to transactions with non-controlling shareholders						—
Transfer from retained earnings to capital surplus						—
Net changes in items other than shareholders' equity	(1,097,108)	(168,504)	(1,797)	(1,267,410)	7,301	(1,260,108)
Total changes during the fiscal year	(1,097,108)	(168,504)	(1,797)	(1,267,410)	7,301	(1,092,447)
Balance at the end of the fiscal year	1,391,873	(538,991)	3,890	856,772	32,041	10,302,261

For the fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the fiscal year	3,500,000	3,500,000	2,414,349	(902)	9,413,447
Cumulative effects of changes in accounting policies					—
Restated balance	3,500,000	3,500,000	2,414,349	(902)	9,413,447
Changes during the fiscal year					
Cash dividends			(187,473)		(187,473)
Net income attributable to owners of parent			325,070		325,070
Repurchase of treasury stock				(93,904)	(93,904)
Disposal of treasury stock				257	257
Cancellation of treasury stock		(70,038)		70,038	—
Changes in equity of parent due to transactions with non-controlling shareholders		1			1
Transfer from retained earnings to capital surplus		70,037	(70,037)		—
Net changes in items other than shareholders' equity					
Total changes during the fiscal year	—	—	67,559	(23,608)	43,951
Balance at the end of the fiscal year	3,500,000	3,500,000	2,481,908	(24,510)	9,457,398

	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		
Balance at the beginning of the fiscal year	1,391,873	(538,991)	3,890	856,772	32,041	10,302,261
Cumulative effects of changes in accounting policies						—
Restated balance	1,391,873	(538,991)	3,890	856,772	32,041	10,302,261
Changes during the fiscal year						
Cash dividends						(187,473)
Net income attributable to owners of parent						325,070
Repurchase of treasury stock						(93,904)
Disposal of treasury stock						257
Cancellation of treasury stock						—
Changes in equity of parent due to transactions with non-controlling shareholders						1
Transfer from retained earnings to capital surplus						—
Net changes in items other than shareholders' equity	(610,677)	(87,050)	(1,349)	(699,077)	4,738	(694,338)
Total changes during the fiscal year	(610,677)	(87,050)	(1,349)	(699,077)	4,738	(650,387)
Balance at the end of the fiscal year	781,196	(626,041)	2,540	157,695	36,780	9,651,874

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Cash flows from operating activities:		
Income before income taxes	496,574	454,373
Depreciation and amortization	37,716	34,234
Losses on impairment of fixed assets	15	875
Equity in losses (gains) of affiliates	(288)	(320)
Net change in reserve for possible loan losses	120	(19)
Net change in reserve for bonuses	(185)	(61)
Net change in liability for retirement benefits	460	(346)
Net change in reserve for employee stock ownership plan trust	(20)	(3)
Net change in reserve for management board benefit trust	62	58
Net change in reserve for reimbursement of deposits	(15,016)	(4,158)
Interest income	(1,369,735)	(1,243,685)
Interest expenses	226,652	458,165
Losses (gains) related to securities—net	189,586	14,836
Losses (gains) on money held in trust—net	(286,671)	(246,820)
Foreign exchange losses (gains)—net	(1,084,387)	(1,331,005)
Losses (gains) on sales and disposals of fixed assets—net	(5,698)	317
Net change in loans	248,159	(1,163,957)
Net change in deposits	3,850,064	1,509,997
Net change in borrowed money	1,686,100	(3,971,000)
Net change in call loans, etc.	(1,257,041)	140
Net change in receivables under securities borrowing transactions	—	(250,241)
Net change in call money, etc.	4,575,165	(1,145,024)
Net change in payables under securities lending transactions	9,894	427,434
Net change in foreign exchange assets	(133,076)	88,980
Net change in foreign exchange liabilities	182	714
Interest received	1,337,037	1,195,051
Interest paid	(343,003)	(411,768)
Other—net	(319,278)	1,095,466
Subtotal	7,843,389	(4,487,763)
Income taxes refund (paid)	(178,060)	(8,063)
Net cash provided by (used in) operating activities	7,665,328	(4,495,827)
Cash flows from investing activities:		
Purchases of securities	(41,533,832)	(45,847,056)
Proceeds from sales of securities	5,070,133	16,136,690
Proceeds from maturity of securities	35,078,648	36,561,613
Investment in money held in trust	(943,551)	(844,988)
Proceeds from disposition of money held in trust	776,297	378,309
Purchases of tangible fixed assets	(23,824)	(18,816)
Proceeds from sales of tangible fixed assets	10,226	391
Purchases of intangible fixed assets	(21,837)	(28,575)
Other—net	2,222	(94)
Net cash provided by (used in) investing activities	(1,585,517)	6,337,474

(Millions of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Cash flows from financing activities:		
Repurchase of treasury stock	(195)	(93,904)
Proceeds from disposal of treasury stock	52	55
Proceeds from investments by non-controlling shareholders	6,955	5,208
Cash dividends paid	(187,471)	(187,473)
Cash dividends paid to non-controlling shareholders	(998)	(9,921)
Net cash provided by (used in) financing activities	(181,657)	(286,036)
Effect of exchange rate changes on cash and cash equivalents	69	—
Net change in cash and cash equivalents	5,898,223	1,555,610
Cash and cash equivalents at the beginning of the fiscal year	60,704,486	66,602,709
Cash and cash equivalents at the end of the fiscal year	*1 66,602,709	*1 68,158,319

Notes to Consolidated Financial Statements

Basis of Presenting Consolidated Financial Statements

JAPAN POST BANK Co., Ltd. (the “Bank,” together with its consolidated subsidiaries, the “Group”) 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 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 differ in certain respects as to application and disclosure requirements from International Financial Reporting Standards.

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.

(Significant accounting policies for preparing consolidated financial statements)

1. Scope of consolidation

(1) Consolidated subsidiaries: 9 companies

Name of principal companies

Japan Post Investment Corporation

JAPAN POST BANK LOAN CENTER Co., Ltd.

(Change in the scope of consolidation)

Three newly established companies were included in the scope of consolidation from the fiscal year ended March 31, 2023.

(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 on, and their exclusion from the scope of consolidation would not prevent a reasonable judgment of, the Group’s financial position and business results.

2. 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 their exclusion from the equity method would

not have a significant impact, on the consolidated financial statements.

3. Fiscal years of consolidated subsidiaries

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

December 31: 7 companies

March 31: 2 companies

(2) Certain consolidated subsidiaries whose balance sheet date is December 31 are consolidated using the preliminary financial statements as of March 31, while other consolidated subsidiaries are consolidated using the financial statements as of their respective balance sheet dates.

Appropriate adjustments were made to material transactions during the periods between their respective balance sheet dates and the consolidated balance sheet date.

4. Accounting policies

(1) Trading account securities

Trading account securities are stated at fair value.

(2) Securities

(i) 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. Available-for-sale securities are stated at fair value (cost of securities sold is primarily calculated using the moving-average method). However, shares, etc. that do not have a market price 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.

(ii) For the securities that form part of trust assets in money held in trust, stocks are stated using the same method as (2) (i) above.

Net unrealized gains or losses on money held in trust classified as available-for-sale are stated as a separate component of net assets.

(3) Derivatives

Derivatives are stated at fair value.

(4) Fixed assets

(i) Tangible fixed assets

Depreciation of tangible fixed assets is computed using 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.

(ii) Intangible fixed assets

The amortization of intangible fixed assets is computed using 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).

(5) 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, April 14, 2022), 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.

(6) Reserve for bonuses

The reserve for bonuses is provided for the estimated amount of employees' bonuses attributable to the fiscal year.

(7) 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.

(8) 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.

(9) Reserve for reimbursement of deposits

The reserve for reimbursement of deposits, which is provided for depositors' 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.

(10) Employees' retirement benefits

The method of attributing projected benefit obligation to the periods ending on or before March 31, 2023 is 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.

(11) Significant revenues and expenses

The Group has applied "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020). The Group recognizes revenue at the amount expected to be received in exchange for the promised goods or services when the control of its goods or services is transferred to customers.

(12) Foreign currency transactions

Foreign currency denominated assets and liabilities are translated into Japanese yen principally at the exchange rates in effect at the consolidated balance sheet date.

(13) Hedge accounting

(i) Hedging against interest rate risks

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

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, March 17, 2022).

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.

(ii) Hedging against foreign exchange fluctuation risks

The Group applies the deferred hedge accounting method, the fair value hedge accounting method or the allocation 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.

(14) Accounts to record gains or losses on cancellation and redemption of investment trusts

Gains or losses on cancellation and redemption 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 ordinary income” or “other ordinary 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.”

(15) 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.

(Significant accounting estimates)

Items using accounting estimates reported in the consolidated financial statements for the current fiscal year that may have a significant impact on 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

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Securities	139,577,368	132,801,422

(2) Information that facilitates readers’ 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 Reference Statistical Prices for OTC Bond Transactions published by the Japan Securities Dealers Association, the comparable price method, or the price provided by third parties such as outside vendors and brokers, 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 third parties 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 the 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.

(Changes in accounting policies)

(Application of Implementation Guidance on Accounting Standard for Fair Value Measurement)

The Group has applied the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021; hereinafter “Fair Value Measurement Guidance”) from the beginning of the fiscal year ended March 31, 2023, and has applied the new accounting policies stipulated by the Fair Value Measurement Guidance in accordance with the transitional treatment provided in Paragraph 27-2 of the Fair Value Measurement Guidance. Accordingly, certain investment trusts which had been recorded on the consolidated balance sheet at the acquisition cost have been recorded on the consolidated balance sheet at fair value.

The fair value information of investment trusts related to the fiscal year ended March 31, 2022 are not provided in the fair value information by level within the fair value hierarchy in “Financial instruments,” in accordance with Paragraph 27-3 of the Fair Value Measurement Guidance.

(Accounting pronouncements issued but not yet adopted)

- * “Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27, October 28, 2022)
- * “Accounting Standard for Presentation of Comprehensive Income” (ASBJ Statement No. 25, October 28, 2022)
- * “Implementation Guidance on Tax Effect Accounting” (ASBJ Guidance No. 28, October 28, 2022)

(1) Overview

In accordance with the aforementioned, the accounting classification of the income taxes where other comprehensive income is taxed, as well as the accounting treatment of tax effect in the disposal of shares of subsidiaries under the group taxation regime were established.

(2) Scheduled date of application

The implementation of the guidance is scheduled to be applied from the beginning of the fiscal year ending March 31, 2025.

(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.

(Additional information)

(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 “beneficiaries”) in accordance with the number of points granted to the beneficiaries. 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, 2022 and 2023, were ¥262 million and 206 thousand shares, and ¥956 million and 914 thousand shares, respectively.

(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 "beneficiaries") in accordance with the number of points granted to the beneficiaries 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, 2022 and 2023, were ¥518 million and 479 thousand shares, and ¥546 million and 522 thousand shares, respectively.

(Notes related to consolidated balance sheets)

*1. Stocks and investments in capital of non-consolidated subsidiaries and affiliates

	(Millions of yen)	
	As of March 31, 2022	As of March 31, 2023
Stocks	834	920
Investments in capital	1,511	1,862

*2. Japanese government bonds in "Securities" include unsecured and secured loaned securities for which borrowers have the right to sell or pledge (securities collateralized bond lending/borrowing transactions). The amounts were as follows:

	(Millions of yen)	
	As of March 31, 2022	As of March 31, 2023
	2,504,966	2,376,437

The securities that the Group had the right to sell or (re-)pledge without restrictions among those purchased under resale agreements, etc. were as follows:

	(Millions of yen)	
	As of March 31, 2022	As of March 31, 2023
Securities neither sold nor pledged as of the end of the fiscal year	4,303,658	5,054,386

- *3. Loans under the Banking Act and the Act on Emergency Measures for the Revitalization of the Financial Functions are as follows. Loans include Japanese corporate bonds (limited to those for which redemption of the principal and payment of interest is guaranteed in whole or in part and for which the corporate bonds were issued through private placement of securities (Article 2, Paragraph 3 of the Financial Instruments and Exchange Act)) in “securities,” “loans,” “foreign exchanges,” accrued interest and suspense payments in “other assets,” and items recorded in customers’ liabilities for acceptances and guarantees in the consolidated balance sheets.

	(Millions of yen)	
	As of March 31, 2022	As of March 31, 2023
Loans to borrowers classified as bankrupt or quasi-bankrupt	—	—
Loans to borrowers classified as doubtful	0	0
Past-due loans for three months or more	—	—
Restructured loans	—	—
Total	0	0

Loans to borrowers classified as bankrupt or quasi-bankrupt refer to loans to borrowers who have fallen into bankruptcy due to the commencement of bankruptcy proceedings, reorganization proceedings, rehabilitation proceedings, etc., or similar loans.

Loans to borrowers classified as doubtful refer to loans for which the borrowers have not yet entered into bankruptcy, but their financial condition and business performance have deteriorated and it is highly probable that the principal cannot be collected and the interest cannot be received in accordance with the contract, and exclude loans to borrowers classified as bankrupt or quasi-bankrupt.

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 borrowers classified as bankrupt or quasi-bankrupt and loans to borrowers classified as doubtful.

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 borrowers classified bankrupt or quasi-bankrupt, loans to borrowers classified as doubtful and past-due loans for three months or more.

Amounts of loans shown above are the amounts before the reserve for possible loan losses is deducted.

- *4. Assets pledged as collateral and their relevant liabilities were as follows:

	(Millions of yen)	
	As of March 31, 2022	As of March 31, 2023
Assets pledged as collateral:		
Securities	26,653,459	22,633,567
Liabilities corresponding to assets pledged as collateral:		
Deposits	608,469	492,834
Payables under repurchase agreements	19,461,646	18,316,621
Payables under securities lending transactions	1,514,438	1,941,872
Borrowed money	5,603,600	1,632,600

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 the following:

	(Millions of yen)	
	As of March 31, 2022	As of March 31, 2023
Securities	2,643,836	4,224,014

“Other assets” included initial margins for future transactions, guarantee deposits, cash collateral paid for financial instruments, margins with central counterparty and other margins, etc. The amounts were as follows:

	(Millions of yen)	
	As of March 31, 2022	As of March 31, 2023
Initial margins for future transactions	155,295	171,779
Guarantee deposits	1,817	2,081
Cash collateral paid for financial instruments	706,710	534,711
Margins with central counterparty	527,199	362,637
Other margins, etc.	300,929	15,759

*5. 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 were as follows:

	(Millions of yen)	
	As of March 31, 2022	As of March 31, 2023
Unused commitment balance	54,579	39,855
Loans in which the term of the agreement was less than one year (or those in which the unconditional cancellation of the agreement was allowed at any time)	20,221	579

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.

*6. Accumulated depreciation of tangible fixed assets

	(Millions of yen)	
	As of March 31, 2022	As of March 31, 2023
Accumulated depreciation	196,551	212,448

(Notes related to consolidated statements of income)

*1. “Other ordinary income” included the following:

	(Millions of yen)	
	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Gains on sales of stocks and other securities	46,605	86,034
Gains on money held in trust	287,550	246,912

*2. “General and administrative expenses” included the following:

	(Millions of yen)	
	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Commissions on bank agency services, etc. paid to JAPAN POST Co., Ltd.	353,214	340,055
Contributions paid to the Organization for Postal Savings, Postal Life Insurance and Post Office Network	237,040	230,710

*3. “Other ordinary expenses” included the following:

	(Millions of yen)	
	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Losses on sales of stocks and other securities	171,444	10,678

(Notes related to consolidated statements of comprehensive income)

*1. Reclassification adjustments and tax effect of other comprehensive income (loss)

	(Millions of yen)	
	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Net unrealized gains (losses) on available-for-sale securities:		
Amount arising during the fiscal year	(1,394,667)	(477,923)
Reclassification adjustments	(184,556)	(399,479)
Before tax effect adjustments	(1,579,223)	(877,403)
Tax effect	484,304	269,575
Net unrealized gains (losses) on available-for-sale securities	(1,094,919)	(607,827)
Net deferred gains (losses) on hedges:		
Amount arising during the fiscal year	(442,565)	(251,613)
Reclassification adjustments	202,772	129,582
Adjustments of assets’ acquisition costs	(1,239)	(2,188)
Before tax effect adjustments	(241,032)	(124,219)
Tax effect	72,527	37,169
Net deferred gains (losses) on hedges	(168,504)	(87,050)
Adjustments for retirement benefits:		
Amount arising during the fiscal year	(746)	(312)
Reclassification adjustments	(1,844)	(1,633)
Before tax effect adjustments	(2,590)	(1,945)
Tax effect	793	595
Adjustments for retirement benefits	(1,797)	(1,349)
Total other comprehensive income (loss)	(1,265,220)	(696,227)

(Notes related to consolidated statements of changes in net assets)

For the fiscal year ended March 31, 2022

1. Type and number of shares issued and treasury stock

(Thousand shares)

	Number of shares at the beginning of the fiscal year	Increase	Decrease	Number of shares at the end of the fiscal year	Notes
Shares issued					
Common stock	4,500,000	—	750,454	3,749,545	(*)
Treasury stock					
Common stock	751,246	201	750,691	755	(**) (***) (****)

* The decrease of 750,454 thousand shares of common stock issued represents a decrease of 750,454 thousand shares due to the cancellation of treasury stock.

** The number of shares of treasury stock at the beginning of the fiscal year and that at the end of the fiscal year included 721 thousand shares and 685 thousand shares of treasury stock held by the stock benefit trust.

*** The increase of 201 thousand shares of treasury stock was due to the purchase of 201 thousand shares of treasury stock by the stock benefit trust.

**** The decrease of 750,691 thousand shares of treasury stock represents a decrease of 750,454 thousand shares of treasury stock due to the cancellation of treasury stock and a decrease of 236 thousand shares of treasury stock due to the grant and the sale of treasury stock by the stock benefit trust.

2. Dividends

(1) Dividends distributed during the fiscal year

Resolution	Type	Cash dividends (Millions of yen)	Cash dividends per share (Yen)	Record date	Effective date
May 14, 2021 at the meeting of the Board of Directors	Common stock	187,473	50.00	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 for the Bank's shares held by the stock benefit trust.

(2) Dividends with the record date within the fiscal year and with the effective date coming after the end of the fiscal year

Resolution	Type	Cash dividends (Millions of yen)	Resource of dividends	Cash dividends per share (Yen)	Record date	Effective date
May 13, 2022 at the meeting of the Board of Directors	Common stock	187,473	Retained earnings	50.00	March 31, 2022	June 17, 2022

Note: The total amount of dividends resolved by the Board of Directors' meeting held on May 13, 2022 included dividends of ¥34 million for the Bank's shares held by the stock benefit trust.

For the fiscal year ended March 31, 2023

1. Type and number of shares issued and treasury stock

(Thousand shares)

	Number of shares at the beginning of the fiscal year	Increase	Decrease	Number of shares at the end of the fiscal year	Notes
Shares issued					
Common stock	3,749,545	—	59,523	3,690,021	(*)
Treasury stock					
Common stock	755	80,798	59,770	21,784	(**) (***) (****) (*****)

* The decrease of 59,523 thousand shares of common stock issued represents a decrease of 59,523 thousand shares due to the cancellation of treasury stock.

** The number of shares of treasury stock at the beginning of the fiscal year and that at the end of the fiscal year included 685 thousand shares and 1,436 thousand shares of treasury stock held by the stock benefit trust.

*** The increase of 80,798 thousand shares of treasury stock represents an increase of 79,801 thousand shares due to the repurchase of treasury stock, an increase of 997 thousand shares due to the purchase by the stock benefit trust, and an increase of 0 thousand shares due to the purchase of shares less than one unit.

**** The decrease of 59,770 thousand shares of treasury stock represents a decrease of 59,523 thousand shares of treasury stock due to the cancellation of treasury stock and a decrease of 246 thousand shares of treasury stock due to the grant and the sale of treasury stock by the stock benefit trust.

***** At the Board of Directors meeting held on February 27, 2023, the Bank passed a resolution on matters related to the repurchase of treasury stock pursuant to Article 39, Paragraph 1 of the Bank's Articles of Incorporation complying with Article 459, Paragraph 1, Item 1 of the Companies Act. In addition, the Bank passed a resolution on matters related to the cancellation of treasury stock pursuant to the provisions of Article 178 of the Companies Act. Of the shares of treasury stock repurchased but not completely cancelled as of the end of the fiscal year are as follows.

Book value: ¥22,925 million

Class of shares: Common stock

Number of shares: 20,277 thousand shares

The above shares and the shares of treasury stock repurchased from April 1, 2023 to April 27, 2023 were completely cancelled as of May 31, 2023.

Total number of shares cancelled: 72,418 thousand shares

2. Dividends

(1) Dividends distributed during the fiscal year

Resolution	Type	Cash dividends (Millions of yen)	Cash dividends per share (Yen)	Record date	Effective date
May 13, 2022 at the meeting of the Board of Directors	Common stock	187,473	50.00	March 31, 2022	June 17, 2022

Note: The total amount of dividends resolved by the Board of Directors' meeting held on May 13, 2022 included dividends of ¥34 million for the Bank's shares held by the stock benefit trust.

(2) Dividends with the record date within the fiscal year and with the effective date coming after the end of the fiscal year

Resolution	Type	Cash dividends (Millions of yen)	Resource of dividends	Cash dividends per share (Yen)	Record date	Effective date
May 15, 2023 at the meeting of the Board of Directors	Common stock	183,483	Retained earnings	50.00	March 31, 2023	June 21, 2023

Note: The total amount of dividends resolved by the Board of Directors' meeting held on May 15, 2023 included dividends of ¥71 million for the Bank's shares held by the stock benefit trust.

(Notes related to consolidated statements of cash flows)

*1. The reconciliation between cash and cash equivalents in the consolidated statements of cash flows and cash and due from banks in the consolidated balance sheets as of March 31, 2022 and 2023

(Millions of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Cash and due from banks	66,667,709	68,223,319
Due from banks, –negotiable certificates of deposit in other banks	(65,000)	(65,000)
Cash and cash equivalents	66,602,709	68,158,319

2. Details of significant non-cash transactions

(Millions of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Cancellation of treasury stock	1,299,878	70,038

(Leases)

Operating lease transactions:

Future lease payments on non-cancelable operating leases

(Lessees)

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Due within one year	270	544
Due over one year	306	2,129
Total	577	2,674

(Lessors)

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Due within one year	101	101
Due over one year	304	202
Total	405	304

(Financial instruments)

1. 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 viewpoints 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 "Significant accounting policies for preparing of consolidated financial statements 4. Accounting policies (13) Hedge accounting."

(3) Risk management structure for financial instruments

(i) 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.

(ii) 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.

(iii) 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. Furthermore, the Group has reviewed its practice based on its monitoring results as well as changes in its position, and adapted the method for measuring market VaR reflecting the Group's position from the fiscal year ended March 31, 2023.

As of March 31, 2022, the Group calculated the amounts of its market risk exposure (estimated potential losses from such risk) at ¥3,853,231 million. As of March 31, 2023, the Group calculated the amounts of its market risk exposure (estimated potential losses from such risk) at ¥4,722,630 million. 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 marketable securities accounting for the majority of its assets and deposits for the 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.

(iv) 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 various assumptions, and the value may be changed if different assumptions and other factors are applied.

2. Notes related to the fair value of financial instruments

The amounts in the consolidated balance sheets, the fair values, and the differences between the two were as follows.

Notes on cash and due from banks, call loans, receivables under resale agreements, receivables under securities borrowing transactions, payables under repurchase agreements, and payables under securities lending transactions are omitted as their fair values are approximately the same as their book values due to the short settlement period.

As of March 31, 2022

(Millions of yen)			
	Amount on the consolidated balance sheet	Fair value	Difference
(1) Monetary claims bought	397,301	397,301	—
(2) Trading account securities:			
Securities classified as trading purposes	11	11	—
(3) Money held in trust	3,640,631	3,640,631	—
(4) Securities:			
Held-to-maturity securities	23,069,257	22,998,401	(70,855)
Available-for-sale securities	113,222,865	113,222,865	—
(5) Loans:	4,441,967		
Reserve for possible loan losses (*)	(139)		
	4,441,827	4,443,792	1,964
Total assets	144,771,895	144,703,003	(68,891)
(1) Deposits	193,438,613	193,468,815	30,201
(2) Borrowed money	5,603,600	5,603,600	—
Total liabilities	199,042,213	199,072,415	30,201
Derivative transactions (**):			
For which hedge accounting is not applied	(83,002)	(83,002)	—
For which hedge accounting is applied (***)	(1,002,975)	(1,002,975)	—
Total derivative transactions	(1,085,978)	(1,085,978)	—

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

** Figures are total derivative instruments recorded in 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.

Derivatives under the allocation method, such as foreign exchange forward contracts, are treated as being an inseparable part of the securities being hedged, and their fair value is therefore included in that of the corresponding securities.

*** These derivative transactions are interest rate swaps, etc. designated as hedging instruments to offset changes in the fair value of securities and other hedged items and the Group mainly applies the deferred hedge accounting method. The Group applies the “Practical Solution on the Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR” (Practical Issues Task Force (PITF) No. 40, March 17, 2022) for these hedging relationships.

As of March 31, 2023

(Millions of yen)

	Amount on the consolidated balance sheet	Fair value	Difference
(1) Monetary claims bought	478,286	478,286	—
(2) Trading account securities: Securities classified as trading purposes	19	19	—
(3) Money held in trust (*)	3,632,150	3,632,150	—
(4) Securities: Held-to-maturity securities	27,053,673	26,716,540	(337,132)
Available-for-sale securities (*)	105,603,634	105,603,634	—
(5) Loans: Reserve for possible loan losses (**)	5,604,366 (144)		
	5,604,222	5,579,508	(24,714)
Total assets	142,371,986	142,010,139	(361,847)
(1) Deposits	194,948,611	194,968,846	20,235
(2) Borrowed money	1,632,600	1,632,785	185
Total liabilities	196,581,211	196,601,631	20,420
Derivative transactions (***): For which hedge accounting is not applied	(144,059)	(144,059)	—
For which hedge accounting is applied (****)	(1,011,605)	(1,011,605)	—
Total derivative transactions	(1,155,664)	(1,155,664)	—

* Investment trusts for which the funds' unit prices are deemed as the fair value in accordance with Paragraphs 24-3 and 24-9 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021) are included.

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

*** Figures are total derivative instruments recorded in 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.

Derivatives under the allocation method, such as foreign exchange forward contracts, are treated as being an inseparable part of the securities being hedged, and their fair value is therefore included in that of the corresponding securities.

**** These derivative transactions are interest rate swaps, etc. designated as hedging instruments to offset changes in the fair value of securities and other hedged items and the Group mainly applies the deferred hedge accounting method. The Group applies the "Practical Solution on the Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR" (Practical Issues Task Force (PITF) No. 40, March 17, 2022) for these hedging relationships.

(Note 1) The amounts in the consolidated balance sheets of shares, etc. that do not have a market price and investments in partnerships, etc. were as follows. The fair value information of these financial instruments is not included in “Assets (3) Money held in trust” and “Assets (4) Securities.”

As of March 31, 2022

(Millions of yen)

Type	Amount on the consolidated balance sheet
Money held in trust (*)(**)(***)	2,187,652
Securities	
Unlisted stocks (*)	33,447
Investment trusts (**)	3,161,984
Investments in partnerships (***)	89,812
Total (****)	5,472,897

* Unlisted stocks, etc. are not included in the scope of fair value disclosures in accordance with Paragraph 5 of the “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19, March 31, 2020).

** Some of the investment trusts to which transitional treatment is applied in accordance with Paragraph 26 of the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, July 4, 2019) follow the previous treatment and are not included in the scope of fair value disclosures.

*** Investments in partnerships are not included in the scope of fair value disclosures in accordance with Paragraph 27 of the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, July 4, 2019).

**** An impairment loss of ¥1,501 million was recognized in the fiscal year ended March 31, 2022.

As of March 31, 2023

(Millions of yen)

Type	Amount on the consolidated balance sheet
Money held in trust (*)(**)	2,932,588
Securities	
Unlisted stocks (*)	35,683
Investment trusts	—
Investments in partnerships (**)	108,431
Total (***)	3,076,703

* Unlisted stocks, etc. are not included in the scope of fair value disclosures in accordance with Paragraph 5 of the “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19, March 31, 2020).

** Investments in partnerships are not included in the scope of fair value disclosures in accordance with Paragraph 24-16 of the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021).

*** An impairment loss of ¥1,570 million was recognized in the fiscal year ended March 31, 2023.

(Note 2) Scheduled redemption amounts of monetary claims and securities with a maturity date subsequent to the fiscal year

As of March 31, 2022

(Millions of yen)

	One Year or Less	> One and ≤ Three Years	> Three and ≤ Five Years	> Five and ≤ Seven Years	> Seven and ≤ Ten Years	Over Ten Years
Monetary claims bought	2,873	8,732	85,126	82,105	36,843	182,082
Securities:	20,086,007	17,691,591	11,763,314	10,280,045	12,460,208	20,802,424
Held-to-maturity securities	8,931,066	3,688,679	2,309,703	1,279,430	1,409,760	5,455,761
Japanese government bonds	8,676,800	2,053,300	—	—	—	4,264,900
Japanese local government bonds	38,914	450,601	802,985	441,429	1,004,913	—
Japanese corporate bonds	68,870	870,915	923,477	827,557	404,847	436,596
Other securities	146,481	313,862	583,241	10,442	—	754,265
Available-for-sale securities (with maturity date)	11,154,940	14,002,911	9,453,611	9,000,615	11,050,448	15,346,663
Japanese government bonds	5,879,187	4,919,770	3,327,813	3,037,447	6,437,605	10,133,400
Japanese local government bonds	710,029	1,124,984	564,673	372,681	41,287	—
Short-term corporate bonds	1,434,500	—	—	—	—	—
Japanese corporate bonds	962,203	1,584,505	1,139,266	493,571	570,100	807,769
Other securities	2,169,021	6,373,651	4,421,858	5,096,915	4,001,455	4,405,494
Loans (*)	2,165,053	686,586	504,834	314,075	423,394	341,964
Total	22,253,934	18,386,909	12,353,276	10,676,226	12,920,447	21,326,471

* Loans do not include ¥0 million in loans, etc. to bankrupt, substantially bankrupt and doubtful borrowers, for which redemption cannot be expected.

As of March 31, 2023

(Millions of yen)

	One Year or Less	> One and ≤ Three Years	> Three and ≤ Five Years	> Five and ≤ Seven Years	> Seven and ≤ Ten Years	Over Ten Years
Monetary claims bought	2,452	19,175	76,085	80,073	64,531	238,605
Securities:	13,118,269	20,560,461	12,512,128	8,282,352	6,389,659	27,175,021
Held-to-maturity securities	2,855,539	6,784,276	3,663,261	1,413,629	1,258,606	11,198,614
Japanese government bonds	2,053,300	4,118,500	—	—	—	9,005,100
Japanese local government bonds	135,202	815,637	999,454	749,984	873,648	—
Japanese corporate bonds	539,043	1,059,740	1,579,331	568,426	260,814	642,159
Other securities	127,993	790,398	1,084,475	95,218	124,144	1,551,354
Available-for-sale securities (with maturity date)	10,262,729	13,776,184	8,848,866	6,868,723	5,131,052	15,976,407
Japanese government bonds	3,966,264	6,443,348	1,126,493	981,061	1,331,342	9,397,500
Japanese local government bonds	664,065	719,702	572,153	93,643	—	—
Short-term corporate bonds	1,401,000	—	—	—	—	—
Japanese corporate bonds	843,153	1,411,068	821,550	329,271	496,584	690,987
Other securities	3,388,246	5,202,065	6,328,669	5,464,746	3,303,126	5,887,919
Loans (*)	3,296,537	736,177	460,767	344,863	434,077	327,519
Total	16,417,259	21,315,814	13,048,981	8,707,289	6,888,268	27,741,147

* Loans do not include ¥0 million in loans, etc. to bankrupt, substantially bankrupt and doubtful borrowers, for which redemption cannot be expected.

(Note 3) Scheduled repayment amounts of interest-bearing liabilities subsequent to the fiscal year
As of March 31, 2022

(Millions of yen)

	One Year or Less	> One and ≤ Three Years	> Three and ≤ Five Years	> Five and ≤ Seven Years	> Seven and ≤ Ten Years	Over Ten Years
Deposits (*)	123,165,222	12,086,520	13,565,375	23,932,579	20,688,915	—
Borrowed money	5,587,000	11,400	5,200	—	—	—
Total	128,752,222	12,097,920	13,570,575	23,932,579	20,688,915	—

* Demand deposits are included in “One Year or Less.”

As of March 31, 2023

(Millions of yen)

	One Year or Less	> One and ≤ Three Years	> Three and ≤ Five Years	> Five and ≤ Seven Years	> Seven and ≤ Ten Years	Over Ten Years
Deposits (*)	130,688,846	10,653,395	18,946,445	16,717,895	17,942,029	—
Borrowed money	349,700	10,400	1,272,500	—	—	—
Total	131,038,546	10,663,795	20,218,945	16,717,895	17,942,029	—

* Demand deposits are included in “One Year or Less.”

3. Fair value information by level within the fair value hierarchy

The financial instruments are classified into the following three levels of fair value hierarchy according to the observability and materiality of inputs used to measure fair value.

Level 1 fair value: Fair value measured using observable inputs, i.e. quoted prices in active markets for assets or liabilities that are the subject of the measurement.

Level 2 fair value: Fair value measured using observable inputs other than Level 1 inputs.

Level 3 fair value: Fair value measured using unobservable inputs.

If multiple inputs are used that are significant to the fair value measurement, the financial instruments are categorized in their entirety in the level of the lowest level input that is significant to the entire measurement.

(1) Financial instruments booked at fair value on the consolidated balance sheets

As of March 31, 2022

(Millions of yen)

	Fair value			
	Level 1	Level 2	Level 3	Total
Monetary claims bought	—	—	397,301	397,301
Money held in trust (*)	3,430,723	—	—	3,430,723
Trading account securities and securities:				
Securities classified as trading purposes				
Japanese government bonds	11	—	—	11
Available-for-sale securities				
Japanese government bonds	32,577,280	1,708,273	—	34,285,554
Japanese local government bonds	—	2,834,364	—	2,834,364
Short-term corporate bonds	—	1,434,510	—	1,434,510
Japanese corporate bonds	7,945	5,568,591	1,837	5,578,374
Others	12,202,644	10,285,826	213,158	22,701,628
Foreign bonds	12,202,644	10,285,826	213,158	22,701,628
Investment trusts (*)	—	—	—	—
Total assets	48,218,605	21,831,567	612,297	70,662,470
Derivative transactions (**):				
Interest rate-related derivatives	—	(122,039)	—	(122,039)
Currency-related derivatives	—	(964,269)	—	(964,269)
Credit derivatives	—	330	—	330
Total derivative transactions	—	(1,085,978)	—	(1,085,978)

* Investment trusts to which transitional treatment is applied in accordance with Paragraph 26 of the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, July 4, 2019) are not included in the above table. The amount of such investment trusts on the consolidated balance sheets is ¥46,413,302 million.

** Figures are total derivative instruments recorded in 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.

As of March 31, 2023

(Millions of yen)

	Fair value			
	Level 1	Level 2	Level 3	Total
Monetary claims bought	—	—	478,286	478,286
Money held in trust (*)	3,140,647	—	—	3,140,647
Trading account securities and securities:				
Securities classified as trading purposes				
Japanese government bonds	19	—	—	19
Available-for-sale securities				
Japanese government bonds	22,821,688	250,439	—	23,072,127
Japanese local government bonds	—	2,059,206	—	2,059,206
Short-term corporate bonds	—	1,400,895	—	1,400,895
Japanese corporate bonds	—	4,577,338	539	4,577,878
Others	11,433,996	57,246,395	98,660	68,779,052
Foreign bonds	11,433,996	10,832,625	98,660	22,365,282
Investment trusts (*)	—	46,413,770	—	46,413,770
Total assets	37,396,352	65,534,276	577,486	103,508,115
Derivative transactions (**):				
Interest rate-related derivatives	—	(28,580)	—	(28,580)
Currency-related derivatives	—	(1,127,186)	—	(1,127,186)
Credit derivatives	—	102	—	102
Total derivative transactions	—	(1,155,664)	—	(1,155,664)

* Investment trusts for which the funds' unit prices are deemed as the fair value in accordance with Paragraphs 24-3 and 24-9 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021) are not included. Investment trusts to which the treatment in Paragraph 24-3 is applied amounted to ¥5,714,472 million in the consolidated balance sheets. Investment trusts to which the treatment in Paragraph 24-9 is applied amounted to ¥132,167 million in the consolidated balance sheets.

** Figures are total derivative instruments recorded in 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.

(2) Financial instruments other than those booked at fair value on the consolidated balance sheets

As of March 31, 2022

(Millions of yen)

	Fair value			
	Level 1	Level 2	Level 3	Total
Money held in trust	—	185,036	—	185,036
Securities:				
Held-to-maturity securities				
Japanese government bonds	14,942,818	—	—	14,942,818
Japanese local government bonds	—	2,734,662	—	2,734,662
Japanese corporate bonds	—	3,527,416	—	3,527,416
Others	246,165	1,534,335	13,002	1,793,504
Loans	—	—	4,443,792	4,443,792
Total assets	15,188,984	7,981,451	4,456,794	27,627,230
Deposits	—	193,468,815	—	193,468,815
Borrowed money	—	5,603,600	—	5,603,600
Total liabilities	—	199,072,415	—	199,072,415

As of March 31, 2023

(Millions of yen)

	Fair value			
	Level 1	Level 2	Level 3	Total
Money held in trust	—	359,334	—	359,334
Securities:				
Held-to-maturity securities				
Japanese government bonds	14,805,933	—	—	14,805,933
Japanese local government bonds	—	3,555,218	—	3,555,218
Japanese corporate bonds	—	4,621,981	—	4,621,981
Others	721,757	3,011,650	—	3,733,407
Loans	—	—	5,579,508	5,579,508
Total assets	15,527,690	11,548,184	5,579,508	32,655,383
Deposits	—	194,968,846	—	194,968,846
Borrowed money	—	1,632,785	—	1,632,785
Total liabilities	—	196,601,631	—	196,601,631

(Note 1) Explanation of the valuation techniques and inputs used in the fair value measurements

Assets

Monetary claims bought

The Group uses the price provided by third parties such as brokers, etc. as the fair value, and classifies the monetary claims bought as Level 3 fair value.

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 investment trusts that have a quoted market price and uses the Reference Statistical Prices for OTC Bond Transactions published by the Japan Securities Dealers Association for bonds as the fair value. As a result, the trust assets in money held in trust are principally classified as Level 1 fair value. For investment trusts that do not have quoted market prices, in case there are significant restrictions that market participants would require compensation for risk with respect to cancellation or repurchase request, the Group adopts the accounting treatment that funds' unit prices are deemed as the fair value in accordance with Paragraph 24-9 of the "Implementation

Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021) but does not classify the fair value into any level of fair value hierarchy.

Notes pertaining to money held in trust by holding purpose are included in the section “Money held in trust.”

Trading account securities

The Group uses the purchase price provided by the Bank of Japan as the fair value and classifies the trading account securities as Level 1 fair value as unadjusted quoted prices in active markets are available.

Securities

For bonds, the Group uses the Reference Statistical Prices for OTC Bond Transactions published by the Japan Securities Dealers Association, the comparable price method, or the price provided by third parties such as outside vendors and brokers, etc., as the fair value.

Of bonds that use the Reference Statistical Prices for OTC Bond Transactions published by the Japan Securities Dealers Association and the comparable price method as the fair value, Japanese government bonds and treasury discount bills are principally classified as Level 1 fair value, while bonds other than those are classified as Level 2 fair value. Bonds that use the price provided by third parties such as outside vendors and brokers, etc. as the fair value are classified as either of Level 1, 2 or 3, based on observability of the prices obtained and inputs, etc. in the market.

For bonds subject to the allocation method, such as foreign exchange forward contracts, etc., the fair value of such foreign exchange forward contracts, etc. is reflected.

For investment trusts that do not have quoted market prices, in case there are no significant restrictions that market participants would require compensation for risk with respect to cancellation or repurchase request, the Group uses the funds’ unit prices as the fair value and classifies it as Level 2 fair value. In case there are significant restrictions, the Group adopts the accounting treatment that funds’ unit prices are deemed as the fair value in accordance with Paragraph 24-3 of the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021) but does not classify the fair value into any level of fair value hierarchy.

Notes pertaining to securities by holding purpose are included in the section “Securities.”

Loans

Loans with floating interest rates reflect market interest rates within the short term. When a borrower’s credit standing does not change 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. The fair value of fixed-rate loans is stated at the present value of each loan, which is calculated by discounting the total principal and interest amounts at the interest rate that reflects the remaining tenor and credit risk of the borrower. As a result, fixed-rate loans are classified as Level 3 fair value.

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. As a result, such loans are classified as Level 3 fair value.

Liabilities

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 and classifies demand deposits as Level 2 fair value.

For fixed-term deposits, the Group categorizes the deposits by specified tenors and calculates the present value by discounting the projected future cash flow, which is used as their fair value. As a result, fixed-term deposits are classified as Level 2 fair value.

For TEIGAKU deposits, the Group categorizes the deposits by specified tenors and calculates the present value by discounting the projected future cash flow, reflecting an early cancellation rate calculated using historical results, which is used as their fair value. When unobservable inputs are not significant to the fair value measurement, these TEIGAKU deposits are classified as Level 2 fair value. When significant unobservable inputs are used for measurement, the TEIGAKU deposits are classified as Level 3 fair value.

The Group uses the interest rates on newly accepted deposits as the discount rates applied to fixed-term deposits and TEIGAKU deposits.

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 of which the remaining tenor is short (due within one year) is approximately the same as the book value, and therefore the Group uses the book value as the fair value and classifies borrowed money as Level 2 fair value.

Derivative transactions

The derivative instruments are classified as Level 1 fair value when unadjusted quoted prices in active markets are available for the measurement.

However, since most of the derivative instruments are traded over the counter and there are no quoted market prices, the Group measures their fair value using valuation techniques including the discounted cash flow method according to their transaction type and maturity period. Major inputs used for these measurement methods are interest rates and exchange rates. Measurement reflects price adjustments, as necessary, based on counterparty credit risk and the Bank's own credit risk. When unobservable inputs are not used or their impact is insignificant, such derivative instruments, e.g. plain vanilla interest rate swap transactions, foreign exchange forward contracts, etc., are classified as Level 2 fair value. When significant unobservable inputs are used for measurement, these derivative instruments are classified as Level 3 fair value.

(Note 2) Information about Level 3 fair value of financial instruments that are recorded on the consolidated balance sheets at their fair value

(1) Quantitative information on significant unobservable inputs

As of March 31, 2022

As the Bank does not conduct estimation of inputs it cannot observe itself, the quantitative information is not provided.

As of March 31, 2023

As the Bank does not conduct estimation of inputs it cannot observe itself, the quantitative information is not provided.

(2) Reconciliation from the beginning balance to the ending balance and unrealized gains or losses recognized in profit or loss for the fiscal year

As of March 31, 2022

(Millions of yen)

	Beginning Balance	Profit or loss or other comprehensive income for the fiscal year ended March 31, 2022		Net amount of purchase, sale, issuance and settlement	Transfer into Level 3 fair value	Transfer out of Level 3 fair value (***)	Ending balance	Unrealized gains or losses of financial assets and financial liabilities held at the end of the period included in profit or loss for the fiscal year ended March 31, 2022 (*)
		Recognized in profit or loss (*)	Recognized in other comprehensive income (**)					
Monetary claims bought	362,212	(8)	(1,551)	36,648	—	—	397,301	—
Securities								
Available-for-sale securities								
Japanese corporate bonds	3,951	(6)	(6)	(2,100)	—	—	1,837	—
Others	316,057	3,793	3,223	(57,848)	—	(52,067)	213,158	2,284

* Principally included in "other operating income" in the consolidated statements of income.

** Included in "net unrealized gains (losses) on available-for-sale securities" under "other comprehensive income (loss)" in the consolidated statements of comprehensive income.

*** Transferred out of Level 3 fair value into Level 2 fair value mainly because observable market data became available for foreign bonds. The transfer is made at the beginning of the fiscal year ended March 31, 2022.

As of March 31, 2023

(Millions of yen)

	Beginning Balance	Profit or loss or other comprehensive income for the fiscal year ended March 31, 2023		Net amount of purchase, sale, issuance and settlement	Transfer into Level 3 fair value (***)	Transfer out of Level 3 fair value (****)	Ending balance	Unrealized gains or losses of financial assets and financial liabilities held at the end of the period included in profit or loss for the fiscal year ended March 31, 2023 (*)
		Recognized in profit or loss (*)	Recognized in other comprehensive income (**)					
Monetary claims bought	397,301	(6)	(2,168)	83,160	—	—	478,286	—
Securities								
Available-for-sale securities								
Japanese corporate bonds	1,837	(3)	(0)	(1,294)	—	—	539	—
Others	213,158	2,047	(1,304)	(60,950)	10,529	(64,818)	98,660	(2,452)

* Principally included in “other operating income” in the consolidated statements of income.

** Included in “net unrealized gains (losses) on available-for-sale securities” under “other comprehensive income (loss)” in the consolidated statements of comprehensive income.

*** Transferred out of Level 2 fair value into Level 3 fair value mainly because observable market data was not available for foreign bonds due to decreasing market activities. The transfer was made at the beginning of the fiscal year ended March 31, 2023.

**** Transferred out of Level 3 fair value into Level 2 fair value mainly because observable market data became available for foreign bonds. The transfer is made at the beginning of the fiscal year ended March 31, 2023.

(3) Explanation of valuation processes used for fair value measurements

The fair value verification department has established policies and procedures for measuring fair value, and each fair value measurement department measures fair value accordingly. The fair value verification department that is independent from the fair value measurement departments verifies whether the fair value obtained is measured using valid valuation techniques and inputs, and based on the verification results, financial instruments are classified into an appropriate level of the fair value hierarchy. The results of the verification are reported to the ALM Committee to ensure that the policies and procedures for measuring fair value are appropriate.

In measuring fair value, the Group uses a valuation model that most appropriately reflects the nature, characteristics and risks of each financial instrument. In addition, when using quoted prices obtained from third parties, the Group verifies whether the prices are valid using appropriate methods, such as confirming the valuation techniques and inputs used and comparing them with the fair value of similar financial instruments.

(4) Explanation of an impact on fair value in the case of changing significant unobservable inputs

As the Bank does not conduct estimation of inputs it cannot observe itself, the explanation is not provided.

(Note 3) Information about investment trusts for which the funds' unit prices are deemed as the fair value in accordance with Paragraphs 24-3 and 24-9 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021)

(1) Reconciliation from the beginning balance to the ending balance for the fiscal year of the investment trusts to which the treatment in Paragraph 24-3 is applied

As of March 31, 2023

(Millions of yen)

Beginning Balance	Profit or loss or other comprehensive income for the fiscal year ended March 31, 2023		Net amount of purchase, sale, and redemption	Amount by which the funds' unit price has become regarded as the fair value of investment trusts	Amount for which the treatment provided for in Paragraph 24-3 has ceased to be applied	Ending balance	Unrealized gains or losses of investment trusts held at the end of the period included in profit or loss for the fiscal year ended March 31, 2023
	Recognized in profit or loss (*)	Recognized in other comprehensive income (**)					
3,252,407	76,133	1,053,861	1,332,069	—	—	5,714,472	—

* Principally included in "other ordinary income" in the consolidated statements of income.

** Included in "net unrealized gains (losses) on available-for-sale securities" under "other comprehensive income (loss)" in the consolidated statements of comprehensive income.

(2) Reconciliation from the beginning balance to the ending balance for the fiscal year of the investment trusts to which the treatment in Paragraph 24-9 is applied

As of March 31, 2023

(Millions of yen)

Beginning Balance	Profit or loss or other comprehensive income for the fiscal year ended March 31, 2023		Net amount of purchase, sale, and redemption	Amount by which the funds' unit price has become regarded as the fair value of investment trusts	Amount for which the treatment provided for in Paragraph 24-9 has ceased to be applied	Ending balance	Unrealized gains or losses of investment trusts held at the end of the period included in profit or loss for the fiscal year ended March 31, 2023
	Recognized in profit or loss (*)	Recognized in other comprehensive income (**)					
97,899	127	11,245	22,895	—	—	132,167	—

* Principally included in "other ordinary income" in the consolidated statements of income.

** Included in "net unrealized gains (losses) on available-for-sale securities" under "other comprehensive income (loss)" in the consolidated statements of comprehensive income.

(3) Breakdown by contents of restrictions on cancellation or repurchase request as of the consolidated balance sheet date

e.g., low liquidity of investment trusts comprising trust assets and longer interval between cancelable dates of investment trust ¥5,714,472 million

(Securities)

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.

1. Trading account securities

As of March 31, 2022

There were no unrealized gains or losses from trading account securities included in the profit and loss recorded in the consolidated statements of income.

As of March 31, 2023

There were no unrealized gains or losses from trading account securities included in the profit and loss recorded in the consolidated statements of income.

2. Held-to-maturity securities

As of March 31, 2022

(Millions of yen)

	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	11,775,643	11,854,045	78,402
	Japanese local government bonds	489,173	490,226	1,052
	Japanese corporate bonds	830,147	835,731	5,584
	Others:	573,309	587,450	14,140
	Foreign bonds	573,309	587,450	14,140
	Total		13,668,273	13,767,454
Those for which the fair value does not exceed the amount on the consolidated balance sheet	Japanese government bonds	3,198,569	3,088,773	(109,796)
	Japanese local government bonds	2,257,336	2,244,435	(12,900)
	Japanese corporate bonds	2,709,892	2,691,684	(18,207)
	Others:	1,235,185	1,221,125	(14,059)
	Foreign bonds	1,235,185	1,221,125	(14,059)
	Total		9,400,984	9,246,019
Total		23,069,257	23,013,473	(55,784)

As of March 31, 2023

(Millions of yen)

	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	8,286,521	8,355,594	69,073
	Japanese local government bonds	651,809	653,215	1,405
	Japanese corporate bonds	1,114,884	1,119,923	5,039
	Others:	1,628,789	1,675,504	46,715
	Foreign bonds	1,628,789	1,675,504	46,715
	Total	11,682,005	11,804,238	122,233
Those for which the fair value does not exceed the amount on the consolidated balance sheet	Japanese government bonds	6,756,062	6,450,338	(305,723)
	Japanese local government bonds	2,929,851	2,902,003	(27,848)
	Japanese corporate bonds	3,540,816	3,502,057	(38,759)
	Others:	2,144,937	2,089,715	(55,222)
	Foreign bonds	2,144,937	2,089,715	(55,222)
	Total	15,371,668	14,944,114	(427,553)
Total		27,053,673	26,748,353	(305,320)

3. Available-for-sale securities for which fair value is available

As of March 31, 2022

(Millions of yen)

	Type	Amount on the consolidated balance sheet	Acquisition cost	Difference (*)
Those for which the amount on the consolidated balance sheet exceeds the acquisition cost	Bonds:	26,611,899	26,210,101	401,797
	Japanese government bonds	21,440,751	21,068,637	372,113
	Japanese local government bonds	2,258,366	2,249,997	8,368
	Short-term corporate bonds	—	—	—
	Japanese corporate bonds	2,912,781	2,891,465	21,315
	Others:	47,373,677	45,580,679	1,792,998
	Foreign bonds	19,132,613	17,607,478	1,525,135
	Investment trusts (**)	28,146,188	27,878,997	267,190
	Total	73,985,576	71,790,780	2,194,795
Those for which the amount on the consolidated balance sheet does not exceed the acquisition cost	Bonds:	17,520,905	17,818,708	(297,802)
	Japanese government bonds	12,844,802	13,131,172	(286,369)
	Japanese local government bonds	575,998	576,999	(1,000)
	Short-term corporate bonds	1,434,510	1,434,510	—
	Japanese corporate bonds	2,665,593	2,676,025	(10,432)
	Others:	22,178,684	22,405,572	(226,887)
	Foreign bonds	3,569,014	3,609,865	(40,850)
	Investment trusts (**)	18,242,243	18,427,086	(184,842)
	Total	39,699,590	40,224,280	(524,690)
Total	113,685,166	112,015,061	1,670,105	

* Of the difference shown above, ¥852,922 million gains were included in the consolidated statements of income due to the application of fair value hedge accounting.

** Investment trusts are mainly invested in foreign bonds.

Note: Shares, etc. that do not have a market price and investments in partnerships, etc. which are not included above were as follows:

(Millions of yen)

	Amount on the consolidated balance sheet
Unlisted stocks	32,613
Investment trusts	3,161,984
Investments in partnerships	88,300
Total	3,282,899

As of March 31, 2023

(Millions of yen)

	Type	Amount on the consolidated balance sheet	Acquisition cost	Difference (*)
Those for which the amount on the consolidated balance sheet exceeds the acquisition cost	Bonds:	15,942,099	15,744,261	197,837
	Japanese government bonds	12,708,561	12,526,035	182,526
	Japanese local government bonds	1,515,705	1,511,931	3,773
	Short-term corporate bonds	—	—	—
	Japanese corporate bonds	1,717,832	1,706,295	11,537
	Others:	28,669,703	25,900,019	2,769,684
	Foreign bonds	15,726,295	14,067,004	1,659,290
	Investment trusts (**)	12,813,894	11,704,128	1,109,766
	Total	44,611,803	41,644,281	2,967,521
Those for which the amount on the consolidated balance sheet does not exceed the acquisition cost	Bonds:	15,168,008	15,809,241	(641,232)
	Japanese government bonds	10,363,566	10,969,909	(606,343)
	Japanese local government bonds	543,501	545,064	(1,563)
	Short-term corporate bonds	1,400,895	1,400,895	—
	Japanese corporate bonds	2,860,045	2,893,371	(33,325)
	Others:	46,367,108	47,472,115	(1,105,007)
	Foreign bonds	6,638,987	6,822,149	(183,161)
	Investment trusts (**)	39,314,348	40,232,877	(918,528)
	Total	61,535,117	63,281,356	(1,746,239)
Total		106,146,920	104,925,638	1,221,282

* Of the difference shown above, ¥1,306,052 million gains were included in the consolidated statements of income due to the application of fair value hedge accounting.

** Investment trusts are mainly invested in foreign bonds.

Note: Shares, etc. that do not have a market price and investments in partnerships which are not included above were as follows:

(Millions of yen)

	Amount on the consolidated balance sheet
Unlisted stocks	34,763
Investment trusts	—
Investments in partnerships	106,569
Total	141,332

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

There were no held-to-maturity securities sold during the fiscal years ended March 31, 2022 and 2023.

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

For the fiscal year ended March 31, 2022

(Millions of yen)

Type	Sales proceeds	Total realized gains	Total realized losses
Japanese stocks	—	—	—
Bonds:	1,220,598	295	(17,958)
Japanese government bonds	1,208,275	267	(17,799)
Japanese corporate bonds	12,323	27	(159)
Others:	3,849,533	54,577	(224,999)
Foreign bonds	3,076,856	7,972	(53,554)
Investment trusts	772,676	46,605	(171,444)
Total	5,070,131	54,872	(242,957)

For the fiscal year ended March 31, 2023

(Millions of yen)

Type	Sales proceeds	Total realized gains	Total realized losses
Japanese stocks	573	362	—
Bonds:	12,339,900	54,279	(72,564)
Japanese government bonds	12,306,746	54,278	(72,186)
Japanese corporate bonds	33,153	0	(378)
Others:	3,824,559	114,008	(117,899)
Foreign bonds	2,206,101	28,337	(107,221)
Investment trusts	1,618,458	85,671	(10,678)
Total	16,165,033	168,651	(190,464)

6. Securities for which accounting for impairment was applied

For securities (excluding shares, etc. that do not have a market price and investments in partnerships, etc.) other than trading securities, 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 years ended March 31, 2022 and 2023.

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

However, domestic listed stocks, etc. are determined using the value calculated based on the average market price during the period of one month before the fiscal year-end, instead of the fair value in b) above.

(Money held in trust)

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

1. Money held in trust for the purpose of trading

As of March 31, 2022

The Group did not hold money held in trust for the purpose of trading.

As of March 31, 2023

The Group did not hold money held in trust for the purpose of trading.

2. Money held in trust for the purpose of being held-to-maturity

As of March 31, 2022

The Group did not hold money held in trust for the purpose of being held-to-maturity.

As of March 31, 2023

The Group did not hold money held in trust for the purpose of being held-to-maturity.

3. Money held in trust (excluding trading and held-to-maturity purposes)

As of March 31, 2022

(Millions of yen)

	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	3,640,631	2,463,141	1,177,490	1,220,003	(42,513)

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 consisting of shares, etc. that does not have a market price and investments in partnerships, etc. which is not included above was as follows:

(Millions of yen)

	Amount on the consolidated balance sheet
Money held in trust classified as: Available-for-sale	2,187,652

As of March 31, 2023

(Millions of yen)

	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	3,632,150	2,573,591	1,058,558	1,124,173	(65,614)

- 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 consisting of shares, etc. that does not have a market price and investments in partnerships which is not included above was as follows:

(Millions of yen)

	Amount on the consolidated balance sheet
Money held in trust classified as: Available-for-sale	2,932,588

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

For the securities (excluding shares, etc. that do not have a market price and investments in partnerships, etc.) that form part of the trust assets in money held in trust other than that 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 sheets 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, 2022 and 2023 amounted to ¥1,955 million and ¥3,195 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

However, domestic listed stocks, etc. are determined using the value calculated based on the average market price during the period of one month before the fiscal year-end, instead of the fair value in b) above.

(Net unrealized gains (losses) on available-for-sale securities)

Net unrealized gains (losses) on available-for-sale securities consisted of the following:

As of March 31, 2022

(Millions of yen)

	Amount
Valuation differences:	2,009,046
Available-for-sale securities	827,069
Money held in trust classified as: Available-for-sale	1,181,977
Deferred tax assets (liabilities)	(614,424)
Net unrealized gains (losses) on available-for-sale securities (before adjustment)	1,394,621
Amount corresponding to non-controlling interests	(2,747)
Amount corresponding to net unrealized gains (losses) on available-for-sale securities owned by affiliates, which is attributable to the Bank	—
Net unrealized gains (losses) on available-for-sale securities	1,391,873

Notes: 1. In addition to the difference shown above, ¥852,922 million gains were included in the consolidated statements of income due to the application of fair value hedge accounting.

2. “Valuation differences” included the following:

- Foreign currency translation adjustment, etc. related to shares, etc. that do not have a market price and investments in partnerships that are denominated in foreign currencies: ¥9,886 million gains
- Foreign currency translation adjustment, etc. related to shares, etc. that do not have a market price and investments in partnerships that are denominated in foreign currencies and included in the underlying investment assets of money held in trust: ¥4,487 million gains

As of March 31, 2023

(Millions of yen)

	Amount
Valuation differences:	1,131,642
Available-for-sale securities	(75,566)
Money held in trust classified as: Available-for-sale	1,207,209
Deferred tax assets (liabilities)	(344,849)
Net unrealized gains (losses) on available-for-sale securities (before adjustment)	786,793
Amount corresponding to non-controlling interests	(5,597)
Amount corresponding to net unrealized gains (losses) on available-for-sale securities owned by affiliates, which is attributable to the Bank	—
Net unrealized gains (losses) on available-for-sale securities	781,196

Notes: 1. In addition to the difference shown above, ¥1,306,052 million gains were included in the consolidated statements of income due to the application of fair value hedge accounting.

2. “Valuation differences” included the following:

- Foreign currency translation adjustment, etc. related to shares, etc. that do not have a market price and investments in partnerships that are denominated in foreign currencies: ¥9,203 million gains
- Foreign currency translation adjustment, etc. related to shares, etc. that do not have a market price and investments in partnerships that are denominated in foreign currencies and included in the underlying investment assets of money held in trust: ¥148,650 million gains

(Derivatives)

1. Derivatives for which hedge accounting is not applied

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, and unrealized gains or losses 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

As of March 31, 2022

There were no interest rate-related derivatives.

As of March 31, 2023

There were no interest rate-related derivatives.

(2) Currency-related derivatives

As of March 31, 2022

(Millions of yen)

Category	Type	Contract amount, etc.	Portion of contract amount, etc., exceeding one year	Fair value	Unrealized gains/losses
OTC	Currency swaps Foreign exchange forward contracts:	681,912	681,912	(74,510)	(74,510)
	Sold	300,077	—	(14,462)	(14,462)
	Bought	176,636	—	5,638	5,638
Total		—	—	(83,333)	(83,333)

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

As of March 31, 2023

(Millions of yen)

Category	Type	Contract amount, etc.	Portion of contract amount, etc., exceeding one year	Fair value	Unrealized gains/losses
OTC	Currency swaps Foreign exchange forward contracts:	1,408,606	897,092	(146,634)	(146,634)
	Sold	206,831	—	1,097	1,097
	Bought	443,378	—	1,376	1,376
Total		—	—	(144,161)	(144,161)

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

(3) Equity-related derivatives

As of March 31, 2022

There were no equity-related derivatives.

As of March 31, 2023

There were no equity-related derivatives.

(4) Bond-related derivatives

As of March 31, 2022

There were no bond-related derivatives.

As of March 31, 2023

There were no bond-related derivatives.

(5) Commodity-related derivatives

As of March 31, 2022

There were no commodity-related derivatives.

As of March 31, 2023

There were no commodity-related derivatives.

(6) Credit derivatives

As of March 31, 2022

(Millions of yen)

Category	Type	Contract amount, etc.	Portion of contract amount, etc., exceeding one year	Fair value	Unrealized gains/losses
OTC	Credit default swaps: Sold	28,223	14,000	330	330
Total		—	—	330	330

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. "Sold" represents transactions in which the credit risk is accepted.

As of March 31, 2023

(Millions of yen)

Category	Type	Contract amount, etc.	Portion of contract amount, etc., exceeding one year	Fair value	Unrealized gains/losses
OTC	Credit default swaps: Sold	14,000	5,000	102	102
Total		—	—	102	102

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. "Sold" represents transactions in which the credit risk is accepted.

2. Derivatives for which hedge accounting is applied

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, and the fair value 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

As of March 31, 2022

(Millions of yen)

Hedge accounting method	Type	Primary hedged instrument	Contract amount, etc.	Portion of contract amount, etc., exceeding one year	Fair value
Standard treatment	Interest rate swap transactions: Pay floating swaps, receive fixed swaps Pay fixed swaps, receive floating swaps	Available-for-sale securities (Japanese government bonds and foreign securities),	3,400,000	3,400,000	13,672
		Deposits	4,027,585	3,634,563	(135,712)
Total		—	—	—	(122,039)

Note: The deferred hedge accounting method is applied as the hedge accounting method for interest rate risks arising from financial assets and liabilities.

As of March 31, 2023

(Millions of yen)

Hedge accounting method	Type	Primary hedged instrument	Contract amount, etc.	Portion of contract amount, etc., exceeding one year	Fair value
Standard treatment	Interest rate swap transactions: Pay floating swaps, receive fixed swaps Pay fixed swaps, receive floating swaps	Available-for-sale securities (Japanese government bonds and foreign securities),	5,175,000	4,625,000	671
		Deposits	3,713,437	3,481,410	(29,251)
Total		—	—	—	(28,580)

Note: The deferred hedge accounting method is applied as the hedge accounting method for interest rate risks arising from financial assets and liabilities.

(2) Currency-related derivatives

As of March 31, 2022

(Millions of yen)

Hedge accounting method	Type	Primary hedged instrument	Contract amount, etc.	Portion of contract amount, etc., exceeding one year	Fair value
Standard treatment	Currency swaps	Available-for-sale securities (Foreign securities)	8,654,075	7,754,729	(762,397)
Accounting method for recognizing gains and losses on hedged items	Currency swaps	Available-for-sale securities (Foreign securities)	477,496	316,058	(67,700)
	Foreign exchange forward contracts: Sold		738,004	—	(50,837)
Allocation method, such as foreign exchange forward contracts	Currency swaps	Held-to-maturity bonds (Foreign securities)	641,528	635,047	(Note 2)
Total		—	—	—	(880,935)

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. Derivatives under the allocation method, such as foreign exchange forward contracts, are treated as being an inseparable part of the securities being hedged, and their fair value is therefore included in that of the corresponding securities under Note “Financial instruments.”

As of March 31, 2023

(Millions of yen)

Hedge accounting method	Type	Primary hedged instrument	Contract amount, etc.	Portion of contract amount, etc., exceeding one year	Fair value
Standard treatment	Currency swaps	Available-for-sale securities (Foreign securities)	9,189,575	7,765,631	(913,465)
Accounting method for recognizing gains and losses on hedged items	Currency swaps	Available-for-sale securities (Foreign securities)	408,934	92,876	(79,886)
	Foreign exchange forward contracts: Sold		1,097,337	—	10,327
Allocation method, such as foreign exchange forward contracts	Currency swaps	Held-to-maturity bonds (Foreign securities)	1,819,272	1,743,579	(Note 2)
Total		—	—	—	(983,024)

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. Derivatives under the allocation method, such as foreign exchange forward contracts, are treated as being an inseparable part of the securities being hedged, and their fair value is therefore included in that of the corresponding securities under Note “Financial instruments.”

(3) Equity-related derivatives

As of March 31, 2022

There were no equity-related derivatives.

As of March 31, 2023

There were no equity-related derivatives.

(4) Bond-related derivatives

As of March 31, 2022

There were no bond-related derivatives.

As of March 31, 2023

There were no bond-related derivatives.

(Retirement benefits)

1. 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.

2. Defined-benefit plan

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

(Millions of yen)

Category	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Projected benefit obligation at the beginning of the fiscal year	133,542	134,749
Service cost	6,737	6,677
Interest cost on projected benefit obligation	934	942
Net actuarial (gains) losses arising during the fiscal year	746	312
Retirement benefits paid	(7,127)	(7,780)
Other	(84)	(185)
Projected benefit obligation at the end of the fiscal year	134,749	134,716

(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)

Category	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Unfunded projected benefit obligation	134,749	134,716
The liability for retirement benefits recorded on the consolidated balance sheets	134,749	134,716

(3) Total retirement benefit costs and components

(Millions of yen)

Category	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Service cost	6,737	6,677
Interest cost on projected benefit obligation	934	942
Amortization of net actuarial (gains) losses	(428)	(217)
Amortization of prior service cost	(1,415)	(1,415)
Other	18	129
Total retirement benefit costs related to the defined-benefit plan	5,846	6,116

(4) Adjustments for retirement benefits

Adjustments for retirement benefits (before tax effect) consisted of the following:

(Millions of yen)

Category	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Prior service cost	(1,415)	(1,415)
Net actuarial (gains) losses	(1,175)	(530)
Total	(2,590)	(1,945)

(5) Accumulated adjustments for retirement benefits

Accumulated adjustments for retirement benefits (before tax effect) consisted of the following:

(Millions of yen)

Category	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Unrecognized prior service cost	5,505	4,089
Unrecognized net actuarial gains (losses)	102	(427)
Total	5,607	3,662

(6) Assumptions used in the calculation of projected benefit obligation

The major assumptions used in the calculation of projected benefit obligation

Category	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Discount rate	0.7%	0.7%

(Stock options, etc.)

For the fiscal year ended March 31, 2022

There were no stock options.

For the fiscal year ended March 31, 2023

There were no stock options.

(Deferred tax assets/liabilities)

1. The tax effects of significant temporary differences that resulted in deferred tax assets and liabilities

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Deferred tax assets:		
Reserve for possible loan losses	0	1
Liability for retirement benefits	41,270	41,260
Accrued enterprise taxes	2,765	5,367
Net deferred losses on hedges	240,093	277,262
Reserve for reimbursement of deposits	18,011	16,738
Depreciation	7,012	5,926
Unrealized losses of money held in trust	3,073	3,614
Other	25,390	26,264
Subtotal deferred tax assets	337,619	376,435
Valuation allowance	(39)	(51)
Total deferred tax assets	337,579	376,384
Deferred tax liabilities:		
Net unrealized gains on available-for-sale securities	(614,424)	(344,849)
Other	(29,479)	(7,160)
Total deferred tax liabilities	(643,904)	(352,009)
Net deferred tax assets (liabilities)	(306,324)	24,374

2. The reconciliation of the effective statutory tax rate of the Group to the effective income tax rate

	As of March 31, 2022	As of March 31, 2023
Effective statutory tax rate	30.62%	30.62%
Adjustments for:		
Permanent differences (e.g., Entertainment expenses)	0.00	0.02
Permanent differences (e.g., Cash dividends received)	(0.59)	(0.72)
Per capita inhabitants' taxes, etc.	0.05	0.05
Income tax credit	(1.80)	(2.30)
Other	0.39	(0.66)
Effective income tax rate	28.66%	27.00%

(Revenue recognition)

1. Disaggregation of revenue from contracts with customers

(Millions of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Fees and commissions:	155,244	172,957
Exchange and settlement-related fees	87,649	93,961
Other ordinary income	390	402
Revenue from contracts with customers	155,634	173,360

2. Useful information in understanding revenue

Main performance obligations in revenue from contracts with customers are the provision of exchange and settlement services, and the Group has an obligation to provide services every time its customer makes a request. The performance obligation is in principle deemed satisfied when an exchange transaction or a settlement is completed, and the Group recognizes revenue.

No estimate of significant variable consideration and financing component is included in revenue from contracts with customers.

3. Useful information in understanding revenue for the fiscal year ended March 31, 2023 and for the following fiscal years

Notes are omitted due to immateriality.

(Segment information, etc.)

Segment information

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

Related information

For the fiscal year ended March 31, 2022

1. 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 statements of income.

2. Information about geographical areas

(1) Ordinary income

Information about ordinary income by geographical area is omitted as ordinary income from external customers in Japan accounted for more than 90% of the total ordinary income in the consolidated statements of income.

(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.

3. 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 ordinary income in the consolidated statements of income.

For the fiscal year ended March 31, 2023

1. 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.

2. Information about geographical areas

(1) Ordinary income

Information about ordinary income by geographical area is omitted as ordinary income from external customers in Japan accounted for more than 90% of the total ordinary income in the consolidated statements of income.

(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.

3. 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 ordinary income in the consolidated statements of income.

Information about losses on impairment of fixed assets by reported segments

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

Information about amortization of goodwill and unamortized balance by reported segments

There was no amortization of goodwill or unamortized balance.

Information about recognized gain on negative goodwill by reported segments

There were no recognized gains on negative goodwill.

(Related party transactions)

1. Transactions with related parties

Transactions between the Group and related parties

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

For the fiscal year ended March 31, 2022

(Millions of yen)

Type	Name of company, etc.	Location	Capital	Business description	Ownership of voting rights held	Nature of transactions	Details of transactions	Transaction amount	Account	Outstanding balance at the end of the fiscal year
Parent company	JAPAN POST HOLDINGS Co., Ltd.	Chiyoda-ku, Tokyo	3,500,000	A holding company	89.00% of the Bank's shares (direct)	Management of JAPAN POST GROUP	Payment of brand royalty fees (*)	4,326	Other liabilities	396
						Concurrent holding of positions by executive management directors	Payment of IT system service charge (**)	17,594	Other liabilities	1,610
						Contract for using IT system service				

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 the arm's length principle.

For the fiscal year ended March 31, 2023

(Millions of yen)

Type	Name of company, etc.	Location	Capital	Business description	Ownership of voting rights held	Nature of transactions	Details of transactions	Transaction amount	Account	Outstanding balance at the end of the fiscal year
Parent company	JAPAN POST HOLDINGS Co., Ltd.	Chiyoda-ku, Tokyo	3,500,000	A holding company	60.63% of the Bank's shares (direct)	Management of JAPAN POST GROUP	Payment of brand royalty fees (*)	4,425	Other liabilities	405
						Concurrent holding of positions by executive management directors	Payment of IT system service charge (**)	17,598	Other liabilities	1,599
						Contract for using IT system service				

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 the arm's length principle.

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

For the fiscal year ended March 31, 2022

There were no transactions between the Group and unconsolidated subsidiaries or affiliates.

For the fiscal year ended March 31, 2023

There were no transactions between the Group and unconsolidated subsidiaries or affiliates.

(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, 2022

(Millions of yen)

Type	Name of company, etc.	Location	Capital	Business description	Ownership of voting rights held	Nature of transactions	Details of transactions	Transaction amount	Account	Outstanding balance at the end of the fiscal year
Subsidiary of parent company	JAPAN POST Co., Ltd.	Chiyoda-ku, Tokyo	400,000	Postal counter operations, etc. Postal business and domestic/international logistics business	Nil	Concurrent holding of positions by executive management directors	Payment of commissions on bank agency services, etc. (*)	353,214	Other liabilities	33,290
						Commissions on bank agency services, etc.	Receipt and payment of funds related to bank agency services	854,136	Other assets (**)	810,000
						Bank counter services agreement	Payment of consignment fees for logistics operations (***)	— (***)	Other liabilities (***)	17,978
						Consignment contracts for logistics operations		2,855	Other liabilities	269
									Accrued expenses	49

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, 2022.

*** 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 the arm's length principle.

Note: 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, 2022 was ¥237,040 million.

For the fiscal year ended March 31, 2023

(Millions of yen)

Type	Name of company, etc.	Location	Capital	Business description	Ownership of voting rights held	Nature of transactions	Details of transactions	Transaction amount	Account	Outstanding balance at the end of the fiscal year
Subsidiary of parent company	JAPAN POST Co., Ltd.	Chiyoda-ku, Tokyo	400,000	Postal counter operations, etc. Postal business and domestic/international logistics business	Nil	Concurrent holding of positions by executive management directors	Payment of commissions on bank agency services, etc. (*)	340,055	Other liabilities	32,026
								860,657	Other assets (**)	790,000
						Commissions on bank agency services, etc.	Receipt and payment of funds related to bank agency services	— (***)	Other liabilities (***)	13,772
						Bank counter services agreement	Payment of consignment fees for logistics operations (****)	2,673	Other liabilities	276
						Consignment contracts for logistics operations			Accrued expenses	44

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, 2023.

*** 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 the arm's length principle.

Note: 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, 2023 was ¥230,710 million.

(4) Transactions between the Group and directors and/or executive officers, or major individual shareholders
For the fiscal year ended March 31, 2022

There were no transactions between the Group and directors and/or executive officers, or major individual shareholders.

For the fiscal year ended March 31, 2023

There were no transactions between the Group and directors and/or executive officers, or major individual shareholders.

2. Notes related to the parent company and/or significant affiliates

(1) Information on the parent company

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

(2) Information on significant affiliates

There were no significant affiliates.

(Per share data)

		For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Net assets per share	Yen	2,739.60	2,621.17
Net income per share	Yen	94.71	86.84

Notes: 1. Diluted net income per share is not presented since there has been no potential dilution.

2. Net assets per share were calculated based on the following:

		As of March 31, 2022	As of March 31, 2023
Net assets	Millions of yen	10,302,261	9,651,874
Amounts deducted from net assets	Millions of yen	32,041	36,780
Non-controlling interests	Millions of yen	32,041	36,780
Net assets attributable to common stock at the end of the fiscal year	Millions of yen	10,270,220	9,615,094
Number of common stock at the end of the fiscal year used for the calculation of net assets per share	Thousand shares	3,748,789	3,668,236

3. Net income per share was calculated based on the following:

		For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Net income attributable to owners of parent	Millions of yen	355,070	325,070
Amount not attributable to common shareholders	Millions of yen	—	—
Net income attributable to owners of parent attributable to common stock	Millions of yen	355,070	325,070
Average number of common stock outstanding during the fiscal year	Thousand shares	3,748,758	3,743,041

4. To calculate net assets per share, the treasury stock held by the stock benefit trust was included in the treasury stock deducted from the number of common stock outstanding at the end of the fiscal year. To calculate net income per share, the treasury stock held by the stock benefit trust was included in the treasury stock deducted to calculate the average number of outstanding shares for the fiscal year. In the calculation of net assets per share, the number of treasury stock deducted as of March 31, 2022 and 2023 was 685 thousand shares and 1,436 thousand shares, respectively. In the calculation of net income per share, the number of treasury stock deducted to calculate the average number of outstanding shares for the fiscal years ended March 31, 2022 and 2023 was 716 thousand shares and 1,350 thousand shares, respectively.

(Significant subsequent events)

(Share repurchase and cancellation)

At the Board of Directors meeting held on February 27, 2023, the Bank passed a resolution on matters related to the repurchase of treasury stock pursuant to Article 39, Paragraph 1 of the Bank's Articles of Incorporation complying with Article 459, Paragraph 1, Item 1 of the Companies Act, and completed the repurchase on April 27, 2023. In addition, at the Board of Directors meeting held on the same date, the Bank passed a resolution on matters related to the cancellation of treasury stock pursuant to Article 178 of the Companies Act, and completed the cancellation on May 31, 2023.

1. Reason for the share repurchase and cancellation

To improve capital efficiency and strengthen shareholder returns, etc.

2. Details of matters related to the repurchase

- | | |
|---|---|
| (1) Class of shares to be repurchased: | Common stock of the Bank |
| (2) Total number of shares to be repurchased: | 90,000,000 shares (maximum) |
| (3) Aggregate repurchase price of shares to be repurchased: | ¥80,000,000,000 (maximum) |
| (4) Repurchase period: | From March 22, 2023 to May 12, 2023
(excluding the period from March 27, 2023 to March 31, 2023) |
| (5) Method of repurchase: | Market purchases under discretionary transaction contracts with respect to the repurchase of shares |

3. Details of matters related to the cancellation

- | | |
|---|---|
| (1) Class of shares to be cancelled: | Common stock of the Bank |
| (2) Total number of shares to be cancelled: | All shares to be repurchased as described in 2 above. |
| (3) Planned date of cancellation | May 31, 2023 |

4. Details of the repurchase implemented

- | | |
|---|---|
| (1) Class of shares repurchased: | Common stock of the Bank |
| (2) Total number of repurchased shares: | 72,418,800 shares |
| (3) Aggregate repurchase price of repurchased shares: | ¥79,999,985,300 |
| (4) Repurchase period: | From March 22, 2023 to April 27, 2023
(excluding the period from March 27, 2023 to March 31, 2023) |
| (5) Method of repurchase: | Market purchases under discretionary transaction contracts with respect to the repurchase of shares |

5. Details of the cancellation implemented

- | | |
|---------------------------------------|---|
| (1) Class of shares cancelled: | Common stock of the Bank |
| (2) Total number of shares cancelled: | All repurchased shares as described in 4 above. |
| (3) Date of cancellation | May 31, 2023 |

(5) Consolidated Supplementary Schedules

Borrowed money and lease obligations

Category	Amount at the beginning of the fiscal year (Millions of yen)	Amount at the end of the fiscal year (Millions of yen)	Average interest rate (*) (%)	Maturity for repayment
Borrowed money:	5,603,600	1,632,600	0.10	—
Borrowings (**)	5,603,600	1,632,600	0.10	June 2023— March 2028
Lease obligations (***)	3	2	—	April 2023— July 2025

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

** Of borrowings, ¥360,100 million is interest-free.

*** The average interest rate of lease obligations is not presented above because lease obligations are recorded in the consolidated balance sheets in the amount before deducting interest included in the total amount of lease payments.

Note: Scheduled repayment amounts of borrowings and lease obligations within five years subsequent to the fiscal year are as follows:

	(Millions of yen)				
	One Year or Less	> One and ≤ Two Years	> Two and ≤ Three Years	> Three and ≤ Four Years	> Four and ≤ Five Years
Borrowings	349,700	5,200	5,200	—	1,272,500
Lease obligations	1	1	0	—	—

As the banking service is engaged in the acceptance of deposits and funding from and investments on the call and bill markets as operating activities, the schedule of borrowed money and lease obligations states the breakdown of “Borrowed money” and lease obligations included in “Other liabilities,” both of which are under “Liabilities” in the consolidated balance sheets.

Reference: No promissory note-type commercial paper was issued in the funding conducted as part of sales activities.

Asset retirement obligations

The schedule of asset retirement obligations is omitted as the amounts of asset retirement obligations at the beginning and the end of the fiscal year ended March 31, 2023 accounted for 1% or less of the amounts of total liabilities and net assets at the beginning and the end of the fiscal year ended March 31, 2023.



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 sheet as at March 31, 2023, the consolidated statements of income, comprehensive income, changes in net assets and cash flows for the year then ended, 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, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of 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 available-for-sale securities categorized within Level 2 and Level 3

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, 2023, securities of ¥132,801,422 million were recognized, accounting for approximately 57% of the consolidated total assets.</p> <p>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. As described in the Note “Financial instruments, 3. Fair value information by level within the fair value hierarchy,” available-for-sale securities booked at fair value on the balance sheet include Japanese corporate bonds and foreign bonds included in Others (“Bonds”) of ¥15,409,964 million categorized within Level 2 and Bonds of ¥99,200 million categorized within Level 3. The Group calculated the fair value based on prices mainly obtained from third parties including information vendors and brokers. However, as described in the Note “Significant accounting estimates,” 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, and in particular, for the fair-value valuation of certain illiquid Bonds categorized within Level 2 and Level 3 (such as private placement bonds and securitized products), their estimates may have high estimation uncertainty. Accordingly, using the prices obtained from third parties as fair value involved significant management judgment, and the use of a price based on inappropriate assumptions may have a significant impact on the consolidated financial statements.</p> <p>We, therefore, determined that our assessment of the reasonableness of the valuation of certain illiquid Bonds categorized within Level 2 and</p>	<p>The primary procedures we performed to assess whether the valuation of certain illiquid Bonds categorized within Level 2 and Level 3 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 Bonds categorized within Level 2 and Level 3. In this assessment, we focused our testing on 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 Bonds categorized within Level 2 and Level 3 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.

Level 3 was of most significance in our audit of the consolidated financial statements for the current fiscal year, and accordingly, determined a key audit matter.	
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Other Information

The other information comprises the information included in the Financial Statements, but does not include the consolidated financial statements and our auditor's report thereon. Management is responsible for the preparation and presentation of the other information. The audit committee is responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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.

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

August 9, 2023

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.

2. Non-Consolidated Financial Statements

(1) Non-Consolidated Balance Sheets (Unaudited)

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Assets:		
Cash and due from banks	66,664,253	68,217,495
Cash	316,506	292,405
Due from banks	66,347,746	67,925,090
Call loans	2,470,000	2,460,000
Receivables under resale agreements	9,861,753	9,788,452
Receivables under securities borrowing transactions	—	250,241
Monetary claims bought	397,301	478,286
Trading account securities	11	19
Trading Japanese government bonds	11	19
Money held in trust	5,828,283	6,564,738
Securities	139,549,103	132,769,420
Japanese government bonds	49,259,766	38,114,711
Japanese local government bonds	5,580,874	5,640,868
Short-term corporate bonds	1,434,510	1,400,895
Japanese corporate bonds	9,118,414	9,233,579
Japanese stocks	20,533	22,078
Other securities	74,135,001	78,357,286
Loans	4,441,967	5,604,366
Loans on deeds	4,355,357	5,520,156
Overdrafts	86,609	84,210
Foreign exchanges	213,924	124,943
Due from foreign banks	213,924	124,943
Other assets	3,250,352	2,994,691
Domestic exchange settlement accounts - debit	23,922	27,337
Prepaid expenses	5,013	4,297
Accrued income	175,194	212,129
Initial margins for future transactions	155,295	171,779
Derivatives other than trading	77,504	200,224
Cash collateral paid for financial instruments	706,710	534,711
Other	2,106,711	1,844,213
Tangible fixed assets	192,819	190,216
Buildings	79,117	74,843
Land	64,023	63,917
Construction in progress	4	—
Other	49,673	51,454
Intangible fixed assets	53,367	77,118
Software	34,171	26,185
Other	19,196	50,933
Deferred tax assets	—	26,245
Reserve for possible loan losses	(1,054)	(1,033)
Total assets	232,922,083	229,545,202

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities:		
Deposits	193,441,929	194,951,503
Transfer deposits	10,749,849	12,710,600
Ordinary deposits	100,213,694	105,654,084
Savings deposits	699,203	768,622
Time deposits	4,352,435	3,307,143
Special deposits	591,662	478,036
TEIGAKU deposits	76,670,153	71,910,183
Other deposits	164,930	122,833
Payables under repurchase agreements	19,461,646	18,316,621
Payables under securities lending transactions	1,514,438	1,941,872
Borrowed money	5,603,600	1,632,600
Borrowings	5,603,600	1,632,600
Foreign exchanges	697	1,411
Foreign bills payable	697	1,411
Other liabilities	2,124,933	2,891,096
Domestic exchange settlement accounts - credit	39,916	44,813
Income taxes payable	16,596	111,928
Accrued expenses	122,358	177,065
Unearned income	758	6,374
Derivatives other than trading	1,163,483	1,355,888
Cash collateral received for financial instruments	9,504	22,657
Asset retirement obligations	39	102
Other	772,276	1,172,265
Reserve for bonuses	7,238	7,150
Reserve for employees' retirement benefits	140,355	138,375
Reserve for employee stock ownership plan trust	515	511
Reserve for management board benefit trust	365	424
Reserve for reimbursement of deposits	58,813	54,655
Deferred tax liabilities	303,985	—
Total liabilities	222,658,520	219,936,223
Net assets:		
Capital stock	3,500,000	3,500,000
Capital surplus	3,500,000	3,500,000
Legal capital surplus	3,500,000	3,500,000
Retained earnings	2,413,168	2,480,262
Other retained earnings	2,413,168	2,480,262
Retained earnings brought forward	2,413,168	2,480,262
Treasury stock	(902)	(24,510)
Total shareholders' equity	9,412,266	9,455,752
Net unrealized gains (losses) on available-for-sale securities	1,390,288	779,268
Net deferred gains (losses) on hedges	(538,991)	(626,041)
Total valuation and translation adjustments	851,297	153,227
Total net assets	10,263,563	9,608,979
Total liabilities and net assets	232,922,083	229,545,202

(2) Non-Consolidated Statements of Income (Unaudited)

(Millions of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Ordinary income	1,977,080	2,053,137
Interest income	1,369,747	1,232,408
Interest on loans	10,257	9,750
Interest and dividends on securities	1,333,053	1,189,734
Interest on call loans	139	256
Interest on receivables under resale agreements	(4,608)	(2,543)
Interest on receivables under securities borrowing transactions	886	391
Interest on deposits with banks	28,640	25,906
Other interest income	1,378	8,914
Fees and commissions	157,710	174,834
Fees and commissions on domestic and foreign exchanges	85,458	91,048
Other fees and commissions	72,251	83,786
Other operating income	87,477	290,927
Gains on foreign exchanges	78,954	199,045
Gains on sales of bonds	8,267	82,616
Gains on redemption of bonds	—	9,087
Income from derivatives other than for trading or hedging	256	178
Other ordinary income	362,144	354,966
Reversal of reserve for possible loan losses	—	13
Recoveries of written-off claims	21	14
Gains on sales of stocks and other securities	46,605	85,671
Gains on money held in trust	287,550	246,912
Other	27,967	22,354
Ordinary expenses	1,485,620	1,604,894
Interest expenses	226,651	458,157
Interest on deposits	20,984	12,963
Interest on payables under repurchase agreements	1,657	166,687
Interest on payables under securities lending transactions	2,597	52,179
Interest on borrowings	—	272
Interest on interest rate swaps	199,557	224,231
Other interest expenses	1,855	1,823
Fees and commissions	30,310	28,480
Fees and commissions on domestic and foreign exchanges	3,926	2,839
Other fees and commissions	26,383	25,640
Other operating expenses	71,513	179,786
Losses on sales of bonds	71,513	179,786
General and administrative expenses	979,067	922,146
Other ordinary expenses	178,078	16,323
Provision for reserve for possible loan losses	125	—
Losses on sales of stocks and other securities	171,444	10,678
Losses on devaluation of stocks and other securities	744	—
Losses on money held in trust	878	92
Other	4,884	5,552
Net ordinary income	491,459	448,242

(Millions of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Extraordinary income	6,379	257
Gains on sales and disposals of fixed assets	6,379	257
Extraordinary loss	696	1,446
Losses on sales and disposals of fixed assets	681	570
Losses on impairment of fixed assets	15	875
Income before income taxes	497,141	447,054
Income taxes—current	104,295	145,782
Income taxes—deferred	37,901	(23,334)
Total income taxes	142,196	122,447
Net income	354,945	324,607

(3) Non-Consolidated Statements of Changes in Net Assets (Unaudited)

For the fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus			Retained earnings
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings
					Retained earnings brought forward
Balance at the beginning of the fiscal year	3,500,000	3,500,000	796,285	4,296,285	2,749,408
Cumulative effects of changes in accounting policies					(119)
Restated balance	3,500,000	3,500,000	796,285	4,296,285	2,749,289
Changes during the fiscal year					
Cash dividends					(187,473)
Net income					354,945
Repurchase of treasury stock					
Disposal of treasury stock					
Cancellation of treasury stock			(1,299,878)	(1,299,878)	
Transfer from retained earnings to capital surplus			503,592	503,592	(503,592)
Net changes in items other than shareholders' equity					
Total changes during the fiscal year	—	—	(796,285)	(796,285)	(336,120)
Balance at the end of the fiscal year	3,500,000	3,500,000	—	3,500,000	2,413,168

	Shareholders' equity		Valuation and translation adjustments			Total net assets
	Treasury stock	Total shareholders' equity	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains (losses) on hedges	Total valuation and translation adjustments	
Balance at the beginning of the fiscal year	(1,300,844)	9,244,849	2,487,770	(370,486)	2,117,283	11,362,133
Cumulative effects of changes in accounting policies		(119)				(119)
Restated balance	(1,300,844)	9,244,730	2,487,770	(370,486)	2,117,283	11,362,013
Changes during the fiscal year						
Cash dividends		(187,473)				(187,473)
Net income		354,945				354,945
Repurchase of treasury stock	(195)	(195)				(195)
Disposal of treasury stock	260	260				260
Cancellation of treasury stock	1,299,878	—				—
Transfer from retained earnings to capital surplus		—				—
Net changes in items other than shareholders' equity			(1,097,481)	(168,504)	(1,265,985)	(1,265,985)
Total changes during the fiscal year	1,299,942	167,535	(1,097,481)	(168,504)	(1,265,985)	(1,098,450)
Balance at the end of the fiscal year	(902)	9,412,266	1,390,288	(538,991)	851,297	10,263,563

For the fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus			Retained earnings
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings
					Retained earnings brought forward
Balance at the beginning of the fiscal year	3,500,000	3,500,000	—	3,500,000	2,413,168
Cumulative effects of changes in accounting policies					
Restated balance	3,500,000	3,500,000	—	3,500,000	2,413,168
Changes during the fiscal year					
Cash dividends					(187,473)
Net income					324,607
Repurchase of treasury stock					
Disposal of treasury stock					
Cancellation of treasury stock			(70,038)	(70,038)	
Transfer from retained earnings to capital surplus			70,038	70,038	(70,038)
Net changes in items other than shareholders' equity					
Total changes during the fiscal year	—	—	—	—	67,094
Balance at the end of the fiscal year	3,500,000	3,500,000	—	3,500,000	2,480,262

	Shareholders' equity		Valuation and translation adjustments			Total net assets
	Treasury stock	Total shareholders' equity	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains (losses) on hedges	Total valuation and translation adjustments	
Balance at the beginning of the fiscal year	(902)	9,412,266	1,390,288	(538,991)	851,297	10,263,563
Cumulative effects of changes in accounting policies		—				—
Restated balance	(902)	9,412,266	1,390,288	(538,991)	851,297	10,263,563
Changes during the fiscal year						
Cash dividends		(187,473)				(187,473)
Net income		324,607				324,607
Repurchase of treasury stock	(93,904)	(93,904)				(93,904)
Disposal of treasury stock	257	257				257
Cancellation of treasury stock	70,038	—				—
Transfer from retained earnings to capital surplus		—				—
Net changes in items other than shareholders' equity			(611,020)	(87,050)	(698,070)	(698,070)
Total changes during the fiscal year	(23,608)	43,486	(611,020)	(87,050)	(698,070)	(654,584)
Balance at the end of the fiscal year	(24,510)	9,455,752	779,268	(626,041)	153,227	9,608,979