名古屋銀行

Bank of NAGOYA

2022 ANNUAL REPORT

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Established 1949
Number of Employees 1,865
(As of March 31, 2022)

Subsidiaries

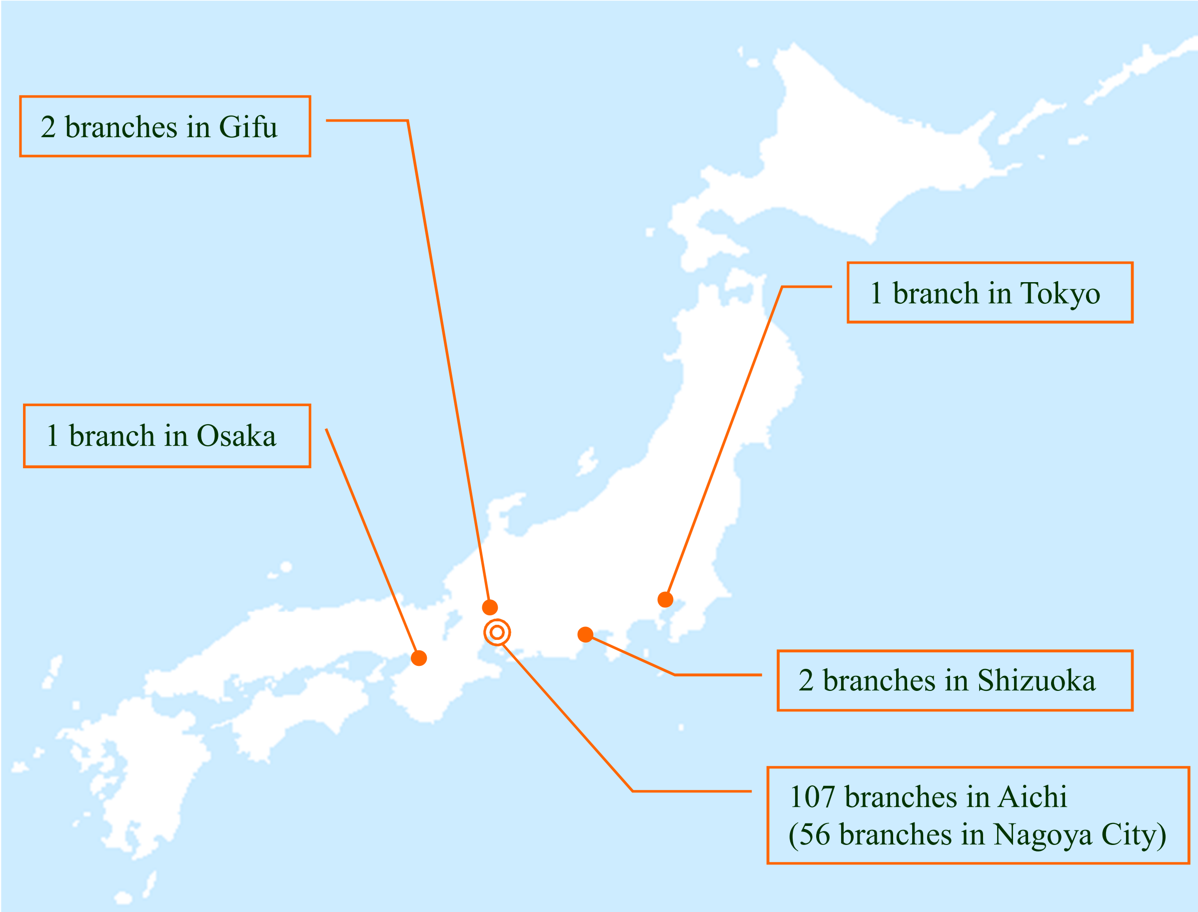
- Nagoyalease Co., Ltd.
- Nagoya Business Service Co., Ltd.
- Nagoya Card, Ltd.
- NAGOYA MC CARD Co., Ltd.
- Nagoya Capital Partners Co., Ltd.
- NAIS Co., Ltd.

THE BANK OF NAGOYA, LTD.

19-17 Nishiki 3-chome, Naka-ku,
Nagoya City, Aichi 460-0003 Japan
Tel: +81 52 962 9520
Fax: +81 52 961 6605
https://www.meigin.com/

Domestic Branches

Number of Branches: 113 (As of March 31, 2022)



Overseas

Nantong Branch

2nd Floor, Business Service Outsourcing Center, Building C, 188 Tongsheng Road, Economic and Technological Development Area,
Nantong, Jiangsu, China
Tel +86 513 89192280, Fax +86 513 89192281

If travelling by taxi from the Shanghai Pudong International Airport using the Chongqi Bridge: Approximately 2 hours
If travelling by taxi from Shanghai Hongqiao International Airport using the Sutong Yangtze River Bridge: Approximately 1 hour, 20 minutes

Shanghai Representative Office

Room 1809, Shanghai International Trade Center,
2201 Yan-an Road (West), Shanghai China
Tel +86 21 62754207, Fax +86 21 62759461

If travelling by taxi from Shanghai Pudong International Airport: 60 minutes
If travelling by taxi from Shanghai Hongqiao International Airport: 20 minutes

Contents

Message from the Management

We would first like to extend our sincere gratitude to all our stakeholders for their patronage to the Bank of Nagoya.

This fiscal year is the final year of "Hastening Evolution Toward the Business of Creating Better Futures" 21st Medium-term Management Plan, which started in April 2020. Amid the major changes to the environment surrounding the regional community, we have accelerated our evolution from the conventional business of banking to the business of creating better futures to co-create new value with everyone and contribute to the revitalization of the regional economy necessary to remain a financial group that is absolutely essential to the region.

We will continue to respect the precept of "fostering regional prosperity" that has guided the Bank since it was founded, ensuring that every one of our executives and employees acts with a sense of unity.

We look forward to your ongoing support and patronage going forward.

June 2022

Kazumaro Kato
Ichiro Fujiwara

Kazumaro Kato
Chairman

Ichiro Fujiwara
President

Operating Environment

[Our strengths and mission]

The Bank of Nagoya, Ltd. (the "Bank") has been guided by its precept of "fostering regional prosperity" over the 70 years since it was founded and remained committed to a management that is close to local customers in Aichi Prefecture, a region with abundant economic strength. We have developed a business that addresses the wide-ranging requests from customers in a variety of industries such as manufacturing led by the automotive industry.

Today, the Bank's mission is not limited to providing funds. We strive to provide solutions from the perspective of working together with our corporate and retail customers to solve the issues they are facing, and this has further expanded our business.

Given the collapse of the conventional bank business model that relied on providing funds, the Bank believes it vital to steadily create new business and expand the realm of business.

Core net business profits, which is the profit of the Bank's core business has grown to more than ¥10 billion.

We will make further advances towards expansion of the realm of business, based on the guiding precept of "fostering regional prosperity."

[Aims of "the business of creating better futures"]

Amid the profound changes in the economic situation during the COVID-19 pandemic, which has lasted more than 2 years, we have focused on accompaniment assistance in addition to financial support that looks further ahead to address the various needs of customers.

We have sincerely engaged in support to solve the diverse range of customers' issues under the COVID-19 pandemic. As a result, service revenue have increased for the seventh consecutive period in the fiscal year ended March 31, 2022, and together with the growth in gross business profits grew together, we were able to achieve a record-high profit. Core net business profits has increased for four consecutive periods, reaching ¥12.7 billion.

[Regional economic environment and initiatives]

The Bank established a new Automobile Industry Support Office in 2019, which collects information about the impact on suppliers of automobile components, etc. This was reorganized into the Automobile Supply Chain Support Office in January 2022.

We are proud of our reputation with industry participants in Aichi Prefecture.

[Local issues and the Bank's mission]

To address the wide-ranging issues in the automotive industry that not only apply to Aichi Prefecture, we believe it is important to also cooperate with Shizuoka Prefecture, where there are many similar regional characteristics, and entered into a comprehensive business alliance with the Shizuoka Bank in April 2022. The aims are through collaboration and pooling of management resources and know-how, for both banks to improve their reciprocal financial services and strengthen the customer support structure.

[Medium-term Management Plan issues and initiatives]

We will accumulate successful experiences in solving customers' issues one by one for "The future with customers" as outlined in the 21st Medium-term Management Plan that commenced in 2020.

Over the medium- to long-term, vision of the business being pursued by the Bank is to become a regional general trading company business with financial services at the core.

[ESG management issues and initiatives]

The pursuit of sustainability in the regional community also needs to be considered in parallel. We will also pursue sales activities within the Bank with an awareness of sustainability.

We commenced handling "Ties to the future" SDGs and donation-type private placement bonds in 2017, and formulated the "Meigin SDGs Declaration" in 2018. We commenced SDG-related consulting to corporate customers and have already entered into agreements with more than 3,000 companies. In the fiscal year ended March 31, 2022, we implemented ¥63.4 billion of ESG investments and loans.

Operating Results (Nonconsolidated basis)

[Shift from the banking services to the business of creating better futures]

Environment

Environmental improvement impact through the Bank's green bonds
Estimated reduction in CO_2 emissions (as of September 30, 2021)

13,983 t-CO_2/year

19,693 t-CO_2/year (as of September 30, 2020)

ESG investments and loans implemented*
(from April 1, 2021 to March 31, 2022)

¥63.4 billion

¥43.3 billion (from April 1, 2020 to March 31, 2021)

* Sustainability related loans and financing, financing of ESG bonds, donation-type private placement bonds, loans for disaster countermeasures

Social

Number of business clients*
(as of March 31, 2022)

28,662

28,342 (as of March 31, 2021)

* Borrowers and recipients of all types of assistance

Number of borrowers for whom financing is conducted based on a business viability evaluation as well as the balance of amount financed (as of March 31, 2022)

6,527

5,869 (as of March 31, 2021)

¥808.8 billion

¥742.0 billion (as of March 31, 2021)

* Customers for whom financing is conducted after settling on the Bank's prescribed "Business Viability Evaluation Sheet"

Number of business start-up plans for which assistance in formulation is given (from April 1, 2021 to March 31, 2022)

137

128 (from April 1, 2020 to March 31, 2021)

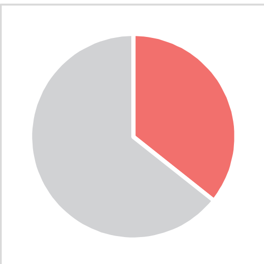
Number of trust business contracts
(from April 1, 2021 to March 31, 2022)

365

95 (from April 1, 2020 to March 31, 2021)

Governance

Composition of the Board of Directors (as of March 31, 2022)



Outside Directors **5**

5 (as of March 31, 2021)

Inside Directors **9**

10 (as of March 31, 2021)

Promotion of participation of women (as of March 31, 2022)

Ratio of female managers as percentage of total

9.5%

9.2% (as of March 31, 2021)

Ratio of females as percentage of total at level of assistant manager and higher

17.5%

16.4% (as of March 31, 2021)

[Quantitative targets]

(Billions of yen)

Targets for the final fiscal year	FY 3/2021 Actual results	FY 3/2022 Actual results	FY 3/2023
Core net business profits (nonconsolidated)	**8.7**	**12.7**	7.0
Profit (consolidated)	**10.7**	**11.6**	5.0

Targets for each fiscal year	FY 3/2021 Actual results (Achievement rate)	FY 3/2022 Actual results (Achievement rate)	FY 3/2021 - FY 3/2023
Number of instances in providing corporate client solutions[*1]	**5,784** (192.8%)	**6,680** (222.6%)	3,000 or more
Number of instances in providing retail client solutions[*2]	**13,062** (100.4%)	**17,188** (132.2%)	13,000 or more

*1 This figure represents the total number of service initiatives that lead to development of corporate customers, including such services as business matching, personnel recruitment, M&A, management consultation, business succession, support for arranging subsidies, business start-up support.

*2 This figure represents the total number of service initiatives that lead to happiness of retail clients. This includes numbers of new customers gained particularly with respect to investment trusts and life insurance, the number of consultations relating to inheritance, and the number of home loans.

[Establishing a customer-oriented sales platform]

Comprehensive business alliance with the Shizuoka Bank

Entered into the “Shizuoka Nagoya Alliance,” a comprehensive business alliance with The Shizuoka Bank, Ltd.

Outline of alliance

- Name of alliance:

  “Shizuoka Nagoya Alliance”

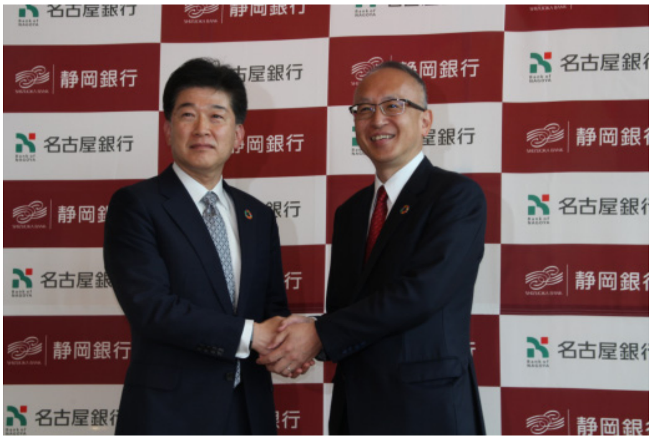
- Agreement date: April 27, 2022

- Objective:

  Utilize the management resources of both banks to enhance the service menu, expand the revenue by levelling up, and reduce costs through sharing office work, etc. and achieve sustainable growth of the region and the two banks

■ Details of alliance:

Consider the following initiatives promptly while maintaining the management independence and unique corporate brand and customer base of both banks



■ Aim at realizing effect of alliance of ¥10.0 billion or more (total in 5 years by 2 banks)

■ Establish 10 subcommittees to examine and implement cooperative measures quickly

■ Aim at early realization of earnings effects

- Strengthen support for customers in major industries in both Aichi and Shizuoka
- Contribute to the local community and capture new business opportunities through matching the needs of the two banks' customers
- Expand service lineup by utilizing management resources mutually such as group company functions
- Reduce cost through sharing various systems and back-office operations
- Develop human resource through dispatch of trainees, personnel exchange, and joint training programs, etc.

Automobile Supply Chain Support Office

We reorganized the Automobile Industry Support Office, which was established to collect wide-ranging information about the trends in the automobile industry, a key industry in Aichi Prefecture, into the "Automobile Supply Chain Support Office" to provide more in-depth support to the local automobile supply chain.

■ Opening date: October 1, 2019 (Reorganized on January 4, 2022)

"Kaizen" improvement support for customers' manufacturing plants

■ Our onsite improvement concierge visits customers' manufacturing plants and implements "Onsite improvement support"

■ We not only support financial aspects but also provide strong support for the core business of customers

ICT support operations

Group company introduction: NAIS Co., Ltd.

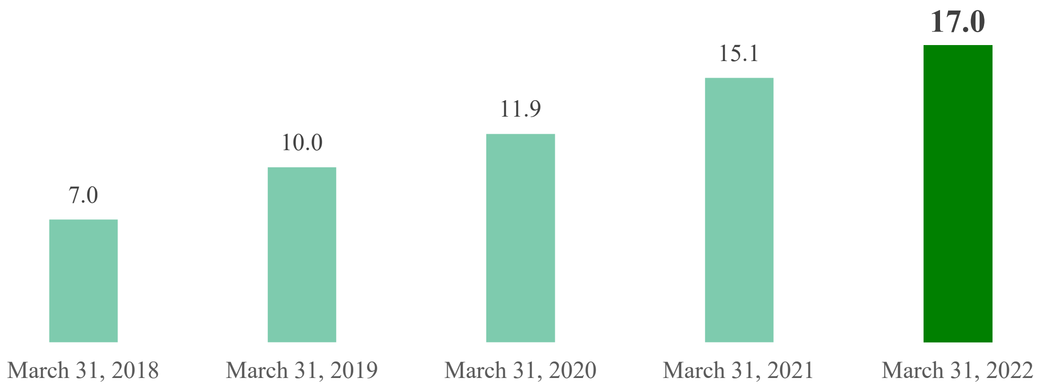
■ NAIS Co., Ltd. was turned into a consolidated subsidiary in the role of advanced banking service company, and commenced providing ICT support operations to customers in July 2021

- In April 2022, the Bank's ICT related services migrated to NAIS Co., Ltd., strengthening the Bank of Nagoya Group's ICT support structure for customers

Overseas business support

By utilizing our wide-ranging overseas expansion network, which includes overseas offices, domestic support organizations with which we are partnered, and overseas financial institution partners, we provide support for our customers as they enter overseas markets.

Balance of amount financed for local subsidiaries overseas (at end of fiscal year) (Billions of yen)



Response to geopolitical risks

The higher price of raw materials, instability in the supply structures as well as heightened geopolitical risks are causing concerns about the impact on the supply chains of various industries. We have newly established a help desk to provide consulting on financial positions and various solutions.

Supply Chain Help Desk

- Establishment date: March 2, 2022

Support for applications for subsidies

While cooperating with external institutions, we provide support for application procedures related to the utilization of various subsidies. In particular, we were among the top level financial institutions nationwide for the number of applications selected for the "Monodukuri subsidy (subsidy to promote improved productivity in manufacturing, commerce and service)" and the "Business Restructuring Subsidy."

- FY2019 supplementary budget, FY2020 supplementary budget "Monodukuri subsidy (General type)" No. 1 nationwide for the number of cases selected in 1st to ninth round (By financial institution certified for support) (135 cases)

- Business Restructuring Subsidy No. 3 nationwide for the number of cases selected in 1st to fifth rounds (By financial institution certified for support) (355 cases)

Business start-up support

The Aichi Prefecture, City of Nagoya and Hamamatsu City zones were designated “Global Startup Cities” by the Cabinet Office of Japan in July 2020 to make an energetic startup ecosystem in Japan. With growing opportunities for start-ups based on cooperation between industry, government and academia, we provide support according to the issues and needs of entities planning start-ups and recently established business start-ups.

Meigin Venture No. 1 Investment Limited Partnership

- Establishment date: April 9, 2021
- Providing funds and business support to start-up companies so as to contribute to their growth.
- The first example was in January 2022, with investment into a venture company developing spacecraft

Business start-up consultation desks

- Opening date: July 15, 2020
- We established the “Business start-up support desk” within the department and the “Finance consultation desk in Nagono Campus” within the Start-up Support Office in the City of Nagoya

Number of inquiries made to business start-up consultation desks

Year ended March 2021:	111	Year ended March 2022:	154

Actual number of business start-up inquiries handled

Number funded

Year ended March 2021:	629	Year ended March 2022:	154

Number of business start-up plans for which assistance in formulation is given

Year ended March 2021:	128	Year ended March 2022:	137

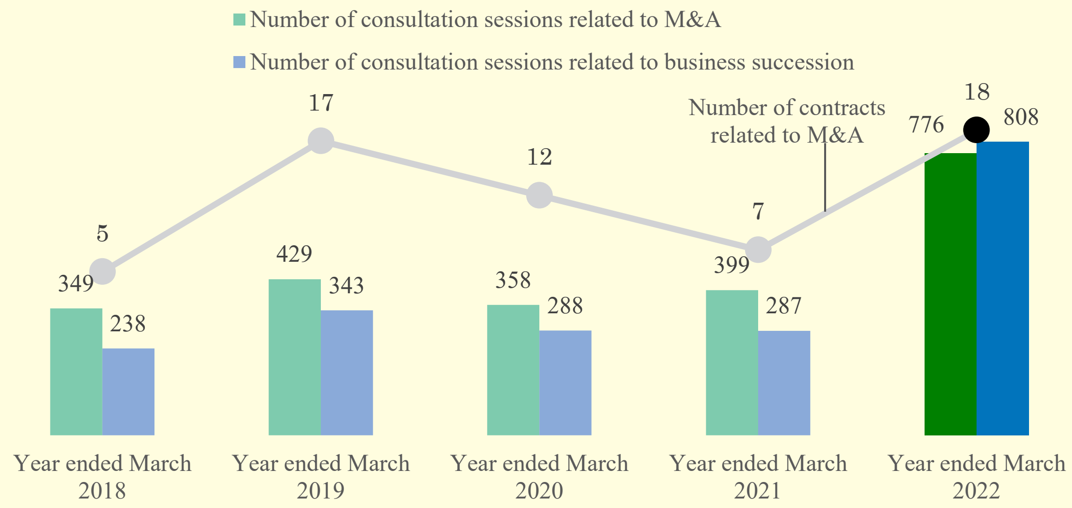
Business succession support

Long-term client companies

Meigin Business Succession Investment Limited Partnership

- Establishment date: June 17, 2020
- Providing funds for business survival and the transformation of business models at customers and supporting management with the aim of helping to maintain supply chains.

Consultation track record related to M&A and business succession



Business revitalization support

We support companies in a business slump and companies in a rehabilitation phase to improve their revenue and improve their finances through revitalization schemes using the fund.

Meigin Business Revitalization Investment Limited Partnership

- Establishment date: February 25, 2022
- We have entered into an advisory agreement with Brain and Capital Investments, Inc. and created a support structure for investee companies

Trade fairs

Aichi-Jimoto Agriculture, Forestry and Fisheries Growth Support "Food" and "Agriculture" Trade Fair

- Trade fairs for local producers involved in food and agriculture
- We have conducted meetings online since the spread of COVID-19

Seventh Event

Number of participating buyers: 29 Number of business talks: 177

"Meigin Joint" trade fair

- A reverse-style trade fair that acts as a bridge between large companies and local customers, which is known for achieving high contract rates

Number of business talks

Year ended March 2022: 86

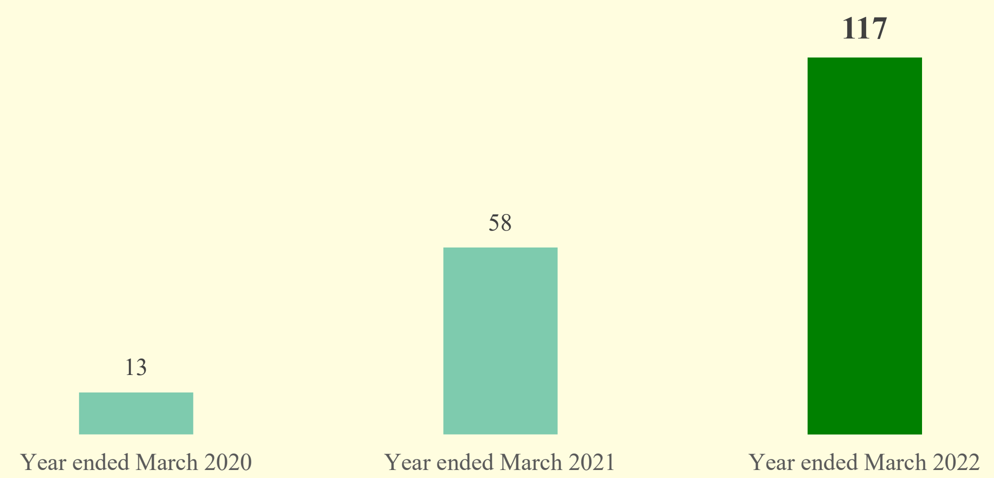
Personnel recruitment

- Date operations commence: June 10, 2019
- In the top 10 financial institutions nationwide for the number of contracts achieved under the FY2021 Leading Personnel Matching Project* (according to research by the Bank of Nagoya)

Number of contracts achieved under the Leading Personnel Matching Project	
FY2021 (Year ended March 2022):	54

* The Leading Personnel Matching Project is an initiative promoted by the Cabinet Office to investigate and analyze the personnel needs of local companies and cooperate with recruitment agencies to match high-level management personnel, etc.

Number of personnel introduction business contracts achieved (Money received base)



Carbon neutral support for customers

Abnormal weather due to climate change has become more frequent and reducing the emission of greenhouse gases such as CO_2 has become a worldwide issue. We have joined with a consulting company to provide decarbonization management support and information through various seminars to client companies.

"Ties to the future" SDGs and donation-type private placement bonds

We are handling "Ties to the future" SDGs and donation-type private placement bonds to support activities that contribute to the local communities of client companies. Part of the commissions received for these products from issuers of private placement bonds is contributed or donated to local educational institutions, public medical institutions, and NPOs, etc. that undertake activities that contribute to achieving SDGs.

Track record in SDGs and donation-type private placement bonds

Number handled

Year ended March 2022: 129

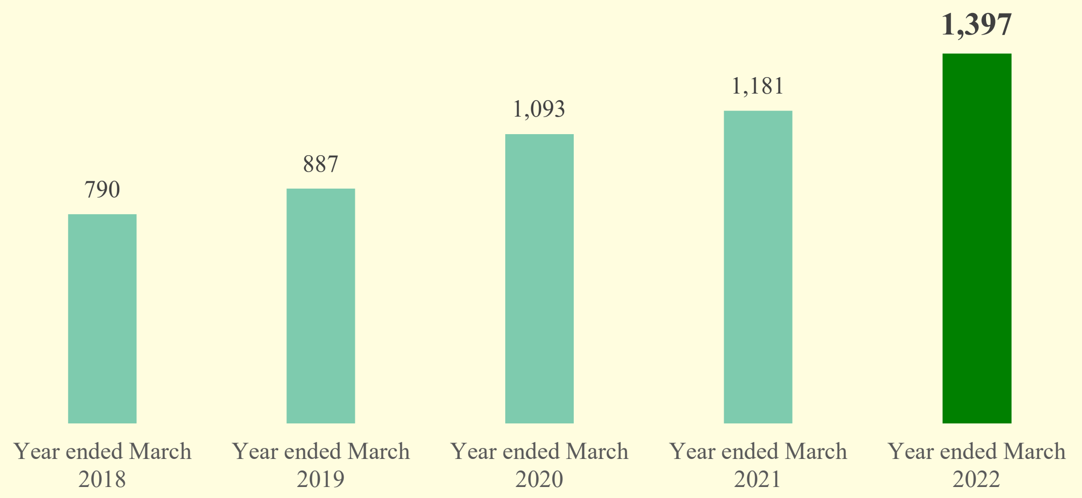
Amount handled

Year ended March 2022: ¥9.5 billion

Customer-oriented services and operations regarding financial instruments

We are engaged in customer-oriented services and operations to achieve stable asset formation and investment for customers, allocating a personal concierge, etc. to support the long-term asset formation of customers.

Amount of monthly accumulation investment trusts (Millions of yen)



[Developing human resources]

Ensuring diversity in promoting core personnel, etc.

Based on the “diversity and inclusion” approach, the Bank is engaged in “Career Self-Reliance” and “Environmental improvement.”

The Bank defines core personnel as “managers in the class of general manager and branch general manager” and is promoting initiatives to aggressively recruit outside personnel and promote participation by females with candidates (in the class of deputy general manager, section head, assistant managers) considered likely to become core personnel to ensure such diversity taken to be a core personnel pool.

Targets for ratio of female managers

Ratio of female managers as percentage of total

Year ended March 2022: 17.5% Plan for the fiscal year ending March 31, 2026: 20% or higher

Ratio of females as percentage of total at level of assistant manager and higher

Year ended March 2022: 9.5% | Plan for the fiscal year ending March 31, 2026: 12% or higher

Health & productivity management

The Bank of Nagoya has announced “The Bank of Nagoya’s Declaration on Health” and established the Health & Productivity Management Promotion Office as a cross-organizational department to further strengthen the Bank’s health and productivity management and work-style reforms.

[Leveraging technology]

Commenced the provision of the Bank of Nagoya app

We provide an easy and highly convenient digital service that enables quick confirmation of account balance details and transaction details after customers register their account on their own smartphone.

It is also possible to switch from a paper passbook to a “smart passbook” that displays the passbook details using the app.

- Service start date: December 6, 2021
- Strengthen customer convenience by enhancing online tools

Insurance account board advisor

A service that enables confirmation of the best insurance design based on a customer’s needs by just responding to some simple questions and providing a profile using a PC or smartphone. Consultation with specialist staff at the Bank of Nagoya Insurance Plaza can be arranged after creating the insurance design.

- Start date: July 1, 2021

MEIGIN JCB Debit Integrated Cash Card

We have commenced offering the “MEIGIN JCB Debit Integrated Cash Card,” which adds the cash card function to our brand debt card “MEIGIN JCB Debt,” which we commenced offering in October 2017.

- Start date: July 22, 2022

Use of Robotic Process Automation (RPA)

We aim to improve the efficiency of banking operations by utilizing robotic process automation (RPA) and automate the acquisition of corporation’s certificate of registered information and certified real estate transcripts.

[Managing business to hasten evolution toward the business of creating better futures]

Framework for sustainability initiatives

Establishment of Sustainability Promotion Office

We have a cross-organizational structure to strengthen the government structure in relation to sustainability. The Bank works as one to solve environmental and social issues including the promotion of health and productivity management and ESG finance such as Sustainability Linked Loans and Positive Impact Finance.

Establishment of Automobile Supply Chain Support Office

We established a specialist department in October 2019, which collected wide-ranging information about the automobile industry, a key industry in Aichi Prefecture.

We reorganized in January 2022 to a cross-organizational structure to strengthen support for the local automobile supply chain in areas such as business succession, onsite manufacturing improvement and initiatives to become carbon neutral.

Status of climate change initiatives for sustainability

We consider environmental issues including climate change to be important management issues. We strive for transparent disclosure of the each of the items recommended in the TCFD declaration: “Governance,” “Strategy,” “Risk management,” and “Metrics & Targets”

Promotion of ESG investments and loans

ESG investments and loans implemented (Billions of yen)

	Year ended March 2020	Year ended March 2021	Targets for each fiscal year
Loans and financing related to renewable energy	6.9	20.5	
Financing of ESG bonds	13.7	14.8	
Donation-type private placement bonds	10.5	7.6	
Loans for disaster countermeasures	1.2	0.4	
Total	32.5	43.3	30.0

Issuance of green bonds

Funds raised through green bonds are allocated to capital investment in solar power generation businesses (eligible for green investments), and contributes to reducing the environmental burden.

- Issue date: December 13, 2019
- Total issue amount: ¥10.0 billion

Estimated reduction in CO2 emissions*	
As of September 30, 2021:	13,983 t-CO_2/year

* Because solar power generation does not in principle emit CO_2, this figure is calculated by estimating the decline in annual CO_2 emissions resulting from the power generated by the solar power generation businesses for which the green bond funds were used.

Introduction of restricted share-based remuneration plan

The Bank introduced a restricted share-based remuneration plan in June 2022, in order to provide incentives for Directors of the Bank (excluding Directors who are Audit and Supervisory Committee Members and outside Directors) to ensure the sustainable improvement of the corporate value of the Bank and advance sharing of values with shareholders further.

- Non-monetary remuneration within officer remuneration has been changed from "stock-remuneration type stock options" to "restricted share-based remuneration."

Medium- and Long-term Management Strategies

Management Strategies

We have drawn up the "Hastening Evolution Toward the Business of Creating Better Futures," the 21st Medium-term Management Plan encompassing the three years beginning in April 2020, under which we will implement the following key strategies looking toward our mission.

Mission

Shift from the banking services to the business of creating better futures

We are in the business of creating better futures.

We will create better futures in conjunction with our corporate customers in helping them develop their companies.

We will create better futures in conjunction with our retail customers in helping them achieve greater happiness within their families.

Key Strategies

Developing human resources

Establishing a customer-oriented sales platform

Leveraging technology

Managing business to hasten evolution toward the business of creating better futures

Issues to Address

Business Environment

With the social environment undergoing rapid change as a result of COVID-19, the business environment in which financial institutions operate is also expected to become more challenging due to trends such as the provision of services by participants in other industries that has been enabled by the development of fintech, and the anticipated continuation of negative interest rate policies. As for competition between banks, we are encountering intense competition involving the entry into the market in Aichi Prefecture of financial institutions including megabanks as well as banks from other prefectures.

The Bank is a regional financial institution with the largest network of branches in Aichi Prefecture as well as more than 27,000 business clients. While maintaining this network of branches, we intend to extend beyond providing traditional banking services such as deposits, loans and settlements leveraging our connections with our customers who are business clients. Accordingly, our policy calls for us to strengthen earning potential which will involve increasing our number of clients in the region and heightening the Bank's market share with respect to each customer segment and within Aichi Prefecture overall, by creating a better future with our customers by gaining an understanding of our customers' management challenges and proposing appropriate solutions in that regard.

In order to adapt to such business environment, we will particularly work to improve the consulting capabilities of our employees underpinned by our most important strategy of human resources development as set forth in our 21st Medium-term Management Plan. Moreover, we will actively engage in initiatives that are tailored to the needs of corporate customers, such as: expanding loans by carrying out business viability evaluations and proposing a variety of measures for procuring funds; enhancing our support for core businesses, particularly in terms of business matching and assistance with applications for subsidies; raising productivity through the utilization of ICT; providing consulting services in areas such as business succession and M&A; offering assistance with initiatives related to SDGs and health & productivity management.

Under our philosophy of "fostering regional prosperity," we will solve our customers' various issues and achieve co-existence with local communities on a group-wide basis with the goal of continuing to serve as a financial group that is absolutely essential to the region.

Management Policy

Based on the guiding precept of "fostering regional prosperity—which shall both develop the Bank and bring happiness to bank employees," the Bank's management policy comprises the following five matters which cover the overall image of what the Bank aims to be: "Contribute to the regional community," "Strengthen our earnings power and ensure thoroughness in risk management," "Provide financial services that suit the needs of the customers," "Put compliance into practice" and "Establish a free and open-minded corporate climate." In accordance with this basic policy, we will strive to further increase our corporate value as a regional financial institution which fosters regional prosperity. At the same time, we will work to fulfill this duty and earn the unshakeable support and trust of our shareholders and all other stakeholders.

The Bank's Corporate Governance

At the Bank of Nagoya, we consider enhancing corporate governance to be one of the most important management challenges. While striving to further enhance our corporate value as a regional financial institution that fosters regional prosperity, we shall fulfill our responsibilities as a corporate citizen and work to establish unshakeable support and trust from all stakeholders, particularly the shareholders.

Based on this positioning, in addition to setting out the guiding precepts and tenets that form the foundations of management, we shall strive to share the basic sense of values and ethics of directors and employees of the Bank, and to ensure that these are reflected in the Bank's operations. We have formulated a "Code of Ethics for Bank of Nagoya Directors and Employees" and "Policy on Compliance with Laws and Regulations, Etc." and through this we are striving to raise corporate value.

The Bank has a swift decision-making framework, led by the Board of Directors, that strictly operates internal regulations and delegates authority as appropriate.

To this end, in order to enhance the clarity of the system of responsibility, further improve the vitality and strengthen the supervisory functions of the Board of Directors, we have invited five highly independent outside directors, and adopted an executive officer system by the appointment of the Board of Directors.

Moreover, the Bank has transitioned to a company with audit and supervisory committee as of June 26, 2020, per amendment to the Articles of Incorporation resolved at the annual General Meeting of Shareholders held on the same date. The Audit & Supervisory Committee will coordinate with the independent auditor and the Internal Audit Division to audit the execution of the duties of directors. We have determined that we are able to adequately strengthen our corporate governance through this system.

Risk Management System

The Bank has enhanced its risk management system by establishing the Asset Liability Management (ALM) Committee to oversee credit risk, liquidity risk, and market risk, and the Operational Risk Management Committee to oversee system risk, administrative risk, etc. The Bank also considers compliance as a top priority and aims to establish a system of checks and balances and tighten internal controls by establishing the Compliance Committee that includes attorneys at law from outside the Bank. Status of all risks the Bank should address is covered by monthly meetings of these three committees, which will be then reported to the Board of Directors. This consolidated reporting system is designed in the way to enhance the Board of Directors' ability to monitor the Bank's risk control functions.

Breakdown of Loans (Nonconsolidated basis)

Balance of problem loans under the Banking Act (risk monitored loans)

Claims based on the Banking Act and the Act on Emergency Measures for the Revitalization of the Financial Functions (the "Financial Revitalization Act") are as follows. Further, claims are corporate bonds under "Securities" in the balance sheet (limited to the corporate bonds for which redemption of principal or payment of interests, wholly or partly, are guaranteed and issuance of which is implemented through private placement of securities (Article 2, paragraph (3) of the Financial Instruments and Exchange Act), loans and bills discounted, foreign exchange, and temporary payment and consideration for acceptance of payment under "Other assets" as listed in the balance sheet."

(As of March 31)

	2022 (Millions of yen)	2021 (Millions of yen)
Total loans and bills discounted	3,390,801	3,220,276
Bankrupt and quasi-bankrupt*1	4,935	6,229
Doubtful*2	60,060	47,566
Need of special attention	9,198	6,934
Accruing loans past due three months or more*3	181	20
Restructured loans*4	9,016	6,914
Subtotal	74,193	60,730
Normal*5	3,316,607	3,159,545
Ratio of risk monitored loans to total loans and bills discounted	2.19%	1.89%

*1 "Bankrupt and quasi-bankrupt" is loans to borrowers who are currently in legal bankruptcy procedures, including bankruptcy, liquidation, corporate reorganization, and rearrangement, and borrowers who are not currently in legal bankruptcy, but in quasi-bankruptcy.

*2 "Doubtful" is loans to borrowers who are not currently in bankruptcy, but in difficult financial situations and with a possibility of higher default risk, excluding bankrupt and quasi-bankrupt.

*3 "Accruing loans past due three months or more" are loans for which the payment of the principal and/or interest is past due three months or more from the day following contractual payment date, excluding bankrupt and quasi-bankrupt, and doubtful.

*4 "Restructured loans" are loans for which the Bank has relaxed the lending conditions for borrowers in financial difficulties—such as by a reduction of the original rate, forbearance of interest payment, granting a maturity date extension, and renunciation of claims—in order to support their financial recovery or restructuring. These exclude bankrupt and quasi-bankrupt, doubtful and accruing loans past due three months or more.

*5 "Normal" is loans to borrowers not having particular problems regarding their financial situations and operating conditions, and excluding bankrupt and quasi-bankrupt, doubtful, accruing loans past due three months or more, and restructured loans.

The above amount of claims is the amount before deducting reserve for possible loan losses.

Balance of problem loans under the Financial Revitalization Act

(As of March 31)

	2022 (Millions of yen)	2021 (Millions of yen)
Bankrupt and quasi-bankrupt*6	4,935	6,229
Doubtful*7	60,060	47,566
Need of special attention*8	9,198	6,934
Normal*9	3,316,607	3,159,545

*6 Bankrupt and quasi-bankrupt

These are loans to borrowers who are currently in legal bankruptcy procedures, including bankruptcy, liquidation, corporate reorganization, and rearrangement, and borrowers who are not currently in legal bankruptcy, but in quasi-bankruptcy.

*7 Doubtful

These are loans to borrowers who are not currently in bankruptcy, but in difficult financial situations and with a possibility of higher default risk.

*8 Need of special attention

These are accruing loans past due three months or more (excluding those under *6 and *7), and restructured loans.

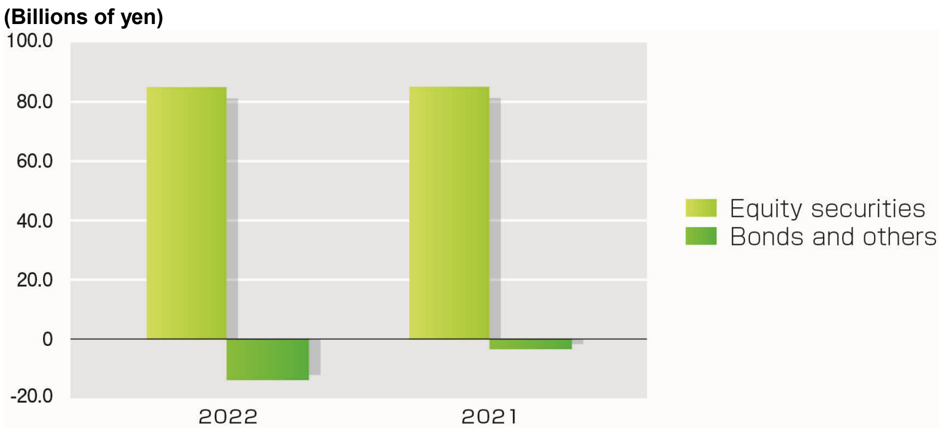
*9 Normal

These are loans to borrowers not having particular problems regarding their financial situations and operating conditions, and excluding loans classified as “Bankrupt and quasi-bankrupt,” “Doubtful” and “Need of special attention.”

Unrealized Gains on Securities (Nonconsolidated basis)

(As of March 31)

	2022 (Billions of yen)	2021 (Billions of yen)
Equity securities	85.0	82.1
Bonds and others	-13.9	-3.5
Total	71.0	78.5



Status of Credit Rating

A credit rating is a symbol provided by a credit rating agency indicating the degree of certainty that the principal and interest on an individual bond issued by a company will be paid as contracted. It is strongly related to the evaluation of a company's creditworthiness, and in a broad sense expresses the level of confidence in a bank.

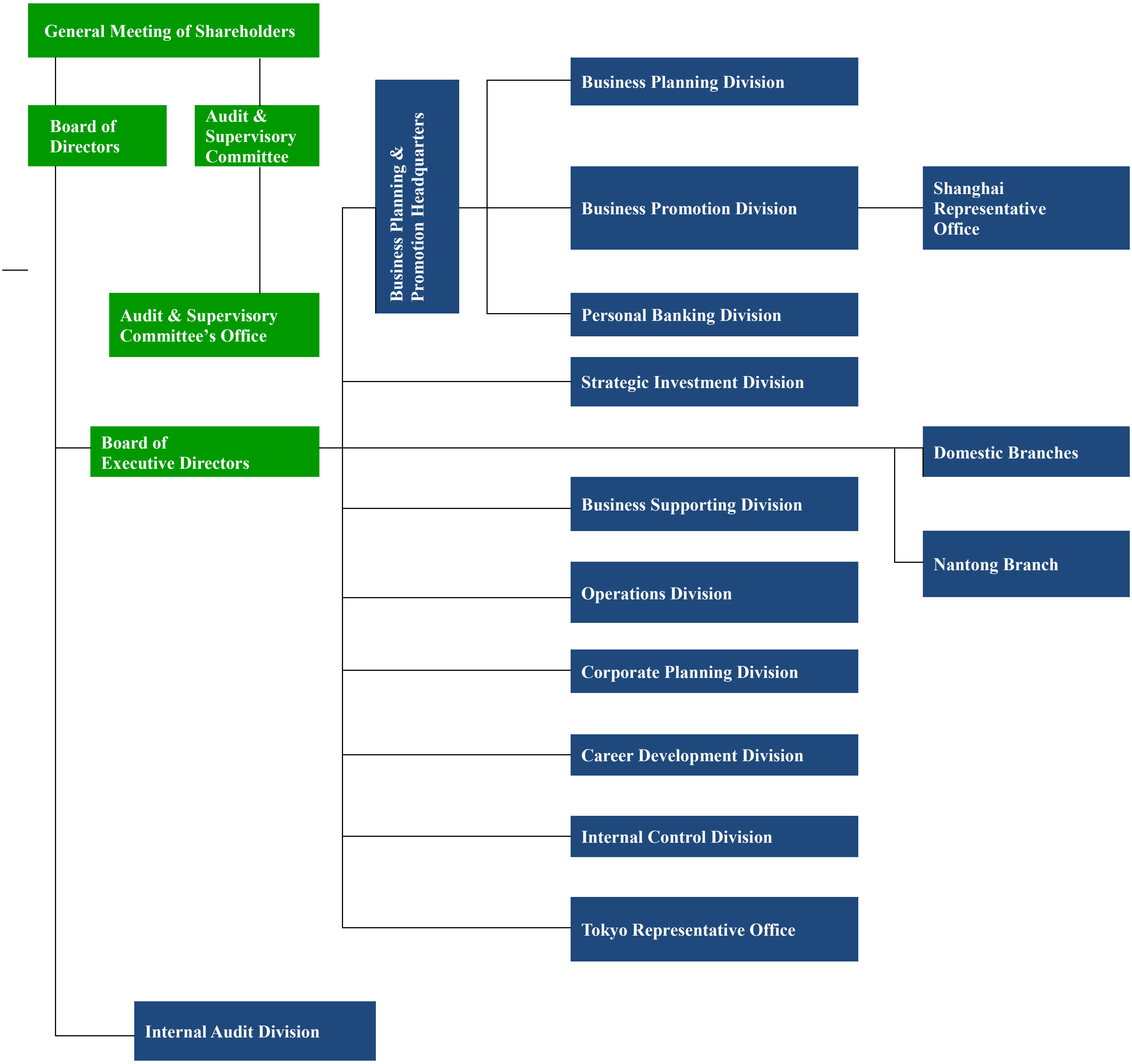
The Bank has obtained a credit rating of "A" from Japan Credit Rating Agency, Ltd. (JCR) with respect to the Bank's long-term issuer rating. This rating indicates that the debt is investment grade, and is a high rating among Japanese financial institutions.

Rating

Japan Credit Rating Agency, Ltd. (JCR)	A	A high level of capacity to honor the financial commitment on the obligation.

Organization of the Bank

(As of July 1, 2022)



Board of Directors and Audit & Supervisory Committee (As of July 1, 2022)

Chairman
Kazumaro Kato

President
Ichiro Fujiwara

Managing Directors
Masao Minamide
Satoru Hattori
Katsutoshi Yamamoto

Directors
Kazu Kondou
Hideki Mizuno
Fumihide Yoshitomi
Takehisa Matsubara*1
Hisako Munekata*1

*1 Outside director

Audit & Supervisory Committee Members
Tomoaki Oka*2
Nobuyoshi Hasegawa*1
Takao Kondo*1
Masatoshi Sakaguchi*1

*2 Full-time

Executive Officers
Naoya Ohno
Yasushi Matsuo
Sadaharu Shimizu
Yasunori Kanamori
Masahiko Tachi

Principal Shareholders (As of March 31, 2022)

The Master Trust Bank of Japan, Ltd. (Trust Account)	10.43%
Nippon Life Insurance Company	4.14%
Meiji Yasuda Life Insurance Company	4.14%
The Bank of Nagoya Employees' Shareholding Association (Meigin Minori-kai)	3.97%
The Master Trust Bank of Japan, Ltd. (Toyota Motor Corporation Account)	3.33%
Sumitomo Life Insurance Company	2.94%
Mizuho Bank, Ltd.	2.40%
Mitsui Sumitomo Insurance Company, Ltd.	2.33%
The Juroku Bank, Ltd.	2.32%
Taiju Life Insurance Company Ltd.	2.10%

Notes:
1. Shares held by The Master Trust Bank of Japan, Ltd. (Trust Account and Toyota Motor Corporation Account) are shares in association with their trust business.
2. In addition to the above, the Bank holds 133,000 treasury shares.
3. In a report to amend a report of possession of large volume dated March 23, 2020, it is stated that Mizuho Bank, Ltd., along with joint holders, Mizuho Securities Co., Ltd., Mizuho Trust & Banking Co., Ltd., Asset Management One Co., Ltd., Mizuho International plc and Mizuho Securities USA LLC are the owners of the following shares as of March 13, 2020. However, as the Bank is unable to confirm the number of shares substantially owned as of March 31, 2022, the details of the shares recorded in the shareholder register have been listed in the principal shareholders above.
   Details included in the report to amend the report of possession of large volume are as follows:

Mizuho Bank, Ltd.	2.26%
Mizuho Securities Co., Ltd.	0.11%
Mizuho Trust & Banking Co., Ltd.	0.57%
Asset Management One Co., Ltd.	2.36%

4. In a report of possession of large volume dated April 6, 2020, it is stated that Mitsubishi UFJ Trust and Banking Corporation and Mitsubishi UFJ Kokusai Asset Management Co., Ltd. are the owners of the following shares as of March 30, 2020. However, as the Bank is unable to confirm the number of shares substantially owned as of March 31, 2022, the details of the shares recorded in the shareholder register have been listed in the principal shareholders above.
   Details included in the report of possession of large volume are as follows:

Mitsubishi UFJ Trust and Banking Corporation	4.75%
Mitsubishi UFJ Kokusai Asset Management Co., Ltd.	0.38%

5. In a report to amend a report of possession of large volume dated February 21, 2022, it is stated that Sumitomo Mitsui Trust Asset Management Co., Ltd. and Nikko Asset Management Co., Ltd. are the owners of the following shares as of February 15, 2022. However, as the Bank is unable to confirm the number of shares substantially owned as of March 31, 2022, the details of the shares recorded in the shareholder register have been listed in the principal shareholders above.
   Details included in the report to amend the report of possession of large volume are as follows:

Sumitomo Mitsui Trust Asset Management Co., Ltd.	3.86%
Nikko Asset Management Co., Ltd.	1.17%

Independent auditor's report

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

Opinion

We have audited the accompanying consolidated financial statements of The Bank of Nagoya, Ltd. ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group"), which comprise the consolidated balance sheets as at March 31, 2022 and 2021, the consolidated statements of income, statements of comprehensive income, changes in net assets and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

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

Key Audit Matters

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

Determination of borrower categories of business owner borrowers to calculate the amount of the reserve for possible loan losses

The key audit matter	How the matter was addressed in our audit
In the consolidated financial statements, The Bank of NAGOYA, Ltd. (the "Company") and its consolidated subsidiaries recorded a balance of loans of JPY3,338,572 million, which accounted for a high proportion of approximately 64% of total assets amounting to JPY5,162,840 million. They also recognized a reserve for possible loan losses of JPY13,641 million. The balances of loans and reserve for	The primary procedures we performed to assess whether the Company's determination of the borrower categories of business owner borrowers was appropriate included the following: (1) Internal control testing We tested the design and operating effectiveness of internal controls relevant to the determination of the borrower categories. In this assessment, we performed our testing on the following:

possible loan losses at the Company (consolidated parent company) were JPY3,342,103 million and JPY12,571 million, respectively, which represented high proportions of the balances in the consolidated financial statements. The loans were primarily to corporate entities and individual customers who conduct their own business (hereinafter, "business owner borrowers"). In calculating the reserve for possible loan losses, the Company assesses its loans based on the internal self-assessment criteria and determines borrower categories based on the credit risk of borrowers. Based on the borrower categories, the Company calculates the amount of the reserve for possible loan losses in accordance with the predetermined criteria for write-offs and loan loss provisions, as described in 2 of Notes, "Summary of Significant Accounting Policies, (f) Loans and bills discounted and reserve for possible loan losses" to the consolidated financial statements. The borrower categories of business owner borrowers are determined based on the Integrated Loan Support System, which is mainly based on quantitative information such as financial information of the borrowers. However, the Company also considers qualitative factors including projected financial performance and cash flow position, which involve management judgment. Particularly for borrowers whose borrower categories were determined using quantitative information have been reviewed based on the qualitative factors such as business improvement plans revised to reflect their projected financial performance and borrowers who belong to the business sectors affected by the novel coronavirus (COVID-19) pandemic and whose financial performance has deteriorated due to the impact of the pandemic, the determination of the borrower categories may have a significant impact on the amount of reserve for possible loan losses. We, therefore, determined that our assessment of the determination of the borrower categories of business owner borrowers to calculate the amount of reserve	● controls to ensure the reliability of the borrowers' financial information entered in the Integrated Loan Support Systems; ● determination of the borrower categories including the determination using the qualitative factors; and ● effectiveness of a control in which the second-stage assessment division assesses the determination of the borrower categories (2) Substantive procedures for determining the borrower categories We performed the following procedures to assess whether the determination of the borrower categories using the qualitative factors was appropriate based on the self-assessment criteria: ● selected borrowers to be assessed mainly from the following perspectives: • borrowers whose borrower categories, which had been determined using quantitative information, were changed based on the qualitative factors such as business improvement plans and for which the change in the borrower categories significantly impacted the amount of reserve for possible loan losses; and • identifying the business sectors affected by the COVID-19 pandemic, borrowers whose financial performance deteriorated due to the impact of the pandemic and for which the change in the borrower categories significantly impacted the amount of the reserve for possible loan losses. ● inspected the documents obtained or prepared by the Company and inquired of the second-stage assessment division to assess the substantive financial position and results of operations of the selected borrowers. ● for borrowers whose borrower categories were changed based on the qualitative factors such as business improvement plans, assessed the feasibility of the business improvement plans and the determination of the borrower categories, and inquired of the second-stage assessment division to assess the feasibility of the business improvement plans. ● assessed the business situation, projected financial performance and financing of the borrowers whose financial performance deteriorated due to the impact of the COVID-19 pandemic and inquired of the secondary assessment division regarding these

for possible loan losses was of most significance in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.	borrowers.

Other Information

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

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

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

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

We have nothing to report in this regard.

Responsibilities of Management and The Audit and Supervisory Committee for the Consolidated Financial Statements

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.

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

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

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

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

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

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

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

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2022 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

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

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

Tetsuya Nakamura
Designated Engagement Partner
Certified Public Accountant

Satoshi Zengame
Designated Engagement Partner
Certified Public Accountant

KPMG AZSA LLC
Nagoya Office, Japan
September 1, 2022

The Bank of Nagoya, Ltd. And Consolidated Subsidiaries
Consolidated Balance Sheets
March 31, 2022 and 2021

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Assets:			
Cash and due from banks (Note 3)	¥ 851,450	¥ 832,788	$ 6,956,863
Call loans and bills purchased (Note 3)	–	589	–
Securities (Notes 3, 4, 7 and 12)	824,618	741,487	6,737,630
Loans and bills discounted (Notes 3, 5, 7, 15 and 20)	3,338,572	3,164,983	27,278,146
Foreign exchange	6,200	7,335	50,665
Lease receivables and investments in leased assets (Note 15)	36,721	38,162	300,035
Other assets (Note 7)	54,344	76,638	444,029
Tangible fixed assets (Note 6)	36,839	37,136	301,004
Intangible fixed assets	2,692	3,148	21,997
Employee retirement benefit assets (Note 11)	15,894	13,823	129,867
Deferred tax assets (Note 17)	765	498	6,256
Customers' liabilities for acceptances and guarantees (Note 12)	8,381	8,967	68,479
Reserve for possible loan losses (Note 3)	(13,641)	(12,809)	(111,456)
Total assets	¥ 5,162,840	¥ 4,912,750	$ 42,183,515

(Continued)

See accompanying Notes to Consolidated Financial Statements.

The Bank of Nagoya, Ltd. and Consolidated Subsidiaries
Consolidated Balance Sheets
March 31, 2022 and 2021

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Liabilities:			
Deposits (Notes 3, 7 and 8)	¥ 4,089,416	¥ 4,000,852	$ 33,412,993
Call money and bills sold (Note 3)	3,763	6,377	30,752
Payables under securities lending transactions (Notes 3 and 7)	29,931	5,745	244,555
Borrowed money (Notes 3, 7 and 9)	669,654	526,807	5,471,484
Foreign exchange	37	75	306
Bonds payable (Notes 3 and 10)	30,000	40,000	245,118
Borrowed money from trust account	1,140	–	9,318
Other liabilities (Notes 9 and 17)	45,371	41,110	370,711
Reserve for employee bonuses	1,132	1,028	9,252
Reserve for executive bonuses	44	39	364
Employee retirement benefit liability (Note 11)	2,311	3,218	18,884
Reserve for executive retirement benefits	30	32	250
Reserve for losses on repayments of dormant bank accounts	183	304	1,496
Reserve for contingent losses	1,054	1,069	8,620
Reserve for loss on interest repayments	30	36	252
Deferred tax liabilities (Note 17)	19,884	21,051	162,469
Deferred tax liabilities for revaluation (Notes 6 and 17)	2,774	2,774	22,671
Acceptances and guarantees (Note 12)	8,381	8,967	68,479
Total liabilities	4,905,143	4,659,491	40,077,974
Net assets (Notes 13, 14 and 19):			
Common stock	25,090	25,090	205,007
Capital surplus	21,241	21,231	173,560
Retained earnings	154,097	145,517	1,259,071
Less treasury stock, at cost	(351)	(560)	(2,874)
Total shareholders’ equity	200,078	191,280	1,634,764
Accumulated other comprehensive income	57,488	61,218	469,714
Stock acquisition rights	130	139	1,063
Noncontrolling interests	–	620	–
Total net assets	257,697	253,259	2,105,541
Total liabilities and net assets	¥ 5,162,840	¥ 4,912,750	$ 42,183,515

The Bank of Nagoya, Ltd. and Consolidated Subsidiaries
Consolidated Statements of Income
For the Years Ended March 31, 2022 and 2021

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Income:			
Interest income:			
Interest on loans and discounts	¥ 26,032	¥ 24,802	$ 212,700
Interest and dividends on securities	5,792	5,373	47,328
Other interest income	1,286	492	10,510
Total interest income	33,111	30,667	270,538
Trust fees	51	–	421
Fees and commissions	12,385	10,875	101,198
Other operating income	24,923	23,289	203,643
Gain on sales of stocks and other securities	6,990	3,797	57,113
Gain on negative goodwill	362	–	2,961
Other income	317	6,922	2,595
Total income	78,142	75,553	638,469
Expenses:			
Interest expenses:			
Interest on deposits	424	497	3,469
Interest on borrowings and rediscounts	162	229	1,326
Other interest expenses	433	470	3,545
Total interest expenses	1,020	1,197	8,340
Fees and commissions	3,033	2,725	24,785
Other operating expenses	22,298	18,324	182,190
General and administrative expenses (Notes 14 and 18)	32,235	32,851	263,387
Provision of reserve for possible loan losses	2,263	1,396	18,497
Loss on devaluation of stocks and other securities	23	–	188
Impairment loss on fixed assets	–	618	–
Other expenses	1,207	2,903	9,865
Total expenses	62,082	60,016	507,252
Profit before income taxes	16,059	15,536	131,217
Income taxes (Note 17)	4,381	4,766	35,799
Profit	11,678	10,770	95,418
Profit attributable to noncontrolling interests	34	44	284
Profit attributable to owners of the parent	¥ 11,643	¥ 10,726	$ 95,134

	Yen		U.S. dollars
Earnings per share (Note 2(u)):			
Basic	¥ 649.26	¥ 592.25	$ 5.30
Diluted	647.61	590.83	5.29
Cash dividends	120.00	70.00	0.98

See accompanying Notes to Consolidated Financial Statements.

The Bank of Nagoya, Ltd. and Consolidated Subsidiaries
Consolidated Statements of Comprehensive Income
For the Years Ended March 31, 2022 and 2021

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Profit	¥ 11,678	¥ 10,770	$ 95,418
Other comprehensive income (Note 19):			
Net change in unrealized (losses) gains on available-for-sale securities	(5,488)	14,728	(44,843)
Retirement benefit adjustments	1,756	2,378	14,355
Total other comprehensive income	(3,731)	17,107	(30,488)
Comprehensive income	¥ 7,946	¥ 27,877	$ 64,930
Comprehensive income attributable to:			
Owners of the parent	¥ 7,913	¥ 27,831	$ 64,655
Noncontrolling interests	33	46	275
Total comprehensive income	¥ 7,946	¥ 27,877	$ 64,930

See accompanying Notes to Consolidated Financial Statements.

The Bank of Nagoya, Ltd. and Consolidated Subsidiaries
Consolidated Statements of Changes in Net Assets
For the Years Ended March 31, 2022 and 2021

	Millions of yen											
	Shareholders' equity					Accumulated other comprehensive income						
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains on available-for-sale securities	Land revaluation excess	Retirement benefit adjustments	Total accumulated other comprehensive income	Stock acquisition rights	Non-controlling interests	Total net assets
Balance at March 31, 2020	¥ 25,090	¥ 21,231	¥ 136,520	¥ (573)	¥ 182,269	¥ 40,516	¥ 3,427	¥ (291)	¥ 43,653	¥ 127	¥ 616	¥ 226,666
Profit attributable to owners of the parent	–	–	10,726	–	10,726	–	–	–	–	–	–	10,726
Cash dividends	–	–	(1,267)	–	(1,267)	–	–	–	–	–	–	(1,267)
Purchases of treasury stock	–	–	–	(1)	(1)	–	–	–	–	–	–	(1)
Disposition of treasury stock	–	(1)	–	15	13	–	–	–	–	–	–	13
Reversal of land revaluation excess	–	–	(459)	–	(459)	–	–	–	–	–	–	(459)
Transfer from retained earnings to capital surplus	–	1	(1)	–	–	–	–	–	–	–	–	–
Net changes in items other than shareholders' equity	–	–	–	–	–	14,726	459	2,378	17,565	12	3	17,581
Balance at March 31, 2021	25,090	21,231	145,517	(560)	191,280	55,243	3,887	2,087	61,218	139	620	253,259
Cumulative effects of change in accounting policies			(108)		(108)						(6)	(114)
Restated balance at April 1, 2021	25,090	21,231	145,409	(560)	191,172	55,243	3,887	2,087	61,218	139	613	253,144
Profit attributable to owners of the parent	–	–	11,643	–	11,643	–	–	–	–	–	–	11,643
Cash dividends	–	–	(1,358)	–	(1,358)	–	–	–	–	–	–	(1,358)
Purchases of treasury stock	–	–	–	(1,424)	(1,424)	–	–	–	–	–	–	(1,424)
Disposition of treasury stock	–	(11)	–	47	36	–	–	–	–	–	–	36
Retirement of treasury stock	–	(1,585)	–	1,585	–	–	–	–	–	–	–	–
Change in ownership interest of parent due to transactions with noncontrolling interests	–	10	–	–	10	–	–	–	–	–	–	10
Reversal of land revaluation excess	–	–	–	–	–	–	–	–	–	–	–	–
Transfer from retained earnings to capital surplus	–	1,596	(1,596)	–	–	–	–	–	–	–	–	–
Net changes in items other than shareholders' equity	–	–	–	–	–	(5,487)	–	1,756	(3,730)	(9)	(613)	(4,353)
Balance at March 31, 2022	¥ 25,090	¥ 21,241	¥ 154,097	¥ (351)	¥ 200,078	¥ 49,756	¥ 3,887	¥ 3,844	¥ 57,488	¥ 130	¥ –	¥ 257,697

The Bank of Nagoya, Ltd. and Consolidated Subsidiaries
Consolidated Statements of Changes in Net Assets
For the Years Ended March 31, 2022 and 2021

	Thousands of U.S. dollars											
	Shareholders' equity					Accumulated other comprehensive income						
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains on available-for-sale securities	Land revaluation excess	Retirement benefit adjustments	Total accumulated other comprehensive income	Stock acquisition rights	Non-controlling interests	Total net assets
Balance at March 31, 2021	$ 205,007	$ 173,476	$ 1,188,969	$ (4,576)	$ 1,562,876	$ 451,374	$ 31,760	$ 17,058	$ 500,192	$ 1,143	$ 5,068	$ 2,069,279
Cumulative effects of change in accounting policies	–	–	(884)	–	(884)	–	–	–	–	–	(52)	(936)
Restated balance at April 1, 2021	205,007	173,476	1,188,085	(4,576)	1,561,992	451,374	31,760	17,058	500,192	1,143	5,016	2,068,343
Profit attributable to owners of the parent	–	–	95,134	–	95,134	–	–	–	–	–	–	95,134
Cash dividends	–	–	(11,103)	–	(11,103)	–	–	–	–	–	–	(11,103)
Purchases of treasury stock	–	–	–	(11,637)	(11,637)	–	–	–	–	–	–	(11,637)
Disposition of treasury stock	–	(93)	–	387	294	–	–	–	–	–	–	294
Retirement of treasury stock	–	(12,952)	–	12,952	–	–	–	–	–	–	–	–
Change in ownership interest of parent due to transactions with noncontrolling interests	–	84	–	–	84	–	–	–	–	–	–	84
Reversal of land revaluation excess	–	–	–	–	–	–	–	–	–	–	–	–
Transfer from retained earnings to capital surplus	–	13,045	(13,045)	–	–	–	–	–	–	–	–	–
Net changes in items other than shareholders' equity	–	–	–	–	–	(44,833)	–	14,355	(30,478)	(80)	(5,016)	(35,574)
Balance at March 31, 2022	$ 205,007	$ 173,560	$ 1,259,071	$ (2,874)	$ 1,634,764	$ 406,541	$ 31,760	$ 31,413	$ 469,714	$ 1,063	$ –	$ 2,105,541

See accompanying Notes to Consolidated Financial Statements.

The Bank of Nagoya, Ltd. and Consolidated Subsidiaries
Consolidated Statements of Cash Flows
For the Years Ended March 31, 2022 and 2021

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Cash flows from operating activities:			
Profit before income taxes	¥ 16,059	¥ 15,536	$ 131,217
Adjustments for:			
Depreciation and amortization	2,563	2,489	20,945
Impairment loss on fixed assets	–	618	–
Gain on negative goodwill	(362)	–	(2,961)
Stock option expenses	26	26	213
Gain on step acquisitions	(14)	–	(120)
Increase in reserve for possible loan losses	827	416	6,762
Increase in employee retirement benefit assets	(2,070)	(2,434)	(16,917)
Decrease in employee retirement benefit liability	(1,079)	(834)	(8,821)
Decrease in reserve for executive retirement benefits	(1)	(3)	(15)
Decrease in reserve for contingent losses	(14)	(265)	(115)
Interest income recognized on statement of income	(33,111)	(30,667)	(270,538)
Interest expense recognized on statement of income	1,020	1,197	8,340
Net gains on securities	(5,146)	(4,783)	(42,051)
Foreign exchange gains, net	(11,474)	(2,334)	(93,756)
Net decrease in call loans and bills purchased and others	589	1,580	4,816
Net increase in loans and bills discounted	(173,588)	(348,263)	(1,418,324)
Net decrease (increase) in lease receivables and investments in leased assets	1,440	(494)	11,773
Net increase in deposits	88,563	440,053	723,616
Net decrease in call money and bills sold	(2,614)	(2,091)	(21,359)
Net increase in payables under securities lending transactions	24,185	3,000	197,608
Net increase in borrowed money (excluding subordinated borrowings)	142,636	484,319	1,165,429
Net increase in borrowed money from trust account	1,140	–	9,318
Interest income received	32,849	31,453	268,397
Interest expense paid	(1,042)	(1,607)	(8,519)
Others, net	31,284	18,982	255,615
Subtotal	112,666	605,894	920,553
Income taxes paid	(4,827)	(1,413)	(39,447)
Net cash provided by operating activities	107,838	604,481	881,106
Cash flows from investing activities:			
Purchases of securities	(470,130)	(410,994)	(3,841,253)
Proceeds from sales and maturities of securities	395,846	448,047	3,234,307
Purchases of tangible fixed assets	(1,247)	(4,638)	(10,195)
Proceeds from sales of tangible fixed assets	2	7,733	20
Purchases of intangible fixed assets	(219)	(2,269)	(1,797)
Proceeds from purchase of shares of subsidiaries resulting in a change in the scope of consolidation	366	–	2,996
Net cash (used in) provided by investing activities	(75,382)	37,878	(615,922)
Cash flows from financing activities:			
Redemption of subordinated bonds	(10,000)	–	(81,707)
Dividends paid to shareholders	(1,358)	(1,267)	(11,101)
Dividends paid to noncontrolling shareholders	(46)	(42)	(380)
(Purchase) disposition of treasury stock, net	(1,424)	(1)	(11,636)
Purchase of shares of subsidiaries not resulting in a change of the consolidation scope	(592)	–	(4,844)
Net cash used in financing activities	(13,422)	(1,311)	(109,668)
Effect of exchange rate changes on cash and cash equivalents	4	(0)	37

Net increase in cash and cash equivalents	19,038	641,048	155,553
Cash and cash equivalents at beginning of year	825,733	184,684	6,746,736
Cash and cash equivalents at end of year (Note 2(b))	¥ 844,771	¥ 825,733	$ 6,902,289

See accompanying Notes to Consolidated Financial Statements.

1. Basis of Consolidated Financial Statements

The accompanying consolidated financial statements of The Bank of Nagoya, Ltd. (the "Bank") and its consolidated subsidiaries (together with the Bank, the "Group") have been prepared in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to the application and disclosure requirements from the International Financial Reporting Standards. The accompanying consolidated financial statements have been restructured and translated into English from the consolidated financial statements of the Bank prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Act of Japan. Certain supplementary information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation, has not been presented in the accompanying consolidated financial statements.

The amounts in Japanese yen are presented in millions of yen and are rounded down to the nearest million. Accordingly, the totals shown in the accompanying consolidated financial statements and these notes may not equal the sum of the individual amounts.

The translation of the Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2022, which was ¥122.39 to US$1.00. The translation should not be construed as a representation that the Japanese yen amounts have been, could have been or could in the future be converted into U.S. dollars at this or any other rate of exchange.

Certain comparative figures have been reclassified to conform to the current year's presentation.

2. Summary of Significant Accounting Policies

(a) Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Bank and its significant subsidiaries. At March 31, 2022, the Bank had six consolidated subsidiaries (five in 2021), engaged primarily in the business of providing a wide range of financial services to customers.

Subsidiaries, Aichi-Jimoto Fund for Agriculture, Forestry and Fisheries Investment Limited Partnership, Meigin Business Succession Investment Limited Partnership, Meigin Venture No. 1 Investment Limited Partnership and Meigin Business Revitalization No. 1 Investment Limited Partnership are excluded from the scope of consolidation and the scope of application of the equity method because their profit, retained earnings, accumulated other comprehensive income (each in proportion to the Bank's interests) and assets are immaterial to the Group's consolidated financial statements. The carrying amount of the investment in these subsidiaries, which is included in "securities" on the consolidated balance sheets, was ¥1,066 million ($8,710 thousand) and ¥8 million at March 31, 2022 and 2021, respectively. As of both March 31, 2022 and 2021, the Bank had no affiliates.

The Group owns a majority of the voting rights of EDM Holdings Corporation, Houden Engineering Co., Ltd, Toyo Corporation and Yamaguchi Co., Ltd. in its own calculation, but these companies are not treated as subsidiaries, since the investments were made by unconsolidated subsidiaries engaged in investment businesses for the purpose of investment development, not for the purpose of making them subsidiaries.

The difference between the cost of investments in subsidiaries and the underlying equity in their net assets, adjusted based on the fair value at the time of acquisition, is deferred as goodwill and amortized over five years using the straight-line method. Negative goodwill resulting from an acquisition, measured as the excess of the underlying equity in the net assets over the acquisition cost, is charged to income. In consolidation, all intercompany transactions and accounts have been eliminated. In addition, all significant unrealized profits, included in assets, resulting from transactions within the Group have been eliminated.

(b) Cash and cash equivalents

For the purpose of the consolidated statements of cash flows, cash and cash equivalents consisted of cash and due from banks with an original maturity of three months or less. At March 31, 2022 and 2021 cash and cash equivalents were as follows.

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Cash and due from banks	¥ 851,450	¥ 832,788	$ 6,956,863
Less due from banks whose period exceeds three months	(6,679)	(7,055)	(54,574)
Cash and cash equivalents	¥ 844,771	¥ 825,733	$ 6,902,289

(c) Trading account securities

Trading account securities are stated at fair value at the fiscal year end. Related gains and losses, both realized and unrealized, are included in current earnings. Accrued interest on trading account securities is included in “other assets.”

(d) Securities

Debt securities for which the Group has both the intent and the ability to hold to maturity are classified as held-to-maturity debt securities and are stated at amortized cost. Investments in nonconsolidated subsidiaries and affiliates are stated at moving average cost. In principle, available-for-sale securities other than those classified as trading or held-to-maturity debt securities are carried at fair value, with net unrealized gains and losses reported as a component of accumulated other comprehensive income in net assets, net of applicable income taxes. Available-for-sale securities whose market prices are not available are stated at moving average cost. The carrying values of individual securities are reduced, if necessary, through write-downs to reflect other than temporary declines in value. Gains and losses on disposal of securities are computed based principally on the moving average method. Accrued interest on securities is included in “other assets.”

(e) Derivatives and hedge accounting

The Bank uses various derivative instruments. Derivatives are recorded at fair value, with changes in fair values included in the consolidated statements of income for the period in which they arise, except for derivatives that are designated as hedging instruments and qualify for hedge accounting.

The Bank applies the deferral method of hedge accounting for hedging foreign exchange risks associated with various foreign currency denominated monetary assets and liabilities in accordance with the Industry Audit Committee Report No. 25 (October 8, 2020), titled the “Treatment of Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in the Banking Industry,” issued by the Japanese Institute of Certified Public Accountants (“JICPA”). The effectiveness of the currency swap transactions, foreign exchange swap transactions and similar transactions that hedge foreign exchange risks of monetary receivables and payables denominated in foreign currencies as described above is assessed based on a comparison of the hedged monetary receivables and payables denominated in foreign currencies and the foreign currency positions of the corresponding hedging instruments.

(f) Loans and bills discounted and reserve for possible loan losses

A reserve for possible loan losses is maintained based on the judgment and future loss assessment of the Bank's management. The Bank implements a self-assessment system for asset quality. Each of the Bank's branches and business units performs the primary and secondary assessments of the quality of all loans which will be subsequently examined by the Bank's Credit Supervision Division in accordance with the Bank's policies and rules for self-assessment of asset quality.

The Bank has established a credit rating system under which customers are classified into five categories. All loans are classified through self-assessment into the following categories: "legal bankruptcy," "de facto bankruptcy," "bankruptcy risk," "under observation" and "normal." The Bank provides a reserve for possible loan losses at an amount deemed necessary to cover possible future losses. For claims against borrowers in legal bankruptcy and de facto bankruptcy, a reserve is provided based on the amounts of such claims, net of the amounts expected to be collected through the disposal of collateral or from guarantees. For claims against borrowers who have bankruptcy risk, a reserve is provided in the amount considered necessary based on a solvency assessment performed for the amounts of such claims, net of the amounts expected to be collected through the disposal of collateral or from guarantees. For claims against borrowers in the "under observation" and "normal" category, a reserve is provided as estimated loss amounts mainly for future one year or three years, which is calculated using an estimated loss ratio determined as an average of the loan loss ratio over a certain period of time based on the historical loss experience of the Bank for the past one year, with required adjustments for future prospects and others.

Reserve amounts recorded by consolidated subsidiaries are provided at the aggregate amount of estimated credit loss based on an individual financial review approach for doubtful or troubled claims. For other claims, an amount deemed necessary is provided as a reserve, taking into consideration the historical loss experience.

(g) Tangible fixed assets and depreciation

Tangible fixed assets are stated principally at cost less accumulated depreciation. Depreciation is computed by the declining balance method over the estimated useful life of the asset, except for buildings (excluding facilities attached thereto) acquired on or after April 1, 1998 and facilities attached thereto and structures acquired on or after April 1, 2016, which are depreciated using the straight-line method. For the years ended March 31, 2022 and 2021, the useful life of buildings ranged from 15 to 50 years, and the useful life of equipment and other tangible fixed assets ranged from 4 to 20 years. Tangible fixed assets of the consolidated subsidiaries are depreciated mainly using the straight-line method over the estimated useful life of the asset.

(h) Intangible fixed assets and amortization

Intangible fixed assets are amortized using the straight-line method. Costs of computer software developed or obtained for internal use are capitalized and amortized principally using the straight-line method over the estimated useful life of mainly five years.

(i) Recognition of revenues and expenses

Revenues are recognized at the time of the transfer of promised goods or services to customers in an amount to which the Bank expects to be entitled in exchange for those goods or services.

Revenues and expenses related to finance lease transactions are recognized when lease payments are received.

(j) Impairment of fixed assets

A fixed asset is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. An impairment loss is recognized in the income statement by reducing the carrying amount of the impaired asset or a group of assets to the recoverable amount, measured at the higher of the asset's net selling price or value in use. Fixed assets include land, buildings and other forms of property, including intangible assets, and are grouped at the lowest level at which there are identifiable cash flows that are separate from other groups of assets. For the purpose of recognition and measurement of an impairment loss, fixed assets of the Bank other than idle or unused property are grouped into cash generating units such as operating branches. Fixed assets of the consolidated subsidiaries are grouped into their respective units, which manage and determine income and expenses related to such assets. The Group recognized impairment loss on fixed assets in the amount of nil and ¥618 million for unprofitable operating branches and idle assets for the years ended March 31, 2022 and 2021, respectively. Recoverable amounts of the assets were measured based on net selling prices, which were based on appraisal values or expected selling amounts less estimated costs of disposal. Accumulated impairment loss is deducted from the net book value of each asset.

(k) Foreign currency translation

The Group's assets and liabilities denominated in foreign currencies, including the accounts of its foreign branches, are translated into Japanese yen at the exchange rate prevailing at the fiscal year end. Revenues and expenses are translated at the exchange rate prevailing on the applicable transaction dates. Gains and losses resulting from transactions are included in the determination of profit (loss).

(l) Reserve for employee bonuses

A reserve for employee bonuses is provided based on the estimated amount of future payments attributable to the respective year.

(m) Reserve for executive bonuses

A reserve for executive bonuses is provided for the payment of bonuses to directors and audit and supervisory board members based on the estimated amount of payments attributable to the respective year.

(n) Reserve for employee retirement benefits

Employees who terminate their services with the Group are entitled to retirement benefits based generally on the basic rate of pay at the time of termination, length of service and the conditions under which the termination occurred.

The Group recognizes retirement benefits based principally on the actuarial present value of the retirement benefit obligation using the actuarial appraisal approach and the fair value of the pension plan assets available for benefits at the respective fiscal year end.

In the calculation of retirement benefit obligations, the expected retirement benefits are attributed to periods up to the end of the respective fiscal year using the benefit formula method. Past service cost is amortized by the straight-line method over a certain period within the average remaining years of service of the current employees. Actuarial differences arising from changes in the retirement benefit obligations, or value of plan assets not anticipated by previous assumptions, or from changes in the assumptions themselves, are amortized on a straight-line basis over a certain period within the average remaining years of service of the current employees, measured from the year following the year in which the differences arise. For the amortization of past service cost and actuarial differences, the Bank recognizes an amortization period of 13 years, which is within the average remaining years of services of employees. The consolidated subsidiaries use the simplified method in calculating employee retirement benefit liability and retirement benefit expenses. Under this method, the amount for severance payments required at the fiscal year end for voluntary termination is deemed the retirement benefit obligation.

(o) Reserve for executive retirement benefits

For consolidated subsidiaries, a reserve for executive retirement benefits is provided based on the Group's internal rules in the amount that would be payable assuming the directors and audit and supervisory board members of the consolidated subsidiaries terminated their services at the balance sheet date.

(p) Reserve for losses on repayments of dormant bank accounts

In order to cover possible losses on claims from customers for repayment of dormant bank accounts, the balances of which were previously recognized as income, the Bank provides a reserve to the extent of estimated losses based on historical loss experience and taking into consideration the repayment conditions for a certain past period. A reserve for losses on repayments of dormant bank accounts was included in "other expenses" and amounted to nil for the years ended March 31, 2022 and 2021.

(q) Reserve for contingent losses

A reserve for contingent losses is provided at an amount deemed necessary to cover possible future losses from the defaulting of loans under the responsibility-sharing system on guarantees of loans with the Credit Guarantee Corporation based on the historical loss experience from prior defaults. For the years ended March 31, 2022 and 2021, a reversal of reserve for contingent losses of ¥14 million ($115 thousand) and ¥265 million, respectively, was included in "other income."

(r) Reserve for loss on interest repayments

In order to cover possible losses on the repayment of interest to be received from customers that exceeds the upper limit of interest rates prescribed under the Interest Rate Restriction Act, two consolidated subsidiaries provide a reserve for loss on interest repayments to the extent of the estimated losses that may be incurred from repayment claims against customers for whom court settlements have not been reached. Such estimated losses are based on historical loss experience taking into consideration the repayment conditions for a certain past period.

(s) Income taxes

Income taxes are accounted for using the asset-liability method. Deferred tax assets and liabilities are recognized as future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss carryforwards. Deferred tax assets and liabilities are measured using the enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in the period that includes the enactment date.

(t) Appropriation of retained earnings

Cash dividends are recorded in the fiscal year when a proposed appropriation of retained earnings is approved by the Bank's Board of Directors and/or shareholders.

(u) Per share data

Basic earnings per share is computed by dividing profit attributable to common shareholders of the parent by the weighted average number of shares of common stock outstanding during the respective year. Diluted earnings per share is computed by reflecting the potential dilution that would occur if all dilutive securities were exercised or converted into common stock.

Diluted earnings per share for the year ended March 31, 2022 was computed by taking into account 45 thousand potential shares of common stock related to stock acquisition rights. In addition, diluted earnings per share for the year ended March 31, 2022 was computed by adjusting profit attributable to the owners of the parent by none.

Diluted earnings per share for the year ended March 31, 2021 was computed by taking into account 43 thousand potential shares of common stock related to stock acquisition rights. In addition, diluted earnings per share for the year ended March 31, 2021 was computed by adjusting profit attributable to the owners of the parent by none.

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

(v) Significant accounting estimates

Record of reserve for possible loan losses

(1) The amount of reserve for possible loan losses in the consolidated financial statements for the years ended March 31, 2022 and 2021 was ¥13,641 million ($111,456 thousand) and ¥12,809 million, respectively.

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

(i) Calculation method
The calculation method of the reserve for possible loan losses is described in (f) Loans and bills discounted and the reserve for possible loan losses.

(ii) Major assumptions
- Losses that are expected to occur in relation to individual borrowers, such as the deterioration of a borrower's business performance and cash flow due to the growing effect of the coronavirus (COVID-19) pandemic, are reflected in the borrower categories, based on the latest available information.
- In addition to quantitative information based on a borrower’s financial information, qualitative factors that do not appear in the borrower’s financial information, such as management improvement plans created and based on the borrower's future financial outlook, and the growth potential at present and in the future of the industry to which the borrower belongs, the position of the borrower in the industry, etc., are reflected in the borrower categories.

(iii) The effect on the consolidated financial statements for the year ending March 31, 2023
The major assumptions used to calculate the estimate include the following uncertainties.
- If the initially assumed business performance and cash flow of a borrower will deteriorate due to the further expansion of the effects of COVID-19, the borrower categories may shift downward.
- If the assumptions of the qualitative factors initially assumed depart from the reality, such as the growth potential of the industry to which the borrower belongs is more stagnant than expected, the borrower categories may shift downward.

These uncertainties can result in large amounts of recording of reserves for possible loan losses.

(w) Changes in accounting standards

Application of Accounting Standard for Revenue Recognition

The Bank adopted the Accounting Standard for Revenue Recognition (Corporate Accounting Standard No. 29, March 31, 2020 Accounting Standards Board of Japan (ASBJ), hereinafter, the “Standard No. 29”) and related guidance from the beginning of the year ended March 31, 2022. The Bank recognizes revenue at the time of the transfer of promised goods or services to customers in an amount to which the Bank expects to be entitled in exchange for those goods or services. As a result, the Bank has changed its revenue recognition from the year ended March 31, 2022 to recognize revenue according to the elapsed period, as performance obligations are satisfied over a certain period for a portion of revenue which was previously recognized in a lump sum upon receipt.

The transitional treatment stipulated in the proviso of Paragraph 84 of the Standard No. 29 is applied. The cumulative impact of retrospective application of the new accounting policy prior to the beginning of the year ended March 31, 2022 is added to or deducted from retained earnings at the beginning of the year ended March 31, 2022 so that the new accounting policy is applied from the balance at the beginning of the year ended March 2022. The effect of applying the Standard No. 29 and related guidance on the consolidated financial statements is immaterial.

In accordance with the transitional treatment stipulated in Paragraph 89-3 of the Standard No. 29, notes to "Revenue Recognition" for the year ended March 31, 2021 were not disclosed.

Application of Accounting Standard for Fair Value Measurement

The Bank adopted the Accounting Standard for Fair Value Measurement (Corporate Accounting Standard No. 30, July 4, 2019 ASBJ, hereinafter, the "Standard No. 30") and related guidance from the beginning of the year ended March 31, 2022. In accordance with Paragraph 19 of the Standard No. 30 and the transitional treatment stipulated in Paragraph 44-2 of the Accounting Standard for Financial Instruments (Corporate Accounting Standard No. 10, July 4, 2019 ASBJ), the Bank has decided to apply the new accounting policies stipulated by the Standard No. 30 and related guidance prospectively. There is no effect on the consolidated financial statements.

Fair value of financial instruments and breakdown by level of fair values are disclosed in Note 3, "Financial Instruments and Related Disclosures." However, notes for the year ended March 31, 2021 were not disclosed in accordance with the transitional treatment stipulated in Paragraph 7-4 of the Implementation Guidance on Disclosures about Fair Value of Financial Instruments (Corporate Accounting Standard Application Guideline No. 19, July 4, 2019 ASBJ).

(x) New accounting standards not yet applied by the Group

Accounting Standard for Revenue Recognition

- Accounting Standard for Revenue Recognition (Corporate Accounting Standards No. 29, March 31, 2020 Accounting Standards Board of Japan (ASBJ))
- Implementation Guidance on Accounting Standard for Revenue Recognition (Corporate Accounting Standards Application Guideline No. 30, March 26, 2021 ASBJ)

(1) Outline

The International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB) jointly developed a comprehensive accounting standard for revenue recognition and issued "Revenue from Contracts with Customers" in May 2014. The IASB issued IFRS 15, which is effective from the fiscal year beginning on or after January 1, 2018, and the FASB issued Topic 606, which is effective from the fiscal year beginning after December 15, 2017. In accordance with the IASB and FASB standard, the ASBJ developed its own comprehensive accounting standard for revenue recognition and issued it with the implementation guidance.

The ASBJ's basic policy in developing the accounting standard for revenue recognition was to establish accounting standards with the incorporation of the basic principles of IFRS 15 as a starting point from a viewpoint of comparability between financial statements, which is one of the benefits of maintaining consistency with IFRS 15, and to add alternative treatments to the extent necessary to address practices conducted in Japan, but not to the extent that would impair comparability.

(2) Effective date

The Bank adopted the Standard No. 29 and related guidance from the beginning of the year ended March 31, 2022.

(3) Effects of application

The effect of applying the Standard No.29 and related guidance on the consolidated financial statements is immaterial.

Accounting Standard for Fair Value Measurement

- Accounting Standard for Fair Value Measurement (Corporate Accounting Standards No. 30, July 4, 2019 ASBJ)
- Accounting Standard for Financial Instruments (Corporate Accounting Standards No. 10, July 4, 2019 ASBJ)
- Implementation Guidance on Accounting Standard for Fair Value Measurement (Corporate Accounting Standards Application Guideline No. 31, June 17, 2021 ASBJ)
- Implementation Guidance on Disclosures about Fair Value of Financial Instruments (Corporate Accounting Standards Application Guideline No. 19, March 31, 2020 ASBJ)

(1) Outline

The ASBJ promoted an initiative to enhance comparability of the requirements between the Japanese accounting standards and international accounting standards, primarily in the areas of guidance on the fair values of financial instruments and their disclosures, and issued "Accounting Standard for Fair Value Measurement," etc., considering the circumstance where the IASB and the FASB have prescribed almost the similar detailed guidance (IFRS 13 "Fair Value Measurement" issued by IASB and Accounting Standard Codification Topic 820 "Fair Value Measurement" issued by FASB).

The ASBJ's basic policy in developing the accounting standard for fair value measurement and other standards and guidance are, in principle, to implement all the requirements of IFRS 13 from the viewpoint of enhancing the comparability of the financial statements of domestic and overseas companies by prescribing unified measurement methods, and also to prescribe other treatments for individual matters so that comparability would not be impaired while the accounting practices that have conventionally been adopted in Japan are taken into account.

(2) Effective date

The Bank adopted the Standard No.30 and related guidance from the beginning of the year ended March 31, 2022.

(3) Effect of application

There is no effect of applying the Standard No.30 and related guidance on the consolidated financial statements is immaterial.

Accounting Standard for Fair Value Measurement
- Implementation Guidance on Accounting Standard for Fair Value Measurement (Corporate Accounting Standard Application Guideline No. 31, June 17, 2021 ASBJ)

(1) Outline

The Implementation Guidance on Accounting Standard for Fair Value Management (Corporate Accounting Standard Application Guideline No. 31, ASBJ) was revised and published on June 17, 2021. At the time of its initial release on July 4, 2019, deliberation on "fair value measurement for investment trusts" considered to require a certain period of time. In addition, the notes to fair value of "investments in partnerships in which the amount equivalent to equity is recorded in net amount on the balance sheet" also required a certain consideration. Those considerations were to be performed roughly over one year period after the release.

(2) Effective date

The Bank will adopt the new guidance from the beginning of the year ending March 31, 2023.

(3) Effect of application

The Bank is currently assessing the effect of applying the new guidance on the consolidated financial statements.

(y) Changes in presentation method

Application of Accounting Standard for Disclosure of Accounting Estimates
The Group has applied the "Accounting Standard for Disclosure of Accounting Estimates" (ASBJ Statement No. 31, March 31, 2020) to the consolidated financial statements for the year ended March 31, 2021, and therefore significant accounting estimates are disclosed in the notes to the consolidated financial statements.

3. Financial Instruments and Related Disclosures

(a) Qualitative information on financial instruments

(1) Group policy for financial instruments

The Group conducts deposit, loan and investment operations. Since the Group has financial assets and liabilities which involve interest rate risk, the Bank has established an Asset Liability Management ("ALM") system to avoid unfavorable effects of interest rate fluctuations. Derivative transactions are used as part of ALM.

(2) Nature of financial instruments and related risks

Financial assets held by the Group comprise mainly loans to domestic corporate entities and individuals and securities. Loans are subject to customer credit risk arising from defaults by borrowers. There is a possibility that borrowers will not perform their obligations in accordance with the applicable contract terms due to economic circumstances or other reasons. Securities, which primarily comprise equity securities, bonds and investment trusts, are held for investment and business promotion purposes. These securities are exposed to the credit risk of issuers, interest rate fluctuation risk and/or market price fluctuation risk. For securities denominated in foreign currencies, bonds denominated in foreign currencies are generally purchased at an amount up to the corresponding amount of deposits, and funds are procured from the market in foreign currencies to avoid foreign exchange fluctuation risk.

Financial liabilities include mainly deposits from customers and are subject to liquidity risk. There is an interest or maturity mismatch between assets such as loans and bills discounted and liabilities such as deposits that exposes these assets and liabilities to interest rate fluctuation risk.

Derivative transactions include interest rate swaps and forward foreign exchange contracts. The Group uses derivative transactions in line with ALM in order to avoid interest rate fluctuation risk in relation to deposits and loans and to fulfill the customers' hedging requirements for foreign exchange fluctuation risk. Hedge accounting is applied to certain transactions which offset market fluctuations or fix cash flows and fulfill preliminary and subsequent requirements. Derivative transactions which do not meet the hedge accounting criteria are exposed to foreign exchange and interest rate fluctuation risks.

(3) Risk management for financial instruments

(i) Credit risk management

The Group manages its credit risk by maintaining a credit exposure management system in relation to loans in accordance with its "Credit Policy," which stipulates the basic concepts in relation to its credit exposure management and administrative rules regarding credit risk. The system includes the credit administration of loans, credit lines, credit records and internal ratings and the establishment of guarantees and/or collateral and handling of doubtful loans. These credit exposure management procedures are performed by each of the Group's sales branches and operations support departments, and are reported to the Board of Executive Directors and/or Board of Directors on a regular basis.

The credit risk of issuers of securities and the counterparty risk of derivative transactions are managed by the Bank's Capital Markets and Treasury Division which monitors credit information and fair values on a regular basis.

(ii) Market risk management

(a) Interest rate risk management

The Group has established the ALM committee to recognize and manage interest rate fluctuation risk comprehensively and implement appropriate ALM. Risk control methods and procedures are stipulated in the ALM committee codes, and the implementation is monitored, while future actions are discussed at the Board of Directors' meetings. On a daily basis, the Bank's Risk Control Division checks interest rates and periods of financial assets and liabilities, monitors risks using gap analysis and interest rate sensitivity analysis, and reports to the ALM committee and Board of Directors on a monthly basis.

(b) Foreign exchange risk management

The Group manages foreign exchange fluctuation risk by transaction and enters into forward foreign exchange contracts to manage foreign exchange fluctuation risk on transactions with customers.

(c) Market price fluctuation risk management

The Group holds investment products, including securities based on marketable securities investment planning, determined by the Board of Executive Directors in accordance with the market fluctuation risk management rules of the Board. Since the Bank's Capital Markets and Treasury Division purchases investment products from outside, market price fluctuation risk is reduced through effective monitoring after preliminary reviews and the establishment of investment limits. Most of the equity securities managed by the Bank's Planning Division are for business promotion purposes, and market conditions and the financial status of customers are monitored and reported to the Board of Executive Directors on a regular basis.

(d) Derivative transactions

An internal system of checks has been established through the segregation of functions related to derivative transactions, including trading functions such as entering into derivative contracts, operations functions such as the processing of transactions and the evaluation of hedge effectiveness.

(e) Quantitative information on market risk

i) Financial instruments for trading purposes

The Group uses the historical simulation method based on the assumptions of a holding period of 120 business days, a 99% confidence level and an observation period of 1,200 business days for the calculation of interest related Value at Risk (VaR) for trading account securities. As of both March 31, 2022 and 2021, the market risk exposure (the expected maximum loss) of the Group's trading operation amounted to zero.

ii) Financial instruments other than for trading purposes

Market risk is the primary risk to the Group. The major financial instruments subject to market risk are "loans and bills discounted," debt and equity securities and investment trusts included in "securities" and "deposits." The historical simulation method with the assumption of a holding period of 120 business days, a 99% confidence level and observation period of 1,200 business days is used for the calculation of VaR of these financial assets and liabilities. As of March 31, 2022 and 2021, the market risk exposures (the expected maximum loss) of the Bank's banking operations were as follows.

	Value at Risk					
	Millions of yen				Thousands of U.S. dollars	
	2022		2021		2022	
Securities for investment purposes *(*1)*	¥	15,756	¥	11,237	$	128,744
Strategically held equity securities		20,070		22,086		163,992
Loans and deposits *(*2)*		13,564		19,102		110,832

Notes:

*(*1) Securities for investment purposes: yen bonds, foreign bonds, equity securities for investment purposes and investment trusts*

*(*2) Loans and deposits: deposits, negotiable certificates of deposit, loans and bills discounted, call loans, due from banks, bonds payable, payables under securities lending transactions, borrowed money and call money*

iii) Supplementary explanation about quantitative information on market risk

The Group evaluates the effectiveness of its measurement model by performing back-testing procedures to compare VaR calculated by the measurement system with actual gain or loss. VaR provides information regarding market risk exposure statistically calculated with certain probability based on historical market fluctuations. Therefore, VaR may not be able to measure risks under extreme situations in which the market environment changes extraordinarily.

(iii) Management of liquidity risk associated with financing

The Group regards the stable financing of its operations as a top priority and manages its financing needs effectively. In addition, the Group manages liquidity risk by diversifying the sources of its funds and adjusting the balance of long-term and short-term accounts with consideration for market conditions.

(4) Supplementary explanation on fair values

The fair value of financial instruments is based on market price. If the market price is not available, alternative valuation techniques are used. Since assumptions must be made when using alternative methods to calculate fair values, different assumptions may lead to different fair values.

(b) Fair values of financial instruments

The carrying values and fair values of financial instruments at March 31, 2022 and 2021 were as follows. Notes to “cash and due from banks,” “call loans,” “call money,” and “payables under securities lending transactions” have been omitted since their carrying values approximate fair values because of their short maturities.

	Millions of yen		
	2022		
	Carrying value	Fair value	Difference
Securities - available-for-sale securities *(*1)*	¥ 805,411	¥ 805,411	¥ –
Loans and bills discounted:	3,338,572		
Reserve for possible loan losses *(*2)*	(13,094)		
Loans and bills discounted - subtotal	3,325,477	3,340,838	15,360
Total	¥ 4,130,889	¥ 4,146,250	¥ 15,360
Deposits	¥ 4,089,416	¥ 4,089,451	¥ 35
Borrowed money	669,654	669,638	(16)
Bonds payable	30,000	29,877	(122)
Total	¥ 4,789,071	¥ 4,788,968	¥ (102)
Derivative transactions *(*3)*:			
Hedge accounting not applied	¥ (3,902)	¥ (3,902)	¥ –
Hedge accounting applied	–	–	–
Total	¥ (3,902)	¥ (3,902)	¥ –

	Millions of yen		
	2021		
	Carrying value	Fair value	Difference
Securities - available-for-sale securities *(*1)*	¥ 728,066	¥ 728,066	¥ –
Loans and bills discounted:	3,164,983		
Reserve for possible loan losses *(*2)*	(12,196)		
Loans and bills discounted - subtotal	3,152,787	3,186,571	33,784
Total	¥ 3,880,853	¥ 3,914,638	¥ 33,784
Deposits	¥ 4,000,852	¥ 4,000,910	¥ 57
Borrowed money	526,807	526,808	1
Bonds payable	40,000	39,829	(170)
Total	¥ 4,567,660	¥ 4,567,548	¥ (111)
Derivative transactions *(*3)*:			
Hedge accounting not applied	¥ (1,358)	¥ (1,358)	¥ –
Hedge accounting applied	–	–	–
Total	¥ (1,358)	¥ (1,358)	¥ –

	Thousands of U.S. dollars		
	2022		
	Carrying value	Fair value	Difference
Securities - available-for-sale securities *(*1)*	$ 6,580,700	$ 6,580,700	$ –
Loans and bills discounted:	27,278,146		
Reserve for possible loan losses *(*2)*	(106,994)		
Loans and bills discounted - subtotal	27,171,152	27,296,660	125,508
Total	$ 33,751,852	$ 33,877,360	$ 125,508
Deposits	$ 33,412,993	$ 33,413,292	$ 299
Borrowed money	5,471,484	5,471,347	(137)
Bonds payable	245,118	244,115	(1,003)
Total	$ 39,129,595	$ 39,128,754	$ (841)
Derivative transactions *(*3)*:			
Hedge accounting not applied	$ (31,883)	$ (31,883)	$ –
Hedge accounting applied	–	–	–
Total	$ (31,883)	$ (31,883)	$ –

Notes:

*(*1) The following securities were excluded from the above tables because they do not have a quoted market price.*

	Millions of yen		*Thousands of U.S. dollars*
	2022	*2021*	*2022*
*Unlisted stocks *1 and *2*	*¥ 2,200*	*¥ 2,159*	*$ 17,982*
*Investments in partnerships *3 and *4*	*17,005*	*11,261*	*138,948*
Total	*¥ 19,205*	*¥ 13,420*	*$ 156,930*

**1 The fair value of unlisted stocks was not disclosed in accordance with Paragraph 5 of the Implementation Guidance on Disclosures about Fair Value of Financial Instruments (Corporate Accounting Standard Application Guideline No. 19, March 31, 2020 ASBJ).*

**2 The Group wrote off unlisted stocks amounting to ¥14 million ($121 thousand) and nil for the years ended March 31, 2022 and 2021, respectively.*

**3 The fair value of investments in partnerships was not disclosed in accordance with Paragraph 27 of the Implementation Guidance on Accounting Standard for Fair Value Measurement (Corporate Accounting Standard Application Guideline No. 31, July 4, 2019 ASBJ).*

**4 The Group wrote off investments in partnerships amounting to ¥4 million ($33 thousand) and ¥10 million for the years ended March 31, 2022 and 2021, respectively.*

*(*2) General and individual reserves for possible loan losses corresponding to loans and bills discounted were deducted.*

*(*3) Derivative transactions show net amounts after offsetting related receivables and payables. Amounts in parentheses denote net payables.*

(c) Maturity analysis for monetary claims and securities with contractual maturities as of March 31, 2022

	Millions of yen					
	2022					
	Due in one year or less	Due after one year through three years	Due after three years through five years	Due after five years through seven years	Due after seven years through ten years	Due after ten years
Due from banks	¥ 816,213	¥ –	¥ –	¥ –	¥ –	¥ –
Call loans and bills purchased	–	–	–	–	–	–
Securities:						
Available-for-sale securities with maturities *(*1)*						
National government bonds	4,000	18,000	7,000	12,000	13,000	61,000
Local government bonds	18,145	28,595	31,908	17,033	62,499	305
Bonds and debentures	49,724	73,248	51,496	22,651	49,078	4,822
Others *(*2)*	5,377	12,600	52,148	28,761	20,058	4,864
Securities - total	77,247	132,443	142,553	80,446	144,636	70,992
Loans and bills discounted *(*3)*	591,131	567,927	433,529	322,921	340,957	1,017,002
Total	¥ 1,484,591	¥ 700,371	¥ 576,083	¥ 403,367	¥ 485,594	¥ 1,087,995

	Thousands of U.S. dollars					
Due from banks	$ 6,668,952	$ –	$ –	$ –	$ –	$ –
Call loans and bills purchased	–	–	–	–	–	–
Securities:						
Available-for-sale securities with maturities *(*1)*						
National government bonds	32,682	147,071	57,194	98,047	106,218	498,407
Local government bonds	148,256	233,644	260,709	139,170	510,658	2,498
Bonds and debentures	406,279	598,481	420,760	185,080	401,001	39,402
Others *(*2)*	43,939	102,951	426,085	235,000	163,890	39,745
Securities - total	631,156	1,082,147	1,164,748	657,297	1,181,767	580,052
Loans and bills discounted *(*3)*	4,829,899	4,640,310	3,542,199	2,638,462	2,785,831	8,309,523
Total	$ 12,130,007	$ 5,722,457	$ 4,706,947	$ 3,295,759	$ 3,967,598	$ 8,889,575

Notes:

*(*1) Amounts of securities were stated on the basis of scheduled redemption amounts regarding the principal and do not match the amounts shown in the consolidated balance sheets.*

*(*2) "Others" include Samurai bonds, Euro-Yen bonds and other foreign bonds.*

*(*3) The portion of loans and bills discounted whose timing of collection is unforeseeable, including loans to "legal bankruptcy" borrowers, loans to "de facto bankruptcy" borrowers and loans to "bankruptcy risk" borrowers, amounting to ¥65,102 million ($531,923 thousand) was not included in the above table.*

(d) Repayment schedule for bonds, borrowed money and other debts with contractual maturities as of March 31, 2022

	Millions of yen					
	2022					
	Due in one year or less	Due after one year through three years	Due after three years through five years	Due after five years through seven years	Due after seven years through ten years	Due after ten years
Deposits *(*1)*	¥ 3,918,313	¥ 129,403	¥ 31,122	¥ 488	¥ 10,087	¥ –
Call money and bills sold	3,763	–	–	–	–	–
Payables under securities lending transactions	29,931	–	–	–	–	–
Borrowed money	644,088	21,173	4,288	105	–	–
Bonds payable	–	–	–	20,000	10,000	–
Total	¥ 4,596,096	¥ 150,577	¥ 35,411	¥ 20,593	¥ 20,087	¥ –

	Thousands of U.S. dollars					
Deposits *(*1)*	$ 32,014,979	$ 1,057,308	$ 254,291	$ 3,991	$ 82,424	$ –
Call money and bills sold	30,752	–	–	–	–	–
Payables under securities lending transactions	244,555	–	–	–	–	–
Borrowed money	5,262,587	173,000	35,039	858	–	–
Bonds payable	–	–	–	163,412	81,706	–
Total	$ 37,552,873	$ 1,230,308	$ 289,330	$ 168,261	$ 164,130	$ –

Note:
*(*1) Demand deposits were included in "due in one year or less."*

(e) Fair value information of financial instruments by level of inputs

Based on the observability and the significance of the inputs used to determine fair values, fair value information of financial instruments is presented by categorizing measurements into the following three levels:

Level 1 fair value: the fair value measured by quoted prices of identical assets or liabilities in active markets.
Level 2 fair value: the fair value measured using observable inputs other than Level 1.
Level 3 fair value: fair values measured using unobservable inputs.

When multiple inputs of different categories are used in measuring fair value, the Bank classifies fair values into a category to which the lowest priority is assigned.

Financial instruments measured at fair values in the consolidated balance sheet:

	Millions of yen			
	2022			
	Level 1	Level 2	Level 3	Total
Securities: Available-for-sale securities				
National and local government bonds	¥ 115,961	¥ 157,808	¥ –	¥ 273,770
Bonds and debentures	–	212,129	38,929	251,059
Equity securities	130,297	–	–	130,297
Others	54,023	61,975	–	115,999
Derivative transactions:				
Currency transactions	–	100	–	100
Others	–	–	30	30
Total assets	¥ 300,282	¥ 432,015	¥ 38,960	¥ 771,258
Derivative transactions:				
Currency transactions	¥ –	¥ 4,003	¥ –	¥ 4,003
Others	–	–	30	30
Total liabilities	¥ –	¥ 4,003	¥ 30	¥ 4,033

	Thousands of U.S. dollars			
	2022			
	Level 1	Level 2	Level 3	Total
Securities: Available-for-sale securities				
National and local government bonds	$ 947,478	$ 1,289,393	$ –	$ 2,236,871
Bonds and debentures	–	1,733,226	318,082	2,051,308
Equity securities	1,064,609	–	–	1,064,609
Other	441,404	506,381	–	947,785
Derivative transactions				
Currency transactions	–	824	–	824
Others	–	–	248	248
Total assets	$ 2,453,491	$ 3,529,824	$ 318,330	$ 6,301,645
Derivative transactions				
Currency transactions	$ –	$ 32,707	$ –	$ 32,707
Others	–	–	248	248
Total liabilities	$ –	$ 32,707	$ 248	$ 32,955

Notes:

*(*1) Investment trusts to which the transitional treatment stipulated in Paragraph 5-6 of the Supplementary Provision of the Cabinet Office Ordinance Partially Revising Regulation for Terminology, Forms and Preparation of Financial Statements (Cabinet Office Ordinance No. 9, March 6, 2020) was applied, were excluded from the above tables. The amount of such investment trusts in the consolidated balance sheet is ¥33,207 million ($271,321 thousand).*

*(*2) Investments in partnerships to which the transitional treatment stipulated in Paragraph 27 of the Implementation Guidance on Accounting Standard for Fair Value Measurement (Corporate Accounting Standard Application Guideline No. 31, July 4, 2019 ASBJ) was applied, were excluded from the above tables. The amount of such investments in partnerships in the consolidated balance sheet is ¥1,067 million ($8,718 thousand).*

Financial instruments other than those measured at fair values in the consolidated balance sheet:

	Millions of yen			
	2022			
	Level 1	Level 2	Level 3	Total
Loans and bills discounted	¥ –	¥ –	¥ 3,340,838	¥ 3,340,838
Total assets	¥ –	¥ –	¥ 3,340,838	¥ 3,340,838
Deposits	¥ –	¥ 4,089,451	¥ –	¥ 4,089,451
Borrowed money	–	642,919	26,718	669,638
Bonds payable	–	29,877	–	29,877
Total liabilities	¥ –	¥ 4,762,249	¥ 26,718	¥ 4,788,968

	Thousands of U.S. dollars			
	2022			
	Level 1	Level 2	Level 3	Total
Loans and bills discounted	$ –	$ –	$ 27,296,660	$ 27,296,660
Total assets	$ –	$ –	$ 27,296,660	$ 27,296,660
Deposits	$ –	$ 33,413,292	$ –	$ 33,413,292
Borrowed money	–	5,253,043	218,304	5,471,347
Bonds payable	–	244,115	–	244,115
Total liabilities	$ –	$ 38,910,450	$ 218,304	$ 39,128,754

Note 1. Valuation techniques and inputs used in measuring fair values

Financial assets:

Securities

When quoted unadjusted prices in active markets are available, fair values are categorized as Level 1. This includes mainly national government bonds and listed equity securities.

When quoted prices are not considered to be in active markets, fair values are categorized as Level 2. This includes mainly bonds other than national government bonds.

The fair value of privately placed bonds is calculated by discounting the estimated future cash flows at the risk-free rate plus the credit spread or the like, and categorized as Level 3.

The prices of investment trusts are based on published reference prices and the transitional treatment stipulated in Paragraph 5-6 of the Supplementary Provision of the Cabinet Office Ordinance Partially Revising Regulation for Terminology, Forms and Preparation of Financial Statements (Cabinet Office Ordinance No. 9, March 6, 2020) is applied, and not categorized as any Level.

Loans and bills discounted

The fair value of loans and bills discounted is calculated by discounting the estimated future cash flows at the risk-free rate plus the credit spread or the like, and fair value may be calculated by discounting at the interest rate that would be charged if a new loan were made, or fair value may be calculated by considering the value calculated by an option price calculation model, etc., depending on the nature of such loans, and the fair values are categorized as Level 3.

For loans to borrowers in legal bankruptcy, or de facto bankruptcy, or who are at risk of bankruptcy, a reserve for possible loan losses is estimated based on the present value of estimated future cash flows or the amount expected to be collected from collaterals and/or guarantees. Thus, the fair value of such loans approximates the carrying amount of the receivables minus the corresponding reserve for possible loan losses on the consolidated balance sheets at the closing date. Therefore, such carrying amounts are deemed to be the fair value of such loans and categorized as Level 3.

Financial liabilities:

Deposits

The fair value of demand deposits is deemed the carrying amount on the consolidated balance sheet date. The fair value of time deposits and negotiable certificates of deposit is determined by discounting future cash flows by the term to maturity at the rate used for a new deposit. Therefore, the fair values are categorized as Level 2.

Borrowed money

The fair value of borrowed money is calculated mainly by discounting the future cash flows of principal and interest of the borrowed money by the interest rate that would be applicable to similar borrowings over a certain period of time.

When fair values are measured by using unobservable inputs, the fair values are categorized as Level 3; otherwise, the fair values are categorized as Level 2.

Bonds payable

The fair value of bonds payable issued by the Bank is categorized as Level 2 as having a market price.

Derivative transactions

Derivative transactions are over-the-counter transactions, and since there is no published quoted market price, fair values are calculated using the present value technique according to the type of transaction and the period to maturity. The main inputs used in the valuation technique are interest rates and exchange rates. When unobservable inputs are not used or its effect is immaterial, the fair values are categorized as Level 2. This includes foreign currency forward contracts. When fair values are measured by using significant unobservable inputs, the fair values are categorized as Level 3.

Note 2. Description of the fair value of Level 3 financial instruments carried on the consolidated balance sheet at fair values

Quantitative information on significant unobservable inputs:

2022

Category	Valuation methodology	Significant unobservable inputs	Input range	Weighted average of inputs
Securities: Available-for-sale securities				
Privately placed bonds	Present value technique	Discount rate	0.00% – 5.95%	0.15%

Description of the fair value valuation process:

The Bank has established policies and procedures for the calculation of fair value in the middle division, and each trading division calculates fair value in accordance with these policies and procedures. The Bank verifies the validity of the valuation techniques and inputs used to calculate fair value and the appropriateness of the level classification of the fair value.

Description of the effect on fair value when significant unobservable inputs are changed:

Discount rate

The discount rate is an adjustment to market interest rates, such as risk-free rates, and consists primarily of a risk premium, which is the amount of compensation required by market participants for the uncertainty of the cash flows of financial instruments arising from credit risk. In general, a significant increase (decrease) in the discount rate will result in a significant decrease (increase) in fair value.

4. Securities

At March 31, 2022 and 2021, securities consisted of the following.

	Millions of yen				Thousands of U.S. dollars	
	2022		2021		2022	
National government bonds	¥	115,961	¥	92,779	$	947,478
Local government bonds		157,808		131,272		1,289,393
Bonds and debentures		251,059		282,058		2,051,307
Equity securities		132,498		129,838		1,082,589
Other securities		167,290		105,538		1,366,863
	¥	824,618	¥	741,487	$	6,737,630

Securities are classified as trading, held-to-maturity or available-for-sale securities. Such classification determines the respective accounting method to be applied as stipulated under the accounting standard for financial instruments. Securities in the accompanying consolidated balance sheets include marketable securities traded on stock exchanges.

Gross unrealized gains and losses on available-for-sale securities with fair values at March 31, 2022 and 2021 are summarized as follows.

	Millions of yen							
	Acquisition cost		Gross unrealized gains		Gross unrealized losses		Fair and carrying value	
Available-for-sale securities with fair values at March 31, 2022:								
Equity securities	¥	45,256	¥	85,910	¥	(869)	¥	130,297
Bonds:								
National government bonds		117,954		3		(1,996)		115,961
Local government bonds		158,636		52		(880)		157,808
Bonds and debentures		251,902		167		(1,010)		251,059
Others		160,560		283		(10,559)		150,284
	¥	734,311	¥	86,417	¥	(15,317)	¥	805,411
Available-for-sale securities with fair values at March 31, 2021:								
Equity securities	¥	45,490	¥	82,490	¥	(301)	¥	127,678
Bonds:								
National government bonds		93,319		20		(561)		92,779
Local government bonds		131,181		203		(112)		131,272
Bonds and debentures		281,928		498		(368)		282,058
Others		97,521		1,089		(4,334)		94,276
	¥	649,441	¥	84,302	¥	(5,678)	¥	728,066

	Thousands of U.S. dollars			
Available-for-sale securities with fair values at March 31, 2022:				
Equity securities	$ 369,769	$ 701,944	$ (7,104)	$ 1,064,609
Bonds:				
National government bonds	963,761	28	(16,311)	947,478
Local government bonds	1,296,158	431	(7,196)	1,289,393
Bonds and debentures	2,058,199	1,368	(8,259)	2,051,307
Others	1,311,879	2,312	(86,278)	1,227,913
	$ 5,999,766	$ 706,083	$ (125,149)	$ 6,580,700

At March 31, 2022 and 2021, net unrealized gains on available-for-sale securities, net of applicable income taxes, and noncontrolling interests included in accumulated other comprehensive income of net assets on the accompanying consolidated balance sheets were as follows.

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Unrealized gains	¥ 71,100	¥ 78,624	$ 580,934
Deferred tax liabilities	(21,342)	(23,377)	(174,381)
Noncontrolling interest portion	(1)	(2)	(12)
Net unrealized gains in net assets	¥ 49,756	¥ 55,243	$ 406,541

During the years ended March 31, 2022 and 2021, the Group sold available-for-sale securities and recorded gains of ¥7,786 million ($63,617 thousand) and ¥5,677 million, respectively, and losses of ¥1,675 million ($13,691 thousand) and ¥818 million, respectively, in the accompanying consolidated statements of income.

At March 31, 2022 and 2021, the Group recorded losses on write-downs of available-for-sale securities with fair values due to other-than-temporary declines in value amounting to ¥79 million ($648 thousand) and ¥70 million, respectively.

5. Loans and Bills Discounted

At March 31, 2022 and 2021, loans and bills discounted consisted of the following.

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Bills discounted	¥ 19,186	¥ 18,656	$ 156,763
Loans on bills	73,055	74,456	596,911
Loans on deeds	2,978,832	2,812,084	24,338,857
Overdrafts	254,428	247,116	2,078,832
Others	13,069	12,669	106,783
	¥ 3,338,572	¥ 3,164,983	$ 27,278,146

Bills discounted are accounted for as finance transactions in accordance with JICPA Industry Audit Committee Report No. 24. The Group has rights to sell or pledge (repledge) bankers' acceptances, commercial bills, documentary bills and foreign bills bought without restrictions. The total face value of these bills amounted to ¥19,576 million ($159,950 thousand) and ¥18,997 million at March 31, 2022 and 2021, respectively.

Claims under the Banking Act and the Act on Emergency Measures for the Revitalization of the Financial Functions are as follows. The claims are recorded in the following accounts: the bonds (limited to those for which redemption of the principal and payment of interest is guaranteed in whole or in part and for which the bonds were issued through private placement of securities (Article 2, Paragraph 3 of the Financial Instruments and Exchange Act)) included in "securities," loans and bills discounted, foreign exchange, accrued interest and suspense payments included in "other assets," and customers' liabilities for acceptances and guarantees in the consolidated balance sheets.

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Legal bankruptcy and de facto bankruptcy	¥ 5,001	¥ 6,300	$ 40,865
Bankruptcy risk	60,314	47,622	492,804
Under observation:			
Loans past due three months or more	181	20	1,481
Restructured loans	9,867	7,888	80,626
Subtotal	75,364	61,831	615,776
Normal	3,311,934	3,152,850	27,060,502
Total	¥ 3,387,299	¥ 3,214,682	$ 27,676,278

"Legal bankruptcy and de facto bankruptcy" are claims against borrowers who have fallen into bankruptcy due to reasons such as the commencement of bankruptcy proceedings, the commencement of rehabilitation proceedings, and the petition for the commencement of rehabilitation proceedings, and claims equivalent thereto.

"Bankruptcy risk" are loans to borrowers who are not currently in bankruptcy, but experiencing difficult financial situations and operating conditions and with a high possibility that the principal and interest cannot be collected according to the contract, excluding "legal bankruptcy and de facto bankruptcy."

"Loans past due three months or more" are loans for which the payment of the principal and/or interest is past due three months or more from the day following contractual payment date, excluding "legal bankruptcy and de facto bankruptcy" and "bankruptcy risk."

"Restructured loans" are loans for which the Bank had restructured the terms and conditions in favor of borrowers in financial difficulties through measures such as the reduction or exemption of the original interest rate, extension of interest payments and/or principal repayments and debt forgiveness in order to support the financial recovery of such borrowers. These exclude "legal bankruptcy and de facto bankruptcy," "bankruptcy risk" and "loans past due three months or more."

"Normal" are claims to borrowers not having particular problems regarding their financial situations and operating conditions, and excluding claims classified as "legal bankruptcy and de facto bankruptcy," "bankruptcy risk," "loans past due three months or more" and "restructured loans."

The above claim amounts are before deducting the reserve for possible loan losses.

(Changes in presentation method)

In accordance with the “Cabinet Office Ordinance Partially Revising 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 classifications of “risk monitored loans” under the Banking Act are presented in accordance with the classifications of disclosed claims under the Act on Emergency Measures for the Revitalization of the Financial Functions.

6. Tangible Fixed Assets

At March 31, 2022 and 2021, major classifications of assets were as follows.

	Millions of yen				Thousands of U.S. dollars	
	2022		2021		2022	
Land	¥	24,116	¥	24,104	$	197,045
Buildings and structures		8,806		9,046		71,957
Equipment		3,212		3,495		26,244
Construction in progress		704		490		5,758
Tangible fixed assets	¥	36,839	¥	37,136	$	301,004

At March 31, 2022 and 2021, accumulated depreciation for tangible fixed assets amounted to ¥32,906 million ($268,869 thousand) and ¥32,218 million, respectively.

Pursuant to the Act on Revaluation of Land, effective March 31, 1998, the Bank elected a one-time revaluation to restate the cost of land used for the banking business at values reassessed, reflecting adjustments for geographical shape and other factors in accordance with municipal property tax bases. According to the Act, the amount equivalent to the tax effect on the excess of reassessed values over the original book values is to be recorded as “deferred tax liabilities for revaluation,” and the remainder of the excess, net of the tax effect, is to be recorded as “land revaluation excess” under accumulated other comprehensive income of net assets in the consolidated balance sheets. At March 31, 2022 and 2021, the differences in the carrying values of land used for the banking business after revaluation over market values amounted to ¥4,039 million ($33,003 thousand) and ¥6,648 million, respectively.

As permitted by Japanese GAAP, deferred capital gains on the sale of real property are deducted from the original acquisition costs of property which is newly acquired for replacement purposes in the same line of business as the property sold. At March 31, 2022 and 2021, ¥2,991 million ($24,441 thousand) and ¥2,991 million, respectively, were directly deducted from the acquisition costs of such land.

7. Pledged Assets

The carrying amounts of assets pledged as collateral and the related collateralized debt at March 31, 2022 and 2021 were as follows.

	Millions of yen				Thousands of U.S. dollars	
	2022		2021		2022	
Assets pledged:						
Securities	¥	231,601	¥	169,990	$	1,892,325
Loans and bills discounted		691,523		591,345		5,650,165
Other assets		20		20		167
Related collateralized debts:						
Deposits	¥	21,347	¥	19,521	$	174,418
Payables under securities lending transactions		29,931		5,745		244,556
Borrowed money		642,692		500,424		5,251,185

8. Deposits

At March 31, 2022 and 2021, deposits consisted of the following.

	Millions of yen				Thousands of U.S. dollars	
	2022		2021		2022	
Demand deposits	¥	2,935,156	¥	2,821,583	$	23,981,993
Time deposits		1,039,966		1,076,139		8,497,154
Other deposits		52,294		42,931		427,277
Subtotal		4,027,417		3,940,654		32,906,424
Negotiable certificates of deposit		61,999		60,198		506,569
	¥	4,089,416	¥	4,000,852	$	33,412,993

9. Borrowed Money and Finance Lease Obligations

Borrowed money consisted principally of borrowings from financial institutions due through December 2027 with average interest rates of 0.01% per annum at March 31, 2022 and 2021. There were no financial lease obligations outstanding at March 31, 2022.

At March 31, 2022, the annual maturities of borrowed money were as follows.

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2023	¥ 644,088	$ 5,262,587
2024	6,170	50,417
2025	15,002	122,583
2026	3,195	26,109
2027	1,092	8,930
2028 and thereafter	107	858
	¥ 669,654	$ 5,471,484

10. Bonds

At March 31, 2022 and 2021, bonds consisted of the following.

	Millions of yen		Thousands of U.S. dollars			
	2022	2021	2022	Interest rate	Collateral	Due
1st Unsecured bonds with early redemption clauses (with special contracts for exemption at the time of de facto bankruptcy and subordination agreements)	¥ –	¥ 10,000	$ –	0.59% March 24, 2017 to March 23, 2022 0.48% +6-month JPY LIBOR After March 24, 2022	–	March 24, 2027
2nd Unsecured bonds with early redemption clauses (with special contracts for exemption at the time of de facto bankruptcy and subordination agreements)	¥ 10,000	¥ 10,000	$ 81,706	0.48% October 18, 2017 to October 17, 2022 0.37% +6-month JPY LIBOR After October 18, 2022	–	October 18, 2027

3rd Unsecured bonds with early redemption clauses (with special contracts for exemption at the time of de facto bankruptcy and subordination agreements)	¥ 10,000	¥ 10,000	$ 81,706	0.40% October 12, 2018 to October 11, 2023 0.24% +6-month JPY LIBOR After October 12, 2023	–	October 12, 2028
4th Unsecured bonds with early redemption clauses (with special contracts for exemption at the time of de facto bankruptcy and subordination agreements) (Green bond)	¥ 10,000	¥ 10,000	$ 81,706	0.44% December 13, 2019 to December 12, 2024 0.45% +6-month JPY LIBOR After December 13, 2024	–	December 13, 2029

11. Employee Retirement Benefits

The Bank maintains "funded and unfunded defined benefit plans" and "a selection of either a defined contribution plan or prepayment of retirement allowance" for employee retirement benefits. Eligible employees are entitled to receive lump-sum payments or pension payments based on the level of salary and the length of service under the defined benefit ("DB") corporate pension plans, all of which are funded plans. The Bank has set up retirement benefit trusts for certain plans among the defined benefit corporate pension plans. Eligible employees are entitled to receive lump-sum payments based on the level of salary and the length of service under the lump-sum payment plans, most of which are funded by establishing retirement benefit trusts; however, some are unfunded plans. Three of the Bank's consolidated subsidiaries participate in a multi-employer pension program under a certain public pension plan as part of the lump-sum retirement benefit plan. The Bank's other two consolidated subsidiaries have each adopted only the lump-sum retirement benefit plan. The consolidated subsidiaries use the simplified method in calculating employee retirement defined benefit liability and retirement benefit expenses. Under this method, the amount for severance payments required at the fiscal year end for voluntary termination is deemed the retirement benefit obligation.

(a) Defined benefit plans

(1) Movement in retirement benefit obligations, excluding plans applying the simplified method:

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Balance at beginning of year	¥ 29,713	¥ 30,571	$ 242,778
Service cost	782	799	6,394
Interest cost	89	91	728
Actuarial differences	66	148	543
Retirement benefits paid	(1,798)	(1,898)	(14,692)
Balance at end of year	¥ 28,853	¥ 29,713	$ 235,751

(2) Movement in plan assets, excluding plans applying the simplified method:

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Balance at beginning of year	¥ 40,452	¥ 38,038	$ 330,519
Expected return on pension plan assets	437	637	3,578
Actuarial differences	2,709	2,744	22,140
Contribution paid by employer	224	174	1,838
Retirement benefits paid	(1,107)	(1,143)	(9,049)
Balance at end of year	¥ 42,717	¥ 40,452	$ 349,026

(3) Movement in employee retirement benefit liability for plans applying the simplified method:

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Employee retirement benefit liability at beginning of year	¥ 132	¥ 129	$ 1,087
Increase due to acquisition of consolidated subsidiary	172	–	1,409
Retirement benefit expenses	54	40	445
Retirement benefits paid	(79)	(36)	(647)
Employee retirement benefit liability at end of year	¥ 280	¥ 132	$ 2,294

(4) Reconciliation from retirement benefit obligation and plan assets to retirement benefit (asset) liabilities recognized in the consolidated balance sheets:

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Funded retirement benefit obligation	¥ 28,900	¥ 29,769	$ 236,138
Plan assets	(42,717)	(40,452)	(349,026)
	(13,816)	(10,682)	(112,888)
Unfunded retirement benefit obligation	233	77	1,905
Net retirement benefit (asset) liability	¥ (13,583)	¥ (10,605)	$ (110,983)
Employee retirement benefit liability	¥ 2,311	¥ 3,218	$ 18,884
Employee retirement benefit assets	(15,894)	(13,823)	(129,867)
Net retirement benefit (asset) liability	¥ (13,583)	¥ (10,605)	$ (110,983)

(5) Net periodic retirement benefit expense and its breakdown:

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Service cost	¥ 782	¥ 799	$ 6,394
Interest cost	89	91	728
Expected return on plan assets	(437)	(637)	(3,578)
Amortization of actuarial differences	33	976	271
Amortization of past service cost	(144)	(144)	(1,184)
Retirement benefit expenses for plans applying the simplified method	54	40	445
Others	5	5	43
Net periodic retirement benefit expense of defined benefit plans	¥ 381	¥ 1,130	$ 3,119

(6) Retirement benefit adjustments in other comprehensive income, before tax effects:

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Past service cost	¥ (144)	¥ (144)	$ (1,185)
Actuarial differences	2,676	3,572	21,869
Total	¥ 2,531	¥ 3,427	$ 20,684

(7) Retirement benefit adjustments in accumulated other comprehensive income, before tax effects:

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Unrecognized past service cost	¥ 434	¥ 579	$ 3,553
Unrecognized actuarial differences	5,104	2,428	41,710
Total	¥ 5,539	¥ 3,008	$ 45,263

(8) Plan assets

(i) Plan assets comprise:

	2022	2021
Debt securities	33%	37%
Equity securities	34%	30%
Cash and deposits	10%	10%
General accounts	23%	23%
Total *	100%	100%

Note: As of March 31, 2022 and 2021, assets in retirement benefit trusts set up for the defined benefit pension plans and lump-sum retirement benefit plans represented 46% and 44% of total plan assets, respectively.

(ii) Determination of long-term expected rate of return on plan assets

In determining the long-term expected rate of return on plan assets, the Group considers the current and target asset allocation as well as the current and expected long-term rates of return on various asset categories comprising plan assets.

(9) Actuarial assumptions at end of year:

	2022	2021
Discount rate	0.3%	0.3%
Long-term expected rate of return on plan assets	1.5%	2.5%

Note: The Bank maintains a point system for defined benefit corporate pension plans and lump-sum payment plans. Points are calculated based on past salaries.

(b) Defined contribution plans

The required contribution of the Bank and its consolidated subsidiaries to defined contribution plans amounted to ¥209 million ($1,711 thousand) and ¥198 million for the years ended March 31, 2022 and 2021, respectively.

12. Acceptances and Guarantees

The Bank provides guarantees with respect to the liabilities of its customers for the payment of loans and other liabilities with other financial institutions. As a contra account, "customers' liabilities for acceptances and guarantees" is shown in assets on the accompanying consolidated balance sheets, indicating the Bank's right of indemnity from customers.

Guarantees are provided on certain privately placed bonds included in securities in accordance with Article 2, Paragraph 3 of the Financial Instruments and Exchange Act of Japan. The guarantees amounted to ¥38,915 million ($317,962 thousand) and ¥39,236 million at March 31, 2022 and 2021, respectively.

13. Net Assets

At both March 31, 2022 and 2021, there were 50 million shares of common stock without par value authorized and 17,655,487 and 18,255,487 shares of common stock issued, respectively. At March 31, 2022 and 2021, the Group held 133 thousand and 143 thousand shares of treasury stock, respectively.

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

Capital surplus consists principally of additional paid-in capital. The Banking Act of Japan provides that an amount equivalent to at least 20% of the cash payments as appropriation of retained earnings shall be appropriated as legal earnings reserve until the total amount of additional paid-in capital and legal earnings reserve equals 100% of common stock. The legal earnings reserve has been included in the retained earnings in the accompanying consolidated balance sheets. Under the Act, the legal earnings reserve and additional paid-in capital can be used to eliminate or reduce a deficit by a resolution at the shareholders' meeting. The additional paid-in capital and legal earnings reserve may not be distributed as dividends. All additional paid-in capital and legal earnings reserve may be transferred to other capital surplus and retained earnings, respectively, which may become available for distribution as dividends.

At both March 31, 2022 and 2021, the legal earnings reserve amounted to ¥8,029 million ($65,610 thousand).

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

14. Stock Options

(a) Stock option expenses

The Bank recorded stock option expenses of ¥26 million ($213 thousand) and ¥26 million in "General and administrative expenses" for the years ended March 31, 2022 and 2021, respectively.

(b) Outline of stock options

i) Outline of stock options:

	2014 stock options	2015 stock options	2016 stock options	2017 stock options
Resolution date	July 29, 2014	July 29, 2015	July 27, 2016	July 26, 2017
Position and number of grantees	13 directors of the Bank excluding outside directors	13 directors of the Bank excluding outside directors	12 directors of the Bank excluding outside directors	12 directors of the Bank excluding outside directors
Number of options granted *(*1)*	10,980 common shares of the Bank	8,870 common shares of the Bank	12,280 common shares of the Bank	9,620 common shares of the Bank
Grant date	August 13, 2014	August 13, 2015	August 12, 2016	August 10, 2017
Conditions for vesting	Not defined	Not defined	Not defined	Not defined
Requisite service period	Not defined	Not defined	Not defined	Not defined
Exercise period *(*2)*	August 14, 2014 to August 13, 2064	August 14, 2015 to August 13, 2065	August 13, 2016 to August 12, 2066	August 11, 2017 to August 10, 2067
Number of stock acquisition rights *(*2)*	336 *(*3)*	276 *(*3)*	404 *(*3)*	418 *(*3)*
Type, content and number of shares to be issued upon exercise of stock acquisition rights *(*2)*	3,360 common shares of the Bank *(*4)*	2,760 common shares of the Bank *(*4)*	4,040 common shares of the Bank *(*4)*	4,180 common shares of the Bank *(*4)*
Amount to be paid upon the exercise of stock acquisition rights *(*2)*	¥1 ($0.01) per share	¥1 ($0.01) per share	¥1 ($0.01) per share	¥1 ($0.01) per share
Issue price of shares due to the exercise of stock acquisition rights and amount to be incorporated into capital stock *(*2)*	Issue price: ¥3,471 ($28.36) per share *(*5)*	Issue price: ¥4,591 ($37.51) per share *(*5)*	Issue price: ¥2,951 ($24.11) per share *(*5)*	Issue price: ¥3,783 ($30.91) per share *(*5)*
Conditions for exercise of stock acquisition rights *(*2)*	*(*6)*	*(*6)*	*(*6)*	*(*6)*
Criteria for transfer of stock acquisition rights *(*2)*	Approval by the Board of Directors is required.	Approval by the Board of Directors is required.	Approval by the Board of Directors is required.	Approval by the Board of Directors is required.
Matters related to issuance of stock acquisition rights in connection with organizational restructuring *(*2)*	*(*7)*	*(*7)*	*(*7)*	*(*7)*

	2018 stock options	2019 stock options	2020 stock options	2021 stock options
Resolution date	June 22, 2018	June 21, 2019	June 26, 2020	June 25, 2021
Position and number of grantees	9 directors of the Bank excluding outside directors	8 directors of the Bank excluding outside directors	9 directors of the Bank excluding directors serving as Audit & Supervisory Committee members and outside directors	9 directors of the Bank excluding directors serving as Audit & Supervisory Committee members and outside directors
Number of options granted *(*1)*	7,660 common shares of the Bank	8,090 common shares of the Bank	13,430 common shares of the Bank	12,240 common shares of the Bank
Grant date	July 9, 2018	July 8, 2019	July 13, 2020	July 12, 2021
Conditions for vesting	Not defined	Not defined	Not defined	Not defined
Requisite service period	Not defined	Not defined	Not defined	Not defined
Exercise period *(*2)*	July 10, 2018 to July 9, 2068	July 9, 2019 to July 8, 2069	July 14, 2020 to July 13, 2070	July 13, 2021 to July 12, 2071
Number of stock acquisition rights *(*2)*	463 *(*3)*	551 *(*3)*	954 *(*3)*	1,224 *(*3)*
Type, content and number of shares to be issued upon exercise of stock acquisition rights *(*2)*	4,630 common shares of the Bank *(*4)*	5,510 common shares of the Bank *(*4)*	9,540 common shares of the Bank *(*4)*	12,240 common shares of the Bank *(*4)*
Amount to be paid upon the exercise of stock acquisition rights *(*2)*	¥1 ($0.01) per share	¥1 ($0.01) per share	¥1 ($0.01) per share	¥1 ($0.01) per share
Issue price of shares due to the exercise of stock acquisition rights and amount to be incorporated into capital stock *(*2)*	Issue price: ¥3,514 ($28.71) per share *(*5)*	Issue price: ¥3,040 ($24.84) per share *(*5)*	Issue price: ¥1,981 ($16.19) per share *(*5)*	Issue price: ¥2,135 ($17.44) per share *(*5)*
Conditions for exercise of stock acquisition rights *(*2)*	*(*6)*	*(*6)*	*(*6)*	*(*6)*
Criteria for transfer of stock acquisition rights *(*2)*	Approval by the Board of Directors is required.	Approval by the Board of Directors is required.	Approval by the Board of Directors is required.	Approval by the Board of Directors is required.
Matters related to issuance of stock acquisition rights in connection with organizational restructuring *(*2)*	*(*7)*	*(*7)*	*(*7)*	*(*7)*

Notes:

*(*1) The number of stock options is calculated in terms of the number of shares.*

*(*2) This information is provided as of March 31, 2022.*

*(*3) The number of shares to be issued upon exercise of each stock acquisition right (the "Number of Shares Granted") is 10 shares.*

(*4) *Number of shares subject to stock acquisition rights*

The Number of Shares Granted is adjusted using a certain formula if the Bank conducts a stock split of its common stock (including the allotment of its common stock without consideration, the same shall apply hereinafter for the provisions of the stock split) or a stock consolidation after the date when the stock acquisition rights were allotted (the "Allotment Date"). Any fractional shares less than one share arising from the adjustment shall be rounded down.

The applicable formula is as follows: Number of Shares Granted after adjustment = Number of Shares Granted before adjustment x Ratio of stock split or stock consolidation. In addition, the Bank may make reasonable adjustments to the Number of Shares Granted as appropriate due to a merger, corporate split, etc., after the Allotment Date.

(*5) *The amount to be incorporated into capital stock shall be half of the maximum amount of increase in capital stock calculated pursuant to Article 17(1) of the "Rules of Corporate Accounting," with fractions of less than ¥1 resulting from the calculation rounded up.*

(*6) *Conditions for exercise of stock acquisition rights*

(1) Holders of stock acquisition rights ("Rights Holder(s)") may exercise their stock acquisition rights from the day following the day when their position as Bank director terminates.

(2) The above (1) is not applicable to a successor who acquires the rights by inheritance.

(3) Rights Holders cannot exercise stock acquisition rights when they abandon the rights.

(*7) *Matters pertaining to issuance of stock acquisition rights resulting from organizational restructuring*

If the Bank merges (limited to cases in which the Bank becomes a dissolving company), conducts an absorption-type company split or an incorporation-type company split (limited to cases in which the Bank becomes a splitting company) or conducts a share exchange or a share transfer (limited to cases in which the Bank becomes a wholly owned subsidiary) (collectively, the "Organizational Restructuring"), stock acquisition rights of a stock company described in Article 236, Paragraph 1, Items 8.1 through 8.5 of the Companies Act (the "Restructured Company") shall be delivered to the Rights Holders of stock acquisition rights remaining unexercised (the "Remaining Stock Acquisition Rights") immediately prior to the effective date of the Organizational Restructuring (the effective date of an absorption-type merger), the date of establishment of the stock company incorporated in a consolidation-type merger, the effective date of an absorption-type company split, the date of establishment of a stock company incorporated in an incorporation-type company split, the effective date of the share exchange in the case of a share exchange or the date of establishment of the wholly-owning parent company upon a share transfer. However, the foregoing shall apply only to cases in which the delivery of stock acquisition rights of the Restructured Company according to the following conditions was stipulated in the absorption-type merger agreement, the consolidation-type merger agreement, the absorption-type company split agreement, the incorporation-type company split plan, the share exchange agreement or the share transfer plan.

(1) Number of stock acquisition rights of the Restructured Company to be delivered
The same number as the Remaining Stock Acquisition Rights held by the Rights Holders.

(2) Class of shares of the Restructured Company to be issued upon the exercise of stock acquisition rights
Common stock of the Restructured Company

(3) Number of shares of the Restructured Company to be issued upon the exercise of stock acquisition rights
*Shall be determined according to (*4) above after taking into consideration the conditions for the Organizational Restructuring and any other related matters.*

(4) Value of the assets to be contributed upon the exercise of stock acquisition rights
The value of the assets to be contributed upon the exercise of each stock acquisition right to be delivered shall be the amount obtained by multiplying the exercise price after reorganization as stipulated below by the number of shares of the Restructured Company to be issued upon the exercise of stock acquisition rights determined in accordance with (3) above. The exercise price after reorganization is ¥1 per share of the Restructured Company to be delivered upon the exercise of the issued stock acquisition rights.

(5) Exercise period of stock acquisition rights
Starting from the later of either the first date of the exercise period for the stock acquisition rights as stipulated in the "Exercise period" above or the effective date of the Organizational Restructuring and ending on the expiration date for the exercise of stock acquisition rights as stipulated in the "Exercise period" above.

(6) Matters concerning capital stock and capital surplus to be increased when shares are issued upon the exercise of stock acquisition rights
Shall be determined in accordance with the above "Issue price of shares due to the exercise of stock acquisition rights and amount to be incorporated into capital stock."

(7) Restriction on acquisition of stock acquisition rights by transfer
Acquisition of stock acquisition rights by transfer shall be subject to the approval of the Board of Directors of the Restructured Company.

(8) Conditions for acquisition of stock acquisition rights
Shall be determined in accordance with the items below.
If any of the below proposals (a, b, c, d or e) is approved by the shareholders' meeting of the Bank (or by the Board of Directors of the Bank if the approval of the shareholders' meeting is not required), the Bank may acquire stock acquisition rights at the date specifically determined by the Board of Directors of the Bank without any compensation therefor.

a. A proposal for the approval of any merger agreement under which the Bank is dissolved

b. A proposal for the approval of any company split agreement or plan in which the Bank will be a splitting company

c. A proposal for the approval of any share exchange agreement or share transfer plan in which the Bank will be *a wholly owned subsidiary*

d. A proposal for the approval of amendments to the Articles of Incorporation to establish new provisions by which any acquisition by way of transfer of shares to be issued by the Bank will be subject to the Bank's approval

e. A proposal for the approval of amendments to the Articles of Incorporation to establish new provisions by which any acquisition by way of transfer of shares in the relevant class to be issued upon exercise of stock acquisition rights will be subject to the Bank's approval or the Bank may acquire all of the shares in the relevant class to be issued upon the exercise of stock acquisition rights following the resolution by the shareholders' meeting of the Bank

(9) Other conditions for the exercise of stock acquisition rights
*Shall be determined in accordance with (*6) above.*

ii) Size and changes in stock options:

The following describes the size of and changes in stock options that existed during the year ended March 31, 2022. The number of stock options is calculated in terms of the number of shares.

a) Number of stock options

	2014 stock options	2015 stock options	2016 stock options	2017 stock options
Nonvested				
April 1, 2021 – Outstanding	–	–	–	–
Granted	–	–	–	–
Forfeited	–	–	–	–
Vested	–	–	–	–
March 31, 2022 – Outstanding	–	–	–	–
Vested				
April 1, 2021 – Outstanding	4,230 shares	3,470 shares	5,850 shares	5,640 shares
Vested	–	–	–	–
Exercised	870 shares	710 shares	1,810 shares	1,460 shares
Forfeited	–	–	–	–
March 31, 2022 – Outstanding	3,360 shares	2,760 shares	4,040 shares	4,180 shares

	2018 stock options	2019 stock options	2020 stock options	2021 stock options
Nonvested				
April 1, 2021 – Outstanding	–	–	–	–
Granted	–	–	–	12,240 shares
Forfeited	–	–	–	–
Vested	–	–	–	12,240 shares
March 31, 2022 – Outstanding	–	–	–	–
Vested				
April 1, 2021 – Outstanding	6,220 shares	7,340 shares	13,430 shares	–
Vested	–	–	–	12,240 shares
Exercised	1,590 shares	1,830 shares	3,890 shares	–
Forfeited	–	–	–	–
March 31, 2022 – Outstanding	4,630 shares	5,510 shares	9,540 shares	12,240 shares

b) Price information

	2014 stock options	2015 stock options	2016 stock options	2017 stock options
Exercise price	¥1 ($0.01) per share	¥1 ($0.01) per share	¥1 ($0.01) per share	¥1 ($0.01) per share
Average exercise price	¥2,595 ($21.20) per share	¥2,595 ($21.20) per share	¥2,595 ($21.20) per share	¥2,595 ($21.20) per share
Fair value at grant date	¥3,470 ($28.35) per share	¥4,590 ($37.50) per share	¥2,950 ($24.10) per share	¥3,782 ($30.90) per share

	2018 stock options	2019 stock options	2020 stock options	2021 stock options
Exercise price	¥1 ($0.01) per share	¥1 ($0.01) per share	¥1 ($0.01) per share	¥1 ($0.01) per share
Average exercise price	¥2,595 ($21.20) per share	¥2,595 ($21.20) per share	¥2,595 ($21.20) per share	–
Fair value at grant date	¥3,513 ($28.70) per share	¥3,039 ($24.83) per share	¥1,980 ($16.18) per share	¥2,134 ($17.44) per share

Valuation technique to estimate fair value of stock options

a) Valuation technique used: Black-Scholes model

b) Major assumptions and estimation method

	2021 stock options
Expected volatility *(*1)*	29.749%
Expected life *(*2)*	6.0 years
Expected dividends *(*3)*	¥70 ($0.57) per share
Risk-free interest rate *(*4)*	(0.121)%

*Notes: (*1) Expected volatility is calculated based on the daily closing prices on each trading day during the period from July 12, 2015 to July 12, 2021.*
*(*2) Expected life is estimated based on the average term of office of directors, etc., who retired during the past 10 years.*
*(*3) Expected dividends are the actual dividends for the year ended March 31, 2021.*
*(*4) Risk-free interest rate is a Japanese government bond yield which corresponds to the expected life.*

iii) Method of estimating number of stock options vested

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

15. Commitments

(a) Loan commitments

Overdraft facilities and loan commitment lines are contracts under which the Bank is obligated to advance funds up to a predetermined amount to a customer upon request, provided that the customer has met the terms and conditions of the applicable contract. At March 31, 2022 and 2021, the unused amounts of these contracts amounted to ¥761,518 million ($6,222,065 thousand) and ¥792,427 million, respectively. The unused contract amounts included amounts which originally expire within one year or are revocable by the Bank at any time without any conditions in the amount of ¥737,538 million ($6,026,131 thousand) and ¥770,245 million at March 31, 2022 and 2021, respectively.

Since many of these commitments expire without being drawn down, the unused amount does not necessarily represent a future cash requirement. Most of these contracts have conditions that allow the Bank to refuse customers' applications for loans or decrease the contract limits for appropriate reasons (e.g., changes in the financial situation and deterioration in the customer's creditworthiness). At the execution of such contracts, the Bank obtains real estate, securities, etc., as collateral if considered necessary. Subsequently, the Bank performs periodic reviews of its customers' business results based on internal rules and may take necessary measures that include reconsidering the terms and conditions of such contracts and/or requiring additional collateral and/or guarantees.

(b) Lease commitments

(Lessee contracts)
The Group leases certain office space and equipment as lessee under long-term noncancellable lease contracts. The aggregate future minimum lease commitments for noncancellable operating leases at March 31, 2022 and 2021 were as follows.

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Operating leases as lessee:			
Due within one year	¥ 285	¥ 493	$ 2,334
Due after one year	171	230	1,400
	¥ 456	¥ 724	$ 3,734

(Lessor contracts)
A consolidated subsidiary, engaged in leasing operations as lessor, entered into long-term, noncancellable lease contracts with third parties which were categorized as finance leases. At March 31, 2022 and 2021, investments in the leased assets as lessor consisted of the following.

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Future minimum lease payments to be received	¥ 33,181	¥ 35,015	$ 271,111
Estimated residual value	5,494	5,288	44,892
Imputed interest	(2,998)	(3,140)	(24,502)
Investments in leased assets	¥ 35,676	¥ 37,163	$ 291,501

The aggregate annual maturities of future minimum lease payments to be received related to lease receivables and investments in leased assets at March 31, 2022 were as follows.

	Millions of yen		Thousands of U.S. dollars	
Year ending March 31,	Lease receivables	Investments in leased assets	Lease receivables	Investments in leased assets
2023	¥ 273	¥ 10,794	$ 2,234	$ 88,199
2024	262	8,653	2,148	70,705
2025	241	6,342	1,972	51,821
2026	192	4,088	1,575	33,407
2027	66	2,006	542	16,391
2028 and thereafter	77	1,295	630	10,588
	¥ 1,113	¥ 33,181	$ 9,101	$ 271,111

At March 31, 2022 and 2021, future lease payments to be received for noncancellable operating leases were as follows.

	Millions of yen				Thousands of U.S. dollars	
	2022		2021		2022	
Operating leases as lessor:						
Due within one year	¥	164	¥	178	$	1,347
Due after one year		242		306		1,985
	¥	407	¥	484	$	3,332

16. Derivative Instruments

At March 31, 2022 and 2021, derivative instruments, other than those to which hedge accounting was applied, were stated at fair value with valuation gains and losses recognized as current earnings in the accompanying consolidated statements of income as follows.

	Millions of yen							
	Notional principal or contract amounts							
	Total		Over one year		Fair value *		Valuation gain (loss)	
March 31, 2022:								
Currency swaps	¥	58,118	¥	–	¥	(3,882)	¥	(3,882)
Forward foreign exchange contracts		7,154		–		(19)		(19)
March 31, 2021:								
Currency swaps	¥	33,691	¥	–	¥	(1,345)	¥	(1,345)
Forward foreign exchange contracts		8,470		–		(12)		(12)

	Thousands of U.S. dollars							
March 31, 2022:								
Currency swaps	$	474,862	$	–	$	(31,725)	$	(31,725)
Forward foreign exchange contracts		58,460		–		(157)		(157)

Other derivative instruments at March 31, 2022 and 2021 were as follows.

	Millions of yen							
	Notional principal or contract amounts							
	Total		Over one year		Fair value *		Valuation gain (loss)	
March 31, 2022:								
Earthquake derivatives:								
Selling	¥	2,120	¥	125	¥	(30)	¥	–
Buying		2,120		125		30		–
March 31, 2021:								
Earthquake derivatives:								
Selling	¥	2,775	¥	110	¥	(67)	¥	–
Buying		2,775		110		67		–
	Thousands of U.S. dollars							
March 31, 2022:								
Earthquake derivatives:								
Selling	$	17,322	$	1,021	$	(248)	$	–
Buying		17,322		1,021		248		–

There were no derivative instruments to which hedge accounting was applied at either March 31, 2022 or 2021.

17. Income Taxes

Income taxes for the years ended March 31, 2022 and 2021 consisted of the following.

	Millions of yen				Thousands of U.S. dollars	
	2022		2021		2022	
Income taxes:						
Current	¥	4,278	¥	3,628	$	34,961
Deferred		102		1,137		838
	¥	4,381	¥	4,766	$	35,799

At March 31, 2022 and 2021, income taxes payable, including enterprise taxes, amounting to ¥2,046 million ($16,720 thousand) and ¥2,566 million, respectively, were included in “other liabilities” in the accompanying consolidated balance sheets.

The tax effects of temporary differences that gave rise to a significant portion of deferred tax assets and liabilities at March 31, 2022 and 2021 were as follows.

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Deferred tax assets:			
Reserve for possible loan losses	¥ 3,958	¥ 3,576	$ 32,340
Employee retirement benefit (asset) liability	(734)	170	(5,999)
Loss on devaluation of stocks and other securities	1,877	1,939	15,340
Reserve for contingent losses	322	327	2,638
Depreciation	1,241	1,408	10,147
Others	2,686	2,775	21,954
Less valuation allowance	(3,422)	(3,661)	(27,967)
Subtotal	5,930	6,536	48,453
Deferred tax liabilities:			
Unrealized gains on available-for-sale securities	(21,342)	(23,377)	(174,381)
Gain on transfer of securities to trusts for retirement benefit plan	(2,224)	(2,224)	(18,174)
Others	(1,482)	(1,486)	(12,111)
Subtotal	(25,049)	(27,089)	(204,666)
Net deferred tax assets (liabilities)	¥ (19,118)	¥ (20,552)	$ (156,213)

At March 31, 2022 and 2021, deferred tax assets and liabilities were as follows.

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Deferred tax assets	¥ 765	¥ 498	$ 6,256
Deferred tax liabilities	(19,884)	(21,051)	(162,469)

In assessing the realizability of deferred tax assets, the Group's management considers whether some portion, or all of the deferred tax assets, will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. At both March 31, 2022 and 2021, a valuation allowance was provided to reduce deferred tax assets to amounts that management believed would be realizable.

The Group is subject to Japanese national and local income taxes, which in the aggregate resulted in a statutory tax rate of approximately 30.6% for the years ended March 31, 2022 and 2021. Reconciliation between the Japanese statutory tax rate and the effective tax rate on pretax profit reflected in the accompanying consolidated statements of income for the year ended March 31, 2022 was as follows.

	Percentage of pretax profit
	2022
Japanese statutory tax rate	30.6 %
Increase (decrease) due to:	
Permanently nondeductible expenses	0.2
Tax exempt income	(1.4)
Local minimum taxes - per capita basis	0.4
Changes in valuation allowance	(1.5)
Others	(1.0)
Effective tax rate	27.3 %

Information about reconciliation between the Japanese statutory effective tax rate and the actual effective income tax rate on pretax profit reflected in the accompanying consolidated statements of income for the year ended March 31, 2021 was not disclosed as their difference was less than 5% of the statutory tax rate for the year ended March 31, 2021.

18. General and Administrative Expenses

General and administrative expenses for the years ended March 31, 2022 and 2021 included the following:

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Salaries and allowances (including bonuses)	¥ 15,259	¥ 14,857	$ 124,677
Retirement benefit expenses	569	1,328	4,652

19. Comprehensive Income

Amounts reclassified to profit in the current period that were recognized in other comprehensive income in the current or previous periods and the tax effects for each component of other comprehensive income for the years ended March 31, 2022 and 2021 were as follows.

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Net change in unrealized (losses) gains on available-for-sale securities:			
(Decrease) increase during the year	¥ (2,512)	¥ 25,940	$ (20,530)
Reclassification adjustments	(5,011)	(4,717)	(40,946)
Pretax amount	(7,524)	21,222	(61,476)
Tax effect amount	2,035	(6,494)	16,633
Net change in unrealized (losses) gains on available-for-sale securities, net of tax	(5,488)	14,728	(44,843)

Net change in deferred gains on hedging instruments:			
Increase (decrease) during the year	13	(11)	113
Reclassification adjustments	(13)	11	(113)
Pretax amount	–	–	–
Tax effect amount	–	–	–
Net change in deferred gains on hedging instruments, net of tax	–	–	–
Retirement benefit adjustments:			
Increase during the year	2,643	2,595	21,598
Reclassification adjustments	(111)	831	(914)
Pretax amount	2,531	3,427	20,684
Tax effect amount	(774)	(1,048)	(6,329)
Retirement benefit adjustments, net of tax	1,756	2,378	14,355
Total other comprehensive income	¥ (3,731)	¥ 17,107	$ (30,488)

20. Related Party Transactions

During the years ended March 31, 2022 and 2021, the Bank had significant transactions with directors and audit and supervisory board members and their immediate family members of the Bank or its significant subsidiaries, and/or the companies in which they held directly or indirectly a majority voting interest.

A summary of the significant related party transactions as of and for the years ended March 31, 2022 and 2021 is as follows.

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
For the year:			
Number of related parties	7	7	
Amount of loan transactions (average balance)	¥ 166	¥ 166	$ 1,364
At year-end:			
Loans and bills discounted	¥ 166	¥ 168	$ 1,359

21. Business Combinations

Business combination by acquisition

(a) Outline of the transaction

(1) Name and business of the company acquired

Name:	NAIS CO., LTD.
Business:	ICT business

(2) Major reason for the business combination

The Bank's 21st Medium-term Management Plan, "Hastening Evolution Toward the Business of Creating Better Futures," has "Leveraging technology" as one of its key strategies. The Bank aims to improve customer convenience and raise work efficiency through NAIS's excellent human resources, ICT technological strength, and its extensive experience.

(3) Date of the business combination
June 21, 2021 (Date of deemed acquisition: April 1, 2021)

(4) Legal form of the business combination
Acquisition of shares in consideration for cash

(5) Name of the company after the business combination
Unchanged

(6) Ratio of voting rights acquired

Ratio of voting rights immediately before:	4.9%
Ratio of voting rights additionally acquired on the date of business combination:	95.1%
Ratio of voting rights after acquisition:	100.0%

(7) Basis for determining the acquirer
It is based on the fact that the Bank acquired shares in consideration for cash.

(b) Period for which the acquired company's business results are included in the consolidated statements of income
April 1, 2021 to March 31, 2022

(c) Acquisition cost of the acquired company and details of each class of consideration

Consideration paid for acquisition	Cash	¥348 million ($2,848 thousand)
Acquisition cost		¥348 million ($2,848 thousand)

(d) Difference between the cost of the acquired company and the total acquisition cost for each transaction that led to the acquisition
¥14 million ($120 thousand)

(e) Details of assets acquired and liabilities assumed at the date of the business combination

	Millions of yen		Thousands of U.S. dollars	
Current assets	¥	1,590	$	12,997
Non-current assets		425		3,479
Total assets	¥	2,016	$	16,476
Current liabilities	¥	906	$	7,409
Long-term liabilities		383		3,131
Total liabilities	¥	1,290	$	10,540

(f) Amount and reason of gain on negative goodwill recognized

(1) Amount of gain on negative goodwill
¥362 million ($2,961 thousand)

(2) Reason for negative goodwill recognized
Since the net asset value of the acquired company at the time of business combination exceeded the acquisition cost, the difference is recognized as gain on negative goodwill.

Transaction under common control
Acquisition of additional shares of a subsidiary

(a) Outline of the transaction

(1) Name and business of the company under the business combination

Name:	Nagoya Card Co., Ltd. (a consolidated subsidiary of the Bank)
Business:	Credit card business and assurance business

(2) Date of the business combination
March 30, 2022

(3) Legal form of the business combination
Acquisition of shares from noncontrolling shareholders

(4) Name of company after the business combination
Unchanged

(5) Other matters related to the business combination
The ratio of voting rights of the additionally acquired shares is 46.6%, and Nagoya Card Co., Ltd. became a wholly owned subsidiary of the Bank. The acquisition of the additional shares was made to further strengthen collaboration in order to build a system that can meet the diverse needs of customers.

(b) Outline of accounting treatment
This transaction was accounted for as a transaction with noncontrolling shareholders under common control in accordance with the "Accounting Standard for Business Combinations" and the "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures."

(c) Acquisition of additional shares of subsidiaries
Acquisition cost of the acquired company and details of each class of consideration

Consideration paid for acquisition	Cash	¥592 million ($4,844 thousand)
Acquisition cost		¥592 million ($4,844 thousand)

(d) Change in capital surplus of the Bank in connection with the transaction with noncontrolling shareholders

(1) Major reason for change in capital surplus
Acquisition of additional shares of a subsidiary

(2) Increase in capital surplus due to the transaction with noncontrolling shareholders
¥10 million ($84 thousand)

22. Revenue Recognition

Information about the breakdown of revenues from contracts with customers is as described in Note 24, "Segment Information."

23. Subsequent Events

Appropriation of retained earnings

Shareholders of the Bank approved the following appropriation of retained earnings at the annual general meeting held on June 24, 2022.

	Millions of yen	Thousands of U.S. dollars
Cash dividends at ¥80.0 per share ($0.65 per share)	¥ 1,401	$ 11,454

24. Segment Information

(a) General information about reportable segments

The Group defines a reportable segment as a component of the Group for which separate financial information is available and whose operating results are regularly reviewed by the Board of Directors to make decisions about the allocation of resources and to assess performance.

The Group engages in financial services, primarily in banking but also in comprehensive finance leasing services and credit card services. The reportable segments of the Group are determined based on the types of financial services as follows.

"Banking" — head office and branches
- Deposits and loans
- Domestic and foreign exchange transactions
- Securities investments
- Trading of trading account securities
- Underwriting and registration of corporate bonds

"Leasing" — Nagoya Lease Co., Ltd., a domestic subsidiary of the Bank
- Comprehensive finance leasing business

"Credit Card" — Nagoya Card Co., Ltd. and Nagoya MC Card Co., Ltd., domestic subsidiaries of the Bank
- Credit card business

(b) Basis of measurement for segment profit, segment assets, segment liabilities and other material items for each reportable segment

The basis of measurement for reportable segment information follows the accounting principles used in the consolidated financial statements as described in Note 2, "Summary of Significant Accounting Policies." Segment profit is based on "ordinary income," which is defined as total income less certain special gains and special losses included in the accompanying consolidated statements of income. Intersegment income is accounted for based on prices of ordinary transactions with independent third parties.

(c) Information about reportable segment profit, segment assets, segment liabilities, other material items by reportable segment and breakdown of revenues

Segment information as of and for the years ended March 31, 2022 and 2021 was as follows.

	Millions of yen					
	2022					
	Reportable segments					
	Banking	Leasing	Credit Card	Total	Other *(*2)*	Total
Trust fees	¥ 51	¥ –	¥ –	¥ 51	¥ –	¥ 51
Service revenues:						
Deposits and loans	5,089	–	–	5,089	–	5,089
Exchange transactions	2,710	–	–	2,710	–	2,710
Securities related services	2,433	–	–	2,433	–	2,433
Agency services	1,012	–	–	1,012	–	1,012
Others	1,298	–	–	1,298	–	1,298
Revenues from other operations:						
Credit card	–	–	1,708	1,708	–	1,708
Others	–	1,158	–	1,158	2,332	3,490
Ordinary income arising from contracts with customers *(*1)*	12,594	1,158	1,708	15,462	2,332	17,794
Other ordinary income *(*1)*	41,455	17,993	306	59,754	218	59,972
External customers	54,050	19,151	2,015	75,216	2,550	77,767
Intersegment	1,044	2,147	221	3,412	82	3,495
Total ordinary income	55,094	21,299	2,236	78,629	2,632	81,262
Segment profit	15,188	2,532	513	18,234	222	18,456
Segment assets	5,115,393	54,528	15,924	5,185,847	2,502	5,188,350
Segment liabilities	4,870,663	46,440	12,120	4,929,225	1,186	4,930,411
Other material items:						
Depreciation and amortization *(*3)*	2,125	363	11	2,500	63	2,563
Interest income	33,868	154	80	34,102	0	34,103
Interest expense	954	133	1	1,089	2	1,092
Provision for possible loan losses	2,083	25	159	2,268	–	2,268
Increase in tangible and intangible fixed assets	1,189	161	19	1,369	109	1,479

	Millions of yen					
	2021					
	Reportable segments					
	Banking	Leasing	Credit Card	Total	Other *(*2)*	Total
Ordinary income *(*1)*:						
External customers	¥ 47,991	¥ 19,082	¥ 2,106	¥ 69,179	¥ 6	¥ 69,186
Intersegment	916	330	206	1,453	80	1,533
Total ordinary income	48,907	19,412	2,312	70,632	86	70,719
Segment profit	9,143	677	843	10,664	20	10,684
Segment assets	4,869,398	54,686	17,431	4,941,515	438	4,941,954
Segment liabilities	4,627,591	48,516	10,726	4,686,834	12	4,686,846
Other material items:						
Depreciation and amortization *(*3)*	2,083	397	8	2,489	0	2,489
Interest income	31,330	147	53	31,532	0	31,532
Interest expense	1,132	138	1	1,272	–	1,272
Provision for possible loan losses	1,505	27	–	1,532	–	1,532
Increase in tangible and intangible fixed assets	6,535	189	6	6,730	0	6,731

	Thousands of U.S. dollars					
	2022					
	Reportable segments					
	Banking	Leasing	Credit Card	Total	Other *(*2)*	Total
Trust fees	$ 421	$ –	$ –	$ 421	$ –	$ 421
Service revenues:						
Deposits and loans	41,584	–	–	41,584	–	41,584
Exchange transactions	22,143	–	–	22,143	–	22,143
Securities related services	19,880	–	–	19,880	–	19,880
Agency services	8,272	–	–	8,272	–	8,272
Others	10,608	–	–	10,608	–	10,608
Revenues from other operations:						
Credit card	–	–	13,963	13,963	–	13,963
Others	–	9,466	–	9,466	19,055	28,521
Ordinary income arising from contracts with customers *(*1)*	102,908	9,466	13,963	126,337	19,055	145,392
Other ordinary income *(*1)*	338,713	147,017	2,501	488,231	1,783	490,014
External customers	441,621	156,483	16,464	614,568	20,838	635,406
Intersegment	8,533	17,543	1,808	27,884	673	28,557
Total ordinary income	450,154	174,026	18,272	642,452	21,511	663,963
Segment profit	124,095	20,694	4,196	148,985	1,814	150,799
Segment assets	41,795,847	445,534	130,114	42,371,495	20,450	42,391,945
Segment liabilities	39,796,254	379,448	99,035	40,274,737	9,691	40,284,428
Other material items:						
Depreciation and amortization *(*3)*	17,366	2,967	95	20,428	517	20,945
Interest income	276,723	1,261	657	278,641	1	278,642
Interest expense	7,798	1,093	14	8,905	20	8,925
Provision for possible loan losses	17,022	213	1,299	18,534	–	18,534
Increase in tangible and intangible fixed assets	9,719	1,318	157	11,194	892	12,086

*Notes: *1. "Ordinary income" represents total income less certain special gains included in the accompanying consolidated statements of income.*
**2. The "other" business segment includes principally the clerical outsourcing business.*
**3. Depreciation and amortization include amounts related to information technology investments.*

(d) Reconciliation of the totals of each segment item to the corresponding Group amounts

	Millions of yen				Thousands of U.S. dollars	
	2022		2021		2022	
Ordinary income:						
Total reportable segments	¥	78,629	¥	70,632	$	642,452
Other		2,632		86		21,511
Intersegment elimination		(3,495)		(1,533)		(28,557)
Reversal of provision for possible loan losses		(4)		(136)		(37)
		77,762		69,050		635,369
Other gains		379		6,503		3,100
Total income on consolidated statements of income	¥	78,142	¥	75,553	$	638,469

Note: "Other gains" includes gain on disposal of fixed assets, gain on step acquisitions and gain on negative goodwill.

	Millions of yen				Thousands of U.S. dollars	
	2022		2021		2022	
Segment profit:						
Total reportable segments	¥	18,234	¥	10,664	$	148,985
Other		222		20		1,814
Intersegment elimination		(2,735)		(807)		(22,349)
		15,721		9,876		128,450
Other gains (losses), net		338		5,660		2,767
Profit before income taxes on consolidated statements of income	¥	16,059	¥	15,536	$	131,217

Note: "Other gains (losses), net" includes gain and loss on disposal of fixed assets, impairment loss on fixed assets, gains on step acquisitions and gains on negative goodwill.

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Segment assets:			
Total reportable segments	¥ 5,185,847	¥ 4,941,515	$ 42,371,495
Other	2,502	438	20,450
Intersegment elimination	(29,518)	(31,471)	(241,182)
Adjustment of retirement benefit assets	4,008	2,268	32,752
Total assets on consolidated balance sheets	¥ 5,162,840	¥ 4,912,750	$ 42,183,515

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Segment liabilities:			
Total reportable segments	¥ 4,929,225	¥ 4,686,834	$ 40,274,737
Other	1,186	12	9,691
Intersegment elimination	(25,431)	(27,535)	(207,794)
Adjustment of retirement benefit liability	163	180	1,340
Total liabilities on consolidated balance sheets	¥ 4,905,143	¥ 4,659,491	$ 40,077,974

	Millions of yen			
	2022			
Other material items:	Total reportable segments	Other	Reconciliation	Consolidated
Depreciation and amortization	¥ 2,500	¥ 63	¥ –	¥ 2,563
Interest income	34,102	0	(991)	33,111
Interest expense	1,089	2	(71)	1,020
Provision for possible loan losses	2,268	–	(4)	2,263
Increase in tangible and intangible fixed assets	1,369	109	–	1,479

	Millions of yen			
	2021			
Other material items:	Total reportable segments	Other	Reconciliation	Consolidated
Depreciation and amortization	¥ 2,489	¥ 0	¥ –	¥ 2,489
Interest income	31,532	0	(864)	30,667
Interest expense	1,272	–	(74)	1,197
Provision for possible loan losses	1,532	–	(136)	1,396
Increase in tangible and intangible fixed assets	6,730	0	–	6,731

Other material items:	Thousands of U.S. dollars 2022 Total reportable segments	Other	Reconciliation	Consolidated
Depreciation and amortization	$ 20,428	$ 517	$ –	$ 20,945
Interest income	278,641	1	(8,104)	270,538
Interest expense	8,905	20	(585)	8,340
Provision for possible loan losses	18,534	–	(37)	18,497
Increase in tangible and intangible fixed assets	11,194	892	–	12,086

(e) Related information for enterprise-wide disclosure

(1) Information by service

	Millions of yen				
	Service				
	Loans	Securities investments	Leasing	Other	Total
Ordinary income from external customers:					
For the year ended March 31, 2022	¥ 26,034	¥ 13,656	¥ 19,151	¥ 18,924	¥ 77,767
For the year ended March 31, 2021	25,144	11,053	19,082	13,905	69,186
	Thousands of U.S. dollars				
Ordinary income from external customers:					
For the year ended March 31, 2022	$ 212,715	$ 111,581	$ 156,483	$ 154,627	$ 635,406

(2) Information by geographical area for the years ended March 31, 2022 and 2021 was omitted since income from operations in Japan accounted for more than 90% of total consolidated income, and tangible fixed assets in Japan were more than 90% of tangible fixed assets on the consolidated balance sheets.

(3) Information by major customer for the years ended March 31, 2022 and 2021 was omitted since there were no external customers accounting for 10% or more of consolidated income.

(f) Information about impairment loss on fixed assets by reportable segment

	Millions of yen					
	Reportable segments					
	Banking	Leasing	Credit Card	Total	Other	Total
Impairment loss on fixed assets:						
For the year ended March 31, 2022	¥ –	¥ –	¥ –	¥ –	¥ –	¥ –
For the year ended March 31, 2021	537	–	80	618	–	618

	Thousands of U.S. dollars					
Impairment loss on fixed assets:						
For the year ended March 31, 2022	$ –	$ –	$ –	$ –	$ –	$ –

(g) Information with regard to goodwill by reportable segment

None

(h) Information with regard to gain on negative goodwill by reportable segment

Significant gain on negative goodwill

A gain on negative goodwill of ¥362 million ($2,961 thousand) was recorded for the year ended March 31, 2022 as a result of making NAIS CO., LTD., a consolidated subsidiary through the acquisition of shares. However, the gain on negative goodwill is not allocated to any reportable segment.