— Consolidated Five-Year Summary —

THE 77 BANK, LTD. AND CONSOLIDATED SUBSIDIARIES
As of March 31

	Millions of Yen				
	2022	2021	2020	2019	2018
For the fiscal year					
Net interest income	¥ **71,611**	¥ 69,877	¥ 67,886	¥ 65,217	¥ 69,644
Net fees and commissions	**13,669**	11,553	11,458	11,345	10,963
Net other operating (loss) income	**(3,976)**	(8,117)	(2,186)	(3,104)	(7,869)
Net income attributable to owners of the parent	**22,234**	16,468	18,261	17,670	18,314
At the fiscal year-end					
Total assets	**¥10,688,166**	¥ 9,839,581	¥ 8,770,037	¥ 8,627,510	¥ 8,718,097
Deposits	**8,819,743**	8,527,481	7,865,991	7,872,834	7,946,100
Loans and bills discounted	**5,329,342**	5,088,570	4,886,221	4,718,942	4,621,062
Trading account securities and investment securities	**3,142,683**	3,127,169	2,922,506	2,978,130	3,146,865
Equity	**513,316**	513,337	447,436	489,077	490,737
Common stock	**24,658**	24,658	24,658	24,658	24,658

	Yen				
	2022	2021	2020	2019	2018
Per share of common stock					
Basic net income	¥ **300.81**	¥ 222.89	¥ 246.97	¥ 237.90	¥ 246.87
Diluted net income					246.45
Equity	**6,944.03**	6,947.19	6,057.30	6,582.31	6,613.28
Cash dividends	**67.50**	50.00	50.00	47.50	45.00
Capital adequacy ratio (%)					
Domestic standard	**10.27**	10.39	10.31	10.38	10.43

Notes: 1. The national consumption tax and the local consumption tax are excluded from transaction amounts.
2. The Bank's capital adequacy ratio on the domestic standard is accompanied by the revision of Article 14, Paragraph 2, of the Banking Law of Japan, in line with enforcement of the related law for financial system reform.
3. On October 1, 2017, the Bank conducted consolidation of shares at a ratio of five shares to one share. Per share information is computed as if the share consolidation was conducted on April 1, 2016.

— Consolidated Balance Sheet —

THE 77 BANK, LTD. AND CONSOLIDATED SUBSIDIARIES
March 31, 2022

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2022	2021	**2022**
ASSETS:			
Cash and due from banks (Notes 5 and 28)	¥ **1,968,005**	¥1,371,871	**$16,079,785**
Debt purchased	**2,000**	4,000	**16,341**
Trading account securities (Note 6)	**20,361**	20,627	**166,361**
Money held in trust (Notes 7 and 28)	**106,816**	108,901	**872,751**
Investment securities (Notes 6, 8, 12, 13, 28, 29 and 30)	**3,122,322**	3,106,542	**25,511,250**
Loans and bills discounted (Notes 8, 13, 14, 28, 29 and 30)	**5,329,342**	5,088,570	**43,543,933**
Foreign exchange assets (Notes 8 and 9)	**7,038**	5,865	**57,504**
Lease receivables and investments in leases (Notes 27 and 30)	**20,523**	19,637	**167,685**
Tangible fixed assets (Notes 10, 11 and 18):			
Buildings	**7,850**	7,880	**64,139**
Land	**18,835**	19,313	**153,893**
Lease assets	**44**	50	**359**
Construction in progress	**163**	259	**1,331**
Other tangible fixed assets	**4,757**	5,782	**38,867**
Intangible fixed assets:			
Software	**49**	84	**400**
Other intangible fixed assets	**263**	262	**2,148**
Deferred tax assets (Note 25)	**915**	984	**7,476**
Customers' liabilities for acceptances and guarantees (Notes 8, 12 and 30)	**33,355**	43,735	**272,530**
Other assets (Notes 8, 13 and 29)	**108,636**	96,568	**887,621**
Reserve for loan losses	**(63,114)**	(61,356)	**(515,679)**
TOTAL	**¥10,688,166**	¥9,839,581	**$87,328,752**
LIABILITIES:			
Deposits (Notes 13, 15 and 28)	¥ **8,819,743**	¥8,527,481	**$72,062,611**
Call money and bills sold	**29,128**		**237,993**
Payables under securities lending transactions (Note 13)	**1,251**	25,869	**10,221**
Borrowed money (Notes 13, 16 and 28)	**1,168,093**	604,679	**9,544,023**
Foreign exchange liabilities (Note 9)	**180**	155	**1,470**
Liability for employees' retirement benefits (Note 17)	**15,793**	17,102	**129,038**
Reserve for stock-based benefits (Note 19)	**893**	817	**7,296**
Reserve for reimbursement of deposits	**238**	311	**1,944**
Reserve for contingent losses	**789**	804	**6,446**
Deferred tax liabilities (Note 25)	**15,044**	22,037	**122,918**
Acceptances and guarantees (Notes 12 and 30)	**33,355**	43,735	**272,530**
Other liabilities (Notes 18 and 29)	**90,338**	83,251	**738,115**
Total liabilities	**10,174,850**	9,326,243	**83,134,651**
EQUITY (Notes 19, 20 and 34)**:**			
Common stock—authorized, 268,800,000 shares; issued, 76,655,746 shares in 2022 and 2021	**24,658**	24,658	**201,470**
Capital surplus	**20,075**	20,517	**164,024**
Retained earnings	**392,541**	374,218	**3,207,296**
Less: treasury stock—at cost, 2,733,838 shares and 2,764,422 shares in 2022 and 2021, respectively	**(6,445)**	(6,972)	**(52,659)**
Accumulated other comprehensive income:			
Unrealized gains on available-for-sale securities (Note 6)	**87,425**	106,557	**714,314**
Deferred losses on derivatives under hedge accounting (Note 29)	**(134)**	(375)	**(1,094)**
Defined retirement benefit plans (Note 17)	**(4,805)**	(5,265)	**(39,259)**
Total equity	**513,316**	513,337	**4,194,100**
TOTAL	**¥10,688,166**	¥9,839,581	**$87,328,752**

See notes to consolidated financial statements.

— Consolidated Statement of Income —

THE 77 BANK, LTD. AND CONSOLIDATED SUBSIDIARIES
Year Ended March 31, 2022

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2022	2021	**2022**
INCOME:			
Interest income:			
Interest on loans and discounts	**¥ 42,340**	¥ 41,616	**$ 345,943**
Interest and dividends on trading account and investment securities	**28,223**	29,186	**230,598**
Other	**1,650**	406	**13,481**
Fees and commissions (Notes 30 and 31)	**19,162**	17,977	**156,565**
Other operating income (Note 21)	**14,389**	13,990	**117,566**
Gains on sales of stocks and other securities	**8,997**	11,836	**73,510**
Gains on sales of money held in trust	**2,803**	3,798	**22,902**
Other income (Note 22)	**601**	1,163	**4,910**
Total income	**118,169**	119,976	**965,511**
EXPENSES:			
Interest expense:			
Interest on deposits	**183**	325	**1,495**
Interest on borrowings and rediscounts	**105**	272	**857**
Other	**315**	734	**2,573**
Fees and commissions	**5,492**	6,424	**44,872**
Other operating expenses (Note 23)	**18,365**	22,107	**150,053**
General and administrative expenses	**54,075**	55,104	**441,825**
Provision for reserve for loan losses	**4,147**	7,126	**33,883**
Other expenses (Notes 11 and 24)	**3,034**	3,057	**24,789**
Total expenses	**85,718**	95,152	**700,367**
INCOME BEFORE INCOME TAXES	**32,450**	24,823	**265,136**
INCOME TAXES (Note 25):			
Current	**9,890**	5,758	**80,807**
Deferred	**325**	2,595	**2,655**
Total income taxes	**10,215**	8,354	**83,462**
NET INCOME	**22,234**	16,468	**181,665**
NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT	**¥ 22,234**	¥ 16,468	**$ 181,665**

	Yen		U.S. Dollars
PER SHARE OF COMMON STOCK (Note 33):			
Basic net income	**¥300.81**	¥222.89	**$2.45**
Cash dividends applicable to the year	**67.50**	50.00	**0.55**

See notes to consolidated financial statements.

— Consolidated Statement of Comprehensive Income —

THE 77 BANK, LTD. AND CONSOLIDATED SUBSIDIARIES
Year Ended March 31, 2022

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2022	2021	**2022**
NET INCOME	**¥ 22,234**	¥ 16,468	**$ 181,665**
OTHER COMPREHENSIVE (LOSS) INCOME (Note 26):			
Unrealized (losses) gains on available-for-sale securities	**(19,131)**	50,350	**(156,311)**
Deferred gains on derivatives under hedge accounting	**241**	450	**1,969**
Defined retirement benefit plans	**459**	2,276	**3,750**
Total other comprehensive (loss) income	**(18,431)**	53,077	**(150,592)**
COMPREHENSIVE INCOME	**¥ 3,803**	¥ 69,546	**$ 31,072**
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO—			
Owners of the parent	**¥ 3,803**	¥ 69,546	**$ 31,072**

See notes to consolidated financial statements.

— Consolidated Statement of Changes in Equity —

THE 77 BANK, LTD. AND CONSOLIDATED SUBSIDIARIES
Year Ended March 31, 2022

	Thousands	Millions of Yen							
						Accumulated Other Comprehensive Income			
	Number of Shares of Common Stock Outstanding	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Unrealized Gains on Available-for-Sale Securities	Deferred Losses on Derivatives under Hedge Accounting	Defined Retirement Benefit Plans	Total Equity
BALANCE, APRIL 1, 2020	73,867	¥24,658	¥20,517	¥361,462	¥(7,040)	¥ 56,207	¥(826)	¥(7,541)	¥447,436
Net income attributable to owners of the parent				16,468					16,468
Cash dividends, ¥50.00 per share				(3,713)					(3,713)
Purchase of treasury stock	(1)				(2)				(2)
Sales of treasury stock	25				70				70
Net change in the year						50,350	450	2,276	53,077
BALANCE, MARCH 31, 2021	73,891	24,658	20,517	374,218	(6,972)	106,557	(375)	(5,265)	513,337
Net income attributable to owners of the parent				22,234					22,234
Cash dividends, ¥52.50 per share				(3,911)					(3,911)
Purchase of treasury stock	(448)				(515)				(515)
Sales of treasury stock	478		(441)		1,042				601
Net change in the year						(19,131)	241	459	(18,431)
BALANCE, MARCH 31, 2022	73,922	¥24,658	¥20,075	¥392,541	¥(6,445)	¥ 87,425	¥(134)	¥(4,805)	¥513,316

	Thousands of U.S. Dollars (Note 1)							
					Accumulated Other Comprehensive Income			
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Unrealized Gains on Available-for-Sale Securities	Deferred Losses on Derivatives under Hedge Accounting	Defined Retirement Benefit Plans	Total Equity
BALANCE, MARCH 31, 2021	$201,470	$167,636	$3,057,586	$(56,965)	$870,634	$(3,063)	$(43,018)	$4,194,272
Net income attributable to owners of the parent			181,665					181,665
Cash dividends, $0.42 per share			(31,955)					(31,955)
Purchase of treasury stock				(4,207)				(4,207)
Sales of treasury stock		(3,603)		8,513				4,910
Net change in the year					(156,311)	1,969	3,750	(150,592)
BALANCE, MARCH 31, 2022	$201,470	$164,024	$3,207,296	$(52,659)	$714,314	$(1,094)	$(39,259)	$4,194,100

See notes to consolidated financial statements.

— Consolidated Statement of Cash Flows —

THE 77 BANK, LTD. AND CONSOLIDATED SUBSIDIARIES
Year Ended March 31, 2022

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2022	2021	2022
OPERATING ACTIVITIES:			
Income before income taxes	¥ 32,450	¥ 24,823	$ 265,136
Adjustments for:			
Income taxes—paid	(4,517)	(9,597)	(36,906)
Depreciation and amortization	3,397	3,300	27,755
Losses on impairment of fixed assets	547	292	4,469
Net change in reserve for loan losses	1,758	(1,864)	14,363
Net change in reserve for reimbursement of deposits	(73)	(26)	(596)
Net change in reserve for contingent losses	(14)	(56)	(114)
Net change in reserve for stock-based benefits	75	82	612
Net change in liability for employees' retirement benefits	(648)	(5,166)	(5,294)
Interest income	(72,214)	(71,209)	(590,031)
Interest expense	603	1,332	4,926
Losses on investment securities—net	1,469	1,989	12,002
Gains on money held in trust—net	(2,803)	(3,073)	(22,902)
Foreign exchange gains—net	(10,951)	(3,683)	(89,476)
Losses on sales and disposals of fixed assets—net	182	71	1,487
Net change in loans and bills discounted	(240,772)	(202,349)	(1,967,252)
Net change in deposits	292,262	661,489	2,387,956
Net change in borrowed money (except for subordinated loans)	563,414	318,777	4,603,431
Net change in due from banks (except for the Bank of Japan)	(7,502)	4,817	(61,295)
Net change in call loans and bills bought	2,000	429	16,341
Net change in call money and bills sold	29,128	(8,706)	237,993
Net change in payables under securities lending transactions	(24,618)	13,883	(201,143)
Net change in trading account securities	265	(1,753)	2,165
Net change in foreign exchange assets	(1,172)	3,662	(9,575)
Net change in foreign exchange liabilities	25	38	204
Net change in lease receivables and investments in leases	(885)	(376)	(7,230)
Interest received	74,776	74,748	610,964
Interest paid	(675)	(1,714)	(5,515)
Other—net	(1,527)	4,245	(12,476)
Total adjustments	601,529	779,584	4,914,854
Net cash provided by operating activities—(Forward)	¥ 633,980	¥ 804,407	$ 5,179,998
INVESTING ACTIVITIES:			
Purchases of investment securities	(687,670)	(811,155)	(5,618,677)
Proceeds from sales of investment securities	281,670	149,314	2,301,413
Proceeds from maturity of investment securities	364,645	511,793	2,979,369
Increase in money held in trust		(20,000)	
Proceeds from dispositions of money held in trust	2,304	3,510	18,825
Purchases of tangible fixed assets	(2,377)	(4,625)	(19,421)
Proceeds from sales of tangible fixed assets	79	41	645
Purchases of intangible fixed assets	(3)		(24)
Payment for execution of asset retirement obligations	(119)		(972)
Net cash used in investing activities	(41,470)	(171,121)	(338,834)
FINANCING ACTIVITIES:			
Purchases of treasury stock	(515)	(2)	(4,207)
Proceeds from sales of treasury stock	513		4,191
Dividends paid	(3,904)	(3,716)	(31,898)
Net cash used in financing activities	(3,906)	(3,718)	(31,914)
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	27	16	220
NET INCREASE IN CASH AND CASH EQUIVALENTS	588,630	629,584	4,809,461
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,366,991	737,406	11,169,139
CASH AND CASH EQUIVALENTS, END OF YEAR (Note 5)	¥1,955,622	¥1,366,991	$15,978,609

See notes to consolidated financial statements.

— Notes to Consolidated Financial Statements —

THE 77 BANK, LTD. AND CONSOLIDATED SUBSIDIARIES
Year Ended March 31, 2022

1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

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

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made to the 2021 consolidated financial statements to conform to the classifications used in 2022.

In accordance with the Japanese Financial Instruments and Exchange Act and other relevant regulations, all Japanese yen figures in the consolidated financial statements have been rounded down to the nearest million yen, except for per share data. Accordingly, the total of each account may not be equal to the combined total of individual items. Also, U.S. dollar amounts have been rounded down to the nearest thousand dollars.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which The 77 Bank, Ltd. (the "Bank") is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥122.39 to U.S.$1, the approximate rate of exchange as of March 31, 2022. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Consolidation—The consolidated financial statements include the accounts of the Bank and its significant subsidiaries (collectively, the "Companies"). There were six (five in 2021) consolidated subsidiaries as of March 31, 2022.

Under the control and influence concepts, those companies in which the Bank, directly or indirectly, is able to exercise control over operations are fully consolidated.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profits included in assets resulting from transactions within the Companies are eliminated in consolidation.

(1) Scope of consolidation

Consolidated Subsidiaries

77 Partners Co., Ltd. has been included in the scope of consolidation from the fiscal year ended March 31, 2022, since it was newly incorporated.

Unconsolidated Subsidiaries

77 Capital Co., Ltd.
77 New Business Investment Limited Partnership
77 Strategic Investment Limited Partnership
77 Capital Investment Limited Partnership 2
77 Strategic Investment Limited Partnership 2
77 Partners Investment Limited Partnership 1

Unconsolidated subsidiaries are excluded from the scope of consolidation because they are not material to the consolidated financial statements in terms of total assets, income, net income (corresponding to the Bank's share), retained earnings (corresponding to the Bank's share) and accumulated other comprehensive income (corresponding to the Bank's share).

77 Strategic Investment Limited Partnership 2 and 77 Partners Investment Limited Partnership 1 have been included in unconsolidated subsidiaries from the fiscal year ended March 31, 2022, since they were newly incorporated.

(2) Equity method

Unconsolidated Subsidiaries Not Accounted for by the Equity Method

77 Capital Co., Ltd.
77 New Business Investment Limited Partnership
77 Strategic Investment Limited Partnership
77 Capital Investment Limited Partnership 2
77 Strategic Investment Limited Partnership 2
77 Partners Investment Limited Partnership 1

These companies are excluded from the scope of equity method accounting because they are not material to the consolidated financial statements in terms of net income (corresponding to the Bank's share), retained earnings (corresponding to the Bank's share) and accumulated other comprehensive income (corresponding to the Bank's share).

77 Strategic Investment Limited Partnership 2 and 77 Partners Investment Limited Partnership 1 have been included in unconsolidated subsidiaries not accounted for by the equity method from the fiscal year ended March 31, 2022, since they were newly incorporated.

b. Business Combinations—Business combinations are accounted for using the purchase method. Acquisition-related costs, such as advisory fees or professional fees, are accounted for as expenses in the periods in which the costs are incurred. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, an acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, which shall not exceed one year from the acquisition, the acquirer shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and that would have affected the measurement of the amounts recognized as of that date. Such adjustments shall be recognized as if the accounting for the business combination had been completed at the acquisition date. A parent's ownership interest in a subsidiary might change if the parent purchases or sells ownership interests in its subsidiary.

The carrying amount of noncontrolling interest is adjusted to reflect the change in the parent's ownership interest in its subsidiary while the parent retains its controlling interest in its subsidiary. Any difference between the fair value of the consideration received or paid and the amount by which the noncontrolling interest is adjusted is accounted for as capital surplus as long as the parent retains control over its subsidiary.

c. Cash and Cash Equivalents—For the purpose of the consolidated statement of cash flows, cash and cash equivalents represent cash and amounts due from the Bank of Japan.

d. Trading Account Securities, Investment Securities and Money Held in Trust—Securities other than investments in affiliates are classified into three categories, based principally on the Companies' intent, as follows: (1) trading account securities, which are held for the purpose of earning capital gains in the near term, are reported at fair value and the related unrealized gains and losses are included in earnings; (2) held-to-maturity debt securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity, are reported at amortized cost; and (3) available-for-sale securities, which are not classified as either of the aforementioned securities, are reported at fair value with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity; however, equity securities, etc. which do not have a market price are reported at cost determined by the moving-average method.

The cost of trading account securities and available-for-sale securities sold is determined based on the moving-average method.

In addition, investments in unconsolidated subsidiaries not accounted for by the equity method are reported at cost determined by the moving-average method.

For other-than-temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

Securities included in money held in trust are also classified and accounted for using the same method as above.

The components of trust assets are accounted for based on the standard appropriate for each asset type. Instruments held in trust for trading purposes are recorded at fair value and unrealized gains and losses are recorded in other income/expenses. Instruments held in trust classified as available-for-sale are recorded at fair value with the corresponding unrealized gains/losses recorded directly in a separate component of equity. Instruments held in trust classified as held to maturity are carried at amortized cost.

e. Tangible Fixed Assets—Tangible fixed assets are stated at cost less accumulated depreciation and gains deferred on the sale and replacement of certain assets. Depreciation of tangible fixed assets, except for lease assets, is mainly computed using the declining-balance method at rates based on the estimated useful lives of the assets. The range of useful lives is principally from 5 to 31 years for buildings and from 4 to 20 years for equipment. Lease assets under finance lease transactions, in which substantial ownership is not deemed to have been transferred, are depreciated using the straight-line method over the lease term. The salvage value is zero or the guaranteed amounts if specified in the lease contracts (see Note 2.p).

f. Intangible Fixed Assets—The amortization of intangible fixed assets is calculated using the straight-line method. Capitalized costs of computer software developed/obtained for internal use are amortized using the straight-line method over the estimated useful lives of five years.

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

h. Foreign Currency Items—Assets and liabilities denominated in foreign currencies held by the Bank at year-end are translated into Japanese yen at the current exchange rates in effect at each consolidated balance sheet date. Exchange gains and losses are recognized in the fiscal periods in which they occur.

i. Reserve for Loan Losses—The Bank determines the amount of the reserve for loan losses by means of management's judgment and assessment of future losses based on internal rules for write offs and provisions.

For loans to borrowers classified as legally bankrupt or virtually bankrupt, the Bank fully provides the net amount of loans and estimated collectible amounts by collateral or guarantees. Regarding loans to borrowers classified as possibly bankrupt, a specific reserve is provided to the necessary extent for the net amount of loans and estimated collectible amounts by collateral or guarantees.

For large debtors who are possibly bankrupt and debtors requiring special attention, if the cash flows from collection of the principal and interest can be reasonably estimated, the reserve is provided based on the difference between the relevant cash flows discounted by the initial contractual interest rates and the carrying amounts of the loans (the "DCF method").

The reserve for other loan loss is recorded principally at the amount of estimated losses over the next two or three years. Estimated losses are determined by calculating a loss rate based on the average of actual loss rate over the past certain period, which is calculated with credit loss experience over two or three years. Adjustments are to be made as necessary in light of future outlook and other factors.

All the loans are assessed by sales related department in accordance with the self-assessment standard and the results are audited by asset audit department independent from the sales related department.

The Bank's subsidiaries determine the reserve for loan losses based on the actual loss rate or estimated collectible amounts in accordance with the self-assessment standard.

(Notes)

1. Category of loans by debtor classification is defined as below in compliance with the classification provided in "Practical Guideline on Self-Assessment of Assets and Audit of Bad Debts and Reserve for Loan Losses of Banks and Other Financial Institutions" (the Japanese Institute of Certified Public Accountants (the "JICPA") Special Audit Committee Report No. 4 for Banks and Other Financial Institutions issued on April 14, 2022), that is, "normal debtors," "debtors requiring caution," "possibly bankrupt debtors," "virtually bankrupt debtors" and "legally bankrupt debtors."

Category	Criteria
Legally bankrupt	Debtors who are legally or formally bankrupt
Virtually bankrupt	Debtors who are virtually bankrupt, experiencing serious financial difficulty with no prospect of a turnaround, although there are no existence of facts of legal or formal bankruptcy
Possibly bankrupt	Debtors who are in financial difficulty and likely to become bankrupt in the future, although they are not currently bankrupt
Caution	Debtors who have issues concerning lending conditions, debtors who have issues concerning the status of fulfilment of obligations or debtors who are in the red, experiencing sluggish or unstable performances
Special attention	Of the debtors classified as caution, those whose debts, either partially or wholly, require special attention
Normal	Debtors whose performance is favorable and who are considered to have no specific issues regarding financial conditions

2. The loss rate is in principle defined as the average rate of bad debts for the recent five base years, but comparisons with the average rate of bad debts for the recent two base years are also taken into account in the calculation. Also, necessary adjustments are made by referring to the average rate of bad debts for a number of base years to appropriately incorporate the risk during the recession period.

j. Reserve for Stock-Based Benefits—Reserve for stock-based benefits is provided for the grants of the Bank's shares to directors, etc. in accordance with the stock grant program based on the estimated stock-based benefits liabilities as of the fiscal year end.

k. Reserve for Reimbursement of Deposits—Reserve for reimbursement of deposits, which were derecognized as liabilities, is provided for the future estimated payments for reimbursement claims on dormant deposit accounts based on the historical reimbursement experience.

l. Reserve for Contingent Losses—Reserve for contingent losses is provided for the future estimated payments of burden money to the Credit Guarantee Corporations based on the historical experience of subrogation.

m. Employees' Retirement and Pension Plans—In calculation of projected benefit obligations, expected benefits are attributed to periods on a benefit formula basis. Treatment of prior service cost and actuarial gains and losses is as follows:

Prior service cost is charged to expenses when incurred.

Unrecognized actuarial gains and losses are amortized by the straight-line method from the following fiscal year after the fiscal year when they were incurred over a definite period (10 years) with the employees' average remaining service period when incurred.

Consolidated subsidiaries apply a shortcut method whereby the amount of the retirement benefits required to be paid if all the employees voluntarily retired at the end of the fiscal year is regarded as projected benefit obligations in determining the liability for employees' retirement benefits and net periodic retirement benefit costs.

n. Asset Retirement Obligations—The asset retirement obligation is recognized as the sum of the DCFs required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of the asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an increase or a decrease in the carrying amount of the liability and the capitalized amount of the related asset retirement cost.

o. Accounting for Significant Revenue and Expenses—On March 31, 2020, the Accounting Standards Board of Japan ("ASBJ") issued ASBJ Statement No. 29, "Accounting Standard for Revenue Recognition." The Bank has applied this standard and recognizes revenue when control of a promised good or service is transferred to a customer in an amount that reflects the consideration to which the Bank expects to be entitled in exchange for those goods and services.

p. Leases

As a lessee

Finance lease transactions are capitalized to recognize lease assets and lease obligations in the consolidated balance sheet.

As a lessor

All finance leases that are deemed to transfer ownership of the leased property to the lessee are recognized as lease receivables, and all finance leases that are deemed not to transfer ownership of the leased property to the lessee are recognized as investments in leases.

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

r. Derivatives and Hedging Activities—It is the Bank's policy to use derivative financial instruments ("derivatives") primarily for the purpose of reducing market risks associated with its assets and liabilities. The Bank also utilizes derivatives to meet the needs of its clients while entering into derivatives as a part of its trading activities. The Bank enters into interest rate swaps and interest rate swaptions as a means of hedging its interest rate risk on certain loans and investment securities and to meet the needs of its clients. The Bank also enters into currency swaps, foreign exchange forward contracts, and currency options to hedge foreign currency exchange risk associated with its assets and liabilities denominated in foreign currencies and to meet the needs of its clients.

Derivatives are recognized as either assets or liabilities and measured at fair value. Gains or losses on derivative transactions are recognized in the consolidated statement of income. If derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, the gains or losses on derivatives are deferred until maturity of the hedged transactions.

The interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value, but the differential paid or received under the swap agreements is recognized and included in interest expense or income.

s. Per Share Information—Basic net income per share is computed by dividing net income attributable to common stockholders by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits or share consolidation.

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

3. SIGNIFICANT ACCOUNTING ESTIMATES

Reserve for Loan Losses

Loans and bills discounted and related items constitute a relatively large portion of the total assets in the consolidated balance sheet, and recording of reserve for loan losses has a significant impact on the financial position and results of operations. Therefore, the Bank considers reserve for loan losses as a significant accounting estimate.

(1) Amount recorded in the consolidated financial statements as of March 31, 2022 and 2021

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	**2022**
Reserve for loan losses	**¥63,114**	¥61,356	**$515,679**

(2) Information about the details of significant accounting estimates for the identified item

i. Computation method

The method of computing reserve for loan losses is stated in "i. Reserve for Loan Losses" under Note 2, "Summary of Significant Accounting Policies."

ii. Main assumptions

Main assumptions are the future prospects used in the assessment of the category of loans by debtor classification.

Debtor classification is assessed by comprehensively taking into account profitability projections, reasonableness of management improvement plans, status of support from financial institutions, etc., based on the characteristics of the industry to which the debtor belongs, after verifying the debtor's ability to repay the debts based on the financial position, cash management, cash flows, etc. of the debtor and confirming the lending conditions and the status of its fulfilment.

In addition, although the Bank presumed as at March 31, 2021, that the economic downturn would continue for the time being due to the impact of COVID-19, considering the ongoing resurgence of COVID-19 within and outside Japan, the Bank has made an updated assumption as at March 31, 2022, that the weak economic trend will be prolonged and continue for a certain period of time. Based on such assumption, with respect to debtors of certain COVID-19-related restructured loans, the loss rate is deemed to be equivalent to that of debtors who are downgraded in classification in terms of higher uncertainties about future projection and other factors, and a reserve for loan losses is recorded accordingly.

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

If the assumptions used in the initial estimates change due to changes in the debtors' performances, this may have a significant impact on reserve for loan losses in the consolidated financial statements for the following fiscal year.

Furthermore, changes in assumptions used for the estimates include a risk of a further downturn in the economy due to stricter restrictions on economic activities associated with further expansion of the COVID-19 pandemic.

4. ACCOUNTING CHANGES

Adoption of Accounting Standard for Revenue Recognition, Etc.

The Bank has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020; hereinafter "Revenue Recognition Standard") and other standards from the beginning of the year ended March 31, 2022. The Bank recognizes revenue when control of a promised good or service is transferred to a customer in an amount that reflects the consideration to which the Bank expects to be entitled in exchange for those goods and services. The impact of this change on the consolidated financial statements is immaterial.

In accordance with the transitional treatment set forth in paragraph 89-3 of the Revenue Recognition Standard, notes on revenue recognition for the previous fiscal year are not presented.

Adoption of Accounting Standard for Fair Value Measurement, Etc.

The Bank has applied the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019; hereinafter "Fair Value Measurement Standard") and other standards from the beginning of the year ended March 31, 2022, and will prospectively apply the new accounting policies stipulated by the Fair Value Measurement Standard, etc. in accordance with the transitional treatment provided in paragraph 19 of the Fair Value Measurement Standard and paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019).

In addition, the Bank will include notes on financial instruments categorized by fair value hierarchy in the notes on financial instruments. However, in accordance with the transitional treatment provided in paragraph 7-4 of the "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19, July 4, 2019), notes pertaining to the previous fiscal year are not presented.

5. CASH AND CASH EQUIVALENTS

The reconciliation of cash and cash equivalents at the end of the year and cash and due from banks in the consolidated balance sheet as of March 31, 2022 and 2021, was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	**2022**
Cash and due from banks	**¥1,968,005**	¥1,371,871	**$16,079,785**
Due from banks, excluding due from the Bank of Japan	**(12,383)**	(4,880)	**(101,176)**
Cash and cash equivalents at the end of year	**¥1,955,622**	¥1,366,991	**$15,978,609**

6. TRADING ACCOUNT SECURITIES AND INVESTMENT SECURITIES

Trading account securities as of March 31, 2022 and 2021, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	**2022**
National government bonds	**¥ 218**	¥ 229	**$ 1,781**
Local government bonds	**14,142**	14,396	**115,548**
Other securities	**6,000**	6,001	**49,023**
Total	**¥20,361**	¥20,627	**$166,361**

Investment securities as of March 31, 2022 and 2021, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	**2022**
National government bonds	**¥ 280,274**	¥ 274,404	**$ 2,290,007**
Local government bonds	**965,438**	909,175	**7,888,209**
Corporate bonds	**940,517**	1,023,345	**7,684,590**
Equity securities	**141,131**	137,884	**1,153,125**
Other securities	**794,960**	761,732	**6,495,301**
Total	**¥3,122,322**	¥3,106,542	**$25,511,250**

Investment in an unconsolidated subsidiary in the amount of ¥25 million ($204 thousand) and ¥25 million and investment in interest in partnership in the amount of ¥4,533 million ($37,037 thousand) and ¥3,580 million are included in the above equity securities and other securities as of March 31, 2022 and 2021, respectively.

The carrying amounts and aggregate fair values of securities as of March 31, 2022 and 2021, were as follows:

Securities below include trading account securities and investment securities:

	Millions of Yen			
	2022			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Trading				**¥ 20,361**
Available-for-sale:				
Equity securities	**¥ 61,205**	**¥79,295**	**¥ 2,078**	**138,422**
Debt securities	**2,196,869**	**4,007**	**15,658**	**2,185,218**
Other securities	**732,800**	**65,191**	**11,128**	**786,863**
Held to maturity	**1,012**		**6**	**1,005**

	Millions of Yen			
	2021			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Trading				¥ 20,627
Available-for-sale:				
Equity securities	¥ 59,209	¥78,064	¥ 1,155	136,119
Debt securities	2,201,520	9,093	4,702	2,205,911
Other securities	693,748	77,926	15,484	756,190
Held to maturity	1,014		1	1,012

	Thousands of U.S. Dollars			
	2022			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Trading				**$ 166,361**
Available-for-sale:				
Equity securities	**$ 500,081**	**$647,887**	**$ 16,978**	**1,130,991**
Debt securities	**17,949,742**	**32,739**	**127,935**	**17,854,546**
Other securities	**5,987,417**	**532,649**	**90,922**	**6,429,144**
Held to maturity	**8,268**		**49**	**8,211**

Securities, other than trading account securities, with readily determinable fair value (excluding equity securities, etc. and investment in partnerships which do not have a market price), whose fair value significantly declined compared with the acquisition cost and whose fair value is not considered likely to recover to their acquisition cost, are written down to the respective fair value. The related losses on revaluation are charged to income for the fiscal year.

Impairment losses were recognized for available for sale securities in the amount of ¥518 million ($4,232 thousand), consisting of ¥499 million ($4,077 thousand) of equity securities and ¥19 million ($155 thousand) of other securities, and ¥119 million, consisting of ¥119 million of other securities for the years ended March 31, 2022 and 2021, respectively.

The criteria for determining whether the fair value has "significantly declined" are defined based on the asset classification of the issuer in the internal standards for asset quality self-assessment as follows:

(a) Normal issuers: Fair value declined by 50% or more of the acquisition cost or fair value declined between 30% and 50% and average fair value during the past one month declined by 50% or more (30% or more for issuers who have credit risk more than a certain level).

(b) Caution issuers: Fair value declined by 30% or more of the acquisition cost.

(c) Legally bankrupt, virtually bankrupt, and possibly bankrupt issuers: Fair value is lower than the acquisition cost.

Caution issuers represent debtors who require careful management going forward and normal issuers represent debtors other than legally bankrupt, virtually bankrupt, possibly bankrupt, and caution issuers.

Proceeds from sales of available for sale securities for the years ended March 31, 2022 and 2021, were ¥289,989 million ($2,369,384 thousand) and ¥149,876 million, respectively. Gross realized gains and losses on these sales, computed on a moving average cost basis, were ¥9,440 million ($77,130 thousand) and ¥3,198 million ($26,129 thousand), respectively, for the year ended March 31, 2022, and ¥12,241 million and ¥1,203 million, respectively, for the year ended March 31, 2021.

Unrealized gains on available-for-sale securities as of March 31, 2022 and 2021, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	**2022**
Valuation differences:			
Available-for-sale securities	**¥119,383**	¥143,486	**$ 975,430**
Available-for-sale money held in trust	**5,329**	7,913	**43,541**
Deferred tax liabilities	**(37,287)**	(44,841)	**(304,657)**
Unrealized gains on available-for-sale securities	**¥ 87,425**	¥106,557	**$ 714,314**

7. MONEY HELD IN TRUST

The carrying amounts and aggregate fair values of money held in trust as of March 31, 2022 and 2021, were as follows:

	Millions of Yen			
	2022			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Money held in trust classified as:				
Trading				**¥ 79,905**
Available-for-sale	**¥21,581**	**¥5,329**		**26,910**
Total	**¥21,581**	**¥5,329**		**¥106,816**

	Millions of Yen			
	2021			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Money held in trust classified as:				
Trading				¥ 79,406
Available-for-sale	¥21,581	¥7,913		29,494
Total	¥21,581	¥7,913		¥108,901

	Thousands of U.S. Dollars			
	2022			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Money held in trust classified as:				
Trading				**$652,871**
Available-for-sale	**$176,329**	**$43,541**		**219,870**
Total	**$176,329**	**$43,541**		**$872,751**

Available-for-sale securities held in trust, whose fair value significantly declined compared with the acquisition cost and whose fair value is not considered likely to recover to their acquisition cost, are written down to the respective fair value.

No impairment loss was recognized for money held in trust for the years ended March 31, 2022 and 2021.

8. LOANS AND BILLS DISCOUNTED

Loans and bills discounted as of March 31, 2022 and 2021, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	**2022**
Bills discounted	**¥ 7,359**	¥ 6,321	**$ 60,127**
Loans on bills	**121,235**	112,595	**990,562**
Loans on deeds	**4,584,079**	4,369,410	**37,454,685**
Overdrafts	**616,668**	600,242	**5,038,548**
Total	**¥5,329,342**	¥5,088,570	**$43,543,933**

Bills Discounted

Bills discounted are accounted for as financial transactions in accordance with "Treatment of Accounting and Auditing of Application of Accounting Standard for Financial Instruments in the Banking Industry" (JICPA Industry Committee Practical Guideline No. 24). The Bank has rights to sell or pledge these bills discounted. The total of the face value of bills discounted was ¥7,359 million ($60,127 thousand) and ¥6,321 million as of March 31, 2022 and 2021, respectively.

Non-performing Loans

Loans based on the Banking Act and the Act on Emergency Measures for the Revitalization of the Financial Functions are as follows:

Loans are comprised of corporate bonds included in "Investment securities" in the consolidated balance sheet (limited to those for which redemption of the principal and payment of interest is guaranteed in whole or in part and those issued through private placement of securities (as provided by paragraph 3 of Article 2 of the Financial Instruments and Exchange Act)); loans and bills discounted; foreign exchange assets; accrued interest and suspense payments included in "Other assets," items recorded in the accounts of customers' liabilities for acceptances and guarantees; and securities used in securities lending transactions, if such transactions are performed as described in the accompanying note (limited to those under a loan-for-use or lease contract).

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	**2022**
Loans to bankrupt and quasi-bankrupt borrowers	**¥ 12,007**	¥ 14,920	**$ 98,104**
Doubtful loans	**66,981**	63,031	**547,275**
Substandard loans	**32,334**	34,509	**264,188**
Delinquent loans past due three months or more	**958**	1,032	**7,827**
Restructured loans	**31,376**	33,476	**256,360**
Sub-total	**111,323**	112,461	**909,575**
Normal loans	**5,309,021**	5,067,126	**43,377,898**
Total	**¥5,420,344**	¥5,179,588	**$44,287,474**

Loans to bankrupt and quasi-bankrupt borrowers are loans to borrowers who have fallen into bankruptcy due to initiation of bankruptcy proceedings, reorganization proceedings, petition for commencement of rehabilitation proceedings, or other reasons, and similar loans.

Doubtful loans are loans for which the borrower has not yet entered into bankruptcy, but the financial condition and business performance of the borrower have deteriorated and it is highly probable that the principal cannot be collected and interest cannot be received as agreed, and those that do not fall under loans to bankrupt and quasi-bankrupt borrowers.

Delinquent loans past due three months or more are loans with principal or interest unpaid for three months or more from the day after the agreed-upon payment date, and those that do not fall under loans to bankrupt and quasi-bankrupt borrowers or doubtful loans.

Restructured loans are loans that provide certain concessions favorable to the borrowers with the intent of facilitating the borrowers' restructuring or otherwise supporting them, such as by reducing or exempting interest, postponing principal or interest payments, releasing credits, or providing other benefits to the borrowers. Restructured loans exclude loans to bankrupt and quasi-bankrupt borrowers, doubtful loans, and delinquent loans past due three months or more.

Normal loans are those that do not contain any problem with the borrowers' financial conditions or business performance, and are not classified in any of the above categories.

The amounts of above loans are before deducting reserve for loan losses.

(Change in Presentation Method)
In accordance with the "Cabinet Office Order to Amend the Ordinance for Enforcement of the Banking Act" (Cabinet Office Ordinance No. 3, January 24, 2020), which came into effect on March 31, 2022, the classification, etc. of risk-monitored loans under the Banking Act is presented in line with the classification, etc. of disclosed loans under the Act on Emergency Measures for the Revitalization of the Financial Functions.

9. FOREIGN EXCHANGES

Foreign exchange assets and liabilities as of March 31, 2022 and 2021, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	**2022**
Assets			
Due from foreign correspondent accounts	**¥7,038**	¥5,865	**$57,504**
Total	**¥7,038**	¥5,865	**$57,504**
Liabilities			
Foreign exchange bills sold	**¥ 23**	¥ 12	**$ 187**
Foreign exchange bills payable	**156**	142	**1,274**
Total	**¥180**	¥155	**$1,470**

10. TANGIBLE FIXED ASSETS

The accumulated depreciation of tangible fixed assets as of March 31, 2022 and 2021, amounted to ¥83,050 million ($678,568 thousand) and ¥86,972 million, respectively.

As of March 31, 2022 and 2021, deferred gains for tax purposes of ¥7,550 million ($61,688 thousand) and ¥7,695 million, respectively, on tangible fixed assets sold and replaced with similar assets have been deducted from the cost of newly acquired tangible fixed assets.

11. LONG-LIVED ASSETS

The Bank recognized impairment losses of ¥547 million ($4,469 thousand) and ¥292 million on certain operating branches, business premises, branches to be closed, and unused facilities for the years ended March 31, 2022 and 2021, respectively.

The impairment losses were composed of ¥55 million ($449 thousand) on buildings, ¥462 million ($3,774 thousand) on land and ¥29 million ($236 thousand) on other fixed assets for the year ended March 31, 2022, and ¥107 million on buildings, ¥2 million on land and ¥182 million on other fixed assets for the year ended March 31, 2021.

For the purpose of testing for impairment, the Bank recognizes each individual branch office as a cash-generating unit for which it continues to manage and monitor identifiable cash flows. Branch offices to be closed and facilities not in operation are individually assessed for impairment. Subsidiaries recognize each company as a cash-generating unit. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group.

The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the DCFs from the continued use and eventual disposition of the asset or the net selling price at disposition. The DCFs were calculated using discount rates of 9.7% and 6.6% for the years ended March 31, 2022 and 2021, respectively, and the net selling price was determined by quotation from a third-party vendor.

12. CUSTOMERS' LIABILITIES FOR ACCEPTANCES AND GUARANTEES

All contingent liabilities arising from acceptances and guarantees are reflected in "Acceptances and guarantees." "Customers' liabilities for acceptances and guarantees" are shown as assets, representing the Bank's right to receive indemnity from the applicants.

The amount of guarantee obligations for privately placed corporate bonds included in securities as of March 31, 2022 and 2021, was ¥45,855 million ($374,662 thousand) and ¥37,079 million, respectively.

13. ASSETS PLEDGED

Assets pledged as collateral and their relevant liabilities as of March 31, 2022 and 2021, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	**2022**
Assets pledged as collateral:			
Investment securities	**¥1,015,504**	¥977,812	**$8,297,279**
Loans and bills discounted	**535,953**		**4,379,058**
Other assets	**144**	144	**1,176**
Relevant liabilities to above assets:			
Deposits	**52,813**	51,968	**431,514**
Payables under securities lending transactions	**1,251**	25,869	**10,221**
Borrowed money	**1,157,847**	596,235	**9,460,307**

In addition to the above, the following assets were offered as collateral for exchange settlement transactions, or as substitutes for future transaction initial margin and others:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Investment securities		¥ 100	
Other assets	¥50,100	50,000	$409,347
Of which:			
Cash collateral paid for financial instruments	11,668	9,375	95,334
Guarantee deposits for leased tangible fixed assets	93	93	759

14. LOAN COMMITMENTS

Contracts of overdraft facilities and loan commitments are contracts with customers to lend up to the prescribed limits in response to customers' applications for a loan, as long as there is no violation of any condition within the contracts. As of March 31, 2022, the unused amount of such contracts totaled ¥1,700,172 million ($13,891,429 thousand), of which amounts with original agreement terms of less than one year were ¥1,578,213 million ($12,894,950 thousand). As of March 31, 2021, the unused amount of such contracts totaled ¥1,671,011 million, of which amounts with original agreement terms of less than one year were ¥1,551,636 million.

Since many of the commitments expire without being drawn upon, the unused amount does not necessarily represent a future cash requirement. Most of these contracts have conditions allowing the Companies to refuse customers' applications for a loan or decrease the contract limits based on proper reasons (e.g., changes in financial situation, deterioration in customers' creditworthiness). At the inception of the contracts, the Companies obtain collateral real estate, securities, etc., if considered to be necessary. Subsequently, the Companies perform a periodic review of the customers' business results based on internal rules and take necessary measures to reconsider conditions in contracts and require additional collateral and guarantees.

15. DEPOSITS

Deposits as of March 31, 2022 and 2021, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Current deposits	¥ 251,572	¥ 240,917	$ 2,055,494
Ordinary deposits	6,034,989	5,748,476	49,309,494
Deposits at notice	12,644	13,538	103,309
Time deposits	2,056,221	2,077,491	16,800,563
Negotiable certificates of deposit	212,820	211,460	1,738,867
Other deposits	251,495	235,597	2,054,865
Total	¥8,819,743	¥8,527,481	$72,062,611

16. BORROWED MONEY

As of March 31, 2022 and 2021, the weighted-average annual interest rates applicable to borrowed money were 0.004% and 0.006%, respectively.

Borrowed money consisted of borrowings from the Bank of Japan and other financial institutions. Annual maturities of borrowed money as of March 31, 2022, were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2023	¥ 870,271	$7,110,638
2024	154,735	1,264,278
2025	1,486	12,141
2026	140,667	1,149,334
2027	283	2,312
2028 and thereafter	648	5,294
Total	¥1,168,093	$9,544,023

17. LIABILITY FOR EMPLOYEES' RETIREMENT BENEFITS

The Bank has severance payment plans as defined benefit plans consisting of corporate pension fund plans and lump-sum retirement payment plans for employees. In addition, the Bank has established corporate defined contribution pension plans as defined contribution plans. The Bank has also established a retirement benefit trust under the lump-sum retirement payment plan.

The consolidated subsidiaries have lump-sum retirement payment plans as defined benefit plans and defined contribution pension plans as defined contribution plans. For lump-sum retirement payment plans, the Bank calculates liability for retirement benefit and retirement benefit costs using a shortcut method.

(1) The changes in projected benefit obligations for the years ended March 31, 2022 and 2021, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Balance at beginning of year	¥69,749	¥69,248	$569,891
Service cost	1,666	1,658	13,612
Interest cost	445	440	3,635
Actuarial losses	604	1,989	4,935
Benefits paid	(3,418)	(3,768)	(27,927)
Others	177	180	1,446
Balance at end of year	¥69,225	¥69,749	$565,609

(2) The changes in plan assets for the years ended March 31, 2022 and 2021, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Balance at beginning of year	¥52,647	¥43,708	$430,157
Expected return on plan assets	1,473	1,383	12,035
Actuarial (losses) gains	(70)	3,640	(571)
Contributions from the employer	1,234	5,760	10,082
Benefits paid	(2,030)	(2,026)	(16,586)
Others	177	180	1,446
Balance at end of year	¥53,431	¥52,647	$436,563

(3) Reconciliation between the liability recorded in the consolidated balance sheet and the balances of projected benefit obligations and plan assets as of March 31, 2022 and 2021, was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Funded projected benefit obligations	¥ 69,057	¥ 69,602	$ 564,237
Plan assets	(53,431)	(52,647)	(436,563)
Total	15,625	16,955	127,665
Unfunded projected benefit obligations	168	147	1,372
Net liability arising from projected benefit obligations	¥ 15,793	¥ 17,102	$ 129,038

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Liability for employees' retirement benefits	¥15,793	¥17,102	$129,038
Asset for employees' retirement benefits			
Net liability arising from projected benefit obligations	¥15,793	¥17,102	$129,038

(4) The components of net periodic retirement benefit costs for the years ended March 31, 2022 and 2021, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Service cost	¥ 1,666	¥ 1,658	$ 13,612
Interest cost	445	440	3,635
Expected return on plan assets	(1,473)	(1,383)	(12,035)
Recognized actuarial losses	1,335	1,619	10,907
Net periodic retirement benefit costs	¥ 1,973	¥ 2,335	$ 16,120

Note: Employees' contribution to corporate pension funds is deducted.

(5) Amounts recognized in other comprehensive income (before income tax effect) in respect of defined retirement benefit plans for the years ended March 31, 2022 and 2021, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Actuarial gains	¥660	¥3,270	$5,392
Total	¥660	¥3,270	$5,392

(6) Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of defined retirement benefit plans as of March 31, 2022 and 2021, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Unrecognized actuarial losses	¥6,904	¥7,565	$56,409
Total	¥6,904	¥7,565	$56,409

(7) Plan assets as of March 31, 2022 and 2021

a. Components of plan assets

Plan assets consisted of the following:

	2022	2021
Debt investments	42%	41%
Equity investments	28	33
Cash and cash equivalents	1	1
Life insurance company accounts (general accounts)	20	20
Call loans, etc.	9	5
Others	0	0
Total	100%	100%

Note: Total plan assets as of March 31, 2022 and 2021, include retirement benefit trust established under lump-sum payment plans by 20%.

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

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

(8) Assumptions used for the years ended March 31, 2022 and 2021, were set forth as follows:

	2022	2021
Discount rate	0.6%	0.6%
Long-term expected rate of return on plan assets	2.8	3.2
Expected rate of salary increase	4.5	4.5

(9) Defined contribution

The amount required to be contributed to the defined contribution plan of the Bank and its consolidated subsidiaries was ¥266 million ($2,173 thousand) and ¥263 million for the years ended March 31, 2022 and 2021, respectively.

18. ASSET RETIREMENT OBLIGATIONS

Asset retirement obligations which were recognized on the consolidated balance sheet as of March 31, 2022 and 2021, were as follows:

a. Overview of asset retirement obligations

Asset retirement obligations are recognized for obligations of restoring leased buildings, such as branch premises, to their original state, based on the real estate lease contracts and asbestos removal costs.

b. Calculation of asset retirement obligations

Asset retirement obligations are calculated based on the estimated available periods of 16 to 31 years depending on the expected useful lives of buildings using discount rates from 0.139% to 2.324%.

c. The changes in asset retirement obligations for the years ended March 31, 2022 and 2021, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Balance at beginning of year	¥667	¥661	$5,449
Increase due to acquisition of tangible assets	12		98
Reconciliation associated with passage of time	5	5	40
Decrease due to execution of asset retirement obligations	(62)		(506)
Other	(12)		(98)
Balance at end of year	¥610	¥667	$4,984

19. PERFORMANCE-LINKED STOCK COMPENSATION SYSTEM

The Bank has introduced a performance-linked stock compensation system (the "System") based on the Board Incentive Plan ("BIP") trust from the perspective of enhancing motivation to make contributions to improving the medium- to long-term performance and corporate value by further clarifying the linkage between compensation to directors, etc. and stock value of the Bank.

Under the System, the Bank's shares are acquired using the funds contributed by the Bank as compensation to directors, etc. through the trust and such shares are granted to directors, etc. through the trust according to their ranks and achievement of management plans. Said transactions are related to the System.

The Bank's shares remaining in the trust are recorded as treasury stock under "Equity" and the carrying amount of such treasury stock was ¥1,444 million ($11,798 thousand) and ¥1,019 million and the number of shares was 786 thousand shares and 371 thousand shares as of March 31, 2022 and 2021, respectively.

20. EQUITY

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

a. Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the general meeting of stockholders. For companies that meet certain criteria such as (1) having a Board of Directors, (2) having independent auditors, (3) having an Audit & Supervisory Board, and (4) the term of service of the directors being prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. The Bank meets all the above criteria. The Companies Act permits companies to distribute dividends-in-kind (noncash assets) to stockholders subject to certain limitations and additional requirements. Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Bank can do so because it stipulates this in its articles of incorporation. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the stockholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

b. Increases/Decreases and Transfer of Common Stock, Reserve and Surplus

The Banking Law requires that an amount equal to 20% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of the aggregate amount of the legal reserve and additional paid-in capital equals 100% of stated capital.

Under the Companies Act and the Banking Law, the aggregate amount of additional paid-in capital and the legal reserve that exceeds 100% of the stated capital may be made available for dividends by resolution of the stockholders after transferring such excess to retained earnings in accordance with the Companies Act. Under the Companies Act, the total amount of additional paid-in capital and the legal reserve may be reversed without limitation. The Companies Act also provides that stated capital, legal reserve, additional paid-in capital, other capital surplus, and retained earnings can be transferred among the accounts under certain conditions upon resolution of the stockholders.

c. Treasury Stock and Treasury Stock Acquisition Rights

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

21. OTHER OPERATING INCOME

Other operating income for the years ended March 31, 2022 and 2021, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Gain on sales and redemption of bonds and other securities	¥ 442	¥ 404	$ 3,611
Lease receipts	7,714	7,363	63,028
Other	6,232	6,222	50,919
Total	¥14,389	¥13,990	$117,566

22. OTHER INCOME

Other income for the years ended March 31, 2022 and 2021, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Gains on sales of tangible fixed assets	¥ 44	¥ 29	$ 359
Other	556	1,133	4,542
Total	¥601	¥1,163	$4,910

23. OTHER OPERATING EXPENSES

Other operating expenses for the years ended March 31, 2022 and 2021, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Losses on sales, redemption and devaluation of bonds and other securities	¥ 9,316	¥13,137	$ 76,117
Lease costs	7,086	6,754	57,896
Other	1,962	2,216	16,030
Total	¥18,365	¥22,107	$150,053

24. OTHER EXPENSES

Other expenses for the years ended March 31, 2022 and 2021, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Bad debt losses	¥ 32	¥ 58	$ 261
Losses on dispositions of money held in trust	112	856	915
Losses on sales of loans	56	249	457
Losses on impairments and disposals of fixed assets	775	393	6,332
Provision for reserve for reimbursement of deposits	81	126	661
Other	1,976	1,373	16,145
Total	¥3,034	¥3,057	$24,789

25. INCOME TAXES

The Companies are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 30.5% for the years ended March 31, 2022 and 2021.

The tax effects of significant temporary differences which resulted in deferred tax assets and liabilities as of March 31, 2022 and 2021, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Deferred tax assets:			
Reserve for loan losses	¥ 15,720	¥ 15,396	$ 128,441
Liability for employees' retirement benefits	7,817	8,183	63,869
Fixed assets (depreciation)	4,960	5,139	40,526
Losses on devaluation of investment securities	2,921	3,039	23,866
Other	6,033	5,916	49,293
Less valuation allowance (see Note below)	(13,952)	(13,571)	(113,996)
Total	23,501	24,104	192,017
Deferred tax liabilities:			
Unrealized gains on available-for-sale securities	37,287	44,841	304,657
Fixed assets (deferred gain on sales and replacements)	291	300	2,377
Other	52	15	424
Total	37,631	45,157	307,467
Net deferred tax liabilities	¥(14,129)	¥(21,053)	$(115,442)

Note: Valuation allowance for the fiscal year ended March 31, 2021, increased by ¥817 million. This increase was mainly due to an increase of ¥886 million in valuation allowance on reserve for loan losses at the Bank and consolidated subsidiaries.

A reconciliation between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statement of income for the year ended March 31, 2021, was as follows, whereas a reconciliation for the year ended March 31, 2022, is not required under Japanese accounting standards since the difference is less than 5% of the normal effective statutory tax rate.

	2021
Normal effective statutory tax rate	30.5%
Expenses not deductible for income tax purposes	0.2
Nontaxable dividend income	(1.1)
Inhabitants taxes	0.3
Valuation allowance	3.3
Other—net	0.5
Actual effective tax rate	33.7%

26. OTHER COMPREHENSIVE (LOSS) INCOME

The components of other comprehensive (loss) income for the years ended March 31, 2022 and 2021, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	**2022**
Unrealized (losses) gains on available-for-sale securities:			
(Loss) gain arising during the year	**¥(26,875)**	¥ 72,116	**$(219,584)**
Reclassification adjustment to profit or loss	**188**	(326)	**1,536**
Amount before income tax effect	**(26,686)**	71,790	**(218,040)**
Income tax effect	**7,554**	(21,440)	**61,720**
Total	**¥(19,131)**	¥ 50,350	**$(156,311)**
Deferred gains on derivatives under hedge accounting:			
Gain (loss) arising during the year	**¥ 49**	¥ (53)	**$ 400**
Reclassification adjustment to profit or loss	**296**	701	**2,418**
Amount before income tax effect	**346**	647	**2,827**
Income tax effect	**(105)**	(196)	**(857)**
Total	**¥ 241**	¥ 450	**$ 1,969**
Defined retirement benefit plans:			
(Loss) gain arising during the year	**¥ (675)**	¥ 1,650	**$ (5,515)**
Reclassification adjustment to profit or loss	**1,335**	1,619	**10,907**
Amount before income tax effect	**660**	3,270	**5,392**
Income tax effect	**(200)**	(994)	**(1,634)**
Total	**¥ 459**	¥ 2,276	**$ 3,750**
Total other comprehensive (loss) income	**¥(18,431)**	¥ 53,077	**$(150,592)**

27. LEASES

Finance Leases

Lessor

A subsidiary leases certain equipment and other assets to various customers.

The net investments in leases as of March 31, 2022 and 2021, are summarized as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	**2022**
Gross lease receivables	**¥20,124**	¥19,739	**$164,425**
Estimated residual values	**1,660**	1,549	**13,563**
Unearned interest income	**(1,836)**	(1,856)	**(15,001)**
Investments in leases	**¥19,948**	¥19,433	**$162,987**

Maturities of lease receivables for finance leases as of March 31, 2022, are as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2023	**¥115**	**$ 939**
2024	**101**	**825**
2025	**92**	**751**
2026	**82**	**669**
2027	**74**	**604**
2028 and thereafter	**165**	**1,348**
Total	**¥632**	**$5,163**

Maturities of investment in leases for finance leases as of March 31, 2022, are as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2023	**¥ 6,360**	**$ 51,965**
2024	**5,112**	**41,768**
2025	**3,723**	**30,419**
2026	**2,499**	**20,418**
2027	**1,252**	**10,229**
2028 and thereafter	**1,175**	**9,600**
Total	**¥20,124**	**$164,425**

28. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

a. Status of Financial Instruments

(1) Group policy for financial instruments

The Companies provide financial services such as credit card business and leasing operations in addition to banking operations. In the course of these operations, the Companies raise funds principally through deposit taking and invest funds in loans, securities, and others. As such, the Bank holds financial assets and liabilities which are subject to fluctuation in interest rates and conducts comprehensive Asset and Liability Management ("ALM") to avoid unfavorable effects from interest rate fluctuations. Derivatives are also employed by the Bank as part of ALM.

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

Financial assets held by the Companies mainly consist of loans to domestic corporations, local government agencies, and individual customers which are exposed to credit risk that the Companies may suffer from losses resulting from nonperformance of borrowers and interest rate risk that the Companies may suffer from losses resulting from fluctuations in interest rates.

Securities, mainly debt securities, equity securities, and investment trusts are held to maturity and for other purposes and also certain debt securities are held for the purpose of selling to customers. These securities are exposed to credit risk of issuers and market risks of fluctuations in interest rates and market prices. In addition, they are exposed to market liquidity risk that the Companies may suffer from losses resulting from difficulties in executing financial transactions in certain environments such as market turmoil.

Financial liabilities, mainly consisting of liquid deposits or time deposits taken from corporate and individual customers, are exposed to cash flow risk that the Bank may experience a situation where unexpected cash flows are incurred in certain environments where the credit rating of the Bank may be lowered and, accordingly, necessary funding may become difficult.

Foreign currency denominated assets and liabilities are exposed to foreign exchange risk that the Bank may suffer from losses resulting from fluctuations in foreign exchange rates.

Derivatives mainly include interest rate swaps and bond futures, which are used to manage exposure to market risks from changes in interest rates of loans and investment securities, and foreign exchange forward contracts, which are used to hedge foreign exchange risk associated with foreign currency-denominated assets and liabilities. Hedge accounting is applied to certain hedging activities related to loans and investment securities as hedged items.

(3) Risk management for financial instruments

Credit Risk Management

The Bank has established the "Credit Risk Control Policy" as a basic policy for credit risk management and various rules concerning credit risk management. Based on these policies and rules, the Companies clarify fundamental approaches to secure the soundness of assets and control procedures for identifying, monitoring, and controlling credit risk. Additionally, the Bank utilizes the "Credit Rating System" from the viewpoint of carrying out appropriate screening and management based on the risk characteristics of the credit recipient.

In addition, as an organization responsible for credit risk management, credit risk control functions and review functions have been established to secure the effectiveness of credit risk management.

The Risk Management Division, as a credit risk control function, is engaged in identifying the level of future possible credit risk and the status of credit concentration in major borrowers through measurement of the level of credit risk and analysis of credit portfolios.

The Credit Supervision Division, as a review control function, is engaged in reviewing lending operations based on strict examination standards, system development for strengthening the daily control of loan receivables, and appropriate maintenance of operational procedures.

Market Risk Management

(a) Market risk management system

The Bank has established the "Market Risk Control Policy" as a basic policy for market risk management and various rules concerning market risk management. Based on these policies and rules, the Bank clarifies fundamental approaches for appropriate market risk control operations and control procedures for identifying, monitoring and controlling market risk.

As an organization responsible for market risk management, a market risk control function (middle office) has been established and furthermore, the operating function (front office) and the administration function (back office) have been separated. Additionally, market risk control function staffs are assigned to the operating function to secure the effectiveness of market risk management.

The Risk Management Division, as a market risk control function, measures the level of market risk of the Bank as a whole using Value-at-Risk ("VaR") approach models and other models and regularly monitors the status of compliance with position limits and loss limits established according to the type and characteristics of transactions to control the level of market risk within a certain range.

In addition, an ALM and Income Control Committee was established for the purpose of analyzing flexible investment strategies in order to prevent risks resulting from fluctuations in interest rates and market prices, while forecasting future interest rates, market prices, and trends of fund and business conditions. The committee is also responsible for securing the soundness of management and also improving profitability at the same time based on appropriate asset and liability management through the unification of risk management and earnings control.

(b) Quantitative information about market risk

The Bank adopts the variance-covariance method (holding period: 125 business days for strategic equity securities and 60 business days for others; confidence interval: 99.0%; observation period: 250 business days) in computing the VaR with respect to money held in trust, securities, Japanese yen deposits and loans, and Japanese yen money market funds. The volume of market risk (estimated losses) that the Bank is exposed to as of March 31, 2022, amounts to ¥91,521 million ($747,781 thousand) (¥107,453 million in 2021) as a whole. However, the risk under certain abnormal market fluctuations may not be captured since, under the VaR method, the volume of market risk under a definite probability of statistically computed incidence is measured based on historical market fluctuations.

The Bank implements back testing to compare the VaR computed by the model with actual profit and loss in the securities and confirms that the measurement model in use captures the market risk with sufficient precision.

Liquidity Risk Management

The Bank has established the "Liquidity Risk Control Policy" as a basic policy for liquidity risk management and various rules concerning liquidity risk management. Based on these policies and rules, the Bank clarifies fundamental approaches for stable funding of operations and control procedures for identifying, monitoring and controlling liquidity risk. In addition, the Bank has established the "Contingency Plan for Liquidity" to enable it to make quick and correct responses to unexpected events.

Furthermore, as an organization responsible for liquidity risk management, a liquidity risk control function has been established and a cash management function and a settlement control function have been established to control daily cash management and settlement related to cash and securities.

The Risk Management Division, as a liquidity risk control function, manages the liquidity risk of the Bank as a whole by identifying, monitoring and controlling liquidity risk.

The Treasury Administration and International Division, as a cash management control function and settlement control function, prepares daily or monthly cash flow projections and conducts cash management by identifying possible funds and liquidity of assets and verifying the concentration of settlement of major account funds to a certain date. The Division also controls settlement by identifying the status of settlement through systems such as the BOJ-NET and among financial institutions.

Risk Management System of Subsidiaries

The subsidiaries have a risk management system similar to that of the Bank.

(4) Supplementary explanation about fair values of financial instruments

Since certain assumptions are used in calculating the fair values of financial instruments, the outcome of such calculation may vary if different assumptions are used.

b. Fair Values of Financial Instruments

The carrying amount, fair value, and unrealized gain/loss of the financial instruments as of March 31, 2022 and 2021, are disclosed below. Note that equity securities, etc. and investment in partnerships which do not have a market price are not included in the following table (see Note 1 below). Notes on cash and due from banks are omitted because they are settled in a short period of time and their carrying amounts approximate fair value. Also, immaterial accounts in terms of the carrying amount are omitted:

	Millions of Yen		
March 31, 2022	Carrying Amount	Fair Value	Unrealized Gain/Loss
(1) Money held in trust	¥ 106,816	¥ 106,816	
(2) Investment securities	3,111,516	3,111,510	¥ (6)
Held-to-maturity securities	1,012	1,005	(6)
Available-for-sale securities	3,110,504	3,110,504	
(3) Loans and bills discounted	5,329,342		
Reserve for loan losses*1	(61,517)		
	5,267,824	5,294,935	27,110
Total assets	¥8,486,157	¥8,513,261	¥27,104
(1) Deposits	¥8,819,743	¥8,819,836	¥ 92
(2) Borrowed money	1,168,093	1,168,062	(30)
Total liabilities	¥9,987,836	¥9,987,898	¥ 61
Derivatives*2:			
To which hedge accounting is not applied	¥ (9,736)	¥ (9,736)	
To which hedge accounting is applied*3	(214)	(214)	
Total derivatives	¥ (9,951)	¥ (9,951)	

March 31, 2021			
(1) Money held in trust	¥ 108,901	¥ 108,901	
(2) Investment securities	3,099,235	3,099,234	¥ (1)
Held-to-maturity securities	1,014	1,012	(1)
Available-for-sale securities	3,098,221	3,098,221	
(3) Loans and bills discounted	5,088,570		
Reserve for loan losses*1	(59,707)		
	5,028,862	5,052,277	23,415
Total assets	¥8,236,999	¥8,260,413	¥23,413
(1) Deposits	¥8,527,481	¥8,527,629	¥ 148
(2) Borrowed money	604,679	604,670	(8)
Total liabilities	¥9,132,160	¥9,132,300	¥ 140
Derivatives*2:			
To which hedge accounting is not applied	¥ (7,016)	¥ (7,016)	
To which hedge accounting is applied*3	(623)	(623)	
Total derivatives	¥ (7,639)	¥ (7,639)	

	Thousands of U.S. Dollars		
March 31, 2022	Carrying Amount	Fair Value	Unrealized Gain/Loss
(1) Money held in trust	$ 872,751	$ 872,751	
(2) Investment securities	25,422,959	25,422,910	$ (49)
Held-to-maturity securities	8,268	8,211	(49)
Available-for-sale securities	25,414,690	25,414,690	
(3) Loans and bills discounted	43,543,933		
Reserve for loan losses*1	(502,630)		
	43,041,294	43,262,807	221,505
Total assets	$69,337,012	$69,558,468	$221,456
(1) Deposits	$72,062,611	$72,063,371	$ 751
(2) Borrowed money	9,544,023	9,543,769	(245)
Total liabilities	$81,606,634	$81,607,141	$ 498
Derivatives*2:			
To which hedge accounting is not applied	$ (79,548)	$ (79,548)	
To which hedge accounting is applied*3	(1,748)	(1,748)	
Total derivatives	$ (81,305)	$ (81,305)	

**1 General and specific reserves for loan loss corresponding to loans and bills discounted are deducted.*
**2 Derivatives recorded under other assets and liabilities are presented in a lump sum.*
Net receivables and payables arising from derivative transactions are presented in net amounts and numbers in parenthesis denote net payables.
**3 These derivatives are interest rate swaps, etc. designated as hedging instruments to fix the cash flows of loans, etc., which are hedged items, and principally deferral hedges are applied. Furthermore, "Practical Solution on the Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR" (Practical Issue Task Force (PITF) No. 40, March 17, 2022) is applied to these hedging relationships.*

Notes: 1. The carrying amount of equity securities, etc. and investment in partnerships which do not have a market price are as follows. These instruments are not included in "Available-for-sale securities" in the above table regarding the fair value of financial instruments.

	Carrying Amount		
	Millions of Yen		Thousands of U.S. Dollars
Category	2022	2021	2022
Unlisted equity securities*1,*2	¥2,708	¥1,765	$22,125
Investments in partnerships*3	8,097	5,541	66,157

**1 The fair values of unlisted equity securities are not disclosed in accordance with paragraph 5 of "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19, March 31, 2020).*
**2 Impairment losses in the amount of ¥14 million ($114 thousand) and ¥1 million were recognized for unlisted equity securities for the years ended March 31, 2022 and 2021, respectively.*
**3 The fair values of investments in partnerships are not disclosed in accordance with paragraph 27 of "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, July 4, 2019).*

2. Maturity analysis for financial assets and securities with contractual maturities as of March 31, 2022

	Millions of Yen					
	Due in 1 Year or Less	Due after 1 Year through 3 Years	Due after 3 Years through 5 Years	Due after 5 Years through 7 Years	Due after 7 Years through 10 Years	Due after 10 Years
Due from banks	¥1,903,304					
Investment securities	292,663	¥ 644,011	¥ 636,220	¥346,576	¥ 699,892	¥ 188,726
Held-to-maturity securities				1,000		
National government bonds						
Local government bonds				1,000		
Available-for-sale securities with contractual maturities	292,663	644,011	636,220	345,576	699,892	188,726
National government bonds	53,000	26,000	5,000		24,000	176,500
Local government bonds	41,741	126,023	223,423	170,923	396,590	4,922
Corporate bonds	144,506	294,397	197,851	102,871	192,700	7,303
Other	53,415	197,590	209,945	71,782	86,601	
Loans and bills discounted*	1,145,355	873,641	807,166	496,516	561,990	1,327,304
Total	¥3,341,324	¥1,517,653	¥1,443,386	¥843,093	¥1,261,882	¥1,516,030

	Thousands of U.S. Dollars					
	Due in 1 Year or Less	Due after 1 Year through 3 Years	Due after 3 Years through 5 Years	Due after 5 Years through 7 Years	Due after 7 Years through 10 Years	Due after 10 Years
Due from banks	$15,551,139					
Investment securities	2,391,232	$ 5,261,957	$ 5,198,300	$2,831,734	$ 5,718,539	$ 1,542,005
Held-to-maturity securities				8,170		
National government bonds						
Local government bonds				8,170		
Available-for-sale securities with contractual maturities	2,391,232	5,261,957	5,198,300	2,823,564	5,718,539	1,542,005
National government bonds	433,041	212,435	40,853		196,094	1,442,111
Local government bonds	341,049	1,029,683	1,825,500	1,396,543	3,240,379	40,215
Corporate bonds	1,180,701	2,405,400	1,616,561	840,518	1,574,475	59,669
Other	436,432	1,614,429	1,715,377	586,502	707,582	
Loans and bills discounted*	9,358,240	7,138,173	6,595,032	4,056,834	4,591,796	10,844,872
Total	$27,300,629	$12,400,138	$11,793,332	$6,888,577	$10,310,335	$12,386,878

** Of loans and bills discounted, the portion whose timing of collection is unforeseeable, such as loans to "legally bankrupt" borrowers, loans to "virtually bankrupt" borrowers, and loans to "possibly bankrupt" borrowers, amounting to ¥78,654 million ($642,650 thousand) is not included in the above table. Loans that do not have a contractual maturity, amounting to ¥38,712 million ($316,300 thousand), are not included either.*

3. Repayment schedule of bonds, borrowed money, and other interest-bearing liabilities subsequent to March 31, 2022

	Millions of Yen					
	Due in 1 Year or Less	Due after 1 Year through 3 Years	Due after 3 Years through 5 Years	Due after 5 Years through 7 Years	Due after 7 Years through 10 Years	Due after 10 Years
Deposits*	¥8,434,917	¥336,221	¥ 48,604			
Borrowed money	870,271	156,222	140,951	¥122	¥162	¥363
Total	¥9,305,188	¥492,443	¥189,555	¥122	¥162	¥363

	Thousands of U.S. Dollars					
	Due in 1 Year or Less	Due after 1 Year through 3 Years	Due after 3 Years through 5 Years	Due after 5 Years through 7 Years	Due after 7 Years through 10 Years	Due after 10 Years
Deposits*	$68,918,351	$2,747,128	$ 397,123			
Borrowed money	7,110,638	1,276,427	1,151,654	$996	$1,323	$2,965
Total	$76,028,989	$4,023,555	$1,548,778	$996	$1,323	$2,965

** Demand deposits included in deposits are presented under "Due in 1 year or less."*

c. Financial Instruments Categorized by Fair Value Hierarchy

The fair value of financial instruments is categorized into the following three levels, depending on the observability and significance of the inputs used in making fair value measurements:
Level 1: 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 measured using observable inputs other than Level 1 inputs
Level 3: Fair value measured using unobservable inputs

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

(1) Financial instruments measured at fair value

	Millions of Yen			
March 31, 2022	Level 1	Level 2	Level 3	Total
Money held in trust	¥ 29,781	¥ 77,034		¥ 106,816
Investment securities:				
Available-for-sale securities:				
National and local government bonds	274,271	6,003		280,274
Local government bonds		964,426		964,426
Corporate bonds		894,725	¥45,792	940,517
Equity securities	135,621	2,801		138,422
Other*1	1,244	128,685		129,929
Total assets	¥440,917	¥2,073,676	¥45,792	¥2,560,386
Derivatives*2:				
Interest related		¥ 46		¥ 46
Currency related		(9,997)		(9,997)
Total derivatives		¥ (9,951)		¥ (9,951)

	Thousands of U.S. Dollars			
March 31, 2022	Level 1	Level 2	Level 3	Total
Money held in trust	$ 243,328	$ 629,414		$ 872,751
Investment securities:				
Available-for-sale securities:				
National and local government bonds	2,240,959	49,048		2,290,007
Local government bonds		7,879,941		7,879,941
Corporate bonds		7,310,442	$374,148	7,684,590
Equity securities	1,108,105	22,885		1,130,991
Other*1	10,164	1,051,433		1,061,598
Total assets	$3,602,557	$16,943,181	$374,148	$20,919,895
Derivatives*2:				
Interest related		$ 375		$ 375
Currency related		(81,681)		(81,681)
Total derivatives		$ (81,305)		$ (81,305)

**1 Above table does not include investment trusts to which the transitional measures provided for in paragraph 26 of "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, July 4, 2019) are applied. The carrying amount of such investment trusts recorded in the consolidated balance sheet is ¥656,933 million ($5,367,538 thousand).*
**2 Derivatives recorded under other assets and liabilities are presented in a lump sum.*
Net receivables and payables arising from derivative transactions are presented in net amounts and numbers in parenthesis denote net payables.

(2) Financial instruments other than those measured at fair value

	Millions of Yen			
March 31, 2022	Level 1	Level 2	Level 3	Total
Investment securities:				
Held-to-maturity securities:				
Local government bonds		¥ 1,005		¥ 1,005
Loans and bills discounted			¥5,294,935	5,294,935
Total assets		¥ 1,005	¥5,294,935	¥5,295,941
Deposits		¥8,819,836		¥8,819,836
Borrowed money		1,168,062		1,168,062
Total liabilities		¥ 9,987,898		¥9,987,898

	Thousands of U.S. Dollars			
March 31, 2022	Level 1	Level 2	Level 3	Total
Investment securities:				
Held-to-maturity securities:				
Local government bonds		$ 8,211		$ 8,211
Loans and bills discounted			$43,262,807	43,262,807
Total assets		$ 8,211	$43,262,807	$43,271,027
Deposits		$72,063,371		$72,063,371
Borrowed money		9,543,769		9,543,769
Total liabilities		$81,607,141		$81,607,141

Notes: 1. A description of the valuation techniques and inputs used in the fair value measurements

Assets

Money held in trust

For securities that are part of trust property in an independently managed monetary trust with the primary purpose to manage securities, the fair values of equity securities are determined using the quoted price of the stock exchange and the fair values of debt securities are determined using the quoted price of Japan Securities Dealers Association or the price calculated by counterparty financial institutions. The level of fair value is determined based on the level of trust property and classified as Level 1 or Level 2. See Note 7, "Money Held in Trust" for information on money held in trust by holding purpose.

Investment securities

The fair values of equity securities are determined using the quoted price of the stock exchange and principally classified as Level 1 based on the market activity. The fair values of debt securities are determined using quoted price of Japan Securities Dealers Association or the price calculated by counterparty financial institutions, and Japanese government bonds and U.S. treasury bonds are principally classified as Level 1 fair value while other debt securities are classified as Level 2 fair value.

With respect to private placement bonds, the fair value is determined using the future cash flows (coupons, redemption amount of principal, guarantee fees) discounted at an interest rate considering the market interest rates and issuers' credit risk, and is classified as Level 3.

Loans and bills discounted

Loans and bills discounted are grouped by the type of loan, internal ratings, and maturity length, and their fair value is determined by discounting the total amount of principal and interest by the market interest rate plus the standard spread (including expense ratio) for each credit rating according to the nature of instruments.

With respect to loans with floating interest rates and loans with short contractual terms (within one year), for which the difference between fair value and carrying amount is within a certain range and considered to be approximate, the carrying amount is presented as the fair value.

For loans to legally, virtually, or possibly bankrupt borrowers, the estimated uncollectible amounts are calculated based on the present value of estimated future cash flows or the estimated amount to be collected through collateral and guarantees. Therefore, the fair value of such loans approximates the carrying amount of receivables at the balance sheet date less the amount of reserve for loan losses, and such amount is used as the fair value.

For loans for which the repayment due date is not defined because of the characteristics that the loan amount is limited within the pledged assets, the carrying amount is presented as the fair value since the carrying amount approximates the fair value considering the expected repayment schedule and terms of the interest rates.

These loans are classified as Level 3.

Liabilities

Deposits

Regarding demand deposits, the amount payable as of the balance sheet date (i.e., the carrying amount) is considered to be the fair value. Time deposits and negotiable certificates of deposit are grouped by maturity length, and the fair value is determined using the present value of the sum of the principal and interest discounted at the market interest rate. For deposits with maturities within a short time period (within one year) and whose carrying amount approximates the fair value, the carrying amount is presented as the fair value. The fair value of these deposits is classified as Level 2.

Borrowed money

For each type of borrowed money financed, the fair value is determined based on the present value of the sum of the principal and interest discounted at the market interest rate. The carrying amount is presented as the fair value if the maturity is within a short time period (within one year) and the carrying amount approximates the fair value. The fair value of borrowed money is classified as Level 2.

Derivatives

Because derivative transactions are over-the-counter transactions and there are no published quoted market prices, their fair value is measured using valuation techniques such as present value method and Black-Scholes model depending on the type of transaction and the period to maturity. Main inputs used for valuation techniques include interest rates, foreign exchange rates, volatilities, etc.

The fair value of derivatives is classified as Level 2 since unobservable inputs are not used, or their impact is immaterial.

2. Information about Level 3 fair value of financial instruments carried on the consolidated balance sheet at fair value

(1) Quantitative information on significant unobservable inputs

	Valuation Techniques	Significant Unobservable Inputs	Scope of Inputs	Weighted Average of Inputs
Investment securities:				
Available-for-sales securities: Private placement bonds	Present value method	Default probability	0.41%-6.93%	1.07%
		Loss rate at default	46.11%	46.11%

(2) A reconciliation from the beginning balances to the ending balances and gains or losses on valuation included in profit or loss for the period

	Investment Securities: Available-for-Sale Securities Private Placement Bonds	
March 31, 2022	Millions of Yen	Thousands of U.S. Dollars
Beginning balance	¥36,964	$302,018
Profit or loss or other comprehensive income:		
Recorded in profit or loss*1	(19)	(155)
Recorded in other comprehensive income*2	(29)	(236)
Net amount of purchases, sales, issuances, and settlements	8,875	72,514
Ending balance	¥45,792	$374,148
Gains or losses on valuation of financial assets and financial liabilities held at the balance sheet date included in profit or loss for the period*1	¥ (19)	$ (155)

**1 Included in "Other operating expenses" in the consolidated statement of income.*

**2 Included in "Unrealized (losses) gains on available-for-sale securities" under "Other comprehensive income" in the consolidated statement of comprehensive income.*

(3) A description of valuation processes used for fair value measurements

The Bank measures fair value according to the policies and procedures for fair value measurements established by its Risk Management Division. In measuring fair value, a valuation model that most appropriately reflects the nature, characteristics and risks of each asset is used, and the Risk Management Division determines the level of fair value classification.

In addition, when using quoted prices obtained from third parties, the Bank 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) A description of sensitivity of the fair value measurement to changes in significant unobservable inputs

Significant unobservable inputs used in measurement of fair value of private placement bonds are default probability and loss rate at default. In general, a significant increase (decrease) in the default probability will result in an increase (decrease) in loss rate at default and a significant decrease (increase) in fair value.

29. DERIVATIVES

It is the Bank's policy to use derivatives primarily for the purpose of reducing market risks associated with its assets and liabilities. The Bank also utilizes derivatives to meet the needs of its clients while entering into derivatives as a part of its trading activities.

The Bank enters into interest rate swaps and interest rate swaptions as a means of hedging its interest rate risk on certain loans and investment securities while entering into interest rate swaps and interest rate swaptions to meet the needs of its clients.

The Bank also enters into currency swaps, foreign exchange forward contracts, and currency options to hedge foreign exchange risk associated with its assets and liabilities denominated in foreign currencies and to meet the needs of its clients.

Derivatives are subject to market risk and credit risk. Market risk is the exposure created by potential fluctuations of market conditions, including interest or foreign exchange rates. Credit risk is the possibility that a loss may result from a counterparty's failure to perform its obligations under a contract.

The Bank sets limits on credit risk for those derivatives by limiting the counterparties to major financial institutions and securities companies and establishing maximum risk exposures to the counterparties.

The Bank has established a standard of risk management including management approaches for each type of risk. Derivative transactions entered into by the Bank have been made in accordance with internal policies which regulate trading activities and credit risk management including maximum risk exposures and loss-cutting rules. Concerning risk management associated with derivative transactions, the front and back offices of the trading divisions are clearly separated and risk managers are assigned to the trading divisions, while the Risk Management Division synthetically manages the Bank's market risks. In this manner, an internal control system is effectively secured.

The Bank's positions, gain and loss, risk amount, and other conditions are periodically reported to the executive committee.

The Bank has the following derivatives contracts outstanding as of March 31, 2022 and 2021:

Derivative Transactions to Which Hedge Accounting Is Not Applied

With respect to derivatives to which hedge accounting is not applied, contract or notional amount, fair value, and unrealized gains/losses are as shown below. Note that the contract or notional amounts of the derivatives which are shown in the table do not represent the amounts of the Bank's exposure to credit or market risk.

	Millions of Yen								Thousands of U.S. Dollars			
	2022				2021				**2022**			
	Contract or Notional Amount				Contract or Notional Amount				Contract or Notional Amount			
	Total	Due after One Year	Fair Value	Unrealized Gains/ Losses	Total	Due after One Year	Fair Value	Unrealized Gains/ Losses	Total	Due after One Year	Fair Value	Unrealized Gains/ Losses
Interest rate-related over-the-counter ("OTC") transactions:												
Interest rate swaps:												
Fixed rate receipt/ floating rate payment	**¥ 28,625**	**¥28,625**	**¥ 219**	**¥ 219**	¥ 10,624	¥10,624	¥ 343	¥ 343	**$ 233,883**	**$233,883**	**$ 1,789**	**$ 1,789**
Floating rate receipt/ fixed rate payment	**28,737**	**28,737**	**41**	**41**	10,748	10,748	(254)	(254)	**234,798**	**234,798**	**334**	**334**
Currency-related OTC transactions:												
Currency swaps	**41,043**	**39,819**	**(57)**	**(57)**	36,184	2,214	(189)	(189)	**335,346**	**325,345**	**(465)**	**(465)**
Foreign exchange forward contracts:												
Selling	**194,223**	**43,919**	**(12,020)**	**(12,020)**	200,656	40,716	(6,093)	(6,093)	**1,586,918**	**358,844**	**(98,210)**	**(98,210)**
Buying	**55,015**	**43,919**	**2,079**	**2,079**	46,127	40,716	(822)	(822)	**449,505**	**358,844**	**16,986**	**16,986**
Currency option:												
Selling	**59,272**	**51,555**	**233**	**379**	29,631	22,900	(168)	344	**484,287**	**421,235**	**1,903**	**3,096**
Buying	**59,272**	**51,555**	**(233)**	**235**	29,631	22,900	168	(26)	**484,287**	**421,235**	**(1,903)**	**1,920**

Note: The above transactions are stated at fair value and unrealized gains (losses) for the years ended March 31, 2022 and 2021, are recognized in the consolidated statement of income.

Derivative Transactions to Which Hedge Accounting Is Applied

With respect to derivatives to which hedge accounting is applied, contract or notional amount and fair value are as shown below. Note that the contract or notional amounts of the derivatives which are shown in the table do not represent the amounts of the Bank's exposure to market risk.

At March 31, 2022			Millions of Yen		
			Contract or Notional Amount		
Hedge Accounting Method	Type of Derivatives	Major Hedged Item	Total	Due after One Year	Fair Value
Normal method	Interest rate swaps—Floating rate receipt/fixed rate payment	Loans and investment securities	**¥38,859**	**¥18,131**	**¥(214)**
Special matching criteria	Interest rate swaps—Floating rate receipt/fixed rate payment	Loans	**33,628**	**30,273**	**40**
	Other—Buying	Loans			
Total					**¥(174)**

At March 31, 2021			Millions of Yen		
			Contract or Notional Amount		
Hedge Accounting Method	Type of Derivatives	Major Hedged Item	Total	Due after One Year	Fair Value
Normal method	Interest rate swaps—Floating rate receipt/fixed rate payment	Loans and investment securities	¥92,361	¥40,324	¥(623)
Special matching criteria	Interest rate swaps—Floating rate receipt/fixed rate payment	Loans	44,872	31,410	(310)
	Other–Buying	Loans	250	250	
Total					¥(933)

At March 31, 2022			Thousands of U.S. Dollars		
			Contract or Notional Amount		
Hedge Accounting Method	Type of Derivatives	Major Hedged Item	Total	Due after One Year	Fair Value
Normal method	Interest rate swaps—Floating rate receipt/fixed rate payment	Loans and investment securities	**$317,501**	**$148,141**	**$(1,748)**
Special matching criteria	Interest rate swaps—Floating rate receipt/fixed rate payment	Loans	**274,761**	**247,348**	**326**
	Other–Buying	Loans			
Total					**$(1,421)**

Note: These are principally accounted for under the deferral hedge method in accordance with the JICPA Industry Committee Practical Guideline No. 24, "Treatment of Accounting and Auditing of Application of Accounting Standard for Financial Instruments in the Banking Industry."

30. RELATED-PARTY TRANSACTIONS

Related-party transactions for the years ended March 31, 2022 and 2021, were as follows:

a. Transactions between the Bank and Its Related Parties

		Transactions for the Year*3			Balance at End of Year		
		Millions of Yen		Thousands of U.S. Dollars	Millions of Yen		Thousands of U.S. Dollars
Related Party	Account Classification*2	**2022**	2021	**2022**	**2022**	2021	**2022**
Department Store Fujisaki Co., Ltd.*1	Loans and bills discounted	**¥3,785**	¥4,728	**$30,925**	**¥3,807**	¥3,660	**$31,105**
	Investment securities (corporate bonds)	**1,206**	211	**9,853**	**1,200**	1,300	**9,804**
	Customers' liabilities for acceptances and guarantees	**360**	349	**2,941**	**368**	364	**3,006**
Fuji Styling Co., Ltd.*1	Loans and bills discounted	**213**	204	**1,740**	**210**	217	**1,715**
Fujisaki Agency Co., Ltd.*1	Customers' liabilities for acceptances and guarantees	**1,193**	1,069	**9,747**	**1,200**	1,190	**9,804**

*Notes:**1 Company whose voting rights are majority owned by a director or his close relatives (including subsidiaries of such company)*

**2 Terms are substantially the same as for similar transactions with third parties.*

**3 Amounts of transactions were reported at the average balance for the period.*

b. Transactions between Consolidated Subsidiaries and Their Related Parties

		Transactions for the Year			Balance at End of Year		
		Millions of Yen		Thousands of U.S. Dollars	Millions of Yen		Thousands of U.S. Dollars
Related Party	Account Classification*2	**2022**	2021	**2022**	**2022**	2021	**2022**
Department Store Fujisaki Co., Ltd.*1	Fees and commissions	**¥32**	¥29	**$261**			
	Lease receivables and investments in leases		4			¥13	

*Notes:**1 Company whose voting rights are majority owned by a director or his close relatives (including subsidiaries of such company)*

**2 Terms are substantially the same as for similar transactions with third parties.*

31. DISAGGREGATION OF REVENUE FROM CONTRACTS WITH CUSTOMERS

March 31, 2022	Millions of Yen	Thousands of U.S. Dollars
Income	**¥118,169**	**$965,511**
Of which:		
Fees and commissions	**19,162**	**156,565**
Of which:		
Deposit taking and lending business	**6,306**	**51,523**
Foreign exchanges	**5,918**	**48,353**
Securities related business	**1,356**	**11,079**
Agency business	**2,198**	**17,958**
Custody, safe-deposit box business	**92**	**751**

Revenue based on ASBJ Statement No. 10, "Accounting Standard for Financial Instruments" is included in the above.

Useful information in understanding revenue from contracts with customers is omitted since it is immaterial.

32. SEGMENT INFORMATION

Description of Reportable Segments
The Companies are principally engaged in the banking business and also leasing business and other financial services. The reportable segments of the Bank are the segments for which separate financial information is available, and are subject to periodic review by the chief operating decision maker to determine the allocation of management resources and assess performance.

Segment information is omitted because the reportable segments of the Companies consist only of the “Banking” segment and since the “Other” segment is immaterial.

Related Information for the Years Ended March 31, 2022 and 2021
Information by Service Line

	Millions of Yen				
	2022				
	Loan	Securities Investment	Lease	Other	Total
External customers	**¥42,335**	**¥40,467**	**¥9,764**	**¥25,602**	**¥118,169**

	Millions of Yen				
	2021				
	Loan	Securities Investment	Lease	Other	Total
External customers	¥41,609	¥45,225	¥9,085	¥24,055	¥119,976

	Thousands of U.S. Dollars				
	2022				
	Loan	Securities Investment	Lease	Other	Total
External customers	**$345,902**	**$330,639**	**$79,777**	**$209,183**	**$965,511**

Information about Geographical Area
Information about geographical areas is omitted because the Companies conduct banking and other related activities only in Japan and do not have foreign subsidiaries or foreign branches.
Information about Major Customers
Information about major customers is not presented because there are no customers who account for over 10% of ordinary income.
Information about Asset Impairment Losses
Information about asset impairment losses for the years ended March 31, 2022 and 2021, is omitted because the only reportable segment is “Banking” and “Other” is immaterial.

33. NET INCOME PER SHARE

Basic net income per share (“EPS”) for the years ended March 31, 2022 and 2021, is as follows:

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
Year Ended March 31, 2022	Net Income Attributable to Owners of the Parent	Weighted-Average Shares	EPS	
Basic EPS—Net income attributable to common stockholders	**¥22,234**	**73,913**	**¥300.81**	**$2.45**
Year Ended March 31, 2021				
Basic EPS—Net income attributable to common stockholders	¥16,468	73,885	¥222.89	

The Bank’s shares held by the directors’ compensation BIP trust that are recorded as treasury stock under “Equity” are included in the treasury stock to be deducted when computing the average number of shares during the fiscal year for the calculation of basic net income per share.

The average number of shares of the treasury stock deducted in computing basic EPS was 616 thousand shares and 378 thousand shares, for the years ended March 31, 2022 and 2021, respectively.

Diluted EPS for the years ended March 31, 2022 and 2021, is not shown because there were no potential shares.

34. SUBSEQUENT EVENT

Cash Dividends
At the Bank’s general meeting of stockholders held on June 29, 2022, the Bank’s stockholders approved the following appropriations of retained earnings:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥40.00 ($0.326) per share	**¥2,988**	**$24,413**

Note: Above total amount of cash dividends includes dividends for the Bank’s shares held by BIP trust in an amount of ¥31 million ($253 thousand).

— INDEPENDENT AUDITOR'S REPORT —

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of The 77 Bank, Ltd.:

Opinion

We have audited the consolidated financial statements of The 77 Bank, Ltd. and its consolidated subsidiaries (the "Group"), which comprise the consolidated balance sheet as of March 31, 2022, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, all expressed in Japanese yen.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 1 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside 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 provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. The matter was 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 the matter.

Appropriateness of Debtor Classification for Large Debtors in Determination of Reserve for Loan Losses	
Key Audit Matter Description	How the Key Audit Matter Was Addressed in the Audit
The Group recognized a reserve for loan losses of ¥63.1 billion corresponding to loans and bills discounted of ¥5,329.3 billion in the consolidated balance sheet as of March 31, 2022. As described in Note 2, "Summary of Significant Accounting Policies—Reserve for Loan Losses" to the consolidated financial statements, each debtor is classified into defined categories (the "debtor classification") by comprehensively considering factors such as the debtor's cash management, the repayment ability based on cash flows, profitability projections, feasibility of management improvement plans and status of support from financial institutions. The Group establish a method to determine the reserve for loan losses to be applied for each debtor classification. Therefore, determination of the debtor classification especially for large debtors may have a material impact on the amount of the reserve for loan losses. In particular, when the debtor classification is determined based on the feasibility of management improvement plans, it is highly dependent upon future outlooks such as the profitability projection and the feasibility of cost-cutting measures. Because these estimates require assumptions about effects on the debtor's financial performance of industry demand trends and the spread of novel coronavirus disease (COVID-19), the estimation has a high degree of uncertainty and requires significant judgments made by managements. Therefore, we identified the appropriateness of certain large debtors' debtor classifications which are highly dependent upon the profitability projection and the feasibility of cost-cutting measures as a key audit matter.	Our audit procedures related to this key audit matter included the following, among others: (1) Test of the effectiveness of internal controls: ① We tested the effectiveness of internal controls over the review and approval of the appropriate debtor classification for large debtors in accordance with the Group self-assessment standard by inquiring of the Credit Supervision Division, as a review control function, and inspecting the supporting materials. ② We tested the effectiveness of internal controls over the accuracy of debtors' financial information used in internal controls referred to above by inquiring of the Credit Supervision Division and inspecting the supporting materials. (2) Test of the appropriateness of the debtor classification: ① We evaluated management's assumptions about future outlooks of the debtors selected for testing, such as the profitability projection and the feasibility of cost-cutting measures, by inquiring of the Credit Supervision Division and inspecting the supporting materials. ② We evaluated the reasonableness of assumptions underlying the Group determination of the debtor classification by comparing them with available external information or performing analysis of the materials prepared by the debtors or the Group.

Other Information

Management is responsible for the other information. The Audit and Supervisory Committee is responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the other information. The other information comprises the information included in The 77 Bank Integrated Report 2022, but does not include the consolidated financial statements and our auditor's report thereon.

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 and Supervisory Committee for the Consolidated Financial Statements

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

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

The Audit and Supervisory Committee is responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over 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 an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we 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, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Deloitte Touche Tohmatsu LLC

October 31, 2022

— Capital Adequacy Ratios —

THE 77 BANK, LTD. AND CONSOLIDATED SUBSIDIARIES
March 31, 2022

Consolidated (Domestic standard)		Millions of Yen 2022	Millions of Yen 2021	Thousands of U.S. Dollars 2022
Capital adequacy ratio (Domestic standard) = (A)/(B) x 100 (%)		10.27	10.39	
Capital:	(A)	460,068	438,988	3,759,032
Risk-adjusted assets:	(B)	4,476,164	4,224,922	36,572,955

Non-Consolidated (Domestic standard)		Millions of Yen 2022	Millions of Yen 2021	Thousands of U.S. Dollars 2022
Capital adequacy ratio (Domestic standard) = (A)/(B) x 100 (%)		10.01	10.14	
Capital:	(A)	444,489	425,215	3,631,742
Risk-adjusted assets:	(B)	4,440,338	4,190,814	36,280,235

— Non-Consolidated Balance Sheet (Parent Company) —

THE 77 BANK, LTD.
March 31, 2022

	Millions of Yen 2022	Millions of Yen 2021	Thousands of U.S. Dollars 2022
Assets:			
Cash and due from banks	¥ 1,967,884	¥1,371,811	$16,078,797
Debt purchased	2,000	4,000	16,341
Trading account securities	20,361	20,627	166,361
Money held in trust	106,816	108,901	872,751
Investment securities	3,131,754	3,116,003	25,588,316
Loans and bills discounted	5,340,224	5,097,480	43,632,845
Foreign exchange assets	7,038	5,865	57,504
Tangible fixed assets:			
Buildings	7,832	7,862	63,992
Land	18,835	19,313	153,893
Lease assets	23	46	187
Construction in progress	151	259	1,233
Other tangible fixed assets	4,526	5,474	36,980
Intangible fixed assets	259	258	2,116
Prepaid pension costs	115		939
Customers' liabilities for acceptances and guarantees	33,355	43,735	272,530
Other assets	83,977	73,142	686,142
Reserve for loan losses	(59,159)	(56,855)	(483,364)
Total	¥10,665,997	¥9,817,924	$87,147,618
Liabilities:			
Deposits	¥ 8,846,354	¥8,551,689	$72,280,039
Call money	29,128		237,993
Payables under securities lending transaction	1,251	25,869	10,221
Borrowed money	1,158,797	597,205	9,468,069
Foreign exchange liabilities	180	155	1,470
Liability for retirement benefits	8,836	9,389	72,195
Reserve for stock compensation	893	817	7,296
Reserve for reimbursement of deposits	238	311	1,944
Reserve for contingent losses	789	804	6,446
Deferred tax liabilities	17,043	24,330	139,251
Acceptances and guarantees	33,355	43,735	272,530
Other liabilities	69,356	61,818	566,680
Total liabilities	10,166,225	9,316,127	83,064,180
Equity:			
Common stock	24,658	24,658	201,470
Capital surplus	8,496	8,937	69,417
Retained earnings	385,490	368,623	3,149,685
Treasury stock	(5,605)	(6,132)	(45,796)
Total stockholders' equity	413,040	396,087	3,374,785
Unrealized gains on available-for-sale securities	86,866	106,085	709,747
Deferred losses on derivatives under hedge accounting	(134)	(375)	(1,094)
Total valuation adjustments	86,731	105,709	708,644
Total equity	499,771	501,797	4,083,430
Total	¥10,665,997	¥9,817,924	$87,147,618

— Non-Consolidated Statement of Income (Parent Company) —

THE 77 BANK, LTD.
Year Ended March 31, 2022

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	**2022**
Income:			
Interest income:			
Interest on loans and discounts	**¥ 42,308**	¥ 41,569	**$345,681**
Interest on dividends on trading account and investment securities	**28,954**	29,834	**236,571**
Other	**1,650**	406	**13,481**
Fees and commissions	**18,357**	17,251	**149,987**
Other operating income	**968**	1,194	**7,909**
Other income	**12,407**	16,856	**101,372**
Total income	**104,646**	107,113	**855,020**
Expenses:			
Interest expense:			
Interest on deposits	**183**	325	**1,495**
Interest on call money	**62**	67	**506**
Other	**328**	916	**2,679**
Fees and commissions	**6,514**	7,431	**53,223**
Other operating expenses	**9,317**	13,709	**76,125**
General and administrative expenses	**50,888**	52,137	**415,785**
Other expenses	**7,406**	10,139	**60,511**
Total expenses	**74,702**	84,727	**610,360**
Income before income taxes	**29,943**	22,385	**244,652**
Income taxes:			
Current	**8,958**	4,891	**73,192**
Deferred	**207**	2,559	**1,691**
Total income taxes	**9,166**	7,451	**74,891**
Net income	**¥ 20,777**	¥ 14,934	**$169,760**

— Loan Portfolio —

Loan Portfolio by Industry

	Billions of Yen	Millions of U.S. Dollars
	2022	**2022**
Domestic offices (Excluding Japan offshore banking accounts)	**¥5,340**	**$43,632**
Manufacturing	**421**	**3,445**
Agriculture and forestry	**7**	**59**
Fisheries	**4**	**36**
Mining and quarrying of stone and gravel	**3**	**24**
Construction	**172**	**1,405**
Electricity, gas, heat supply and water	**261**	**2,134**
Information and communications	**21**	**173**
Transport and postal activities	**128**	**1,051**
Wholesale and retail trade	**450**	**3,683**
Finance and insurance	**406**	**3,317**
Real estate and goods rental and leasing	**1,190**	**9,727**
Services, N.E.C.	**377**	**3,081**
Government, except elsewhere classified	**646**	**5,282**
Other	**1,249**	**10,207**
Japan's offshore banking accounts		
Financial institutions	**—**	**—**
Total	**¥5,340**	**$43,632**

Loan Portfolio by Industry

	Billions of Yen
	2021
Domestic offices (Excluding Japan offshore banking accounts)	¥5,088
Manufacturing	443
Agriculture and forestry	6
Fisheries	4
Mining and quarrying of stone and gravel	3
Construction	166
Electricity, gas, heat supply and water	215
Information and communications	20
Transport and postal activities	123
Wholesale and retail trade	408
Finance and insurance	368
Real estate and goods rental and leasing	1,105
Services, N.E.C.	363
Government, except elsewhere classified	655
Other	1,211
Japan's offshore banking accounts	
Financial institutions	—
Total	¥5,097

Loans by Collateral

	Billions of Yen		Millions of U.S. Dollars
	2022	2021	**2022**
Securities	**¥ 5**	¥ 5	**$ 43**
Commercial claims	**16**	17	**137**
Real estate	**862**	844	**7,045**
Subtotal	**884**	867	**7,227**
Guaranteed	**1,423**	1,368	**11,630**
Unsecured	**3,032**	2,861	**24,775**
Total	**¥5,340**	¥5,097	**$43,632**

Reserve for Loan Losses

	Billions of Yen		Millions of U.S. Dollars
	2022	2021	**2022**
General reserve for loan losses	**¥33**	¥30	**$277**
Specific reserve for estimated loan losses on certain doubtful loans	**25**	26	**206**
Total	**¥59**	¥56	**$483**