

Annual Report

Shinkin Central Bank

2021



Shinkin Central Bank, the Central Bank for Shinkin Banks

As the central financial institution in Japan for the cooperative regional financial institutions, known as shinkin banks, the Shinkin Central Bank (hereinafter the SCB) occupies a well-established position in Japan's financial industry. Shinkin banks currently hold funds totaling some ¥155 trillion (around US\$1,405 billion).

Management Philosophy and Operational Policies

Management Philosophy

As the central bank for all shinkin banks, the SCB supports the growth of the shinkin bank industry, thereby contributing to economic development throughout Japan.

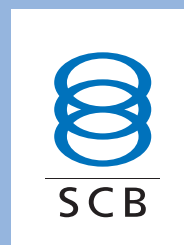
Operational Policies

1. Strengthen the corporate base, broaden operational functions, and enhance the credit standing of shinkin banks.
2. Attract stable funds from shinkin banks and diversify funding sources.
3. Upgrade market operations and develop financial services.
4. Pursue new business to reflect changing financial circumstances.
5. Contribute to regional development and revitalization hand in hand with shinkin banks.
6. Achieve sound management through efficiency, capital adequacy, and strengthened risk management.
7. Nurture professionals and create an attractive workplace.
8. Enhance public trust in the SCB.

Corporate Data (as of March 31, 2021)

Name:	Shinkin Central Bank (SCB)
Established:	June 1, 1950
Number of employees:	1,248
Domestic network:	14
Overseas network:	6
Total assets:	¥43,654 billion (\$394 billion)
Total funds:	¥41,603 billion (\$375 billion)
Paid-in capital:	¥690 billion (\$6,242 million)
Preferred shares:	¥90 billion (\$822 million)
Capital adequacy ratio (consolidated):	25.60%
Number of member shinkin banks:	254
Long-term credit ratings: (as of July 31, 2021)	AI (Moody's) A (S&P) A+ (R&I) AA (JCR)

* The number of employees includes full-time Directors and Corporate Auditors. Our overseas network includes Shinkin International Ltd., a subsidiary in London and Shinkin Singapore Pte. Ltd., a subsidiary in Singapore.



Shinkin Central Bank

Total assets: ¥43,654 billion (\$394 billion)
Domestic network: 14
Overseas network: 6
Number of employees: 1,248
Number of member shinkin banks: 254



Shinkin Banks

Number of shinkin banks: 254
Total assets: ¥175,448 billion (\$1,585 billion)
Number of branches: 7,181
Number of employees: 103,071
Number of members: 9,094,466

(As of March 31, 2021)

Financial Highlights (Non-consolidated Financial Summary)

For the years ended March 31,	Millions of Yen			Millions of US Dollars*		
	2021	2020	2019	2021	2020	2019
For the Fiscal Year						
Total income	¥ 227,247	¥ 266,519	¥ 258,767	\$ 2,053	\$ 2,451	\$ 2,332
Total expenses	187,466	214,229	201,720	1,693	1,970	1,817
Net income (loss)	29,579	37,924	42,286	267	348	381
Net business profit (loss)	33,814	58,025	42,791	305	533	385
At the Year-end						
Total assets	¥43,654,176	¥40,633,271	¥39,432,740	\$394,382	\$373,776	\$355,377
Loans and bills discounted	8,451,005	8,474,068	7,045,582	76,348	77,951	63,496
Securities	17,744,905	16,477,301	16,613,593	160,311	151,571	149,725
Total liabilities	41,963,346	39,112,432	37,799,235	379,106	359,786	340,656
Deposits	33,787,924	31,208,596	30,966,816	305,248	287,081	279,080
Debentures	1,774,270	2,141,480	2,486,710	16,029	19,699	22,410
Net assets	1,690,829	1,520,838	1,633,504	15,275	13,989	14,721

* US dollar amounts are given for convenience only, converted at the rate of ¥110.96, ¥108.71, and ¥110.69 per US\$1.00, the prevailing rate as of March 31, 2019, 2020, and 2021 respectively.

Contents

Financial Highlights (Non-consolidated Financial Summary)	1	Corporate Management and Auditors	18
Message from the President and CEO	2	Business Overview	19
About Shinkin Central Bank	6	Capital Adequacy	20
The SCB Group	7	Asset Quality	21
About Shinkin Banks	8	Corporate Governance	22
Realizing a Sustainable Society	10	Compliance System	23
Medium-Term Management Plan “SCB Strategy 2019”	12	Risk Management	25
Measures against COVID-19	13	Preferred Shares	28
TOPICS	14	Financial Section	29
Overseas Networks	16	Organization	89
		International Directory	90

This material contains certain forward-looking statements. They are not guarantees of future performance and involve risks and uncertainties, while actual results may materially differ from those contained in the forward-looking statements as a result of various factors.

US dollar amounts are converted for convenience only, at ¥110.69 per US\$1.00, the prevailing rate on March 31, 2021.

Message from the President and CEO



Realize a Sustainable Society from Regional Revitalization with Shinkin Banks

Amid the drastic changes in the environment surrounding us, such as the protracted COVID-19 pandemic, the global climate change, and rapidly advancing digitalization, the Shinkin Central Bank (the “SCB” hereafter) has been more proactive than ever in promoting our initiatives for regional revitalization to support Japan’s regional economies and help realize a sustainable society.

In this message, I would like to explain the key measures the SCB has been taking in the current challenging environment. I will also discuss the opening of new group companies, established with the aim of regional revitalization and strengthening of the network of the shinkin bank industry, along with our new challenges in the post COVID-19 pandemic era.

President and CEO

Hirofumi Shibata

Taking a Look Back at One Year With COVID-19

The environment surrounding regional economies deteriorated rapidly due to the spread of COVID-19. This past year has been one in which shinkin banks have been put to the test, as they have

made it their mission to resolve regional issues while growing together with their local communities.

Amid the spread of COVID-19, the first thing shinkin banks did was to provide cash flow support to their customers. Utilizing the strong relationships

shinkin banks have developed with their customers through many years of “Face-to-Face” activities, they promptly responded to the requests for support from a large number of customers who suffered a sharp decline in sales and needed immediate support. This was

only possible because shinkin banks had a deeper understanding of their customers than anyone else.

Once the need for cash flow support subsided, shinkin banks went one step further and started enhancing the support for the core businesses of their customers, actively providing a variety of support tailored to their circumstances.

Shinkin banks undertook a wide variety of support initiatives, including on-line sales support for local specialty products, distributing discount coupons to depositors that can be used at local stores, and distributing free stickers to restaurants to certify the implementation of infection prevention measures. Successful implementation of these initiatives was possible because shinkin banks have a deeper understanding of their own customers and have strong ties with them, which enabled them to accurately assess the customer needs and flexibly take actions accordingly.

A year with COVID-19 pandemic was an extremely difficult one for Japan's regional economies, but it may also have been a year for regional communities to reaffirm the presence of the shinkin banks in the respective community and their underlying strength.

Progress of Implementation of Key Measures

This year marks the final year of “SCB Strategy 2019,” a 3-year Medium-Term Management Plan launched in 2019. In addition to responding to COVID-19 pandemic, the SCB has been steadily

implementing the key measures set forth in its Medium-Term Management Plan, such as strengthening its support system for business succession of small and medium scale enterprises (SMEs), regional revitalization, and further promotion of support for digitalization.

[Strengthening Support System for Business Succession of SMEs]

With aging of the population of SME owners, the shortage of successors is becoming increasingly serious. In addition, as their business performance has deteriorated due to the impact of the COVID-19 pandemic, resolving the issue of business succession in SMEs has become one of our top priorities.

In light of these circumstances, in January 2021, we established the Shinkin Business Succession Consortium to address the SME business succession issues. The Consortium includes a variety of external specialized agencies, and the Shinkin Central Bank Group acts as a hub to connect shinkin banks with these agencies, enabling the banks to provide one-stop consultation services to their customers to offer solutions to various business succession related issues.

In addition to the establishment of the Shinkin Business Succession Consortium, the Shinkin Capital Co., Ltd., one of the SCB's group companies, has also been working to improve its capability to provide a wider range of solutions for business succession related issues, including intra-family succession, along with the existing options such as M&A. In addition to these

functional enhancements, we also plan to increase our bases nationwide to enable more flexible and efficient support activities. As a start, we newly opened the Kinki Office in Osaka in April 2021.

[Initiatives for Regional Revitalization]

In a joint effort with shinkin banks to support regional revitalization projects implemented by local governments, in July 2020, we established the “SCB *Furusato Ouen Dan* (lit., “hometown cheering team”),” a regional revitalization promotion scheme to make donations to selected projects by utilizing a corporate version of Japan's *Furusato Nozei* donation program*. (**Furusato Nozei* donation program is a preferential treatment in Japanese income taxation system.) The “SCB *Furusato Ouen Dan*” aims to promote development of Japan's regional economies by supporting various regional revitalization projects that would contribute to solving problems each locality faces in collaboration with shinkin banks.

In fiscal 2020, the SCB donated approximately ¥1 billion (approx. \$9.1 million) to 100 local governments recommended by shinkin banks. We received far more applications than we had initially expected. Through this initiative, we realized, once again, how closely connected shinkin banks and local governments are, and also how deeply shinkin banks are committed to regional revitalization. We will continue the “SCB *Furusato Ouen Dan*” in fiscal 2021 to actively promote the initiatives to help realize regional revitalization in collaboration with shinkin banks.

[Promoting Digitalization]

At the Shinkin Innovation Hub, which was newly established in April 2020, we are working to utilize big data and build a digital platform unique to the shinkin bank industry.

For the use of big data, we are looking into event-based marketing (EBM) solutions. EBM is a method that aims to propose optimal products and services at optimal times. In fiscal 2020, we conducted a demonstration experiment with the cooperation of shinkin banks and other organizations and confirmed its effectiveness. Based on the results of the experiment, we are now working with pilot shinkin banks to develop specific solutions to provide the service to shinkin banks nationwide.

In January 2021, we introduced "Shinkin direct" as a communication tool unique to the shinkin bank industry for the purpose of building a digital platform. "Shinkin direct" is not only used as a communication tool to digitalize customer contact points, but also aims to expand its role as a platform unique to the shinkin bank industry by accumulating data and adding functions and services of external companies (such as fintech companies).

The shinkin bank industry is a financial group forming a nationwide network of 254 shinkin banks, with approximately 7,100 branches and 100,000 directors and employees. This wide network is one of the major strengths of the shinkin bank industry, and we will further strengthen the in-

dustry's network value through the creation of a new digital platform, integrating digital capabilities with face-to-face interaction that shinkin banks excel in.

Opening of Two New Group Companies

The environment surrounding regional economies is becoming increasingly severe due to structural factors such as a declining and aging population, as well as restrictions on social and economic activities resulting from the spread of COVID-19. As Japan's regional economies continue to suffer, shinkin banks are expected more than ever to support the core businesses of their customers. In light of this situation, the SCB opened two new group companies in July 2021.

[Establishment of Shinkin Regional Innovation Co., Ltd.]

In order to further contribute to the

development of Japan's regional economies together with shinkin banks by providing diverse and advanced support for core businesses of their customers in respective regions and to support their local economies, Shinkin Regional Innovation Co., Ltd. was established to engage in new business areas that go beyond the existing framework.

Shinkin Regional Innovation Co., Ltd. will operate a "regional trading company business" where the company helps shinkin banks' customers improve the value of the regional resources they offer through providing support for product development and marketing to sell their products to large consuming regions outside the region. It also plans to offer "regional revitalization consulting services" to provide seamless support from building operating systems to follow-ups for such projects promoted by local governments as tourism revi-



talization and community development.

[Establishment of Shinkin Singapore Pte. Ltd.]

The SCB has formed a global network by establishing five overseas offices (in London, New York, Shanghai, Hong Kong, and Bangkok) as well as business alliances with nine overseas local banks. We have also seconded our staff to some of our business partner banks to collect local information, provide the information to the shinkin bank industry, and support SMEs that wish to enter the local market.

To further strengthen this network, we established Shinkin Singapore Pte. Ltd. as a new overseas subsidiary in Singapore, a major financial center in Asia.

Shinkin Singapore Pte. Ltd. will work with shinkin banks, aiming to incorporate the growth potential of Asia into the future of regional economies. Its specific initiatives include providing financing and sales channel development support to shinkin banks' customers, strengthening the SCB's own management capabilities by expanding investment and loan opportunities, and absorbing know-how on the use of financial innovation.

Challenges in the Post COVID-19 Era

Since the first case of COVID-19 was confirmed in Japan in January 2020, its impact has spread rapidly, changing the way of social and economic activities drastically in a short period of time, from the way business is conducted to

the way people live. In addition, digitalization accelerated further as people were restricted from traveling and face-to-face contacts.

We financial institutions, are also expected to accurately grasp the changes in society and quickly transform the existing business models accordingly.

In addition to the initiatives at the Shinkin Innovation Hub mentioned earlier, the SCB has also been actively promoting the digitalization of various measures, including hosting of the Shinkin Food Expo 2020 online, supporting the opening of online stores in cooperation with BASE, Inc., and introducing the Shinkin e-Learning System (Sels) for shinkin bank directors and employees.

Even in the post COVID-19 era, shinkin banks' fundamental principle of "mutual support" and the SCB's mission to contribute to the progress of the regional economies and societies together with shinkin banks, will remain the same. On the other hand, under the concept *fuekiryukou*, which means "the immutable and the transient," we will make changes in what needs to be changed with boldness, to adapt to the new era.

Toward the Realization of a Sustainable Society

The SCB has long been actively promoting the SDGs together with shinkin banks to support regional economies and help realize a sustainable society. Efforts to realize a sustainable society,

including measures against climate change, are gaining momentum both in Japan and overseas. Under such circumstances, companies are expected to play even larger roles and fulfill more responsibilities in this area.

In light of this situation, the SCB has decided to set new medium- to long-term goals to further promote the SDGs.

Specifically, we have set a target of ¥3 trillion (approx. \$27.1 billion) for ESG investments and loans from fiscal 2021 to fiscal 2030. The SCB has also decided to aim for virtually zero greenhouse gas emissions by fiscal 2030.

The SCB will further accelerate its efforts to achieve the SDGs and work with shinkin banks toward realization of a sustainable society.

In Conclusion

In fiscal 2021, regional economies are expected to gradually recover as vaccination progresses. However, due to factors such as COVID-19 variants, it remains unclear when the pandemic will be contained.

The SCB will continue to work proactively with shinkin banks nationwide for regional revitalization, while all the directors and employees of the SCB Group will work together to implement various measures toward the realization of a sustainable society.




In closing, I would appreciate your understanding and continued support as we work toward our goals.

About Shinkin Central Bank

The SCB was established as a cooperative financial institution funded by the shinkin banks, and serves as the central bank for shinkin banks throughout Japan, which are also its members. Here we will explain the three major functions performed by the SCB in the shinkin bank industry.




1. Functions to resolve issues held by regions

Shinkin banks play a key role in supporting regional economies by lending to local organizations and SMEs in Japan. However, individual shinkin banks are sometimes restricted in performing their banking functions because of their scale and limitations on their business area.

Issues	Solutions	Value provided
 <ul style="list-style-type: none"> ● Expansion of sales channels ● Overseas expansion ● Business succession and M&A 	<ul style="list-style-type: none"> ■ Provide business matching opportunities ■ Provide services corresponding to the needs of overseas expansion ■ Support business expansion and networking at overseas locations ■ Provide a platform for M&A ■ Provide funds and capital through our support fund ■ Provide services according to life stage 	Sound development of SMEs
 <ul style="list-style-type: none"> ● Asset buildup ● Succession of assets ● Strengthening of financial literacy 	<ul style="list-style-type: none"> ■ Provide products corresponding to life events ■ Supplement services for assets under management at shinkin banks ■ Provide trust products for individual customers ■ Provide digital skills training 	Realization of an enriched life for people
 <ul style="list-style-type: none"> ● Regional revitalization ● Promotion of regional industry ● Increased use of cashless payments 	<ul style="list-style-type: none"> ■ Provide Regional Revitalization Support Package ■ Regional innovation in collaboration with external organizations ■ Alliance with the Mercari Group ■ Establishment of the SCB Furusato Ouen Dan 	Prosperity of regional society

2. Central bank functions for shinkin banks

The SCB makes every effort to maintain an orderly financial system within the shinkin bank industry through the further strengthening of consulting functions, and cyber security measures in the shinkin bank industry, as well as timely and appropriate operations of the Shinkin Bank Management Reinforcement System, etc.

Issues	Solutions	Value provided
 <ul style="list-style-type: none"> ● Strengthening of investment management ● Strengthening of operational efficiency 	<ul style="list-style-type: none"> ■ Provide deposit products ■ Provide investment products using trust banking business functions ■ Provide loan products ■ Handle administrative tasks for deposit assessment operations ■ Promote sharing of cash-related operations 	Development of regional economies through strengthening management of shinkin banks
 <ul style="list-style-type: none"> ● Strengthening of ability to manage risk ● Nurturing and obtaining of human resources 	<ul style="list-style-type: none"> ■ Assist sophistication in risk management ■ Assist profit simulation and operation planning ■ Implement consulting ■ Assist improvement of systems for cyber security ■ Assist improvement of systems against money laundering or other illicit activities 	
 <ul style="list-style-type: none"> ● Early detection of management issues ● Management reinforcement 	<ul style="list-style-type: none"> ■ Operate the Shinkin Bank Management Reinforcement System ■ Operate the Shinkin Bank Mutual Funding Support System 	

3. Functions as an institutional investor

The SCB is constructing a stable funding base through deposit operations and bond operations. With the funds procured with this base, the SCB makes investments and loans for various products, etc. in money markets in Japan and overseas as one of the leading institutional investors in Japan.

Furthermore, with regard to investment and loan strategy, the SCB pursues efficient risk-return as well as promotes investments and loans that take ESG into consideration, such as forming project finance for private finance initiatives and investing in the World Bank Sustainable Development Bond.

The SCB Group (As of July 31, 2021)



Securities

Shinkin Securities

¥20bn in capital (100% ownership);
¥10bn capital reserve

- Dealing
- Brokerage
- Underwriting

Shinkin International

£30mn in capital (100% ownership)
(London local securities entity)

- Underwriting new bonds and agency business in the euro market
- Dealing and brokering for existing euro bonds
- Foreign securities investment and consulting

Regional trading company operation

Shinkin Regional Innovation

¥100mn in capital (100% ownership)

- Regional trading company business
- Regional innovation consulting business

Support for overseas business expansion

Shinkin Singapore

\$9mn in capital (100% ownership)
(Singapore local securities entity)

- Supporting the overseas expansion of shinkin banks' customers
- Supporting investments and loans of SCB
- Conducting surveys and research for financial innovation
- Nurturing human resources of the shinkin bank industry

Personal loan guarantees

Shinkin Guarantee

¥1.0bn in capital (100% ownership)
¥0.8bn capital reserve

- Debt guarantee business (guarantees for unsecured personal loans provided by shinkin banks)

Asset management

Shinkin Asset Management

¥200mn in capital (100% ownership)

- Management services for discretionary investment contract assets
- Management services for investment trust assets

Investment and M&A advisory

Shinkin Capital

¥490mn in capital (100% ownership)

- Investment banking
- M&A brokering
- Corporate business consulting

Data processing consignment

The Shinkin Banks Information System Center

¥4.5bn in capital (50.7% stake; 49.2% owned by shinkin banks);
¥1.5bn capital reserve

- Data processing consignment
- Software development
- Computer consulting and training

Consigned clerical work

Shinkin Chukin Business

¥70mn in capital (100% ownership)

- (handles SCB administrative work)
- Computing
- Promissory note exchange
- Branch, dormitory, and other property management

About Shinkin Banks

Shinkin banks are cooperative financial institutions. Their membership comprises local residents and SMEs. Shinkin banks' distinctive characteristics are that they are conveniently located; offer fine-tuned, personalized services; and have a strong relationship of mutual trust with their customers and communities.

Cooperative financial institutions are organizations that operate under the fundamental principle of mutual support.

Shinkin banks limit their lending, in principle, to members. However, their functions are almost the same as those of commercial banks, and they also deal with many people who are not members, accepting deposits, providing exchange services, accepting payments, including those for public utilities, and engaging in over-the-counter sales of public bonds, investment trust funds, and insurance.

Shinkin banks not only provide deposit, lending and exchange services, but also offer a diverse range of services to customers and other members of the local community in such areas as support for management improvement and enterprise renewal, business succession support, business start-up support, and local-area revitalization.

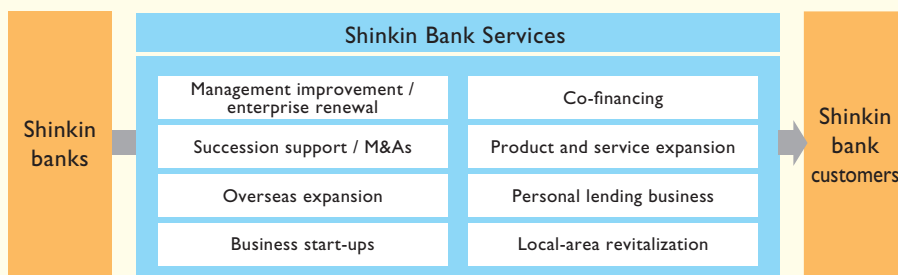
Outline of Shinkin Banks

254 shinkin banks form an extensive network, with approximately 7,100 offices across the country, from Hokkaido in the north to Kyushu and Okinawa in the south.

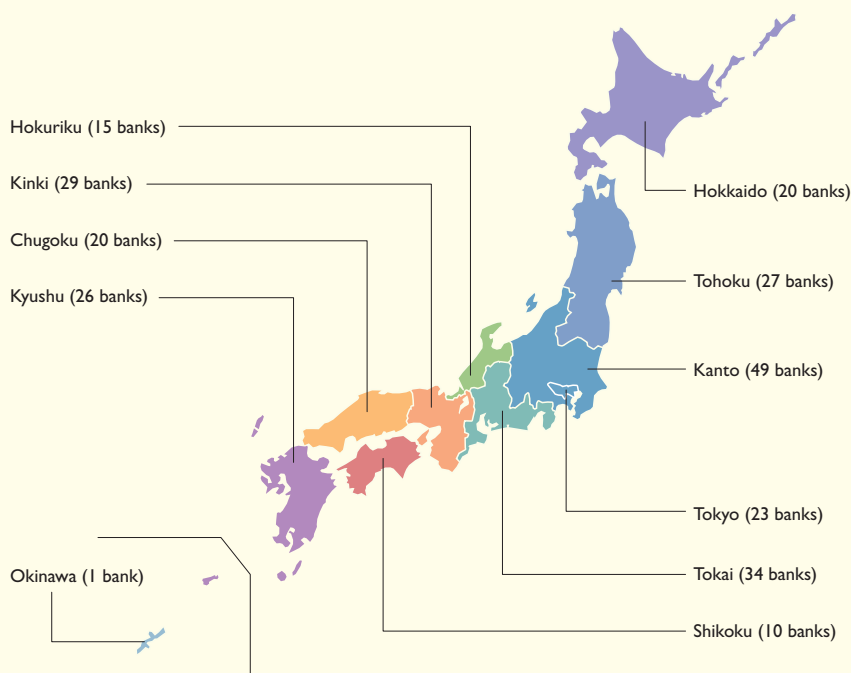
Shinkin banks dedicate themselves to providing high-quality services to local residents, as financial institutions that are deeply rooted in their respective regions, and contribute to regional development.

Total deposits outstanding at 254 shinkin banks as of March 31, 2021, reached approximately ¥155 trillion (\$1,405 billion), which ranks it in third place after Japan's city and regional banks, and gives shinkin banks an important position in Japanese financial markets.

Shinkin banks continue to further deepen their presence and roles as important infrastructure for regional economies and communities.



Nationwide Network of Shinkin Banks (254 banks)



Deposits¹ Outstanding by

Bank Segment (As of March 31, 2021)

(Billions of US dollars)

City Banks ²	\$3,894
Regional Banks ²	2,748
Shinkin Banks	1,405
Agricultural Cooperatives	965
Second-tier Regional Banks ²	609
Credit Cooperatives	202
Labor Credit Associations	197

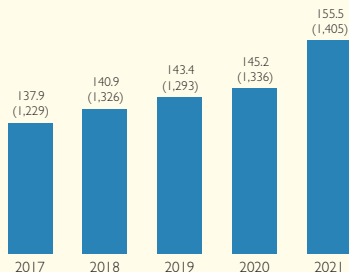
Notes: 1. Deposit includes domestic operations.
2. City banks, regional banks and second-tier regional banks do not include the special international financial transactions account.

Sources: Japanese Bankers Association, the Norinchukin Bank, National Central Society of Credit Cooperatives, National Association of Labour Banks and the SCB.

Deposits Outstanding

at Shinkin Banks

(Trillions of yen / billions of US dollars)



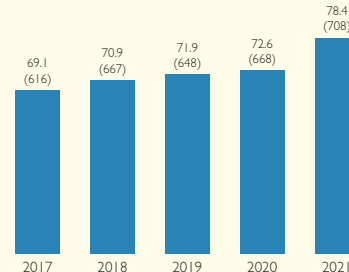
Note: Items in parentheses are US dollar amounts. They are given for convenience only, with conversion at ¥112.19, ¥106.28, ¥110.96, ¥108.71 and ¥110.69 per US\$1.00, the prevailing rate on March 31, 2017, 2018, 2019, 2020 and 2021, respectively.

Source: The SCB.

Loan and Bills Discounted

Outstanding at Shinkin Banks

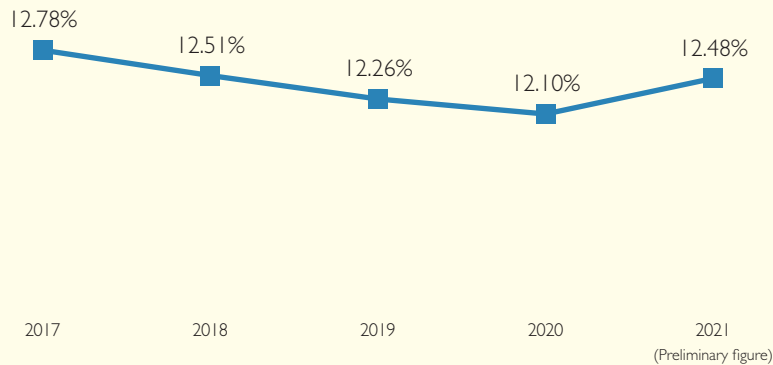
(Trillions of yen / billions of US dollars)



Note: Items in parentheses are US dollar amounts. They are given for convenience only, with conversion at ¥112.19, ¥106.28, ¥110.96, ¥108.71 and ¥110.69 per US\$1.00, the prevailing rate on March 31, 2017, 2018, 2019, 2020 and 2021, respectively.

Source: The SCB.

Capital Adequacy Ratio of Shinkin Banks

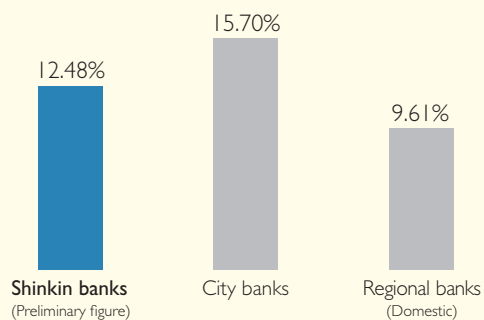


The capital adequacy ratio of shinkin banks rose to 12.48% (preliminary figure) as of March 31 2021, from 12.10% at the end of the previous fiscal period.

The ratio maintains a level that is not inferior to that of other business categories, and is outperforming other domestic regional banks (9.61%).

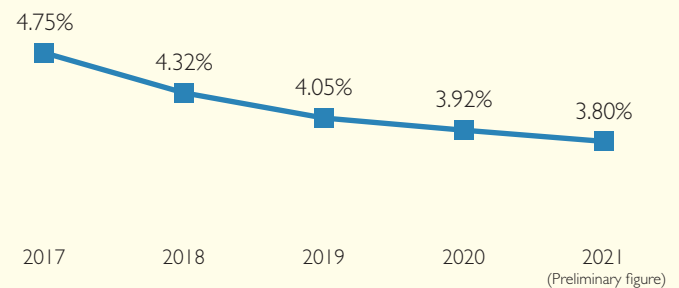
Source: The SCB.

Non-consolidated Capital Adequacy Ratio by Bank Segment (%) (as of March, 31, 2021)



Sources: Bank disclosure document, Regional Banks Association of Japan.

Nonperforming-loan Ratio of Shinkin Banks (%)



Source: The SCB.

Difference between Shinkin Banks and Commercial Banks

Category	Shinkin Banks	Commercial Banks
Legal foundation	Shinkin Bank Act	Banking Act
Organization	Non-profit cooperative organization financed by its members	For-profit joint stock corporations
Membership qualifications	(1) Those who have an address or office in the region (2) Those who have a business office in the region (3) Those who work in the region (4) Executive officers of companies that have a business office in the region (In the case of businesses) Businesses with no more than 300 employees or with less than 900 million yen in capital	None

Realizing a Sustainable Society

Declaration of Shinkin Central Bank Group on SDGs

Shinkin Central Bank Group is a group in which the SCB plays its role as the central financial institution for shinkin banks. As such, the Group will strive to implement initiatives together with shinkin banks throughout Japan toward realization of a sustainable society based upon the Sustainable Development Goals (SDGs) and in accordance with the principle of a cooperative institution focusing on three important themes, namely the “region”, the “people” and the “environment”.

Sustainable prosperity of a regional society

Major initiatives

- Improving sustainability of shinkin banks
- Improving sustainability of SMEs
- Initiative for regional revitalization in collaboration with shinkin banks

We will contribute to sustainable prosperity of regional societies by strengthening sustainability of shinkin banks which support the regions and SMEs which constitute the business infrastructure for the regions, as well as by promoting support for regional revitalization.

Relevant SDGs



Well-being to all the people

Major initiatives

- Support for realization of children's dream
- Enhancement of support for life planning of all generations
- Promotion of creating a workplace that values uniqueness of employees

Together with shinkin banks, we will strive to implement initiatives to bring well-being to senior generations, children and all the people in the regions, and to contribute to realizing a diversified and inclusive society with the concept of “leave no one behind”.

Relevant SDGs



Conservation of global environment

Major initiatives

- Promotion of ESG investments and loans
- Measures for climate change
- Reducing environmental burden associated with business activities

We will strive to reduce environmental burden associated with business activities. Furthermore, as a banking group making investments and loans on a global scale, we will contribute to conservation of the global environment by promoting investments and loans that are mindful of the environmental problems.

Relevant SDGs



Support for initiatives



Task Force on Climate-related Financial Disclosures (TCFD)

The “Task Force on Climate-related Financial Disclosures (TCFD)” was established in December 2015 by the Financial Stability Board at the request of G20 finance ministers and central bankers. In July 2019, the SCB endorsed the recommendations of the TCFD.



Equator Principles

In April 2021, the SCB adopted the Equator Principles, a voluntary framework designed to ensure that in extending loans to large-scale projects, financial institutions give due consideration to the impact of such projects on the environment and society.

Measures for climate change

In accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), the SCB will disclose its information as follows:

Governance

We will hold an Executive Committee meeting to deliberate on our policies and initiatives as to the SDGs including climate change, and then will report the result to the Board of Directors.

Also, from a standpoint of integrated management as one banking group, we hold the "Group Promotion Committee on SDGs" meetings twice a year; a new committee comprised of executives of the SCB and its group companies to discuss such matters as the SCB Group's policies and initiatives as to the SDGs including climate change.

Specific initiatives pertaining to SDGs including climate change are being taken on a cross-organizational basis with SDGs Promotion Office (established in April 2020) of Strategic Planning Division playing a central role.

Strategy

The environmental problems including climate change are the most important issues common to all human beings. As such, in accordance with the "Declaration of Shinkin Central Bank Group on SDGs" formulated in September 2019, we recognize that this climate issue would bring opportunities, risks and influences on our business activities in the following context. Accordingly, we will actively strive to solve the issues.

<Opportunities>

- ◇ Together with shinkin banks nationwide, we are actively implementing initiatives to realize a sustainable society. We recognize that these initiatives will contribute to regional revitalization as well as to an increased presence of the shinkin bank industry including the SCB.
- ◇ As we see the increased use of renewable energy worldwide and advancement of technological innovations as investment opportunities, we are promoting ESG investments and loans. Focusing on 2030, the deadline for achieving our SDG goals, we have set ESG investments and loans in ¥3 trillion (from fiscal 2021 to fiscal 2030) as medium- to long-term goal. (ESG investments and loans: ¥68.7 billion [actual]/fiscal 2019, ¥195.1 billion [actual]/fiscal 2020)

<Risks>

- ◇ We recognize the risk associated with a transition to a low carbon society such as regulatory tightening and technological innovations relating to the climate (transitional risk), and the risk of facing difficulties in business continuity due to an increased number of natural disasters or abnormal weather associated with climate change (physical risk). All these are the risks that affect the businesses and financial conditions of the customers to which shinkin banks make investments or provide loans, which then indirectly affects the portfolio of the SCB.
- ◇ In consideration of the SCB's special role of being a central financial institution for shinkin banks, we recognize that the risk of the SCB facing difficulties in its business continuity due to the climate change (physical risk) is a major risk.

<Influences>

- ◇ Carbon-related assets (energy and public sectors) constitute 4.72% of total loans.

Risk management

We have distinguished those sectors whose financial conditions are susceptible to the climate change and formulated the "Guideline for Making Responsible Investments and Loans by Type of Businesses" in March 2020. By making investments and loans in accordance with this Guideline, which is continually being revised, we are making a contribution to realization of a sustainable society as well as managing financial impact on the SCB.

In addition, the SCB adopted the Equator Principles in April 2021. Based on these principles, the SCB has started incorporating the evaluation of the project's environmental and social impact into a project finance decision-making process and continually monitors the project's level of consideration to the environment and society.

We also aim to reduce the balance of investments and loans for the construction of coal-fired power plants by 50% by fiscal 2030 from the end of fiscal 2020, and zero by fiscal 2040.

Index and target

In order to reduce CO₂ emissions, efforts are underway to achieve electricity consumption reduction goals based on the "shinkin bank industry's environmental voluntary action plan", and regarding current levels of reduction, the amount of reduction has exceeded the fiscal 2030 reduction target.

(Electric power consumption: medium- to long-term reduction target/actual)

Reduction target	Medium term	Fiscal 2020 in comparison with fiscal 2009: -10.5%	Long term	Fiscal 2030 in comparison with fiscal 2009: -19.0%
Actual	Fiscal 2009	373 kWh/m ² *	Fiscal 2020	221 kWh/m ² (-40.7%)

* Electric power consumption rate = electric power consumption/total floor space

Medium-Term Management Plan “SCB Strategy 2019”

The current business environment surrounding shinkin bank industry involves a number of new and important issues that must be dealt with, such as falling earnings capacity caused primarily by the Bank of Japan's unprecedented monetary easing, and the rapid advance of digitalization.

Based on this situation, the SCB has definitely decided the medium to long term “vision”, and in pursuit of this has drawn up the new medium-term management plan “SCB Strategy 2019” that began in April 2019, with seven high-priority strategies as its key components.

In 2020, in addition to continuing to move forward in pursuit of our plans, we will respond flexibly to “new normal” resulting from the social changes caused by the spread of COVID-19, and further enhance the competitiveness of the shinkin bank industry.

Management Philosophy

Operational Policies

Medium-Term Management Plan “SCB Strategy 2019” (fiscal 2019 to fiscal 2021)

Our vision for the SCB for the next five to ten years

Together with Shinkin Banks, SCB will aim for constructing combined operations as one banking group, improving competitiveness of Shinkin group, and achieving the future where Shinkin Bank is the most reliable bank in every local area, by allocating resources to each banks' field of expertise.

Seven high-priority strategies

Strategy1

Encourage Shinkin Banks' sustainable business model

Strategy2

Improve Shinkin Banks' risk management

Strategy3

Promote Shinkin Bank's digitalization

Strategy4

Promote to utilize network among Shinkin Banks, SCB and external organization

Strategy5

Pursue optimal balance among profit, risk and capital distribute managerial resources appropriately

Strategy6

Promote efficient operation

Strategy7

Nurture appropriate central financial institution's employee, create an attractive workplace

●Levels of management indices that should be maintained

Consolidated capital adequacy ratio
(domestic standard)
At least **15%**

Maximum amount available
for dividend
At least **¥200 billion**

●Target level of earnings

Profit attributable to owners
of parent
Around **¥40.0 billion**

●Results of the fiscal year ended March 31, 2021

Consolidated capital adequacy ratio
(domestic standard)
25.60%

Maximum amount available
for dividend
¥452.6 billion

Profit attributable to owners
of parent
¥31.6 billion

* Achievement rate for fiscal 2020 forecast (30.0 billion yen): 105.4%

Measures against COVID-19

In light of the spread of COVID-19, we are securing safety of executives and employees and maintaining continuity of our business by actively implementing work from home or staggered commuting, while undertaking various activities to assist shinkin banks and their customers.

◆Promote matching for shinkin banks' customers

To provide assistance to shinkin banks' customers who were experiencing difficulties in procuring components and other supplies due to supply-chain disruptions, we opened a matching website specifically designed to address issues associated with COVID-19 in March 2020. This is an initiative to promote matching between shinkin banks' customers who need supplies and those who can provide them by making use of the shinkin bank industry network.

◆Operation of “Shinkin no Ishizue, the Cornerstone of Shinkin Banks,” a support fund against COVID-19

In June 2020, the SCB, in collaboration with its group company, Shinkin Capital Co., Ltd., established “Shinkin no Ishizue,” a support fund against COVID-19, with the total investment of ¥10 billion. Through funding from this fund, we have been working to strengthen the financial base of shinkin banks' customers affected by COVID-19.

Also, we provide the shinkin banks' customers using this Fund with the business improvement measures we have developed in collaboration with Organization for Small & Medium Enterprises and Regional Innovation, JAPAN (SME SUPPORT, JAPAN), while providing shinkin banks with the management improvement support program dedicated to COVID-19 related issues.

◆Holding “Shinkin Food Expo 2020,” an online business fair

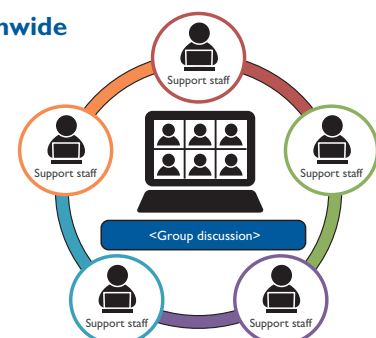
In fiscal 2020, since many of the face-to-face business fairs and business matching events organized by shinkin banks were postponed due to the spread of COVID-19, we introduced support tools for holding these meetings online. Also, from October to November 2020, we held the Shinkin Food Expo 2020, an online business fair, to support the expansion of sales channels for shinkin banks' customers engaged in the food manufacturing business. The Expo was participated by more than 400 customers.



◆Holding a liaison meeting for SMEs support staff at shinkin banks nationwide

In response to the increasingly specialized and complex management issues that SMEs face, we also organized a liaison meeting for SMEs support staff at shinkin banks nationwide.

We discussed the theme of customer support during and after the COVID-19 pandemic, and shinkin banks nationwide shared the examples of their unique approaches to customer support to improve the problem-solving capability of the shinkin bank industry.



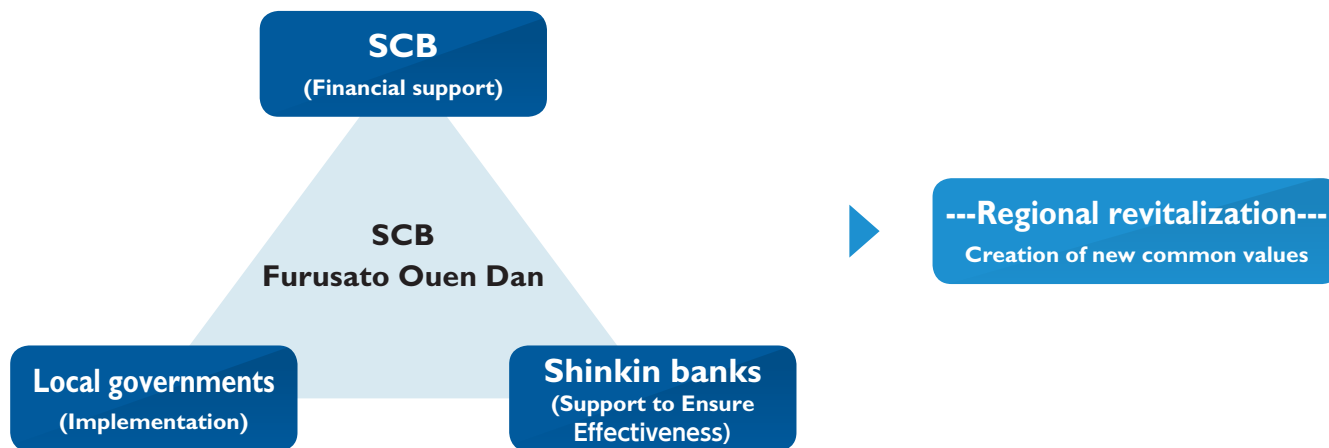
TOPICS



Regional revitalization through cooperation between shinkin banks and local governments

In commemoration of the 70th anniversary, we established the “SCB *Furusato Ouen Dan* (lit., hometown cheering team),” a regional revitalization promotion scheme that utilizes a corporate version of the *Furusato Nozei* (lit., hometown tax payment) donation program.

This initiative promotes donation by SCB and helps shinkin banks to commit to regional revitalization projects and support improving the feasibility and continuity of creating effects on the community, thereby enabling more effective projects to be conducted.



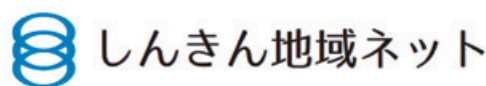
In fiscal 2020, we received applications from many local governments recommended by their respective local shinkin banks. Through screening by the committee consisting of academics and experts, we selected 103 projects (105 shinkin banks and 100 local governments) and donated a total of ¥1,018 million.

Top 5 SDG goals in the local governments applications

SDGs	8 DECENT WORK AND ECONOMIC GROWTH	11 SUSTAINABLE CITIES AND COMMUNITIES	17 PARTNERSHIPS FOR THE GOALS	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	4 QUALITY EDUCATION
Number of projects (%)	77 projects (74.8%)	69 projects (67.0%)	55 projects (53.4%)	46 projects (44.7%)	32 projects (31.1%)

Designing a new value for regional communities

In July 2021, we established a regional trading company, Shinkin Regional Innovation Co., Ltd. SCB will act as a hub to connect the efforts of individual shinkin banks that are familiar with their regions, aiming to maximize the unique network value of the shinkin bank industry. We will contribute to the development of regional economies together with shinkin banks by engaging in the “regional trading company business” and the “regional revitalization consulting business,” which go beyond the framework of finance.

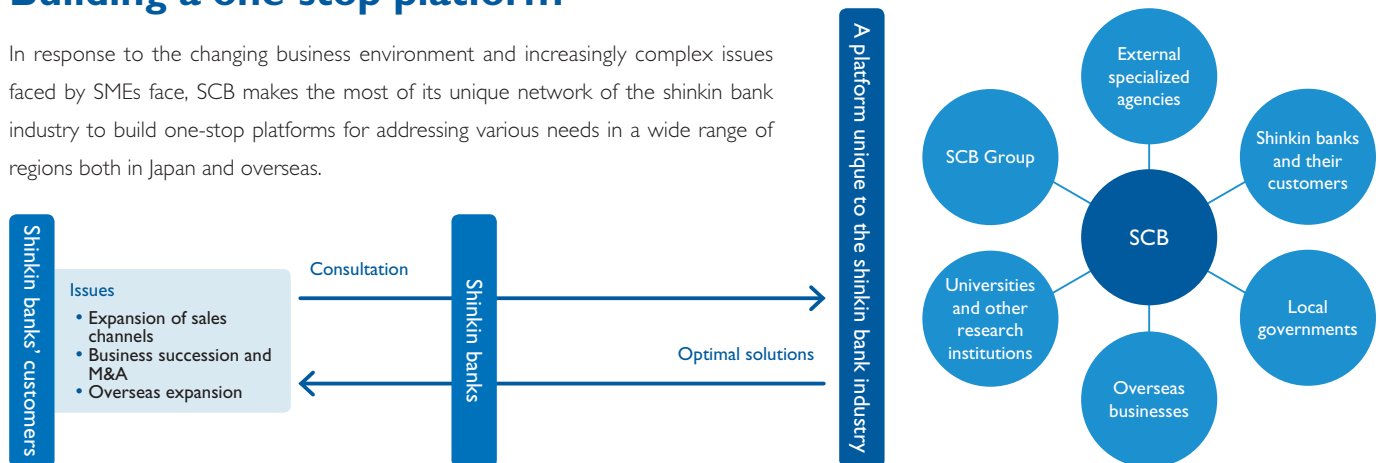


しんきん地域創生ネットワーク株式会社



Building a one-stop platform

In response to the changing business environment and increasingly complex issues faced by SMEs face, SCB makes the most of its unique network of the shinkin bank industry to build one-stop platforms for addressing various needs in a wide range of regions both in Japan and overseas.






Investment in sustainable development bond issued by the World Bank

In September 2020, we invested a total of \$100 million in sustainable development bond issued by the World Bank (official name: the International Bank for Reconstruction and Development or IBRD) in the form of a private placement exclusively for SCB.

The World Bank utilizes Japan's experience, technology, and knowledge in disaster prevention to provide support to developing countries by organizing technical assistance projects, providing assistance in their implementation, and dispatching experts.

SCB financially support the World Bank's projects related to the SDGs and other issues through investment in this bond.

Outline of issuance of the bond

Key themes for investment	Support for mainstreaming of disaster prevention in developing countries	  
Amount issued	\$100 million	
Issuer	International Bank for Reconstruction and Development	
Period	10 years	

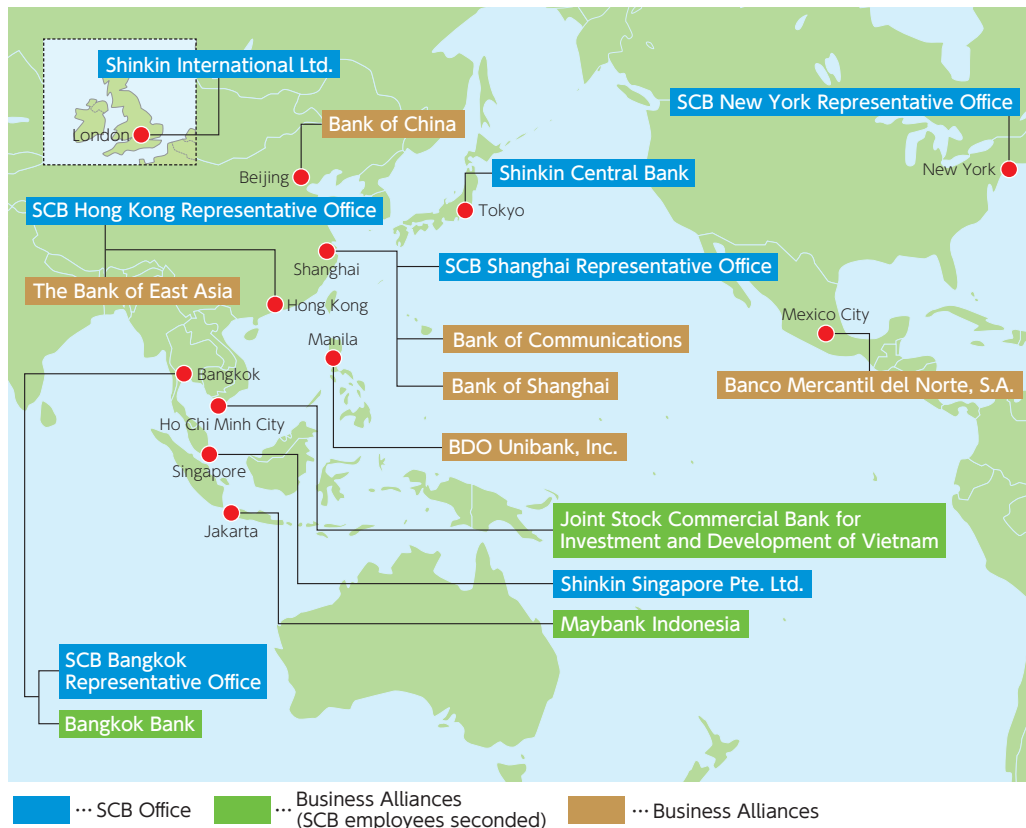
Overseas Networks

The SCB has offices in New York, London, Hong Kong, Shanghai, Bangkok and Singapore. These offices collect and disseminate information relating to economic and financial conditions, the investment and loan environment, and the laws, taxation regimes, and employment situation of each region.

These offices also work with allied banks to support the overseas expansion of shinkin banks' customers.

Moreover, as part of our support for the overseas business of SMEs, we dispatch employees to allied banks. The overseas offices also provide shinkin bank employees with opportunities to improve their skills related to supporting the overseas businesses of their customers and contribute to human resources development in the shinkin bank industry.

Network of SCB Group's overseas offices and allied banks



Expanding our global network

Given the increase in the number of Japan's SMEs expanding overseas, particularly in Southeast Asia, in July 2021, we opened a Singapore-based subsidiary, Shinkin Singapore Pte. Ltd., as a new Asian base for the shinkin bank industry.

Together with shinkin banks, we are committed to bringing the growth potential of Asia into the future of the regional economy by providing enhancing financing and sales channel development support for SMEs.

○ Mission of Shinkin Singapore Pte. Ltd.

Supporting the overseas expansion of shinkin banks' customers	▶ Establishing a competitive advantage in the shinkin bank industry's overseas support system by enhancing finance functions and sales channel development functions.
Supporting investments and loans of SCB	▶ Realize and maintain optimal asset allocation by utilizing the global network of the SCB head office and overseas offices.
Conducting surveys and research for financial innovation	▶ Utilizing examples of financial innovation in Singapore and other Asian countries to revitalize local communities and offer solutions to social issues.
Nurturing human resources of the shinkin bank industry	▶ Systematically develop and improve engagement of shinkin banks and SCB employees through practical experience in Asian markets.

Support for overseas business expansion and funding

The SCB has formed business alliances with nine local banks overseas to increase its capability to support shinkin banks' customers who are expanding their businesses overseas.

Working with shinkin banks, the SCB and local banks, we provide a wide range of support to shinkin banks' customers who conduct business overseas by helping them open local bank accounts, and providing local currency denominated financing using standby L/C, for example.

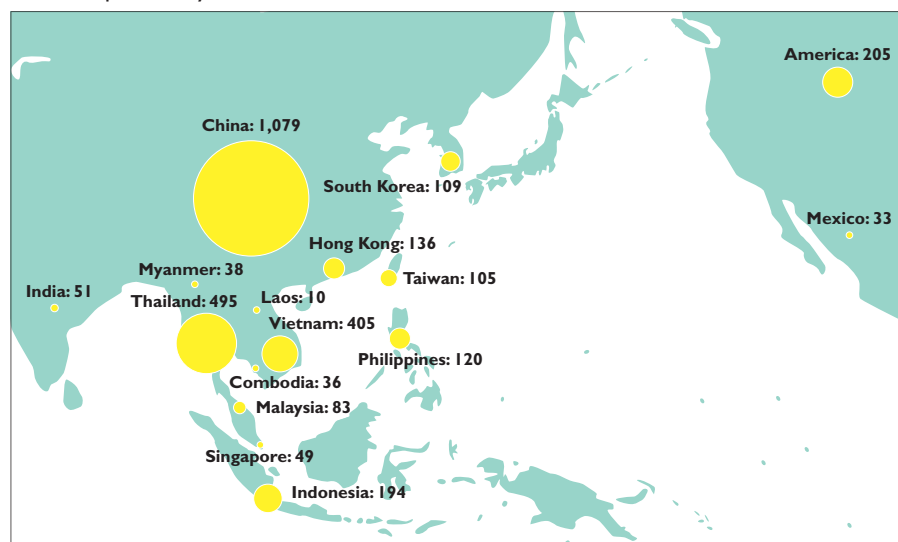
Provision of services corresponding to the needs of overseas expansion

We are collaborating with shinkin banks in the business areas such as overseas expansion, cultivation of overseas sales channels, overseas financing, effective use of overseas human resources, inbound tourism, and foreign exchange, thus providing various services to those shinkin banks' customers who are considering overseas expansion.

“Shinkinkai” (local networking)

In a typical year we hold regular meetings of the “Shinkinkai” local information exchange events in order to build networks among shinkin banks' customers who are active in the region, involving not only the three Asian offices of Hong Kong, Shanghai and Bangkok, but also Ho Chi Minh, Jakarta and Manila, where staff have been seconded to local banks with which business alliances have been concluded.

Global Expansion by Shinkin Bank Customers



Source: Thirteenth Survey on the Overseas Business of Shinkin Bank Customers (2019)

Support shinkin banks' customers to sell their products in the cross-border EC mall

To support the expansion of overseas sales channels for SMEs, we opened a special shop in the largest EC mall in Southeast Asia and Taiwan, offering only the products of shinkin banks' customers. To make cross-border EC transactions easy even for companies that are not familiar with EC transactions, we work with external organizations to provide total support for listing procedures, checking local import regulations, marketing, and promotion.



Holding - the Shinkin Global Summit

To promote SMEs overseas expansion opportunities, we held the “Shinkin Global Summit” online, where SCB's business partners in major Asian countries' gathered together to discuss measures to strengthen the shinkin bank industry's initiatives according to the characteristics of each country.



Corporate Management and Auditors



Kenichiro Mimuro
Chairman of the Board
of Directors (Part-time)

Career summary

April 1968
Joined Hamamatsu Shinkin
Bank (current Hamamatsu
Iwata Shinkin Bank)
June 2005
President and Chief Executive
Officer of Hamamatsu Shinkin
Bank (current position)
June 2008
Director of the SCB
June 2020
Chairman of the Board of
Directors (current position)
June 2020
Chairman of the Board of
Directors of The National
Association of Shinkin
Banks (current position)



Hiroyuki Shibata
President and Chief
Executive Officer

Career summary

April 1980
Joined the SCB
April 2005
General Manager of
Strategic Planning Division
June 2007
Director and General
Manager of Strategic
Planning Division
June 2009
Managing Director
June 2013
Senior Managing Director
June 2016
Deputy President
June 2018
President and Chief Executive
Officer (current position)



Hajime Hioki
Deputy President

Career summary

April 1981
Joined the SCB
June 2007
General Manager of
Personnel Division
June 2010
Director and General
Manager of Osaka Branch
June 2013
Managing Director
June 2016
Senior Managing Director
October 2017
Deputy President
(current position)



Hiroshi Nakahara
Senior Managing Director

Career summary

April 1981
Joined the Ministry of Finance
June 2013
General Manager of the
Accounting Center and General
Manager of the Policy Research
Institute, Ministry of Finance
July 2014
Director-General of the
Financial Bureau
July 2015
Commissioner of the
National Tax Agency
October 2016
Executive Consultant of the SCB
June 2017
Director and Executive
Consultant
October 2017
Senior Managing Director
(current position)



Hiroshi Sudo
Senior Managing Director

Career summary

April 1987
Joined the SCB
April 2005
Representative Director
and President of Shinkin
International Ltd
June 2009
General Manager of Strategic
Planning Division of the Bank
June 2013
Director and General
Manager of Osaka Branch
June 2016
Managing Director
June 2018
Senior Managing Director
(current position)



Norihiro Takano
Senior Managing Director

Career summary

April 1985
Joined the SCB
June 2010
General Manager of
Personnel Division
June 2012
Director and General Manager
of Personnel Division
April 2013
Director and General Manager
of Support & Advisory Division
for Shinkin Banks
June 2015
Managing Director
June 2019
Senior Managing Director
(current position)

Chairman of the Board of Directors (Part-time)

Kenichiro Mimuro

President and Chief Executive Officer

Hiroyuki Shibata

Deputy President

Hajime Hioki

Senior Managing Directors

Hiroshi Nakahara

Hiroshi Sudo

Norihiro Takano

Managing Directors

Yuzuru Nishino

Takehiko Murotani

Hideki Sasaki

Directors

Zon Suzuki

Kenji Tanaka

Yuji Takahashi

Atsushi Toyoshima

Yoshinori Jinno

Directors (Part-time)

Masatoshi Masuda

Rinichi Hoshi

Ikuo Higuchi

Tetsu Komori

Hiroshi Hiramatsu

Norikazu Shibuya

Kotaro Omae

Kuniyuki Hashizume

Hirotsuna Sumida

Minoru Kondo

Koya Nakazawa

Makoto Shirahase

Norimasa Yoshino

Tatsuo Takeda

Kazuo Ohashi

Hiromi Nomura

Takayuki Goto

Corporate Auditor

Masafumi Shinagawa

Corporate Auditors (Part-time)

Takashi Abe

Seiji Sakuda

Akio Okuyama

Naoyuki Yoshino

(As of July 1, 2021)

Business Overview

Earnings Performance

Looking at the financial results for fiscal 2020 (ended March 31, 2021) overall, operating income amounted to ¥227 billion (\$2,052 million), down ¥39 billion (\$354 million) or 14.7%, year on year because of a decrease in interest and dividends on securities from decreases in interest on securities, dividends from investment trusts and gain on cancellation of contracts. Meanwhile, operating expenses came to ¥187 billion (\$1,692 million), down ¥26 billion (\$239 million) or 12.4%, year on year due to a decrease in interest on payables under securities lending transactions as a result of lower foreign currency procurement interest.

As a result, ordinary income came to ¥39 billion (\$360 million), a decrease of ¥12 billion (\$115 million), or 24.2%, year on year. Profit came to ¥29 billion (\$267 million), a decrease of ¥8 billion (\$75 million), or 22.0%, year on year.

Funding

In fiscal 2020, the total amount of funding increased ¥2,947 billion (\$26,631 million) year on year, for a total of ¥41,603 billion (\$375,859 million). Of this figure, deposits received came to ¥33,787 billion (\$305,248 million), an increase of ¥2,579 billion (\$23,302 million), which mainly comprised demand deposits from shinkin banks.

After deducting redemptions, debentures at the end of fiscal 2020 came to ¥1,774 billion (\$16,028 million), down ¥367 billion (\$3,318 million) during the fiscal year, including ¥231 billion (\$2,095 million) in debentures issued by the SCB.

Borrowed money amounted to ¥6,041 billion (\$54,582 million), a year-on-year increase of ¥735 billion (\$6,646 million), mainly comprising borrowings under a funding provision to support increased lending by the Bank of Japan.

Asset Management

The amount of assets under management in fiscal 2020 increased ¥3,350 billion (\$30,272 million), to ¥42,658 billion (\$385,387 million).

Mainly due to lower government bond holdings, outstanding invested securities increased ¥1,267 billion (\$11,451 million), to ¥17,744 billion (\$160,311 million) at fiscal year end.

Loans and bills discounted decreased ¥23 billion (\$207 million) to ¥8,451 billion (\$76,348 million).

The outstanding amount of short-term money market assets increased ¥2,230 billion (\$20,148 million), to ¥16,097 billion (\$145,428 million), primarily reflecting Bank of Japan current deposits.

Securities

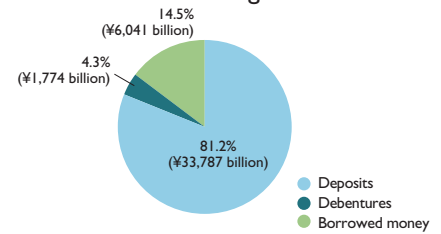
To advance its diversified investment portfolio, the SCB also invests in such risk assets as stocks and investment trust funds not subject to interest risk, while optimizing its portfolio in response to shifts in the financing and investment environment.

The SCB also carries out interest rate swaps and other derivative trading, to hedge risks linked to assets under management.

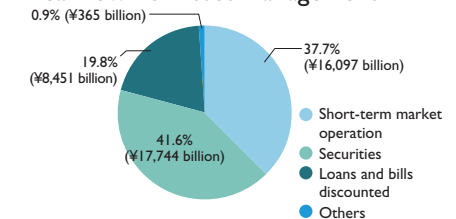
Loans and Bills Discounted

As of March 31, 2021, the outstanding amount of loans and bills discounted was ¥8,451 billion (\$76,348 million).

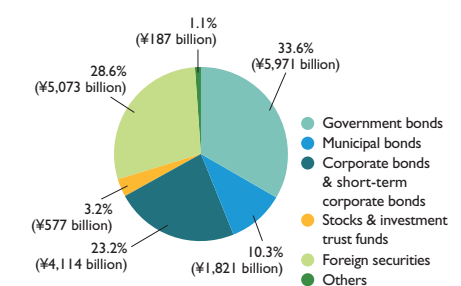
Breakdown of Funding*



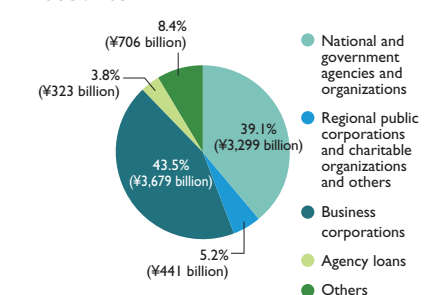
Breakdown of Asset Management*



Breakdown of Securities*



Breakdown of Loans and Bills Discounted*



* As of March 31, 2021.

* The amount shown in the pie chart is rounded down to the nearest whole number.

Ordinary Income and Net Income (Non-consolidated)

(Millions of yen)

	FY2016	FY2017	FY2018	FY2019	FY2020
Ordinary income (loss)	48,342	60,678	58,562	52,636	39,884
Net income (loss)	41,383	46,498	42,286	37,924	29,579

Capital Adequacy

Outline

The SCB's equity capital, as defined under regulations concerning capital adequacy ratio, mainly comprises common shares from member banks, public issues of preferred shares that supplement common shares, and internal reserves accumulated to date by the SCB.

The SCB raises funds through the issuance of general common shares and specific common shares. The dividend payout ratio for specific common shares differs from that for general common shares.

Furthermore, in accordance with the SCB's articles of incorporation, the amount of residual assets distributed per specific common share is limited to a maximum of ¥100,000 per share. This makes it possible to raise funds by issuing common shares without diluting the residual assets distributed to preferred shareholders.

According to transitional measures based on new Japanese domestic standards for regulations concerning capital adequacy ratio, equity capital also includes fixed-period and perpetual subordinated loans.

Consolidated Capital Adequacy Ratio

The SCB's consolidated capital adequacy ratio at March 31, 2021, was 25.60%.

Equity capital, the numerator for calculating the capital adequacy ratio, amounted to ¥1,502 billion (\$13,570 million).

Risk assets, the denominator for calculating the capital adequacy ratio, amounted to ¥5,867 billion (\$53,005 million).

Risk Management and Capital Adequacy Assessment

The SCB has implemented policies to manage its capital adequacy as part of its integrated risk management. The capital assessment division evaluates capital adequacy using a holistic approach, measuring various types of risks under uniform criteria and comparing quantified risks with the SCB's capital.

In order to assess the potential impacts of shock on its capital, the SCB conducts stress testing to estimate losses under various scenarios and the probability of their occurrence.

Risk limits and risk exposure are reported to senior management at the Risk Management Committee and at other meetings. The Risk Management Committee deliberates measures in response to the results of capital adequacy assessments, and implements measures as deemed necessary.

Capital Adequacy Ratio (Domestic Standard)

(%, billions of yen)

		FY2016	FY2017	FY2018	FY2019	FY2020
Consolidated	Capital adequacy ratio	37.03	30.57	23.65	24.31	25.60
	Amount of capital	1,764	1,645	1,425	1,476	1,502
	Amount of risk-weighted assets	4,765	5,381	6,026	6,071	5,867
Non-consolidated	Capital adequacy ratio	38.28	31.62	24.48	25.18	26.29



Asset Quality

Risk-Monitored Loans

The amount of risk-monitored loans as of the end of March 2021 was ¥68 million (\$0.6 million) for loans to bankrupt borrowers, ¥3,399 million (\$30 million) for delinquent loans, ¥1,008 million (\$9 million) for loans past due three months or more, and ¥18,921

million (\$170 million) for restructured loans.

Total risk-monitored loans increased ¥319 million (\$2 million) to ¥23,398 million (\$211 million) during the fiscal year. The ratio of total risk-monitored loans to total loans remained as low at 0.27%, and the soundness

of the SCB's loan assets remained high.

Risk-monitored Loans (Non-consolidated)

(%, millions of yen)

	End of March 2020	End of March 2021	Increase or Decrease
Loans to bankrupt borrowers	75	68	(7)
Delinquent loans	3,977	3,399	(578)
Loans past due three months or more	1	1,008	1,007
Restructured loans	19,024	18,921	(103)
Total risk-monitored loans (A)	23,079	23,398	319
Partial direct write-offs	320	320	-
Total loans (B)	8,474,068	8,451,005	(23,063)
Ratio of total risk-monitored loans to total loans (%) (A/B)	0.27	0.27	0.00

Risk-monitored Loans (Consolidated)

(%, millions of yen)

	End of March 2020	End of March 2021	Increase or Decrease
Loans to bankrupt borrowers	75	68	(7)
Delinquent loans	3,977	3,399	(578)
Loans past due three months or more	1	1,008	1,007
Restructured loans	19,024	18,921	(103)
Total risk-monitored loans (A)	23,079	23,398	319
Partial direct write-offs	320	320	-
Total loans (B)	8,468,123	8,446,047	(22,076)
Ratio of total risk-monitored loans to total loans (%) (A/B)	0.27	0.27	0.00

Asset Assessment under the Financial Reconstruction Law

As of the end of March 2021, bankrupt and quasi-bankrupt assets amounted to ¥83 million (\$0.7 million), doubtful assets ¥3,384 million (\$30 million), and substandard assets ¥19,930 million (\$180 million).

Accordingly, the total amount of bad debts under the Financial Reconstruction Law increased ¥319 million (\$2 million) to ¥23,398 million (\$211 million). The coverage ratio of

bad debts (the total of claims deemed collectible with collateral and guarantees and the allowance for possible loan losses divided by total bad debts) was 66.24%.

Bankrupt and quasi-bankrupt assets are recorded for the remaining amount after deducting the amounts deemed collectible with collateral and guarantees, while doubtful assets are recorded for the loss-expected amount of

the remaining amount after similarly deducting the amounts deemed collectible with collateral and guarantees, respectively, in the specific allowance for possible loan losses.

For substandard assets, the anticipated loss ratio is calculated based on the loan loss ratio and recorded in the general allowance for doubtful accounts.

Asset Assessment under the Financial Reconstruction Law (Non-consolidated)

(%, millions of yen)

	End of March 2020	End of March 2021	Increase or Decrease
Bankrupt and quasi-bankrupt assets	323	83	(240)
Doubtful assets	3,729	3,384	(345)
Substandard assets	19,025	19,930	905
Total claims under the Financial Reconstruction Law (FRL) (A)	23,079	23,398	319
Normal claims	8,556,323	8,466,339	(89,984)
Partial direct write-offs	320	320	-
Total loans (B)	8,579,402	8,489,738	(89,664)
Ratio of total claims under the FRL to total loans (%) (A/B)	0.26	0.27	0.01
Total coverage amounts on disclosed claims under the FRL (C)	15,359	15,500	141
Coverage ratio (%) (C/A)	66.54	66.24	(0.30)

Corporate Governance

The SCB strives to maintain fairness and transparency in its management by fortifying our corporate governance system as we implement various operational strategies. The SCB's goal is to gain the trust of all our stakeholders by demonstrating the strong commitment to establishing a rigorous corporate governance system and to becoming an ever more distinguished financial institution well respected in society.

Institutional Structure

General Assembly of Representatives

The SCB is a cooperative financial institution comprising 254 shinkin banks nationwide (as of March 31, 2021) that are its members and investors. The General Assembly of Representatives, equivalent to the general meeting of shareholders in a joint-stock company, is held annually to elect directors and resolve important issues.

Board of Directors

The SCB's Board of Directors, comparable to the Board of Directors in a joint-stock company, holds regular meetings nine times per year, and makes decisions regarding important business matters.

There are no board members corresponding to the outside directors as defined by the Companies Act, however, the Board of Directors includes 18 part-time directors selected from among the executive officers of shinkin banks from each region in Japan. This is in accordance with Article 32, paragraph 4 of the Shinkin Bank Act, the SCB's Articles of Incorporation stipulate that more than half the total number of board members must be executive officers of shinkin banks. The SCB is confident that the appropriate check on management provided by the part-time directors ensures that supervision and safeguard functions are in place and have a high degree of objectivity and transparency in business operations.

Corporate Auditors

The SCB's corporate auditors, comparable to the corporate auditors of a joint-stock company, audit the execution of duties by the directors. The Board of Auditors, which consists of all the corporate auditors, regularly holds discussions on matters concerning audit policies and plans.

The SCB appoints one full-time corporate auditor and two part-time corporate auditors from among the executive officers of shinkin banks, and two part-time corporate auditors who are not executives of the SCB or shinkin banks (non-member corporate auditors), equivalent to outside corporate auditors as defined by the Companies Act. Non-member corporate auditors are appointed from among persons who meet the requirements stipulated in Article 32, paragraph 5 of the Shinkin Bank Act. There are no stipulations of standards or guidelines regarding independence for the appointment of non-member corporate

auditors. The SCB is confident that non-member corporate auditors are able to utilize their professional knowledge and experience to conduct audits from an independent perspective.

One of the non-member corporate auditors is a certified accountant with a wealth of knowledge and experience regarding finance and accounting.

There are no particularly notable conflicts of interest between the SCB and non-member corporate auditors.

Part-time Directors and Corporate Auditors

The General Affairs Division provides information and other support for part-time directors, and the staff members exclusively assisting corporate auditors under their direction provide the same for part-time corporate auditors, in order to facilitate the timely and appropriate execution of duties by part-time directors and corporate auditors.

General Meeting for Preferred Shares

A general meeting for preferred shareholders may be held to protect their property rights under the Law Concerning Preferred Shares of Cooperative Financial Institutions.

Checks on Business Operations

Execution of Business Operations

At the SCB, the Board of Directors makes decisions on important business operations. Based on those decisions, the president presides over the SCB's business operations and the Deputy president and other full-time directors assist the president.

In addition, the SCB has established the Executive Committee to deliberate and make decisions on important managerial matters, including ones to be resolved by or reported to the Board of Directors.

The SCB has also established various committees of the Executive Committee to facilitate robust discussions on all aspects of its business operations. To ensure that deliberations and decisions are carried out on a cross-organizational basis, each committee comprises several directors and general managers of divisions.

Supervision and Checks

At the SCB, the Board of Directors supervises the execution of business by the directors. More than half of the Board of Directors are executive officers of shinkin banks, thereby ensuring that the Board of Directors fulfills its checking functions.

Audits

To facilitate audits of the directors' execution of duties, the corporate auditors at the SCB attend Board of Directors' and other important meetings. The corporate auditors also receive reports from directors regarding their execution of duties, and inspect the minutes of the Executive Committee and other important documents. In addition, the

corporate auditors hold regular meetings with independent corporate auditors to exchange opinions and information.

Dedicated staff members are assigned to assist the corporate auditors to ensure that directions are given efficiently, and to help them perform their duties in a timely and appropriate manner.

Internal Audit System

The Internal Audit Division builds an audit system that aims to realize efficient and effective business operations by examining and assessing compliance management systems, risk management systems and operations management systems of each division, branch, and affiliated company of the SCB, to make sure that they are functioning appropriately and effectively.

At the internal audit, the Internal Audit Division examines and assesses the legal and regulatory compliance status, risk management status, and operations management status, of each division, branch, and affiliated company of the SCB, to make sure that they are functioning appropriately and effectively. When deemed necessary, the Internal Audit Division issues guidance so that corrective measures may be undertaken.

In addition, each division and branch is required to carry out its own internal inspections for the prevention and early detection of administrative errors.

Use of Outside Specialists

The SCB has appointed Ernst & Young Shin-Nihon LLC as its corporate auditor.

The SCB utilizes the expertise of outside specialists, including independent auditors, attorneys, and tax accountants. To effectively handle more sophisticated and diversified operational requirements, the SCB consults with, and receives advice from, such specialists on a regular basis and as the need arises.

Appropriate Information Disclosure

The SCB's preferred shares are listed on the Tokyo Stock Exchange. The SCB strives to maintain appropriate disclosure of corporate information, pursuant to the Financial Instruments and Exchange Law, other related laws, and the Securities Listing Regulations of the Tokyo Stock Exchange.

Improving Internal Control Systems

The SCB regards compliance as the basic premise of all business activities. The SCB continues to strengthen and operate internal control systems, based on a policy of maintaining reliable financial reporting, managing risks flexibly and effectively in response to those characteristics, and implementing internal audits by utilizing the Internal Audit Division, which is independent from the operational divisions and branches.

Compliance System

The SCB views compliance as one of the highest-priority management agendas. In line with this stance, the SCB is carrying out the measures outlined below as it strives to further strengthen its compliance system.

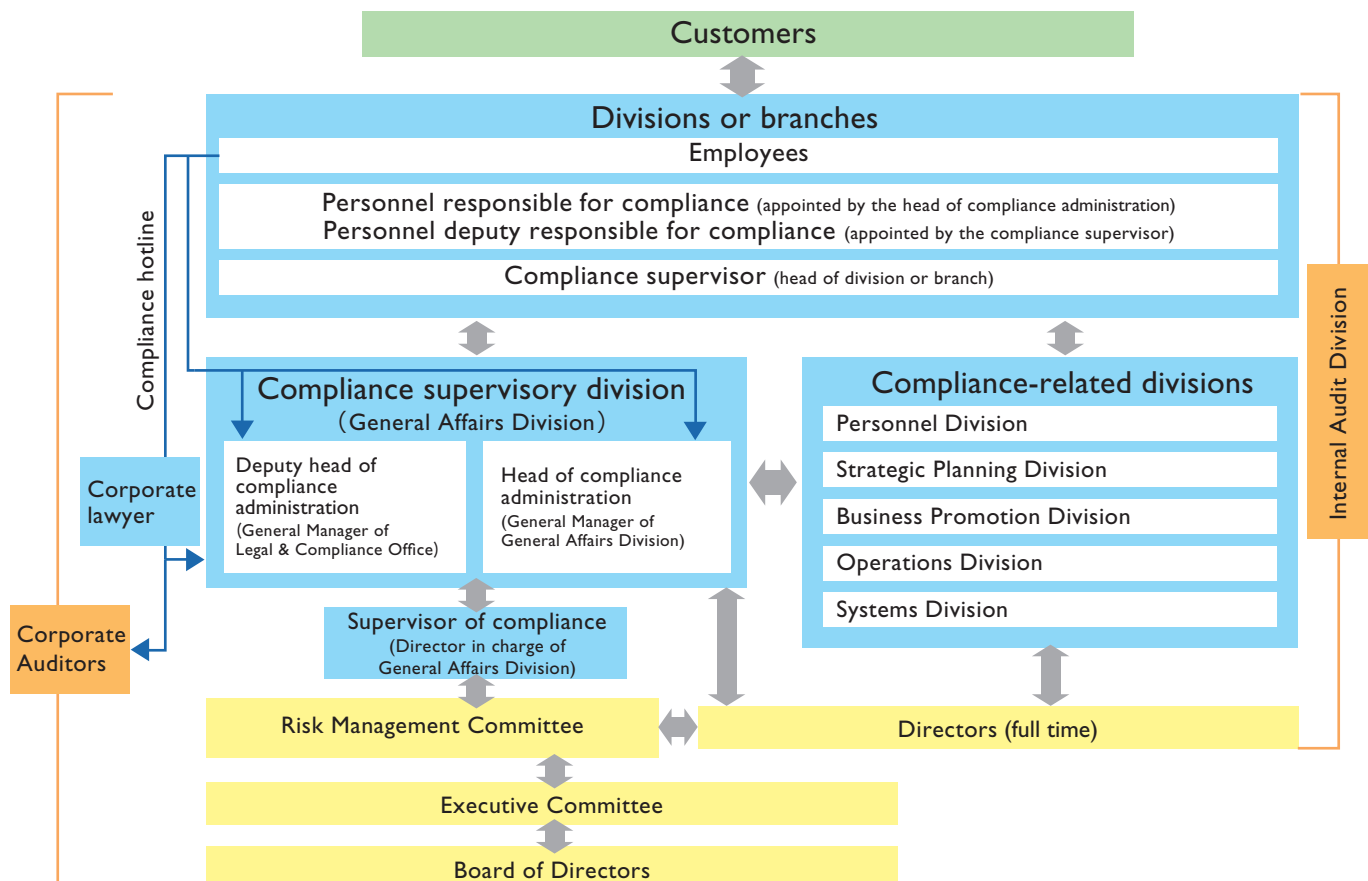
Strengthen Compliance System

1. The SCB has formulated the Shinkin Central Bank Code of Ethics, which stipulates the ethical rules and behavior standards that must be upheld by all SCB directors and employees.
2. In order to improve customer protection and satisfaction, the SCB formulates Customer Protection Control Policy.
3. The SCB formulates an annual Compliance Program, which lays out its specific compliance plan for each fiscal year.
4. To clarify the rules to be followed by directors and employees, the SCB has compiled a Compliance Manual as a practical compliance handbook.
5. A compliance supervisory division and compliance-related divisions have been set up, and their respective roles clarified. A compliance supervisor and deputy, both responsible for compliance, are appointed to each division and branch of the SCB.
6. In order to deliberate compliance issues, customer protection issues, and serious accidents, the SCB has established the Risk Management Committee.
7. In addition to conducting regular lectures and training seminars for directors and employees, each division and branch also carries out its own training programs as part of the SCB's efforts to strengthen compliance education.
8. The audit items used by the Internal Audit Division include compliance-related items, and internal audits include investigation of whether the compliance system is functioning adequately.
9. In cases of compliance violation, reports from the heads of the divisions or branches concerned are promptly called for, and appropriate actions are taken to prevent a recurrence.
10. The SCB operates a hotline to facilitate reporting of compliance breaches by directors and employees. The SCB also has in place strict measures to protect whistle-blowers.
11. Pursuant to the Law on Sales of Financial Products, the SCB has formulated and made public its Financial Products Solicitation Policy. To ensure that solicitation is carried out fairly, important points regarding a product must be explained to the customer at the time of sale.

12. Pursuant to the Law on Protection of Personal Information, the SCB has published its Personal Information Protection Policy on its internet website. The SCB takes necessary and appropriate safety measures to protect personal information.
13. In addition to publishing its Outline for Managing Conflicts of Interest on its internet website, pursuant to the Shinkin Bank Act and the Financial Instruments and Exchange Law, the SCB is taking appropriate management steps to ensure that customers' interests are not wrongfully violated.
14. Based on the financial Alternative Dispute Resolution (ADR) system, to respond expeditiously, fairly, and appropriately to customers' inquiries, complaints, disputes, and other issues, the SCB has overhauled its internal management system and is striving to enhance its reliability.

The SCB intends to review and update the content of its Compliance Manual and other policies on an ongoing basis. All SCB directors and employees are working to maintain strict compliance through coordination among related divisions, and by strengthening internal education programs.

Compliance System Overview



Countermeasures against Money Laundering and the Financing of Terrorism

Based on societal demands related to the need for countermeasures against money laundering and financing of terrorism (the “money laundering and financing of terrorism countermeasures”), the SCB has designated the prevention of money laundering and of terrorist financing as one of the most important managerial issues, and is working to sophisticate its countermeasures by means of a risk-based approach.

The director in charge of General Affairs

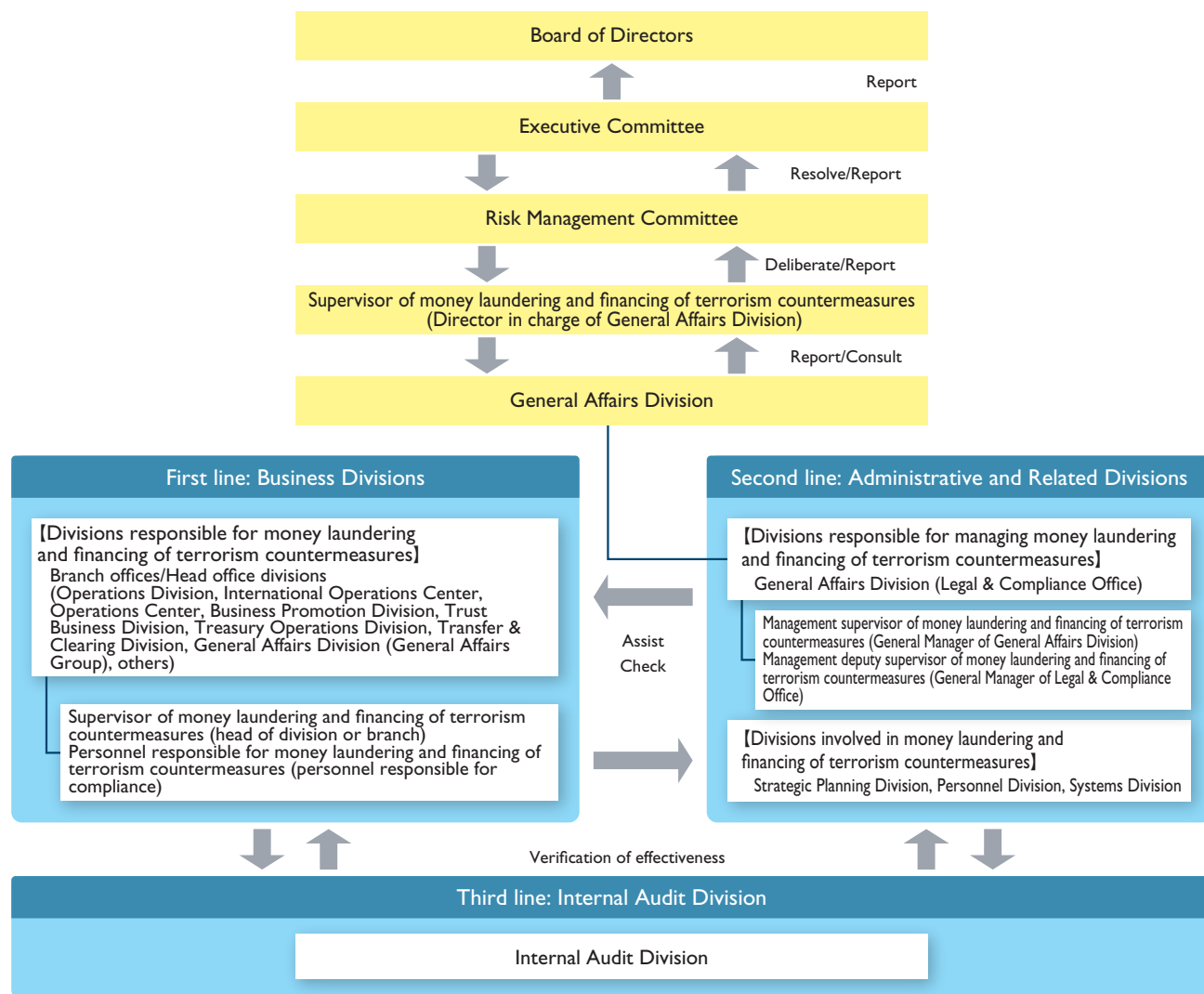
Division is appointed supervisor of money laundering and financing of terrorism countermeasures, and under the active involvement of the management team will put in place risk management arrangements in which the General Affairs Division is the second line of defense (administrative divisions), while also organizing a regulatory system. The General Affairs Division is also providing with support, checks and controls in relation to the first line of defense (business divisions), and training for employees.

Supervisors of and personnel responsible

for money laundering and financing of terrorism countermeasures are assigned to the first line of defense (business divisions), and checks are carried out at the time of the transaction in accordance with the Act on Prevention of Transfer of Criminal Proceeds and so on, with notifications being made for suspicious transactions.

The Audit Division, which is the third line of defense (internal audit division), performs verification of the effectiveness of money laundering and financing of terrorism countermeasures.

Risk Management System against Money Laundering and the Financing of Terrorism



Risk Management

Learning from the experience of the financial crisis, the SCB is exhaustively implementing more highly detailed and thorough processes to manage risk by pursuing more sophisticated integrated, market and credit risk management and other measures while also advancing predictor and interim management for credit control.

Risk Appetite Framework

In order for the SCB to fulfill its role as the central financial institution of the shinkin banks, it is necessary for it to take appropriate risks, which are matched to its level of capital and congruent with its own business model and risk culture, to enable it to continue to secure profits.

A “risk appetite framework” (*1, *2) has been constructed and is being operated with the aim of clarifying this basic concept of risk-taking and strengthening risk governance.

*1. Risk appetite: the type and size of risks that a financial institution actively attempts to take in order to fulfill its role

*2. Risk appetite framework: a framework for discussing and executing risk-taking policies and risk tolerances as prescribed by the required level of profits and capital

Setting the SCB's risk culture and risk appetite

We believe that what is required of SCB is that it fulfill its function as the central financial institution of the shinkin banks with a focus on stability and continuity.

We recognize that, in order to achieve this, the SCB must secure a sound financial position and stable profits, and that it has a risk culture that does not permit excessive risk-taking.

In addition to setting risk appetite with reference to this risk culture, the SCB has designated the consolidated capital adequacy ratio (domestic standard) and maximum amount available for dividend as management indicators (risk appetite indicators).

Management of Risk Appetite Framework

Based on the objectives for which the risk appetite framework was introduced, and our risk culture and appetite, we have taken a comprehensive view of the balance between earnings, risk and capital in order to set a medium-term target level of earnings (profit attributable to owners of parent).

Also, based on these medium-term targets, we are executing operations in accordance with a PDCA cycle, under which we formulate earning plans for a single fiscal year, take on risk, provide status reports, verify progress, and amend as required.

In addition, we have formulated a risk appetite statement to clarify the content of the risk appetite framework.

Basic Policy on Risk Management

In the wake of the global financial crisis, financial institutions face significant changes in economic and financial market conditions and other aspects of their operating environment. To respond promptly and appropriately to these changes, financial institutions require very finely tuned risk management.

The SCB has positioned risk management as a key management priority for ensuring sound management and securing adequate profits. All directors and employees conduct their daily duties with a full awareness of the importance of risk management.

The SCB classifies risk in two broad categories—risk that must be controlled and risk that must be absolutely minimized—and manages the risks accordingly. The types of risk that must be controlled are market, liquidity, and credit risks. The type of risk that must be minimized is operational risk. The Risk Management Division coordinates the management of different risks to provide comprehensive risk management.

The SCB has also established crossorganizational bodies—the Risk Management Committee, Credit Committee and ALM Committee—to manage risk from a Bank-wide perspective. These committees deliberate and make decisions on specific issues relating to their respective risk management functions based on the policies determined by the Board of Directors and the Executive Committee.

To ensure the effectiveness of its risk management systems, the SCB has also established the Internal Audit Division—a body indepen-

dent from its risk management systems—to monitor the SCB's risk management activities.

Integrated Risk Management

To manage risk in a comprehensive manner, the SCB employs the integrated risk management method to cope with quantifiable risk.

Integrated risk management is a way to manage its diverse risks by calculating them with uniform criteria, such as the Value-at-Risk (VaR) method, and comparing their aggregated value to the institution's overall financial strength (i.e., capital adequacy).

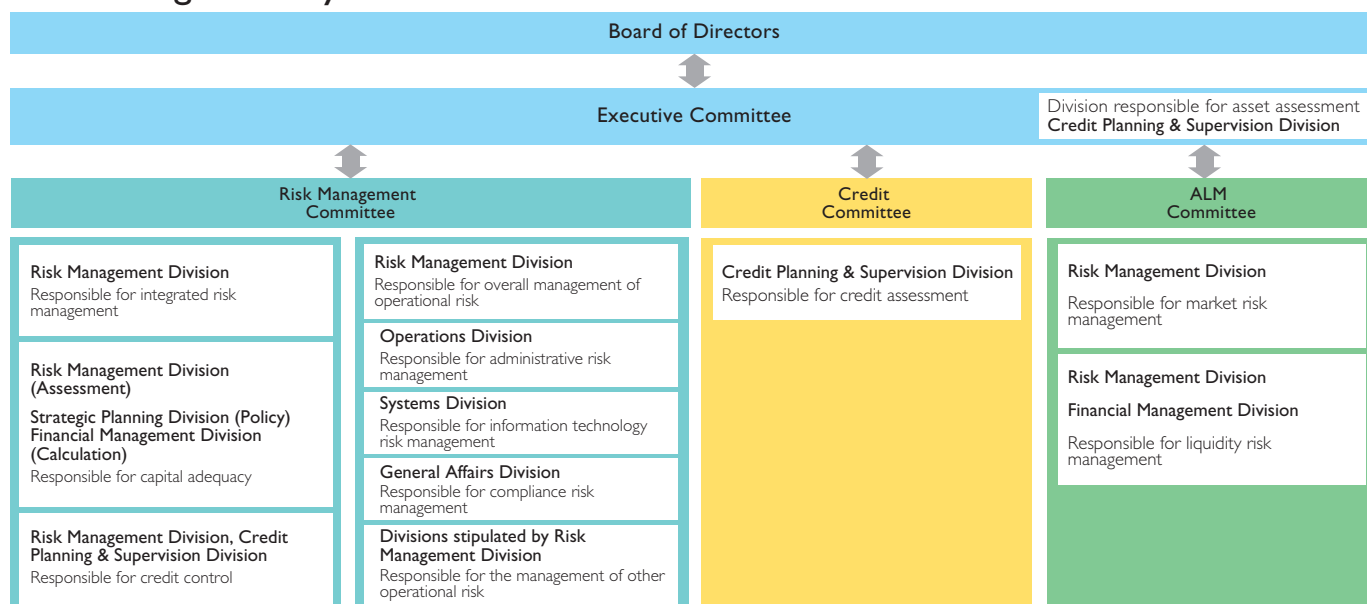
For market risk and credit risk, the SCB calculates the VaR. For the calculation of operational risk capital requirements, the SCB employs the basic indicator approach, proposed under regulations concerning capital adequacy ratios.

The SCB defines capital under its integrated risk management system and allocates quantitative risk limits, operational risk and other types of risk.* Separately, the SCB estimates losses under various stress scenarios as part of its efforts to monitor potential impacts on capital.

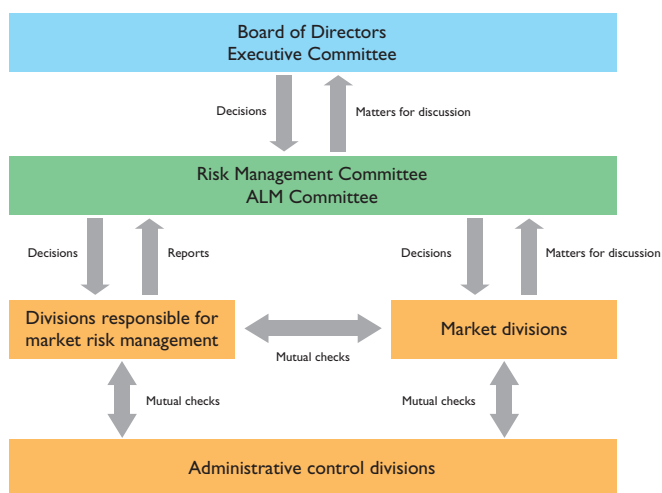
The quantitative risk limits and reserve amounts for each fiscal year are determined by the Executive Committee following deliberation by the Risk Management Committee. The Risk Management Division, which oversees integrated risk management, measures the amount of risk exposure both during and at the end of each month, to ensure that quantitative limits for each type of risk are not exceeded. The Risk Management Division provides reports on risk status to senior management and related divisions through the Risk Management Committee.

*With regard to subsidiaries within the SCB's scope of consolidation, the SCB monitors risk exposure at each subsidiary and allocates capital commensurate with the amount of risk. These allocations enable subsidiaries to take risks.

Risk Management System



Market Risk Management Framework



Market Risk* Management

To maintain an accurate understanding of market risk and rigorously manage this risk, the SCB has issued a market risk management policy. Furthermore, divisions responsible for market risk management are clearly separated from divisions involved in market operations, providing a risk management structure in which internal checks are maintained through the independent functions.

The SCB has established the ALM Committee as the body responsible for deliberating and making decisions on matters relating to market risk management. The ALM Committee comprises senior management and heads of divisions related to market risk.

Based on risk status information—obtained via reports from divisions responsible for managing market risk and other sources—the ALM Committee deliberates widely and expeditiously on policy relating to fund-raising and management as well as proposed market transactions.

For banking operations and trading activities, the divisions responsible for managing market risk quantify and manage market risk by VaR within the limit set by the Executive Committee. In addition, market risk is further divided into several categories, with risk quantities monitored by category.

In addition, the SCB manages our exposure on a variety of fronts, such as monitoring

stress losses at times of unexpected market fluctuations, the basis-point-value (BPV) (changes in the valuation of the market value of the portfolio in response to changes in interest rates), and IRRBB (interest rate risk in scenarios specified by the FSA).

The status of these risk management activities is reported to senior management at biweekly meetings of the ALM Committee.

* Market risk includes interest rate risk and such equity-related risk as stock price fluctuation risk.

Liquidity Risk Management

As the central financial institution for shinkin banks, the SCB maintains a rigorous system for managing liquidity risk to respond to the needs of shinkin banks for daily working capital and emergency funds.

To maintain an accurate understanding of liquidity risk and rigorously manage this risk, the SCB has formulated a liquidity risk management policy. Divisions responsible for liquidity risk management are clearly separated from divisions involved in cash management and market operations, allowing internal checks to be maintained through the independent functions. In addition, the ALM Committee deliberates and makes decisions on matters relating to liquidity risk management.

Methods used for managing liquidity risk include the daily setting and monitoring of risk limit amounts relating to the gap between cash receipts and payments. This is carried out for individual currencies and periods. In the event that a significant liquidity risk arises, the SCB is prepared to respond rapidly, and even secure funding sources.

Credit Risk* Management

To maintain an accurate understanding of credit risk and rigorously manage this risk, the SCB has formulated a credit risk management policy. Furthermore, the SCB has formulated a Credit Policy, which sets out the SCB's fundamental philosophy. The SCB requires strict adherence to the Credit Policy on the part of all directors and employees involved in credit operations. The SCB conducts ongoing internal communications emphasizing the importance of sound ethics in all behavior and decision making.

At the SCB, divisions responsible for credit control, credit assessment and asset assessment are clearly separated from divisions involved in client services. In this way, we are building a structure in which internal checks are maintained through the independent functions given to each part of the system.

The SCB has established the Credit Committee and the Risk Management Committee as the bodies responsible for deliberating and making decisions on matters relating to credit risk management. The Credit Committee and the Risk Management Committee comprise senior management and the general managers of related divisions. The Credit Committee deliberates on credit transactions that exceed a designated amount, and the Risk Management Committee deliberates broadly and thoroughly matters relating to credit risk management. The Executive Committee deliberates, and makes decisions regarding, the results of self-assessment of assets and matters relating to self-assessment of asset write-offs and asset reserve provisions.

Divisions responsible for credit control manage the credit risk for each borrower relating to loans and market trading activities. An overall credit limit is set for each borrower according to their credit rating.

Credit ratings are based on quantitative criteria, set by evaluating the borrower's financial statements, and qualitative criteria, set by evaluating the borrower's competitive strength in the particular industry within which it operates. Based on these assessments of credit strength, each borrower is given a credit rating on the SCB's 10-step scale. The credit ratings given to borrowers are reviewed regularly, and flexibly revised as necessary.

Divisions responsible for credit control analyze the SCB's overall credit portfolio according to credit rating, industry, country, and other criteria. These analyses are used to monitor the diversification of credit risk as well as changes in portfolio credit risk. Furthermore, credit risk is quantified and managed within the risk limit set by the Executive Committee.

The credit risk amount is measured using VaR as well as the Monte Carlo simula-

tion method.

The Credit Planning & Supervision Division—responsible for credit assessment—accurately monitors each borrower's financial condition, the purposes for which funds are used, and repayment resources. In addition to appropriate assessment and post-transaction management, the Credit Planning & Supervision Division continually inspects whether the client service division is conducting appropriate credit controls, and provides guidance as necessary. In the event that there should be any problem on the borrower's side, the Credit Planning & Supervision Division expeditiously assesses the borrower's management situation and provides supervision. Where necessary, action is taken to recover the loan.

The Credit Planning & Supervision Division is also responsible for asset assessment. The division undertakes and manages operations relating to asset self-assessments, and the calculation of asset write-offs and asset reserve provisions.

* Credit risk includes such risk as counterparty risk for derivative transactions and securitization transaction risk.

Operational Risk Management

To comprehensively manage operational risks, the SCB has formulated management guidelines for operational risks, and to address administrative risks, system risks and compliance risks, which we consider the major operational risks, we have additionally formulated individual management guidelines for each of those risks. Furthermore, the SCB has constructed a system for comprehensively managing operational risks. In addition to having in place a department to comprehensively manage operational risks as well as a department to manage administrative risks, a department to manage system risks and a department to manage compliance risks, we also set up risk management departments to manage other operational risks as necessary.

The SCB has established the Risk Management Committee as the body responsible for deliberating and making decisions on matters relating to operational risk management. The Risk Management Committee, comprising senior management and heads of related divisions, deliberates and makes decisions on comprehensive methods for managing operational risks, including administrative risks, system risks and compliance risks.

Regarding the SCB's subsidiaries, the SCB's Internal Audit Division conducts audits of the respective systems.

To calculate its operational risk capital requirements, the SCB uses the basic indicator approach proposed under regulations con-

cerning capital adequacy ratios.

• Administrative Risk Management

The Operations Division oversees administrative risk management and administrative instruction. In addition to developing and maintaining the administrative processing system and administrative rules, and undertaking reviews of administrative procedures, the Operations Division conducts administrative instruction programs for divisions involved in administrative processing. With this system, the SCB appropriately manages administrative risk.

Furthermore, the SCB is undertaking a range of measures to ensure accurate and efficient administrative processing. These include the systemization of administrative processing, the provision of various training programs, including programs, to encourage staff to submit proposals to improve operating processes at all branches. The SCB also controls the entire process of administrative risk management, from the identification of risk to the implementation of corrective measures.

• Information Technology Risk Management

The Systems Division takes charge of information technology risk management. It provides control and guidance to divisions involved in system development, operation, and utilization.

Recognizing that cyber attacks are becoming increasingly sophisticated and ingenious, the division is stepping up measures to reinforce its cybersecurity, including the establishment of the Shinkin Central Bank Computer Security Incident Response Team.

In the event of a system failure that seriously affects the execution of business operations, an SCB-wide response is triggered based on crisis management procedures (contingency planning). In addition to periodically conducting crisis response drills, based on system failure crisis scenarios, the SCB also has in place a Disaster Recovery System and other precautions based on the Business Continuity Plan.

• Compliance risk management

The General Affairs Division, which functions as a department designated for compliance risk management, manages compliance risks by a series of processes involving identifying compliance risks; analyzing and evaluating the causes, background and range of impact, etc. of each risk; taking necessary measures to minimize compliance risks; and verifying the results of the aforementioned.

Preferred Shares

The SCB's Preferred Shares

The SCB issues preferred shares under the Law Concerning Preferred Shares of Cooperative Financial Institutions. The preferred shares, which are regulated by the Financial Instruments and Exchange Law, are issued to complement members' (shinkin banks') common shares and offered publicly to increase the net worth of cooperative financial institutions.

Although the preferred shares do not carry the voting rights that holders of common shares receive, the preferred shares have certain advantages over common shares, such as the guarantee of priority in the payment of dividends.

Listing of Preferred Shares

The SCB has issued preferred shares since fiscal 1995 and, for the first time in Japan, the preferred shares were listed on the Tokyo Stock Exchange on December 22, 2000 (Securities Identification Code 8421). The SCB's preferred shares are marketable securities that are very similar to preferred stocks, and, basically, the same listing criteria and disclosure rules apply to them.

Trading of Preferred Shares

Like listed stocks, the SCB's preferred shares can be traded anytime during Tokyo Stock Exchange trading hours through a securities company. Credit transactions are also possible for preferred shares, just as they are for stocks.

Dividends of Preferred Shares

The SCB's basic policy is to pay stable dividends while securing sound management, enhancing internal reserves, and boosting earnings power.

The SCB's preferred shares pay a dividend to the holders at the end of March of every fiscal year. As the rule of interim dividends is not provided in the Law Concerning Preferred Shares of Cooperative Financial Institutions, the SCB does not pay interim dividends.

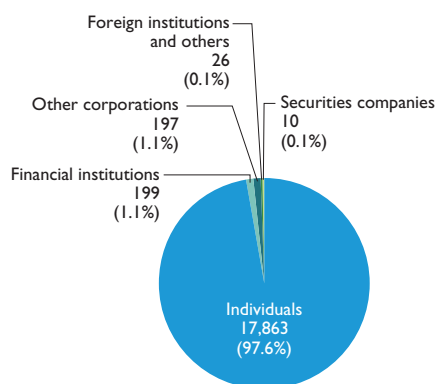
Dividends of preferred shares comprise preferred dividends and participating dividends. Preferred dividends are paid before any dividends are paid to common stock holders (shinkin banks). Participating dividends are paid from retained earnings after preferred dividends. They may vary depending on profits of the SCB.

The SCB's preferred shares are treated as stocks in the taxation system, and are given the same preferential treatment concerning tax as stocks.

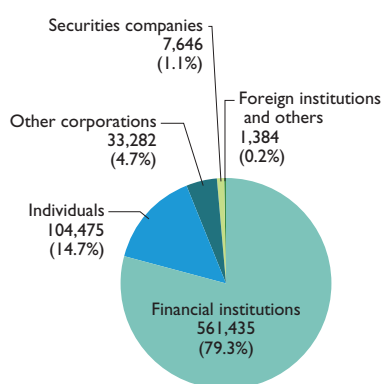
For fiscal 2021, the dividend for preferred shares was ¥6,500 (\$58) per share, which included a preferred dividend of ¥3,000 (\$27) and a participating dividend of ¥3,500 (\$31).

Composition of Preferred Shares (March 31, 2021)

• Number of Investors (18,295)



• Number of Subscription (708,222)



Price of Preferred Shares*

	(Closing price, yen)
First day of listing (December 22, 2000)	200,500
Highest price (March 15, 2006)	311,500
Lowest price (April 14, 2009)	102,400
Closing price (July 31, 2021)	239,500

* The price of preferred shares is split-adjusted, reflecting the stock split of preferred shares as at July 31, 2009.

Financial Section

Contents

29	Five-Year Summary (Consolidated)	36	Notes to Consolidated Financial Statements
30	Consolidated Balance Sheet	81	Independent Auditor's Report
31	Consolidated Statement of Income	86	Non-Consolidated Balance Sheet
32	Consolidated Statement of Comprehensive Income	87	Non-Consolidated Statement of Income
33	Consolidated Statement of Changes in Net Assets	88	Statement of Trust Account (Consolidated)
35	Consolidated Statement of Cash Flows		

Five-Year Summary (Consolidated)

	(Millions of Yen)				
	FY2016	FY2017	FY2018	FY2019	FY2020
Total Income	319,307	306,892	293,808	301,954	261,011
Trust Fees	595	351	399	759	1,258
Total Expenses	266,503	244,018	231,873	245,596	217,585
Profit Attributable to Owners of Parent	43,871	44,466	44,781	40,227	31,649
Comprehensive Income	11,056	20,433	53,530	(90,508)	196,771
Net Assets	1,625,842	1,626,605	1,660,465	1,550,287	1,727,321
Total Assets	37,464,593	38,790,449	39,693,375	40,868,096	43,843,528
Net Assets per Share (Yen)	299,542.84	299,587.63	306,594.84	283,111.71	320,620.85
Net Income per Share (Yen)	6,223.20	6,311.86	6,358.89	5,679.98	4,401.33
Dividends	19,603	19,603	19,603	19,603	19,603
General Common Shares	12,000	12,000	12,000	12,000	12,000
Specific Common Shares	3,000	3,000	3,000	3,000	3,000
Preferred Shares	4,603	4,603	4,603	4,603	4,603
Total Trust Assets	1,859,161	525,445	807,201	1,320,957	2,015,700

Notes:

1. National and local consumption tax incurred by the Shinkin Central Bank and its domestic consolidated subsidiaries are excluded from transaction amounts.
2. "Total Trust Assets" is calculated by means of simple aggregation of the trust assets for each consolidated company conducting trust business pursuant to the "Act on Engagement in Trust Business Activities by Financial Institutions". Consolidated companies conducting such trust business comprised the Shinkin Central Bank and Shinkin Trust Bank, Ltd. in the fiscal year ended March 31, 2017, and from the fiscal year ended March 31, 2018 comprised the Shinkin Central Bank.

Consolidated Balance Sheet

Shinkin Central Bank As of March 31,	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2021	2020	2021
Assets			
Cash and Due from Banks (Note 2 (2), 26)	15,063,421	13,532,061	136,086
Bills Bought and Call Loans (Note 26)	494,181	107,166	4,464
Receivables under Resale Agreements (Note 26)	367,229	20,725	3,317
Receivables under Securities Borrowing Transactions (Note 26)	-	1,430	-
Monetary Claims Bought (Note 26)	180,309	222,175	1,628
Trading Assets (Note 3, 9, 26, 27)	280,431	411,275	2,533
Money Held in Trust (Note 26, 27)	108,030	103,727	975
Securities (Note 4, 7, 9, 26, 27)	17,724,041	16,456,230	160,123
Loans and Bills Discounted (Note 5, 6, 9, 26)	8,446,047	8,468,123	76,303
Foreign Exchanges Assets	20,676	79,114	186
Other Assets (Note 9)	921,687	1,187,809	8,326
Tangible Fixed Assets (Note 8, 14, 25)	73,100	74,613	660
Intangible Fixed Assets (Note 25)	20,714	22,312	187
Deferred Tax Assets (Note 23)	4,008	4,394	36
Customers' Liabilities for Acceptances and Guarantees	169,612	208,005	1,532
Reserve for Possible Loan Losses	(29,963)	(31,070)	(270)
Total Assets	43,843,528	40,868,096	396,092
Liabilities and Net Assets			
Liabilities			
Deposits (Note 26)	33,752,872	31,173,847	304,931
Debentures (Note 12, 26)	1,770,870	2,134,520	15,998
Trading Liabilities (Note 10, 26)	31,625	37,558	285
Borrowed Money (Note 9, 11, 26)	4,020,480	3,250,980	36,321
Bills Sold and Call Money (Note 26)	10,166	46,191	91
Payables under Repurchase Agreements (Note 9, 26)	287,020	232,066	2,593
Payables under Securities Lending Transactions (Note 9, 26)	1,702,956	1,788,395	15,384
Foreign Exchanges Liabilities	2,055	1,413	18
Borrowed Money from Trust Account	30,300	22,021	273
Other Liabilities (Note 11, 13)	190,891	335,863	1,724
Reserve for Employee Bonuses	1,806	1,812	16
Reserve for Directors' Bonuses	91	90	0
Net Defined Benefit Liability (Note 24)	41,943	44,539	378
Reserve for Directors' Retirement Allowances	532	650	4
Reserve under Specific Law	1	1	0
Deferred Tax Liabilities (Note 23)	96,899	33,770	875
Deferred Tax Liabilities for Land Revaluation (Note 14)	6,081	6,081	54
Acceptances and Guarantees	169,612	208,005	1,532
Total Liabilities	42,116,207	39,317,809	380,487
Net Assets			
Common Shares and Preferred Shares (Note 22)	690,998	690,998	6,242
Capital Surplus	100,678	100,678	909
Retained Earnings	627,964	615,918	5,673
Total Shareholders' Equity	1,419,641	1,407,595	12,825
Net Unrealized Gains (Losses) on Other Securities (Note 23, 27)	307,894	279,543	2,781
Deferred Gains or Losses on Hedges (Note 23, 28)	(20,577)	(153,703)	(185)
Land Revaluation Excess (Note 14)	14,894	14,894	134
Foreign Currency Translation Adjustments	(3,408)	(3,237)	(30)
Remeasurements of Defined Benefit Plans (Note 24)	(3,764)	(7,014)	(34)
Total Accumulated Other Comprehensive Income	295,037	130,482	2,665
Non-Controlling Interests	12,642	12,209	114
Total Net Assets	1,727,321	1,550,287	15,605
Total Liabilities and Net Assets	43,843,528	40,868,096	396,092

The accompanying notes are an integral part of these financial statements.

Consolidated Statement of Income

Shinkin Central Bank For the year ended March 31,	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2021	2020	2021
Income			
Interest Income:	175,162	207,202	1,582
Interest on Loans and Discounts	17,565	20,371	158
Interest on Due from Banks	7,756	9,026	70
Interest on Bills Bought and Call Loans	80	670	0
Interest on Receivables under Resale Agreements	(1,226)	(780)	(11)
Interest on Receivables under Securities Borrowing Transactions	(0)	0	(0)
Interest and Dividends on Securities	150,507	176,804	1,359
Others	478	1,109	4
Trust Fees	1,258	759	11
Fees and Commissions (Note 16)	41,175	44,151	371
Trading Income (Note 17)	1,507	2,001	13
Other Operating Income	31,098	45,067	280
Other Income (Note 19)	10,809	2,772	97
Total Income	261,011	301,954	2,358
Expenses			
Interest Expenses:	83,930	113,700	758
Interest on Deposits	33,296	41,878	300
Interest on Debentures	1,691	3,077	15
Interest on Borrowed Money	1,966	1,795	17
Interest on Bills Sold and Call Money	60	590	0
Interest on Payables under Repurchase Agreement	149	1,748	1
Interest on Payables under Securities Lending Transactions	3,289	19,784	29
Others	43,476	44,824	392
Fees and Commissions (Note 16)	14,900	16,243	134
Trading Losses (Note 18)	155	-	1
Other Operating Expenses	60,758	54,119	548
General and Administrative Expenses	54,715	53,645	494
Other Expenses (Note 20)	3,125	7,888	28
Total Expenses	217,585	245,596	1,965
Profit before Income Taxes	43,426	56,358	392
Income Taxes (Note 23):			
Current	11,328	16,066	102
Deferred	57	(409)	0
Total Income Taxes	11,385	15,656	102
Profit	32,040	40,701	289
Profit Attributable to Non-Controlling Interests	390	474	3
Profit Attributable to Owners of Parent	31,649	40,227	285

	Yen		U.S. Dollars (Note 1)
	2021	2020	2021
Net Income per Share (Note 31)	4,401.33	5,679.98	39.76
Dividend Declared per Share (General Common Shares)	3,000.00	3,000.00	27.10
Dividend Declared per Share (Specific Common Shares)	1,500.00	1,500.00	13.55
Dividend Declared per Share (Preferred Shares)	6,500.00	6,500.00	58.72

The accompanying notes are an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

Shinkin Central Bank For the year ended March 31,	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2021	2020	2021
Profit	32,040	40,701	289
Other Comprehensive Income (Note 21)	164,730	(131,209)	1,488
Net Unrealized Gains (Losses) on Other Securities	28,350	(44,139)	256
Deferred Gains or Losses on Hedges	133,125	(87,070)	1,202
Foreign Currency Translation Adjustments	(170)	145	(1)
Remeasurements of Defined Benefit Plans	3,425	(144)	30
Comprehensive Income	196,771	(90,508)	1,777
Comprehensive Income Attributable to Owners of Parent	196,204	(90,960)	1,772
Comprehensive Income Attributable to Non-Controlling Interests	566	451	5

The accompanying notes are an integral part of these financial statements.

Consolidated Statement of Changes in Net Assets

Shinkin Central Bank For the year ended March 31, 2021

Millions of Yen

	Shareholders' Equity			
	Common Shares and Preferred Shares	Capital Surplus	Retained Earnings	Total Shareholders' Equity
Balance at Beginning of Year	690,998	100,678	615,918	1,407,595
Fluctuation Amount during the Fiscal Year				
Surplus Dividends			(19,603)	(19,603)
Profit Attributable to Owners of Parent			31,649	31,649
Net Changes in Items Other Than Shareholders' Equity during the Fiscal Year				
Total Fluctuation Amount during the Fiscal Year	-	-	12,046	12,046
Balance at End of Year	690,998	100,678	627,964	1,419,641

	Accumulated Other Comprehensive Income						Non-Controlling Interests	Total Net Assets
	Net Unrealized Gains (Losses) on Other Securities	Deferred Gains or Losses on Hedges	Land Revaluation Excess	Foreign Currency Translation Adjustments	Remeasurements of Defined Benefit Plans	Total Accumulated Other Comprehensive Income		
Balance at Beginning of Year	279,543	(153,703)	14,894	(3,237)	(7,014)	130,482	12,209	1,550,287
Fluctuation Amount during the Fiscal Year								
Surplus Dividends								(19,603)
Profit Attributable to Owners of Parent								31,649
Net Changes in Items Other Than Shareholders' Equity during the Fiscal Year	28,350	133,125	-	(170)	3,249	164,555	432	164,987
Total Fluctuation Amount during the Fiscal Year	28,350	133,125	-	(170)	3,249	164,555	432	177,034
Balance at End of Year	307,894	(20,577)	14,894	(3,408)	(3,764)	295,037	12,642	1,727,321

Millions of U.S. Dollars (Note 1)

	Shareholders' Equity			
	Common Shares and Preferred Shares	Capital Surplus	Retained Earnings	Total Shareholders' Equity
Balance at Beginning of Year	6,242	909	5,564	12,716
Fluctuation Amount during the Fiscal Year				
Surplus Dividends			(177)	(177)
Profit Attributable to Owners of Parent			285	285
Net Changes in Items Other Than Shareholders' Equity during the Fiscal Year				
Total Fluctuation Amount during the Fiscal Year	-	-	108	108
Balance at End of Year	6,242	909	5,673	12,825

	Accumulated Other Comprehensive Income						Non-Controlling Interests	Total Net Assets
	Net Unrealized Gains (Losses) on Other Securities	Deferred Gains or Losses on Hedges	Land Revaluation Excess	Foreign Currency Translation Adjustments	Remeasurements of Defined Benefit Plans	Total Accumulated Other Comprehensive Income		
Balance at Beginning of Year	2,525	(1,388)	134	(29)	(63)	1,178	110	14,005
Fluctuation Amount during the Fiscal Year								
Surplus Dividends								(177)
Profit Attributable to Owners of Parent								285
Net Changes in Items Other Than Shareholders' Equity during the Fiscal Year	256	1,202	-	(1)	29	1,486	3	1,490
Total Fluctuation Amount during the Fiscal Year	256	1,202	-	(1)	29	1,486	3	1,599
Balance at End of Year	2,781	(185)	134	(30)	(34)	2,665	114	15,605

	Shareholders' Equity			
	Common Shares and Preferred Shares	Capital Surplus	Retained Earnings	Total Shareholders' Equity
Balance at Beginning of Year	690,998	100,678	595,294	1,386,971
Fluctuation Amount during the Fiscal Year				
Surplus Dividends			(19,603)	(19,603)
Profit Attributable to Owners of Parent			40,227	40,227
Net Changes in Items Other Than Shareholders' Equity during the Fiscal Year				
Total Fluctuation Amount during the Fiscal Year	-	-	20,623	20,623
Balance at End of Year	690,998	100,678	615,918	1,407,595

	Accumulated Other Comprehensive Income						Non-Controlling Interests	Total Net Assets
	Net Unrealized Gains (Losses) on Other Securities	Deferred Gains or Losses on Hedges	Land Revaluation Excess	Foreign Currency Translation Adjustments	Remeasurements of Defined Benefit Plans	Total Accumulated Other Comprehensive Income		
Balance at Beginning of Year	323,683	(66,632)	14,894	(3,383)	(6,892)	261,669	11,824	1,660,465
Fluctuation Amount during the Fiscal Year								
Surplus Dividends								(19,603)
Profit Attributable to Owners of Parent								40,227
Net Changes in Items Other Than Shareholders' Equity during the Fiscal Year	(44,139)	(87,070)	-	145	(122)	(131,187)	384	(130,802)
Total Fluctuation Amount during the Fiscal Year	(44,139)	(87,070)	-	145	(122)	(131,187)	384	(110,178)
Balance at End of Year	279,543	(153,703)	14,894	(3,237)	(7,014)	130,482	12,209	1,550,287

The accompanying notes are an integral part of these financial statements.

Consolidated Statement of Cash Flows

Shinkin Central Bank For the year ended March 31,	Millions of Yen		Millions of U.S. Dollars
	2021	2020	(Note 1) 2021
Cash Flows from Operating Activities:			
Profit before Income Taxes	43,426	56,358	392
Depreciation	10,259	11,266	92
Impairment Loss	-	86	-
Increase (Decrease) in Reserve for Possible Loan Losses	(1,106)	832	(9)
Increase (Decrease) in Reserve for Employee Bonuses	(5)	33	(0)
Increase (Decrease) in Reserve for Directors' Bonuses	1	4	0
Increase (Decrease) in Net Defined Benefit Liability	(2,596)	2,133	(23)
Increase (Decrease) in Reserve for Directors' Retirement Allowances	(117)	63	(1)
Interest Income	(175,162)	(207,202)	(1,582)
Interest Expenses	83,930	113,700	758
Net Losses (Gains) on Securities	3,251	(7,908)	29
Net Losses (Gains) on Money Held in Trust	(440)	(529)	(3)
Net Losses (Gains) on Foreign Exchange	(112,246)	67,494	(1,014)
Net Losses (Gains) on Disposal of Fixed Assets	127	266	1
Net Decrease (Increase) in Trading Assets	130,844	(162,689)	1,182
Net Increase (Decrease) in Trading Liabilities	(5,932)	(34,607)	(53)
Net Increase (Decrease) in Trading Payables	(9,088)	30,515	(82)
Net Decrease (Increase) in Loans and Bills Discounted	22,075	(1,429,337)	199
Net Increase (Decrease) in Deposits	2,579,025	232,549	23,299
Net Increase (Decrease) in Debentures	(363,650)	(349,780)	(3,285)
Net Increase (Decrease) in Borrowed Money (Excluding Subordinated Borrowings)	769,500	1,283,800	6,951
Net Decrease (Increase) in Due from Banks (Excluding Due from Central Bank)	(166,116)	88,688	(1,500)
Net Decrease (Increase) in Call Loans and Others	(733,519)	677,995	(6,626)
Net Decrease (Increase) in Receivables under Securities Borrowing Transactions	1,430	21,798	12
Net Increase (Decrease) in Call Money and Others	18,929	87,601	171
Net Increase (Decrease) in Payables under Securities Lending Transactions	(85,439)	3,849	(771)
Net Decrease (Increase) in Monetary Claims Bought	41,866	(443)	378
Net Decrease (Increase) in Foreign Exchanges (Assets)	58,437	(57,984)	527
Net Increase (Decrease) in Foreign Exchanges (Liabilities)	641	16	5
Net Increase (Decrease) in Due to Trust Accounts	8,278	7,996	74
Interest Received	216,361	261,547	1,954
Interest Paid	(97,318)	(136,007)	(879)
Other, Net	197,501	(215,922)	1,784
Sub-total	2,433,146	346,184	21,981
Income Taxes Paid	(16,472)	(13,440)	(148)
Net Cash Provided by (Used in) Operating Activities	2,416,674	332,744	21,832
Cash Flows from Investing Activities:			
Acquisitions of Securities	(11,019,193)	(3,688,121)	(99,550)
Proceeds from Sale of Securities	1,092,846	1,437,278	9,873
Proceeds from Redemption of Securities	8,902,375	2,182,320	80,426
Increase in Money Held in Trust	(10,004)	(60)	(90)
Decrease in Money Held in Trust	10,000	39,839	90
Acquisitions of Tangible Fixed Assets	(2,729)	(2,724)	(24)
Acquisitions of Intangible Fixed Assets	(5,032)	(7,771)	(45)
Proceeds from Sales of Tangible Fixed Assets	90	-	0
Net Cash Provided by (Used in) Investing Activities	(1,031,648)	(39,240)	(9,320)
Cash Flows from Financing Activities:			
Dividends Paid	(19,603)	(19,603)	(177)
Dividends Paid to Non-Controlling Interests	(133)	(66)	(1)
Net Cash Provided by (Used in) Financing Activities	(19,737)	(19,670)	(178)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	0	(0)	0
Net Increase (Decrease) in Cash and Cash Equivalents	1,365,289	273,834	12,334
Cash and Cash Equivalents at Beginning of Period	13,127,527	12,853,693	118,597
Cash and Cash Equivalents at End of Period (Note 2 (2))	14,492,817	13,127,527	130,931

The accompanying notes are an integral part of these financial statements.

Notes to Consolidated Financial Statements

1. Basis of Presentation:

The accompanying consolidated financial statements have been prepared from the accounts maintained by Shinkin Central Bank (the "Bank") and its consolidated subsidiaries in accordance with accounting principles and practices generally accepted in Japan that are different in certain respects from the application and disclosure requirements of International Financial Reporting Standards.

Certain items presented in the consolidated financial statements have been reclassified for the convenience of readers outside Japan. The amounts in Japanese yen are presented in millions of yen by rounding down figures. As a result, the totals in yen shown in the consolidated financial statements do not necessarily agree with the sums of the individual account balances.

U.S. dollar amounts represent the arithmetical results of translating original Japanese yen amounts of the respective account balances to U.S. dollars on a basis of ¥110.69 to U.S.\$1, the exchange rate prevailing as of March 31, 2021. The amounts in U.S. dollars are presented in millions of U.S. dollars by rounding down figures. As a result, the totals in U.S. dollars shown in the consolidated financial statements do not necessarily agree with the sums of the individual account balances. The U.S. dollars amounts are included solely for the convenience of readers outside Japan and this translation should not be construed as representation that Japanese yen amounts have been or could be readily converted, realized or settled in U.S. dollars at that or at any other rates.

2. Significant Accounting Policies:

(1) Principles of Consolidation

The consolidated financial statements include the accounts of the Bank and its eight consolidated subsidiaries as of March 31, 2021 listed below:

Name	Location	Ownership Percentage
The Shinkin Banks Information		
System Center Co., Ltd.	Tokyo	50.7%
Shinkin International Ltd.	London	100%
Shinkin Chukin Business Co., Ltd.	Tokyo	100%
Shinkin Asset Management Co., Ltd.	Tokyo	100%
Shinkin Securities Co., Ltd.	Tokyo	100%
Shinkin Capital Co., Ltd.	Tokyo	100%
Shinkin Guarantee Co., Ltd.	Tokyo	100%
Shinkin Singapore Pte. Ltd.	Singapore	100%

(*) Shinkin Singapore Pte. Ltd. was established on February 3, 2021, and, therefore, has been included in the scope of consolidation from the current fiscal year.

Unconsolidated subsidiaries

Shinkin no Kizuna Investment Limited Partnership
Shinkin no Tsubasa Investment Limited Partnership
Shinkin no Ishizue Investment Limited Partnership

Unconsolidated subsidiaries are excluded from the scope of consolidation because their total assets, total income, net income (amount based on the equity method), retained earnings (amount based on the equity method) and accumulated other comprehensive income (amount based on the equity method) are immaterial and do not hinder a rational judgment of the Bank's financial condition and results of operation when excluded from the scope of consolidation.

The fiscal year and the closing date thereof for the financial statements of the consolidated subsidiaries are consistent with those of the Bank, except for Shinkin International Ltd. and Shinkin

Singapore Pte. Ltd., which have a fiscal year ended on December 31. For the consolidation of the subsidiary, the Bank makes appropriate adjustments for any material transactions subsequent to December 31.

All significant intercompany accounts and transactions have been eliminated in consolidation. The Bank's share of net assets of subsidiaries is valued at fair value on acquisition. Non-controlling interests in net assets of subsidiaries are valued at fair value on acquisition in the consolidated financial statements. The excess of the cost over the fair value of the underlying net equity in subsidiaries on acquisition is expensed when incurred.

The application of equity-method to unconsolidated subsidiaries and affiliates is as follows:

Non-consolidated equity-method subsidiaries: N/A
Affiliated equity-method companies: N/A

Unconsolidated subsidiaries that are not accounted for by the equity method:

Shinkin no Kizuna Investment Limited Partnership
Shinkin no Tsubasa Investment Limited Partnership
Shinkin no Ishizue Investment Limited Partnership

Unconsolidated subsidiaries that are not accounted for by the equity method are excluded from the scope of equity method because their effect on the accompanying consolidated financial statements, in terms of net income (amount based on the equity method) and retained earnings (amount based on the equity method), would not be material.

Affiliated companies to which the equity method is not applied due to immateriality:

Aozora Loan Services Co., Ltd.

(2) Cash and Cash Equivalents

In the consolidated statement of cash flows, "Cash and Cash Equivalents" consist of Cash and Due from Central Bank.

Reconciliation between Cash and Due from Banks in the consolidated balance sheet and Cash and Cash Equivalents at March 31, 2021 and 2020 is as follows:

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Cash and Due from Banks	15,063,421	13,532,061	136,086
Due from Banks (Excluding Due from Central Bank)	(570,604)	(404,534)	(5,154)
Cash and Cash Equivalents	14,492,817	13,127,527	130,931

(3) Trading Assets and Liabilities

Transactions for "Trading Purposes" (for purposes of seeking to capture gains arising from short-term changes in interest rates, currency exchange rates or market prices of financial instruments and other market related indices or from gaps among markets) are included in "Trading Assets" and "Trading Liabilities" on the consolidated balance sheet on a trade date basis. In addition, gains and losses from "Trading Assets" and "Trading Liabilities" are recorded as "Trading Income" and "Trading Losses" on the consolidated statement of income on a trade date basis.

Securities and Monetary Claims Bought for trading purposes are stated at fair value at the fiscal year end. Trading-related financial derivatives such as swaps, futures and options are stated at the amounts that would have been delivered for settlement as of the fiscal year end date.

(4) Financial Instruments

(i) Securities

The Bank and its consolidated subsidiaries classify securities into three categories: held-to-maturity debt securities, investments in affiliates that are not accounted for by the equity method, and other securities. Held-to-maturity debt securities are stated at cost and are amortized by the straight-line depreciation method using the moving-average method. Investments in affiliates that are not accounted for by the equity method are stated at cost using the moving-average method. Stocks and investment trusts in other securities are stated based on the average quoted market price over a month preceding the balance sheet date and others are stated at fair value based on quoted market prices at the balance sheet date and other applicable information (and the cost of securities sold is mainly determined using the moving-average method). Other securities where there is significant difficulty in determining fair value are stated at cost using the moving-average method.

The full amount of net unrealized gains or losses on other securities is recorded directly within Net Assets.

Securities included as trust property in “Money Held in Trust” are stated in the same manner as above.

(ii) Derivative Transactions

Derivative transactions are stated at fair value.

(iii) Hedge Accounting

(a) Hedge of Interest Rate Risk

The Bank applies the deferred method of hedge accounting described in the Japanese Institute of Certified Public Accountants (JICPA) Industry Committee Practical Guidelines No. 24, October 8, 2020 “Accounting and Auditing Treatment of Accounting Standards for Financial Instruments in Banking Industry” to transactions to hedge against interest rate risk arising from the financial assets and liabilities.

Effectiveness of a fair value hedge is assessed for each of the identified group of hedged items such as loans and deposits, and corresponding group of hedging instruments such as interest rate swaps with the same maturity bucket. Effectiveness of a cash flow hedge is assessed based on the correlation between an interest rate risk factor of the hedged items and that of the hedging instruments.

For certain assets and liabilities, the exceptional treatment for interest rate swaps is applied.

(b) Hedge of Foreign Exchange Fluctuation Risk

The deferred method of hedge accounting is applied to transactions to hedge against foreign exchange fluctuation risks associated with monetary assets and liabilities denominated in foreign currencies in accordance with the regulations set forth in JICPA Industry Committee Practical Guidelines No. 25, October 8, 2020 “Accounting and Auditing Treatment of Accounting Standards for Foreign Currency Transactions in the Banking Industry”.

To minimize foreign exchange fluctuation risk on monetary assets and liabilities, the Bank has engaged in currency swaps, foreign exchange swaps, and similar transactions. Effectiveness of these transactions in the hedging of foreign exchange risks of monetary assets and liabilities denominated in foreign currencies is

assessed through comparison of the foreign currency position of the hedged monetary assets and liabilities and that of the hedging instruments.

The Bank has also applied fair value hedge accounting to the foreign exchange risk of other securities in foreign currency (other than bonds) when the hedged foreign currency securities are specified prior to the commencement of transactions, and there exists spot and forward liabilities exceeding the acquisition costs of the foreign currency securities designated as hedged items on a foreign currency basis.

(c) Internal Derivative Transactions

Internal derivative transactions between trading accounts and other accounts, which are designated as hedges, are not eliminated and related gains and losses are recognized in the consolidated statement of income or deferred under hedge accounting because the internal interest rate swaps and currency swaps transactions, etc. designated as hedging instruments are conducted in a manner without any subjection and are appropriately covered by third party transactions conducted in accordance with the standard articulated by Industry Committee Practical Guidelines No. 24 and No. 25.

(d) Others

Given that deferred hedge using interest rate swaps and exceptional treatment of interest rate swaps to offset market fluctuations on hedged items of loans, other securities (bonds) and held-to-maturity debt securities are affected by the discontinuing publication of London Inter-Bank Offered Rate (LIBOR) and transition to alternative reference rate, the Bank has adopted “Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR” (Practical Issues Task Force Report No. 40, September 29, 2020) to avoid impact on the continuation of hedging relationship.

(5) Tangible Fixed Assets (excluding Leased Assets)

Tangible fixed assets of the Bank are depreciated by the declining balance method. However, buildings acquired on or after April 1, 1998 (excluding facilities installed in buildings), and facilities installed in buildings and structures that are acquired on or after April 1, 2016, are depreciated by the straight-line method.

The estimated useful lives of major items are as follows:

Buildings 5 to 50 years

Others 3 to 20 years

Tangible fixed assets of consolidated subsidiaries are, in principle, depreciated by the declining balance method, based on their estimated useful lives.

(6) Intangible Fixed Assets (excluding Leased Assets)

Intangible fixed assets are amortized by the straight-line method. The costs of software for internal use are amortized by the straight-line method, mainly 5 year period (the estimated useful life of the software).

(7) Leased Assets

Leased assets of Tangible Fixed Assets and Intangible Fixed Assets related to finance leases that do not transfer ownership are depreciated by the straight-line method with estimated useful lives equal to lease terms, and zero residual values.

(8) Deferred Debenture Charges

Debenture charges are expensed in the fiscal year of issuance.

(9) Reserve for Possible Loan Losses

Reserve for possible loan losses of the Bank is provided in accordance with the internal rules for self-assessments of asset quality and write-offs and provisioning criteria predetermined by the Bank as follows:

The amounts of write-offs and provisions are calculated based on the result of self-assessments of the borrower classification, etc. The Bank has the credit risk rating system as a method for assessing credit risk to determine the borrower classification appropriately. Based on this system, the borrower classification for self-assessments are determined. The credit rating evaluates the degree of a borrower's creditworthiness, such as its debt servicing capacity, and classifies the borrower on a scale of 10. The classification reflects qualitative factors such as the evaluation of industry to which the borrower belongs and competitiveness within the industry, in addition to the quantitative evaluation based on the borrower's financial information. The credit rating is reviewed on a regular basis once a year, and is also reviewed as needed, such as when there are changes in the creditworthiness of the borrower.

The reserve is provided for loans to borrowers who are classified as substantially bankrupt or who are bankrupt in the legal sense as a result of the self-assessment of asset quality, at 100% of the carrying amount remaining after write-offs and deducting the amount expected from the realization of collateral and the execution of guarantees. In addition, a reserve is provided for loans to borrowers who are not currently bankrupt but are highly likely to go bankrupt ("Probably Bankrupt Borrowers"). In such cases, the reserve is provided at the amount deemed necessary based on the borrower's debt servicing capacity after deducting the amount expected from the realization of collateral and the execution of guarantees.

The Bank calculates the amount of reserve by the cash flow estimate method. For borrowers classified as Probably Bankrupt Borrowers or borrowers with large exposures who have restructured loans ("Intensive Control Borrowers") to whom loan receivables are renegotiated, cash flows are reliably estimated based on the repayment plan prepared by the borrowers, creditworthiness, the Bank's lending policies and default rate of an external credit rating agencies, the amount of reserve for possible loan losses is set at the difference between the book values of the loans and the amounts calculated by discounting by the original contractual interest rates the cash flows that are reliably estimated based on the repayment plan prepared by the borrowers, creditworthiness, the Bank's lending policies and default rates of an external credit rating agencies.

For all other loans to Intensive Control Borrowers and other borrowers (other special attention borrowers) who warrant special attention for future management, the Bank estimates the amount of expected losses over the next three years. The amount of expected losses is calculated by determining the expected loss ratio based on the average of the historical charge-off ratios over the past three years, and adding necessary adjustments such as future prospects.

For the borrowers (Performing) who are recognized to have good business performance and no particular financial problems, a reserve is expected for the next 1 year and provided based on the ratio of the average value of the bad debt rate calculated by the bad debt record for 1 year with necessary adjustments such as future prospects.

All claims are assessed by the Operating Related Division based on internal rules for self-assessments of asset quality. Subsequently, the Asset Auditing Division, that is independent from the Operating Related Division, audits these self-assessments. The reserve is provided based on the results of the assessments.

For loans to Bankrupt Borrowers and Substantially Bankrupt Borrowers, amounts deemed uncollectible, which are calculated after

deduction of expected collection from the realization of collateral and the execution of guarantees, are written off. The amount written off was ¥320 million (\$2 million) as of March 31, 2021 and ¥320 million as of March 31, 2020.

Reserve for possible loan losses of the consolidated subsidiaries for general claims is provided as the amounts deemed necessary based on the default rate calculated from actual default during a certain period in the past, and for doubtful claims as the amounts deemed uncollectible based on the assessment of each claim.

(10) Reserve for Employee Bonuses

Reserve for Employee Bonuses is set aside to pay employee bonuses with respect to the portion of estimated bonus payments to employees that correspond to this fiscal year.

(11) Reserve for Directors' Bonuses

Reserve for Directors' Bonuses is set aside to pay directors and corporate auditors bonuses with respect to the portion of estimated bonus payments to directors and corporate auditors that correspond to this fiscal year.

(12) Reserve for Directors' Retirement Allowances

Reserve for Directors' Retirement Allowances provided for by the Bank is calculated based on the estimated allowances to be paid up to the end of this fiscal year.

(13) Reserve under Specific Law

This reserve amount is calculated pursuant to Article 46-5, Paragraph 1 of the "Financial Instruments and Exchange Act" and Article 175 of the "Cabinet Office Ordinance on Financial Instruments Business" to indemnify any losses incurred from accidents in the conduct of market derivative transactions on behalf of clients.

(14) Employees' Retirement Benefits

The Bank accounted for retirement benefit obligation based on the projected benefit obligations. The projected benefit obligations are attributed to periods on a benefit formula basis. The methods for amortizing prior service costs and actuarial differences are as follows: Prior service costs:

Prior service costs are amortized, using the straight-line method over a certain number of years (10 years) within the average remaining service period of current employees at the time the cost is incurred.

Actuarial differences:

Actuarial differences are amortized from the following year, using the straight-line method over a certain number of years (10 years) within the average remaining service period of current employees at each time the cost is incurred.

Also, certain consolidated subsidiaries calculate the net defined benefit liability and retirement benefit cost using the simplified method which assumes the retirement benefit obligation to be equal to the amount necessary to pay for the voluntary resignation for all employees at the fiscal year-end.

(15) Translation of Foreign Currency-Denominated Assets and Liabilities

Foreign currency-denominated assets and liabilities are translated into Japanese yen at exchange rates prevailing at the end of the fiscal year. Foreign currency-denominated assets and liabilities of consolidated subsidiaries are translated into Japanese yen at exchange rates prevailing at the end of the fiscal year.

(16) Consumption Tax

National and local consumption tax incurred by the Bank and its domestic consolidated subsidiaries are excluded from transaction amounts. However, national and local consumption tax paid on purchases of tangible fixed assets and intangible fixed assets, which are not deductible as a tax credit, are expensed in this fiscal year.

(17) Amortization of Goodwill

Goodwill is fully amortized in the fiscal year incurred.

(18) Accounting Principles and Procedures Adopted when the Provisions of Relevant Accounting Standards, etc. are not Clear
Contract cancellation revenue and gains on redemptions of investment trusts are included in “Interest Income (Interest and Dividends on Securities)” and losses on cancellation and redemptions of investment trusts are included in “Other Operating Expenses” in the consolidated statement of income.

(Additional information)

The Bank adopted the “Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections” (ASBJ Statement No. 24, revised on March 31, 2020) in the consolidated financial statements as of the end of and for the fiscal year ended March 31, 2021, and therefore disclosed adopted accounting principles and procedures when there are no specific provisions involved such accounting standards.

(19) Significant Accounting Estimates

Reserve for Possible Loan Losses

(i) The amount recorded in the consolidated financial statements for the current fiscal year

Reserve for Possible Loan Losses ¥29,963 million (\$270 million)

(ii) Information on details of significant accounting estimate of identified items

(1) Method of calculation

Method of calculation is described in the “Note 2 Significant Accounting Policies (9) Reserve for Possible Loan Losses”.

(2) Key assumptions

(a) The impact of COVID-19 on economic activities and outlook of borrowers’ performance when determining borrower classification
The Bank assumes that the impact of the stagnation in economic activities caused by the COVID-19 pandemic would persist until the end of fiscal year 2021, that the pace of recovery in economic and corporate activities would be extremely slow during that period, and among other things, that the business performance of certain industries, such as airlines and natural resources, would be significantly affected over a certain period of time.

These assumptions consider changes in the number of people infected with COVID-19 and current status of vaccination and uses objective information such as outlook of worldwide air travel demand of the International Air Transport Association (IATA) and of world energy demand of The International Energy Agency (IEA).

In the consolidated financial statements for the fiscal year ended March 31, 2021, based on the above assumptions, classification of the specific borrowers is determined considering such factors if their future performance is expected to be significantly affected by these assumptions.

(b) Inputs of the cash flow estimate method

The Bank calculates the amount of reserve for possible loan losses by the cash flow estimate method if the borrowers are classified as Probably Bankrupt Borrowers or Intensive Control Borrowers with large exposures.

Key assumptions of the cash flow estimate are the repayment schedule prepared by the borrower, creditworthiness, the Bank’s lending policies and default rates of an external credit rating organization according to the credit condition of borrower.

(3) Effects on the consolidated financial statements in the fiscal year ending March 31, 2022

Though the key assumptions include how the COVID-19 will spread out or when it will be settled, there are no precedents or widely-agreed view that can be used as reference. Accordingly, the Bank makes a best estimate based on certain assumptions, available external information and an approval of decision-making body in accordance with the internal rules. However, the assumptions used in the estimates incorporate uncertainty and, if there are changes in conditions of the COVID-19 pandemic or changes in its impact on the economic activities, the performance of borrowers may be affected and a reserve for possible loan losses to be recorded in the consolidated financial statements for the fiscal year ending March 31, 2022 may be significantly affected.

If the assumptions used in the initial estimate are changed due to changes in the borrowers’ performance, inputs used for the cash flow estimate method may significantly affect a reserve for possible loan losses to be recorded in the consolidated financial statements for the fiscal year ending March 31, 2022.

(20) Accounting Standards Issued but not yet Adopted

- “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, revised on March 31, 2020)

- “Implementation Guidance on Accounting Standard for Revenue Recognition” (ASBJ Guidance No. 30, revised on March 26, 2021)

- “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19, revised on March 31, 2020)

(i) Overview

This is a comprehensive accounting standard for revenue recognition. Specifically, the accounting standard establishes the following five-step model that will apply to revenue from customers:

Step 1: Identify the contracts with a customer

Step 2: Identify the separate performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the separate performance obligations

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation by transferring good or service

(ii) Date of adoption

The Bank will adopt the accounting standard and implementation guidance in the consolidated financial statements from the beginning of the fiscal year beginning on April 1, 2021.

(iii) Effects of the adoption of the accounting standard and guidance
The Bank is evaluating the effect of the adoption of the accounting standard and implementation guidance on its consolidated financial statements.

- “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, issued on July 4, 2019)

- “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, issued on July 4, 2019)

- “Accounting Standard for Measurement of Inventories” (ASBJ Statement No. 9, issued on July 4, 2019)

- “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, issued on July 4, 2019)

- “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19, revised on March 31, 2020)

(i) Overview

In order to improve the comparability with international accounting standards, “Accounting Standard for Fair Value Measurement” and “Implementation Guidance on Accounting Standard for Fair Value Measurement” (“Fair Value Measurement accounting standards, etc.”) were developed and the guidance on how to measure fair value was established. Fair Value Measurement accounting standards, etc. apply to the fair value of the following items:

- Financial instruments in the Accounting Standard for Financial Instruments
- Inventories held for trading purposes under the Accounting Standard for Measurement of Inventories

In addition, “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” was revised to specify notes such as breakdown of the fair value of financial instruments by level.

(ii) Date of adoption

The Bank will adopt the accounting standards and guidance in the consolidated financial statements from the beginning of the fiscal year beginning on April 1, 2021.

(iii) Effects of the adoption of the accounting standards and guidance

The Bank is evaluating the effect of the adoption of the accounting standards and guidance on its consolidated financial statements.

(21) Changes in Presentation

The Bank adopted the “Accounting Standard for Disclosure of Accounting Estimates” (ASBJ Statement No. 31, March 31, 2020) in the consolidated financial statements as of March 31, 2021 and for the fiscal year then ended and included notes regarding significant accounting estimates therein.

However, information for the previous fiscal year ended March 31, 2020 is not disclosed in accordance with transitional provisions in the provision of paragraph 11 of the said accounting standard.

3. Trading Assets:

The details of Trading Assets as of March 31, 2021 and 2020 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Trading Account Securities	23,363	26,051	211
Derivatives of Securities related to Trading Transactions	0	—	0
Trading-Related Financial Derivatives	28,024	31,034	253
Other Trading Assets	229,043	354,189	2,069
Total	280,431	411,275	2,533

4. Securities:

The details of Securities as of March 31, 2021 and 2020 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Japanese Government Bonds	5,978,192	4,606,207	54,008
Municipal Government Bonds	1,821,893	1,425,190	16,459
Short-Term Corporate Bonds	—	38,016	—
Corporate Bonds	4,114,006	4,705,432	37,166
Stocks	69,193	63,277	625
Others	5,740,754	5,618,106	51,863
Total	17,724,041	16,456,230	160,123

Notes:

1. Stocks include investments in affiliated companies totaling ¥189 million (\$1 million) as of March 31, 2021 and 2020.
2. Others include common shares and investment in unconsolidated subsidiaries totaling ¥8,552 million (\$77 million) as of March 31, 2021 and ¥8,589 million as of March 31, 2020. Others also include preferred shares issued by Shinkin Banks which were contributed in accordance with the Shinkin Bank Management Reinforcement System. The amount was ¥169,524 million (\$1,531 million) as of March 31, 2021 and ¥171,524 million as of March 31, 2020. Others also include foreign bonds and equities.

5. Loans and Bills Discounted:

Loans and Bills Discounted include the following non-performing loans:

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Loans to Bankrupt Borrowers	68	75	0
Delinquent Loans	3,399	3,977	30
Loans Past Due Three Months or More	1,008	1	9
Restructured Loans	18,921	19,024	170
Total	23,398	23,079	211

The above amounts are the amounts before exclusion of reserves for possible loan losses.

Loans to Bankrupt Borrowers represent non-accrual loans to borrowers who are legally bankrupt as defined in Article 96, Paragraph 1, Item 3 (a)-(e) or Item 4 of the “Order for Enforcement of the Corporation Tax Act” (Cabinet Order No. 97 of 1965).

Delinquent Loans represent non-accrual loans other than Loans to Bankrupt Borrowers and certain Restructured Loans with moratorium on interest payments.

Loans Past Due Three Months or More represent loans for which the principal and interests are past due three months or more other than Loans to Bankrupt Borrowers and Delinquent Loans.

Restructured Loans represent loans on which contracts were modified in favor of the borrowers (e.g. the reduction of or exemption from stated interests, the deferral of interest payments, the extension of maturity dates, and the renunciation of claims in order to assist or facilitate the business restructuring of borrowers under financial difficulties) other than Loans to Bankrupt Borrowers, Delinquent Loans and Loans Past Due Three Months or More.

Loans include subordinated loans with a lower priority for repayment of principal and interests than that of other debt claims. The amount was ¥11,500 million (\$103 million) as of March 31, 2021 and ¥13,500 million as of March 31, 2020. Of these amounts, none as of March 31, 2021 and ¥2,000 million as of March 31, 2020, were provided to Shinkin Banks in accordance with the Shinkin Bank Management Reinforcement System.

Bills Discounted are accounted for as financial transactions in accordance with Industry Committee Practical Guidelines No. 24. The face value of bills of lading amounted to ¥76 million (\$0 million) as of March 31, 2021 and ¥148 million as of March 31, 2020. The Bank has the right to freely dispose of, sell or re-hypothecate such bills.

With respect to loan participation, in accordance with “Accounting and Presentation of Loan Participation” (JICPA Accounting Committee Report No. 3, November 28, 2014), the amount of the participation principal is accounted for as a loan to the original debtor, and this amounted to ¥13,983 million (\$126 million) as of March 31, 2021 and ¥16,584 million as of March 31, 2020.

6. Commitments to Overdrafts and Loans:

Commitments related to overdrafts and loans represent agreements to extend overdrafts or loans up to a pre-agreed amount at the customer’s request as long as there is no violation of the conditions stipulated in commitment agreements.

The amount of unused loan commitments may not necessarily have a significant effect on the future cash flows of the Bank because most of these loan commitments expire without being drawn down. Most of these agreements have provisions which stipulate that the Bank may not extend the loan or may decrease the amount of commitment when there are certain changes in the financial conditions, certain issues relating to credit protection and other reasons. The Bank limits the commitment to an amount not exceeding the amount of the related customer’s time deposit. The Bank periodically checks the financial condition of its customers based on its internal rules and performs certain actions to secure loans or revises the contracts, as necessary.

The amounts of unused loan commitments are ¥26,282,059 million (\$237,438 million) as of March 31, 2021 and ¥25,176,506 million as of March 31, 2020.

The amounts which the Bank could unconditionally cancel at any time or of which the original contractual maturity is less than one year are ¥26,141,095 million (\$236,164 million) as of March 31, 2021 and ¥25,046,442 million as of March 31, 2020.

7. Special Contracts for Securities and Cash-Collateralized Securities Lending and Borrowings:

Securities lending based on non-collateralized special contracts (securities lending and borrowings) are stated as Japanese Government Bonds in “Securities”. The amount in total was ¥197,643 million (\$1,785 million) as of March 31, 2021 and ¥309,494 million as of March 31, 2020.

Those held by the Bank without being disposed of as of March 31, 2021 amounted to ¥407,355 million (\$3,680 million) and as of March 31, 2020 amounted to ¥22,637 million.

8. Tangible Fixed Assets:

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Accumulated Depreciation on Tangible Fixed Assets	96,456	93,779	871
Accumulated Deferred Gains on Tangible Fixed Assets	1,764	1,764	15
(Deferred Gains recognized for the fiscal year)	(—)	(—)	(—)

9. Assets Pledged as Collateral and Associated Liabilities:

Assets pledged as collateral for the fiscal years ended March 31, 2021 and 2020 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Assets Pledged as Collateral			
Trading Assets	14,858	11,956	134
Securities	5,494,516	4,813,193	49,638
Loans and Bills Discounted	842,558	591,121	7,611
Total	6,351,933	5,416,271	57,384
Liabilities associated with Assets Pledged as Collateral			
Borrowed Money	3,858,000	3,088,500	34,854
Payables under Repurchase Agreements	287,020	232,066	2,593
Payables under Securities Lending Transactions	1,702,956	1,788,395	15,384

Trading Assets of none as of March 31, 2021 and ¥501 million as of March 31, 2020 and Securities in the amount of ¥271,673 million (\$2,454 million) as of March 31, 2021 and ¥257,071 million as of March 31, 2020, were pledged as collateral for exchange settlement transactions, etc. or as substitute for margin in futures transactions, etc.

Other assets include Guarantee Money, Cash Collateral Pledged for Financial Instruments, Clearing Margin Deposits for Central Counterparty, and Cash Collateral Pledged for Repurchase Agreement. The amounts are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Guarantee Money	379	353	3
Cash Collateral Pledged for Financial Instruments	149,174	348,459	1,347
Clearing Margin Deposits for Central Counterparty	700,000	700,000	6,323
Cash Collateral Pledged for Repurchase Agreement	1,606	500	14

10. Trading Liabilities:

The details of Trading Liabilities as of March 31, 2021 and 2020 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Trading Bonds Sold	2,390	620	21
Trading-Related Financial Derivatives	29,235	36,938	264
Total	31,625	37,558	285

11. Borrowed Money and Lease Obligations:

Category	Balance as of April 1, 2020 (Millions of Yen)	Balance as of March 31, 2021 (Millions of Yen)	Balance as of March 31, 2021 (Millions of U.S. Dollars)	Average Interest Rate (%)	Maturity
Borrowings	3,250,980	4,020,480	36,321	0.04	—
Borrowed Money	3,250,980	4,020,480	36,321	0.04	Aug. 2021- Mar. 2029
Lease Obligations Due within One Year	285	347	3	1.51	—
Lease Obligations (Excluding Those Due within One Year)	567	324	2	2.69	May 2022- June 2026

Notes:

1. Average interest rates were computed by the weighted average method using the interest rates and the balances at the fiscal year-end.
2. The repayment schedule within 5 years after the balance sheet date is as follows:

	Millions of Yen				
	Within 1 year	Over 1 year, within 2 years	Over 2 years, within 3 years	Over 3 years, within 4 years	Over 4 years, within 5 years
Borrowed Money	931,500	690,700	1,283,800	952,000	—
Lease Obligations	347	144	116	57	6

	Millions of U.S. Dollars				
	Within 1 year	Over 1 year, within 2 years	Over 2 years, within 3 years	Over 3 years, within 4 years	Over 4 years, within 5 years
Borrowed Money	8,415	6,239	11,598	8,600	—
Lease Obligations	3	1	1	0	0

3. Borrowed Money includes subordinated borrowings of ¥162,480 million (\$1,467 million) as of March 31, 2021 and 2020.

12. Debentures:

Issuer	Name of Issue	Issuance Date	Balance as of April 1, 2020 (Millions of Yen)	Balance as of March 31, 2021 (Millions of Yen)	Balance as of March 31, 2021 (Millions of U.S. Dollars)	Coupon Rate (%)	Collateral	Redemption Date
The Bank	No. 305-376 5-year Interest-bearing debentures	Apr. 2015- Mar. 2021	2,104,520	1,740,870	15,727	0.01- 0.25	—	Apr. 2020- Mar. 2026
The Bank	No. 2 7-year Interest-bearing debentures	Sep. 25, 2015	10,000	10,000	90	0.29	—	Sep. 27, 2022
The Bank	No. 2 10-year Interest-bearing debentures	Sep. 25, 2015	20,000	20,000	180	0.52	—	Sep. 26, 2025
Total	—	—	2,134,520	1,770,870	15,998	—	—	—

Note:

The redemption schedule within 5 years after the balance sheet date is as follows:

Millions of Yen				
Within 1 year	Over 1 year, within 2 years	Over 2 years, within 3 years	Over 3 years, within 4 years	Over 4 years, within 5 years
476,340	349,250	399,930	293,400	251,950

Millions of U.S. Dollars				
Within 1 year	Over 1 year, within 2 years	Over 2 years, within 3 years	Over 3 years, within 4 years	Over 4 years, within 5 years
4,303	3,155	3,613	2,650	2,276

13. Asset Retirement Obligations:

The disclosure of Asset Retirement Obligations was omitted because the amount was one-hundredth or less of the total balance of Liabilities and Net Assets as of April 1, 2020 and as of March 31, 2021.

14. Land Revaluation:

Based on the “Act on the Revaluation of Land” (Act No. 34, promulgated on March 31, 1998), land used for business was revalued. Deferred tax on the revaluation of the land was recorded as “Deferred Tax Liabilities for Land Revaluation” under Liabilities, and unrealized gain on the revaluation of the land, net of deferred tax, was recorded as “Land Revaluation Excess” under Net Assets.

Date of Revaluation: March 31, 1999

Revaluation method in accordance with Article 3, Paragraph 3 of Act No. 34: Revaluations were made based on the method, determined by the Commissioner of the National Tax Administration, which formed the basis for calculating land value taxes (prescribed by the “Land Value Tax Law”), as set forth in Article 2, Item 4 of the “Order for Enforcement of the Act on Revaluation of Land” (Government Ordinance No. 119, dated March 31, 1998), with appropriate adjustments.

15. Trusts with Contracts:

The details of principal amounts of trusts with contracts for compensation of loss of principal for the fiscal years ended March 31, 2021 and 2020 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Money Trust	30,153	21,831	272

16. Fees and Commissions:

The details of Fees and Commissions for the fiscal years ended March 31, 2021 and 2020 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Deposit, Fixed Income Securities and Lending	479	787	4
Exchange Business	369	422	3
Securities Related Business	8,996	9,761	81
Agency Business	2,095	2,094	18
Guarantee Business	9,187	10,540	83
Trustee Business	19,229	19,812	173
Others	818	733	7
Income on Fees and Commissions Businesses	41,175	44,151	371
Exchange	224	225	2
Agency Loans Business	945	1,149	8
Others	13,730	14,868	124
Expenses on Fees and Commissions Businesses	14,900	16,243	134

17. Trading Income:

The details of Trading Income for the fiscal years ended March 31, 2021 and 2020 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Income from Trading Account Securities	651	499	5
Income from Trading-Related Securities	—	199	—
Income from Trading-Related Financial Derivatives	810	1,084	7
Other Trading Income	45	218	0
Total	1,507	2,001	13

18. Trading Losses:

The details of Trading Losses for the fiscal years ended March 31, 2021 and 2020 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Expenses from Trading-Related Securities	155	—	1
Total	155	—	1

19. Other Income:

The details of Other Income for the fiscal years ended March 31, 2021 and 2020 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Gains on Sale of Stocks and Other Securities	9,243	2,203	83
Reversal of Allowance for Loan Losses	1,106	—	9
Others	458	568	4
Total	10,809	2,772	97

20. Other Expenses:

The details of Other Expenses for the fiscal years ended March 31, 2021 and 2020 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Losses on Sale of Stocks and Other Securities	2,980	6,701	26
Impairment Losses on Fixed Assets (*)	—	86	—
Others	145	1,099	1
Total	3,125	7,888	28

21. Consolidated Statement of Comprehensive Income:

For the fiscal years ended March 31, 2021 and 2020

Reclassification adjustment amount and tax effect amount related to Other Comprehensive Income

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Net Unrealized Gains (Losses) on Other Securities:			
The Amount Arising during the Period	36,933	(52,654)	333
Reclassification Adjustment Amount	1,932	(8,095)	17
Prior to Tax Effect Adjustment	38,865	(60,749)	351
Tax Effect Amount	(10,514)	16,610	(94)
Net Unrealized Gains (Losses) on Other Securities	28,350	(44,139)	256
Deferred Gains or Losses on Hedges:			
The Amount Arising during the Period	128,499	(184,035)	1,160
Reclassification Adjustment Amount	56,192	63,238	507
Prior to Tax Effect Adjustment	184,692	(120,797)	1,668
Tax Effect Amount	(51,567)	33,727	(465)
Deferred Gains or Losses on Hedges	133,125	(87,070)	1,202
Foreign Currency Translation Adjustments:			
The Amount Arising during the Period	(170)	145	(1)
Reclassification Adjustment Amount	—	—	—
Prior to Tax Effect Adjustment	—	—	—
Tax Effect Amount	—	—	—
Foreign Currency Translation Adjustments	(170)	145	(1)
Remeasurements of Defined Benefit Plans:			
The Amount Arising during the Period	2,899	(1,907)	26
Reclassification Adjustment Amount	1,901	1,700	17
Prior to Tax Effect Adjustment	4,800	(206)	43
Tax Effect Amount	(1,374)	62	(12)
Remeasurements of Defined Benefit Plans	3,425	(144)	30
Other Comprehensive Income	164,730	(131,209)	1,488

22. Changes in Net Assets:

(1) Class and Number of Shares Outstanding, and Class and Number of Shares of Treasury Shares

	Number of Share Units at April 1, 2020 (Thousand Units)	Increase During the Fiscal Year (Thousand Units)	Decrease During the Fiscal Year (Thousand Units)	Number of Share Units at March 31, 2021 (Thousand Units)
Shares Outstanding				
General Common Shares	4,000	—	—	4,000
Specific Common Shares	2,000	—	—	2,000
Preferred Shares (Type-A)	708	—	—	708
Total	6,708	—	—	6,708
Treasury Shares				
General Common Shares	—	—	—	—
Specific Common Shares	—	—	—	—
Preferred Shares (Type-A)	—	—	—	—
Total	—	—	—	—

(2) Dividends

Dividends paid during the fiscal year ended March 31, 2021

Resolution	Class of Share	Total Dividend Amount (Million Yen)	Amount Per Share (Yen)	Record Date	Effective Date
Annual General Meeting of Shareholders, June 24, 2020	General Common Shares	12,000	3,000	March 31, 2020	June 24, 2020
	Specific Common Shares	3,000	1,500	March 31, 2020	June 24, 2020
	Preferred Shares (Type-A)	4,603	6,500	March 31, 2020	June 24, 2020

Among the dividends whose record date falls within the fiscal year ended March 31, 2021, those whose effective date will fall within the following fiscal year:

Resolution	Class of Share	Total Dividend Amount (Million Yen)	Resource of Dividends	Amount Per Share (Yen)	Record Date	Effective Date
Annual General Meeting of Shareholders, June 24, 2021	General Common Shares	12,000	Retained Earnings	3,000	March 31, 2021	June 24, 2021
	Specific Common Shares	3,000	Retained Earnings	1,500	March 31, 2021	June 24, 2021
	Preferred Shares (Type-A)	4,603	Retained Earnings	6,500	March 31, 2021	June 24, 2021

23. Income Taxes:

(1) Breakdown of Deferred Tax Assets and Liabilities is as follows:

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Deferred Tax Assets:			
Depreciation	2,732	2,891	24
Reserve for Possible Loan Losses	1,122	1,479	10
Net Defined Benefit Liability	12,133	12,874	109
Write-Downs for Securities	1,431	1,819	12
Deferred Gains or Losses on Hedges	7,970	59,536	72
Net Unrealized Gains on Other Securities	0	112	0
Others	4,252	4,476	38
Valuation Allowances	(3,411)	(3,839)	(30)
Total Deferred Tax Assets	26,232	79,351	236
Deferred Tax Liabilities:			
Net Unrealized Gains on Other Securities	(118,719)	(108,312)	(1,072)
Others	(404)	(415)	(3)
Total Deferred Tax Liabilities	(119,124)	(108,728)	(1,076)
Net Deferred Tax Liabilities	(92,891)	(29,376)	(839)

(2) Reconciliation between the effective statutory tax rate and the actual effective tax rate for the fiscal years ended March 31, 2021 and 2020:

	2021	2020
Statutory effective tax rate	27.92 %	— %
(Adjustments)		
Change in Valuation Allowances	(0.98 %)	— %
Dividends received, not taxable	(1.18 %)	— %
Others	<u>0.45 %</u>	<u>— %</u>
Actual effective income tax rate after the application of tax effect accounting	<u>26.21 %</u>	<u>— %</u>

Note:

In the fiscal year ended March 31, 2020, since the difference between the statutory effective tax rate and the actual effective income tax rate after the application of tax effect accounting was less than 5% of the statutory effective tax rate, notes on this are omitted.

24. Retirement Benefit Plans:

(1) Retirement Benefit Scheme

The Bank and some of its consolidated domestic subsidiaries have a defined benefit plan that offers lump-sum payments upon retirement and contributes to the Employees' Pension Fund for all shinkin banks nationwide.

With regard to notes related to employees' retirement benefits based on a multiple-employer plan, they are included in notes related to employees' retirement benefits based on a defined benefit plan.

(2) Defined Benefit Plan as of March 31, 2021 and 2020 is as follows:

(i) Reconciliation of beginning- and end-of-period balance of Retirement Benefit Obligation

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Retirement Benefit Obligation at Beginning of Period	66,963	65,325	604
Service Cost	3,002	2,990	27
Interest Cost	257	251	2
Actuarial Difference Incurred	(2,011)	(73)	(18)
Retirement Benefits Paid	(1,684)	(1,530)	(15)
Prior Service Cost	—	—	—
Other	—	—	—
Retirement Benefit Obligation at End of Period	66,526	66,963	601

(ii) Reconciliation of beginning- and end-of-period balance of Pension Plan Assets

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Balance of Pension Plan Assets at Beginning of Period	22,423	22,919	202
Expected Return on Pension Plan Assets	672	916	6
Actuarial Difference Incurred	888	(1,980)	8
Contributions by the Employer and Employees	1,598	1,532	14
Retirement Benefits Paid	(999)	(964)	(9)
Other	—	—	—
Balance of Pension Plan Assets at End of Period	24,583	22,423	222

(iii) Reconciliation of end-of-period balance of Retirement Benefit Obligation and Pension Plan Assets with Net Defined Benefit Liability and Net Defined Benefit Asset presented on the consolidated balance sheet

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Funded Plan Retirement Benefit Obligation	54,812	55,198	495
Pension Plan Assets	(24,583)	(22,423)	(222)
	30,228	32,775	273
Unfunded Plan Retirement Benefit Obligation	11,714	11,764	105
Net Amount of Liabilities and Assets Presented on the Consolidated Balance Sheet	41,943	44,539	378
	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Net Defined Benefit Liability	41,943	44,539	378
Net Defined Benefit Asset	—	—	—
Net Amount of Liabilities and Assets Presented on the Consolidated Balance Sheet	41,943	44,539	378

(iv) Breakdown of Retirement Benefit Expense

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Service Cost	3,002	2,990	27
Interest Cost	257	251	2
Expected Return on Pension Plan Assets	(672)	(916)	(6)
Amortization of Actuarial Differences	1,901	1,700	17
Amortization of Prior Service Cost	—	—	—
Other	(588)	(563)	(5)
Retirement Benefit Expenses Related to Defined Benefit Plan	3,899	3,461	35

Note:

Other includes the employee contribution amount to the Employees' Pension Fund.

(v) Remeasurements of Defined Benefit Plan

Remeasurements of Defined Benefit Plan (before tax effects) comprise the following.

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Prior Service Cost	—	—	—
Actuarial Differences	4,800	(206)	43
Other	—	—	—
Total	4,800	(206)	43

(vi) Accumulated Remeasurements of Defined Benefit Plan

Accumulated Remeasurements of Defined Benefit Plan (before tax effects) comprise the following.

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Unrecognized Prior Service Cost	—	—	—
Unrecognized Actuarial Differences	5,886	10,686	53
Other	—	—	—
Total	5,886	10,686	53

(vii) Pension Plan Assets

(a) The ratios by main asset categories in total pension plan assets are as follows:

	2021	2020
Bonds	58 %	66 %
Stocks	28 %	22 %
Cash and Deposits	11 %	9 %
Other	3 %	3 %
Total	100 %	100 %

(b) Method for setting the Expected Long-Term Rate of Return

To set the Expected Long-Term Rate of Return on Pension Plan Assets, the Bank takes into account past return performance and the current and future expected rate of return on the diverse range of assets that makes up the pension assets.

(viii) Underlying actuarial assumptions

Main underlying actuarial assumptions as of March 31, 2021 and 2020 are as follows:

	2021	2020
Discount Rate	0.0~0.6 %	0.0~0.6 %
Expected Long-Term Rate of Return on Pension Plan Assets	3.0 %	4.0 %
Estimated Rate of Salary Increase	0.0~8.5 %	0.0~7.4 %

25. Leases:

1. Finance Leases

(1) Finance leases that do not transfer ownership

(i) Outline of lease assets

(a) Tangible fixed assets

Mainly, hardware related to computer equipment

(b) Intangible fixed assets

Software related to computer equipment

(ii) Lease asset depreciation method

Depreciation method is described in the “Significant Accounting Policies”.

(2) Finance leases that do not transfer ownership and are accounted for in accordance with the ordinary lease transaction method
Disclosure of data omitted due to immateriality.

2. Operating Leases

Future lease payments related to non-cancelable operating leases:
Disclosure of data omitted due to immateriality.

26. Financial Instruments:

1. Matters concerning financial instruments

(1) Policies on financial instruments

Shinkin Central Bank Group (the “Group”) works to ensure the stable funding through the acceptance of deposits mainly from its Shinkin Bank members and through the issuance of debentures. Additionally, the Group takes steps to diversify its funding methods by procuring funds from short-term money markets depending on market conditions.

Procured funds are invested in short-term money market instruments, marketable securities, and loans.

Moreover, the Group uses derivative transactions for the purpose of risk-hedging in ALM (asset liability management) activities and engages in short-term trading of securities and derivatives.

To appropriately manage the various risks that result from these financial instruments, the Group engages in ALM activities including the above-mentioned derivative transactions. For its trading activities, the Group establishes risk limit and loss cut limits amounts and engages in transactions within the scopes of these risk limits, as a way to maintain a financial soundness and to ensure stable earnings.

(2) Types and related risks of financial instruments

Financial assets held by the Group consist mainly of short-term funds, securities, and loans assets.

Short-term funds are invested in the call loan.

These investments are exposed to the counterparty credit risk, and market risks such as interest rate risk and foreign currency exchange risk.

Securities portfolios of the Group consist of domestic securities including Japanese government bonds (JGBs), corporate bonds and other bonds as well as foreign securities such as government bonds, government-guaranteed bonds, and agency bonds issued in the major industrialized countries. The Group also invests in equity securities and investment funds to diversify its portfolio.

These investments are exposed to the individual issuers’ credit risk as well as market risks such as interest rate risk, price fluctuation risk, and foreign currency exchange risk, and market liquidity risk.

Loans assets consist of direct loans to low-risk borrowers including Shinkin Banks, central and local governments, public service corporations, good standing domestic and overseas companies, and agency loans provided through Shinkin Banks.

These loans are exposed to counterparty credit risk, and market risks such as interest rate risk and foreign currency exchange risk.

Meanwhile, financial liabilities of the Group consist mainly of deposits and debentures.

Deposits include current deposits, ordinary deposits, deposits at notice, term deposits, and foreign currency-denominated deposits, most of which are deposits from Shinkin Bank members.

These deposits are exposed to market risks such as interest rate risk and foreign currency exchange risk, and liquidity risk.

As a debenture issuer, the Group issues interest-bearing debentures.

These debentures are exposed to interest rate risk and liquidity risk.

Furthermore, the Group engages in derivative transactions.

Specifically, the Group trades interest rate derivatives (interest swaps, interest futures, and interest options), currency derivatives (foreign currency forwards and currency swaps) and bond derivatives (bond futures and bond futures options).

These transactions are exposed to counterparty credit risk, and market risks such as interest rate risk and foreign currency exchange risk.

The Bank hedges market risks of its financial assets and liabilities through ALM activities.

The Group partially avoids exposure to market risks by mitigating (i) interest rate risk through interest rate swaps and (ii) foreign currency exchange risk of foreign currency-denominated assets through foreign currency-denominated funding, currency swaps, and forex swaps.

Hedge accounting is applied to risk hedging through ALM activities including the use of derivatives. With regard to hedge accounting, hedging instruments, hedged items, hedging policies, and methods of hedge effectiveness assessment, etc. are described in the “Significant Accounting Policies”.

(3) Risk management frameworks of financial instruments

In the basic risk management policy, the Bank divides risks into “risks to be minimized” and “risks to be controlled”. Credit risks, market risks and liquidity risks are classified into latter category. Risks of both categories are managed by risk management divisions that are independent of the client service divisions. The Risk Management Division comprehensively manages these risks.

<Integrated risk management>

For the integrated management of risks, the Bank has introduced integrated risk management for quantifiable risks. Integrated risk management is a risk management method of measuring various risks using a uniform risk measure such as Value at Risk (VaR), aggregating the measurements, and comparing the aggregated amounts with the Bank’s capital. The Bank measures credit risks and market risks using VaR methodology, and monitors them on a daily basis to prevent risk limits from being breached.

These risk limits are reviewed each fiscal year by the Risk Management Committee and determined at the Executive Committee. The risk exposures are measured weekly by the Risk Management Division, which takes steps to prevent any of the various risk limits from being breached, and through the Risk Management Committee, reports regularly to the management and relevant divisions.

The risk exposures at consolidated subsidiaries are aggregated and managed through the integrated risk management framework.

(i) Credit risk management

For the accurate identification and strict management of credit risk, the Bank has established credit risk management policies. Moreover, the Bank has created a structure in which divisions responsible for credit control, credit management and credit assessment are clearly segregated from divisions involved in client services, with mutually independent tasks to ensure effective internal checking functions.

The Bank established the Credit Committee and the Risk Management Committee, comprised of senior management and heads of divisions related to credit risk, as bodies to deliberate and make decisions on matters relating to credit risk management. The Credit Committee deliberates on credit transactions that exceed the credit limit, while the Risk Management Committee deliberates on the establishment and the review of policies regarding credit management. The Executive Committee deliberates and makes decisions on matters related to asset self-assessments including the results of asset self-assessments, asset write-offs and asset reserve provisions.

Divisions responsible for credit control manage the credit risk for each borrower relating to loans and market trading activities. An overall credit limit is set for each borrower according to the credit rating of the borrower. These divisions analyze the Bank's overall credit portfolio according to credit rating, industry, country and other criteria. These analyses are used to monitor the diversification of credit risk as well as changes in portfolio credit risk. Additionally, divisions responsible for credit control quantify credit risk in VaR methodology using Monte Carlo simulation methods and manage credit risks based on the limits set at the Executive Committee.

Divisions responsible for credit management accurately monitor each borrower's financial condition, the purposes for which funds are used and repayment resources. In addition to appropriate assessment and post-transaction management, these divisions continually check whether the client service divisions are conducting appropriate credit control, and provide guidance as necessary.

Divisions responsible for credit assessment undertake and manage operations relating to asset self-assessments, and the calculation of asset write-offs and asset reserve provisions.

Credit risks of consolidated subsidiaries are added to the credit risk of the Bank by each borrower and monitored.

(ii) Market risk management

To maintain an accurate understanding of market risk and rigorously manage this risk, the Bank has issued a market risk management policy. Furthermore, divisions responsible for market risk management are clearly separated from divisions involved in market operations, providing a risk management structure in which internal checks are maintained through independent functions.

The Bank has established the ALM Committee as the body responsible for deliberating and making decisions on matters relating to market risk management. The ALM Committee is comprised of senior management and heads of divisions related to market risk.

Based on risk status information—obtained via reports from divisions responsible for market risk management and other sources—the ALM Committee deliberates broadly and in a timely manner ALM related policies and market transactions including the Bank's fund-raising and management as well as the usage of hedging transactions involving derivatives such as interest rate swaps.

Divisions responsible for market risk management quantify and manage market risk mainly by VaR within the limit set by the Executive Committee. In addition, market risk is classified into several categories, and the amount of risk for each category is monitored. Market risk management at the Bank not only uses VaR methodology but takes multi-faceted approaches, that is, monitoring sensitivity to change in individual risk factors such as the basis point value (BPV: the amount of the change in a portfolio's market value from a specific change in the interest rate), stress loss amounts from unexpected market changes, and appraisal losses from financial instruments. For stress loss amounts, in particular, a supplementary framework has been incorporated into the integrated risk management, in addition to the above monitoring system. In this way, market risks including those that cannot be captured through VaR methods alone are managed.

Moreover, for trading operations, clear regulations are in place concerning the trading instruments and trading management methods, enabling appropriate trading operations by setting specific loss cut limits.

Market risks of consolidated subsidiaries are not directly added to the values of market risk of the Bank but are managed separately under integrated risk management.

<Quantitative information on market risk>

(a) Financial instruments held for trading purposes

The Bank uses VaR analysis for quantifying market risk of trading securities held within securities and interest-rate and foreign-exchange instruments held for trading purposes within derivative transactions. The VaR model is based on the delta method and uses a 99.0% confidence interval, a holding period of five business days and an observation period of one year. In addition, with regard to market risk related to trading operations at consolidated subsidiaries, which is managed separately within the integrated risk management framework, the Bank uses a market risk-equivalent amount under the regulations on banks' capital ratio.

The market risk amount (estimated loss amount) of the Bank's trading operations was ¥43 million (\$0 million) as of March 31, 2021 and ¥122 million as of March 31, 2020, and the market risk amount (estimated loss amount) of the trading operations of the Bank's consolidated subsidiaries was ¥745 million (\$6 million) as of March 31, 2021 and ¥964 million as of March 31, 2020.

The Bank conducts back testing to compare VaR calculated using the model with actual losses. Based on the results of back testing covering the fiscal year ended March 31, 2021, the number of actual loss amount exceeding the VaR is one time, and the Bank believes that the measurement model it uses has an adequate level of accuracy to capture market risk. However, it should be noted that VaR measures the market risks at certain probability levels statistically calculated based on historical market fluctuation. Hence, there may be cases where market risk cannot be captured in situations where market conditions change unprecedentedly.

(b) Financial instruments other than those held for trading purposes
The Bank uses VaR analysis for quantifying market risk of due from banks, securities not held for trading purposes, loans and bills discounted, deposits, debentures, payables under securities lending transactions and, within derivative transactions, interest-rate and foreign-exchange instruments not held for trading purposes. The VaR model is based on the delta method and uses a 99.0% confidence interval, a holding period of one year and an observation period of five years. In addition, with regard to market risk at consolidated subsidiaries related to operations other than trading operations, which is managed separately within the integrated risk management framework, such risk is calculated in accordance with methods used by the Bank.

The Group's market risk amount (estimated loss amount) other than for trading purposes was ¥502,889 million (\$4,543 million) as of March 31, 2021 and ¥485,863 million as of March 31, 2020. The Bank conducts back testing to compare VaR calculated using the model with actual losses, and believes that the measurement model it uses has an adequate level of accuracy to capture market risk. However, it should be noted that VaR measures the market risks at certain probability levels statistically calculated based on historical market fluctuation. Hence, there may be cases where market risk cannot be captured in situations where market conditions change unprecedentedly.

(iii) Liquidity risk management related to fund-raising
For the accurate identification and strict management of liquidity risk, the Bank has established liquidity risk management policies. Divisions responsible for liquidity risk management are clearly separated from divisions involved in cash management and market operations, allowing internal checks to be maintained through the independent functions. In addition, the ALM Committee deliberates and makes decisions on matters relating to liquidity risk management.

Methods used for managing liquidity risk include the setting and daily monitoring of risk limit amounts relating to the gap between cash receipts and payments. This is carried out for individual currencies and periods. In the event that a significant liquidity risk arises, the Bank has preparations to respond rapidly, including the securing of funding sources.

The liquidity risk management frameworks created by the Bank include subsidiaries as well, such as by providing overdraft facilities for consolidated subsidiaries with operations involving fund movements in relatively large amounts.

(4) Supplementary explanation concerning the fair values of financial instruments

Fair values of financial instruments, in addition to values based on market prices, also include values based on reasonable estimates if market prices are unavailable. Since value estimates are predicated on certain assumptions, values may vary if the underlying assumptions change.

2. Fair value of financial instruments (and other information)

Carrying values stated on the consolidated balance sheet, fair value and differences between them are as follows. Unlisted stocks and similar items with significant difficulty in determining fair value are not included in the table below. (See Note 2.)

Immaterial items have been omitted.

As of March 31, 2021

	Millions of Yen		
	Carrying Value	Fair Value	Difference
(1) Cash and Due from Banks	15,063,421	15,063,421	0
(2) Bills Bought and Call Loans	494,181	494,181	—
(3) Receivables under Resale Agreements	367,229	367,229	—
(4) Receivables under Securities Borrowing Transactions	—	—	—
(5) Monetary Claims Bought (*1)	180,303	180,309	6
(6) Trading Assets			
Trading Securities	252,407	252,407	—
(7) Money Held in Trust	108,030	108,030	—
(8) Securities			
Held-to-Maturity Debt Securities	450,801	508,986	58,185
Other Securities	17,071,363	17,071,363	—
(9) Loans and Bills Discounted	8,446,047		
Reserve for Possible Loan Losses (*1)	(26,053)		
	8,419,993	8,466,020	46,026
Total Assets	42,407,732	42,511,950	104,217
(1) Deposits	33,752,872	33,763,581	10,709
(2) Debentures	1,770,870	1,772,304	1,434
(3) Trading Liabilities			
Trading Bonds Sold	2,390	2,390	—
(4) Borrowed Money	4,020,480	4,024,179	3,699
(5) Bills Sold and Call Money	10,166	10,166	—
(6) Payables under Repurchase Agreements	287,020	287,020	—
(7) Payables under Securities Lending Transactions	1,702,956	1,702,956	—
Total Liabilities	41,546,756	41,562,599	15,843
Derivatives (*2)			
To which Hedge Accounting is not applied	(4,041)	(4,041)	—
To which Hedge Accounting is applied	(42,348)	(99,544)	(57,195)
Total Derivatives	(46,389)	(103,585)	(57,195)

Millions of U.S. Dollars			
	Carrying Value	Fair Value	Difference
(1) Cash and Due from Banks	136,086	136,086	0
(2) Bills Bought and Call Loans	4,464	4,464	—
(3) Receivables under Resale Agreements	3,317	3,317	—
(4) Receivables under Securities Borrowing Transactions	—	—	—
(5) Monetary Claims Bought (*1)	1,628	1,628	0
(6) Trading Assets			
Trading Securities	2,280	2,280	—
(7) Money Held in Trust	975	975	—
(8) Securities			
Held-to-Maturity Debt Securities	4,072	4,598	525
Other Securities	154,226	154,226	—
(9) Loans and Bills Discounted	76,303		
Reserve for Possible Loan Losses (*1)	(235)		
	76,068	76,484	415
Total Assets	383,121	384,063	941
(1) Deposits	304,931	305,028	96
(2) Debentures	15,998	16,011	12
(3) Trading Liabilities			
Trading Bonds Sold	21	21	—
(4) Borrowed Money	36,321	36,355	33
(5) Bills Sold and Call Money	91	91	—
(6) Payables under Repurchase Agreements	2,593	2,593	—
(7) Payables under Securities Lending Transactions	15,384	15,384	—
Total Liabilities	375,343	375,486	143
Derivatives (*2)			
To which Hedge Accounting is not applied	(36)	(36)	—
To which Hedge Accounting is applied	(382)	(899)	(516)
Total Derivatives	(419)	(935)	(516)

*1. General and specific reserves for possible loan losses of Loans and Bills Discounted have been deducted. Loss reserves for Monetary Claims Bought are immaterial and have therefore been deducted directly from the carrying value.

*2. Derivative transactions stated in trading assets and liabilities, and other assets and liabilities are shown as a single amount. For net claims and obligations derived from derivative transactions, net amounts are stated. Sums that represent net obligations are shown in parenthesis.

	Millions of Yen		
	Carrying Value	Fair Value	Difference
(1) Cash and Due from Banks	13,532,061	13,532,061	—
(2) Bills Bought and Call Loans	107,166	107,166	—
(3) Receivables under Resale Agreements	20,725	20,725	—
(4) Receivables under Securities Borrowing Transactions	1,430	1,430	—
(5) Monetary Claims Bought (*1)	222,169	222,175	6
(6) Trading Assets			
Trading Securities	380,241	380,241	—
(7) Money Held in Trust	103,727	103,727	—
(8) Securities			
Held-to-Maturity Debt Securities	451,414	520,433	69,019
Other Securities	15,807,598	15,807,598	—
(9) Loans and Bills Discounted	8,468,123		
Reserve for Possible Loan Losses (*1)	(26,932)		
	8,441,191	8,504,756	63,565
Total Assets	39,067,727	39,200,317	132,590
(1) Deposits	31,173,847	31,174,578	731
(2) Debentures	2,134,520	2,134,462	(57)
(3) Trading Liabilities			
Trading Bonds Sold	620	620	—
(4) Borrowed Money	3,250,980	3,257,310	6,330
(5) Bills Sold and Call Money	46,191	46,191	—
(6) Payables under Repurchase Agreements	232,066	232,066	—
(7) Payables under Securities Lending Transactions	1,788,395	1,788,395	—
Total Liabilities	38,626,620	38,633,625	7,004
Derivatives (*2)			
To which Hedge Accounting is not applied	(3,817)	(3,817)	—
To which Hedge Accounting is applied	(205,586)	(274,810)	(69,224)
Total Derivatives	(209,404)	(278,628)	(69,224)

*1. General and specific reserves for possible loan losses of Loans and Bills Discounted have been deducted. Loss reserves for Monetary Claims Bought are immaterial and have therefore been deducted directly from the carrying value.

*2. Derivative transactions stated in trading assets and liabilities, and other assets and liabilities are shown as a single amount. For net claims and obligations derived from derivative transactions, net amounts are stated. Sums that represent net obligations are shown in parenthesis.

Note 1: Calculation method of fair value for financial instruments

Assets

(1) Cash and Due from Banks

For deposits that do not mature and have maturities with variable-interest-rates, since fair value approximates carrying value, carrying value is used as fair value. For deposits that have maturities with fixed-interest-rate, present value is calculated by discounting future cash flows using the expected interest rate that would be applied to new deposits. For term deposits with short maturities, since fair value approximates carrying value, carrying value is used as fair value.

(2) Bills Bought and Call Loans, (3) Receivables under Resale Agreements and (4) Receivables under Securities Borrowing Transactions

Since contract durations are short-term and fair value approximates carrying value, carrying value is used as fair value.

(5) Monetary Claims Bought

Monetary Claims Bought is stated at amounts obtained from brokers, etc.

(6) Trading Assets

Securities including bonds held for trading are stated at market prices, etc.

(7) Money Held in Trust

Securities managed as trust assets of money held in trust whose main purpose is securities investment are valued at the prices quoted by the exchanges in the case of listed equity shares and at market prices in the case of bonds.

Note concerning securities categorized by holding purpose is stated in “Fair Value of Securities and Money Held in Trust”.

(8) Securities

Stocks are valued at the price quoted by the exchanges. Investment trusts are valued at the announced standard price. Bonds are valued at the quoted market prices or price calculated on the basis of rational estimation, etc.

Note concerning securities categorized by holding purpose is stated in “Fair Value of Securities and Money Held in Trust”.

(9) Loans and Bills Discounted

For floating rate loans, since market interest rates are reflected in fair value in short term and fair value approximates carrying value unless the borrower's credit standing after the lending undergoes significant change, carrying value is used as fair value. For fixed rate loans, categorized by type of loan and internal credit rating, fair value is determined by discounting loans to present value using the interest rate that would conceivably be applied in case of a newly made loan of the same principal and interest total. For loans with short contractual maturities, since fair value approximates carrying value, carrying value is used as fair value.

With regard to loans to Bankrupt Borrowers, Substantially Bankrupt Borrowers or Probably Bankrupt Borrowers, the Bank estimates loan loss based on the present value of estimated future cash flows or the estimated recoverable value from collateral and guarantees. Since fair value therefore approximates the total loan value on the consolidated balance sheet at the closing date less the total recorded value of the reserve for possible loan losses, this value is used for fair value.

Liabilities

(1) Deposits

For demand deposits, the amount payable upon demand on the balance sheet date (carrying value) is used as fair value. For term deposits, fair value is calculated by discounting future cash flows to present value. The discount rate is the interest rate that would be applicable to newly taken deposits. For term deposits with short contractual maturities and term deposits with variable interest rates, since fair value approximates carrying value, carrying value is used as fair value.

(2) Debentures

For debentures issued by the Bank, market prices are used as fair value.

(3) Trading Liabilities

For trading bonds sold, market prices, etc. are used as fair value.

(4) Borrowed Money

For borrowed money, categorized by types of loans, fair value is calculated by discounting borrowed money to present value using the interest rate that would conceivably be applied in case of a newly made loan of the same principal and interest total.

In instances with short contractual maturities, since fair value approximates carrying value, the carrying value is used as fair value.

(5) Bills Sold and Call Money, (6) Payables under Repurchase Agreements, and (7) Payables under Securities Lending Transactions

Since contract durations are short term and fair value approximates carrying value, carrying value is used as fair value.

Derivative Transactions

With regard to derivative transactions, these are noted in “Derivatives”.

Note 2: The following financial instruments have significant difficulty in determining fair value and are not included in fair value information of financial instruments.

Category	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Unlisted stocks, etc. (*1)	175,797	177,796	1,588
Investment in investment partnerships (*2)	26,078	19,420	235
Total	201,876	197,217	1,823

*1. Unlisted stocks, etc. mean unlisted common shares and preferred shares held by the Bank. Since unlisted stocks, etc. have no market prices and therefore have significant difficulty in determining fair value, unlisted stocks, etc. are not included in fair value disclosure information.

*2. Investment in investment partnerships is not included in fair value disclosure information given that investment partnership assets include items such as unlisted stocks, etc., which have significant difficulty in determining fair value.

Note 3: Amounts of monetary claims and securities with maturities scheduled for redemption after the balance sheet date

As of March 31, 2021

	Millions of Yen					
	Within 1 year	Over 1 year, within 3 years	Over 3 years, within 5 years	Over 5 years, within 7 years	Over 7 years, within 10 years	Over 10 years
Due from Banks (*1)	14,962,535	55,138	20,000	—	—	—
Bills Bought and Call Loan	494,181	—	—	—	—	—
Receivables under Resale Agreements	367,229	—	—	—	—	—
Receivables under Securities Borrowing Transactions	—	—	—	—	—	—
Monetary Claims Bought	18,976	4,764	16,859	7,144	18,100	114,580
Securities						
Held-to-Maturity Debt Securities	797	9,595	70,923	210,461	155,000	—
Japanese Government Bonds	—	7,000	70,000	210,000	155,000	—
Municipal Government Bonds	—	—	—	—	—	—
Short-Term Corporate Bonds	—	—	—	—	—	—
Corporate Bonds	—	—	—	—	—	—
Other Securities with Maturities	3,877,545	3,299,164	2,669,487	861,265	1,597,908	1,629,051
Japanese Government Bonds	2,355,380	856,500	782,000	40,000	561,000	873,000
Municipal Government Bonds	224,441	513,050	668,303	118,757	283,830	—
Short-Term Corporate Bonds	—	—	—	—	—	—
Corporate Bonds	1,000,889	1,620,784	929,642	172,107	116,512	243,049
Loans and Bills Discounted (*2)	4,002,566	1,812,820	1,188,546	647,937	598,631	193,872
Total	23,723,833	5,181,483	3,965,817	1,726,809	2,369,640	1,937,505

	Millions of U.S. Dollars					
	Within 1 year	Over 1 year, within 3 years	Over 3 years, within 5 years	Over 5 years, within 7 years	Over 7 years, within 10 years	Over 10 years
Due from Banks (*1)	135,175	498	180	—	—	—
Bills Bought and Call Loan	4,464	—	—	—	—	—
Receivables under Resale Agreements	3,317	—	—	—	—	—
Receivables under Securities Borrowing Transactions	—	—	—	—	—	—
Monetary Claims Bought	171	43	152	64	163	1,035
Securities						
Held-to-Maturity Debt Securities	7	86	640	1,901	1,400	—
Japanese Government Bonds	—	63	632	1,897	1,400	—
Municipal Government Bonds	—	—	—	—	—	—
Short-Term Corporate Bonds	—	—	—	—	—	—
Corporate Bonds	—	—	—	—	—	—
Other Securities with Maturities	35,030	29,805	24,116	7,780	14,435	14,717
Japanese Government Bonds	21,279	7,737	7,064	361	5,068	7,886
Municipal Government Bonds	2,027	4,635	6,037	1,072	2,564	—
Short-Term Corporate Bonds	—	—	—	—	—	—
Corporate Bonds	9,042	14,642	8,398	1,554	1,052	2,195
Loans and Bills Discounted (*2)	36,160	16,377	10,737	5,853	5,408	1,751
Total	214,326	46,810	35,828	15,600	21,407	17,503

*1. Current deposits, ordinary deposits, deposits at notice, and transfer deposits, included in “Due from Banks”, are stated under amounts redeemable “Within 1 year”.

*2. Loans of ¥1,782 million (\$16 million) to the borrowers categorized as bankrupt, potentially bankrupt or substantially bankrupt, and for which a redemption schedule is not foreseen, are not included.

As of March 31, 2020

	Millions of Yen					
	Within 1 year	Over 1 year, within 3 years	Over 3 years, within 5 years	Over 5 years, within 7 years	Over 7 years, within 10 years	Over 10 years
Due from Banks (*1)	13,431,526	68,871	20,871	—	—	—
Bills Bought and Call Loan	107,166	—	—	—	—	—
Receivables under Resale Agreements	20,725	—	—	—	—	—
Receivables under Securities Borrowing Transactions	1,430	—	—	—	—	—
Monetary Claims Bought	43,845	3,026	38,827	18,188	16,404	101,745
Securities						
Held-to-Maturity Debt Securities	717	9,103	41,808	130,071	265,000	—
Japanese Government Bonds	—	7,000	40,000	130,000	265,000	—
Municipal Government Bonds	—	—	—	—	—	—
Short-Term Corporate Bonds	—	—	—	—	—	—
Corporate Bonds	—	—	—	—	—	—
Other Securities with Maturities	2,306,666	4,188,256	2,091,337	1,069,332	1,249,617	1,719,261
Japanese Government Bonds	812,800	1,531,000	333,500	160,000	330,000	879,000
Municipal Government Bonds	89,314	442,188	421,858	259,517	198,220	—
Short-Term Corporate Bonds	38,000	—	—	—	—	—
Corporate Bonds	1,031,921	1,845,795	1,081,048	360,019	140,960	201,404
Loans and Bills Discounted (*2)	4,162,113	1,611,877	1,157,384	605,173	724,631	205,137
Total	20,074,192	5,881,134	3,350,228	1,822,766	2,255,653	2,026,144

*1. Current deposits, ordinary deposits, deposits at notice, and transfer deposits, included in “Due from Banks”, are stated under amounts redeemable “Within 1 year”.

*2. Loans of ¥1,883 million to the borrowers categorized as bankrupt, potentially bankrupt or substantially bankrupt, and for which a redemption schedule is not foreseen, are not included.

Note 4: Amounts of deposits, debentures and other interest bearing debt scheduled for repayment after the balance sheet date

As of March 31, 2021

	Millions of Yen					
	Within 1 year	Over 1 year, within 3 years	Over 3 years, within 5 years	Over 5 years, within 7 years	Over 7 years, within 10 years	Over 10 years
Deposits (*)	16,452,259	17,106,292	50,839	3,310	140,170	—
Debentures	476,340	749,180	545,350	—	—	—
Borrowed Money	931,500	1,974,500	952,000	—	162,480	—
Bills Sold and Call Money	10,166	—	—	—	—	—
Payables under Repurchase Agreements	287,020	—	—	—	—	—
Payables under Securities Lending Transactions	1,702,956	—	—	—	—	—
Total	19,860,242	19,829,972	1,548,189	3,310	302,650	—

	Millions of U.S. Dollars					
	Within 1 year	Over 1 year, within 3 years	Over 3 years, within 5 years	Over 5 years, within 7 years	Over 7 years, within 10 years	Over 10 years
Deposits (*)	148,633	154,542	459	29	1,266	—
Debentures	4,303	6,768	4,926	—	—	—
Borrowed Money	8,415	17,838	8,600	—	1,467	—
Bills Sold and Call Money	91	—	—	—	—	—
Payables under Repurchase Agreements	2,593	—	—	—	—	—
Payables under Securities Lending Transactions	15,384	—	—	—	—	—
Total	179,422	179,148	13,986	29	2,734	—

* Demand deposits, included in “Deposits”, are stated under amounts payable “Within 1 year”.

As of March 31, 2020

	Millions of Yen					
	Within 1 year	Over 1 year, within 3 years	Over 3 years, within 5 years	Over 5 years, within 7 years	Over 7 years, within 10 years	Over 10 years
Deposits (*)	22,842,675	8,027,211	76,638	37,307	189,015	1,000
Debentures	596,160	827,630	690,730	20,000	—	—
Borrowed Money	602,300	1,202,400	1,283,800	—	162,480	—
Bills Sold and Call Money	46,191	—	—	—	—	—
Payables under Repurchase Agreements	232,066	—	—	—	—	—
Payables under Securities Lending Transactions	1,788,395	—	—	—	—	—
Total	26,107,788	10,057,241	2,051,168	57,307	351,495	1,000

* Demand deposits, included in “Deposits”, are stated under amounts payable “Within 1 year”.

27. Fair Value of Securities and Money Held in Trust:

1. Securities

The following tables contain information relating to Securities, Trading Assets (trading account securities and short-term corporate bonds), Cash and Due from Banks (negotiable certificates of deposit) and Monetary Claims Bought (beneficiary rights) in the consolidated balance sheet.

(1) Trading Securities

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Net Unrealized Gains (Losses)			
Recognized as Income	2	188	0

(2) Held-to-Maturity Debt Securities

As of March 31, 2021

		Millions of Yen		
		Carrying Value	Fair Value	Unrealized Gains (Losses)
Securities with Fair Value Exceeding Carrying Value	Japanese Government Bonds	445,881	503,911	58,029
	Municipal Government Bonds	—	—	—
	Short-Term Corporate Bonds	—	—	—
	Corporate Bonds	—	—	—
	Others	4,627	4,784	156
	Total	450,509	508,695	58,185
Securities with Fair Value not Exceeding Carrying Value	Japanese Government Bonds	—	—	—
	Municipal Government Bonds	—	—	—
	Short-Term Corporate Bonds	—	—	—
	Corporate Bonds	—	—	—
	Others	291	290	(0)
	Total	291	290	(0)
Total		450,801	508,986	58,185

		Millions of U.S. Dollars		
		Carrying Value	Fair Value	Unrealized Gains (Losses)
Securities with Fair Value Exceeding Carrying Value	Japanese Government Bonds	4,028	4,552	524
	Municipal Government Bonds	—	—	—
	Short-Term Corporate Bonds	—	—	—
	Corporate Bonds	—	—	—
	Others	41	43	1
	Total	4,070	4,595	525
Securities with Fair Value not Exceeding Carrying Value	Japanese Government Bonds	—	—	—
	Municipal Government Bonds	—	—	—
	Short-Term Corporate Bonds	—	—	—
	Corporate Bonds	—	—	—
	Others	2	2	(0)
	Total	2	2	(0)
Total		4,072	4,598	525

As of March 31, 2020

		Millions of Yen		
		Carrying Value	Fair Value	Unrealized Gains (Losses)
Securities with Fair Value Exceeding Carrying Value	Japanese Government Bonds	446,559	515,464	68,904
	Municipal Government Bonds	—	—	—
	Short-Term Corporate Bonds	—	—	—
	Corporate Bonds	—	—	—
	Others	4,491	4,607	115
	Total	451,051	520,071	69,020
Securities with Fair Value not Exceeding Carrying Value	Japanese Government Bonds	—	—	—
	Municipal Government Bonds	—	—	—
	Short-Term Corporate Bonds	—	—	—
	Corporate Bonds	—	—	—
	Others	363	361	(1)
	Total	363	361	(1)
Total		451,414	520,433	69,019

(3) Other Securities

As of March 31, 2021

		Millions of Yen		
		Carrying Value	Acquisition Cost	Unrealized Gains (Losses)
Securities with Carrying Value Exceeding Acquisition Cost	Stocks	61,337	29,180	32,156
	Bonds	7,057,548	6,980,548	76,999
	Japanese Government Bonds	3,222,800	3,164,134	58,666
	Municipal Government Bonds	1,260,135	1,256,062	4,072
	Short-Term Corporate Bonds	—	—	—
	Corporate Bonds	2,574,612	2,560,351	14,260
	Others	4,469,467	4,064,681	404,786
Total		11,588,353	11,074,411	513,942
Securities with Carrying Value not Exceeding Acquisition Cost	Stocks	1,585	1,772	(186)
	Bonds	4,410,662	4,435,365	(24,702)
	Japanese Government Bonds	2,309,509	2,332,102	(22,593)
	Municipal Government Bonds	561,758	562,361	(602)
	Short-Term Corporate Bonds	—	—	—
	Corporate Bonds	1,539,394	1,540,901	(1,506)
	Others	1,260,563	1,321,573	(61,009)
Total		5,672,812	5,758,711	(85,899)
Total		17,261,165	16,833,123	428,042

		Millions of U.S. Dollars		
		Carrying Value	Acquisition Cost	Unrealized Gains (Losses)
Securities with Carrying Value Exceeding Acquisition Cost	Stocks	554	263	290
	Bonds	63,759	63,063	695
	Japanese Government Bonds	29,115	28,585	530
	Municipal Government Bonds	11,384	11,347	36
	Short-Term Corporate Bonds	—	—	—
	Corporate Bonds	23,259	23,130	128
	Others	40,378	36,721	3,656
	Total	104,691	100,048	4,643
Securities with Carrying Value not Exceeding Acquisition Cost	Stocks	14	16	(1)
	Bonds	39,846	40,070	(223)
	Japanese Government Bonds	20,864	21,068	(204)
	Municipal Government Bonds	5,075	5,080	(5)
	Short-Term Corporate Bonds	—	—	—
	Corporate Bonds	13,907	13,920	(13)
	Others	11,388	11,939	(551)
	Total	51,249	52,025	(776)
Total		155,941	152,074	3,867

As of March 31, 2020

		Millions of Yen		
		Carrying Value	Acquisition Cost	Unrealized Gains (Losses)
Securities with Carrying Value Exceeding Acquisition Cost	Stocks	45,693	19,472	26,220
	Bonds	7,197,865	7,077,397	120,468
	Japanese Government Bonds	3,478,205	3,382,735	95,469
	Municipal Government Bonds	795,405	791,002	4,402
	Short-Term Corporate Bonds	38,016	37,998	18
	Corporate Bonds	2,886,238	2,865,660	20,577
	Others	3,749,648	3,422,636	327,012
	Total	10,993,207	10,519,506	473,701
Securities with Carrying Value not Exceeding Acquisition Cost	Stocks	11,314	14,192	(2,878)
	Bonds	3,130,421	3,146,777	(16,356)
	Japanese Government Bonds	681,442	694,647	(13,205)
	Municipal Government Bonds	629,785	630,409	(623)
	Short-Term Corporate Bonds	—	—	—
	Corporate Bonds	1,819,193	1,821,721	(2,527)
	Others	1,906,298	1,966,749	(60,451)
	Total	5,048,033	5,127,719	(79,686)
Total		16,041,241	15,647,225	394,015

(4) Held-to-Maturity Debt Securities Sold during the Fiscal Year

Not applicable.

(5) Other Securities Sold during the Fiscal Year

For the Fiscal Year Ended March 31, 2021

	Millions of Yen		
	Amounts of Securities Sold	Aggregate Gains on Sale	Aggregate Losses on Sale
Stocks	39,038	9,236	(2,980)
Bonds	219,091	9,977	(2,528)
Japanese Government Bonds	198,468	9,968	(2,437)
Municipal Government Bonds	10,623	—	(86)
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	9,999	8	(4)
Others	265,005	19,509	(1,648)
Total	523,135	38,723	(7,157)

	Millions of U.S. Dollars		
	Amounts of Securities Sold	Aggregate Gains on Sale	Aggregate Losses on Sale
Stocks	352	83	(26)
Bonds	1,979	90	(22)
Japanese Government Bonds	1,793	90	(22)
Municipal Government Bonds	95	—	(0)
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	90	0	(0)
Others	2,394	176	(14)
Total	4,726	349	(64)

For the Fiscal Year Ended March 31, 2020

	Millions of Yen		
	Amounts of Securities Sold	Aggregate Gains on Sale	Aggregate Losses on Sale
Stocks	117,489	2,162	(6,701)
Bonds	190,377	17,395	(1,458)
Japanese Government Bonds	186,874	17,392	(1,458)
Municipal Government Bonds	—	—	—
Short-Term Corporate Bonds	—	—	—
Corporate Bonds	3,503	3	—
Others	387,209	21,009	(146)
Total	695,076	40,567	(8,306)

(6) Impaired Securities

Of Securities other than Trading Securities (excluding those where there is significant difficulty in determining fair value), if the fair value falls by 30% or more compared with the acquisition price and it is not expected to recover up to the acquisition price in view of the rate of decline over past periods, the securities are devalued and the fair value is recorded as the carrying amount on the consolidated balance sheet. In addition, the difference between the fair value and the acquisition price is recognized as impairment losses in the fiscal year.

In the case where the issuer is classified as in bankrupted, de facto bankrupted, or doubtful borrower, impairment loss is recognized for securities when the market price is below the acquisition price.

In the fiscal year ended March 31, 2021, there were no impairment losses.

In the fiscal year ended March 31, 2020, the amount of impairment losses on securities was ¥0 million (all impairment losses were incurred on stocks).

2. Money Held in Trust

(1) Money Held in Trust for Trading Purposes

As of March 31, 2021

	Millions of Yen	
	Carrying Value	Unrealized Gains (Losses) Recognized as Income
Money Held in Trust for Trading Purposes	60,000	—

	Millions of U.S. Dollars	
	Carrying Value	Unrealized Gains (Losses) Recognized as Income
Money Held in Trust for Trading Purposes	542	—

As of March 31, 2020

	Millions of Yen	
	Carrying Value	Unrealized Gains (Losses) Recognized as Income
Money Held in Trust for Trading Purposes	59,995	—

(2) Held-to-Maturity Money Held in Trust

Not applicable.

(3) Other Money Held in Trusts (Money Held in Trust other than Held for Trading Purposes or Held-to-Maturity)

As of March 31, 2021

	Millions of Yen				
	Carrying Value	Acquisition Cost	Unrealized Gains (Losses)	Items with Carrying Value Exceeding Acquisition Cost	Items with Carrying Value not Exceeding Acquisition Cost
Other Money Held in Trusts	48,030	50,000	(1,969)	—	(1,969)

	Millions of U.S. Dollars				
	Carrying Value	Acquisition Cost	Unrealized Gains (Losses)	Items with Carrying Value Exceeding Acquisition Cost	Items with Carrying Value not Exceeding Acquisition Cost
Other Money Held in Trusts	433	451	(17)	—	(17)

Note:

Components of “Unrealized Gains (Losses)” are shown in “Items with Carrying Value Exceeding Acquisition Cost” and “Items with Carrying Value not Exceeding Acquisition Cost”.

As of March 31, 2020

	Millions of Yen				
	Carrying Value	Acquisition Cost	Unrealized Gains (Losses)	Items with Carrying Value Exceeding Acquisition Cost	Items with Carrying Value not Exceeding Acquisition Cost
Other Money Held in Trusts	43,732	50,000	(6,267)	—	(6,267)

Note:

Components of “Unrealized Gains (Losses)” are shown in “Items with Carrying Value Exceeding Acquisition Cost” and “Items with Carrying Value not Exceeding Acquisition Cost”.

3. Net Unrealized Gains on Other Securities and Other Money Held in Trust

Components of Net Unrealized Gains on Other Securities in the consolidated balance sheet are as follows:

As of March 31, 2021

	Millions of Yen	Millions of U.S. Dollars
Other Securities	428,582	3,871
Other Money Held in Trust	(1,969)	(17)
Net Unrealized Gains	426,613	3,854
Deferred Tax Liabilities	118,718	1,072
Net Unrealized Gains (Prior to Equity Method Adjustment)	307,894	2,781
Non-Controlling Interests' Portion	—	—
Parent Company's Portion of Valuation Differential for Other Securities Held by Equity-Method-Applicable Companies	—	—
Net Unrealized Gains	307,894	2,781

Note:

Unrealized Gains on foreign currency translations of foreign currency-denominated other securities where there is significant difficulty in determining fair value are included in "Other Securities" under "Net Unrealized Gains".

As of March 31, 2020

	Millions of Yen
Other Securities	394,015
Other Money Held in Trust	(6,267)
Net Unrealized Gains	387,747
Deferred Tax Liabilities	108,203
Net Unrealized Gains (Prior to Equity Method Adjustment)	279,543
Non-Controlling Interests' Portion	—
Parent Company's Portion of Valuation Differential for Other Securities Held by Equity-Method-Applicable Companies	—
Net Unrealized Gains	279,543

Note:

Unrealized Gains on foreign currency translations of foreign currency-denominated other securities where there is significant difficulty in determining fair value are included in "Other Securities" under "Net Unrealized Gains".

28. Derivatives:

1. Derivative transactions to which hedge accounting is not applied

The following tables summarize the notional amount or the contracted principal equivalents, fair values, net unrealized gains (losses) and the valuation methods of the fair values of the Bank's derivative transactions that do not qualify for hedge accounting as of the consolidated balance sheet date, which are classified by types of financial instruments. Please note that the notional amount in themselves do not reflect the market risk associated with the Bank's derivative transactions.

(1) Interest-Rate-Related Transactions

As of March 31, 2021

	Millions of Yen			
	Total Notional Amount	Notional Amount (Over 1 Year until Settlement or Expiry)	Fair Value	Net Unrealized Gains (Losses)
Exchange-Traded Transactions				
Interest Rate Futures:				
Sold	—	—	—	—
Bought	—	—	—	—
Interest Rate Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Over the Counter Transactions				
Interest Rate Forwards:				
Sold	—	—	—	—
Bought	—	—	—	—
Interest Rate Swaps:				
Fixed Rate Receivable/Floating Rate Payable	4,927,409	3,489,591	69,508	69,508
Floating Rate Receivable/Fixed Rate Payable	4,741,064	3,459,445	(70,103)	(70,103)
Floating Rate Receivable/Floating Rate Payable	95,080	80,750	73	73
Fixed Rate Receivable/Fixed Rate Payable	—	—	—	—
Interest Rate Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Others:				
Sold	554,540	352,000	210	210
Bought	582,500	376,400	(802)	(1,996)
Total			(1,112)	(2,306)

Millions of U.S. Dollars				
	Total Notional Amount	Notional Amount (Over 1 Year until Settlement or Expiry)	Fair Value	Net Unrealized Gains (Losses)
Exchange-Traded Transactions				
Interest Rate Futures:				
Sold	—	—	—	—
Bought	—	—	—	—
Interest Rate Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Over the Counter Transactions				
Interest Rate Forwards:				
Sold	—	—	—	—
Bought	—	—	—	—
Interest Rate Swaps:				
Fixed Rate Receivable/Floating Rate Payable	44,515	31,525	627	627
Floating Rate Receivable/Fixed Rate Payable	42,831	31,253	(633)	(633)
Floating Rate Receivable/Floating Rate Payable	858	729	0	0
Fixed Rate Receivable/Fixed Rate Payable	—	—	—	—
Interest Rate Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Others:				
Sold	5,009	3,180	1	1
Bought	5,262	3,400	(7)	(18)
Total			(10)	(20)

Notes:

1. Transactions mentioned above are valued at fair value, and Net Unrealized Gains (Losses) are accounted for in the consolidated statement of income.
2. Fair value calculation: Exchange-Traded Transactions are valued on the basis of closing prices, mainly on the Tokyo Financial Exchange Inc. Over the counter transactions are valued using discounted present value or calculation models for option prices, etc.

As of March 31, 2020

	Millions of Yen			
	Total Notional Amount	Notional Amount (Over 1 Year until Settlement or Expiry)	Fair Value	Net Unrealized Gains (Losses)
Exchange-Traded Transactions				
Interest Rate Futures:				
Sold	—	—	—	—
Bought	—	—	—	—
Interest Rate Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Over the Counter Transactions				
Interest Rate Forwards:				
Sold	—	—	—	—
Bought	—	—	—	—
Interest Rate Swaps:				
Fixed Rate Receivable/Floating Rate Payable	5,466,663	4,247,094	115,004	115,004
Floating Rate Receivable/Fixed Rate Payable	5,598,564	3,977,614	(111,535)	(111,535)
Floating Rate Receivable/Floating Rate Payable	140,080	93,080	9	9
Fixed Rate Receivable/Fixed Rate Payable	—	—	—	—
Interest Rate Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Others:				
Sold	647,140	273,140	(4,308)	(1,192)
Bought	793,500	416,700	(1,505)	(5,430)
Total			(2,335)	(3,144)

Notes:

1. Transactions mentioned above are valued at fair value, and Net Unrealized Gains (Losses) are accounted for in the consolidated statement of income.
2. Fair value calculation: Exchange-Traded Transactions are valued on the basis of closing prices, mainly on the Tokyo Financial Exchange Inc. Over the counter transactions are valued using discounted present value or calculation models for option prices, etc.

(2) Currency-Related Transactions
As of March 31, 2021

	Millions of Yen			
	Total Notional Amount	Notional Amount (Over 1 Year until Settlement or Expiry)	Fair Value	Net Unrealized Gains (Losses)
Exchange-Traded Transactions				
Currency Futures:				
Sold	—	—	—	—
Bought	—	—	—	—
Currency Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Over the Counter Transactions				
Currency Swaps:	2,608	44	34	34
Forward Foreign Exchange Contracts:				
Sold	247,652	1,772	(6,517)	(6,517)
Bought	115,256	1,627	3,595	3,595
Currency Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Others:				
Sold	—	—	—	—
Bought	—	—	—	—
Total			(2,887)	(2,887)

	Millions of U.S. Dollars			
	Total Notional Amount	Notional Amount (Over 1 Year until Settlement or Expiry)	Fair Value	Net Unrealized Gains (Losses)
Exchange-Traded Transactions				
Currency Futures:				
Sold	—	—	—	—
Bought	—	—	—	—
Currency Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Over the Counter Transactions				
Currency Swaps:	23	0	0	0
Forward Foreign Exchange Contracts:				
Sold	2,237	16	(58)	(58)
Bought	1,041	14	32	32
Currency Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Others:				
Sold	—	—	—	—
Bought	—	—	—	—
Total			(26)	(26)

Notes:

1. Transactions mentioned above are valued at fair value, and Net Unrealized Gains (Losses) are accounted for in the consolidated statement of income.
2. Fair value calculation: Transactions are valued using discounted present value, etc. (for currency swaps, fair value is calculated after deduction of principal.)

As of March 31, 2020

	Millions of Yen			
	Total Notional Amount	Notional Amount (Over 1 Year until Settlement or Expiry)	Fair Value	Net Unrealized Gains (Losses)
Exchange-Traded Transactions				
Currency Futures:				
Sold	—	—	—	—
Bought	—	—	—	—
Currency Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Over the Counter Transactions				
Currency Swaps:	5,932	2,644	46	46
Forward Foreign Exchange Contracts:				
Sold	151,881	—	(1,572)	(1,572)
Bought	75,550	—	171	171
Currency Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Others:				
Sold	—	—	—	—
Bought	—	—	—	—
Total			(1,355)	(1,355)

Notes:

1. Transactions mentioned above are valued at fair value, and Net Unrealized Gains (Losses) are accounted for in the consolidated statement of income.
2. Fair value calculation: Transactions are valued using discounted present value, etc. (for currency swaps, fair value is calculated after deduction of principal.)

(3) Stock-Related Transactions

Not applicable.

(4) Bond-Related Transactions
As of March 31, 2021

Millions of Yen				
	Total Notional Amount	Notional Amount (Over 1 Year until Settlement or Expiry)	Fair Value	Net Unrealized Gains (Losses)
Exchange-Traded Transactions				
Bond Futures:				
Sold	1,511	—	0	0
Bought	302	—	(0)	(0)
Bond Futures Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Over the Counter Transactions				
Bond Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Others:				
Sold	—	—	—	—
Bought	—	—	—	—
Total			—	—

Millions of U.S. Dollars				
	Total Notional Amount	Notional Amount (Over 1 Year until Settlement or Expiry)	Fair Value	Net Unrealized Gains (Losses)
Exchange-Traded Transactions				
Bond Futures:				
Sold	13	—	0	0
Bought	2	—	(0)	(0)
Bond Futures Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Over the Counter Transactions				
Bond Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Others:				
Sold	—	—	—	—
Bought	—	—	—	—
Total			—	—

Notes:

1. Transactions mentioned above are valued at fair value, and Net Unrealized Gains (Losses) are accounted for in the consolidated statement of income.
2. Fair value calculation: Exchange-Traded Transactions are valued on the basis of closing prices, mainly on the Osaka Exchange, Inc. Over the counter transactions are valued using calculation models for option prices, etc.

As of March 31, 2020

Millions of Yen				
	Total Notional Amount	Notional Amount (Over 1 Year until Settlement or Expiry)	Fair Value	Net Unrealized Gains (Losses)
Exchange-Traded Transactions				
Bond Futures:				
Sold	2,135	—	(0)	(0)
Bought	762	—	—	—
Bond Futures Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Over the Counter Transactions				
Bond Options:				
Sold	—	—	—	—
Bought	—	—	—	—
Others:				
Sold	—	—	—	—
Bought	—	—	—	—
Total			(0)	(0)

Notes:

1. Transactions mentioned above are valued at fair value, and Net Unrealized Gains (Losses) are accounted for in the consolidated statement of income.
2. Fair value calculation: Exchange-Traded Transactions are valued on the basis of closing prices, mainly on the Osaka Exchange, Inc. Over the counter transactions are valued using calculation models for option prices, etc.

(5) Commodity-Related Derivative Transactions

Not applicable.

(6) Credit Derivative Transactions

Not applicable.

2. Derivative transactions to which hedge accounting is applied

The following summarizes the notional amount or the contracted principal equivalents, fair values and the valuation methods of the fair values of the Bank's derivative transactions that qualify for hedge accounting as of the consolidated balance sheet date, which are classified by types of financial instruments and methods for hedge accounting. Please note that the notional amount in themselves do not reflect the market risk associated with the Bank's derivative transactions.

(1) Interest-Rate-Related Transactions

As of March 31, 2021

		Millions of Yen		
Method for Hedge Accounting	Items	Total Notional Amount	Notional Amount (Over 1 Year until Settlement or Expiry)	Fair Value
Basic Treatment	Interest Rate Swaps			
	Fixed Rate Receivable/Floating Rate Payable	—	—	—
	Floating Rate Receivable/Fixed Rate Payable	3,901,015	2,596,065	(33,805)
Exceptional Treatments for Interest Rate Swaps	Interest Rate Swaps			
	Fixed Rate Receivable/Floating Rate Payable	—	—	—
	Floating Rate Receivable/Fixed Rate Payable	1,046,891	1,040,819	(57,195)
	Total			(91,001)

		Millions of U.S. Dollars		
Method for Hedge Accounting	Items	Total Notional Amount	Notional Amount (Over 1 Year until Settlement or Expiry)	Fair Value
Basic Treatment	Interest Rate Swaps			
	Fixed Rate Receivable/Floating Rate Payable	—	—	—
	Floating Rate Receivable/Fixed Rate Payable	35,242	23,453	(305)
Exceptional Treatments for Interest Rate Swaps	Interest Rate Swaps			
	Fixed Rate Receivable/Floating Rate Payable	—	—	—
	Floating Rate Receivable/Fixed Rate Payable	9,457	9,403	(516)
	Total			(822)

Notes:

- Most of hedged items with respect to Basic Treatment are Interest-bearing assets and liabilities such as Loans and Bills Discounted, Other Securities (Bonds) and Deposits.
- Hedged items with respect to Exceptional Treatments for Interest Rate Swaps are Loans and Bills Discounted, Held-to-Maturity Debt Securities and Debentures.
- The deferred method of hedge accounting is primarily applied to the transactions mentioned above based on the Industry Committee Practical Guidelines No. 24.
- Fair value calculation: Exchange-Traded Transactions are valued on the basis of closing prices, mainly on the Tokyo Financial Exchange Inc. Over the counter transactions are valued using discounted present value or calculation models for option prices, etc.

As of March 31, 2020

Millions of Yen				
Method for Hedge Accounting	Items	Total Notional Amount	Notional Amount (Over 1 Year until Settlement or Expiry)	Fair Value
Basic Treatment	Interest Rate Swaps			
	Fixed Rate Receivable/Floating Rate Payable	—	—	—
	Floating Rate Receivable/Fixed Rate Payable	4,366,665	3,866,556	(221,003)
Exceptional Treatments for Interest Rate Swaps	Interest Rate Swaps			
	Fixed Rate Receivable/Floating Rate Payable	—	—	—
	Floating Rate Receivable/Fixed Rate Payable	1,050,939	1,049,781	(69,224)
Total				(290,227)

Notes:

1. Most of hedged items with respect to Basic Treatment are Interest-bearing assets and liabilities such as Loans and Bills Discounted, Other Securities (Bonds) and Deposits.
2. Hedged items with respect to Exceptional Treatments for Interest Rate Swaps are Loans and Bills Discounted, Held-to-Maturity Debt Securities and Debentures.
3. The deferred method of hedge accounting is primarily applied to the transactions mentioned above based on the Industry Committee Practical Guidelines No. 24.
4. Fair value calculation: Exchange-Traded Transactions are valued on the basis of closing prices, mainly on the Tokyo Financial Exchange Inc. Over the counter transactions are valued using discounted present value or calculation models for option prices, etc.

(2) Currency-Related Transactions

As of March 31, 2021

Millions of Yen				
Method for Hedge Accounting	Items	Total Notional Amount	Notional Amount (Over 1 Year until Settlement or Expiry)	Fair Value
Basic Treatment	Currency Swaps	522,290	400,876	(2,815)
	Forward Foreign Exchange Contracts:			
	Sold	626	—	(33)
	Bought	—	—	—
	Total			(2,849)

Millions of U.S. Dollars				
Method for Hedge Accounting	Items	Total Notional Amount	Notional Amount (Over 1 Year until Settlement or Expiry)	Fair Value
Basic Treatment	Currency Swaps	4,718	3,621	(25)
	Forward Foreign Exchange Contracts:			
	Sold	5	—	(0)
	Bought	—	—	—
	Total			(25)

Notes:

1. Most of hedged items are foreign currency-denominated securities, Due from Banks, etc.
2. The deferred method of hedge accounting is primarily applied to the transactions mentioned above based on the Industry Committee Practical Guidelines No. 25.
3. Fair value calculation: Transactions are valued using discounted present value, etc. (for currency swaps, fair value is calculated after deduction of principal.)

As of March 31, 2020

		Millions of Yen		
Method for Hedge Accounting	Items	Total Notional Amount	Notional Amount (Over 1 Year until Settlement or Expiry)	Fair Value
Basic Treatment	Currency Swaps	554,330	445,714	(565)
	Forward Foreign Exchange Contracts:			
	Sold	48,767	—	596
	Bought	—	—	—
	Total			31

Notes:

1. Most of hedged items are foreign currency-denominated securities, Due from Banks, etc.
2. The deferred method of hedge accounting is primarily applied to the transactions mentioned above based on the Industry Committee Practical Guidelines No. 25.
3. Fair value calculation: Transactions are valued using discounted present value, etc. (for currency swaps, fair value is calculated after deduction of principal.)

(3) Stock-Related Transactions

Not applicable.

(4) Bond-Related Transactions

Not applicable.

29. Related Party Transactions:

For the Fiscal Year Ended March 31, 2021

There were no significant related-party transactions.

For the Fiscal Year Ended March 31, 2020

There were no significant related-party transactions.

30. Segment Information:

(1) Description of Reportable Segments

The Group classifies the businesses of the Bank and its consolidated subsidiaries as single business segment, respectively. Among those business segments, the business of the Bank is determined as the reportable segment.

The Bank, as an individual financial institution, provides such services as deposits, debentures, lending, market fund management, trading operations, clearing and trust business. As the central financial institution for Shinkin Banks, the Bank complements the functions of the Shinkin Banks and operates the shinkin bank industry's own safety net, including the Shinkin Bank Management Reinforcement System. By doing so, the Bank strives to maintain an orderly financial system within the shinkin bank industry.

(2) Method of Calculating Amounts by Reportable Segment

The accounting methods of the reportable segment are consistent with those described in the "Significant Accounting Policies". Reportable segment profit is based on profit attributable to owners of parent.

(3) Amounts by Reportable Segment
For the Fiscal Year Ended March 31, 2021

(Millions of Yen)

	Reportable segment				
	Shinkin Central Bank business	Other	Total	Adjustment	Amount presented in the consolidated financial statements
Income					
External customers	224,312	36,707	261,020	(9)	261,011
Inter-segment	2,934	1,533	4,467	(4,467)	—
Total	227,247	38,241	265,488	(4,476)	261,011
Segment profit	29,579	2,990	32,569	(919)	31,649
Segment assets	43,654,176	272,879	43,927,055	(83,526)	43,843,528
Segment liabilities	41,963,346	183,520	42,146,866	(30,659)	42,116,207
Other items					
Depreciation	4,934	5,325	10,259	(0)	10,259
Interest Income	174,728	605	175,333	(171)	175,162
Interest Expenses	83,920	48	83,968	(38)	83,930
Income Taxes	10,201	1,358	11,560	(174)	11,385
Increase in Tangible and Intangible Fixed Assets	4,343	3,418	7,761	—	7,761

(Millions of U.S. Dollars)

	Reportable segment				
	Shinkin Central Bank business	Other	Total	Adjustment	Amount presented in the consolidated financial statements
Income					
External customers	2,026	331	2,358	(0)	2,358
Inter-segment	26	13	40	(40)	—
Total	2,053	345	2,398	(40)	2,358
Segment profit	267	27	294	(8)	285
Segment assets	394,382	2,465	396,847	(754)	396,092
Segment liabilities	379,106	1,657	380,764	(276)	380,487
Other items					
Depreciation	44	48	92	(0)	92
Interest Income	1,578	5	1,584	(1)	1,582
Interest Expenses	758	0	758	(0)	758
Income Taxes	92	12	104	(1)	102
Increase in Tangible and Intangible Fixed Assets	39	30	70	—	70

Notes:

- The “Other” is a business segment not included in our reportable segment and relates to businesses performed by consolidated subsidiaries.
The Bank’s consolidated subsidiaries provide such financial services as brokerage & dealing, overseas business support, consumer credit guarantees, asset management, investment and M&A advisory operations, and data processing services. Shinkin Singapore Pte. Ltd. was established on February 3, 2021 to provide overseas business support services.
- Adjustment comprises the following.
 - Within adjustment of segment profit, reduction of ¥919 million (\$8 million) comprises reduction of ¥390 million (\$3 million) on profit attributable to non-controlling interests and ¥529 million (\$4 million) on inter-segment eliminations, etc.
 - Within adjustment of segment assets, reduction of ¥83,526 million (\$754 million) comprises reduction of ¥43,199 million (\$390 million) on eliminations relating to capital consolidation and ¥40,327 million (\$364 million) on inter-segment eliminations, etc.
 - The adjustment for other items including reduction of ¥30,659 million (\$276 million) on the adjustment of segment liabilities comprises inter-segment eliminations, etc.
- Segment profit has been adjusted from profit attributable to owners of parent presented in the consolidated statement of income.

For the Fiscal Year Ended March 31, 2020

(Millions of Yen)

	Reportable segment Shinkin Central Bank business	Other	Total	Adjustment	Amount presented in the consolidated financial statements
Income					
External customers	263,337	38,649	301,986	(31)	301,954
Inter-segment	3,182	1,729	4,912	(4,912)	—
Total	266,519	40,379	306,899	(4,944)	301,954
Segment profit	37,924	3,164	41,089	(862)	40,227
Segment assets	40,633,271	322,334	40,955,605	(87,508)	40,868,096
Segment liabilities	39,112,432	237,069	39,349,501	(31,691)	39,317,809
Other items					
Depreciation	5,111	6,155	11,267	(0)	11,266
Interest Income	207,066	245	207,312	(109)	207,202
Interest Expenses	113,685	56	113,742	(41)	113,700
Income Taxes	14,365	1,437	15,802	(145)	15,656
Increase in Tangible and Intangible Fixed Assets	3,402	7,093	10,495	—	10,495

Notes:

- The “Other” is a business segment not included in our reportable segment and relates to businesses performed by consolidated subsidiaries.
The Bank’s consolidated subsidiaries provide such financial services as brokerage & dealing, consumer credit guarantees, asset management, investment and M&A advisory operations, and data processing services.
- Adjustment comprises the following.
 - Within adjustment of segment profit, reduction of ¥862 million comprises reduction of ¥474 million on profit attributable to non-controlling interests and ¥388 million on inter-segment eliminations, etc.
 - Within adjustment of segment assets, reduction of ¥87,508 million comprises reduction of ¥43,114 million on eliminations relating to capital consolidation and ¥44,394 million on inter-segment eliminations, etc.
 - The adjustment for other items including reduction of ¥31,691 million on the adjustment of segment liabilities comprises inter-segment eliminations, etc.
- Segment profit has been adjusted from profit attributable to owners of parent presented in the consolidated statement of income.

(Related Information)

For the Fiscal Year Ended March 31, 2021

1. Information by service

(Millions of Yen)

	Securities investment operations	Lending operations	Other	Total
Income from external customers	188,775	17,565	54,671	261,011

(Millions of U.S. Dollars)

	Securities investment operations	Lending operations	Other	Total
Income from external customers	1,705	158	493	2,358

2. Information by geographic region

(1) Income

(Millions of Yen)

Japan	United States	Europe	Other	Total
121,567	21,496	26,264	91,683	261,011

(Millions of U.S. Dollars)

Japan	United States	Europe	Other	Total
1,098	194	237	828	2,358

Note: Income from derivative transactions and Trading income are included in Other.

(2) Tangible fixed assets

The Group's tangible fixed assets located in Japan account for over 90% of the tangible fixed assets presented in the consolidated balance sheet. Consequently, this information is omitted.

3. Information by principal customer

(Millions of Yen)

Name of customer	Income	Related segment
The Government of Japan	30,486	Shinkin Central Bank business

(Millions of U.S. Dollars)

Name of customer	Income	Related segment
The Government of Japan	275	Shinkin Central Bank business

For the Fiscal Year Ended March 31, 2020

1. Information by service

(Millions of Yen)

	Securities investment operations	Lending operations	Other	Total
Income from external customers	217,714	20,371	63,868	301,954

2. Information by geographic region

(1) Income

(Millions of Yen)

Japan	United States	Europe	Other	Total
132,751	31,848	26,964	110,390	301,954

Note: Income from derivative transactions and Trading income are included in Other.

(2) Tangible fixed assets

The Group's tangible fixed assets located in Japan account for over 90% of the tangible fixed assets presented in the consolidated balance sheet. Consequently, this information is omitted.

3. Information by principal customer

(Millions of Yen)

Name of customer	Income	Related segment
The Government of Japan	39,356	Shinkin Central Bank business

(Information related to Impairment losses of Fixed Assets by Reportable Segment)

For the Fiscal Year Ended March 31, 2021

Not applicable.

For the Fiscal Year Ended March 31, 2020

(Millions of Yen)

	Reportable segment	Other	Total
	Shinkin Central Bank business		
Impairment losses	86	—	86

Note: The “Other” is a business segment not included in our reportable segment and relates to businesses performed by consolidated subsidiaries.

The Bank’s consolidated subsidiaries provide such financial services as brokerage & dealing, consumer credit guarantees, asset management, investment and M&A advisory operations, and data processing services.

(Information related to Amortization of Goodwill and Balance of Unamortized Goodwill by Reportable Segment)

Not applicable.

(Information related to Accrual of Income from Negative Goodwill by Reportable Segment)

Not applicable.

31. Amounts per Share:

	Yen		U.S. Dollars
	2021	2020	2021
Net Assets per Share	320,620.85	283,111.71	2,896.56
Net Income per Share	4,401.33	5,679.98	39.76
Net Income per Share after Adjustment for Common Share equivalents	—	—	—

Notes:

1. The basis for calculation of net assets per share is as follows:

		2021	2020	2021	
Total Net Assets	Millions of Yen	1,727,321	1,550,287	Millions of U.S. Dollars	15,605
Amount Deducted from Total Net Assets	Millions of Yen	217,767	217,334	Millions of U.S. Dollars	1,967
Non-Controlling Interests	Millions of Yen	12,642	12,209	Millions of U.S. Dollars	114
Preferred Dividends	Millions of Yen	2,124	2,124	Millions of U.S. Dollars	19
Dividend Attributable to Specific Common Shares	Millions of Yen	3,000	3,000	Millions of U.S. Dollars	27
Distribution of Residual Assets Attributable to Specific Common Shares	Millions of Yen	200,000	200,000	Millions of U.S. Dollars	1,806
Net Assets at Fiscal Year-end Used to Calculate Net Assets per Share	Millions of Yen	1,509,554	1,332,952	Millions of U.S. Dollars	13,637
Number of Share Units at Fiscal Year-end Used to Calculate Net Assets per Share	Unit	4,708,222	4,708,222	—	—
Number of General Common Share Units	Unit	4,000,000	4,000,000	—	—
Number of Preferred Share Units	Unit	708,222	708,222	—	—

* When calculating net assets per share, of dividend attributable to preferred shares, preferred dividends are deducted from total net assets whereas participating dividends are not deducted from total net assets.

Dividend attributable to specific common shares and distribution of residual assets attributable to specific common shares are deducted from total net assets, and the number of specific common shares is not included within the number of shares.

2. The basis for calculation of net income per share is as follows:

		2021	2020	2021	
Profit Attributable to Owners of Parent	Millions of Yen	31,649	40,227	Millions of U.S. Dollars	285
Amount Deducted from Profit Attributable to Owners of Parent	Millions of Yen	2,124	2,124	Millions of U.S. Dollars	19
Preferred Dividend	Millions of Yen	2,124	2,124	Millions of U.S. Dollars	19
Profit Attributable to Owners of Parent Used to Calculate Net Income per Share	Millions of Yen	29,525	38,102	Millions of U.S. Dollars	266
Average Number of Share Units for the Fiscal Year	Unit	6,708,222	6,708,222	—	—
Average Number of General Common Share Units	Unit	4,000,000	4,000,000	—	—
Average Number of Specific Common Share Units	Unit	2,000,000	2,000,000	—	—
Average Number of Preferred Share Units	Unit	708,222	708,222	—	—

* When calculating net income per share, of dividends attributable to preferred securities, dividends attributable to preferred shares are deducted from profit attributable to owners of parent whereas participating dividends are not deducted from profit attributable to owners of parent.

3. Net income per share after adjustment for common share equivalents is not listed as there are no dilutive securities.

32. Subsequent Events:

Not applicable.

Independent Auditor's Report

The Board of Directors
Shinkin Central Bank

Opinion

We have audited the accompanying consolidated financial statements of Shinkin Central Bank and its consolidated subsidiaries (the Group), which comprise the consolidated balance sheet as at March 31, 2021, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended, and notes to the consolidated financial statements.

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

Basis for Opinion

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

Key Audit Matters

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

Reasonableness of determination of the borrower classification in light of the effect of the COVID-19 pandemic and the appropriateness of the inputs applied to the cash flow estimate method	
Key Audit Matter	Auditor's Responses
<p>The Group extends loans to central and local governments, public service corporations, as well as domestic and overseas companies mainly including listed companies, and recorded Loans and Bills Discounted of ¥8,446,047 million, representing 19.3% of total assets, on its consolidated balance sheet as of March 31, 2021.</p> <p>It is possible that these loans may default due to domestic and global economic situation, fluctuations in the real estate and stock markets, deterioration in the business conditions of individual borrowers, and the impact of stagnant economy caused by the recent COVID-19 pandemic.</p> <p>Consequently, the Group calculates the amount of expected losses from future defaults and records them as Reserve for Possible Loan Losses.</p> <p>As of March 31, 2021, the Group had Reserve for Possible Loan Losses of ¥29,963 million on its consolidated balance sheet. The specific principles to calculate reserve for possible loan losses are stated in Note 2 Significant Accounting Policies (9) Reserve for Possible Loan Losses and (19) Significant Accounting Estimates.</p> <p>The reserve for possible loan losses is calculated in accordance with the Group's internal rules for self-assessment of asset quality and write-offs/provision, and the calculation process includes determination of the borrower classification in the self-assessment of asset quality based on the credit rating system, by which the Group evaluates the borrower's debt servicing capacity in terms of the borrower's repayment history, financial condition, business performance and prospects thereof. For certain borrowers' loans, the reserve for loan losses is calculated using the cash flow estimate method (hereinafter referred to as the "DCF method").</p>	<p>We performed the following audit procedures to examine the reasonableness of determination of the borrower classification and the appropriateness of the inputs applied to the DCF method, among others:</p> <ul style="list-style-type: none"> • We evaluated the design and operating effectiveness of the Group's internal control over assignment of internal credit ratings and determination of the borrower classification as well as application of the DCF method. • We involved our credit risk assessment experts to examine the appropriateness of the credit rating system used as the basis for determining the borrower classification, by inspecting the results of the Group's validation of its internal rating model in the credit rating system and comparing the internal rating model with industry practices. • In order to examine the reasonableness of the assumptions made by the Group about the timing when the COVID-19 pandemic is contained and the degree of effect on the borrower's debt servicing capacity, we compared those assumptions with available external information such as economic forecasts published by public institutions. • In order to examine the appropriateness of the classification of individual borrowers, we selected sample borrowers, taking into account such factors as borrowers' industry, repayment history, financial position, operating performance and the degree of impact of the COVID-19 pandemic on the borrowers' debt servicing capacity, in addition to the monetary impact of the migration of the borrower classification on the amount of the reserve for possible loan losses.

<p>In determining the borrower classifications, the Group assumed that the impact of the stagnation in economic activities caused by the COVID-19 pandemic will persist until the end of the fiscal year ending March 31, 2022, that the pace of recovery in economic and corporate activities will be extremely slow during that period, and that the business performance of certain industries, such as airlines and natural resources, will be significantly affected over a certain period of time. The classification of the borrower is determined considering such factors as whether their future performance is expected to be significantly affected by these assumptions. In applying the DCF method, the reserve for loan losses is calculated based on the key assumptions of the repayment plan prepared by the borrowers, their credit conditions, the Group's lending policy, and inputs such as default rates issued by the external rating agencies based on the creditworthiness of the borrower.</p> <p>Prospects of such factors as the individual borrowers' performance are highly uncertain because they are affected by changes in the business environment surrounding the borrowers, including the COVID-19 pandemic, and outcome of the borrowers' business strategies. If the borrower classification downgrades, the credit cost may increase, significantly affecting the financial performance and financial position of the Group. In addition, since the various inputs used in the DCF method cannot be objectively or uniquely determined, there is a high degree of reliance on management's judgment.</p> <p>Therefore, the reasonableness of determination of the borrower classification and the appropriateness of the inputs applied to the DCF method are considered a key audit matter.</p>	<ul style="list-style-type: none"> • In order to comprehend the recent repayment history, financial condition and operating performance of the borrowers selected as samples, we inspected the sets of the documents used for self-assessment of asset quality by the Group, which include but are not limited to explanatory materials on the borrowers' business profile, supporting materials on historical experiences of borrowing activities, supporting materials to understand the actual financial condition, financial statements and trial balances in light of the available external information. In addition, we made inquiries to the Credit Planning & Supervision Division as necessary. • In order to examine the reasonableness of the Group's prospects of individual borrowers, we comprehended the Group's analysis of the extent of effect of the COVID-19 pandemic on the individual borrowers and the borrowers' repayment history. We then analyzed the trend from the past in respect of forecasts of major income statement items, such as net sales and ordinary income, and major balance sheet items, such as shareholders' equity of the borrowers, in the Group's analysis, and compared the assumptions used in these forecasts with the available external information on the industry in which the borrower operates. • In order to examine the appropriateness of the Group's assessment of the reasonableness and feasibility of the repayment plan which underlies the future cash flows used as inputs for the DCF method, we compared the assumptions in the repayment plan with available external information and the Group's lending policies, and compared the cash flows estimated in the previous year with the actual results. • In order to assess the reasonableness of the probability of default used as an input for the DCF method, we compared it with the default rates available in external information. Also, we recalculated the present value of the cash flows using those inputs.
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Responsibilities of Management and the Corporate Auditors for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Corporate Auditors are responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the Corporate Auditors with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

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

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

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2021 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

Ernst & Young ShinNihon LLC
Tokyo, Japan

June 25, 2021

/s/ Ryuji Takagi
Designated Engagement Partner
Certified Public Accountant

/s/ Ken Komatsuzaki
Designated Engagement Partner
Certified Public Accountant

Non-Consolidated Balance Sheet

Shinkin Central Bank As of March 31,	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Assets			
Cash and Due from Banks	15,057,804	13,517,962	136,035
Call Loans	494,181	107,166	4,464
Receivables under Resale Agreements	365,228	19,999	3,299
Monetary Claims Bought	180,309	222,175	1,628
Trading Assets	257,067	385,224	2,322
Money Held in Trust	108,030	103,727	975
Securities	17,744,905	16,477,301	160,311
Loans and Bills Discounted	8,451,005	8,474,068	76,348
Foreign Exchanges Assets	20,676	79,114	186
Other Assets	917,274	1,181,019	8,286
Tangible Fixed Assets	66,472	66,710	600
Intangible Fixed Assets	4,863	5,774	43
Customers' Liabilities for Acceptances and Guarantees	15,981	23,689	144
Reserve for Possible Loan Losses	(29,625)	(30,665)	(267)
Total Assets	43,654,176	40,633,271	394,382
Liabilities and Net Assets			
Liabilities			
Deposits	33,787,924	31,208,596	305,248
Debentures	1,774,270	2,141,480	16,029
Trading Liabilities	29,235	36,937	264
Borrowed Money	4,020,480	3,250,980	36,321
Call Money	10,166	16,191	91
Payables under Repurchase Agreements	285,725	228,458	2,581
Payables under Securities Lending Transactions	1,695,042	1,788,395	15,313
Foreign Exchanges Liabilities	2,055	1,413	18
Borrowed Money from Trust Account	30,300	22,021	273
Other Liabilities	180,768	325,971	1,633
Reserve for Employee Bonuses	1,361	1,371	12
Reserve for Directors' Bonuses	91	90	0
Reserve for Employee Retirement Benefits	26,362	24,826	238
Reserve for Directors' Retirement Allowances	395	489	3
Deferred Tax Liabilities	97,106	35,438	877
Deferred Tax Liabilities for Land Revaluation	6,081	6,081	54
Acceptances and Guarantees	15,981	23,689	144
Total Liabilities	41,963,346	39,112,432	379,106
Total Net Assets	1,690,829	1,520,838	15,275
Total Liabilities and Net Assets	43,654,176	40,633,271	394,382

Non-Consolidated Statement of Income

Shinkin Central Bank For the year ended March 31,	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Income			
Interest Income:	174,728	207,066	1,578
Interest on Loans and Discounts	17,597	20,409	158
Interest on Due from Banks	7,747	9,010	69
Interest on Call Loans	80	670	0
Interest on Receivables under Resale Agreements	(1,224)	(778)	(11)
Interest and Dividends on Securities	150,048	176,645	1,355
Others	477	1,109	4
Trust Fees	1,258	759	11
Fees and Commissions	7,842	8,630	70
Trading Income	856	1,502	7
Other Operating Income	31,820	45,794	287
Other Income	10,741	2,767	97
Total Income	227,247	266,519	2,053
Expenses			
Interest Expenses:	83,920	113,685	758
Interest on Deposits	33,297	41,879	300
Interest on Debentures	1,696	3,080	15
Interest on Borrowed Money	1,950	1,775	17
Interest on Call Money	60	591	0
Interest on Payables under Repurchase Agreement	152	1,750	1
Interest on Payables under Securities Lending Transactions	3,287	19,782	29
Interest Payable on Interest Rate Swaps	43,255	44,583	390
Others	221	241	1
Fees and Commissions	7,040	7,353	63
Trading Losses	155	-	1
Other Operating Expenses	60,821	54,135	549
General and Administrative Expenses	32,426	31,163	292
Other Expenses	3,101	7,891	28
Total Expenses	187,466	214,229	1,693
Income before Income Taxes	39,780	52,290	359
Income Taxes			
Current	9,970	14,697	90
Deferred	230	(332)	2
Total Income Taxes	10,201	14,365	92
Net Income	29,579	37,924	267

	Yen		U.S. Dollars
	2021	2020	2021
Net Income Per Share	4,092.69	5,336.77	36.97
Dividend Declared per Share (General Common Shares)	3,000.00	3,000.00	27.10
Dividend Declared per Share (Specific Common Shares)	1,500.00	1,500.00	13.55
Dividend Declared per Share (Preferred Shares)	6,500.00	6,500.00	58.72

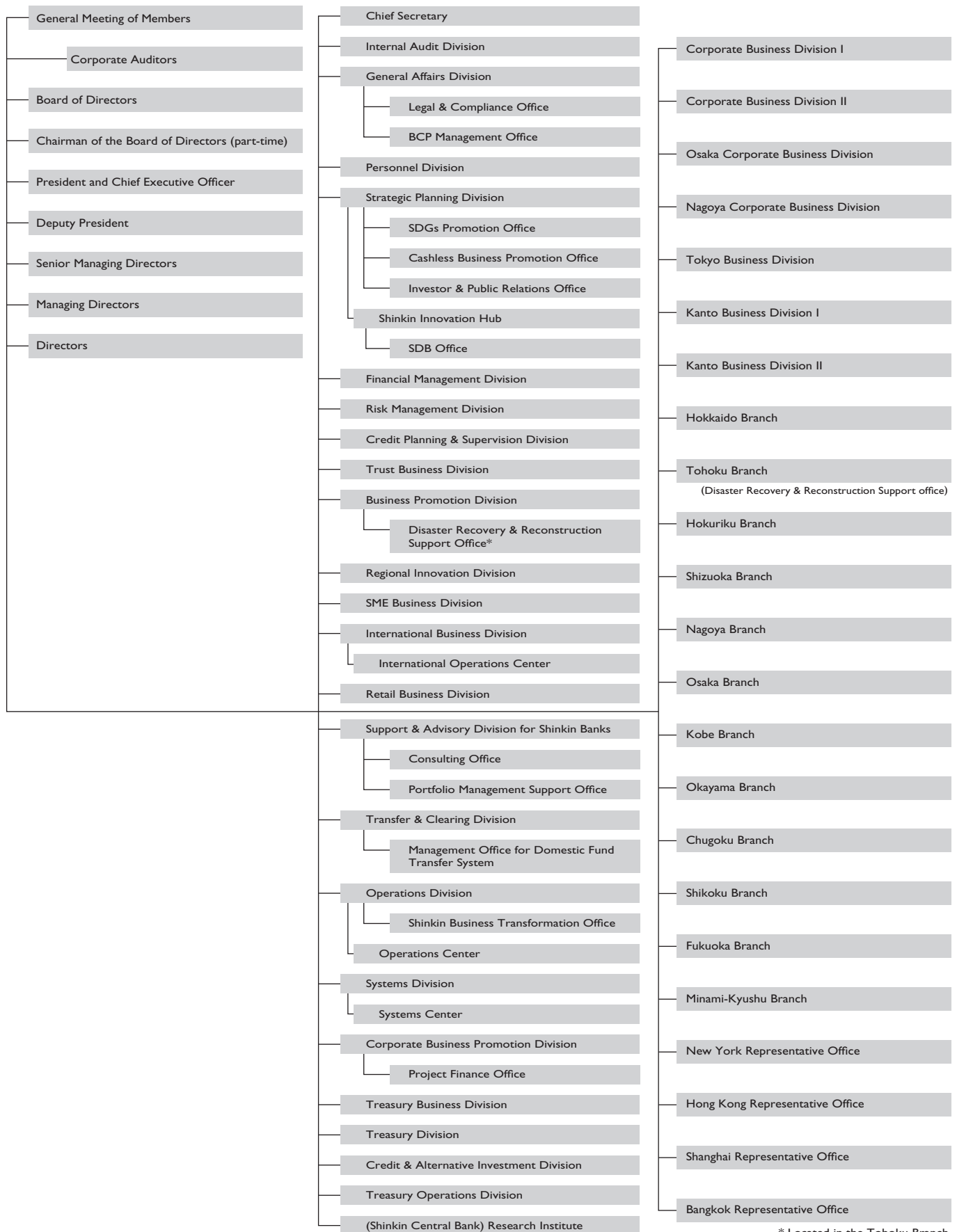
Statement of Trust Account (Consolidated)

Shinkin Central Bank As of March 31,	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Assets			
Securities	-	6,000	-
Beneficiary Rights	1,654,325	1,089,378	14,945
Securities Held in Custody Accounts	63,000	63,000	569
Monetary Claims	266,855	140,328	2,410
Other Claims	28	8	0
Due from Banking Account	30,300	22,021	273
Cash and Due from Banks	1,188	219	10
Total Assets	2,015,700	1,320,957	18,210
Liabilities			
Money Trust	40,182	32,555	363
Investment Trusts	57,362	23,463	518
Money Held in Trust Other than Money Trust	8,561	14,805	77
Securities Trusts	77,200	87,200	697
Monetary Claims Trusts	267,028	140,523	2,412
Composite Trusts	1,565,365	1,022,409	14,141
Total Liabilities	2,015,700	1,320,957	18,210

(Note 1) Consolidated companies conducting trust business pursuant to the “Act on Engagement in Trust Business Activities by Financial Institutions” comprised only the Bank in the fiscal years ended March 31, 2021 and 2020.

(Note 2) No trust assets were entrusted to other trust banks for asset administration as of March 31, 2021 and 2020.

Organization (As of July 31, 2021)



* Located in the Tohoku Branch.

International Directory (As of July 31, 2021)

Senior Managing Director
(in charge of Corporate Business Promotion/
Treasury Operations/Research Institute)
Hiroshi Nakahara

Senior Managing Director
(in charge of Strategic Planning/
International Business/
Overseas Offices)
Hiroshi Sudo

Senior Managing Director
(in charge of Treasury Business)
Norihiro Takano

Managing Director
(in charge of Treasury/
Credit & Alternative Investment)
Hideki Sasaki

Strategic Planning Division
(including International Planning)
Address: 3-7, Yaesu 1-chome,
Chuo-ku, Tokyo 103-0028
Telephone: +81-3-5202-7624
Facsimile: +81-3-3278-7033

International Business Division
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Facsimile: +81-3-3278-7035

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Facsimile: +81-3-5250-1780
SWIFT: ZENB JPJT

Corporate Business Promotion Division
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Treasury Business Division
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Facsimile: +81-3-3278-7043
SWIFT: ZENB JPJT

Credit & Alternative Investment Division
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Facsimile: +81-3-3278-7044

Treasury Operations Division
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Research Institute
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Chief Representative: Kentaro Sone

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Hong Kong Representative Office
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Telephone: +852-2537-3777
Facsimile: +852-2537-4002
Chief Representative: Masao Yamaguchi

Shanghai

Shanghai Representative Office
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Telephone: +86-21-6270-3091
Facsimile: +86-21-6270-3095
Chief Representative: Yosuke Abe

Bangkok

Bangkok Representative Office
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Wireless Road, Lumpini, Pathumwan, Bangkok
10330, Thailand
Telephone: +66-2-168-8796
Facsimile: +66-2-168-8799
Chief Representative: Naoto Seita



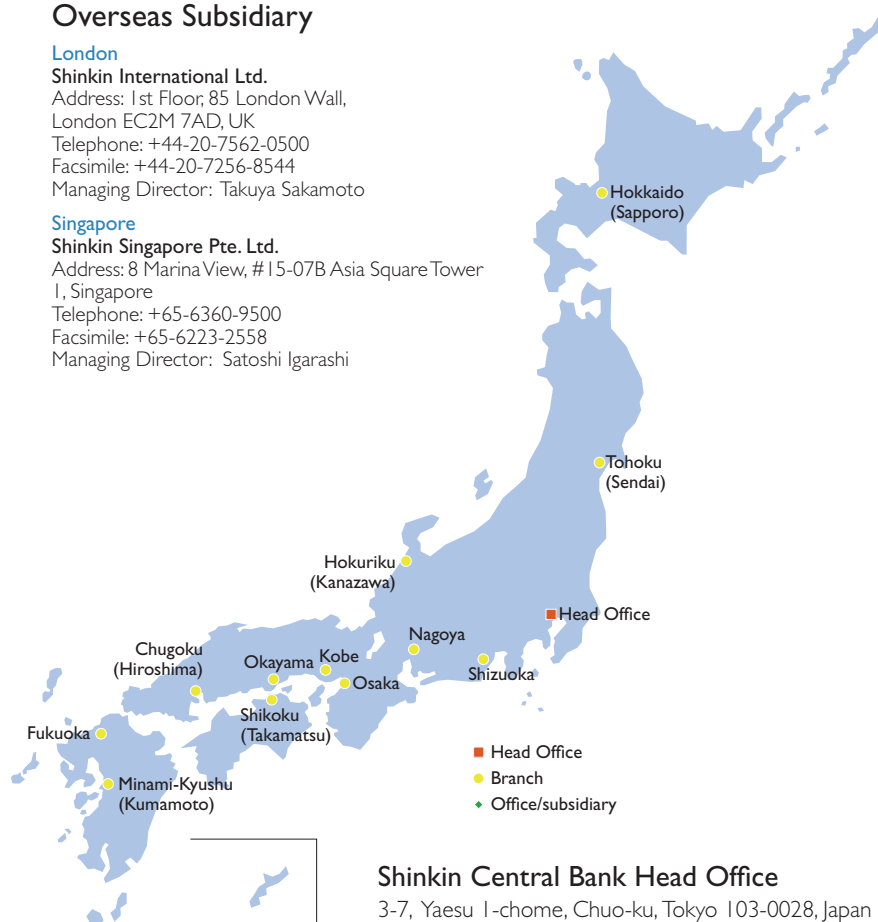
Overseas Subsidiary

London

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Address: 1st Floor, 85 London Wall,
London EC2M 7AD, UK
Telephone: +44-20-7562-0500
Facsimile: +44-20-7256-8544
Managing Director: Takuya Sakamoto

Singapore

Shinkin Singapore Pte. Ltd.
Address: 8 Marina View, #15-07B Asia Square Tower
1, Singapore
Telephone: +65-6360-9500
Facsimile: +65-6223-2558
Managing Director: Satoshi Igarashi



Shinkin Central Bank Head Office

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SCB

Shinkin Central Bank



SCB supports the Sustainable Development Goals.

3-7, Yaesu 1-chome, Chuo-ku, Tokyo 103-0028, Japan

<https://www.shinkin-central-bank.jp/>