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Items Disclosed on Internet Pursuant to Laws and Regulations, and the Articles of Incorporation

1) Systems to Ensure the Appropriate Conduct of Operations
2) Notes to Non-Consolidated Financial Statements
3) Notes to Consolidated Financial Statements

For the 16th Fiscal Year (from April 1, 2021 to March 31, 2022)

JAPAN POST BANK

Pursuant to laws and regulations, and the provision of Article 15 of the Articles of Incorporation, the items listed above are disclosed through postings on our website (https://www.jp-bank.japanpost.jp/en_index.html).

Systems to Ensure the Appropriate Conduct of Operations

[Basic Stance on Corporate Governance]

With a view to its sustainable growth along with improvement of its corporate value over the medium and long terms, Japan Post Bank establishes its corporate governance system based on the following stance.

(1) We will engage in constant value creation by providing banking services through the distribution network based on the post office, while continuously creating new convenience for customers, in pursuit of providing higher quality of service.

(2) Fully recognizing fiduciary responsibilities to shareholders, we will give consideration to ensure the rights and equality of shareholders in an appropriate manner.

(3) We will value the dialogue with all stakeholders including shareholders, and seek appropriate collaboration and sustainable coexistence therewith. To this end, we will ensure management transparency and strive for disclosure and provision of adequate information.

(4) In order to promptly adapt to changes in economic and social environment and meet the expectation of all stakeholders, we will make swift decision-making in a firm attitude and conduct businesses under the effective supervision by the Board of Directors.

[Establishment of Systems to Ensure the Appropriate Conduct of Operations]

With regard to system to ensure the appropriate conduct of operations subject to a resolution of the Board of Directors of a corporation adopting a committee system such as the Nomination Committee in accordance with Article 416, Paragraph 1, Item 1 (b) and (e) of the Companies Act and Article 112, Paragraph 1 and 2 of the Ordinance for the Enforcement of the Companies Act, Japan Post Bank has established by a resolution of the Board of Directors “Basic Policies for the Internal Control System.”

The details for the fiscal year ended March 31, 2022 are as follows.

(1) System for Ensuring That the Execution of Duties by Executive Officers and Employees Complies with Laws and Regulations and Our Articles of Incorporation

We are required to do the following:

a. Establish basic policies regarding the management, such as our management philosophy and management plans, to ensure that our Executive Officers and employees are thoroughly informed of and will comply with laws and regulations in all areas of our business activities. Furthermore, we must establish rules regarding compliance and maintain a compliance framework.

b. Periodically hold meetings of the Internal Control Committee, comprised of Executive Officers appointed by the President and Representative Executive Officer, to discuss the most important matters relating to internal controls, such as compliance with laws and regulations.

c. Promote compliance through means such as establishing a department that manages compliance, formulating compliance programs each year as specific plans for ensuring compliance and periodically reviewing developments of such programs, and establish a committee for compliance to discuss specific practices and address various issues regarding compliance and to report the results to the Internal Control Committee, the Executive Committee and Audit Committee.

d. Ensure compliance through (i) formulating a compliance manual which states specific guidelines of the matters with which Executive Officers and employees must comply and the explanations for laws and regulations relating to our corporate activities and (ii) conducting training regarding laws and regulations as well as internal rules with which Executive Officers and employees must comply.

e. Take measures necessary to guide and manage Japan Post Co., which is our authorized agent, in order to ensure that its compliance system and operational management are sound, through means such as (a) establishing liaison conferences with Japan Post Co., comprised of officers such as the President and Representative Executive Officer, to discuss matters relating to strengthening and enhancing the internal control system with respect to compliance, (b) providing operational instructions and conducting training to promote compliance and (c) monitoring the operations of Japan Post Co.

f. With respect to anti-social forces that pose a threat to the social order and sound corporate activities, (a) establish our corporate policy on the relationship with them through “rules regarding anti-social forces” and other internal rules and manuals and (b) avoid involvement at all times with illegal and anti-social activities through close cooperation with external specialists, such as the police, to cut any ties and prevent any interaction with any anti-social forces.

g. Mindful that there exists the possibility that the products and services that we provide could be used fraudulently, we have stipulated our policies and regulations and have in place systems to guard against money laundering and the financing of terrorism.

h. Formulate rules regarding internal control over financial reporting and maintain a framework for valuation and reporting of internal controls over financial reporting, to ensure the appropriateness of the documents regarding our financial, accounting and other information.

i. Create a whistle-blowing rule for reporting violations or suspected violations of laws and regulations or internal rules, establish contact offices for whistle-blowing, inside and outside the company, and ensure that our Executive Officers and employees are thoroughly informed of it.

j. To ensure thorough customer-oriented business operations, we have in place systems to provide high-quality, customer-oriented financial services through, for example, the establishment of basic policies, the formulation of promotion plans, and the conducting of training for executives and employees.

k. Establish our internal audit system by formulating rules regarding internal audits and others. Further, an Internal Audit Division, which is independent from the divisions that it audits, conducts effective internal audit regarding the appropriateness of general corporate activities including compliance with laws and regulations and reports the status of internal audit and the internal audit system to the Internal Control Committee, the Executive Committee and Audit Committee.

(2) System for Storing and Managing Information Relating to the Execution of the Duties of Our Executive Officers

We establish rules relating to document management that clarify the system and methods for storing and managing information relating to the execution of the duties of Executive Officers, such as minutes of the Executive Committee and circulated draft approvals. In addition, we allow the Audit Committee and Internal Audit Division to inspect or copy requested documents.

(3) Rules and System Related to the Risk Management of Losses

a. We manage risks by establishing risk management rules and by creating a risk management system.

b. We establish a department to supervise risk management and to understand, analyze and manage risks, as well as to review and revise our corrective actions and risk-handling methods. We also establish a Risk Management Committee, whose role is to discuss our operational and organizational risk management system and procedures and to report any important issues to the Executive Committee and Audit Committee.

c. We establish a crisis management system and countermeasures against crises, including internal rules for crisis management, so that we can take quick and appropriate action and corrective measures in the event that a risk that could seriously impact our business is actualized.

(4) System for Ensuring That the Duties of Executive Officers are Executed Effectively

a. We establish an Executive Committee, comprised of Executive Officers appointed by the President and Representative Executive Officer, that meets regularly and discusses matters to be resolved by the Board of Directors, matters to be resolved by the President and Representative Executive Officer or other matters deemed necessary by the President and Representative Executive Officer. Also, if necessary, a specialized subcommittee is established to act as an advisory body to the Executive Committee.

b. By establishing rules relating to organizational structure and professional duties, we clarify the division of duties, administrative authority and responsibilities of Executive Officers in order to increase the efficiency of the execution of their duties.

(5) System for Ensuring Appropriate Operations among the Japan Post Group

a. We have entered into the Japan Post Group agreement with Japan Post Holdings, Japan Post Co. and Japan Post Insurance, as well as the contract concerning the operation of the Japan Post Group and the memorandum of understanding on rules concerning the operation of the

Japan Post Group with Japan Post Holdings, thereby we discuss in advance and report any matters necessary for appropriate and smooth operations.

b. We establish rules that govern the management of our subsidiaries, and create a system for correctly managing the business operations.

c. We establish internal rules that govern intragroup transactions, and engage in these transactions appropriately.

(6) Matters Regarding Employees that Support the Duties of the Audit Committee

We establish an Audit Committee Office, which supports the Audit Committee in performing its duties, and is staffed with employees with the requisite knowledge and skills to provide such support.

(7) Matters Regarding the Independence of Employees that Support the Duties of the Audit Committee from Our Executive Officers

The hiring, transferring, evaluating and disciplining of employees of the Audit Committee Office must first be approved by the Audit Committee or its member(s) appointed by the Audit Committee.

(8) Matters Regarding the Ensuring of Effective Instructions to the Employees that Support the Duties of the Audit Committee

When an employee of the Audit Committee Office is supporting the duties of the Audit Committee, he or she must work only at the direction or order of the Audit Committee.

(9) System of Reporting to the Audit Committee

a. Our Executive Officers report to the Audit Committee, on a regular basis, the status of the execution of our Executive Officers' duties.

b. Directors (excluding Directors who concurrently serve as the member of the Audit Committee), Executive Officers and employees must promptly report to the members of the Audit Committee any important matters that could have a material impact on the management of our business.

c. At the request of the Audit Committee, Executive Officers and employees, along with the Directors, Corporate Auditors and employees of subsidiaries, must report to it the status of the execution of their duties.

d. Anyone who reports to the Audit Committee cannot be treated unfavorably because of such reporting.

(10) Matters Regarding the Procedures Relating to the Pre-payment and Compensation of Costs that Arise during the Execution of the Audit Committee's Duties and Policies Related to Settlement of Other Costs and Liabilities that Arise during the Execution of these Duties

If a member of the Audit Committee requests payment for costs necessary to execute his or her duties, then such request cannot be denied unless it is found that such cost was not necessary.

(11) Other Steps to Ensure That the Audit Committee's Audit is Performed Effectively

a. The President and Representative Executive Officer makes an effort to deepen mutual understanding between him or her and the Audit Committee, by having regular informational sessions with the committee about matters important to management, such as basic management policies, issues to be addressed, the status of functions of the internal control system and other matters.

b. In formulating its internal audit plans, the Internal Audit Division obtains both the consent of the Audit Committee and the approval of the President and Representative Executive Officer. Regularly reporting the status and results of internal audits to the Audit Committee, the Internal Audit Division also promptly reports to the members of the Audit Committee any important matters that could have a material impact on the management of our business.
c. Changes to the Executive Officer in charge of the Internal Audit Division and the head of the Internal Audit Planning Department shall be made upon obtaining the consent of the Audit Committee or an Audit Committee member selected by the Audit Committee.
d. The Audit Committee receives an explanation from the independent auditor in advance of the financial audit plan and regularly receives status updates of the financial audits, as well as communicates with the independent auditor as necessary, so that they are aware of all important issues regarding financial audit at all times.
e. When performing its duties, the Audit Committee strives to coordinate with the audit committee of Japan Post Holdings, such as through regularly exchanging opinions and ideas.

[Implementation of Systems to Ensure the Appropriate Conduct of Operations]

(1) System for Ensuring That the Execution of Duties by Executive Officers and Employees Complies with Laws and Regulations and Our Articles of Incorporation

a. Compliance system

Legal compliance is clearly stated in our management philosophy and management plans and basic rules on compliance are stipulated, in order to convey the importance of compliance, including customer protection structure, to employees through messages from the top management on a regular basis, as well as various trainings, etc. We formulate the compliance program each fiscal year while holding the Compliance Committee to verify the progress and discuss tasks on the subject. In addition, the Internal Control Committee discusses the most important matters relating to internal controls, such as compliance with laws and regulations.

In addition, we delegate bank agency services and others to JAPAN POST Co., Ltd., and, in response to the discovery of scandals such as long-term internal crimes involving a large amount of money, we made progress in collaboration with JAPAN POST Co., Ltd. and Japan Post Holdings Co., Ltd. to strengthen the compliance system including recurrence prevention measures such as review of crime prevention rules and reinforcement of business management systems.

b. Reporting and responding system for compliance violations, etc.

The duty of reporting along the Compliance Line in case of potential of actual violations of compliance is stipulated, as well as the accessibility of the whistle-blowing contact offices for such reporting, and we thoroughly convey the use of the contact offices through trainings and other measures.

In addition, we have established a Harassment Investigation Committee chaired by an external attorney-at-law to deal with harassment cases in an objective, impartial and fair manner. Furthermore, we made efforts to strengthen our consultation and reporting system and to protect whistleblowers by establishing a group-wide "One-stop consultation and internal reporting platform" and by introducing reception and investigation by an external specialist team.

c. Measures for combating money laundering and the financing of terrorism

We have established policies and rules while taking into account the possibility that the products and services we provide will be used in money laundering and the financing of terrorism, and work to strengthen the management system by identifying and assessing the risks, reviewing the products and services, and strengthening customer management.

d. Responses to anti-social forces

With respect to anti-social forces, we regularly discuss among concerned departments and collaborate with external specialists, to cut any ties and prevent any interaction with any anti-social forces.

e. Customer-oriented business operations

In order to further instill customer-oriented management philosophy, we continue our efforts for the improvement of our products and services and reform of organizational culture through the Service Improvement Committee, etc.

In addition, in response to the cases of unauthorized use of cashless settlement services, we continued to work on this issue, as we have developed a comprehensive complaint/consultation response system for managing complaints/consultations centrally from customers and taking responsibility from their reception to solution.

(2) System for Storing and Managing Information Relating to the Execution of the Duties of Our Executive Officers

We established Documentation Management Rules, etc. to clarify the system and methods for the safekeeping, storing and management of documents, while verifying more than once a year the status of management of such documents.

(3) Rules and System Related to the Risk Management of Losses
We formulate Policies for Handling Risk Management each fiscal year, under which important matters related to risk management are discussed or reported at the Risk Management Committee, etc.
We have the independent Risk Management Division which establishes a system to examine the appropriateness of management plans, etc., from the standpoint of management sustainability. In particular, we positioned the deepening of risk management in market operations as a key strategy and made efforts to upgrade our system. In addition, we also made efforts to upgrade various types of risk management, including the establishment of a meeting body that discusses new products and services and a meeting body for deepening discussions and sharing of recognition of system risks.
We are committed to further enhancing our risk governance system and to establish a risk appetite framework to achieve both stable profits and financial soundness through appropriate risk taking and risk control.
Furthermore, we made efforts to establish robust security systems in accordance with international standards by steadily implementing various measures for cyber security, including human resource development using external specialists and implementation of action plans which included periodic cyber incident exercises, as well as reviewing action plans based on the results of re-implementation of third-party assessments.
While we review the Crisis Management Rules and Business Continuity Plan (BCP) as needed, we organize a training at least once a year in accordance with the Crisis Management Rules and Business Continuity Plan (BCP). In addition, in response to the spread of COVID-19, we hold the Crisis Management Committee as needed, and make efforts to prevent the spread of the infection to customers and employees and to ensure business continuity.

(4) System for Ensuring That the Duties of Executive Officers are Executed Effectively
We discuss issues such as matters to be resolved by the Board of Directors and scope of authority of the President and Representative Executive Officer at the Executive Committee held weekly, while organizing various specialized subcommittees as advisory bodies to the Executive Committee.
For the fiscal year ended March 31, 2022, we were committed to sustainability-conscious management by promoting five key strategies, etc. under the mission clarified in the Medium-Term Management Plan.
Rules relating to professional duties stipulate that Executive Officers shall supervise the execution of operation of which they are in charge, in accordance with the division of duties. Resolutions of the Board of Directors are required for any changes to the division of duties of Executive Officers that clarifies the responsibilities of Executive Officers.

(5) System for Ensuring Appropriate Operations among the Japan Post Group
We have entered into the Japan Post Group agreement based on which we discuss in advance and report any matters necessary for appropriate and smooth operations.
In response to the introduction of the Group CxO system to strengthen the cross function of Group management by Japan Post Holdings Co., Ltd., we reported to the Board of Directors on the activities of the Group CxOs from the perspective of ensuring independence in the decision-making.
Meanwhile, for management matters of subsidiaries and affiliates required to be approved by Japan Post Bank under the Rules for Managing the Business of Subsidiaries, including the formulation of business plans, convocation of General Meetings of Shareholders and

resolutions for proposals, we give approval based on verification of the appropriateness of such matters.

(6) System for Ensuring That the Audit Committee's Audit is Performed Effectively

The Audit Committee receives monthly reports from Executive Officers on the status of business execution in order to ensure effective implementation of audits, while having regular informational sessions with the President and Representative Executive Officer, the Internal Audit Division and the Independent Auditor, respectively, on the matters such as basic management policies and the status of functions of the internal control system.

In particular, the Audit Committee continued to confirm the implementation of governance in response to occurrence of the unauthorized use of cashless settlement services. Furthermore, the Audit Committee monitored the status of improvement by formulating and implementing measures to prevent recurrence of internal crimes at post offices, which we worked with JAPAN POST Co., Ltd. and JAPAN POST HOLDINGS Co., Ltd.

In addition, in order to enhance independence and objectivity of the Internal Audit Division, prior approval from the Audit Committee is obtained with regard to the medium-term and annual audit plan and important changes of Executive Officers of the Internal Audit Division.

Furthermore, employees of the Audit Committee Office carry out operations by solely following the instructions from the Audit Committee, and expenses required for the duties for the Committee are duly provided for.

Notes to Non-Consolidated Financial Statements

Amounts less than one million yen are rounded down.

Subsidiaries and affiliates are defined based on Article 2, Paragraph 8 of the Banking Act and Article 4-2 of the Order for Enforcement of the Banking Act.

Significant accounting policies

1. Trading account securities

Trading account securities are stated at fair value.

2. Securities

(1) Held-to-maturity securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity, are stated at amortized cost (straight-line method) determined by the moving-average method. Investments in subsidiaries and affiliates are stated at cost determined by the moving-average method. Available-for-sale securities are stated at fair value (cost of securities sold is primarily calculated using the moving-average method). However, shares, etc. that do not have a market price are stated at cost determined by the moving-average method.

Net unrealized gains or losses including foreign exchange fluctuations, but excluding cases where the fair value hedge accounting method is applied to hedge exposure to the risks of foreign exchange fluctuations, net of applicable income taxes, are stated as a separate component of net assets.

(2) For the securities that form part of trust assets in money held in trust, stocks are stated using the same method as 2. (1) above.

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

3. Derivatives

Derivatives are stated at fair value.

4. Fixed assets

(1) Tangible fixed assets

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

(2) Intangible fixed assets

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

5. Reserves

(1) Reserve for possible loan losses

The reserve for possible loan losses is provided for in accordance with the prescribed standards for write-offs and reserves as described below:

Loans to normal borrowers and borrowers requiring caution, as provided by “Practical Guidance for Checking Internal Controls for Self-Assessments of Assets by Banks and Other Financial Institutions and for Audits of Loans Written Off and Loan Loss Allowance Provisions” (Japanese Institute of Certified Public Accountants (JICPA), Special Committee for Audits of Banks, etc., Report No. 4, April 14, 2022), are classified into certain groups, and a reserve is provided for each group based on the estimated rate of loan losses. For loans to doubtful borrowers, a reserve is provided in the amount of loans, net of amounts expected to be collected through disposition of collateral or through execution of guarantees, and considered to be necessary based on a solvency assessment. For loans to bankrupt or substantially bankrupt borrowers, a reserve is provided based on the amount of loans, net of amounts expected to be collected through disposition of collateral or to be recoverable under guarantees.

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

(2) Reserve for bonuses

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

(3) Reserve for employees’ retirement benefits

The reserve for employees’ retirement benefits, which is provided for future payments to employees, is recorded in the amount deemed accrued based on the projected benefit obligation as of March 31, 2022. The method of attributing projected benefit obligation to the periods ending on or before March 31, 2022 is by the benefit formula basis.

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

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

(4) Reserve for employee stock ownership plan trust

The reserve for employee stock ownership plan trust, which is provided for the payment of the Bank’s shares to employees, is recorded in the amount expected to be incurred at the end of the fiscal year based on the estimated amount of stock benefit obligations at the end of the fiscal year.

(5) Reserve for management board benefit trust

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

(6) Reserve for reimbursement of deposits

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

6. Revenue recognition

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

7. Foreign currency transactions

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

8. Hedge accounting

(1) Hedging against interest rate risks

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

As for portfolio hedges on groups of large-volume, small-value monetary debts, the Bank applies the deferred hedge accounting method as stipulated in “Treatment of Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry” (JICPA Industry Audit Committee Report No. 24, March 17, 2022).

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

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

(2) Hedging against foreign exchange fluctuation risks

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

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

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

9. Accounts to record gains or losses on cancellation of investment trusts

Gains or losses on cancellation of investment trusts are recorded as “interest and dividends on securities” if the underlying investment assets are bonds and bond equivalent, and as “gains on sales of stocks and other securities” or “losses on sales of stocks and other securities” if the underlying investment assets are other than bonds and bond equivalent. However, if the total of “interest and dividends on securities” of investment trusts is a loss, such loss is recorded as “losses on redemption of bonds.”

Changes in accounting policies

(Application of Accounting Standard for Revenue Recognition, etc.)

The Bank has applied “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the fiscal year ended March 31, 2022, and recognized revenue at the amount expected to be received in exchange for the promised goods or services when the dominance of its goods or services is transferred to customers.

The application of “Accounting Standard for Revenue Recognition”, etc. is subject to the transitional treatment stipulated in the proviso of Paragraph 84 of “Accounting Standard for Revenue Recognition”. The cumulative effect of the retrospective application, assuming the new accounting policy had been applied to periods prior to the beginning of the fiscal year ended March 31, 2022, was added to or subtracted from the beginning balance of retained earnings of the fiscal year ended March 31, 2022, and thus the new accounting policy was applied from such beginning balance.

As a result, for the fiscal year ended March 31, 2022, other liabilities increased by ¥119 million in the non-consolidated balance sheets, ordinary income decreased by ¥779 million and ordinary expenses decreased by ¥831 million, net ordinary income and income before income taxes increased by ¥51 million, respectively, in the non-consolidated statements of income.

As a result, due to the cumulative effect on net assets at the beginning of the fiscal year ended March 31, 2022, the beginning balance of retained earnings brought forward decreased by ¥119 million in the non-consolidated statements of changes in net assets.

For the fiscal year ended March 31, 2022, net assets per share decreased by ¥0.02 and net income per share increased by ¥0.00.

(Application of Accounting Standard for Fair Value Measurement, etc.)

The Bank has applied “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019), etc. from the beginning of the fiscal year ended March 31, 2022. And in accordance with the transitional treatment stipulated in Paragraph 19 of “Accounting Standard for Fair Value Measurement” and Paragraph 44-2 of “Accounting Standard for Financial Instrument” (ASBJ Statement No. 10, July 4, 2019), the Bank has applied new accounting policies from the beginning of the fiscal year ended March 31, 2022. Due to the application, the measurement of the fair value of stocks with market price is changed from the fair value method based on their average prices during the final month of fiscal year to the fair value method based on their fiscal year-end market prices.

Significant accounting estimates

Items using accounting estimates reported in the financial statements for the current fiscal year that may have a significant impact to the items on the financial statements for the following fiscal year are as follows:

Fair value measurement of securities

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

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

(Millions of yen)

	As of March 31, 2022
Securities	139,549,103

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

(i) Calculation methodology and key assumptions

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

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

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

Additional information

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

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

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

(1) Overview of transactions

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

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

(2) Residual shares remaining in the trust

The Bank recorded the shares remaining in the trust as treasury stock under net assets, at the book value in the trust (excluding incidental expenses). The book value and the number of said shares of treasury stock, as of March 31, 2022, were ¥262 million and 206 thousand shares.

(Transactions for Delivery of the Bank’s Shares to its Management Employees in the Investment Division through Trusts)

The Bank introduced an employee stock ownership plan using a trust for the Bank’s management employees in the Investment Division.

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

(1) Overview of transactions

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

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

(2) Residual shares remaining in the trust

The Bank recorded the shares remaining in the trust as treasury stock under net assets, at the book value in the trust (excluding incidental expenses). The book value and the number of said shares of treasury stock, as of March 31, 2022, were ¥518 million and 479 thousand shares.

Notes related to non-consolidated balance sheet

1. Stocks and investments in capital of subsidiaries and affiliates totaled ¥49,979 million.
2. Japanese government bonds include ¥2,504,966 million of unsecured and secured loaned securities for which borrowers have the right to sell or pledge (securities collateralized bond lending/borrowing transactions).
   Of the securities that the Bank had the right to sell or (re-)pledge without restrictions among those purchased under resale agreements, etc., the Bank held ¥4,303,658 million of those neither sold nor pledged as of March 31, 2022.
3. Loans under the Banking Act and the Act on Emergency Measures for the Revitalization of the Financial Functions are as follows. Loans include Japanese corporate bonds (limited to those for which redemption of the principal and payment of interest is guaranteed in whole or in part and for which the corporate bonds were issued through private placement of securities (Article 2, Paragraph 3 of the Financial Instruments and Exchange Act)) in “securities,” loans, foreign exchanges, accrued interest in “accrued income”, suspense payments in “other assets”, items recorded in customers’ liabilities for acceptances and guarantees, and securities with notes in the case of lending of the securities (limited to those lent under a loan for use or lease agreement) in the non-consolidated balance sheet.

Loans to borrowers classified as bankrupt or quasi-bankrupt	¥– million
Loans to borrowers classified as doubtful	¥0 million
Past-due loans for three months or more	¥– million
Restructured loans	¥– million
Total	¥0 million

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

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

Past-due loans for three months or more refer to loans with principal or interest unpaid for three months or more after the day following the due date, excluding loans to borrowers classified as bankrupt or quasi-bankrupt and loans to borrowers classified as doubtful.

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

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

(Changes in presentation)

In line with the enforcement of the “Cabinet Office Order Partially Amending the Regulation for Enforcement of the Banking Act, etc.” (Cabinet Office Order No. 3, January 24, 2020) on March 31, 2022, the classification, etc. of “risk-monitored loans” under the Banking Act are presented pursuant to the classification, etc. of loans disclosed under the Act on Emergency Measures for the Revitalization of Financial Functions.

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

Assets pledged as collateral:	
Securities	¥26,653,459 million
Liabilities corresponding to assets pledged as collateral:	
Deposits	¥608,469 million
Payables under repurchase agreements	¥19,461,646 million
Payables under securities lending transactions	¥1,514,438 million
Borrowed money	¥5,603,600 million

In addition, the settlement accounts of Bank of Japan overdrafts, exchange settlement transactions, or derivative transactions were collateralized, and margins for future transactions, etc. were substituted by securities of ¥2,643,836 million.

"Other assets" included guarantee deposits of ¥1,713 million, margins with central counterparty of ¥527,199 million and other margins, etc. of ¥300,929 million, respectively.

5. Contracts of overdraft facilities and loan commitments are contracts with customers to lend funds up to a certain limit agreed in advance. The Bank will make the loans upon the request of an obligor to draw down funds under such loan agreements, unless any terms or conditions stipulated in the relevant loan agreement are violated. The unused commitment balance relating to these loan agreements amounted to ¥54,579 million as of March 31, 2022. Of this amount, there were ¥20,221 million of loans in which the term of the agreement was less than one year, or the unconditional cancellation of the agreement was allowed at any time as of March 31, 2022.

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

6. Accumulated depreciation of tangible fixed assets was ¥196,166 million.
7. Monetary assets to parent company, subsidiaries, and affiliates totaled ¥229 million.
8. Monetary liabilities to parent company, subsidiaries, and affiliates totaled ¥134,997 million.
9. "Transfer deposits" correspond to "Current deposits" and "TEIGAKU deposits" to "Other deposits" in liabilities in accordance with the "Ordinance for the Enforcement of the Banking Act." "Special deposits" represent the deposits received from the Organization for Postal Savings, Postal Life Insurance and Post Office Network. "TEIGAKU deposits" are a kind of 10-year-maturity time deposits unique to the Bank. The key feature is that depositors have the option to withdraw money anytime six months after the initial deposit. The interest rates on such deposits rise every six months in a staircase pattern, with duration of up to three years. After three years, the interest is compounded using fixed interest rates until the maturity of 10 years.

Notes related to non-consolidated statement of income

1. Income earned from transactions with parent company, subsidiaries, and affiliates was as follows:

Total interest income	¥301 million
Total fees and commissions income	¥677 million
Total other operating income and other ordinary income	¥12 million

Expenses on transactions with parent company, subsidiaries, and affiliates were as follows:

Total interest expenses	¥0 million
Total fees and commissions expenses	¥966 million
Other expenses	¥32,199 million

2. Transactions with related parties

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

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

Ownership of voting rights held	89.00% of the Bank's shares (direct)	
Nature of transactions	Management of JAPAN POST GROUP Concurrent holding of positions by executive management directors Contract for using IT system service	
Details of transactions	Payment of brand royalty fees (*)	Payment of IT system service charge (**)
Transaction amount	¥4,326 million	¥17,594 million
Account	Other liabilities	Other liabilities
Outstanding balance at the end of the fiscal year	¥396 million	¥1,610 million

Transaction conditions and policies on determining transaction conditions, etc.

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

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

(2) Transactions between the Bank and subsidiaries or affiliates

There were no transactions between the Bank and subsidiaries or affiliates for the fiscal year ended March 31, 2022.

(3) Transactions between the Bank and companies with the same parent or subsidiaries of the Bank’s affiliates

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

Ownership of voting rights held	Nil				
Nature of transactions	Concurrent holding of positions by executive management directors, Commissions on bank agency services, etc., Bank counter services agreement and Consignment contracts for logistics operations				
Details of transactions	Payment of commissions on bank agency services, etc. (*)	Receipt and payment of funds related to bank agency services		Payment of consignment fees for logistics operations (****)	
Transaction amount	¥353,214 million	¥854,136 million	— (***)	¥2,855 million	
Account	Other liabilities	Other assets (**)	Other liabilities (***)	Other liabilities	Accrued expenses
Outstanding balance at the end of the fiscal year	¥33,290 million	¥810,000 million	¥17,978 million	¥269 million	¥49 million

Transaction conditions and policies on determining transaction conditions, etc.

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

** The figures represent advance payments of funds necessary for delivery of deposits in bank agency services. The transaction amounts are presented on an average balance basis for the fiscal year ended March 31, 2022.

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

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

Note: In addition to the above transactions, pursuant to the Act on Organization for Postal Savings, Postal Life Insurance and Post Office Network, from the fiscal year ended March 31, 2020, of the costs necessary to maintain the post office network, the costs that are indispensable for securing the universal services (except for those incurred by JAPAN POST Co., Ltd.) are covered by the subsidy from the Organization for Postal Savings, Postal Life Insurance and Post Office Network granted to JAPAN POST Co., Ltd. The subsidy has been funded by contributions from the Bank and JAPAN POST INSURANCE Co., Ltd. The contribution made by the Bank for the fiscal year ended March 31, 2022 was ¥237,040 million.

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

There were no transactions between the Bank and directors and/or executive officers, or major individual shareholders for the fiscal year ended March 31, 2022.

Notes related to non-consolidated statement of changes in net assets

Type and number of treasury stock for the fiscal year ended March 31, 2022 were as follows:

(Thousand shares)

	Number of shares at the beginning of the fiscal year	Increase	Decrease	Number of shares at the end of the fiscal year	Notes
Treasury stock					
Common stock	751,246	201	750,691	755	(*) (**) (***)

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

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

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

Securities

The fair value information of securities was as follows.

Securities discussed here include trading account securities, negotiable certificates of deposit recorded under due from banks, monetary claims bought, as well as Japanese government bonds, Japanese local government bonds, short-term corporate bonds, Japanese corporate bonds, Japanese stocks, and other securities listed on the balance sheet.

1. Trading account securities as of March 31, 2022

There were no unrealized gains or losses from trading account securities included in the profit and loss recorded in the statement of income for the fiscal year.

2. Held-to-maturity securities as of March 31, 2022

(Millions of yen)

	Type	Amount on the balance sheet	Fair value	Difference
Those for which the fair value exceeds the amount on the balance sheet	Japanese government bonds	11,775,643	11,854,045	78,402
	Japanese local government bonds	489,173	490,226	1,052
	Japanese corporate bonds	830,147	835,731	5,584
	Other securities:	573,309	587,450	14,140
	Foreign bonds	573,309	587,450	14,140
	Total	13,668,273	13,767,454	99,180
Those for which the fair value does not exceed the amount on the balance sheet	Japanese government bonds	3,198,569	3,088,773	(109,796)
	Japanese local government bonds	2,257,336	2,244,435	(12,900)
	Japanese corporate bonds	2,709,892	2,691,684	(18,207)
	Other securities:	1,235,185	1,221,125	(14,059)
	Foreign bonds	1,235,185	1,221,125	(14,059)
	Total	9,400,984	9,246,019	(154,964)
Total		23,069,257	23,013,473	(55,784)

3. Investments in subsidiaries and affiliates as of March 31, 2022

There were no investments in subsidiaries and affiliates with a fair value.

(Note) Investments in subsidiaries and affiliates that do not have a market price are as follows:

(Millions of yen)

	Amount on the balance sheet
Investments in subsidiaries	49,765
Investments in affiliates	214
Total	49,979

4. Available-for-sale securities whose fair value is available as of March 31, 2022

(Millions of yen)

	Type	Amount on the balance sheet	Acquisition cost	Difference (*)
Those for which the amount on the balance sheet exceeds the acquisition cost	Bonds:	26,611,899	26,210,101	401,797
	Japanese government bonds	21,440,751	21,068,637	372,113
	Japanese local government bonds	2,258,366	2,249,997	8,368
	Short-term corporate bonds	—	—	—
	Japanese corporate bonds	2,912,781	2,891,465	21,315
	Others:	47,373,242	45,580,303	1,792,939
	Foreign bonds	19,132,179	17,607,103	1,525,076
	Investment trusts (**)	28,146,188	27,878,997	267,190
	Total	73,985,142	71,790,404	2,194,737
Those for which the amount on the balance sheet does not exceed the acquisition cost	Bonds:	17,520,905	17,818,708	(297,802)
	Japanese government bonds	12,844,802	13,131,172	(286,369)
	Japanese local government bonds	575,998	576,999	(1,000)
	Short-term corporate bonds	1,434,510	1,434,510	—
	Japanese corporate bonds	2,665,593	2,676,025	(10,432)
	Others:	22,178,684	22,405,572	(226,887)
	Foreign bonds	3,569,014	3,609,865	(40,850)
	Investment trusts (**)	18,242,243	18,427,086	(184,842)
	Total	39,699,590	40,224,280	(524,690)
Total		113,684,732	112,014,685	1,670,046

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

** Investment trusts are mainly invested in foreign bonds.

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

(Millions of yen)

	Amount on the balance sheet
Unlisted stocks (*)	17,283
Investment trusts (**)	3,145,994
Investments in partnerships (***)	44,157
Total	3,207,434

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

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

*** Investments in partnerships are not included in the scope of fair value disclosures in accordance with Paragraph 27 of the Fair Value Measurement Guidance.

5. Held-to-maturity securities sold during the fiscal year ended March 31, 2022

There were no held-to-maturity securities sold during the fiscal year ended March 31, 2022

6. Available-for-sale securities sold during the fiscal year ended March 31, 2022

(Millions of yen)

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

7. Securities for which accounting for impairment was applied

For securities other than trading securities (excluding shares, etc. that do not have a market price and investments in partnerships, etc.), whose fair value shows a substantial decline from their acquisition cost and is not judged to recover to their acquisition cost, the Bank reduces its book value of securities to fair value on the non-consolidated balance sheet and charges valuation differences to income (hereafter “impairment losses”) in the fiscal year in which they are recognized.

No impairment losses were recognized for the fiscal year ended March 31, 2022.

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

a) Bonds and bonds equivalent
- Securities whose fair value is 70% or less than the acquisition cost

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

However, domestic listed securities, etc. are determined using the value calculated based on the average market price in the one month prior to the end of the fiscal year, instead of the fair value in b) above.

Money held in trust

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

1. Money held in trust for the purpose of trading as of March 31, 2022
   The Bank did not hold money held in trust for the purpose of trading.

2. Money held in trust for the purpose of held-to-maturity as of March 31, 2022
   The Bank did not hold money held in trust for the purpose of held-to-maturity.

3. Money held in trust (excluding trading and held-to-maturity purposes) as of March 31, 2022

(Millions of yen)

	Amount on the balance sheet	Acquisition cost	Difference	Those for which the amount on the balance sheet exceeds the acquisition cost	Those for which the amount on the balance sheet does not exceed the acquisition cost
Money held in trust classified as: Available-for-sale	3,640,631	2,463,141	1,177,490	1,220,003	(42,513)

Notes: 1. "Those for which the amount on the balance sheet exceeds the acquisition cost" and "Those for which the amount on the balance sheet does not exceed the acquisition cost" represent the breakdown of the "Difference" for the respective items.

2. Money held in trust classified as available-for-sale consisting of shares, etc. that do not have a market price and investments in partnerships, etc., which are not included above were as follows:

(Millions of yen)

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

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

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

*** Investments in partnerships are not included in the scope of fair value disclosures in accordance with Paragraph 27 of the Fair Value Measurement Guidance.

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

   For the securities that form part of the trust assets in money held in trust other than that for the purpose of trading (excluding shares, etc. that do not have a market price and investments in partnerships, etc.), whose fair value shows a substantial decline from their acquisition cost and is not judged to recover to their acquisition cost, the Bank reduces its book value of securities to fair value on the non-consolidated balance sheet and charges valuation differences to income (hereafter "impairment losses") in the fiscal year in which they are recognized. Impairment losses for the fiscal year ended March 31, 2022 amounted to ¥1,955 million.

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

   a) Bonds and bonds equivalent
      - Securities whose fair value is 70% or less than the acquisition cost

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

   However, domestic listed securities, etc. are determined using the value calculated based on the average market price in the one month prior to the end of the fiscal year, instead of the fair value in b) above.

Deferred tax assets/liabilities

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

(Millions of yen)

Deferred tax assets:	
Reserve for possible loan losses	0
Reserve for employees' retirement benefits	42,983
Accrued enterprise taxes	2,759
Net deferred losses on hedges	240,093
Reserve for reimbursement of deposits	18,011
Depreciation	7,011
Unrealized losses of money held in trust	3,073
Other	25,285
Total deferred tax assets	339,219
Deferred tax liabilities:	
Net unrealized gains on available-for-sale securities	(613,725)
Other	(29,479)
Total deferred tax liabilities	(643,204)
Net deferred tax assets (liabilities)	(303,985)

Revenue recognition

- Useful information in understanding revenue

  Notes on useful information in understanding revenue is omitted as the same information is presented in the notes to consolidated financial statements.

Per share data

Net assets per share as of March 31, 2022 and net income per share for the fiscal year then ended were as follows:

(Yen)

Net assets per share (*)(***)	2,737.83
Net income per share (**)(***)	94.68

* Net assets per share is calculated using the net assets of ¥10,263,563 million divided by the number of common stock outstanding (excluding treasury stock) as of March 31, 2022 (3,748,789 thousand shares).

** Net income per share is calculated using the net income of ¥354,945 million divided by the average number of common stock outstanding for the fiscal year ended March 31, 2022 (3,748,758 thousand shares).

*** To calculate net assets per share, the treasury stock deducted from the number of common stock outstanding as of March 31, 2022 included 685 thousand shares of treasury stock held by the stock benefit trust.
To calculate net income per share, the treasury stock deducted to calculate the average number of outstanding shares for the fiscal year ended March 31, 2022 included 716 thousand shares of treasury stock held by the stock benefit trust.

Notes to Consolidated Financial Statements

Amounts less than one million yen are rounded down.

Subsidiaries and affiliates are defined based on Article 2, Paragraph 8 of the Banking Act and Article 4-2 of the Order for Enforcement of the Banking Act.

Significant accounting policies for preparing of consolidated financial statements

1. Scope of consolidation

(1) Consolidated subsidiaries: 6 companies

Name of principal companies

Japan Post Investment Corporation

JAPAN POST BANK LOAN CENTER Co., Ltd.

Two newly established companies are included in the scope of consolidation from the fiscal year ended March 31, 2022.

(2) Non-consolidated subsidiaries: 2 companies

Name of principal company

Advanced Fintech I Limited Partnership

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

2. Application of the equity method

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

Name of principal companies

ATM Japan Business Service, Ltd.

JP Asset Management Co., Ltd.

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

Name of principal company

Advanced Fintech I Limited Partnership

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

3. Fiscal years of consolidated subsidiaries

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

December 31: 4 companies

March 31: 2 companies

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

4. Accounting policies

(1) Trading account securities

Trading account securities are stated at fair value.

(2) Securities

(i) Held-to-maturity securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity, are stated at amortized cost (straight-line method) determined by the moving-average method. Available-for-sale securities are stated at fair value (cost of securities sold is primarily calculated using the moving-average method). However, shares, etc. that do not have a market price are stated at cost determined by the moving-average method.

Net unrealized gains or losses including foreign exchange fluctuations, but excluding cases where the fair value hedge accounting method is applied to hedge exposure to the risks of foreign exchange fluctuations, net of applicable income taxes, are stated as a separate component of net assets.

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

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

(3) Derivatives

Derivatives are stated at fair value.

(4) Fixed assets

(i) Tangible fixed assets

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

(ii) Intangible fixed assets

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

(5) Reserve for possible loan losses

The reserve for possible loan losses is provided for in accordance with the prescribed standards for write-offs and reserves as described below:

Loans to normal borrowers and borrowers requiring caution, as provided by “Practical Guidance for Checking Internal Controls for Self-Assessments of Assets by Banks and Other Financial Institutions and for Audits of Loans Written Off and Loan Loss Allowance Provisions” (Japanese Institute of Certified Public Accountants (JICPA), Special Committee for Audits of Banks, etc., Report No. 4, April14, 2022), are classified into certain groups, and a reserve is provided for each group based on the estimated rate of loan losses. For loans to doubtful borrowers, a reserve is provided in the amount of loans, net of amounts expected to be collected through disposition of collateral or through execution of guarantees, and considered to be necessary based on a solvency assessment. For loans to bankrupt or substantially bankrupt borrowers, a reserve is provided based on the amount of loans, net of amounts expected to be collected through disposition of collateral or to be recoverable under guarantees.

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

(6) Reserve for bonuses

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

(7) Reserve for employee stock ownership plan trust

The reserve for employee stock ownership plan trust, which is provided for the payment of the Bank’s shares to employees, is recorded in the amount expected to be incurred at the end of the fiscal year based on the estimated amount of stock benefit obligations at the end of the fiscal year.

(8) Reserve for management board benefit trust

The reserve for management board benefit trust, which is provided for the payment of the Bank's shares, etc. to Executive Officers, is recorded in the amount expected to be incurred at the end of the fiscal year based on the estimated amount of stock benefit obligations at the end of the fiscal year.

(9) Reserve for reimbursement of deposits

The reserve for reimbursement of deposits, which is provided for depositor's requests for refunds in relation to deposits that are no longer recorded as liabilities, is recorded in the amount of expected losses to be incurred, which is estimated based on future requests for refunds.

(10) Employees' retirement benefits

The method of attributing projected benefit obligation to the periods ending on or before March 31, 2022 is by the benefit formula basis.

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

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

(11) Revenue recognition

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

(12) Foreign currency transactions

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

(13) Hedge accounting

(i) Hedging against interest rate risks

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

As for portfolio hedges on groups of large-volume, small-value monetary debts, the Group applies the deferred hedge accounting method as stipulated in "Treatment of Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry" (JICPA Industry Audit Committee Report No. 24, March 17, 2022).

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

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

(ii) Hedging against foreign exchange fluctuation risks

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

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

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

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

Gains or losses on cancellation of investment trusts are recorded as “interest and dividends on securities” if the underlying investment assets are bonds and bond equivalent, and as gains or losses on sales of stocks and other securities in “other ordinary income” or “other ordinary expenses” if the underlying investment assets are other than bonds and bond equivalent. However, if the total of “interest and dividends on securities” of investment trusts is a loss, such loss is recorded as losses on redemption of bonds in “other operating expenses.”

Changes in accounting policies

(Application of Accounting Standard for Revenue Recognition, etc.)

The Group has applied “Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the fiscal year ended March 31, 2022, and recognized revenue at the amount expected to be received in exchange for the promised goods or services when the dominance of its goods or services is transferred to customers.

The application of “Accounting Standard for Revenue Recognition", etc. is subject to the transitional treatment stipulated in the proviso of Paragraph 84 of “Accounting Standard for Revenue Recognition". The cumulative effect of the retrospective application, assuming the new accounting policy had been applied to periods prior to the beginning of the fiscal year ended March 31, 2022, was added to or subtracted from the beginning balance of retained earnings of the fiscal year ended March 31, 2022, and thus the new accounting policy was applied from such beginning balance.

As a result, for the fiscal year ended March 31, 2022, other liabilities increased by ¥119 million in the consolidated balance sheets, ordinary income decreased by ¥779 million and ordinary expenses decreased by ¥831 million, net ordinary income and income before income taxes increased by ¥51 million, respectively, in the consolidated statements of income.

As a result, due to the cumulative effect on net assets at the beginning of the fiscal year ended March 31, 2022, the beginning balance of retained earnings decreased by ¥119 million in the consolidated statements of changes in net assets.

For the fiscal year ended March 31, 2022, net assets per share decreased by ¥0.02 and net income attributable to owners of parent per share increased by ¥0.00.

(Application of Accounting Standard for Fair Value Measurement, etc.)

The Group has applied “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019), etc. from the beginning of the fiscal year ended March 31, 2022. And in accordance with the transitional treatment stipulated in Paragraph 19 of “Accounting Standard for Fair Value Measurement” and Paragraph 44-2 of “Accounting Standard for Financial Instrument” (ASBJ Statement No. 10, July 4, 2019), the Group has applied new accounting policies from the beginning of the fiscal year ended March 31, 2022. Due to the application, the measurement of the fair value of stocks with market price is changed from the fair value method based on their average prices during the final month of fiscal year to the fair value method based on their fiscal year-end market prices.

Accounting pronouncements issued but not yet adopted

* “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021)

(1) Overview

Guidance has been established on fair value measurement of investment trusts and notes thereon, as well as notes on fair value of investments in partnerships, etc. for which the net amount equivalent to the Group’s equity is recognized on the balance sheet.

(2) Scheduled date of application

The implementation of the guidance is scheduled to be applied from the beginning of the fiscal year ending March 31, 2023.

(3) Impact from the application of these accounting standards

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

Significant accounting estimates

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

Fair value measurement of securities

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

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

(Millions of yen)

	As of March 31, 2022
Securities	139,577,368

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

(i) Calculation methodology and key assumptions

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

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

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

Additional information

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

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

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

(1) Overview of transactions

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

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

(2) Residual shares remaining in the trust

The Bank recorded the shares remaining in the trust as treasury stock under net assets, at the book value in the trust (excluding incidental expenses). The book value and the number of said shares of treasury stock, as of March 31, 2022, were ¥262 million and 206 thousand shares.

(Transactions for Delivery of the Bank's Shares to its Management Employees in the Investment Division through Trusts)

The Bank introduced an employee stock ownership plan using a trust for the Bank's management employees in the Investment Division.

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

(1) Overview of transactions

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

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

(2) Residual shares remaining in the trust

The Bank recorded the shares remaining in the trust as treasury stock under net assets, at the book value in the trust (excluding incidental expenses). The book value and the number of said shares of treasury stock, as of March 31, 2022, were ¥518 million and 479 thousand shares.

Notes related to consolidated balance sheet

1. Stocks and investments in capital of affiliates (excluding stocks and investments in capital of consolidated subsidiaries) totaled ¥2,346 million.
2. Japanese government bonds in "Securities" include ¥2,504,966 million of unsecured and secured loaned securities for which borrowers have the right to sell or pledge (securities collateralized bond lending/borrowing transactions).
   Of the securities that the Group had the right to sell or (re-)pledge without restrictions among those purchased under resale agreements, etc., the Group held ¥4,303,658 million of those neither sold nor pledged as of March 31, 2022.
3. Loans under the Banking Act and the Act on Emergency Measures for the Revitalization of the Financial Functions are as follows. Loans include Japanese corporate bonds (limited to those for which redemption of the principal and payment of interest is guaranteed in whole or in part and for which the corporate bonds were issued through private placement of securities (Article 2, Paragraph 3 of the Financial Instruments and Exchange Act)) in "securities," loans, foreign exchanges, accrued interest and suspense payments in "other assets," items recorded in customers' liabilities for acceptances and guarantees, and securities with notes in the case of lending of the securities (limited to those lent under a loan for use or lease agreement) in the consolidated balance sheet.

Loans to borrowers classified as bankrupt or quasi-bankrupt	¥– million
Loans to borrowers classified as doubtful	¥0 million
Past-due loans for three months or more	¥– million
Restructured loans	¥– million
Total	¥0 million

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

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

Past-due loans for three months or more refer to loans with principal or interest unpaid for three months or more after the day following the due date, excluding loans to borrowers classified as bankrupt or quasi-bankrupt and loans to borrowers classified as doubtful.

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

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

(Changes in presentation)

In line with the enforcement of the "Cabinet Office Order Partially Amending the Regulation for Enforcement of the Banking Act, etc." (Cabinet Office Order No. 3, January 24, 2020) on March 31, 2022, the classification, etc. of "risk-monitored loans" under the Banking Act are presented pursuant to the classification, etc. of loans disclosed under the Act on Emergency Measures for the Revitalization of Financial Functions.

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

Assets pledged as collateral:	
Securities	¥26,653,459 million
Liabilities corresponding to assets pledged as collateral:	
Deposits	¥608,469 million
Payables under repurchase agreements	¥19,461,646 million
Payables under securities lending transactions	¥1,514,438 million
Borrowed money	¥5,603,600 million

In addition, the settlement accounts of Bank of Japan overdrafts, exchange settlement transactions, or derivative transactions were collateralized, and margins for future transactions, etc. were substituted by securities of ¥2,643,836 million.

"Other assets" included initial margins for future transactions of ¥155,295 million, guarantee deposits of ¥1,817 million, cash collateral paid for financial instruments of ¥706,710 million, margins with central counterparty of ¥527,199 million and other margins, etc. of ¥300,929 million, respectively.

5. Contracts of overdraft facilities and loan commitments are contracts with customers to lend funds up to a certain limit agreed in advance. The Group will make the loans upon the request of an obligor to draw down funds under such loan agreements, unless any terms or conditions stipulated in the relevant loan agreement are violated. The unused commitment balance relating to these loan agreements amounted to ¥54,579 million as of March 31, 2022. Of this amount, there were ¥20,221 million of loans in which the term of the agreement was less than one year, or the unconditional cancellation of the agreement was allowed at any time as of March 31, 2022.

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

6. Accumulated depreciation of tangible fixed assets was ¥196,551 million.

Notes related to consolidated statement of income

1. "Other ordinary income" included the following:

Gains on sales of stocks and other securities	¥46,605 million
Gains on money held in trust	¥287,550 million

2. "Other ordinary expenses" included the following:

Losses on sales of stocks and other securities	¥171,444 million

Notes related to consolidated statement of changes in net assets

1. Type and number of shares issued and treasury stock for the fiscal year ended March 31, 2022 were as follows:

(Thousand shares)

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

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

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

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

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

2. Dividends

(1) Dividends distributed during the fiscal year ended March 31, 2022

Resolution	Type	Cash dividends (Millions of yen)	Cash dividends per share (Yen)	Record date	Effective date
May 14, 2021 at the meeting of the Board of Directors	Common stock	¥187,473	¥50.00	March 31, 2021	June 18, 2021

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

(2) Dividends with the record date within the fiscal year ended March 31, 2022 and with the effective date coming after the end of the fiscal year

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

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

Financial instruments

1. Notes related to the conditions of financial instruments

(1) Policy for handling financial instruments

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

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

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

(2) Details of financial instruments and associated risks

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

From the viewpoints of the Group’s ALM, the Group utilizes interest rate swaps and others as hedging instruments for interest rate-related transactions to avoid the risks of changes in future economic values and interest rates (cash flows) of securities, loans, and time deposits on fluctuations of the yen interest rate. For currency-related transactions, the Group utilizes currency swaps and others as hedging instruments to avoid the risk of foreign exchange fluctuations in connection with the translation of foreign currency-denominated securities held by the Group and related yen translation amounts of redemption of principal and interest.

Derivatives transactions which meet certain requirements are accounted for by the hedge accounting method to control the effect on financial accounting within a fixed range when utilizing derivatives for hedging purposes. The hedging instruments, the hedged items, the hedging policy, and the way to evaluate the effectiveness of hedges are included in the section “Significant accounting policies for preparing of consolidated financial statements 4. Accounting policies (13) Hedge accounting.”

(3) Risk management structure for financial instruments

(i) Basic policy

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

(ii) Credit risk

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

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

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

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

(iii) Market risk

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

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

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

As of March 31, 2022, the Group calculates the amounts of its market risk volume (estimated potential losses from such risk) at ¥3,853,231 million. VaR provides the major market risk exposure which is statistically calculated under certain probability based on historical market fluctuations. Thus, it may not capture fully the risk stemming from extraordinary changes in the market environment that are normally considered improbable. To complement such risks, the Group conducts stress testing using a variety of scenarios.

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

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

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

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

(iv) Funding liquidity risk

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

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

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

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

The Group determines the fair value of financial instruments based on various assumptions, and the value may be changed if different assumptions and other factors are applied.

2. Notes related to the fair value of financial instruments

The amounts on the consolidated balance sheet, the fair values, and the differences between the two as of March 31, 2022, were as follows.

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

(Millions of yen)

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

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

** Figures are total derivative transactions recorded as other assets or other liabilities. The net amount is shown for net claims and obligations arising from derivative transactions, with totals that are net obligations shown in parentheses.

The fair value of derivatives subject to the designated hedge accounting method, such as foreign exchange forward contracts, is included in the fair value of securities hedged by those derivatives since such derivatives are accounted for as part of these securities.

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

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

(Millions of yen)

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

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

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

*** Investments in partnerships are not included in the scope of fair value disclosures in accordance with Paragraph 27 of the Fair Value Measurement Guidance.

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

(Note 2) Scheduled redemption amounts of monetary claims and securities with a maturity date subsequent to the fiscal year ended March 31, 2022 were as follows:

(Millions of yen)

	One Year or Less	> One and ≤ Three Years	> Three and ≤ Five Years	> Five and ≤ Seven Years	> Seven and ≤ Ten Years	Over Ten Years
Monetary claims bought	2,873	8,732	85,126	82,105	36,843	182,082
Securities:	20,086,007	17,691,591	11,763,314	10,280,045	12,460,208	20,802,424
Held-to-maturity securities	8,931,066	3,688,679	2,309,703	1,279,430	1,409,760	5,455,761
Available-for-sale securities (with maturity date)	11,154,940	14,002,911	9,453,611	9,000,615	11,050,448	15,346,663
Loans (*)	2,165,053	686,586	504,834	314,075	423,394	341,964
Total	22,253,934	18,386,909	12,353,276	10,676,226	12,920,447	21,326,471

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

(Note 3) Scheduled repayment amounts of interest-bearing liabilities subsequent to the fiscal year ended March 31, 2022 were as follows:

(Millions of yen)

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

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

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

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

Level 1 fair value: Fair value measured using observable inputs, i.e. quoted prices in active markets for assets or liabilities that are the subject of the measurement.
Level 2 fair value: Fair value measured using observable inputs other than Level 1 inputs.
Level 3 fair value: Fair value measured using unobservable inputs.

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

(1) Financial instruments measured at fair value

(Millions of yen)

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

* Investment trusts to which transitional treatment is applied in accordance with Paragraph 26 of the Fair Value Measurement Guidance are not included in the above table. The amount of such investment trusts on the consolidated balance sheet is ¥46,413,302 million.

** Figures are total derivative transactions recorded as other assets or other liabilities. The net amount is shown for net claims and obligations arising from derivative transactions, with totals that are net obligations shown in parentheses.

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

(Millions of yen)

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

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

Assets

Monetary claims bought

The Group uses the price provided by other third parties such as brokers, etc. as the fair value, which is classified as Level 3.

Money held in trust

For the securities representing trust assets in money held in trust, the Group uses the price at the exchange market for stocks and the Reference Statistical Prices for OTC Bond Transactions published by the Japan Securities Dealers Association for bonds as the fair value, which is principally classified as Level 1. The Group uses the funds' unit price for investment trust as the fair value, which is not classified into any level as the transitional treatment is applied in accordance with Paragraph 26 of the Fair Value Measurement Guidance.

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

Trading account securities

The Group uses the purchase price provided by the Bank of Japan as the fair value, which is classified as Level 1 as unadjusted quoted prices in active markets are available.

Securities

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

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

The Group uses the funds' unit price for investment trust as the fair value, which is not classified into any level as the transitional treatment is applied in accordance with Paragraph 26 of the Fair Value Measurement Guidance.

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

Loans

Loans with floating interest rates reflect market interest rates within the short term. When a borrower's credit standing has not changed significantly after the loan was originated, the fair value is approximately the same as the book value, and therefore the Group uses the book value as the fair value. For fixed-rate loans, the Group calculates the fair value for each loan based on total principal and interest amounts discounted at the interest rate that reflects the remaining tenor and credit risk of the borrower. Their fair value is classified as Level 3.

For loans that are limited to within a designated percentage of the amount of pledged assets, such as loans secured by deposit, the fair value is approximately the same as the book value based on the repayment period, interest rate conditions, etc., and therefore the Group uses the book value as the fair value. Their fair value is classified as Level 3.

Liabilities

Deposits

For demand deposits including transfer deposits and ordinary deposits, the Group uses the amount that might be paid on demand at the consolidated balance sheet date (the book value) as the fair value, which is classified as Level 2.

For fixed-term deposits, the Group categorizes the deposits by specified tenors and then calculates the present value by discounting the projected future cash flow to use it as their fair value, which is classified as Level 2.

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

The Group uses the interest rates on newly accepted deposits as the discount rates.

Borrowed money

The fair value of borrowed money is stated at its present value, which is calculated by discounting the projected future cash flow, using the refinancing rate applicable to a similar loan. The fair value of borrowed money on a short-term contract (due within one year) is approximately the same as the book value, and therefore the Group uses the book value as the fair value, which is classified as Level 2.

Derivative transactions

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

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

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

(1) Quantitative information on significant unobservable inputs
As the Bank does not conduct estimation of inputs it itself cannot observe, the quantitative information is not provided.

(2) Reconciliation from the beginning balance to the ending balance and valuation gains or losses recognized in profit or loss for the fiscal year ended March 31, 2022

(Millions of yen)

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

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

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

(3) Description of valuation processes used for fair value measurements
The fair value verification department has established policies and procedures for measuring fair value, and each fair value measurement department measures fair value accordingly. The fair value verification department that is independent from the fair value measurement departments verifies whether the fair value obtained is measured using valid valuation techniques and inputs as well as whether they are classified into an appropriate level of the fair value hierarchy. The results of the verification are reported to the ALM Committee to ensure that the policies and procedures for measuring fair value are appropriate.
In measuring fair value, the Group uses a valuation model that most appropriately reflects the nature, characteristics and risks of each financial instrument. In addition, when using quoted prices obtained from third parties, the Group verifies whether the prices are valid using appropriate methods, such as confirming the valuation techniques and inputs used and comparing them with the fair value of similar financial instruments.

(4) Description of sensitivity of the fair value measurement to changes in significant unobservable inputs

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

Securities

The fair value information of securities was as follows.

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

1. Trading account securities as of March 31, 2022

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

2. Held-to-maturity securities as of March 31, 2022

(Millions of yen)

	Type	Amount on the consolidated balance sheet	Fair value	Difference
Those for which the fair value exceeds the amount on the consolidated balance sheet	Japanese government bonds	11,775,643	11,854,045	78,402
	Japanese local government bonds	489,173	490,226	1,052
	Japanese corporate bonds	830,147	835,731	5,584
	Others:	573,309	587,450	14,140
	Foreign bonds	573,309	587,450	14,140
	Total	13,668,273	13,767,454	99,180
Those for which the fair value does not exceed the amount on the consolidated balance sheet	Japanese government bonds	3,198,569	3,088,773	(109,796)
	Japanese local government bonds	2,257,336	2,244,435	(12,900)
	Japanese corporate bonds	2,709,892	2,691,684	(18,207)
	Others:	1,235,185	1,221,125	(14,059)
	Foreign bonds	1,235,185	1,221,125	(14,059)
	Total	9,400,984	9,246,019	(154,964)
Total		23,069,257	23,013,473	(55,784)

3. Available-for-sale securities whose fair value is available as of March 31, 2022

(Millions of yen)

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

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

** Investment trusts are mainly invested in foreign bonds.

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

(Millions of yen)

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

4. Held-to-maturity securities sold during the fiscal year ended March 31, 2022

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

5. Available-for-sale securities sold during the fiscal year ended March 31, 2022

(Millions of yen)

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

6. Securities for which accounting for impairment was applied

For securities other than trading securities (excluding shares, etc. that do not have a market price and investments in partnerships, etc.), whose fair value shows a substantial decline from their acquisition cost and is not judged to recover to their acquisition cost, the Group reduces its book value of securities to fair value on the consolidated balance sheet and charges valuation differences to income (hereafter “impairment losses”) in the fiscal year in which they are recognized.

No impairment losses were recognized for the fiscal year ended March 31, 2022.

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

a) Bonds and bonds equivalent
- Securities whose fair value is 70% or less than the acquisition cost

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

However, domestic listed securities, etc. are determined using the value calculated based on the average market price in the one month prior to the end of the fiscal year, instead of the fair value in b) above.

Money held in trust

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

1. Money held in trust for the purpose of trading as of March 31, 2022
   The Group did not hold money held in trust for the purpose of trading.

2. Money held in trust for the purpose of held-to-maturity as of March 31, 2022
   The Group did not hold money held in trust for the purpose of held-to-maturity.

3. Money held in trust (excluding trading and held-to-maturity purposes) as of March 31, 2022

(Millions of yen)

	Amount on the consolidated balance sheet	Acquisition cost	Difference	Those for which the amount on the consolidated balance sheet exceeds the acquisition cost	Those for which the amount on the consolidated balance sheet does not exceed the acquisition cost
Money held in trust classified as: Available-for-sale	3,640,631	2,463,141	1,177,490	1,220,003	(42,513)

Notes: 1. "Those for which the amount on the consolidated balance sheet exceeds the acquisition cost" and "Those for which the amount on the consolidated balance sheet does not exceed the acquisition cost" represent the breakdown of the "Difference" for the respective items.

2. Money held in trust classified as available-for-sale consisting of shares, etc. that do not have a market price and investments in partnerships, etc. which are not included above were as follows:

(Millions of yen)

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

4. Money held in trust for which accounting for impairment was applied
   For the securities that form part of the trust assets in money held in trust other than that for the purpose of trading (excluding shares, etc. that do not have a market price and investments in partnerships, etc.), whose fair value shows a substantial decline from their acquisition cost and is not judged to recover to their acquisition cost, the Group reduces its book value of securities to fair value on the consolidated balance sheet and charges valuation differences to income (hereafter "impairment losses") in the fiscal year in which they are recognized.
   Impairment losses for the fiscal year ended March 31, 2022 amounted to ¥1,955 million.
   The criteria for determining if a security's fair value shows a "substantial decline," as a general principle, are as follows:
   a) Bonds and bonds equivalent
      • Securities whose fair value is 70% or less than the acquisition cost
   b) Securities other than a)
      • Securities whose fair value is 50% or less than the acquisition cost, or
      • Securities whose fair value is 70% or less but over 50% of the acquisition cost and the market price continues to be less than a certain level
   However, domestic listed securities, etc. are determined using the value calculated based on the average market price in the one month prior to the end of the fiscal year, instead of the fair value in b) above.

Revenue recognition

1. Disaggregation of revenue from contracts with customers

(Millions of yen)

	Fiscal year ended March 31, 2022
Fees and commissions:	155,244
Foreign exchange and settlement-related fees	87,649
Other ordinary income	390
Revenue from contracts with customers	155,634

2. Useful information in understanding revenue

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

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

3. Useful information in understanding revenue for the fiscal year ended March 31, 2022 and for the following fiscal years

   Notes are omitted due to immateriality.

Per share data

Net assets per share as of March 31, 2022 and net income attributable to owners of parent per share for the fiscal year then ended were as follows:

(Yen)

Net assets per share (*)(***)	2,739.60
Net income attributable to owners of parent per share (**)(***)	94.71

* Net assets per share is calculated using the net assets of ¥10,302,261 million, net of non-controlling interests of ¥32,041 million, divided by the number of common stock outstanding (excluding treasury stock) as of March 31, 2022 (3,748,789 thousand shares).

** Net income attributable to owners of parent per share is calculated using the net income attributable to owners of parent of ¥355,070 million divided by the average number of common stock outstanding for the fiscal year ended March 31, 2022 (3,748,758 thousand shares).

*** To calculate net assets per share, the treasury stock deducted from the number of common stock outstanding as of March 31, 2022 included 685 thousand shares of treasury stock held by the stock benefit trust.

To calculate net income attributable to owners of parent per share, the treasury stock deducted to calculate the average number of outstanding shares for the fiscal year ended March 31, 2022 included 716 thousand shares of treasury stock held by the stock benefit trust.